



**CITY OF BARBERTON
SUMMIT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

CITY OF BARBERTON
SUMMIT COUNTY

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**Auditor of State
Betty Montgomery**

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

The Honorable Mayor and Members of City Council
City of Barberton
Summit County
104 Third Street, N.W.
Barberton, Ohio 44203

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Barberton, Summit County, Ohio, (the City) as of and for the year ended December 31, 2003 which collectively comprise the City's basic financial statements and have issued our report thereon dated September 14, 2004, in which we noted the City adopted Government Accounting Standards Board Statement No. 34. Additionally, the City restated certain fund balances as of December 31, 2002 as a result of reclassifying several governmental and proprietary funds and the correction of an error regarding proprietary fund capital assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the City's management in a separate letter dated September 14, 2004.

Internal Control Over Financial Reporting

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

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However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the City's management in a separate letter dated September 14, 2004.

This report is intended solely 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 14, 2004



**Auditor of State
Betty Montgomery**

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

To the Honorable Mayor and Members of City Council
City of Barberton
Summit County
104 Third Street, N.W.
Barberton, Ohio 44203

Compliance

We have audited the compliance of the City of Barberton, Summit 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, 2003. 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, 2003.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the City as of and for the year ended December 31, 2003, and have issued our report thereon dated September 14, 2004, in which we noted the City adopted Government Accounting Standards Board Statement No. 34. Additionally, the City restated certain fund balances as of December 31, 2002 as a result of reclassifying several governmental and proprietary funds and the correction of an error regarding proprietary fund capital assets. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of 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 14, 2004

**CITY OF BARBERTON
SUMMIT COUNTY**

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

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Akron City Department of Health:</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	110	10.557	\$ 184,883
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Direct</i>			
Community Development Block Grant/Entitlement Grants	N/A	14.218	689,313
HOME Investment Partnership's Program	N/A	14.239	<u>265,008</u>
Total U.S. Department of Housing and Urban Development			<u>954,321</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct</i>			
Local Law Enforcement Block Grants Program	N/A	16.592	40,111
Bulletproof Vest Partnership Program	N/A	16.607	135
Juvenile Justice and Delinquency Prevention/Allocation to States	N/A	16.540	<u>10,603</u>
Total U.S. Department of Justice			<u>50,849</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through the Akron City Department of Health</i>			
Immunization Grants	101A	93.268	48,524
Maternal and Child Health Services Block Grants to the States	101Q	93.994	96,379
<i>Passed through the Area Agency on Aging</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	227B	93.044	4,000
<i>Passed through the Ohio Department of Health</i>			
Centers for Disease Control and Prevention/Investigations and Technical Assistance	77-2-002-2-CJ01	93.283	<u>21,166</u>
Total U.S. Department of Health and Human Services			<u>170,069</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed through the Ohio Department of Public Safety</i>			
State and Community Highway Safety	N/A	20.600	29,925
<u>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Direct</i>			
Brownsfield Pilots Cooperative Agreements	N/A	66.811	3,656
<u>U.S. DEPARTMENT OF INTERIOR</u>			
<i>Pass through the Ohio & Erie Canal Association</i>			
Barberton Towpath Reconstruction Project	N/A	15.XXX	<u>61,094</u>
TOTAL			<u>\$ 1,454,797</u>

The notes to the Schedule of Federal Awards Expenditures are an integral part of this statement.

**CITY OF BARBERTON
SUMMIT COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons to rehabilitate homes. The Federal 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 a disbursement on the Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages of property. At December 31, 2003, the gross amount of loans outstanding under this program was \$563,365.

**CITY OF BARBERTON
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children CFDA # 14.239 Home Investment Partnerships Program
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

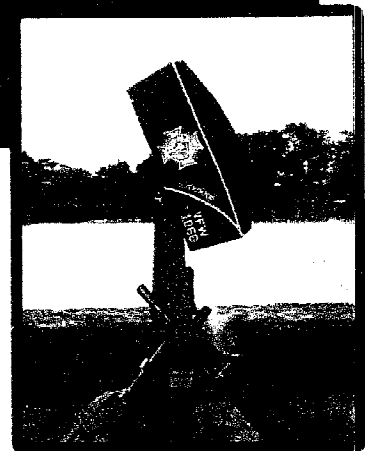
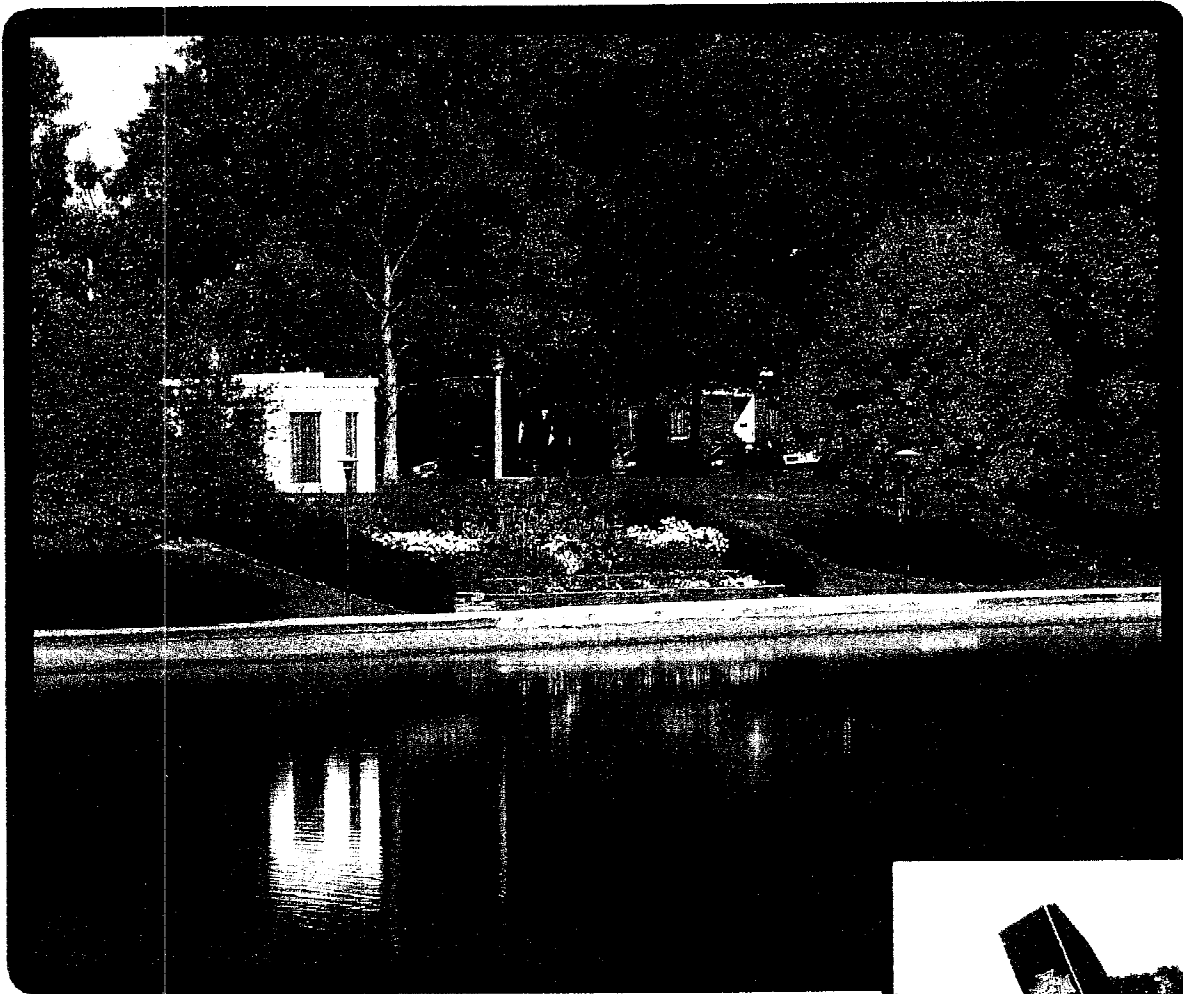
**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

CITY OF BARBERTON, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

The cover photo represents the City's tribute to the Barberton men and women who have served in the armed forces. The memorial is called the "Military Honor Roll" and is depicted in the photo as it appeared in 2003. The memorial is currently being renovated through a grant from the Barberton Community Foundation and donations from individuals and companies. The renovation is expected to be finished in 2004. The Military Honor Roll is located on the west side of scenic Lake Anna in downtown Barberton.

Special thanks to Elwood Palmer, the City's Service Director, for providing the pictures and cover design for the CAFR and the 2004 Budget document.



*Comprehensive Annual
Financial Report*

for the year ended December 31, 2003

*Prepared by The Department of Finance
Raymond E. Flickinger, Jr., C.M.F.A.
Director of Finance*

*William J. Rouse, C.P.A.
Assistant Director of Finance*

Introductory Section

City of Barberton, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2003
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September 14, 2004

Honorable Mayor, Members of City Council
And Citizens of Barberton
Barberton, Ohio

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

Responsibility for the accuracy of the data contained herein, for the completeness and fairness of the presentation and for all disclosure rests with the City's management. To the best of his knowledge, the financial and other data contained in this report fairly present the financial position and results of operations of the City. All necessary disclosures to enable the citizens and other readers to understand the City's financial activities are included in this report.

The Comprehensive Annual Financial Report consists of three major sections.

1. The Introductory Section contains Table of Contents, Letter of Transmittal, the Organizational Chart for the City, the List of Principal Officials and the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.
2. The Financial Section includes the Independent Accountants' Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements, and other schedules providing detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents financial, economic, social, and demographic data about the City for the last 10 years.

Community Profile

The City of Barberton is located in northeast Ohio, adjacent to the City of Akron. Incorporated in 1891, Barberton operates under a charter form of government which was adopted by its voters in 1973. The City is governed by an elected Mayor and a nine member City Council. Founded by industrialist Ohio Columbus Barber, Barberton earned the nickname of the Magic City because of its early rapid growth. Today, Barberton covers an area of approximately nine square miles and is the fourth largest city in Summit County with a population of 27,899.

The City provides a full range of municipal services mandated by statute or charter, including police and fire protection, parks, recreation, street maintenance, planning, zoning and other general government services. Health services are provided by the Barberton Board of Health. In addition, water, sewer and solid waste disposal services are provided under the enterprise fund concept with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt. The Barberton Community Fitness Center also operates as an enterprise fund with member fees partially covering the cost of providing programs. In recent years, the City's staffing levels have declined from 284 full-time employees in 2000 to 274 in 2003.

Economic Condition and Outlook

The City's economy has historically been associated with the manufacturing industry. Major industries with headquarters or divisions within Barberton's boundaries include manufacturers of fossil fuel and nuclear power generating equipment, automobile components, energy products management systems and producers of chemical and dairy products. The City's largest employer accounts for almost 20 percent of the City's total income tax collections.

Given Barberton's ties to the manufacturing industry, the downturn in the national economy has had a more dramatic and negative impact on the City than many of the neighboring communities and the rest of Ohio. For example, at the end of 2003, the unemployment rate in Barberton was 6.8 percent while the rest of Summit County was 5.1 percent and the State of Ohio was 6.1 percent.

The combination of the higher unemployment rates as well as businesses earning less profit has had a direct impact on the City's income tax collections. On a cash basis, our 2003 income tax collections were lower than the 1999 levels for an unprecedented fourth year in a row. When this decline is coupled with funding cuts at the State level and lower interest earnings, our 2003 revenues available to fund general government operations, such as police, fire and street repair, were down nearly \$590,000 on a cash basis from their peak levels in the year 1999.

The City has been able to offset the loss of revenues the last few years by using all its Emergency Reserve monies as well as a number of other one-time revenues. However, because there are no more one-time revenues that can be used to sustain the City at its current level, beginning in 2005, it is almost certain that the City will have to make changes in the way it currently operates. Given the anticipated difficulty of the 2005 budget situation, your elected officials are currently exploring various options that will allow the City to make these changes while also attempting to minimize the impact on the citizens.

Despite the challenges the declining revenues have presented, there are several development projects taking place that will help in restoring Barberton's long-term economic stability. These projects include the following:

- Barberton voters overwhelmingly approved the sale of eight acres of Tuscora Park to Barberton Citizens Hospital in May of 2003. The land will be used for a \$41.0 million hospital expansion which will include a new emergency center, a cancer center, expanded cardiac services and a parking deck. The first phase is expected to create 100 union construction jobs and 60 additional hospital positions in addition to significantly increasing the property tax base.
- Construction continued on the New Haven neighborhood development in 2003. City Council authorized the issuance of housing revenue bonds (reported as conduit debt in the City's notes to the basic financial statements) in an amount not to exceed \$4.2 million for the project. Forest City plans to construct over 400 new homes in the allotment. Please see the notes to the basic financial statements for more details concerning the City's issuance of conduit debt.
- To encourage industrial development, Barberton created two industrial parks. To date, five businesses have constructed new facilities in these areas. Also, the Barberton Community Foundation committed to investing up to \$4.0 million in the Barberton Community Development Corporation (BCDC) for the purpose of loaning money to businesses willing to relocate or expand in Barberton. Since the inception of the program in 1998, over \$4.6 million has been loaned by BCDC, resulting in additional investments of over \$7.0 million.

Another positive sign is that the total assessed property values have increased nearly 30 percent during the last five years. This growth can be attributed to the recent completion of several neighborhood and commercial developments as well as to an overall trend towards better housing maintenance Citywide. The growth in property values provides evidence that the various housing and commercial development programs being offered by the City and other non-profit agencies, such as the Barberton Community Foundation, the Barberton Community Development Corporation and the Neighborhood Conservation Services, are beginning to have a meaningful impact.

Major Initiatives

The City began making major improvements to Robinson Avenue, one of the main corridors into the City, during 2003. The project is expected to cost approximately \$1.4 million and will entail reconstructing roughly 5,200 feet of street, sidewalks and curbs. A surface transportation grant from the Ohio Department of Transportation will pay approximately one half the cost of the project.

The Barberton Community Sports Complex opened during 2003. The \$3.1 million complex includes lighted baseball, softball and soccer fields. The Barberton Community Foundation awarded the City a \$2.0 million grant for the project. The remainder of the project was funded by the issuance of general obligation debt.

The City accepted bids for construction of a new senior center and community pool in 2003. The new facilities were to be additions to the existing Community Center with the new pool replacing the natatorium originally constructed in 1971. However, construction of the new facility was halted when the Barberton School System offered to sell the old high school to the City. The City intends to raze the old high school with the exception of the cafeteria and library which will house the new senior center, and the industrial arts building which could eventually become the new Community Center. Construction of a new aquatics center is also being planned. The City

originally issued general obligation bonds in the amount of \$4.6 million to finance this project. The debt service on the bonds will be paid through a grant from the Barberton Community Foundation.

During 2003, the City was awarded grants from the State of Ohio and the Ohio Public Works Commission for the replacement of the Tuscarawas Bridge. The \$16.3 million project is scheduled to begin in 2005. The City's share of the cost is \$1.125 million. The remaining costs will be funded through a combination of the aforementioned grants and monies from the Summit County Bridge Fund.

The City recently entered into a contract with the State of Ohio to install a closed loop traffic signal system. The system includes 16 intersections on Wooster Road and Norton Avenue. The City's share of the cost of the project is \$418,000. The remaining costs are being paid with monies allocated by the Federal Highway Administration and the U.S. Department of Transportation.

The City took delivery of a new fire pumper truck in 2003. The truck was ordered in a unique purple color, in honor of Barberton High School's athletic team colors. The purple pumper truck was paid for through a \$310,000 grant from the Barberton Community Foundation.

Fund Structure

The City's accounts are organized as funds. Each fund is a separate accounting entity with its own self-balancing set of accounts, assets, liabilities and fund balance/equity. Following are the titles of these fund types with a brief description.

Governmental Funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources traditionally associated with government that are not required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. City ordinances or federal or state statutes specify the uses and limitations of each Special Revenue Fund. During 2003, the City had 26 Special Revenue Funds.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and other related costs. During 2003, the City had two Debt Service Funds.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. During 2003, the City had six Capital Projects Funds.

Proprietary Funds:

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in that the intent of the governing body is that the costs of providing the goods or service to the general public on a continuing basis be financed or recovered primarily through user charges. The City had five different Enterprise Funds.

Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one division or agency to other divisions or agencies of the government, generally on a cost reimbursement basis. The City had two different Internal Service Funds.

Fiduciary Funds:

Trust and Agency Funds – Trust and Agency Funds are established to account for assets held by the City in a fiduciary capacity. The City established a private purpose trust fund to account for deposits held in trust. The City established Agency Funds to account for the New Haven development and for deposits.

Internal Accounting and Budgetary Controls

The City is responsible for establishing and maintaining an internal control structure designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls An annual appropriated budget is legally required to be prepared on the budgetary basis for all funds of the City other than the Agency Funds; however, only governmental funds are required to be reported. The legal level of budgetary control is established by City Council at the departmental level within the General Fund and at the fund level for all other funds. The Finance Director has been authorized to allocate appropriations to the department and object level within each fund. Estimated purchase order amounts are encumbered prior to release of the order to the vendor. When an encumbrance exceeds available appropriations, the order is delayed until the budget can be amended. Open encumbrances at year-end are carried forward to the following year. These encumbrances are reported as a reservation of fund balance at December 31, 2003. Unencumbered appropriations lapse at year-end.

The basis of accounting and the various funds utilized by the City of Barberton, are fully described in Note 2 of the basic financial statements. Additional information on the City's budgetary accounting can also be found in Note 2.

Financial Reporting

This is the first year the City has prepared financial statements following GASB Statement No. 34 “Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments.” GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities as follows:

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

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

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

As part of this new reporting model, management is responsible for preparing a Management’s Discussion and Analysis of the City. This discussion follows the Independent Accountants’ Report, providing an assessment of the City’s finances for 2003 and a discussion of current issues affecting the City.

Cash Management

Effective cash management is recognized as essential to sound fiscal management. The primary objective of the City’s cash management program is to minimize the amount of cash on hand in order to meet the daily cash requirements and simultaneously maximize the funds available for investment. This is achieved while maintaining the safety of principal and attaining a market average rate of return. The City invests in certificates of deposit, fully collateralized repurchase agreements, U.S. Government Agency Obligations, U.S. Treasury Obligations, U.S. Treasury Money Markets and STAROhio, a statewide investment pool. Levels of custodial risk are discussed fully in the notes to the basic financial statements.

Risk Management

The City has been self-insured for health care purposes since 1986. A claims administrator is retained to process claims and review medical procedures. Stop-loss insurance has been purchased by the City to pay unusual and excess medical claims. Due to some large claims, the cash balance in the Health Insurance Fund declined from \$909,100 at the end of 2002 to a balance of \$168,683 at the end of 2003. As a result of this decline, the City took action to raise its health care premiums by 45 percent in 2004.

The City continues to retain insurance coverage relating to automobile liability, destruction of property, safety forces professional liability and general liability. The City also purchases an umbrella policy which provides an additional \$5.0 million in coverage over and above the listed primary policies.

Pension and Postemployment Benefit Plans

Full-time, permanent employees of the City belong to one of two state operated pension plans (both are cost sharing, defined-benefit, multiple-employer plans). Non-uniformed employees are members of the Ohio Public Employees Retirement System (OPERS). Police and fire personnel are members of the Ohio Police and Fire Pension Fund (OP&F). Elected officials participate in OPERS on a voluntary basis. The plans provide pension benefits as well as postretirement health care coverage to qualifying employees. Contributions to the plans by both the City and participating employees are mandated by State statute. Because both plans operate pursuant to the Ohio Revised Code, the Ohio General Assembly could decide to amend the format of the plans and could revise contribution and benefit levels.

Independent Audit

The City is required by state law to have an annual audit performed by the Auditor of State's Office. The City continues to receive an unqualified opinion. The Independent Accountants' Report of the Auditor of State on the City's financial statements is included in the Financial Section of this report.

Certificate of Achievement for Excellence in Financial Reporting

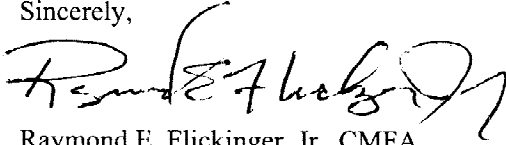
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Barberton, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2002. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Barberton, Ohio, has received Certificates of Achievement for the last 13 consecutive years (1990-2002). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for award consideration.

Acknowledgement

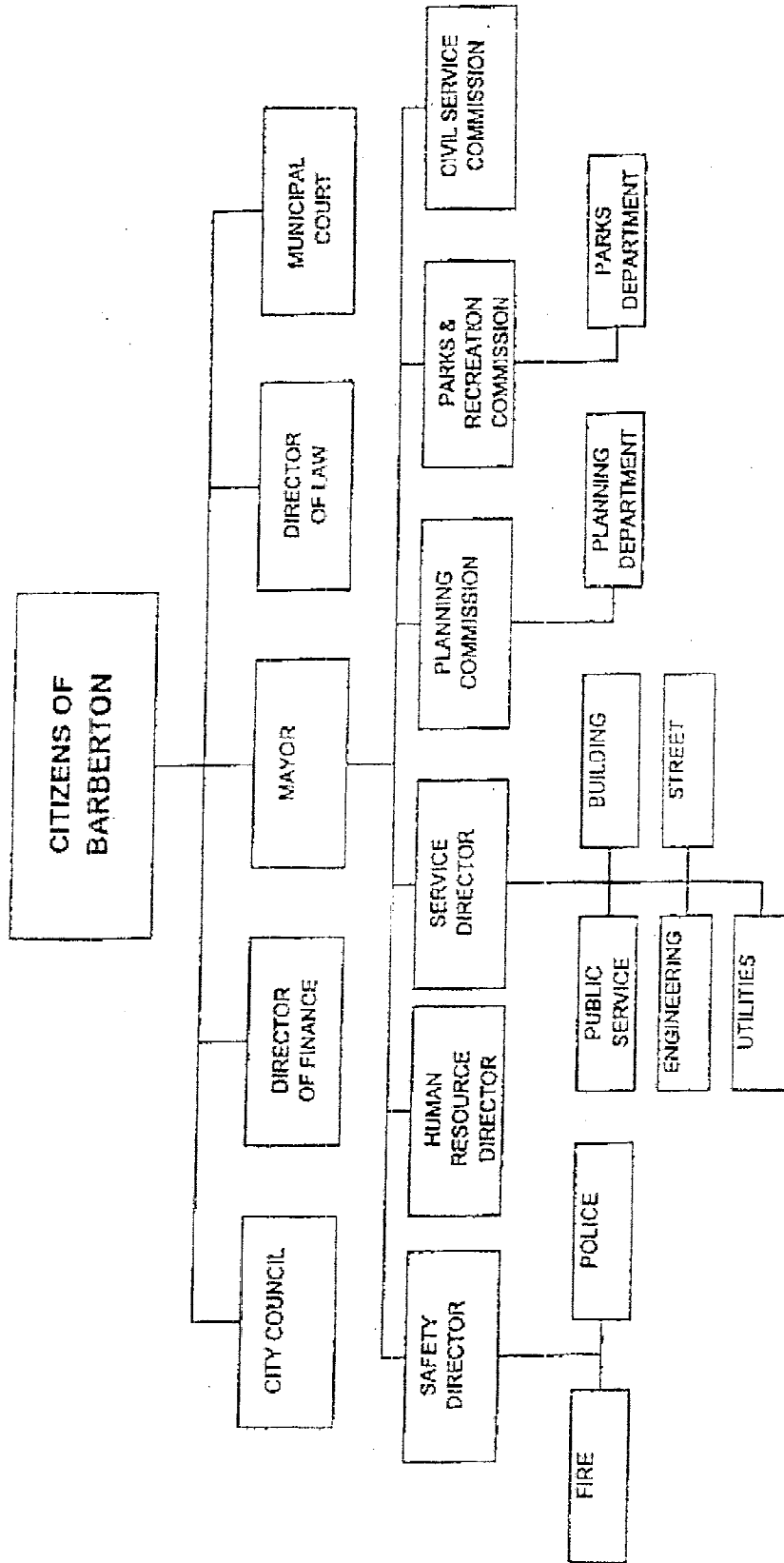
The presentation of this report could not have been accomplished without the dedicated services of the Finance Department staff. I would like to express my appreciation to those directly involved with this report and to the entire staff for their efficient service throughout the year.

Sincerely,

A handwritten signature in black ink, appearing to read "Raymond E. Flickinger, Jr.", written in a cursive style.

Raymond E. Flickinger, Jr., CMFA
Director of Finance

CITY OF BARBERTON, OHIO
 ORGANIZATIONAL CHART



City of Barberton, Ohio

List of Principal Officials As of December 31, 2003

Mayor	<i>(Elected: four-year term)</i>	Randy Hart
Cabinet of the Mayor:	<i>(Appointed)</i>	
Service Director		Elwood Palmer
Safety Director		Leon T. Ricks
Finance Director	<i>(Elected: four-year term)</i>	Raymond E. Flickinger, Jr.
Director of Law	<i>(Elected: four-year term)</i>	Gregory Macko
Municipal Court Judges	<i>(Elected: six-year term)</i>	Michael J. McNulty Michael L. Weigand
Clerk of Municipal Court	<i>(Elected: six-year term)</i>	Susan K. Reilly
Council:	<i>(Elected: four-year term)</i>	
President		Robert J. Genet
Members:		
At-Large		Robert P. Nickol
At-Large		Joseph R. Underation
Ward 1		Paul J. Suboticki
Ward 2		William B. Judge
Ward 3		Frederick S. Maurer
Ward 4		Albert J. Canfora
Ward 5		Terry L. Avant
Ward 6		Michael Anderson

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Barberton,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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



President

Executive Director

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Financial Section



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

To the Honorable Mayor and Members of City Council
City of Barberton
Summit County
104 Third Street, N.W.
Barberton, Ohio 44203

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 Barberton, Summit County, Ohio, (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

As described in Note 3, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Additionally, the City restated certain fund balances as of December 31, 2002 as a result of reclassifying several governmental and proprietary funds and the correction of an error regarding proprietary fund capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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



Betty Montgomery
Auditor of State

September 14, 2004

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

The discussion and analysis for the City of Barberton's financial statements provides an overview of the City's financial activities as of December 31, 2003. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter and the basic financial statements.

Financial Summary

The financial summary for 2003 follows:

- The assets of the City of Barberton exceeded its liabilities at December 31, 2003 by approximately \$59.1 million (net assets). Of this amount, approximately \$7.6 million is considered restricted for various purposes such as capital projects, debt service and other restrictions. Another \$47.5 million is invested in capital assets and the remaining \$4.0 million is considered unrestricted and may be used to meet the City's ongoing obligations.
- Total net assets decreased nearly \$5.0 million as a result of this year's operations. Net assets of our business-type activities decreased by approximately \$1.1 million, or 3.5 percent, while the net assets of governmental activities decreased by roughly \$3.9 million, or 12.4 percent.
- The total cost of the City's programs was approximately \$35.9 million, while the total revenues, exclusive of the special item, were approximately \$29.9 million. Of these amounts, the governmental activities represented \$24.6 million of the expenses and \$19.9 million of the revenues. The business-type activities represented the remaining \$11.3 million of expenses and \$10.0 million of revenues.
- At the end of the current fiscal year, the fund balance for the General Fund was approximately \$3.2 million on a modified accrual basis. This balance provides the City with the equivalent of 58 working days of expenditures.
- The City's total outstanding debt decreased by nearly \$1.2 million during 2003. This decrease is due primarily to a series of debt re-financings and the paying down of the outstanding principal balance.
- During fiscal year 2003, the City sold approximately eight acres of park land which resulted in a gain on sale of capital assets of \$970,516. This special item has been excluded from the analysis of revenues throughout Management's Discussion and Analysis.

Using this Annual Financial Report

This report consists of a series of financial statements and notes to those statements. These statements are prepared and organized in a manner that allows the reader to look at the financial activities of the City of Barberton as a whole and also allows the reader to obtain a more detailed view of the City's operations, if they prefer.

The Statement of Net Assets and the Statement of Changes in Net Assets provide information from a summary perspective showing the effects of the operations for the year 2003 and how they impacted the operations of the City as a whole.

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

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City of Barberton as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity. They provide a good resource for an overall evaluation of the City's financial performance "on one page." These statements include all non-fiduciary assets and all liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. These transactions are booked when they occur and not when the actual cash is received for revenues or when invoices are paid for expenses.

From the Statement of Net Assets, you can determine what the City's current financial position is by subtracting total liabilities (what the City owes) from total assets (what the City owns). Over time, increases or decreases in the City's net assets are one indicator of whether the City's financial health is improving or deteriorating. From the Statement of Activities, the reader can determine the cost of various government services and how much of that cost is financed by taxpayers, where the City gets its money from and how it is used, whether the City is better or worse off financially and why, and will the City be able to finance services in the future. Other non-financial factors such as changes in the City's property tax base, income tax base and the condition of the City's capital assets should also be considered when assessing the overall financial health of the City.

Reporting on the Most Significant Funds of the City of Barberton

Fund Financial Statements

The analysis of the City's major funds begins on page 9. Fund financial reports give a detailed accounting of the activities within the funds. The City currently has 45 funds, as presented in this report. These funds are in existence to provide a multitude of services to the citizens of Barberton. For example, some funds provide for police and fire protection, street repair and maintenance as well as water, sewer and solid waste disposal services. In addition, a number of funds serve a variety of other purposes ranging from accounting for the City's construction of capital and infrastructure assets to providing health care benefits to the City's employees. Each fund is in some ways an entity unto itself. Each fund has a designated revenue stream and restricted uses for the monies within the fund.

In this report, the focus is on seven major funds, the General Fund, the Street Improvement Fund, the Sports Complex Construction Fund, the Issue II Fund, the Senior Center Construction Fund, the Water Fund and the Sewer Fund.

Governmental Funds

All of the City's major activities (excluding the utilities) are reported in the governmental funds, which focus on how money flows into and out of these funds and also depicts the balances available for future expenditures. These funds are reported using an accounting method called modified accrual accounting. This method reports cash and like-cash items and shows the level of financial resources that are available

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

to provide general government services in the near future. Examples of these services include police and fire protection, health services and street and park maintenance. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds is reconciled in the financial statements.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds

The City's private purpose trust fund is used to account for assets held by the City in a trust agreement from a private citizen. Agency Funds are used to account for resources held for the benefit of parties outside the City. Agency and private purpose trust funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting method used for agency funds is much like that used for the proprietary funds.

Statement of Net Assets

As noted earlier, the Statement of Net Assets looks at the City as a whole and therefore, can be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2003 as they compare to 2002.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets						
Current and Other Assets	\$15,959,511	\$18,545,887	\$7,695,779	\$9,878,610	\$23,655,290	\$28,424,497
Capital Assets, Net	26,333,025	27,118,055	35,907,878	35,706,084	62,240,903	62,824,139
Total Assets	42,292,536	45,663,942	43,603,657	45,584,694	85,896,193	91,248,636
Liabilities						
Current and Other Liabilities	4,386,261	9,862,963	1,345,200	6,827,282	5,731,461	16,690,245
Long-Term Liabilities:						
Due Within One Year	2,037,567	784,792	5,304,877	938,814	7,342,444	1,723,606
Due in More than One Year	8,693,868	3,986,233	5,044,339	4,756,961	13,738,207	8,743,194
Total Liabilities	15,117,696	14,633,988	11,694,416	12,523,057	26,812,112	27,157,045
Net Assets						
Invested in Capital Assets						
Net of Related Debt	21,528,319	23,723,420	25,922,369	26,066,966	47,450,688	49,790,386
Restricted:						
Capital Projects	582,840	807,172	0	0	582,840	807,172
Debt Service	408,930	240,823	709,457	0	1,118,387	240,823
Street Construction, Maintenance and Repair	263,116	339,650	0	0	263,116	339,650
Court Computer	100,537	84,719	0	0	100,537	84,719
Recreation	1,161,283	179,096	0	0	1,161,283	179,096
Health District	416,222	112,770	0	0	416,222	112,770
Community Development and Improvements	1,257,960	1,465,590	0	0	1,257,960	1,465,590
Law Enforcement	303,568	220,906	0	0	303,568	220,906
Emergency Reserve	247	682,971	0	0	247	682,971
Police and Fire Pension	56,706	85,303	0	0	56,706	85,303
Miscellaneous Grants	4,835	0	0	0	4,835	0
Sewer Replacement and Improvement	0	0	2,397,248	0	2,397,248	0
Unrestricted	1,090,277	3,087,534	2,880,167	6,994,671	3,970,444	10,082,205
Total Net Assets	\$27,174,840	\$31,029,954	\$31,909,241	\$33,061,637	\$59,084,081	\$64,091,591

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

Total assets decreased in 2003 by roughly \$5.3 million. The large decrease in the assets is due to a combination of factors including the following:

- Construction continued on several large projects in 2003 that were either financed with debt that was issued in 2002 or are grants that will reimburse the City upon completion of the project. The impact of these projects was approximately \$3.5 million in cash that was used in 2003. Approximately \$3.1 million of this amount was received in 2002 and the remainder will be received in future years.
- Despite the aforementioned construction projects, the total capital asset balance declined approximately \$583,000 due to the depreciation and disposals of existing assets exceeding the new capital asset additions.
- Some of the large decrease in the assets is due in part to the recent economy, which has had a negative impact on the City's revenues in recent years and forced the City to use some of its cash reserves during 2003. For example, in the funds that did not account for construction activities in 2003 (mentioned above), the combined cash balance declined by a total of approximately \$1.5 million.

Total liabilities decreased approximately \$345,000 in 2003. The overall decrease in the liabilities is due to a number of factors including some fluctuations in the accounts payable, intergovernmental payable and deferred revenue amounts as well as debt reductions. During 2003, the City converted several prior year note issues into bonds totaling approximately \$6.3 million in order to take advantage of low interest rates over a longer term. Another \$490,000 of short-term notes were issued in 2003 to pay-off two high interest bond issues from prior years.

As a result of the decrease in total assets of \$5.3 million (a negative) and the decrease in total liabilities of \$345,000 (a positive), the net assets decreased by approximately \$5.0 million.

Statement of Activities

Table 2 shows the changes in net assets for the year ended December 31, 2003 for both our governmental activities and our business-type activities. Since this is the first year the City has prepared financial statements in conformity with GASB Statement No. 34, revenue and expense comparisons to the year 2002 are not available. In the future, when prior year information is available, a comparative analysis of government-wide data will be presented.

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

Table 2
Changes in Net Assets

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Revenues			
Program Revenues:			
Charges for Services	\$1,991,023	\$9,689,813	\$11,680,836
Operating Grants and Contributions	2,362,914	0	2,362,914
Capital Grants and Contributions	1,148,276	0	1,148,276
General Revenues:			
Property Taxes	1,319,351	0	1,319,351
Income Taxes	9,718,674	0	9,718,674
Grants and Entitlements	2,391,699	0	2,391,699
Gain on Sale of Capital Assets	3,788	0	3,788
Other	980,939	293,642	1,274,581
<i>Total Revenues</i>	<u>19,916,664</u>	<u>9,983,455</u>	<u>29,900,119</u>
Program Expenses			
General Government	4,133,258	0	4,133,258
Public Safety	9,704,268	0	9,704,268
Transportation	5,216,097	0	5,216,097
Health and Welfare	2,105,425	0	2,105,425
Leisure Time Activities	1,755,276	0	1,755,276
Community Environment	1,432,849	0	1,432,849
Interest and Fiscal Charges	236,121	0	236,121
Water	0	3,625,367	3,625,367
Sewer	0	4,576,124	4,576,124
Solid Waste	0	1,325,266	1,325,266
Community Center	0	688,010	688,010
Lake Cinema	0	1,080,084	1,080,084
<i>Total Expenses</i>	<u>24,583,294</u>	<u>11,294,851</u>	<u>35,878,145</u>
<i>Decrease in Net Assets before Transfers and Special Items</i>	(4,666,630)	(1,311,396)	(5,978,026)
Transfers	(159,000)	159,000	0
Special Items	970,516	0	970,516
<i>Decrease in Net Assets</i>	(3,855,114)	(1,152,396)	(5,007,510)
Net Assets Beginning of Year	<u>31,029,954</u>	<u>33,061,637</u>	<u>64,091,591</u>
Net Assets End of Year	<u>\$27,174,840</u>	<u>\$31,909,241</u>	<u>\$59,084,081</u>

Governmental Activities

The City's funding for governmental activities comes from a variety of sources, with the most significant being the municipal income tax. The City levies an income tax of 2.0 percent on all income earned within the City as well as on the income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent on the income taxes paid to another municipality by residents of Barberton,

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

up to 2.0 percent of the income. On a full accrual basis, the City received approximately \$9.7 million in income tax collections, or nearly 49 percent of the total governmental revenues in 2003.

Intergovernmental revenue (i.e. state shared support) represents the City's second largest source of revenue for the governmental activities. In 2003, the City received approximately \$2.4 million in unrestricted intergovernmental revenues or 12.0 percent of total revenue. The remaining revenue sources represent smaller amounts and include charges for services (10.0 percent), property taxes (6.6 percent) and various others (4.9 percent). Program restricted operating and capital grants represent monies the City is awarded that are required to be used for very specific purposes. In 2003, the City received a combined total of approximately \$3.5 million in various operating and capital grants.

The City's governmental activity expenses totaled approximately \$24.6 million in 2003, with public safety (police and fire protection) and transportation (street maintenance) representing the largest portion of this figure at approximately 61.0 percent.

Public Safety expenses totaled approximately \$9.7 million and represented 39.4 percent of the City's total governmental activity expenses in 2003. The public safety classification consists of the Police Department, which includes 911 dispatchers, and the Fire Department. As of December 31, 2003 the City employed 43 full-time police officers, 11 full-time 911 dispatchers and 45 full-time firefighters.

At approximately \$5.2 million or 21.2 percent, transportation represents the City's second largest category of governmental activity expenses. The transportation classification consists of the City's Street Department and the Paint and Signal Division. In addition, the City has several funds established that are used to pay private contractors for road resurfacing and general street maintenance. The expenses for the private street resurfacing contracts are also included as transportation related expenses. As of December 31, 2003 the City employed 22 full-time employees in the Street Department and 4 full-time employees in the Paint and Signal Division.

Business-Type Activities

The City operates a Utility Department that consists of water, sewer and solid waste disposal (garbage collection) services. In terms of revenues and expenses, the sewer utility is the largest of the utilities. Sanitary sewer services are provided to approximately 10,800 customers in and around the Barberton area. Sewer billing rates are set by City Council based on the recommendation of the Service Director and the Utilities Director. In 2003, the rates were established at \$3.40 per thousand gallons of water used for residential and commercial users. The sewer treatment plant was originally constructed in 1960 and then completely overhauled in 1988. The City has made several improvements to the plant since 1988 with the most recent occurring in 2002 when debt was issued for \$1.85 million to allow for various upgrades.

Water distribution and treatment services are provided to approximately 11,500 customers in and around the Barberton area. Water billing rates are set by the Service Director. In 2003, the rates were established at \$2.84 per thousand gallons for residential and commercial users. In 1994, the water treatment plant was completely renovated at a cost of approximately \$4.9 million. Over the past year, plans to improve and upgrade the water treatment plant have been in development.

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

The City also operates a solid waste disposal (garbage collection) utility. The City, in addition to billing and collecting garbage user fees, acts as an agent between the successful bidder for pickup service and City customers. In 2003, the rate was established at \$11.33 per month.

In addition to the three utilities, the City also operates a community center and a cinema movie theater. The community center is under the direction of the Parks Department and is designed to provide area residents with various recreational, fitness and educational opportunities. The Lake Cinema is a City-owned movie theater. The City contracts with a private management firm to operate the theater on a daily basis. Through the terms of the contract, the City does not use any of its employees for theater operations. In comparison to the three utilities, the community center and the cinema represent smaller operations, accounting for 6.1 and 9.6 percent of the total expenses for the business-type activities, respectively.

The revenues and expenses for all the business-type activities are reported under the Business-Type Activities in Table 2. The revenues are derived primarily from user charges. In 2003, the amount of nearly \$9.7 million accounted for 97 percent of the total revenues. The total expenses for all the business-type activities were approximately \$11.3 million, resulting in a decline in net assets of approximately \$1.2 million.

The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of approximately \$19.7 million and expenditures of approximately \$23.2 million.

The General Fund is the chief operating fund of the City of Barberton. During 2003, the City's General Fund had total revenues and other operating sources of approximately \$16.0 million and expenditures and other financing uses totaling approximately \$16.1 million, resulting in a shortfall of roughly \$94,000. This shortfall was covered by using a portion of the prior year fund balance. The unreserved fund balance in the General Fund at December 31, 2003 was approximately \$2.9 million.

In addition to the General Fund, the other major governmental funds also experienced large changes in fund balance from 2002 to 2003. The Street Improvement (\$1.0 million) and Issue II (\$254,000) capital projects funds both declined by a combined total of approximately \$1.3 million due to the continued completion of the capital projects accounted for in these funds. In contrast, the fund balance in the Sports Complex Construction (\$809,000) and Senior Center Construction (\$4.5 million) capital projects funds both increased for a combined total of approximately \$5.3 million due to the City issuing debt totaling \$5.9 million and only incurring approximately \$600,000 of construction expenditures.

Information concerning the proprietary funds starts on page 22. These funds are accounted for on an accrual basis. All proprietary funds had operating revenues of approximately \$9.9 million and expenses of approximately \$11.1 million, resulting in a shortfall of approximately \$1.1 million or 11.6 percent of the total revenues. The Sewer Fund had operating revenues of nearly \$3.6 million which fell short of the expenses of \$4.4 million. The Water Fund had operating revenues of approximately \$3.4 million and expenses of over \$3.5 million. The City is consistent with reviews of all its funds, and the necessary adjustments are made to ensure fiscal responsibility.

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

Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures and encumbrances. The most significant budgeted fund is the General Fund. The legal level of control is established by City Council at the department level for the General Fund and at the fund level for all other funds. Any budget modifications at this level may only be made through an ordinance of City Council. City policy permits fund transfers within control levels with the approval of the department head and the Finance Director. During the course of 2003, the City amended the budget several times.

In addition to monitoring fund balances on a daily basis, the Finance Department closely examines the budget through the preparation of monthly financial statements and budgetary analysis reports. Furthermore, line-item reports are reviewed on a regular basis by the Finance Director and the department heads to ensure the entire operation of the City is within the approved budget levels.

For the General Fund, the 2003 original and final budgeted revenues were approximately \$15.0 million and \$15.2 million, respectively. The actual revenue collections were nearly \$15.4 million. The higher actual revenue collections were due primarily to the City's policy to not budget for grant receipts from the Barberton Community Foundation when the annual budget is being prepared. During 2003, the City received grant monies totaling approximately \$338,000 from the Barberton Community Foundation that were not included in the budget estimates. The City's ending unencumbered cash balance of nearly \$1.6 million in the General Fund was approximately equal to the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

Table 3
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$3,023,301	\$2,989,003	\$973,813	\$973,813	\$3,997,114	\$3,962,816
Construction in Progress	1,720,924	4,303,387	1,658,946	456,762	3,379,870	4,760,149
Buildings	2,356,591	2,263,755	16,488,018	17,311,762	18,844,609	19,575,517
Vehicles and Equipment	4,435,507	2,375,049	1,345,634	1,347,999	5,781,141	3,723,048
Infrastructure						
Streets Subsystem	10,818,553	11,251,740	0	0	10,818,553	11,251,740
Storm Sewers Subsystem	3,828,274	3,778,553	0	0	3,828,274	3,778,553
Bridge Subsystem	149,875	156,568	0	0	149,875	156,568
Water Lines	0	0	5,680,645	5,529,591	5,680,645	5,529,591
Sewer Lines	0	0	9,760,822	10,086,157	9,760,822	10,086,157
<i>Totals</i>	<u>\$26,333,025</u>	<u>\$27,118,055</u>	<u>\$35,907,878</u>	<u>\$35,706,084</u>	<u>\$62,240,903</u>	<u>\$62,824,139</u>

Total capital assets for the City of Barberton for the year ended December 31, 2003 was approximately \$62.2 million, which is a decrease from the 2002 figure of approximately \$62.8 million. The decrease is due in large part to the continued depreciation of existing assets and the City scaling back its investment

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

in capital assets due to some of the budget difficulties experienced the last couple of years. Please see Note 10 in the financial statements for more information regarding the City's capital assets.

Debt

The outstanding debt for the City of Barberton as of December 31, 2003 was approximately \$19.6 million. This balance reflected a decrease of nearly \$1.2 million from the prior year's balance of approximately \$20.8 million. Moody's Investors Service, Inc. has given the City a bond rating of A3.

Table 4
 Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2002	2003	2002	2003	2002	2003
General Obligation Bonds	\$190,437	\$5,023,797	\$2,800,000	\$3,605,641	\$2,990,437	\$8,629,438
Revenue Refunding Bonds	0	0	2,276,644	1,757,247	2,276,644	1,757,247
Capital Leases Payable	0	0	74,668	50,029	74,668	50,029
Special Assessment Bonds	217,700	197,600	0	0	217,700	197,600
Notes Payable	7,355,000	2,715,000	6,190,000	4,700,000	13,545,000	7,415,000
Other Debt	1,665,000	1,555,000	0	0	1,665,000	1,555,000
Total	\$9,428,137	\$9,491,397	\$11,341,312	\$10,112,917	\$20,769,449	\$19,604,314

A summary of the City's debt activity during 2003 includes the following:

- Prior to 2003, the City issued short-term various purpose improvement notes to make improvements to the utility system and to construct a new senior center and pool addition to the existing community center building. During 2003, the City converted these notes into bonds in order to take advantage of the low interest rates over a longer term. As a result of this transaction, the bond liabilities of the business-type activities increased by approximately \$0.3 million while the governmental activities increased nearly \$4.8 million.
- Another \$490,000 of short-term notes were issued in 2003 to pay-off two high interest bond issues from prior years. More specifically, \$350,000 was issued to pay off the community center (business-type activity) bonds and another \$140,000 was issued to pay-off the series 1989 building improvement bonds.
- The City paid-down the principal balance of the remaining debt by approximately \$901,000.

Please see Notes 15 and 16 in the financial statements for more information regarding the City's debt.

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

Economic Factors and the 2004 General Fund Budget

Some of the economic trends impacting Barberton that were considered in developing the 2004 budget include the following:

- Barberton's average annual unemployment rate at the 2003 year-end was 6.8 percent, compared to 5.1 percent for Summit County and 6.1 percent for the State of Ohio. In 2002, Barberton's average annual unemployment rate was 7.3 percent.
- Barberton's total assessed property values have increased approximately \$97.1 million, or nearly 30 percent since 1999.
- The 2003 income tax collections amounted to approximately \$9.7 million on a cash basis. This represented a decline of nearly five percent from their peak levels of approximately \$10.3 million in 2000. In 2004, the City budgeted a one percent increase in income tax collections. Through May 2004, the City has experienced a four percent increase.

In light of the recent economy and the impact it has had on the City's revenue sources, the City has made an effort to reduce operating expenses in recent years. An example of this effort is that the full-time staffing levels have been reduced through attrition from 283 employees in 2001 to 272 at the beginning of 2004. The result of the staffing reductions and other cuts has been minimal growth in the General Fund budget since 2001. For example, the 2004 General Fund budget totals approximately \$14.5 million. The 2001 General Fund expenditures also amounted to approximately \$14.5 million on a cash basis, indicating no material growth in General Fund expenditures for the last three years.

However, despite the recent growth in the 2004 income tax collections and the City's cost cutting efforts, it appears the City will continue to have a difficult budget situation for the near future. This is due to other revenues such as, shared support from the State, interest earnings and estate taxes, continuing to remain stagnant or declining while operating costs are starting to increase due to inflationary pressures, unmet capital needs and the rising costs of health care. As a result, it is anticipated that further cost containment efforts and/or revenue enhancement actions will be necessary through the remainder of 2004 and into 2005.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 104 Third Street, Barberton, Ohio 44203 or you can call us at 330-848-6775.

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

	Governmental Activities	Business-Type Activities	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$9,357,277	\$5,421,021	\$14,778,298
Cash and Cash Equivalents			
In Segregated Accounts	85,625	0	85,625
Held by Trustee	0	716,529	716,529
Materials and Supplies Inventory	0	349,044	349,044
Accrued Interest Receivable	13,990	0	13,990
Accounts Receivable	72,109	1,045,441	1,117,550
Intergovernmental Receivable	1,760,952	0	1,760,952
Prepaid Items	70,068	44,124	114,192
Property Taxes Receivable	1,555,441	0	1,555,441
Income Taxes Receivable	1,922,032	0	1,922,032
Deferred Charges	68,142	124,157	192,299
Notes Receivable	836,358	0	836,358
Special Assessment Receivable	212,980	0	212,980
Internal Balances	4,537	(4,537)	0
Nondepreciable Capital Assets	4,744,225	2,632,759	7,376,984
Depreciable Capital Assets, Net	21,588,800	33,275,119	54,863,919
<i>Total Assets</i>	<u>42,292,536</u>	<u>43,603,657</u>	<u>85,896,193</u>
Liabilities			
Accounts Payable	302,199	746,602	1,048,801
Accrued Wages	155,083	74,243	229,326
Intergovernmental Payable	765,104	104,530	869,634
Deferred Revenue	1,436,366	0	1,436,366
Claims Payable	171,837	0	171,837
Accrued Interest Payable	20,672	59,825	80,497
Notes Payable	1,535,000	360,000	1,895,000
Long-Term Liabilities:			
Due Within One Year	2,037,567	5,304,877	7,342,444
Due In More Than One Year	8,693,868	5,044,339	13,738,207
<i>Total Liabilities</i>	<u>15,117,696</u>	<u>11,694,416</u>	<u>26,812,112</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	21,528,319	25,922,369	47,450,688
Restricted for:			
Capital Projects	582,840	0	582,840
Debt Service	408,930	709,457	1,118,387
Street Construction, Maintenance and Repair	263,116	0	263,116
Court Computer	100,537	0	100,537
Recreation	1,161,283	0	1,161,283
Health District	416,222	0	416,222
Community Development and Improvements	1,257,960	0	1,257,960
Law Enforcement	303,568	0	303,568
Emergency Reserve	247	0	247
Police and Fire Pension	56,706	0	56,706
Miscellaneous Grants	4,835	0	4,835
Sewer Replacement and Improvement	0	2,397,248	2,397,248
Unrestricted	1,090,277	2,880,167	3,970,444
<i>Total Net Assets</i>	<u>\$27,174,840</u>	<u>\$31,909,241</u>	<u>\$59,084,081</u>

See accompanying notes to the basic financial statements

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

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$4,133,258	\$1,166,821	\$0	\$0
Public Safety	9,704,268	93,042	81,995	62,776
Transportation	5,216,097	53,688	833,252	64,283
Health and Welfare	2,105,425	472,620	1,277,821	0
Leisure Time Activities	1,755,276	56,089	136,820	0
Community Environment	1,432,849	148,763	33,026	1,021,217
Interest and Fiscal Charges	236,121	0	0	0
<i>Total Governmental Activities</i>	<u>24,583,294</u>	<u>1,991,023</u>	<u>2,362,914</u>	<u>1,148,276</u>
Business-Type Activities				
Water	3,625,367	3,340,724	0	0
Sewer	4,576,124	3,557,601	0	0
Solid Waste	1,325,266	1,353,257	0	0
Community Center	688,010	421,153	0	0
Lake Cinema	1,080,084	1,017,078	0	0
<i>Total Business-Type Activities</i>	<u>11,294,851</u>	<u>9,689,813</u>	<u>0</u>	<u>0</u>
<i>Totals</i>	<u>\$35,878,145</u>	<u>\$11,680,836</u>	<u>\$2,362,914</u>	<u>\$1,148,276</u>

General Revenues
Property Taxes Levied for:
 General Purposes
 Police Pension
 Fire Pension
Municipal Income Taxes Levied for
 General Purposes
Grants and Entitlements not Restricted
to Specific Programs
Interest
Gain on Sale of Capital Assets
Other

Total General Revenues

Special Item - Gain on Sale of Park Land

Transfers

Total General Revenues, Special Items and Transfers

Change in Net Assets

Net Assets Beginning of Year
- See Note 3

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$2,966,437)	\$0	(\$2,966,437)
(9,466,455)	0	(9,466,455)
(4,264,874)	0	(4,264,874)
(354,984)	0	(354,984)
(1,562,367)	0	(1,562,367)
(229,843)	0	(229,843)
(236,121)	0	(236,121)
<u>(19,081,081)</u>	<u>0</u>	<u>(19,081,081)</u>
0	(284,643)	(284,643)
0	(1,018,523)	(1,018,523)
0	27,991	27,991
0	(266,857)	(266,857)
0	(63,006)	(63,006)
<u>0</u>	<u>(1,605,038)</u>	<u>(1,605,038)</u>
<u>(19,081,081)</u>	<u>(1,605,038)</u>	<u>(20,686,119)</u>
1,123,725	0	1,123,725
97,813	0	97,813
97,813	0	97,813
9,718,674	0	9,718,674
2,391,699	0	2,391,699
158,020	65,027	223,047
3,788	0	3,788
<u>822,919</u>	<u>228,615</u>	<u>1,051,534</u>
<u>14,414,451</u>	<u>293,642</u>	<u>14,708,093</u>
970,516	0	970,516
<u>(159,000)</u>	<u>159,000</u>	<u>0</u>
15,225,967	452,642	15,678,609
(3,855,114)	(1,152,396)	(5,007,510)
<u>31,029,954</u>	<u>33,061,637</u>	<u>64,091,591</u>
<u>\$27,174,840</u>	<u>\$31,909,241</u>	<u>\$59,084,081</u>

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

	General	Street Improvement	Sports Complex Construction	Issue II
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,286,208	\$0	\$58,881	\$0
Cash and Cash Equivalents in Segregated Accounts	85,625	0	0	0
Property Taxes Receivable	1,318,793	0	0	0
Income Taxes Receivable	1,922,032	0	0	0
Accounts Receivable	59,558	0	0	0
Intergovernmental Receivable	951,717	64,283	0	0
Accrued Interest Receivable	13,990	0	0	0
Interfund Receivable	529,665	0	0	0
Special Assessments Receivable	15,380	0	0	0
Notes Receivable	0	0	0	0
Prepaid Items	56,600	0	0	0
<i>Total Assets</i>	<u>\$6,239,568</u>	<u>\$64,283</u>	<u>\$58,881</u>	<u>\$0</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$50,835	\$64,283	\$0	\$0
Accrued Wages	117,008	0	0	0
Intergovernmental Payable	374,833	0	0	0
Interfund Payable	969	511,163	0	218,502
Deferred Revenue	2,514,928	0	0	0
Accrued Interest Payable	0	955	0	1,027
Notes Payable	0	740,000	0	795,000
<i>Total Liabilities</i>	<u>3,058,573</u>	<u>1,316,401</u>	<u>0</u>	<u>1,014,529</u>
Fund Balances				
Reserved for Encumbrances	259,154	296,402	48,495	207,882
Reserved for Notes Receivable	0	0	0	0
Unreserved:				
Undesignated, Reported in:				
General Fund	2,921,841	0	0	0
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds (Deficit)	0	(1,548,520)	10,386	(1,222,411)
<i>Total Fund Balances (Deficit)</i>	<u>3,180,995</u>	<u>(1,252,118)</u>	<u>58,881</u>	<u>(1,014,529)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,239,568</u>	<u>\$64,283</u>	<u>\$58,881</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

City of Barberton, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2003*

Senior Center Construction	Other Governmental Funds	Total Governmental Funds
\$4,601,355	\$3,239,649	\$9,186,093
0	0	85,625
0	236,648	1,555,441
0	0	1,922,032
0	9,947	69,505
0	737,840	1,753,840
0	0	13,990
0	200,969	730,634
0	197,600	212,980
0	836,358	836,358
0	13,468	70,068
<u>\$4,601,355</u>	<u>\$5,472,479</u>	<u>\$16,436,566</u>
\$98,612	\$58,760	\$272,490
0	38,075	155,083
0	87,452	462,285
0	0	730,634
0	975,337	3,490,265
0	0	1,982
0	0	1,535,000
<u>98,612</u>	<u>1,159,624</u>	<u>6,647,739</u>
369,016	425,476	1,606,425
0	836,358	836,358
0	0	2,921,841
0	2,271,484	2,271,484
0	241,063	241,063
<u>4,133,727</u>	<u>538,474</u>	<u>1,911,656</u>
<u>4,502,743</u>	<u>4,312,855</u>	<u>9,788,827</u>
<u>\$4,601,355</u>	<u>\$5,472,479</u>	<u>\$16,436,566</u>

Total Governmental Fund Balances	\$9,788,827
<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	26,333,025
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Delinquent Property Taxes	16,250
Intergovernmental	996,552
Municipal Income Taxes	826,896
Special Assessments	212,980
Interest	1,221
<u>Total</u>	<u>2,053,899</u>
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(302,819)
Long-term liabilities, including compensated absences, bonds, notes, and loans are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(2,775,038)
General Obligation Bonds Payable	(5,023,797)
Special Assessment Bond Payable	(197,600)
Long-Term Notes Payable	(1,180,000)
Section 108 Loan Payable	(1,555,000)
<u>Total</u>	<u>(10,731,435)</u>
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due:	(18,690)
Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on a full accrual basis.	68,142
Internal service funds are used by management to charge the cost of insurance, postage and gasoline to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	(20,646)
An internal balance is recorded in governmental activities to reflect overpayments to the internal service funds by the business-type activities.	4,537
<i>Net Assets of Governmental Activities</i>	<u>\$27,174,840</u>

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

	General	Street Improvement	Sports Complex Construction	Issue II
Revenues				
Property and Other Taxes	\$1,179,269	\$0	\$0	\$0
Municipal Income Taxes	9,811,028	0	0	0
Charges for Services	1,088,254	0	0	0
Licenses and Permits	146,761	0	0	0
Fines and Forfeitures	34,644	0	0	0
Intergovernmental	2,433,494	64,283	0	0
Interest	133,892	0	0	0
Special Assessments	4,620	0	0	6,977
Contributions and Donations	0	0	0	0
Other	551,952	14,759	100	8,879
<i>Total Revenues</i>	<u>15,383,914</u>	<u>79,042</u>	<u>100</u>	<u>15,856</u>
Expenditures				
Current:				
General Government	3,658,899	0	0	0
Public Safety	8,380,074	0	0	0
Transportation	293,962	0	0	0
Health and Welfare	225	0	0	0
Leisure Time Activities	751,832	0	0	0
Community Environment	514,516	0	0	0
Capital Outlay	555,085	1,091,097	209,268	253,061
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	15,714	21,585	16,883
Debt Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>14,154,593</u>	<u>1,106,811</u>	<u>230,853</u>	<u>269,944</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,229,321</u>	<u>(1,027,769)</u>	<u>(230,753)</u>	<u>(254,088)</u>
Other Financing Sources (Uses)				
Proceeds of Bonds	0	0	0	0
Proceeds of Notes	0	0	1,040,000	0
Premium on Bonds	0	0	0	0
Premium on Notes	0	0	0	0
Proceeds from Sale of Capital Assets	3,855	0	0	0
Transfers In	592,427	0	151,585	0
Transfers Out	(1,919,584)	0	(152,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,323,302)</u>	<u>0</u>	<u>1,039,585</u>	<u>0</u>
Special Items				
Proceeds from Sale of Park Land	0	0	0	0
<i>Net Change in Fund Balances</i>	<u>(93,981)</u>	<u>(1,027,769)</u>	<u>808,832</u>	<u>(254,088)</u>
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year (Restated - See Note 3)</i>	<u>3,274,976</u>	<u>(224,349)</u>	<u>(749,951)</u>	<u>(760,441)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$3,180,995</u></u>	<u><u>(\$1,252,118)</u></u>	<u><u>\$58,881</u></u>	<u><u>(\$1,014,529)</u></u>

See accompanying notes to the basic financial statements

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

Senior Center Construction	Other Governmental Funds	Total Governmental Funds
\$0	\$192,840	\$1,372,109
0	0	9,811,028
0	356,177	1,444,431
0	172,532	319,293
0	89,876	124,520
0	3,004,283	5,502,060
0	26,044	159,936
0	46,811	58,408
0	107,607	107,607
0	247,229	822,919
0	4,243,399	19,722,311
0	20,568	3,679,467
0	407,939	8,788,013
0	1,790,686	2,084,648
0	1,995,008	1,995,233
0	376,612	1,128,444
0	967,287	1,481,803
392,711	869,309	3,370,531
0	281,544	281,544
92,742	133,947	280,871
0	68,142	68,142
485,453	6,911,042	23,158,696
(485,453)	(2,667,643)	(3,436,385)
4,900,000	67,610	4,967,610
0	140,000	1,180,000
0	17,194	17,194
0	15,241	15,241
0	0	3,855
92,742	2,186,707	3,023,461
0	(1,110,877)	(3,182,461)
4,992,742	1,315,875	6,024,900
0	1,000,000	1,000,000
4,507,289	(351,768)	3,588,515
(4,546)	4,664,623	6,200,312
\$4,502,743	\$4,312,855	\$9,788,827

Net Change in Fund Balances - Total Governmental Funds	\$3,588,515
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital Asset Additions	1,112,511
Current Year Depreciation	(1,897,474)
Total	(784,963)
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(67)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Delinquent Property Taxes	(52,758)
Grants	293,222
Municipal Income Taxes	(92,354)
Special Assessments	(4,720)
Interest	(1,916)
Total	141,474
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	281,544
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.	
Accrued Interest	29,509
Bond Premium	(17,194)
Bond Issuance Costs	68,142
Total	80,457
Proceeds of bonds and notes are an other financing source in the governmental funds, but increases liabilities in governmental activities.	(6,147,610)
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated Absences	(77,150)
Pension Obligation	(302,819)
Total	(379,969)
Internal service funds used by management to charge the cost of insurance, postage and gasoline to individual funds is not reported in the expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.	(634,495)
<i>Change in Net Assets of Governmental Activities</i>	<u><u>(\$3,855,114)</u></u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$1,255,736	\$1,345,401	\$1,287,922	(\$57,479)
Municipal Income Taxes	9,475,628	10,152,000	9,718,496	(433,504)
Charges for Services	1,061,216	1,026,300	1,088,416	62,116
Licenses and Permits	143,093	169,135	146,761	(22,374)
Fines and Forfeitures	94,869	91,225	97,301	6,076
Intergovernmental	2,240,635	2,066,721	2,383,151	316,430
Interest	121,746	201,400	124,866	(76,534)
Special Assessments	4,505	20,000	4,620	(15,380)
Other	611,285	167,195	551,952	384,757
<i>Total Revenues</i>	<u>15,008,713</u>	<u>15,239,377</u>	<u>15,403,485</u>	<u>164,108</u>
Expenditures				
Current:				
General Government	3,849,787	3,883,212	3,654,261	228,951
Public Safety	8,318,203	8,337,789	8,227,116	110,673
Transportation	335,356	328,331	291,280	37,051
Health and Welfare	1,000	1,000	225	775
Leisure Time Activities	799,946	811,676	755,019	56,657
Community Environment	471,460	602,893	553,829	49,064
Capital Outlay	400,286	725,748	682,963	42,785
<i>Total Expenditures</i>	<u>14,176,038</u>	<u>14,690,649</u>	<u>14,164,693</u>	<u>525,956</u>
<i>Excess of Revenues Over Expenditures</i>	<u>832,675</u>	<u>548,728</u>	<u>1,238,792</u>	<u>690,064</u>
Other Financing Sources (Uses)				
Proceeds of Notes	0	10,000	0	(10,000)
Sale of Capital Assets	0	0	3,855	3,855
Transfers In	1,270,782	1,270,782	592,427	(678,355)
Transfers Out	(2,563,495)	(1,923,495)	(1,919,584)	3,911
<i>Total Other Financing Sources (Uses)</i>	<u>(1,292,713)</u>	<u>(642,713)</u>	<u>(1,323,302)</u>	<u>(680,589)</u>
<i>Net Change in Fund Balance</i>	(460,038)	(93,985)	(84,510)	9,475
<i>Fund Balance Beginning of Year</i>	963,952	963,952	963,952	0
Prior Year Encumbrances Appropriated	713,762	713,762	713,762	0
<i>Fund Balance End of Year</i>	<u>\$1,217,676</u>	<u>\$1,583,729</u>	<u>\$1,593,204</u>	<u>\$9,475</u>

See accompanying notes to the basic financial statements

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

	Business-Type Activities - Enterprise		
	Water	Sewer	Other Enterprise Funds
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$1,699,520	\$789,387	\$534,866
Restricted Assets:			
Cash Equivalents Held by Trustee	0	559,082	0
Accounts Receivable	464,611	532,892	47,938
Intergovernmental Receivable	0	0	0
Materials and Supplies Inventory	306,339	41,055	1,650
Prepaid Items	20,806	22,942	376
<i>Total Current Assets</i>	<u>2,491,276</u>	<u>1,945,358</u>	<u>584,830</u>
<i>Noncurrent Assets:</i>			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	0	2,397,248	0
Cash Equivalents Held by Trustee	0	157,447	0
Deferred Charges	68,998	55,159	0
Nondepreciable Capital Assets	1,296,684	1,273,336	62,739
Depreciable Capital Assets, Net	9,847,570	22,019,199	1,408,350
<i>Total Noncurrent Assets</i>	<u>11,213,252</u>	<u>25,902,389</u>	<u>1,471,089</u>
<i>Total Assets</i>	<u>13,704,528</u>	<u>27,847,747</u>	<u>2,055,919</u>
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	104,430	528,915	113,257
Accrued Wages	38,932	30,230	5,081
Compensated Absences Payable	30,541	40,275	1,070
Intergovernmental Payable	47,977	47,882	8,671
Accrued Interest Payable	27,083	19,158	6,722
Notes Payable	1,450,000	2,455,000	795,000
Capital Leases Payable	0	0	25,952
General Obligation Bonds Payable	263,227	51,592	0
Claims Payable	0	0	0
<i>Total Current Liabilities</i>	<u>1,962,190</u>	<u>3,173,052</u>	<u>955,753</u>
<i>Liabilities Payable from Restricted Assets</i>			
Accrued Interest Payable	0	6,862	0
Revenue Bonds Payable	0	552,220	0
<i>Total Liabilities Payable from Restricted Assets</i>	<u>0</u>	<u>559,082</u>	<u>0</u>
<i>Long-Term Liabilities (net of current portion):</i>			
Compensated Absences	272,133	228,885	23,395
Capital Leases Payable	0	0	24,077
General Obligation Bonds Payable	2,767,387	523,435	0
Revenue Bonds Payable	0	1,205,027	0
<i>Total Long-Term Liabilities</i>	<u>3,039,520</u>	<u>1,957,347</u>	<u>47,472</u>
<i>Total Liabilities</i>	<u>5,001,710</u>	<u>5,689,481</u>	<u>1,003,225</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,735,679	18,560,630	626,060
Restricted for			
Debt Service	0	709,457	0
Replacement and Improvement	0	2,397,248	0
Unrestricted (Deficit)	1,967,139	490,931	426,634
<i>Total Net Assets</i>	<u>\$8,702,818</u>	<u>\$22,158,266</u>	<u>\$1,052,694</u>

Net assets reported for business-type activities in the statement of net assets is different because their share of internal service funds assets and liabilities are included .

Net assets of business-type activities

See accompanying notes to the basic financial statements

Funds	
Total	Governmental Activities - Internal Service Funds
\$3,023,773	\$171,184
559,082	0
1,045,441	2,604
0	7,112
349,044	0
44,124	0
<u>5,021,464</u>	<u>180,900</u>
2,397,248	0
157,447	0
124,157	0
2,632,759	0
<u>33,275,119</u>	<u>0</u>
<u>38,586,730</u>	<u>0</u>
<u>43,608,194</u>	<u>180,900</u>
746,602	29,709
74,243	0
71,886	0
104,530	0
52,963	0
4,700,000	0
25,952	0
314,819	0
0	171,837
<u>6,090,995</u>	<u>201,546</u>
6,862	0
<u>552,220</u>	<u>0</u>
<u>559,082</u>	<u>0</u>
524,413	0
24,077	0
3,290,822	0
<u>1,205,027</u>	<u>0</u>
<u>5,044,339</u>	<u>0</u>
<u>11,694,416</u>	<u>201,546</u>
25,922,369	0
709,457	0
2,397,248	0
<u>2,884,704</u>	<u>(20,646)</u>
31,913,778	<u>(\$20,646)</u>
<u>(4,537)</u>	
<u>\$31,909,241</u>	

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

	Business-Type Activities - Enterprise		
	Water	Sewer	Other Enterprise Funds
Operating Revenues			
Charges for Services	\$3,340,724	\$3,557,601	\$2,791,488
Other	106,638	28,158	93,819
<i>Total Operating Revenues</i>	<u>3,447,362</u>	<u>3,585,759</u>	<u>2,885,307</u>
Operating Expenses			
Personal Services	1,816,210	1,724,781	332,367
Contractual Services	383,805	498,171	2,542,659
Materials and Supplies	574,554	1,005,765	51,353
Depreciation	575,748	984,657	131,068
Other	1,549	2,458	248
Claims	0	0	0
<i>Total Operating Expenses</i>	<u>3,351,866</u>	<u>4,215,832</u>	<u>3,057,695</u>
<i>Operating Income (Loss)</i>	<u>95,496</u>	<u>(630,073)</u>	<u>(172,388)</u>
Non-Operating Revenues (Expenses)			
Interest and Fiscal Charges	(197,383)	(225,210)	(28,116)
Loss on Disposal of Capital Assets	0	(56,217)	0
Interest	0	65,027	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(197,383)</u>	<u>(216,400)</u>	<u>(28,116)</u>
<i>Loss Before Transfers</i>	<u>(101,887)</u>	<u>(846,473)</u>	<u>(200,504)</u>
Transfers In	0	0	159,000
<i>Change in Net Assets</i>	<u>(101,887)</u>	<u>(846,473)</u>	<u>(41,504)</u>
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<u>8,804,705</u>	<u>23,004,739</u>	<u>1,094,198</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$8,702,818</u>	<u>\$22,158,266</u>	<u>\$1,052,694</u>

Some amounts reported for business-type activities in the statement of activities are different because their share of the change in internal service funds assets and liabilities are included.

Change in net assets of business-type activities

See accompanying notes to the basic financial statements

<u>Funds</u>	Governmental Activities - Internal Service Funds
Total	
\$9,689,813	\$2,023,533
228,615	174,497
9,918,428	2,198,030
3,873,358	0
3,424,635	380,538
1,631,672	218,807
1,691,473	0
4,255	0
0	2,395,712
10,625,393	2,995,057
(706,965)	(797,027)
(450,709)	0
(56,217)	0
65,027	0
(441,899)	0
(1,148,864)	(797,027)
159,000	0
(989,864)	(797,027)
	776,381
	(\$20,646)
(162,532)	
(\$1,152,396)	

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

	Business-	
	Water	Sewer
Increase (Decreases) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$3,277,515	\$3,469,870
Cash Received from Other Funds	0	0
Cash Received from Other Operating Sources	105,131	27,021
Cash Payments to Suppliers for Goods and Services	(1,052,199)	(1,033,672)
Cash Payments to Employees for Services and Benefits	(1,756,597)	(1,722,645)
Cash Payments for Claims	0	0
Cash Payments for Other Operating Expenses	(22,391)	(4,605)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>551,459</u>	<u>735,969</u>
Cash Flows from Noncapital Financing Activities		
Transfers In	<u>0</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Bonds	759,462	572,928
Proceeds from Sale of Notes	1,450,000	2,455,000
Premium on Bonds	1,152	2,099
Premium on Notes	2,782	0
Payments for Capital Acquisitions	(664,216)	(1,276,485)
Principal Payments - Bonds	(180,000)	(555,000)
Interest Payments - Bonds	(158,508)	(104,380)
Principal Payments - Notes	(2,173,171)	(3,521,829)
Interest Payments - Notes	(49,747)	(75,031)
Principal Payments - Capital Leases	0	0
Interest Payments- Capital Leases	0	0
Debt Issuance Costs	(16,007)	(7,227)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,028,253)</u>	<u>(2,509,925)</u>
Cash Flows from Investing Activities		
Interest on Investments	<u>0</u>	<u>65,027</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(476,794)	(1,708,929)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,176,314</u>	<u>5,612,093</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,699,520</u></u>	<u><u>\$3,903,164</u></u>

<u>Type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Funds</u>
<u>Other Enterprise</u>	<u>Totals</u>	
\$2,786,529	\$9,533,914	\$0
0	0	2,024,682
93,819	225,971	181,756
(2,604,271)	(4,690,142)	(569,636)
(325,659)	(3,804,901)	0
0	0	(2,377,305)
0	(26,996)	0
<u>(49,582)</u>	<u>1,237,846</u>	<u>(740,503)</u>
<u>159,000</u>	<u>159,000</u>	<u>0</u>
0	1,332,390	0
795,000	4,700,000	0
0	3,251	0
0	2,782	0
(8,783)	(1,949,484)	0
(350,000)	(1,085,000)	0
(12,863)	(275,751)	0
(495,000)	(6,190,000)	0
(9,132)	(133,910)	0
(24,639)	(24,639)	0
(3,508)	(3,508)	0
(678)	(23,912)	0
<u>(109,603)</u>	<u>(3,647,781)</u>	<u>0</u>
<u>0</u>	<u>65,027</u>	<u>0</u>
(185)	(2,185,908)	(740,503)
<u>535,051</u>	<u>8,323,458</u>	<u>911,687</u>
<u>\$534,866</u>	<u>\$6,137,550</u>	<u>\$171,184</u>

(continued)

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

	Business-	
	Water	Sewer
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
<i>Operating Income (Loss)</i>	\$95,496	(\$630,073)
<i>Adjustments:</i>		
Depreciation	575,748	984,657
(Increase)Decrease in Assets:		
Accounts Receivable	(61,605)	(85,375)
Intergovernmental Receivable	0	0
Prepaid Items	(1,891)	(1,030)
Materials and Supplies Inventory	(4,301)	(6,394)
Increase (Decrease) in Liabilities:		
Accounts Payable	(111,686)	428,120
Accrued Wages and Benefits	5,673	4,492
Compensated Absences Payable	33,341	15,187
Intergovernmental Payable	20,684	26,385
Claims Payable	0	0
<i>Total Adjustments</i>	455,963	1,366,042
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$551,459	\$735,969

See accompanying notes to the basic financial statements

<u>Type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Funds</u>
<u>Other Enterprise</u>	<u>Totals</u>	
<u>(\$172,388)</u>	<u>(\$706,965)</u>	<u>(\$797,027)</u>
131,068	1,691,473	0
(4,711)	(151,691)	15,520
0	0	(7,112)
1,821	(1,100)	0
(420)	(11,115)	0
(11,660)	304,774	29,709
576	10,741	0
3,308	51,836	0
2,824	49,893	0
<u>0</u>	<u>0</u>	<u>18,407</u>
<u>122,806</u>	<u>1,944,811</u>	<u>56,524</u>
<u>(\$49,582)</u>	<u>\$1,237,846</u>	<u>(\$740,503)</u>

City of Barberton, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2003

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	<u>\$8,548</u>	<u>\$95,060</u>
Liabilities		
Deposits Held and Due to Others	<u>\$0</u>	<u>\$95,060</u>
Net Assets		
Held in Trust for Recreation	<u>\$8,548</u>	

See accompanying notes to the basic financial statements

City of Barberton, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended December 31, 2003

	Private Purpose Trust
Additions	<u>\$0</u>
Deductions	<u>0</u>
Change in Net Assets	0
Net Assets Beginning of Year	<u>8,548</u>
Net Assets End of Year	<u><u>\$8,548</u></u>

See accompanying notes to the basic financial statements

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

Note 1 – Description of the City and Reporting Entity

The City of Barberton (“The City”) was incorporated in 1891 under the laws of the State of Ohio. The City operates under a “Mayor-Council” form of government as provided by its charter adopted on November 6, 1973. Elected officials include nine council members, a finance director, a law director and a mayor.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Barberton this includes police, fire, municipal court, park and recreation department, water, sewage and sanitary services, street and sewer maintenance and any other departments or funds for which the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading or incomplete.

Included as part of the City’s primary government in the determination of the City’s reporting entity is the Barberton Municipal Court (the “Court”). Although the Court’s territorial jurisdiction extends beyond the boundaries of the City and the Judges of the Court are separately elected, the Court’s operations are not legally separate from the City. In addition, the City is responsible for budgeting and appropriating funds for the operation of the Court and is ultimately responsible for any operating deficits sustained by the Court. The City’s share of the fines collected by the Court, along with its shares of the Court’s administrative and operating costs are recorded in the City’s general fund.

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

The City participated in two related organizations, the Barberton Community Development Corporation and the Barberton Community Foundation. These organizations are described in Note 18 of the Basic Financial Statements.

Note 2 - Summary of Significant Accounting Policies

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

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

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

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The City's funds are classified as either governmental, proprietary or fiduciary.

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

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

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

Street Improvement Capital Projects Fund The street improvement fund accounts for revenues and expenditures for street improvements.

Sports Complex Construction Capital Projects Fund The sports complex construction fund accounts for revenues and expenditures associated with the construction of the Barberton Community Sports Complex.

Issue II Capital Projects Fund The issue II fund accounts for projects funded by Issue II money.

Senior Center Construction Capital Projects Fund The senior center construction fund accounts for the revenues and expenditures associated with the construction of the new Senior Center.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City's major enterprise funds are:

Water Fund This fund accounts for revenues generated from the charges for the treatment and provision of water to the residents and commercial users of the City.

Sewer Fund This fund accounts for the sanitary sewer services provided to the residents and commercial users of the City. The costs of providing these services are financed primarily through user charges.

Internal Service Funds The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's internal service funds account for a self-insurance program for employee medical and surgical claims and the purchasing of central supplies such as gasoline and postage.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is a private purpose trust which accounts for donated monies restricted to provide floral arrangements in memory of deceased citizens of the City of Barberton, around Lake Anna. The City's agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's agency funds account for deposits held by the City.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

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

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

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

D. Basis of Accounting

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

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2003, but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including the proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury.

During fiscal year 2003, investments were limited to certificates of deposit, repurchase agreements, U.S. Government Agency Obligations, U.S. Treasury Obligations, U.S. Money Market accounts and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2003.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2003 amounted to \$133,892, which includes \$113,998 assigned from other City funds.

The City utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in these accounts are presented on the financial statements as, "cash and cash equivalents held by trustee."

Investments with an original maturity of three months or less and investments of the cash management pool are presented on the financial statements as cash equivalents.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

G. Materials and Supplies Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

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

<u>Description</u>	
Infrastructure	25-80 Years
Buildings	10-40 Years
Vehicles and Equipment	3-20 Years

The City's infrastructure consists of streets, storm sewers, bridges, water lines and sewer lines.

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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

J. Compensated Absences

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

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

K. Accrued Liabilities and Long-term Obligations

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

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

L. Fund Balance Reserve

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

M. Net Assets

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

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

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are for sewer, water, garbage, community center, lake cinema, self-insurance and internal allocation programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

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

O. Interfund Activity

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. During fiscal year 2003, the City sold approximately eight acres of park land which resulted in a gain on sale of capital assets of \$970,516.

Q. Estimates

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

R. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the department level for the general fund and at the fund level for all other funds of the City. The Finance Director has been authorized to allocate appropriations to the department and object level within each fund. Budgetary statements are presented beyond that legal level of control for information purposes only.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

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

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

Changes in Accounting Principles For 2003, the City has implemented GASB Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”, GASB Statement No. 37, “Basic Financial Statements - and Management’s Discussion and Analysis – for State and Local Governments: Omnibus”, GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, GASB Statement No. 41, “Budgetary Comparison Schedules - Perspective Differences”, and GASB Interpretation No. 6 “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.”

GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s programs between governmental and business-type activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2002, caused by the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management’s Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the government’s legally adopted budget.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

Restatement of Net Assets/Fund Balance The new standards for reporting fund obligations for compensated absences in Interpretation 6 caused changes in previously reported fund balances as did fund reclassifications based on the new guidance provided in GASB Statement No. 34. In prior years, prepaids were understated and accounts payable and deferred revenue were overstated and capital assets in the business-type activities were understated (the effect on prior year net income is not determinable). These restatements had the following effects on fund balance of the major and nonmajor funds of the City as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

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

	General	Street Improvement	Sports Complex Construction	Issue II																																												
Fund Balances, December 31, 2002	\$1,881,128	(\$224,349)	(\$749,951)	(\$760,784)																																												
Restatements:																																																
Fund Reclassifications	1,162,984	0	0	0																																												
Understatement of Prepaids	49,124	0	0	0																																												
Overstatement of Accounts Payables	0	0	0	0																																												
Overstatement of Deferred Revenue	0	0	0	0																																												
Severance Pay Split Back	87,829	0	0	343																																												
Interpretation 6:																																																
Compensated Absences Payable	93,911	0	0	0																																												
Restated Fund Balances, December 31, 2002	\$3,274,976	(\$224,349)	(\$749,951)	(\$760,441)																																												
<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Senior Center Construction</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Nonmajor</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Total</th> </tr> </thead> <tbody> <tr> <td>Fund Balances, December 31, 2002</td> <td style="text-align: right;">(\$5,521)</td> <td style="text-align: right;">\$5,571,468</td> <td style="text-align: right;">\$5,711,991</td> </tr> <tr> <td colspan="4">Restatements:</td> </tr> <tr> <td>Fund Reclassifications</td> <td style="text-align: right;">0</td> <td style="text-align: right;">(980,935)</td> <td style="text-align: right;">182,049</td> </tr> <tr> <td>Understatement of Prepaids</td> <td style="text-align: right;">975</td> <td style="text-align: right;">9,508</td> <td style="text-align: right;">59,607</td> </tr> <tr> <td>Overstatement of Accounts Payables</td> <td style="text-align: right;">0</td> <td style="text-align: right;">4,307</td> <td style="text-align: right;">4,307</td> </tr> <tr> <td>Overstatement of Deferred Revenue</td> <td style="text-align: right;">0</td> <td style="text-align: right;">27,219</td> <td style="text-align: right;">27,219</td> </tr> <tr> <td>Severance Pay Split Back</td> <td style="text-align: right;">0</td> <td style="text-align: right;">20,519</td> <td style="text-align: right;">108,691</td> </tr> <tr> <td colspan="4">Interpretation 6:</td> </tr> <tr> <td>Compensated Absences Payable</td> <td style="text-align: right;">0</td> <td style="text-align: right;">12,537</td> <td style="text-align: right;">106,448</td> </tr> <tr> <td>Restated Fund Balances, December 31, 2002</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(\$4,546)</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$4,664,623</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">6,200,312</td> </tr> </tbody> </table>						Senior Center Construction	Nonmajor	Total	Fund Balances, December 31, 2002	(\$5,521)	\$5,571,468	\$5,711,991	Restatements:				Fund Reclassifications	0	(980,935)	182,049	Understatement of Prepaids	975	9,508	59,607	Overstatement of Accounts Payables	0	4,307	4,307	Overstatement of Deferred Revenue	0	27,219	27,219	Severance Pay Split Back	0	20,519	108,691	Interpretation 6:				Compensated Absences Payable	0	12,537	106,448	Restated Fund Balances, December 31, 2002	(\$4,546)	\$4,664,623	6,200,312
	Senior Center Construction	Nonmajor	Total																																													
Fund Balances, December 31, 2002	(\$5,521)	\$5,571,468	\$5,711,991																																													
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Restated Fund Balances, December 31, 2002	(\$4,546)	\$4,664,623	6,200,312																																													
GASB 34 Adjustments:																																																
Capital Assets			27,118,055																																													
Internal Service Funds			776,381																																													
Internal Service Balances			(157,995)																																													
Long-Term (Deferred) Assets			1,912,425																																													
Long-Term Liabilities:																																																
Compensated Absences Payable			(2,697,888)																																													
Accrued Interest			(48,199)																																													
General Obligation Bonds Payable			(190,437)																																													
Special Assessment Bonds Payable			(217,700)																																													
HUD Section 108 Loan Payable			(1,665,000)																																													
Governmental Activities Net Assets, December 31, 2002			\$31,029,954																																													

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

At December 31, 2002, the business-type activities had the following restatements. These restatements had the following effect on fund equity as it was previously reported.

	Water	Sewer	Nonmajor	Business- Type Activities
Fund Equity, December 31, 2002	\$4,806,001	\$20,250,723	\$3,502,336	\$28,559,060
Fund Reclassifications	1,496,428	844,970	(2,409,051)	(67,653)
Severance Pay Split Back	13,224	11,637	3,247	28,108
Understated Prepaids	0	0	1,973	1,973
Understated Accounts Payable	0	0	(4,307)	(4,307)
Overstated Deferred Revenue	7,000	20,000	0	27,000
Capital Asset Adjustments	2,482,052	1,877,409	0	4,359,461
Adjusted Fund Equity, December 31, 2002	<u>8,804,705</u>	<u>23,004,739</u>	<u>1,094,198</u>	<u>32,903,642</u>
Internal Service Funds	74,013	76,655	7,327	157,995
Adjusted Net Assets, December 31, 2002	<u><u>\$8,878,718</u></u>	<u><u>\$23,081,394</u></u>	<u><u>\$1,101,525</u></u>	<u><u>\$33,061,637</u></u>

The understatement of prepaids, overstatement of accounts payables, and the overstatement of deferred revenue had the following effects on net change in fund balance of the major and nonmajor funds of the City as they were previously reported for the year ending, December 31, 2002.

	General	Street Improvement	Sports Complex Construction	Issue II
Net Change in Fund Balance, for the year ending December 31, 2002	(\$318,071)	(\$49,786)	(\$693,721)	(\$962,785)
Restatements:				
Fund Reclassifications	143,682	0	0	0
Understatement of Prepaids	49,124	0	0	0
Overstatement of Accounts Payables	0	0	0	0
Overstatement of Deferred Revenue	0	0	0	0
Adjusted Net Change in Fund Balances, for the year ending December 31, 2002	<u><u>(\$125,265)</u></u>	<u><u>(\$49,786)</u></u>	<u><u>(\$693,721)</u></u>	<u><u>(\$962,785)</u></u>

	Senior Center Construction	Nonmajor	Total
Net Change in Fund Balance, for the year ending December 31, 2002	(\$5,521)	\$166,887	(\$1,862,997)
Restatements:			
Fund Reclassifications	0	437	144,119
Understatement of Prepaids	975	9,508	59,607
Overstatement of Accounts Payables	0	4,307	4,307
Overstatement of Deferred Revenue	0	27,217	27,217
Adjusted Net Change in Fund Balances, for the year ending December 31, 2002	<u><u>(\$4,546)</u></u>	<u><u>\$208,356</u></u>	<u><u>(\$1,627,747)</u></u>

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

	Water	Sewer	Nonmajor	Business- Type Activities
Net Change in Fund Equity, for the year ending December 31, 2002	\$25,537	(\$33,740)	\$98,988	\$90,785
Restatements:				
Fund Reclassifications	\$0	\$0	(56,472)	(56,472)
Understated Prepaids	0	0	1,973	1,973
Understated Accounts Payable	0	0	(4,307)	(4,307)
Overstated Deferred Revenue	7,000	20,000	0	27,000
Adjusted Net Change in Fund Equity, for the year ending December 31, 2002	<u>\$32,537</u>	<u>(\$13,740)</u>	<u>\$40,182</u>	<u>\$58,979</u>

Note 4 - Compliance and Accountability

A. Legal Compliance

Contrary to Ohio Revised Code Section 5705.39, the following funds had original appropriations in excess of certified available resources:

	Original Revenues Plus Carryover Balance	Appropriations	Excess
Special Revenue Funds			
Health District	\$1,793,610	\$2,215,557	\$421,947
Fire Pension	121,082	122,000	918
Debt Service Funds			
GO Bond Retirement	2,040,329	6,222,323	4,181,994
SA Bond Retirement	71,993	386,673	314,680
Capital Project Funds			
Street Improvement	1,432,918	1,542,223	109,305
Issue II	958,305	1,000,305	42,000

Also contrary to Ohio Revised Code Section 5705.39, the sports complex construction capital project fund had final appropriations in excess of certified available resources:

	Final Revenues Plus Carryover Balance	Appropriations	Excess
Capital Project Funds			
Sports Complex Construction	\$469,346	\$628,365	\$159,019

Although these budgetary violations were not corrected by fiscal year-end, management has indicated that appropriations will be closely monitored to ensure no future violations.

The City had negative cash fund balances in the following funds indicating that revenue from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10:

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

Capital Project Funds

Street Improvement	\$511,163
Issue II	18,502

B. Fund Deficits

The following funds had a deficit fund balance or net assets as of December 31, 2003:

	Deficit Fund Balance	Deficit Net Assets
Capital Project Funds		
Street Improvement	\$1,252,118	
Issue II	1,014,529	
Internal Service Fund		
Health Insurance		\$30,259

The deficits in the capital project funds resulted from the recognition of accrued liabilities. The general fund is responsible to cover deficit fund balances by means of a transfer. However, this is done when cash is needed rather than when accruals occur. Management is raising the rates it charges for the health insurance internal service fund to alleviate the deficit.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

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

	<u>General</u>
GAAP Basis	(\$93,981)
Adjustment for Revenue Accruals	19,571
Adjustment for Expenditure Accruals	288,087
Encumbrances	<u>(298,187)</u>
Budget Basis	<u><u>(\$84,510)</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

City of Barberton, Ohio
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For the Year Ended December 31, 2003

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

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

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

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

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

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

Deposits. At year-end, the carrying amount of the City's deposits was \$3,868,382 and the bank balance was \$4,756,844. \$569,601 of the bank balance was covered by federal depository insurance. \$4,187,243 was uninsured and uncollateralized.

Investments. The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio and U.S. Treasury Money Market accounts are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

City of Barberton, Ohio
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	Category 2	Category 3	Fair Value
Repurchase Agreements	\$0	\$540,000	\$540,000
U.S. Government Agency Obligations	5,538,502	0	5,538,502
U.S. Treasury Obligations	716,529	0	716,529
U.S. Treasury Money Markets			4,952,214
STAROhio			68,433
Total	\$6,255,031	\$540,000	\$11,815,678

The classification of cash and cash equivalents, and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less and cash and investments of the cash management pool.

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$15,684,060	\$0
Repurchase Agreements	(540,000)	540,000
U.S. Government Agency Obligations	(5,538,502)	5,538,502
U.S. Treasury Obligations	(716,529)	716,529
U.S. Treasury Money Markets	(4,952,214)	4,952,214
STAROhio	(68,433)	68,433
GASB Statement 3	\$3,868,382	\$11,815,678

Note 7 - Receivables

Receivables at December 31, 2003, consisted primarily of municipal income taxes, property and other taxes, accounts, special assessments, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

Special assessments expected to be collected in more than one year amount to \$197,600 in the special assessment bond retirement debt service fund. The amount of delinquent special assessments outstanding at year-end is \$116,961.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2003 for real and public utility property taxes represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes.

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

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

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

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

The tax rate for all City operations for the year ended December 31, 2003, was \$3.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Real Property	\$346,150,520
Tangible Personal Property	61,990,815
Public Utility Property	<u>13,506,780</u>
Total Valuation	<u>\$421,648,115</u>

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the City of Barberton. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2003 and for which there is an enforceable legal claim. In the general, police pension and fire pension funds the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2003 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Municipal Income Taxes

The City levies a municipal income tax of 2 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent on the income earned outside of the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually.

Ohio law requires all City income tax rates above 1 percent to be voted by the residents of the City. Additional increases in the income tax rate would require voter approval.

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

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental Activities	
Local Government State Support	\$787,727
Health Grants	356,250
Motor Vehicle and Gas Tax	290,140
Other	95,750
Homestead and Rollback	83,268
Ohio Department of Transportation Grants	64,283
Community Development Block Grants	56,486
Law Enforcement Trust Grants	13,860
Reimbursement	7,674
Permissive License Tax	3,974
D.A.R.E Program Grants	1,540
	<hr/>
Total	\$1,760,952
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D. Notes Receivable

Notes receivable represent no-interest to low-interest loans made to eligible local businesses for industrial development and exterior improvements to businesses. The outstanding balance of the notes at December 31, 2003 is \$836,358 in the governmental activities funds. The City will collect approximately \$90,000 in 2004.

Note 8 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City purchases fire and extended coverage insurance on all buildings and contents to \$57,500,000 with a variety of deductibles beginning at \$2,500. Coverage is purchased on City vehicles for a combined single limit liability of \$1,000,000. The City purchases general liability insurance coverage with a \$1,000,000 limit per occurrence. The City also has an umbrella policy which provides an additional \$5,000,000 in coverage over and above listed policies.

No settlements exceeded the insurance coverage in the last three years.

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

The City has elected to provide employee medical, dental, prescription drug and vision benefits through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan with a \$100 single and \$300 family deductible. The City uses a third party administrator to review, process and pay all claims, on behalf of the City.

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

The City purchases stop-loss coverage for claims in excess of \$75,000 per employee per year and an aggregate of \$1,000,000. The City pays into the self-insurance internal service fund \$887 for family coverage or \$355 for individual coverage per employee per month which represents the entire premium required. This premium is paid by the fund that pays the salary of the employee and is based on historical cost information.

The claims liability of \$171,837 reported in the Internal Service fund at December 31, 2003 is estimated by a third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amounts in 2002 and 2003 are:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2002	\$164,404	\$1,707,221	\$1,718,195	\$153,430
2003	153,430	2,395,712	2,377,305	171,837

Note 9 – Internal Balances

Interfund receivables/payables balances at December 31, 2003, consist of the following individual fund receivables and payables:

	Interfund Receivable		
Interfund Payable	General	Infrastructure Improvement Reserve	Nonmajor Fund
General	\$0	\$0	\$969
Street Improvement	511,163	0	0
Issue II	18,502	200,000	0
	\$529,665	\$200,000	\$969

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

	Transfer From		
Transfer To	<i>Governmental Activities</i>		
<i>Governmental Activities</i>	General	Sports Complex Construction	Nonmajor Funds
General	\$0	\$0	\$592,427
Sports Complex Construction	0	0	151,585
Senior Center Construction	0	0	92,742
Nonmajor Funds	1,889,584	152,000	145,123
Total Governmental	1,889,584	152,000	981,877
<i>Business-Type Activities</i>			
Nonmajor Funds	30,000	0	129,000
Grand total	\$1,919,584	\$152,000	\$1,110,877

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general

City of Barberton, Ohio
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For the Year Ended December 31, 2003

fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; reclassification of prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed. Non-routine transfers include the emergency reserve special revenue fund transferring \$561,000 to the general fund and \$129,000 to the community center enterprise fund for operations.

Note 10 – Capital Assets

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

	Adjusted Balance 12/31/2002	Additions	Deductions	Balance 12/31/2003
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$2,989,003	\$63,782	(\$29,484)	\$3,023,301
Construction in Progress	4,303,387	580,283	(3,162,746)	1,720,924
<i>Total Capital Assets, not being depreciated</i>	<u>7,292,390</u>	<u>644,065</u>	<u>(3,192,230)</u>	<u>4,744,225</u>
<i>Capital Assets, being depreciated</i>				
Buildings	5,484,238	224,984	0	5,709,222
Vehicles and Equipment	7,996,867	3,115,565	(95,810)	11,016,622
Infrastructure				
Streets Subsystem	15,162,718	73,714	0	15,236,432
Storm Sewers Subsystem	5,457,274	246,413	0	5,703,687
Bridge Subsystem	200,779	0	0	200,779
<i>Total Capital Assets, being depreciated</i>	<u>34,301,876</u>	<u>3,660,676</u>	<u>(95,810)</u>	<u>37,866,742</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(3,220,483)	(132,148)	0	(3,352,631)
Vehicles and Equipment	(5,621,818)	(1,055,040)	95,743	(6,581,115)
Infrastructure				
Streets Subsystem	(3,910,978)	(506,901)	0	(4,417,879)
Storm Sewers Subsystem	(1,678,721)	(196,692)	0	(1,875,413)
Bridge Subsystem	(44,211)	(6,693)	0	(50,904)
<i>Total Accumulated Depreciation</i>	<u>(14,476,211)</u>	<u>(1,897,474) *</u>	<u>95,743</u>	<u>(16,277,942)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>19,825,665</u>	<u>1,763,202</u>	<u>(67)</u>	<u>21,588,800</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$27,118,055</u>	<u>\$2,407,267</u>	<u>(\$3,192,297)</u>	<u>\$26,333,025</u>

* Depreciation expense was charged to governmental activities as follows:

City of Barberton, Ohio
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For the Year Ended December 31, 2003

General Government	\$126,805
Public Safety	275,972
Health and Welfare	16,459
Transportation	872,992
Community Environment	140,044
Leisure Time Activities	465,202
Total Depreciation Expense	<u><u>\$1,897,474</u></u>

	Adjusted Balance 12/31/2002	Additions	Deductions	Balance 12/31/2003
Business-Type Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$973,813	\$0	\$0	\$973,813
Construction in Progress	456,762	1,540,347	(338,163)	1,658,946
<i>Total Capital Assets, not being depreciated</i>	<u>1,430,575</u>	<u>1,540,347</u>	<u>(338,163)</u>	<u>2,632,759</u>
<i>Capital Assets, being depreciated</i>				
Buildings	30,542,367	0	0	30,542,367
Vehicles and Equipment	3,508,122	319,755	(54,127)	3,773,750
Infrastructure				
Water Lines	9,085,129	332,817	0	9,417,946
Sewer Lines	17,256,544	94,728	(74,568)	17,276,704
<i>Total Capital Assets, being depreciated</i>	<u>60,392,162</u>	<u>747,300</u>	<u>(128,695)</u>	<u>61,010,767</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(13,230,605)	(823,744)	0	(14,054,349)
Vehicles and Equipment	(2,160,123)	(322,120)	54,127	(2,428,116)
Infrastructure				
Water Lines	(3,555,538)	(181,763)	0	(3,737,301)
Sewer Lines	(7,170,387)	(363,846)	18,351	(7,515,882)
<i>Total Accumulated Depreciation</i>	<u>(26,116,653)</u>	<u>(1,691,473) *</u>	<u>72,478</u>	<u>(27,735,648)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>34,275,509</u>	<u>(944,173)</u>	<u>(56,217)</u>	<u>33,275,119</u>
<i>Business-Type Activities Capital Assets, Net</i>	<u>\$35,706,084</u>	<u>\$596,174</u>	<u>(\$394,380)</u>	<u>\$35,907,878</u>

* Depreciation expense was charged to business-type activities as follows:

Water	\$575,748
Sewer	984,657
Community Center	129,063
Lake Cinema Operating	2,005
Total Depreciation Expense	<u><u>\$1,691,473</u></u>

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

Note 11 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

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

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$709,084, \$710,333 and \$764,338, respectively; 98.16 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were \$19,829 made by the City and \$12,439 made by the plan members.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$289,256 and \$378,233 for the year ended December 31, 2003, \$278,174, and

City of Barberton, Ohio
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\$400,651, for the year ended December 31, 2002, and \$279,928 and \$375,253, for the year ended December 31, 2001, equal to the required contributions for each year. The full amount has been contributed for 2002 and 2001. 69.71 percent and 68.83 percent, respectively, have been contributed for 2003 with the remainder being reported as a liability.

Note 12 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$414,669. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

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

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

City of Barberton, Ohio
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B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2003 that were used to fund postemployment benefits were \$190,786 for police and \$180,388 for firefighters. The OP&F's total health care expense for the year ended December 31, 2002, (the latest information available) was \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

Note 13 – Other Postemployment Benefits

A. Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service. Current policy credits vacation leave on January 1 of each year for all full time employees. Vacation accumulation may not exceed one week at year end. Any unused excess is eliminated from the employee's leave balance. In case of death, termination, lay-off, or retirement, an employee (or his estate) is paid for his unused vacation to a maximum of the one week carry-over from the previous year plus any current year accrual which depends on number of years of service. Employees with a minimum of 12 to 15 years of service (depending on the bargaining unit) may "bank" any amount of unused vacation leave, up to a maximum accumulation of 108 to 120 days to be paid upon retirement.

Sick leave is earned for all full time employees at the rate of 10 hours per month with the exception of full time employees of emergency medical services who receive 13.3 hours per month. Employees, at the time of retirement are paid for up to 720 hours.

B. Life Insurance

The City provides a life insurance benefit for retired employees based on their salary when they retired. Substantially all of the City's full time employees may become eligible for this benefit if they reach normal retirement age or become eligible for total disability benefits while working for the City. The cost of retirees' life insurance is recognized as an expense when the insurance premiums are paid. For 2003, the cost totaled \$17,220.

City of Barberton, Ohio
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For the Year Ended December 31, 2003

Note 14 – Capital Leases

In prior years, the City entered into capitalized leases for vehicles and other equipment.

The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets consisting of vehicles and equipment have been capitalized in the community center and lake cinema operating enterprise funds in the amount of \$100,717. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the funds. Principal payments in 2003 totaled \$24,639.

The assets acquired through capital leases are as follows:

	Business-Type Activities
Asset:	
Vehicles and Equipment	\$100,717
Less: Accumulated Depreciation	(28,261)
Total	\$72,456

Such agreements provide for minimum, annual payments as follows:

Year	Business-Type Activities
2004	\$28,148
2005	13,700
2006	11,417
	53,265
Less amount representing interest	(3,236)
Present Value of Minimum Lease Payments	\$50,029

Note 15 - Notes Payable

Changes in the City's note activity for the year ended December 31, 2003, were as follows:

	Balance 12/31/2002	Issued	Retired	Balance 12/31/2003
Business-Type Activity Notes				
Utility Sytem Improvement Notes - 1.75%	\$1,845,000	\$360,000	(\$1,845,000)	\$360,000
Various Purpose Improvement Notes - 2.70%	205,000	0	(205,000)	0
Total Business-Type Activity	\$2,050,000	\$360,000	(\$2,050,000)	\$360,000
Governmental Activity Notes				
Sports Complex Construction Notes - 1.40%	\$1,170,000	\$0	(\$1,170,000)	\$0
Street Improvement Notes - 1.75%	795,000	795,000	(795,000)	795,000
Street Improvement Notes - 1.75%	5,390,000	740,000	(5,390,000)	740,000
Total Governmental Activity	\$7,355,000	\$1,535,000	(\$7,355,000)	\$1,535,000

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

All notes were backed by the full faith and credit of the City and mature within one year. The note liability is reflected in the fund which received the proceeds. The notes were issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. All proceeds from the notes have been spent as of December 31, 2003.

Note 16 - Long-Term Obligation

The original issue date, interest rate, original issue amount and date of maturity of each of the City's debt issues follows:

Debt Issue	Date Issued	Interest Rate	Original Issue Amount	Date of Maturity
Business-Type Activities				
General Obligation Bonds:				
Water Improvement	1992	3.90%-6.50%	\$3,800,000	2012
Community Center	1989	6.70%-7.35%	1,000,000	2003
Various Purpose	2003	1.15%-4.00%	1,332,390	2013
Revenue Refunding Bonds:				
Sewer System Revenue	1998	3.70%-4.50%	4,910,000	2006
Long-Term Notes Payable:				
Utility System Improvement Notes	2003	2.00%	1,580,000	2004
Community Center Improvement Notes	2003	1.40%	445,000	2004
Community Center Improvement Notes	2003	2.00%	350,000	2004
Utility System Improvement Notes	2003	1.40%	1,965,000	2004
Governmental Activities				
General Obligation Bonds:				
Parking Lot Improvement	1991	6.50%	135,000	2006
Series 1989-1	1989	6.70%-7.35%	420,000	2003
Construction	2003	1.15%-4.00%	4,967,810	2013
Special Assessment Bond:				
Street Improvement	2001	4.50%	237,000	2011
Long-Term Notes Payable				
Sports Complex Improvement Notes	2003	1.40%	1,040,000	2004
Building Improvement Notes	2003	2.00%	140,000	2004
Other Debt:				
HUD Section 108 Loan	1994	4.57%-7.18%	2,225,000	2017

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

The changes in long-term obligations during the year were as follows:

	Balance 12/31/2002	Increase	Decrease	Balance 12/31/2003	Amounts Due In One Year
<i>Governmental Activities:</i>					
General Obligation Bonds:					
Parking Lot Improvement	\$50,437	\$0	(\$11,444)	38,993	\$12,188
Series 1989-1	140,000	0	(140,000)	0	0
Construction Bonds	0	4,967,610	0	4,967,610	445,511
Premium on Construction Bonds	0	17,194	0	17,194	0
Total General Obligation Bonds	190,437	4,984,804	(151,444)	5,023,797	457,699
Special Assessment Bond:					
Street Improvement	217,700	0	(20,100)	197,600	21,100
Long-Term Notes:					
Sports Complex Improvement Notes	0	1,040,000	0	1,040,000	1,040,000
Building Improvement Notes	0	140,000	0	140,000	140,000
Total Long-Term Notes	0	1,180,000	0	1,180,000	1,180,000
Other Debt:					
HUD Section 108 Loan	1,665,000	0	(110,000)	1,555,000	115,000
Compensated Absences	2,697,888	222,144	(144,994)	2,775,038	263,768
Total Governmental Activities	\$4,771,025	\$6,386,948	(\$426,538)	\$10,731,435	\$2,037,567
<i>Business-Type Activities</i>					
General Obligation Bonds:					
Water Improvement	\$2,450,000	\$0	(\$180,000)	\$2,270,000	\$195,000
Community Center	350,000	0	(350,000)	0	0
Various Purpose - New Haven	0	1,332,390	0	1,332,390	119,494
Premium on Variouse Purpose - New Haven	0	3,251	0	3,251	325
Total General Obligation Bonds	2,800,000	1,335,641	(530,000)	3,605,641	314,819
Revenue Refunding Bonds:					
Sewer System Revenue Refunding	2,370,000	0	(555,000)	1,815,000	580,000
Unamortized Discount	(4,208)	985	0	(3,223)	(985)
Deferred Amount on Refunding	(89,148)	34,618	0	(54,530)	(26,795)
Net Sewer System Revenue Refunding	2,276,644	35,603	(555,000)	1,757,247	552,220
Long-Term Notes:					
Utility System Improvement Notes	1,795,000	1,580,000	(1,795,000)	1,580,000	1,580,000
Community Center Improvement Notes	495,000	445,000	(495,000)	445,000	445,000
Community Center Improvement Notes	0	350,000	0	350,000	350,000
Utility System Improvement Notes	1,850,000	1,965,000	(1,850,000)	1,965,000	1,965,000
Total Long-Term Notes	4,140,000	4,340,000	(4,140,000)	4,340,000	4,340,000
Capital Leases	74,668	0	(24,639)	50,029	25,952
Compensated Absences	544,463	68,030	(16,194)	596,299	71,886
Total Business-Type Activities	\$9,835,775	\$5,779,274	(\$5,265,833)	\$10,349,216	\$5,304,877

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

All bonds are secured by the full faith and credit of the City. General obligation bonds will be paid from the debt service fund. The business-type activities revenue bonds and general obligation bonds will be paid from charges for services revenues in the enterprise funds. The special assessment bond will be paid from proceeds of special assessments levied against benefited property owners. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

The long-term notes will be paid from the general fund and charges for services revenue in the enterprise funds.

Other long-term debt represents a loan from HUD for the redevelopment of the Lake Theater Building. Amounts will be repaid with community development block grant funds. The loan from HUD is to be repaid over a twenty-year period.

The compensated absences liability will be paid out of the general fund, street construction, maintenance and repair, health and beautification special revenue funds and the water, sewer, solid waste and community center enterprise funds.

Revenue Bonds

In 1998, the City issued \$4,910,000 in Sewer System Refunding Revenue Bonds. Proceeds were used to refund debt originally issued in 1987 for the purpose of improving the City's sewer system. The 1998 bonds were issued with interest rates varying from 3.70 percent to 4.50 percent. The bonds currently have an outstanding balance of \$1,815,000 and mature in full on December 1, 2006. Principal payments will amount to \$580,000 in 2004, \$605,000 in 2005 and \$630,000 in 2006.

Restricted assets related to the sewer revenue bonds at December 31, 2003, were as follows:

Restricted assets held by City	
Replacement and Improvement	\$2,397,248
Restricted assets held by trustee	
Revenue bond current debt service	\$716,529

Bond anticipation notes that were rolled over prior to the issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued have been reported in the government wide statements. The notes are backed by the full faith of the City of Barberton.

The City's overall legal debt margin was \$33,140,835 at December 31, 2003. Principal and interest requirements to retire the outstanding debt at December 31, 2003, are as follows:

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

Year	Governmental Activities					
	General Obligation Bonds		Special Assessment Bonds		Other Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$457,699	\$138,751	\$21,100	\$8,892	\$115,000	\$57,390
2005	466,376	132,835	22,000	7,943	115,000	56,971
2006	475,091	122,924	23,000	6,952	115,000	54,970
2007	469,155	112,799	24,000	5,918	115,000	52,199
2008	488,867	94,033	25,100	4,837	115,000	48,783
2009-2013	2,649,415	262,054	82,400	7,524	460,000	151,156
2014-2017	0	0	0	0	520,000	25,116
Total	\$5,006,603	\$863,396	\$197,600	\$42,066	\$1,555,000	\$446,585

Year	Business - Type Activities			
	General Obligation Bonds		Revenue Refunding Bonds	
	Principal	Interest	Principal	Interest
2004	\$314,819	\$183,793	\$580,000	\$80,792
2005	326,609	170,036	605,000	55,273
2006	343,724	154,279	630,000	28,350
2007	360,839	137,504	0	0
2008	381,121	117,196	0	0
2009-2013	1,875,278	265,612	0	0
Total	\$3,602,390	\$1,028,420	\$1,815,000	\$164,415

Conduit Debt

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 provided to the public-sector entities by the City. Upon repayment of the bonds, ownership of the facilities transfers to the private-sector entity served by the bond issuance. The bonds do not constitute a debt or pledge of the faith and credit of the City and, accordingly, have not been reported in the accompanying financial statements. As of December 31, 2003, there was one series of industrial revenue bonds outstanding. The aggregate principal amount payable at December 31, 2003 was \$15,800,000.

From time to time, the City has issued housing revenue bonds pursuant to Article VIII, Section 16 of the Ohio Constitution and Section 133.51, of the Ohio Revised Code. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans provided to the public sector entity by the City. The bonds do not constitute a debt or pledge of the faith and credit of the City and, accordingly, have not been reported as a liability in the accompanying financial statements. The borrower of the bonds makes payments to the City who in turn makes payments to the assignee, the Barberton Community Foundation. Since the City has acted in a fiduciary capacity related to these transactions, the activity has been presented within an agency fund in the accompanying financial statements. As of December 31, 2003, there were three series of housing revenue bonds outstanding. The aggregate principal amount payable at December 31, 2003 was \$2,980,632.

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

Note 17 - Contractual Commitments

The City had the following contractual commitments outstanding at December 31, 2003:

Project	Contract Amount	Amount Paid	Remaining on Contract
Wolfcreek Trailhead	\$82,352	\$61,094	\$21,258
Mobile Data Terminals	182,470	95,634	86,836
Avilee Web Park	37,273	22,557	14,716
15th Street Bridge Repairs	74,146	38,221	35,925
Storm Sewer Improvements	88,612	48,738	39,874
Evergreen Road Resurfacing	21,875	0	21,875
5th Street Project	808,868	600,986	207,882
Robinson Avenue Project	1,383,840	1,023,155	360,685
Senior Center/Community Center	758,912	293,124	465,788
Sludge dewatering project	1,829,097	985,686	843,411
Wolfcreek Dam Repair	300,000	102,672	197,328
Waterline Repairs	457,431	393,277	64,154
Rose Acres Sewer Lines	99,584	69,076	30,508
Total	\$6,124,460	\$3,734,220	\$2,390,240

Note 18 – Related Organizations

A. Barberton Community Development Corporation

The City participates in the Barberton Community Development Corporation (the "Corporation"). The City appoints a voting majority of the governing board of the Corporation; however the City cannot influence the Corporation's operation nor does the Corporation represent a potential financial benefit for or burden to the City. The City acts as a pass through entity for Community Development Block Grant monies.

B. Barberton Community Foundation

The City participates in the Barberton Community Development Foundation (the "Foundation"). The City initially appointed a voting majority of the Foundation. The City Council has limited veto abilities over subsequent nominees to the Foundation Board and therefore has limited influence on the Foundation's operation. In 2003, the City received approximately \$337,669 in grants from the Foundation. During 2003, the City also acted as the issuer of bonds for conduit debt (see Note 12) in which the Foundation acts as the assignee.

Note 19 – Contingencies

A. Grants

The City has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2003.

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

B. Litigation

The City of Barberton is a party to legal proceedings. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 20 - Subsequent Events

In April, 2004, the City issued \$2,255,000 in bond anticipation notes for the purpose of improving the water and sewer systems and building improvements at an interest rate of 2.0%. These notes mature on April 13, 2005.

In July, 2004, the City issued \$5,770,000 general obligation bonds for various projects at varying interest rates between 2.0% and 3.55%. The bonds mature in 2014.

In September, 2004, the City issued \$300,000 in special assessment bonds for the fifth street improvement project at varying interest rates ranging from 2.25% and 4.4%. These bonds mature on December 1, 2014.

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund accounts for the portion of state gasoline tax and motor vehicle registration fees designated for the maintenance of the streets within the City.

State Highway Improvement Fund – This fund accounts for the portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

Permissive License Tax Fund – This fund accounts for local vehicle license fees designated for the maintenance of streets in the City.

Court Computer Fund – This fund accounts for additional court fees designated for the computerization of the municipal court and the acquisition and maintenance of legal research services for the municipal court.

Sports Complex Operating Fund – This fund accounts for the revenues and expenditures associated with operating and maintaining a sports complex along with managing the various athletic leagues that use the facility.

Park Recreation Improvement Fund – This fund accounts for proceeds from the sale of park land in Tuscora Park to Barberton Citizens Hospital. These monies are required to be used in making improvements to the parks throughout the City.

Health District Fund - This fund accounts for the revenues and expenditures of the City Health District utilized for delivering health and welfare services.

Beautification Fund - This fund accounts for donations restricted for floral beautification projects with in the City.

Parks Revolving Fund - This fund accounts for parks and recreation user fees utilized for parks and recreation activities.

Mandatory Drug Fines Fund - This fund accounts for fines received by the City that are restricted under the Ohio Revised Code to subsidize law enforcement efforts that pertain to drug offenses.

Law Enforcement Trust Fund - This fund accounts for grant monies received from the U.S. Department of Justice to be used for specific law enforcement purposes and proceeds from the sale of contraband that are restricted to subsidize law enforcement efforts.

D.A.R.E Program Fund - This fund accounts for monies received from various sources to be used for the continuance of the Drug Abuse Resistance Education Program in the City's schools.

(continued)

Nonmajor Special Revenue Funds (continued)

Indigent Drivers Alcohol Treatment Fund - This fund accounts for fees and fines to be used as payment of the cost of attendance at an alcohol and drug addiction treatment program.

Community Development Fund - This fund accounts for monies received from the federal government under the Community Development Block Grant Program which are restricted for City-wide development projects such as the Neighborhood Conservation Services and Barberton Community Development Corporation.

Rental Rehabilitation Fund - This fund accounts for grant monies received from the Ohio Department of Development for the rehabilitation of rental property.

Home Investment Partnership Fund - This fund accounts for monies received from the federal government under the National Affordable Housing Act, passed through the Ohio Department of Development, which are restricted to City-wide housing activities. For 2003 this fund did not have any budgetary activity, therefore, budgetary information is not provided.

Gas and Oil Royalties Fund - This fund accounts for royalty money received from gas wells located on City property. These revenues are used for economic development within the City.

Lake Cinema Complex Maintenance Fund - This fund accounts for the cost of maintaining a City-owned theater complex. For 2003 this fund did not have any budgetary activity, therefore, budgetary information is not provided.

Tax Increment Financing Fund - This fund accounts for the annual collection of service payments in lieu of taxes distributed to the City with respect to improvements on downtown property which are declared to be a public purpose.

Emergency Reserve Fund - This fund accounts for monies received from the income tax fund for the purpose of providing for the consistent delivery of public services in the case of a downturn in the City's economy.

Police Pension Fund - This fund accounts for property taxes levied and other monies for the payment of the accrued liability for police disability and pension benefits.

Fire Pension Fund - This fund accounts for property taxes levied and other monies for the payment of the accrued liability for fire disability and pension benefits.

Sidewalk Improvement Program Fund - This fund accounts for the monies used to subsidize the cost of replacing existing sidewalks for homeowners within the City.

Downtown Sales and Rental Fund - This fund accounts for the revenues received from sale of property and rental income. Monies are used for property maintenance and capital improvement to the downtown area.

Senior Center Trust Fund - This fund accounts for the monies received and expended for Senior Center operations.

Miscellaneous Grants Fund - This fund accounts for the monies received and expended for various state and federal grants.

Nonmajor Debt Service Funds

To account for the accumulation of resources for, and the payment of, general obligation and special assessment principal, interest and related costs.

General Obligation Bond Retirement Fund - This fund accounts for the resources that are used for the payment of principal, interest and other fiscal charges on general obligation debt.

Special Assessment Bond Retirement Fund - This fund accounts for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

Nonmajor Capital Projects Funds

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

Infrastructure Improvement Reserve Fund - This fund accounts for monies received from the income tax fund which are restricted for the purpose of funding infrastructure improvements identified in the City's Five-Year Capital Improvement Plan.

Street and Storm Sewer Improvement Fund – This fund accounts for income tax revenue used for the improvement of street and storm sewers within the City.

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,572,385	\$231,116	\$436,148	\$3,239,649
Property Taxes Receivable	236,648	0	0	236,648
Accounts Receivable	0	9,947	0	9,947
Intergovernmental Receivable	737,840	0	0	737,840
Due from Other Funds	969	0	0	969
Interfund Receivable	0	0	200,000	200,000
Special Assessment Receivable	0	197,600	0	197,600
Notes Receivable	836,358	0	0	836,358
Prepaid Items	13,468	0	0	13,468
<i>Total Assets</i>	<u>\$4,397,668</u>	<u>\$438,663</u>	<u>\$636,148</u>	<u>\$5,472,479</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$51,334	\$0	\$7,426	\$58,760
Accrued Wages	38,075	0	0	38,075
Intergovernmental Payable	87,452	0	0	87,452
Deferred Revenue	777,737	197,600	0	975,337
<i>Total Liabilities</i>	<u>954,598</u>	<u>197,600</u>	<u>7,426</u>	<u>1,159,624</u>
Fund Balances				
Reserved for Encumbrances	335,228	0	90,248	425,476
Reserved for Notes Receivable	836,358	0	0	836,358
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,271,484	0	0	2,271,484
Debt Service Funds	0	241,063	0	241,063
Capital Projects Funds	0	0	538,474	538,474
<i>Total Fund Balances</i>	<u>3,443,070</u>	<u>241,063</u>	<u>628,722</u>	<u>4,312,855</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,397,668</u>	<u>\$438,663</u>	<u>\$636,148</u>	<u>\$5,472,479</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$192,840	\$0	\$0	\$192,840
Charges for Services	356,177	0	0	356,177
Licenses and Permits	172,532	0	0	172,532
Fines and Forfeitures	89,876	0	0	89,876
Intergovernmental	3,004,283	0	0	3,004,283
Interest	12,171	1,971	11,902	26,044
Special Assessments	26,711	20,100	0	46,811
Contributions and Donations	107,607	0	0	107,607
Other	166,679	80,550	0	247,229
<i>Total Revenues</i>	<u>4,128,876</u>	<u>102,621</u>	<u>11,902</u>	<u>4,243,399</u>
Expenditures				
Current:				
General Government	20,568	0	0	20,568
Public Safety	407,939	0	0	407,939
Transportation	1,790,686	0	0	1,790,686
Health and Welfare	1,995,008	0	0	1,995,008
Leisure Time Activities	376,612	0	0	376,612
Community Environment	967,287	0	0	967,287
Capital Outlay	50,168	0	819,141	869,309
Debt Service:				
Principal Retirement	0	281,544	0	281,544
Interest and Fiscal Charges	0	133,947	0	133,947
Debt Issuance Costs	0	68,142	0	68,142
<i>Total Expenditures</i>	<u>5,608,268</u>	<u>483,633</u>	<u>819,141</u>	<u>6,911,042</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	<u>(1,479,392)</u>	<u>(381,012)</u>	<u>(807,239)</u>	<u>(2,667,643)</u>
Other Financing Sources (Uses)				
Proceeds of Bonds	0	67,610	0	67,610
Proceeds of Notes	0	140,000	0	140,000
Premium on Bonds	0	17,194	0	17,194
Premium on Notes	0	15,241	0	15,241
Transfers In	1,575,999	310,708	300,000	2,186,707
Transfers Out	(1,021,877)	0	(89,000)	(1,110,877)
<i>Total Other Financing Sources (Uses)</i>	<u>554,122</u>	<u>550,753</u>	<u>211,000</u>	<u>1,315,875</u>
Special Items				
Proceeds from Sale of Park Land	1,000,000	0	0	1,000,000
<i>Net Change in Fund Balances</i>	74,730	169,741	(596,239)	(351,768)
<i>Fund Balances Beginning of Year</i>	<u>3,368,340</u>	<u>71,322</u>	<u>1,224,961</u>	<u>4,664,623</u>
<i>Fund Balances End of Year</i>	<u>\$3,443,070</u>	<u>\$241,063</u>	<u>\$628,722</u>	<u>\$4,312,855</u>

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

	Street Construction Maintenance and Repair	State Highway Improvement	Permissive License Tax	Court Computer
Assets				
Equity in Pooled Cash and Cash Equivalents	\$133,669	\$8,928	\$126,846	\$99,809
Property Taxes Receivable	0	0	0	0
Intergovernmental Receivable	270,790	19,350	3,974	0
Due from Other Funds	0	0	0	728
Notes Receivable	0	0	0	0
Prepaid Items	8,817	0	0	0
<i>Total Assets</i>	<u>\$413,276</u>	<u>\$28,278</u>	<u>\$130,820</u>	<u>\$100,537</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$22,199	\$0	\$0	\$0
Accrued Wages	25,099	0	0	0
Intergovernmental Payable	31,492	0	0	0
Deferred Revenue	164,023	11,568	0	0
<i>Total Liabilities</i>	<u>242,813</u>	<u>11,568</u>	<u>0</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	36,577	0	0	2,944
Reserved for Notes Receivable	0	0	0	0
Unreserved, Undesignated (Deficit)	133,886	16,710	130,820	97,593
<i>Total Fund Balances</i>	<u>170,463</u>	<u>16,710</u>	<u>130,820</u>	<u>100,537</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$413,276</u>	<u>\$28,278</u>	<u>\$130,820</u>	<u>\$100,537</u>

Sports Complex Operating	Park Recreation Improvement	Health District	Beautification	Parks Revolving	Mandatory Drug Fines
\$4,124	\$1,000,000	\$306,413	\$35,189	\$61,212	\$5,630
0	0	0	0	0	0
0	0	356,250	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	1,569	1,460	0	0
<u>\$4,124</u>	<u>\$1,000,000</u>	<u>\$664,232</u>	<u>\$36,649</u>	<u>\$61,212</u>	<u>\$5,630</u>
\$0	\$0	\$2,080	\$529	\$0	\$0
0	0	11,346	1,630	0	0
427	0	50,035	3,377	0	0
0	0	356,250	0	0	0
<u>427</u>	<u>0</u>	<u>419,711</u>	<u>5,536</u>	<u>0</u>	<u>0</u>
4,859	0	4,537	278	333	0
0	0	0	0	0	0
(1,162)	1,000,000	239,984	30,835	60,879	5,630
<u>3,697</u>	<u>1,000,000</u>	<u>244,521</u>	<u>31,113</u>	<u>61,212</u>	<u>5,630</u>
<u>\$4,124</u>	<u>\$1,000,000</u>	<u>\$664,232</u>	<u>\$36,649</u>	<u>\$61,212</u>	<u>\$5,630</u>

(continued)

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

	Law Enforcement Trust	D.A.R.E. Program	Indigent Drivers Alcohol Treatment	Community Development
Assets				
Equity in Pooled Cash and Cash Equivalents	\$105,656	\$22,570	\$158,231	\$191,063
Property Taxes Receivable	0	0	0	0
Intergovernmental Receivable	13,860	1,540	0	56,486
Due from Other Funds	0	0	241	0
Notes Receivable	0	0	0	563,365
Prepaid Items	0	0	0	0
<i>Total Assets</i>	<u>\$119,516</u>	<u>\$24,110</u>	<u>\$158,472</u>	<u>\$810,914</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$4,160	\$0	\$0	\$21,273
Accrued Wages	0	0	0	0
Intergovernmental Payable	0	0	0	2,121
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>4,160</u>	<u>0</u>	<u>0</u>	<u>23,394</u>
Fund Balances				
Reserved for Encumbrances	15,430	0	0	259,923
Reserved for Notes Receivable	0	0	0	563,365
Unreserved, Undesignated (Deficit)	99,926	24,110	158,472	(35,768)
<i>Total Fund Balances</i>	<u>115,356</u>	<u>24,110</u>	<u>158,472</u>	<u>787,520</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$119,516</u>	<u>\$24,110</u>	<u>\$158,472</u>	<u>\$810,914</u>

Rental Rehabilitation	Home Investment Partnership	Gas and Oil Royalties	Lake Cinema Complex Maintenance	Tax Increment Financing	Emergency Reserve
\$2,000	\$0	\$26,880	\$4,483	\$33,836	\$247
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	267,000	0	0	0	0
0	0	0	0	0	0
<u>\$2,000</u>	<u>\$267,000</u>	<u>\$26,880</u>	<u>\$4,483</u>	<u>\$33,836</u>	<u>\$247</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	3,050	0
0	267,000	0	0	0	0
2,000	0	26,880	4,483	30,786	247
<u>2,000</u>	<u>267,000</u>	<u>26,880</u>	<u>4,483</u>	<u>33,836</u>	<u>247</u>
<u>\$2,000</u>	<u>\$267,000</u>	<u>\$26,880</u>	<u>\$4,483</u>	<u>\$33,836</u>	<u>\$247</u>

(continued)

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

	Police Pension	Fire Pension	Sidewalk Improvement Program	Downtown Sales and Rental
Assets				
Equity in Pooled Cash and Cash Equivalents	\$14,758	\$17,230	\$59,195	\$59,242
Property Taxes Receivable	118,324	118,324	0	0
Intergovernmental Receivable	7,795	7,795	0	0
Due from Other Funds	0	0	0	0
Notes Receivable	0	0	0	5,993
Prepaid Items	0	0	0	70
<i>Total Assets</i>	<u>\$140,877</u>	<u>\$143,349</u>	<u>\$59,195</u>	<u>\$65,305</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$1,093	\$0
Accrued Wages	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	122,948	122,948	0	0
<i>Total Liabilities</i>	<u>122,948</u>	<u>122,948</u>	<u>1,093</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	0	5,148	0
Reserved for Notes Receivable	0	0	0	5,993
Unreserved, Undesignated (Deficit)	17,929	20,401	52,954	59,312
<i>Total Fund Balances</i>	<u>17,929</u>	<u>20,401</u>	<u>58,102</u>	<u>65,305</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$140,877</u>	<u>\$143,349</u>	<u>\$59,195</u>	<u>\$65,305</u>

Senior Center Trust	Miscellaneous Grants	Total Nonmajor Special Revenue Funds
\$90,339	\$4,835	\$2,572,385
0	0	236,648
0	0	737,840
0	0	969
0	0	836,358
1,552	0	13,468
<u>\$91,891</u>	<u>\$4,835</u>	<u>\$4,397,668</u>
\$0	\$0	\$51,334
0	0	38,075
0	0	87,452
0	0	777,737
<u>0</u>	<u>0</u>	<u>954,598</u>
2,149	0	335,228
0	0	836,358
89,742	4,835	2,271,484
<u>91,891</u>	<u>4,835</u>	<u>3,443,070</u>
<u>\$91,891</u>	<u>\$4,835</u>	<u>\$4,397,668</u>

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

	Street Construction Maintenance and Repair	State Highway Improvement	Permissive License Tax	Court Computer
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	57,014
Intergovernmental	730,992	43,434	55,421	0
Interest	676	252	1,842	0
Special Assessments	0	0	0	0
Contributions and Donations	0	0	0	0
Other	3,615	0	0	0
<i>Total Revenues</i>	<u>735,283</u>	<u>43,686</u>	<u>57,263</u>	<u>57,014</u>
Expenditures				
Current:				
General Government	0	0	0	17,102
Public Safety	0	0	0	0
Transportation	1,672,043	38,519	15,966	0
Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Capital Outlay	0	0	0	24,094
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>1,672,043</u>	<u>38,519</u>	<u>15,966</u>	<u>41,196</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(936,760)</u>	<u>5,167</u>	<u>41,297</u>	<u>15,818</u>
Other Financing Sources				
Proceeds of Notes	0	0	0	0
Transfers In	831,500	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>831,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Item				
Proceeds from Sale of Park Land	0	0	0	0
<i>Net Change in Fund Balances</i>	<u>(105,260)</u>	<u>5,167</u>	<u>41,297</u>	<u>15,818</u>
<i>Fund Balances Beginning of Year</i>	<u>275,723</u>	<u>11,543</u>	<u>89,523</u>	<u>84,719</u>
<i>Fund Balances End of Year</i>	<u><u>\$170,463</u></u>	<u><u>\$16,710</u></u>	<u><u>\$130,820</u></u>	<u><u>\$100,537</u></u>

Sports Complex Operating	Park Recreation Improvement	Health District	Beautification	Parks Revolving	Mandatory Drug Fines
\$0	\$0	\$0	\$0	\$0	\$0
41,635	0	300,088	0	14,454	0
0	0	172,532	0	0	0
0	0	0	0	0	865
0	0	921,571	22,500	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	51,335	30,634	0
0	0	23,911	0	0	0
41,635	0	1,418,102	73,835	45,088	865
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	1,995,008	0	0	0
69,853	0	0	206,533	76,422	0
0	0	0	0	0	0
0	0	24,574	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
69,853	0	2,019,582	206,533	76,422	0
(28,218)	0	(601,480)	(132,698)	(31,334)	865
0	0	0	0	0	0
31,915	0	559,495	111,000	0	0
0	0	0	0	0	0
31,915	0	559,495	111,000	0	0
0	1,000,000	0	0	0	0
3,697	1,000,000	(41,985)	(21,698)	(31,334)	865
0	0	286,506	52,811	92,546	4,765
\$3,697	\$1,000,000	\$244,521	\$31,113	\$61,212	\$5,630

(continued)

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

	Law Enforcement Trust	D.A.R.E Program	Indigent Drivers Alcohol Treatment	Community Development
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	31,997	0
Intergovernmental	13,377	9,465	0	752,335
Interest	376	0	0	0
Special Assessments	0	0	0	0
Contributions and Donations	0	0	0	0
Other	90,546	0	0	18,185
<i>Total Revenues</i>	<u>104,299</u>	<u>9,465</u>	<u>31,997</u>	<u>770,520</u>
Expenditures				
Current:				
General Government	0	0	0	0
Public Safety	44,271	0	0	0
Transportation	0	0	0	0
Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	669,853
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>44,271</u>	<u>0</u>	<u>0</u>	<u>669,853</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>60,028</u>	<u>9,465</u>	<u>31,997</u>	<u>100,667</u>
Other Financing Sources				
Proceeds of Notes	0	0	0	0
Transfers In	2,089	0	0	0
Transfers Out	(19,282)	(2,500)	0	(234,872)
<i>Total Other Financing Sources (Uses)</i>	<u>(17,193)</u>	<u>(2,500)</u>	<u>0</u>	<u>(234,872)</u>
Special Item				
Proceeds from Sale of Park Land	0	0	0	0
<i>Net Change in Fund Balances</i>	42,835	6,965	31,997	(134,205)
<i>Fund Balances Beginning of Year</i>	<u>72,521</u>	<u>17,145</u>	<u>126,475</u>	<u>921,725</u>
<i>Fund Balances End of Year</i>	<u>\$115,356</u>	<u>\$24,110</u>	<u>\$158,472</u>	<u>\$787,520</u>

Rental Rehabilitation	Home Investment Partnership	Gas and Oil Royalties	Lake Cinema Complex Maintenance	Tax Increment Financing	Emergency Reserve
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	30,326	0
0	0	0	0	0	7,776
0	0	0	0	0	0
0	0	0	0	0	0
0	0	10,554	0	0	0
0	0	10,554	0	30,326	7,776
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	14,780	0	15,000	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	14,780	0	15,000	0
0	0	(4,226)	0	15,326	7,776
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	(74,723)	(690,500)
0	0	0	0	(74,723)	(690,500)
0	0	0	0	0	0
0	0	(4,226)	0	(59,397)	(682,724)
2,000	267,000	31,106	4,483	93,233	682,971
\$2,000	\$267,000	\$26,880	\$4,483	\$33,836	\$247

(continued)

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

	Police Pension	Fire Pension	Sidewalk Improvement Program	Downtown Sales and Rental
Revenues				
Property and Other Taxes	\$96,420	\$96,420	\$0	\$0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	15,675	15,676	0	0
Interest	0	0	0	0
Special Assessments	0	0	26,711	0
Contributions and Donations	0	0	0	0
Other	0	0	11,329	298
<i>Total Revenues</i>	<u>112,095</u>	<u>112,096</u>	<u>38,040</u>	<u>298</u>
Expenditures				
Current:				
General Government	1,733	1,733	0	0
Public Safety	120,000	120,000	0	0
Transportation	0	0	64,158	0
Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	2,646
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>121,733</u>	<u>121,733</u>	<u>64,158</u>	<u>2,646</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(9,638)</u>	<u>(9,637)</u>	<u>(26,118)</u>	<u>(2,348)</u>
Other Financing Sources				
Proceeds of Notes	0	0	0	0
Transfers In	0	0	40,000	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>0</u>
Special Item				
Proceeds from Sale of Park Land	0	0	0	0
<i>Net Change in Fund Balances</i>	<u>(9,638)</u>	<u>(9,637)</u>	<u>13,882</u>	<u>(2,348)</u>
<i>Fund Balances Beginning of Year</i>	<u>27,567</u>	<u>30,038</u>	<u>44,220</u>	<u>67,653</u>
<i>Fund Balances End of Year</i>	<u><u>\$17,929</u></u>	<u><u>\$20,401</u></u>	<u><u>\$58,102</u></u>	<u><u>\$65,305</u></u>

Senior Center Trust	Miscellaneous Grants	Total Nonmajor Special Revenue Funds
\$0	\$0	\$192,840
0	0	356,177
0	0	172,532
0	0	89,876
0	393,511	3,004,283
1,249	0	12,171
0	0	26,711
25,638	0	107,607
8,241	0	166,679
<u>35,128</u>	<u>393,511</u>	<u>4,128,876</u>
0	0	20,568
0	123,668	407,939
0	0	1,790,686
0	0	1,995,008
23,804	0	376,612
0	265,008	967,287
1,500	0	50,168
0	0	0
0	0	0
<u>25,304</u>	<u>388,676</u>	<u>5,608,268</u>
<u>9,824</u>	<u>4,835</u>	<u>(1,479,392)</u>
0	0	0
0	0	1,575,999
0	0	(1,021,877)
<u>0</u>	<u>0</u>	<u>554,122</u>
<u>0</u>	<u>0</u>	<u>1,000,000</u>
9,824	4,835	74,730
<u>82,067</u>	<u>0</u>	<u>3,368,340</u>
<u>\$91,891</u>	<u>\$4,835</u>	<u>\$3,443,070</u>

City of Barberton, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2003

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$181,829	\$49,287	\$231,116
Accounts Receivable	9,947	0	9,947
Special Assessments Receivable	0	197,600	197,600
<i>Total Assets</i>	<u>\$191,776</u>	<u>\$246,887</u>	<u>\$438,663</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$0	\$197,600	\$197,600
Fund Balances			
Unreserved, Undesignated	<u>191,776</u>	<u>49,287</u>	<u>241,063</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$191,776</u>	<u>\$246,887</u>	<u>\$438,663</u>

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

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Interest	\$0	\$1,971	\$1,971
Special Assessments	0	20,100	20,100
Other	80,550	0	80,550
<i>Total Revenues</i>	<u>80,550</u>	<u>22,071</u>	<u>102,621</u>
Expenditures			
Debt Service:			
Principal Retirement	261,444	20,100	281,544
Interest and Fiscal Charges	124,151	9,796	133,947
Debt Issuance Costs	68,142	0	68,142
<i>Total Expenditures</i>	<u>453,737</u>	<u>29,896</u>	<u>483,633</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(373,187)</u>	<u>(7,825)</u>	<u>(381,012)</u>
Other Financing Sources (Uses)			
Proceeds of Bonds	67,610	0	67,610
Proceeds of Notes	140,000	0	140,000
Premium on Bonds	17,194	0	17,194
Premium on Notes	14,122	1,119	15,241
Transfers In	285,708	25,000	310,708
<i>Total Other Financing Sources (Uses)</i>	<u>524,634</u>	<u>26,119</u>	<u>550,753</u>
<i>Net Change in Fund Balances</i>	151,447	18,294	169,741
<i>Fund Balances Beginning of Year</i>	<u>40,329</u>	<u>30,993</u>	<u>71,322</u>
<i>Fund Balances End of Year</i>	<u><u>\$191,776</u></u>	<u><u>\$49,287</u></u>	<u><u>\$241,063</u></u>

City of Barberton, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2003

	Infrastructure Improvement Reserve	Street and Storm Sewer Improvement	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$309,334	\$126,814	\$436,148
Interfund Receivable	200,000	0	200,000
<i>Total Assets</i>	<u>\$509,334</u>	<u>\$126,814</u>	<u>\$636,148</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$3,376	\$4,050	\$7,426
Fund Balances			
Reserved for Encumbrances	58,373	31,875	90,248
Unreserved, Undesignated	447,585	90,889	538,474
<i>Total Fund Balances</i>	<u>505,958</u>	<u>122,764</u>	<u>628,722</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$509,334</u>	<u>\$126,814</u>	<u>\$636,148</u>

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

	Infrastructure Improvement Reserve	Street and Storm Sewer Improvement	Total Nonmajor Capital Projects Funds
Revenues			
Interest	\$11,902	\$0	\$11,902
Expenditures			
Capital Outlay	761,575	57,566	819,141
<i>Excess of Revenues Under Expenditures</i>	<u>(749,673)</u>	<u>(57,566)</u>	<u>(807,239)</u>
Other Financing Sources (Uses)			
Transfers In	300,000	0	300,000
Transfers Out	(89,000)	0	(89,000)
<i>Total Other Financing Sources (Uses)</i>	<u>211,000</u>	<u>0</u>	<u>211,000</u>
<i>Net Change in Fund Balances</i>	(538,673)	(57,566)	(596,239)
<i>Fund Balances Beginning of Year</i>	<u>1,044,631</u>	<u>180,330</u>	<u>1,224,961</u>
<i>Fund Balances End of Year</i>	<u><u>\$505,958</u></u>	<u><u>\$122,764</u></u>	<u><u>\$628,722</u></u>

Combining Statements – Nonmajor Proprietary Funds

Nonmajor Enterprise Funds

To account for the financing of costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis that are financed or recovered primarily through user charges.

Solid Waste Fund – This fund accounts for refuse and recycling collection services provided to residential users within the City.

Community Center Fund - This fund accounts for the revenues and expenses of an indoor natatorium and fitness center.

Lake Cinema Operating Fund - This fund accounts for the revenues and expenses associated with a City owned theater complex.

Nonmajor Internal Service Funds

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

Health Insurance Fund – This fund accounts for the costs of medical benefits provided to the City's employees.

Internal Allocation Fund - This fund accounts for the cost of postage and gasoline used by City departments and outside sources.

City of Barberton, Ohio
Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
December 31, 2003

	Solid Waste	Community Center	Lake Cinema Operating	Total Nonmajor Enterprise Funds
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$419,943	\$37,688	\$77,235	\$534,866
Accounts Receivable	41,741	6,197	0	47,938
Materials and Supplies Inventory	0	1,650	0	1,650
Prepaid Items	376	0	0	376
<i>Total Current Assets</i>	<u>462,060</u>	<u>45,535</u>	<u>77,235</u>	<u>584,830</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	0	62,739	0	62,739
Depreciable Capital Assets, Net	0	1,360,739	47,611	1,408,350
<i>Total Noncurrent Assets</i>	<u>0</u>	<u>1,423,478</u>	<u>47,611</u>	<u>1,471,089</u>
<i>Total Assets</i>	<u>462,060</u>	<u>1,469,013</u>	<u>124,846</u>	<u>2,055,919</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	108,664	4,593	0	113,257
Accrued Wages	368	4,713	0	5,081
Compensated Absences Payable	0	1,070	0	1,070
Intergovernmental Payable	396	8,275	0	8,671
Accrued Interest Payable	0	6,722	0	6,722
Notes Payable	0	795,000	0	795,000
Capital Leases Payable	0	13,622	12,330	25,952
<i>Total Current Liabilities</i>	<u>109,428</u>	<u>833,995</u>	<u>12,330</u>	<u>955,753</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences (net of current portion)	1,839	21,556	0	23,395
Capital Leases Payable (net of current portion)	0	0	24,077	24,077
<i>Total Long-Term Liabilities</i>	<u>1,839</u>	<u>21,556</u>	<u>24,077</u>	<u>47,472</u>
<i>Total Liabilities</i>	<u>111,267</u>	<u>855,551</u>	<u>36,407</u>	<u>1,003,225</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	0	614,856	11,204	626,060
Unrestricted (Deficit)	350,793	(1,394)	77,235	426,634
<i>Total Net Assets</i>	<u>\$350,793</u>	<u>\$613,462</u>	<u>\$88,439</u>	<u>\$1,052,694</u>

City of Barberton, Ohio
*Combining Statement of Revenues,
Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2003*

	Solid Waste	Community Center	Lake Cinema Operating	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for Services	\$1,353,257	\$421,153	\$1,017,078	\$2,791,488
Other	78	40,740	53,001	93,819
<i>Total Operating Revenues</i>	<u>1,353,335</u>	<u>461,893</u>	<u>1,070,079</u>	<u>2,885,307</u>
Operating Expenses				
Personal Services	16,988	315,379	0	332,367
Contractual Services	1,305,022	161,464	1,076,173	2,542,659
Materials and Supplies	1,945	49,408	0	51,353
Depreciation	0	129,063	2,005	131,068
Other	248	0	0	248
<i>Total Operating Expenses</i>	<u>1,324,203</u>	<u>655,314</u>	<u>1,078,178</u>	<u>3,057,695</u>
<i>Operating Income (Loss)</i>	29,132	(193,421)	(8,099)	(172,388)
Non-Operating Expenses				
Interest and Fiscal Charges	0	(26,210)	(1,906)	(28,116)
<i>Income (Loss) Before Transfers</i>	29,132	(219,631)	(10,005)	(200,504)
Transfers In	0	159,000	0	159,000
<i>Change in Net Assets</i>	29,132	(60,631)	(10,005)	(41,504)
<i>Net Assets Beginning of Year</i>	<u>321,661</u>	<u>674,093</u>	<u>98,444</u>	<u>1,094,198</u>
<i>Net Assets End of Year</i>	<u>\$350,793</u>	<u>\$613,462</u>	<u>\$88,439</u>	<u>\$1,052,694</u>

City of Barberton, Ohio
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2003

	Solid Waste	Community Center	Lake Cinema Operating	Total Nonmajor Enterprise Funds
Increase (Decreases) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$1,348,298	\$421,153	\$1,017,078	\$2,786,529
Cash Received from Other Operating Sources	78	40,740	53,001	93,819
Cash Payments to Suppliers for Goods and Services	(1,307,065)	(218,699)	(1,078,507)	(2,604,271)
Cash Payments to Employees for Services and Benefits	(16,814)	(308,845)	0	(325,659)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>24,497</u>	<u>(65,651)</u>	<u>(8,428)</u>	<u>(49,582)</u>
Cash Flows from Noncapital Financing Activities				
Transfers In	0	159,000	0	159,000
Cash Flows from Capital and Related Financing Activities				
Proceeds from Sale of Notes	0	795,000	0	795,000
Payments for Capital Acquisitions	0	(8,783)	0	(8,783)
Principal Payments - Bonds	0	(350,000)	0	(350,000)
Interest Payments - Bonds	0	(12,863)	0	(12,863)
Principal Payments - Notes	0	(495,000)	0	(495,000)
Interest Payments - Notes	0	(9,132)	0	(9,132)
Principal Payments - Capital Lease	0	(12,845)	(11,794)	(24,639)
Interest Payments - Capital Lease	0	(1,602)	(1,906)	(3,508)
Debt Issuance Costs	0	(678)	0	(678)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>0</u>	<u>(95,903)</u>	<u>(13,700)</u>	<u>(109,603)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	24,497	(2,554)	(22,128)	(185)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>395,446</u>	<u>40,242</u>	<u>99,363</u>	<u>535,051</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$419,943</u>	<u>\$37,688</u>	<u>\$77,235</u>	<u>\$534,866</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
<i>Operating Income (Loss)</i>	<u>\$29,132</u>	<u>(\$193,421)</u>	<u>(\$8,099)</u>	<u>(\$172,388)</u>
<i>Adjustments:</i>				
Depreciation	0	129,063	2,005	131,068
(Increase)Decrease in Assets:				
Accounts Receivable	(4,711)	0	0	(4,711)
Prepaid Items	(95)	(57)	1,973	1,821
Materials and Supplies Inventory		(420)	0	(420)
Increase (Decrease) in Liabilities:				
Accounts Payable	(3)	(7,350)	(4,307)	(11,660)
Accrued Wages and Benefits	(178)	754	0	576
Compensated Absences Payable	(44)	3,352	0	3,308
Intergovernmental Payable	396	2,428	0	2,824
<i>Total Adjustments</i>	<u>(4,635)</u>	<u>127,770</u>	<u>(329)</u>	<u>122,806</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$24,497</u>	<u>(\$65,651)</u>	<u>(\$8,428)</u>	<u>(\$49,582)</u>

City of Barberton, Ohio
Combining Statement of Fund Net Assets
Internal Service Funds
December 31, 2003

	Health Insurance	Internal Allocation	Total Internal Service Funds
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$168,683	\$2,501	\$171,184
Accounts Receivable	2,604	0	2,604
Intergovernmental Receivable	0	7,112	7,112
<i>Total Assets</i>	<u>171,287</u>	<u>9,613</u>	<u>180,900</u>
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	29,709	0	29,709
Claims Payable	171,837	0	171,837
<i>Total Liabilities</i>	<u>201,546</u>	<u>0</u>	<u>201,546</u>
Net Assets			
Unrestricted (Deficit)	<u>(\$30,259)</u>	<u>\$9,613</u>	<u>(\$20,646)</u>

City of Barberton, Ohio
*Combining Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2003*

	Health Insurance	Internal Allocation	Total Internal Service Funds
Operating Revenues			
Charges for Services	\$1,805,961	\$217,572	\$2,023,533
Other	174,497	0	174,497
<i>Total Operating Revenues</i>	<u>1,980,458</u>	<u>217,572</u>	<u>2,198,030</u>
Operating Expenses			
Contractual Services	380,538	0	380,538
Materials and Supplies	0	218,807	218,807
Claims	2,395,712	0	2,395,712
<i>Total Operating Expenses</i>	<u>2,776,250</u>	<u>218,807</u>	<u>2,995,057</u>
<i>Change in Net Assets</i>	(795,792)	(1,235)	(797,027)
<i>Net Assets Beginning of Year</i>	<u>765,533</u>	<u>10,848</u>	<u>776,381</u>
<i>Net Assets (Deficit) End of Year</i>	<u><u>(\$30,259)</u></u>	<u><u>\$9,613</u></u>	<u><u>(\$20,646)</u></u>

City of Barberton, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2003

	Health Insurance	Internal Allocation	Total Internal Service Funds
Increase (Decreases) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Other Funds	\$1,805,961	\$218,721	\$2,024,682
Cash Received from Other Operating Sources	181,756	0	181,756
Cash Payments to Suppliers for Goods and Services	(350,829)	(218,807)	(569,636)
Cash Payments for Claims	(2,377,305)	0	(2,377,305)
<i>Net Decrease in Cash and Cash Equivalents</i>	(740,417)	(86)	(740,503)
<i>Cash and Cash Equivalents Beginning of Year</i>	909,100	2,587	911,687
<i>Cash and Cash Equivalents End of Year</i>	\$168,683	\$2,501	\$171,184
Reconciliation of Operating Loss to Net Cash Used for Operating Activities			
<i>Operating Loss</i>	(\$795,792)	(\$1,235)	(\$797,027)
(Increase)Decrease in Assets:			
Accounts Receivable	7,259	8,261	15,520
Intergovernmental Receivable	0	(7,112)	(7,112)
Increase (Decrease) in Liabilities:			
Accounts Payable	29,709	0	29,709
Claims Payable	18,407	0	18,407
<i>Total Adjustments</i>	55,375	1,149	56,524
<i>Net Cash Used for Operating Activities</i>	(\$740,417)	(\$86)	(\$740,503)

Combining Statements – Fiduciary Funds

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Private Purpose Trust Fund

Eathel Gottwalt Trust Fund – This fund accounts for monies received as a bequest from the named decedent to be used for establishing and maintaining floral arrangements around Lake Anna with a request for a suitable marker of acknowledgement.

Agency Funds

Deposit Fund - This fund accounts for miscellaneous deposits held by the City.

New Haven/Forest City Fund - This fund accounts for monies received by the City that are required to be distributed to various entities for use in constructing the New Haven development and making the associated debt service payments.

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

	Beginning Balance 1/1/03	Additions	Deductions	Ending Balance 12/31/03
Deposit				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$85,719	\$10,256	\$915	\$95,060
Liabilities				
Deposits Held and Due to Others	\$85,719	\$10,256	\$915	\$95,060
New Haven/Forest City				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$891,525	\$891,525	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$891,525	\$891,525	\$0
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$85,719	\$901,781	\$892,440	\$95,060
Liabilities				
Deposits Held and Due to Others	\$85,719	\$901,781	\$892,440	\$95,060

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

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$1,255,736	\$1,345,401	\$1,287,922	(\$57,479)
Municipal Income Taxes	9,475,628	10,152,000	9,718,496	(433,504)
Charges for Services	1,061,216	1,026,300	1,088,416	62,116
Licenses and Permits	143,093	169,135	146,761	(22,374)
Fines and Forfeitures	94,869	91,225	97,301	6,076
Intergovernmental	2,240,635	2,066,721	2,383,151	316,430
Interest	121,746	201,400	124,866	(76,534)
Special Assessments	4,505	20,000	4,620	(15,380)
Other	611,285	167,195	551,952	384,757
<i>Total Revenues</i>	15,008,713	15,239,377	15,403,485	164,108
Expenditures				
Current:				
General Government:				
City Council	186,545	186,520	180,525	5,995
Municipal Court Judges	342,384	343,961	329,097	14,864
Clerk of Court	590,619	590,599	583,858	6,741
Mayor	163,531	164,113	162,030	2,083
Service Director	103,009	101,609	96,724	4,885
Civil Service Commission	31,859	31,828	21,125	10,703
Finance Department	429,277	429,270	427,293	1,977
Law Department	413,703	412,407	389,791	22,616
Safety Director	81,199	81,781	80,903	878
Human Resources	144,727	195,626	191,097	4,529
Information Systems	134,815	134,815	128,996	5,819
Municipal Buildings	398,673	392,516	326,347	66,169
Probation	126,050	119,042	114,962	4,080
Engineer	163,732	148,725	128,742	19,983
Income Tax	282,026	285,942	270,242	15,700
General Liability	15,000	30,000	27,351	2,649
Other	242,638	234,458	195,178	39,280
<i>Total General Government</i>	3,849,787	3,883,212	3,654,261	228,951
Public Safety				
Police Department	4,318,172	4,305,040	4,273,289	31,751
Fire Department	3,918,031	3,941,949	3,863,840	78,109
Other	82,000	90,800	89,987	813
<i>Total Public Safety</i>	8,318,203	8,337,789	8,227,116	110,673
Transportation				
Paint/Signal	318,356	318,731	281,868	36,863
Other	17,000	9,600	9,412	188
<i>Total Transportation</i>	335,356	328,331	291,280	37,051
Health and Welfare				
Other	1,000	1,000	225	775
<i>Total Health and Welfare</i>	\$1,000	\$1,000	\$225	\$775

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure Time Activities				
Parks Administration	\$221,755	\$232,328	\$230,014	\$2,314
Senior Center	89,245	89,245	79,798	9,447
Recreations Programs	66,121	68,060	60,531	7,529
Parks Maintenance	422,825	422,043	384,676	37,367
Total Leisure Time Activities	799,946	811,676	755,019	56,657
Community Environment				
Building Inspection	406,851	406,582	373,484	33,098
Planning	64,609	196,311	180,345	15,966
Total Community Environment	471,460	602,893	553,829	49,064
Capital Outlay				
Municipal Court Judges	25,084	24,084	15,526	8,558
Finance Department	48,836	37,930	37,811	119
Municipal Buildings	2,739	1,694	1,694	0
Information Systems	23,732	23,587	22,142	1,445
Engineer	2,566	2,410	410	2,000
Income Tax	2,000	2,000	0	2,000
Miscellaneous	91,655	113,947	91,964	21,983
Police Department	86,902	123,884	122,831	1,053
Fire Department	31,800	338,625	333,895	4,730
Paint/Signal	1,796	1,796	1,796	0
Parks Administration	566	553	457	96
Recreation	40,406	40,347	40,347	0
Parks Maintenance	42,204	14,891	14,090	801
Total Capital Outlay	400,286	725,748	682,963	42,785
Total Expenditures	14,176,038	14,690,649	14,164,693	525,956
<i>Excess of Revenues Over Expenditures</i>	<u>832,675</u>	<u>548,728</u>	<u>1,238,792</u>	<u>690,064</u>
Other Financing Sources (Uses)				
Proceeds of Notes	0	10,000	0	(10,000)
Sale of Capital Assets	0	0	3,855	3,855
Transfers In	1,270,782	1,270,782	592,427	(678,355)
Transfers Out	(2,563,495)	(1,923,495)	(1,919,584)	3,911
Total Other Financing Sources (Uses)	(1,292,713)	(642,713)	(1,323,302)	(680,589)
Net Change in Fund Balance	(460,038)	(93,985)	(84,510)	9,475
Fund Balance Beginning of Year	963,952	963,952	963,952	0
Prior Year Encumbrances Appropriated	713,762	713,762	713,762	0
Fund Balance End of Year	\$1,217,676	\$1,583,729	\$1,593,204	\$9,475

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$580,000	\$694,112	\$65,729	(\$628,383)
Expenditures				
Capital Outlay	1,542,223	1,539,947	1,430,495	109,452
<i>Net Change in Fund Balance</i>	(962,223)	(845,835)	(1,364,766)	(518,931)
<i>Fund Balance (Deficit) Beginning of Year</i>	(575,193)	(575,193)	(575,193)	0
Prior Year Encumbrances Appropriated	1,428,111	1,428,111	1,428,111	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$109,305)</u>	<u>\$7,083</u>	<u>(\$511,848)</u>	<u>(\$518,931)</u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sports Complex Construction Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other	\$204,432	\$0	\$100	\$100
Expenditures				
Capital Outlay	488,778	476,365	307,060	169,305
<i>Excess of Revenues Under Expenditures</i>	(284,346)	(476,365)	(306,960)	169,405
Other Financing Uses				
Transfers Out	(152,000)	(152,000)	(152,000)	0
<i>Net Change in Fund Balance</i>	(436,346)	(628,365)	(458,960)	169,405
<i>Fund Balance Beginning of Year</i>	80,568	80,568	80,568	0
Prior Year Encumbrances Appropriated	388,778	388,778	388,778	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$33,000</u>	<u>(\$159,019)</u>	<u>\$10,386</u>	<u>\$169,405</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$531,889	\$731,889	\$0	(\$731,889)
Expenditures				
Current:				
Streets and Highways	42,410	42,410	40,120	2,290
Capital Outlay	957,895	812,680	812,680	0
<i>Total Expenditures</i>	<u>1,000,305</u>	<u>855,090</u>	<u>852,800</u>	<u>2,290</u>
<i>Excess of Revenues Under Expenditures</i>	(468,416)	(123,201)	(852,800)	(729,599)
Other Financing Sources				
Advances In	0	0	200,000	200,000
<i>Net Change in Fund Balance</i>	(468,416)	(123,201)	(652,800)	(529,599)
<i>Fund Balance (Deficit) Beginning of Year</i>	(531,889)	(531,889)	(531,889)	0
Prior Year Encumbrances Appropriated	958,305	958,305	958,305	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$42,000)</u>	<u>\$303,215</u>	<u>(\$226,384)</u>	<u>(\$529,599)</u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Senior Center Construction Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	<u>4,644,479</u>	<u>4,644,479</u>	<u>758,912</u>	<u>3,885,567</u>
<i>Excess of Revenues Under Expenditures</i>	(4,644,479)	(4,644,479)	(758,912)	3,885,567
Other Financing Sources				
Proceeds of Bonds	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>250,000</u>
<i>Net Change in Fund Balance</i>	(4,644,479)	(4,644,479)	(508,912)	4,135,567
<i>Fund Balance Beginning of Year</i>	4,639,629	4,639,629	4,639,629	0
Prior Year Encumbrances Appropriated	<u>4,850</u>	<u>4,850</u>	<u>4,850</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$4,135,567</u></u>	<u><u>\$4,135,567</u></u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$865,898	\$688,000	\$713,744	\$25,744
Interest	820	0	676	676
Other	9,782	6,000	8,063	2,063
<i>Total Revenues</i>	876,500	694,000	722,483	28,483
Expenditures				
Current:				
Transportation	1,787,126	1,784,140	1,739,498	44,642
<i>Excess of Revenues Under Expenditures</i>	(910,626)	(1,090,140)	(1,017,015)	73,125
Other Financing Sources				
Transfers In	831,500	831,500	831,500	0
<i>Net Change in Fund Balance</i>	(79,126)	(258,640)	(185,515)	73,125
<i>Fund Balance Beginning of Year</i>	213,808	213,808	213,808	0
Prior Year Encumbrances Appropriated	49,316	49,316	49,316	0
<i>Fund Balance End of Year</i>	<u>\$183,998</u>	<u>\$4,484</u>	<u>\$77,609</u>	<u>\$73,125</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$39,761	\$39,700	\$41,994	\$2,294
Interest	239	300	252	(48)
<i>Total Revenues</i>	40,000	40,000	42,246	2,246
Expenditures				
Current:				
Transportation	38,200	38,200	38,200	0
<i>Net Change in Fund Balance</i>	1,800	1,800	4,046	2,246
<i>Fund Balance Beginning of Year</i>	4,882	4,882	4,882	0
<i>Fund Balance End of Year</i>	<u>\$6,682</u>	<u>\$6,682</u>	<u>\$8,928</u>	<u>\$2,246</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$174,235	\$182,000	\$55,669	(\$126,331)
Interest	5,765	0	1,842	1,842
<i>Total Revenues</i>	180,000	182,000	57,511	(124,489)
Expenditures				
Current:				
Transportation	230,090	195,966	15,966	180,000
<i>Net Change in Fund Balance</i>	(50,090)	(13,966)	41,545	55,511
<i>Fund Balance Beginning of Year</i>	35,210	35,210	35,210	0
Prior Year Encumbrances Appropriated	50,091	50,091	50,091	0
<i>Fund Balance End of Year</i>	<u>\$35,211</u>	<u>\$71,335</u>	<u>\$126,846</u>	<u>\$55,511</u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Court Computer Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and Forfeitures	\$52,000	\$58,500	\$60,339	\$1,839
Expenditures				
Current:				
General Government	30,402	40,402	17,504	22,898
Capital Outlay	3,000	33,000	26,636	6,364
<i>Total Expenditures</i>	<u>33,402</u>	<u>73,402</u>	<u>44,140</u>	<u>29,262</u>
<i>Net Change in Fund Balance</i>	18,598	(14,902)	16,199	31,101
<i>Fund Balance Beginning of Year</i>	77,264	77,264	77,264	0
Prior Year Encumbrances Appropriated	<u>3,402</u>	<u>3,402</u>	<u>3,402</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$99,264</u></u>	<u><u>\$65,764</u></u>	<u><u>\$96,865</u></u>	<u><u>\$31,101</u></u>

City of Barberton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sports Complex Operating Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$113,625	\$113,625	\$41,635	(\$71,990)
Expenditures				
Current:				
Leisure Time Activities	112,525	112,525	74,351	38,174
Debt Service:				
Principal Retirement	1,170,000	1,170,000	1,170,000	0
Interest and Fiscal Charges	22,000	22,000	21,585	415
Total Debt Service	1,192,000	1,192,000	1,191,585	415
<i>Total Expenditures</i>	<u>1,304,525</u>	<u>1,304,525</u>	<u>1,265,936</u>	<u>38,589</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,190,900)</u>	<u>(1,190,900)</u>	<u>(1,224,301)</u>	<u>(33,401)</u>
Other Financing Sources				
Proceeds of Notes	1,040,000	1,040,000	1,040,000	0
Transfers In	163,500	163,500	183,500	20,000
<i>Total Other Financing Sources</i>	<u>1,203,500</u>	<u>1,203,500</u>	<u>1,223,500</u>	<u>20,000</u>
<i>Net Change in Fund Balance</i>	12,600	12,600	(801)	(13,401)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$12,600</u>	<u>\$12,600</u>	<u>(\$801)</u>	<u>(\$13,401)</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
Special Item				
Sale of Park Land	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	1,000,000	1,000,000	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$1,000,000</u></u>	<u><u>\$1,000,000</u></u>	<u><u>\$0</u></u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$195,310	\$251,031	\$300,088	\$49,057
Licenses and Permits	112,291	215,325	172,532	(42,793)
Intergovernmental	604,341	809,921	928,552	118,631
Other	15,562	69,035	23,911	(45,124)
<i>Total Revenues</i>	<u>927,504</u>	<u>1,345,312</u>	<u>1,425,083</u>	<u>79,771</u>
Expenditures				
Current:				
Health and Welfare	2,193,087	2,101,756	1,941,680	160,076
Capital Outlay	22,470	28,067	27,602	465
<i>Total Expenditures</i>	<u>2,215,557</u>	<u>2,129,823</u>	<u>1,969,282</u>	<u>160,541</u>
<i>Excess of Revenues Under Expenditures</i>	(1,288,053)	(784,511)	(544,199)	240,312
Other Financing Sources				
Transfers In	559,495	601,182	559,495	(41,687)
<i>Net Change in Fund Balance</i>	(728,558)	(183,329)	15,296	198,625
<i>Fund Balance Beginning of Year</i>	255,286	255,286	255,286	0
Prior Year Encumbrances Appropriated	51,325	51,325	51,325	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$421,947)</u>	<u>\$123,282</u>	<u>\$321,907</u>	<u>\$198,625</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$48,148	\$22,000	\$22,500	\$500
Contributions and Donations	109,852	55,025	51,335	(3,690)
<i>Total Revenues</i>	158,000	77,025	73,835	(3,190)
Expenditures				
Current:				
Leisure Time Activities	241,976	242,245	206,578	35,667
<i>Excess of Revenues Under Expenditures</i>	(83,976)	(165,220)	(132,743)	32,477
Other Financing Sources				
Transfers In	111,000	111,000	111,000	0
<i>Net Change in Fund Balance</i>	27,024	(54,220)	(21,743)	32,477
<i>Fund Balance Beginning of Year</i>	50,629	50,629	50,629	0
Prior Year Encumbrances Appropriated	5,516	5,516	5,516	0
<i>Fund Balance End of Year</i>	<u>\$83,169</u>	<u>\$1,925</u>	<u>\$34,402</u>	<u>\$32,477</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$26,662	\$16,100	\$14,454	(\$1,646)
Contributions and Donations	26,508	62,400	30,634	(31,766)
<i>Total Revenues</i>	53,170	78,500	45,088	(33,412)
Expenditures				
Current:				
Leisure Time Activities	72,139	97,204	76,755	20,449
<i>Net Change in Fund Balance</i>	(18,969)	(18,704)	(31,667)	(12,963)
<i>Fund Balance Beginning of Year</i>	88,657	88,657	88,657	0
Prior Year Encumbrances Appropriated	3,889	3,889	3,889	0
<i>Fund Balance End of Year</i>	<u>\$73,577</u>	<u>\$73,842</u>	<u>\$60,879</u>	<u>(\$12,963)</u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mandatory Drug Fines Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and Forfeitures	\$0	\$0	\$940	\$940
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	940	940
<i>Fund Balance Beginning of Year</i>	<u>4,690</u>	<u>4,690</u>	<u>4,690</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,690</u></u>	<u><u>\$4,690</u></u>	<u><u>\$5,630</u></u>	<u><u>\$940</u></u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$20,675	\$60,000	\$18,799	(\$41,201)
Interest	414	850	376	(474)
Other	99,582	19,282	90,546	71,264
<i>Total Revenues</i>	120,671	80,132	109,721	29,589
Expenditures				
Current:				
Public Safety	71,498	71,498	59,640	11,858
<i>Excess of Revenues Over Expenditures</i>	49,173	8,634	50,081	41,447
Other Financing Sources (Uses)				
Transfers In	6,000	6,000	2,089	(3,911)
Transfers Out	(19,282)	(19,282)	(19,282)	0
<i>Total Other Financing Sources (Uses)</i>	(13,282)	(13,282)	(17,193)	(3,911)
<i>Net Change in Fund Balance</i>	35,891	(4,648)	32,888	37,536
<i>Fund Balance Beginning of Year</i>	48,941	48,941	48,941	0
Prior Year Encumbrances Appropriated	4,298	4,298	4,298	0
<i>Fund Balance End of Year</i>	<u>\$89,130</u>	<u>\$48,591</u>	<u>\$86,127</u>	<u>\$37,536</u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
D.A.R.E. Program Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$0	\$0	\$10,067	\$10,067
Other	200	200	0	(200)
<i>Total Revenues</i>	200	200	10,067	9,867
<i>Total Expenditures</i>	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	200	200	10,067	9,867
Other Financing Uses				
Transfers Out	(2,500)	(2,500)	(2,500)	0
<i>Net Change in Fund Balance</i>	(2,300)	(2,300)	7,567	9,867
<i>Fund Balance Beginning of Year</i>	15,003	15,003	15,003	0
<i>Fund Balance End of Year</i>	<u>\$12,703</u>	<u>\$12,703</u>	<u>\$22,570</u>	<u>\$9,867</u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Alcohol Treatment Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and Forfeitures	\$50,000	\$30,000	\$42,090	\$12,090
Expenditures				
Current:				
General Government	30,000	140,000	0	140,000
<i>Net Change in Fund Balance</i>	20,000	(110,000)	42,090	152,090
<i>Fund Balance Beginning of Year</i>	116,141	116,141	116,141	0
<i>Fund Balance End of Year</i>	<u>\$136,141</u>	<u>\$6,141</u>	<u>\$158,231</u>	<u>\$152,090</u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$1,422,541	\$2,347,500	\$838,555	(\$1,508,945)
Other	177,459	160,500	104,608	(55,892)
<i>Total Revenues</i>	1,600,000	2,508,000	943,163	(1,564,837)
Expenditures				
Current:				
Community Environment	333,324	2,088,987	962,984	1,126,003
<i>Excess of Revenues Over (Under) Expenditures</i>	1,266,676	419,013	(19,821)	(438,834)
Other Financing Uses				
Transfers Out	(205,727)	(234,872)	(234,872)	0
<i>Net Change in Fund Balance</i>	1,060,949	184,141	(254,693)	(438,834)
<i>Fund Balance (Deficit) Beginning of Year</i>	(161,566)	(161,566)	(161,566)	0
Prior Year Encumbrances Appropriated	333,324	333,324	333,324	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$1,232,707</u>	<u>\$355,899</u>	<u>(\$82,935)</u>	<u>(\$438,834)</u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Rental Rehabilitation Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,000</u></u>	<u><u>\$2,000</u></u>	<u><u>\$2,000</u></u>	<u><u>\$0</u></u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Gas and Oil Royalties Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other	\$12,000	\$12,000	\$12,221	\$221
Expenditures				
Current:				
Community Environment	16,250	16,250	14,780	1,470
<i>Net Change in Fund Balance</i>	(4,250)	(4,250)	(2,559)	1,691
<i>Fund Balance Beginning of Year</i>	23,189	23,189	23,189	0
Prior Year Encumbrances Appropriated	6,250	6,250	6,250	0
<i>Fund Balance End of Year</i>	<u>\$25,189</u>	<u>\$25,189</u>	<u>\$26,880</u>	<u>\$1,691</u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Tax Increment Financing Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$30,000	\$30,000	\$30,326	\$326
Expenditures				
Current:				
Community Environment	<u>0</u>	<u>20,000</u>	<u>18,050</u>	<u>1,950</u>
<i>Excess of Revenues Over Expenditures</i>	30,000	10,000	12,276	2,276
Other Financing Uses				
Transfers Out	<u>(74,723)</u>	<u>(74,723)</u>	<u>(74,723)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(44,723)	(64,723)	(62,447)	2,276
<i>Fund Balance Beginning of Year</i>	<u>93,233</u>	<u>93,233</u>	<u>93,233</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$48,510</u></u>	<u><u>\$28,510</u></u>	<u><u>\$30,786</u></u>	<u><u>\$2,276</u></u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$9,000	\$9,000	\$7,776	(\$1,224)
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	9,000	9,000	7,776	(1,224)
Other Financing Uses				
Transfers Out	<u>(561,500)</u>	<u>(690,500)</u>	<u>(690,500)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(552,500)	(681,500)	(682,724)	(1,224)
<i>Fund Balance Beginning of Year</i>	<u>682,971</u>	<u>682,971</u>	<u>682,971</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$130,471</u></u>	<u><u>\$1,471</u></u>	<u><u>\$247</u></u>	<u><u>(\$1,224)</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$105,340	\$112,739	\$108,994	(\$3,745)
Intergovernmental	15,383	22,659	15,675	(6,984)
<i>Total Revenues</i>	120,723	135,398	124,669	(10,729)
Expenditures				
Current:				
General Government	2,000	2,000	1,733	267
Public Safety	120,000	120,000	120,000	0
<i>Total Expenditures</i>	122,000	122,000	121,733	267
<i>Net Change in Fund Balance</i>	(1,277)	13,398	2,936	(10,462)
<i>Fund Balance Beginning of Year</i>	11,822	11,822	11,822	0
<i>Fund Balance End of Year</i>	\$10,545	\$25,220	\$14,758	(\$10,462)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$94,189	\$112,739	\$108,994	(\$3,745)
Intergovernmental	12,600	8,725	15,676	6,951
<i>Total Revenues</i>	<u>106,789</u>	<u>121,464</u>	<u>124,670</u>	<u>3,206</u>
Expenditures				
Current:				
General Government	2,000	2,000	1,733	267
Public Safety	120,000	120,000	120,000	0
<i>Total Expenditures</i>	<u>122,000</u>	<u>122,000</u>	<u>121,733</u>	<u>267</u>
<i>Net Change in Fund Balance</i>	(15,211)	(536)	2,937	3,473
<i>Fund Balance Beginning of Year</i>	<u>14,293</u>	<u>14,293</u>	<u>14,293</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$918)</u>	<u>\$13,757</u>	<u>\$17,230</u>	<u>\$3,473</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessment	\$27,385	\$11,500	\$26,711	\$15,211
Other	11,615	18,000	11,329	(6,671)
<i>Total Revenues</i>	39,000	29,500	38,040	8,540
Expenditures				
Current:				
Transportation	78,701	76,352	73,992	2,360
<i>Excess of Revenues Under Expenditures</i>	(39,701)	(46,852)	(35,952)	10,900
Other Financing Sources				
Transfers In	40,000	40,000	40,000	0
<i>Net Change in Fund Balance</i>	299	(6,852)	4,048	10,900
<i>Fund Balance Beginning of Year</i>	35,205	35,205	35,205	0
Prior Year Encumbrances Appropriated	13,701	13,701	13,701	0
<i>Fund Balance End of Year</i>	<u>\$49,205</u>	<u>\$42,054</u>	<u>\$52,954</u>	<u>\$10,900</u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Downtown Sales and Rental Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$0	\$0	\$1,198	\$1,198
Expenditures				
Current:				
Community Environment	3,200	6,212	4,483	1,729
<i>Excess of Revenues Under Expenditures</i>	(3,200)	(6,212)	(3,285)	2,927
Other Financing Sources				
Sale of Capital Assets	1,000	1,000	0	(1,000)
<i>Net Change in Fund Balance</i>	(2,200)	(5,212)	(3,285)	1,927
<i>Fund Balance Beginning of Year</i>	62,527	62,527	62,527	0
<i>Fund Balance End of Year</i>	<u>\$60,327</u>	<u>\$57,315</u>	<u>\$59,242</u>	<u>\$1,927</u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Senior Center Trust Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$1,067	\$2,000	\$1,249	(\$751)
Contributions and Donations	21,895	20,200	25,638	5,438
Other	7,038	6,500	8,241	1,741
<i>Total Revenues</i>	<u>30,000</u>	<u>28,700</u>	<u>35,128</u>	<u>6,428</u>
Expenditures				
Current:				
Leisure Time Activities	28,894	30,265	28,098	2,167
Capital Outlay	1,500	1,500	1,500	0
<i>Total Expenditures</i>	<u>30,394</u>	<u>31,765</u>	<u>29,598</u>	<u>2,167</u>
<i>Net Change in Fund Balance</i>	(394)	(3,065)	5,530	8,595
<i>Fund Balance Beginning of Year</i>	80,866	80,866	80,866	0
Prior Year Encumbrances Appropriated	1,794	1,794	1,794	0
<i>Fund Balance End of Year</i>	<u><u>\$82,266</u></u>	<u><u>\$79,595</u></u>	<u><u>\$88,190</u></u>	<u><u>\$8,595</u></u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous Grants Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$393,511	\$393,511	\$393,511	\$0
Expenditures				
Current:				
Public Safety	123,668	123,668	123,668	0
Community Environment	265,008	265,008	265,008	0
<i>Total Expenditures</i>	388,676	388,676	388,676	0
<i>Net Change in Fund Balance</i>	4,835	4,835	4,835	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$4,835	\$4,835	\$4,835	\$0

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other	\$0	\$1,022,742	\$94,241	(\$928,501)
Expenditures				
Current:				
Debt Service:				
Principal Retirement	5,976,644	6,096,644	6,096,644	0
Interest and Fiscal Charges	245,679	245,679	240,531	5,148
Debt Issuance Costs	0	68,142	68,142	0
<i>Total Expenditures</i>	<u>6,222,323</u>	<u>6,410,465</u>	<u>6,405,317</u>	<u>5,148</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(6,222,323)</u>	<u>(5,387,723)</u>	<u>(6,311,076)</u>	<u>(923,353)</u>
Other Financing Sources				
Proceeds of Bonds	0	0	4,717,610	4,717,610
Proceeds of Notes	1,641,550	5,005,151	1,325,200	(3,679,951)
Premium on Bonds	0	0	17,194	17,194
Premium on Notes	0	10,329	14,122	3,793
Transfers In	358,450	378,450	378,450	0
<i>Total Other Financing Sources</i>	<u>2,000,000</u>	<u>5,393,930</u>	<u>6,452,576</u>	<u>1,058,646</u>
<i>Net Change in Fund Balance</i>	<u>(4,222,323)</u>	<u>6,207</u>	<u>141,500</u>	<u>135,293</u>
<i>Fund Balance Beginning of Year</i>	<u>40,329</u>	<u>40,329</u>	<u>40,329</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$4,181,994)</u></u>	<u><u>\$46,536</u></u>	<u><u>\$181,829</u></u>	<u><u>\$135,293</u></u>

City of Barberton, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special Assessment	\$16,000	\$20,000	\$29,048	\$9,048
Expenditures				
Current:				
Debt Service:				
Principal Retirement	369,900	369,900	369,900	0
Interest and Fiscal Charges	16,773	16,773	16,773	0
<i>Total Expenditures</i>	386,673	386,673	386,673	0
<i>Excess of Revenues Under Expenditures</i>	(370,673)	(366,673)	(357,625)	9,048
Other Financing Sources				
Proceeds of Bonds	0	314,820	0	(314,820)
Proceeds of Notes	0	0	349,800	349,800
Premium on Notes	0	0	1,119	1,119
Transfers In	25,000	25,000	25,000	0
<i>Total Other Financing Sources</i>	25,000	339,820	375,919	36,099
<i>Net Change in Fund Balance</i>	(345,673)	(26,853)	18,294	45,147
<i>Fund Balance Beginning of Year</i>	30,993	30,993	30,993	0
<i>Fund Balance (Deficit) End of Year</i>	(\$314,680)	\$4,140	\$49,287	\$45,147

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$48,000	\$30,000	\$11,902	(\$18,098)
Expenditures				
Capital Outlay	403,827	1,021,827	824,758	197,069
<i>Excess of Revenues Under Expenditures</i>	<u>(355,827)</u>	<u>(991,827)</u>	<u>(812,856)</u>	<u>178,971</u>
Other Financing Sources (Uses)				
Advances Out	0	(200,000)	(200,000)	0
Transfers In	300,000	300,000	300,000	0
Transfers Out	(89,000)	(89,000)	(89,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>211,000</u>	<u>11,000</u>	<u>11,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(144,827)	(980,827)	(801,856)	178,971
<i>Fund Balance Beginning of Year</i>	960,829	960,829	960,829	0
Prior Year Encumbrances Appropriated	88,612	88,612	88,612	0
<i>Fund Balance End of Year</i>	<u>\$904,614</u>	<u>\$68,614</u>	<u>\$247,585</u>	<u>\$178,971</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$100,000	\$0	\$0	\$0
Expenditures				
Capital Outlay	103,098	89,441	89,441	0
<i>Net Change in Fund Balance</i>	(3,098)	(89,441)	(89,441)	0
<i>Fund Balance Beginning of Year</i>	77,232	77,232	77,232	0
Prior Year Encumbrances Appropriated	103,098	103,098	103,098	0
<i>Fund Balance End of Year</i>	<u>\$177,232</u>	<u>\$90,889</u>	<u>\$90,889</u>	<u>\$0</u>

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Statistical Section

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

City of Barberton, Ohio
*Governmental Revenues by Source
and Expenditures by Function (1)*
Last Ten Years

	2003	2002	2001
Revenues			
Taxes (2)	\$11,183,137	\$11,506,273	\$11,061,586
Charges for Services	1,444,431	1,253,346	1,284,076
Licenses and Permits	319,293	346,369	294,853
Fines and Forfeitures	124,520	135,079	114,989
Intergovernmental	5,502,060	6,272,143	7,291,904
Interest	159,936	257,872	600,403
Special Assessments	58,408	77,415	75,554
Contributions and Donations	107,607	145,587	0
Other	822,919	1,428,435	3,016,283
Total	\$19,722,311	\$21,422,519	\$23,739,648
Expenditures			
Current			
General Government	\$3,679,467	\$3,548,762	\$3,507,694
Public Safety	8,788,013	8,234,631	7,838,848
Transportation	2,084,648	1,511,059	1,551,580
Health and Welfare	1,995,233	2,022,707	2,117,422
Leisure Time Activities	1,128,444	1,644,131	2,250,150
Community Environment	1,481,803	1,432,150	1,176,244
Capital Outlay	3,370,531	4,107,553	4,735,321
Debt Service	N/A	518,616	808,314
Principal Retirement	281,544	N/A	N/A
Interest and Fiscal Charges	280,871	N/A	N/A
Debt Issuance Costs	68,142	N/A	N/A
Total	\$23,158,696	\$23,019,609	\$23,985,573

Source: City financial records

(1) Includes General, Special Revenue, Debt Service and Capital Projects funds.

(2) Includes All Taxes

2000	1999	1998	1997	1996	1995	1994
\$11,493,618	\$11,539,292	\$11,052,493	\$10,580,497	\$9,919,755	\$9,884,660	\$9,572,459
1,094,676	1,003,184	875,045	980,880	836,352	788,802	755,763
239,554	283,607	305,876	333,257	321,241	291,576	311,845
93,423	110,603	119,287	129,966	125,279	113,711	121,615
5,030,544	5,102,726	5,138,030	4,723,561	3,936,699	5,269,647	4,349,917
788,749	640,684	671,503	598,645	449,786	391,794	269,682
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1,380,079	1,402,304	1,782,736	685,536	360,208	450,014	691,429
<u>\$20,120,643</u>	<u>\$20,082,400</u>	<u>\$19,944,970</u>	<u>\$18,032,342</u>	<u>\$15,949,320</u>	<u>\$17,190,204</u>	<u>\$16,072,710</u>
\$3,655,846	\$3,218,512	\$3,088,959	\$2,949,337	\$2,807,536	\$2,737,476	\$2,578,975
8,490,187	7,079,716	6,833,018	6,742,610	6,127,709	5,877,806	5,793,434
1,479,699	1,367,907	1,221,085	1,125,893	999,829	934,327	845,956
2,184,005	2,147,045	1,885,677	1,942,627	1,895,962	1,628,066	1,386,613
1,258,922	1,287,598	1,258,721	1,434,088	1,635,883	3,916,053	1,568,348
1,147,049	1,039,420	991,733	794,608	623,502	637,826	566,100
3,759,919	2,945,187	2,018,411	2,038,957	1,428,997	2,252,210	822,217
510,760	602,767	423,246	744,697	382,597	485,806	387,519
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>\$22,486,387</u>	<u>\$19,688,152</u>	<u>\$17,720,850</u>	<u>\$17,772,817</u>	<u>\$15,902,015</u>	<u>\$18,469,570</u>	<u>\$13,949,162</u>

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

Year	Total Levy	Current Collection (1)	Percent of Current Collections To Tax Levy	Delinquent Collections (3)	Total Collections	Percent of Total Collections To Tax Levy
2003	\$1,592,430	\$1,371,921	86.15%	\$58,841	\$1,430,762	89.85%
2002	1,404,845	1,199,874	85.41	67,973	1,267,847	90.25
2001	1,374,570	1,200,777	87.36	47,880	1,248,657	90.84
2000	1,330,983	1,179,483	88.62	42,650	1,222,133	91.82
1999	1,239,390	1,090,363	87.98	56,950	1,147,313	92.57
1998	1,201,379	1,095,151	91.16	0	1,095,151	91.16
1997	1,153,569	1,051,683	91.17	0	1,051,683	91.17
1996	984,980	906,791	92.06	0	906,791	92.06
1995	947,677	884,917	93.38	0	884,917	93.38
1994	915,240	883,371	96.52	0	883,371	96.52

Source: Summit County, Ohio; Fiscal Officer

- (1) Includes homestead/rollback taxes assessed locally but distributed through the State and reported as intergovernmental revenue.
- (2) Includes penalties and interest, since by Ohio Law, they become part of tax obligation as assessment occurs.
- (3) Prior to 1999, delinquent collections were included as part of current collections.

<u>Outstanding Delinquent Taxes (2)</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
\$161,668	10.15%
136,998	9.75
125,913	9.16
117,983	8.86
90,666	7.32
106,228	8.84
101,886	8.83
78,189	7.94
62,760	6.62
31,869	3.48

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

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2003	\$346,150,520	\$989,001,486	\$13,506,780	\$15,348,614
2002	293,874,030	839,640,086	13,555,340	15,403,795
2001	279,511,680	798,604,800	17,025,420	19,347,068
2000	273,990,060	782,828,743	19,728,220	22,418,432
1999	243,813,600	696,610,286	19,436,410	22,086,830
1998	237,386,740	678,247,829	19,365,010	22,005,693
1997	228,700,020	653,428,629	19,722,570	22,412,011
1996	193,666,910	553,334,029	19,975,950	22,699,943
1995	190,728,600	544,938,857	22,237,610	25,270,011
1994	187,720,050	536,343,000	22,386,910	25,439,670

Source: Summit County, Ohio; Fiscal Officer

- (1) This amount is calculated based on the following percentages:
 Real property is assessed at thirty-five percent of actual value.
 Public utility is assessed at eighty-eight percent of actual value.
 Tangible personal is assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory included in tangible personal.

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value	
\$61,990,815	\$247,963,260	\$421,648,115	\$1,252,313,359	33.67%
61,990,815	247,963,260	369,420,185	1,103,007,141	33.49
60,465,467	241,861,868	357,002,567	1,059,813,736	33.69
59,725,808	238,903,232	353,444,088	1,044,150,407	33.85
61,223,799	244,895,196	324,473,809	963,592,311	33.67
52,047,203	208,188,812	308,798,953	908,442,334	33.99
52,932,255	211,729,020	301,354,845	887,569,660	33.95
48,479,382	193,917,528	262,122,242	769,951,500	34.04
44,345,572	177,382,288	257,311,782	747,591,157	34.42
41,615,396	166,461,584	251,722,356	728,244,254	34.57

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

Collection Year	City Levy	Summit County	Barberton City School District	Total Direct and Overlapping Governments
2003	\$3.50	\$13.07	\$56.73	\$73.30
2002	3.50	13.07	56.73	73.30
2001	3.50	13.07	53.36	69.93
2000	3.50	12.27	53.44	69.21
1999	3.50	12.27	53.36	69.13
1998	3.50	11.65	53.36	68.51
1997	3.50	11.39	53.46	68.35
1996	3.50	13.99	53.61	71.10
1995	3.50	14.16	53.61	71.27
1994	3.50	12.31	53.76	69.57

Source: Summit County, Ohio; Fiscal Officer

City of Barberton, Ohio
Special Assessment Levies and Collections
Last Ten Years

Year	Total Assessments Billed	Total Assessments Collected	Percentage of Total Collections to Current Levy
2003	\$70,624	\$58,408	82.70%
2002	162,156	91,957	56.71
2001	102,689	50,362	49.04
2000	111,316	45,580	40.95
1999	89,618	49,261	54.97
1998	48,139	19,532	40.57
1997	55,074	33,073	60.05
1996	37,721	22,421	59.44
1995	62,213	41,218	66.25
1994	15,636	10,012	64.03

Source: Summit County, Ohio; Fiscal Officer

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

Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service To Total General Governmental Expenditures
2003	\$151,444	\$18,374	\$169,818	\$23,158,696	0.73 %
2002	50,046	29,183	79,229	23,019,609	0.34
2001	30,090	17,863	47,953	23,985,573	0.20
2000	29,474	19,949	49,423	22,486,387	0.22
1999	28,896	21,937	50,833	19,688,152	0.26
1998	28,353	23,890	52,243	17,720,850	0.29
1997	27,843	25,800	53,643	17,772,817	0.30
1996	27,365	27,678	55,043	15,902,015	0.35
1995	26,915	29,528	56,443	18,469,570	0.31
1994	141,493	127,559	269,052	13,949,162	1.93

Source: City financial records

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

Year	Population (1)	Net General Bonded Debt	Assessed Value	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
2003	27,899	\$4,814,827	\$421,648,115	1.14 %	\$172.58
2002	27,899	336,815	369,420,185	0.09	12.07
2001	27,899	545,200	357,002,567	0.15	19.54
2000	27,899	420,061	353,444,088	0.12	15.06
1999	27,623	529,536	324,473,809	0.16	19.17
1998	27,623	539,712	308,798,953	0.17	19.54
1997	27,623	638,639	301,354,845	0.21	23.12
1996	27,623	729,580	262,122,242	0.28	26.41
1995	27,623	827,898	257,311,782	0.32	29.97
1994	27,623	914,814	251,722,356	0.36	33.12

Source: Summit County, Ohio; Fiscal Officer

(1) Population figures are from the Census Bureau.

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

Assessed Value		\$421,648,115
Legal Debt Margin:		
Debt Limitation - 10.5% of Assessed Value		44,273,052
Debt Applicable to Limitation:		
General Obligation Bonds	\$8,608,993	
Special Assessment Bond	197,600	
Notes	7,415,000	
Revenue Bonds	<u>1,815,000</u>	
Gross Indebtedness		
(Total Voted and Unvoted Debt)	<u>18,036,593</u>	
Less: Debt Outside Limitations:		
Special Assessment Bond	197,600	
Notes	4,700,000	
Revenue Bonds	<u>1,815,000</u>	
Total Debt Outside Limitations	<u>6,712,600</u>	
Total Debt Applicable to Limitation - Within 10.5% Limitations	11,323,993	
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>191,776</u>	
Net Debt Within 10.5% Limitation		<u>11,132,217</u>
Overall Debt Margin Within 10.5% Limitation		<u><u>\$33,140,835</u></u>

Unvoted Debt Limitation - 5.5% of Assessed Valuation		\$23,190,646
Gross Indebtedness Authorized by Council	\$18,036,593	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	<u>6,712,600</u>	
Debt Within 5.5% Limitations	11,323,993	
Less Amount Available in Debt Service Fund	<u>191,776</u>	
Net Debt Within 5.5% Limitation		<u>11,132,217</u>
Unvoted Debt Margin Within 5.5% Limitation		<u><u>\$12,058,429</u></u>

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

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City of Barberton</u>
Direct:			
City of Barberton, Ohio	\$4,814,827	100.00%	\$4,814,827
Overlapping:			
Barberton City School District	\$26,959,962	97.54	\$26,296,747
Summit County	78,200,000	3.54	2,768,280
Metro Transit	1,250,000	3.54	44,250
Akron Summit Library	64,089,269	0.08	51,271
Northwest Local School District	<u>22,609,986</u>	0.06	<u>13,566</u>
<i>Total Overlapping</i>	<u>193,109,217</u>		<u>29,174,114</u>
<i>Total</i>	<u><u>\$197,924,044</u></u>		<u><u>\$33,988,941</u></u>

Source: Summit County, Ohio; Fiscal Officer

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

City of Barberton, Ohio
Sewer Fund Revenue Bond Coverage
Last Ten Years

Year	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement (2)	
				Principal	Interest
2003	\$3,585,759	\$3,231,175	\$354,584	\$555,000	\$104,380
2002	3,581,281	2,509,043	1,072,238	530,000	126,243
2001	3,428,571	2,315,968	1,112,603	510,000	146,643
2000	3,207,835	2,428,458	779,377	490,000	166,243
1999	3,311,880	2,286,044	1,025,836	475,000	184,768
1998	3,389,776	2,233,113	1,156,663	535,000	136,375
1997	3,371,594	2,214,709	1,156,885	390,000	345,920
1996	3,176,097	2,113,327	1,062,770	370,000	367,010
1995	3,217,130	2,178,131	1,038,999	350,000	386,610
1994	3,206,681	1,744,075	1,462,606	330,000	404,760

(1) Total Operating Expenses exclusive of depreciation

(2) Includes principal and interest of bonds only

<u>Total</u>	<u>Coverage</u>
\$659,380	0.54
656,243	1.63
656,643	1.69
656,243	1.19
659,768	1.55
671,375	1.72
735,920	1.57
737,010	1.44
736,610	1.41
734,760	1.99

City of Barberton, Ohio
Property Values, Bank Deposits, Constuction and Income Tax Collections
Last Ten Years

Year	Total Assessed Values (1)	Bank Deposits (in thousands)	Value of Building Permits	Income Tax Collections
2003	\$421,648,115	\$7,911,859	\$19,519,306	\$9,811,028
2002	369,420,185	8,097,304	21,135,748	9,913,486
2001	357,002,567	7,870,201	15,391,102	9,706,759
2000	353,444,088	7,920,486	23,980,000	10,190,901
1999	324,473,809	7,071,487	26,225,000	10,308,094
1998	308,798,853	5,749,282	46,438,895	9,875,815
1997	301,354,845	6,960,566	25,887,000	9,409,957
1996	262,122,242	6,960,566	17,318,000	8,928,547
1995	257,311,782	6,958,865	11,090,623	8,935,143
1994	251,722,356	4,199,905	20,529,000	8,616,970

Source: Summit County, Ohio; Fiscal Officer
City records
Federal Reserve Bank of Cleveland

(1) Represents total real property assessed value for the City

City of Barberton, Ohio
Principal Taxpayers - Real Property
December 31, 2003

Taxpayer	Assessed Value	Percent of Assessed Value
Barberton Health System LLC	\$10,311,780	2.99%
Babcock & Wilcox Company	3,361,530	0.97
Pittsburgh Plate Glass Company	2,184,490	0.63
Kimco of Ohio, Inc.	2,171,210	0.63
Pendleton Magic LLC	2,072,110	0.60
Bergit Realty Company	1,702,210	0.49
BWX Technologies, Inc.	1,661,040	0.48
Elson Pointe Limited Partnership	1,498,700	0.43
K L Morris Family Limited	1,446,190	0.42
B & C Machine Company	<u>1,315,660</u>	<u>0.38</u>
<i>Totals</i>	<u><u>\$27,724,920</u></u>	<u><u>8.02%</u></u>
Assessed Valuation	<u><u>\$346,150,520</u></u>	

Source: Summit County, Ohio; Fiscal Officer

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

Taxpayer	Assessed Value	Percent of Assessed Value
McDermott Inc	\$8,758,490	14.13%
B & C Corporation	5,127,720	8.27
Machining Corporation of America	4,916,720	7.93
P P G Industries, Inc.	3,886,550	6.27
B & C Research, Inc.	3,765,570	6.07
Reiter Dairy, Inc.	3,146,160	5.08
Alcoa, Inc.	3,112,980	5.02
Wright Tool Company	2,860,450	4.61
Triad Hospitals, Inc., C/O EMA	2,497,940	4.03
First Machine Group, Inc.	1,269,430	2.05
<i>Totals</i>	<u>\$39,342,010</u>	<u>63.46%</u>
Assessed Valuation	<u>\$61,990,815</u>	

Source: Summit County, Ohio; Fiscal Officer

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

Taxpayer	Assessed Value	Percent of Assessed Value
Ohio Edison Company	\$4,461,890	33.03%
Ohio Bell Telephone	4,407,350	32.63
American Transmission	2,097,790	15.53
East Ohio Gas Company	1,117,600	8.27
Sprint	392,470	2.91
<i>Totals</i>	\$12,477,100	92.38%
Assessed Valuation	\$13,506,780	

Source: Summit County, Ohio; Fiscal Officer

City of Barberton, Ohio

Demographic Statistics

December 31, 2003

Year	Population
2000	27,899
1990	27,623
1980	29,751
1970	33,052
1960	33,805

Selected Population Characteristics

		2000	1990
Gender	Males	13,018	12,923
	Females	14,881	14,700

Age Distribution

Under 5 Years	2,147	1,977
5-9 Years	1,882	1,997
10-14 Years	1,829	1,941
15-19 Years	1,716	1,821
20-24 Years	1,701	1,862
25-34 Years	3,824	4,000
35-44 Years	4,074	4,262
45-54 Years	3,574	2,393
55-59 Years	1,178	1,176
60-64 Years	1,160	1,526
65-74 Years	2,358	2,750
75-84 Years	1,859	1,461
85 Years and Older	597	457

Percent of Population under 18	24.80	25.20
Percent of Population 65 and older	17.30	16.90

Median Age	37.2 Years	34.2 Years
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Sources: United States Census Bureau

City of Barberton, Ohio

Miscellaneous Statistics

December 31, 2003

Date of Incorporation	1891
Form of Government	Charter; Mayor-Council
Area:	9.0085 Square Miles 5,765.45 Acres
Population	27,899; 2000 Census 11,731; Dwelling Units
Altitude:	
Highest Point	1,113.93 feet above sea level
Lowest Point	947 feet above sea level
Miles of Streets	126.55
Fire Protection:	
Number of Stations	2
Number of Firemen and Officers:	45
Police Protection:	
Number of Stations	1
Number of Policemen and Officers:	43
Municipal Utilities	11,501 Water customers 10,789 Sewer customers
Infrastructure	
Water Mains	135.97 miles
Sanitary Sewers	91.25 miles

(continued)

City of Barberton, Ohio
Miscellaneous Statistics (continued)
December 31, 2003

Recreation:

Number of Parks	15
Acres	140.00
Fitness Center	1
Swimming Pools	1
Wading Pools	5
Tennis Courts	8
Baseball Diamonds	3
Softball Fields	12
Number of Public Libraries	1
Number of Volumes	104,906

Education:

Elementary Schools	6 K-5
Middle Schools	2 6-8
High School	1 9-12
Parochial School	1

Medical 1 363-bed Hospital

Churches 44 - 14 denominations

Source: City Records



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

CITY OF BARBERTON

SUMMIT 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
SEPTEMBER 30, 2004**