



**CITY OF ALLIANCE
STARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

CITY OF ALLIANCE
STARK 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 Alliance
Stark County
504 East Main Street
Alliance, Ohio 44601

To the Members of City Council:

We have audited the general-purpose financial statements of the City of Alliance, Stark County, (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated June 9, 2003, in which we noted the reclassification of notes payable from the General Long-Term Account Group to the Capital Projects Fund. 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 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, 2003.

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, 2003.

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This report is intended for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities, 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, 2003



**Auditor of State
Betty Montgomery**

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

City of Alliance
Stark County
504 East Main Street
Alliance, Ohio 44601

To the Members of City Council:

Compliance

We have audited the compliance of the City of Alliance, Stark County, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the general-purpose financial statements of the City as of and for the year ended December 31, 2002, and have issued our report thereon dated June 9, 2003, in which we noted the reclassification of notes payable from the General Long-Term Account Group to the Capital Projects Fund. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

June 9, 2003

**CITY OF ALLIANCE
STARK COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Direct</i>			
Community Development Block Grant	N/A	14.218	\$1,031,079
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct</i>			
Public Safety Partnership and Community Policing Grants	N/A	16.710	55,144
Local Law Enforcement Block Grants	N/A	16.592	<u>139,930</u>
Total U.S. Department of Justice			195,074
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through the Area Agency on Aging</i>			
Special Programs for the Aging Title III, Part B Grants for Senior Centers	N/A	93.044	14,720
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	N/A	10.557	<u>101,700</u>
Total			<u><u>\$1,342,573</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF ALLIANCE
STARK COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The City passes-through certain Federal assistance received from the United States Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, the City records expenditures of Federal awards to subrecipients when paid in cash. The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the City is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

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

The City has established a revolving loan program to provide low-interest loans to businesses to create employment opportunities for persons from low to moderate income households and to rehabilitate homes. The United States Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money was previously recorded as an expenditure on the Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as expenditures on the Schedule.

These loans are collateralized by mortgages on the property owned by recipients. At December 31, 2002, the gross amount of loans outstanding under this program was \$160,980.

NOTE D - URBAN DEVELOPMENT ACTION GRANTS (UDAG) REVOLVING LOAN PROGRAM

The City has established a revolving loan program to provide low-interest loans to businesses to create employment opportunities for persons from low to moderate income households and to rehabilitate homes. The United States Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money was previously recorded as an expenditure on the Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as expenditures on the Schedule.

These loans are collateralized by mortgages on the property owned by recipients. At December 31, 2002, the gross amount of loans outstanding under this program was \$2,712,335.

NOTE E - MATCHING REQUIREMENTS

Certain federal programs require that the City contribute non-federal funds (matching funds) to support the federally-funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

**CITY OF ALLIANCE
STARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant (CDBG) – CFDA #14.218
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

City of Alliance, Ohio

“The Carnation City”



Comprehensive Annual Financial Report

For the Year Ended December 31, 2002

CITY OF ALLIANCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2002

Judith K. Carr
City Auditor

Prepared by the City Auditor's Office

Introductory Section

City of Alliance, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2002
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The City of

Alliance, OHIO, 44601

"The Carnation City" 504 East Main Street, Suite 110



CITY AUDITOR
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June 9, 2003

Honorable Citizens of Alliance
and Members of City Council
Alliance, Ohio 44601

We are pleased to present the Comprehensive Annual Financial Report of the City of Alliance for the year ended December 31, 2002. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections as follows:

1. The introductory section includes a table of contents, this transmittal letter, a list of City officials, the City's organizational chart, and a copy of the GFOA Certificate of Achievement.
2. The financial section begins with the Independent Accountants' Report, and includes the general purpose financial statements and explanatory notes that provide an overview of the City's financial position and operating results, and the combining financial statements and schedules of the individual funds and account groups that provide detailed information relative to the general purpose financial statements.
3. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Reporting Entity

The City has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of Alliance (the primary government) and its potential component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Alliance, this includes the departments and agencies that provide the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, municipal court and general administrative services. The City has no component units for 2002.

The City is associated with certain organizations which are defined as Jointly Governed Organizations. These organizations are presented in the notes to the general purpose financial statements (See Note 16). These organizations are the Stark County Council of Governments, the Stark County Regional Planning Commission and the Stark Area Regional Transit Authority. The City is also associated with the Alliance Area Development Foundation (Foundation). The Foundation is a not-for-profit corporation. The board of trustees consists of contributing trustees and elected trustees. The contributing trustees select the elected trustees. In 2002, the Mayor was an elected trustee. The Foundation's goal is to retain companies, enhance company growth and capture new business for the Alliance area. The Foundation has been excluded from the reporting entity.

The City of Alliance

The City of Alliance is located primarily in the northeastern portion of Stark County, with a small area in the southwestern portion of Mahoning County, in northeastern Ohio on the headwaters of the Mahoning River. The City is approximately 18 miles northeast of Canton, the Stark County seat, approximately 55 miles southeast of Cleveland and approximately 79 miles northwest of Pittsburgh, Pennsylvania. It was incorporated as a village in 1854, and became a city in 1889.

The City is in the Canton Metropolitan Statistical Area (MSA), comprised of the Ohio counties of Carroll and Stark and being the 101st largest of 280 MSAs in the United States (based on the 2000 census).

The City's 2000 population of 23,253 placed it as the third largest City in the County.

The City's area is 7.952 square miles, of which approximately 7.875 square miles are located in Stark County and .077 square miles are located in Mahoning County.

The City is served by diversified transportation facilities, including five State and U.S. highways, which provide easy access to Interstate Highways 76, 77, and 80 (the Ohio Turnpike). It is adjacent to areas served by Norfolk Southern Corp., and Amtrak, which provides rail passenger service through a station located in the City. Passenger air service is available at the Akron-Canton Regional Airport located 25 miles west of the City, the Youngstown Municipal Airport located 35 miles northeast of the City and Cleveland Hopkins International Airport located 55 miles northwest of the City.

Public transportation is provided by Stark Area Regional Transit Authority (SARTA) which offers fixed route and curb to curb service within and between cities of Stark County.

The City is provided with banking and financial services by six commercial banks and banking associations operating a total of eight offices within the City (each with principal offices located elsewhere) and five credit unions.

Two daily newspapers serve the City. The City is within the broadcast area of numerous television stations and AM and FM radio stations. Time Warner Cable provides multi-channel cable TV service.

Mt. Union College, a private four-year college with a total enrollment of approximately 2,000 students is located in the City. In addition, within commuting distance are several public and private two-year and four-year colleges and universities, including the University of Akron, Kent State University, Northeastern Ohio College of Medicine located in Rootstown Township, Portage County, Walsh University located in Plain Township, Stark County, Malone College located in the City of Canton and Stark State College located in Jackson Township, Stark County.

The City is served by Alliance Community Hospital (the "Hospital"), a 252-bed total care facility, which includes long-term care facilities. The Hospital has formed a joint venture with the Aultman Hospital Group.

Various recreational and cultural facilities are immediately available to City residents. The City operates a park system of 12 parks and parklands encompassing 185 acres with facilities that include tennis courts, baseball diamonds and basketball and volleyball courts. In addition, 2,700 acres of recreational areas including lakes, reservoirs, trails and parks are located in the surrounding areas. "Carnation Days," an annual festival, is celebrated throughout the City for ten days each August. Activities include a festival pageant, a parade, concessions and games, musical events, and arts and crafts.

A senior citizens center is located in the City. It offers a multitude of services and social activities for people over sixty and retirees of the community.

The City is also home to the "Carnation City Players" that produces and presents theatrical productions in the Firehouse Theater several times each season.

Water service within the City is provided by the City's water system and is purchased directly by the consumers. Sewage collection and disposal is handled by the City's sewage system. The Ohio Edison Company provides electricity and natural gas is provided by Columbia Gas of Ohio, Inc. The local provider of telephone service is SBC.

City Government

The City operates under and is governed by the mayor-council form of government in accordance with general laws. Under the Ohio Constitution the City may exercise all powers of local self-government, and police powers to the extent not in conflict with applicable general laws.

Legislative authority is vested in a seven-member Council, of whom three are elected at-large and four are elected from wards, for two-year terms. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the President, who is elected by the voters for a two-year term.

The City's chief executive and administrative officer is the Mayor, who is elected by the voters specifically to that office for a four-year term. The other elected officials are the City Auditor, the City Treasurer, and the City Director of Law, each elected to a four-year term, and the Clerk of Courts and Judge, each elected to a six-year term.

The Mayor appoints the directors of City departments. The major appointed official is the Director of Public Service and Safety. The Mayor also appoints members to a number of boards and commissions, and appoints and removes, in accordance with civil service requirements, all appointed officers and employees, except Council officers and employees and the City Income Tax Administrator who is appointed by the City Auditor.

The Mayor may veto any legislation passed by the Council. A veto may be overridden by a two-thirds vote of all members of the Council.

Financial Matters

The City's fiscal year corresponds with the calendar year.

The main sources of City revenue have been from property and income taxes, charges for services, and state distributions.

The responsibilities for the major functions of the City are divided among the Mayor, the City Auditor and the Council.

The City Auditor is the City's fiscal and chief accounting officer. Among his duties are to keep the books and accurate statements of all moneys received and expended and of all taxes and assessments; at the end of each fiscal year, or more often if requested by the Council, to examine all accounts of City officers and departments; and not to allow the amount set aside for any appropriation to be overdrawn, or the amount appropriated for any one item to be drawn upon for any other purpose, or a voucher to be paid unless sufficient funds are in the City treasury to the credit of the fund on which the voucher is drawn. The City Treasurer is responsible for receiving, maintaining custody of and disbursing all City funds.

Investments and deposits of City funds are governed by the Uniform Depository Law (Chapter 135 of the Revised Code) applicable to all subdivisions. An investment board, comprised of the Mayor, the City Auditor, the Law Director, the Treasurer and a member of the business community, is responsible for those investments and deposits. Under recent and current practices, investments are made primarily in money market mutual funds and Star Ohio (State Treasury Asset Reserve of Ohio), an investment pool for all Ohio political subdivisions, under the custody and management of the Treasurer of the State of Ohio.

Other important financial functions include general financial recommendations and planning by the Mayor; budget preparation by the Mayor with assistance of the City Auditor; and express approval of appropriations by the Council. For property taxation purposes, assessment of real property is by the Stark and Mahoning County Auditors subject to supervision by the State Tax Commissioner, and assessment of public utility and tangible personal property is by the State Tax Commissioner. Property taxes and assessments are billed and collected by County officials in Stark and Mahoning Counties.

Financial Outlook

As the national economy has slowed during 2002, so too has the City's. The City's year-end General Fund cash balance (which does not take into account outstanding encumbrances) was \$1,094,117 which represents an increase of \$139,900 from the prior year. Municipal income tax revenues included in the General Fund during 2002 decreased \$23,158 from the prior year.

The Sawburg Industrial Park opened in 2002 with the ground breaking of a 340,000 square foot facility that will be occupied by a heating and supply company. Formed in 1999, the Alliance Area Development Foundation, a non-profit organization, has been operating with the goal of retaining companies, enhancing company growth, and capturing new business for the Alliance area.

Major Initiatives

During 2002 the City completed or made substantial progress toward several major goals and projects.

The Freshley Avenue widening and sewer project was initiated in 2001 and completed in 2002 at a cost of \$1,050,000. The City also continued its paving program, with approximately \$351,000 spent for resurfacing in 2002.

Construction of a \$4,000,000 Police facility is scheduled for completion in 2003. Funding for this project was provided by the sale of real estate, equipment, buildings and fixtures in January of 1999, known as the Alliance Community Hospital.

Final design engineering on influent screens for the City's Wastewater Treatment Plant commenced during 2001 and construction began during 2002. The project consists of replacing the existing grinder with screening equipment and constructing a building over the screen equipment. Total project costs are estimated at \$325,000. The Ohio Public Works Commission will provide forty-nine percent of the funding with the remaining fifty-one percent provided by the City.

Construction was completed in 2002 on the Parkway Boulevard Storm Sewer Project, Phase II. The project consists of replacing 2,415 linear feet of storm sewer pipe and 35 catch basins. Total project costs were \$392,830. The Ohio Public Works Commission provided 34 percent of the funding with the remaining 66 percent provided by the City.

Various organizations not considered part of the City's reporting entity had the following construction projects:

The Alliance Area Senior Citizens Center, Inc. completed construction in 2002 on three four-unit residential housing buildings. The Alliance City School District is in the process of a \$61,000,000 project to build three new schools and refurbish/renovate three existing schools. The Ohio Schools Facilities Commission will provide 84 percent of the funding, while the Alliance City School District will provide the remainder. The Alliance Community Hospital began construction in 2002 on a new state-of-the-art 17-20 acre campus and facility at their current location.

Financial Information

Accounting Policies and Budgetary Control The City of Alliance reports on a modified accrual/accrual basis of accounting, which conforms to generally accepted accounting principles (GAAP). Under this system, the governmental fund types and agency funds utilize a modified accrual basis of accounting. On this basis, revenues are recognized when measurable and available; expenditures are recognized when goods and services are received. The proprietary fund types are accounted for on the accrual basis of accounting. This basis recognizes revenues when earned and expenses when incurred.

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance; all are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department and fund. Any budgetary modifications at this level may only be made by resolution of the City Council.

The City's fully automated financial system also maintains budgetary control through its purchase order/encumbrance feature. The purchase order, required before making purchases, creates the encumbrance against the current budget. Purchase orders which result in an overrun of budget are not released until additional appropriations are made available through Council ordinance. This procedure is followed when money is available to allow an increase in appropriations. If no money is available, the purchase is canceled.

The City Auditor continually monitors the encumbrances and expenditures against the budget appropriations and against the County Auditor's certificate of estimated resources. Using the budget prepared by the City the preceding July and including the carry over balances less carry over encumbrances at year end, the County Auditor arrives at and issues the certificate of estimated resources for the City. Ohio Law prohibits total fund appropriations from exceeding the amounts by fund on the County Auditor's Certificate.

Internal Accounting and Reporting Control As part of its continuing commitment to excellence in financial reporting, the City utilizes a computerized financial accounting and reporting system. Enhancements to the present internal accounting controls and procedures are continually evaluated by the City Auditor. The City Auditor oversees the appropriateness of internal control, develops procedures to enhance internal control and consults with outside auditors to insure that the City remains at a sound financial level of operation.

The City has built internal accounting controls into its financial accounting, budgeting and reporting system to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss resulting from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The internal accounting controls built into the City's system were developed using the concept of reasonable assurance. This concept recognizes that the cost of a control should not exceed the benefits likely to be derived from its implementation, and that the evaluation of costs and benefits should require estimates and judgments by management. We believe that the City's internal accounting controls adequately safeguard the City's assets and provide reasonable assurance of proper recording and reporting of financial transactions.

General Governmental Revenues and Expenditures

The following summary compares revenues for general governmental functions which include the general, special revenue, debt service and capital projects funds:

	2001 Amount	2002 Amount	Percent of Total	Change	Percent Change
Revenues:					
Property and Other Taxes	\$1,660,276	\$1,141,175	8.47%	(\$519,101)	(31.27) %
Municipal Income Taxes	6,879,010	6,856,339	50.90	(22,671)	(0.33)
Permissive Motor Vehicle License Taxes	97,359	95,955	0.71	(1,404)	(1.44)
Charges for Services	362,691	415,438	3.08	52,747	14.54
Licenses, Permits and Fees	191,998	251,498	1.87	59,500	30.99
Fines and Foreitures	459,229	542,705	4.03	83,476	18.18
Intergovernmental	4,371,863	3,200,087	23.76	(1,171,776)	(26.80)
Special Assessments	68,611	79,360	0.59	10,749	15.67
Interest	594,581	297,877	2.21	(296,704)	(49.90)
Rentals	291,703	162,531	1.21	(129,172)	(44.28)
Donations and Contributions	712,052	0	0.00	(712,052)	100.00
Other	427,378	427,644	3.17	266	0.06
Total Revenues	<u>\$16,116,751</u>	<u>\$13,470,609</u>	<u>100.00%</u>	<u>(\$2,646,142)</u>	<u>(16.42) %</u>

Property and Other Taxes decreased \$519,101 or 31.27 percent due to the closing of two plants, American Steel and Alliance Machine.

Licenses, Permits and Fees increased \$59,500 or 30.99 percent due to more permits issued during 2002.

Intergovernmental decreased by \$1,171,776 or 26.80 percent due to fewer capital grants received during 2002.

Interest decreased by \$296,704 or 49.90 percent due to lower interest rates and less monies available to invest in 2002.

Rentals decreased by \$129,172 or 44.28 percent due to less oil and gas well royalties.

Donations and Contributions decreased by \$712,052 or 100 percent due to the City receiving a one-time donation from a developer in 2001.

The following summary compares expenditures for general governmental functions which include the general, special revenue, debt service and capital projects funds:

	2001 Amount	2002 Amount	Percent of Total	Change	Percent Change
Expenditures:					
Current:					
General Government	\$2,368,265	\$2,246,009	11.79%	(\$122,256)	(5.16) %
Security of Persons and Property	6,516,687	6,370,849	33.46	(145,838)	(2.24)
Public Health Services	725,626	717,809	3.77	(7,817)	(1.08)
Transportation	981,208	837,684	4.40	(143,524)	(14.63)
Community Environment	1,744,587	1,099,535	5.77	(645,052)	(36.97)
Basic Utility Services	57,856	55,996	0.29	(1,860)	(3.21)
Leisure Time Activities	536,122	514,393	2.70	(21,729)	(4.05)
Capital Outlay	3,987,455	4,353,288	22.86	365,833	9.17
Debt Service:					
Principal Retirement	1,925,730	2,590,976	13.61	665,246	34.55
Interest and Fiscal Charges	367,002	257,018	1.35	(109,984)	(29.97)
Total Expenditures	<u>\$19,210,538</u>	<u>\$19,043,557</u>	<u>100%</u>	<u>(\$166,981)</u>	<u>(0.87) %</u>

Transportation expenditures decreased by \$143,524 or 14.63 percent due to less street repair/maintenance projects undertaken in 2002.

Community environment expenditures decreased by \$645,052 or 36.97 percent due to less grant monies being spent during 2002.

Capital outlay expenditures increased by \$365,833 or 9.17 percent due to the widening of Freshley Avenue.

Debt service principal retirement increased by \$665,246 or 34.55 percent due to more principal paid on notes in 2002. Interest and fiscal charges decreased by \$109,984 or 29.97 percent because less interest was due.

General Fund Balance - The general fund balance decreased from \$2,324,890 in 2001 to \$2,303,871. This decrease of \$21,019 represents a .01 percent decrease over the prior year.

Financial Highlights - Enterprise Funds - The enterprise funds operated by the City consist of a water and a sewer fund. Operating revenues in the water fund totaled \$4,091,878 with depreciation expense of \$724,316, net income of \$631,634 and retained earnings of \$52,359 at December 31, 2002. The sewer fund had operating revenues of \$3,331,554 with depreciation expense of \$381,148, net income of \$143,356 and retained earnings of \$6,178,432 at December 31, 2002.

Financial Highlights - Internal Service Fund - The Internal Service Fund is for self-insurance. This fund accounts for the revenues and expenses related to the provision of employee health benefits. During 2002, the retained earnings in the self-funded insurance fund plan increased from \$63,791 at December 31, 2001 to \$560,799 at December 31, 2002.

Financial Highlights - Fiduciary Funds - The agency funds of the City consist of the Municipal Court and Carnation Cable funds. The agency funds had assets totaling \$64,933 at December 31, 2002.

Debt Administration

At the end of 2002, the gross indebtedness was \$27,172,934. The overall debt margin within the overall limitation was \$24,920,050. With continued prudent management on the part of Council and the Administration, the City should be able to meet its capital needs in the foreseeable future. The sources of revenue for the bond retirement funds include property taxes and special assessments.

The City continues to have an Aa2 Rating from Moody's Investor's Service. The most recent rating was received in 1998. The City has \$1,105,000 of outstanding general obligation bonds, \$605,000 of outstanding special assessment bonds and \$2,355,000 of outstanding long-term notes at December 31, 2002. The net general bonded debt per capita was \$42.78. All bonds of the City are backed by its full faith and credit.

The City has \$20,997,427 (net of discount and accounting loss) of outstanding refunding revenue bonds, \$47,934 of OPWC loans payable and \$285,000 of outstanding general obligation bonds in the enterprise funds at December 31, 2002.

Cash Management

The City adheres strictly to the regulations set forth in the Ohio Revised Code to ensure the safety of its investments. All deposits are made under contracts with local banking institutions and with the State Treasurer's Investment Pool (STAROhio).

A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of the public funds on deposit. The collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Risk Management

The City carries general insurance through Love Insurance Agency. In 2002, insurance premiums were \$150,720.

The City carries a \$3,000,000/\$5,000,000 comprehensive general liability. The City also carries a \$3,000,000/\$5,000,000 law enforcement liability insurance policy and wrongful acts policy, each with a \$5,000 deductible. Other coverage carried by the City includes automobile, bond, crime, property, inland marine, fire vehicle replacement cost and electronic data processing.

The City pays the Ohio Bureau of Workers' Compensation System (OBWC) a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The City has elected to provide health care coverage to its employees through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. The City purchases stop-loss coverage that covers claims in excess of \$50,000 per employee. A third party administrator, Anthem Benefits Administrators, reviews all claims which are then paid by the City. The advantages of the self-insurance arrangement include the City holding the reserves and earning interest on them. Control of the Plan rests with the City.

Fixed Assets

The general fixed assets of the City include all City-owned land and improvements, buildings, equipment and machinery, vehicles and construction in progress used in the performance of general government functions. The general fixed assets exclude fixed assets of the enterprise funds. At December 31, 2002, the general fixed assets of the City totaled \$15,845,096 valued at cost or estimated historical cost.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Alliance for its comprehensive annual financial report for the year ended December 31, 2001.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents satisfy all program standards. Such a report must conform to generally accepted accounting principles and satisfy all applicable legal requirements respective to the reporting entity.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

Independent Audit

The financial records, books of accounts and transactions of the City of Alliance, Ohio, for the year ended December 31, 2002, have been audited by the Auditor of State Betty Montgomery's Office. The Auditor's opinion has been included in this report.

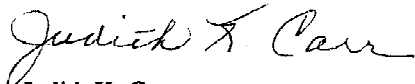
Acknowledgements

The City would like to express its appreciation to the Local Government Services Section of Auditor of State Betty Montgomery's office for their assistance with the preparation of this Comprehensive Annual Financial Report.

Further appreciation and gratitude is expressed to my staff and other City and County departments who assisted in the completion of this report.

In addition, I would like to thank the Administration and Council for their continued support, which has enabled the City to upgrade its Accounting Information Systems to provide the citizens of Alliance with the fiscal accountability they deserve.

Respectfully submitted,



Judith K. Carr
City Auditor

City of Alliance, Ohio

City Officials

December 31, 2002

Mayor	Toni E. Middleton
President of Council	John Benincasa
Councilman- Ward I	Brant Luther
Councilman- Ward II	Phyllis Phillips
Councilman- Ward III	Sammeh Alihassan
Councilman- Ward IV	Alexander Zumbar
Council-at-Large	Doug Schwarz
Council-at-Large	Michael Ogline
Council-at-Large	Mark Roller
Clerk of Council	R. Mark Locke
Law Director	Andrew Zumbar
Judge	Robert G. Lavery
Clerk of Court	Kevin Ward
Civil Service	Joyce Lamb

Finance

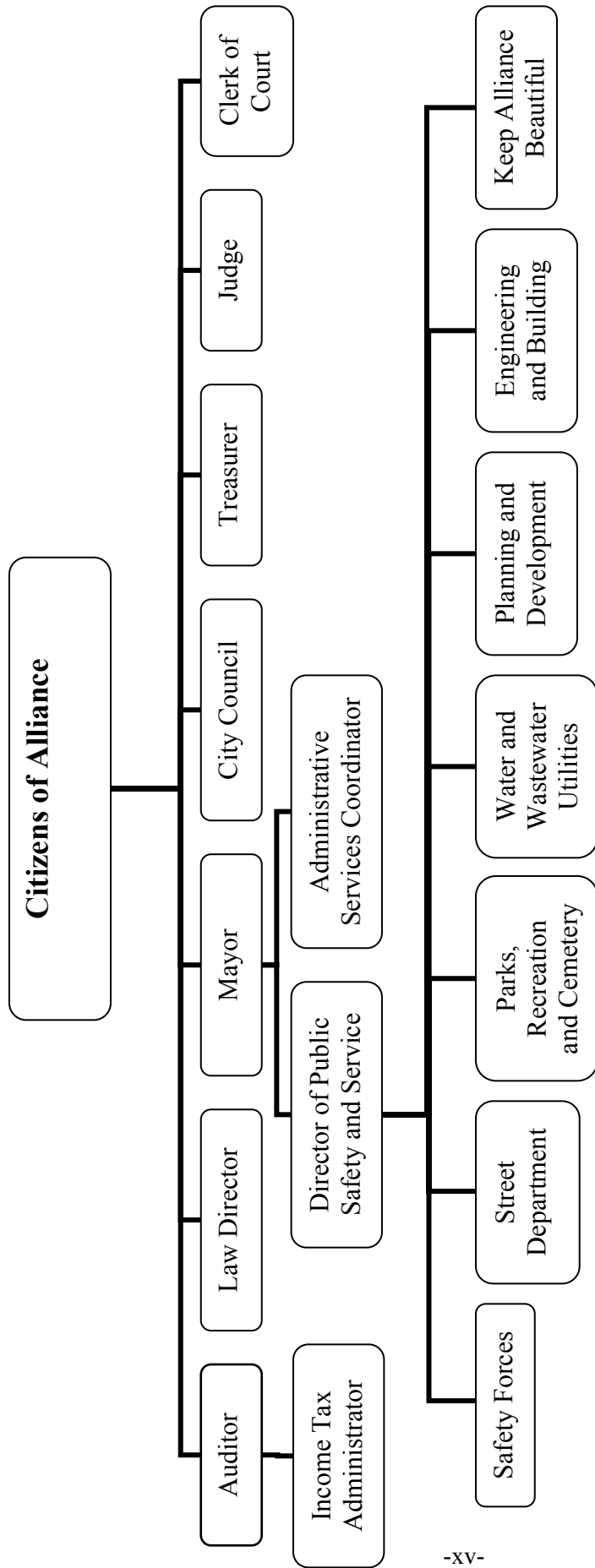
Auditor	Judith K. Carr*
Treasurer	Dennis Clunk
Income Tax Administrator	Ron Crosser

Public Safety and Service

Director of Public Safety and Service	John B. Blaser
Fire Chief	James Reese
Police Chief	Lawrence Dordea
Director of Parks, Cemetery and Public Lands	Larry Brown
Director of Recreation	Kimberly Cox
Water Plant	Dan McGannon
Wastewater Plant	Joe Amabeli
Water and Wastewater Distribution	Michael Dreger
Utility Billing and Collection	James McClarren
Health and Human Services	Randy Flint
Keep Alliance Beautiful	Mona Henderson
Planning and Development	Vince Marion
Senior Citizens Center	Dolly Rovder
Street Department	Jeff Porter
Engineering	Victoria McCauley

*Took office January 15, 2003

City of Alliance, Ohio Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alliance,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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.



William Patrick Pate
President

Jeffrey L. Eselle
Executive Director

Financial Section



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Alliance
Stark County
504 East Main Street
Alliance, Ohio 44601

To the Members of City Council:

We have audited the accompanying general-purpose financial statements of the City of Alliance, Stark County, (the City) as of and for the year ended December 31, 2002, as listed in the Table of Contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Alliance, Stark County, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 18 to the general-purpose financial statements, the City reclassified notes payable from the General Long-Term Account Group to the Capital Projects Fund. Accordingly, the fund balance of the Capital Projects Fund has been restated as of January 1, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2003 on the 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.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

111 Second St., NW / Fourth Floor / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

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, 2003

General Purpose
Financial Statements

City of Alliance, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,094,117	\$2,313,699	\$110,194	\$2,253,959
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	2,449,080	166,308	0	348,705
Accounts	20,013	0	0	0
Interfund	38,265	0	0	0
Special Assessments	395,856	0	859,962	169,370
Intergovernmental	802,015	543,130	0	46,887
Loans	0	2,873,315	0	0
Materials and Supplies Inventory	66,546	0	0	0
Deferred Charges	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	0	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Amount to be Provided from Special Assessments	0	0	0	0
Total Assets and Other Debits	<u>\$4,865,892</u>	<u>\$5,896,452</u>	<u>\$970,156</u>	<u>\$2,818,921</u>

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$2,532,143	\$677,892	\$0	\$0	\$0	\$8,982,004
0	0	64,933	0	0	64,933
0	0	0	0	0	2,964,093
1,192,294	0	0	0	0	1,212,307
0	0	0	0	0	38,265
0	0	0	0	0	1,425,188
0	0	0	0	0	1,392,032
0	0	0	0	0	2,873,315
347,256	0	0	0	0	413,802
275,201	0	0	0	0	275,201
2,368,578	0	0	0	0	2,368,578
2,401,844	0	0	0	0	2,401,844
25,974,265	0	0	15,845,096	0	41,819,361
0	0	0	0	110,194	110,194
0	0	0	0	6,001,329	6,001,329
0	0	0	0	605,000	605,000
<u>\$35,091,581</u>	<u>\$677,892</u>	<u>\$64,933</u>	<u>\$15,845,096</u>	<u>\$6,716,523</u>	<u>\$72,947,446</u>

(continued)

City of Alliance, Ohio
Combined Balance Sheet
All Fund Types and Account Groups (continued)
December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$20,548	\$42,528	\$0	\$38,100
Accrued Wages	162,277	25,556	0	0
Compensated Absences Payable	119,249	8,933	0	0
Interfund Payable	0	36,106	0	2,159
Intergovernmental Payable	158,210	23,197	0	0
Deferred Revenue	2,101,737	590,178	859,962	331,409
Undistributed Assets	0	0	0	0
Accrued Interest Payable	0	0	0	1,265
Notes Payable	0	0	0	380,000
OPWC Loan Payable	0	0	0	0
Claims Payable	0	0	0	0
Police and Fireman's Pension Liability	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Payable from Restricted Assets:				
Revenue Bonds Payable (net of unamortized discount and accounting loss)	0	0	0	0
Accrued Interest Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
Total Liabilities	2,562,021	726,498	859,962	752,933
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved:				
Replacement and Improvement	0	0	0	0
Operation and Maintenance	0	0	0	0
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	21,077	314,666	0	728,248
Reserved for Loans Receivable	0	2,873,315	0	0
Unreserved, Undesignated	2,282,794	1,981,973	110,194	1,337,740
Total Fund Equity and Other Credits	2,303,871	5,169,954	110,194	2,065,988
Total Liabilities, Fund Equity and Other Credits	\$4,865,892	\$5,896,452	\$970,156	\$2,818,921

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$73,490	\$0	\$0	\$0	\$0	\$174,666
60,905	0	0	0	0	248,738
696,912	0	0	0	1,926,125	2,751,219
0	0	0	0	0	38,265
148,132	0	0	0	302,373	631,912
0	0	0	0	0	3,883,286
0	0	64,933	0	0	64,933
4,415	0	0	0	0	5,680
0	0	0	0	2,355,000	2,735,000
47,934	0	0	0	0	47,934
0	117,093	0	0	0	117,093
0	0	0	0	423,025	423,025
285,000	0	0	0	1,105,000	1,390,000
20,997,427	0	0	0	0	20,997,427
137,685	0	0	0	0	137,685
0	0	0	0	605,000	605,000
<u>22,451,900</u>	<u>117,093</u>	<u>64,933</u>	<u>0</u>	<u>6,716,523</u>	<u>34,251,863</u>
0	0	0	15,845,096	0	15,845,096
6,408,890	0	0	0	0	6,408,890
675,547	0	0	0	0	675,547
1,693,031	0	0	0	0	1,693,031
3,862,213	560,799	0	0	0	4,423,012
0	0	0	0	0	1,063,991
0	0	0	0	0	2,873,315
0	0	0	0	0	5,712,701
<u>12,639,681</u>	<u>560,799</u>	<u>0</u>	<u>15,845,096</u>	<u>0</u>	<u>38,695,583</u>
<u>\$35,091,581</u>	<u>\$677,892</u>	<u>\$64,933</u>	<u>\$15,845,096</u>	<u>\$6,716,523</u>	<u>\$72,947,446</u>

City of Alliance, Ohio
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2002*

	Governmental	
	General	Special Revenue
Revenues		
Property and Other Taxes	\$819,949	\$321,226
Municipal Income Taxes	5,700,523	0
Permissive Motor Vehicle License Taxes	0	95,955
Charges for Services	415,438	0
Licenses, Permits and Fees	177,500	73,998
Fines and Forfeitures	471,096	71,609
Intergovernmental	1,491,862	1,558,938
Special Assessments	0	0
Interest	78,885	176,751
Rentals	162,531	0
Other	249,709	109,730
<i>Total Revenues</i>	9,567,493	2,408,207
Expenditures		
Current:		
General Government	2,155,256	90,753
Security of Persons and Property	5,484,234	886,615
Public Health Services	426,045	291,764
Transportation	262,589	575,095
Community Environment	70,241	1,029,294
Basic Utility Services	55,996	0
Leisure Time Activities	514,393	0
Capital Outlay	0	0
Debt Service:		
Principal Retirement	0	5,976
Interest and Fiscal Charges	0	18,170
<i>Total Expenditures</i>	8,968,754	2,897,667
<i>Excess of Revenues Over (Under) Expenditures</i>	598,739	(489,460)
Other Financing Sources (Uses)		
Proceeds of Notes	0	0
Operating Transfers In	12,434	703,752
Operating Transfers Out	(632,192)	(744,649)
<i>Total Other Financing Sources (Uses)</i>	(619,758)	(40,897)
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(21,019)	(530,357)
<i>Fund Balances Beginning of Year - Restated (See Note 18)</i>	2,324,890	5,700,311
<i>Fund Balances End of Year</i>	\$2,303,871	\$5,169,954

See accompanying notes to the general purpose financial statements

Fund Types		
Debt Service	Capital Projects	Totals (Memorandum Only)
\$0	\$0	\$1,141,175
0	1,155,816	6,856,339
0	0	95,955
0	0	415,438
0	0	251,498
0	0	542,705
0	149,287	3,200,087
33,753	45,607	79,360
0	42,241	297,877
0	0	162,531
0	68,205	427,644
<u>33,753</u>	<u>1,461,156</u>	<u>13,470,609</u>
0	0	2,246,009
0	0	6,370,849
0	0	717,809
0	0	837,684
0	0	1,099,535
0	0	55,996
0	0	514,393
0	4,353,288	4,353,288
2,585,000	0	2,590,976
202,932	35,916	257,018
<u>2,787,932</u>	<u>4,389,204</u>	<u>19,043,557</u>
<u>(2,754,179)</u>	<u>(2,928,048)</u>	<u>(5,572,948)</u>
2,355,000	0	2,355,000
396,616	606,820	1,719,622
0	(339,608)	(1,716,449)
<u>2,751,616</u>	<u>267,212</u>	<u>2,358,173</u>
(2,563)	(2,660,836)	(3,214,775)
<u>112,757</u>	<u>4,726,824</u>	<u>12,864,782</u>
<u>\$110,194</u>	<u>\$2,065,988</u>	<u>\$9,650,007</u>

City of Alliance, Ohio
Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types
For the Year Ended December 31, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Taxes	\$833,740	\$819,949	(\$13,791)
Municipal Income Taxes	5,627,447	5,722,259	94,812
Permissive Motor Vehicle License Taxes	0	0	0
Charges for Services	351,639	395,425	43,786
Licenses, Permits and Fees	111,565	177,500	65,935
Fines and Forfeitures	399,320	471,096	71,776
Intergovernmental	1,347,572	1,410,403	62,831
Special Assessments	0	0	0
Interest	110,000	78,885	(31,115)
Rentals	292,400	162,531	(129,869)
Other	226,400	249,709	23,309
<i>Total Revenues</i>	<u>9,300,083</u>	<u>9,487,757</u>	<u>187,674</u>
Expenditures			
Current:			
General Government	2,299,313	2,135,600	163,713
Security of Persons and Property	5,582,710	5,442,555	140,155
Public Health Services	427,981	420,995	6,986
Transportation	286,480	280,663	5,817
Community Environment	77,226	69,251	7,975
Basic Utility Services	57,106	55,996	1,110
Leisure Time Activities	528,584	514,084	14,500
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>9,259,400</u>	<u>8,919,144</u>	<u>340,256</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>40,683</u>	<u>568,613</u>	<u>527,930</u>
Other Financing Sources (Uses)			
Proceeds of Notes	0	0	0
Operating Transfers In	67,896	12,434	(55,462)
Operating Transfers Out	(682,557)	(632,192)	50,365
<i>Total Other Financing Sources (Uses)</i>	<u>(614,661)</u>	<u>(619,758)</u>	<u>(5,097)</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(573,978)	(51,145)	522,833
<i>Fund Balances Beginning of Year</i>	1,048,875	1,048,875	0
<i>Prior Year Encumbrances Appropriated</i>	<u>60,944</u>	<u>60,944</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$535,841</u>	<u>\$1,058,674</u>	<u>\$522,833</u>

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$313,978	\$321,226	\$7,248	\$0	\$0	\$0
0	0	0	0	0	0
89,365	96,293	6,928	0	0	0
0	0	0	0	0	0
75,916	73,998	(1,918)	0	0	0
65,800	72,409	6,609	0	0	0
2,677,639	1,851,312	(826,327)	0	0	0
0	0	0	69,849	79,336	9,487
173,061	158,411	(14,650)	0	0	0
0	0	0	0	0	0
360,585	448,676	88,091	0	0	0
<u>3,756,344</u>	<u>3,022,325</u>	<u>(734,019)</u>	<u>69,849</u>	<u>79,336</u>	<u>9,487</u>
132,554	92,486	40,068	0	0	0
983,784	920,298	63,486	0	0	0
301,881	285,744	16,137	0	0	0
650,143	566,224	83,919	0	0	0
3,717,512	2,449,853	1,267,659	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	4,896,668	4,817,662	79,006
0	0	0	1,468,117	1,353,981	114,136
<u>5,785,874</u>	<u>4,314,605</u>	<u>1,471,269</u>	<u>6,364,785</u>	<u>6,171,643</u>	<u>193,142</u>
<u>(2,029,530)</u>	<u>(1,292,280)</u>	<u>737,250</u>	<u>(6,294,936)</u>	<u>(6,092,307)</u>	<u>202,629</u>
0	0	0	2,735,000	2,735,000	0
731,867	703,752	(28,115)	3,549,936	3,354,744	(195,192)
<u>(894,741)</u>	<u>(744,649)</u>	<u>150,092</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(162,874)</u>	<u>(40,897)</u>	<u>121,977</u>	<u>6,284,936</u>	<u>6,089,744</u>	<u>(195,192)</u>
(2,192,404)	(1,333,177)	859,227	(10,000)	(2,563)	7,437
2,951,999	2,951,999	0	112,757	112,757	0
344,138	344,138	0	0	0	0
<u>\$1,103,733</u>	<u>\$1,962,960</u>	<u>\$859,227</u>	<u>\$102,757</u>	<u>\$110,194</u>	<u>\$7,437</u>

(continued)

City of Alliance, Ohio
*Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types (continued)
For the Year Ended December 31, 2002*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Taxes	\$0	\$0	\$0
Municipal Income Taxes	1,095,832	1,160,396	64,564
Permissive Motor Vehicle License Taxes	0	0	0
Charges for Services	0	0	0
Licenses, Permits and Fees	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	208,267	163,467	(44,800)
Special Assessments	100	24	(76)
Interest	41,500	42,241	741
Rentals	0	0	0
Other	87,382	68,205	(19,177)
<i>Total Revenues</i>	<u>1,433,081</u>	<u>1,434,333</u>	<u>1,252</u>
Expenditures			
Current:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Public Health Services	0	0	0
Transportation	0	0	0
Community Environment	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	6,060,396	5,291,930	768,466
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>6,060,396</u>	<u>5,291,930</u>	<u>768,466</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,627,315)</u>	<u>(3,857,597)</u>	<u>769,718</u>
Other Financing Sources (Uses)			
Proceeds of Notes	0	0	0
Operating Transfers In	11,063	11,063	0
Operating Transfers Out	(499,071)	(474,301)	24,770
<i>Total Other Financing Sources (Uses)</i>	<u>(488,008)</u>	<u>(463,238)</u>	<u>24,770</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(5,115,323)	(4,320,835)	794,488
<i>Fund Balances Beginning of Year</i>	1,911,787	1,911,787	0
<i>Prior Year Encumbrances Appropriated</i>	<u>3,919,130</u>	<u>3,919,130</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$715,594</u>	<u>\$1,510,082</u>	<u>\$794,488</u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,147,718	\$1,141,175	(\$6,543)
6,723,279	6,882,655	159,376
89,365	96,293	6,928
351,639	395,425	43,786
187,481	251,498	64,017
465,120	543,505	78,385
4,233,478	3,425,182	(808,296)
69,949	79,360	9,411
324,561	279,537	(45,024)
292,400	162,531	(129,869)
674,367	766,590	92,223
<u>14,559,357</u>	<u>14,023,751</u>	<u>(535,606)</u>
2,431,867	2,228,086	203,781
6,566,494	6,362,853	203,641
729,862	706,739	23,123
936,623	846,887	89,736
3,794,738	2,519,104	1,275,634
57,106	55,996	1,110
528,584	514,084	14,500
6,060,396	5,291,930	768,466
4,896,668	4,817,662	79,006
1,468,117	1,353,981	114,136
<u>27,470,455</u>	<u>24,697,322</u>	<u>2,773,133</u>
<u>(12,911,098)</u>	<u>(10,673,571)</u>	<u>2,237,527</u>
2,735,000	2,735,000	0
4,360,762	4,081,993	(278,769)
<u>(2,076,369)</u>	<u>(1,851,142)</u>	<u>225,227</u>
<u>5,019,393</u>	<u>4,965,851</u>	<u>(53,542)</u>
(7,891,705)	(5,707,720)	2,183,985
6,025,418	6,025,418	0
<u>4,324,212</u>	<u>4,324,212</u>	<u>0</u>
<u>\$2,457,925</u>	<u>\$4,641,910</u>	<u>\$2,183,985</u>

City of Alliance, Ohio
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity
All Proprietary Fund Types
For the Year Ended December 31, 2002*

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating Revenues			
Charges for Services	\$7,336,976	\$1,709,313	\$9,046,289
License and Permits	14,728	0	14,728
Other	71,728	0	71,728
<i>Total Operating Revenues</i>	<u>7,423,432</u>	<u>1,709,313</u>	<u>9,132,745</u>
Operating Expenses			
Salaries and Wages	2,418,668	0	2,418,668
Fringe Benefits	1,030,716	0	1,030,716
Contractual Services	864,154	216,000	1,080,154
Claims	0	998,968	998,968
Materials and Supplies	378,147	0	378,147
Other	12,834	0	12,834
Depreciation	1,105,464	0	1,105,464
<i>Total Operating Expenses</i>	<u>5,809,983</u>	<u>1,214,968</u>	<u>7,024,951</u>
<i>Operating Income</i>	<u>1,613,449</u>	<u>494,345</u>	<u>2,107,794</u>
Non-Operating Revenues (Expenses)			
Interest	95,110	2,663	97,773
Loss on Sale of Fixed Assets	(117)	0	(117)
Municipal Income Taxes	270,431	0	270,431
Capital Grants	85,693	0	85,693
Interest and Fiscal Charges	(1,286,403)	0	(1,286,403)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(835,286)</u>	<u>2,663</u>	<u>(832,623)</u>
<i>Income Before Operating Transfers</i>	778,163	497,008	1,275,171
Operating Transfers Out	(3,173)	0	(3,173)
<i>Net Income</i>	774,990	497,008	1,271,998
<i>Retained Earnings Beginning of Year</i>	<u>5,455,801</u>	<u>63,791</u>	<u>5,519,592</u>
<i>Retained Earnings End of Year</i>	6,230,791	560,799	6,791,590
Contributed Capital Beginning and End of Year	6,408,890	0	6,408,890
<i>Total Fund Equity End of Year</i>	<u>\$12,639,681</u>	<u>\$560,799</u>	<u>\$13,200,480</u>

See accompanying notes to the general purpose financial statements

City of Alliance, Ohio
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types
For the Year Ended December 31, 2002*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$271,000	\$270,431	(\$569)
Charges for Services	7,249,490	7,096,487	(153,003)
Licenses, Permits and Fees	6,000	14,728	8,728
Capital Grants	64,956	97,096	32,140
Interest	97,800	75,039	(22,761)
Other	71,580	71,728	148
<i>Total Revenues</i>	<u>7,760,826</u>	<u>7,625,509</u>	<u>(135,317)</u>
Expenses			
Salaries and Wages	2,529,984	2,413,879	116,105
Fringe Benefits	913,797	868,439	45,358
Contractual Services	1,045,014	895,652	149,362
Claims	0	0	0
Materials and Supplies	516,067	413,627	102,440
Capital Outlay	1,582,762	1,081,671	501,091
Other	13,946	12,834	1,112
<i>Total Expenses</i>	<u>6,601,570</u>	<u>5,686,102</u>	<u>915,468</u>
<i>Excess of Revenues Over (Under) Expenses</i>	1,159,256	1,939,407	780,151
Operating Transfers Out	<u>(2,438,773)</u>	<u>(2,230,851)</u>	<u>207,922</u>
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	(1,279,517)	(291,444)	988,073
<i>Fund Equity Beginning of Year</i>	4,640,239	4,640,239	0
Prior Year Encumbrances Appropriated	<u>203,732</u>	<u>203,732</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$3,564,454</u>	<u>\$4,552,527</u>	<u>\$988,073</u>

(continued)

City of Alliance, Ohio
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types (continued)
For the Year Ended December 31, 2002*

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$0	\$0	\$0
Charges for Services	1,563,200	1,709,313	146,113
Licenses, Permits and Fees	0	0	0
Capital Grants	0	0	0
Interest	2,500	2,663	163
Other	4,000	0	(4,000)
<i>Total Revenues</i>	<u>1,569,700</u>	<u>1,711,976</u>	<u>142,276</u>
Expenses			
Salaries and Wages	0	0	0
Fringe Benefits	0	0	0
Contractual Services	0	0	0
Claims	1,890,000	1,361,208	528,792
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Other	0	0	0
<i>Total Expenses</i>	<u>1,890,000</u>	<u>1,361,208</u>	<u>528,792</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(320,300)	350,768	671,068
Operating Transfers Out	0	0	0
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	(320,300)	350,768	671,068
<i>Fund Equity Beginning of Year</i>	327,124	327,124	0
Prior Year Encumbrances Appropriated	0	0	0
<i>Fund Equity End of Year</i>	<u>\$6,824</u>	<u>\$677,892</u>	<u>\$671,068</u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$271,000	\$270,431	(\$569)
8,812,690	8,805,800	(6,890)
6,000	14,728	8,728
64,956	97,096	32,140
100,300	77,702	(22,598)
75,580	71,728	(3,852)
<u>9,330,526</u>	<u>9,337,485</u>	<u>6,959</u>
2,529,984	2,413,879	116,105
913,797	868,439	45,358
1,045,014	895,652	149,362
1,890,000	1,361,208	528,792
516,067	413,627	102,440
1,582,762	1,081,671	501,091
13,946	12,834	1,112
<u>8,491,570</u>	<u>7,047,310</u>	<u>1,444,260</u>
838,956	2,290,175	1,451,219
<u>(2,438,773)</u>	<u>(2,230,851)</u>	<u>207,922</u>
(1,599,817)	59,324	1,659,141
4,967,363	4,967,363	0
203,732	203,732	0
<u>\$3,571,278</u>	<u>\$5,230,419</u>	<u>\$1,659,141</u>

City of Alliance, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
<i>Increase (Decrease) In Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$7,111,215	\$0	\$7,111,215
Cash Payments from Quasi-External Transactions with Other Funds	0	1,709,313	1,709,313
Cash Payments to Suppliers for Good and Services	(1,227,974)	(216,000)	(1,443,974)
Cash Payments for Claims	0	(1,145,208)	(1,145,208)
Cash Payments for Employee Services and Benefits	(3,282,318)	0	(3,282,318)
Other Revenue	71,728	0	71,728
Other Expenses	(12,834)	0	(12,834)
<i>Net Cash Provided by Operating Activities</i>	<u>2,659,817</u>	<u>348,105</u>	<u>3,007,922</u>
Cash Flows from Noncapital Financing Activities			
Transfer Out	(3,173)	0	(3,173)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(814,782)	0	(814,782)
Municipal Income Taxes	270,431	0	270,431
Capital Grants	97,096	0	97,096
Principal Paid on Sewer OPWC Loan	(2,662)	0	(2,662)
Principal Paid on Sewer General Obligation Bonds	(95,000)	0	(95,000)
Interest Paid on Sewer General Obligation Bonds	(27,170)	0	(27,170)
Principal Paid on Water Revenue Bonds	(665,000)	0	(665,000)
Interest Paid on Water Revenue Bonds	(929,005)	0	(929,005)
Principal Paid on Sewer Revenue Bonds	(350,000)	0	(350,000)
Interest Paid on Sewer Revenue Bonds	(224,884)	0	(224,884)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(2,740,976)</u>	<u>0</u>	<u>(2,740,976)</u>
Cash Flows from Investing Activities			
Interest	89,786	2,663	92,449
<i>Net Increase In Cash and Cash Equivalents</i>	5,454	350,768	356,222
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>7,297,111</u>	<u>327,124</u>	<u>7,624,235</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$7,302,565</u>	<u>\$677,892</u>	<u>\$7,980,457</u>

(continued)

City of Alliance, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types (continued)
For the Year Ended December 31, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$1,613,449	\$494,345	\$2,107,794
Adjustments: to Net Cash Provided by Operating Activities			
Depreciation	1,105,464	0	1,105,464
(Increase)/Decrease in Assets:			
Accounts Receivable	(240,489)	0	(240,489)
Materials and Supplies Inventory	3,800	0	3,800
Increase/(Decrease) in Liabilities:			
Accounts Payable	20,982	0	20,982
Accrued Wages	4,789	0	4,789
Compensated Absences Payable	111,344	0	111,344
Intergovernmental Payable	40,478	0	40,478
Claims Payable	0	(146,240)	(146,240)
	<u>\$2,659,817</u>	<u>\$348,105</u>	<u>\$3,007,922</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$2,659,817</u>	<u>\$348,105</u>	<u>\$3,007,922</u>

See accompanying notes to the general purpose financial statements

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Note 1 - Description of the City and Reporting Entity

The City of Alliance (the "City") is a statutory municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a part-time Council and full-time Mayor form of government. The Mayor, Council, Auditor, Treasurer, Judge, Clerk of Court, and Law Director are elected.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Alliance, this includes those departments and agencies that provide the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, municipal court and general administrative services.

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 organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

The City is associated with the Stark County Council of Governments, the Stark County Regional Planning Commission, and the Stark Area Regional Transit Authority, which are defined as jointly governed organizations. The City does not have any financial interest in or responsibility for these organizations (See Note 16).

The City is also associated with the Alliance Area Development Foundation (Foundation). The Foundation is a not-for-profit corporation. The board of trustees consists of contributing trustees and elected trustees. The contributing trustees select the elected trustees. In 2002, the Mayor was an elected trustee. The Foundation's goal is to retain companies, enhance company growth and capture new business for the Alliance area. The Foundation has been excluded from the reporting entity.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions are typically financed. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The following are the City's governmental fund types:

General Fund This fund is the operating fund of the City and is used to account 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.

Special Revenue Funds These funds are established to account for the proceeds of specific revenue sources (other than amounts for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City only utilizes the agency fund type.

Agency Funds These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Account Groups To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group This account group accounts for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group This account group accounts for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenue Recognition 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 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 6) 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 non-exchange transactions must also be available before it can be recognized.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income taxes, interest, state-levied locally shared taxes (including gasoline tax), fines and forfeitures and income tax withheld by employers.

Deferred Revenue Deferred revenue arises 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, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized when they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

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 the governmental funds.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that the appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department and fund. Budgetary modifications at this level may only be made by resolution of the City Council.

Tax Budget At the first Council meeting in July, the Mayor presents the annual operating budget for the following year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the amended official certificate of estimated resources in effect when final appropriations were passed by Council.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Appropriations A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations may not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant affect on the original appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the year, including all amendments and modifications.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the level adopted by Council. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During 2002 investments were limited to STAROhio and Firststar Bank Cash Management Fund, which is a money market mutual fund.

Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. The mutual fund is reported at fair value which is determined by the fund's December 31, 2002 share price. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2002.

Investment procedures are restricted by provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2002 amounted to \$78,885 which includes \$29,887 assigned from other City funds.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

The City has segregated bank accounts for monies held separate from the City central bank account. These depository accounts are presented in the combined balance sheet as “cash and cash equivalents in segregated accounts” since they are not required to be deposited into the City Treasury.

The City utilizes a fiscal agent to hold monies set aside for current and future debt service payments under provisions of the bond indenture. The balances in these accounts are presented on the combined balance sheet as “restricted assets: cash and cash equivalents with fiscal agents” and represent investments in the Firststar Bank Cash Management Fund.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

E. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables” and “interfund payables.”

F. Inventory

Inventories of governmental funds are stated at cost while the inventory of the proprietary fund is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies. The costs of inventory items are recorded as expenditures in the governmental fund types and as expenses in the proprietary fund types when used.

G. Restricted Assets

Restricted assets in the enterprise funds include cash and cash equivalents set aside to satisfy bond indenture requirements for operation and maintenance, current and future debt payments and the replacement and improvement of fixed assets originally acquired with bond proceeds.

H. Bond Issuance Costs, Bond Discount and Accounting Loss

Bond issuance costs for proprietary fund types are reported as deferred charges and amortized over the term of the bonds. The bond discount and the accounting loss resulting from the advance refunding (the difference between the reacquisition price and the net carrying amount of the debt) is also amortized over the life of the refunding or refunded bonds, whichever is shorter. Bonds are reported net of the unamortized loss and the discount. All items are amortized using the straight-line method since the results are not significantly different from the effective interest method.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds, including the infrastructure fixed assets such as sewer and water lines and drains, are capitalized in the respective funds.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The City maintains a capitalization threshold of \$500.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized. Improvements to fund fixed assets are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of proprietary fund fixed assets is computed using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings	20 - 40 years
Equipment	10 - 40 years
Vehicles	5 years
Water and Sewer Lines	20 - 60 years

Interest is capitalized on enterprise fund assets acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2002, interest costs capitalized on construction projects in the enterprise funds were not material.

J. Compensated Absences

Vacation benefits and compensatory time are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

K. Fund Equity and Contributed Capital

Reserves for retained earnings represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Retained earnings in the enterprise funds have been reserved for replacement and operations which represent monies set aside to satisfy bond indenture requirements. Prior to 2001, contributed capital was recorded in proprietary funds that received capital grants or contributions from developers, customers or other funds. Capital contributions received from private sources or other governments after 2000 have been recorded as revenues and are reported as increases in retained earnings based on new guidelines established by GASB Statement 33, "Accounting and Reporting for Nonexchange Transactions." Contributed capital also included income taxes for capital improvements in the enterprise funds. Fund balance reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances and loans receivable.

Because the City had not prepared financial statements in accordance with generally accepted accounting principles prior to 1996, the amount of contributed capital prior to December 31, 1995, cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

M. Accrued and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year end are considered not to have been made with current available financial resources. Bonds, notes and the police and fire pension liability are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt retirement fund may be created and used for the payment of bond anticipation notes. Generally accepted accounting principles require the presentation of short-term note liability in the fund that received the note proceeds, with long-term obligations presented in the general long-term obligations account group. Principal and interest payments on matured general long-term obligations are reported in the debt service fund. To comply with GAAP reporting requirements, the City's debt retirement has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

N. 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.

O. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned “Totals (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 3 - Accountability and Compliance

A. Accountability

At December 31, 2002, the following funds had deficit fund balances:

	Deficit Fund Balance
<u>Special Revenue Fund:</u>	
Law Enforcement Block Grant	\$16,824
 <u>Capital Projects Fund:</u>	
Hospital Sale Capital	374,807

The deficit in the special revenue fund resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is needed not when accruals occur. The deficit in the capital projects fund arose from the requirement to report bond anticipation note liabilities in the fund which received the note proceeds. The deficit will be alleviated when the bonds are issued or when the notes are paid.

B. Compliance

Contrary to Section 5705.39, Ohio Revised Code, the following fund had appropriations in excess of estimated revenues and carryover balances:

Fund	Estimated Revenues Plus Carryover Balances	Appropriations	Excess
<u>Special Revenue Funds:</u>			
Law Enforcement Block Grant	\$186,231	\$244,366	\$58,135

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Note 4 - Budgetary Basis of Accounting

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

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a relevant comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP).
4. For the proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
5. The City repays short-term note debt from the debt service fund (budget) as opposed to the fund that received the proceeds (GAAP). Debt service fund resources used to pay both principal and interest have been allocated accordingly.
6. The trustee account set up in accordance with the indenture agreements (GAAP) is not part of the entity for which the appropriated budget is adopted (budget).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Excess of Revenues and Other Financing Sources
Under Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$21,019)	(\$530,357)	(\$2,563)	(\$2,660,836)
Revenue Accruals	(79,736)	614,118	0	18,760
Expenditure Accruals	85,053	(1,066,199)	0	(194,882)
Proceeds of Notes	0	0	380,000	0
Reclassification for Debt				
Transfers	0	0	2,958,128	(730,450)
Principal Retirement	0	0	(2,232,662)	0
Interest and Fiscal Charges	0	0	(1,151,049)	36,033
Revenue for Debt Payments	0	0	45,583	(45,583)
Encumbrances	(35,443)	(350,739)	0	(743,877)
Budget Basis	<u>(\$51,145)</u>	<u>(\$1,333,177)</u>	<u>(\$2,563)</u>	<u>(\$4,320,835)</u>

Net Income/Excess of Revenues
Over (Under) Expenses and Operating Transfers
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$774,990	\$497,008
Revenue Accruals	(249,157)	0
Expense Accruals	342,660	(146,240)
Reclassification for Debt		
Interest and Fiscal Charges	1,115,016	0
Transfers Out for Debt	(2,227,678)	0
Non-Budgeted Activity	10,120	0
Capital Outlay	(814,782)	0
Loss on Sale of Fixed Assets	117	0
Depreciation Expense	1,105,464	0
Encumbrances	(348,194)	0
Budget Basis	<u>(\$291,444)</u>	<u>\$350,768</u>

Note 5 - Deposits and Investments

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

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

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

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 pass book accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the 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 instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

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

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

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

Cash on Hand At year end, the City had \$5,160 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 Fiscal Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.”

Deposits At year end, the carrying amount of the City's deposits was \$4,875,468 and the bank balance was \$5,311,142. Of the bank balance:

1. \$287,005 was covered by federal depository insurance; and
2. \$5,024,137 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City’s investments are required to be categorized 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 which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio and money market mutual fund investments are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Fair Value
STAROhio	\$6,534,886
Money Market Mutual Fund	2,401,845
Total Investments	\$8,936,731

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 “Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.”

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3, is as follows:

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$13,817,359	\$0
Cash on Hand	(5,160)	
Investments of Cash:		
Management Pool:		
Money Market Mutual Fund	(2,401,845)	2,401,845
STAROhio	(6,534,886)	6,534,886
GASB Statement No. 3	\$4,875,468	\$8,936,731

Note 6 - Receivables

Receivables at December 31, 2002, consisted of taxes, accounts (billings for user charged services), loans (community development block grant and urban development action monies loaned to local businesses and low to moderate income homeowners), intergovernmental receivables arising from grants, entitlements and shared revenues and special assessments. All receivables are deemed collectible in full.

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 2002 for real and public utility property taxes represents collections of 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) are for 2002 taxes.

2002 real property taxes are levied after October 1, 2002 on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003.

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. 2002 public utility property taxes which became a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after October 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent for inventory.

The full tax rate for all City operations for the year ended December 31, 2002, was \$6.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Real Property	\$221,257,250
Tangible Personal Property	42,538,375
Public Utility Property	9,060,150
Total	\$272,855,775

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

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 at September 20.

The County Treasurer collects property tax on behalf of all taxing districts within the County, including the City of Alliance. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2002 operations. The receivable is offset by deferred revenue.

B. Loans Receivable

The special revenue funds reflect community development loans receivable in the amount of \$2,873,315. The loans receivable represent the principal owed to the City for Community Development Block Grants and Urban Development Action Grants. The loans bear interest at annual rates between five and six percent. The loans are to be repaid over periods ranging from two months to thirteen years.

C. Intergovernmental

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
Local Government	\$502,222
Estate Tax	255,006
Homestead and Rollback	44,165
Liquor Permit	142
Rabies Specimens Prevention Grant	480
<i>Total General Fund</i>	\$802,015
	(continued)

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

	Amount
Special Revenue Funds	
Permissive MVL Tax	\$248,913
Gasoline Tax	194,733
Law Enforcement Block Grant	29,227
Ohio Department of Natural Resources Grant	27,295
Child and Family Health Services Grant	14,200
State Misdemeanant Grant	6,967
HIV/AIDS State Grant	5,317
Immunization Grant	4,836
Solid Waste District Grant	3,678
Healthy Start Grant	2,956
Immobilization Fee	1,654
Housing and Urban Development Grant	1,213
Aging Grant	1,092
Women, Infants, and Children Grant	1,049
<i>Total Special Revenue Funds</i>	543,130
Capital Projects Funds	
Natureworks Grant	46,887
<i>Total All Funds</i>	\$1,392,032

D. Income Tax

The City levies a municipal income tax of 1.75 percent on gross salaries, wages and other personal service compensation earned by residents of the City and on the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a credit of 100 percent for taxes paid to other municipalities.

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 are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds, after income tax department expenditures, are credited to the following funds: 79 percent to the general fund, 10 percent to the capital improvements capital projects fund, seven percent to the street income tax construction capital projects fund, and four percent to the water enterprise fund.

E. Special Assessments

Special assessments include annually assessed demolition assessments and assessments for debt obligations.

Demolition special assessments are levied against all property owners which benefit from the demolitions while special assessments for debt obligations are levied against specific property owners who primarily benefited from the project.

The City's demolition assessments are billed by the County Auditor and collected by the County Treasurer. The County Auditor periodically remits these collections to the City. Special assessments collected in one calendar year are levied and certified in the preceding calendar year.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Note 7 - Fixed Assets

A summary of the enterprise fund fixed assets at December 31, 2002 follows:

Land	\$2,230,921
Buildings	9,876,051
Equipment	3,326,129
Vehicles	1,058,761
Water and Sewer Lines	24,689,697
Construction in Progress	<u>151,623</u>
Total	41,333,182
Less: Accumulated Depreciation	<u>15,358,917</u>
Net Fixed Assets	<u><u>\$25,974,265</u></u>

A summary of changes in general fixed assets follows:

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
Land and Improvements	\$3,040,010	\$51,686	\$0	\$3,091,696
Buildings	2,138,334	10,125	0	2,148,459
Equipment and Machinery	3,522,855	294,981	11,954	3,805,882
Vehicles	<u>2,763,243</u>	<u>237,515</u>	<u>63,555</u>	<u>2,937,203</u>
	11,464,442	594,307	75,509	11,983,240
Construction in Progress	<u>3,350,323</u>	<u>511,533</u>	<u>0</u>	<u>3,861,856</u>
	<u><u>\$14,814,765</u></u>	<u><u>\$1,105,840</u></u>	<u><u>\$75,509</u></u>	<u><u>\$15,845,096</u></u>

Note 8 - Risk Management

A. Liability Insurance

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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there was no significant change in insurance coverage for the prior year. During 2002, the City contracted with Love Insurance Company for various types of insurance as follows:

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Type of Coverage	Deductible	Limit - Occurrence	Limit - Aggregate
General Liability	None	\$3,000,000	\$5,000,000
Wrongful Acts	\$5,000	3,000,000	5,000,000
Law Enforcement	5,000	3,000,000	5,000,000
Automobile Liability	Various	None	3,000,000
Bond	None	None	50,000
Crime	100	None	10,000
Property	1,000	None	38,443,039
Inland Marine	500	None	2,180,043
Electronic Data Processing	500	None	708,716

The City participates in the Ohio Municipal League Group Rating Plan (OML) for workers' compensation. The intent of the OML is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the OML. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the OML. Each participant pays its workers' compensation premium to the State based on the rate for the OML rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the OML. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the OML. Participation in the OML is limited to cities that can meet the OML's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the OML.

B. Health Insurance

The City has elected to provide health care coverage to its employees through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. The City purchases stop-loss coverage that covers claims in excess of \$50,000 per employee. A third party administrator, Anthem Benefits Administrators, reviews all claims which are then paid by the City.

The claims liability of \$117,093 reported in the self-insurance fund at December 31, 2002, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus," which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount for the last two years follow:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2001	\$209,732	\$1,671,473	\$1,617,872	\$263,333
2002	263,333	998,968	1,145,208	117,093

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Note 9 - Interfund Transactions

Interfund balances at December 31, 2002, consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
General Fund	\$38,265	\$0
Special Revenue Fund		
Motor Vehicle License	0	36,106
Capital Projects Fund		
High School Property	0	2,159
<i>Total All Funds</i>	\$38,265	\$38,265

Note 10 - Long-Term Obligations

Changes in the long-term obligations of the City during 2002 were as follows:

	Outstanding 1/1/02	Additions	Reductions	Outstanding 12/31/02
Enterprise Funds' Obligations:				
Revenue Bonds:				
1994 Sewer Refunding 4.0% - 6.0%	\$3,975,000	\$0	\$350,000	\$3,625,000
1998 Water Refunding 3.8% - 5.0%	19,435,000	0	665,000	18,770,000
Unamortized Discount	(308,151)	0	(19,259)	(288,892)
Unamortized Accounting Loss	(1,182,593)	0	(73,912)	(1,108,681)
Net Water Refunding Bonds	17,944,256	0	571,829	17,372,427
<i>Total Revenue Bonds</i>	21,919,256	0	921,829	20,997,427
General Obligation Bonds:				
1990 General Obligation Bond				
Sewer 6.45% - 7.15%	380,000	0	95,000	285,000
Other Long-Term Obligations:				
OPWC Loan 0.00%	50,596	0	2,662	47,934
<i>Total Enterprise Funds</i>	\$22,349,852	\$0	\$1,019,491	\$21,330,361

(continued)

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

	Outstanding 1/1/02	Additions	Reductions	Outstanding 12/31/02
General Long-Term Obligations Account Group:				
General Obligation Bonds:				
Various Purpose 6.45% - 7.15%	\$285,000	\$0	\$135,000	\$150,000
Various Purpose 1998 3.80% - 5.00%	1,015,000	0	60,000	955,000
Total General Obligation Bonds	1,300,000	0	195,000	1,105,000
Special Assessment Bonds:				
Various Purpose 1999 4.10% - 6.125%	640,000	0	35,000	605,000
Total Bonds	1,940,000	0	230,000	1,710,000
Long-Term Notes:				
Various Purpose Note 3.62%	900,000	900,000	900,000	900,000
Various Purpose Note 3.62%	1,455,000	1,455,000	1,455,000	1,455,000
Total Long-Term Notes	2,355,000	2,355,000	2,355,000	2,355,000
Other Long-Term Obligations:				
Police and Fire Pension Liability	429,001	0	5,976	423,025
Compensated Absences	1,467,254	647,472	188,601	1,926,125
Intergovernmental Payable	303,387	302,373	303,387	302,373
Total General Long-Term Obligations Account Group	6,494,642	3,304,845	3,082,964	6,716,523
Total	\$28,844,494	\$3,304,845	\$4,102,455	\$28,046,884

Enterprise fund obligations will be paid from user fees in the respective enterprise funds.

General obligation bonds will be paid from taxes and special assessment bonds will be repaid from special assessments received in the debt service fund. In the event that the property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments. The police and fire pension liability will be paid from taxes revenue in the Police and Fire special revenue funds. Compensated absences reported in the "compensated absences payable" account will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents pension obligations paid outside the available period and will be paid from the fund from which the person is paid.

Bond anticipation notes that are refinanced prior to the issuance of the financial statements and have a maturity date more than 12 months subsequent to the end of the year are reported in the general long-term obligations account group and will be paid from the downtown development capital projects fund. This note is backed by the full faith of the City of Alliance. See Note 19.

In 1998, the City defeased their waterworks revenue bonds and water general obligations bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the City's financial statements. On December 31, 2002, \$1,609,114 of outstanding refunded waterworks bonds are considered defeased by assets of \$3,298,048 held in the irrevocable trust.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

The City's overall legal debt margin was \$24,920,050 at December 31, 2002. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2002, are as follows:

	<u>General Obligation Bonds</u>			
	General		Special	Sewer
	Long-Term	Enterprise	Assessment	Refunding
	Obligations	Funds	Bonds	Bonds
	<u>Account Group</u>	<u>Funds</u>	<u>Bonds</u>	<u>Bonds</u>
2003	\$265,762	\$115,378	\$68,309	\$582,005
2004	107,547	108,585	71,733	582,765
2005	104,818	101,792	69,894	581,900
2006	87,022	0	73,014	582,300
2007	84,823	0	70,854	581,200
2008-2012	431,682	0	355,374	1,750,800
2013-2017	427,500	0	147,556	0
	<u>1,509,154</u>	<u>325,755</u>	<u>856,734</u>	<u>4,660,970</u>
Less Interest	<u>(404,154)</u>	<u>(40,755)</u>	<u>(251,734)</u>	<u>(1,035,970)</u>
Totals	<u>\$1,105,000</u>	<u>\$285,000</u>	<u>\$605,000</u>	<u>\$3,625,000</u>

	Waterworks	OPWC	Police	Totals
	Improvement	Loan	and Fire	
	Revenue		Pension	
	Bonds		Liability	
2003	\$1,597,072	\$2,663	\$24,146	\$2,655,335
2004	1,593,230	2,663	24,146	2,490,669
2005	1,592,990	2,663	24,146	2,478,203
2006	1,595,740	2,663	24,146	2,364,885
2007	1,596,200	2,663	24,146	2,359,886
2008-2012	7,976,426	13,315	120,728	10,648,325
2013-2017	7,973,500	13,315	120,728	8,682,599
2018-2022	4,781,250	7,989	120,728	4,909,967
2023-2027	0	0	120,728	120,728
2028-2032	0	0	120,728	120,728
2033-2035	0	0	59,285	59,286
	<u>28,706,408</u>	<u>47,934</u>	<u>783,655</u>	<u>36,890,611</u>
Less Interest	<u>(9,936,408)</u>	<u>0</u>	<u>(360,630)</u>	<u>(12,029,652)</u>
Totals	<u>\$18,770,000</u>	<u>\$47,934</u>	<u>\$423,025</u>	<u>\$24,860,959</u>

The City has issued Industrial Development Revenue Bonds for private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. Servicing these debts is the sole obligation of the entities which received the debt proceeds. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2002, \$7,210,000 had been issued and \$6,995,000 was still outstanding.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Note 11 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer pension contribution rate for the City was 8.55 percent of covered payroll, reduced from 9.25 percent in 2001. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$489,089, \$535,922, and \$365,038, respectively. The full amount has been contributed for 2001 and 2000. 77.59 percent has been contributed for 2002, with the remainder being reported as a liability in the general long-term obligations account group.

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 public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police and 16.25 percent for firefighters. For 2001, the City's contributions were 12 percent for police and 16.50 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$235,669 and \$245,933 for the year ended December 31, 2002, \$252,152 and \$250,255 for the year ended December 31, 2001, and \$250,903 and \$249,315 for the year ended December 31, 2000. The full amount has been contributed for 2001 and 2000. 76.14 percent and 78.73 percent, respectively, have been contributed for 2002, with the remainder being reported as a liability in the general long-term obligations account group.

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, 2002, the unfunded liability of the City was \$423,025, payable in semi-annual payment through the year 2035.

This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Note 12 - 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. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2002 employer contribution rate was 13.55 percent of covered payroll; 5.0 percent was the portion that was used to fund health care for 2002. For 2001, the contribution rate was 13.55 percent of covered payroll; 4.3 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.0 percent annually.

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.

The number of active contributing participants was 402,041. The City's actual contributions for 2002 which were used to fund postemployment benefits were \$286,017. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

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 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 Ohio Police and Fire Pension Fund 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 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 2002. For 2001 the percent used to fund healthcare was 7.50 percent. 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.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

The City's actual contributions for 2002 that were used to fund postemployment benefits were \$155,441 for police and \$117,291 for fire. The OP&F's total health care expense for the year ended December 31, 2001, (the latest information available) was \$122,298,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters.

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees earn two to six weeks of vacation per year, depending upon length of service. Vacation accumulation is limited to one year. All accumulated unused vacation time is paid upon termination of employment.

Employees earn sick leave at the rate of 2.3 hours for every forty hours worked. Upon retirement or death, employees receive payment for all sick leave hours up to a maximum of 960 hours, or employees hired after April 1, 1985, are entitled to a maximum of 960 hours or one-fourth of all sick leave hours, whichever is less.

If any employee leaves the City for any reason, the City will pay the employee a maximum of 480 hours for the compensatory time accumulated during the prior year of employment. As of December 31, 2002, the total liability for unpaid compensated absences was \$2,751,219.

B. Life Insurance

The City provides life insurance and accidental death and dismemberment insurance to its employees through Anthem Life Insurance Company of Indiana.

Note 14 - Contingencies

A. Grants

The City received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2002.

B. Litigation

The City is a party to legal proceedings seeking damages. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of the City's management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the City at December 31, 2002.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Note 15 - Segment Information for Enterprise Funds

The City's enterprise funds account for the provision of water and sewer services. The table below reflects in a summarized format, the more significant financial data relating to the enterprise funds of the City as of and for the year ended December 31, 2002:

	Water	Sewer	Totals
Operating Revenues	\$4,091,878	\$3,331,554	\$7,423,432
Depreciation Expense	724,316	381,148	1,105,464
Operating Income	1,339,420	274,029	1,613,449
Municipal Income Taxes	270,431	0	270,431
Capital Grants	8,723	76,970	85,693
Operating Transfers Out	3,173	0	3,173
Net Income	631,634	143,356	774,990
Property, Plant, and Equipment:			
Additions	520,461	294,321	814,782
Net Working Capital	2,926,593	1,003,363	3,929,956
Total Assets	22,962,543	12,129,038	35,091,581
Long-Term Obligations	17,007,047	3,918,401	20,925,448
Total Fund Equity	5,120,357	7,519,324	12,639,681
Encumbrances at December 31, 2002	42,789	305,405	348,194

Note 16 - Jointly Governed Organizations

Stark County Council of Governments (SCOG) The City participates in the Stark County Council of Governments (SCOG), which is a regional council of governments formed under chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by the membership, including Stark County, and other cities, villages and townships. The membership elects a nine member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and oversees accounting and finance related activities. Each participant's control is limited to its membership shares. During 2002, the City of Alliance did not contribute to SCOG. Complete financial statements may be obtained from the Stark County Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

Stark County Regional Planning Commission The City participates in the Stark County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, and other cities, villages, and townships. Of the 48 member board, the City appoints two members. The degree of control exercised by any participating government is limited to its representation on the board. The principal aim of the Commission is to provide comprehensive planning, both long and short range, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The City has no financial responsibility for any of the Commission's liabilities. In 2002, the City contributed \$2,000 to the Commission, which represents 0.1 percent of total contributions. Complete financial statements may be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

City of Alliance, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2002

Stark Area Regional Transit Authority The City participates in the Stark Area Regional Transit Authority (Authority), which is a jointly governed organization between Stark County and the cities of Canton, Massillon, and Alliance. A nine member board of trustees oversees the operation of the Authority. Of the nine members, the City appoints one member. Each member's control over the operation of the Authority is limited to its representation on the Board. The Board exercises total authority for the day-to-day operations of the Authority. These include budgeting, appropriating, contracting, and designating management. The City has no financial responsibility for any of the Authority's liabilities. Complete financial statements may be obtained from the Stark Area Regional Transit Authority, 1600 Gateway Boulevard, SE, Canton, Ohio.

Note 17 - Notes Payable

A summary of the note transactions for the year ended December 31, 2002, follows:

	Outstanding 1/1/02	Issued	Retired	Outstanding 12/31/02
Capital Projects Funds:				
2.55% Fire Truck Acquisition Note	\$415,000	\$380,000	\$415,000	\$380,000
3.62% Various Purpose Note	575,000	0	575,000	0
3.62% Various Purpose Note	130,000	0	130,000	0
Total	<u>\$1,120,000</u>	<u>\$380,000</u>	<u>\$1,120,000</u>	<u>\$380,000</u>

The bond anticipation note is backed by the full faith and credit of the City of Alliance, and matures within one year. The note liability is reflected in the fund which received the proceeds.

Note 18 – Restatement of Prior Year Fund Balance

Notes payable were reclassified for the year 2001 from the General Long-Term Debt Account Group to the Capital Projects funds for amounts not refinanced on a long-term basis. This change had the following effect on fund balance of the capital projects funds of the City as they were previously reported.

	Capital Projects
Fund Balance, December 31, 2001	<u>\$5,431,824</u>
Reclassification of Notes	<u>(705,000)</u>
Adjusted Fund Balance, December 31, 2001	<u>\$4,726,824</u>

The General Long-Term Debt Account Group decreased \$705,000 from \$7,199,642 to \$6,494,642.

Note 19 - Subsequent Event

On April 18, 2003, the City had \$2,355,000 in various purpose notes mature and come due. \$2,355,000 was refinanced with a 2.09 percent interest rate with a maturity date of April 17, 2004.

***Combining, Individual Fund
and Account Group
Statements and Schedules***

General Fund

The general fund is used to account for financial resources traditionally associated with general governmental operations which are not required to be accounted for by another fund.

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Taxes	\$833,740	\$819,949	(\$13,791)
Municipal Income Taxes	5,627,447	5,722,259	94,812
Charges for Services	351,639	395,425	43,786
Licenses, Permits and Fees	111,565	177,500	65,935
Fines and Forfeitures	399,320	471,096	71,776
Intergovernmental	1,347,572	1,410,403	62,831
Interest	110,000	78,885	(31,115)
Rentals	292,400	162,531	(129,869)
Other	226,400	249,709	23,309
<i>Total Revenues</i>	<u>9,300,083</u>	<u>9,487,757</u>	<u>187,674</u>
Expenditures			
Current:			
General Government:			
Mayor:			
Salaries and Wages	89,742	89,742	0
Fringe Benefits	37,446	37,446	0
Contractual Services	2,929	2,460	469
Materials and Supplies	5,011	4,644	367
Total Mayor	<u>135,128</u>	<u>134,292</u>	<u>836</u>
Senior Center:			
Salaries and Wages	46,950	46,950	0
Fringe Benefits	14,433	14,159	274
Contractual Services	272	272	0
Materials and Supplies	500	499	1
Total Senior Center	<u>62,155</u>	<u>61,880</u>	<u>275</u>
Auditor:			
Salaries and Wages	148,014	147,612	402
Fringe Benefits	59,625	57,893	1,732
Contractual Services	9,214	8,948	266
Materials and Supplies	5,577	5,539	38
Total Auditor	<u>\$222,430</u>	<u>\$219,992</u>	<u>\$2,438</u>

(continued)

City of Alliance, 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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Treasurer:			
Salaries and Wages	\$3,754	\$3,754	\$0
Fringe Benefits	661	615	46
Materials and Supplies	300	50	250
Total Treasurer	4,715	4,419	296
Law Director:			
Salaries and Wages	126,450	125,300	1,150
Fringe Benefits	36,342	34,714	1,628
Contractual Services	1,850	1,477	373
Materials and Supplies	2,550	1,776	774
Total Law Director	167,192	163,267	3,925
City Council:			
Salaries and Wages	37,162	37,155	7
Fringe Benefits	6,467	6,046	421
Contractual Services	200	71	129
Materials and Supplies	17,550	15,951	1,599
Total City Council	61,379	59,223	2,156
Judge and Probation:			
Salaries and Wages	140,873	139,157	1,716
Fringe Benefits	63,350	59,076	4,274
Contractual Services	5,500	4,900	600
Materials and Supplies	11,150	8,945	2,205
Total Judge and Probation	220,873	212,078	8,795
Clerk of Courts:			
Salaries and Wages	172,254	170,920	1,334
Fringe Benefits	73,359	72,876	483
Contractual Services	30,250	27,123	3,127
Materials and Supplies	16,500	15,188	1,312
Total Clerk of Courts	292,363	286,107	6,256
Civil Service:			
Salaries and Wages	12,810	12,719	91
Fringe Benefits	2,115	1,821	294
Materials and Supplies	10,100	9,610	490
Total Civil Service	\$25,025	\$24,150	\$875

(continued)

City of Alliance, 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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Engineering:			
Salaries and Wages	\$54,319	\$54,192	\$127
Fringe Benefits	23,142	22,813	329
Contractual Services	5,455	3,506	1,949
Materials and Supplies	4,945	3,591	1,354
Total Engineering	87,861	84,102	3,759
County Auditor and Treasurer:			
Contractual Services	22,000	16,477	5,523
State Examiner:			
Contractual Services	35,950	28,911	7,039
Income Tax:			
Salaries and Wages	129,518	129,317	201
Fringe Benefits	38,767	38,411	356
Contractual Services	24,726	24,405	321
Materials and Supplies	6,820	6,639	181
Other	113,300	113,284	16
Total Income Tax	313,131	312,056	1,075
Land and Buildings:			
Salaries and Wages	44,690	44,684	6
Fringe Benefits	13,757	13,668	89
Contractual Services	150,355	110,604	39,751
Materials and Supplies	40,645	20,840	19,805
Total Land and Buildings	249,447	189,796	59,651
General Administration:			
Salaries and Wages	49,506	49,504	2
Fringe Benefits	16,663	16,006	657
Contractual Services	255,042	199,622	55,420
Materials and Supplies	12,185	11,129	1,056
Capital Outlay	15,000	11,321	3,679
Other	51,268	51,268	0
Total General Administration	399,664	338,850	60,814
Total General Government	\$2,299,313	\$2,135,600	\$163,713

(continued)

City of Alliance, 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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Security of Persons and Property:			
Police:			
Salaries and Wages	\$2,204,054	\$2,175,480	\$28,574
Fringe Benefits	534,093	496,848	37,245
Contractual Services	156,680	141,610	15,070
Materials and Supplies	75,420	66,516	8,904
Total Police	2,970,247	2,880,454	89,793
Fire:			
Salaries and Wages	1,570,880	1,555,586	15,294
Fringe Benefits	318,583	317,194	1,389
Contractual Services	75,828	73,565	2,263
Materials and Supplies	15,837	14,753	1,084
Total Fire	1,981,128	1,961,098	20,030
Fire Communications:			
Materials and Supplies	7,500	7,352	148
Safety Administration:			
Salaries and Wages	298,438	286,267	12,171
Fringe Benefits	127,569	118,063	9,506
Contractual Services	136,528	136,528	0
Total Safety Administration	562,535	540,858	21,677
Prisoner Support:			
Contractual Services	61,300	52,793	8,507
Total Security of Persons and Property	5,582,710	5,442,555	140,155
Public Health Services:			
Health Control and Prevention:			
Salaries and Wages	56,985	55,973	1,012
Fringe Benefits	26,828	24,828	2,000
Contractual Services	14,141	13,905	236
Materials and Supplies	4,459	4,443	16
Other	890	890	0
Total Health Control and Prevention	\$103,303	\$100,039	\$3,264

(continued)

City of Alliance, 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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Health Administration:			
Salaries and Wages	\$211,000	\$209,677	\$1,323
Fringe Benefits	72,540	71,667	873
Contractual Services	14,838	14,740	98
Materials and Supplies	9,300	8,634	666
Other	17,000	16,238	762
Total Health Administration	324,678	320,956	3,722
Total Public Health Services	427,981	420,995	6,986
Transportation:			
Street Transportation:			
Fringe Benefits	102,107	102,107	0
Contractual Services	150,832	147,671	3,161
Materials and Supplies	27,344	24,688	2,656
Capital Outlay	6,197	6,197	0
Total Transportation	286,480	280,663	5,817
Community Environment:			
Planning Commission:			
Contractual Services	2,000	2,000	0
Zoning and Building:			
Salaries and Wages	54,920	52,266	2,654
Fringe Benefits	9,110	7,406	1,704
Contractual Services	6,226	5,502	724
Materials and Supplies	2,070	1,577	493
Other	2,400	0	2,400
Total Zoning and Building	74,726	66,751	7,975
Shade Tree:			
Contractual Services	500	500	0
Total Community Environment	77,226	69,251	7,975
Basic Utility Services:			
Storm Sewer:			
Salaries and Wages	39,340	39,135	205
Fringe Benefits	14,147	13,743	404
Contractual Services	2,419	2,419	0
Materials and Supplies	1,200	699	501
Total Basic Utility Services	\$57,106	\$55,996	\$1,110

(continued)

City of Alliance, 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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Leisure Time Activities:			
Parks:			
Salaries and Wages	\$247,900	\$247,521	\$379
Fringe Benefits	89,768	88,175	1,593
Contractual Services	50,766	44,434	6,332
Materials and Supplies	12,443	10,412	2,031
Other	200	185	15
Total Parks	<u>401,077</u>	<u>390,727</u>	<u>10,350</u>
Recreation:			
Salaries and Wages	73,726	73,434	292
Fringe Benefits	38,353	37,463	890
Contractual Services	3,170	2,432	738
Materials and Supplies	12,166	9,936	2,230
Other	92	92	0
Total Recreation	<u>127,507</u>	<u>123,357</u>	<u>4,150</u>
Total Leisure Time Activities	<u>528,584</u>	<u>514,084</u>	<u>14,500</u>
<i>Total Expenditures</i>	<u>9,259,400</u>	<u>8,919,144</u>	<u>340,256</u>
<i>Excess of Revenues Over Expenditures</i>	<u>40,683</u>	<u>568,613</u>	<u>527,930</u>
Other Financing Sources (Uses)			
Operating Transfers In	67,896	12,434	(55,462)
Operating Transfers Out	<u>(682,557)</u>	<u>(632,192)</u>	<u>50,365</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(614,661)</u>	<u>(619,758)</u>	<u>(5,097)</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(573,978)	(51,145)	522,833
<i>Fund Balance Beginning of Year</i>	1,048,875	1,048,875	0
Prior Year Encumbrances Appropriated	<u>60,944</u>	<u>60,944</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$535,841</u></u>	<u><u>\$1,058,674</u></u>	<u><u>\$522,833</u></u>

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Street Repair and Maintenance Fund - This fund accounts for 92.5 percent of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of streets within the City.

Federal COPS Fast Program Fund - This fund accounts for monies received from the Federal Government under the Federal COPS Programs to be used to establish or expand community policing programs.

State Highway Fund - This fund accounts for 7.5 percent of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of State highways within the City.

Law Enforcement Block Grant Fund - This fund accounts for monies received from fines from convictions related to drug cases used for the education of the community.

Motor Vehicle License Fund - This fund accounts for the City's share of the motor vehicle license tax levied by the City.

Municipal Court Computerization Fund - This fund accounts for court fees and fines used for the purchase and maintenance of computers for the municipal court.

Health Fund - This fund accounts for monies received from State and Federal grant funds used for various health education, prevention and treatment programs in the City.

Litter Control Fund - This fund accounts for monies received from the State to be used for litter prevention in the City.

State Misdemeanant Grant Fund - This fund accounts for monies received for payment of the Misdemeanant Community Sanctions Coordinator Project Program. Sanctions Coordinator work one on one with individuals to fulfill their obligation to the Court.

Federal Aging Grant Fund - This fund accounts for monies received from Title III-B. The monies are then used for assisting in meeting the human service and social needs of persons aged 60 or older in order to promote independent living and thereby reducing unnecessary institutionalization.

Cemetery Fund - This fund accounts for monies received from the sale of cemetery lots, burial permits, and general fund for burial services and upkeep of the City Cemetery.

HUD Grant Fund - This fund accounts for revenues received from Federal Government and expenditures prescribed under the Community Development Block Grant Program.

Community Development Block Grant Fund - This fund accounts for revenues received from the Federal Government and expenditures as prescribed under the Community Development Block Grant Program.

(continued)

Special Revenue Funds (continued)

Revolving Loan Fund - This fund accounts for loans made by the City to local businesses and the subsequent repayment of these loans.

Taxi Fund - This fund accounts for monies received and disbursed for a local door to door transit service. The fund is partially subsidized through grant monies.

Fire Pension Fund - This fund accounts for property taxes collected to pay for a portion of the employer's share of fire pension benefits.

Police Pension Fund - This fund accounts for property taxes collected to pay for a portion of the employer's share of police pension benefits.

Tax Increment - This fund accounts for monies collected from the City's current Tax Increment Financing District that are used for economic development in the District.

Other - Smaller Special Revenue Funds maintained by the City. These funds are as follows:

*Indigent Driver Alcohol Treatment Fund
Enforcement and Education Fund
Municipal Court Legal Research Fund
Court ADR Fund
Court Security Grant Fund
Court Immobilization Fund
Parking Lot Maintenance Fund
Federal Equitable Sharing Fund*

City of Alliance, Ohio
Combining Balance Sheet
All Special Revenue Funds
December 31, 2002

	Street Repair and Maintenance	Federal COPS Fast Program	State Highway	Law Enforcement Block Grant
Assets				
Equity in Pooled Cash and Cash Equivalents	\$42,343	\$120,179	\$80,579	\$1,142
Receivables:				
Taxes	0	0	0	0
Intergovernmental	362,037	0	29,359	29,227
Loans	0	0	0	0
	<u>\$404,380</u>	<u>\$120,179</u>	<u>\$109,938</u>	<u>\$30,369</u>
<i>Total Assets</i>				
 Liabilities				
Accounts Payable	\$447	\$0	\$0	\$18,010
Accrued Wages	14,661	0	0	0
Compensated Absences Payable	4,784	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	13,118	0	0	0
Deferred Revenue	282,926	0	22,945	29,183
	<u>315,936</u>	<u>0</u>	<u>22,945</u>	<u>47,193</u>
<i>Total Liabilities</i>				
 Fund Equity				
Fund Balances (Deficit):				
Reserved for Encumbrances	0	0	5,000	10,180
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated	88,444	120,179	81,993	(27,004)
	<u>88,444</u>	<u>120,179</u>	<u>86,993</u>	<u>(16,824)</u>
<i>Total Fund Equity</i>				
<i>Total Liabilities and Fund Equity</i>	<u>\$404,380</u>	<u>\$120,179</u>	<u>\$109,938</u>	<u>\$30,369</u>

<u>Motor Vehicle License</u>	<u>Municipal Court Computerization</u>	<u>Health</u>	<u>Litter Control</u>	<u>State Misdemeanant Grant</u>	<u>Federal Aging Grant</u>
\$116,021	\$18,000	\$74,551	\$9,543	\$80	\$9,233
0	0	0	0	0	0
52,251	0	28,357	30,973	6,967	1,092
0	0	0	0	0	0
<u>\$168,272</u>	<u>\$18,000</u>	<u>\$102,908</u>	<u>\$40,516</u>	<u>\$7,047</u>	<u>\$10,325</u>
\$0	\$0	\$0	\$10,916	\$0	\$0
0	0	3,302	741	0	316
0	0	2,009	345	0	0
36,106	0	0	0	0	0
0	0	3,293	919	0	316
38,006	0	17,105	25,584	6,967	0
<u>74,112</u>	<u>0</u>	<u>25,709</u>	<u>38,505</u>	<u>6,967</u>	<u>632</u>
0	0	250	11,320	0	101
0	0	0	0	0	0
94,160	18,000	76,949	(9,309)	80	9,592
<u>94,160</u>	<u>18,000</u>	<u>77,199</u>	<u>2,011</u>	<u>80</u>	<u>9,693</u>
<u>\$168,272</u>	<u>\$18,000</u>	<u>\$102,908</u>	<u>\$40,516</u>	<u>\$7,047</u>	<u>\$10,325</u>

(continued)

City of Alliance, Ohio
Combining Balance Sheet
All Special Revenue Funds (continued)
December 31, 2002

	Cemetery	HUD Grant	Community Development Block Grant	Revolving Loan
Assets				
Equity in Pooled Cash and Cash Equivalents	\$514,743	\$45,170	\$74,107	\$953,076
Receivables:				
Taxes	0	0	0	0
Intergovernmental	0	1,213	0	0
Loans	0	0	160,980	2,712,335
<i>Total Assets</i>	<u>\$514,743</u>	<u>\$46,383</u>	<u>\$235,087</u>	<u>\$3,665,411</u>
Liabilities				
Accounts Payable	\$198	\$10,285	\$2,672	\$0
Accrued Wages	1,846	4,690	0	0
Compensated Absences Payable	187	0	1,608	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	1,796	3,687	68	0
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>4,027</u>	<u>18,662</u>	<u>4,348</u>	<u>0</u>
Fund Equity				
Fund Balances (Deficit):				
Reserved for Encumbrances	134	272,848	4,833	10,000
Reserved for Loans Receivable	0	0	160,980	2,712,335
Unreserved, Undesignated	510,582	(245,127)	64,926	943,076
<i>Total Fund Equity</i>	<u>510,716</u>	<u>27,721</u>	<u>230,739</u>	<u>3,665,411</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$514,743</u>	<u>\$46,383</u>	<u>\$235,087</u>	<u>\$3,665,411</u>

<u>Fire Pension</u>	<u>Police Pension</u>	<u>Tax Increment</u>	<u>Other</u>	<u>Totals</u>
\$10,841	\$10,923	\$138,692	\$94,476	\$2,313,699
83,154	83,154	0	0	166,308
0	0	0	1,654	543,130
0	0	0	0	2,873,315
<u>\$93,995</u>	<u>\$94,077</u>	<u>\$138,692</u>	<u>\$96,130</u>	<u>\$5,896,452</u>
\$0	\$0	\$0	\$0	\$42,528
0	0	0	0	25,556
0	0	0	0	8,933
0	0	0	0	36,106
0	0	0	0	23,197
83,154	83,154	0	1,154	590,178
<u>83,154</u>	<u>83,154</u>	<u>0</u>	<u>1,154</u>	<u>726,498</u>
0	0	0	0	314,666
0	0	0	0	2,873,315
10,841	10,923	138,692	94,976	1,981,973
<u>10,841</u>	<u>10,923</u>	<u>138,692</u>	<u>94,976</u>	<u>5,169,954</u>
<u>\$93,995</u>	<u>\$94,077</u>	<u>\$138,692</u>	<u>\$96,130</u>	<u>\$5,896,452</u>

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Year Ended December 31, 2002*

	Street Repair and Maintenance	Federal COPS Fast Program	State Highway	Law Enforcement Block Grant
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Permissive Motor Vehicle License Taxes	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	537,393	0	43,571	33,939
Interest	1,508	1,165	1,300	1,153
Other	12,765	1,771	0	39,046
<i>Total Revenues</i>	<u>551,666</u>	<u>2,936</u>	<u>44,871</u>	<u>74,138</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	55,611	55,144	0	109,584
Public Health Services	0	0	0	0
Transportation	562,446	0	1,449	0
Community Environment	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>618,057</u>	<u>55,144</u>	<u>1,449</u>	<u>109,584</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(66,391)</u>	<u>(52,208)</u>	<u>43,422</u>	<u>(35,446)</u>
Other Financing Sources (Uses)				
Operating Transfers In	0	58,667	0	0
Operating Transfers Out	0	0	(45,757)	(95,057)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>58,667</u>	<u>(45,757)</u>	<u>(95,057)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(66,391)</u>	<u>6,459</u>	<u>(2,335)</u>	<u>(130,503)</u>
<i>Fund Balances Beginning of Year</i>	<u>154,835</u>	<u>113,720</u>	<u>89,328</u>	<u>113,679</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$88,444</u></u>	<u><u>\$120,179</u></u>	<u><u>\$86,993</u></u>	<u><u>(\$16,824)</u></u>

Motor Vehicle License	Municipal Court Computerization	Health	Litter Control	State Misdemeanant Grant	Federal Aging Grant
\$0	\$0	\$0	\$0	\$0	\$0
95,955	0	0	0	0	0
0	0	35,053	0	0	0
0	32,475	0	0	0	0
0	0	152,718	16,741	14,669	12,012
0	0	0	0	0	183
0	0	764	188	0	73
95,955	32,475	188,535	16,929	14,669	12,268
0	24,523	0	0	18,330	14,998
0	0	0	0	0	0
0	0	186,813	0	0	0
0	0	0	0	0	0
0	0	0	84,784	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	24,523	186,813	84,784	18,330	14,998
95,955	7,952	1,722	(67,855)	(3,661)	(2,730)
0	0	5,202	22,494	0	0
(84,128)	0	0	0	0	0
(84,128)	0	5,202	22,494	0	0
11,827	7,952	6,924	(45,361)	(3,661)	(2,730)
82,333	10,048	70,275	47,372	3,741	12,423
\$94,160	\$18,000	\$77,199	\$2,011	\$80	\$9,693

(continued)

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds (continued)
For the Year Ended December 31, 2002*

	Cemetery	HUD Grant	Community Development Block Grant	Revolving Loan
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Permissive Motor Vehicle License Taxes	0	0	0	0
Licenses, Permits and Fees	36,675	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	729,275	0	0
Interest	8,681	0	9,417	153,294
Other	22,405	24,841	6,458	0
<i>Total Revenues</i>	<u>67,761</u>	<u>754,116</u>	<u>15,875</u>	<u>153,294</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Public Health Services	104,951	0	0	0
Transportation	0	0	0	0
Community Environment	0	621,033	271,393	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>104,951</u>	<u>621,033</u>	<u>271,393</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(37,190)</u>	<u>133,083</u>	<u>(255,518)</u>	<u>153,294</u>
Other Financing Sources (Uses)				
Operating Transfers In	56,240	0	0	0
Operating Transfers Out	0	(141,460)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>56,240</u>	<u>(141,460)</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	19,050	(8,377)	(255,518)	153,294
<i>Fund Balances Beginning of Year</i>	<u>491,666</u>	<u>36,098</u>	<u>486,257</u>	<u>3,512,117</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$510,716</u>	<u>\$27,721</u>	<u>\$230,739</u>	<u>\$3,665,411</u>

<u>Taxi</u>	<u>Fire Pension</u>	<u>Police Pension</u>	<u>Tax Increment</u>	<u>Other</u>	<u>Totals</u>
\$0	\$72,314	\$72,314	\$176,598	\$0	\$321,226
0	0	0	0	0	95,955
0	0	0	0	2,270	73,998
0	0	0	0	39,134	71,609
0	9,310	9,310	0	0	1,558,938
0	0	0	0	50	176,751
0	1,322	97	0	0	109,730
<u>0</u>	<u>82,946</u>	<u>81,721</u>	<u>176,598</u>	<u>41,454</u>	<u>2,408,207</u>
0	0	0	0	32,902	90,753
0	321,479	344,797	0	0	886,615
0	0	0	0	0	291,764
11,200	0	0	0	0	575,095
0	0	0	52,084	0	1,029,294
0	3,392	2,584	0	0	5,976
0	10,313	7,857	0	0	18,170
<u>11,200</u>	<u>335,184</u>	<u>355,238</u>	<u>52,084</u>	<u>32,902</u>	<u>2,897,667</u>
<u>(11,200)</u>	<u>(252,238)</u>	<u>(273,517)</u>	<u>124,514</u>	<u>8,552</u>	<u>(489,460)</u>
10,741	258,078	279,437	0	12,893	703,752
0	0	0	(378,247)	0	(744,649)
<u>10,741</u>	<u>258,078</u>	<u>279,437</u>	<u>(378,247)</u>	<u>12,893</u>	<u>(40,897)</u>
(459)	5,840	5,920	(253,733)	21,445	(530,357)
459	5,001	5,003	392,425	73,531	5,700,311
<u>\$0</u>	<u>\$10,841</u>	<u>\$10,923</u>	<u>\$138,692</u>	<u>\$94,976</u>	<u>\$5,169,954</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Repair and Maintenance Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$525,920	\$530,427	\$4,507
Interest	1,800	1,508	(292)
Other	3,580	12,765	9,185
<i>Total Revenues</i>	<u>531,300</u>	<u>544,700</u>	<u>13,400</u>
Expenditures			
Current:			
Security of Persons and Property:			
Street Security:			
Salaries and Wages	29,148	29,000	148
Fringe Benefits	12,771	12,126	645
Contractual Services	14,778	13,792	986
Materials and Supplies	50	50	0
<i>Total Security of Persons and Property</i>	<u>56,747</u>	<u>54,968</u>	<u>1,779</u>
Transportation:			
Street Transportation:			
Salaries and Wages	479,341	471,996	7,345
Fringe Benefits	80,655	74,555	6,100
Contractual Services	1,500	1,500	0
Materials and Supplies	175	30	145
Capital Outlay	494	494	0
<i>Total Transportation</i>	<u>562,165</u>	<u>548,575</u>	<u>13,590</u>
<i>Total Expenditures</i>	<u>618,912</u>	<u>603,543</u>	<u>15,369</u>
<i>Excess of Revenues Under Expenditures</i>	(87,612)	(58,843)	28,769
<i>Fund Balance Beginning of Year</i>	97,430	97,430	0
Prior Year Encumbrances Appropriated	3,309	3,309	0
<i>Fund Balance End of Year</i>	<u>\$13,127</u>	<u>\$41,896</u>	<u>\$28,769</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal COPS Fast Program Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$37,518	\$37,425	(\$93)
Interest	0	1,165	1,165
Other	250	1,771	1,521
<i>Total Revenues</i>	<u>37,768</u>	<u>40,361</u>	<u>2,593</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Salaries and Wages	46,658	46,657	1
Fringe Benefits	8,489	8,487	2
<i>Total Expenditures</i>	<u>55,147</u>	<u>55,144</u>	<u>3</u>
<i>Excess of Revenues Under Expenditures</i>	(17,379)	(14,783)	2,596
Other Financing Sources			
Operating Transfers In	58,667	58,667	0
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	41,288	43,884	2,596
<i>Fund Balance Beginning of Year</i>	<u>76,295</u>	<u>76,295</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$117,583</u>	<u>\$120,179</u>	<u>\$2,596</u>

City of Alliance, 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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$41,200	\$43,007	\$1,807
Interest	1,800	1,300	(500)
<i>Total Revenues</i>	<u>43,000</u>	<u>44,307</u>	<u>1,307</u>
Expenditures			
Current:			
Transportation:			
Street Repair and Maintenance:			
Contractual Services	1,500	1,449	51
Capital Outlay	75,278	5,000	70,278
<i>Total Expenditures</i>	<u>76,778</u>	<u>6,449</u>	<u>70,329</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(33,778)	37,858	71,636
Other Financing Uses			
Operating Transfers Out	(45,815)	(45,757)	58
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(79,593)	(7,899)	71,694
<i>Fund Balance Beginning of Year</i>	78,478	78,478	0
Prior Year Encumbrances Appropriated	5,000	5,000	0
<i>Fund Balance End of Year</i>	<u><u>\$3,885</u></u>	<u><u>\$75,579</u></u>	<u><u>\$71,694</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Block Grant Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$46,629	\$33,895	(\$12,734)
Interest	923	1,153	230
Other	25,000	39,046	14,046
<i>Total Revenues</i>	<u>72,552</u>	<u>74,094</u>	<u>1,542</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Materials and Supplies	44,696	44,054	642
Capital Outlay	104,613	75,710	28,903
<i>Total Expenditures</i>	<u>149,309</u>	<u>119,764</u>	<u>29,545</u>
<i>Excess of Revenues Under Expenditures</i>	(76,757)	(45,670)	31,087
Other Financing Uses			
Operating Transfers Out	(95,057)	(95,057)	0
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(171,814)	(140,727)	31,087
<i>Fund Balance Beginning of Year</i>	<u>113,679</u>	<u>113,679</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$58,135)</u>	<u>(\$27,048)</u>	<u>\$31,087</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Permissive Motor Vehicle License Taxes	\$89,365	\$96,293	\$6,928
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	89,365	96,293	6,928
Other Financing Uses			
Operating Transfers Out	<u>(84,128)</u>	<u>(84,128)</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures and Other Financing Uses</i>	5,237	12,165	6,928
<i>Fund Balance Beginning of Year</i>	<u>103,856</u>	<u>103,856</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$109,093</u></u>	<u><u>\$116,021</u></u>	<u><u>\$6,928</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Computerization Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Fines and Forfeitures	<u>\$28,800</u>	<u>\$32,475</u>	<u>\$3,675</u>
Expenditures			
Current:			
General Government:			
Clerk of Courts:			
Contractual Services	8,500	7,158	1,342
Materials and Supplies	19,500	17,255	2,245
Capital Outlay	<u>5,000</u>	<u>1,700</u>	<u>3,300</u>
<i>Total Expenditures</i>	<u>33,000</u>	<u>26,113</u>	<u>6,887</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,200)	6,362	10,562
<i>Fund Balance Beginning of Year</i>	<u>11,638</u>	<u>11,638</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,438</u></u>	<u><u>\$18,000</u></u>	<u><u>\$10,562</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Health Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Licenses, Permits and Fees	\$39,000	\$35,053	(\$3,947)
Intergovernmental	148,224	175,559	27,335
Other	639	764	125
<i>Total Revenues</i>	<u>187,863</u>	<u>211,376</u>	<u>23,513</u>
Expenditures			
Current:			
Public Health Services:			
Consolidated Health Funds:			
Salaries and Wages	121,860	118,498	3,362
Fringe Benefits	43,307	41,288	2,019
Contractual Services	3,850	1,141	2,709
Materials and Supplies	4,435	2,926	1,509
Capital Outlay	2,400	541	1,859
Other	18,708	18,559	149
<i>Total Expenditures</i>	<u>194,560</u>	<u>182,953</u>	<u>11,607</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(6,697)	28,423	35,120
Other Financing Sources			
Operating Transfers In	4,243	5,202	959
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	(2,454)	33,625	36,079
<i>Fund Balance Beginning of Year</i>	<u>40,676</u>	<u>40,676</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$38,222</u></u>	<u><u>\$74,301</u></u>	<u><u>\$36,079</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Litter Control Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$69,891	\$44,702	(\$25,189)
Other	150	188	38
<i>Total Revenues</i>	<u>70,041</u>	<u>44,890</u>	<u>(25,151)</u>
Expenditures			
Current:			
Community Environment:			
Litter Control:			
Salaries and Wages	34,481	33,712	769
Fringe Benefits	13,693	13,216	477
Contractual Services	22,225	19,526	2,699
Materials and Supplies	31,501	29,492	2,009
Capital Outlay	598	595	3
<i>Total Expenditures</i>	<u>102,498</u>	<u>96,541</u>	<u>5,957</u>
<i>Excess of Revenues Under Expenditures</i>	(32,457)	(51,651)	(19,194)
Other Financing Sources			
Operating Transfers In	22,494	22,494	0
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(9,963)	(29,157)	(19,194)
<i>Fund Balance Beginning of Year</i>	12,571	12,571	0
Prior Year Encumbrances Appropriated	10,113	10,113	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$12,721</u>	<u>(\$6,473)</u>	<u>(\$19,194)</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Misdemeanant Grant Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$25,820	\$14,669	(\$11,151)
Expenditures			
Current:			
General Government:			
Judge:			
Contractual Services	<u>18,559</u>	<u>18,330</u>	<u>229</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	7,261	(3,661)	(10,922)
<i>Fund Balance Beginning of Year</i>	<u>3,741</u>	<u>3,741</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$11,002</u></u>	<u><u>\$80</u></u>	<u><u>(\$10,922)</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Aging Grant Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$13,100	\$13,104	\$4
Interest	230	183	(47)
Other	40	73	33
<i>Total Revenues</i>	<u>13,370</u>	<u>13,360</u>	<u>(10)</u>
Expenditures			
Current:			
General Government:			
Aging:			
Salaries and Wages	11,765	11,409	356
Fringe Benefits	2,540	2,361	179
Contractual Services	677	351	326
Materials and Supplies	700	700	0
<i>Total Expenditures</i>	<u>15,682</u>	<u>14,821</u>	<u>861</u>
<i>Excess of Revenues Under Expenditures</i>	(2,312)	(1,461)	851
<i>Fund Balance Beginning of Year</i>	10,261	10,261	0
Prior Year Encumbrances Appropriated	<u>332</u>	<u>332</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,281</u></u>	<u><u>\$9,132</u></u>	<u><u>\$851</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Licenses, Permits and Fees	\$34,971	\$36,675	\$1,704
Interest	11,300	8,681	(2,619)
Other	23,635	22,405	(1,230)
<i>Total Revenues</i>	<u>69,906</u>	<u>67,761</u>	<u>(2,145)</u>
Expenditures			
Current:			
Public Health Services:			
Cemetery:			
Salaries and Wages	66,414	66,002	412
Fringe Benefits	19,422	17,300	2,122
Contractual Services	18,860	17,426	1,434
Materials and Supplies	2,625	2,063	562
<i>Total Expenditures</i>	<u>107,321</u>	<u>102,791</u>	<u>4,530</u>
<i>Excess of Revenues Under Expenditures</i>	(37,415)	(35,030)	2,385
Other Financing Sources			
Operating Transfers In	56,241	56,240	(1)
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	18,826	21,210	2,384
<i>Fund Balance Beginning of Year</i>	492,883	492,883	0
Prior Year Encumbrances Appropriated	400	400	0
<i>Fund Balance End of Year</i>	<u><u>\$512,109</u></u>	<u><u>\$514,493</u></u>	<u><u>\$2,384</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
HUD Grant Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Intergovernmental	\$1,750,717	\$939,904	(\$810,813)
Other	5,970	24,841	18,871
	<u> </u>	<u> </u>	<u> </u>
<i>Total Revenues</i>	<u>1,756,687</u>	<u>964,745</u>	<u>(791,942)</u>
Expenditures			
Current:			
Community Environment:			
CDBG:			
Salaries and Wages	428,883	146,125	282,758
Fringe Benefits	103,506	49,593	53,913
Contractual Services	386,458	350,490	35,968
Materials and Supplies	15,003	6,250	8,753
Capital Outlay	366,098	353,035	13,063
	<u> </u>	<u> </u>	<u> </u>
<i>Total Expenditures</i>	<u>1,299,948</u>	<u>905,493</u>	<u>394,455</u>
<i>Excess of Revenues Over Expenditures</i>	456,739	59,252	(397,487)
Other Financing Uses			
Operating Transfers Out	(291,494)	(141,460)	150,034
	<u> </u>	<u> </u>	<u> </u>
<i>Excess of Revenues Over (Under) Expenditures and Other Financing Uses</i>	165,245	(82,208)	(247,453)
<i>Fund Balance (Deficit) Beginning of Year</i>	(476,607)	(476,607)	0
Prior Year Encumbrances Appropriated	321,005	321,005	0
	<u> </u>	<u> </u>	<u> </u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$9,643</u>	<u>(\$237,810)</u>	<u>(\$247,453)</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$7,008	\$9,417	\$2,409
Other	30,000	28,550	(1,450)
<i>Total Revenues</i>	37,008	37,967	959
Expenditures			
Current:			
Community Environment:			
CDBG:			
Capital Outlay	311,959	274,612	37,347
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(274,951)	(236,645)	38,306
<i>Fund Balance Beginning of Year</i>	301,288	301,288	0
Prior Year Encumbrances Appropriated	1,959	1,959	0
<i>Fund Balance End of Year</i>	<u>\$28,296</u>	<u>\$66,602</u>	<u>\$38,306</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Revolving Loan Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$150,000	\$134,954	(\$15,046)
Other	270,000	316,854	46,854
<i>Total Revenues</i>	<u>420,000</u>	<u>451,808</u>	<u>31,808</u>
Expenditures			
Current:			
Community Environment:			
Revolving Loan:			
Contractual Services	859	858	1
Capital Outlay	1,950,000	1,120,265	829,735
<i>Total Expenditures</i>	<u>1,950,859</u>	<u>1,121,123</u>	<u>829,736</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(1,530,859)	(669,315)	861,544
<i>Fund Balance Beginning of Year</i>	<u>1,612,391</u>	<u>1,612,391</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$81,532</u></u>	<u><u>\$943,076</u></u>	<u><u>\$861,544</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Taxi Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Transportation:			
Taxi:			
Contractual Services	11,200	11,200	0
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(11,200)	(11,200)	0
Other Financing Sources			
Operating Transfers In	10,741	10,741	0
<i>Excess of Revenues and Other Financing</i>			
<i>Sources Under Expenditures</i>	(459)	(459)	0
<i>Fund Balance Beginning of Year</i>	459	459	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Taxes	\$68,690	\$72,314	\$3,624
Intergovernmental	9,310	9,310	0
Other	1,321	1,322	1
<i>Total Revenues</i>	79,321	82,946	3,625
Expenditures			
Current:			
Security of Persons and Property:			
Fire:			
Fringe Benefits	348,000	335,184	12,816
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(268,679)	(252,238)	16,441
Other Financing Sources			
Operating Transfers In	270,000	258,078	(11,922)
<i>Excess of Revenues and Other Financing</i>			
<i>Sources Over Expenditures</i>	1,321	5,840	4,519
<i>Fund Balance Beginning of Year</i>	5,001	5,001	0
<i>Fund Balance End of Year</i>	\$6,322	\$10,841	\$4,519

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Taxes	\$68,690	\$72,314	\$3,624
Intergovernmental	9,310	9,310	0
Other	0	97	97
<i>Total Revenues</i>	78,000	81,721	3,721
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Fringe Benefits	374,581	355,238	19,343
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(296,581)	(273,517)	23,064
Other Financing Sources			
Operating Transfers In	296,581	279,437	(17,144)
<i>Excess of Revenues and Other Financing</i>			
<i>Sources Over Expenditures</i>	0	5,920	5,920
<i>Fund Balance Beginning of Year</i>	5,003	5,003	0
<i>Fund Balance End of Year</i>	\$5,003	\$10,923	\$5,920

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Tax Increment Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Taxes	\$176,598	\$176,598	\$0
Expenditures			
Current:			
Community Environment:			
Tax Increment:			
Contractual Services	2,100	2,084	16
Other	50,148	50,000	148
<i>Total Expenditures</i>	52,248	52,084	164
<i>Excess of Revenues Over Expenditures</i>	124,350	124,514	164
Other Financing Uses			
Operating Transfers Out	(378,247)	(378,247)	0
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(253,897)	(253,733)	164
<i>Fund Balance Beginning of Year</i>	392,425	392,425	0
<i>Fund Balance End of Year</i>	\$138,528	\$138,692	\$164

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Driver Alcohol Treatment Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Fines and Forfeitures	\$8,800	\$9,359	\$559
Expenditures			
Current:			
General Government:			
Clerk of Courts:			
Materials and Supplies	25,000	8,000	17,000
<i>Excess of Revenues Over (Under) Expenditures</i>	(16,200)	1,359	17,559
<i>Fund Balance Beginning of Year</i>	31,876	31,876	0
<i>Fund Balance End of Year</i>	\$15,676	\$33,235	\$17,559

City of Alliance, 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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Fines and Forfeitures	\$2,400	\$2,758	\$358
Expenditures			
Current:			
General Government:			
Judicial:			
Materials and Supplies	<u>9,970</u>	<u>5,337</u>	<u>4,633</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(7,570)	(2,579)	4,991
<i>Fund Balance Beginning of Year</i>	<u>8,872</u>	<u>8,872</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,302</u></u>	<u><u>\$6,293</u></u>	<u><u>\$4,991</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Legal Research Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Fines and Forfeitures	<u>\$7,000</u>	<u>\$7,937</u>	<u>\$937</u>
Expenditures			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	8,100	6,217	1,883
Capital Outlay	<u>3,700</u>	<u>1,699</u>	<u>2,001</u>
<i>Total Expenditures</i>	<u>11,800</u>	<u>7,916</u>	<u>3,884</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,800)	21	4,821
<i>Fund Balance Beginning of Year</i>	4,542	4,542	0
Prior Year Encumbrances Appropriated	<u>1,700</u>	<u>1,700</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,442</u></u>	<u><u>\$6,263</u></u>	<u><u>\$4,821</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court ADR Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Fines and Forfeitures	\$11,000	\$11,780	\$780
Expenditures			
Current:			
General Government:			
Municipal Court:			
Contractual Services	16,000	9,600	6,400
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,000)	2,180	7,180
<i>Fund Balance Beginning of Year</i>	5,350	5,350	0
<i>Fund Balance End of Year</i>	\$350	\$7,530	\$7,180

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court Security Grant Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
General Government:			
Municipal Court:			
Capital Outlay	<u>1,693</u>	<u>1,534</u>	<u>159</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(1,693)	(1,534)	159
<i>Fund Balance Beginning of Year</i>	1,415	1,415	0
Prior Year Encumbrances Appropriated	<u>320</u>	<u>320</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$42</u></u>	<u><u>\$201</u></u>	<u><u>\$159</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court Immobilization Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Fines and Forfeitures	\$7,800	\$8,100	\$300
Expenditures			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	<u>850</u>	<u>835</u>	<u>15</u>
<i>Excess of Revenues Over Expenditures</i>	6,950	7,265	315
<i>Fund Balance Beginning of Year</i>	<u>13,626</u>	<u>13,626</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$20,576</u></u>	<u><u>\$20,891</u></u>	<u><u>\$315</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Lot Maintenance Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Licenses, Permits and Fees	\$1,945	\$2,270	\$325
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	1,945	2,270	325
<i>Fund Balance Beginning of Year</i>	<u>4,850</u>	<u>4,850</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,795</u></u>	<u><u>\$7,120</u></u>	<u><u>\$325</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Equitable Sharing Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$0	\$50	\$50
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	0	50	50
Other Financing Sources			
Operating Transfers In	<u>12,900</u>	<u>12,893</u>	<u>(7)</u>
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	12,900	12,943	43
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,900</u></u>	<u><u>\$12,943</u></u>	<u><u>\$43</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Special Revenue Funds
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property and Other Taxes	\$313,978	\$321,226	\$7,248
Permissive Motor Vehicle License Taxes	89,365	96,293	6,928
Licenses, Permits and Fees	75,916	73,998	(1,918)
Fines and Forfeitures	65,800	72,409	6,609
Intergovernmental	2,677,639	1,851,312	(826,327)
Interest	173,061	158,411	(14,650)
Other	360,585	448,676	88,091
<i>Total Revenues</i>	<u>3,756,344</u>	<u>3,022,325</u>	<u>(734,019)</u>
Expenditures			
Current:			
General Government:			
Municipal Court Computerization Fund	33,000	26,113	6,887
State Misdemeanor Grant Fund	18,559	18,330	229
Federal Aging Grant Fund	15,682	14,821	861
Indigent Driver Alcohol Treatment Fund	25,000	8,000	17,000
Enforcement and Education Fund	9,970	5,337	4,633
Municipal Court Legal Research Fund	11,800	7,916	3,884
Court ADR Fund	16,000	9,600	6,400
Court Security Grant Fund	1,693	1,534	159
Court Immobilization Fund	850	835	15
Total General Government	<u>132,554</u>	<u>92,486</u>	<u>40,068</u>
Security of Persons and Property:			
Street Repair and Maintenance Fund	56,747	54,968	1,779
Federal COPS Fast Program Fund	55,147	55,144	3
Law Enforcement Block Grant Fund	149,309	119,764	29,545
Fire Pension Fund	348,000	335,184	12,816
Police Pension Fund	374,581	355,238	19,343
Total Security of Persons and Property	<u>983,784</u>	<u>920,298</u>	<u>63,486</u>
Public Health Services:			
Health Fund	194,560	182,953	11,607
Cemetery Fund	107,321	102,791	4,530
Total Public Health Services	<u>\$301,881</u>	<u>\$285,744</u>	<u>\$16,137</u>

(continued)

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Special Revenue Funds (continued)
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Transportation:			
Street Repair and Maintenance Fund	\$562,165	\$548,575	\$13,590
State Highway Fund	76,778	6,449	70,329
Taxi Fund	11,200	11,200	0
Total Transportation	650,143	566,224	83,919
Community Environment:			
Litter Control Fund	102,498	96,541	5,957
HUD Grant Fund	1,299,948	905,493	394,455
Community Development Block Grant Fund	311,959	274,612	37,347
Revolving Loan Fund	1,950,859	1,121,123	829,736
Tax Increment Fund	52,248	52,084	164
Total Community Environment	3,717,512	2,449,853	1,267,659
<i>Total Expenditures</i>	<i>5,785,874</i>	<i>4,314,605</i>	<i>1,471,269</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(2,029,530)</i>	<i>(1,292,280)</i>	<i>737,250</i>
Other Financing Sources (Uses)			
Operating Transfers In	731,867	703,752	(28,115)
Operating Transfers Out	(894,741)	(744,649)	150,092
<i>Total Other Financing Sources (Uses)</i>	<i>(162,874)</i>	<i>(40,897)</i>	<i>121,977</i>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	<i>(2,192,404)</i>	<i>(1,333,177)</i>	<i>859,227</i>
<i>Fund Balances Beginning of Year</i>	<i>2,951,999</i>	<i>2,951,999</i>	<i>0</i>
Prior Year Encumbrances Appropriated	344,138	344,138	0
<i>Fund Balances End of Year</i>	<i>\$1,103,733</i>	<i>\$1,962,960</i>	<i>\$859,227</i>

Debt Service Fund

The debt service fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest, and related costs. Since there is only one debt service fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented.

Capital Projects Funds

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Street Income Tax Construction Fund - This fund accounts for income tax monies used for improvements to various City roads.

Capital Improvements Fund - This fund accounts for income tax monies received for the purpose of acquisition of capital assets.

Swimming Pool Fund - This fund was set up in 1971 to account for monies accumulated for the purpose of constructing a municipal community swimming pool.

Downtown Development Fund - This fund accounts for monies received for the purpose of improving the downtown area. Source of funds include State Issue II funds and City funds.

Communication Equipment Fund - This fund accounts for monies received for the purpose of purchasing communication equipment for the City.

Jail Construction Fund - This fund accounts for monies received for the purpose of improvements and construction at the City jail.

West State Street Fund - This fund accounts for monies received for the purpose of widening West State Street from Western Avenue to Freshley Avenue.

Hospital Sale Capital Fund - This fund accounts for the monies received from the sale of real property, equipment and buildings to the Alliance Citizens Health Association. (Alliance Community Hospital).

Street Improvement Fund - This fund accounts for the monies received for the purpose of improving City streets.

Other - Smaller Capital Projects maintained by the City. These funds are as follows:

Airport Construction Fund
Crossroads Street Construction Fund
High School Property Fund

City of Alliance, Ohio
Combining Balance Sheet
All Capital Projects Funds
December 31, 2002

	<u>Street Income Tax Construction</u>	<u>Capital Improvements</u>	<u>Swimming Pool</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$278,476	\$706,351	\$59,725
Receivables:			
Taxes	143,590	205,115	0
Special Assessments	169,370	0	0
Intergovernmental	0	46,887	0
<i>Total Assets</i>	<u><u>\$591,436</u></u>	<u><u>\$958,353</u></u>	<u><u>\$59,725</u></u>
Liabilities			
Accounts Payable	\$0	\$11,842	\$0
Interfund Payable	0	0	0
Deferred Revenue	216,791	114,618	0
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
<i>Total Liabilities</i>	<u><u>216,791</u></u>	<u><u>126,460</u></u>	<u><u>0</u></u>
Fund Equity			
Fund Balances (Deficit):			
Reserved for Encumbrances	0	20,329	0
Unreserved, Undesignated	374,645	811,564	59,725
<i>Total Fund Equity</i>	<u><u>374,645</u></u>	<u><u>831,893</u></u>	<u><u>59,725</u></u>
 <i>Total Liabilities and Fund Equity</i>	 <u><u>\$591,436</u></u>	 <u><u>\$958,353</u></u>	 <u><u>\$59,725</u></u>

<u>Downtown Development</u>	<u>Communication Equipment</u>	<u>Jail Construction</u>	<u>West State Street</u>	<u>Hospital Sale Capital</u>
\$34,307	\$1,616	\$794,019	\$20,096	\$6,458
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$34,307</u>	<u>\$1,616</u>	<u>\$794,019</u>	<u>\$20,096</u>	<u>\$6,458</u>
\$0	\$0	\$26,258	\$0	\$0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	1,265
0	0	0	0	380,000
<u>0</u>	<u>0</u>	<u>26,258</u>	<u>0</u>	<u>381,265</u>
0	0	499,617	0	0
<u>34,307</u>	<u>1,616</u>	<u>268,144</u>	<u>20,096</u>	<u>(374,807)</u>
<u>34,307</u>	<u>1,616</u>	<u>767,761</u>	<u>20,096</u>	<u>(374,807)</u>
<u>\$34,307</u>	<u>\$1,616</u>	<u>\$794,019</u>	<u>\$20,096</u>	<u>\$6,458</u>

(continued)

City of Alliance, Ohio
Combining Balance Sheet
All Capital Projects Funds (continued)
December 31, 2002

	Street Improvement	Other	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$334,274	\$18,637	\$2,253,959
Receivables:			
Taxes	0	0	348,705
Special Assessments	0	0	169,370
Intergovernmental	0	0	46,887
<i>Total Assets</i>	<u>\$334,274</u>	<u>\$18,637</u>	<u>\$2,818,921</u>
Liabilities			
Accounts Payable	\$0	\$0	\$38,100
Interfund Payable	0	2,159	2,159
Deferred Revenue	0	0	331,409
Accrued Interest Payable	0	0	1,265
Notes Payable	0	0	380,000
<i>Total Liabilities</i>	<u>0</u>	<u>2,159</u>	<u>752,933</u>
Fund Equity			
Fund Balances (Deficit):			
Reserved for Encumbrances	208,302	0	728,248
Unreserved, Undesignated	125,972	16,478	1,337,740
<i>Total Fund Equity</i>	<u>334,274</u>	<u>16,478</u>	<u>2,065,988</u>
 <i>Total Liabilities and Fund Equity</i>	 <u>\$334,274</u>	 <u>\$18,637</u>	 <u>\$2,818,921</u>

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Capital Projects Funds
For the Year Ended December 31, 2002*

	Street Income Tax Construction	Capital Improvements	Swimming Pool
Revenues			
Municipal Income Taxes	\$471,373	\$684,443	\$0
Intergovernmental	107,214	4,422	0
Special Assessments	24	0	0
Interest	0	0	0
Other	221	45,616	0
<i>Total Revenues</i>	<u>578,832</u>	<u>734,481</u>	<u>0</u>
Expenditures			
Capital Outlay	424,514	562,892	0
Debt Service:			
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>424,514</u>	<u>562,892</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>154,318</u>	<u>171,589</u>	<u>0</u>
Other Financing Sources (Uses)			
Operating Transfers In	0	11,063	0
Operating Transfers Out	(155,378)	(45,583)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(155,378)</u>	<u>(34,520)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(1,060)	137,069	0
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>375,705</u>	<u>694,824</u>	<u>59,725</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$374,645</u></u>	<u><u>\$831,893</u></u>	<u><u>\$59,725</u></u>

(continued)

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Capital Projects Funds (continued)
For the Year Ended December 31, 2002*

	<u>Downtown Development</u>	<u>Communication Equipment</u>	<u>Jail Construction</u>
Revenues			
Municipal Income Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Special Assessments	0	0	0
Interest	0	0	42,241
Other	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>42,241</u>
Expenditures			
Capital Outlay	6,647	0	3,334,190
Debt Service:			
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>6,647</u>	<u>0</u>	<u>3,334,190</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(6,647)</u>	<u>0</u>	<u>(3,291,949)</u>
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(6,647)</u>	<u>0</u>	<u>(3,291,949)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>40,954</u>	<u>1,616</u>	<u>4,059,710</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$34,307</u></u>	<u><u>\$1,616</u></u>	<u><u>\$767,761</u></u>

<u>West State Street</u>	<u>Hospital Sale Capital</u>	<u>Street Improvement</u>	<u>Other</u>	<u>Totals</u>
\$0	\$0	\$0	\$0	\$1,155,816
0	0	37,651	0	149,287
0	45,583	0	0	45,607
0	0	0	0	42,241
0	0	0	22,368	68,205
<u>0</u>	<u>45,583</u>	<u>37,651</u>	<u>22,368</u>	<u>1,461,156</u>
0	0	25,045	0	4,353,288
<u>20,757</u>	<u>10,466</u>	<u>4,693</u>	<u>0</u>	<u>35,916</u>
<u>20,757</u>	<u>10,466</u>	<u>29,738</u>	<u>0</u>	<u>4,389,204</u>
<u>(20,757)</u>	<u>35,117</u>	<u>7,913</u>	<u>22,368</u>	<u>(2,928,048)</u>
595,757	0	0	0	606,820
<u>0</u>	<u>0</u>	<u>(115,307)</u>	<u>(23,340)</u>	<u>(339,608)</u>
<u>595,757</u>	<u>0</u>	<u>(115,307)</u>	<u>(23,340)</u>	<u>267,212</u>
575,000	35,117	(107,394)	(972)	(2,660,836)
<u>(554,904)</u>	<u>(409,924)</u>	<u>441,668</u>	<u>17,450</u>	<u>4,726,824</u>
<u>\$20,096</u>	<u>(\$374,807)</u>	<u>\$334,274</u>	<u>\$16,478</u>	<u>\$2,065,988</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Income Tax Construction Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$474,000	\$473,255	(\$745)
Intergovernmental	106,189	107,214	1,025
Special Assessments	100	24	(76)
Other	3,335	221	(3,114)
<i>Total Revenues</i>	583,624	580,714	(2,910)
Expenditures			
Capital Outlay:			
Street Income Tax:			
Capital Outlay	555,000	424,514	130,486
<i>Excess of Revenues Over Expenditures</i>	28,624	156,200	127,576
Other Financing Uses			
Operating Transfers Out	(155,378)	(155,378)	0
<i>Excess of Revenues Over (Under) Expenditures and Other Financing Uses</i>	(126,754)	822	127,576
<i>Fund Balance Beginning of Year</i>	262,654	262,654	0
Prior Year Encumbrances Appropriated	15,000	15,000	0
<i>Fund Balance End of Year</i>	<u>\$150,900</u>	<u>\$278,476</u>	<u>\$127,576</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Municipal Income Taxes	\$621,832	\$687,141	\$65,309
Intergovernmental	64,427	18,602	(45,825)
Other	61,679	45,616	(16,063)
	<u> </u>	<u> </u>	<u> </u>
<i>Total Revenues</i>	747,938	751,359	3,421
Expenditures			
Capital Outlay:			
Capital Improvements:			
Capital Outlay	758,899	583,221	175,678
	<u> </u>	<u> </u>	<u> </u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(10,961)	168,138	179,099
	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources (Uses)			
Operating Transfers In	11,063	11,063	0
Operating Transfers Out	(70,353)	(45,583)	24,770
	<u> </u>	<u> </u>	<u> </u>
<i>Total Other Financing Sources (Uses)</i>	(59,290)	(34,520)	24,770
	<u> </u>	<u> </u>	<u> </u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(70,251)	133,618	203,869
	<u> </u>	<u> </u>	<u> </u>
<i>Fund Balance Beginning of Year</i>	448,715	448,715	0
	<u> </u>	<u> </u>	<u> </u>
Prior Year Encumbrances Appropriated	91,847	91,847	0
	<u> </u>	<u> </u>	<u> </u>
<i>Fund Balance End of Year</i>	<u>\$470,311</u>	<u>\$674,180</u>	<u>\$203,869</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Swimming Pool Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>59,725</u>	<u>59,725</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$59,725</u></u>	<u><u>\$59,725</u></u>	<u><u>\$0</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Downtown Development Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Community Development:			
Capital Outlay	<u>34,302</u>	<u>6,647</u>	<u>27,655</u>
<i>Excess of Revenues Under Expenditures</i>	(34,302)	(6,647)	27,655
<i>Fund Balance Beginning of Year</i>	19,702	19,702	0
Prior Year Encumbrances Appropriated	<u>21,252</u>	<u>21,252</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,652</u></u>	<u><u>\$34,307</u></u>	<u><u>\$27,655</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Communication Equipment Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
General Administration Safety:			
Capital Outlay	<u>1,616</u>	<u>0</u>	<u>1,616</u>
<i>Excess of Revenues Under Expenditures</i>	(1,616)	0	1,616
<i>Fund Balance Beginning of Year</i>	<u>1,616</u>	<u>1,616</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$1,616</u></u>	<u><u>\$1,616</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Jail Construction Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest	\$41,500	\$42,241	\$741
Expenditures			
Capital Outlay:			
Police:			
Capital Outlay	<u>4,149,975</u>	<u>3,861,687</u>	<u>288,288</u>
<i>Excess of Revenues Under Expenditures</i>	(4,108,475)	(3,819,446)	289,029
<i>Fund Balance Beginning of Year</i>	837,970	837,970	0
Prior Year Encumbrances Appropriated	<u>3,272,091</u>	<u>3,272,091</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,586</u></u>	<u><u>\$290,615</u></u>	<u><u>\$289,029</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
West State Street Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Street Transportation:			
Capital Outlay	<u>20,096</u>	<u>0</u>	<u>20,096</u>
<i>Excess of Revenues Under Expenditures</i>	(20,096)	0	20,096
<i>Fund Balance Beginning of Year</i>	<u>20,096</u>	<u>20,096</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$20,096</u></u>	<u><u>\$20,096</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Hospital Sale Capital Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Street Transportation:			
Capital Outlay	<u>6,458</u>	<u>0</u>	<u>6,458</u>
<i>Excess of Revenues Under Expenditures</i>	(6,458)	0	6,458
<i>Fund Balance Beginning of Year</i>	<u>6,458</u>	<u>6,458</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$6,458</u></u>	<u><u>\$6,458</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Improvement Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$37,651	\$37,651	\$0
Expenditures			
Capital Outlay:			
Street Improvement:			
Capital Outlay	<u>522,940</u>	<u>415,861</u>	<u>107,079</u>
<i>Excess of Revenues Under Expenditures</i>	(485,289)	(378,210)	107,079
Other Financing Uses			
Operating Transfers Out	<u>(250,000)</u>	<u>(250,000)</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(735,289)	(628,210)	107,079
<i>Fund Balance Beginning of Year</i>	235,242	235,242	0
Prior Year Encumbrances Appropriated	<u>518,940</u>	<u>518,940</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$18,893</u></u>	<u><u>\$125,972</u></u>	<u><u>\$107,079</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Airport Construction Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Airport Construction:			
Capital Outlay	<u>612</u>	<u>0</u>	<u>612</u>
<i>Excess of Revenues Under Expenditures</i>	(612)	0	612
<i>Fund Balance Beginning of Year</i>	<u>612</u>	<u>612</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$612</u></u>	<u><u>\$612</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Crossroads Street Construction Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Crossroad Construction:			
Capital Outlay	<u>10,498</u>	<u>0</u>	<u>10,498</u>
<i>Excess of Revenues Under Expenditures</i>	(10,498)	0	10,498
<i>Fund Balance Beginning of Year</i>	<u>10,498</u>	<u>10,498</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$10,498</u></u>	<u><u>\$10,498</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
High School Property Fund
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Other	\$22,368	\$22,368	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	22,368	22,368	0
Other Financing Uses			
Operating Transfers Out	<u>(23,340)</u>	<u>(23,340)</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(972)	(972)	0
<i>Fund Balance Beginning of Year</i>	<u>8,499</u>	<u>8,499</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,527</u></u>	<u><u>\$7,527</u></u>	<u><u>\$0</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Capital Projects Funds
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$1,095,832	\$1,160,396	\$64,564
Intergovernmental	208,267	163,467	(44,800)
Special Assessments	100	24	(76)
Interest	41,500	42,241	741
Other	87,382	68,205	(19,177)
<i>Total Revenues</i>	<u>1,433,081</u>	<u>1,434,333</u>	<u>1,252</u>
Expenditures			
Capital Outlay:			
Street Income Tax Construction Fund	555,000	424,514	130,486
Capital Improvements Fund	758,899	583,221	175,678
Downtown Development Fund	34,302	6,647	27,655
Communication Equipment Fund	1,616	0	1,616
Jail Construction Fund	4,149,975	3,861,687	288,288
West State Street Fund	20,096	0	20,096
Hospital Sale Capital Fund	6,458	0	6,458
Street Improvement Fund	522,940	415,861	107,079
Airport Construction Fund	612	0	612
Crossroads Street Construction Fund	10,498	0	10,498
<i>Total Expenditures</i>	<u>6,060,396</u>	<u>5,291,930</u>	<u>768,466</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,627,315)</u>	<u>(3,857,597)</u>	<u>769,718</u>
Other Financing Sources (Uses)			
Operating Transfers In	11,063	11,063	0
Operating Transfers Out	(499,071)	(474,301)	24,770
<i>Total Other Financing Sources (Uses)</i>	<u>(488,008)</u>	<u>(463,238)</u>	<u>24,770</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(5,115,323)	(4,320,835)	794,488
<i>Fund Balances Beginning of Year</i>	1,911,787	1,911,787	0
Prior Year Encumbrances Appropriated	<u>3,919,130</u>	<u>3,919,130</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$715,594</u></u>	<u><u>\$1,510,082</u></u>	<u><u>\$794,488</u></u>

Enterprise Funds

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector business enterprises where the intent is that the cost (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

Water Fund - This fund accounts for revenues generated from charges for distribution of water to residential and commercial users of the City.

Sewer Fund - This fund accounts for revenues generated from charges for sanitary services provided to residential and commercial users of the City.

City of Alliance, Ohio
Combining Balance Sheet
All Enterprise Funds
December 31, 2002

	Water	Sewer	Totals
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,810,597	\$721,546	\$2,532,143
Accounts Receivables	657,028	535,266	1,192,294
Materials and Supplies Inventory	319,056	28,200	347,256
Deferred Charges	275,201	0	275,201
<i>Total Current Assets</i>	3,061,882	1,285,012	4,346,894
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	1,200,627	1,167,951	2,368,578
Cash and Cash Equivalents with Fiscal Agents	1,624,484	777,360	2,401,844
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	17,075,550	8,898,715	25,974,265
<i>Total Assets</i>	<u>\$22,962,543</u>	<u>\$12,129,038</u>	<u>\$35,091,581</u>
Liabilities and Fund Equity			
Liabilities			
Current Liabilities:			
Accounts Payable	\$26,063	\$47,427	\$73,490
Accrued Wages	26,356	34,549	60,905
Compensated Absences Payable	16,168	18,828	34,996
Intergovernmental Payable	66,702	81,430	148,132
Accrued Interest Payable	0	4,415	4,415
Current Portion of General Obligation Bonds Payable	0	95,000	95,000
<i>Total Current Liabilities</i>	135,289	281,649	416,938
Current Liabilities Payable from Restricted Assets:			
Revenue Bonds Payable	601,829	370,000	971,829
Accrued Interest Payable	98,021	39,664	137,685
<i>Total Current Liabilities Payable from Restricted Assets</i>	699,850	409,664	1,109,514
Long-Term Liabilities:			
Compensated Absences Payable	236,449	425,467	661,916
OPWC Loan Payable	0	47,934	47,934
General Obligation Bonds Payable (net of Current Portion)	0	190,000	190,000
Revenue Bonds Payable (net of Current Portion)	16,770,598	3,255,000	20,025,598
<i>Total Long-Term Liabilities</i>	17,007,047	3,918,401	20,925,448
<i>Total Liabilities</i>	17,842,186	4,609,714	22,451,900
Fund Equity			
Contributed Capital	5,067,998	1,340,892	6,408,890
Retained Earnings (Deficit):			
Reserved:			
Replacement and Improvement	321,528	354,019	675,547
Operation and Maintenance	879,099	813,932	1,693,031
Unreserved	(1,148,268)	5,010,481	3,862,213
<i>Total Fund Equity</i>	5,120,357	7,519,324	12,639,681
<i>Total Liabilities and Fund Equity</i>	<u>\$22,962,543</u>	<u>\$12,129,038</u>	<u>\$35,091,581</u>

City of Alliance, Ohio
*Combining Statement of Revenues, Expenses
and Changes in Fund Equity
All Enterprise Funds
For the Year Ended December 31, 2002*

	Water	Sewer	Totals
Operating Revenues			
Charges for Services	\$4,045,877	\$3,291,099	\$7,336,976
Licenses and Permits	0	14,728	14,728
Other	46,001	25,727	71,728
<i>Total Operating Revenues</i>	<u>4,091,878</u>	<u>3,331,554</u>	<u>7,423,432</u>
Operating Expenses			
Salaries and Wages	1,083,347	1,335,321	2,418,668
Fringe Benefits	472,517	558,199	1,030,716
Contractual Services	368,530	495,624	864,154
Materials and Supplies	97,522	280,625	378,147
Other	6,226	6,608	12,834
Depreciation	724,316	381,148	1,105,464
<i>Total Operating Expenses</i>	<u>2,752,458</u>	<u>3,057,525</u>	<u>5,809,983</u>
<i>Operating Income</i>	<u>1,339,420</u>	<u>274,029</u>	<u>1,613,449</u>
Non-Operating Revenues (Expenses)			
Interest	50,559	44,551	95,110
Loss on Disposal of Fixed Assets	0	(117)	(117)
Municipal Income Taxes	270,431	0	270,431
Capital Grants	8,723	76,970	85,693
Interest and Fiscal Charges	(1,034,326)	(252,077)	(1,286,403)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(704,613)</u>	<u>(130,673)</u>	<u>(835,286)</u>
<i>Income Before Operating Transfers</i>	634,807	143,356	778,163
Operating Transfers Out	(3,173)	0	(3,173)
<i>Net Income</i>	631,634	143,356	774,990
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>(579,275)</u>	<u>6,035,076</u>	<u>5,455,801</u>
<i>Retained Earnings End of Year</i>	52,359	6,178,432	6,230,791
Contributed Capital Beginning and End of Year	5,067,998	1,340,892	6,408,890
<i>Total Fund Equity End of Year</i>	<u><u>\$5,120,357</u></u>	<u><u>\$7,519,324</u></u>	<u><u>\$12,639,681</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$271,000	\$270,431	(\$569)
Charges for Services	3,883,490	3,915,757	32,267
Capital Grants	0	8,723	8,723
Interest	46,000	35,812	(10,188)
Other	49,080	46,001	(3,079)
<i>Total Revenues</i>	<u>4,249,570</u>	<u>4,276,724</u>	<u>27,154</u>
Expenses			
Salaries and Wages	1,169,508	1,079,109	90,399
Fringe Benefits	439,828	410,556	29,272
Contractual Services	457,645	366,038	91,607
Materials and Supplies	185,792	109,814	75,978
Capital Outlay	639,263	542,066	97,197
Other	6,746	6,226	520
<i>Total Expenses</i>	<u>2,898,782</u>	<u>2,513,809</u>	<u>384,973</u>
<i>Excess of Revenues Over Expenses</i>	1,350,788	1,762,915	412,127
Operating Transfers Out	<u>(1,720,902)</u>	<u>(1,526,339)</u>	<u>194,563</u>
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	(370,114)	236,576	606,690
<i>Fund Equity Beginning of Year</i>	2,622,102	2,622,102	0
Prior Year Encumbrances Appropriated	<u>109,757</u>	<u>109,757</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$2,361,745</u></u>	<u><u>\$2,968,435</u></u>	<u><u>\$606,690</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$3,366,000	\$3,180,730	(\$185,270)
Licenses, Permits and Fees	6,000	14,728	8,728
Capital Grants	64,956	88,373	23,417
Interest	51,800	39,227	(12,573)
Other	22,500	25,727	3,227
<i>Total Revenues</i>	<u>3,511,256</u>	<u>3,348,785</u>	<u>(162,471)</u>
Expenses			
Salaries and Wages	1,360,476	1,334,770	25,706
Fringe Benefits	473,969	457,883	16,086
Contractual Services	587,369	529,614	57,755
Materials and Supplies	330,275	303,813	26,462
Capital Outlay	943,499	539,605	403,894
Other	7,200	6,608	592
<i>Total Expenses</i>	<u>3,702,788</u>	<u>3,172,293</u>	<u>530,495</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(191,532)	176,492	368,024
Operating Transfers Out	(717,871)	(704,513)	13,358
<i>Excess of Revenues Under Expenses and Operating Transfers</i>	(909,403)	(528,021)	381,382
<i>Fund Equity Beginning of Year</i>	2,018,137	2,018,137	0
Prior Year Encumbrances Appropriated	93,975	93,975	0
<i>Fund Equity End of Year</i>	<u><u>\$1,202,709</u></u>	<u><u>\$1,584,091</u></u>	<u><u>\$381,382</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
All Enterprise Funds
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$271,000	\$270,431	(\$569)
Charges for Services	7,249,490	7,096,487	(153,003)
Licenses, Permits and Fees	6,000	14,728	8,728
Capital Grants	64,956	97,096	32,140
Interest	97,800	75,039	(22,761)
Other	71,580	71,728	148
<i>Total Revenues</i>	<u>7,760,826</u>	<u>7,625,509</u>	<u>(135,317)</u>
Expenses			
Salaries and Wages:			
Water Fund	1,169,508	1,079,109	90,399
Sewer Fund	1,360,476	1,334,770	25,706
Total Salaries and Wages	<u>2,529,984</u>	<u>2,413,879</u>	<u>116,105</u>
Fringe Benefits:			
Water Fund	439,828	410,556	29,272
Sewer Fund	473,969	457,883	16,086
Total Fringe Benefits	<u>913,797</u>	<u>868,439</u>	<u>45,358</u>
Contractual Services:			
Water Fund	457,645	366,038	91,607
Sewer Fund	587,369	529,614	57,755
Total Contractual Services	<u>1,045,014</u>	<u>895,652</u>	<u>149,362</u>
Materials and Supplies:			
Water Fund	185,792	109,814	75,978
Sewer Fund	330,275	303,813	26,462
Total Materials and Supplies	<u>516,067</u>	<u>413,627</u>	<u>102,440</u>
Capital Outlay:			
Water Fund	639,263	542,066	97,197
Sewer Fund	943,499	539,605	403,894
Total Capital Outlay	<u>\$1,582,762</u>	<u>\$1,081,671</u>	<u>\$501,091</u>

(continued)

City of Alliance, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
All Enterprise Funds (continued)
For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other:			
Water Fund	\$6,746	\$6,226	\$520
Sewer Fund	7,200	6,608	592
Total Other	13,946	12,834	1,112
<i>Total Expenses</i>	6,601,570	5,686,102	915,468
<i>Excess of Revenues Over Expenses</i>	1,159,256	1,939,407	780,151
Operating Transfers Out	(2,438,773)	(2,230,851)	207,922
<i>Excess of Revenues Under Expenses and Operating Transfers</i>	(1,279,517)	(291,444)	988,073
<i>Fund Equity Beginning of Year</i>	4,640,239	4,640,239	0
Prior Year Encumbrances Appropriated	203,732	203,732	0
<i>Fund Equity End of Year</i>	\$3,564,454	\$4,552,527	\$988,073

City of Alliance, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 2002

	Water	Sewer	Totals
<i>Increase (Decrease) In Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$3,915,757	\$3,195,458	\$7,111,215
Cash Payments to Suppliers for Good and Services	(454,668)	(773,306)	(1,227,974)
Cash Payments for Employee Services and Benefits	(1,489,665)	(1,792,653)	(3,282,318)
Other Revenue	46,001	25,727	71,728
Other Expenses	(6,226)	(6,608)	(12,834)
<i>Net Cash Provided by Operating Activities</i>	<u>2,011,199</u>	<u>648,618</u>	<u>2,659,817</u>
Cash Flows from Noncapital Financing Activities			
Transfer Out	(3,173)	0	(3,173)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(520,461)	(294,321)	(814,782)
Municipal Income Taxes	270,431	0	270,431
Capital Grants	8,723	88,373	97,096
Principal Paid on Sewer OPWC Loan	0	(2,662)	(2,662)
Principal Paid on Sewer General Obligation Bonds	0	(95,000)	(95,000)
Interest Paid on Sewer General Obligation Bonds	0	(27,170)	(27,170)
Principal Paid on Water Revenue Bonds	(665,000)	0	(665,000)
Interest Paid on Water Revenue Bonds	(929,005)	0	(929,005)
Principal Paid on Sewer Revenue Bonds	0	(350,000)	(350,000)
Interest Paid on Sewer Revenue Bonds	0	(224,884)	(224,884)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,835,312)</u>	<u>(905,664)</u>	<u>(2,740,976)</u>
Cash Flows from Investing Activities			
Interest	50,559	39,227	89,786
<i>Net Increase (Decrease) In Cash and Cash Equivalents</i>	223,273	(217,819)	5,454
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>4,412,435</u>	<u>2,884,676</u>	<u>7,297,111</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,635,708</u>	<u>\$2,666,857</u>	<u>\$7,302,565</u>

(continued)

City of Alliance, Ohio
Combining Statement of Cash Flows
All Enterprise Funds (continued)
For the Year Ended December 31, 2002

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$1,339,420	\$274,029	\$1,613,449
Depreciation	724,316	381,148	1,105,464
(Increase)/Decrease in Assets:			
Accounts Receivable	(130,120)	(110,369)	(240,489)
Materials and Supplies Inventory	(1,511)	5,311	3,800
Increase/(Decrease) in Liabilities:			
Accounts Payable	12,999	7,983	20,982
Accrued Wages	4,238	551	4,789
Compensated Absences Payable	38,646	72,698	111,344
Intergovernmental Payable	23,211	17,267	40,478
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$2,011,199</u></u>	<u><u>\$648,618</u></u>	<u><u>\$2,659,817</u></u>

Internal Service Fund

The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. Specifically the Insurance fund accounts for a medical benefit self-insurance program for employees of the City. Since there is only one internal service fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the City's fiduciary fund types:

Agency Funds

These funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

Municipal Court Fund - This fund accounts for bank accounts used by the municipal court.

Carnation Cable Fund - This fund accounts for monies received from cable franchise fees prescribed by City Ordinance for local cable access.

City of Alliance, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2002

	Beginning Balance 01/01/02	Additions	Deductions	Ending Balance 12/31/02
<i>Municipal Court</i>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$131,282	\$1,472,932	\$1,539,281	\$64,933
Liabilities				
Undistributed Assets	\$131,282	\$1,472,932	\$1,539,281	\$64,933
<i>Carnation Cable</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$52,788	\$52,788	\$0
Liabilities				
Undistributed Assets	\$0	\$52,788	\$52,788	\$0
<i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$52,788	\$52,788	\$0
Cash and Cash Equivalents in Segregated Accounts	131,282	1,472,932	1,539,281	64,933
<i>Total Assets</i>	\$131,282	\$1,525,720	\$1,592,069	\$64,933
Liabilities				
Undistributed Assets	\$131,282	\$1,525,720	\$1,592,069	\$64,933

General Fixed Assets Account Group

The general fixed assets group is used to account for all land and improvements, buildings, equipment and machinery, and vehicles not used in the operations of proprietary funds.

City of Alliance, Ohio
Schedule of Changes in General Fixed Assets
By Function
For the Year Ended December 31, 2002

<u>Function</u>	<u>General Fixed Assets 1/1/02</u>	<u>Additions</u>	<u>Deductions</u>	<u>General Fixed Assets 12/31/02</u>
General Government	\$5,171,178	\$17,991	\$0	\$5,189,169
Security of Persons and Property	3,446,194	144,934	63,555	3,527,573
Public Health Services	180,807	16,021	6,745	190,083
Leisure Time Activities	813,623	217,866	0	1,031,489
Community Environment	68,753	0	0	68,753
Basic Utility	98,212	16,903	0	115,115
Transportation	<u>1,685,675</u>	<u>180,592</u>	<u>5,209</u>	<u>1,861,058</u>
<i>Total</i>	11,464,442	594,307	75,509	11,983,240
Construction in Progress	<u>3,350,323</u>	<u>511,533</u>	<u>0</u>	<u>3,861,856</u>
<i>Total General Fixed Assets</i>	<u><u>\$14,814,765</u></u>	<u><u>\$1,105,840</u></u>	<u><u>\$75,509</u></u>	<u><u>\$15,845,096</u></u>

City of Alliance, Ohio
Schedule of General Fixed Assets
By Function and Type
December 31, 2002

Function	Total	Land and Improvements	Buildings	Equipment and Machinery	Vehicles
General Government	\$5,189,169	\$2,680,084	\$1,854,511	\$565,348	\$89,226
Security of Persons and Property	3,527,573	53,271	48,289	1,455,463	1,970,550
Public Health Services	190,083	62,812	34,554	92,717	0
Leisure Time Activities	1,031,489	162,652	114,013	545,320	209,504
Community Environment	68,753	36,648	10,781	21,324	0
Basic Utility	115,115	10,211	0	104,904	0
Transportation	1,861,058	86,018	86,311	1,020,806	667,923
<i>Total</i>	11,983,240	3,091,696	2,148,459	3,805,882	2,937,203
Construction in Progress	3,861,856	0	3,861,856	0	0
<i>Total General Fixed Assets</i>	<u>\$15,845,096</u>	<u>\$3,091,696</u>	<u>\$6,010,315</u>	<u>\$3,805,882</u>	<u>\$2,937,203</u>

City of Alliance, Ohio
Schedule of General Fixed Assets
By Source
December 31, 2002

General Fixed Assets

Land and Improvements	\$3,091,696
Buildings	2,148,459
Equipment and Machinery	3,805,882
Vehicles	2,937,203
Construction in Progress	3,861,856
	<hr/>
<i>Total General Fixed Assets</i>	<u><u>\$15,845,096</u></u>

Investment in General Fixed Assets from

General Governmental Revenues	\$14,261,378
Confiscation	21,463
Donations	860,000
Grants	702,255
	<hr/>
<i>Total General Fixed Assets</i>	<u><u>\$15,845,096</u></u>

Statistical Section

Statistical Section

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

City of Alliance, Ohio
General Fund Revenues by Source and Expenditures by Function
Last Ten Years

	<u>2002 (1)</u>	<u>2001 (1)</u>	<u>2000 (1)</u>	<u>1999 (1)</u>	<u>1998 (1)</u>
Revenues					
Property and Other Taxes	\$819,949	\$755,917	\$723,922	\$726,080	\$717,986
Municipal Income Taxes (2)	5,700,523	5,723,681	5,711,142	6,160,316	5,890,573
Charges for Services	415,438	362,691	309,885	189,297	102,862
Licenses, Permits and Fees	177,500	118,829	119,047	146,591	109,243
Fines and Forfeitures (3)	471,096	390,864	462,359	452,978	403,061
Intergovernmental	1,491,862	1,333,461	1,390,205	1,552,126	1,770,962
Special Assessments	0	0	0	5,318	0
Interest	78,885	195,225	246,661	223,248	184,306
Rentals	162,531	291,703	0	1,960	51,206
Donations	0	15	0	2,500	0
Other	<u>249,709</u>	<u>253,658</u>	<u>425,793</u>	<u>314,780</u>	<u>479,427</u>
Totals	<u>\$9,567,493</u>	<u>\$9,426,044</u>	<u>\$9,389,014</u>	<u>\$9,775,194</u>	<u>\$9,709,626</u>
Expenditures					
General Government	\$2,155,256	\$2,287,160	\$2,204,701	\$2,153,411	\$1,947,283
Security of Persons and Propert	5,484,234	5,407,622	5,350,452	5,293,124	4,871,021
Public Health Services	426,045	417,403	372,827	334,104	325,500
Transportation	262,589	343,373	317,313	274,218	154,225
Community Environment	70,241	93,049	81,846	74,637	70,412
Basic Utility Services	55,996	57,856	55,720	50,222	42,045
Leisure Time Activities	514,393	536,122	537,253	503,413	468,233
Capital Outlay	0	0	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,646</u>
Total	<u>\$8,968,754</u>	<u>\$9,142,585</u>	<u>\$8,920,112</u>	<u>\$8,683,129</u>	<u>\$7,881,365</u>

Source: City Financial Records

- (1) 1996 - 2002 are reported on a GAAP basis; all other on a Cash basis.
(2) Prior to 1996 does not include Municipal Income Tax. They were part of operating transfers in.
(3) Prior to 1996 Fines and Forfeitures was not separate, the City reported Fines with Licenses, Permits and Fees and Forfeitures were part of Other.

<u>1997 (1)</u>	<u>1996 (1)</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
\$600,209	\$608,917	\$589,162	\$579,956	\$572,545
5,240,798	5,007,100	0	0	0
193,172	287,354	0	53,655	179,046
107,265	124,296	315,999	339,696	359,186
307,879	338,592	0	0	0
1,968,925	1,443,921	1,379,200	1,109,141	1,054,891
0	0	0	0	0
197,303	164,577	0	0	0
98,611	50,650	0	0	0
0	100	0	0	0
<u>76,868</u>	<u>88,778</u>	<u>360,223</u>	<u>522,568</u>	<u>185,822</u>
<u>\$8,791,030</u>	<u>\$8,114,285</u>	<u>\$2,644,584</u>	<u>\$2,605,016</u>	<u>\$2,351,490</u>
\$1,981,236	\$1,776,027	\$1,374,729	\$1,290,295	\$1,206,387
4,546,571	4,489,627	4,178,110	4,067,978	4,025,351
324,364	287,153	294,872	289,454	381,470
281,260	278,114	218,596	250,331	240,486
64,580	76,084	74,125	88,223	78,902
36,641	33,710	34,939	33,246	33,419
442,598	415,225	369,617	363,696	354,075
0	0	1,500	0	0
<u>3,897</u>	<u>3,897</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$7,681,147</u>	<u>\$7,359,837</u>	<u>\$6,546,488</u>	<u>\$6,383,223</u>	<u>\$6,320,090</u>

City of Alliance, Ohio
Real Property and Public Utility Tax Levies and Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes (1)	Ratio of Delinquent Taxes to Total Tax Levy
2002	\$960,900	\$805,612	83.84 %	\$41,158	\$846,770	88.12 %	\$102,856	10.70 %
2001	983,097	816,483	83.05	46,916	863,399	87.82	116,380	11.84
2000	832,227	698,425	83.92	24,345	722,770	86.85	87,614	10.53
1999	824,646	707,075	85.74	28,188	735,263	89.16	103,853	12.59
1998	816,814	694,723	85.05	21,767	716,490	87.72	93,753	11.48
1997	659,578	569,071	86.28	17,794	586,865	88.98	94,117	14.27
1996	657,641	568,449	86.44	13,995	582,444	88.57	72,957	11.09
1995	658,732	569,032	86.38	17,029	586,061	88.97	71,830	10.90
1994	643,548	557,215	86.58	16,072	573,287	89.08	77,340	12.02
1993	636,540	550,836	86.54	18,034	568,870	89.37	73,486	11.54

Source: Stark County, Ohio; County Auditor

(1) Includes penalties and interest, since by Ohio Law, they become part of tax obligation as assessment occurs.

City of Alliance, Ohio
Personal Property Tax Levies And Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collection	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes (1)	Ratio of Total Tax Collections to Total Tax Levy
2002	\$172,504	\$137,526	79.72 %	\$3,009	\$140,535	81.47 %	\$16,563	9.60 %
2001	184,988	152,897	82.65	11,096	163,993	88.65	31,359	16.95
2000	191,970	148,647	77.43	9,199	157,846	82.22	30,242	15.75
1999	185,377	143,143	77.22	1,729	144,872	78.15	32,286	17.42
1998	180,266	138,941	77.08	6,566	145,507	80.72	32,192	17.86
1997	171,207	132,716	77.52	5,519	138,235	80.74	40,201	23.48
1996	150,948	132,928	88.06	5,204	138,132	91.51	35,811	23.72
1995	140,233	123,895	88.35	3,926	127,821	91.15	16,777	11.96
1994	135,303	119,745	88.50	2,978	122,723	90.70	15,657	11.57
1993	135,810	118,320	87.12	6,081	124,401	91.60	14,350	10.57

Source: Stark County, Ohio; County Auditor

(1) Includes penalties and interest, since by Ohio Law, they become part of tax obligation as assessment occurs.

City of Alliance, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Year (1)	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)
2002	\$221,257,250	\$632,163,571	\$9,060,150	\$10,295,625
2001	226,858,780	648,167,943	11,881,400	13,501,591
2000	189,244,740	540,699,257	12,297,450	13,974,375
1999	188,647,670	538,993,343	13,664,980	15,528,386
1998	184,426,770	526,933,629	14,185,590	16,119,989
1997	146,125,620	417,501,771	14,162,410	16,093,648
1996	144,821,400	413,775,429	14,829,220	16,851,386
1995	142,813,080	408,037,371	14,768,480	16,782,364
1994	140,674,860	401,928,171	14,608,750	16,600,852
1993	138,231,920	394,948,343	14,362,290	16,320,784

Source: Stark County, Ohio; County Auditor

- (1) The year represents collection year.
- (2) This amount is calculated based on the following percentages:
 Real property is assessed at thirty-five percent of actual value.
 Public utility is assessed at eighty-eight percent of actual value.
 Tangible personal is assessed at twenty-five percent of true value
 for capital assets and twenty-four percent for inventory.

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value	
\$42,538,375	\$170,153,500	\$272,855,775	\$812,612,696	33.58 %
46,656,282	186,625,128	285,396,462	848,294,662	33.64
47,248,917	188,995,668	248,791,107	743,669,300	33.45
45,873,190	183,492,760	248,185,840	738,014,489	33.63
41,473,908	165,895,632	240,086,268	708,949,250	33.87
39,507,805	158,031,220	199,795,835	591,626,639	33.77
38,626,528	154,506,112	198,277,148	585,132,927	33.89
35,207,943	140,831,772	192,789,503	565,651,507	34.08
33,648,097	134,592,388	188,931,707	553,121,411	34.16
33,709,777	134,839,108	186,303,987	546,108,235	34.11

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

Year	City of Alliance			Stark County	Alliance City School District	Marlington Local School District	County Parks	Total Direct and Overlapping Governments
	District 1	District 2	Total City					
2002	\$4.00	\$2.00	\$6.00	\$9.60	\$54.40	\$48.40	\$0.50	\$118.90
2001	4.00	2.00	6.00	9.60	54.40	48.40	0.50	118.90
2000	4.00	2.00	6.00	9.60	54.60	48.40	0.50	119.10
1999	4.00	2.00	6.00	9.60	50.40	48.90	0.50	115.40
1998	4.00	2.00	6.00	9.60	50.40	48.90	0.50	115.40
1997	4.00	2.00	6.00	9.60	50.70	48.90	0.50	115.70
1996	4.00	2.00	6.00	9.60	50.70	48.90	0.20	115.40
1995	4.00	2.00	6.00	10.10	50.70	48.90	0.20	115.90
1994	4.00	2.00	6.00	8.20	50.70	48.90	0.20	114.00
1993	4.00	2.00	6.00	9.20	50.80	48.90	0.20	115.10

Source: Stark County, Ohio; County Auditor

City of Alliance
Special Assessment Levies and Collections (1)
Last Ten Years

Year	Current Assessments Levied	Current Assessments Collected	Percentage of Current Assessments Collected to Levy	Delinquent Assessments Collected	Percentage of Delinquent Assessments Collected to Current Levy	Total Assessments Collected	Percentage of Total Collections to Current Levy	Accumulative Delinquency
2002	\$90,306	\$55,783	61.77	\$23,577	26.11	\$79,360	87.88	\$638,572
2001	132,447	33,147	25.03	35,464	26.78	68,611	51.80	638,452
2000	116,241	43,135	37.11	26,847	23.10	69,982	60.20	571,913
1999	32,236	8,207	25.46	14,972	46.44	23,179	71.90	566,835
1998	14,504	3,733	25.74	8,181	56.41	11,914	82.14	558,107
1997	3,656	3,650	99.84	2,445	66.88	6,095	166.71	513,468
1996	2,883	426	14.78	3,601	124.90	4,027	139.68	477,937
1995	4,948	3,184	64.35	7,902	159.70	11,086	224.05	454,999
1994	2,328	1,464	62.89	2,261	97.12	3,725	160.01	434,435
1993	7,542	3,750	49.72	500	6.63	4,250	56.35	418,511

Source: Stark County, Ohio; County Auditor

(1) Includes penalties and interest, since by Ohio Law, they become part of tax obligation as assessment occurs.
The assessments include service assessments and delinquent water and sewer assessments.

City of Alliance, Ohio
*Ratio of Net General Bonded Debt to Assessed
 Value and Net Bonded Debt Per Capita
 Last Ten Years*

<u>Year</u>	<u>Population (1)</u>	<u>Net General Bonded Debt</u>	<u>Assessed Value</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
2002	23,253	\$994,806	\$272,855,775	0.36%	\$42.78
2001	23,253	1,187,243	285,396,462	0.42	51.06
2000	23,253	1,399,980	248,791,107	0.56	60.21
1999	23,376	1,535,922	248,185,840	0.62	65.71
1998	23,376	1,700,922	240,086,268	0.71	72.76
1997	23,376	630,819	199,795,835	0.32	26.99
1996	23,376	733,005	198,277,148	0.37	31.36
1995	23,376	798,032	192,789,503	0.41	34.14
1994	23,376	88,032	188,931,707	0.05	3.77
1993	23,376	909,560	186,303,987	0.49	38.91

Source: Stark County, Ohio; County Auditor

(1) Population figures are from the Census Bureau.

City of Alliance, Ohio
Computation of Legal Debt Margin
December 31, 2002

Assessed Value		\$272,855,775
Legal Debt Margin:		
Debt Limitation - 10.5 percent of Assessed Value		28,649,856
Debt Applicable to Limitation:		
General Obligation Bonds	\$1,105,000	
Special Assessment Bonds	605,000	
Enterprise General Obligation Bonds	285,000	
OPWC Loan	47,934	
Revenue Bonds	22,395,000	
Notes	<u>2,735,000</u>	
Gross Indebtedness (Total Voted and Unvoted Debt)	<u>27,172,934</u>	
Less: Debt Outside Limitations:		
Special Assessment Bonds	605,000	
Enterprise General Obligation Bonds	285,000	
OPWC Loan	47,934	
Revenue Bonds	<u>22,395,000</u>	
Total Debt Outside Limitations	<u>23,332,934</u>	
Total Debt Applicable to Limitation - Within 10.5% Limitations	3,840,000	
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>110,194</u>	
Net Debt Within 10.5% Limitation		<u>3,729,806</u>
Overall Debt Margin Within 10.5% Limitation		<u>\$24,920,050</u>

Unvoted Debt Limitation - 5.5% of Assessed Valuation		\$15,007,068
Gross Indebtedness Authorized by Council	<u>\$27,172,934</u>	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	<u>23,332,934</u>	
Debt Within 5.5% Limitation	3,840,000	
Less Amount Available in Debt Service Fund	<u>110,194</u>	
Net Debt Within 5.5% Limitation		<u>3,729,806</u>
Unvoted Debt Margin Within 5.5% Limitation		<u>\$11,277,262</u>

Source: City Financial Records

City of Alliance, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2002

	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City of Alliance</u>
Direct:			
City of Alliance	\$1,105,000	100.00%	\$1,105,000
Overlapping:			
Alliance City Schools	<u>11,289,990</u>	89.77	<u>10,135,024</u>
Total	<u><u>\$12,394,990</u></u>		<u><u>\$11,240,024</u></u>

Source: Stark County, Ohio; County Auditor

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the assessed valuation of the political subdivision.

City of Alliance, Ohio
Revenue Bond Coverage (4)

Water							
Year (3)	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement (2)			Coverage
				Principal	Interest	Total	
2002	\$4,091,878	\$2,028,142	\$2,063,736	\$665,000	\$929,005	\$1,594,005	1.29
2001	3,784,820	2,501,436	1,283,384	640,000	954,605	1,594,605	0.80
2000	3,968,292	2,504,951	1,463,341	615,000	979,205	1,594,205	0.92
1999	4,117,212	2,211,054	1,906,158	590,000	1,017,893	1,607,893	1.19
1998	3,719,118	2,160,627	1,558,491	230,000	911,582	1,141,582	1.37
1997	4,165,780	2,147,368	2,018,412	370,000	923,163	1,293,163	1.56
1996	4,276,833	2,133,031	2,143,802	330,000	941,643	1,271,643	1.69
1995	4,109,604	2,028,258	2,081,346	200,000	952,443	1,152,443	1.81
1994	3,590,407	1,689,506	1,900,901	175,000	961,543	1,136,543	1.67
1993	3,165,370	1,677,861	1,487,509	100,000	966,543	1,066,543	1.39

Sewer							
Year (3)	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement (2)			Coverage
				Principal	Interest	Total	
2002	\$3,331,554	\$2,676,377	\$655,177	\$350,000	\$224,884	\$574,884	1.14
2001	3,191,184	2,561,721	629,463	335,000	246,263	581,263	1.08
2000	3,403,412	2,285,810	1,117,602	320,000	261,623	581,623	1.92
1999	3,278,269	2,264,167	1,014,102	305,000	259,976	564,976	1.79
1998	2,731,436	1,756,040	975,396	295,000	288,632	583,632	1.67
1997	2,722,849	1,949,139	773,710	280,000	300,533	580,533	1.33
1996	3,047,533	1,996,073	1,051,460	270,000	311,333	581,333	1.81
1995	3,140,605	1,775,861	1,364,744	260,000	320,693	580,693	2.35
1994	3,016,014	1,645,980	1,370,034	0	160,346	160,346	8.54

(1) Total Operating Expenses exclusive of depreciation

(2) Includes principal and interest of bonds only

(3) 1996 - 2002 are reported on a GAAP basis, all other years are on a Cash basis

(4) Prior to 1994, the Sewer enterprise fund did not have any revenue bonds.

City of Alliance, Ohio
*Ratio of Annual Debt Service Expenditures For
 General Bonded Debt to Total General Fund Expenditures
 Last Ten Years*

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service To Total General Fund Expenditures
2002	\$195,000	\$67,845	\$262,845	\$8,968,754	2.93%
2001	185,000	78,340	263,340	9,142,585	2.88
2000	175,000	89,821	264,821	8,920,112	2.97
1999	165,000	99,590	264,590	8,683,129	3.05
1998	135,000	77,791	212,791	7,881,365	2.70
1997	100,000	59,305	159,305	7,681,147	2.07
1996	95,000	65,433	160,433	7,359,837	2.18
1995	90,000	71,147	161,147	6,546,488	2.46
1994	85,000	76,460	161,460	6,383,223	2.53
1993	75,000	81,110	156,110	6,320,090	2.47

Source: City financial records

City of Alliance, Ohio
Property Value, Construction and Bank Deposits
Last Ten Years

Year	Property Value (1)	New Construction		
		Permits	Dollar Value of Permits	Bank Deposits (in thousands)(2,3,4)
2002	\$221,257,250	384	\$31,147,034	\$2,153,245
2001	226,858,780	235	16,732,635	1,029,891
2000	189,244,740	30	4,811,432	1,021,596
1999	188,647,670	96	11,786,981	916,844
1998	184,426,770	35	17,976,000	843,638
1997	146,125,620	38	7,949,695	1,623,273
1996	144,821,400	25	4,304,900	1,570,223
1995	142,813,080	41	9,750,800	1,614,744
1994	140,674,860	42	5,966,200	872,577
1993	138,231,920	54	9,807,500	803,704

Sources: Stark County, Ohio; County Auditor
City building permits reports
Federal Reserve Bank of Cleveland

- (1) Represents total real property assessed value for the City.
- (2) Increase in 1995 is due to Citizens National Bank becoming a single Charter.
- (3) Decrease in 1998 is due to Citizens National Bank's headquarters relocating.
- (4) Increase in 2002 is due to United Bank and First National Bank of Zanesville merging to become Unizan Bank and Trust.

City of Alliance, Ohio
Principal Taxpayers - Real Property
December 31, 2002

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Alliance Ventures, Incorporated	\$6,827,910	3.09%
WM Alliance LLC	4,060,010	1.83
James G Stout	3,107,960	1.40
Carnation Mall LLC	2,299,510	1.05
Grisez Brothers Properties LP	2,108,870	0.95
RL Deville Enterprises Limited	1,817,670	0.83
Alliance Community Hospital	1,128,100	0.51
Camalak Properties, Incorporated	1,078,650	0.49
Mount Union College	1,043,980	0.47
Alliance Health Care Company	1,027,820	0.46
College Plaza Realty, Incorporated	<u>1,009,310</u>	<u>0.46</u>
Totals	<u><u>\$25,509,790</u></u>	<u><u>11.54%</u></u>
Total City Assessed Valuation	<u><u>\$221,257,250</u></u>	

Source: Stark County, Ohio; County Auditor

City of Alliance, Ohio
Principal Taxpayers - Tangible Personal Property
December 31, 2002

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Alliance Tubular Products Company	\$5,570,430	13.10%
Amsted Industries, Incorporated	3,637,840	8.55
Coastal Pet Products, Incorporated	1,932,370	4.55
Wal Mart Stores East, Incorporated	1,791,910	4.21
Lowes Home Center, Incorporated	1,504,470	3.54
Stars of Cleveland, Incorporated	1,463,560	3.44
Patriot Forge of America, Incorporated	1,246,760	2.93
Robertson Heating Supply Company of Ohio	1,244,240	2.92
Reunion Industries, Incorporated	1,106,900	2.61
Wally Armour Chrysler Plymouth Dodge	<u>1,014,740</u>	<u>2.39</u>
Totals	<u>\$20,513,220</u>	<u>48.24%</u>
Total City Assessed Valuation	<u><u>\$42,538,375</u></u>	

Source: Stark County, Ohio; County Auditor

City of Alliance, Ohio
Principal Taxpayers - Public Utility Property
December 31, 2002

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Ohio Edison	\$3,344,670	28.15%
Ohio Bell Telephone	2,990,580	25.17
Columbia Gas of Ohio, Incorporated	950,950	8.00
Norfolk Southern Combined Rail Road Subsidiaries	826,590	6.96
American Transmission Systems, Incorporated	666,230	5.61
Alltel Ohio LP	110,200	0.93
Level Three Communications LLC	91,840	0.77
Sprintcom, Incorporated	41,810	0.35
Nextel West Corporation	37,530	0.32
New Par	31,080	0.26
<i>Totals</i>	<u>\$9,091,480</u>	<u>76.52%</u>
Assessed Valuation	<u>\$11,881,400</u>	

Source: Stark County, Ohio; County Auditor

City of Alliance, Ohio
Demographic Statistics

Last Five Census		2000 Census Information	
Year	Population		
2000	23,253	Sex:	
		Male	10,851
		Female	12,402
1990	23,376	Median Age	34.0
1980	24,315	Total Households	8,908
1970	26,547	Persons Per Household	2.4
1960	28,362	Median Income	\$21,031
		Median Dollar Value of Housing Units	\$40,000

Source: U.S. Bureau of the Census

City of Alliance, Ohio

Miscellaneous Statistics

December 31, 2002

Date of Incorporation	1854
Form of Government	Statutory
Area	7.952 square miles
Miles of Streets	107
Number of Traffic Lights	35
Fire Protection:	
Number of Stations	2
Number of Firefighters and Officers:	
Part-Time	0
Full-Time	32
Police Protection:	
Number of Stations	1
Number of Police Officers	
Part-Time	2
Full-Time	44
Recreation and Culture:	
Number of Parks	12
Area	185 acres
Number of Libraries	2
Volumes	153,000
Employees:	
Non-Exempt (Full Time)	128
Non-Exempt (Part Time)	18
Exempt (Full Time)	20
Exempt (Part Time)	34

Source: City Records



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

CITY OF ALLIANCE

STARK 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
AUGUST 7, 2003**