

**CITY OF ALLIANCE
STARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2003



**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 Honorable Mayor and City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Alliance, Stark County, Ohio, (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 7, 2004, in which we noted the City adopted Government Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001 and 2003-002.

We also noted certain immaterial instances of noncompliance that we have reported to the City's management in a separate letter dated September 7, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions 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 the City's management in a separate letter dated September 7, 2004.

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

This report is intended solely for the information and use of the Audit Committee, management, 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

September 7, 2004



**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 Honorable Mayor and City Council:

Compliance

We have audited the compliance of the City of Alliance, Stark County, Ohio, (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, 2003. 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, 2003.

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.

However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to the City's management in a separate letter dated September 7, 2004.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the City as of and for the year ended December 31, 2003, and have issued our report thereon dated September 7, 2004, in which we noted the City adopted Government Accounting Standards Board Statement No. 34. Our audit was performed for the purpose of forming an opinion on the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic 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

September 7, 2004

**CITY OF ALLIANCE
STARK COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct</i>			
Community Development Block Grant	N/A	14.218	\$886,777
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct</i>			
Justice Equitable Sharing Program	N/A	16.XXX	8,020
Local Law Enforcement Block Grants Program	N/A	16.592	<u>54,563</u>
Total U.S. Department of Justice			62,583
<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 Supportive Services and Senior Centers	N/A	93.044	15,924
<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>105,464</u>
Total			<u><u>\$1,070,748</u></u>

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

**CITY OF ALLIANCE
STARK COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

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, 2003, the gross amount of loans outstanding under this program was \$142,712.

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, 2003, the gross amount of loans outstanding under this program was \$2,489,014.

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, 2003**

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)?	Yes
<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**

Finding Number 2003-001

Ohio Rev. Code Section 5705.39 states, in part, the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom. No appropriation measure shall become effective until county auditor files with the appropriating authority a certificate that the total appropriations from each fund do not exceed the official estimate or amended official estimate.

Furthermore, **Ohio Rev. Code Section 5705.36** allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater than or less than the amount certified. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

Finding Number 2003-001 (Continued)

Throughout the year and at year end we noted the following instances in which appropriations exceeded the amount contained in the certificate/amended certificate of estimated resources that was certified prior to making the appropriation/supplemental appropriation.

	<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Original Budget:				
Revolving Loan Fund		\$1,328,076	\$1,507,500	(\$179,424)
At October 31, 2003:				
Master Capital Improvement Fund		1,083,604	1,093,604	(10,000)
At December 31, 2003:				
HUD Special Revenue Fund		1,212,628	2,164,396	(951,768)
Law Enforcement Block Grant Fund		104,942	147,644	(42,702)

The City Auditor should obtain an amended certificate of estimated resources prior to amending appropriations if the total amended appropriations would exceed the amount previously certified.

Finding Number 2003-002

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two “exceptions” to the above requirements:

- Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, City Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- If the amount involved is less than \$1,000 (\$3,000 after April 7, 2003), the City Auditor may authorize payment through a Then and Now Certificate without affirmation of City Council, if such expenditure is otherwise valid.

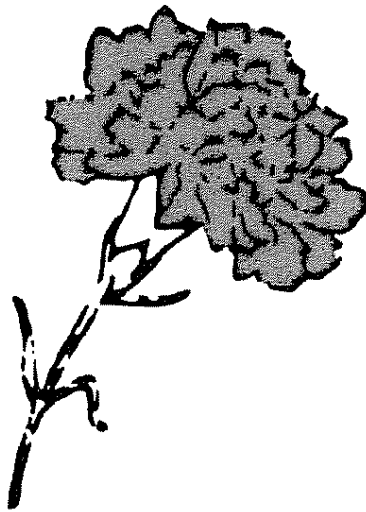
During 2003, 24% of expenditures tested were not certified by the City Auditor prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The City should certify the availability of funds prior to incurring the obligation for expenditures. All City employees should be informed of the requirements of Ohio Rev. Code Section 5705.41(D). The City should also consider the use of Then and Now Certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41(D).

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, 2003

CITY OF ALLIANCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2003

Alexander A. Zumbar
City Auditor

Prepared by the City Auditor's Office

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Introductory Section

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City of Alliance, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2003
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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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September 7, 2004

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

Transmittal Letter

The Comprehensive Annual Financial Report (CAFR) of the City of Alliance, Ohio (the City) is hereby presented. This CAFR represents the official report of the City of Alliance's operations and financial position for the year ended December 31, 2003, and has been developed to accurately detail the status of City finances to Alliance residents and elected officials, investment banks, underwriters and all other interested parties. This report for the first time is being presented in compliance with the new Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments."

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 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 Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 2002 CAFR.
2. The financial section begins with the Independent Accountants' Report, and includes Management's Discussion and Analysis, the basic financial statements and 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 that provide detailed information relative to the basic financial statements.
3. The statistical section includes selected financial, economic and demographic information, generally presented on a multi-year basis.

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

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 2003.

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

The City's economy continues to show the effects of prior years economic slowdown. The unemployment rate is higher than the State of Ohio and the United States. See the discussion in the MD&A relating to economic factors affecting the City.

Financial Information

The City's accounting system is organized on a "fund basis" in which each fund is a distinct self-balancing accounting entity. The City's day-to-day accounting and budgetary records are maintained on a basis other than GAAP. For financial reporting purposes, the accounting records are converted to the modified and full accrual basis for all applicable funds. On the modified accrual basis, revenues are recognized when measurable and available, and expenditures are recognized when measurable and incurred. The basis of accounting and presentation of the various funds utilized by the City are fully described in Note 2 of the basic financial statements. Additional budgetary information can be found in Note 2.

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.

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. The City carries a \$3,000,000/\$5,000,000 comprehensive general liability policy. 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. Third party administrators, Anthem Benefits Administrators and Aultcare, review 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.

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, 2002.

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, 2003, have been audited by the Auditor of State Betty Montgomery's Office. The Auditor's opinion has been included in this report.

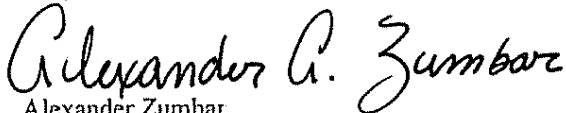
Acknowledgements

The City would like to express its appreciation to Cohen & Company, Ltd. 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,



Alexander Zumbar
City Auditor

City of Alliance, Ohio
City Officials
December 31, 2003

Mayor.....	Toni E. Middleton
President of Council.....	John Benincasa
Councilman- Ward I.....	Roger Rhome
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

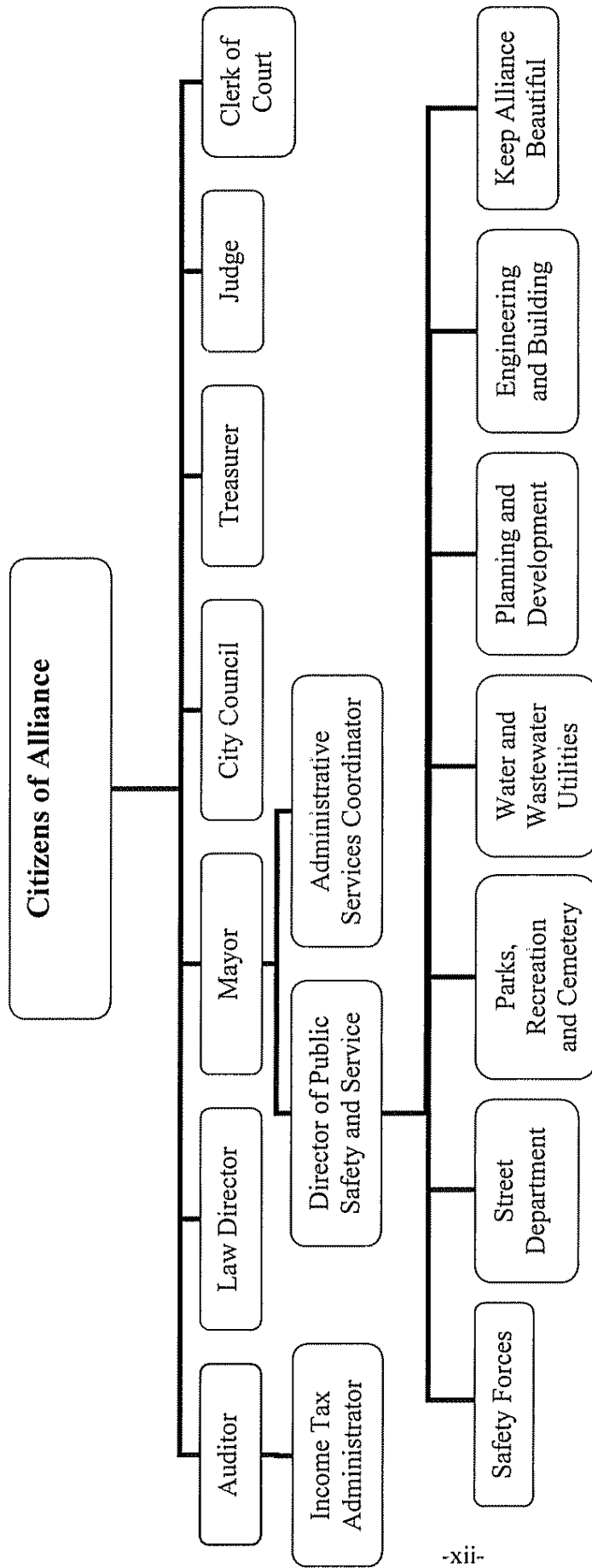
Auditor*.....	Judith K. Carr*
Treasurer.....	Dennis Clunk
Income Tax Administrator.....	Ron Crosser

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.....	Kimberly Cox
Director of Recreation.....	Brook Riley
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

*Alexander A. Zumbar took office January 1, 2004

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, 2002

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



President

Executive Director

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Financial Section



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Honorable Mayor and City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Stark County, Ohio, (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Stark County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General and Special Revenue Revolving Loan Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

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

Betty Montgomery
Auditor of State

September 7, 2004

***Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited***

The discussion and analysis of the City of Alliance's financial performance provide an overall review of the City's financial activities for the year ended December 31, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2003 are as follows:

- The assets of the City exceeded its liabilities at the close of the year ended December 31, 2003, by \$30.8 million (net assets). Of this amount, \$2.1 million (unrestricted net assets) may be used to meet the City's ongoing governmental activities to citizens and creditors, and \$5.5 million is classified as unrestricted in the business-type activities.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$6.6 million. Of this amount, \$3.4 million is available for spending (unreserved fund balance) on behalf of its citizens.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1.6 million, or 15% of total general fund expenditures and other financing uses.
- The City's total debt decreased by \$1.6 million which represents a 12% decrease related to governmental activities and a 5% decrease in debt related to business-type activities.
- The City's total net assets increased by \$.9 million, which represents a 3% increase from 2002.

Using this Annual Financial Report

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

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

***Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited***

Reporting the City of Alliance as a Whole

Government-wide financial statements: Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

- ◆ Governmental Activities-Most of the City's services are reported here including public safety, judicial, health and human service programs, administration, and all departments with the exception of our Water and Sewer funds.
- ◆ Business-Type Activities – These services have a charge based upon the amount of usage. The City charges fees to recoup the cost of the entire operation of our Water and Sewer Plants as well as all capital expenses associated with these facilities.

The government-wide statements can be found on pages 12-13 of this report.

Reporting the City of Alliance's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds that account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City, our major funds are the General, Revolving Loan, Debt Service, Sewer and Water Funds. The analysis of the City's major funds begins on page 14.

*Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited*

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is more than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 14-24 of this report.

Proprietary Funds: The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer operations. An Internal Service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insured hospitalization. The proprietary fund financial statements can be found on pages 25-28 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary funds is much like that of the proprietary funds. The fiduciary fund financial statement can be found on page 29 of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 30 of this report.

*Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited*

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$30.8 million (\$17.9 million in governmental activities and \$12.9 million in business-type activities) as of December 31, 2003. By far, the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of other related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 provides a summary of the City's net assets for 2003.

**Table 1
Net Assets
(In Millions)**

	Governmental Activities	Business-Type Activities	Total
Assets			
Current & Other Assets	\$ 13.9	\$ 8.8	\$ 22.7
Capital Assets, Net	12.0	25.4	37.4
<i>Total Assets</i>	<u>25.9</u>	<u>34.2</u>	<u>60.1</u>
Liabilities			
Current & Other Liabilities	4.5	1.5	6.0
Long-Term Liabilities			
Due Within One Year	0.8	0.3	1.1
Due in More Than One Year	2.7	19.5	22.2
<i>Total Liabilities</i>	<u>8.0</u>	<u>21.3</u>	<u>29.3</u>
Net Assets			
Invested in Capital			
Assets, Net of Debt	8.6	5.1	13.7
Restricted:			
Special Revenue	5.8		5.8
Capital Projects	1.4		1.4
Debt Service		2.3	2.3
Unrestricted	2.1	5.5	7.6
<i>Total Net Assets</i>	<u>\$ 17.9</u>	<u>\$ 12.9</u>	<u>\$ 30.8</u>

In future years, when prior year information is available, a comparative analysis of the government-wide data will be presented.

**Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited**

As of December 31, 2003, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

Table 2 below provides a summary of the changes in net assets for 2003.

**Table 2
Changes in Net Assets
(In Millions)**

	Governmental Activities	Business-Type Activities	Total
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 1.2	\$ 7.3	\$ 8.5
Operating Grants and Contributions	0.3		0.3
Capital Grants and Contributions		0.2	0.2
<i>General Revenues</i>			
Property Taxes	1.5		1.5
Income Tax	6.7	0.2	6.9
Unrestricted Grants	2.9		2.9
Other	0.8		0.8
Total Revenues	13.4	7.7	21.1
Program Expenses			
General Government	2.1		2.1
Security of Persons and Property	7.1		7.1
Public Health Services	0.7		0.7
Transportation	1.0		1.0
Community Environment	0.9		0.9
Basic Utility Service	0.1		0.1
Leisure Time Activities	0.6		0.6
Interest on Long-term Debt	0.2		0.2
Water and Sewer		7.5	7.5
Total Expenses	12.7	7.5	20.2
Increase in Net Assets	\$ 0.7	\$ 0.2	\$ 0.9

In future years, when prior year information is available, a comparative analysis of the government-wide data will be presented.

Governmental Activities

Security of persons and property accounts for \$7.1 million of the \$12.7 million total expenses for governmental activities, or 56% of total expenses. The next largest program expense is general government, accounting for \$2.1 million which represents 16% of total governmental expenses.

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2003 Unaudited

Income tax revenue accounts for \$6.7 million of the \$13.4 million in total revenue for governmental activity, or 50% of total governmental revenues. Charges for services was the largest program revenue, accounting for \$1.2 million, or 9% total governmental revenue. These charges are for fees for real estate transfers, fines and forfeitures related to judicial activity, and licenses and permits associated with building inspectors.

Business-type Activities

The net assets for the business-type activities for the City increased by \$229,000 during the year 2003. The major revenue source was charges for service of \$7.3 million.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6.6 million. Approximately \$3.4 million of this amount constitutes unreserved fund balance, which is available for spending for its citizens. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior year, and 2) to account for the reservation of loans. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments or a tax levy.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 16% of the total general fund expenditures and other financing uses.

The fund balance of the City's general fund decreased by \$.7 million during the current fiscal year. Revenues were down approximately \$250,000 while expenditures were up \$400,000. The increase in expenditures was primarily related to police and fire department expenditures.

The fund balance of the City's debt service fund decreased by over \$2 million during the current fiscal year. This resulted from the short term refinancing of certain notes. The City expects to refinance these notes with long term bonds in November 2004.

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2003 Unaudited

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2003, the City amended its general fund budget several times. These changes were not significant. There were no significant differences between the revised budget and actual.

Capital Assets and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of December 31, 2003, amounts to \$13.7 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, software, furniture, equipment, sewer and water systems, infrastructure, construction in progress, and vehicles.

Note 8 provides capital asset activity during 2003.

Major capital asset events during the current year included the following:

- Completion of the \$4.6 million Freedom Center
- Completion of renovation to the City Hall Building which houses the court, judges and law director totaling \$395,000. In addition a new court filing system was installed which totaled \$130,000
- Sewer capital improvements totaled \$443,000
- In process during 2003, was the Silver Park Bridge which was opened in 2004 with a total cost of \$130,000

Long-term Debt: At the end of 2003, the City's debt outstanding other than bond anticipation notes consisted of revenue bonds in the amount of \$20.0 million; general obligation debt outstanding of \$1.6 million; Ohio Public Works Commission loans of \$45,000 and \$2.1 million of notes payable. Of the \$1.6 million general obligation debt - debt that is backed by the full faith and credit of the City - \$.6 million is special assessment debt for which the City is liable in the event of default by the property owner subject to the assessment.

The City's bonded debt decreased by \$1.6 million or 6.1% during the 2003 fiscal year as no new additional bonds were issued. The City had \$2,495,000 in a bond anticipation notes outstanding as of December 31, 2003. A schedule of bond anticipation note activity during 2003 can be found in Note 17.

State statute limits the total amount of debt a governmental entity may issue. The City's total debt margin at the end of 2003 was \$24.5 million with an unvoted total debt margin of \$11.3 million. Its net general bonded debt per capita for 2003 was \$33.61 as compared with \$42.78 for 2002. The calculation and related discussion of the legal debt margin, and other debt-related statistics, are included in the Statistical Section of this report. The City maintains an underlying "A2" rating from Moody's on its general obligation debt and an underlying "Aaa" rating on its revenue bonds.

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2003 Unaudited

In addition to the bonded debt, the City's long-term obligations include a liability for police and fire pension and compensated absences. Additional information on the City's long-term liabilities can be found in Note 11 of this report.

Interest and fiscal charges related to governmental activities in 2003 were \$175,000 or 1.4% of the total governmental activities expenses.

Economic Factors and Next Year's Budgets

The City's unemployment rate of 7% at December 31, 2003 compares to 6.1% for the State of Ohio and 5.8% for the United States.

In 2003, the City opened its industrial park. The following companies opened or will open facilities there in 2004: Robertson Heating & Supply (Headquarters), Terry's Tiretown and Winkle Magnetics. In addition, 2003 saw the return of the steel industry to the City with the opening of Alliance Casting, Inc. (employment 420).

Alliance Community Hospital is currently constructing a \$68 million dollar facility. Land clearing and construction of the new 17-20 acre campus began in 2002 and the new state of the art facility is beginning to take shape in 2004. Professional office buildings were completed in 2003.

The Alliance City School District is near completion of a \$61 million project to build three new schools (Alliance Middle School, Northside Elementary, Rockhill Elementary) and are finishing renovations of South Lincoln Elementary and Parkway Elementary Schools. The demolition of the former Stanton Middle School, Morgan and Freedom and Liberty Elementary schools was also part of the multi-million dollar Ohio Schools Facilities Commission Project for the Alliance City Schools. In addition, a 7.8 mill general operating levy for the city schools was passed at the March 2, 2004 election.

The City and the Ohio EPA have come to terms in the settlement of an Ohio Environmental Protection Agency lawsuit filed over decade old violations of the City's wastewater plant operating permit. These violations date back to 1988 and include by-passes which occurred at the plant. Changes in the plant's operation, repairs to the plant and work to eliminate the amount of rain water getting in the lines have helped to curb by-passes. Settling the suit will cost the City \$4,500 in fines and a \$100,000 supplemental environment project. This supplemental project will move forward already discussed plans to provide sanitary sewer service to a portion of Smith Township abutting the City's eastern border. This will be approximately 1,300 linear feet of sewer line. The City would collect tap-in fees and surcharge for sewer service outside the City for those residents connecting to the line.

Plans are underway to expand the growth of the City to the north and west by extending sewer service through the West Beach Creek Sanitary Project and the Beeson Street Sewer Project.

ALLIANCE, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited***

The Mayor has proposed to create a blue ribbon committee to review all aspects of City government in order to find ways to increase revenues and decrease expenditures. Schedules for licenses, permits and fees will be analyzed in light of present cost structures. A water and sewer rate survey is also underway. In addition, the City is consolidating its debt to take advantage of low interest rates, with an expected savings of \$210,000.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Alliance Auditor, Alexander Zumbar. You may also visit our website at <http://home.neo.rr.com/auditor> or email us at auditor@neo.rr.com.

City of Alliance, Ohio
Statement of Net Assets
December 31, 2003

	Governmental Activities	Business-Type Activities	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,928,149	\$ 3,460,945	\$ 9,389,094
Cash and Cash Equivalents - Segregated Accounts	60,612		60,612
Taxes Receivable	2,914,162		2,914,162
Accounts Receivable	27,013	1,248,927	1,275,940
Intergovernmental Receivable	1,191,177	10,215	1,201,392
Special Assessment Receivable	1,155,272		1,155,272
Loans Receivable	2,631,726		2,631,726
Materials and Supplies Inventory	40,808	258,185	298,993
Deferred Charges		252,368	252,368
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents		1,404,969	1,404,969
Cash and Cash Equivalents with Fiscal Agents		2,181,690	2,181,690
Capital Assets (Net of Accumulated Depreciation)	12,004,889	25,358,207	37,363,096
<i>Total Assets</i>	25,953,808	34,175,506	60,129,314
Liabilities			
Accounts Payable	96,707	52,642	149,349
Accrued Wages and Expenses	372,711	67,490	440,201
Claims and Judgements Payable	193,139		193,139
Compensated Absences Payable	140,487		140,487
Intergovernmental Payable	398,482	93,022	491,504
Deferred Revenue	795,241	8,667	803,908
Accrued Interest Payable	17,273		17,273
Notes Payable	2,495,000		2,495,000
Payable from Restricted Assets:			
Revenue Bonds Payable - Current Portion		1,016,829	1,016,829
Accrued Revenue Bond Interest		152,143	152,143
Long-term Liabilities:			
Due Within One Year	771,049	298,011	1,069,060
Due In More Than One Year	2,731,906	19,618,021	22,349,927
<i>Total Liabilities</i>	8,011,995	21,306,825	29,318,820
Net Assets			
Investment in Capital Assets, Net of Related Debt	8,614,889	5,097,337	13,712,226
Restricted for:			
Special Revenue	5,814,454		5,814,454
Capital Projects	1,369,346		1,369,346
Debt Service		2,324,516	2,324,516
Unrestricted	2,143,124	5,446,828	7,589,952
<i>Total Net Assets</i>	\$ 17,941,813	\$ 12,868,681	\$ 30,810,494

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Activities
For the year ended December 31, 2003

Function/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General Government	\$ 2,138,370	\$ 936,325	\$ 44,448		\$ (1,157,597)		\$ (1,157,597)
Security of Persons and Property	7,095,318		47,413		(7,047,905)		(7,047,905)
Public Health Services	718,678	139,243	213,500		(365,935)		(365,935)
Transportation	1,036,841	50			(1,036,791)		(1,036,791)
Community Environment	943,633	152,257			(791,376)		(791,376)
Basic Utility Services	70,332				(70,332)		(70,332)
Leisure Time Activities	598,089	20,128	\$ 46,887		(531,074)		(531,074)
Interest	175,161				(175,161)		(175,161)
Total government activities	12,776,422	1,248,003	305,361	46,887	(11,176,171)		(11,176,171)
Business-type activities:							
Water	4,377,606	3,917,191				\$ (460,415)	(460,415)
Sewer	3,132,644	3,341,118		170,307		378,781	378,781
Total business-type activities	7,510,250	7,258,309		170,307		(81,634)	(81,634)
Total primary government	\$ 20,286,672	\$ 8,506,312	\$ 305,361	\$ 217,194	(11,176,171)	(81,634)	(11,257,805)
General Revenues:							
Taxes:							
Municipal Income Taxes					6,706,398	268,840	6,975,238
Property Taxes					1,493,119		1,493,119
Grants and Contributions					2,879,685		2,879,685
Interest and Investment Earnings					117,106	41,794	158,900
Miscellaneous					627,687		627,687
Total General Revenues					11,823,995	310,634	12,134,629
Change in Net Assets					647,824	229,000	876,824
Net Assets - Beginning					17,293,989	12,639,681	29,933,670
Net Assets - Ending					\$ 17,941,813	\$ 12,868,681	\$ 30,810,494

See accompanying notes to the basic financial statements.

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

	General Fund	Revolving Loan Fund	Debt Service Fund	Other Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$710,116	\$1,232,403	\$113,467	\$3,196,656
Cash and Cash Equivalents in Segregated Accounts	60,612			
Receivables:				
Taxes	2,408,683			505,479
Accounts	27,013			
Interfund	38,265			
Intergovernmental	612,100			579,077
Special Assessments	410,492		570,000	174,780
Loans		2,489,014		142,712
Materials and Supplies Inventory	40,808			
<i>Total Assets</i>	<u>4,308,089</u>	<u>3,721,417</u>	<u>683,467</u>	<u>4,598,704</u>
Liabilities				
Accounts Payable	85,084			11,623
Accrued Wages	286,413			10,958
Compensated Absences Payable	130,510			9,977
Intergovernmental Payable	161,462			24,483
Interfund Payable				38,265
Deferred Revenue	2,027,854		570,000	879,071
Accrued Interest Payable				2,273
Notes Payable			2,115,000	380,000
<i>Total Liabilities</i>	<u>2,691,323</u>		<u>2,685,000</u>	<u>1,356,650</u>
Fund Balances (Deficits)				
Reserved for Encumbrances	57,758	15,000		503,777
Reserved for Loans Receivable		2,489,014		142,712
Unreserved, Undesignated, Reported in:				
General Fund	1,559,008			
Special Revenue Funds		1,217,403		1,744,308
Debt Service Funds			(2,001,533)	
Capital Projects Funds				851,257
<i>Total Fund Balances (Deficits)</i>	<u>\$1,616,766</u>	<u>\$3,721,417</u>	<u>(\$2,001,533)</u>	<u>\$3,242,054</u>

See accompanying notes to the basic financial statements

CITY OF ALLIANCE, OHIO
 RECONCILIATION OF TOTAL GOVERNMENTAL
 FUND BALANCES TO NET ASSETS OF
 GOVERNMENTAL ACTIVITIES
 DECEMBER 31, 2003

Total Governmental Funds	Total Governmental Fund Balances	\$6,578,704
	<i>Amounts reported for governmental activities in the statements of net assets are different because:</i>	
\$5,252,642	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,004,889
60,612		
2,914,162	Internal service fund	482,368
27,013		
38,265		
1,191,177	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	2,681,684
1,155,272		
2,631,726		
40,808		
<u>13,311,677</u>	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,805,832)</u>
96,707	<i>Net Assets of Governmental Activities</i>	<u>\$17,941,813</u>
297,371		
140,487		
185,945		
38,265		
3,476,925		
2,273		
2,495,000		
<u>6,732,973</u>		
576,535		
2,631,726		
1,559,008		
2,961,711		
(2,001,533)		
851,257		
<u>\$6,578,704</u>		

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

	General Fund	Revolving Loan Fund	Debt Service Fund	Other Governmental Funds
Revenues				
Property and Other Taxes	\$ 809,335			\$683,784
Municipal Income Taxes	5,680,243			1,150,574
Charges for Services	351,965			
Licenses, Permits and Fees	180,204			71,495
Fines and Forfeitures	404,981			51,500
Intergovernmental	1,458,228			1,884,824
Special Assessments			\$ 63,516	8,747
Interest	27,819	\$ 69,674		19,613
Rentals	187,858			
Other	209,535			325,770
<i>Total Revenues</i>	<u>9,310,168</u>	<u>69,674</u>	<u>63,516</u>	<u>4,196,307</u>
Expenditures				
Current:				
General Government	2,125,073			113,879
Security of Persons and Property	5,728,298			843,585
Public Health Services	447,666			295,797
Transportation	343,758			600,589
Community Environment	80,777	13,668		864,720
Basic Utility Services	54,340			
Leisure Time Activities	580,700			
Capital Outlay				1,865,747
Debt Service:				
Principal Retirement			2,840,000	6,232
Interest and Fiscal Charges			151,576	26,985
<i>Total Expenditures</i>	<u>9,360,612</u>	<u>13,668</u>	<u>2,991,576</u>	<u>4,617,534</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(50,444)</u>	<u>56,006</u>	<u>(2,928,060)</u>	<u>(421,227)</u>
Other Financing Sources (Uses)				
Proceeds of Notes			240,000	
Transfers In	15,000		576,333	1,144,083
Transfers Out	(684,083)			(1,051,333)
<i>Total Other Financing Sources (Uses)</i>	<u>(669,083)</u>		<u>816,333</u>	<u>92,750</u>
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</i>	<u>(719,527)</u>	<u>56,006</u>	<u>(2,111,727)</u>	<u>(328,477)</u>
<i>Fund Balances Beginning of Year</i>	<u>2,336,293</u>	<u>3,665,411</u>	<u>110,194</u>	<u>3,570,531</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 1,616,766</u>	<u>\$ 3,721,417</u>	<u>\$ (2,001,533)</u>	<u>\$ 3,242,054</u>

See accompanying notes to the basic financial statements

**CITY OF ALLIANCE, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Net Change in Fund Balances - Total Governmental Funds	\$ (3,103,725)
Total Governmental Funds	<i>Amounts for governmental activities in the statement of activities are different because</i>	
	Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	1,116,308
\$ 1,493,119		
6,830,817		
351,965		
251,699		
456,481		
3,343,052	Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(215,419)
72,263		
117,106		
187,858	Activity in the internal service fund	(78,431)
535,305		
13,639,665	Debt transactions are reported as expenditures in the funds	2,606,232
	In the Statement of Activities, interest is accrued on long term debt	3,400
2,238,952		
6,571,883		
743,463	Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	319,459
944,347		
959,165		
54,340		
580,700		
1,865,747	Change in Net Assets of Governmental Activities	<u>\$ 647,824</u>
2,846,232		
178,561		
16,983,390		
(3,343,725)		
240,000		
1,735,416		
(1,735,416)		
240,000		
(3,103,725)		
9,682,429		
\$ 6,578,704		

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

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Revenues				
Property and Other Taxes	\$843,200	\$843,200	\$809,335	(\$33,865)
Municipal Income Taxes	5,941,218	5,941,218	5,643,049	(298,169)
Charges for Services	207,700	207,700	344,965	137,265
Licenses, Permits and Fees	188,544	188,544	180,204	(8,340)
Fines and Forfeitures	423,800	423,800	404,981	(18,819)
Intergovernmental	1,073,402	1,283,171	1,637,215	354,044
Interest	30,300	30,300	27,819	(2,481)
Rentals	167,400	167,400	187,858	20,458
Other	215,900	215,900	209,535	(6,365)
<i>Total Revenues</i>	<u>9,091,464</u>	<u>9,301,233</u>	<u>9,444,961</u>	<u>143,728</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Salaries and Wages	90,000	91,060	91,056	4
Fringe Benefits	37,618	38,753	38,404	349
Contractual Services	2,850	2,825	2,416	409
Materials and Supplies	4,700	4,700	4,367	333
Total Mayor	<u>135,168</u>	<u>137,338</u>	<u>136,243</u>	<u>1,095</u>
Senior Center:				
Salaries and Wages	46,950	47,150	47,149	1
Fringe Benefits	14,971	15,422	15,356	66
Contractual Services	200	311	311	0
Materials and Supplies	500	474	457	17
Total Senior Center	<u>62,621</u>	<u>63,357</u>	<u>63,273</u>	<u>84</u>
Auditor:				
Salaries and Wages	148,014	146,614	146,543	71
Fringe Benefits	60,037	61,422	60,566	856
Contractual Services	9,300	9,635	9,152	483
Materials and Supplies	6,525	6,190	5,989	201
Total Auditor	<u>\$223,876</u>	<u>\$223,861</u>	<u>\$222,250</u>	<u>\$1,611</u>

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2003

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Treasurer:				
Salaries and Wages	\$3,754	\$3,754	\$3,754	\$0
Fringe Benefits	742	802	792	10
Materials and Supplies	300	255	245	10
Total Treasurer	4,796	4,811	4,791	20
Law Director:				
Salaries and Wages	126,000	124,490	123,695	795
Fringe Benefits	43,641	45,451	44,498	953
Contractual Services	3,050	2,270	2,234	36
Materials and Supplies	1,700	2,180	1,768	412
Total Law Director	174,391	174,391	172,195	2,196
City Council:				
Salaries and Wages	37,162	37,162	37,017	145
Fringe Benefits	7,257	7,832	7,743	89
Contractual Services	200	200	95	105
Materials and Supplies	17,550	17,100	14,958	2,142
Total City Council	62,169	62,294	59,813	2,481
Judge and Probation:				
Salaries and Wages	140,873	138,513	138,386	127
Fringe Benefits	63,040	66,170	64,062	2,108
Contractual Services	6,100	5,500	4,772	728
Materials and Supplies	10,200	10,239	9,840	399
Total Judge and Probation	220,213	220,422	217,060	3,362
Clerk of Courts:				
Salaries and Wages	188,902	188,902	161,340	27,562
Fringe Benefits	79,410	80,100	74,941	5,159
Contractual Services	33,000	39,200	32,489	6,711
Materials and Supplies	16,100	12,600	12,467	133
Total Clerk of Courts	317,412	320,802	281,237	39,565
Civil Service:				
Salaries and Wages	12,810	12,810	12,809	1
Fringe Benefits	2,392	2,552	2,479	73
Materials and Supplies	10,150	10,253	5,823	4,430
Total Civil Service	\$25,352	\$25,615	\$21,111	\$4,504

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2003

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Engineering:				
Salaries and Wages	\$45,721	\$52,854	\$52,851	\$3
Fringe Benefits	19,192	21,417	21,176	241
Contractual Services	5,200	5,585	4,632	953
Materials and Supplies	3,850	4,324	3,836	488
Total Engineering	73,963	84,180	82,495	1,685
County Auditor and Treasurer:				
Contractual Services	22,000	34,100	33,470	630
State Examiner:				
Contractual Services	36,000	36,000	33,641	2,359
Income Tax:				
Salaries and Wages	103,356	103,356	103,197	159
Fringe Benefits	39,146	41,452	41,182	270
Contractual Services	26,916	27,756	26,040	1,716
Materials and Supplies	7,700	8,500	7,854	646
Capital Outlay	1,000	1,000	655	345
Other	114,000	110,054	89,931	20,123
Total Income Tax	292,118	292,118	268,859	23,259
Land and Buildings:				
Salaries and Wages	20,510	31,000	29,103	1,897
Fringe Benefits	10,475	12,710	12,327	383
Contractual Services	215,276	156,051	122,585	33,466
Materials and Supplies	48,000	94,500	65,104	29,396
Total Land and Buildings	294,261	294,261	229,119	65,142
General Administration:				
Salaries and Wages	39,526	55,026	52,711	2,315
Fringe Benefits	15,866	19,441	18,345	1,096
Contractual Services	254,460	237,569	199,965	37,604
Materials and Supplies	12,340	24,400	10,829	13,571
Capital Outlay	15,000	17,290	12,519	4,771
Other	32,800	33,840	33,245	595
Total General Administration	369,992	387,566	327,614	59,952
Total General Government	\$2,314,332	\$2,361,116	\$2,153,171	\$207,945

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2003

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Security of Persons and Property:				
Police:				
Salaries and Wages	\$2,290,651	\$2,305,201	\$2,290,291	\$14,910
Fringe Benefits	487,147	570,084	553,165	16,919
Contractual Services	189,302	175,936	166,038	9,898
Materials and Supplies	64,000	80,379	78,574	1,805
Total Police	3,031,100	3,131,600	3,088,068	43,532
Fire:				
Salaries and Wages	1,505,176	1,525,176	1,498,497	26,679
Fringe Benefits	305,669	326,504	323,195	3,309
Contractual Services	90,146	92,337	90,267	2,070
Materials and Supplies	16,000	16,570	15,783	787
Total Fire	1,916,991	1,960,587	1,927,742	32,845
Fire Communications:				
Materials and Supplies	7,500	7,500	7,352	148
Safety Administration:				
Salaries and Wages	292,557	291,057	290,533	524
Fringe Benefits	120,229	125,934	122,526	3,408
Contractual Services	140,039	136,134	116,916	19,218
Total Safety Administration	552,825	553,125	529,975	23,150
Prisoner Support:				
Contractual Services	85,000	80,761	72,350	8,411
Total Security of Persons and Property	5,593,416	5,733,573	5,625,487	108,086
Public Health Services:				
Health Control and Prevention:				
Salaries and Wages	56,160	56,335	56,330	5
Fringe Benefits	24,976	26,140	25,921	219
Contractual Services	15,400	17,700	16,868	832
Materials and Supplies	4,500	4,500	4,459	41
Other	890	890	850	40
Total Health Control and Prevention	\$101,926	\$105,565	\$104,428	\$1,137

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2003

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Health Administration:				
Salaries and Wages	\$209,689	\$212,539	\$212,516	\$23
Fringe Benefits	75,453	78,033	77,670	363
Contractual Services	8,900	8,942	8,834	108
Materials and Supplies	14,840	14,840	14,682	158
Other	16,300	27,755	27,406	349
Total Health Administration	325,182	342,109	341,108	1,001
Total Public Health Services	427,108	447,674	445,536	2,138
Transportation:				
Street Transportation:				
Fringe Benefits	91,899	93,049	92,882	167
Contractual Services	120,854	187,818	180,661	7,157
Materials and Supplies	34,950	42,055	34,162	7,893
Total Transportation	247,703	322,922	307,705	15,217
Community Environment:				
Planning Commission:				
Contractual Services	0	2,000	2,000	0
Zoning and Building:				
Salaries and Wages	58,920	59,720	59,678	42
Fringe Benefits	10,622	11,462	11,044	418
Contractual Services	6,900	8,010	6,320	1,690
Materials and Supplies	1,950	2,281	2,104	177
Other	0	250	0	250
Total Zoning and Building	78,392	81,723	79,146	2,577
Shade Tree:				
Contractual Services	500	500	0	500
Total Community Environment	78,892	84,223	81,146	3,077
Basic Utility Services:				
Storm Sewer:				
Salaries and Wages	39,600	39,495	39,336	159
Fringe Benefits	14,608	15,213	14,774	439
Materials and Supplies	1,200	700	233	467
Total Basic Utility Services	\$55,408	\$55,408	\$54,343	\$1,065

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2003

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Leisure Time Activities:				
Parks:				
Salaries and Wages	\$257,347	\$291,917	\$291,771	\$146
Fringe Benefits	92,208	94,113	93,857	256
Contractual Services	49,883	52,769	51,782	987
Materials and Supplies	12,200	12,729	12,274	455
Other	200	200	89	111
Total Parks	411,838	451,728	449,773	1,955
Recreation:				
Salaries and Wages	80,495	77,895	77,774	121
Fringe Benefits	36,139	39,543	37,240	2,303
Contractual Services	5,324	3,020	2,965	55
Materials and Supplies	9,800	10,300	9,940	360
Total Recreation	131,758	130,758	127,919	2,839
Total Leisure Time Activities	543,596	582,486	577,692	4,794
Total Expenditures	9,260,455	9,587,402	9,245,080	342,322
<i>Excess of Revenues Under Expenditures</i>	(168,991)	(286,169)	199,881	486,050
Other Financing Sources (Uses)				
Transfers In	15,000	15,000	15,002	2
Transfers Out	(808,314)	(703,309)	(684,082)	19,227
Total Other Financing Sources (Uses)	(793,314)	(688,309)	(669,080)	19,229
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</i>	(962,305)	(974,478)	(469,199)	505,279
Fund Balance Beginning of Year	1,058,674	1,058,674	1,058,674	0
Prior Year Encumbrances Appropriated	35,443	35,443	35,443	0
Fund Balance End of Year	\$131,812	\$119,639	\$624,918	\$505,279

See accompanying notes to the basic financial statements

City of Alliance, Ohio
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Revolving Loan Fund
 For the Year Ended December 31, 2003*

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Interest	\$54,680	\$54,680	\$69,674	\$14,994
Other	320,320	509,745	258,321	(251,424)
<i>Total Revenues</i>	<u>375,000</u>	<u>564,425</u>	<u>327,995</u>	<u>(236,430)</u>
Expenditures				
Current:				
Community Environment:				
Revolving Loan:				
Contractual Services	7,500	7,500	3,577	3,923
Capital Outlay	1,500,000	1,510,000	60,091	1,449,909
<i>Total Expenditures</i>	<u>1,507,500</u>	<u>1,517,500</u>	<u>63,668</u>	<u>1,453,832</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,132,500)	(953,075)	264,327	1,217,402
<i>Fund Balance Beginning of Year</i>	943,076	943,076	943,076	0
Prior Year Encumbrances Appropriated	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>(\$179,424)</u></u>	<u><u>\$1</u></u>	<u><u>\$1,217,403</u></u>	<u><u>\$1,217,402</u></u>

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2003

	Business-Type Activities			Governmental Activities
	Water	Sewer	Totals	Internal Service
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,019,091	\$1,441,854	\$3,460,945	\$675,507
Accounts Receivable	701,820	547,107	1,248,927	
Intergovernmental Receivable		10,215	10,215	
Materials and Supplies Inventory	221,258	36,927	258,185	
Deferred Charges	252,368		252,368	
Total Current Assets	3,194,537	2,036,103	5,230,640	675,507
Noncurrent Assets:				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	1,016,214	388,755	1,404,969	
Cash and Cash Equivalents with Fiscal Agents	1,597,589	584,101	2,181,690	
Total Restricted Assets	2,613,803	972,856	3,586,659	
Capital Assets (Net of Accumulated Depreciation)	16,384,782	8,973,425	25,358,207	
Total Noncurrent Assets	18,998,585	9,946,281	28,944,866	
Total Assets	22,193,122	11,982,384	34,175,506	675,507
Liabilities				
Current Liabilities:				
Accounts Payable	25,136	27,506	52,642	
Accrued Wages	28,822	38,668	67,490	
Compensated Absences Payable	57,817	142,532	200,349	
Intergovernmental Payable	42,944	50,078	93,022	
Deferred Revenue		8,667	8,667	
Current Portion of OPWC Loan		2,662	2,662	
General Obligation Bonds		95,000	95,000	
Claims and Judgments Payable				193,139
Total Current Liabilities	154,719	365,113	519,832	193,139
Current Liabilities Payable from Restricted Assets:				
Revenue Bonds Payable	626,829	390,000	1,016,829	
Accrued Interest Payable	109,154	42,989	152,143	
Total Current Liabilities Payable from Restricted Assets	735,983	432,989	1,168,972	
Long-Term Liabilities:				
Compensated Absences Payable	207,452	264,190	471,642	
OPWC Loan Payable (net of Current Portion)		42,610	42,610	
General Obligation Bonds Payable (net of Current Portion)		95,000	95,000	
Revenue Bonds Payable (net of Current Portion)	16,143,769	2,865,000	19,008,769	
Total Long-Term Liabilities	16,351,221	3,266,800	19,618,021	
Total Liabilities	17,241,923	4,064,902	21,306,825	193,139
Net Assets				
Investment in Capital Assets, Net of Related Debt	(385,816)	5,483,153	5,097,337	
Restricted for:				
Debt Service	1,784,649	539,867	2,324,516	
Unrestricted	3,552,366	1,894,462	5,446,828	482,368
Total Net Assets	\$4,951,199	\$7,917,482	\$12,868,681	\$482,368

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003

	Business-Type Activities			Governmental Activities
	Water	Sewer	Totals	Internal Service
Operating Revenues				
Charges for Services	\$ 3,830,295	\$ 3,096,241	\$ 6,926,536	
Licenses and Permits		62,106	62,106	
Other	86,896	182,771	269,667	\$ 1,396,422
<i>Total Operating Revenues</i>	<u>3,917,191</u>	<u>3,341,118</u>	<u>7,258,309</u>	<u>1,396,422</u>
Operating Expenses				
Salaries and Benefits	1,122,516	1,300,472	2,422,988	
Fringe Benefits	416,817	413,303	830,120	1,475,716
Contractual Services	477,031	530,454	1,007,485	
Materials and Supplies	553,631	249,838	803,469	
Other	13,682	763	14,445	
Depreciation	764,030	403,893	1,167,923	
<i>Total Operating Expenses</i>	<u>3,347,707</u>	<u>2,898,723</u>	<u>6,246,430</u>	<u>1,475,716</u>
<i>Operating Income (Loss)</i>	569,484	442,395	1,011,879	(79,294)
Non-Operating Revenues (Expenses)				
Municipal Income Tax	268,840		268,840	
Interest and Fiscal Charges	(1,029,899)	(233,921)	(1,263,820)	
Investment Income	22,417	19,377	41,794	863
Government Grants		170,307	170,307	
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(738,642)</u>	<u>(44,237)</u>	<u>(782,879)</u>	<u>863</u>
<i>Change in Net Assets</i>	(169,158)	398,158	229,000	(78,431)
<i>Net Assets Beginning of Year</i>	<u>5,120,357</u>	<u>7,519,324</u>	<u>12,639,681</u>	<u>560,799</u>
<i>Net Assets End of Year</i>	<u>\$ 4,951,199</u>	<u>\$ 7,917,482</u>	<u>\$ 12,868,681</u>	<u>\$ 482,368</u>

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003

	Business-Type Activities			Governmental Activities
	Water	Sewer	Totals	Internal Service
Cash Flows from Operating Activities				
Cash Received from Customers	\$3,785,503	\$3,146,506	\$6,932,009	
Cash Payments to Suppliers for Good and Services	(933,687)	(811,825)	(1,745,512)	
Cash Payments for Employee Services and Benefits	(1,548,077)	(1,778,581)	(3,326,658)	(\$1,399,670)
Other Revenue	86,896	182,771	269,667	1,396,422
Other Expenses	(13,445)	(516)	(13,961)	
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,377,190</u>	<u>738,355</u>	<u>2,115,545</u>	<u>(3,248)</u>
Cash Flows from Non Capital Financing Activities				
Municipal Income Taxes	268,840	0	268,840	
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(73,499)	(478,603)	(552,102)	
Government Grants	0	170,307	170,307	
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	(20,378)	(20,378)	
Principal Paid on Water Revenue Bonds	(695,000)	0	(695,000)	
Interest Paid on Water Revenue Bonds	(902,762)	0	(902,762)	
Principal Paid on Sewer Revenue Bonds	0	(370,000)	(370,000)	
Interest Paid on Sewer Revenue Bonds	0	(213,543)	(213,543)	
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,671,261)</u>	<u>(1,009,879)</u>	<u>(2,681,140)</u>	
Cash Flows from Investing Activities				
Interest	22,417	19,377	41,794	863
<i>Net Decrease In Cash and Cash Equivalents</i>	<u>(2,814)</u>	<u>(252,147)</u>	<u>(254,961)</u>	<u>(2,385)</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>4,635,708</u>	<u>2,666,857</u>	<u>7,302,565</u>	<u>677,892</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,632,894</u>	<u>\$2,414,710</u>	<u>\$7,047,604</u>	<u>\$675,507</u>

(continued)

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2003

	Business-Type Activities			Governmental Activities
	Water	Sewer	Totals	Internal Service
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities				
Operating Income(Loss)	\$569,484	\$442,395	\$1,011,879	(\$79,294)
Depreciation	764,030	403,893	1,167,923	
(Increase)/Decrease in Assets:				
Accounts Receivable	(44,792)	(11,841)	(56,633)	
Intergovernmental Receivable		(8,643)	(8,643)	
Materials and Supplies Inventory	98,035	(8,727)	89,308	
Increase/(Decrease) in Liabilities:				
Accounts Payable	(927)	(22,583)	(23,510)	
Accrued Wages	2,466	4,119	6,585	
Compensated Absences Payable	12,652	(37,573)	(24,921)	
Intergovernmental Payable	(23,758)	(31,352)	(55,110)	
Deferred Revenue		8,667	8,667	
Claim and Judgements Payable				76,046
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$1,377,190</u>	<u>\$738,355</u>	<u>\$2,115,545</u>	<u>(\$3,248)</u>

See accompanying notes to the basic financial statements

City of Alliance
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2003

Assets:

Equity in Pooled Cash and Cash Equivalents	<u>\$14,024</u>
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Liabilities:

Due to Others	<u>\$14,024</u>
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See accompanying notes to the basic financial statements

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

Note 1 - Description of the City and Reporting Entity

The City of 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 2003, 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 accounting principles generally accepted in the United States of America (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 governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB announcements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds. The more significant of the City's accounting policies are described below.

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

A. Basis of Presentation - Fund Accounting

The City uses funds 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.

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 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.

The City's funds are grouped into three broad fund categories and seven generic fund types for financial statement presentation purposes. Governmental funds include the general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds and an internal service fund. The City has one fiduciary agency fund.

B. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the City and for each governmental program. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

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

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

GOVERNMENTAL FUNDS

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are:

- General Fund – This is the City’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- Revolving Loan Fund – To account for revolving loans.
- Debt Service Fund – To account for the accumulation of financial resources for, and the payment of governmental funds long-term debt principal, interest and related costs.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within sixty days of year-end and available to pay obligations of the current period). This includes investment earnings, income taxes, estate taxes, and fines and forfeitures. In accordance with GASB 36, certain state-levied locally shared taxes including motor vehicle license tax and gasoline taxes are considered voluntary non-exchange transactions. These types of transactions are subject to six months accrual and income recognition. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Property taxes and special assessments (in the debt service fund), though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

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

PROPRIETARY FUNDS

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year-end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the City's enterprise funds are charges to customers for sales and services. Internal service fund revenues are charges to City departments. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The major enterprise funds are:

- Water Fund – To account for the provision of water treatment and distribution to the residential and commercial users of the City
- Sewer Fund – To account for sanitary sewer services provided to the residential and commercial users of the City

The City's only internal service fund is for a self-insurance program for medical benefits. The costs of this program are charged to the City's departments on a cost-reimbursement basis.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

FIDUCIARY FUNDS

The City currently has one agency fiduciary fund which accounts for monies received from cable franchise fees. Agency funds are unlike all other types of funds, reporting only assets and liabilities. Therefore agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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, except for 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.

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

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. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted.

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. 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. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years.

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 in the governmental fund financial statements 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 financial statements.

During 2003 investments were limited to STAROhio and First American U.S. Treasury Reserve Fund (a money market mutual fund).

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

Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. 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, 2003.

Investment procedures are restricted by provisions of the Ohio Revised Code. Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund.

The City has segregated bank accounts for monies held separate from the City central bank accounts. These depository accounts are presented in the financial statements 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 financial statements as "restricted assets: cash and cash equivalents with fiscal agents" and represent investments in a money market fund (First American U.S. Treasury Reserve Fund).

For purposes of the statement of cash flows and for presentation on the financial statements, 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 fund financial statements. Short-term interfund loans are classified as "interfund receivables" and "interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets.

F. Inventories

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 capital assets originally acquired with bond proceeds.

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

H. Bond Issuance Costs, Bond Discount and Accounting Loss

Bond issuance costs for proprietary fund types and governmental fund types on the government-wide financial statements 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. Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and not capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$500.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

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 capital assets is also not capitalized. Improvements to fund capital assets are capitalized and depreciated over the remaining useful lives of the related capital assets.

Any 2003 additions to Public domain ("infrastructure") general capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems were capitalized. The City plans on recording the infrastructure acquired prior to 2003 in subsequent years.

Depreciation of capital 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
Infrastructure	20 - 40 years

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.

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

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.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have resigned or retired will be paid.

K. Fund Balance Reserves

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.

L. Capitalization of Interest

The City's policy is to capitalize net interest costs on funds borrowed to finance proprietary fund construction projects until the project is substantially completed. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds.

M. Interfund Activity

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

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

N. Estimates

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

O. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the financial statements only to the extent that they are normally due for payment during the current year. Bonds, long-

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

term notes and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Note 3 – Changes in Accounting Principles and Restatement of Fund Balance

For 2003, the City has implemented GASB Interpretation No. 6 “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements,” GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”, GASB Statement No. 37 “Basic Financial Statements - Management’s Discussion and Analysis – for State and Local Governments: Omnibus”, GASB Statement No. 38 “Certain Financial Statement Note Disclosures and GASB Statement No. 41, “Budgetary Comparison Schedules – Perspective Differences”. Statement 37 amends, modifies and clarifies certain provisions of GASB Statement 34. Statement 38 modifies, establishes and rescinds certain financial statement disclosure requirements. GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the government’s legally adopted budget. GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

GASB 34 creates new basic financial statements for reporting the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. The government-wide financial statements split the City’s programs between business-type and government activities. The beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2002 caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting. The City has adopted these statements effective January 1, 2003. The effect of the change on the December 31, 2002 fund balances/net assets and retained earnings/net assets are as follows:

Fund Balance – December 31, 2002:	\$	<u>9,650,007</u>
Capital assets, net of accumulated depreciation		10,888,581
Internal service fund		560,799
Court agency fund		32,422
Long-term liabilities		(6,414,150)
Accrued interest		(18,400)
Intergovernmental payable		(302,373)
Long-term (deferred) assets		<u>2,897,103</u>
		<u>7,643,982</u>
 Governmental Activities Net Assets, December 31, 2002	 \$	 <u>17,293,989</u>

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

	Sewer	Water	Total
Retained Earnings December 31, 2002	\$ 6,178,432	\$ 52,359	\$ 6,230,791
Contributed Capital December 31, 2002	<u>1,340,892</u>	<u>5,067,998</u>	<u>6,408,890</u>
Net Assets, December 31, 2002	<u>\$ 7,519,324</u>	<u>\$ 5,120,357</u>	<u>\$ 12,639,681</u>

Note 4 - Accountability and Compliance

A. Accountability

At December 31, 2003, the following funds had a deficit fund balance:

	Deficit Fund Balance
<u>Debt Service Fund</u>	\$(2,001,533)
<u>Capital Projects Fund:</u>	
Hospital Sale Capital	\$(375,815)

The deficit in these funds arose from the requirement to report bond anticipation note liabilities in the fund which received the note proceeds. The deficits 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 funds had appropriations in excess of estimated revenues and carryover balances:

Fund	Estimated Revenues Plus Carryover Balances	Appropriations	Excess
Original Budget:			
Revolving Loan	\$ 1,328,076	\$1,507,500	\$ (179,424)
Revised Budget:			
HUD Grant	\$ 1,212,628	\$2,164,396	\$ (951,768)
Law Enforcement Block Grant	\$ 104,942	\$ 147,644	\$ (42,702)

Contrary to Section 5705.41(D), Ohio Revised Code, the City did not properly certify the availability of funds for various expenditures prior to incurring the obligation.

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

Contrary to Section 5705.41(B), Ohio Revised Code, the following fund had disbursements plus outstanding encumbrances in excess of appropriations:

	Appropriations	Disbursements plus Encumbrances	Excess
Debt Service – Principal			
Retirement – Note	\$ 2,737,633	\$ 2,977,633	\$ 240,000

Note 5 - Budgetary Basis of Accounting

Accounting principles used to develop data on a budgetary basis differ from those used to prepare financial statements in conformity with GAAP. The major differences are: (1) revenues are recorded when received (budget) as opposed to when susceptible to accrual (GAAP), (2) expenditures are recorded when paid in cash (budget) as opposed to when susceptible to accrual (GAAP), and (3) outstanding year-end encumbrances are treated as expenditures (budget) as opposed to reservations of fund balances (GAAP).

The following schedule summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue fund.

Net Change in Fund Balance		
	General	Revolving Loan Fund
GAAP Basis	\$ (719,527)	\$ 56,006
Revenue Accruals	134,795	
Expenditure Accruals	200,732	
Encumbrances	(85,199)	(15,000)
Loan transactions		223,321
	\$ (469,199)	\$ 264,327
Non-GAAP Budgetary Basis		

Note 6- Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the 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.

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

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

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.

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.

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."

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

Deposits At year end, the carrying amount of the City's deposits was \$1,069,405 and the bank balance was \$1,897,544. Of the bank balance:

1. \$420,977 was covered by federal depository insurance; and
2. \$1,476,567 was collateralized with securities held by the pledging financial institutions' agent but not in the City's name (Category 3). 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 the money market fund are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Fair Value
STAROhio	\$9,799,294
Money Market Fund	2,181,690
Total Investments	\$11,980,984

The classification of cash and cash equivalents, and investments on the basic 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 basic financial statements and the classification of deposits and investments presented above per GASB Statement No. 3, is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$13,050,389	\$0
Money Market Mutual Fund	(2,181,690)	2,181,690
STAROhio	(9,799,294)	9,799,294
GASB Statement No. 3	\$1,069,405	\$11,980,984

Note 7 - Receivables

Receivables at December 31, 2003, consisted of taxes, accounts (billings for user charged services), loans (community development block grant and urban development action monies loaned to local businesses and

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

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 2003 for real and public utility property taxes represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes. 2003 real property taxes are levied after October 1, 2003 on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2003 public utility property taxes which became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

The full tax rate for all City operations for the year ended December 31, 2003 was \$6.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Real Property	\$220,182,770
Tangible Personal Property	35,649,911
Public Utility Property	9,044,130
Total	<u>\$264,876,811</u>

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, 2003 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 2003 operations. The receivable is offset by deferred revenue.

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

B. Loans Receivable

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. 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.

D. 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. Special assessment receivables include \$663,306 of delinquent receivables.

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

Note 8- Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

Primary Government

	Balance 01/01/03	Increases	Decreases	Balance 12/31/03
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$3,091,696	\$ 36,162		\$3,127,858
Construction in progress	3,861,856	480,462	\$(3,683,980)	658,338
<i>Total capital assets not being depreciated</i>	<u>6,953,552</u>	<u>516,624</u>	<u>(3,683,980)</u>	<u>3,786,196</u>
<i>Capital assets being depreciated:</i>				
Buildings, structures and improvements	2,148,459	4,358,537		6,506,996
Furniture, fixtures and equipment	3,805,882	456,536	(77,836)	4,184,582
Vehicles	2,937,203	110,253	(104,508)	2,942,948
Infrastructure		21,580		21,580
<i>Total capital assets being depreciated</i>	<u>8,891,544</u>	<u>4,946,906</u>	<u>(182,344)</u>	<u>13,656,106</u>
<i>Less accumulated depreciation for:</i>				
Buildings, structures and improvements	1,090,553	148,378		1,238,931
Furniture, fixtures and equipment	1,890,939	276,494	(77,836)	2,089,597
Vehicles	1,975,023	230,115	(97,253)	2,107,885
Infrastructure		1,000		1,000
<i>Total accumulated depreciation</i>	<u>4,956,515</u>	<u>655,987</u>	<u>(175,089)</u>	<u>5,437,413</u>
<i>Total capital assets being depreciated, net</i>	<u>3,935,029</u>	<u>4,290,909</u>	<u>(7,255)</u>	<u>8,218,683</u>
<i>Governmental activities capital assets, net</i>	<u>\$10,888,581</u>	<u>\$4,807,543</u>	<u>\$(3,691,235)</u>	<u>\$12,004,889</u>

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

	Balance 01/01/03	Increases	Decreases	Balance 12/31/03
Business-Type Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$2,230,921			\$2,230,921
Construction in progress	151,623		\$(75,521)	76,102
<i>Total capital assets not being depreciated</i>	<u>2,382,544</u>		<u>(75,521)</u>	<u>2,307,023</u>
<i>Capital assets being depreciated:</i>				
Buildings, structures and improvements	9,876,051	\$443,659		10,319,710
Water and Sewer lines	24,689,697	15,114		24,704,811
Furniture, fixtures and equipment	4,384,890	169,097	(25,294)	4,528,693
<i>Total capital assets being depreciated</i>	<u>38,950,638</u>	<u>627,870</u>	<u>(25,294)</u>	<u>39,553,214</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	3,496,070	368,995		3,865,065
Water and Sewer lines	8,824,433	465,170		9,289,603
Furniture, fixtures and equipment	3,038,414	333,758	(24,810)	3,347,362
<i>Total accumulated depreciation</i>	<u>15,358,917</u>	<u>1,167,923</u>	<u>(24,810)</u>	<u>16,502,030</u>
<i>Total capital assets being depreciated, net</i>	<u>23,591,721</u>	<u>(540,053)</u>	<u>484</u>	<u>23,051,184</u>
<i>Business-Type activities capital assets, net</i>	<u>\$25,974,265</u>	<u>\$(540,053)</u>	<u>\$(76,005)</u>	<u>\$25,358,207</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 107,179
Security of persons and property	351,045
Public health services	13,339
Transportation	107,201
Community environment	2,832
Basic utility services	15,992
Leisure time activities	58,399
Total depreciation expense-governmental activities	<u>\$ 655,987</u>
Business-type activities:	
Sewer	\$ 403,893
Water	764,030
Total depreciation expense-business-type activities	<u>\$ 1,167,923</u>

Note 9- 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

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

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 2003, the City contracted with Love Insurance Company for various types of insurance as follows:

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. Third party administrators, Anthem Benefits Administrators and Aultcare, review all claims which are then paid by the City.

The claims liability of \$193,139 reported in the self-insurance fund at December 31, 2003, is estimated by the third-party administrators 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.

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

Changes in the fund's claims liability amount for the last three 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
2003	117,093	1,475,716	1,399,670	193,139

Note 10 - Interfund Transactions

Interfund balances at December 31, 2003, 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>	<u>\$38,265</u>	<u>\$38,265</u>

Transfers are used to 1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds, 4) to provide additional resources for current operations or debt service and 5) to return money to the fund from which it was originally provided once a grant/project is complete.

A summary of interfund transfers is as follows:

Transfer to	Transfer From		Total
	General	Other Governmental	
General		\$ 15,000	\$ 15,000
Debt Service Fund		576,333	576,333
Other Governmental	\$684,083	460,000	1,144,083
Total	<u>\$684,083</u>	<u>\$ 1,051,333</u>	<u>\$ 1,735,416</u>

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

Note 11 - Long-Term Obligations

Changes in the long-term obligations of the City during 2003 were as follows:

	Outstanding 1/1/03	Additions	Reductions	Outstanding 12/31/03	Due within one year
Enterprise Activities:					
<i>Revenue Bonds:</i>					
1994 Sewer Refunding 3.6% - 6.0%	\$3,625,000	\$0	\$370,000	\$3,255,000	\$390,000
1998 Water Refunding 3.8% - 5.0%	18,770,000	0	695,000	18,075,000	720,000
Unamortized Discount	(288,892)	0	(19,259)	(269,633)	(19,259)
Unamortized Accounting Loss	(1,108,681)	0	(73,912)	(1,034,769)	(73,912)
Net Water Refunding Bonds	17,372,427	0	601,829	16,770,598	626,829
<i>Total Revenue Bonds</i>	20,997,427	0	971,829	20,025,598	1,016,829
<i>General Obligation Bonds:</i>					
1990 General Obligation Bond Sewer 6.45% - 7.15%	285,000	0	95,000	190,000	95,000
<i>Other Long-Term Obligations:</i>					
OPWC Loan 0.00%	47,934	0	2,662	45,272	2,662
Compensated Absences	696,912	156,926	181,847	671,991	200,349
<i>Total Enterprise Funds</i>	\$22,027,273	\$156,926	\$1,251,338	\$20,932,861	\$1,314,840
	Outstanding 1/1/03	Additions	Reductions	Outstanding 12/31/03	Due within one year
Governmental Activities					
<i>General Obligation Bonds:</i>					
Various Purpose 6.45% - 7.15%	\$150,000	\$0	\$150,000	\$0	
Various Purpose 1998 3.80% - 5.00%	955,000	0	60,000	895,000	\$65,000
<i>Total General Obligation Bonds</i>	1,105,000	0	210,000	895,000	65,000
<i>Special Assessment Bonds:</i>					
Various Purpose 1999 4.10% - 6.125%	605,000	0	35,000	570,000	40,000
<i>Total Bonds</i>	1,710,000	0	245,000	1,465,000	105,000
<i>Long-Term Notes:</i>					
Various Purpose Note 2.09%	900,000	0	900,000	0	
Various Purpose Note 2.09%	1,455,000	0	1,455,000	0	
<i>Total Long-Term Notes</i>	2,355,000	0	2,355,000	0	
<i>Other Long-Term Obligations:</i>					
Police and Fire Pension Liability	423,025	0	6,232	416,793	6,500
Compensated Absences	1,926,125	365,114	670,077	1,621,162	659,549
	2,349,150	365,114	676,309	2,037,955	666,049
Total Government Activities	6,414,150	365,114	3,276,309	3,502,955	771,049
<i>Total</i>	\$28,441,423	\$522,040	\$4,527,647	\$ 24,435,816	\$ 2,085,889

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

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. Long term notes mature on April 17, 2004. The City has refinanced \$2,095,000 of this amount through November 2004, as such these notes are presented as liabilities in the fund which received the proceeds. The City expects to refinance the notes with long term bonds at their maturity. The police and fire pension liability will be paid from tax 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.

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, 2003, \$1,264,682 of outstanding refunded waterworks bonds are considered defeased by assets of \$2,786,993 held in the irrevocable trust.

The City's overall legal debt margin was \$24,535,531 at December 31, 2003. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2003, are as follows:

	General Obligation Bonds				Special Assessment Bonds		Sewer Revenue Bonds	
	Governmental Activities		Enterprise Funds		Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest				
2004	\$ 65,000	\$ 42,548	\$ 95,000	\$ 13,585	\$ 40,000	\$ 31,733	\$ 390,000	\$ 192,765
2005	65,000	39,818	95,000	6,793	40,000	29,894	410,000	171,900
2006	50,000	37,022			45,000	28,014	435,000	147,300
2007	50,000	34,823			45,000	25,854	460,000	121,200
2008	55,000	32,573			45,000	23,649	490,000	93,600
2009-2013	305,000	122,610			285,000	74,994	1,070,000	97,200
2014-2018	305,000	39,000			70,000	4,288		
Total	\$ 895,000	\$ 348,394	\$ 190,000	\$ 20,378	\$ 570,000	\$ 218,426	\$ 3,255,000	\$ 823,965

	Waterworks Improvement Revenue Bonds		Police and Fire Pension Liability		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2004	\$ 720,000	\$ 873,230	\$ 6,500	\$ 17,646	\$ 2,662
2005	750,000	842,990	6,780	17,366	2,663
2006	785,000	810,740	7,071	17,075	2,663
2007	820,000	776,200	7,388	16,758	2,663
2008	855,000	739,300	7,706	16,440	2,663
2009-2013	4,920,000	3,057,375	43,777	76,951	13,315
2014-2018	6,260,000	1,710,250	54,014	66,714	13,315
2019-2023	2,965,000	224,250	66,644	54,084	5,328
2024-2028			82,229	38,499	
2029-2033			101,457	19,271	
2034-2035			33,227	1,913	
Total	\$ 18,075,000	\$ 9,034,335	\$ 416,793	\$ 342,717	\$ 45,272

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

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, 2003, \$62,210,000 had been issued and \$61,565,000 was still outstanding.

Note 12 - 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 defined benefit pension plan 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 2003 employer pension contribution rate for the City was 8.55 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions for pension obligations to OPERS for the years ended December 31, 2003, 2002, and 2001 were \$484,679, \$489,089, and \$535,922, respectively. The full amount has been contributed for 2002 and 2001. 92 percent has been contributed for 2003.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and 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. Contributions are authorized by State statute. The City's contributions for pension obligations to the OP&F for police and firefighters were \$251,883 and \$242,728 for the year ended December 31, 2003, \$235,669 and \$245,933 for the year ended December 31, 2002, and \$252,152 and \$250,255 for the year ended December 31, 2001. The full amount has been contributed for 2002 and 2001. 76 percent and 78 percent, respectively, have been contributed for 2003 with the remainder being reported as a liability.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2003, the unfunded liability of the City was \$416,793, payable in semi-annual payments through the year 2035.

Note 13 - 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 2003 employer contribution rate was 13.55 percent of covered payroll; 5.0 percent was the portion that was used to fund health care for 2003.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.0 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 364,881. The City's actual contributions for 2003 which were used to fund postemployment benefits were \$283,438. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

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

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

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly 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

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

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 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2003 that were used to fund postemployment benefits were \$166,135 for police and \$115,762 for fire. The OP&F's total health care expense for the year ended December 31, 2002, (the latest information available) was \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

Note 14- 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, 2003, the total liability for unpaid compensated absences was \$2,433,640.

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 15 – Commitments and 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

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

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, 2003.

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, 2003.

C. Construction Commitments

The City had several outstanding contractual agreements at December 31, 2003. The projects, which include construction and other commitments, are evidenced by contractual obligations and include the following:

Alliance Freedom Center Project	\$	290,000
City Hall Renovation Project		70,000

Subsequent to December 31, 2003, the City authorized \$725,000 for improvements to South Arch Avenue.

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 2003, 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 2003, the City contributed \$2,000 to the Commission, which represents .1 percent of total contributions. Complete financial statements may be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

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

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

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. The Authority provides transportation services in Stark County. 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, 2003, follows:

	Outstanding 1/1/03	Issued	Retired	Outstanding 12/31/03
Capital Projects Funds:				
2.14% Fire Truck Acquisition Note	\$380,000	\$380,000	\$380,000	\$380,000
Debt Service Fund:				
2.09% Various Purpose Notes	\$0	\$905,000	\$240,000	\$665,000
2.09% Various Purpose Notes	0	550,000	0	550,000
2.09% Various Purpose Notes	0	900,000	0	900,000
	<u>\$0</u>	<u>\$2,355,000</u>	<u>\$240,000</u>	<u>\$2,115,000</u>

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

Note 18 - Subsequent Event

On April 17, 2004, the City had \$2,115,000 in various purpose notes mature. \$2,095,000 was refinanced with a 1.9 percent interest rate with a maturity date of November 2004. These notes are expected to be refinanced with bonds at maturity.

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*Combining and Individual Fund
Statements and Schedules*

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,859,473	\$1,337,183	\$3,196,656
Receivables:			
Taxes	172,720	332,759	505,479
Intergovernmental	532,190	46,887	579,077
Loans	142,712	0	142,712
Special Assessments	0	174,780	174,780
<i>Total Assets</i>	<u>\$2,707,095</u>	<u>\$1,891,609</u>	<u>\$4,598,704</u>
Liabilities			
Accounts Payable	\$4,040	\$7,583	\$11,623
Accrued Wages	10,958	0	10,958
Compensated Absences Payable	9,977	0	9,977
Interfund Payable	36,106	2,159	38,265
Intergovernmental Payable	24,483	0	24,483
Deferred Revenue	566,202	312,869	879,071
Accrued Interest Payable	0	2,273	2,273
Notes Payable	0	380,000	380,000
<i>Total Liabilities</i>	<u>651,766</u>	<u>704,884</u>	<u>1,356,650</u>
Fund Equity			
Fund Balances:			
Reserved for Encumbrances	168,309	335,468	503,777
Reserved for Loans Receivable	142,712	0	142,712
Unreserved, Undesignated	1,744,308	851,257	2,595,565
<i>Total Fund Equity</i>	<u>2,055,329</u>	<u>1,186,725</u>	<u>3,242,054</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$2,707,095</u>	<u>\$1,891,609</u>	<u>\$4,598,704</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property and Other Taxes	\$683,784	\$0	\$683,784
Municipal Income Tax	0	1,150,574	1,150,574
Licenses, Permits and Fees	71,495	0	71,495
Fines and Forfeitures	51,500	0	51,500
Intergovernmental	1,871,025	13,799	1,884,824
Special Assessments	0	8,747	8,747
Interest	15,727	3,886	19,613
Other	302,977	22,793	325,770
<i>Total Revenues</i>	<u>2,996,508</u>	<u>1,199,799</u>	<u>4,196,307</u>
Expenditures			
Current:			
General Government	113,879	0	113,879
Security of Persons and Property	843,585	0	843,585
Public Health Services	295,797	0	295,797
Transportation	600,589	0	600,589
Community Environment	864,720		864,720
Capital Outlay		1,865,747	1,865,747
Debt Service:			
Principal Retirement	6,232	0	6,232
Interest and Fiscal Charges	17,913	9,072	26,985
<i>Total Expenditures</i>	<u>2,742,715</u>	<u>1,874,819</u>	<u>4,617,534</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>253,793</u>	<u>(675,020)</u>	<u>(421,227)</u>
Other Financing Sources (Uses)			
Transfers In	684,083	460,000	1,144,083
Transfers Out	(387,090)	(664,243)	(1,051,333)
<i>Total Other Financing Sources (Uses)</i>	<u>296,993</u>	<u>(204,243)</u>	<u>92,750</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	550,786	(879,263)	(328,477)
<i>Fund Balances Beginning of Year</i>	<u>1,504,543</u>	<u>2,065,988</u>	<u>3,570,531</u>
<i>Fund Balances End of Year</i>	<u>\$2,055,329</u>	<u>\$1,186,725</u>	<u>\$3,242,054</u>

Nonmajor 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 Coordinators 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)

Nonmajor Special Revenue Funds (continued)

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
Land Reutilization Fund

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	<u>Street Repair and Maintenance</u>	<u>Federal COPS Fast Program</u>	<u>State Highway</u>	<u>Law Enforcement Block Grant</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$30,299	\$120,894	\$101,910	\$11,969
Receivables:				
Taxes		0	0	0
Intergovernmental	309,388	0	25,089	0
Loans	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$339,687</u></u>	<u><u>\$120,894</u></u>	<u><u>\$126,999</u></u>	<u><u>\$11,969</u></u>
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$808
Accrued Wages	845	0	0	0
Compensated Absences Payable	7,332	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	14,214	0	0	0
Deferred Revenue	<u>216,302</u>	<u>0</u>	<u>17,541</u>	<u>0</u>
<i>Total Liabilities</i>	<u><u>238,693</u></u>	<u><u>0</u></u>	<u><u>17,541</u></u>	<u><u>808</u></u>
Fund Equity				
Fund Balances (Deficit):				
Reserved for Encumbrances	950	0	0	(41,552)
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated	<u>100,044</u>	<u>120,894</u>	<u>109,458</u>	<u>52,713</u>
<i>Total Fund Equity</i>	<u><u>100,994</u></u>	<u><u>120,894</u></u>	<u><u>109,458</u></u>	<u><u>11,161</u></u>
 <i>Total Liabilities and Fund Equity</i>	 <u><u>\$339,687</u></u>	 <u><u>\$120,894</u></u>	 <u><u>\$126,999</u></u>	 <u><u>\$11,969</u></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>
\$129,707	\$10,109	\$93,601	\$16,001	\$4,551	\$7,769
0	0	0	0	0	0
52,196	0	102,127	23,435	18,336	1,092
0	0	0	0	0	0
<u>\$181,903</u>	<u>\$10,109</u>	<u>\$195,728</u>	<u>\$39,436</u>	<u>\$22,887</u>	<u>\$8,861</u>
\$0	\$0	\$0	\$819	\$0	\$0
0	0	3,586	820	0	379
0	0	538	1,096	0	0
36,106	0	0	0	0	0
0	0	3,208	1,003	0	352
38,093	0	89,981	12,902	18,336	0
<u>74,199</u>	<u>0</u>	<u>97,313</u>	<u>16,640</u>	<u>18,336</u>	<u>731</u>
40,000	0	0	2,217	0	111
0	0	0	0	0	0
67,704	10,109	98,415	20,579	4,551	8,019
<u>107,704</u>	<u>10,109</u>	<u>98,415</u>	<u>22,796</u>	<u>4,551</u>	<u>8,130</u>
<u>\$181,903</u>	<u>\$10,109</u>	<u>\$195,728</u>	<u>\$39,436</u>	<u>\$22,887</u>	<u>\$8,861</u>

(continued)

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2003

	<u>Cemetery</u>	<u>HUD Grant</u>	<u>Community Development Block Grant</u>	<u>Fire Pension</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$531,267	\$146,472	\$34,397	\$10,014
Receivables:				
Taxes	0	0	0	86,360
Intergovernmental	0	0	0	0
Loans	0	0	142,712	0
<i>Total Assets</i>	<u>\$531,267</u>	<u>\$146,472</u>	<u>\$177,109</u>	<u>\$96,374</u>
Liabilities				
Accounts Payable	\$1,138	\$1,275	\$0	\$0
Accrued Wages	1,017	4,311	0	0
Compensated Absences Payable	0	0	1,011	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	1,763	3,943	0	0
Deferred Revenue	0	0	0	86,360
<i>Total Liabilities</i>	<u>3,918</u>	<u>9,529</u>	<u>1,011</u>	<u>86,360</u>
Fund Equity				
Fund Balances (Deficit):				
Reserved for Encumbrances	403	166,180	0	0
Reserved for Loans Receivable	0	0	142,712	0
Unreserved, Undesignated	526,946	(29,237)	33,386	10,014
<i>Total Fund Equity</i>	<u>527,349</u>	<u>136,943</u>	<u>176,098</u>	<u>10,014</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$531,267</u>	<u>\$146,472</u>	<u>\$177,109</u>	<u>\$96,374</u>

<u>Police Pension</u>	<u>Tax Increment</u>	<u>Other</u>	<u>Totals</u>
\$10,046	\$465,317	\$135,150	\$1,859,473
86,360	0	0	172,720
0	0	527	532,190
0	0	0	142,712
<u>\$96,406</u>	<u>\$465,317</u>	<u>\$135,677</u>	<u>\$2,707,095</u>
\$0	\$0	\$0	\$4,040
0	0	0	10,958
0	0	0	9,977
0	0	0	36,106
0	0	0	24,483
86,360	0	327	566,202
<u>86,360</u>	<u>0</u>	<u>327</u>	<u>651,766</u>
0	0	0	168,309
0	0	0	142,712
10,046	465,317	135,350	1,744,308
<u>10,046</u>	<u>465,317</u>	<u>135,350</u>	<u>2,055,329</u>
<u>\$96,406</u>	<u>\$465,317</u>	<u>\$135,677</u>	<u>\$2,707,095</u>

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003*

	Street Repair and Maintenance	Federal COPS Fast Program	State Highway	Law Enforcement Block Grant
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Licenses, Permits and Fees	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	603,254	0	48,913	47,413
Interest	168	715	933	553
Other	9,327	0	0	53,338
<i>Total Revenues</i>	<u>612,749</u>	<u>715</u>	<u>49,846</u>	<u>101,304</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	51,908	0	0	73,319
Public Health Services	0	0	0	0
Transportation	588,291	0	12,298	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>640,199</u>	<u>0</u>	<u>12,298</u>	<u>73,319</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(27,450)</u>	<u>715</u>	<u>37,548</u>	<u>27,985</u>
Other Financing Sources (Uses)				
Transfers In	40,000	0	0	0
Transfers Out	0	0	(15,083)	0
<i>Total Other Financing Sources (Uses)</i>	<u>40,000</u>	<u>0</u>	<u>(15,083)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	12,550	715	22,465	27,985
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>88,444</u>	<u>120,179</u>	<u>86,993</u>	<u>(16,824)</u>
<i>Fund Balances End of Year</i>	<u>\$100,994</u>	<u>\$120,894</u>	<u>\$109,458</u>	<u>\$11,161</u>

Motor Vehicle License	Municipal Court Computerization	Health	Litter Control	State Misdemeanant Grant	Federal Aging Grant
\$0	\$0	\$0	\$0	\$0	\$0
0	0	35,505	0	0	0
0	28,874	0	0	0	0
96,052	19,993	180,912	77,106	13,079	13,104
0	0	0	0	0	90
0	0	2,531	1,271	0	1,266
96,052	48,867	218,948	78,377	13,079	14,460
0	56,758	0	0	8,608	16,023
0	0	11,376	0	0	0
0	0	186,356	0	0	0
0	0	0	0	0	0
0	0	0	84,844	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	56,758	197,732	84,844	8,608	16,023
96,052	(7,891)	21,216	(6,467)	4,471	(1,563)
0	0	0	27,252	0	0
(82,508)	0	0	0	0	0
(82,508)	0	0	27,252	0	0
13,544	(7,891)	21,216	20,785	4,471	(1,563)
94,160	18,000	77,199	2,011	80	9,693
\$107,704	\$10,109	\$98,415	\$22,796	\$4,551	\$8,130

(continued)

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances*
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2003

	Cemetery	HUD Grant	Community Development Block Grant	Fire Pension
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$81,047
Licenses, Permits and Fees	35,990	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	737,211	0	0
Interest	5,220	0	6,158	0
Other	35,362	174,111	11,411	0
<i>Total Revenues</i>	<u>76,572</u>	<u>911,322</u>	<u>17,569</u>	<u>81,047</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	322,704
Public Health Services	109,441	0	0	0
Transportation	0	0	0	0
Community Environment	0	537,282	72,210	0
Debt Service:				
Principal Retirement	0	0	0	3,537
Interest and Fiscal Charges	0	0	0	10,167
<i>Total Expenditures</i>	<u>109,441</u>	<u>537,282</u>	<u>72,210</u>	<u>336,408</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(32,869)</u>	<u>374,040</u>	<u>(54,641)</u>	<u>(255,361)</u>
Other Financing Sources (Uses)				
Transfers In	49,502	0	0	254,534
Transfers Out	0	(264,818)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>49,502</u>	<u>(264,818)</u>	<u>0</u>	<u>254,534</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	16,633	109,222	(54,641)	(827)
<i>Fund Balances Beginning of Year</i>	<u>510,716</u>	<u>27,721</u>	<u>230,739</u>	<u>10,841</u>
<i>Fund Balances End of Year</i>	<u><u>\$527,349</u></u>	<u><u>\$136,943</u></u>	<u><u>\$176,098</u></u>	<u><u>\$10,014</u></u>

<u>Police Pension</u>	<u>Tax Increment</u>	<u>Other</u>	<u>Totals</u>
\$81,047	\$521,690	\$0	\$683,784
0	0		71,495
0	0	22,626	51,500
0	0	33,988	1,871,025
0	0	1,890	15,727
0	0	14,360	302,977
<u>81,047</u>	<u>521,690</u>	<u>72,864</u>	<u>2,996,508</u>
0	0	32,490	113,879
384,278	0	0	843,585
0	0	0	295,797
0	0	0	600,589
0	170,384	0	864,720
2,695	0	0	6,232
7,746	0	0	17,913
<u>394,719</u>	<u>170,384</u>	<u>32,490</u>	<u>2,742,715</u>
<u>(313,672)</u>	<u>351,306</u>	<u>40,374</u>	<u>253,793</u>
312,795	0		684,083
0	(24,681)	0	(387,090)
<u>312,795</u>	<u>(24,681)</u>	<u>0</u>	<u>296,993</u>
(877)	326,625	40,374	550,786
<u>10,923</u>	<u>138,692</u>	<u>94,976</u>	<u>1,504,543</u>
<u>\$10,046</u>	<u>\$465,317</u>	<u>\$135,350</u>	<u>\$2,055,329</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$587,897	\$589,279	\$1,382
Interest	150	168	18
Other	1,300	9,327	8,027
<i>Total Revenues</i>	<u>589,347</u>	<u>598,774</u>	<u>9,427</u>
Expenditures			
Current:			
Security of Persons and Property:			
Street Security:			
Salaries and Wages	29,394	29,315	79
Fringe Benefits	14,205	12,419	1,786
Contractual Services	12,777	12,496	281
Materials and Supplies	50	50	0
Total Security of Persons and Property	<u>56,426</u>	<u>54,280</u>	<u>2,146</u>
Transportation:			
Street Transportation:			
Salaries and Wages	502,371	500,123	2,248
Fringe Benefits	96,738	95,826	912
Contractual Services	1,540	1,539	1
Total Transportation	<u>600,649</u>	<u>597,488</u>	<u>3,161</u>
<i>Total Expenditures</i>	<u>657,075</u>	<u>651,768</u>	<u>5,307</u>
<i>Excess of Revenues Under Expenditures</i>	(67,728)	(52,994)	14,734
Other Financing Uses			
Transfers In	40,000	40,000	0
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(27,728)	(12,994)	14,734
<i>Fund Balance Beginning of Year</i>	41,896	41,896	0
Prior Year Encumbrances Appropriated	447	447	0
<i>Fund Balance End of Year</i>	<u>\$14,615</u>	<u>\$29,349</u>	<u>\$14,734</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$1,000	\$0	(\$1,000)
Interest	0	715	715
<i>Total Revenues</i>	<u>1,000</u>	<u>715</u>	<u>(285)</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Other	61,647	0	61,647
<i>Excess of Revenues Over/(Under) Expenditures</i>	(60,647)	715	61,362
<i>Fund Balance Beginning of Year</i>	<u>120,179</u>	<u>120,179</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$59,532</u></u>	<u><u>\$120,894</u></u>	<u><u>\$61,362</u></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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$46,800	\$47,779	\$979
Interest	1,000	933	(67)
<i>Total Revenues</i>	<u>47,800</u>	<u>48,712</u>	<u>912</u>
Expenditures			
Current:			
Transportation:			
Street Repair and Maintenance:			
Contractual Services	1,500	1,364	136
Capital Outlay	15,000	10,934	4,066
<i>Total Expenditures</i>	<u>16,500</u>	<u>12,298</u>	<u>4,202</u>
<i>Excess of Revenues Over Expenditures</i>	31,300	36,414	5,114
Other Financing Uses			
Transfers Out	(45,125)	(15,083)	30,042
<i>Excess of Revenues Over/(Under) Expenditures and Other Financing Uses</i>	(13,825)	21,331	35,156
<i>Fund Balance Beginning of Year</i>	75,579	75,579	0
Prior Year Encumbrances Appropriated	5,000	5,000	0
<i>Fund Balance End of Year</i>	<u>\$66,754</u>	<u>\$101,910</u>	<u>\$35,156</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$93,940	\$47,457	(\$46,483)
Interest	542	553	11
Other	9,318	53,338	44,020
<i>Total Revenues</i>	<u>103,800</u>	<u>101,348</u>	<u>(2,452)</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Materials and Supplies	52,613	43,098	9,515
Capital Outlay	95,031	89,784	5,247
<i>Total Expenditures</i>	<u>147,644</u>	<u>132,882</u>	<u>14,762</u>
<i>Excess of Revenues Under Expenditures</i>	(43,844)	(31,534)	12,310
<i>Fund Balance (Deficit) Beginning of Year</i>	(27,048)	(27,048)	0
Prior Year Encumbrances Appropriated	<u>28,190</u>	<u>28,190</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$42,702)</u></u>	<u><u>(\$30,392)</u></u>	<u><u>\$12,310</u></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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Permissive Motor Vehicle License Taxes	\$97,000	\$96,194	(\$806)
Expenditures			
Current:			
Transportation:			
Street Maintenance			
Capital Outlay	<u>40,000</u>	<u>40,000</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	57,000	56,194	(806)
Other Financing Uses			
Transfers Out	<u>(82,508)</u>	<u>(82,508)</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(25,508)	(26,314)	(806)
<i>Fund Balance Beginning of Year</i>	<u>116,021</u>	<u>116,021</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$90,513</u></u>	<u><u>\$89,707</u></u>	<u><u>(\$806)</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$0	\$19,993	\$19,993
Fines and Forfeitures	41,000	28,874	(12,126)
<i>Total Revenues</i>	<u>41,000</u>	<u>48,867</u>	<u>7,867</u>
Expenditures			
Current:			
General Government:			
Clerk of Courts:			
Contractual Services	8,500	7,965	535
Materials and Supplies	19,500	18,849	651
Capital Outlay	30,350	29,944	406
<i>Total Expenditures</i>	<u>58,350</u>	<u>56,758</u>	<u>1,592</u>
<i>Excess of Revenues Under Expenditures</i>	(17,350)	(7,891)	9,459
<i>Fund Balance Beginning of Year</i>	<u>18,000</u>	<u>18,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$650</u></u>	<u><u>\$10,109</u></u>	<u><u>\$9,459</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Licenses, Permits and Fees	\$36,000	\$35,505	(\$495)
Intergovernmental	189,000	180,018	(8,982)
Other	0	2,531	2,531
<i>Total Revenues</i>	<u>225,000</u>	<u>218,054</u>	<u>(6,946)</u>
Expenditures			
Current:			
Public Health Services:			
Consolidated Health Funds:			
Salaries and Wages	134,297	126,924	7,373
Fringe Benefits	46,435	45,380	1,055
Contractual Services	7,669	6,323	1,346
Materials and Supplies	5,501	4,328	1,173
Capital Outlay	770	679	91
Other	16,500	15,370	1,130
<i>Total Expenditures</i>	<u>211,172</u>	<u>199,004</u>	<u>12,168</u>
<i>Excess of Revenues Over Expenditures</i>	13,828	19,050	5,222
Other Financing Uses			
Transfers Out	(485)	0	485
<i>Excess of Revenues Over Expenditures and Other Financing Uses</i>	13,343	19,050	5,707
<i>Fund Balance Beginning of Year</i>	74,301	74,301	0
Prior Year Encumbrances Appropriated	250	250	0
<i>Fund Balance End of Year</i>	<u><u>\$87,894</u></u>	<u><u>\$93,601</u></u>	<u><u>\$5,707</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$87,957	\$71,962	(\$15,995)
Other	10	1,271	1,261
<i>Total Revenues</i>	<u>87,967</u>	<u>73,233</u>	<u>(14,734)</u>
Expenditures			
Current:			
Community Environment:			
Litter Control:			
Salaries and Wages	35,934	35,932	2
Fringe Benefits	15,264	14,783	481
Contractual Services	23,506	19,051	4,455
Materials and Supplies	30,713	25,946	4,767
Capital Outlay	789	789	0
Other	1,557	0	1,557
<i>Total Expenditures</i>	<u>107,763</u>	<u>96,501</u>	<u>11,262</u>
<i>Excess of Revenues Under Expenditures</i>	(19,796)	(23,268)	(3,472)
Other Financing Sources			
Transfers In	27,252	27,252	0
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	7,456	3,984	(3,472)
<i>Fund Balance (Deficit) Beginning of Year</i>	(6,473)	(6,473)	0
Prior Year Encumbrances Appropriated	16,016	16,016	0
<i>Fund Balance End of Year</i>	<u>\$16,999</u>	<u>\$13,527</u>	<u>(\$3,472)</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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Intergovernmental	\$16,319	\$13,079	(\$3,240)
Expenditures			
Current:			
General Government:			
Judge:			
Contractual Services	<u>14,669</u>	<u>8,608</u>	<u>6,061</u>
<i>Excess of Revenues Over Expenditures</i>	1,650	4,471	2,821
<i>Fund Balance Beginning of Year</i>	<u>80</u>	<u>80</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,730</u></u>	<u><u>\$4,551</u></u>	<u><u>\$2,821</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$14,234	\$13,104	(\$1,130)
Interest	96	90	(6)
Other	0	1,266	1,266
<i>Total Revenues</i>	<u>14,330</u>	<u>14,460</u>	<u>130</u>
Expenditures			
Current:			
General Government:			
Aging:			
Salaries and Wages	12,467	12,430	37
Fringe Benefits	3,132	3,067	65
Contractual Services	385	238	147
Materials and Supplies	351	300	51
<i>Total Expenditures</i>	<u>16,335</u>	<u>16,035</u>	<u>300</u>
<i>Excess of Revenues Under Expenditures</i>	(2,005)	(1,575)	430
<i>Fund Balance Beginning of Year</i>	9,132	9,132	0
Prior Year Encumbrances Appropriated	<u>101</u>	<u>101</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,228</u></u>	<u><u>\$7,658</u></u>	<u><u>\$430</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Licenses, Permits and Fees	\$29,855	\$35,990	\$6,135
Interest	5,324	5,220	(104)
Other	37,700	35,362	(2,338)
<i>Total Revenues</i>	<u>72,879</u>	<u>76,572</u>	<u>3,693</u>
Expenditures			
Current:			
Public Health Services:			
Cemetery:			
Salaries and Wages	69,924	69,269	655
Fringe Benefits	21,180	20,472	708
Contractual Services	18,845	18,345	500
Materials and Supplies	2,600	2,587	13
<i>Total Expenditures</i>	<u>112,549</u>	<u>110,673</u>	<u>1,876</u>
<i>Excess of Revenues Under Expenditures</i>	(39,670)	(34,101)	5,569
Other Financing Sources			
Transfers In	49,501	49,501	0
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	9,831	15,400	5,569
<i>Fund Balance Beginning of Year</i>	514,493	514,493	0
Prior Year Encumbrances Appropriated	250	250	0
<i>Fund Balance End of Year</i>	<u><u>\$524,574</u></u>	<u><u>\$530,143</u></u>	<u><u>\$5,569</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$1,107,458	\$738,424	(\$369,034)
Other	60,000	174,111	114,111
<i>Total Revenues</i>	<u>1,167,458</u>	<u>912,535</u>	<u>(254,923)</u>
Expenditures			
Current:			
Community Environment:			
CDBG:			
Salaries and Wages	211,114	140,029	71,085
Fringe Benefits	100,719	55,219	45,500
Contractual Services	821,802	354,041	467,761
Materials and Supplies	71,605	5,185	66,420
Capital Outlay	674,219	159,397	514,822
<i>Total Expenditures</i>	<u>1,879,459</u>	<u>713,871</u>	<u>1,165,588</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(712,001)	198,664	910,665
Other Financing Uses			
Transfers Out	(284,937)	(264,818)	20,119
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(996,938)	(66,154)	930,784
<i>Fund Balance (Deficit) Beginning of Year</i>	(237,810)	(237,810)	0
Prior Year Encumbrances Appropriated	282,980	282,980	0
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$951,768)</u></u>	<u><u>(\$20,984)</u></u>	<u><u>\$930,784</u></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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$6,310	\$6,158	(\$152)
Other	30,701	29,679	(1,022)
<i>Total Revenues</i>	<u>37,011</u>	<u>35,837</u>	<u>(1,174)</u>
Expenditures			
Current:			
Community Environment:			
CDBG:			
Materials and Supplies	550	89	461
Capital Outlay	79,450	75,458	3,992
<i>Total Expenditures</i>	<u>80,000</u>	<u>75,547</u>	<u>4,453</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(42,989)	(39,710)	3,279
<i>Fund Balance Beginning of Year</i>	66,602	66,602	0
Prior Year Encumbrances Appropriated	<u>7,505</u>	<u>7,505</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$31,118</u></u>	<u><u>\$34,397</u></u>	<u><u>\$3,279</u></u>

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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Property and Other Taxes	\$82,712	\$81,047	(\$1,665)
Expenditures			
Current:			
Security of Persons and Property:			
Fire:			
Fringe Benefits	<u>352,468</u>	<u>336,408</u>	<u>16,060</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(269,756)	(255,361)	14,395
Other Financing Sources			
Transfers In	<u>270,288</u>	<u>254,534</u>	<u>(15,754)</u>
<i>Excess of Revenues and Other Financing</i>			
<i>Sources Over/(Under) Expenditures</i>	532	(827)	(1,359)
<i>Fund Balance Beginning of Year</i>	<u>10,841</u>	<u>10,841</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$11,373</u></u>	<u><u>\$10,014</u></u>	<u><u>(\$1,359)</u></u>

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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Property and Other Taxes	\$82,712	\$81,047	(\$1,665)
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Fringe Benefits	<u>402,390</u>	<u>394,719</u>	<u>7,671</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(319,678)	(313,672)	6,006
Other Financing Sources			
Transfers In	<u>320,288</u>	<u>312,795</u>	<u>(7,493)</u>
<i>Excess of Revenues and Other Financing</i>			
<i>Sources Over/(Under) Expenditures</i>	610	(877)	(1,487)
<i>Fund Balance Beginning of Year</i>	<u>10,923</u>	<u>10,923</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$11,533</u></u>	<u><u>\$10,046</u></u>	<u><u>(\$1,487)</u></u>

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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Property and Other Taxes	\$550,000	\$521,690	(\$28,310)
Expenditures			
Current:			
Community Environment:			
Tax Increment:			
Other	180,000	170,384	9,616
<i>Total Expenditures</i>	180,000	170,384	9,616
<i>Excess of Revenues Over Expenditures</i>	370,000	351,306	(18,694)
Other Financing Uses			
Transfers Out	(124,750)	(24,681)	100,069
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	245,250	326,625	81,375
<i>Fund Balance Beginning of Year</i>	138,692	138,692	0
<i>Fund Balance End of Year</i>	\$383,942	\$465,317	\$81,375

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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Other	\$8,800	\$8,624	(\$176)
Expenditures			
Current:			
General Government:			
Clerk of Courts:			
Materials and Supplies	<u>17,000</u>	<u>0</u>	<u>17,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(8,200)	8,624	16,824
<i>Fund Balance Beginning of Year</i>	<u>33,235</u>	<u>33,235</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$25,035</u></u>	<u><u>\$41,859</u></u>	<u><u>\$16,824</u></u>

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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Fines and Forfeitures	\$1,400	\$0	(\$1,400)
Other	1,700	2,275	575
<i>Total Revenues</i>	3,100	2,275	(825)
Expenditures			
Current:			
General Government:			
Judicial:			
Materials and Supplies	9,392	0	9,392
<i>Excess of Revenues Over (Under) Expenditures</i>	(6,292)	2,275	8,567
<i>Fund Balance Beginning of Year</i>	6,293	6,293	0
<i>Fund Balance End of Year</i>	\$1	\$8,568	\$8,567

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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Fines and Forfeitures	<u>\$7,400</u>	<u>\$6,976</u>	<u>(\$424)</u>
Expenditures			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	8,100	6,810	1,290
Capital Outlay	<u>3,350</u>	<u>1,550</u>	<u>1,800</u>
<i>Total Expenditures</i>	<u>11,450</u>	<u>8,360</u>	<u>3,090</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(4,050)	(1,384)	2,666
<i>Fund Balance Beginning of Year</i>	<u>6,263</u>	<u>6,263</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,213</u></u>	<u><u>\$4,879</u></u>	<u><u>\$2,666</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Fines and Forfeitures	\$12,600	\$12,250	(\$350)
Expenditures			
Current:			
General Government:			
Municipal Court:			
Contractual Services	17,000	15,000	2,000
Materials and Supplies	2,500	0	2,500
<i>Total Expenditures</i>	19,500	15,000	4,500
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(6,900)	(2,750)	4,150
<i>Fund Balance Beginning of Year</i>	7,530	7,530	0
<i>Fund Balance End of Year</i>	\$630	\$4,780	\$4,150

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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
General Government:			
Municipal Court:			
Capital Outlay	201	199	2
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(201)	(199)	2
<i>Fund Balance Beginning of Year</i>	201	201	0
<i>Fund Balance End of Year</i>	\$0	\$2	\$2

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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Fines and Forfeitures	\$4,500	\$3,900	(\$600)
Expenditures			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	<u>850</u>	<u>833</u>	<u>17</u>
<i>Excess of Revenues Over Expenditures</i>	3,650	3,067	(583)
<i>Fund Balance Beginning of Year</i>	<u>20,891</u>	<u>20,891</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$24,541</u></u>	<u><u>\$23,958</u></u>	<u><u>(\$583)</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Rentals	\$2,000	\$1,548	(\$452)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	2,000	1,548	(452)
<i>Fund Balance Beginning of Year</i>	<u>7,120</u>	<u>7,120</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$9,120</u></u>	<u><u>\$8,668</u></u>	<u><u>(\$452)</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Intergovernmental	\$0	\$342	\$342
Fines and Forfeitures	35,101	33,788	(1,313)
	<u> </u>	<u> </u>	<u> </u>
<i>Total Revenues</i>	<u>35,101</u>	<u>34,130</u>	<u>(971)</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Materials and Supplies	28,798	8,020	20,778
	<u> </u>	<u> </u>	<u> </u>
<i>Total Expenditures</i>	<u>28,798</u>	<u>8,020</u>	<u>20,778</u>
<i>Excess of Revenues Over Expenditures</i>	6,303	26,110	19,807
<i>Fund Balance Beginning of Year</i>	<u>12,943</u>	<u>12,943</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$19,246</u></u>	<u><u>\$39,053</u></u>	<u><u>\$19,807</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Reutilization Fund
For the Year Ended December 31, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Other	\$3,500	\$3,461	(\$39)
Expenditures			
Current:			
Community Environment:			
Contractual Services	2,961	78	2,883
Materials and Supplies	500	0	500
<i>Total Expenditures</i>	3,461	78	3,383
<i>Excess of Revenues Over Expenditures</i>	39	3,383	3,344
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$39	\$3,383	\$3,344

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.

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2003

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Special Assessments	\$72,000	\$71,580	(\$420)
<i>Total Revenues</i>	<u>72,000</u>	<u>71,580</u>	<u>(420)</u>
Expenditures			
Debt Service:			
Principal Retirement			
Bond	1,394,861	1,394,860	1
Note	2,737,663	2,977,663	(240,000)
Interest and Fiscal Charges			
Bond	1,207,094	1,012,308	194,786
Note	<u>70,769</u>	<u>70,569</u>	<u>200</u>
<i>Total Expenditures</i>	<u>5,410,387</u>	<u>5,455,400</u>	<u>(45,433)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(5,338,387)</u>	<u>(5,383,820)</u>	<u>(45,433)</u>
Other Financing Sources			
Proceeds of Notes	3,453,192	2,735,000	(718,192)
Transfers In	<u>2,425,000</u>	<u>2,652,093</u>	<u>(227,093)</u>
<i>Total Other Financing Sources</i>	<u>5,878,192</u>	<u>5,387,093</u>	<u>(491,099)</u>
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	539,805	3,273	(536,532)
<i>Fund Balance Beginning of Year</i>	<u>110,194</u>	<u>110,194</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$649,999</u></u>	<u><u>\$113,467</u></u>	<u><u>(\$536,532)</u></u>

Nonmajor 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.

Court House Renovation – This fund accounts for monies received for renovation of the court house.

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
Nonmajor Capital Projects Funds
December 31, 2003

	<u>Street Income Tax Construction</u>	<u>Capital Improvements</u>	<u>Swimming Pool</u>	<u>Downtown Development</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$277,116	\$482,895	\$59,725	\$34,307
Receivables:				
Taxes	137,018	195,741	0	0
Special Assessments	174,780	0	0	0
Intergovernmental	<u>0</u>	<u>46,887</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$588,914</u></u>	<u><u>\$725,523</u></u>	<u><u>\$59,725</u></u>	<u><u>\$34,307</u></u>
Liabilities				
Accounts Payable	\$679	\$6,904	\$0	\$0
Interfund Payable	0	0	0	0
Deferred Revenue	212,333	100,536	0	0
Accrued Interest Payable	0	0	0	0
Notes Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>213,012</u>	<u>107,440</u>	<u>0</u>	<u>0</u>
Fund Equity				
Fund Balances (Deficit):				
Reserved for Encumbrances	50,900	54,993	0	0
Unreserved, Undesignated	<u>325,002</u>	<u>563,090</u>	<u>59,725</u>	<u>34,307</u>
<i>Total Fund Equity</i>	<u>375,902</u>	<u>618,083</u>	<u>59,725</u>	<u>34,307</u>
 <i>Total Liabilities and Fund Equity</i>	 <u><u>\$588,914</u></u>	 <u><u>\$725,523</u></u>	 <u><u>\$59,725</u></u>	 <u><u>\$34,307</u></u>

<u>Communication Equipment</u>	<u>Jail Construction</u>	<u>West State Street</u>	<u>Hospital Sale Capital</u>
\$1,616	\$112,456	\$20,096	\$6,458
0	0	0	0
0	0	0	0
0	0	0	0
<u>\$1,616</u>	<u>\$112,456</u>	<u>\$20,096</u>	<u>\$6,458</u>
\$0	\$0	\$0	\$0
0	0	0	0
0	0	0	0
0	0	0	2,273
0	0	0	380,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>382,273</u>
0	0	0	0
1,616	112,456	20,096	(375,815)
<u>1,616</u>	<u>112,456</u>	<u>20,096</u>	<u>(375,815)</u>
<u>\$1,616</u>	<u>\$112,456</u>	<u>\$20,096</u>	<u>\$6,458</u>

(continued)

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2003

	Street Improvement	Court House Renovation	Other	Totals
Assets				
Equity in Pooled Cash and Cash Equivalents	\$294,295	\$29,744	\$18,475	\$1,337,183
Receivables:				
Taxes	0	0	0	332,759
Special Assessments	0	0	0	174,780
Intergovernmental	0	0	0	46,887
<i>Total Assets</i>	<u>\$294,295</u>	<u>\$29,744</u>	<u>\$18,475</u>	<u>\$1,891,609</u>
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$7,583
Interfund Payable	0	0	2,159	2,159
Deferred Revenue	0	0	0	312,869
Accrued Interest Payable	0	0	0	2,273
Notes Payable	0	0	0	380,000
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>2,159</u>	<u>704,884</u>
Fund Equity				
Fund Balances (Deficit):				
Reserved for Encumbrances	208,302	21,273	0	335,468
Unreserved, Undesignated	85,993	8,471	16,316	851,257
<i>Total Fund Equity</i>	<u>294,295</u>	<u>29,744</u>	<u>16,316</u>	<u>1,186,725</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$294,295</u>	<u>\$29,744</u>	<u>\$18,475</u>	<u>\$1,891,609</u>

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003*

	Street Income Tax Construction	Capital Improvements	Swimming Pool
Revenues			
Municipal Income Taxes	\$473,766	\$676,808	\$0
Intergovernmental	0	2,730	0
Special Assessments	683	0	0
Interest	0	0	0
Other	0	425	0
<i>Total Revenues</i>	<u>474,449</u>	<u>679,963</u>	<u>0</u>
Expenditures			
Capital Outlay	312,466	572,786	0
Debt Service:			
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>312,466</u>	<u>572,786</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>161,983</u>	<u>107,177</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers Out	(160,726)	(320,987)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(160,726)</u>	<u>(320,987)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	1,257	(213,810)	0
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>374,645</u>	<u>831,893</u>	<u>59,725</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$375,902</u></u>	<u><u>\$618,083</u></u>	<u><u>\$59,725</u></u>

(continued)

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds (continued)
For the Year Ended December 31, 2003*

	<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	3,886
Other	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>3,886</u>
Expenditures			
Capital Outlay	0	0	499,191
Debt Service:			
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>499,191</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>(495,305)</u>
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers Out	0	0	(160,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(160,000)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>0</u>	<u>0</u>	<u>(655,305)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>34,307</u>	<u>1,616</u>	<u>767,761</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$34,307</u></u>	<u><u>\$1,616</u></u>	<u><u>\$112,456</u></u>

West State Street	Hospital Sale Capital	Street Improvement	Court House Renovation	Other	Totals
\$0	\$0	\$0	\$0	\$0	\$1,150,574
0	0	0	11,069	0	13,799
0	8,064	0	0	0	8,747
0	0	0	0	0	3,886
0	0	0	0	22,368	22,793
0	8,064	0	11,069	22,368	1,199,799
0	0	39,979	441,325	0	1,865,747
0	9,072	0	0	0	9,072
0	9,072	39,979	441,325	0	1,874,819
0	(1,008)	(39,979)	(430,256)	22,368	(675,020)
0	0	0	460,000	0	460,000
0	0	0	0	(22,530)	(664,243)
0	0	0	460,000	(22,530)	(204,243)
0	(1,008)	(39,979)	29,744	(162)	(879,263)
20,096	(374,807)	334,274	0	16,478	2,065,988
<u>\$20,096</u>	<u>(\$375,815)</u>	<u>\$294,295</u>	<u>\$29,744</u>	<u>\$16,316</u>	<u>\$1,186,725</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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Municipal Income Taxes	\$485,981	\$470,470	(\$15,511)
Special Assessments	<u>800</u>	<u>683</u>	<u>(117)</u>
<i>Total Revenues</i>	<u>486,781</u>	<u>471,153</u>	<u>(15,628)</u>
Expenditures			
Capital Outlay:			
Street Income Tax:			
Capital Outlay	<u>402,000</u>	<u>363,367</u>	<u>38,633</u>
<i>Excess of Revenues Over Expenditures</i>	<u>84,781</u>	<u>107,786</u>	<u>23,005</u>
Other Financing Uses			
Transfers Out	<u>(160,725)</u>	<u>(160,725)</u>	<u>0</u>
<i>Total Other Financing Uses</i>	<u>(160,725)</u>	<u>(160,725)</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(75,944)	(52,939)	23,005
<i>Fund Balance Beginning of Year</i>	<u>278,476</u>	<u>278,476</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$202,532</u></u>	<u><u>\$225,537</u></u>	<u><u>\$23,005</u></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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Municipal Income Taxes	\$697,423	\$672,100	(\$25,323)
Intergovernmental	3,000	2,730	(270)
Other	0	425	425
<i>Total Revenues</i>	<u>700,423</u>	<u>675,255</u>	<u>(25,168)</u>
Expenditures			
Capital Outlay:			
Capital Improvements:			
Contractual Services	3,040	3,038	2
Material and Supplies	3,900	3,457	443
Capital Outlay	<u>765,391</u>	<u>631,676</u>	<u>133,715</u>
<i>Total Expenditures</i>	<u>772,331</u>	<u>638,171</u>	<u>134,160</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(71,908)	37,084	108,992
Other Financing Uses			
Transfers Out	<u>(359,444)</u>	<u>(320,987)</u>	<u>38,457</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(431,352)	(283,903)	147,449
<i>Fund Balance Beginning of Year</i>	674,180	674,180	0
Prior Year Encumbrances Appropriated	<u>32,171</u>	<u>32,171</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$274,999</u></u>	<u><u>\$422,448</u></u>	<u><u>\$147,449</u></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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay	<u>59,725</u>	<u>0</u>	<u>59,725</u>
<i>Excess of Revenues Under Expenditures</i>	(59,725)	0	59,725
<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>\$0</u></u>	<u><u>\$59,725</u></u>	<u><u>\$59,725</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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>\$0</u>
<i>Fund Balance Beginning of Year</i>	<u>34,307</u>	<u>34,307</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$34,307</u></u>	<u><u>\$34,307</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
Communication Equipment Fund
For the Year Ended December 31, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$477,000	\$3,886	(\$473,114)
Expenditures			
Capital Outlay:			
Police:			
Contractual Services	99,682	99,434	248
Capital Outlay	573,722	426,015	147,707
<i>Total Expenditures</i>	673,404	525,449	147,955
<i>Excess of Revenues Under Expenditures</i>	(196,404)	(521,563)	(325,159)
Other Financing Uses			
Transfers Out	(160,000)	(160,000)	0
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(356,404)	(681,563)	(325,159)
<i>Fund Balance Beginning of Year</i>	290,615	290,615	0
Prior Year Encumbrances Appropriated	503,404	503,404	0
<i>Fund Balance End of Year</i>	\$437,615	\$112,456	(\$325,159)

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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>\$0</u>
<i>Excess of Revenues Under Expenditures</i>	0	0	0
Other Financing Uses			
Transfers Out	<u>(20,096)</u>	<u>0</u>	<u>20,096</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>\$0</u>
<i>Excess of Revenues Under Expenditures</i>	0	0	0
Other Financing Uses			
Transfers Out	<u>(6,458)</u>	<u>0</u>	<u>6,458</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Street Improvement:			
Capital Outlay	<u>318,302</u>	<u>248,281</u>	<u>70,021</u>
<i>Excess of Revenues Under Expenditures</i>	(318,302)	(248,281)	70,021
<i>Fund Balance Beginning of Year</i>	125,972	125,972	0
Prior Year Encumbrances Appropriated	<u>208,302</u>	<u>208,302</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$15,972</u></u>	<u><u>\$85,993</u></u>	<u><u>\$70,021</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court House Renovation Fund
For the Year Ended December 31, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$0	\$11,069	\$11,069
<i>Total Revenues</i>	<u>0</u>	<u>11,069</u>	<u>11,069</u>
Expenditures			
Capital Outlay:			
Street Income Tax:			
Contractual Services	50,000	19,086	30,914
Capital Outlay	450,000	443,512	6,488
<i>Total Expenditures</i>	<u>500,000</u>	<u>462,598</u>	<u>37,402</u>
<i>Excess of Revenues Under Expenditures</i>	(500,000)	(451,529)	48,471
Other Financing Sources			
Transfers In	500,000	460,000	(40,000)
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	0	8,471	8,471
<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>\$0</u></u>	<u><u>\$8,471</u></u>	<u><u>\$8,471</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures	0	0	\$0
<i>Excess of Revenues Under Expenditures</i>	0	0	0
Other Financing Uses			
Transfers Out	(612)	0	612
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(612)	0	612
<i>Fund Balance Beginning of Year</i>	612	612	0
<i>Fund Balance End of Year</i>	\$0	\$612	\$612

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, 2003

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$0	\$0	\$0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>\$0</u>
<i>Excess of Revenues Under Expenditures</i>	0	0	0
Other Financing Uses			
Transfers Out	<u>(10,498)</u>	<u>0</u>	<u>10,498</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</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, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Other	\$22,868	\$22,368	(\$500)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	22,868	22,368	(500)
Other Financing Uses			
Transfers Out	<u>(22,530)</u>	<u>(22,530)</u>	<u>0</u>
<i>Excess of Revenues Over/(Under) Expenditures and Other Financing Uses</i>	338	(162)	(500)
<i>Fund Balance Beginning of Year</i>	<u>7,527</u>	<u>7,527</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,865</u></u>	<u><u>\$7,365</u></u>	<u><u>(\$500)</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
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2003

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$281,680	\$268,840	(\$12,840)
Charges for Services	3,940,823	3,785,503	(155,320)
Interest	21,100	20,523	(577)
Other	42,100	86,896	44,796
<i>Total Revenues</i>	<u>4,285,703</u>	<u>4,161,762</u>	<u>(123,941)</u>
Expenses			
Salaries and Wages	1,166,263	1,120,050	46,213
Fringe Benefits	443,197	428,727	14,470
Contractual Services	532,051	494,623	37,428
Materials and Supplies	435,392	435,374	18
Capital Outlay	299,979	132,496	167,483
Other	13,600	13,445	155
<i>Total Expenses</i>	<u>2,890,482</u>	<u>2,624,715</u>	<u>265,767</u>
<i>Excess of Revenues Over Expenses</i>	1,395,221	1,537,047	141,826
Transfers Out	<u>(1,570,500)</u>	<u>(1,568,973)</u>	<u>1,527</u>
<i>Excess of Revenues Under Expenses and Transfers</i>	(175,279)	(31,926)	143,353
<i>Fund Equity Beginning of Year</i>	2,968,435	2,968,435	0
Prior Year Encumbrances Appropriated	<u>42,789</u>	<u>42,789</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$2,835,945</u></u>	<u><u>\$2,979,298</u></u>	<u><u>\$143,353</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, 2003

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$3,004,000	\$3,084,400	\$80,400
Licenses, Permits and Fees	21,000	62,106	41,106
Intergovernmental	2,740,910	168,759	(2,572,151)
Interest	20,200	19,413	(787)
Other	95,700	182,771	87,071
<i>Total Revenues</i>	<u>5,881,810</u>	<u>3,517,449</u>	<u>(2,364,361)</u>
Expenses			
Salaries and Wages	1,315,779	1,296,353	19,426
Fringe Benefits	509,546	482,228	27,318
Contractual Services	752,887	622,420	130,467
Materials and Supplies	176,961	176,951	10
Capital Outlay	1,984,719	698,652	1,286,067
Other	600	516	84
<i>Total Expenses</i>	<u>4,740,492</u>	<u>3,277,120</u>	<u>1,463,372</u>
<i>Excess of Revenues Over Expenses</i>	1,141,318	240,329	(900,989)
Transfers Out	(733,084)	(506,788)	226,296
<i>Excess of Revenues Over (Under) Expenses and Transfers</i>	408,234	(266,459)	(674,693)
<i>Fund Equity Beginning of Year</i>	1,584,091	1,584,091	0
Prior Year Encumbrances Appropriated	305,405	305,405	0
<i>Fund Equity End of Year</i>	<u>\$2,297,730</u>	<u>\$1,623,037</u>	<u>(\$674,693)</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.

City of Alliance, Ohio
Schedule of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
Internal Service Fund
For the Year Ended December 31, 2003

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$1,362,220	\$1,381,795	\$19,575
Interest	800	863	63
Other	36,980	14,627	(22,353)
<i>Total Revenues</i>	<u>1,400,000</u>	<u>1,397,285</u>	<u>(2,715)</u>
Expenses			
Claims	<u>1,890,000</u>	<u>1,399,670</u>	<u>490,330</u>
<i>Total Expenses</i>	<u>1,890,000</u>	<u>1,399,670</u>	<u>490,330</u>
<i>Excess of Revenues Under Expenses</i>	(490,000)	(2,385)	487,615
<i>Fund Equity Beginning of Year</i>	<u>677,892</u>	<u>677,892</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$187,892</u></u>	<u><u>\$675,507</u></u>	<u><u>\$487,615</u></u>

Agency Fund

This fund is purely custodial (assets equal liabilities) and thus does not involve the measurement of results of operations.

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

City of Alliance
Statement of Changes in Assets and Liabilities
Agency Fund
December 31, 2003

	<u>Beginning Balance 12/31/02</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 12/31/03</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$0</u>	<u>\$55,012</u>	<u>\$40,988</u>	<u>\$14,024</u>
Liabilities				
Due to Others	<u>\$0</u>	<u>\$55,012</u>	<u>\$40,988</u>	<u>\$14,024</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>2003 (1)</u>	<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	\$809,335	\$819,949	\$755,917	\$723,922	\$726,080	\$717,986
Municipal Income Taxes (2)	5,680,243	5,700,523	5,723,681	5,711,142	6,160,316	5,890,573
Charges for Services	351,965	415,438	362,691	309,885	189,297	102,862
Licenses, Permits and Fees	180,204	177,500	118,829	119,047	146,591	109,243
Fines and Forfeitures (3)	404,981	471,096	390,864	462,359	452,978	403,061
Intergovernmental	1,458,228	1,491,862	1,333,461	1,390,205	1,552,126	1,770,962
Special Assessments	0	0	0	0	5,318	0
Interest	27,819	78,885	195,225	246,661	223,248	184,306
Rentals	187,858	162,531	291,703	0	1,960	51,206
Donations	0	0	15	0	2,500	0
Other	<u>209,535</u>	<u>249,709</u>	<u>253,658</u>	<u>425,793</u>	<u>314,780</u>	<u>479,427</u>
Totals	<u>\$9,310,168</u>	<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	\$2,125,073	\$2,155,256	\$2,287,160	\$2,204,701	\$2,153,411	\$1,947,283
Security of Persons and Property	5,728,298	5,484,234	5,407,622	5,350,452	5,293,124	4,871,021
Public Health Services	447,666	426,045	417,403	372,827	334,104	325,500
Transportation	343,758	262,589	343,373	317,313	274,218	154,225
Community Environment	80,777	70,241	93,049	81,846	74,637	70,412
Basic Utility Services	54,340	55,996	57,856	55,720	50,222	42,045
Leisure Time Activities	580,700	514,393	536,122	537,253	503,413	468,233
Capital Outlay	0	0	0	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,646</u>
Total	<u>\$9,360,612</u>	<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 - 2003 are reported on a (governmental fund) 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>
\$600,209	\$608,917	\$589,162	\$579,956
5,240,798	5,007,100	0	0
193,172	287,354	0	53,655
107,265	124,296	315,999	339,696
307,879	338,592	0	0
1,968,925	1,443,921	1,379,200	1,109,141
0	0	0	0
197,303	164,577	0	0
98,611	50,650	0	0
0	100	0	0
<u>76,868</u>	<u>88,778</u>	<u>360,223</u>	<u>522,568</u>
<u>\$8,791,030</u>	<u>\$8,114,285</u>	<u>\$2,644,584</u>	<u>\$2,605,016</u>
\$1,981,236	\$1,776,027	\$1,374,729	\$1,290,295
4,546,571	4,489,627	4,178,110	4,067,978
324,364	287,153	294,872	289,454
281,260	278,114	218,596	250,331
64,580	76,084	74,125	88,223
36,641	33,710	34,939	33,246
442,598	415,225	369,617	363,696
0	0	1,500	0
<u>3,897</u>	<u>3,897</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>

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
2003	\$950,855	\$815,770	85.79 %	\$50,668	\$866,438	91.11 %	\$115,859	12.18 %
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

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 Delinquent Taxes to Total Tax Levy
2003	\$131,010	\$112,884	86.16 %	\$8,259	\$121,143	92.46 %	\$15,487	11.82 %
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

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)
2003	\$220,182,770	\$629,093,629	\$9,044,130	\$10,277,420
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

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-three percent for inventory.

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value	
\$35,649,911	\$142,599,644	\$264,876,811	\$781,970,693	33.87 %
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

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					
2003	\$4.00	\$2.00	\$6.00	\$9.60	\$54.40	\$48.40	\$0.50	\$118.90
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

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
2003	\$99,003	\$73,067	73.80 %	\$23,248	23.48 %	\$96,315	97.28 %	\$663,306
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

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 (2)</u>	<u>Assessed Value</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
2003	23,253	\$781,534	\$264,876,811	0.30%	\$33.61
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

Source: Stark County, Ohio; County Auditor

(1) Population figures are from the Census Bureau.

(2) Amount represents general bonded debt less cash in debt service fund.

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

Assessed Value		\$264,876,811
Legal Debt Margin:		
Debt Limitation - 10.5 percent of Assessed Value		27,812,065
Debt Applicable to Limitation:		
General Obligation Bonds	\$895,000	
Special Assessment Bonds	570,000	
Enterprise General Obligation Bonds	190,000	
OPWC Loan	45,272	
Revenue Bonds	21,330,000	
Notes	<u>2,495,000</u>	
Gross Indebtedness (Total Voted and Unvoted Debt)	25,525,272	
Less: Debt Outside Limitations:		
Special Assessment Bonds	570,000	
Enterprise General Obligation Bonds	190,000	
OPWC Loan	45,272	
Revenue Bonds	<u>21,330,000</u>	
Total Debt Outside Limitations	<u>22,135,272</u>	
Total Debt Applicable to Limitation - Within 10.5% Limitations	3,390,000	
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>113,466</u>	
Net Debt Within 10.5% Limitation		<u>3,276,534</u>
Overall Debt Margin Within 10.5% Limitation		<u><u>\$24,535,531</u></u>

Unvoted Debt Limitation - 5.5% of Assessed Valuation		\$14,568,225
Gross Indebtedness Authorized by Council	<u>\$25,525,272</u>	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	<u>22,135,272</u>	
Debt Within 5.5% Limitation	3,390,000	
Less Amount Available in Debt Service Fund	<u>113,466</u>	
Net Debt Within 5.5% Limitation		<u>3,276,534</u>
Unvoted Debt Margin Within 5.5% Limitation		<u><u>\$11,291,691</u></u>

Source: City Financial Records

City of Alliance, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2003

	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City of Alliance</u>
Direct:			
City of Alliance	\$2,275,000	100.00%	\$2,275,000
Overlapping:			
Alliance City Schools	<u>10,754,990</u>	94.58	<u>10,172,070</u>
Total	<u>\$13,029,990</u>		<u>\$12,447,070</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

Water							
Year (3)	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement (2)			Coverage
				Principal	Interest	Total	
2003	\$3,917,191	\$2,583,677	\$1,333,514	\$695,000	\$902,762	\$1,597,762	0.83
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

Sewer							
Year (3)	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement (2)			Coverage
				Principal	Interest	Total	
2003	\$3,341,118	\$2,494,830	\$846,288	\$370,000	\$213,543	\$583,543	1.45
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 - 2003 are reported on a GAAP basis, all other years are on a Cash basis

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
2003	\$210,000	\$55,761	\$265,761	\$9,360,612	2.84%
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

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)
2003	\$220,182,770	239	\$43,518,155	\$2,000,000
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

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, 2003

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Alliance Ventures, Incorporated	\$6,557,520	2.98%
Inland Southeast Alliance LLC	4,060,010	1.84
James G Stout	3,183,770	1.45
Carnation Mall LLC	2,301,960	1.06
Grisez Brothers Properties LP	2,267,530	1.03
RL Deville Enterprises Limited	1,872,830	0.85
Stark Health Care Investments LLC	1,167,360	0.53
Camalak Properties, Inc.	1,146,690	0.52
College Plaza Realty, Incorporated	1,096,870	0.50
Alliance Apartments Limited Partnership	1,051,750	0.47
Robertson Development Corporation	1,001,040	0.45
Alliance Castings Company LLC	943,050	0.43
Mount Union College	930,340	0.42
Totals	<u>\$27,580,720</u>	<u>12.53%</u>
Total City Assessed Valuation	<u>\$220,182,770</u>	

Source: Stark County, Ohio; County Auditor

City of Alliance, Ohio
Principal Taxpayers - Tangible Personal Property
December 31, 2003

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Alliance Tubular Products Company	\$5,658,580	15.87%
Amsted Industries, Incorporated	2,307,090	6.47
Wal Mart Stores East, Incorporated	1,882,140	5.28
Coastal Pet Products, Incorporated	1,774,230	4.98
Lowes Home Center, Incorporated	1,404,270	3.94
Robertson Heating Supply Company of Ohio	1,357,900	3.81
Stars of Cleveland, Incorporated	1,212,600	3.40
Wally Armour Chrysler Plymouth Dodge	1,058,720	2.97
Time Warner Entertainment	951,750	2.67
Lavery Chevrolet-Buick Inc.	<u>926,840</u>	<u>2.60</u>
Totals	<u><u>\$18,534,120</u></u>	<u><u>51.99%</u></u>
Total City Assessed Valuation	<u><u>\$35,649,911</u></u>	

Source: Stark County, Ohio; County Auditor

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

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Ohio Edison	\$3,399,830	37.59%
Ohio Bell Telephone	3,005,480	33.23
Columbia Gas of Ohio, Incorporated	945,890	10.46
Norfolk Southern Combined Rail Road Subsidiaries	875,110	9.68
American Transmission Systems, Incorporated	648,220	7.17
Alltel Ohio LP	<u>115,730</u>	<u>1.27</u>
<i>Totals</i>	<u><u>\$8,990,260</u></u>	<u><u>99.40%</u></u>
Assessed Valuation	<u><u>\$9,044,130</u></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, 2003

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	6
Full-Time	43
Recreation and Culture:	
Number of Parks	12
Area	185 acres
Number of Libraries	2
Volumes	153,000
Employees:	
Non-Exempt (Full Time)	114
Non-Exempt (Part Time)	16
Exempt (Full Time)	32
Exempt (Part Time)	47

Source: City Records



**Auditor of State
Betty Montgomery**

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800-282-0370

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
OCTOBER 14, 2004**