



**CITY OF ALLIANCE
STARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

CITY OF ALLIANCE
STARK COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	1
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3
Federal Awards Expenditures Schedule	5
Notes to the Federal Awards Expenditures Schedule	6
Schedule of Findings.....	7
Schedule of Prior Audit Findings.....	8

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Honorable Mayor and Members of City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Stark County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

In a separate letter to the City's management dated June 24, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

In a separate letter to the City's management dated June 24, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

We intend this report solely for the information and use of the audit committee, management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 24, 2005



**Auditor of State
Betty Montgomery**

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

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

To the Honorable Mayor and Members of City Council:

Compliance

We have audited the compliance of the City of Alliance, Stark County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2004. The summary of auditor's results section of the accompanying Schedule of Findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to its major federal program for the year ended December 31, 2004.

Internal Control Over Compliance

The City's management 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 directly and materially affect a major federal program 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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

However, we noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated June 24, 2005.

Federal Awards Expenditures Schedule

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 as of and for the year ended December 31, 2004, and have issued our report thereon dated June 24, 2005. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Federal Awards Expenditures Schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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.

We intend this report solely for the information and use of the audit committee, management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

June 24, 2005

**CITY OF ALLIANCE
STARK COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Direct</i>			
Community Development Block Grant	N/A	14.218	\$828,547
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct</i>			
Local Law Enforcement Block Grants Program	N/A	16.592	43,314
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through the Area Agency on Aging</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	N/A	93.044	16,278
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through the City of Canton Health Department</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	N/A	10.557	<u>105,836</u>
Total			<u><u>\$993,975</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF ALLIANCE
STARK COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
DECEMBER 31, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The City passes-through certain Federal assistance received from U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, the City records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the City is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C – URBAN DEVELOPMENT ACTION GRANT (UDAG) REVOLVING LOAN PROGRAM

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-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 was previously 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, 2004, the gross amount of loans outstanding under this program was \$2,456,566.

NOTE D – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAM

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-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 was previously 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, 2004, the gross amount of loans outstanding under this program was \$81,844.

NOTE E - MATCHING REQUIREMENTS

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

**CITY OF ALLIANCE
STARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004**

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 noncompliance 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 # 14.218, Community Development Block Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

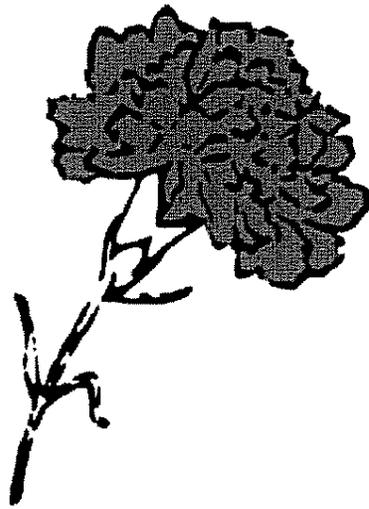
**CITY OF ALLIANCE
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding No. 2003-001	Ohio Revised Code 5705.39, appropriations exceeded estimated resources	Yes	Fully corrected – no additional action required.
Finding No. 2003-002	Ohio Revised Code 5705.41(d), expenditures not properly certified	Yes	Fully corrected – no additional action required.

City of Alliance, Ohio

“The Carnation City”



Comprehensive Annual Financial Report

For the Year Ended December 31, 2004

CITY OF ALLIANCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2004

Alexander A. Zumbar
City Auditor

Prepared by the City Auditor's Office

Introductory Section

City of Alliance, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004
Table of Contents

	<u>Page</u>
I. Introductory Section	
Table of Contents.....	i
Letter of Transmittal.....	v
List of City Officials.....	xi
Organizational Chart.....	xii
GFOA Certificate of Achievement.....	xiii
II. Financial Section	
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets.....	18
Statement of Activities.....	19
Balance Sheet – Governmental Funds.....	20
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund.....	24
Revolving Loan Fund.....	30
Statement of Fund Net Assets – Proprietary Funds.....	31
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.....	32

Statement of Cash Flows - Proprietary Funds.....	33
Notes to the Basic Financial Statements.....	35

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds:

Combining Balance Sheet – Nonmajor Governmental Funds.....	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	62

Special Revenue Funds:

Description of Funds.....	63
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	69

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual

Street Repair and Maintenance Fund.....	73
Federal COPS Fast Program Fund.....	74
State Highway Fund.....	75
Law Enforcement Block Grant Fund.....	76
Motor Vehicle License Fund.....	77
Municipal Court Computerization Fund.....	78
Health Fund.....	79
Litter Control Fund.....	80
State Misdemeanant Grant Fund.....	81
Federal Aging Grant Fund.....	82
Cemetery Fund.....	83
HUD Grant Fund.....	84
Community Development Block Grant Fund.....	85
Fire Pension Fund.....	86
Police Pension Fund.....	87
Tax Increment Fund.....	88
Indigent Driver Alcohol Treatment Fund.....	89
Enforcement and Education Fund.....	90
Municipal Court Legal Research Fund.....	91
Court ADR Fund.....	92
Court Security Grant Fund.....	93
Court Immobilization Fund.....	94
Parking Lot Maintenance Fund.....	95
Federal Equitable Sharing Fund.....	96
Land Reutilization Fund.....	97

Park Resource Fund.....	98
Home Administration Fund.....	99
Land Use Study Fund.....	100
Debt Service Fund:	
Description of Fund.....	101
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual.....	102
Capital Projects Funds:	
Description of Funds.....	103
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	107
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
Street Income Tax Construction Fund.....	110
Capital Improvements Fund.....	111
Swimming Pool Fund.....	112
Downtown Development Fund.....	113
Communication Equipment Fund.....	114
Jail Construction Fund.....	115
West State Street Fund.....	116
Hospital Sale Capital Fund.....	117
Street Improvement Fund.....	118
Court House Renovation Fund.....	119
Airport Construction Fund.....	120
Crossroads Street Construction Fund.....	121
High School Property Fund.....	122
Simpson Street Storm Sewer Fund.....	123
Proprietary Funds:	
Enterprise Funds:	
Description of Funds.....	124
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual	
Water Fund.....	125
Sewer Fund.....	126

Internal Service Fund:	
Description of Fund	127
Schedule of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual	128
Agency Fund:	
Description of Fund	129
Statement of Changes in Assets and Liabilities Agency Fund	130

III. Statistical Section

General Fund Revenues by Source and Expenditures	
by Function - Last Ten Years	S2
Real Property and Public Utility Tax Levies and Collections - Last Ten Years	S4
Personal Property Tax Levies and Collections - Last Ten Years	S5
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	S6
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	S8
Special Assessment Levies and Collections - Last Ten Years	S9
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Years	S10
Computation of Legal Debt Margin	S11
Computation of Direct and Overlapping General Obligation Bonded Debt	S12
Revenue Bond Coverage	S13
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures - Last Ten Years	S14
Property Value, Construction and Bank Deposits - Last Ten Years	S15
Principal Taxpayers - Real Property	S16
Principal Taxpayers - Tangible Personal Property	S17
Principal Taxpayers - Public Utility Property	S18
Demographic Statistics	S19
Miscellaneous Statistics	S20



The City of

Alliance, OHIO, 44601

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



CITY AUDITOR
ALEXANDER A. ZUMBAR

Phone 330-823-5900

Fax 330-829-2243

e-mail: auditor@neo.rr.com

Web Page: <http://home.neo.rr.com/auditor>

June 24, 2005

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

Transmittal Letter

The Comprehensive Annual Financial Report (CAFR) of the City of Alliance, Ohio (the City) is hereby presented. This CAFR represents the official report of the City of Alliance's operations and financial position for the year ended December 31, 2004, and has been developed to accurately detail the status of City finances to Alliance residents and elected officials, investment banks, underwriters and all other interested parties.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

1. The introductory section includes a table of contents, this transmittal letter, a list of City officials, the City's organizational chart, and a copy of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 2003 CAFR.
2. The financial section begins with the Independent Accountants' Report, and includes Management's Discussion and Analysis, the basic financial statements and notes that provide an overview of the City's financial position and operating results, and the combining financial statements and schedules of the individual funds that provide detailed information relative to the basic financial statements.
3. The statistical section includes selected financial, economic and demographic information, generally presented on a multi-year basis.

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

Reporting Entity

The City has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of Alliance (the primary government) and its potential component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Alliance, this includes the departments and agencies that provide the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, municipal court and general administrative services. The City has no component units for 2004.

The City of Alliance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City Government

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

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

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

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

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

Financial Matters

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

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

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

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

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

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

Financial Outlook

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

Financial Information

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

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

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

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

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

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Alliance for its comprehensive annual financial report for the year ended December 31, 2003.

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

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

Independent Audit

The financial records, books of accounts and transactions of the City of Alliance, Ohio, for the year ended December 31, 2004, have been audited by the Auditor of State Betty Montgomery's Office. The Auditor's opinion has been included in this report.

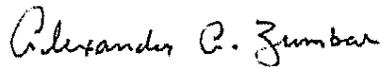
Acknowledgements

The City would like to express its appreciation to Cohen & Company, Ltd. for their assistance with the preparation of this Comprehensive Annual Financial Report.

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

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

Respectfully submitted,



Alexander A. Zumbar
City Auditor

City of Alliance, Ohio
City Officials
December 31, 2004

Mayor.....	Toni E. Middleton
President of Council.....	John Benincasa
Councilman- Ward I.....	Roger Rhome
Councilman- Ward II.....	Phyllis Phillips
Councilman- Ward III.....	Randy Pope
Councilman- Ward IV.....	Jack Weaver
Council-at-Large.....	Alan Andreani
Council-at-Large.....	Cody Combs
Council-at-Large.....	Doug Schwarz
Clerk of Council.....	R. Mark Locke
Law Director.....	Andrew Zumbar
Judge.....	Robert G. Lavery
Clerk of Court.....	Kevin Ward
Civil Service.....	Joyce Lamb

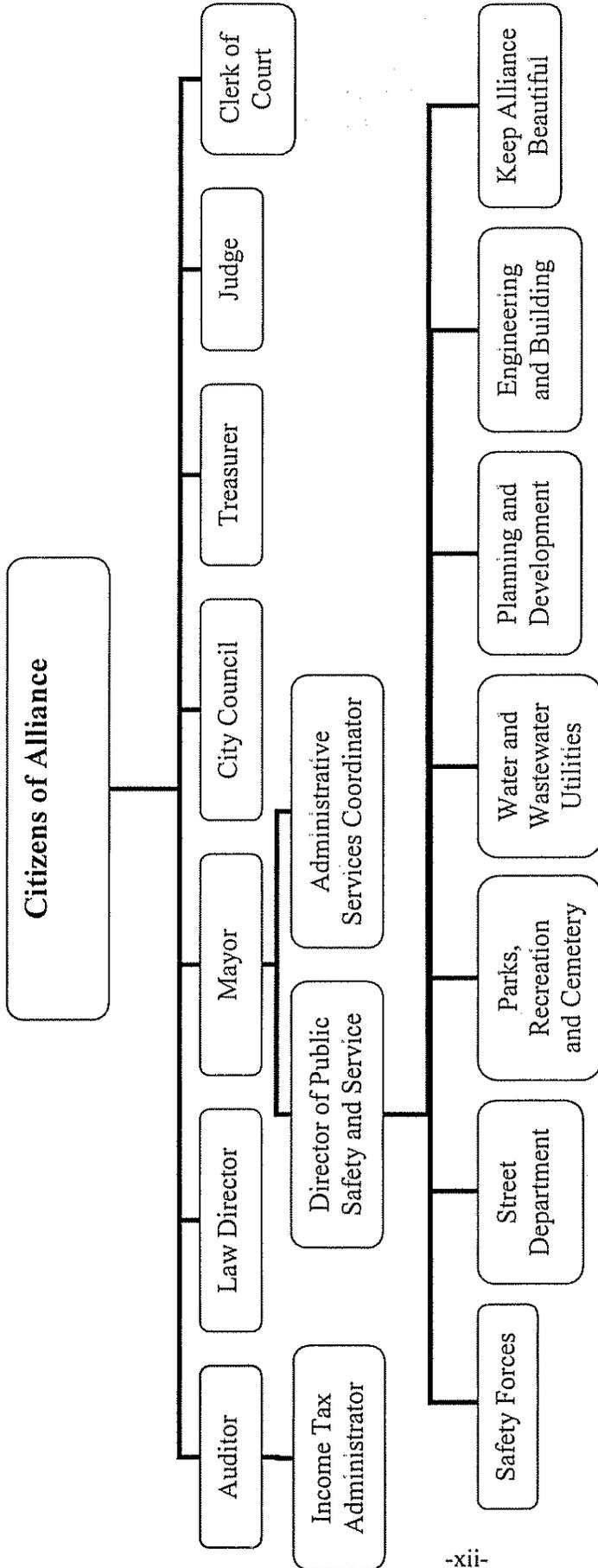
Finance

Auditor.....	Alexander A. Zumbar
Treasurer.....	Dennis Clunk
Income Tax Administrator.....	Ron Crosser

Public Safety and Service

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

City of Alliance, Ohio Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alliance,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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.



Nancy L. Zelle

President

Jeffrey R. Enos

Executive Director

Financial Section



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Honorable Mayor and Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Alliance, Stark County, Ohio, (the City) as of and for the year ended December 31, 2004, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Stark County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and Special Revenue Revolving Loan Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine 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 provide additional information 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

June 24, 2005

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004 Unaudited

The discussion and analysis of the City of Alliance's financial performance provide an overall review of the City's financial activities for the year ended December 31, 2004. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

- The assets of the City exceeded its liabilities at the close of the year ended December 31, 2004, by \$30.9 million (net assets). Of this amount, \$.8 million (unrestricted net assets) may be used to meet the City's ongoing governmental activities to citizens and creditors, and \$4.5 million is classified as unrestricted in the business-type activities.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8.8 million. Of this amount, \$6.2 million is available for spending (unreserved fund balance) on behalf of its citizens.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1.4 million, or 15% of total general fund expenditures and other financing uses.
- The City's total debt (including notes payable) decreased by approximately \$340,000 which represents a decrease of \$440,000 related to governmental activities and an increase of \$100,000 in debt related to business-type activities.
- The City's total net assets increased by approximately \$113,000 compared to 2003.

Using this Annual Financial Report

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

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

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004 Unaudited

Reporting the City of Alliance as a Whole

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

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

The government-wide statements can be found on pages 18-19 of this report.

Reporting the City of Alliance's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds that account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City, our major funds are the General, Revolving Loan, Debt Service, Sewer and Water Funds. The analysis of the City's major funds begins on page 20.

*Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited*

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

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

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 20-30 of this report.

Proprietary Funds: The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer operations. An Internal Service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insured hospitalization. The proprietary fund financial statements can be found on pages 31-34 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary funds is much like that of the proprietary funds. At December 31, 2004, the City has no fiduciary fund balances.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the basic financial statements begin on page 35 of this report.

ALLIANCE, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited*

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$30.9 million (\$17.8 million in governmental activities and \$13.1 million in business-type activities) as of December 31, 2004. By far, the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of other related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 provides a summary of the City's net assets at December 31, 2004 and 2003.

Table 1
Net Assets
(In Millions)

	<u>2004</u>			<u>2003</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets						
Current & Other Assets	\$ 13.4	\$ 9.5	\$ 22.9	\$ 13.9	\$ 8.8	\$ 22.7
Capital Assets, Net	<u>12.2</u>	<u>25.1</u>	<u>37.3</u>	<u>12.0</u>	<u>25.4</u>	<u>37.4</u>
<i>Total Assets</i>	<u>25.6</u>	<u>34.6</u>	<u>60.2</u>	<u>25.9</u>	<u>34.2</u>	<u>60.1</u>
Liabilities						
Current & Other Liabilities	1.9	1.1	3.0	4.5	1.5	6.0
Long-Term Liabilities						
Due Within One Year	1.1	0.7	1.8	0.8	0.3	1.1
Due in More Than One Year	<u>4.8</u>	<u>19.7</u>	<u>24.5</u>	<u>2.7</u>	<u>19.5</u>	<u>22.2</u>
<i>Total Liabilities</i>	<u>7.8</u>	<u>21.5</u>	<u>29.3</u>	<u>8.0</u>	<u>21.3</u>	<u>29.3</u>
Net Assets						
Invested in Capital						
Assets, Net of Debt	9.2	6.2	15.4	8.6	5.1	13.7
Restricted:						
Special Revenue	5.9		5.9	5.8		5.8
Capital Projects	1.8		1.8	1.4		1.4
Debt Service	0.1	1.5	1.6		2.3	2.3
Replacement and Surplus Reserve		0.9	0.9			
Unrestricted	<u>0.8</u>	<u>4.5</u>	<u>5.3</u>	<u>2.1</u>	<u>5.5</u>	<u>7.6</u>
<i>Total Net Assets</i>	<u>\$ 17.8</u>	<u>\$ 13.1</u>	<u>\$ 30.9</u>	<u>\$ 17.9</u>	<u>\$ 12.9</u>	<u>\$ 30.8</u>

ALLIANCE, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited*

As of December 31, 2004, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

Table 2 below provides a summary of the changes in net assets for 2004 and 2003.

Table 2
Changes in Net Assets
(In Millions)

	<u>2004</u>			<u>2003</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 1.2	\$ 7.3	\$ 8.5	\$ 1.2	\$ 7.3	\$ 8.5
Operating Grants and Contributions	0.6		0.6	0.3		0.3
Capital Grants and Contributions	0.4	0.4	0.8		0.2	0.2
<i>General Revenues</i>						
Property Taxes	1.4		1.4	1.5		1.5
Income Tax	7.5	0.1	7.6	6.7	0.2	6.9
Unrestricted Grants	1.9		1.9	2.9		2.9
Other	0.7		0.7	0.8		0.8
<i>Total Revenues</i>	<u>13.7</u>	<u>7.8</u>	<u>21.5</u>	<u>13.4</u>	<u>7.7</u>	<u>21.1</u>
Program Expenses						
General Government	2.9		2.9	2.1		2.1
Security of Persons and Property	6.9		6.9	7.1		7.1
Public Health Services	0.9		0.9	0.7		0.7
Transportation	1.1		1.1	1.0		1.0
Community Environment	1.1		1.1	0.9		0.9
Basic Utility Service	0.1		0.1	0.1		0.1
Leisure Time Activities	0.6		0.6	0.6		0.6
Interest on Long-term Debt	0.2		0.2	0.2		0.2
Water and Sewer		7.6	7.6		7.5	7.5
<i>Total Expenses</i>	<u>13.8</u>	<u>7.6</u>	<u>21.4</u>	<u>12.7</u>	<u>7.5</u>	<u>20.2</u>
<i>Increase (Decrease) in Net Assets</i>	<u>\$ (0.1)</u>	<u>\$ 0.2</u>	<u>\$ 0.1</u>	<u>\$ 0.7</u>	<u>\$ 0.2</u>	<u>\$ 0.9</u>

Governmental Activities

Security of persons and property accounts for \$6.9 million of the \$13.8 million total expenses for governmental activities, or 50% of total expenses. The next largest program expense is general government, accounting for \$2.9 million which represents 21% of total governmental expenses.

ALLIANCE, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited*

Income tax revenue accounts for \$7.5 million of the \$13.7 million in total revenue for governmental activity, or 55% of total governmental revenues. Charges for services was the largest program revenue, accounting for \$1.2 million, or 9% of total governmental revenue. These charges are for fees for transfers, fines and forfeitures related to judicial activity, and licenses and permits associated with building inspectors.

Business-type Activities

The net assets for the business-type activities for the City increased by \$.2 million during the year 2004. The major revenue source was charges for services of \$7.3 million.

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8.8 million. Approximately \$6.2 million of this amount constitutes unreserved fund balance, which is available for spending for its citizens. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior year, and 2) to account for the reservation of loans. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments or a tax levy.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 15% of the total general fund expenditures and other financing uses.

The fund balance of the City's general fund decreased approximately \$.2 million compared to the prior fiscal year end. Revenues were up approximately \$.3 million while expenditures were down \$.2 million.

The fund balance of the City's debt service fund increased by \$2.1 million during the current fiscal year. This resulted from the issuance of long term bonds in November 2004.

ALLIANCE, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited*

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2004, the City amended its general fund budget several times. These changes were not significant. Actual expenditures were approximately \$.4 million less than the revised budget.

Capital Assets and Debt Administration

Capital Assets The City's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$15.3 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, software, furniture, equipment, sewer and water systems, infrastructure, construction in progress, and vehicles.

Note 7 provides capital asset activity during 2004.

Major capital asset events during the current year included Beeson Street sanitary sewer system improvements, street improvements for Arch Avenue and various street resurfacing projects.

Arch Avenue Improvement: This \$725,000 street improvement project targets an area identified for neighborhood revitalization. Certain of the costs of this project are included in construction in process at December 31, 2004. It is to be completed in phases and extends from East Main Street to 11th Street. Phase one extends from East Main to Grant Street. Phase two completes the project from Grant Street to 11th Street. Municipal road funds combined with CDBG funds are being used for the project.

Resurfacing of West State Street (U.S. Rt. 62) & Union Avenue (Rt 183): These street resurfacing improvement projects (1.85 miles on State Rt. 173/U.S. Rt. 62 and 3.36 miles on S.R. 183 and .58 miles on State Rt. 225) include pavement repair, pavement planning, guardrail upgrades, traffic control signing, and pavement marking. Total work length of the project is 5.79 miles.

Beeson Street Sanitary Sewer System improvements: 4,025 lineal feet of 18 inch sanitary sewer line for relief of the existing 10 inch sanitary sewer line along Beeson, Ely, Johnson and Harrison to Rockhill Avenue was installed. Improvements were needed because the existing sewer lines did not have adequate capacity for future planned development.

Jennings Avenue Sanitary Sewer Service Lines: Sanitary Sewer Service lines were extended outside the City in a north-easterly direction along Jennings Avenue in Smith Township.

Emergency Generators for Water & Sewage pumping stations: Three emergency generators were purchased for water and sewage pumping stations to help ensure service during extended periods without power.

Long-term Debt: At the end of 2004, the City's debt outstanding consisted of revenue bonds in the amount of \$17.4 million; general obligation debt outstanding of \$7.5 million; and Ohio Public Works Commission loans of \$.3 million. Of the \$7.5 million general obligation debt - debt that is backed by the full faith and

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004 Unaudited

credit of the City - \$.5 million is special assessment debt for which the City is liable in the event of default by the property owner subject to the assessment.

The City's bonded debt increased by \$5.9 million during the 2004 fiscal year due to the issuances of \$6 million in general obligation bonds. In order to capitalize on the low interest rates and retire other existing debt, the City of Alliance sold \$6,030,000 in general obligation bonds to retire its 1994 Series Sewer debt along with 2004 Various Purpose Notes for West Main Street Extension (Freshley/Main Street), Main Street Downtown Improvements, West State Street improvements, Fire Truck and an additional \$1.4 million dollars of new funding for the design and engineering of the West Beech Creek Sanitary Sewer project.

State statute limits the total amount of debt a governmental entity may issue. The City's total debt margin at the end of 2004 was \$26.8 million with an unvoted total debt margin of \$12.7 million. Its net general bonded debt per capita for 2004 was \$123.26 as compared with \$33.61 for 2003. The calculation and related discussion of the legal debt margin, and other debt-related statistics, are included in the Statistical Section of this report. The City maintains an underlying "A2" rating from Moody's on its general obligation debt and an underlying "Aaa" rating on its revenue bonds.

In addition to the bonded debt, the City's long-term obligations include a liability for police and fire pension and compensated absences. Additional information on the City's long-term liabilities can be found in Note 10 of this report.

Interest and fiscal charges related to governmental activities in 2004 were \$156,000 or 1.1% of the total governmental activities expenses.

Economic Factors and 2005 Highlights

Economic Development: Trilogy Plastics & Trilogy Marine Products will move its operations into a new building in Commerce Park (Industrial Park) on West Main Street Extension. The company manufactures complex plastic assemblies and complex hollow parts used for point of purchase displays, material handling containers, lawn and garden equipment, medical equipment and tools storage boxes. A new 100,000 square foot manufacturing plant and main office building in Commerce park located next to Terry's Tire Town warehouse and distribution facility is being planned. Trilogy will relocate its current 93 employees and plans to add 15 additional full-time jobs over the next three years. The 10 acres of land in Commerce Park will give the company the option to expand to 160,000 square feet under roof in the future. The City will provide a \$200,000, 7-year, 3.25% interest loan from the Urban Development Action Grant Revolving Loan Fund to assist the company with its plans to relocate the new \$4.8 million dollar facility in the Industrial Park and purchase equipment. In addition, the City of Alliance will enter into a Community Reinvestment Agreement with Trilogy to provide a 100 percent, 15 year real estate tax credit on the property and plant.

Alliance Bearing Repair and Reclaim is a new start-up company that will lease an existing building on West Main Street to repair and rehabilitate large bearings for industrial companies. The new company is expecting to have four to six employees initially. Combined with a Small Business Administration loan and private financing, the City will provide an \$80,000, 7-year, 4% interest loan from the Urban Development Action Grant Revolving Loan Fund to assist the company with its plans to purchase equipment and build the company.

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004 Unaudited

Sun-America is a newly merged company of the Vernon, California based Sunset Paper Products and Americup of Ravenna, Ohio. The merger was based on bringing two top quality driven cup manufacturers in the US market together as one manufacturing entity. Sunset Paper Products has been a leading manufacturer and global supplier of converted paper packaging to the commercial bakery, supermarket, bakery, retail bakery, food service and confectionery segments throughout North America, Canada, Mexico and the United Kingdom. Americup has been a leader in fluted paper cups, loaf liners and cake liners to industrial baking and candy industries. In addition to paper cups, Sun-America makes the machines that make the cups. The company has a fully equipped tool and die shop with manual and computer operated machines. The combined companies have 120 employees, with 80 hourly production and 40 in sales and management. The new Alliance facility provides Sun-America with three loading docks, ample parking space and a 71,000 square foot building. Sales offices are located in Canada, California, and England.

Alliance Community Hospital. The Alliance Community Hospital complex is taking shape with the construction of a new state of the art \$68 million dollar facility over a 17-20 acre area. Construction is anticipated to be completed in 2005.

Walgreen Pharmacy. A Walgreen drugstore is to be located at the south-east corner of Union Avenue and State Street. Construction is anticipated to be completed in 2005. The 15,000 square foot facility is valued at \$1.3 million dollars and the BP gas station located at the site will be torn down and the tanks removed to make room for parking and the new Walgreen store.

Sheetz Convenience Store. A Sheetz convenience store is to be located on the south side of the 100 block of West State Street between Clark and Miller Avenues. The \$1.45 million dollar facility is anticipated to be completed in late 2005. The 7,000 square foot construction will have a separate canopy with six gasoline islands. Landscaping will be placed toward the rear of the store as a buffer for neighbors in the Chestnut Street area.

Alliance Homes II: Rural Opportunities will construct a \$6.2 million dollar housing project consisting of 37 single family houses at the Elmside Street and Klinger Avenue site in Alliance. Rural Opportunities, which provides assistance to low income families, has sheperded the housing project called Alliance Homes II. The project is similar to the Orchard Grove project on Klinger Avenue which was completed 10 years ago by Rural Opportunities. The benefits of the project help to preserve Alliance and empower it to be a prosperous, affordable community for future years.

Senior Citizen Apartment Complex. A senior citizen housing project is being proposed for the vacant property that once held the South Liberty Elementary School. The NRP Group of Cleveland, Ohio is planning to build the \$7.4 million dollar senior citizen housing facility on South Liberty Avenue. The three story apartment building would contain 56 rental units available for tenants who are 55 years of age or older. Ten percent of the units would be designated to accommodate residents with mobility disabilities. This apartment complex would be located just west of the new Robertson Community Center and Memorial Park which are located on East State Street.

Alliance City School District Bus Garage. The Alliance City School District will construct a new \$497,793 dollar bus garage at the property that once was the site of Stanton Middle School and the bus garage. The 5,000 square foot facility is expected to be completed in 2005.

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004 Unaudited

Natural Gas Aggregation Program Plan: In order to secure lower natural gas services within the municipality through collective purchasing of natural gas services, the City of Alliance established a governmental aggregation program with opt-out provisions, according to law, for the residents, businesses and other natural gas consumers who receive commodity sales service and distribution from Columbia Gas of Ohio. A ballot question, authorized by Ordinance 113-04 received a majority of the votes cast at the November General Election.

Comprehensive Land Use Plan: A proposed plan that included maps, tables and descriptive matter and careful, comprehensive surveys and studies of the present conditions and future needs of the City is to be completed in 2005.

Water & Sewer Rate Study: A rate study was performed to analyze revenues, operation and maintenance expenses, replacement expenses, capital improvements and debt service requirements for each of the Water Utility & Sewer Utility of the City of Alliance. The study provided information for use by the City to secure adequate funds to operate and maintain the Sewer and Water Utilities. In addition, because of the recent decline in water consumption and sewer usage within the last five years, annual increases in operation, maintenance, replacement, personnel costs, chemical costs, etc., rate adjustments were required in each of the two utilities. Lastly, the study was performed to provide for financial stability for potential refinancing of existing debt and for the financing of debt for future capital improvements.

An examination of both utilities included water usage and sewer consumption, historic and projected revenues and expenses, and debt service data. To meet the rate covenant of the Trust Indenture as made by the City for the Series 1998 Water Works System Revenue Refunding Bonds (these bonds were sold to refund and retire the series 1990 and series 1991 Waterworks bonds) and provide adequate funds to operate and maintain and perform replacements and capital improvements, and to make timely payments on debt service a water rate increase was proposed. The proposed increases were effective January 1, 2005 and are as follows: Jan. 1, 2005 – 9%, Jan. 1, 2006 – 5%, Jan. 1, 2007 – 5%, Jan. 1, 2008 – 3%, Jan. 1, 2009 – 3%. In addition, effective January 1, 2005, water rates for users outside the limits of the City of Alliance shall be surcharged at 75% of the inside the City rate.

To meet the rate covenant of the Trust Indenture as made by the City for the Series 1994 Sewerage System Revenue Refunding Bonds, and to provide adequate funds to operate, maintain, perform replacements, and capital improvements and to make timely payments on the Debt Service, a sewer rate increase was required. The sewer rate increases are as follows: Effective Jan. 1, 2005 – 5%, Jan. 1, 2006 – 5%, Jan. 1, 2007 5%, Jan. 1, 2008 – 5%, Jan. 1, 2009 – 5%. In addition, the current practice of applying a 50% surcharge on the debt service portion only of the sewer rate by users in areas outside the City limits was revised to a surcharge of 75%.

S-Corporation: A ballot question, authorized by Resolution 93-04, received a majority of the vote cast at the November Election to continue to tax an S-Corporation shareholder distributive share of net profits of the S-Corporation to the extent the distributive share would be allowed or apportioned to the State.

Loans to the General Fund: Per Ordinance 50-04, loans in an amount up to \$300,000 dollars each from the Master Capital Improvement Fund and Water Income Tax Fund to be used for the General Fund were

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004 Unaudited

authorized by City Council. The loan is anticipated to be used to help meet general fund obligations in early 2005 to assist the City in meeting its General Fund daily operations.

Good Samaritan Clinic. \$68,750 was provided as a local match for a federal grant for the federally qualified health care center located in the City of Alliance at the Alliance Neighborhood Center. The \$68,750 was paid as a fee to the City of Alliance for assisting the financing of hospital bonds for the new Alliance Community Hospital.

7.8 mil Operating Levy for Alliance City School District. A 7.8 mil Alliance City School 5 year operating levy ballot question received the majority of votes in the March 2004 election for funds needed to provide basic day to day necessities, including lighting, heating, water, sewer, fuel, material, salaries, equipment, insurance and operational costs which are required to provide quality education in Alliance City Schools.

Blue Ribbon Committee. The Blue Ribbon Committee was formed by Mayor Middleton in July 2004 to examine the City of Alliance's finances through a study of all areas of the City's operations, including revenues and expenditures. A group of nine individuals was formed consisting of the following:

- From city government: John Blaser, Jack Weaver, and Alex Zumbar
- From business: Sam Donohoe and Pat Heddleston
- From finance: Jim McCreedy and Norita Webb
- From community: Hon. R.R. Denny Clunk and Dr. Gloria Malone

The committee met 12 times throughout mid-August through mid-November on a weekly basis. Significant hours were spent in committee meetings as well as in outside sessions with City officials to review current information. The committee's primary focus was to review the City's general fund, used for ordinary day-to-day operations. Six (6) other funds exist as part of the finances related to City government and were reviewed on a limited basis based on their impact to the general fund.

Committee recommendations included a temporary change to the income tax split allocation according to the following: 86% to the General Fund (a 7% increase); 6% to the Master Capital Improvement Fund (a 4% reduction); 4% to the Street Fund (a 3% reduction); 4% to the Water Fund (unchanged). In addition, the committee recommended that the City consider enacting a reduction to the income tax credit to 1% effective January 1, 2005. The committee examined the possible sale of City-owned assets, especially land or other assets no longer needed for operations. The committee recommended that proceeds from such sales should be set aside to fund employee retirement costs required by the Ohio Revised Code, which would save operational costs within the General Fund, or for the purchase of land for economic development opportunities.

The City currently levies a \$5 per motor vehicle license tax, the proceeds of which are required to be used for construction, maintenance and repair of streets and highways, including bridges. Stark County also currently levies a \$5 per vehicle tax. Motor vehicle license tax receipts are approximately \$96,000 on an annual basis to the City. The committee recommended that City Council immediately enact an additional \$5 per motor vehicle tax to the residents of Alliance, the proceeds of which should go to the construction, maintenance and repairs for the City's streets and highways.

ALLIANCE, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited*

Of the general fund's \$9 million in operating expenditures appropriated for 2004, \$8.0 million is dedicated to payroll and fringe benefits. The committee reviewed expenditures causing significant concern in 2004 and 2005, such as overtime and health care costs. In addition, costs related to fuel, utilities, and property and casualty insurance are all creating difficulties in maintaining balanced fiscal operations, with continued increases in those areas anticipated in 2005.

It is important to point out that security of persons and property accounted for 50% of the total expenses for the City of Alliance. The committee discussed staffing issues and reviewed surrounding communities that were considering the disbanding of their fire departments or at least considering some reorganization to them to save on costs.

The City is currently self-insured for health care and does not require City employees to share in the cost of medical expense. In 2004, the cost of health care to the City is up \$270,000 over 2003. Health care costs have been rising at double-digit levels for several consecutive years and has become an issue of national concern. The committee recognized that providing 100% coverage to City employees is a benefit that if reduced, must be negotiated with the various unions within the City. By asking them to share 10% of the premium costs, the City would save approximately \$160,000 annually.

The committee strongly encouraged the City to seek out ways to encourage businesses to relocate to the Alliance area through annexation of property surrounding the community, various tax incentives, and the like to promote Alliance to relocating companies and expanded residential areas.

The committee requested written recommendations from department heads on how the City could improve its revenues and decrease expenditures. Several department heads were invited to attend committee meetings for further discussion or to answer additional questions about their recommendations. Committee members also visited various departments and reviewed operations. A number of the recommendations offered by the department heads were incorporated in the committee's recommendations.

The City must make a major long-term adjustment to remain fiscally sound; therefore, the Committee recommended contracting for outside consulting to accomplish one of the following:

- 1.) Increase the income tax from 1.75% to 2.00%. Many communities are faced with raising taxes to balance fiscal needs. The committee believed that an income tax increase is necessary in order for the residents of Alliance to continue to receive the services that are provided. It has been 23 years since the last change in the tax rate, with prior increases being imposed after ten years (1958-1968) and 13 years (1968-1981), respectively.
- 2.) Evaluation of the transition to a combined safety force of police and fire or the transition to a volunteer or part-paid/volunteer fire department. The committee did not have the expertise in evaluating the possibility of reorganizing our safety forces. The committee believed that it is essential to the fiscal operations of the City of Alliance to have the right type of safety service organization for the community.
- 3.) Consider a safety forces levy to maintain the current levels of service in police and fire. Another alternative to a general tax increase is to impose a safety forces levy and have the voters affirm the levels of support needed within the areas of police and fire.

Reduction of Credit Paid to Another Municipality Ordinance 178-04 reduced the income tax credit claimed by taxpayer as paid to another municipality to 1% to be effective January 1, 2005.

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004 Unaudited

Reallocation of Income Tax Split The City of Alliance allocates revenues received from the City Income Tax among various municipal funds including water improvements, streets & road improvements, master capital improvements and general fund. Per ordinance 177-04, City Council amended and temporarily reallocated income tax revenues among various funds of the City by the following: 4% Water, 4% Streets, 6% Master Capital Improvement, & 86% General Fund.

Additional Motor Vehicle License Tax. In order to meet expenditures and provide revenue a \$5.00 increase in the annual motor vehicle license registration fee was imposed effective January 1, 2006.

Federal Housing and Urban Development Funds & 5-year Consolidated Plan

The City of Alliance took steps to secure \$824,672 in Federal Housing and Urban Development funds when City Council adopted ordinance 54-05 and 55-05. Upon a successful review of the City's 5-year consolidated plan the funds would be available sometime in September of 2005. The five year consolidated plan addresses the City's goals and objectives in receiving the housing and urban development money outlining housing and other community development issues and how the City plans to use the money.

Annexation of Land

Annexation of nearly 3 acres of land in Lexington Township into the City of Alliance is anticipated to take place in 2005. The property located on the southwest corner of Sawburg Avenue and Overcrest Drive contains both residential housing and a professional office building occupied by Dietrich Orthodontics. The area is an island of township land surrounded by property within City limits. The proposed annexation would benefit the City of Alliance by evening out the meandering City /township border on the west side of the City. Property owners will receive water and sewer services, police and fire protection, and other City services in exchange for annexing into the City.

Update of Financial Management Information System Technology

Legislation was adopted to address the financial software information system technology presently in use by the City Auditor. A new financial management system software and hardware upgrade is being planned and is expected to cost a total of \$135,000 over a period of 3 years. The technology update will allow the City departments to work more efficiently and control costs. A significant amount of time was spent by the Auditor and other City officials on the specifications for the software purchase. In the upgraded software, City officials and employees would be able to file purchase orders and payroll information electronically. Department heads would be able to get real-time information on purchase orders and the state of their budget. By integrating all departments, duplication of efforts will be eliminated and the retrieval of information will be quicker which will improve customer service.

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004 Unaudited

Alliance City School District Career Center

Alliance City School District's career center was awarded a 5-year continuous accreditation from the North Central Association Commission on Accreditation and School Improvement (NCA CASI). To earn accreditation schools must meet NCA CASI high standards, be reviewed by a team of professional from outside the school and implement a continuous school improvement plan focused on increasing student performance. NCA accreditation is an external mark of quality and it demonstrates to students, parents, businesses, and the community that the Alliance City School District is focused on providing the highest quality learning environment for our students.

Waste Water/Sewer Plant Clarifier Project

City council approved legislation to enter into a contract with a design and engineering firm to design the repairs to the primary and secondary clarifiers at a cost not to exceed \$35,000. A \$113,000 State loan to revamp the sewer plant clarifiers at the waste water treatment plant was granted by the Ohio Public Works Commission and will be combined with \$118,000 in City money to conduct repairs on one set of primary and secondary clarifiers. Work on the other four clarifiers will be done in a phased approach in the coming years. The City will continue seeking State aid to accomplish the work. The clarifiers do not have mechanical or structural problems that require immediate attention. The work being planned is based primarily on the age of the tanks and equipment that operates the clarifiers. Some of the work will be preventative maintenance.

Alliance City Chief Building Official Receives State Award of Distinction

Alliance's chief building official, Roger Westfall was honored by the State as the Building official of the year. The chief building official reviews building plans submitted to the building department and makes sure they conform and adhere to the State building code.

Robertson Community Center

Recreational opportunities increased for the Alliance area residents when Alliance City Council approved legislation which transformed the long time Robertson Youth Center into a City owned and operated facility for the whole family. One ordinance gives the City a restrictive deed on the East State Street swimming pool and recreational center. The City assumes ownership of the facility but the ownership would revert back to the Robertson family if the City proves unable to adequately operate the facility. The second piece of legislation provides the City with up to \$70,000 in seed money for the first year the City will operate the facility. The City would spend money for operations and improvements to the facility then submit bills to the Robertson Youth Center, Inc. for reimbursement. The City established an enterprise fund for the Robertson Community Center.

ALLIANCE, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited*

Memorial Park Awarded State Grant

A \$20,775 State Grant for improvements to Memorial Park has been awarded to the City of Alliance. The grant allocation requires a 25 percent local match. A new shelter and playground is being planned. The grant is expected to pay for the installation of a concrete pad and the construction of a 30 x 52 foot shelter building. The shelter being planned is part of the renovation work being done at the park located on East State Street across the street from the City's new Robertson Community Center. The Shade Tree Commission secured a grant from the Civic Trust for new lighting for the park. The Shade Tree Commission is also working with Keep Alliance Beautiful to put together a landscaping project near Liberty and East State Street. In addition, the revitalization work being undertaken at the park is being done in preparation for a potential source of new park patrons. Directly across from the Park is Liberty Avenue where once stood Liberty Elementary School. A new senior citizens development is being considered. Work on revitalizing Memorial Park has been done in anticipation of the residents in the building using the recreational areas.

Electric Aggregation Gets New Supplier of Electricity

In 2006, Alliance City residents will switch from Green Mountain Energy to First Energy for its electricity supplier in the City's Municipal Electric Aggregation. Approximately five years ago, Alliance formed a municipal electric aggregation to help residents get some relief for their energy costs. Members of the electric aggregation can expect to pay 4 percent below the market price for electricity beginning in 2006. First Energy Source has been supplying electricity to the City's business aggregation formed about a year ago that covers small business and other companies that were not allowed to be a part of the first aggregation. The existing contract with First Energy Source for the business aggregation will be re-worked to add residential customers and will be lengthened to three years. Because the Green Mountain Energy contract is going to expire, the City's aggregation consultant AMP-OHIO started seeking proposals on a new contract when approached by First Energy Source and were told that the Market Support Generation would be available to the aggregations represented by the consultant if those aggregations agreed to contract with First Energy. The savings of 4 percent below market price will be locked in for a three year period.

Bravo Battery, 1st Battalion, 134th Field Artillery Returns From Deployment

The Bravo Battery, 1st Battalion, 134th Field Artillery based at the Alliance Army National Guard Armory returned from their 9-month deployment in the fight against global terrorism. The men first went to Camp Atterbury near Indianapolis and then were deployed overseas to Europe where they were assigned to support military police at the U. S. Air Force and Army bases in five countries as part of the fight against global terrorism. Of the 459 men deployed many were from the City of Alliance and surrounding area.

Requests for Information

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

City of Alliance, Ohio
Statement of Net Assets
December 31, 2004

	Governmental Activities	Business-Type Activities	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,392,908	\$ 5,013,952	\$ 10,406,860
Taxes Receivable	3,279,392		3,279,392
Accounts Receivable	11,660	1,326,757	1,338,417
Intergovernmental Receivable	1,075,742		1,075,742
Special Assessment Receivable	1,123,491		1,123,491
Loans Receivable	2,538,410		2,538,410
Materials and Supplies Inventory	48,501	263,251	311,752
Deferred Charges		380,327	380,327
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents		904,389	904,389
Cash and Cash Equivalents with Fiscal Agents		1,600,706	1,600,706
Capital Assets:			
Nondepreciable Capital Assets	3,685,316	873,552	4,558,868
Depreciable Capital Assets, Net	8,493,984	24,253,233	32,747,217
Total Assets	25,649,404	34,616,167	60,265,571
Liabilities			
Accounts Payable	160,481	128,067	288,548
Accrued Wages and Expenses	250,408	73,576	323,984
Claims and Judgements Payable	258,615		258,615
Intergovernmental Payable	332,982	58,126	391,108
Deferred Revenue	897,136		897,136
Accrued Interest Payable	23,841	26,839	50,680
Payable from Restricted Assets:			
Revenue Bonds Payable - Current Portion		656,829	656,829
Accrued Revenue Bond Interest		105,374	105,374
Long-term Liabilities:			
Due Within One Year	1,119,714	731,131	1,850,845
Due In More Than One Year	4,806,009	19,713,099	24,519,108
Total Liabilities	7,849,186	21,493,041	29,342,227
Net Assets			
Investment in Capital Assets, Net of Related Debt	9,184,300	6,159,014	15,343,314
Restricted for:			
Special Revenue	5,912,729		5,912,729
Capital Projects	1,822,941		1,822,941
Debt Service	128,809	1,495,291	1,624,100
Replacement and Surplus Reserve		904,389	904,389
Unrestricted	751,439	4,564,432	5,315,871
Total Net Assets	\$ 17,800,218	\$ 13,123,126	\$ 30,923,344

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Activities
For the year ended December 31, 2004

Function/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General Government	\$ 2,953,410	\$ 879,558			\$ (2,073,852)		\$ (2,073,852)
Security of Persons and Property	6,908,599		\$ 15,939		(6,892,660)		(6,892,660)
Public Health Services	877,649	151,688	168,865		(557,096)		(557,096)
Transportation	1,078,691				(1,078,691)		(1,078,691)
Community Environment	1,146,965	123,380	440,217	\$ 356,235	(227,133)		(227,133)
Basic Utility Services	62,048				(62,048)		(62,048)
Leisure Time Activities	647,592	20,125			(627,467)		(627,467)
Interest	155,793				(155,793)		(155,793)
Total government activities	13,830,747	1,174,751	625,021	356,235	(11,674,740)		(11,674,740)
Business-type activities:							
Water	4,210,253	3,917,644				\$ (292,609)	(292,609)
Sewer	3,322,084	3,351,600		410,372	440,088		440,088
Total business-type activities	7,532,337	7,269,244		410,372	147,479		147,479
Total primary government	\$ 21,363,084	\$ 8,443,995	\$ 625,021	\$ 766,807	(11,674,740)		(11,527,261)
General Revenues:							
Taxes:							
Municipal Income Taxes					7,537,702	69,164	7,606,866
Property Taxes					1,370,645		1,370,645
Grants and Contributions					1,951,422		1,951,422
Interest and Investment Earnings					151,771	52,802	204,573
Miscellaneous					506,605		506,605
Total General Revenues					11,518,145	121,966	11,640,111
Transfers					15,000	(15,000)	0
Total General Revenues and Transfers					11,533,145	106,966	11,640,111
Change in Net Assets					(141,595)	254,445	112,850
Net Assets - Beginning					17,941,813	12,868,681	30,810,494
Net Assets - Ending					\$ 17,800,218	\$ 13,123,126	\$ 30,923,344

See accompanying notes to the basic financial statements.

City of Alliance, Ohio
Balance Sheet
Governmental Funds
December 31, 2004

	General Fund	Revolving Loan Fund	Debt Service Fund	Other Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 604,372	\$ 1,354,590	\$ 128,809	\$ 2,946,810
Receivables:				
Taxes	2,708,822			570,570
Accounts	11,660			
Intergovernmental	529,219			546,523
Special Assessments	406,188		530,000	187,303
Loans		2,456,566		81,844
Materials and Supplies Inventory	48,501			
<i>Total Assets</i>	<u>4,308,762</u>	<u>3,811,156</u>	<u>658,809</u>	<u>4,333,050</u>
Liabilities				
Accounts Payable	137,113			23,368
Accrued Wages	237,142			13,266
Intergovernmental Payable	286,495			44,460
Deferred Revenue	2,191,160		530,000	877,312
<i>Total Liabilities</i>	<u>2,851,910</u>		<u>530,000</u>	<u>958,406</u>
Fund Balances (Deficits)				
Reserved for Encumbrances	7,277			20,000
Reserved for Loans Receivable		2,456,566		81,844
Unreserved, Undesignated, Reported in:				
General Fund	1,449,575			
Special Revenue Funds		1,354,590		1,772,658
Debt Service Funds			128,809	
Capital Projects Funds				1,500,142
<i>Total Fund Balances</i>	<u>\$ 1,456,852</u>	<u>\$ 3,811,156</u>	<u>\$ 128,809</u>	<u>\$ 3,374,644</u>

See accompanying notes to the basic financial statements

City of Alliance, Ohio
*Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004*

	General Fund	Revolving Loan Fund	Debt Service Fund	Other Governmental Funds
Revenues				
Property and Other Taxes	\$ 871,009			\$ 499,636
Municipal Income Taxes	6,373,148			1,028,015
Charges for Services	231,861			
Licenses, Permits and Fees	145,104			73,991
Fines and Forfeitures	400,414			128,394
Intergovernmental	1,155,697			1,893,868
Special Assessments			\$ 66,491	
Interest	40,886	\$ 110,272		14,623
Rentals	194,987			613
Other	256,014			169,469
<i>Total Revenues</i>	<u>9,669,120</u>	<u>110,272</u>	<u>66,491</u>	<u>3,808,609</u>
Expenditures				
Current:				
General Government	2,404,094			235,274
Security of Persons and Property	5,525,259			939,453
Public Health Services	480,741			291,795
Transportation	315,729			636,540
Community Environment	85,237	20,533		1,004,774
Basic Utility Services	54,497			
Leisure Time Activities	544,468			
Capital Outlay				844,885
Debt Service:				
Principal Retirement			105,000	6,512
Interest and Fiscal Charges			123,412	23,540
<i>Total Expenditures</i>	<u>9,410,025</u>	<u>20,533</u>	<u>228,412</u>	<u>3,982,773</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>259,095</u>	<u>89,739</u>	<u>(161,921)</u>	<u>(174,164)</u>
Other Financing Sources (Uses)				
Proceeds of Bonds			1,855,000	310,000
Transfers In	134,566		437,263	688,555
Transfers Out	(610,378)			(635,006)
<i>Total Other Financing Sources (Uses)</i>	<u>(475,812)</u>		<u>2,292,263</u>	<u>363,549</u>
<i>Net Change in Fund Balances</i>	(216,717)	89,739	2,130,342	189,385
<i>Fund Balances (Deficit) Beginning of Year - Restated</i>	<u>1,673,569</u>	<u>3,721,417</u>	<u>(2,001,533)</u>	<u>3,185,259</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,456,852</u>	<u>\$ 3,811,156</u>	<u>\$ 128,809</u>	<u>\$ 3,374,644</u>

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Revenues				
Property and Other Taxes	\$898,899	\$872,174	\$871,009	(\$1,165)
Municipal Income Taxes	6,099,797	6,374,088	6,265,443	(108,645)
Charges for Services	377,711	317,082	247,214	(69,868)
Licenses, Permits and Fees	158,843	158,843	145,104	(13,739)
Fines and Forfeitures	422,313	422,313	432,836	10,523
Intergovernmental	1,104,496	1,217,496	1,213,754	(3,742)
Interest	100,643	46,500	40,886	(5,614)
Rentals	214,031	200,000	194,987	(5,013)
Other	249,016	241,833	256,014	14,181
<i>Total Revenues</i>	<u>9,625,749</u>	<u>9,850,329</u>	<u>9,667,247</u>	<u>(183,082)</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Salaries and Wages	91,745	91,970	91,970	0
Fringe Benefits	35,540	36,442	35,685	757
Contractual Services	2,350	2,125	2,031	94
Materials and Supplies	4,400	4,303	4,220	83
Total Mayor	<u>134,035</u>	<u>134,840</u>	<u>133,906</u>	<u>934</u>
Senior Center:				
Salaries and Wages	48,564	48,542	46,910	1,632
Fringe Benefits	14,216	14,218	14,053	165
Contractual Services	200	326	326	0
Materials and Supplies	450	450	447	3
Total Senior Center	<u>63,430</u>	<u>63,536</u>	<u>61,736</u>	<u>1,800</u>
Auditor:				
Salaries and Wages	150,860	152,162	152,161	1
Fringe Benefits	55,979	55,465	54,983	482
Contractual Services	44,998	44,675	44,637	38
Materials and Supplies	6,350	9,915	9,915	0
Total Auditor	<u>\$258,187</u>	<u>\$262,217</u>	<u>\$261,696</u>	<u>\$521</u>

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Treasurer:				
Salaries and Wages	\$3,754	\$3,754	\$3,754	\$0
Fringe Benefits	729	729	727	2
Materials and Supplies	200	275	275	0
Total Treasurer	4,683	4,758	4,756	2
Law Director:				
Salaries and Wages	130,000	130,000	128,051	1,949
Fringe Benefits	42,426	42,276	41,532	744
Contractual Services	2,750	2,779	2,720	59
Materials and Supplies	1,700	1,671	1,074	597
Total Law Director	176,876	176,726	173,377	3,349
City Council:				
Salaries and Wages	37,600	37,600	37,381	219
Fringe Benefits	7,226	7,226	6,978	248
Contractual Services	100	100	70	30
Materials and Supplies	15,525	15,525	13,510	2,015
Total City Council	60,451	60,451	57,939	2,512
Judge and Probation:				
Salaries and Wages	148,401	147,974	144,770	3,204
Fringe Benefits	60,819	60,956	59,265	1,691
Contractual Services	5,250	5,432	4,912	520
Materials and Supplies	10,350	10,350	8,706	1,644
Total Judge and Probation	224,820	224,712	217,653	7,059
Clerk of Courts:				
Salaries and Wages	194,602	194,522	193,995	527
Fringe Benefits	75,122	80,861	79,940	921
Contractual Services	31,500	31,540	31,241	299
Materials and Supplies	16,500	16,500	16,378	122
Total Clerk of Courts	317,724	323,423	321,554	1,869
Civil Service:				
Salaries and Wages	13,194	13,194	13,182	12
Fringe Benefits	2,337	2,337	2,302	35
Materials and Supplies	6,200	9,397	6,527	2,870
Total Civil Service	\$21,731	\$24,928	\$22,011	\$2,917

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Engineering:				
Salaries and Wages	\$49,635	\$49,780	\$45,417	\$4,363
Fringe Benefits	19,086	20,621	19,640	981
Contractual Services	3,900	5,686	4,742	944
Materials and Supplies	2,200	3,067	2,515	552
Total Engineering	74,821	79,154	72,314	6,840
County Auditor and Treasurer:				
Contractual Services	25,799	24,617	16,391	8,226
State Examiner:				
Contractual Services	44,000	44,000	34,471	9,529
Income Tax:				
Salaries and Wages	108,704	107,379	107,110	269
Fringe Benefits	37,940	37,965	36,229	1,736
Contractual Services	26,689	26,203	25,176	1,027
Materials and Supplies	7,800	8,268	7,730	538
Capital Outlay	400	400	0	400
Other	100,100	181,886	177,194	4,692
Total Income Tax	281,633	362,101	353,439	8,662
Land and Buildings:				
Salaries and Wages	50,906	50,818	48,847	1,971
Fringe Benefits	21,436	15,544	14,772	772
Contractual Services	72,650	69,879	67,648	2,231
Materials and Supplies	134,000	156,502	140,279	16,223
Total Land and Buildings	278,992	292,743	271,546	21,197
General Administration:				
Salaries and Wages	27,102	27,071	26,671	400
Fringe Benefits	9,186	14,832	11,999	2,833
Contractual Services	245,680	250,996	213,964	37,032
Materials and Supplies	13,150	14,147	13,280	867
Capital Outlay	86,250	86,250	84,609	1,641
Other	41,871	39,926	24,114	15,812
Total General Administration	423,239	433,222	374,637	58,585
Total General Government	\$2,390,421	\$2,511,428	\$2,377,426	\$134,002

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Security of Persons and Property:				
Police:				
Salaries and Wages	\$2,394,411	\$2,382,606	\$2,323,397	\$59,209
Fringe Benefits	481,243	517,825	479,780	38,045
Contractual Services	174,220	178,117	171,770	6,347
Materials and Supplies	84,000	91,910	89,372	2,538
Total Police	3,133,874	3,170,458	3,064,319	106,139
Fire:				
Salaries and Wages	1,556,521	1,551,171	1,510,268	40,903
Fringe Benefits	298,881	303,381	288,607	14,774
Contractual Services	73,360	96,580	84,307	12,273
Materials and Supplies	24,050	20,777	19,536	1,241
Total Fire	1,952,812	1,971,909	1,902,718	69,191
Fire Communications:				
Materials and Supplies	7,500	7,352	7,352	0
Safety Administration:				
Salaries and Wages	303,835	303,552	303,542	10
Fringe Benefits	116,043	116,236	113,308	2,928
Contractual Services	144,804	149,304	134,844	14,460
Total Safety Administration	564,682	569,092	551,694	17,398
Prisoner Support:				
Contractual Services	75,000	75,593	53,937	21,656
Total Security of Persons and Property	5,733,868	5,794,404	5,580,020	214,384
Public Health Services:				
Health Control and Prevention:				
Salaries and Wages	58,276	58,398	58,397	1
Fringe Benefits	24,607	24,867	24,548	319
Contractual Services	20,300	20,300	19,745	555
Materials and Supplies	4,500	4,300	4,167	133
Other	890	890	850	40
Total Health Control and Prevention	\$108,573	\$108,755	\$107,707	\$1,048

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Health Administration:				
Salaries and Wages	\$224,726	\$224,800	\$224,799	\$1
Fringe Benefits	73,518	74,128	73,386	742
Contractual Services	9,110	9,110	8,701	409
Materials and Supplies	14,840	14,840	14,832	8
Other	41,250	41,250	39,242	2,008
Total Health Administration	363,444	364,128	360,960	3,168
Total Public Health Services	472,017	472,883	468,667	4,216
Transportation:				
Street Transportation:				
Fringe Benefits	83,216	83,216	81,740	1,476
Contractual Services	160,230	184,792	169,100	15,692
Materials and Supplies	31,350	35,422	32,734	2,688
Total Transportation	274,796	303,430	283,574	19,856
Community Environment:				
Planning Commission:				
Contractual Services	2,000	2,000	2,000	0
Zoning and Building:				
Salaries and Wages	62,950	65,400	65,399	1
Fringe Benefits	11,143	12,219	12,192	27
Contractual Services	5,630	5,330	3,931	1,399
Materials and Supplies	1,750	1,944	1,861	83
Total Zoning and Building	81,473	84,893	83,383	1,510
Total Community Environment	83,473	86,893	85,383	1,510
Basic Utility Services:				
Storm Sewer:				
Salaries and Wages	40,924	40,917	40,403	514
Fringe Benefits	13,819	13,826	13,594	232
Materials and Supplies	500	500	500	0
Total Basic Utility Services	\$55,243	\$55,243	\$54,497	\$746

(continued)

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Leisure Time Activities:				
Parks:				
Salaries and Wages	\$266,319	\$266,319	\$266,199	\$120
Fringe Benefits	90,594	92,343	91,243	1,100
Contractual Services	50,052	51,776	50,882	894
Materials and Supplies	12,500	15,646	15,225	421
Other	200	200	153	47
Total Parks	419,665	426,284	423,702	2,582
Recreation:				
Salaries and Wages	81,944	80,392	79,700	692
Fringe Benefits	35,304	36,616	35,293	1,323
Contractual Services	2,970	1,640	1,634	6
Materials and Supplies	9,800	10,490	10,018	472
Other	100	100	80	20
Total Recreation	130,118	129,238	126,725	2,513
Total Leisure Time Activities	549,783	555,522	550,427	5,095
Total Expenditures	9,559,601	9,779,803	9,399,994	379,809
<i>Excess of Revenues Over/(Under)</i> <i>Expenditures</i>	66,148	70,526	267,253	196,727
Other Financing Sources (Uses)				
Sale of Capital Assets	2,000	2,000	0	(2,000)
Transfers In	4,145	106,624	172,831	66,207
Transfers Out	(770,076)	(722,396)	(610,378)	112,018
Total Other Financing Uses	(763,931)	(613,772)	(437,547)	176,225
<i>Excess of Revenues and Other</i> <i>Financing Sources Under Expenditures</i> <i>and Other Financing Uses</i>	(697,783)	(543,246)	(170,294)	372,952
<i>Fund Balance Beginning of Year - Restated</i>	681,720	681,720	681,720	0
Prior Year Encumbrances Appropriated	85,199	85,199	85,199	0
Fund Balance End of Year	\$69,136	\$223,673	\$596,625	\$372,952

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Revolving Loan Fund
For the Year Ended December 31, 2004

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Revenues				
Interest	\$130,653	\$130,653	\$110,272	(\$20,381)
Other	264,265	264,265	257,448	(6,817)
<i>Total Revenues</i>	<u>394,918</u>	<u>394,918</u>	<u>367,720</u>	<u>(27,198)</u>
Expenditures				
Current:				
Community Environment:				
Revolving Loan:				
Contractual Services	10,000	14,500	2,853	11,647
Capital Outlay	1,200,000	1,205,500	242,680	962,820
<i>Total Expenditures</i>	<u>1,210,000</u>	<u>1,220,000</u>	<u>245,533</u>	<u>974,467</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(815,082)	(825,082)	122,187	947,269
<i>Fund Balance Beginning of Year</i>	1,217,403	1,217,403	1,217,403	0
Prior Year Encumbrances Appropriated	15,000	15,000	15,000	0
<i>Fund Balance End of Year</i>	<u>\$417,321</u>	<u>\$407,321</u>	<u>\$1,354,590</u>	<u>\$947,269</u>

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2004

	Business-Type Activities			Governmental Activities
	Water	Sewer	Totals	Internal Service
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 2,032,680	\$ 2,981,272	\$ 5,013,952	\$ 358,327
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agents	762,203		762,203	
Accounts Receivable	724,572	602,185	1,326,757	
Materials and Supplies Inventory	231,513	31,738	263,251	
Deferred Charges	229,535	150,792	380,327	
Total Current Assets	<u>3,980,503</u>	<u>3,765,987</u>	<u>7,746,490</u>	<u>358,327</u>
Noncurrent Assets:				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	904,389		904,389	
Cash and Cash Equivalents with Fiscal Agents	838,462	41	838,503	
Total Restricted Assets	<u>1,742,851</u>	<u>41</u>	<u>1,742,892</u>	
Capital Assets (Net of Accumulated Depreciation)	<u>15,678,867</u>	<u>9,447,918</u>	<u>25,126,785</u>	
Total Noncurrent Assets	<u>17,421,718</u>	<u>9,447,959</u>	<u>26,869,677</u>	
Total Assets	<u>21,402,221</u>	<u>13,213,946</u>	<u>34,616,167</u>	<u>358,327</u>
Liabilities				
Current Liabilities:				
Accounts Payable	78,149	49,918	128,067	
Accrued Wages	32,331	41,245	73,576	
Compensated Absences Payable	82,487	150,550	233,037	
Intergovernmental Payable	25,670	32,456	58,126	
Current Portion of OPWC Loan		9,554	9,554	
General Obligation Bonds		488,540	488,540	
Claims and Judgments Payable				258,615
Interest Payable		26,839	26,839	
Total Current Liabilities	<u>218,637</u>	<u>799,102</u>	<u>1,017,739</u>	<u>258,615</u>
Current Liabilities Payable from Restricted Assets:				
Revenue Bonds Payable	656,829		656,829	
Accrued Interest Payable	105,374		105,374	
Total Current Liabilities Payable from Restricted Assets	<u>762,203</u>		<u>762,203</u>	
Long-Term Liabilities:				
Compensated Absences Payable	179,498	323,753	503,251	
OPWC Loans Payable (net of Current Portion)		308,748	308,748	
General Obligation Bonds Payable (net of Current Portion)		3,414,160	3,414,160	
Revenue Bonds Payable (net of Current Portion)	15,486,940		15,486,940	
Total Long-Term Liabilities	<u>15,666,438</u>	<u>4,046,661</u>	<u>19,713,099</u>	
Total Liabilities	<u>16,647,278</u>	<u>4,845,763</u>	<u>21,493,041</u>	<u>258,615</u>
Net Assets				
Investment in Capital Assets, Net of Related Debt	(464,902)	6,623,916	6,159,014	
Restricted for:				
Debt Service	1,495,291		1,495,291	
Replacement and Surplus Reserve	904,389		904,389	
Unrestricted	<u>2,820,165</u>	<u>1,744,267</u>	<u>4,564,432</u>	<u>99,712</u>
Total Net Assets	<u>\$ 4,754,943</u>	<u>\$ 8,368,183</u>	<u>\$ 13,123,126</u>	<u>\$99,712</u>

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Business-Type Activities			Governmental Activities
	Water	Sewer	Totals	Internal Service
Operating Revenues				
Charges for Services	\$ 3,863,633	\$ 3,214,176	\$ 7,077,809	\$ 1,313,781
Licenses and Permits		135,096	135,096	
Other	54,011	2,328	56,339	2,450
<i>Total Operating Revenues</i>	<u>3,917,644</u>	<u>3,351,600</u>	<u>7,269,244</u>	<u>1,316,231</u>
Operating Expenses				
Salaries and Benefits	1,135,893	1,405,626	2,541,519	
Fringe Benefits	372,173	507,169	879,342	1,700,454
Contractual Services	514,314	586,925	1,101,239	
Materials and Supplies	434,797	156,807	591,604	
Other	6,520	20,275	26,795	
Depreciation	761,102	419,420	1,180,522	
<i>Total Operating Expenses</i>	<u>3,224,799</u>	<u>3,096,222</u>	<u>6,321,021</u>	<u>1,700,454</u>
<i>Operating Income (Loss)</i>	692,845	255,378	948,223	(384,223)
Non-Operating Revenues (Expenses)				
Municipal Income Tax	69,164		69,164	
Interest and Fiscal Charges	(985,454)	(225,862)	(1,211,316)	
Investment Income	27,189	25,613	52,802	1,567
Government Grants		410,572	410,572	
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(889,101)</u>	<u>210,323</u>	<u>(678,778)</u>	<u>1,567</u>
<i>Income (Loss) Before Operating Transfers</i>	<u>(196,256)</u>	<u>465,701</u>	<u>269,445</u>	<u>(382,656)</u>
<i>Other Financing Sources (Uses)</i>				
Operating Transfers Out		(15,000)	(15,000)	
<i>Total Other Financing Sources (Uses)</i>		<u>(15,000)</u>	<u>(15,000)</u>	
<i>Change in Net Assets</i>	<u>(196,256)</u>	<u>450,701</u>	<u>254,445</u>	<u>(382,656)</u>
<i>Net Assets Beginning of Year</i>	<u>4,951,199</u>	<u>7,917,482</u>	<u>12,868,681</u>	<u>482,368</u>
<i>Net Assets End of Year</i>	<u>\$ 4,754,943</u>	<u>\$ 8,368,183</u>	<u>\$ 13,123,126</u>	<u>\$ 99,712</u>

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Business-Type Activities			Governmental Activities
	Water	Sewer	Totals	Internal Service
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 3,840,881	\$ 3,294,194	\$ 7,135,075	
Cash Payments to Suppliers for Good and Services	(906,353)	(716,131)	(1,622,484)	
Cash Payments for Employee Services and Benefits	(1,525,115)	(1,860,259)	(3,385,374)	\$ (1,634,978)
Other Revenue	54,011	3,876	57,887	1,316,231
Other Expenses	(6,520)	(20,275)	(26,795)	
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,456,904</u>	<u>701,405</u>	<u>2,158,309</u>	<u>(318,747)</u>
Cash Flows from Non Capital Financing Activities				
Municipal Income Taxes	69,164		69,164	
Transfers Out		(15,000)	(15,000)	
<i>Net Cash Provided by (Used for) Non Capital Financing Activities</i>	<u>69,164</u>	<u>(15,000)</u>	<u>54,164</u>	
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(55,187)	(893,913)	(949,100)	
Government Grants		410,572	410,572	
Principal Paid on Sewer OPWC Loan		(2,663)	(2,663)	
Principal Paid on Sewer General Obligation Bonds		(95,000)	(95,000)	
Interest Paid on Sewer General Obligation Bonds		(13,585)	(13,585)	
Principal Paid on Water Revenue Bonds	(720,000)		(720,000)	
Interest Paid on Water Revenue Bonds	(873,230)		(873,230)	
Principal Paid on Sewer Revenue Bonds		(3,255,000)	(3,255,000)	
Interest Paid on Sewer Revenue Bonds		(228,427)	(228,427)	
Bond Proceeds		3,865,000	3,865,000	
OPWC Loan Proceeds		275,693	275,693	
Premium Paid on Refunding of Sewer Revenue Bonds		(57,300)	(57,300)	
Financing Costs		(150,792)	(150,792)	
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,648,417)</u>	<u>(145,415)</u>	<u>(1,793,832)</u>	
Cash Flows from Investing Activities				
Interest	27,189	25,613	52,802	1,567
<i>Net Increase(Decrease) In Cash and Cash Equivalents</i>	(95,160)	566,603	471,443	(317,180)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>4,632,894</u>	<u>2,414,710</u>	<u>7,047,604</u>	<u>675,507</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 4,537,734</u>	<u>\$ 2,981,313</u>	<u>\$ 7,519,047</u>	<u>\$ 358,327</u>

(continued)

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2004

	Business-Type Activities			Governmental Activities
	Water	Sewer	Totals	Internal Service
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities				
Operating Income(Loss)	\$ 692,845	\$ 255,378	\$ 948,223	\$ (384,223)
Depreciation	761,102	419,420	1,180,522	
(Increase)/Decrease in Assets:				
Accounts Receivable	(22,752)	(55,078)	(77,830)	
Intergovernmental Receivable		10,215	10,215	
Materials and Supplies Inventory	(10,255)	5,189	(5,066)	
Increase/(Decrease) in Liabilities:				
Accounts Payable	53,013	22,412	75,425	
Accrued Wages	3,509	2,577	6,086	
Compensated Absences Payable	(3,284)	67,581	64,297	
Intergovernmental Payable	(17,274)	(17,622)	(34,896)	
Deferred Revenue		(8,667)	(8,667)	
Claim and Judgements Payable				65,476
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 1,456,904</u>	<u>\$ 701,405</u>	<u>\$ 2,158,309</u>	<u>\$ (318,747)</u>

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 1 - Description of the City and Reporting Entity

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

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

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

The City is associated with the Stark County Council of Governments, the Stark County Regional Planning Commission, and the Stark Area Regional Transit Authority, which are defined as jointly governed organizations. The City does not have any financial interest in or responsibility for these organizations (See Note 15).

The City is also associated with the Alliance Area Development Foundation (Foundation). The Foundation is a not-for-profit corporation. The board of trustees consists of contributing trustees and elected trustees. The contributing trustees select the elected trustees. In 2004, the Mayor was an elected trustee. The Foundation's goal is to retain companies, enhance company growth and capture new business for the Alliance area. The Foundation has been excluded from the reporting entity.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB 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 Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

A. Basis of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

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

B. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

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

The major governmental funds are:

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

Revenue Recognition

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

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

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

Expenditure Recognition

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

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

PROPRIETARY FUNDS

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

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

The major enterprise funds are:

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

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

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

FIDUCIARY FUNDS

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

C. Budgetary Data

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

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

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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

Appropriations A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations may not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. During the year, several supplemental appropriation measures were passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the year, including all amendments and modifications. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years.

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

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

D. Cash and Cash Equivalents

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

During 2004 investments were limited to STAROhio and First American U.S. Treasury Reserve Fund (a money market mutual fund).

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2004.

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

The City has segregated bank accounts for monies held separate from the City central bank accounts. These depository accounts are presented in the financial statements as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City Treasury.

The City utilizes a fiscal agent to hold monies set aside for current and future debt service payments under provisions of the bond indenture. The balances in these accounts are presented on the financial statements as "restricted assets: cash and cash equivalents with fiscal agents" and represent investments in a money market fund (First American U.S. Treasury Reserve Fund).

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

E. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the fund financial statements. Short-term interfund loans are classified as "interfund receivables" and "interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets.

F. Inventories

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

G. Restricted Assets

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

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

H. Bond Issuance Costs, Bond Discount and Accounting Loss

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

I. Capital Assets and Depreciation

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

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

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

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

Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

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

J. Compensated Absences

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

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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

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

K. Fund Balance Reserves

Fund balance reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances and loans receivable.

L. Capitalization of Interest

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

M. Interfund Activity

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

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

N. Estimates

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

O. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the financial statements only to the extent that they are

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

normally due for payment during the current year. Bonds, long-term notes and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

P. Net Assets

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

Note 3 – Accounting Principles and Restatement of Fund Balances

For 2004, the City has implemented GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.” This Bulletin addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Technical Bulletin No. 2004-2 did not materially affect the financial statements of the City.

Fund balances of the following funds have been restated at December 31, 2003 to correct errors recorded in transfers made in prior years.

	<u>Originally Reported</u>	<u>Restatement</u>	<u>As Corrected</u>
General	\$ 1,616,766	\$ 56,803	\$ 1,673,569
Other Nonmajor funds	\$ 3,242,054	\$ (56,795)	\$ 3,185,259
<u>Budgetary Basis</u>			
General	\$ 624,917	\$ 56,803	\$ 681,720

Note 4 - Budgetary Basis of Accounting

Accounting principles used to develop data on a budgetary basis differ from those used to prepare financial statements in conformity with GAAP. The major differences are: (1) revenues are recorded when received (budget) as opposed to when susceptible to accrual (GAAP), (2) expenditures are recorded when paid in cash (budget) as opposed to when susceptible to accrual (GAAP), (3) outstanding year-end encumbrances are treated as expenditures (budget) as opposed to reservations of fund balances (GAAP) and (4) loan transactions.

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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

Net Change in Fund Balance		
	General	Revolving Loan Fund
GAAP Basis	\$ (216,717)	\$ 89,739
Revenue Accruals	1,873	
Expenditure Accruals	13,562	32,680
Encumbrances	(7,277)	(15,000)
Loan proceeds	38,265	257,448
Loan disbursements		(242,680)
Non-GAAP Budgetary Basis	\$ (170,294)	\$ 122,187

Note 5 - Deposits and Investments

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

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

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

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

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

Deposits At year end, the carrying amount of the City's deposits was \$11,110,744 and the bank balance was \$11,911,969. Of the bank balance:

1. \$534,096 was covered by federal depository insurance; and
2. \$11,377,873 was collateralized with securities held by the pledging financial institutions' agent but not in the City's name (Category 3). Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

agent but not in the City's name. STAROhio and the money market fund are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Fair Value
STAROhio	\$200,505
Money Market Fund	1,600,706
Total Investments	\$1,801,211

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

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$12,911,955	\$0
Money Market Mutual Fund	(1,600,706)	1,600,706
STAROhio	(200,505)	200,505
GASB Statement No. 3	\$11,110,744	\$1,801,211

Note 6 - Receivables

Receivables at December 31, 2004, consisted of taxes, accounts (billings for user charged services), loans (community development block grant and urban development action monies loaned to local businesses and low to moderate income homeowners), intergovernmental receivables arising from grants, entitlements and shared revenues and special assessments. All receivables are deemed collectible in full.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes. 2004 real property taxes are levied after October 1, 2004 on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 25 percent of true value. 2004 public utility property taxes which became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 23 percent of true value for capital assets and inventory.

The full tax rate for all City operations for the year ended December 31, 2004 was \$6.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$240,902,700
Tangible Personal Property	32,729,408
Public Utility Property	9,206,240
Total	<u>\$282,838,348</u>

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

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

The County Treasurer collects property tax on behalf of all taxing districts within the County, including the City of Alliance. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2004 operations. The receivable is offset by deferred revenue.

B. Loans Receivable

Loans receivable represent the principal owed to the City for Community Development Block Grants and Urban Development Action Grants. The loans bear interest at annual rates between five and six percent. The loans are to be repaid over periods ranging from two months to thirteen years.

C. Income Tax

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds, after income tax department expenditures, are credited to the following funds: 79 percent to the general fund, 10 percent to the capital improvements capital projects fund, seven percent to the street income tax construction capital projects fund, and four percent to the water enterprise fund.

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

D. Special Assessments

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

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

The City's demolition assessments are billed by the County Auditor and collected by the County Treasurer. The County Auditor periodically remits these collections to the City. Special assessments collected in one calendar year are levied and certified in the preceding calendar year. Special assessment receivables include \$677,290 of delinquent receivables.

Note 7 - Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

Primary Government

	Balance 01/01/04	Increases	Decreases	Balance 12/31/04
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$3,127,858	\$ 45,821		\$3,173,679
Construction in progress	658,338	511,637	\$(658,338)	511,637
<i>Total capital assets not being depreciated</i>	<u>3,786,196</u>	<u>557,458</u>	<u>(658,338)</u>	<u>3,685,316</u>
<i>Capital assets being depreciated:</i>				
Buildings, structures and improvements	6,506,996	24,080		6,531,076
Furniture, fixtures and equipment	4,184,582	270,987	(9,117)	4,446,452
Vehicles	2,942,948	71,754	(86,971)	2,927,731
Infrastructure	21,580	646,779		668,359
<i>Total capital assets being depreciated</i>	<u>13,656,106</u>	<u>1,013,600</u>	<u>(96,088)</u>	<u>14,573,618</u>
<i>Less accumulated depreciation for:</i>				
Buildings, structures and improvements	1,238,931	230,051		1,468,982
Furniture, fixtures and equipment	2,089,597	270,229	(6,596)	2,353,230
Vehicles	2,107,885	216,199	(80,488)	2,243,596
Infrastructure	1,000	12,826		13,826
<i>Total accumulated depreciation</i>	<u>5,437,413</u>	<u>729,305</u>	<u>(87,084)</u>	<u>6,079,634</u>
<i>Total capital assets being depreciated, net</i>	<u>8,218,693</u>	<u>284,295</u>	<u>(9,004)</u>	<u>8,493,984</u>
<i>Governmental activities capital assets, net</i>	<u>\$12,004,889</u>	<u>\$841,753</u>	<u>\$(667,342)</u>	<u>\$12,179,300</u>

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

	Balance 01/01/04	Increases	Decreases	Balance 12/31/04
Business-Type Activities:				
<i>Capital assets not being depreciated</i>				
Land	\$864,873	\$8,679		\$873,552
Construction in progress	76,102		\$(76,102)	
<i>Total capital assets not being depreciated</i>	<u>940,975</u>	<u>8,679</u>	<u>(76,102)</u>	<u>873,552</u>
<i>Capital assets being depreciated:</i>				
Land improvements	1,366,048	1,513		1,367,561
Buildings, structures and improvements	10,319,710	83,936		10,403,646
Water and Sewer lines	24,704,811	677,363		25,382,174
Furniture, fixtures and equipment	4,528,693	259,674	(42,952)	4,745,415
<i>Total capital assets being depreciated</i>	<u>40,919,262</u>	<u>1,022,486</u>	<u>(42,952)</u>	<u>41,898,796</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	563,842	61,502		625,344
Buildings, structures and improvements	3,301,223	311,743		3,612,966
Water and Sewer lines	9,289,603	526,601		9,816,204
Furniture, fixtures and equipment	3,347,362	280,676	(36,989)	3,591,049
<i>Total accumulated depreciation</i>	<u>16,502,030</u>	<u>1,180,522</u>	<u>(36,989)</u>	<u>17,645,563</u>
<i>Total capital assets being depreciated, net</i>	<u>24,417,232</u>	<u>(158,036)</u>	<u>(5,963)</u>	<u>24,253,233</u>
<i>Business-Type activities capital assets, net</i>	<u>\$25,358,207</u>	<u>\$(149,357)</u>	<u>\$(82,065)</u>	<u>\$25,126,785</u>

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

Governmental activities:	
General government	\$ 132,119
Security of persons and property	377,298
Public health services	15,390
Transportation	132,529
Community environment	3,144
Basic utility services	5,756
Leisure time activities	63,069
Total depreciation expense-governmental activities	<u>\$ 729,305</u>
Business-type activities:	
Sewer	\$ 419,420
Water	761,102
Total depreciation expense-business-type activities	<u>\$ 1,180,522</u>

Note 8 - Risk Management

A. Liability Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Settled claims resulting from these risks

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

have not exceeded commercial insurance coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

During 2004, the City contracted with Evans Insurance Company for various types of insurance as follows:

Type of Coverage	Deductible	Limit - Occurrence	Limit - Aggregate
General Liability	None	\$1,000,000	\$3,000,000
Wrongful Acts	\$10,000	2,000,000	2,000,000
Law Enforcement	10,000	2,000,000	2,000,000
Automobile Liability	250-500	1,000,000	1,000,000
Bond	250	None	50,000
Crime - Theft	250	None	10,000
Crime - Forgery/Computer Fraud	250	None	100,000
Property	5,000	None	51,141,161
Inland Marine	None	None	3,028,128
Electronic Data Processing	1,000	None	683,716

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

B. Health Insurance

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

The claims liability of \$258,615 reported in the self-insurance fund at December 31, 2004, is estimated by the third-party administrators and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus," which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2002	\$263,333	\$998,968	\$1,145,208	\$117,093
2003	117,093	1,475,716	1,399,670	193,139
2004	193,139	1,700,454	1,634,978	258,615

Note 9 - Interfund Transactions

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

A summary of interfund transfers is as follows:

Transfer to	Transfer From			Total
	General	Other Governmental	Sewer	
General		\$119,566	\$15,000	\$134,566
Debt Service Fund		437,263		437,263
Other Governmental	\$610,378	78,177		688,555
Total	<u>\$610,378</u>	<u>\$635,006</u>	<u>\$15,000</u>	<u>\$1,260,384</u>

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 10 - Long-Term Obligations

Changes in the long-term obligations of the City during 2004 were as follows:

	Outstanding 1/1/04	Additions	Reductions	Outstanding 12/31/04	Due within one year
Enterprise Activities:					
<i>Revenue Bonds:</i>					
1994 Sewer Refunding 3.6% - 6.0%	\$3,255,000		\$3,255,000	\$0	\$0
1998 Water Refunding 3.8% - 5.0%	18,075,000		720,000	17,355,000	750,000
Unamortized Discount	(269,633)		(19,260)	(250,373)	(19,259)
Unamortized Accounting Loss	(1,034,769)		(73,911)	(960,858)	(73,912)
Net Water Refunding Bonds	16,770,598		626,829	16,143,769	656,829
<i>Total Revenue Bonds</i>	<u>20,025,598</u>		<u>3,881,829</u>	<u>16,143,769</u>	<u>656,829</u>
<i>General Obligation Bonds:</i>					
1990 General Obligation Bond Sewer 6.45% - 7.15%	190,000		95,000	95,000	95,000
2004 General Obligation Bond Sewer 2.5% - 4.65%		3,865,000		3,865,000	405,000
Premium on Refunding		(57,300)		(57,300)	(11,460)
<i>Total General Obligation Bonds</i>	<u>190,000</u>	<u>3,807,700</u>	<u>95,000</u>	<u>3,902,700</u>	<u>488,540</u>
<i>Other Long-Term Obligations:</i>					
OPWC Loan 0.00%	45,272		2,663	42,609	2,662
OPWC Loan 0.00% (2004)		275,693		275,693	6,892
Compensated Absences	671,991	276,984	212,687	736,288	233,037
<i>Total Enterprise Funds</i>	<u>\$20,932,861</u>	<u>\$4,360,377</u>	<u>\$4,192,179</u>	<u>\$21,101,059</u>	<u>\$1,387,960</u>
	Outstanding 1/1/04	Additions	Reductions	Outstanding 12/31/04	Due within one year
Governmental Activities					
<i>General Obligation Bonds:</i>					
Various Purpose 1998 3.80% - 5.00%	\$895,000		\$65,000	\$830,000	\$65,000
Various Purpose 2004 2.5% - 4.2%		\$2,165,000		2,165,000	265,000
<i>Total General Obligation Bonds</i>	<u>895,000</u>	<u>2,165,000</u>	<u>65,000</u>	<u>2,995,000</u>	<u>330,000</u>
<i>Special Assessment Bonds:</i>					
Various Purpose 1994 4.10% - 6.125%	570,000		40,000	530,000	40,000
<i>Total Bonds</i>	<u>1,465,000</u>	<u>2,165,000</u>	<u>105,000</u>	<u>3,525,000</u>	<u>370,000</u>
<i>Other Long-Term Obligations:</i>					
Police and Fire Pension Liability 4.21%	416,793		6,512	410,281	6,791
Compensated Absences	1,621,162	974,413	605,133	1,990,442	742,923
	<u>2,037,955</u>	<u>974,413</u>	<u>611,645</u>	<u>2,400,723</u>	<u>749,714</u>
Total Government Activities	<u>3,502,955</u>	<u>3,139,413</u>	<u>716,645</u>	<u>5,925,723</u>	<u>1,119,714</u>
<i>Total</i>	<u>\$24,435,816</u>	<u>\$7,499,790</u>	<u>\$4,908,824</u>	<u>\$27,026,782</u>	<u>\$2,507,674</u>

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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

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

On October 15, 2004 the City issued \$6,030,000 in General Obligation Bonds with interest rates varying from 2.5 percent to 4.625 percent. Proceeds of \$2,132,690 (after underwriting fees and other issuance costs) along with \$633,961 of sewer bond reserve and interest bond fund money, were deposited in an escrow account. This amount was sufficient to redeem the 1994 Sewer System Revenue Refunding Bonds on December 2, 2004 at a premium of 2%. The City had an economic gain (difference between the present values of the old and new debt service) of approximately \$200,000.

In 1998, the City defeased their waterworks revenue bonds and water general obligations bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the City's financial statements. On December 31, 2004, approximately \$1,000,000 of outstanding refunded waterworks bonds are considered defeased by assets of \$2,229,871 held in the irrevocable trust.

The City's overall legal debt margin was \$26,831,836 at December 31, 2004. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2004, are as follows:

	General Obligation Bonds					
	Governmental Activities		Enterprise Funds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 330,000	\$ 103,735	\$ 500,000	\$ 128,833	\$ 40,000	\$ 29,894
2006	320,000	94,316	415,000	121,926	45,000	28,014
2007	330,000	87,990	425,000	121,541	45,000	25,853
2008	335,000	81,489	435,000	90,916	45,000	23,649
2009	345,000	66,362	445,000	80,041	50,000	21,219
2010-2014	890,000	192,950	723,000	270,315	305,000	57,963
2015-2019	420,000	59,920	240,000	218,426		
2020-2024	25,000	1,680	295,000	164,511		
2025-2029			365,000	91,575		
2030-2031			117,000	11,794		
Total	\$ 2,995,000	\$ 688,442	\$3,960,000	\$ 1,299,878	\$ 530,000	\$ 186,592

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

	Waterworks Improvement Revenue Bonds		Police and Fire Pension Liability		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2005	\$ 750,000	\$ 842,990	\$ 6,780	\$ 17,366	\$ 9,555
2006	785,000	810,740	7,071	17,075	16,447
2007	820,000	776,200	7,388	16,758	16,447
2008	855,000	739,300	7,706	16,440	16,447
2009	895,000	700,397	8,035	16,110	16,447
2010-2014	5,160,000	2,818,227	45,656	75,069	82,235
2015-2019	6,570,000	1,397,250	56,333	64,393	82,235
2020-2024	1,520,000	76,000	69,499	51,250	74,249
2025-2029			85,757	34,968	4,240
2030-2034			105,807	14,913	
2035			10,249	729	
Total	\$ 17,355,000	\$ 8,161,104	\$ 410,281	\$ 325,071	\$ 318,302

Conduit Debt

The City has issued Industrial Development Revenue Bonds for private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. Servicing these debts is the sole obligation of the entities which received the debt proceeds. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2004, \$62,210,000 had been issued and \$61,115,000 was still outstanding.

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 percent per year). Under the member directed plan, members accumulated 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 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the OPERS, a cost-sharing multiple-employer defined benefit pension plan.

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2004 employer pension contribution rate for the City was 9.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions. The contribution rates are determined actuarially. The City's required contributions for pension obligations to OPERS for the years ended December 31, 2004, 2003, and 2002 were \$548,639, \$484,679, and \$489,089, respectively. The full amount has been contributed for 2003 and 2002. 91 percent has been contributed for 2004.

B. Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions for pension obligations to the OP&F for police and firefighters were \$229,009 and \$229,778 for the year ended December 31, 2004, and \$251,883 and \$242,728 for the year ended December 31, 2003, \$235,669 and \$245,933 for the year ended December 31, 2002. The full amount has been contributed for 2003 and 2002. 75 percent and 77 percent, respectively, have been contributed for 2004 with the remainder being reported as a liability.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2004, the unfunded liability of the City was \$410,281, payable in semi-annual payments through the year 2035.

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 2004 employer contribution rate was 13.55 percent of covered payroll; 4.0 percent was the portion that was used to fund health care for 2004.

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, 2003, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1 percent and 6 percent from 2004 through 2012, and 4.0 percent annually thereafter.

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

The number of active contributing participants was 369,885. The City's actual contributions for 2004 which were used to fund postemployment benefits were \$229,797. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004. 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 2004 that were used to fund postemployment benefits were \$151,049 for police and \$109,585 for fire. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 13 - Other Employee Benefits

A. Compensated Absences

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

Employees earn sick leave at the rate of 2 3 hours for every forty hours worked. Upon retirement or death, employees receive payment for all sick leave hours up to a maximum of 960 hours, or employees hired after April 1, 1985, are entitled to a maximum of 960 hours or one-fourth of all sick leave hours, whichever is less.

If any employee leaves the City for any reason, the City will pay the employee a maximum of 480 hours for the compensatory time accumulated during the prior year of employment. As of December 31, 2004, the total liability for unpaid compensated absences was \$2,726,730.

B. Life Insurance

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

Note 14 - Commitments and Contingencies

A. Grants

The City received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2004.

B. Litigation

The City is a party to legal proceedings seeking damages. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of the City's management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the City at December 31, 2004.

C. Construction Commitments

The City had outstanding contractual agreements of \$677,000 entered into at December 31, 2004. The projects, which include construction commitments and commitments for purchase of software and a telephone system, are evidenced by contractual obligations.

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 15 - Jointly Governed Organizations

Stark County Council of Governments (SCOG) The City participates in the Stark County Council of Governments (SCOG), which is a regional council of governments formed under chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by the membership, including Stark County, and other cities, villages and townships. The membership elects a nine member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and oversees accounting and finance related activities. Each participant's control is limited to its membership shares. During 2004, the City of Alliance did not contribute to SCOG. Complete financial statements may be obtained from the Stark County Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

Stark County Regional Planning Commission The City participates in the Stark County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, and other cities, villages, and townships. Of the 48 member board, the City appoints two members. The degree of control exercised by any participating government is limited to its representation on the board. The principal aim of the Commission is to provide comprehensive planning, both long and short range, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The City has no financial responsibility for any of the Commission's liabilities. In 2004, the City contributed \$2,000 to the Commission, which represents .1 percent of total contributions. Complete financial statements may be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

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

Note 16 - Notes Payable

A summary of the note transactions for the year ended December 31, 2004, follows:

	Outstanding 1/1/04	Issued	Retired	Outstanding 12/31/04
Capital Projects Funds:				
2.14% Fire Truck Acquisition Note	\$380,000		(\$380,000)	\$0
Debt Service Fund:				
2.09% Various Purpose Notes	\$665,000	\$665,000	(\$1,330,000)	
2.09% Various Purpose Notes	550,000	550,000	(1,100,000)	
2.09% Various Purpose Notes	900,000	880,000	(1,780,000)	
	<u>\$2,115,000</u>	<u>\$2,095,000</u>	<u>(\$4,210,000)</u>	<u>\$0</u>

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 17 – Subsequent Events

Subsequent to year end the City approved a change in the allocation of income taxes as follows: 86% to the general fund (a 7% increase); 6% to the major capital improvement fund (a 4% reduction); 4% to the street fund (a 3% reduction); and 4% to the water fund (no change).

In addition, the City reduced the income tax credit for residents who pay income tax to another municipality to 1% effective January 1, 2005.

*Combining and Individual Fund
Statements and Schedules*

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,681,915	\$1,264,895	\$2,946,810
Receivables:			
Taxes	172,498	398,072	570,570
Intergovernmental	546,523	0	546,523
Loans	81,844	0	81,844
Special Assessments	0	187,303	187,303
<i>Total Assets</i>	<u>\$2,482,780</u>	<u>\$1,850,270</u>	<u>\$4,333,050</u>
Liabilities			
Accounts Payable	\$13,881	\$9,487	\$23,368
Accrued Wages	13,266	0	13,266
Intergovernmental Payable	44,460	0	44,460
Deferred Revenue	556,671	320,641	877,312
<i>Total Liabilities</i>	<u>628,278</u>	<u>330,128</u>	<u>958,406</u>
Fund Equity			
Fund Balances:			
Reserved for Encumbrances	0	20,000	20,000
Reserved for Loans Receivable	81,844	0	81,844
Unreserved, Undesignated	1,772,658	1,500,142	3,272,800
<i>Total Fund Equity</i>	<u>1,854,502</u>	<u>1,520,142</u>	<u>3,374,644</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$2,482,780</u>	<u>\$1,850,270</u>	<u>\$4,333,050</u>

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property and Other Taxes	\$499,636	\$0	\$499,636
Municipal Income Tax	94,103	933,912	1,028,015
Licenses, Permits and Fees	73,991	0	73,991
Fines and Forfeitures	128,394	0	128,394
Intergovernmental	1,842,358	51,510	1,893,868
Interest	14,292	331	14,623
Rentals	613	0	613
Other	137,590	31,879	169,469
<i>Total Revenues</i>	<u>2,790,977</u>	<u>1,017,632</u>	<u>3,808,609</u>
Expenditures			
Current:			
General Government	235,274	0	235,274
Security of Persons and Property	939,453	0	939,453
Public Health Services	291,795	0	291,795
Transportation	636,540	0	636,540
Community Environment	1,004,774	0	1,004,774
Capital Outlay	0	844,885	844,885
Debt Service:			
Principal Retirement	6,512	0	6,512
Interest and Fiscal Charges	17,633	5,907	23,540
<i>Total Expenditures</i>	<u>3,131,981</u>	<u>850,792</u>	<u>3,982,773</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(341,004)</u>	<u>166,840</u>	<u>(174,164)</u>
Other Financing Sources (Uses)			
Proceeds of Bonds	0	310,000	310,000
Transfers In	610,378	78,177	688,555
Transfers Out	(415,564)	(219,442)	(635,006)
<i>Total Other Financing Sources (Uses)</i>	<u>194,814</u>	<u>168,735</u>	<u>363,549</u>
<i>Net Change in Fund Balances</i>	(146,190)	335,575	189,385
<i>Fund Balances Beginning of Year - Restated</i>	<u>2,000,692</u>	<u>1,184,567</u>	<u>3,185,259</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,854,502</u></u>	<u><u>\$1,520,142</u></u>	<u><u>\$3,374,644</u></u>

This page intentionally left blank.

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Nonmajor Special Revenue Funds (continued)

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

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

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

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

Indigent Driver Alcohol Treatment Fund

Enforcement and Education Fund

Municipal Court Legal Research Fund

Court ADR Fund

Court Security Grant Fund

Court Immobilization Fund

Parking Lot Maintenance Fund

Federal Equitable Sharing Fund

Land Reutilization Fund

Park Resource Fund

Home Administration Fund

Land Use Study Fund

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	Street Repair and Maintenance	Federal COPS Fast Program	State Highway	Law Enforcement Block Grant
Assets				
Equity in Pooled Cash and Cash Equivalents	\$68,932	\$62,906	\$4,790	\$35,138
Receivables:				
Taxes	0	0	0	0
Intergovernmental	363,726	0	29,496	0
Loans	0	0	0	0
<i>Total Assets</i>	<u>\$432,658</u>	<u>\$62,906</u>	<u>\$34,286</u>	<u>\$35,138</u>
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$150
Accrued Wages	1,055	0	0	0
Intergovernmental Payable	5,458	0	0	0
Deferred Revenue	248,776	0	20,175	0
<i>Total Liabilities</i>	<u>255,289</u>	<u>0</u>	<u>20,175</u>	<u>150</u>
Fund Equity				
Fund Balances:				
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated	177,369	62,906	14,111	34,988
<i>Total Fund Equity</i>	<u>177,369</u>	<u>62,906</u>	<u>14,111</u>	<u>34,988</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$432,658</u>	<u>\$62,906</u>	<u>\$34,286</u>	<u>\$35,138</u>

<u>Motor Vehicle License</u>	<u>Municipal Court Computerization</u>	<u>Health</u>	<u>Litter Control</u>	<u>State Misdemeanant Grant</u>	<u>Federal Aging Grant</u>
\$65,752	\$9,467	\$99,598	\$5,352	\$10,649	\$4,201
0	0	0	0	0	0
68,180	0	38,892	30,273	12,238	2,118
0	0	0	0	0	0
<u>\$133,932</u>	<u>\$9,467</u>	<u>\$138,490</u>	<u>\$35,625</u>	<u>\$22,887</u>	<u>\$6,319</u>
\$0	\$0	\$271	\$0	\$0	\$0
0	0	2,521	992	0	459
0	0	3,320	429	0	148
54,086	0	17,425	30,273	12,238	0
<u>54,086</u>	<u>0</u>	<u>23,537</u>	<u>31,694</u>	<u>12,238</u>	<u>607</u>
0	0	0	0	0	0
79,846	9,467	114,953	3,931	10,649	5,712
<u>79,846</u>	<u>9,467</u>	<u>114,953</u>	<u>3,931</u>	<u>10,649</u>	<u>5,712</u>
<u>\$133,932</u>	<u>\$9,467</u>	<u>\$138,490</u>	<u>\$35,625</u>	<u>\$22,887</u>	<u>\$6,319</u>

(continued)

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
 December 31, 2004

	Cemetery	HUD Grant	Community Development Block Grant	Fire Pension
Assets				
Equity in Pooled Cash and Cash Equivalents	\$516,928	\$108,070	\$56,553	\$10,027
Receivables:				
Taxes	0	0	0	86,249
Intergovernmental	0	0	0	0
Loans	0	0	81,844	0
<i>Total Assets</i>	<u>\$516,928</u>	<u>\$108,070</u>	<u>\$138,397</u>	<u>\$96,276</u>
Liabilities				
Accounts Payable	\$887	\$8,423	\$250	\$0
Accrued Wages	2,078	6,161	0	0
Intergovernmental Payable	767	15,725	625	0
Deferred Revenue	0	0	0	86,249
<i>Total Liabilities</i>	<u>3,732</u>	<u>30,309</u>	<u>875</u>	<u>86,249</u>
Fund Equity				
Fund Balances:				
Reserved for Loans Receivable	0	0	81,844	0
Unreserved, Undesignated	513,196	77,761	55,678	10,027
<i>Total Fund Equity</i>	<u>513,196</u>	<u>77,761</u>	<u>137,522</u>	<u>10,027</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$516,928</u>	<u>\$108,070</u>	<u>\$138,397</u>	<u>\$96,276</u>

<u>Police Pension</u>	<u>Tax Increment</u>	<u>Other</u>	<u>Totals</u>
\$10,011	\$439,424	\$174,117	\$1,681,915
86,249	0	0	172,498
0	0	1,600	546,523
0	0	0	81,844
<u>\$96,260</u>	<u>\$439,424</u>	<u>\$175,717</u>	<u>\$2,482,780</u>
\$0	\$0	\$3,900	\$13,881
0	0	0	13,266
0	17,988	0	44,460
<u>86,249</u>	<u>0</u>	<u>1,200</u>	<u>556,671</u>
<u>86,249</u>	<u>17,988</u>	<u>5,100</u>	<u>628,278</u>
0	0	0	81,844
<u>10,011</u>	<u>421,436</u>	<u>170,617</u>	<u>1,772,658</u>
<u>10,011</u>	<u>421,436</u>	<u>170,617</u>	<u>1,854,502</u>
<u>\$96,260</u>	<u>\$439,424</u>	<u>\$175,717</u>	<u>\$2,482,780</u>

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004*

	Street Repair and Maintenance	Federal COPS Fast Program	State Highway	Law Enforcement Block Grant
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Municipal Income Tax	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	696,040	0	56,436	15,939
Interest	454	678	386	483
Rentals	0	0	0	0
Other	2,250	0	0	41,857
<i>Total Revenues</i>	<u>698,744</u>	<u>678</u>	<u>56,822</u>	<u>58,279</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	60,829	0	0	93,123
Public Health Services	0	0	0	0
Transportation	561,540	0	75,000	0
Community Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>622,369</u>	<u>0</u>	<u>75,000</u>	<u>93,123</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>76,375</u>	<u>678</u>	<u>(18,178)</u>	<u>(34,844)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	(77,169)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(77,169)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	76,375	678	(95,347)	(34,844)
<i>Fund Balances Beginning of Year - Restated</i>	<u>100,994</u>	<u>62,228</u>	<u>109,458</u>	<u>69,832</u>
<i>Fund Balances End of Year</i>	<u>\$177,369</u>	<u>\$62,906</u>	<u>\$14,111</u>	<u>\$34,988</u>

Motor Vehicle License	Municipal Court Computerization	Health	Litter Control	State Misdemeanant Grant	Federal Aging Grant
\$0	\$0	\$0	\$0	\$0	\$0
94,103	0	0	0	0	0
0	0	37,396	0	0	0
0	33,585	0	0	0	0
(9)	0	192,851	43,607	18,336	13,671
0	0	0	0	0	64
0	0	0	0	0	0
0	0	4	52	0	1
<u>94,094</u>	<u>33,585</u>	<u>230,251</u>	<u>43,659</u>	<u>18,336</u>	<u>13,736</u>
0	34,227	0	0	12,238	16,154
0	0	32,339	0	0	0
0	0	181,374	0	0	0
0	0	0	0	0	0
0	0	0	79,512	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>34,227</u>	<u>213,713</u>	<u>79,512</u>	<u>12,238</u>	<u>16,154</u>
<u>94,094</u>	<u>(642)</u>	<u>16,538</u>	<u>(35,853)</u>	<u>6,098</u>	<u>(2,418)</u>
0	0	0	16,988	0	0
(85,848)	0	0	0	0	0
<u>(85,848)</u>	<u>0</u>	<u>0</u>	<u>16,988</u>	<u>0</u>	<u>0</u>
8,246	(642)	16,538	(18,865)	6,098	(2,418)
71,600	10,109	98,415	22,796	4,551	8,130
<u>\$79,846</u>	<u>\$9,467</u>	<u>\$114,953</u>	<u>\$3,931</u>	<u>\$10,649</u>	<u>\$5,712</u>

(continued)

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances*
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2004

	Cemetery	HUD Grant	Community Development Block Grant	Fire Pension
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$87,042
Municipal Income Tax	0	0	0	0
Licenses, Permits and Fees	36,595	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	796,452	0	0
Interest	5,548	0	4,467	0
Rentals	0	0	0	0
Other	29,136	(6,306)	(999)	0
<i>Total Revenues</i>	<u>71,279</u>	<u>790,146</u>	<u>3,468</u>	<u>87,042</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	328,425
Public Health Services	109,479	0	0	0
Transportation	0	0	0	0
Community Environment	0	825,229	42,044	0
Debt Service:				
Principal Retirement	0	0	0	3,696
Interest and Fiscal Charges	0	0	0	10,008
<i>Total Expenditures</i>	<u>109,479</u>	<u>825,229</u>	<u>42,044</u>	<u>342,129</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(38,200)</u>	<u>(35,083)</u>	<u>(38,576)</u>	<u>(255,087)</u>
Other Financing Sources (Uses)				
Transfers In	42,585	0	0	255,100
Transfers Out	0	(24,099)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>42,585</u>	<u>(24,099)</u>	<u>0</u>	<u>255,100</u>
<i>Net Change in Fund Balances</i>	4,385	(59,182)	(38,576)	13
<i>Fund Balances Beginning of Year - Restated</i>	<u>508,811</u>	<u>136,943</u>	<u>176,098</u>	<u>10,014</u>
<i>Fund Balances End of Year</i>	<u>\$513,196</u>	<u>\$77,761</u>	<u>\$137,522</u>	<u>\$10,027</u>

<u>Police Pension</u>	<u>Tax Increment</u>	<u>Other</u>	<u>Totals</u>
\$87,042	\$325,552	\$0	\$499,636
0	0	0	94,103
0	0	0	73,991
0	0	94,809	128,394
0	0	9,035	1,842,358
0	0	2,212	14,292
0	0	613	613
0	0	71,595	137,590
<u>87,042</u>	<u>325,552</u>	<u>178,264</u>	<u>2,790,977</u>
0	122,997	49,658	235,274
372,341	0	52,396	939,453
0	0	942	291,795
0	0	0	636,540
0	17,988	40,001	1,004,774
2,816	0	0	6,512
7,625	0	0	17,633
<u>382,782</u>	<u>140,985</u>	<u>142,997</u>	<u>3,131,981</u>
<u>(295,740)</u>	<u>184,567</u>	<u>35,267</u>	<u>(341,004)</u>
295,705	0		610,378
0	(228,448)	0	(415,564)
<u>295,705</u>	<u>(228,448)</u>	<u>0</u>	<u>194,814</u>
(35)	(43,881)	35,267	(146,190)
<u>10,046</u>	<u>465,317</u>	<u>135,350</u>	<u>2,000,692</u>
<u>\$10,011</u>	<u>\$421,436</u>	<u>\$170,617</u>	<u>\$1,854,502</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Repair and Maintenance Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$566,356	\$674,176	\$107,820
Interest	3,124	454	(2,670)
Other	100,678	2,250	(98,428)
<i>Total Revenues</i>	<u>670,158</u>	<u>676,880</u>	<u>6,722</u>
Expenditures			
Current:			
Security of Persons and Property:			
Street Security:			
Salaries and Wages	31,011	29,671	1,340
Fringe Benefits	13,302	11,285	2,017
Contractual Services	9,900	9,187	713
Materials and Supplies	4,459	4,173	286
<i>Total Security of Persons and Property</i>	<u>58,672</u>	<u>54,316</u>	<u>4,356</u>
Transportation:			
Street Transportation:			
Salaries and Wages	543,647	491,938	51,709
Fringe Benefits	99,994	90,867	9,127
Contractual Services	1,924	1,125	799
<i>Total Transportation</i>	<u>645,565</u>	<u>583,930</u>	<u>61,635</u>
<i>Total Expenditures</i>	<u>704,237</u>	<u>638,246</u>	<u>65,991</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(34,079)	38,634	72,713
Other Financing Uses			
Transfers In	13,333	0	(13,333)
<i>Excess of Revenues Over/(Under) Expenditures and Other Financing Uses</i>	(20,746)	38,634	59,380
<i>Fund Balance Beginning of Year</i>	29,349	29,349	0
Prior Year Encumbrances Appropriated	950	950	0
<i>Fund Balance End of Year</i>	<u>\$9,553</u>	<u>\$68,933</u>	<u>\$59,380</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal COPS Fast Program Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$650	\$678	\$28
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Other	62,228	0	62,228
<i>Excess of Revenues Over/(Under) Expenditures</i>	(61,578)	678	62,256
<i>Fund Balance Beginning of Year - Restated</i>	62,228	62,228	0
<i>Fund Balance End of Year</i>	<u>\$650</u>	<u>\$62,906</u>	<u>\$62,256</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$53,651	\$54,663	\$1,012
Interest	2,224	386	(1,838)
<i>Total Revenues</i>	<u>55,875</u>	<u>55,049</u>	<u>(826)</u>
Expenditures			
Current:			
Transportation:			
Street Repair and Maintenance:			
Contractual Services	1,500	0	1,500
Capital Outlay	76,667	75,000	1,667
<i>Total Expenditures</i>	<u>78,167</u>	<u>75,000</u>	<u>3,167</u>
<i>Excess of Revenues Under Expenditures</i>	(22,292)	(19,951)	2,341
Other Financing Uses			
Transfers Out	(77,201)	(77,169)	32
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(99,493)	(97,120)	2,373
<i>Fund Balance Beginning of Year</i>	<u>101,910</u>	<u>101,910</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,417</u></u>	<u><u>\$4,790</u></u>	<u><u>\$2,373</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Block Grant Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$68,378	\$15,939	(\$52,439)
Interest	1,657	483	(1,174)
Other	62,302	41,857	(20,445)
<i>Total Revenues</i>	<u>132,337</u>	<u>58,279</u>	<u>(74,058)</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Materials and Supplies	80,778	50,466	30,312
Capital Outlay	75,220	43,314	31,906
<i>Total Expenditures</i>	<u>155,998</u>	<u>93,780</u>	<u>62,218</u>
<i>Excess of Revenues Under Expenditures</i>	(23,661)	(35,501)	(11,840)
<i>Fund Balance Beginning of Year - Restated</i>	28,279	28,279	0
Prior Year Encumbrances Appropriated	42,360	42,360	0
<i>Fund Balance End of Year</i>	<u>\$46,978</u>	<u>\$35,138</u>	<u>(\$11,840)</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Fund
For the Year Ended December 31, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Permissive Motor Vehicle License Taxes	<u>\$128,583</u>	<u>\$94,103</u>	<u>(\$34,480)</u>
Expenditures			
Current:			
Transportation:			
Street Maintenance			
Capital Outlay	<u>20,000</u>	<u>0</u>	<u>20,000</u>
<i>Excess of Revenues Over Expenditures</i>	108,583	94,103	(14,480)
Other Financing Uses			
Transfers Out	<u>(121,954)</u>	<u>(121,954)</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(13,371)	(27,851)	(14,480)
<i>Fund Balance Beginning of Year - Restated</i>	53,603	53,603	0
Prior Year Encumbrances Appropriated	<u>40,000</u>	<u>40,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$80,232</u></u>	<u><u>\$65,752</u></u>	<u><u>(\$14,480)</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Computerization Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Fines and Forfeitures	\$30,024	\$33,585	\$3,561
Expenditures			
Current:			
General Government:			
Clerk of Courts:			
Contractual Services	8,500	7,943	557
Materials and Supplies	19,500	16,707	2,793
Capital Outlay	10,000	9,577	423
<i>Total Expenditures</i>	38,000	34,227	3,773
<i>Excess of Revenues Under Expenditures</i>	(7,976)	(642)	7,334
<i>Fund Balance Beginning of Year</i>	10,109	10,109	0
<i>Fund Balance End of Year</i>	\$2,133	\$9,467	\$7,334

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Health Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Licenses, Permits and Fees	\$36,505	\$37,396	\$891
Intergovernmental	219,923	183,530	(36,393)
Other	1,758	4	(1,754)
<i>Total Revenues</i>	<u>258,186</u>	<u>220,930</u>	<u>(37,256)</u>
Expenditures			
Current:			
Public Health Services:			
Consolidated Health Funds:			
Salaries and Wages	166,666	144,335	22,331
Fringe Benefits	42,308	41,058	1,250
Contractual Services	13,283	7,015	6,268
Materials and Supplies	8,820	7,021	1,799
Capital Outlay	530	80	450
Other	16,634	15,424	1,210
<i>Total Expenditures</i>	<u>248,241</u>	<u>214,933</u>	<u>33,308</u>
<i>Excess of Revenues Over Expenditures</i>	9,945	5,997	(3,948)
Other Financing Sources/(Uses)			
Transfers In	1,734	0	(1,734)
Transfers Out	(12,970)	0	12,970
<i>Total Other Financing Uses</i>	<u>(11,236)</u>	<u>0</u>	<u>11,236</u>
<i>Excess of Revenues Over/(Under)</i> <i>Expenditures and Other Financing Uses</i>	(1,291)	5,997	7,288
<i>Fund Balance Beginning of Year</i>	<u>93,601</u>	<u>93,601</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$92,310</u></u>	<u><u>\$99,598</u></u>	<u><u>\$7,288</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Litter Control Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$55,599	\$54,140	(\$1,459)
Other	858	52	(806)
<i>Total Revenues</i>	<u>56,457</u>	<u>54,192</u>	<u>(2,265)</u>
Expenditures			
Current:			
Community Environment:			
Litter Control:			
Salaries and Wages	38,045	38,045	0
Fringe Benefits	13,633	13,583	50
Contractual Services	7,743	5,517	2,226
Materials and Supplies	32,020	24,487	7,533
Capital Outlay	197	197	0
<i>Total Expenditures</i>	<u>91,638</u>	<u>81,829</u>	<u>9,809</u>
<i>Excess of Revenues Under Expenditures</i>	(35,181)	(27,637)	7,544
Other Financing Sources			
Transfers In	25,823	16,988	(8,835)
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(9,358)	(10,649)	(1,291)
<i>Fund Balance Beginning of Year - Restated</i>	13,527	13,527	0
Prior Year Encumbrances Appropriated	2,475	2,475	0
<i>Fund Balance End of Year</i>	<u><u>\$6,644</u></u>	<u><u>\$5,353</u></u>	<u><u>(\$1,291)</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Misdemeanant Grant Fund
For the Year Ended December 31, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Intergovernmental	<u>\$19,899</u>	<u>\$18,336</u>	<u>(\$1,563)</u>
Expenditures			
Current:			
General Government:			
Judge:			
Contractual Services	<u>24,448</u>	<u>12,238</u>	<u>12,210</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>(4,549)</u>	<u>6,098</u>	<u>10,647</u>
<i>Fund Balance Beginning of Year</i>	<u>4,551</u>	<u>4,551</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2</u></u>	<u><u>\$10,649</u></u>	<u><u>\$10,647</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Aging Grant Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$13,104	\$12,645	(\$459)
Interest	242	64	(178)
Other	489	1	(488)
<i>Total Revenues</i>	<u>13,835</u>	<u>12,710</u>	<u>(1,125)</u>
Expenditures			
Current:			
General Government:			
Aging:			
Salaries and Wages	12,830	12,830	0
Fringe Benefits	2,947	2,944	3
Contractual Services	461	255	206
Materials and Supplies	356	249	107
<i>Total Expenditures</i>	<u>16,594</u>	<u>16,278</u>	<u>316</u>
<i>Excess of Revenues Under Expenditures</i>	(2,759)	(3,568)	(809)
<i>Fund Balance Beginning of Year</i>	7,658	7,658	0
Prior Year Encumbrances Appropriated	<u>111</u>	<u>111</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,010</u></u>	<u><u>\$4,201</u></u>	<u><u>(\$809)</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Licenses, Permits and Fees	\$34,833	\$36,595	\$1,762
Interest	6,219	5,548	(671)
Other	31,899	29,136	(2,763)
<i>Total Revenues</i>	<u>72,951</u>	<u>71,279</u>	<u>(1,672)</u>
Expenditures			
Current:			
Public Health Services:			
Cemetery:			
Salaries and Wages	71,282	69,650	1,632
Fringe Benefits	20,236	17,251	2,985
Contractual Services	19,499	18,571	928
Materials and Supplies	5,260	4,193	1,067
<i>Total Expenditures</i>	<u>116,277</u>	<u>109,665</u>	<u>6,612</u>
<i>Excess of Revenues Under Expenditures</i>	(43,326)	(38,386)	4,940
Other Financing Sources			
Transfers In	50,116	42,585	(7,531)
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	6,790	4,199	(2,591)
<i>Fund Balance Beginning of Year - Restated</i>	511,606	511,606	0
Prior Year Encumbrances Appropriated	1,123	1,123	0
<i>Fund Balance End of Year</i>	<u>\$519,519</u>	<u>\$516,928</u>	<u>(\$2,591)</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
HUD Grant Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$1,987,956	\$796,452	(\$1,191,504)
Other	104,105	(6,306)	(110,411)
<i>Total Revenues</i>	<u>2,092,061</u>	<u>790,146</u>	<u>(1,301,915)</u>
Expenditures			
Current:			
Community Environment:			
CDBG:			
Salaries and Wages	239,826	166,372	73,454
Fringe Benefits	126,367	60,191	66,176
Contractual Services	377,478	105,064	272,414
Materials and Supplies	68,065	12,924	55,141
Capital Outlay	726,698	358,886	367,812
Other	352,210	101,012	251,198
<i>Total Expenditures</i>	<u>1,890,644</u>	<u>804,449</u>	<u>1,086,195</u>
<i>Excess of Revenues</i> <i>Over/(Under) Expenditures</i>	201,417	(14,303)	(215,720)
Other Financing Uses			
Transfers Out	(177,358)	(24,099)	153,259
<i>Excess of Revenues Over/(Under)</i> <i>Expenditures and Other Financing Uses</i>	24,059	(38,402)	(62,461)
<i>Fund Balance (Deficit) Beginning of Year</i>	(20,984)	(20,984)	0
Prior Year Encumbrances Appropriated	167,455	167,455	0
<i>Fund Balance End of Year</i>	<u>\$170,530</u>	<u>\$108,069</u>	<u>(\$62,461)</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$11,306	\$4,467	(\$6,839)
Other	56,075	59,869	3,794
<i>Total Revenues</i>	<u>67,381</u>	<u>64,336</u>	<u>(3,045)</u>
Expenditures			
Current:			
Community Environment:			
CDBG:			
Capital Outlay	58,669	42,180	16,489
<i>Excess of Revenues Over Expenditures</i>	8,712	22,156	13,444
<i>Fund Balance Beginning of Year</i>	<u>34,397</u>	<u>34,397</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$43,109</u>	<u>\$56,553</u>	<u>\$13,444</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Property and Other Taxes	\$90,796	\$87,042	(\$3,754)
Other	441	0	(441)
<i>Total Revenues</i>	<u>91,237</u>	<u>87,042</u>	<u>(4,195)</u>
Expenditures			
Current:			
Security of Persons and Property:			
Fire:			
Fringe Benefits	364,728	341,097	23,631
Contractual Services	1,032	1,031	1
<i>Total Expenditures</i>	<u>365,760</u>	<u>342,128</u>	<u>23,632</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(274,523)	(255,086)	19,437
Other Financing Sources			
Transfers In	264,924	255,100	(9,824)
<i>Excess of Revenues and Other Financing</i>			
<i>Sources Over/(Under) Expenditures</i>	(9,599)	14	9,613
<i>Fund Balance Beginning of Year</i>	<u>10,014</u>	<u>10,014</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$415</u>	<u>\$10,028</u>	<u>\$9,613</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Property and Other Taxes	\$90,796	\$87,042	(\$3,754)
Other	32	0	(32)
<i>Total Revenues</i>	<u>90,828</u>	<u>87,042</u>	<u>(3,786)</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Fringe Benefits	418,613	381,751	36,862
Contractual Services	1,032	1,031	1
<i>Total Expenditures</i>	<u>419,645</u>	<u>382,782</u>	<u>36,863</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	(328,817)	(295,740)	33,077
Other Financing Sources			
Transfers In	319,208	295,705	(23,503)
<i>Excess of Revenues and Other Financing</i>			
<i>Sources Under Expenditures</i>	(9,609)	(35)	9,574
<i>Fund Balance Beginning of Year</i>	<u>10,046</u>	<u>10,046</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$437</u></u>	<u><u>\$10,011</u></u>	<u><u>\$9,574</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Tax Increment Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Property and Other Taxes	\$326,000	\$325,552	(\$448)
Expenditures			
Current:			
Community Environment:			
Tax Increment:			
Contractual Services	3,799	3,798	1
Other	176,201	119,199	57,002
<i>Total Expenditures</i>	180,000	122,997	57,003
<i>Excess of Revenues Over Expenditures</i>	146,000	202,555	56,555
Other Financing Uses			
Transfers Out	(228,500)	(228,448)	52
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(82,500)	(25,893)	56,607
<i>Fund Balance Beginning of Year</i>	465,317	465,317	0
<i>Fund Balance End of Year</i>	\$382,817	\$439,424	\$56,607

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Driver Alcohol Treatment Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Other	\$8,923	\$8,016	(\$907)
Expenditures			
Current:			
General Government:			
Clerk of Courts:			
Materials and Supplies	50,000	28,000	22,000
<i>Excess of Revenues Under Expenditures</i>	(41,077)	(19,984)	21,093
<i>Fund Balance Beginning of Year</i>	41,859	41,859	0
<i>Fund Balance End of Year</i>	\$782	\$21,875	\$21,093

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Other	<u>2,720</u>	<u>2,637</u>	<u>(83)</u>
Expenditures			
Current:			
General Government:			
Judicial:			
Materials and Supplies	<u>8,000</u>	<u>2,403</u>	<u>5,597</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(5,280)</u>	<u>234</u>	<u>5,514</u>
<i>Fund Balance Beginning of Year</i>	<u>8,568</u>	<u>8,568</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,288</u></u>	<u><u>\$8,802</u></u>	<u><u>\$5,514</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Legal Research Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Fines and Forfeitures	\$7,293	\$7,277	(\$16)
Expenditures			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	8,100	4,653	3,447
Capital Outlay	2,000	1,493	507
<i>Total Expenditures</i>	10,100	6,146	3,954
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,807)	1,131	3,938
<i>Fund Balance Beginning of Year</i>	4,879	4,879	0
<i>Fund Balance End of Year</i>	\$2,072	\$6,010	\$3,938

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court ADR Fund
For the Year Ended December 31, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Fines and Forfeitures	<u>\$12,230</u>	<u>\$12,735</u>	<u>\$505</u>
Expenditures			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	<u>15,000</u>	<u>14,700</u>	<u>300</u>
<i>Excess of Revenues</i>			
<i>Under Expenditures</i>	<u>(2,770)</u>	<u>(1,965)</u>	<u>805</u>
<i>Fund Balance Beginning of Year</i>	<u>4,780</u>	<u>4,780</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,010</u></u>	<u><u>\$2,815</u></u>	<u><u>\$805</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court Security Grant Fund
For the Year Ended December 31, 2004

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

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court Immobilization Fund
For the Year Ended December 31, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Fines and Forfeitures	<u>\$6,500</u>	<u>\$4,200</u>	<u>(\$2,300)</u>
Expenditures			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	<u>833</u>	<u>813</u>	<u>20</u>
<i>Excess of Revenues Over Expenditures</i>	<u>5,667</u>	<u>3,387</u>	<u>(2,280)</u>
<i>Fund Balance Beginning of Year</i>	<u>23,958</u>	<u>23,958</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$29,625</u></u>	<u><u>\$27,345</u></u>	<u><u>(\$2,280)</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Lot Maintenance Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Rentals	\$2,065	\$2,212	\$147
Expenditures			
Current:			
Transportation			
Other	10,700	0	10,700
<i>Total Expenditures</i>	10,700	0	10,700
<i>Excess of Revenues Over/(Under) Expenditures</i>	(8,635)	2,212	10,847
<i>Fund Balance Beginning of Year</i>	8,668	8,668	0
<i>Fund Balance End of Year</i>	\$33	\$10,880	\$10,847

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Equitable Sharing Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$131	\$613	\$482
Fines and Forfeitures	54,263	70,597	16,334
<i>Total Revenues</i>	<u>54,394</u>	<u>71,210</u>	<u>16,816</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Materials and Supplies	93,000	49,993	43,007
<i>Excess of Revenues Over/(Under) Expenditures</i>	(38,606)	21,217	59,823
Other Financing Sources			
Operating Transfers In	4,298	0	(4,298)
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures</i>	(34,308)	21,217	55,525
<i>Fund Balance Beginning of Year</i>	<u>39,053</u>	<u>39,053</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,745</u></u>	<u><u>\$60,270</u></u>	<u><u>\$55,525</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Reutilization Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Community Environment:			
Contractual Services	3,000	0	3,000
Materials and Supplies	1,500	0	1,500
<i>Total Expenditures</i>	<u>4,500</u>	<u>0</u>	<u>4,500</u>
<i>Excess of Revenues Under Expenditures</i>	(4,500)	0	4,500
<i>Fund Balance Beginning of Year</i>	<u>3,383</u>	<u>3,383</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>(\$1,117)</u></u>	<u><u>\$3,383</u></u>	<u><u>\$4,500</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Resource Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Other	\$1,000	\$942	(\$58)
Expenditures			
Current:			
Health & Welfare			
Other	942	942	0
<i>Excess of Revenues Over Expenditures</i>	58	0	(58)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$58	\$0	(\$58)

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Home Administration Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$8,500	\$8,835	\$335
Expenditures			
Current:			
Community Environment			
Salaries and Wages	8,835	0	8,835
<i>Excess of Revenues</i>			
<i>Over/(Under) Expenditures</i>	(335)	8,835	9,170
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	(\$335)	\$8,835	\$9,170

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Use Study Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Other	\$60,000	\$60,000	\$0
Expenditures			
Current:			
Community Environment			
Contractual Services	60,000	36,101	23,899
<i>Excess of Revenues Over Expenditures</i>	0	23,899	23,899
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$23,899	\$23,899

Debt Service Fund

The debt service fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Special Assessments	\$71,734	\$66,491	(\$5,243)
Expenditures			
Debt Service:			
Principal Retirement			
Bond	3,838,537	3,815,934	22,603
Note	4,590,000	4,590,000	0
Interest and Fiscal Charges			
Bond	1,154,646	1,150,014	4,632
Note	77,894	77,893	1
<i>Total Expenditures</i>	<u>9,661,077</u>	<u>9,633,841</u>	<u>27,236</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(9,589,343)</u>	<u>(9,567,350)</u>	<u>21,993</u>
Other Financing Sources			
Proceeds of Bonds	4,633,000	4,633,000	0
Proceeds of Notes	2,095,000	2,095,000	0
Transfers In	2,881,962	2,854,693	(27,269)
<i>Total Other Financing Sources</i>	<u>9,609,962</u>	<u>9,582,693</u>	<u>(27,269)</u>
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	20,619	15,343	(5,276)
<i>Fund Balance Beginning of Year</i>	<u>113,467</u>	<u>113,467</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$134,086</u></u>	<u><u>\$128,810</u></u>	<u><u>(\$5,276)</u></u>

Nonmajor Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

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

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

Airport Construction Fund
Crossroads Street Construction Fund
High School Property Fund
Simpson Street Storm Sewer Fund

This page intentionally left blank.

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	<u>Street Income Tax Construction</u>	<u>Capital Improvements</u>	<u>Swimming Pool</u>	<u>Downtown Development</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$352,177	\$485,860	\$59,725	\$34,307
Receivables:				
Taxes	163,911	234,161	0	0
Special Assessments	<u>187,303</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$703,391</u></u>	<u><u>\$720,021</u></u>	<u><u>\$59,725</u></u>	<u><u>\$34,307</u></u>
Liabilities				
Accounts Payable	\$9,487	\$0	\$0	\$0
Deferred Revenue	<u>242,206</u>	<u>78,435</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u><u>251,693</u></u>	<u><u>78,435</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
Fund Equity				
Fund Balances:				
Reserved for Encumbrances	20,000	0	0	0
Unreserved, Undesignated	<u>431,698</u>	<u>641,586</u>	<u>59,725</u>	<u>34,307</u>
<i>Total Fund Equity</i>	<u><u>451,698</u></u>	<u><u>641,586</u></u>	<u><u>59,725</u></u>	<u><u>34,307</u></u>
 <i>Total Liabilities and Fund Equity</i>	 <u><u>\$703,391</u></u>	 <u><u>\$720,021</u></u>	 <u><u>\$59,725</u></u>	 <u><u>\$34,307</u></u>

<u>Communication Equipment</u>	<u>Jail Construction</u>	<u>West State Street</u>	<u>Hospital Sale Capital</u>
\$1,616	\$5,871	\$16,115	\$0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$1,616</u>	<u>\$5,871</u>	<u>\$16,115</u>	<u>\$0</u>
\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0
<u>1,616</u>	<u>5,871</u>	<u>16,115</u>	<u>0</u>
<u>1,616</u>	<u>5,871</u>	<u>16,115</u>	<u>0</u>
<u>\$1,616</u>	<u>\$5,871</u>	<u>\$16,115</u>	<u>\$0</u>

(continued)

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2004

	<u>Street Improvement</u>	<u>Court House Renovation</u>	<u>Other</u>	<u>Totals</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$294,295	\$13,077	\$1,852	\$1,264,895
Receivables:				
Taxes	0	0	0	398,072
Special Assessments	0	0	0	187,303
<i>Total Assets</i>	<u>\$294,295</u>	<u>\$13,077</u>	<u>\$1,852</u>	<u>\$1,850,270</u>
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$9,487
Deferred Revenue	0	0	0	320,641
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>330,128</u>
Fund Equity				
Fund Balances:				
Reserved for Encumbrances	0		0	20,000
Unreserved, Undesignated	294,295	13,077	1,852	1,500,142
<i>Total Fund Equity</i>	<u>294,295</u>	<u>13,077</u>	<u>1,852</u>	<u>1,520,142</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$294,295</u>	<u>\$13,077</u>	<u>\$1,852</u>	<u>\$1,850,270</u>

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004*

	Street Income Tax Construction	Capital Improvements	Swimming Pool
Revenues			
Municipal Income Taxes	\$508,081	\$425,831	\$0
Intergovernmental	0	51,510	0
Interest	0	0	0
Other	0	11,375	0
<i>Total Revenues</i>	<u>508,081</u>	<u>488,716</u>	<u>0</u>
Expenditures			
Capital Outlay	432,285	387,036	0
Debt Service:			
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>432,285</u>	<u>387,036</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>75,796</u>	<u>101,680</u>	<u>0</u>
Other Financing Sources (Uses)			
Proceeds of Bonds	0	0	0
Transfers In	0	0	0
Transfers Out	0	(78,177)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(78,177)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	75,796	23,503	0
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>375,902</u>	<u>618,083</u>	<u>59,725</u>
<i>Fund Balances End of Year</i>	<u>\$451,698</u>	<u>\$641,586</u>	<u>\$59,725</u>

(continued)

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds (continued)
For the Year Ended December 31, 2004*

	Downtown Development	Communication Equipment	Jail Construction
Revenues			
Municipal Income Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Interest	0	0	331
Other	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>331</u>
Expenditures			
Capital Outlay	0	0	4,916
Debt Service: Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>4,916</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>(4,585)</u>
Other Financing Sources (Uses)			
Proceeds of Bonds	0		0
Transfers In	0	0	0
Transfers Out	0	0	(102,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(102,000)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>0</u>	<u>0</u>	<u>(106,585)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>34,307</u>	<u>1,616</u>	<u>112,456</u>
<i>Fund Balances End of Year</i>	<u><u>\$34,307</u></u>	<u><u>\$1,616</u></u>	<u><u>\$5,871</u></u>

West State Street	Hospital Sale Capital	Street Improvement	Court House Renovation	Other	Totals
\$0	\$0	\$0	\$0	\$0	\$933,912
0	0	0	0	0	51,510
0	0	0	0	0	331
0	0	0	0	20,504	31,879
0	0	0	0	20,504	1,017,632
3,981	0	0	16,667	0	844,885
0	5,907	0	0	0	5,907
3,981	5,907	0	16,667	0	850,792
(3,981)	(5,907)	0	(16,667)	20,504	166,840
0	310,000	0	0	0	310,000
0	78,177	0	0	0	78,177
0	(6,455)	0	0	(32,810)	(219,442)
0	381,722	0	0	(32,810)	168,735
(3,981)	375,815	0	(16,667)	(12,306)	335,575
20,096	(375,815)	294,295	29,744	14,158	1,184,567
\$16,115	\$0	\$294,295	\$13,077	\$1,852	\$1,520,142

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Income Tax Construction Fund
For the Year Ended December 31, 2004

	<u>Revised Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Municipal Income Taxes	\$470,000	\$498,538	\$28,538
Intergovernmental	117,000	0	(117,000)
Special Assessments	<u>267</u>	<u>0</u>	<u>(267)</u>
<i>Total Revenues</i>	<u>587,267</u>	<u>498,538</u>	<u>(88,729)</u>
Expenditures			
Capital Outlay:			
Street Income Tax:			
Capital Outlay	<u>668,369</u>	<u>443,477</u>	<u>224,892</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>(81,102)</u>	<u>55,061</u>	<u>136,163</u>
<i>Fund Balance Beginning of Year</i>	225,537	225,537	0
Prior Year Encumbrances Appropriated	<u>51,579</u>	<u>51,579</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$196,014</u></u>	<u><u>\$332,177</u></u>	<u><u>\$136,163</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Municipal Income Taxes	\$679,143	\$412,197	(\$266,946)
Intergovernmental	7,110	4,623	(2,487)
Other	35,676	58,262	22,586
<i>Total Revenues</i>	<u>721,929</u>	<u>475,082</u>	<u>(246,847)</u>
Expenditures			
Capital Outlay:			
Capital Improvements:			
Capital Outlay	472,376	391,690	80,686
Other	7,600	2,250	5,350
<i>Total Expenditures</i>	<u>479,976</u>	<u>393,940</u>	<u>86,036</u>
<i>Excess of Revenues Over Expenditures</i>	241,953	81,142	(160,811)
Other Financing Sources/(Uses)			
Transfers In	3,688	0	(3,688)
Transfers Out	(94,602)	(78,177)	16,425
<i>Total Other Financing Uses</i>	<u>(90,914)</u>	<u>(78,177)</u>	<u>12,737</u>
<i>Excess of Revenues Over Expenditures and Other Financing Uses</i>	151,039	2,965	(148,074)
<i>Fund Balance Beginning of Year</i>	422,448	422,448	0
Prior Year Encumbrances Appropriated	60,447	60,447	0
<i>Fund Balance End of Year</i>	<u>\$633,934</u>	<u>\$485,860</u>	<u>(\$148,074)</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Swimming Pool Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay	59,725	0	59,725
<i>Excess of Revenues Under Expenditures</i>	(59,725)	0	59,725
<i>Fund Balance Beginning of Year</i>	59,725	59,725	0
<i>Fund Balance End of Year</i>	\$0	\$59,725	\$59,725

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Downtown Development Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay	34,308	0	34,308
<i>Excess of Revenues Under Expenditures</i>	(34,308)	0	34,308
<i>Fund Balance Beginning of Year</i>	34,307	34,307	0
<i>Fund Balance End of Year</i>	(\$1)	\$34,307	\$34,308

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Communication Equipment Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>1,616</u>	<u>1,616</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,616</u></u>	<u><u>\$1,616</u></u>	<u><u>\$0</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Jail Construction Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$0	\$331	\$331
Expenditures			
Capital Outlay:			
Police:			
Contractual Services	2,500	0	2,500
Capital Outlay	7,956	4,916	3,040
<i>Total Expenditures</i>	10,456	4,916	5,540
<i>Excess of Revenues Under Expenditures</i>	(10,456)	(4,585)	5,871
Other Financing Uses			
Transfers Out	(102,000)	(102,000)	0
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(112,456)	(106,585)	5,871
<i>Fund Balance Beginning of Year</i>	112,456	112,456	0
<i>Fund Balance End of Year</i>	\$0	\$5,871	\$5,871

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
West State Street Fund
For the Year Ended December 31, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Capital Outlay	<u>20,096</u>	<u>3,981</u>	<u>16,115</u>
<i>Excess of Revenues Under Expenditures</i>	(20,096)	(3,981)	16,115
<i>Fund Balance Beginning of Year</i>	<u>20,096</u>	<u>20,096</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$16,115</u></u>	<u><u>\$16,115</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Hospital Sale Capital Fund
For the Year Ended December 31, 2004

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

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Improvement Fund
For the Year Ended December 31, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Street Improvement:			
Capital Outlay	<u>85,993</u>	<u>0</u>	<u>85,993</u>
<i>Excess of Revenues Under Expenditures</i>	(85,993)	0	85,993
<i>Fund Balance Beginning of Year</i>	85,993	85,993	0
Prior Year Encumbrances Appropriated	<u>208,302</u>	<u>208,302</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$208,302</u></u>	<u><u>\$294,295</u></u>	<u><u>\$85,993</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court House Renovation Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$19,000	\$0	(\$19,000)
Expenditures			
Capital Outlay:			
Street Income Tax:			
Contractual Services	4,000	3,714	286
Capital Outlay	38,226	12,953	25,273
<i>Total Expenditures</i>	42,226	16,667	25,559
<i>Excess of Revenues Under Expenditures</i>	(23,226)	(16,667)	6,559
<i>Fund Balance Beginning of Year</i>	8,471	8,471	0
Prior Year Encumbrances Appropriated	21,273	21,273	0
<i>Fund Balance End of Year</i>	\$6,518	\$13,077	\$6,559

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Airport Construction Fund
For the Year Ended December 31, 2004

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

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Crossroads Street Construction Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures	0	0	\$0
<i>Excess of Revenues Under Expenditures</i>	0	0	0
Other Financing Uses			
Transfers Out	(10,498)	(10,498)	0
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(10,498)	(10,498)	0
<i>Fund Balance Beginning of Year</i>	10,498	10,498	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
High School Property Fund
For the Year Ended December 31, 2004

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Other	\$22,368	\$20,504	(\$1,864)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	22,368	20,504	(1,864)
Other Financing Uses			
Transfers Out	<u>(23,859)</u>	<u>(23,859)</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(1,491)	(3,355)	(1,864)
<i>Fund Balance Beginning of Year - Restated</i>	<u>5,206</u>	<u>5,206</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,715</u></u>	<u><u>\$1,851</u></u>	<u><u>(\$1,864)</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Simpson Street Storm Sewer
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Uses			
Transfers Out	<u>(13,038)</u>	<u>0</u>	<u>13,038</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(13,038)	0	13,038
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>(\$13,038)</u></u>	<u><u>\$0</u></u>	<u><u>\$13,038</u></u>

Enterprise Funds

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

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

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

City of Alliance, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Municipal Income Taxes	\$268,000	\$69,164	(\$198,836)
Charges for Services	3,652,412	3,840,881	188,469
Intergovernmental	2,908	0	(2,908)
Interest	33,645	20,922	(12,723)
Other	67,256	54,011	(13,245)
<i>Total Revenues</i>	<u>4,024,221</u>	<u>3,984,978</u>	<u>(39,243)</u>
Expenses			
Salaries and Wages	1,210,763	1,132,384	78,379
Fringe Benefits	434,115	393,648	40,467
Contractual Services	590,229	474,959	115,270
Materials and Supplies	384,701	332,900	51,801
Capital Outlay	374,830	226,293	148,537
Other	13,900	5,612	8,288
<i>Total Expenses</i>	<u>3,008,538</u>	<u>2,565,796</u>	<u>442,742</u>
<i>Excess of Revenues Over Expenses</i>	1,015,683	1,419,182	403,499
Transfers Out	<u>(1,594,000)</u>	<u>(1,590,039)</u>	<u>3,961</u>
<i>Excess of Revenues Under Expenses and Transfers</i>	(578,317)	(170,857)	407,460
<i>Fund Equity Beginning of Year</i>	2,979,298	2,979,298	0
Prior Year Encumbrances Appropriated	<u>56,006</u>	<u>56,006</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$2,456,987</u></u>	<u><u>\$2,864,447</u></u>	<u><u>\$407,460</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$2,965,379	\$3,159,098	\$193,719
Licenses, Permits and Fees	27,505	135,096	107,591
Intergovernmental	1,083,777	412,120	(671,657)
Interest	46,921	24,120	(22,801)
Other	85,998	2,327	(83,671)
<i>Total Revenues</i>	<u>4,209,580</u>	<u>3,732,761</u>	<u>(476,819)</u>
Expenses			
Salaries and Wages	1,418,518	1,403,049	15,469
Fringe Benefits	471,244	457,210	14,034
Contractual Services	627,701	559,548	68,153
Materials and Supplies	110,059	99,510	10,549
Capital Outlay	1,139,173	978,909	160,264
Other	18,100	16,887	1,213
<i>Total Expenses</i>	<u>3,784,795</u>	<u>3,515,113</u>	<u>269,682</u>
<i>Excess of Revenues Over Expenses</i>	<u>424,785</u>	<u>217,648</u>	<u>(207,137)</u>
Other Financing Sources/(Uses)			
Proceeds of Bonds	0	1,397,000	1,397,000
Proceeds of Notes	0	275,693	275,693
Transfers In	750,043	750,043	0
Transfers Out	(1,550,503)	(1,514,257)	36,246
<i>Total Other Financing Sources/(Uses)</i>	<u>(800,460)</u>	<u>908,479</u>	<u>1,708,939</u>
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenses and Other Financing Uses</i>	<u>(375,675)</u>	<u>1,126,127</u>	<u>1,501,802</u>
<i>Fund Equity Beginning of Year</i>	1,623,037	1,623,037	0
Prior Year Encumbrances Appropriated	<u>207,571</u>	<u>207,571</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$1,454,933</u>	<u>\$2,956,735</u>	<u>\$1,501,802</u>

Internal Service Fund

The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. Specifically the Insurance fund accounts for a medical benefit self-insurance program for employees of the City.

City of Alliance, Ohio
Schedule of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
Internal Service Fund
For the Year Ended December 31, 2004

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$465,000	\$120,381	(\$344,619)
Interest	900	1,567	667
Other	100	2,450	2,350
<i>Total Revenues</i>	<u>466,000</u>	<u>124,398</u>	<u>(341,602)</u>
Expenses			
Claims	<u>1,643,400</u>	<u>1,634,978</u>	<u>8,422</u>
<i>Excess of Revenues Under Expenses</i>	(1,177,400)	(1,510,580)	(333,180)
Operating Transfers In	1,304,000	1,193,400	(110,600)
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	126,600	(317,180)	(443,780)
<i>Fund Equity Beginning of Year</i>	<u>675,507</u>	<u>675,507</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$802,107</u></u>	<u><u>\$358,327</u></u>	<u><u>(\$443,780)</u></u>

Agency Fund

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

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

City of Alliance
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2004

	<u>Beginning Balance 12/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 12/31/04</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$14,024</u>	<u>\$56,933</u>	<u>\$70,957</u>	<u>\$0</u>
Liabilities				
Due to Others	<u>\$14,024</u>	<u>\$56,933</u>	<u>\$70,957</u>	<u>\$0</u>

Statistical Section

This page intentionally left blank.

Statistical Section

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

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

	<u>2004 (1)</u>	<u>2003 (1)</u>	<u>2002 (1)</u>	<u>2001 (1)</u>	<u>2000 (1)</u>	<u>1999 (1)</u>
Revenues						
Property and Other Taxes	\$871,009	\$809,335	\$819,949	\$755,917	\$723,922	\$726,080
Municipal Income Taxes (2)	6,373,148	5,680,243	5,700,523	5,723,681	5,711,142	6,160,316
Charges for Services	231,861	351,965	415,438	362,691	309,885	189,297
Licenses, Permits and Fees	145,104	180,204	177,500	118,829	119,047	146,591
Fines and Forfeitures (3)	400,414	404,981	471,096	390,864	462,359	452,978
Intergovernmental	1,155,697	1,458,228	1,491,862	1,333,461	1,390,205	1,552,126
Special Assessments	0	0	0	0	0	5,318
Interest	40,886	27,819	78,885	195,225	246,661	223,248
Rentals	194,987	187,858	162,531	291,703	0	1,960
Donations	0	0	0	15	0	2,500
Other	<u>256,014</u>	<u>209,535</u>	<u>249,709</u>	<u>253,658</u>	<u>425,793</u>	<u>314,780</u>
Totals	<u><u>\$9,669,120</u></u>	<u><u>\$9,310,168</u></u>	<u><u>\$9,567,493</u></u>	<u><u>\$9,426,044</u></u>	<u><u>\$9,389,014</u></u>	<u><u>\$9,775,194</u></u>
Expenditures						
General Government	\$2,404,094	\$2,125,073	\$2,155,256	\$2,287,160	\$2,204,701	\$2,153,411
Security of Persons and Property	5,525,259	5,728,298	5,484,234	5,407,622	5,350,452	5,293,124
Public Health Services	480,741	447,666	426,045	417,403	372,827	334,104
Transportation	315,729	343,758	262,589	343,373	317,313	274,218
Community Environment	85,237	80,777	70,241	93,049	81,846	74,637
Basic Utility Services	54,497	54,340	55,996	57,856	55,720	50,222
Leisure Time Activities	544,468	580,700	514,393	536,122	537,253	503,413
Capital Outlay	0	0	0	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>\$9,410,025</u></u>	<u><u>\$9,360,612</u></u>	<u><u>\$8,968,754</u></u>	<u><u>\$9,142,585</u></u>	<u><u>\$8,920,112</u></u>	<u><u>\$8,683,129</u></u>

Source: City Financial Records

(1) 1996 - 2004 are reported on a (governmental fund) GAAP basis; all other on a Cash basis.

(2) Prior to 1996 does not include Municipal Income Tax. They were part of operating transfers in.

(3) Prior to 1996 Fines and Forfeitures was not separate, the City reported Fines with Licenses, Permits and Fees and Forfeitures were part of Other

<u>1998 (1)</u>	<u>1997 (1)</u>	<u>1996 (1)</u>	<u>1995</u>
\$717,986	\$600,209	\$608,917	\$589,162
5,890,573	5,240,798	5,007,100	0
102,862	193,172	287,354	0
109,243	107,265	124,296	315,999
403,061	307,879	338,592	0
1,770,962	1,968,925	1,443,921	1,379,200
0	0	0	0
184,306	197,303	164,577	0
51,206	98,611	50,650	0
0	0	100	0
<u>479,427</u>	<u>76,868</u>	<u>88,778</u>	<u>360,223</u>
<u>\$9,709,626</u>	<u>\$8,791,030</u>	<u>\$8,114,285</u>	<u>\$2,644,584</u>
\$1,947,283	\$1,981,236	\$1,776,027	\$1,374,729
4,871,021	4,546,571	4,489,627	4,178,110
325,500	324,364	287,153	294,872
154,225	281,260	278,114	218,596
70,412	64,580	76,084	74,125
42,045	36,641	33,710	34,939
468,233	442,598	415,225	369,617
0	0	0	1,500
<u>2,646</u>	<u>3,897</u>	<u>3,897</u>	<u>0</u>
<u>\$7,881,365</u>	<u>\$7,681,147</u>	<u>\$7,359,837</u>	<u>\$6,546,488</u>

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes (1)	Ratio of Delinquent Taxes to Total Tax Levy
2004	\$1,029,560	\$890,118	86.46 %	\$36,188	\$926,306	89.97 %	\$111,084	10.79 %
2003	950,855	815,770	85.79	50,668	866,438	91.11	115,859	12.18
2002	960,900	805,612	83.84	41,158	846,770	88.12	102,856	10.70
2001	983,097	816,483	83.05	46,916	863,399	87.82	116,380	11.84
2000	832,227	698,425	83.92	24,345	722,770	86.85	87,614	10.53
1999	824,646	707,075	85.74	28,188	735,263	89.16	103,853	12.59
1998	816,814	694,723	85.05	21,767	716,490	87.72	93,753	11.48
1997	659,578	569,071	86.28	17,794	586,865	88.98	94,117	14.27
1996	657,641	568,449	86.44	13,995	582,444	88.57	72,957	11.09
1995	658,732	569,032	86.38	17,029	586,061	88.97	71,830	10.90

Source: Stark County, Ohio; County Auditor

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

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

Year	Total Tax Levy	Current Tax Collection	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes (1)	Ratio of Delinquent Taxes to Total Tax Levy
2004	\$113,955	\$101,657	89.21 %	\$3,908	\$105,565	92.63 %	\$102,038	89.54 %
2003	131,010	112,884	86.16	8,259	121,143	92.46	15,487	11.82
2002	172,504	137,526	79.72	3,009	140,535	81.47	16,563	9.60
2001	184,988	152,897	82.65	11,096	163,993	88.65	31,359	16.95
2000	191,970	148,647	77.43	9,199	157,846	82.22	30,242	15.75
1999	185,377	143,143	77.22	1,729	144,872	78.15	32,286	17.42
1998	180,266	138,941	77.08	6,566	145,507	80.72	32,192	17.86
1997	171,207	132,716	77.52	5,519	138,235	80.74	40,201	23.48
1996	150,948	132,928	88.06	5,204	138,132	91.51	35,811	23.72
1995	140,233	123,895	88.35	3,926	127,821	91.15	16,777	11.96

Source: Stark County, Ohio; County Auditor

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

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

Year (1)	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)
2004	\$240,902,700	\$688,293,429	\$9,206,240	\$36,824,960
2003	220,182,770	629,093,629	9,044,130	10,277,420
2002	221,257,250	632,163,571	9,060,150	10,295,625
2001	226,858,780	648,167,943	11,881,400	13,501,591
2000	189,244,740	540,699,257	12,297,450	13,974,375
1999	188,647,670	538,993,343	13,664,980	15,528,386
1998	184,426,770	526,933,629	14,185,590	16,119,989
1997	146,125,620	417,501,771	14,162,410	16,093,648
1996	144,821,400	413,775,429	14,829,220	16,851,386
1995	142,813,080	408,037,371	14,768,480	16,782,364

Source: Stark County, Ohio; County Auditor

- (1) The year represents collection year.
- (2) This amount is calculated based on the following percentages:
 - Real property is assessed at thirty-five percent of actual value.
 - Public utility is assessed at twenty-five (2004) percent of actual value.
 - Tangible personal is assessed at twenty-three percent

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value	
\$32,279,408	\$136,372,533	\$282,838,348	\$861,490,922	32.80 %
35,649,911	142,599,644	264,876,811	781,970,693	33.87
42,538,375	170,153,500	272,855,775	812,612,696	33.58
46,656,282	186,625,128	285,396,462	848,294,662	33.64
47,248,917	188,995,668	248,791,107	743,669,300	33.45
45,873,190	183,492,760	248,185,840	738,014,489	33.63
41,473,908	165,895,632	240,086,268	708,949,250	33.87
39,507,805	158,031,220	199,795,835	591,626,639	33.77
38,626,528	154,506,112	198,277,148	585,132,927	33.89
35,207,943	140,831,772	192,789,503	565,651,507	34.08

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

Year	City of Alliance			Stark County	Alliance City School District	Marlington Local School District	County Parks	Total Direct and Overlapping Governments
	District 1	District 2	Total City					
2004	\$4.00	\$2.00	\$6.00	\$11.50	\$54.10	\$56.90	\$0.50	\$129.00
2003	4.00	2.00	6.00	9.60	54.40	48.40	0.50	118.90
2002	4.00	2.00	6.00	9.60	54.40	48.40	0.50	118.90
2001	4.00	2.00	6.00	9.60	54.40	48.40	0.50	118.90
2000	4.00	2.00	6.00	9.60	54.60	48.40	0.50	119.10
1999	4.00	2.00	6.00	9.60	50.40	48.90	0.50	115.40
1998	4.00	2.00	6.00	9.60	50.40	48.90	0.50	115.40
1997	4.00	2.00	6.00	9.60	50.70	48.90	0.50	115.70
1996	4.00	2.00	6.00	9.60	50.70	48.90	0.20	115.40
1995	4.00	2.00	6.00	10.10	50.70	48.90	0.20	115.90

Source: Stark County, Ohio; County Auditor

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

Year	Current Assessments Levied	Current Assessments Collected	Percentage of Current Assessments Collected to Levy	Delinquent Assessments Collected	Percentage of Delinquent Assessments Collected to Current Levy	Total Assessments Collected	Percentage of Total Collections to Current Levy	Accumulative Delinquency
2004	\$98,425	\$77,937	79.18 %	\$48,823	49.60 %	\$126,760	128.79 %	\$677,290
2003	99,003	73,067	73.80	23,248	23.48	96,315	97.28	663,306
2002	90,306	55,783	61.77	23,577	26.11	79,360	87.88	638,572
2001	132,447	33,147	25.03	35,464	26.78	68,611	51.80	638,452
2000	116,241	43,135	37.11	26,847	23.10	69,982	60.20	571,913
1999	32,236	8,207	25.46	14,972	46.44	23,179	71.90	566,835
1998	14,504	3,733	25.74	8,181	56.41	11,914	82.14	558,107
1997	3,656	3,650	99.84	2,445	66.88	6,095	166.71	513,468
1996	2,883	426	14.78	3,601	124.90	4,027	139.68	477,937
1995	4,948	3,184	64.35	7,902	159.70	11,086	224.05	454,999

Source: Stark County, Ohio; County Auditor

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Net General Bonded Debt (2)</u>	<u>Assessed Value</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
2004	23,253	\$2,866,191	\$282,838,348	1.01%	\$123.26
2003	23,253	781,534	264,876,811	0.30	33.61
2002	23,253	994,806	272,855,775	0.36	42.78
2001	23,253	1,187,243	285,396,462	0.42	51.06
2000	23,253	1,399,980	248,791,107	0.56	60.21
1999	23,376	1,535,922	248,185,840	0.62	65.71
1998	23,376	1,700,922	240,086,268	0.71	72.76
1997	23,376	630,819	199,795,835	0.32	26.99
1996	23,376	733,005	198,277,148	0.37	31.36
1995	23,376	798,032	192,789,503	0.41	34.14

Source: Stark County, Ohio; County Auditor

(1) Population figures are from the Census Bureau.

(2) Amount represents general bonded debt less cash in debt service fund and excludes general obligation bonds paid from enterprise funds.

City of Alliance, Ohio
Computation of Legal Debt Margin
 December 31, 2004

Assessed Value		\$282,838,348
Legal Debt Margin:		
Debt Limitation - 10.5 percent of Assessed Value		29,698,027
Debt Applicable to Limitation:		
General Obligation Bonds	\$2,995,000	
Special Assessment Bonds	530,000	
Enterprise General Obligation Bonds	3,960,000	
OPWC Loans	318,302	
Revenue Bonds	<u>17,355,000</u>	
Gross Indebtedness (Total Voted and Unvoted Debt)	25,158,302	
Less: Debt Outside Limitations:		
Special Assessment Bonds	530,000	
Enterprise General Obligation Bonds	3,960,000	
OPWC Loans	318,302	
Revenue Bonds	<u>17,355,000</u>	
Total Debt Outside Limitations	<u>22,163,302</u>	
Total Debt Applicable to Limitation - Within 10.5% Limitations	2,995,000	
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>128,809</u>	
Net Debt Within 10.5% Limitation		<u>2,866,191</u>
Overall Debt Margin Within 10.5% Limitation		<u><u>\$26,831,836</u></u>

Unvoted Debt Limitation - 5.5% of Assessed Valuation		\$15,556,109
Gross Indebtedness Authorized by Council	<u>\$25,158,302</u>	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	<u>22,163,302</u>	
Debt Within 5.5% Limitation	2,995,000	
Less Amount Available in Debt Service Fund	<u>128,809</u>	
Net Debt Within 5.5% Limitation		<u>2,866,191</u>
Unvoted Debt Margin Within 5.5% Limitation		<u><u>\$12,689,918</u></u>

Source: City Financial Records

City of Alliance, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2004

	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City of Alliance</u>
Direct:			
City of Alliance	\$2,995,000	100.00%	\$2,995,000
Overlapping:			
Alliance City Schools	<u>10,174,990</u>	89.28	<u>9,084,231</u>
Total	<u><u>\$13,169,990</u></u>		<u><u>\$12,079,231</u></u>

Source: Stark County, Ohio; County Auditor

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

City of Alliance, Ohio
Revenue Bond Coverage

Water							
Year (3)	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement (2)			Coverage
				Principal	Interest	Total	
2004	\$3,917,644	\$2,463,697	\$1,453,947	\$720,000	\$873,230	\$1,593,230	0.91
2003	3,917,191	2,583,677	1,333,514	695,000	902,762	1,597,762	0.83
2002	4,091,878	2,028,142	2,063,736	665,000	929,005	1,594,005	1.29
2001	3,784,820	2,501,436	1,283,384	640,000	954,605	1,594,605	0.80
2000	3,968,292	2,504,951	1,463,341	615,000	979,205	1,594,205	0.92
1999	4,117,212	2,211,054	1,906,158	590,000	1,017,893	1,607,893	1.19
1998	3,719,118	2,160,627	1,558,491	230,000	911,582	1,141,582	1.37
1997	4,165,780	2,147,368	2,018,412	370,000	923,163	1,293,163	1.56
1996	4,276,833	2,133,031	2,143,802	330,000	941,643	1,271,643	1.69
1995	4,109,604	2,028,258	2,081,346	200,000	952,443	1,152,443	1.81

Sewer							
Year (3)	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement (2)			Coverage
				Principal	Interest	Total	
2004	\$3,351,600	\$2,676,802	\$674,790	\$390,000 (4)	\$192,765	\$582,765	1.15
2003	3,341,118	2,494,830	846,288	370,000	213,543	583,543	1.45
2002	3,331,554	2,676,377	655,177	350,000	224,884	574,884	1.14
2001	3,191,184	2,561,721	629,463	335,000	246,263	581,263	1.08
2000	3,403,412	2,285,810	1,117,602	320,000	261,623	581,623	1.92
1999	3,278,269	2,264,167	1,014,102	305,000	259,976	564,976	1.79
1998	2,731,436	1,756,040	975,396	295,000	288,632	583,632	1.67
1997	2,722,849	1,949,139	773,710	280,000	300,533	580,533	1.33
1996	3,047,533	1,996,073	1,051,460	270,000	311,333	581,333	1.81
1995	3,140,605	1,775,861	1,364,744	260,000	320,693	580,693	2.35

(1) Total Operating Expenses exclusive of depreciation

(2) Includes principal and interest of bonds only

(3) 1996 - 2004 are reported on a GAAP basis. all other years are on a Cash basis

(4) In 2004 the Sewer Revenue Bonds were refunded by general obligation bonds

Source: City Financial Records

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service To Total General Fund Expenditures</u>
2004	\$65,000	\$42,548	\$107,548	\$9,410,025	1.14%
2003	210,000	55,761	265,761	9,360,612	2.84
2002	195,000	67,845	262,845	8,968,754	2.93
2001	185,000	78,340	263,340	9,142,585	2.88
2000	175,000	89,821	264,821	8,920,112	2.97
1999	165,000	99,590	264,590	8,683,129	3.05
1998	135,000	77,791	212,791	7,881,365	2.70
1997	100,000	59,305	159,305	7,681,147	2.07
1996	95,000	65,433	160,433	7,359,837	2.18
1995	90,000	71,147	161,147	6,546,488	2.46

Source: City financial records

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

Year	Property Value (1)	New Construction		
		Permits	Dollar Value of Permits	Bank Deposits (in thousands)(2,3,4)
2004	\$240,902,700	165	\$14,218,000	\$2,000,000
2003	220,182,770	239	43,518,155	2,000,000
2002	221,257,250	384	31,147,034	2,153,245
2001	226,858,780	235	16,732,635	1,029,891
2000	189,244,740	30	4,811,432	1,021,596
1999	188,647,670	96	11,786,981	916,844
1998	184,426,770	35	17,976,000	843,638
1997	146,125,620	38	7,949,695	1,623,273
1996	144,821,400	25	4,304,900	1,570,223
1995	142,813,080	41	9,750,800	1,614,744

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

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

City of Alliance, Ohio
Principal Taxpayers - Real Property
December 31, 2004

Taxpayer	Assessed Valuation	Percent of Assessed Valuation
Alliance Ventures, Incorporated	\$6,361,480	2.64%
Inland Southeast Alliance LLC	4,060,010	1.69
James G Stout	3,183,770	1.32
Grisez Brothers Properties LP	2,267,530	0.94
Carnation Mall LLC	1,984,510	0.82
RL Deville Enterprises Limited	1,872,340	0.77
Alliance Citizens Health Association, Inc.	1,419,730	0.59
Stark Health Care Investments LLC	1,167,360	0.48
Camalak Properties, Inc.	1,140,750	0.47
College Plaza Realty, Incorporated	1,096,870	0.45
Alliance Apartments Limited Partnership	1,051,750	0.44
Robertson Development Corporation	1,001,040	0.42
Alliance Castings Company LLC	940,920	0.40
Mount Union College	912,440	0.38
Morgan Real Estate Holdings, Inc.	893,220	0.37
Totals	<u>\$29,353,720</u>	<u>12.18%</u>
Total City Assessed Valuation	<u>\$240,902,700</u>	

Source: Stark County, Ohio; County Auditor

City of Alliance, Ohio
Principal Taxpayers - Tangible Personal Property
December 31, 2004

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Alliance Tubular Products Company	\$5,840,000	18.09%
Wal Mart Stores East, Incorporated	2,037,290	6.31
Robertson Heating Supply Company of Ohio	1,511,770	4.68
Stars of Cleveland, Incorporated	1,390,690	4.31
Lowe's Home Center, Incorporated	1,329,790	4.12
Wally Armour Chrysler Plymouth Dodge	1,270,480	3.94
Coastal Pet Products, Incorporated	1,066,620	3.30
Lavery Chevrolet-Buick, Inc.	926,490	2.87
A J Oster Foils, Inc.	895,750	2.78
Central Coated Products, Inc.	<u>633,750</u>	<u>1.96</u>
Totals	<u>\$16,902,630</u>	<u>52.36%</u>
Total City Assessed Valuation	<u>\$32,279,408</u>	

Source: Stark County, Ohio; County Auditor

City of Alliance, Ohio
Principal Taxpayers - Public Utility Property
 December 31, 2004

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Ohio Edison	\$3,558,700	38.66%
Ohio Bell Telephone	2,890,520	31.40
Columbia Gas of Ohio, Incorporated	938,360	10.19
Norfolk Southern Combined Rail Road Subsidiaries	847,010	9.20
American Transmission Systems, Incorporated	591,920	6.42
Alltel Ohio LP	<u>107,600</u>	<u>1.17</u>
Totals	<u><u>\$8,934,110</u></u>	<u><u>97.04%</u></u>
Assessed Valuation	<u><u>\$9,206,240</u></u>	

Source: Stark County, Ohio; County Auditor

City of Alliance, Ohio
Demographic Statistics

Last Five Census		2000 Census Information	
Year	Population		
2000	23,253	Sex:	
		Male	10,851
		Female	12,402
1990	23,376	Median Age	34.0
1980	24,315	Total Households	8,908
1970	26,547	Persons Per Household	2.4
1960	28,362	Median Household Income	\$30,078
		Median Dollar Value of Housing Units	\$71,400

Source: U.S. Bureau of the Census

City of Alliance, Ohio
Miscellaneous Statistics
December 31, 2004

Date of Incorporation	1854
Form of Government	Statutory
Area	7.952 square miles
Miles of Streets	107
Number of Traffic Lights	35
Fire Protection:	
Number of Stations	2
Number of Firefighters and Officers:	
Part-Time	0
Full-Time	32
Police Protection:	
Number of Stations	1
Number of Police Officers	
Part-Time	6
Full-Time	43
Recreation and Culture:	
Number of Parks	12
Area	185 acres
Number of Libraries	2
Volumes	153,000
Employees:	
Non-Exempt (Full Time)	114
Non-Exempt (Part Time)	16
Exempt (Full Time)	32
Exempt (Part Time)	47

Source: City Records



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF ALLIANCE

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 9, 2005**