

**Auditor of State
Betty Montgomery**

CITY OF WOOSTER
WAYNE COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	1
Independent Accountants' Report on Compliance with Requirements Applicable to Each of Its Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3
Schedule of Receipts and Expenditures of Federal Awards.....	5
Notes to the Schedule of Receipts and Expenditures of Federal Awards	6
Schedule of Findings.....	7

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

City of Wooster
Wayne County
538 North Market Street
Wooster, Ohio 44691

To the Honorable Mayor and City Council:

We have audited the basic financial statements of the City of Wooster, Wayne County, Ohio, (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated September 16, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2002-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated September 16, 2003.

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated September 16, 2003.

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

This report is intended for the information and use of 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 16, 2003



**Auditor of State
Betty Montgomery**

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

City of Wooster
Wayne County
538 North Market Street
Wooster, Ohio 44691

To the Honorable Mayor and City Council:

Compliance

We have audited the compliance of the City of Wooster, Wayne 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 each of its major federal programs for the year ended December 31, 2002. The City's major federal programs are 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 each of its major federal programs 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 each of its major federal programs for the year ended December 31, 2002.

However, we noted an immaterial instance of noncompliance that does not require inclusion in this report that we have reported to management of the City in a separate letter dated September 16, 2003.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintained 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.

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Receipts and Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 16, 2003. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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 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 16, 2003

CITY OF WOOSTER
WAYNE COUNTY

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

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	RECEIPTS	EXPENDITURES
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>(Passed through the State Department of Development)</i>				
Community Development Block Grants	A-F-99-202-1	14.228	\$1,785	\$0
	A-F-00-202-1		93,484	86,096
	A-F-01-202-1		8,000	75,722
	A-C-01-202-1		<u>49,460</u>	<u>62,225</u>
Total Community Development Block Grants			152,729	224,043
Home Improvement Partnership Program	A-C-01-202-2	14.239	<u>172,289</u>	<u>247,289</u>
Total U.S. Department of Housing and Urban Development			325,018	471,332
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>(Passed through the Ohio Department of Public Safety)</i>				
State and Community Highway Safety	N/A	20.600	<u>14,592</u>	<u>14,592</u>
Bulletproof Vest Partnership Program	N/A	16.607	<u>6,864</u>	<u>6,864</u>
COPS Grant	N/A	16.710	<u>46,983</u>	<u>46,983</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>(Passed through the Ohio Department of Mental Retardation and Developmental Disabilities)</i>				
Special Programs for the Aging - Title III	N/A	93.043	<u>5,000</u>	<u>5,000</u>
Total			<u>\$398,457</u>	<u>\$544,771</u>

See Accompanying Notes to the Schedule of Receipts and Expenditures of Federal Awards.

**CITY OF WOOSTER
WAYNE COUNTY**

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

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—REVOLVING LOAN PROGRAM

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low to moderate income households. The U.S. Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as an expenditure of the Community Development Block Grant program on the accompanying 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.

The loans are collateralized by mortgages on the property and by promissory notes. In addition, all revolving loan funds are secured by personal guarantees, to the greatest extent possible.

**CITY OF WOOSTER
WAYNE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant CFDA #14.228 Home Improvement Partnership Program CFDA #14.239
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Finding Number	2002-001
-----------------------	-----------------

NONCOMPLIANCE

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the City to obtain a County Auditor’s certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2002, total appropriations exceeded total estimated resources at year end as follows:

Original Budget

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Local Law Enforcement Block Grant	\$6,416	\$7,995	\$1,579
Long Road	514,229	522,500	8,271
CDBG – ED Loan	398,285	500,000	101,715
Garage	392,853	414,678	21,825

Final Budget

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
CDBG	\$754,792	\$805,039	\$50,247
Economic Development Capital Impr.	737,062	820,000	82,938
CDBG – ED Loan	443,285	500,000	56,715
Refuse	481,707	945,059	463,352

City Council should monitor appropriations versus estimated resources to help avoid overspending.

3. FINDINGS FOR FEDERAL AWARDS

None.



The City of Wooster, Ohio

Comprehensive Annual Financial Report for the year ended December 31, 2002

Introductory Section

**CITY OF WOOSTER, OHIO
Comprehensive Annual Financial Report
For the year ended December 31, 2002**

Prepared by Finance Department

**CITY OFFICIALS
As of January 1, 2003**

MAYOR

**James A. Howey
Second Term Expires 12-31-03**

CITY COUNCIL

**Gary L. Thompson
President
Fifth Term Expires 12-31-03**

**Anne O'Planick
Term Expires 12-31-03
Second Term - Ward 3**

**Jon Ulbright
Term Expires 12-31-05
First Term - At Large**

**Robert Breneman
Term Expires 12-31-03
Second Term - At Large**

**John Robison
Term Expires 12-31-05
First Term - At Large**

**James Hodges
Term Expires 12-31-03
Second Term - Ward 1**

**Judi Mitten
Term Expires 12-31-05
Third Term - Ward 4**

**Barbara Hustwit
Term Expires 12-31-05
Third Term - Ward 2**

**DIRECTOR OF FINANCE
Andrei A. Dordea, CPA – 1st year of service**

**DIRECTOR OF LAW
Richard Benson – 12 years of service**

**DIRECTOR OF ADMINISTRATION
Michael Sigg – 3 years of service**

**WOOSTER COMMUNITY HOSPITAL ADMINISTRATOR
William Sheron - 8 years of service**

TABLE OF CONTENTS

<i>INTRODUCTORY SECTION</i>	<u>Page</u>
Title Page and List of Principal Officials.....	1
Table of Contents.....	2
Letter of Transmittal.....	5
Organization Chart.....	11
Certificate of Achievement for Excellence in Financial Reporting	12
<i>FINANCIAL SECTION</i>	
Report of Independent Accountants.....	13
Management’s Discussion and Analysis.....	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	27
Statement of Activities.....	28
Fund Financial Statements	
Balance Sheet Governmental Funds.....	30
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	32
Statement of Net Assets Proprietary Funds.....	34
Statement of Revenues, Expenses and Changes in Net Assets Proprietary Funds.....	36
Statement of Cash Flows Proprietary Funds.....	38
Statement of Assets & Liabilities Agency Funds.....	40
Notes to the Basic Financial Statements.....	42
Required Supplemental Information Section	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budgetary Basis) General and Major Special Revenue Funds.....	63
<i>SUPPLEMENTAL SECTION</i>	
Combining Statements and Individual Fund Schedules:	
Fund Descriptions.....	65
Combining Balance Sheet Nonmajor Governmental Funds.....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds.....	69
Combining Balance Sheet Nonmajor Special Revenue Funds.....	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds.....	74

	<u>Page</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budgetary Basis) Nonmajor Special Revenue Funds.....	78
Schedule of Revenues, Expenditures and Changes in Fund Equity Budget and Actual (Budgetary Basis) Internal Service Fund.....	82
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budgetary Basis) Capital Improvement and Debt Service Funds.....	83
Combining Balance Sheet Nonmajor Capital Projects Funds.....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds.....	85
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budgetary Basis) Nonmajor Capital Projects Funds.....	86
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budgetary Basis) All Enterprise Funds.....	88
Schedule of Governmental Capital Assets By Function and Activity.....	90
Schedule of Changes in Governmental Capital Assets By Function and Activity.....	91
Combining Statement of Assets & Liabilities Agency Funds.....	92
Statement of Changes in Assets and Liabilities Agency Funds.....	93

STATISTICAL SECTION

	<u>Table</u>		
General Revenues by Source and General Expenditures by Function.....	1	.....	95
Schedule of Property Tax, Tangible Tax, Special Assessments, Levied/Billed and Collections, and Economic Indicators.....	2	.....	96
Schedule of Assessed Valuation, Estimated True Value and Property Tax Rates- Direct and Overlapping Governments.....	3	.....	97
Schedule of Legal Debt Margin, Computation of Direct and Overlapping Debt, and Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt per Capita.....	4	.....	98
Ratio of Annual Debt Service for General Obligation Debt to Total General Expenditures and Revenue Bond Coverage.....	5	.....	99
Schedule of Principal Taxpayers, Miscellaneous Statistics And Demographic Statistics.....	6	.....	100

This page intentionally left blank.



James A. Howey
Mayor
Andrei A. Dordea, CPA
Director of Finance

Finance Department
PO Box 1128
Wooster, OH 44691
(330) 263-5225

CITY OF WOOSTER

September 16, 2003
City Council and Citizens of Wooster
Wooster, Ohio

The Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) of the City of Wooster (the City) for the fiscal year ended December 31, 2002, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The reader is encouraged to review the contents of Management's Discussion and Analysis which begins on page 15.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, our organization chart, and a list of principal officials and Certificate of Achievement for Excellence in Financial Reporting. We have included in the transmittal letter a financial ratio and statistical overview of the city based on entity-wide financial reporting. The financial section includes, under the new Governmental Accounting Standard Board Statement No. 34 as amended, the Report of Independent Accountants, the Management Discussion and Analysis, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City is located in the north central part of the State of Ohio, within the boundaries of Wayne County of which it is the county seat. The City is a home rule municipal corporation under the laws of the State of Ohio and, as such, operates under its own charter. The current charter was adopted in 1972 and has undergone two amendments since that time. The city government consists of a Mayor, a seven-member Council and a Council President. All of these officials are elected for four-year terms. The Mayor, three Council members and the Council President are elected on an at-large basis. The four remaining Council members are elected from their respective wards within the City.

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

The City provides a full range of municipal services contemplated by its charter. These services include police, fire, health care, recreation programs (including parks), transportation programs, water and water pollution control programs, planning and zoning, and general administrative services.

Local Economy

The Economic Segment Mix and The Change of Economic Segment Mix as Measured by Total Income Tax Receipts for the Tax Years 1996 through 2002

	1996	1997	1998	1999	2000	2001	2002	Change% 96/02
Industrial	48.0%	44.4%	41.1%	45.9%	39.1%	36.9%	34.2%	-28.8%
Construction	3.5	4.2	4.2	3.9	4.4	4.8	4.9	40.0
Retail	9.8	9.7	10.0	8.8	9.0	9.3	8.6	-12.2
Oil	1.8	1.9	1.6	1.6	1.9	2.0	2.2	22.2
Services	9.6	9.6	10.4	9.2	10.1	10.6	11.1	15.6
Education/Govt.	10.8	10.0	11.7	11.1	13.3	14.6	17.4	61.1
Financial	3.5	3.7	5.2	4.3	4.3	4.3	3.9	11.4
Restaurants	1.6	1.6	1.9	1.8	2.1	2.2	2.2	37.5
Medical	7.3	6.9	7.5	7.0	8.4	9.0	7.1	-2.7
Miscellaneous	6.2	8.2	6.1	6.3	7.4	6.4	8.4	35.5
Chg. in \$ by Yr.	-1.93%	7.39%	5.78%	14.59%	-11.14	0.79%	1.77%	

The chart displayed above demonstrates past economic trends in the community and provides indications of possible future trends. The Industrial segment continues to lead our economy. Through economic diversification, the City has become less reliant on the industrial sector. We view this trend as positive and expect this pattern to continue. We anticipate, as indicated by the strength of the construction segment and building permits issued in the last six years, future economic expansion. (See Statistical Table 2) The significant dollar permits issued in 2002 were: Lowe's \$4.8 million (retail space); Wooster Brush \$3.25 million (industrial expansion); LuK, Inc. \$2.0 million (industrial expansion); Chesterland Estates \$1.0 million (retail center); Wayne County Commissioners \$1.1 million (building alterations); Wooster Board of Education \$1.0 million (board building alterations); Wild Ginger Restaurant \$0.75 million; Wooster Community Hospital \$4.15 million (medical building); MWP Holdings LTD \$0.85 million (auto dealership). To strengthen financial management practices, Council adopted certain financial policies as detailed below.

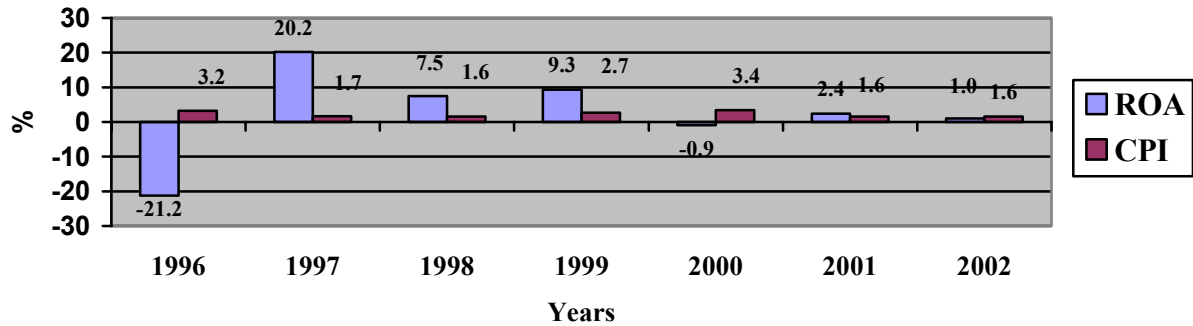
Financial Management Initiatives

On January 17, 1995, and amended in 1999, Council passed and the Mayor approved new financial policies for the governmental funds of the City. In part, the ordinance states: (1) The governmental funds shall be budgeted to have a rate of return on all assets greater than or equal to the rate of inflation; (2) Council will not provide new services unless new revenue is available or there is a cost reduction in another service; (3) By 1999, the General Fund shall have an unencumbered cash balance of at least 60 days of expenditures, but no more than 240 days; (4) By 2001, the Capital Improvements Fund shall have a cash balance at least equal to the value of the annual depreciation of the governmental fund assets; and, (5) If the General Fund cash exceeds the 240 day requirement and the Capital Improvements Fund cash requirement is achieved and the return on assets in the governmental funds is greater than the rate of inflation Council will lower either the property tax rate or the income tax rate.

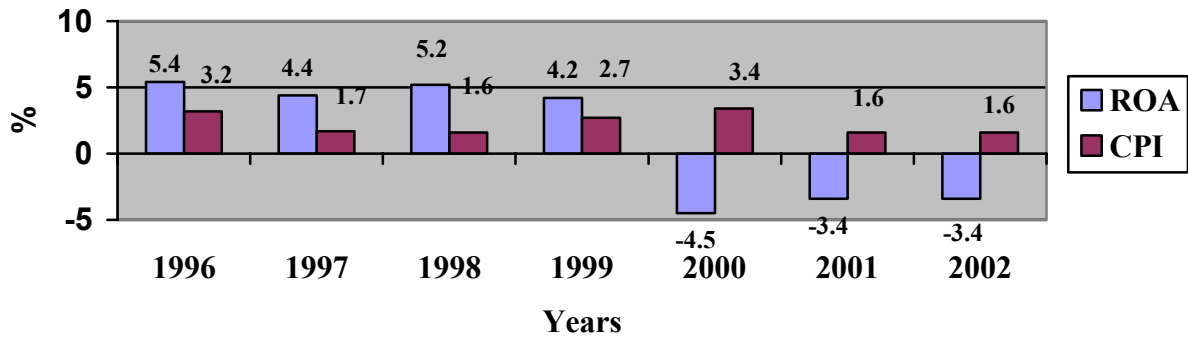
GASB Statement No. 34 financial reporting requirements facilitate monitoring actual results with these City policies. Our positions on each measurable point as of December 31 are presented in the following

graphs:

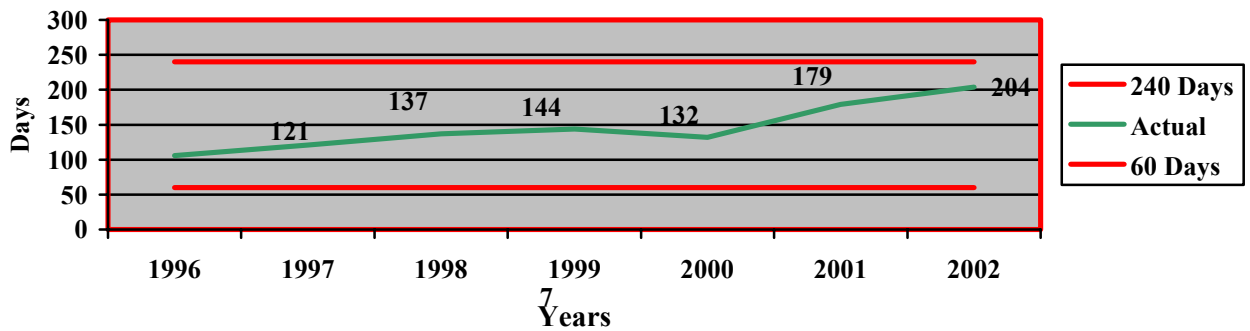
Total Return on Assets (Governmental Operations) vs CPI



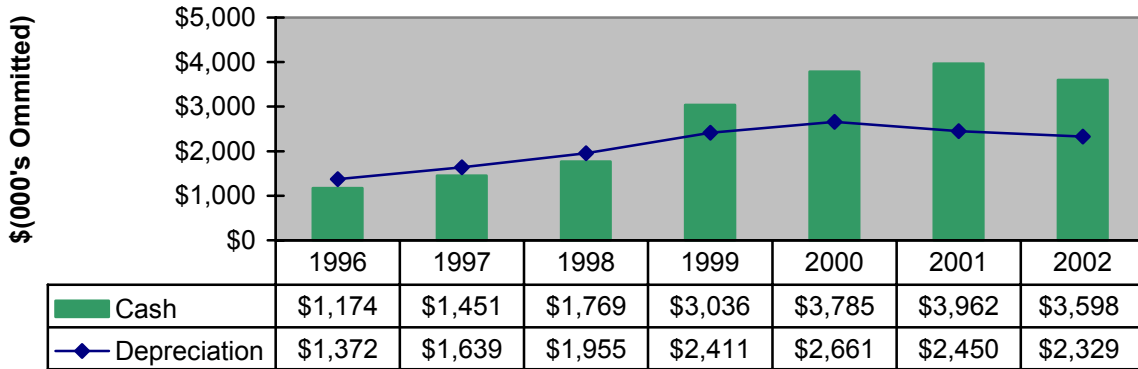
Return on Assets From Operations (Governmental Operations) vs CPI



General Fund Days In Unencumbered Cash



**Unencumbered Cash Balance (Capital Improvement Fund) to
Annual Depreciation (Governmental Activities)**



Risk Management

The City is self-insured for general liability for \$25,000 per occurrence. No material losses are anticipated. An Insurance Claims Board consisting of the Directors of Administration, Law and Finance has been established to review and settle all claims of less than \$5,000.

All full-time employees are provided with traditional health care insurance that covers hospitalization and major medical expenses within specified limits. The plan is self-funded by the City and administered by a third-party administrator. The City pays the administrator a monthly fixed fee for various claim administration services on a per enrolled employee basis.

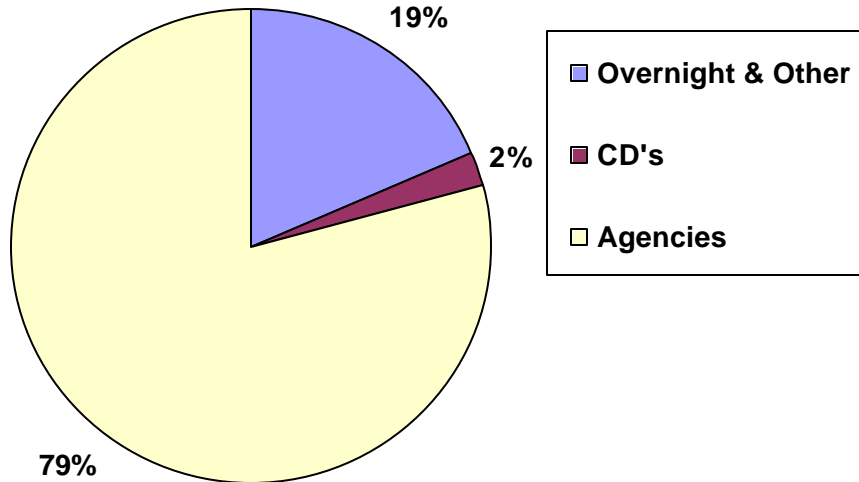
The City pays all claims. The third-party administrator submits weekly preliminary check registers for all processed claims. The City issues payment to the plan administrator who in turn issues individual claim checks.

The City carries stop-loss insurance against catastrophic losses. The premiums for these coverages are billed monthly by the third-party administrator on a per enrolled employee basis.

Cash Management

As of December 31, 2002, the City of Wooster had approximately \$100 million in cash and investments. Through a series of contractual agreements, all but a small amount of cash (less than \$100,000) is invested at all times. The weighted average length of maturity of these investments was approximately 438 days with a yield to maturity of 2.62%. The allocation of these investment resources is included in the chart below.

Allocation of Investment Resources



Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wooster, Ohio, for its CAFR for the fiscal year ended December 31, 2001. The Certificate of Achievement is a prestigious national award, which recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last twenty-two consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.

Independent Audit

The Office of Betty Montgomery, Auditor of State, audited the financial statements and the related notes of the City of Wooster. As stated in the auditor's report, the audit was conducted in accordance with Generally Accepted Government Auditing Standards, and included a financial compliance evaluation as well as a review of internal accounting controls.


Significant Other Events

The City of Wooster completed a comprehensive long-range plan during 2002 that encompasses not only land use but also which services are to be provided and the means to finance those services.

Acknowledgements

The year 2002 marked the retirement of James B. Pyers as Finance Director. Jim served the Citizens of Wooster for over 28 years. The City of Wooster received its first Certificate of Achievement for Excellence in Financial Reporting in 1980, only the third Ohio city to receive the award at that time. The City has received twenty-two consecutive awards since. Jim's impact will be felt for years to come not only locally but nationally. He was a very active member of the Government Finance Officers Association, serving on several committees and was elected to the Board for a four-year term. Jim also worked on several task forces for the Governmental Accounting Standards Board, contributing to the improvement of state and local government financial management. He was instrumental in establishing the Ohio Government Finance Officers Association. Jim dedicated himself to promoting continuing education and professionalism among his staff and peers and selflessly gave his time to that endeavor. We thank him and wish him well. It is to Jim that we dedicate this document.

Respectfully submitted,



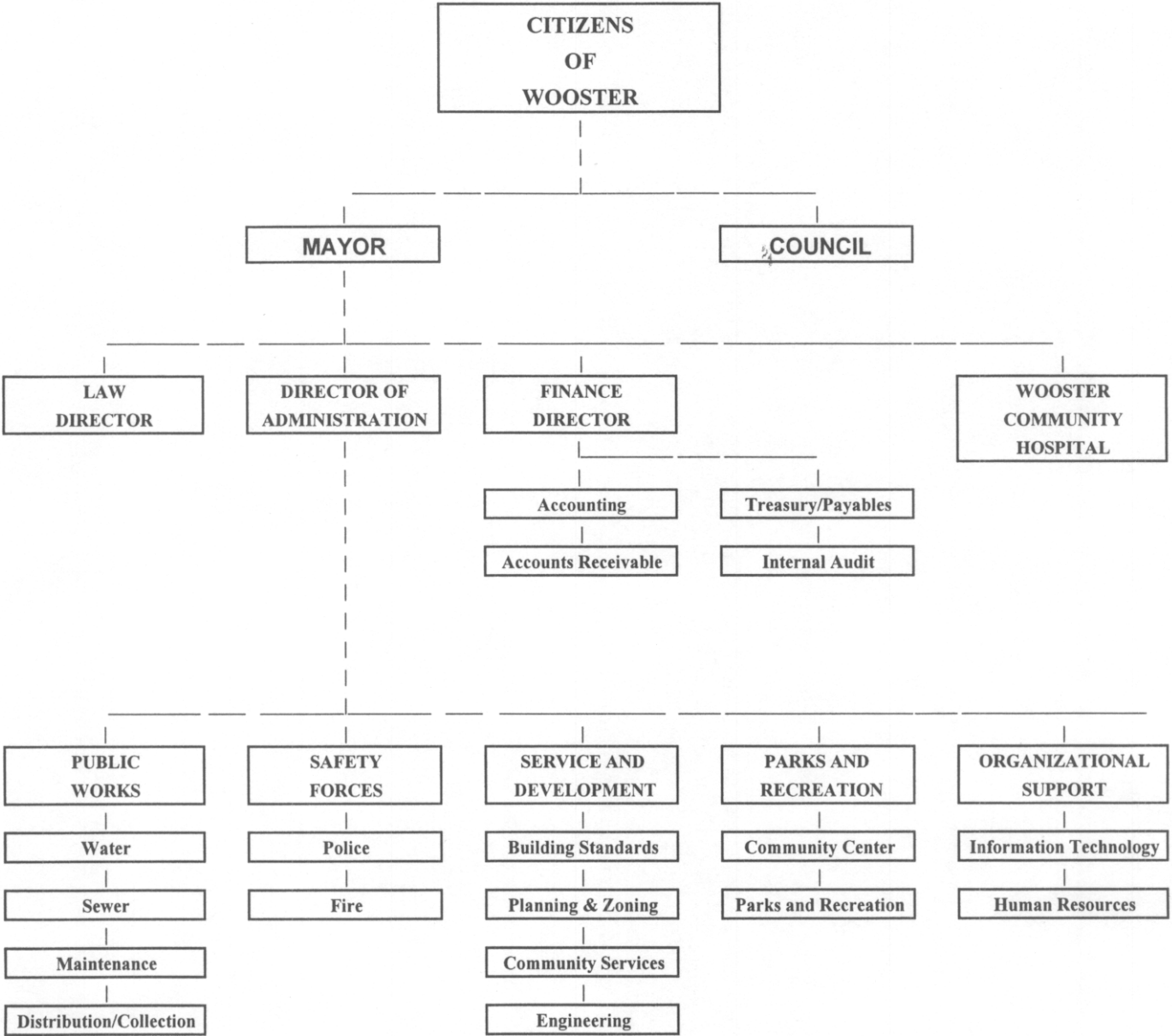
James A. Howey
Mayor



Andrei A. Dordea, CPA
Director of Finance

**CITY OF WOOSTER, OHIO
ORGANIZATION CHART**

As of December 31, 2002



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wooster,
Ohio

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

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



President

Executive Director

Financial Section



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Wooster
Wayne County
538 North Market Street
Wooster, Ohio 44691

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 Wooster, Wayne County, Ohio, (the City) as of and for the year ended December 31, 2002, 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 Wooster, Wayne County, Ohio, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2003 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 and the Budgetary Comparison for the General Fund and the Street Constructions Maintenance and Repair Fund are not a required part of the basic financial statements but are 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 is/are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements 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.



Betty Montgomery
Auditor of State

September 16, 2003

CITY OF WOOSTER, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) of the City of Wooster's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2002. Descriptions and definitions follow the highlights below. Please read the MD&A in conjunction with our letter of transmittal, which begins on page 5, and the City's basic financial statements, which begin immediately following the MD&A. Some prior period comparatives have been restated (see notes to the basic financial statements).

FINANCIAL HIGHLIGHTS

- The City's net assets (total assets minus total liabilities) increased \$11.70 million as a result of this year's operations.
- The City's return on assets was 5.7%.
- Total expenses of all City services was \$82.22 million in 2002 compared to \$74.17 million in 2001.
- Net assets of our business-type activities increased by \$11.57 million. Of these amounts Wooster Community Hospital net assets increased \$9.96 million while the City's utility service and economic development funds net assets increased \$1.61 million.
- The return on total assets for the business-type activities was 7.11% with the Hospital returning 9.93% on its total assets and the city's utility and economic development services returning 2.98%.
- Net assets of the governmental activities increased by \$.044 million. The return on total assets for the governmental activities was 1.58%.
- The capital improvements fund ended the year with a cash balance of \$4,054,543. Depreciation expense for all governmental capital assets for 2002 was \$2,329,943. The city budgeted \$4,173,556 (including carry-over projects) from the capital improvements fund (for governmental capital projects) in 2003.
- Net governmental capital assets increased by \$391,299 in 2002.

USING THIS ANNUAL REPORT

The major portion of this annual report consists of a series of financial statements and explanatory notes. The Statement of Net Assets and the Statement of Activities (on pages 27 and 28 & 29) provide information about the services provided by the City of Wooster as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 30. For governmental activities, these statements demonstrate how these services were financed in the short term as well as what remains for future spending. Individual fund financial statements also report the City's operations in more detail than the government-wide statements.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Recognition of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. We can think of the City's net assets, the difference between assets (what the citizens own) and liabilities (what the citizens owe) as one

CITY OF WOOSTER, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002

way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. We also must consider other nonfinancial factors, however, such as changes in the City's property tax base, income tax base, and the condition of the City's capital assets (roads, buildings, water and sewer lines) to assess the *overall health* of the City. Each factor is important to sustaining levels of service.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities:** most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation, and general administration (City Council, Mayor and Clerk of Council, Director of Administration, Law, Finance, Engineer and Information Technology). Income taxes, property taxes, state and federal grants, and several user fees finance most of these activities.
- **Business-type activities:** water, sanitary sewer, storm drainage, trash collection, and hospital services are reported here. The City charges fees to its customers to cover the cost of these services.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 21. The fund financial statements begin on page 30 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law. However, City Council establishes many other funds to help it control and manage money for particular purposes (e.g., Economic Development Capital Improvements Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (e.g., grants received from the U.S. Department of Housing and Urban Development). The City's three kinds of funds, governmental, proprietary and fiduciary, use different accounting techniques.

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

Proprietary funds: when the City charges customers for the full cost of the services it provides whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of business-type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds, such as the City's Garage Fund, (the other component of proprietary funds) to report activities that provide supplies and services to the City's other programs and activities.

**CITY OF WOOSTER, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

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 statement because the resources are not available to support the City's own programs. The City of Wooster has only agency funds to report within the Fiduciary Fund category. Agency funds are reported on a full accrual basis and only present a statement of assets and liabilities.

THE CITY AS A WHOLE

The City's combined net assets increased from \$177.6 million to \$189.2 million. Our analysis below focuses on the assets, liabilities and net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1

Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2001	2002	2001	2002	2001	2002
Current assets	\$ 24,698	\$24,426	\$86,901	\$93,734	\$111,599	\$118,161
Long-term receivables	2,895	2,833	761	730	3,656	3,564
Net Capital assets	<u>31,965</u>	<u>32,357</u>	<u>69,806</u>	<u>74,641</u>	<u>101,771</u>	<u>106,997</u>
Total assets	59,558	59,616	157,468	169,105	217,026	228,722
Current liabilities	(7,443)	(8,061)	(16,673)	(18,078)	(24,116)	(26,140)
Long-term liabilities	<u>(3,413)</u>	<u>(2,809)</u>	<u>(11,939)</u>	<u>(10,603)</u>	<u>(15,352)</u>	<u>(13,412)</u>
Total liabilities	(10,856)	(10,870)	(28,612)	(28,681)	(39,468)	(39,552)
Net assets:						
Invested in capital assets, net of debt	27,108	28,520	53,576	60,200	80,684	88,720
Restricted	12,020	10,258	2,431	2,267	14,451	12,525
Unrestricted (deficit)	<u>9,574</u>	<u>9,968</u>	<u>72,848</u>	<u>77,957</u>	<u>82,422</u>	<u>87,925</u>
Total net assets	\$ <u>48,702</u>	\$ <u>48,746</u>	\$ <u>128,855</u>	\$ <u>140,424</u>	\$ <u>177,557</u>	\$ <u>189,170</u>

Unrestricted net assets, the portion of net assets that can be used to finance day-to-day governmental operations (without constraints established by debt covenants, enabling legislation, or other legal requirements), increased 3.1% from \$9.6 million at December 31, 2001 to \$9.9 million at December 31, 2002. Restricted net assets, those restricted mainly for capital projects and special purposes such as street cleaning or maintenance, decreased 1.8 million (-15.0%). Investment in governmental capital assets increased by \$1.4 million (5.2%).

The net assets of our business-type activities increased by \$11.56 million or 8.9% (\$128.9 million to \$140.4 million) in 2002. The majority of this was in the hospital fund increase of \$9.97 million. The City is required to use these net assets for sustaining services of the water, sanitary sewer, storm sewer and hospital funds.

**CITY OF WOOSTER, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

**Financial Ratios
(dollars in thousands)**

The following Financial Ratios may be used to assess the financial stability of the City over an extended period of time. The City has adopted guidelines regarding return on assets as discussed under the Governmental Activities section and the Business-type Activities section.

“Working capital” balances demonstrate the continuing ability to finance operations with cash. The relative stability of the “current ratio” and the “liabilities to net assets” demonstrate the fact that the City has not financed its working capital with an increasing proportion of debt.

“Working Capital” is the amount by which current assets exceed current liabilities. The “Current Ratio” compares current assets to current liabilities and is an indicator of the ability to pay current obligations.

Working Capital

(\$ in thousands)	1996	1997	1998	1999	2000	2001	2002
Entity Wide Summary	\$ 66,544	\$ 72,583	\$ 69,950	\$ 70,927	\$ 79,564	\$ 87,483	\$ 92,021
Governmental	\$ 11,914	\$ 13,641	\$ 15,729	\$ 16,706	\$ 16,839	\$ 17,255	\$ 16,365
Business-type	\$ 54,630	\$ 58,942	\$ 54,221	\$ 54,221	\$ 62,725	\$ 70,228	\$ 75,656

Current Ratio	1996	1997	1998	1999	2000	2001	2002
Entity Wide Summary	9.22	9.47	6.34	4.74	5.02	4.86	4.52
Governmental	7.56	8.40	8.33	4.29	4.12	3.93	3.03
Business-type	9.71	9.77	5.95	4.91	5.36	5.21	5.19

“Liabilities to Net Assets” indicates the extent of borrowing.

Liabilities to Net Assets	1996	1997	1998	1999	2000	2001	2002
Entity Wide Summary	28%	23%	23%	22%	21%	22%	21%
Governmental	19%	16%	14%	18%	21%	22%	22%
Business-type	31%	26%	27%	24%	21%	22%	20%

“Return on assets (ROA) from operations” illustrates to what extent there will be sufficient funds from normal operations to replace assets in the future.

ROA from operations	1996	1997	1998	1999	2000	2001	2002
Entity Wide Summary	8%	7%	6%	4%	5%	3%	3%
Governmental	5%	5%	5%	4%	-4%	-3%	-3%
Business-type	9%	8%	6%	4%	8%	4%	4%

**CITY OF WOOSTER, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

“Total return on assets” includes all operating and non-operating revenues and expenses.

Total Return on Assets	1996	1997	1998	1999	2000	2001	2002
Entity Wide Summary	8%	7%	6%	9%	5%	5%	6%
Governmental	-21%	20%	8%	9%	-1%	2%	2%
Business-type	9%	9%	6%	8%	7%	6%	7%

“Capital Asset Change” from previous year indicates whether the City of Wooster financially maintains infrastructure for future generations.

Capital Asset Change	1996	1997	1998	1999	2000	2001	2002
Entity Wide Summary	3%	26%	14%	6%	0%	3%	5%
Governmental	0%	39%	4%	7%	-1%	-1%	1%
Business-type	5%	20%	20%	6%	0%	5%	7%

“Days in Receivable” determines how many days it takes to collect amounts billed to customers.

Days In Receivable	1996	1997	1998	1999	2000	2001	2002
Entity Wide Summary	67	66	66	65	67	58	60
Governmental	90	85	85	91	102	97	109
Business-type	60	61	61	57	58	48	50

“Personal Services to Total Costs” measures the percentage of personal service costs to total cost.

Personal Service %	1996	1997	1998	1999	2000	2001	2002
Entity Wide Summary	57%	57%	56%	56%	54%	53%	56%
Governmental	66%	67%	64%	63%	61%	63%	60%
Business-type	55%	55%	54%	53%	52%	50%	54%

**CITY OF WOOSTER, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

Table 2

Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total Primary	
	2001	2002	2001	2002	2001	2002
Program revenues:						
Charges for Services	\$ 1,192	\$ 1,363	\$ 64,292	\$ 74,406	\$ 65,484	\$ 75,769
Operating Grants and Contributions	1,500	1,957	142	320	1,642	2,277
Capital Grants and Contributions	318	80	-	-	318	80
General revenues:						
Income Taxes (net of refunds)	7,731	7,868	-	-	7,731	7,868
Property Taxes	2,067	2,051	-	-	2,067	2,051
Other Taxes	671	1,274	-	-	671	1,274
Grants and Contributions	1,760	1,907	-	-	1,760	1,907
Interest and Investment Earnings	1,112	744	4,053	2,742	5,165	3,486
Other revenues	191	313	15	100	206	413
Total Revenues:	16,542	17,557	68,502	77,568	85,044	95,125
Governmental program expenses including indirect expenses:						
Safety Services	8,469	9,014	-	-	8,469	9,014
Health and Social Services	142	142	-	-	142	142
Leisure Services	2,228	2,348	-	-	2,228	2,348
Environment and Development	788	1,185	-	-	788	1,185
Transportation Services	3,264	3,376	-	-	3,264	3,376
Administrative Services	460	360	-	-	460	360
Interest on Long Term Debt	167	192	-	-	167	192
Business-type services:						
Wooster Community Hospital	-	-	49,644	56,940	49,644	56,940
Water	-	-	3,863	3,838	3,863	3,838
Water Pollution Control	-	-	3,622	3,667	3,622	3,667
Storm Drainage	-	-	403	378	403	378
Refuse Collection	-	-	1,124	779	1,124	779
Total expenses	15,518	16,617	58,656	65,602	74,174	82,219
Excess (deficiency) before transfers	\$1,024	\$940	\$9,846	\$11,966	\$10,871	\$12,906
Transfers	401	2	2	52	403	54
Change in Net Assets	1,425	942	9,848	12,018	11,274	12,960
Net Assets Beginning	47,277	47,804	119,007	128,406	166,284	176,210
Net Assets Ending	\$ 48,702	\$ 48,746	\$ 128,855	\$ 140,424	\$ 177,558	\$ 189,170

**CITY OF WOOSTER, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

Governmental Activities

Table 3 below presents the cost of each of the City's four largest Governmental programs: Safety Services, Transportation Services, Leisure Services, and Environment and Development Services as well as each program's *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. The increase in the net cost demonstrates the inability to recover increased cost of the program under the current revenue policies.

Table 3
Governmental Activities (in thousands)

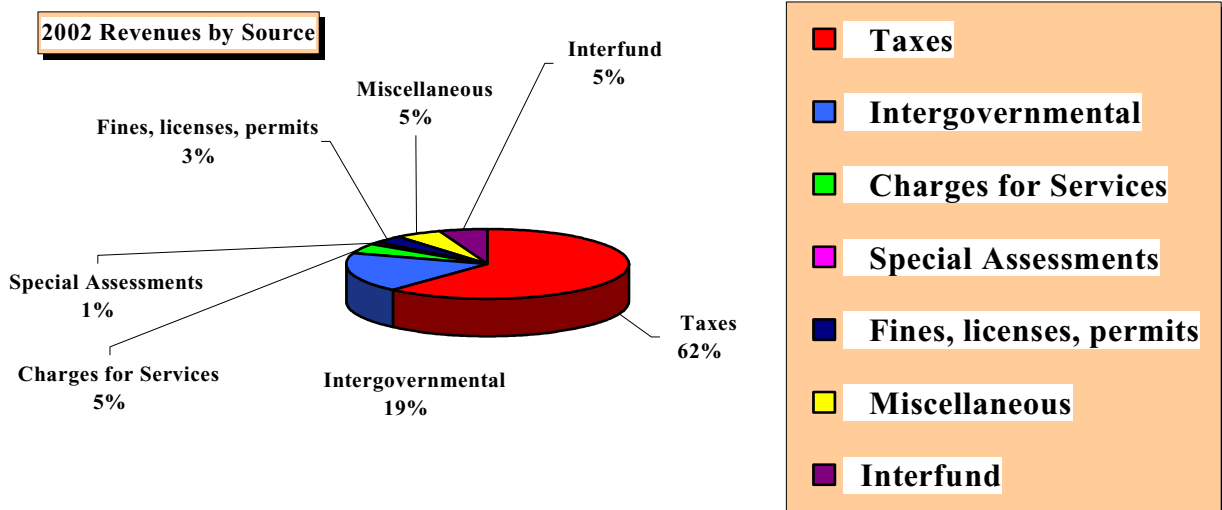
	Total Cost of Services		Net Cost of Services	
	2001	2002	2001	2002
Safety Services	\$8,470	\$9,016	\$8,036	\$8,570
Transportation Services	3,264	3,378	1,753	1,937
Leisure Services	2,228	2,350	1,766	1,894
Environment and Development Services	788	1,186	396	318

General Governmental Functions

Information below compares revenues and expenditures for all governmental fund types for 2001 and 2002.

(in thousands)

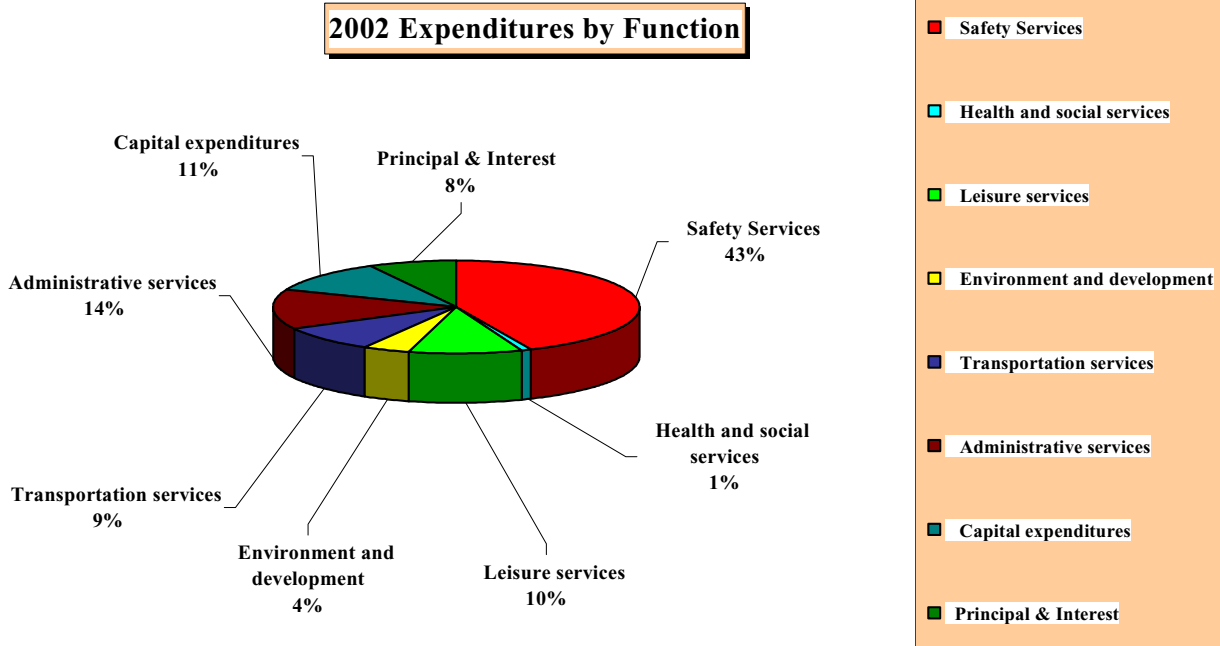
<u>Revenues by Source:</u>	<u>2001</u>	<u>2002</u>	<u>% Change</u>
Taxes	\$10,647	\$11,374	+6.8
Intergovernmental	2,977	3,431	+15.3
Charges for Services	773	867	+12.2
Special Assessments	202	194	-4.0
Fines, licenses, permits	532	618	+16.2
Miscellaneous	1,303	984	-24.5
Interfund	1,006	1,014	+0.8
Total Revenues	\$17,440	\$18,482	+6.0



**CITY OF WOOSTER, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

(in thousands)

<u>Expenditures by Function:</u>	<u>2001</u>	<u>2002</u>	<u>% Change</u>
Safety Services	\$7,286	\$7,888	+8.3
Health and social services	142	142	-
Leisure services	1,651	1,733	+5.0
Environment and development	691	1,097	+58.8
Transportation services	1,511	1,830	+21.1
Administrative services	2,317	3,109	+34.2
Capital expenditures	1,891	2,559	+35.3
Debt service:			
Principal	1,138	2,186	+92.1
Interest	156	177	+13.5
Total Expenditures	\$16,783	\$20,721	+23.5



**CITY OF WOOSTER, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

Business-type Funds

The City's major Enterprise Funds consist of the Water Fund, the Water Pollution Control Fund, the Storm Drainage Utility Fund, the Hospital Fund and the Refuse Collection Fund. The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 4, below, which demonstrates return on ending assets and return on ending net assets.

In November of 1989, Council passed an ordinance that set forth the following policy regarding all enterprise funds user charges (rates).

1. Sufficient revenue must be generated by the charges to ensure high quality service for an indefinite period of time. Therefore, the return on assets must approximate inflation after consideration of gifts, donations, grants and subsidized loans.
2. Sufficient cash flow must be generated by the charges to ensure all expenditures, including debt service, can be paid in a timely manner.

The Water Pollution Control plant will undergo upgrades over the next three years to comply with EPA regulations which will affect us approximately five years from now.

Rates for the Storm Water Utility were increased by 60% in November of 2001, the first adjustment since inception in 1987.

Table 4

(\$000 omitted)	Hospital	Water	Water Pollution Control	Storm Drainage	Refuse	Non-major Enterprise Funds
Total Assets	\$100,374	\$32,876	\$26,490	\$8,365	\$306	\$694
Net Assets	89,356	18,567	26,012	5,522	272	694
Change in Net Assets	9,971	705	500	588	229	26
Return on Ending Total Assets	9.9%	2.1%	1.9%	7.0%	74.8%	3.7%
Return on Ending Net Assets	11.2%	3.8%	1.9%	10.6%	99.6%	3.7%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2002, the City had \$207.3 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (See Table 5). This amount represents a net increase (including additions and deductions) of \$12.9 million, or 6.6%, over last year.

**CITY OF WOOSTER, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

Table 5

Capital Assets at Year-end

(Net of Depreciation, in thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>
Land	\$2,095	\$2,095	\$1,370	\$1,425	\$3,465	\$3,520
Buildings	4,751	4,871	53,971	54,591	58,722	59,458
Improvements	59,353	62,569	37,811	39,515	97,164	102,084
Equipment	6,725	7,078	25,661	27,716	32,386	34,794
Construction-in-progress	<u>802</u>	<u>303</u>	<u>1,918</u>	<u>7,183</u>	<u>2,720</u>	<u>7,486</u>
Subtotal	73,726	76,916	120,731	130,430	194,457	207,342
Accumulated Depreciation	<u>(42,248)</u>	<u>(44,559)</u>	<u>(51,375)</u>	<u>(55,790)</u>	<u>(93,623)</u>	<u>(100,347)</u>
Totals	<u>\$31,478</u>	<u>\$32,357</u>	<u>\$69,356</u>	<u>\$74,640</u>	<u>\$100,834</u>	<u>\$106,995</u>

The City's 2003 capital budget anticipates a spending level of \$20.2 million for capital projects, exclusive of the hospital. More detailed information about the City's capital assets is presented in Note 6 to the basic financial statements.

Debt

At year-end, the City had \$18.3 million in bonds, notes and loans outstanding versus \$21.1 million last year representing a decrease of 13.3%.

Table 6

Outstanding Debt, at Year-end

(in thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>
General obligation bonds and notes, special assessment bonds and notes, and land debt (backed by the City)	\$4,857	\$3,841	\$ 0.0	\$ 0.0	\$4,857	\$3,841
General obligation revenue bonds and notes (backed by specific revenues and the City of Wooster)	<u>0.0</u>	<u>0.0</u>	<u>16,230</u>	<u>14,454</u>	<u>16,230</u>	<u>14,454</u>
Totals	<u>\$4,857</u>	<u>\$3,841</u>	<u>\$16,230</u>	<u>\$14,454</u>	<u>\$21,087</u>	<u>\$18,295</u>

At December 31, 2002 the City's general obligation bonds are rated A-1 by Moody's and A by Standard and Poor's. Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in the notes to the basic financial statements.

**CITY OF WOOSTER, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City is a stand-alone community with the nearest large city twenty-five miles distant. The City has in the diversified mix of economic sectors a relatively strong, greater than 34%, industrial sector. Because the community is stand-alone and derives its tax revenue from income taxes, the government budgets are forecast

relying on employment conditions. Below is a table that demonstrates the changes in employment of those employers that employed 500 or more individuals as of December 31.

<u>Employer</u>	<u>Nature of Activity</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Newell Rubbermaid	Rubber Plastics Manuf.	1,950	1,550	1,250	1,250	1,300
Worthington Industries	Auto Parts Fabricator	1,100	1,050	1,000	900	850
The County of Wayne	Government	850	800	800	850	850
The City of Wooster	Government/Hospital	600	650	600	600	750
Luk, Inc	Auto Parts Fabricator	600	650	650	750	750
College of Wooster	Education	800	800	800	800	550
Rexroth Corporation	Hydraulics Manuf.	700	650	650	550	550
Wal-Mart	Retail	250	500	650	400	550
Wooster Brush Company	Manufacturer of Paint Applicators	500	500	500	500	550
Wooster City Schools	Education	<u>600</u>	<u>550</u>	<u>600</u>	<u>600</u>	<u>500</u>
Total of Above		<u>7,950</u>	<u>7,700</u>	<u>7,500</u>	<u>7,200</u>	<u>7,200</u>

BUDGETS

The Mayor proposed and Council adopted an original budget for the year 2003, which, if necessary, adjusted rates for any revenues for inflation. The target of 60 to 240 days of unencumbered cash in the General Fund is budgeted to be maintained. The variances between the originally adopted budget for the year 2003 and the final budget are caused by adding year-end encumbrances to the original budget. (See NOTE 2.)

The variance between the final budget and the actual ending fund balance in the General Fund was a result of slightly better than anticipated revenues and actual expenditures and encumbrances lower than appropriated due to a combination of cost saving measures.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, employees, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. This report is also available on the City's website at www.woosteroh.com. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Wooster, 538 North Market Street, Wooster, Ohio 44691, (330) 263-5225.

This page intentionally left blank.

CITY OF WOOSTER, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2002

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Equity in city treasury cash	\$ 19,443,838	\$ 81,208,066	\$ 100,651,904
Net receivables	4,852,212	11,223,555	16,075,767
Inventory	130,398	945,054	1,075,452
Prepaid expenses	0	357,700	357,700
Total current assets	24,426,448	93,734,375	118,160,823
Noncurrent assets:			
Long term receivables	2,833,373	730,179	3,563,552
Capital assets (net of accumulated depreciation):			
Land	2,094,563	1,425,141	3,519,704
Buildings	1,740,055	32,448,669	34,188,724
Improvements/Infrastructure	25,362,274	21,728,379	47,090,653
Equipment	2,857,047	11,855,277	14,712,324
Construction in progress	302,688	7,183,201	7,485,889
Total noncurrent assets	35,190,000	75,370,846	110,560,846
Total assets	\$ 59,616,448	\$ 169,105,221	\$ 228,721,669
LIABILITIES			
Current liabilities			
Accounts payable	\$ 512,265	\$ 3,239,748	\$ 3,752,013
Accrued wages and benefits	2,326,044	4,878,304	7,204,348
Other accrued liabilities	62,317	5,154,459	5,216,776
Current portion long term debt	1,363,070	4,719,485	6,082,555
Current portion special assessment debt with government commitment	331,085	0	331,085
Deferred revenue	3,466,387	86,470	3,552,857
Total current liabilities	8,061,168	18,078,466	26,139,634
Noncurrent liabilities			
Bonds and notes	568,551	9,721,200	10,289,751
Special assessment debt with governmental commitment	1,291,568	0	1,291,568
Loans	282,000	0	282,000
Compensated absences	667,073	881,919	1,548,992
Total noncurrent liabilities	2,809,192	10,603,119	13,412,311
Total liabilities	10,870,360	28,681,585	39,551,945
NET ASSETS			
Invested in capital assets , net of related debt	28,520,352	60,199,984	88,720,336
Restricted for:			
Capital projects	5,221,630	0	5,221,630
Debt service	2,617,287	0	2,617,287
Other purposes	2,418,520	2,266,516	4,685,036
Unrestricted	9,968,299	77,957,136	87,925,435
Total net assets	48,746,088	140,423,636	189,169,724
Total liabilities and net assets	\$ 59,616,448	\$ 169,105,221	\$ 228,721,669

See accompanying notes to the basic financial statements

**CITY OF WOOSTER, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Program Revenues</u>		
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government					
Governmental activities:					
Safety services	\$ 7,915,938	\$ 1,099,646	\$ 338,050	\$ 107,980	\$ 0
Health and social services	142,208	0	0	0	0
Leisure services	1,984,750	364,948	442,596	13,056	0
Environment and development	1,120,275	65,654	343,462	523,982	0
Transportation services	2,602,785	774,746	92,629	1,268,711	79,566
Administrative services	3,349,459	(2,989,484)	146,155	43,280	0
Central services and gifts	357,745	(364,622)	0	0	0
Unallocated interest expense	192,301	0	0	0	0
Total governmental activities	17,665,461	(1,049,112)	1,362,892	1,957,009	79,566
Business-type activities:					
Wooster Community Hospital	56,940,332	0	64,826,538	291,418	0
Water	3,643,711	193,877	4,139,112	0	0
Water pollution control	2,989,223	677,694	3,714,017	0	0
Storm drainage	262,248	115,890	746,750	0	0
Refuse collection	717,733	61,651	970,084	28,101	0
CDBG development loans	0	0	9,775	0	0
Total business-type activities	64,553,247	1,049,112	74,406,276	319,519	0
Total primary government	\$ 82,218,708	\$ 0	\$ 75,769,168	\$ 2,276,528	\$ 79,566

General revenues:

Taxes:

City income taxes

Property taxes

Estate taxes

Other taxes

Grants and contributions

Interest and investment earnings

Miscellaneous

Transfers

Total general revenues

Change in net assets

Net assets -- beginning (Restated, Note 1)

Net assets -- ending

See accompanying notes to the basic financial statements

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (8,569,554)	\$	\$ (8,569,554)
(142,208)		(142,208)
(1,894,046)		(1,894,046)
(318,485)		(318,485)
(1,936,625)		(1,936,625)
(170,540)		(170,540)
6,877		6,877
(192,301)		(192,301)
<u>(13,216,882)</u>		<u>(13,216,882)</u>

	8,177,624	8,177,624
	301,524	301,524
	47,100	47,100
	368,612	368,612
	218,801	218,801
	9,775	9,775
	<u>9,123,436</u>	<u>9,123,436</u>
\$ (13,216,882)	\$ 9,123,436	\$ (4,093,446)

\$ 7,868,386	\$ 0	\$ 7,868,386
2,050,620	0	2,050,620
1,158,307	0	1,158,307
115,202	0	115,202
1,906,638	0	1,906,638
744,456	2,742,342	3,486,798
313,302	100,151	413,453
2,070	52,202	54,272
<u>14,158,981</u>	<u>2,894,695</u>	<u>17,053,676</u>
942,099	12,018,131	12,960,230
47,803,989	128,405,505	176,209,494
<u>\$ 48,746,088</u>	<u>\$ 140,423,636</u>	<u>\$ 189,169,724</u>

CITY OF WOOSTER, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2002

	General Fund	Street Construction Maintenance and Repair Fund	Capital Improvements Fund	Debt Service Fund
Assets:				
Equity in city treasury cash	\$ 11,632,754	\$ 1,277,422	\$ 4,054,543	\$ 514,091
Taxes receivable	3,080,042	0	0	0
Accounts receivable	27,238	0	0	0
Due from other governments	613,285	380,758	0	0
Due from other funds	19,700	0	0	0
Accrued interest receivable	46,239	10,347	28,571	2,881
Inventory	59,979	49,160	0	0
Long term receivables	0	0	0	0
Special assessments receivable	0	0	0	2,058,794
Total assets	15,479,237	1,717,687	4,083,114	2,575,766
Liabilities:				
Accounts payable	262,013	66,518	153,486	0
Accrued salaries, wages and benefits	1,216,412	0	0	0
Due to other funds	0	0	0	0
Deferred revenue	2,500,315	330,619	0	2,058,794
Total liabilities	3,978,740	397,137	153,486	2,058,794
Fund balances:				
Reserved for encumbrances	2,324,261	102,215	456,217	0
Unreserved, reported in:				
General fund	9,176,236			
Special revenue funds		1,218,335		
Capital projects funds			3,473,411	
Debt service funds				516,972
Total fund balances	11,500,497	1,320,550	3,929,628	516,972
Total liabilities and fund balances	\$ 15,479,237	\$ 1,717,687	\$ 4,083,114	\$ 2,575,766

See accompanying notes to the basic financial statements

**CITY OF WOOSTER, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2002**

Other Governmental Funds	Total Governmental Funds
\$ 1,888,768	\$ 19,367,578
332,120	3,412,162
0	27,238
297,132	1,291,175
0	19,700
13,899	101,937
21,259	130,398
774,579	774,579
0	2,058,794
<u>3,327,757</u>	<u>27,183,561</u>
23,574	505,591
836	1,217,248
19,700	19,700
1,135,454	6,025,182
<u>1,179,564</u>	<u>7,767,721</u>
605,819	3,488,512
0	9,176,236
806,120	2,024,455
736,254	4,209,665
0	516,972
<u>2,148,193</u>	<u>19,415,840</u>
<u>\$ 3,327,757</u>	<u>\$ 27,183,561</u>

Total Governmental Fund Balances	\$ 19,415,840
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	32,356,627
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	2,558,795
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,585,174)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 48,746,088</u>

**CITY OF WOOSTER, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General Fund	Street Construction Maintenance and Repair Fund	Capital Improvements Fund	Debt Service Fund
Revenues :				
Taxes	\$ 10,762,319	\$ 0	\$ 0	\$ 0
Intergovernmental	1,899,887	776,644	0	0
Charges for services	866,883	0	0	0
Special assessments	0	0	0	194,157
Fines, licenses, permits	610,517	0	0	0
Interfund services provided	1,013,651	0	0	0
Interest income	379,859	52,125	135,552	20,782
Contributions and donations	0	0	0	0
Miscellaneous	193,517	2,166	43,281	0
Total Revenues	15,726,633	830,935	178,833	214,939
Expenditures :				
Current operations :				
Safety services	7,160,584	230,115	0	0
Health and social services	142,208	0	0	0
Leisure services	1,732,469	0	0	0
Environment and development	656,334	0	0	0
Utility services	0	0	0	0
Transportation services	1,210,100	536,870	0	333
Administrative services	3,043,220	0	0	0
Capital expenditures	19,649	503,446	1,316,951	0
Debt service :				
Principal	334,621	400,000	0	325,279
Interest	26,250	11,400	0	89,825
Total Expenditures	14,325,435	1,681,831	1,316,951	415,437
Excess revenues over(under) expenditures	1,401,198	(850,896)	(1,138,118)	(200,498)
Other financing sources (uses) :				
Proceeds from debt issues	0	402,740	0	237,967
Transfers in	56,658	0	750,485	0
Transfers (out)	(750,485)	0	0	0
Excess revenues and other sources over expenditures and other uses	707,371	(448,156)	(387,633)	37,469
Fund balances at beginning of year	10,793,126	1,768,706	4,317,261	479,503
Fund balances at end of year	\$ 11,500,497	\$ 1,320,550	\$ 3,929,628	\$ 516,972

See accompanying notes to the basic financial statements

CITY OF WOOSTER, 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, 2002

Other Governmental Funds	Total Governmental Funds		\$	(816,081)
		Net Change in Fund Balances - Total Governmental Funds		
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
		Governmental funds report capital outlays as expenditures.		
\$ 611,587	\$ 11,373,906	However, in the Statement of Activities, the cost of those		
754,034	3,430,565	assets is allocated over their estimated useful lives as		
0	866,883	depreciation expense. This is the amount by which capital outlay		
0	194,157	exceeded depreciation in the current period.		579,975
7,487	618,004			
0	1,013,651			
156,137	744,455	Revenues in the Statement of Activities that do not provide		
200,000	200,000	current financial resources are not reported as revenues in		
500	239,464	the funds.		(114,591)
<u>1,729,745</u>	<u>18,681,085</u>			
		Proceeds from debt issues are an other financing source in the		
		funds, but a debt issue increases long-term liabilities in the		
		Statement of Net Assets		(1,169,952)
497,190	7,887,889			
0	142,208	Repayment of bond principal is an expenditure in the		
151	1,732,620	governmental funds, but the repayment reduces long-term		
440,682	1,097,016	liabilities in the Statement of Net Assets		2,186,199
0	0			
82,312	1,829,615	In the Statement of Activities, interest is accrued on		
65,973	3,109,193	outstanding bonds, whereas in governmental funds,		
719,204	2,559,250	an interest expenditure is reported when due.		(19,544)
1,126,299	2,186,199	Some expense reported in the Statement of Activities,		
49,925	177,400	such as compensated absences, do not require the use		
<u>2,981,736</u>	<u>20,721,390</u>	of current financial resources and therefore are not		
		reported as expenditures in governmental funds.		296,093
(1,251,991)	(2,040,305)	reported as expenditures in governmental funds.		
529,244	1,169,951			
0	807,143	<i>Change in Net Assets of Governmental Activities</i>	<u>\$</u>	<u>942,099</u>
(2,385)	(752,870)			
(725,132)	(816,081)			
<u>2,873,325</u>	<u>20,231,921</u>			
<u>\$ 2,148,193</u>	<u>\$ 19,415,840</u>			

CITY OF WOOSTER, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2002

	Business-type Activities			
	Wooster Community Hospital	Water	Water Pollution Control	Storm Drainage
Assets				
Current Assets				
Equity in city treasury cash	\$ 53,604,692	\$ 10,087,609	\$ 12,569,170	\$ 4,321,205
Receivables - net of allowances:				
Accounts	9,319,244	528,233	481,988	88,950
Accrued interest	406,297	101,191	119,100	34,690
Inventory	843,196	72,308	13,237	16,313
Prepaid expenses	357,700	0	0	0
Total Current Assets	64,531,129	10,789,341	13,183,495	4,461,158
Noncurrent assets				
Long term receivables	0	0	498,926	0
Net capital assets	35,842,940	22,086,271	12,807,772	3,903,684
Total Noncurrent assets	35,842,940	22,086,271	13,306,698	3,903,684
Total Assets	100,374,069	32,875,612	26,490,193	8,364,842
Liabilities				
Current Liabilities				
Accounts Payable	2,795,279	256,180	146,757	8,207
Accrued salaries, wages and benefits	4,450,208	229,480	195,425	3,191
Other accrued liabilities	1,565,475	3,430,475	0	0
Interest payable	3,734	118,820	492	35,463
Current portion of long term debt	470,000	1,497,750	42,056	2,709,679
Deferred revenues	0	0	0	86,470
Total Current Liabilities	9,284,696	5,532,705	384,730	2,843,010
Noncurrent Liabilities				
Long term debt	990,000	8,731,200	0	0
Compensated absences	743,444	44,783	93,692	0
Total Noncurrent Liabilities	1,733,444	8,775,983	93,692	0
Total Liabilities	11,018,140	14,308,688	478,422	2,843,010
Net Assets				
Invested in capital assets, net of related debt	34,382,941	11,857,322	12,765,716	1,194,005
Restricted for				
Other purpose	1,572,300	0	0	0
Unrestricted	53,400,688	6,709,602	13,246,055	4,327,827
Total net assets	89,355,929	18,566,924	26,011,771	5,521,832
Total liabilities and net assets	\$ 100,374,069	\$ 32,875,612	\$ 26,490,193	\$ 8,364,842

See accompanying notes to the basic financial statements

Business-type Activities			Governmental Activities
Refuse	Nonmajor Enterprise Funds	Totals	Internal Service
\$ 165,430	\$ 459,960	\$ 81,208,066	\$ 76,259
139,070	0	10,557,485	0
1,789	3,003	666,070	0
0	0	945,054	0
0	0	357,700	0
<u>306,289</u>	<u>462,963</u>	<u>93,734,375</u>	<u>76,259</u>
0	231,253	730,179	0
0	0	74,640,667	0
0	231,253	75,370,846	0
<u>306,289</u>	<u>694,216</u>	<u>169,105,221</u>	<u>76,259</u>
33,325	0	3,239,748	6,674
0	0	4,878,304	63,481
0	0	4,995,950	0
0	0	158,509	0
0	0	4,719,485	0
0	0	86,470	0
<u>33,325</u>	<u>0</u>	<u>18,078,466</u>	<u>70,155</u>
0	0	9,721,200	0
0	0	881,919	6,104
0	0	10,603,119	6,104
<u>33,325</u>	<u>0</u>	<u>28,681,585</u>	<u>76,259</u>
0	0	60,199,984	0
0	694,216	2,266,516	0
272,964	0	77,957,136	0
<u>272,964</u>	<u>694,216</u>	<u>140,423,636</u>	<u>0</u>
\$ <u>306,289</u>	\$ <u>694,216</u>	\$ <u>169,105,221</u>	\$ <u>76,259</u>

CITY OF WOOSTER, OHIO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Business-type Activities			
	Wooster Community Hospital	Water	Water Pollution Control	Storm Drainage
Operating Revenues :				
Charges for services	\$ 64,826,538	\$ 4,139,112	\$ 3,714,017	\$ 746,750
Interfund services provided	0	0	0	0
Operating subsidies	291,418	0	0	0
Miscellaneous	0	45,310	24,535	1,911
Total operating revenues	<u>65,117,956</u>	<u>4,184,422</u>	<u>3,738,552</u>	<u>748,661</u>
Operating expenses:				
Personal services	31,335,571	1,139,917	1,052,366	38,759
Operations and maintenance	21,961,489	898,783	932,914	24,478
Depreciation	3,584,347	1,006,936	987,361	134,587
Interfund services used	0	193,877	677,694	115,890
Total operating expenses	<u>56,881,407</u>	<u>3,239,513</u>	<u>3,650,335</u>	<u>313,714</u>
Operating income (loss)	<u>8,236,549</u>	<u>944,909</u>	<u>88,217</u>	<u>434,947</u>
Non-operating revenues (expenses):				
Interest & investment earnings	1,793,284	346,469	417,123	165,399
Miscellaneous	0	11,363	11,073	0
Interest expense	(58,927)	(598,074)	(16,582)	(64,424)
Net non-operating revenues (expenses)	<u>1,734,357</u>	<u>(240,242)</u>	<u>411,614</u>	<u>100,975</u>
Income before contributions and transfers	9,970,906	704,667	499,831	535,922
Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,202</u>
Change in net assets	9,970,906	704,667	499,831	588,124
Total net assets at beginning of year	<u>79,385,023</u>	<u>17,862,257</u>	<u>25,511,940</u>	<u>4,933,708</u>
Total net assets at end of year	<u>\$ 89,355,929</u>	<u>\$ 18,566,924</u>	<u>\$ 26,011,771</u>	<u>\$ 5,521,832</u>

See accompanying notes to the basic financial statements

Business-type Activities			Governmental Activities
Refuse	Nonmajor Enterprise Funds	Totals	Internal Service
\$ 970,084	\$ 9,775	\$ 74,406,276	\$ 0
0	0	0	364,622
28,101	0	319,519	0
5,959	0	77,715	30
<u>1,004,144</u>	<u>9,775</u>	<u>74,803,510</u>	<u>364,652</u>
0	0	33,566,613	261,925
717,732	0	24,535,396	95,820
0	0	5,713,231	0
61,651	0	1,049,112	0
<u>779,383</u>	<u>0</u>	<u>64,864,352</u>	<u>357,745</u>
<u>224,761</u>	<u>9,775</u>	<u>9,939,158</u>	<u>6,907</u>
3,784	16,283	2,742,342	0
0	0	22,436	3,357
0	0	(738,007)	0
<u>3,784</u>	<u>16,283</u>	<u>2,026,771</u>	<u>3,357</u>
228,545	26,058	11,965,929	10,264
0	0	52,202	0
228,545	26,058	12,018,131	10,264
44,419	668,158	128,405,505	(10,264)
<u>\$ 272,964</u>	<u>\$ 694,216</u>	<u>\$ 140,423,636</u>	<u>\$ (0)</u>

**CITY OF WOOSTER, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Business-type Activities		
	Wooster Community Hospital	Water	Water Pollution Control
Cash flows from operating activities:			
Cash received from customers	\$ 64,304,915	\$ 4,175,527	\$ 3,969,523
Cash paid to suppliers	(21,860,756)	(698,561)	(822,939)
Cash paid to employees	(31,734,719)	(1,137,351)	(1,042,804)
Cash paid for internal services used	0	(193,877)	(677,694)
Other revenue	269,198	0	0
Net cash provided by (used for) operating activities	<u>10,978,638</u>	<u>2,145,738</u>	<u>1,426,086</u>
Cash flows from capital and related financing activities:			
Proceeds from capital debt	0	630,508	9,890
Proceeds from sale of assets	3,401	11,363	11,073
Purchases of capital assets	(8,992,925)	(736,847)	(767,394)
Principal paid on capital debt	(440,000)	(1,719,118)	(275,255)
Interest paid on capital debt	(60,210)	(525,929)	(17,672)
Net cash (used) for capital and related financing activities	<u>(9,489,734)</u>	<u>(2,340,023)</u>	<u>(1,039,358)</u>
Cash flows from investing activities:			
Interest and dividends	1,722,604	338,445	405,812
Net cash provided by investing activities	<u>1,722,604</u>	<u>338,445</u>	<u>405,812</u>
Net increase in cash and cash equivalents	3,211,508	144,160	792,540
Cash and cash equivalents at beginning of year	50,393,184	9,943,449	11,776,630
Cash and cash equivalents at end of year	<u>\$ 53,604,692</u>	<u>\$ 10,087,609</u>	<u>\$ 12,569,170</u>
Noncash Investing, Capital and Financing Activities:			
Acquisition of capital assets on account	\$ 0	\$ 3,946	\$ 72,418
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 8,236,549	\$ 944,909	\$ 88,217
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	3,584,347	1,006,934	987,361
Loss on disposal of capital assets	10,671	0	0
Changes in assets and liabilities:			
Receivables - net of allowances	(2,234,814)	(8,895)	230,971
Inventory	(54,095)	3,588	(3,999)
Prepaid expenses	(110,030)	0	0
Accounts and other payables	978,154	196,636	113,973
Accrued expenses	653,016	2,566	9,563
Other accrued liabilities	(85,160)	0	0
Net cash provided by (used for) operating activities	<u>\$ 10,978,638</u>	<u>\$ 2,145,739</u>	<u>\$ 1,426,086</u>

See accompanying notes to the basic financial statements

Business-type Activities				Governmental
Storm Drainage	Refuse	Nonmajor Enterprise Funds	Totals	Internal Service
\$ 724,482	\$ 994,938	\$ (6,334)	\$ 74,163,051	\$ 0
(31,444)	(799,416)	0	(24,213,116)	(94,786)
(40,426)	0	0	(33,955,300)	(269,683)
(115,890)	(61,651)	0	(1,049,112)	364,622
0	28,101	0	297,299	30
<u>536,722</u>	<u>161,972</u>	<u>(6,334)</u>	<u>15,242,822</u>	<u>183</u>
2,709,679	0	0	3,350,077	0
0	0	0	25,837	3,357
(451,331)	0	0	(10,948,497)	0
(2,701,967)	0	0	(5,136,340)	0
(35,610)	0	0	(639,421)	0
<u>(479,229)</u>	<u>0</u>	<u>0</u>	<u>(13,348,344)</u>	<u>3,357</u>
148,299	2,642	15,529	2,633,331	0
<u>148,299</u>	<u>2,642</u>	<u>15,529</u>	<u>2,633,331</u>	<u>0</u>
205,792	164,614	9,195	4,527,809	3,540
4,115,413	816	450,765	76,680,257	72,720
<u>\$ 4,321,205</u>	<u>\$ 165,430</u>	<u>\$ 459,960</u>	<u>\$ 81,208,066</u>	<u>\$ 76,260</u>
\$ 3,946	0	0	80,310	0
\$ 434,947	\$ 224,761	\$ 9,775	\$ 9,939,158	\$ 6,907
134,586	0	0	5,713,228	
0	0	0	10,671	0
(24,179)	18,895	(16,109)	(2,034,131)	0
4,887	0	0	(49,619)	0
0	0	0	(110,030)	0
(11,852)	(81,684)	0	1,195,227	1,033
(1,667)	0	0	663,478	(7,757)
0	0	0	(85,160)	0
<u>\$ 536,722</u>	<u>\$ 161,972</u>	<u>\$ (6,334)</u>	<u>\$ 15,242,822</u>	<u>\$ 183</u>

CITY OF WOOSTER, OHIO
STATEMENT OF ASSETS & LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2002

	Total Agency Funds
	<u> </u>
Assets:	
Equity in city treasury cash	\$ 224,263
Accrued interest receivable	<u>2</u>
Total assets	<u><u>224,265</u></u>
Liabilities:	
Accounts payable	19,575
Accrued wages and benefits	1,155
Due to agency recipient	<u>203,535</u>
Total liabilities	<u><u>\$ 224,265</u></u>

See accompanying notes to the basic financial statements

CITY OF WOOSTER, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

INDEX

<u>Note</u>		<u>Page</u>
1	Summary of Significant Accounting Policies.....	42
	Financial Reporting Entity.....	42
	Basis of Presentation – Fund Accounting	42
	Basis of Accounting	42
	Revenue Recognition	44
	Expenditure Recognition.....	44
	Cash and Cash Equivalents.....	45
	Investments	45
	Receivables	46
	Reimbursements.....	46
	Inventory of Supplies	46
	Capital Assets and Depreciation	46
	Reservations of Fund Balance.....	47
	Unpaid Compensated Absences	47
2	Compliance and Accountability	47
	Budget Requirements, Accounting, and Reporting.....	47
	Interfund Transactions	48
3	Reconciliation of Government-wide and Fund Financial Statements.....	48
	Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets	48
	Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities	48
4	Deposits and Investments.....	49
	Policies and Practices	49
	Deposits.....	49
	Investments	49
5	Property Tax	50
6	Capital Assets and Depreciation.....	50
7	Pensions and Other Post Employment Benefits.....	53
	Employees and Plans	53
	Benefit Provisions	53
	Contributions to Plans.....	54
	Postemployment Benefits Other Than Pensions	54
8	Other Employee Benefits.....	56
	Compensated Absences	56
9	Other Commitments.....	56
	Justice Center Contract	56
	Construction Commitments.....	56
10	Contingencies	57
	Enterprise and Special Assessment Bonded Debt.....	57
	Litigation	57
	Contingencies Under Grant Provisions	57
	Other Contingencies	57
11	Conduit Debt Obligations	58
12	Risk Management	58
	Liability Insurance	58
	Self-Insured Health Care	59
13	Plant Closure Costs	59
14	Debt	59
	Governmental Activities.....	61
	Debt service requirements to maturity	61
	Short-term Debt.....	61
	Changes and balances of long-term liabilities.....	62

**CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Wooster (City) was incorporated on October 13, 1817 under the laws of the State of Ohio. In 1973 a voter-approved charter became effective. The City provides various services and consists of many different activities and smaller accounting entities. These include a community hospital, an economic development loan program, a police force, a fire fighting and prevention force, a sewage treatment plant, a water treatment plant, a storm water drainage system, a traffic control system, street lighting, a street maintenance force (including construction, repair, and snow and ice removal), a parks and recreation system, a community center, rubbish collection and recycling service and staff to provide the necessary support to these service providers. All are responsible to the citizens of Wooster and are therefore included within the reporting entity.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the City's operations include how the budget is adopted, whether debt is secured by general obligations of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the City reporting entity.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, 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 two broad fund categories and six 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 four fiduciary agency funds.

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 reconciliation 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.

**CITY OF WOOSTER, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2002**

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. 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 should be 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.

Several factors contributed to a change in beginning fund balance for governmental activities in the statement of activities. Each of these changes is discussed individually in the following notes. The total change is calculated as follows:

	Governmental Funds	Business- type Funds	Totals
Beginning Net Asset Balance	\$48,702,406	\$128,855,099	\$177,557,505
Capital Assets Adjustment	(487,323)	(449,594)	(936,917)
GASB 36 Revenue Deferral	(411,094)		(411,094)
Adjusted Beginning Net Asset Balance	<u>\$47,803,989</u>	<u>\$128,405,505</u>	<u>\$176,209,494</u>

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 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.

**CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

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.
- **Street Construction Maintenance and Repair Fund**– Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.
- **Capital Improvements Fund** – To account for various capital projects financed by general fund revenues.
- **Debt Service Fund** – To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of special assessment principal and interest. These debt issues were sold to finance construction of various projects that were deemed to benefit only those residents in the immediate area of the projects and are paid for by those residents through assessments against their property.

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 one month of year-end and available to pay obligations of the current period). This includes investment earnings, income taxes withheld by employers, 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 funds), 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, income taxes other than those withheld by employers 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.

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 and hospital service receivables are recorded at each year-end. City Council granted certain residents a credit against storm drainage user charges for amounts paid by them for special assessments levied. The amount of the credit is recorded as deferred revenue and will be credited against each customer's monthly storm drainage charge. The receivable and revenue from such assessments are reported as accounts receivable and user charges (or deferred revenue), respectively. Proprietary funds

**CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

have selected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Governmental Accounting Standards Board Statement No. 20.

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 and internal service fund are charges to customers for sales and services. 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 proprietary funds are:

- **Wooster Community Hospital Fund – To account for the health care services provided by the City owned and operated hospital.**
- **Water Production Fund – To account for the provision of water treatment and distribution to the residential and commercial users of the City and some residents of the county.**
- **Water Pollution Control Fund – To account for sanitary sewer services provided to the residential and commercial users of the City and some residents of the county.**
- **Storm Drainage Fund – To account for the storm drainage runoff service provided to the residential and commercial users of the City.**
- **Refuse Collection Fund – To account for trash collection services provided to the residential and some commercial users of the City.**

The City's only internal service fund is the Municipal Garage Fund. This fund accounts for the costs of maintaining automotive equipment used by various City departments. Costs are billed to the departments for labor and materials at actual cost with the elimination of the effect of internal service fund activity adjusted to break even.

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

FIDUCIARY FUNDS

The City currently has four agency fiduciary funds. 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.

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Equity in city treasury cash in all funds.

Investments

Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments" was implemented during 1997. In accordance with this statement, investments held at December 31, 2002 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

Receivables

Hospital Fund accounts receivable is stated at billed charges less the difference between billed charges and the amount payable under third-party payor contractual agreements, and net of allowance for doubtful accounts. The \$6,054,555 allowance for uncollectibles represents estimates of uncollectible patient receivables in the accounts (user charge) classification and third party contractual adjustments for hospital fund receivables.

Other receivables at December 31, 2002 consist of property tax, income taxes withheld by employers, accounts (billings for user charged services, including utility services), special assessments, and accrued interest on investments. Taxes, special assessments, utility charges and accrued interest are deemed collectible in full.

Receivables not expected to be collected within the subsequent year include loans in the HUD Home Nonmajor Special Revenue fund and special assessments receivable in the Debt Service, Water Pollution Control and Economic/Downtown Development Loan funds.

Reimbursements

Hospital Fund net operating revenues include amounts received or are receivable from Medicare, Medicaid, and other third party payors under the provisions of reimbursement agreements. Inpatient services rendered to Medicare and Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services rendered to Medicare program beneficiaries are paid based on a combination of fee schedules, prospectively determined rates and a cost reimbursement methodology. Outpatient services rendered to the Medicaid program beneficiaries are generally paid based on fee schedules and prospectively determined rates.

Other third party payors may provide for payments at amounts different from established rates. Payment arrangements may include prospectively determined rates per discharge, discounted charges and per diem payments.

Wooster Community Hospital accepts all patients, regardless of their ability to pay. Care is provided without charge, or at amounts less than established rates, to patients who meet certain criteria under a charity care policy. Wooster Community Hospital provided over \$545,635 in charity care in 2002.

Inventory of Supplies

Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types and expenses in the proprietary fund types when used.

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 capitalized. Infrastructure such as streets, traffic signals and signs are 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 \$5,000.

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.

**CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings/interior: 5-50 years

Improvements/Infrastructure: streets 10-50 years, land improvements 10-20 years, water, sewer, storm lines 40 years

Equipment: vehicles 2-6 years, other moveable equipment 10-15 years, fire equipment 12 years.

Reservations of Fund Balance

Fund balances are reserved for encumbrances outstanding and carried forward and added to the subsequent year's appropriation. The fund balance in the Debt Service Fund is restricted to retirement of debt principal and interest.

Unpaid Compensated Absences

The City accrues unused portions of vacation pay in the period the fund liability is incurred. As permitted by Governmental Accounting Standards Board Statement No. 16, the vesting method is used to accrue sick leave liability. The liability is based on the sick leave accumulated at year-end by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. Even though the City has appropriated, accumulated and earmarked expendable available fund resources for these amounts, the portion not normally expected to be liquidated with expendable available financial resources is not reported as a fund liability in accordance with Interpretation No. 6 of the Governmental Accounting Standards Board – Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting, and Reporting

Requirements for all funds:

- A. Annual budgets are adopted for all City funds. Under state law, the Mayor submits an annual budget (a preliminary financial plan often referred to as the 'tax budget') to Council for consideration and approval no later than July 15. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.
- B. By Charter the Mayor must submit an annual appropriation ordinance to City Council. This ordinance builds upon the tax budget of the previous July and is updated for any estimate revisions as well as year-end encumbrances and may include any additional information requested by Council. Council may subsequently amend such ordinance. Amendments to the appropriation ordinance during 2002 were approved by City Council as provided by the Charter.
- C. For day-to-day management control, expenditures plus encumbrances may not exceed budget at the expenditure-type (i.e., personal services, operations and maintenance, capital, etc.) level of each cost center (activity within a program within a fund). The Mayor may transfer unencumbered appropriations within programs within funds.

**CITY OF WOOSTER, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2002**

D. Appropriation control (City Council appropriated budget) is by program (i.e., safety, leisure, health, etc.) within a fund. City Council may, by ordinance, transfer amounts among programs within and between funds. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplemental Information. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual.

Non-compliance

Contrary to Ohio Revised Code Section 5705.39, during the year the City had total appropriations that exceeded total estimated resources.

Interfund Transactions

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Transfers:			
Provide Capital Funding	Capital Improvements	General	\$ 750,485
Transfer of Capital Asset	Storm Drainage	CDBG	\$ 52,202
Interfund Loan	General	Refuse	\$ 31,000
Reclassification of Receipts	General Fund	Recreation Supplement	\$ 54,272
Closing Long Road Fund	General Fund	Long Road Fund	\$ 2,386
Due to/from:			
Advance in anticipation of grant receipts	CDBG	General	\$ 19,700

Transfers in and out are not equal on the Statement of Activities due to amounts transferred from agency funds, which are not included in the entity-wide statements.

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of that difference are as follows:

Bonds and notes payable	\$3,272,274
Loans payable	564,000
Accrued interest payable	62,317
Compensated absences and accrued wages	1,706,284
Due from other funds	<u>(19,700)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$5,585,175</u>

CITY OF WOOSTER, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2002

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$2,909,918
Depreciation	<u>(2,329,943)</u>
Net adjustment to increase net changes in fund balances – total govern-mental funds to arrive at changes in net assets of governmental activities	<u>\$ 579,975</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

Policies and Practices

The City’s Charter specifies that the Director of Finance is responsible for selecting depositories and investing idle funds. The Director of Finance also has the authority to choose the types of deposits and investments made by the City. Various federal deposit insurance corporations provide protection of City cash and investments as well as qualified pledged or pooled securities by the institutions holding the assets. The various institutions, or their trustees, including the Federal Home Loan Bank and the Federal Reserve Bank hold such collateral. The City does not enter into reverse repurchase agreements.

The City pools all individual fund cash balances. Each fund’s portion of this pool is displayed on the statements of net assets or balance sheets as 'Equity in city treasury cash'. Income is distributed to the funds based on contribution to the pool.

Deposits

At year-end, the carrying amount of the City’s deposits was \$1,438,202 and the bank balances totaled \$2,583,328. Of the bank balances, \$2,403,347 was insured (\$403,347 by federal deposit insurance and \$2,000,000 by surety bond) and \$179,981 was covered by pooled and/or pledged collateral, as allowed by the Ohio Revised Code, but not necessarily held in the City's name (uncollateralized, risk Category 3).

Investments

The City's investments are categorized to give an indication of the level of custodial credit risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or where the securities are held by the City or its agent, in the City's name. Category 2 includes uninsured and unregistered investments for which the counterparty’s trust department or agent in the City’s name holds the securities. Category 3 includes uninsured and unregistered investments where the securities are held by the financial institution's trust department or agent but not in the City's name. Investments in the State Treasurer’s Investment Pool are not categorized because they do not represent securities existing in physical or book entry form. The State Treasurer manages the pool in accordance with Section 135.45 of the Ohio Revised Code. It is similar in concept to a registered investment company commonly called a money market mutual fund. The pool’s investments are valued using the amortized cost method (which approximates fair value).

**CITY OF WOOSTER, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2002**

	Category			Carrying	Fair
	1	2	3	Amount	Value
Repurchase Agreements	\$0	\$0	\$13,039,913	\$13,039,913	\$13,039,913
U.S. Government Securities		79,758,837		79,758,837	79,814,836
Corporate Equity Instrument		214,150		214,150	214,150
Special Assessment Bonds & Notes	423,041			423,041	423,041
Subtotal	\$423,041	\$79,972,987	\$13,039,913	\$93,435,941	\$93,491,940
State Treasurer's Investment Pool				6,002,025	6,002,025
Total				\$99,437,966	\$99,493,965

Net increase in the fair value of applicable investments during 2002 per Governmental Accounting Standards Board Statement No. 31:

Fair value at December 31, 2002	\$ 55,518,308
Proceeds of investments sold in 2002	10,000,000
Cost of investments purchased in 2002	(47,780,243)
Fair Value at December 31, 2001	(17,485,229)
Change in fair value of investments during 2002	\$ 252,836

NOTE 5 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property and tangible personal property, which are used in businesses located in the City. Real property taxes are levied before the first day of October on the assessed value listed as of the prior January 1st. The due date for the 2002 levy is February 2003 for all or one-half of taxes due. The remaining balance of the 2002 levy is due in July 2003. The lien of the county for taxes levied each year attaches on the first day of January and continues until such taxes and any penalty, interest or other charges accruing thereon are paid.

Assessed values are established by the County Auditor at 35% of appraised market value for real property, 100% for public utilities, and 25% for tangible personal property. A revaluation of all property is required to be completed no less than every six years. A revaluation was completed in 2002. The City's tax rate applicable to 2002 was \$4.20 on each \$1,000 of tax valuation.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Change in accounting policy and restatement of prior year capital assets

Effective January 1, 2002, the City raised its capitalization threshold from one thousand dollars to five thousand dollars for its capital assets. The capital asset balances of the governmental activities and the business-type activities have been restated due to the change in the capitalization policy. Additionally, it was found that the Wooster Community Hospital's previously reported balance was overstated by \$7,510 and that a construction in process project valued at \$37,168 was omitted from the City's previously reported balance. The omission and the overstatement have been corrected and appear in the restated beginning balances.

CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Reported Balance December 31, 2001	Additions/ (Deductions)	Adjusted Balance December 31, 2001
Governmental activities:			
Assets not being depreciated:			
Land	\$ 2,094,563	\$ 0	\$ 2,094,563
Construction in process	764,439	37,168	801,607
Subtotal	2,859,002	37,168	2,896,170
Assets being depreciated:			
Building	5,000,184	(249,584)	4,750,600
Improvements/infrastructure	59,604,891	(251,685)	59,353,206
Equipment	8,184,377	(1,458,895)	6,725,482
Subtotal	72,789,452	(1,960,164)	70,829,288
Accumulated depreciation:			
Buildings	(3,163,340)	190,934	(2,972,406)
Improvements/infrastructure	(35,854,173)	164,593	(35,689,580)
Equipment	(4,665,613)	1,080,146	(3,585,467)
Subtotal	(43,683,126)	1,435,673	(42,247,453)
Net depreciated capital assets	29,106,326	(524,491)	28,581,835
Net capital assets	\$ 31,965,328	\$ (487,323)	\$ 31,478,005

	Reported Balance December 31, 2001	Additions/ (Deductions)	Adjusted Balance December 31, 2001
Business-type activities:			
Land	\$ 1,370,168	\$ 0	\$ 1,370,168
Construction in progress	1,918,378	0	1,918,378
Subtotal	3,288,546	0	3,288,546
Assets being depreciated:			
Buildings	54,047,093	(75,911)	53,971,182
Improvements/infrastructure	38,034,460	(223,389)	37,811,071
Equipment	26,894,485	(1,233,751)	25,660,734
Subtotal	118,976,038	(1,533,051)	117,442,987
Accumulated depreciation:			
Buildings	(20,282,277)	54,189	(20,228,088)
Improvements/infrastructure	(16,838,350)	149,035	(16,689,315)
Equipment	(15,338,280)	880,233	(14,458,047)
Subtotal	(52,458,907)	1,083,457	(51,375,450)
Net depreciated capital assets	66,517,131	(449,594)	66,067,537
Net capital assets	\$69,805,677	\$(449,594)	\$ 69,356,083

**CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

Asset activity

Capital asset activity for the year ended December 31, 2002 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Assets not being depreciated:				
Land	\$ 2,094,563	\$ 0	\$ 0	\$ 2,094,563
Construction in progress	801,607	1,917,205	(2,416,124)	302,688
Subtotal	<u>2,896,170</u>	<u>1,917,205</u>	<u>(2,416,124)</u>	<u>2,397,251</u>
Assets being depreciated:				
Buildings	4,750,600	120,400	0	4,871,000
Improvements/infrastructure	59,353,206	3,286,340	(70,494)	62,569,052
Equipment	6,725,482	371,238	(17,924)	7,078,796
Subtotal	<u>70,829,288</u>	<u>3,777,978</u>	<u>(88,418)</u>	<u>74,518,848</u>
Accumulated depreciation:				
Buildings	(2,972,406)	(158,539)	0	(3,130,945)
Improvements/infrastructure	(35,689,580)	(1,517,198)	0	(37,206,778)
Equipment	(3, 585,467)	(654,206)	17,924	(4,221,749)
Subtotal	<u>(42,247,453)</u>	<u>(2,329,943)</u>	<u>17,924</u>	<u>(44,559,472)</u>
Net depreciated capital assets	<u>28,581,835</u>	<u>1,448,035</u>	<u>(70,494)</u>	<u>29,959,376</u>
Net capital assets	<u>\$31,478,005</u>	<u>\$ 3,365,240</u>	<u>\$ (2,486,618)</u>	<u>\$32,356,627</u>

Depreciation was charged to functions as follows:

Governmental activities:	
Safety services	\$ 386,268
Leisure services	269,297
Environment and development	19,502
Transportation services	1,394,954
Administrative services	259,922
Total governmental activities depreciation expense	<u>\$2,329,943</u>

**CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Assets not being depreciated:				
Land	\$ 1,370,168	\$ 54,973	\$ 0	\$ 1,425,141
Construction in progress	1,918,378	6,151,181	(886,358)	7,183,201
Subtotal	3,288,546	6,206,154	(886,358)	8,608,342
Assets being depreciated:				
Buildings	53,971,182	619,954	0	54,591,136
Improvements/infrastructure	37,811,071	1,704,077	0	39,515,148
Equipment	25,660,734	3,605,145	(1,549,853)	27,716,026
Subtotal	117,442,987	5,929,176	(1,549,853)	121,822,310
Accumulated depreciation:				
Buildings	(20,228,088)	(1,914,379)	0	(22,142,467)
Improvements/infrastructure	(16,689,315)	(1,097,454)	0	(17,786,769)
Equipment	(14,458,047)	(2,701,397)	1,298,695	(15,860,749)
Subtotal	(51,375,450)	(5,713,230)	1,298,695	(55,789,985)
Net depreciated capital assets	66,067,537	215,946	(251,158)	66,032,325
Net capital assets	\$69,356,083	\$6,422,100	\$ (1,137,516)	\$74,640,667

Depreciation was charged to functions as follows:

Business-type activities:	
Wooster Community Hospital	\$3,584,347
Water	1,006,936
Water Pollution Control	987,361
Storm Drainage	134,586
Total business-type activities depreciation expense	\$5,713,230

NOTE 7 - PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

Employees and Plans

All employees of the City belong to one of two state operated cost-sharing multiple-employer pension plans. Non-uniformed employees (including employees of the Wooster Community Hospital) are members of the Ohio Public Employees Retirement System of Ohio (OPERS). All police and fire personnel are members of the Ohio Police and Fire Pension Fund (OP&F). Elected officials participate in PERS on a voluntary basis.

Benefit Provisions

OPERS

Ohio Public Employees Retirement System (OPERS) is a defined benefit plan created by the Ohio General Assembly. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits of OPERS members are calculated on the basis of age, final average salary, and service credit. OPERS also provides survivor, disability and health care coverage. Authority to establish and amend benefits is provided by state statute within Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System (OPERS) issues a stand-alone financial report.

**CITY OF WOOSTER, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2002**

Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)-222-6705 or 1-800-222-PERS.

OP&F

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. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Contributions to Plans

Employee Contributions

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees covered under OPERS are required to contribute 8.5% of their gross wages to the plan. Members of the Wooster Employees Association bargaining unit have 4% of the 8.5% paid by the City. Members of OP&F are required to contribute 10% of their gross wages to their plan.

Employer Contributions

The 2002 employer contribution rate for local government employer units was 13.55% of covered payroll for the year. The OPERS portion of the City's employer contributions used to fund post-employment benefits was \$1,420,392 in 2002. The City is obligated to pay 24.0% of each firefighter's gross payroll and 19.5% of each police officer's gross payroll. The OP&F portion of the City's employer contributions used to fund post-employment benefits was \$323,439.

Both the City and the employees made one hundred percent of the required contributions for years 1994 through 2002. The City's contributions for the years ending December 31 were as follows:

<u>Year</u>	<u>OPERS</u>	<u>OP&F</u>
1994	\$2,470,286	\$661,998
1995	2,509,155	662,540
1996	2,699,727	652,674
1997	2,716,873	693,067
1998	2,870,405	740,943
1999	2,979,632	798,993
2000	2,989,123	878,110
2001	3,445,256	865,105
2002	3,849,302	914,681

Post employment Benefits Other Than Pensions

OPERS provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in Governmental Accounting Standards Board Statement No.

**CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

12. The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. (See "Contributions to Plans", above.)

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a more broad range of healthcare options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. Recipients will fund health care costs in excess of their month health care benefit.

The assumptions and calculations below were based on the system's latest actuarial review performed as of December 31, 2001. OPERS uses an entry age normal actuarial cost method of valuation in determining the present value of benefits liabilities and normal cost. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.00%. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from .50% to 6.30%. Health care costs were assumed to increase 4.00% annually.

OPEBs are advance-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the retirement System's net assets available for OPEB at December 31, 2001, is \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals. OP&F provides post retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in Governmental Accounting Standards Board Statement No. 12. The Ohio Revised code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. (See "Contributions to Plans", above.)

OP&F health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.50% and 7.75% of covered payroll in 2001 and 2002, respectively. 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. The number of participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available, is 13,174 for police and 10,239 for firefighters statewide. Total expense for health care for the year ending December 31, 2001 was \$122,298,771 statewide, which was net of member contributions of \$6,874,699.

CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 8 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation and Compensatory Time

Each bargaining unit and the management staff earn vacation at different rates, which are based upon length of service. Vacation accumulation is limited to two and three years, respectively. Any unused excess is eliminated from the employee's leave balance. In the case of death, termination, or retirement an employee (or their estate) is paid for his unused vacation to a maximum of the above limitations. The total obligation for vacation and compensatory time accrual for the City and Hospital amounted to \$2,197,537 at December 31, 2002.

Accumulated Unpaid Sick Leave

Each bargaining unit and the management staff earn sick leave at different rates. Employees with at least 10 years service upon retirement are paid for thirty-three percent (City) and twenty-five percent (Hospital) of their accumulated sick leave, not to exceed various ceilings depending on bargaining unit or management staff status. This obligation amounted to \$2,156,687 for the City and Hospital at December 31, 2002 for those employees who are eligible, or are expected to become eligible, to retire with at least 10 years of service at retirement. Employees are expected to become eligible after 5 years of service in safety forces, and 7 or 10 years for all others.

NOTE 9 - OTHER COMMITMENTS

Justice Center Contract

The City has a continuous agreement with Wayne County to share in the costs of operating the Justice Center. The agreement calls for the City to pay 29% of the operating costs of the Justice Center (subject to annual updates based on actual use) except for staffing of shared areas for which costs are shared equally. The 2002 contract cost for the Justice Center was \$523,901.

City Construction Commitments

City Council has authorized the improvement of storm sewer and water lines and the rehabilitation of the sanitary sewer lines on Quinby Avenue. The improvement involves the installation of a storm water detention basin in Christmas Run Park, storm sewer installation on Park Avenue and parts of Quinby Avenue, replacement of the water lines on Quinby Avenue, and the installation of curbs and sidewalks and street paving on Quinby Avenue and some surrounding streets. The sanitary sewer portion of the project will include in-place pipe rehabilitation, restoration of manholes and lateral connection rehabilitation. Permits have been obtained or clearance granted for the detention basin by the US Army Corps of Engineers and the Ohio Department of Natural Resources (ODNR). Written approval from the Ohio Environmental Protection Agency (OEPA) was received in November. Construction of the project is to begin in January 2003. The project will be funded through an Issue 2 grant and loan as well as the Water Fund and Storm Drainage Funds.

Improvements for Cedar Lane drainage were authorized by City Council. The project is a stream restoration project and involves tree removal, streambed excavation, slope protection removal, and gabion installation, as well as the associated restoration work. Construction is slated to begin in February 2003 and will be funded from the Storm Drainage Fund.

**CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

City Council has authorized the design of the reconstruction of Winkler Drive between Burbank Road and Cleveland Road. This improvement involves the installation of curbs and gutters, sidewalks, storm sewers, asphalt paving and replacement of some sanitary sewer. The design has been completed. Right-of-way acquisition began in 2001 and continued in 2002. Utility relocation work was undertaken in 2002 with construction of the improvement slated for 2003. Funding for this project will be from special assessments, Storm Drainage Fund, Water Fund, Sanitary Sewer Fund, and Street Construction, Maintenance and Repair Fund.

Council has authorized the installation of a storm sewer on South Walnut Street. Construction of this project is scheduled for the winter of 2002.

Council appropriated \$1.7 million dollars for the renovation of the Municipal Building beginning in 2003. Renovation work began in January of 2003. Funding is from the Capital Improvements Fund.

The Board of Governors of Wooster Community Hospital authorized the construction of a Medical Office Building on Milltown Road. Site work was started in 2001 with construction underway in 2002 with completion expected in 2003. Funding for this project is from the Hospital Fund.

NOTE 10 - CONTINGENCIES

Enterprise and Special Assessment Bonded Debt

Certain general obligation bonds are being retired by use of revenues generated by the Water, Water Pollution Control, Hospital, and Special Assessment Debt Service Funds. These bonds are general obligation issues backed by the full faith and credit of the City. Management does not foresee any circumstance that would change the current source of funding for these obligations.

Litigation

There are two cases pending against the City. The maximum exposure of the city is the deductible of \$25,000 per suit. There are nine cases pending involving Wooster Community Hospital. The maximum exposure of the Wooster Community Hospital would be the deductible of \$25,000 per case with a total limit of \$75,000.

Contingencies Under Grant Provisions

The City participates in several federally assisted programs and is a recipient of several grants. These programs and grants are subject to financial and compliance audits by the grantors or their representatives. As of December 31, 2002, the audits of these grants and programs were complete through 2001 and City's compliance with applicable requirements has been established. The City's compliance with applicable requirements for 2002 will be established at a future date. The City does not expect any disallowance of grant expenditures.

Other Contingencies

Donated Property

During 1989, City Council accepted a donation of real property from a downtown merchant. Council then turned over the property to the Wooster Growth Corporation (WGC). The WGC then contracted with a management group to lease the property. A condition of the City's agreement with the WGC guarantees return of proceeds of any sale of the property to the City of Wooster.

CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002

Low Income Housing

The City has an ongoing contract with the Wooster Interfaith Housing Corporation (WIHC) for the acquisition, rehabilitation and management of properties to be made available as low income housing under grant provisions approved by the Secretary of Housing and Urban Development (HUD). A total of 16 properties are now owned and managed by the WIHC. Terms of the agreement call for title to the properties to be conveyed to the City upon termination of the agreement.

NOTE 11 - CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. In accordance with the Governmental Accounting Standards Board, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2002 there were four series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$10.018 million.

NOTE 12 - RISK MANAGEMENT

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; and natural disasters. In October 1993, the City contracted with Public Entities Pool of Ohio, a local government risk pool. The Pool was formed in 1986 for the primary purpose of managing and funding third-party liability claims against its members. As a member of the Pool, the City is required to make annual budgetary contributions sufficient to produce the sum of money annually necessary to fund the administrative expenses and reinsurance expenses of the Pool to pay current year claims and claims expenses, and to fund any deficiencies in the Cumulative Reserve Fund. Contributions to the Cumulative Reserve Fund shall be made for the first six years of membership based on a sliding scale. The purpose of this fund is to maintain a reserve at a level equal to 300% of the total current basis rates of all members. No member shall be responsible for any claim, judgment or judgments against any other member except to the extent of the assets of the Cumulative Reserve Fund and the Budgetary Fund. However, if upon termination of the Pool the remaining assets of the Pool are insufficient to satisfy indebtedness of the Pool, such deficiency shall be made up by assessments against members of the Pool by a fair and reasonable method established by the Committee/Board. At year ended December 31, 2001 (last available information) the Pool's total unpaid claims and claim adjustments totaled \$8,085,304 and total assets equaled \$19,358,458.

Coverage by the Pool consists of \$2,000,000 in liability insurance with the City required to pay the first \$25,000 (a "self insurance retention") per occurrence for general liability, and \$1,000 per occurrence for property and other risks. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in recent years.

**CITY OF WOOSTER, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2002**

Self-insured Health Care

City employees are provided traditional health care insurance that covers hospitalization and major medical expenses within specified limits. The plan is self-funded by the City and administered by a third-party administrator. The City pays the administrator a monthly fixed fee for various claim administration services on a per enrolled employee basis.

The City pays all claims. The third-party administrator submits weekly preliminary check registers for all processed claims. The City issues payment to the plan administrator who in turn issues individual claim checks. The City carries stop-loss insurance against catastrophic losses. The premiums for these policies are billed monthly by the third-party administrator on a per enrolled employee basis. Third party administrators estimated the claims liability reported in the fund at December 31, 2002. It is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

The third-party administrator for the City's health insurance (excluding Wooster Community Hospital) was changed from Medical Mutual of Ohio to Community Coordinated Health Care effective January 1, 2003. As of December 31, 2003, the City's projection for outstanding claims was \$223,403 with a calculated terminal liability of \$245,743. The actual amount of outstanding 2002 claims submitted and paid in 2003 has been \$90,298. Actual figures have been used to state 2002 current year claims.

Changes in the fund's claims liability amounts 1998 to 2002 are:

	1998	1999	2000	2001	2002
Balance at beginning of year	\$ 679,734	\$ 581,586	\$ 530,851	\$ 632,713	\$ 703,686
Current year claims	2,514,879	2,712,832	3,680,578	4,062,203	5,312,349
Claim payments	(2,613,027)	(2,763,567)	(3,578,716)	(3,991,230)	(5,051,525)
Balance at end of year	\$ 581,586	\$ 530,851	\$ 632,713	\$ 703,686	\$964,510

NOTE 13 – PLANT CLOSURE COSTS

State and Federal regulations require the City to close its original water production plant once taken completely out of service. The City built a new water production plant, which started production in January 1999. The original plant will be closed in accordance with regulatory requirements in the next few years. Based on current information, the cost of this closure is estimated to be \$3,430,475. This amount has been recorded as a long-term liability in the Water Fund.

NOTE 14 – DEBT

Governmental Activities

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for compensated absences related to internal services are included in governmental activities. Also, for governmental activities, compensated absences and land debt are generally liquidated by the general fund. All special assessment debt is paid through the debt service fund. All of the City's special assessment debt is full commitment with \$423,041 held by the City. There are no legal funding restraints on the remainder of the outstanding special assessment debt, and the amount of delinquent accounts at year-end is \$14,010. The remaining general portion of bonds and notes are liquidated by general, special revenue, and capital project funds.

CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002

Debt service requirements to maturity

The City's legal debt margin within the 10 1/2% limitation was approximately \$55.3 million at December 31, 2002. Principal and interest requirements to retire the City's long-term obligations are as follows:

Year	G.O. Notes		G.O. Bonds		Special Assessments		O.W.D.A. Loans		Land Debt	Totals
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	
<u>Business-type Activities</u>										
2003	\$ 3,338,008	75,105	1,339,745	485,518	0	0	32,273	1,452	0	\$ 5,272,101
2004	0	0	1,385,500	434,127	0	0	0	0	0	1,819,627
2005	0	0	1,440,500	380,760	0	0	0	0	0	1,821,260
2006	0	0	978,200	323,451	0	0	0	0	0	1,301,651
2007	0	0	1,013,300	279,576	0	0	0	0	0	1,292,876
2008-2012	0	0	4,562,200	649,387	0	0	0	0	0	5,211,587
2001-2017	0	0	194,000	76,599	0	0	0	0	0	270,599
2018-2020	0	0	147,500	17,256	0	0	0	0	0	164,756
Subtotal	<u>3,338,008</u>	<u>75,105</u>	<u>11,060,945</u>	<u>2,646,674</u>	<u>0</u>	<u>0</u>	<u>32,273</u>	<u>1,452</u>	<u>0</u>	<u>17,154,457</u>
<u>Governmental Activities</u>										
2003	935,980	26,145	142,450	31,315	330,411	78,149	0	0	282,000	1,826,450
2004	10,336	0	91,940	23,836	100,392	72,924	0	0	282,000	581,428
2005	10,336	0	91,410	19,009	102,592	67,348	0	0	0	290,695
2006	10,336	0	90,840	14,210	112,232	61,644	0	0	0	289,262
2007	10,336	0	90,240	9,441	119,608	55,409	0	0	0	285,034
2008-2012	51,681	0	89,587	4,703	448,832	184,045	0	0	0	778,848
2013-2017	21,508	0	0	0	269,324	80,438	0	0	0	371,270
2018-2020	0	0	0	0	138,588	16,159	0	0	0	154,747
Subtotal	<u>1,050,513</u>	<u>26,145</u>	<u>596,467</u>	<u>102,514</u>	<u>1,621,979</u>	<u>616,116</u>	<u>0</u>	<u>0</u>	<u>564,000</u>	<u>4,577,734</u>
Total	\$ <u>4,388,521</u>	<u>101,250</u>	<u>11,657,412</u>	<u>2,749,188</u>	<u>1,621,979</u>	<u>616,116</u>	<u>32,273</u>	<u>1,452</u>	<u>564,000</u>	\$ <u>21,732,191</u>

Short-term Debt

The City issued a \$1,161,992 Bond Anticipation Street Improvement Note, Series 2002, dated August 13, 2002, maturing August 13, 2003. This note was issued in anticipation of the levy and collection of special assessments and the City's portion of the cost of improving Milltown Road and Friendsville Road.

The City issued a \$3,338,008 Bond Anticipation Water, Storm and Sewer Note, Series 2002, dated August 13, 2002, maturing August 13, 2003. This note was issued in anticipation of the the improvement of Quinby Avenue, Park Avenue, and municipal storm drainage systems.

**CITY OF WOOSTER, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

Changes in balances of long-term liabilities including current portions are as follows:

BUSINESS-TYPE ACTIVITIES:

	Balance January 1, 2002	Increases	(Decreases)	Balance December 31, 2002	Amount Due in 2003
Wooster Community Hospital Fund:					
3.0-3.4% 2001 G.O. Bonds	1,900,000	0	(440,000)	1,460,000	470,000
Compensated Absences	715,620	27,824	0	743,444	131,751
WCH Fund Total	2,615,620	27,824	(440,000)	2,203,444	601,751
Water Fund:					
5.25-5.7% 1991 G.O. Bonds	260,000	0	(260,000)	0	0
5.4-5.75% 1995 G.O. Bonds	613,845	0	(17,900)	595,945	19,745
4.9-5% 1996 G.O. Bonds	6,820,000	0	(515,000)	6,305,000	550,000
3.0-3.85% 2001 G.O. Bonds	3,000,000	0	(300,000)	2,700,000	300,000
2.85% Milltown/Friendsville Note (8/14/01-8/14/02)	26,218	0	(26,218)	0	0
2.1% Quinby/Park Ave Note (12/12/01-9/12/02)	600,000	0	(600,000)	0	0
1.565% Various Purpose Note (8/13/02-8/13/03)	0	628,005	0	628,005	628,005
Compensated Absences	50,793	3,842	(9,852)	44,783	10,148
Water Fund Total	11,370,856	631,847	(1,728,970)	10,273,733	1,507,898
Water Pollution Control Fund:					
6.0% 1986 G.O. Bonds	235,146	0	(235,146)	0	0
5.25% O.W.D.A. Loan	62,705	0	(30,433)	32,272	32,272
2.85% Milltown/Friendsville Note (8/14/01-8/14/02)	9,823	0	(9,823)	0	0
1.565% Various Purpose Note (8/13/02-8/13/03)	0	9,851	0	9,851	9,851
Compensated Absences	79,862	47,325	(33,495)	93,692	34,500
WPC Fund Total	387,536	57,176	(308,897)	135,815	76,623
Storm Water Fund:					
2.85% Milltown/Friendsville Note (8/14/01-8/14/02)	301,967	0	(301,967)	0	0
2.1% Quinby/Park Ave Note (12/12/01-9/12/02)	2,400,000	0	(2,400,000)	0	0
1.565% Various Purpose Note (8/13/02-8/13/03)	0	2,709,679	0	2,709,679	2,709,679
Storm Water Fund Total	2,701,967	2,709,679	(2,701,967)	2,709,679	2,709,679
Business-type Activities Total	17,075,979	3,426,526	(5,179,834)	15,322,671	4,895,951

CITY OF WOOSTER, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2002

GOVERNMENTAL ACTIVITIES:	Balance	Increases	(Decreases)	Balance	Amount Due
	January 1, 2002			December 31, 2002	in 2003
Old Mansfield/Portage/Downtown 5.2-5.25% 1992 G.O. Bonds	739,407	0	(142,940)	596,467	142,450
General portion	60,593	0	(7,060)	53,533	7,550
Special Assessment portion					
Downtown/Oldman/Madisonburg 5.4-5.75% 1995 G.O. Bonds	966,155	0	(57,100)	909,055	60,255
Special Assessment portion	12,088	0	(429)	11,659	454
Buena Vista 6% S.A. Bonds (12/1/98-12/1/20)	500,000	0	(500,000)	0	0
4.5% Note (8/1/97-11/29/02)	27,444	0	(1,715)	25,729	1,715
0% Note (1/9/98-1/1/14)	107,764	0	(8,622)	99,142	8,621
0% Note (9/15/98-1/1/18)	96,663	0	(5,119)	91,544	5,426
Oak Hill 6% S.A. Bond (12/31/99-12/31/14)	272,907	0	(14,453)	258,454	15,320
E Liberty 6% S.A. Bond (12/31/99-12/31/14)	25,043	0	(1,192)	23,851	1,263
Burbank/Friendsville 6% S.A. Note (12/31/00-12/31/15)	41,111	0	(3,578)	37,533	3,792
Burbank/Riffel 6% S.A. Note (12/31/00-12/31/10)					
2.85% Milltown/Friendsville Note (8/14/01-8/14/02)					
Special Revenue portion	925,644	0	(925,644)	0	0
Special Assessment portion	236,348	0	(236,348)	0	0
1.565% Various Purpose Note (8/13/02-8/13/03)					
Special Revenue portion	0	928,286	0	928,286	928,286
Special Assessment portion	0	237,023	0	237,023	237,023
0% Land Debt (1/15/01-1/15/04)	846,000	0	(282,000)	564,000	282,000
Compensated Absences	741,818	194,732	(269,477)	667,073	256,003
Governmental Funds Total	5,598,985	1,360,041	(2,455,677)	4,503,349	1,950,158
Total All Long-Term Liabilities	\$ 22,674,964	\$ 4,786,567	\$ (7,635,511)	\$ 19,826,020	\$ 6,846,109

Note 15-Subsequent Events

In August 2003 the City issued \$4.455 million general obligations bonds to finance the City Hall renovation and the improvements to Quinby Avenue, Milltown and Friendsville Roads as well as miscellaneous storm drainage projects.

**CITY OF WOOSTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General Fund		
	Original Budget	Final Budget	Actual Plus Encumbrances
Revenues :			
Taxes	\$ 10,333,031	\$ 10,333,031	\$ 10,762,319
Intergovernmental	1,727,190	1,727,190	1,899,887
Charges for services	795,717	795,117	866,883
Fines, licenses, permits	476,558	476,558	610,517
Interfund services provided	1,097,113	1,097,113	1,013,651
Interest income	400,000	400,000	379,859
Miscellaneous	133,960	142,595	193,517
Total Revenues	14,963,569	14,971,604	15,726,633
Expenditures :			
Safety services	7,717,314	8,779,529	8,340,622
Health and social services	142,209	142,209	142,208
Leisure services	1,881,098	2,182,350	2,003,763
Environment & development	819,461	863,890	778,783
Transportation services	1,553,044	2,046,245	1,807,685
Administrative services	3,540,526	4,130,936	3,576,635
Total Expenditures	15,653,652	18,145,159	16,649,696
Excess revenues over(under) expenditures	(690,083)	(3,173,555)	(923,063)
Transfers out	(769,985)	(696,213)	(693,827)
Encumbrances	0	0	2,324,261
Fund balances at beginning of year	10,793,126	10,793,126	10,793,126
Fund balances at end of year	\$ 9,333,058	\$ 6,923,358	\$ 11,500,497

	Street Construction Maintenance & Repair Fund		
	Original Budget	Final Budget	Actual Plus Encumbrances
Revenues :			
Intergovernmental	\$ 745,000	\$ 745,000	\$ 776,644
Interest income	87,500	87,500	52,125
Miscellaneous	2,500	2,500	2,166
Total Revenues	835,000	835,000	830,935
Expenditures :			
Safety services	242,705	258,992	239,908
Transportation services	1,091,034	1,969,865	1,544,137
Total Expenditures	1,333,739	2,228,857	1,784,045
Excess revenues over(under) expenditures	(498,739)	(1,393,857)	(953,110)
Proceeds from debt issues	0	400,000	402,740
Encumbrances	0	0	102,215
Fund balances at beginning of year	1,768,706	1,768,706	1,768,706
Fund balances at end of year	\$ 1,269,967	\$ 774,849	\$ 1,320,551

Modified accrual is the budgetary basis used in the preparation of these schedules.

This page intentionally left blank.

GENERAL FUND

GENERAL FUND – To account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) legally restricted to expenditure for specified purposes.

STREET CONSTRUCTION MAINTENANCE AND REPAIR – Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

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

PERMISSIVE TAX – Required by the Ohio Revised Code to account for that portion of motor vehicle registration fees allocated to assist in maintaining those city streets designated as contributing to the effective and efficient flow of traffic through and within the county.

ENFORCEMENT AND EDUCATION – To account for funds from the Municipal Court designated to enforce drunk driving laws and related educational programs.

MANDATORY DRUG FINES - To account for fines from the Municipal Court designated to subsidize each agency's law enforcement efforts that pertain to drug offenses.

LOCAL LAW ENFORCEMENT BLOCK GRANT– To account for receipts and expenditures of Local Law Enforcement Block Grants, funded by the U.S. Department of Justice. Grant proceeds are used to fund law enforcement employees.

COMMUNITY DEVELOPMENT BLOCK GRANT– To account for monies received from the federal government under the Community Development Block Grant program for providing decent housing and a suitable living environment, and expanded economic opportunities principally for persons of low and moderate income and the allowable administrative costs associated with those projects.

ECONOMIC DEVELOPMENT – To account for the portion of the transient occupancy tax designated for promoting economic development within the City.

HUD HOME – To account for monies received from the federal government under the HOME investment Partnerships Program for providing decent housing and a suitable living environment principally for persons of low and moderate income and the allowable administrative costs associated with those projects.

LAW ENFORCEMENT TRUST - Established for deposit of funds from sale of contraband. These funds can only be expended to pay the costs of protracted or complex investigations or prosecutions, to provide reasonable technical training or expertise, to provide matching funds to obtain federal grants to aid law enforcement, or for such other law enforcement purposes that Council determines to be appropriate.

POLICE PENSION – To accumulate property taxes levied for the partial payment of the current and accrued liability for police disability and pension. Amounts collected for the police disability and pension are periodically remitted to the state operated Police and Firemen's Disability and Pension Fund.

FIRE PENSION – To accumulate property taxes levied for the partial payment of the current and accrued liability for firemen's disability and pension. Amounts collected for the firemen's disability and pension are periodically remitted to the state operated Police and Firemen's Disability and Pension Fund.

SHADE TREE – Was established so that individuals or organizations could donate money to the City for the purpose of providing trees throughout the City in the public right-of-way.

FIREWORKS – Was established so that individuals or organizations could donate money to the City for the purpose of providing a fireworks display at the City’s Independence Day celebration.

LILLIAN LONG ESTATE – To account for a bequest from the estate of Lillian Long for the purpose of acquiring additional land for use as a part of Wooster Memorial Park and/or making improvements to that park.

INVESTMENT – Was established by statute to accumulate interest earnings from certain pooled investments and to pay expenses incurred in the handling of fiscal matters with third parties until such time as the net proceeds can be distributed to the other funds.

CAPITAL PROJECTS FUNDS

These funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary or trust funds.

CAPITAL IMPROVEMENTS – To account for various capital projects financed by general fund revenues.

ECONOMIC DEVELOPMENT CAPITAL IMPROVEMENT FUND – To account for “one-time” revenues (revenues which are generated only one time and usually in connection with an event such as a sale of major assets, the merger or sale of a company, or insurance proceeds where the asset will not be replaced). These resources can be appropriated for capital expenditures intended to promote economic development within the community. Economic development may be defined as the retention of existing jobs or businesses; the creation of new jobs or businesses; the creation of capital investment through construction of new or the renovation of existing buildings; and the purchase of real estate, buildings or machinery.

LONG ROAD – To provide for improved service for the industrial park located on Long Road. Improvements are funded by Tax Increment Financing, and note proceeds.

DEBT SERVICE FUND

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEBT SERVICE FUND – To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of special assessment principal and interest. These debt issues were sold to finance construction of various projects that were deemed to benefit only those residents in the immediate area of the projects and are paid for by those residents through assessments against their property.

ENTERPRISE FUNDS

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

WOOSTER COMMUNITY HOSPITAL - To account for the health care services provided by the City owned and operated hospital.

WATER - To account for the provision of water treatment and distribution to the residents and commercial users of the City and some residents of the county.

WATER POLLUTION CONTROL - To account for sanitary sewer services provided to the residential and commercial users of the City and some residents of the county.

STORM DRAINAGE - To account for the storm drainage runoff service provided to the residential and commercial users of the City.

REFUSE COLLECTION – To account for trash collection services provided to the residential and some commercial users of the City.

ECONOMIC/DOWNTOWN DEVELOPMENT LOANS - To account for the loans, repayments, and subsequent loans provided for economic development purposes and downtown revitalization. This fund was established as a result of the City's obtaining a federal grant (HUD) with the requirements for establishing the loan program to maintain the contributed capital (grant/loan principal).

INTERNAL SERVICE FUND

To account for the financing of goods or services provided by one department or agency to other departments or agencies other governmental unit, or to other governmental units, on a cost-reimbursement basis.

MUNICIPAL GARAGE – To account for the costs of a maintenance facility for automotive equipment used by various City departments. Costs are billed to the departments for labor and materials at actual cost with the elimination of the effect of internal service fund activity to adjust to break even.

AGENCY FUNDS

To account for assets held by the City in a custodial capacity or as an agent for individuals, private organization, or other governmental units.

WOOSTER GROWTH CORPORATION – Designated by the City of Wooster as the agency for development of industry, commercial, distribution, and research development within the City. The City serves as fiscal agent for the Corporation.

GUARANTEED DEPOSITS – Established to hold in trust funds held by the City and received from a contractor, developer, or individual to insure compliance with the ordinances of the City in maintaining or establishing certain appurtenances (sidewalks, curbs, and gutters) to be installed by an individual developer or contractor. Upon completion of the appurtenances the deposit is returned to the individual developer or contractor, after deducting any inspection charges.

CLEARING – Established to hold in trust monies received for bid bonds, insurance premiums or proceeds on behalf of certain individuals, and any unclaimed municipal checks. The insurance premiums are to pay for retired employees or spouses still participating in our group health insurance program. The insurance proceeds are for certain damages to City owned property.

RECREATION SUPPLEMENT – Established to accept donations from individuals and organizations that wish to specify that their gifts and donations support recreational activities.

**CITY OF WOOSTER, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2002**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Equity in city treasury cash	\$ 1,156,459	\$ 732,309	\$ 1,888,768
Taxes receivable	332,120	0	332,120
Due from other governments	297,132	0	297,132
Accrued interest receivable	9,954	3,945	13,899
Inventory	21,259	0	21,259
Long term receivables	774,579	0	774,579
Total assets	<u><u>2,591,503</u></u>	<u><u>736,254</u></u>	<u><u>3,327,757</u></u>
Liabilities:			
Accounts payable	23,574	0	23,574
Accrued salaries, wages and benefits	836	0	836
Due to other funds	19,700	0	19,700
Deferred revenue	1,135,454	0	1,135,454
Total liabilities	<u><u>1,179,564</u></u>	<u><u>0</u></u>	<u><u>1,179,564</u></u>
Fund balances:			
Reserved for encumbrances	605,819	0	605,819
Unreserved	806,120	736,254	1,542,374
Total fund balances	<u><u>1,411,939</u></u>	<u><u>736,254</u></u>	<u><u>2,148,193</u></u>
Total liabilities and fund balances	<u><u>\$ 2,591,503</u></u>	<u><u>\$ 736,254</u></u>	<u><u>\$ 3,327,757</u></u>

**CITY OF WOOSTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues :			
Taxes	\$ 511,432	\$ 100,155	\$ 611,587
Intergovernmental	754,034	0	754,034
Fines, licenses, permits	7,487	0	7,487
Interest income	123,012	33,125	156,137
Contributions and donations	0	200,000	200,000
Miscellaneous	500	0	500
Total Revenues	1,396,465	333,280	1,729,745
Expenditures :			
Current operations :			
Safety services	497,190	0	497,190
Leisure services	151	0	151
Environment and development	440,682	0	440,682
Transportation services	82,312	0	82,312
Administrative services	65,973	0	65,973
Capital expenditures	583,386	135,818	719,204
Debt service :			
Principal	570,299	556,000	1,126,299
Interest	27,550	22,375	49,925
Total Expenditures	2,267,543	714,193	2,981,736
Excess revenues over(under) expenditures	(871,078)	(380,913)	(1,251,991)
Other financing sources (uses) :			
Proceeds from debt issues	529,244	0	529,244
Transfers out	0	(2,385)	(2,385)
Excess revenues and other sources over expenditures and other uses	(341,834)	(383,298)	(725,132)
Fund balances at beginning of year	1,753,773	1,119,552	2,873,325
Fund balances at end of year	\$ 1,411,939	736,254	\$ 2,148,193

**CITY OF WOOSTER, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2002**

	State Highway Fund	Permissive Tax Fund	Enforcement Education Fund	Mandatory Drug Fines Fund
Assets:				
Equity in city treasury cash	\$ 211,327	\$ 932,050	\$ 19,539	\$ 8,876
Taxes receivable	0	0	0	0
Due from other governments	34,940	46,329	106	408
Accrued interest receivable	1,391	7,139	90	52
Inventory	21,259	0	0	0
Long term receivables	0	0	0	0
Total assets	268,917	985,518	19,735	9,336
Liabilities:				
Accounts payable	6,306	169	0	0
Accrued salaries, wages and benefits	0	745	0	0
Due to other funds	0	0	0	0
Deferred revenue	30,874	0	0	0
Total liabilities	37,180	914	0	0
Fund balances:				
Reserved for encumbrances	9,323	323,481	0	0
Unreserved	222,414	661,123	19,735	9,336
Total fund balances	231,737	984,604	19,735	9,336
Total liabilities and fund balances	\$ 268,917	\$ 985,518	\$ 19,735	\$ 9,336

Local Law Enforcement Block Grant Fund	Community Development Block Grant Fund	Economic Development Fund	HUD Home Fund
\$ 1,115	\$ (146,306)	\$ 28,081	\$ 0
0	0	2,420	0
0	215,349	0	0
0	0	171	0
0	0	0	0
0	0	0	774,579
<u>1,115</u>	<u>69,043</u>	<u>30,672</u>	<u>774,579</u>
0	9,349	0	0
91	0	0	0
0	19,700	0	0
0	301	0	774,579
<u>91</u>	<u>29,350</u>	<u>0</u>	<u>774,579</u>
0	270,415	0	0
1,024	(230,722)	30,672	0
<u>1,024</u>	<u>39,693</u>	<u>30,672</u>	<u>0</u>
<u>\$ 1,115</u>	<u>\$ 69,043</u>	<u>\$ 30,672</u>	<u>\$ 774,579</u>

(Continued)

**CITY OF WOOSTER, OHIO
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2002**

	Law Enforcement Trust Fund	Police Pension Fund	Fire Pension Fund	Shade Tree Fund
Assets:				
Equity in city treasury cash	\$ 6,370	\$ 27,759	\$ 29,470	\$ 15,728
Taxes receivable	0	164,850	164,850	0
Due from other governments	0	0	0	0
Accrued interest receivable	28	408	473	110
Inventory	0	0	0	0
Long term receivables	0	0	0	0
Total assets	6,398	193,017	194,793	15,838
Liabilities:				
Accounts payable	0	0	0	0
Accrued salaries, wages and benefits	0	0	0	0
Due to other funds	0	0	0	0
Deferred revenue	0	164,850	164,850	0
Total liabilities	0	164,850	164,850	0
Fund balances:				
Reserved for encumbrances	0	0	0	0
Unreserved	6,398	28,167	29,943	15,838
Total fund balances	6,398	28,167	29,943	15,838
Total liabilities and fund balances	\$ 6,398	\$ 193,017	\$ 194,793	\$ 15,838

Fireworks Fund	Lillian Long Estate Fund	Investment Fund	Total Nonmajor Special Revenue Funds
\$ 1,219	\$ 13,481	\$ 7,750	\$ 1,156,459
0	0	0	332,120
0	0	0	297,132
8	84	0	9,954
0	0	0	21,259
0	0	0	774,579
<u>1,227</u>	<u>13,565</u>	<u>7,750</u>	<u>2,591,503</u>
0	0	7,750	23,574
0	0	0	836
0	0	0	19,700
0	0	0	1,135,454
<u>0</u>	<u>0</u>	<u>7,750</u>	<u>1,179,564</u>
0	0	2,600	605,819
<u>1,227</u>	<u>13,565</u>	<u>(2,600)</u>	<u>806,120</u>
<u>1,227</u>	<u>13,565</u>	<u>0</u>	<u>1,411,939</u>
<u>\$ 1,227</u>	<u>\$ 13,565</u>	<u>\$ 7,750</u>	<u>\$ 2,591,503</u>

**CITY OF WOOSTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	State Highway Fund	Permissive Tax Fund	Enforcement Education Fund	Mandatory Drug Fines Fund
Revenues :				
Taxes	\$ 0	\$ 181,391	\$ 0	\$ 0
Intergovernmental	61,917	138,034	0	0
Fines, licenses, permits	0	0	1,700	5,787
Interest income	7,572	38,193	641	202
Miscellaneous	0	250	0	0
Total Revenues	<u>69,489</u>	<u>357,868</u>	<u>2,341</u>	<u>5,989</u>
Expenditures :				
Current operations :				
Safety services	20,133	0	623	0
Leisure services	0	0	0	0
Environment and development	0	0	0	0
Transportation services	48,258	34,054	0	0
Administrative services	0	0	0	0
Capital expenditures	0	497,290	0	0
Debt service :				
Principal	1,715	568,584	0	0
Interest	0	27,550	0	0
Total Expenditures	<u>70,106</u>	<u>1,127,478</u>	<u>623</u>	<u>0</u>
Excess revenues over(under) expenditures	<u>(617)</u>	<u>(769,610)</u>	<u>1,718</u>	<u>5,989</u>
Other financing sources (uses) :				
Proceeds from debt issues	0	529,244	0	0
Excess revenues and other sources over expenditures and other uses	<u>(617)</u>	<u>(240,366)</u>	<u>1,718</u>	<u>5,989</u>
Fund balances at beginning of year	<u>232,354</u>	<u>1,224,970</u>	<u>18,017</u>	<u>3,347</u>
Fund balances at end of year	<u>\$ 231,737</u>	<u>\$ 984,604</u>	<u>\$ 19,735</u>	<u>\$ 9,336</u>

Local Law Enforcement Block Grant Fund	Community Development Block Grant Fund	Economic Development Fund	HUD Home Fund
\$ 0	\$ 0	\$ 49,968	\$ 0
0	523,981	0	0
0	0	0	0
164	0	391	0
0	0	0	0
<u>164</u>	<u>523,981</u>	<u>50,359</u>	<u>0</u>
5,555	0	0	0
0	0	0	0
0	394,584	46,098	0
0	0	0	0
0	0	0	0
0	86,096	0	0
0	0	0	0
0	0	0	0
<u>5,555</u>	<u>480,680</u>	<u>46,098</u>	<u>0</u>
<u>(5,391)</u>	<u>43,301</u>	<u>4,261</u>	<u>0</u>
0	0	0	0
<u>(5,391)</u>	<u>43,301</u>	<u>4,261</u>	<u>0</u>
<u>6,415</u>	<u>(3,608)</u>	<u>26,411</u>	<u>0</u>
<u>\$ 1,024</u>	<u>\$ 39,693</u>	<u>\$ 30,672</u>	<u>\$ 0</u>

**CITY OF WOOSTER, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Law Enforcement Trust Fund	Police Pension Fund	Fire Pension Fund	Shade Tree Fund
Revenues :				
Taxes	\$ 0	\$ 140,036	\$ 140,037	\$ 0
Intergovernmental	0	15,051	15,051	0
Fines, licenses, permits	0	0	0	0
Interest income	169	4,017	4,708	510
Miscellaneous	0	0	0	0
Total Revenues	169	159,104	159,796	510
Expenditures :				
Current operations :				
Safety services	0	233,325	237,554	0
Leisure services	0	0	0	0
Environment and development	0	0	0	0
Transportation services	0	0	0	0
Administrative services	0	0	0	0
Capital expenditures	0	0	0	0
Debt service :				
Principal	0	0	0	0
Interest	0	0	0	0
Total Expenditures	0	233,325	237,554	0
Excess revenues over(under) expenditures	169	(74,221)	(77,758)	510
Other financing sources (uses) :				
Proceeds from debt issues	0	0	0	0
Excess revenues and other sources over expenditures and other uses	169	(74,221)	(77,758)	510
Fund balances at beginning of year	6,229	102,388	107,701	15,328
Fund balances at end of year	\$ 6,398	\$ 28,167	\$ 29,943	\$ 15,838

Fireworks Fund	Lillian Long Estate Fund	Investment Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 511,432
0	0	0	754,034
0	0	0	7,487
37	435	65,973	123,012
250	0	0	500
<u>287</u>	<u>435</u>	<u>65,973</u>	<u>1,396,465</u>
0	0	0	497,190
151	0	0	151
0	0	0	440,682
0	0	0	82,312
0	0	65,973	65,973
0	0	0	583,386
0	0	0	570,299
0	0	0	27,550
<u>151</u>	<u>0</u>	<u>65,973</u>	<u>2,267,543</u>
<u>136</u>	<u>435</u>	<u>0</u>	<u>(871,078)</u>
0	0	0	529,244
136	435	0	(341,834)
<u>1,091</u>	<u>13,130</u>	<u>0</u>	<u>1,753,773</u>
<u>\$ 1,227</u>	<u>\$ 13,565</u>	<u>\$ 0</u>	<u>\$ 1,411,939</u>

**CITY OF WOOSTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	State Highway Fund			Permissive Tax Fund		
	Original Budget	Final Budget	Actual Plus Encumbrances	Original Budget	Final Budget	Actual Plus Encumbrances
Revenues :						
Taxes	\$ 0	\$ 0	\$ 0	\$ 160,000	\$ 160,000	\$ 181,391
Intergovernmental	60,000	60,000	61,917	110,000	110,000	138,034
Interest income	5,000	5,000	7,572	55,000	55,000	38,193
Miscellaneous	0	0	0	0	42,108	250
Total Revenues	65,000	65,000	69,489	325,000	367,108	357,868
Expenditures :						
Safety services	29,300	23,091	22,681	0	0	0
Leisure services	0	0	0	0	0	0
Environment & development	0	0	0	0	0	0
Transportation services	50,570	56,779	56,748	1,255,615	1,869,216	1,450,959
Total Expenditures	79,870	79,870	79,429	1,255,615	1,869,216	1,450,959
Excess revenues over (under) expenditures	(14,870)	(14,870)	(9,940)	(930,615)	(1,502,108)	(1,093,091)
Proceeds from debt issues	0	0	0	0	525,644	529,244
Encumbrances	0	0	9,323	0	0	323,481
Fund balances at beginning of year	232,354	232,354	232,354	1,224,970	1,224,970	1,224,970
Fund balances at end of year	\$ 217,484	\$ 217,484	\$ 231,737	\$ 294,355	\$ 248,506	\$ 984,604

	Enforcement and Education Fund			Mandatory Drug Fines Fund		
	Original Budget	Final Budget	Actual Plus Encumbrances	Original Budget	Final Budget	Actual Plus Encumbrances
Revenues :						
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0	0	0	0
Fines, licences, permits	2,000	2,000	1,699	3,500	3,500	5,787
Interest income	500	500	642	500	500	202
Miscellaneous	0	0	0	0	0	0
Total Revenues	2,500	2,500	2,341	4,000	4,000	5,989
Expenditures :						
Safety services	6,000	6,000	623	7,000	7,000	0
Leisure services	0	0	0	0	0	0
Environment & development	0	0	0	0	0	0
Administrative services	0	0	0	0	0	0
Total Expenditures	6,000	6,000	623	7,000	7,000	0
Excess revenues over (under) expenditures	(3,500)	(3,500)	1,718	(3,000)	(3,000)	5,989
Encumbrances	0	0	0	0	0	0
Fund balances at beginning of year	18,017	18,017	18,017	3,347	3,347	3,347
Fund balances at end of year	\$ 14,517	\$ 14,517	\$ 19,735	\$ 347	\$ 347	\$ 9,336

Local Law Enforcement Block Grant Fund		
Original Budget	Final Budget	Actual Plus Encumbrances
\$ 0	\$ 0	\$ 0
7,995	7,995	0
0	0	164
0	0	0
<u>7,995</u>	<u>7,995</u>	<u>164</u>
7,995	7,995	5,555
0	0	0
0	0	0
0	0	0
<u>7,995</u>	<u>7,995</u>	<u>5,555</u>
0	0	(5,391)
0	0	0
0	0	0
<u>6,415</u>	<u>6,415</u>	<u>6,415</u>
<u>\$ 6,415</u>	<u>\$ 6,415</u>	<u>\$ 1,024</u>

Community Development Block Grant Fund		
Original Budget	Final Budget	Actual Plus Encumbrances
\$ 0	\$ 0	\$ 0
114,000	758,400	523,982
0	0	0
0	0	0
<u>114,000</u>	<u>758,400</u>	<u>523,982</u>
0	0	0
0	0	0
46,640	805,039	751,096
0	0	0
<u>46,640</u>	<u>805,039</u>	<u>751,096</u>
67,360	(46,639)	(227,114)
0	0	0
0	0	270,415
<u>(3,608)</u>	<u>(3,608)</u>	<u>(3,608)</u>
<u>\$ 63,752</u>	<u>\$ (50,247)</u>	<u>\$ 39,693</u>

Economic Development Fund		
Original Budget	Final Budget	Actual Plus Encumbrances
\$ 45,000	\$ 45,000	\$ 49,968
0	0	0
0	0	0
0	0	391
0	0	0
<u>45,000</u>	<u>45,000</u>	<u>50,359</u>
0	0	0
0	0	0
45,000	46,098	46,098
0	0	0
<u>45,000</u>	<u>46,098</u>	<u>46,098</u>
0	(1,098)	4,261
0	0	0
<u>26,411</u>	<u>26,411</u>	<u>26,411</u>
<u>\$ 26,411</u>	<u>\$ 25,313</u>	<u>\$ 30,672</u>

HUD Home Fund		
Original Budget	Final Budget	Actual Plus Encumbrances
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
0	0	0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
0	0	0
0	0	0
0	0	0
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

**CITY OF WOOSTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Law Enforcement Trust Fund			Police Pension Fund		
	Original Budget	Final Budget	Actual Plus Encumbrances	Original Budget	Final Budget	Actual Plus Encumbrances
Revenues :						
Taxes	\$ 0	\$ 0	\$ 0	\$ 153,400	\$ 153,400	\$ 140,036
Intergovernmental	0	0	0	0	0	15,051
Interest income	500	500	169	2,500	2,500	4,017
Miscellaneous	2,000	2,000	0	0	0	0
Total Revenues	2,500	2,500	169	155,900	155,900	159,104
Expenditures :						
Safety services	5,000	5,000	0	240,148	242,648	233,325
Leisure services	0	0	0	0	0	0
Environment & development	0	0	0	0	0	0
Transportation services	0	0	0	0	0	0
Total Expenditures	5,000	5,000	0	240,148	242,648	233,325
Excess revenues over (under) expenditures	(2,500)	(2,500)	169	(84,248)	(86,748)	(74,221)
Encumbrances	0	0	0	0	0	0
Fund balances at beginning of year	6,229	6,229	6,229	102,388	102,388	102,388
Fund balances at end of year	\$ 3,729	\$ 3,729	\$ 6,398	\$ 18,140	\$ 15,640	\$ 28,167
	Fireworks Fund			Lillian Long Estate Fund		
	Original Budget	Final Budget	Actual Plus Encumbrances	Original Budget	Final Budget	Actual Plus Encumbrances
Revenues :						
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0	0	0	0
Fines, licences, permits	0	0	0	0	0	0
Interest income	0	0	37	500	500	435
Miscellaneous	4,000	4,000	250	0	0	0
Total Revenues	4,000	4,000	287	500	500	435
Expenditures :						
Safety services	0	0	0	0	0	0
Leisure services	4,000	4,000	151	0	0	0
Environment & development	0	0	0	0	0	0
Administrative services	0	0	0	0	0	0
Total Expenditures	4,000	4,000	151	0	0	0
Excess revenues over (under) expenditures	0	0	136	500	500	435
Encumbrances	0	0	0	0	0	0
Fund balances at beginning of year	1,091	1,091	1,091	13,130	13,130	13,130
Fund balances at end of year	\$ 1,091	\$ 1,091	\$ 1,227	\$ 13,630	\$ 13,630	\$ 13,565

Fire Pension Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Plus Encumbrances</u>
\$ 153,400	\$ 153,400	\$ 140,036
0	0	15,051
2,500	2,500	4,709
0	0	0
<u>155,900</u>	<u>155,900</u>	<u>159,796</u>
238,281	240,781	237,554
0	0	0
0	0	0
0	0	0
<u>238,281</u>	<u>240,781</u>	<u>237,554</u>
(82,381)	(84,881)	(77,758)
0	0	0
<u>107,701</u>	<u>107,701</u>	<u>107,701</u>
\$ <u>25,320</u>	\$ <u>22,820</u>	\$ <u>29,943</u>

Investment Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Plus Encumbrances</u>
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
100,000	100,000	65,973
0	0	0
<u>100,000</u>	<u>100,000</u>	<u>65,973</u>
0	0	0
0	0	0
0	0	0
<u>100,000</u>	<u>100,000</u>	<u>68,573</u>
<u>100,000</u>	<u>100,000</u>	<u>68,573</u>
0	0	(2,600)
0	0	2,600
0	0	0
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

**CITY OF WOOSTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGETARY BASIS)
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Municipal Garage		
	Original Budget	Final Budget	Actual Plus Encumbrances
Revenues:			
Interfund services provided	\$ 350,000	\$ 350,000	\$ 366,890
Total Revenues	350,000	350,000	366,890
Expenditures:			
Transportation services	414,679	467,247	417,730
Total Expenditures	414,679	467,247	417,730
Excess revenues over(under) expenditures	(64,679)	(117,247)	(50,840)
Encumbrances	0	0	54,069
Fund balance at beginning of year	42,889	42,889	42,889
Fund balance at end of year	\$ (21,790)	\$ (74,358)	\$ 46,118

CITY OF WOOSTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
CAPITAL IMPROVEMENTS AND DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Capital Improvements Fund		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Plus Encumbrances</u>
Revenues :			
Special assessments	\$ 0	\$ 0	\$ 0
Interest income	200,000	200,000	135,552
Miscellaneous	1,430,015	1,449,515	43,281
Total Revenue	<u>1,630,015</u>	<u>1,649,515</u>	<u>178,833</u>
Expenditures :			
Administrative services	1,533,535	2,411,094	1,773,168
Total Expenditures	<u>1,533,535</u>	<u>2,411,094</u>	<u>1,773,168</u>
Excess revenues over(under) expenditures	96,480	(761,579)	(1,594,335)
Operating transfers in	769,985	750,485	750,485
Encumbrances	0	0	456,217
Fund balances at beginning of year	<u>4,317,261</u>	<u>4,317,261</u>	<u>4,317,261</u>
Fund balances at end of year	<u>\$ 5,183,726</u>	<u>\$ 4,306,167</u>	<u>\$ 3,929,628</u>

	Debt Service Fund		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Plus Encumbrances</u>
Revenues :			
Special assessments	\$ 82,000	\$ 117,000	\$ 194,156
Interest income	8,000	8,000	20,782
Total Revenue	<u>90,000</u>	<u>125,000</u>	<u>214,938</u>
Expenditures :			
Transportation services	415,106	418,106	415,437
Total Expenditures	<u>415,106</u>	<u>418,106</u>	<u>415,437</u>
Excess revenues over(under) expenditures	(325,106)	(293,106)	(200,499)
Proceeds from debt issues	0	0	237,968
Fund balances at beginning of year	<u>479,503</u>	<u>479,503</u>	<u>479,503</u>
Fund balances at end of year	<u>\$ 154,397</u>	<u>\$ 186,397</u>	<u>\$ 516,972</u>

**CITY OF WOOSTER, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2002**

	Economic Development Fund	Long Road Fund	Total Nonmajor Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in city treasury cash	\$ 732,309	\$ 0	\$ 732,309
Accrued interest receivable	3,945	0	3,945
Total assets	<u>736,254</u>	<u>0</u>	<u>736,254</u>
Liabilities:			
Accounts payable	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances:			
Reserved for encumbrances	0	0	0
Unreserved	736,254	0	736,254
Total fund balances	<u>736,254</u>	<u>0</u>	<u>736,254</u>
Total liabilities and fund balances	<u>\$ 736,254</u>	<u>\$ 0</u>	<u>\$ 736,254</u>

**CITY OF WOOSTER, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Economic Development Capital Improvements Fund	Long Road Fund	Total Nonmajor Capital Projects Funds
Revenues :			
Taxes	\$ 0	\$ 100,155	\$ 100,155
Rental income	0	0	0
Contributions and donations	200,000	0	200,000
Interest income	22,749	10,376	33,125
Total Revenues	222,749	110,531	333,280
Expenditures :			
Current operations :			
Capital expenditures	135,818	0	135,818
Debt service :			
Principal	56,000	500,000	556,000
Interest	0	22,375	22,375
Total Expenditures	191,818	522,375	714,193
Excess revenues over(under) expenditures	30,931	(411,844)	(380,913)
Other financing (uses) :			
Transfers out	0	(2,385)	(2,385)
Excess revenues over expenditures and other uses	30,931	(414,229)	(383,298)
Fund balances at beginning of year	705,323	414,229	1,119,552
Fund balances at end of year	\$ 736,254	\$ 0	\$ 736,254

**CITY OF WOOSTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Economic Development Capital Improvements Fund		
	Original Budget	Final Budget	Actual Plus Encumbrances
Revenues:			
Interest income	\$ 0	\$ 0	22,749
Contributions and donations	0	0	200,000
Total Revenues	0	0	222,749
Expenditures:			
Environment and development	0	820,000	191,818
Transportation services	0	0	0
Total Expenditures	0	820,000	191,818
Excess revenues over (under) expenditures	0	(820,000)	30,931
Encumbrances	0	0	0
Fund balances at beginning of year	705,322	705,322	705,323
Fund balances at end of year	\$ 705,322	\$ (114,678)	736,254

	Long Road Fund		
	Original Budget	Final Budget	Actual Plus Encumbrances
Revenues:			
Taxes	\$ 90,000	\$ 161,781	\$ 100,155
Special assessments	0	0	0
Interest income	10,000	10,000	10,376
Total Revenues	100,000	171,781	110,531
Expenditures:			
Environment and development	0	0	0
Transportation services	522,500	522,500	522,375
Total Expenditures	522,500	522,500	522,375
Excess revenues over (under) expenditures	(422,500)	(350,719)	(411,844)
Other financing (uses):			
Transfers out	0	(2,385)	(2,385)
Excess revenues (under) expenditures and other uses	(422,500)	(353,104)	(414,229)
Encumbrances	0	0	0
Fund balances at beginning of year	414,230	414,230	414,229
Fund balances at end of year	\$ (8,270)	\$ 61,126	0

This page intentionally left blank.

CITY OF WOOSTER, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Wooster Community Hospital			Water		
	Original Budget	Final Budget	Actual Plus Encumbrances	Original Budget	Final Budget	Actual Plus Encumbrances
Revenues :						
Charges for services	\$ 45,997,000	\$ 70,711,834	\$ 60,323,150	\$ 3,430,000	\$ 6,747,458	\$ 4,139,112
Fines, licenses and permits	0	0	0	4,000	7,676	30,399
Interest income	2,003,000	1,275,740	1,793,285	366,000	719,253	346,469
Miscellaneous	0	0	41	0	0	23,793
Total Revenues	48,000,000	71,987,574	62,116,476	3,800,000	7,474,387	4,539,773
Expenditures :						
Health and social services	67,458,017	73,631,490	67,472,810	0	0	0
Utility services	0	0	0	7,924,766	9,557,655	6,482,601
Total Expenditures	67,458,017	73,631,490	67,472,810	7,924,766	9,557,655	6,482,601
Excess revenues over (under) expenditures	(19,458,017)	(1,643,916)	(5,356,334)	(4,124,766)	(2,083,268)	(1,942,828)
Other financing sources (uses):						
Transfers in (out)	0	(3,704,486)	1,428,294	0	0	0
Proceeds from debt issues	0	0	0	0	626,218	630,508
Excess revenues and other sources over (under) expenditures and other uses	(19,458,017)	(5,348,402)	(3,928,040)	(4,124,766)	(1,457,050)	(1,312,320)
Encumbrances	0	0	7,478,963	0	0	1,267,213
Fund balances at beginning of year	41,137,117	41,137,117	41,137,117	10,460,605	10,460,605	10,460,605
Fund balances at end of year	\$ 21,679,100	\$ 35,788,715	\$ 44,688,040	\$ 6,335,839	\$ 9,003,555	\$ 10,415,498

	Refuse Collection			Economic Development Loans		
	Original Budget	Final Budget	Actual Plus Encumbrances	Original Budget	Final Budget	Actual Plus Encumbrances
Revenues :						
Charges for services	\$ 880,000	\$ 417,286	\$ 970,084	\$ 10,000	\$ 10,000	\$ 9,775
Fines, licenses and permits	0	0	5,960	0	0	0
Operating subsidies	20,000	20,000	28,101	0	45,000	0
Interest income	0	0	3,784	10,000	10,000	13,527
Total Revenue	900,000	437,286	1,007,929	20,000	65,000	23,302
Expenditures :						
Utility services	900,000	945,059	941,698	500,000	500,000	79,500
Total Expenditures	900,000	945,059	941,698	500,000	500,000	79,500
Excess revenues over expenditures	0	(507,773)	66,231	(480,000)	(435,000)	(56,198)
Encumbrances	0	0	162,314	0	0	0
Fund balances at beginning of year	44,419	44,419	44,419	378,286	378,286	378,286
Fund balances at end of year	\$ 44,419	\$ (463,354)	\$ 272,964	\$ (101,714)	\$ (56,714)	\$ 322,088

Water Pollution Control			Storm Drainage		
Original Budget	Final Budget	Actual Plus Encumbrances	Original Budget	Final Budget	Actual Plus Encumbrances
\$ 2,800,000	\$ 3,596,072	\$ 3,693,360	\$ 450,000	\$ 450,000	\$ 729,842
0	0	38,804	0	0	1,833
500,000	500,000	417,123	0	0	165,399
0	0	11,233	0	0	0
<u>3,300,000</u>	<u>4,096,072</u>	<u>4,160,520</u>	<u>450,000</u>	<u>450,000</u>	<u>897,074</u>
0	0	0	0	0	0
6,732,170	8,829,499	5,221,433	3,121,115	6,422,242	5,218,754
<u>6,732,170</u>	<u>8,829,499</u>	<u>5,221,433</u>	<u>3,121,115</u>	<u>6,422,242</u>	<u>5,218,754</u>
(3,432,170)	(4,733,427)	(1,060,913)	(2,671,115)	(5,972,242)	(4,321,680)
0	0	0	0	0	0
<u>0</u>	<u>9,823</u>	<u>50,104</u>	<u>0</u>	<u>2,701,967</u>	<u>2,720,476</u>
(3,432,170)	(4,723,604)	(1,010,809)	(2,671,115)	(3,270,275)	(1,601,204)
0	0	1,509,491	0	0	1,840,119
<u>12,420,347</u>	<u>12,420,347</u>	<u>12,420,347</u>	<u>4,210,845</u>	<u>4,210,845</u>	<u>4,210,845</u>
<u>\$ 8,988,177</u>	<u>\$ 7,696,743</u>	<u>\$ 12,919,029</u>	<u>\$ 1,539,730</u>	<u>\$ 940,570</u>	<u>\$ 4,449,760</u>

Downtown Development Loans		
Original Budget	Final Budget	Actual Plus Encumbrances
\$ 2,500	\$ 10,000	\$ 12,697
0	0	0
0	0	0
0	0	2,756
<u>2,500</u>	<u>10,000</u>	<u>15,453</u>
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
2,500	10,000	15,453
0	0	0
<u>74,728</u>	<u>74,728</u>	<u>74,728</u>
<u>\$ 77,228</u>	<u>\$ 84,728</u>	<u>\$ 90,181</u>

**SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
AS OF DECEMBER 31, 2002**

Function and Activity:	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure/ Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>
Safety Services:						
Police	\$ 958,887	\$ 0	\$ 360,698	\$ 50,000	\$ 548,189	0
Traffic	2,864,327	0	0	2,723,588	140,739	0
Fire	2,622,460	8,513	293,267	9,638	2,311,042	0
Total Safety Services	<u>6,445,674</u>	<u>8,513</u>	<u>653,965</u>	<u>2,783,226</u>	<u>2,999,970</u>	<u>0</u>
Leisure Services:						
Community Center	673,033	0	616,117	30,438	26,478	0
Parks	2,945,394	174,988	1,183,737	1,171,581	399,316	15,772
Pools	1,189,621	0	502,782	551,520	135,319	0
Recreation Programs	282,350	0	129,342	73,996	79,012	0
Total Leisure Services	<u>5,090,398</u>	<u>174,988</u>	<u>2,431,978</u>	<u>1,827,535</u>	<u>640,125</u>	<u>15,772</u>
Environment & Development:						
Planning	19,643	0	0	0	19,643	0
Inspections	112,645	0	0	0	112,645	0
Total Environment & Development	<u>132,288</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>132,288</u>	<u>0</u>
Transportation Services:						
Street Cleaning	289,444	0	0	0	289,444	0
Snow Removal	107,981	0	91,184	0	16,797	0
Parking	480,297	172,956	0	307,341	0	0
Transit System	11,741	0	0	0	11,741	0
Street Construction	59,830,315	0	683,236	57,441,905	1,438,392	266,782
Total Transportation Services	<u>60,719,778</u>	<u>172,956</u>	<u>774,420</u>	<u>57,749,246</u>	<u>1,756,374</u>	<u>266,782</u>
Administrative Services:						
Administration	840,113	203,544	0	180,985	455,584	0
Finance	683,907	0	0	0	683,907	0
Law	1,000	0	0	0	1,000	0
Lands & Buildings	2,755,255	1,534,562	1,010,637	18,060	171,862	20,134
Engineer	247,686	0	0	10,000	237,686	0
Total Administrative Services	<u>4,527,961</u>	<u>1,738,106</u>	<u>1,010,637</u>	<u>209,045</u>	<u>1,550,039</u>	<u>20,134</u>
Governmental Capital Assets	<u>\$ 76,916,099</u>	<u>\$ 2,094,563</u>	<u>\$ 4,871,000</u>	<u>\$ 62,569,052</u>	<u>\$ 7,078,796</u>	<u>\$ 302,688</u>

CITY OF WOOSTER, OHIO
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002

Function and Activity:	Governmental Capital Assets 1/1/2002	Additions	Deductions	Net Transfers	Governmental Capital Assets 12/31/2002
Safety Services:					
Police	\$ 876,893	\$ 81,994	0	\$ 0	\$ 958,887
Traffic	2,519,122	345,205	0	0	2,864,327
Fire	2,583,072	39,388	0	0	2,622,460
Total Safety Services	5,979,087	466,587	0	0	6,445,674
Leisure Services:					
Community Center	667,898	5,135	0	0	673,033
Parks	2,643,482	452,552	(221,134)	70,494	2,945,394
Pools	1,046,840	228,044	(85,263)	0	1,189,621
Recreation Programs	275,209	148,129	(70,494)	(70,494)	282,350
Total Leisure Services	4,633,429	833,860	(376,891)	0	5,090,398
Environment & Development:					
Planning	19,643	0	0	0	19,643
Inspections	106,464	6,181	0	0	112,645
Total Environment & Development	126,107	6,181	0	0	132,288
Transportation Services:					
Street Cleaning	289,444	0	0	0	289,444
Snow Removal	107,981	0	0	0	107,981
Parking	490,367	0	(10,070)	0	480,297
Transit System	11,741	0	0	0	11,741
Street Construction	57,699,233	4,178,169	(2,047,087)	0	59,830,315
Total Transportation Services	58,598,766	4,178,169	(2,057,157)	0	60,719,778
Administrative Services:					
Administration	731,405	108,708	0	0	840,113
Finance	634,606	49,301	0	0	683,907
Law	1,000	0	0	0	1,000
Lands & Buildings	2,755,255	0	0	0	2,755,255
Engineer	228,635	19,051	0	0	247,686
Total Administrative Services	4,350,901	177,060	0	0	4,527,961
Governmental Capital Assets	\$ 73,688,290	\$ 5,661,857	\$ (2,434,048)	\$ 0	\$ 76,916,099

CITY OF WOOSTER, OHIO
 COMBINING STATEMENT OF ASSETS & LIABILITIES
 AGENCY FUNDS
 DECEMBER 31, 2002

	Guaranteed Deposit	Clearing Fund	Recreation Supplement	Wooster Growth Corporation	Total Agency Funds
Assets:					
Equity in city treasury cash	\$ 63,057	\$ 37,426	\$ 4,627	\$ 119,153	\$ 224,263
Accrued interest receivable	0	0	0	2	2
Total assets	<u>63,057</u>	<u>37,426</u>	<u>4,627</u>	<u>119,155</u>	<u>224,265</u>
Liabilities:					
Accounts payable	40	19,445	0	90	19,575
Accrued wages and benefits	0	1,155	0	0	1,155
Due to agency recipient	63,017	16,826	4,627	119,065	203,535
Total liabilities	<u>\$ 63,057</u>	<u>\$ 37,426</u>	<u>\$ 4,627</u>	<u>\$ 119,155</u>	<u>\$ 224,265</u>

CITY OF WOOSTER, OHIO
 COMBINING STATEMENT OF CHANGES IN ASSETS & LIABILITIES
 AGENCY FUNDS
 DECEMBER 31, 2002

	Guarantee Deposit	Clearing Fund	Recreation Supplement	Wooster Growth Corporation	Total Agency Funds
Additions:					
Sale of assets	\$	\$	\$	\$	\$
Deposits & gifts	17,890	81,151	3,914	292,283	292,283
Fees & charges				7,899	102,955
Rental income				242,243	242,243
Miscellaneous				0	0
Investment interest				7,518	7,518
Total additions	17,890	81,151	3,914	549,943	652,898
Deductions:					
Refunds	14,516	77,180			91,696
Purchase of capital assets					0
Transfer of equity			54,272	120,749	120,749
State loan payments				264,607	54,272
Infrastructure donations				391,857	264,607
Administrative fees					391,857
Miscellaneous			938	9,416	10,354
Total deductions	14,516	77,180	55,210	786,629	933,535
Change in net assets	3,374	3,971	(51,296)	(236,686)	(280,637)
Beginning Due to agency recipient	59,643	12,856	55,923	355,750	484,172
Ending Due to agency recipient	\$ 63,017	\$ 16,827	\$ 4,627	\$ 119,064	\$ 203,535

This page intentionally left blank.

Statistical Section

Table 1

City of Wooster, Ohio
General Revenue by Source and
General Expenditures by Function
Last Ten Years All Governmental Funds
(\$000 omitted)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Revenues:										
Taxes	\$ 7,770	\$ 9,071	\$ 10,226	\$ 9,826	\$ 10,693	\$ 11,765	\$ 11,927	\$ 10,941	\$ 10,647	\$ 11,374
Intergovernmental	1,658	1,839	1,952	1,507	1,607	2,163	3,062	2,837	2,977	3,431
Charges for service	1,187	1,321	1,338	1,365	1,451	1,562	797	770	773	867
Special assessments	29	244	190	158	218	191	241	233	202	194
Fines, licenses, permits	300	328	452	429	510	441	451	477	532	618
Interfund services provided	646	655	644	563	706	750	829	2,527	1,006	1,014
Interest income	268	198	524	548	745	826	859	1,297	1,112	744
Miscellaneous	235	614	302	325	353	597	236	334	191	239
Total revenues	12,093	14,270	15,628	14,721	16,283	18,295	18,402	19,416	17,440	18,481
Expenditures:										
Safety services	5,464	5,531	5,417	5,510	6,307	6,200	6,786	7,095	7,286	7,888
Health & social services	105	92	104	106	111	131	133	136	142	142
Leisure services	1,367	1,329	1,151	1,094	1,291	1,285	1,416	1,631	1,651	1,733
Environment & development	552	465	986	432	478	561	560	689	692	1,097
Utility services	750	802	833	860	788	893	65	0	0	0
Transportation services	1,352	1,406	1,064	1,109	996	1,049	1,335	1,941	1,510	1,830
Administrative services	2,057	2,052	2,016	1,990	2,241	2,184	2,314	3,001	2,317	3,109
Capital expenditures	2,943	837	594	1,213	2,724	3,081	2,669	3,396	1,891	2,559
Debt service:										
Principal	4	2,453	1,652	194	194	342	547	229	1,138	2,186
Interest	175	198	181	158	155	171	185	165	156	177
Total expenditures	14,769	15,165	13,998	12,666	15,285	15,897	16,010	18,283	16,783	20,721
Excess of revenues over (under) expenditures	(2,676)	(895)	1,630	2,055	998	2,398	2,392	1,133	657	(2,240)
Other financing sources:	500	1,800	589	0	990	13	405	1,199	1,563	1,424
Excess of revenues & other sources over (under) expenditures & other uses	(2,176)	905	2,219	2,055	1,988	2,411	2,797	2,332	2,220	(816)
Beginning fund balances	6,973	4,050	4,955	7,174	9,223	11,211	a 15,031	17,828	b 18,423	20,232
Fund balances at year end	\$ 4,797	\$ 4,955	\$ 7,174	\$ 9,229	\$ 11,211	\$ 13,622	\$ 17,828	\$ 20,160	\$ 20,643	\$ 19,416

a Restatement due to GASB 34 along with Interpretation 6 for Compensated Absences and elimination of the effect of Internal Service Fund activity.

b Restatement due to GASB 36 and reclassification of several special revenue funds as agency funds.

City of Wooster, Ohio
 Schedule of Property Tax, Tangible Tax, Special Assessments,
 Levied/Billed and Collections,
 and Economic Indicators
 (\$ 000 omitted)

Table 2

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
PROPERTY TAX LEVY & COLLECTIONS										
Real and public property:										
Net tax levy	\$ 911	\$ 957	\$ 1,149	\$ 1,236	\$ 1,419	\$ 1,548	\$ 1,659	\$ 1,641	\$ 1,741	\$ 1,769
Current collections	\$ 882	\$ 949	\$ 1,087	\$ 1,165	\$ 1,398	\$ 1,448	\$ 1,501	\$ 1,594	\$ 1,625	\$ 1,620
Percentage of current collection to net levy	97%	99%	95%	94%	99%	94%	90%	97%	93%	92%
Prior year collections	\$ 25	\$ 11	\$ 12	\$ 21	\$ 18	\$ 23	\$ 30	\$ 24	\$ 26	\$ 35
Total Collections	\$ 907	\$ 960	\$ 1,099	\$ 1,186	\$ 1,416	\$ 1,471	\$ 1,531	\$ 1,618	\$ 1,651	\$ 1,655
Percentage of total collections to net levy	100%	100%	96%	96%	100%	95%	92%	99%	95%	94%
TANGIBLE TAX										
Billed	\$ 314	\$ 311	\$ 363	\$ 425	\$ 474	\$ 480	\$ 520	\$ 541	\$ 516	\$ 504
Collected	\$ 306	\$ 298	\$ 359	\$ 416	\$ 458	\$ 471	\$ 506	\$ 533	\$ 507	\$ 481
Percentage collected	97%	96%	99%	98%	97%	98%	97%	99%	98%	95%
Delinquent	\$ 8	\$ 13	\$ 4	\$ 9	\$ 16	\$ 9	\$ 14	\$ 8	\$ 9	\$ 23
SPECIAL ASSESSMENTS										
Billed	\$ 15	\$ 23	\$ 93	\$ 165	\$ 200	\$ 165	\$ 274	\$ 380	\$ 361	\$ 423
Collected	\$ 14	\$ 19	\$ 92	\$ 162	\$ 197	\$ 156	\$ 253	\$ 329	\$ 304	\$ 342
Percentage collected	93%	83%	99%	98%	99%	95%	92%	87%	84%	81%
Delinquent	\$ 1	\$ 4	\$ 1	\$ 3	\$ 3	\$ 9	\$ 21	\$ 51	\$ 57	\$ 81
COMMUNITY ECONOMIC INDICATORS										
(in millions of dollars)										
Building permits issued	31	41	55	53	45	36	38	40	74	69
Employment (Wayne County)	51,700	53,000	55,000	54,800	54,400	55,100	54,800	56,000	56,200	55,700
Registered Voters:										
November Elections	12,963	13,210	13,368	14,222	14,418	15,027	14,074	15,137	14,082	14,482

Local financial deposit information no longer available due to merger of local financial institutions.

Sources: Wayne County Auditor, Wayne County Board of Elections, Ohio Bureau of Employment Services

Table 3

City of Wooster, Ohio
 Schedule of Assessed Valuation, Estimated True Value and
 Property Tax Rates - Direct and Overlapping Governments
 (\$ 000 omitted)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
ASSESSED VALUATION											
Real Property	\$ 224,878	\$ 251,813	\$ 257,920	\$ 272,513	\$ 337,862	\$ 336,429	\$ 352,489	\$ 376,452	\$ 383,712	\$ 392,592	\$ 419,524
Public Utility Property	14,410	15,600	16,171	15,515	15,359	15,712	16,077	14,373	15,113	10,291	10,602
Tangible Personal Property	82,114	73,954	72,926	87,250	99,645	105,015	114,342	123,488	128,468	123,315	117,373
Total	\$ 321,402	\$ 341,367	\$ 347,017	\$ 375,278	\$ 452,866	\$ 457,156	\$ 482,908	\$ 514,313	\$ 527,293	\$ 526,198	\$ 547,499

**ESTIMATED TRUE
 VALUE**

Real Property	\$ 642,509	\$ 719,466	\$ 736,914	\$ 778,609	\$ 965,320	\$ 961,225	\$ 1,007,111	\$ 1,075,577	\$ 1,096,320	\$ 1,121,690	\$ 1,198,640
---------------	------------	------------	------------	------------	------------	------------	--------------	--------------	--------------	--------------	--------------

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS (Mills per \$1.00 valuation)

County levy	7.45	7.35	8.35	8.35	8.35	8.35	8.35	8.75	8.75	8.75	8.75
School levy	52.90	62.15	62.15	62.15	62.15	62.15	59.15	65.20	65.20	65.20	65.20
Vocational school	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Mental Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City levy	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20
Library	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total levy	69.65	79.80	80.80	80.80	80.80	80.80	77.80	84.25	84.25	84.25	84.25
Debt service:											
Included in city levy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Included in total levy	6.90	6.90	6.80	6.80	6.80	6.80	3.80	0.00	0.00	0.00	0.00

Sources: Wayne County Auditor

City of Wooster, Ohio
December 31, 2002

Table 4

Schedule of Legal Debt Margin, Computation of Direct and Overlapping Debt,
and Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
(\$ 000 omitted)

	2001	2002								
LEGAL DEBT MARGIN										
Overall debt limitation - 10.5% of assessed valuation	\$ 55,251	\$ 57,487								
Gross indebtedness	19,595	17,075								
Less debt outside limitations	17,271	14,396								
Debt within 10.5% limitations	2,324	2,679								
Less amount available in debt service funds applicable to debt margin	478	514								
Net debt within 10.5% limitation	1,846	2,165								
Legal debt margin within 10.5% limitation	\$ 53,405	\$ 55,322								
Unvoted debt limitation 5.5% of assessed valuation	\$ 28,941	\$ 30,112								
Gross indebtedness	19,595	17,120								
Less debt outside limitations:										
Debt within 5.5% limitations	2,324	2,679								
Less amount available in debt service funds applicable to debt margin	478	514								
Net debt within 5.5% limitation	1,846	2,165								
Legal debt margin within 5.5% limitation	\$ 27,095	\$ 27,947								
COMPUTATION OF DIRECT AND OVERLAPPING DEBT										
	Assessed									
	Valuation (1)									
City of Wooster	\$ 547,499									
Wooster City Schools	595,944									
Wayne County	1,797,608									
Total	\$ 3,972									
	Net General Tax	Net Tax Supported								
	Supported Debt (2)	Overall Debt								
	\$ 2,679	\$ 2,679								
	24,663	22,658								
	12,630	3,847								
	\$ 39,972	\$ 29,184								
	Percent									
	Overlapping									
	100.00%									
	91.87%									
	30.46%									
RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA										
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Net general debt	\$ 3,374	\$ 3,026	\$ 1,589	\$ 1,404	\$ 1,241	\$ 1,081	\$ 1,576	\$ 1,383	\$ 2,324	\$ 2,679
Assessed value	341,362	347,017	375,278	452,866	457,156	482,908	514,313	527,294	526,199	547,499
Population	22,947	23,204	23,465	23,728	23,994	24,264	24,536	24,811	25,002	25,184
Ratio of net bonded debt	0.99%	0.87%	0.42%	0.31%	0.27%	0.22%	0.31%	0.26%	0.44%	0.49%
to assessed value										
Net bonded debt	\$ 147	\$ 130	\$ 68	\$ 59	\$ 52	\$ 45	\$ 64	\$ 56	\$ 93	\$ 106
per capita (full \$)										

Sources (1) Wayne County, Ohio; County Auditor (2) Fiscal Offices of Subdivision

Table 5

City of Wooster, Ohio
 Ratio of Annual Debt Service for General Obligation Debt to Total General Expenditures and Revenue Bond Coverage
 (\$ 000 omitted)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION DEBT TO TOTAL GENERAL EXPENDITURES										
Debt Service on general obligation debt										
General Expenditures	\$ 179	\$ 2,651	\$ 1,833	\$ 352	\$ 349	\$ 512	\$ 609	\$ 230	\$ 1,124	\$ 2,204
Ratio	14,770	15,165	13,998	12,666	14,990	15,897	16,010	18,283	16,743	20,721
	1.21%	17.48%	13.09%	2.78%	2.33%	3.22%	3.80%	1.26%	6.71%	10.64%
REVENUE BOND COVERAGE										
Water:										
Direct Revenue	\$ 3,356	\$ 3,478	\$ 3,422	\$ 4,887	\$ 5,145	\$ 4,872	\$ 4,353	\$ 4,464	\$ 4,521	\$ 4,542
Operating Expense	1,969	1,964	1,906	1,822	1,928	2,188	2,296	2,107	2,262	2,233
Net Available	1,387	1,514	1,516	3,065	3,217	2,684	2,057	2,357	2,259	2,309
Principal	150	153	170	193	588	631	666	706	3,748	1,719
Interest	107	169	257	551	678	637	581	580	561	598
Total debt service	257	322	427	744	1,266	1,268	1,247	1,286	4,309	2,317
Coverage	5.40	4.70	3.55	4.12	2.54	2.12	1.65	1.83	0.52	1.00
Water Pollution Control:										
Direct revenue	\$ 3,933	\$ 3,632	\$ 3,577	\$ 4,189	\$ 4,519	\$ 3,749	\$ 3,928	\$ 4,136	\$ 4,356	\$ 4,167
Operating expenses	2,210	2,019	1,995	2,063	2,364	2,107	2,167	2,275	2,561	2,663
Net available	1,723	1,613	1,582	2,126	2,155	1,642	1,761	1,861	1,795	1,504
Principal	264	255	247	269	259	260	262	253	264	275
Interest	152	138	123	107	93	78	62	49	33	17
Total debt service	416	393	370	376	352	338	324	302	297	292
Coverage	4.14	4.10	4.28	5.65	6.12	4.86	5.44	6.16	6.04	5.15
Hospital:										
Direct revenue	\$ 31,973	\$ 32,623	\$ 37,199	\$ 41,559	\$ 45,131	\$ 45,630	\$ 45,350	\$ 51,632	\$ 57,771	\$ 66,619
Operating expenses	27,083	28,361	30,199	32,153	34,137	35,563	36,515	40,371	46,262	53,297
Net available	4,890	4,262	7,000	9,406	10,994	10,067	8,835	11,261	11,509	13,322
Principal	230	240	260	280	300	320	340	365	2,250	440
Interest	305	287	272	255	236	217	195	173	169	59
Total debt service	535	527	532	535	536	537	535	538	2,419	499
Coverage	9.14	8.09	13.16	17.58	20.51	18.75	16.51	20.93	4.76	26.70

City of Wooster, Ohio
Schedules of Principal Taxpayers,
Miscellaneous Statistics and Demographic Statistics

PRINCIPAL TAXPAYERS	TAXABLE VALUATION (\$000 omitted)	MISCELLANEOUS STATISTICS
REAL ESTATE & PUBLIC UTILITY		
Ohio Power	\$ 7,512	Date of incorporation 1817
Newell/Rubbermaid	7,494	Form of government Mayor-Council
Gerstenslager	4,390	Area 15.873 square miles
Wooster Associates	4,156	Miles of streets 121.76 miles
Wooster Brush	3,775	Number of street lights 2,366
Luk	3,585	Fire protection:
College of Wooster	2,923	Number of stations 2
Buehlers	2,650	Number of firemen and officers 41
L. Lefkowitz, et at., Trustees	2,035	Police protection:
United Telephone Company	1,815	Number of stations 1
Total of Above	\$ 40,335	Number of policemen and officers 38
Total Assessed Valuation of City	\$ 547,499	Parking lots 7/120,492 sq ft
		Traffic lights 55

Source: Wayne County, Ohio; County Auditor

	Total Population	Population in Group Quarters	Total Dwelling Units	Occupied Dwelling Units/ Households	Persons Per Household	Owner	
						Occupied Housing Units %	Median Family Income
1950	14,005	1,039	4,330	4,218	3.10	59.20%	\$ 3,432
1960	17,046	1,205	5,504	5,284	3.00	61.50%	6,425
1970	18,703	1,627	6,410	6,088	2.80	60.20%	10,880
1980	19,289	1,871	7,626	7,105	2.45	58.10%	21,116
1990	22,191	1,720	8,989	8,568	2.39	57.50%	32,500
2000	24,811	1,967	10,674	10,040	2.28	59.37%	47,118
2001	25,002	1,737	10,759	10,120	2.28	59.70%	48,343
2002	25,184	1,967	10,966	10,140	2.30	59.80%	49,020

Sources: U.S. Censuses 1950, 1960, 1970, 1980, 1990, 2000; Wooster Planning Department 2001, 2002



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF WOOSTER

WAYNE 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, 2003**