

City of Amherst, Ohio

Single Audit Reports

December 31, 2002



**Auditor of State
Betty Montgomery**

Members of City Council
City of Amherst
206 South Main Street
Amherst, Ohio 44001-2146

We have reviewed the Independent Auditor's Report of the City of Amherst, Lorain County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Amherst is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 6, 2003

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CITY OF AMHERST, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2002

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*Creating economic value through
knowledge, innovation, commitment, and service*

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

Report On Compliance And On Internal Control Over
Financial Reporting Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards*

Members of the City Council
Amherst, Ohio

We have audited the financial statements of the City of Amherst as of and for the year ended December 31, 2002, and have issued our report thereon dated August 1, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Amherst's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Amherst in a separate letter dated August 1, 2003.



Members of the City Council
Amherst, Ohio

This report is intended solely for the information and use of the City Council, Finance Committee, Management, Auditor of State's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cuni & Parichi, Inc.

Cleveland, Ohio
August 1, 2003



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CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

Report On Compliance With Requirements Applicable To
Each Major Program And On Internal Control Over
Compliance In Accordance With OMB Circular A-133

Members of the City Council
Amherst, Ohio

Compliance

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

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

In our opinion, the City of Amherst complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as Items 02-1.



Members of the City Council
Amherst, Ohio

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the City of Amherst as of and for the year ended December 31, 2002, and have issued our report there dated August 1, 2003. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, Finance Committee, Management, Auditor of State's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Parichi, Inc.

Cleveland, Ohio
August 1, 2003

CITY OF AMHERST, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Pass-Through Ohio Department of Development			
Home Investment Partnerships Program	14.239	A-C-00-083-2	\$ 65,328
Community Development Block Grant	14.228	A-C-00-083-1	62,600
Community Development Block Grant	14.228	A-T-00-083-1	252,701
Pass-Through Lorain County Community Development Office			
Community Development Block Grant	14.228	B-F-02-043-1	<u>18,979</u>
Total U.S. Department of Housing and Urban Development			<u>399,608</u>
U.S. Department of Justice:			
Direct Programs			
COPS	16.710	1999UMX2843	13,376
COPS & More Grant	16.710	2000CMX0445	2,891
COPS	16.710	2001SHWX0052	34,501
Bullet Proof Vests Grant	16.607	N/A	<u>1,706</u>
Total U.S. Department of Justice			<u>52,474</u>
Total Expenditures of Federal Awards			\$ <u>452,082</u>

CITY OF AMHERST, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Amherst, Ohio and is presented using the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

CITY OF AMHERST, OHIO

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

DECEMBER 31, 2002

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	Yes
(d)(I)(vii)	Major Programs	Community Development Block Grant – CFDA No. 14.228 Home Investment Partnerships Program – CFDA No. 14.239
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A:>\$300,000 Type B:>All Others
(d)(I)(ix)	Low Risk Auditee?	No

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

None.

CITY OF AMHERST, OHIO

SCHEDULE OF FINDINGS (CONTINUED) OMB CIRCULAR A-133 SECTION .505

DECEMBER 31, 2002

3. FINDINGS FOR FEDERAL AWARDS

02-1 Non-Compliance:

Cash Management – Home Investment Partnerships Program and Community Development Block Grant – CFDA No. 14.239 and 14.228 – U.S. Department of Housing and Urban Development – Pass-Through Ohio Department of Development.

The OHCP Financial Management Rules and Regulations Handbook states that grantees receiving federal funds must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. Federal regulations 24 CFR 92 and 502 (c)(2) require that Non-Federal entities must expend funds which they receive from HUD within fifteen days of receipt of the funds. There were several instances throughout 2002 when the balance of funds, greater than \$5,000, were expended after fifteen days of receipt of those funds.

The City should monitor incoming funds so that amounts are expended to the correct parties within the required time limit.

CITY OF AMHERST, OHIO

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 SECTION .315(b)**

DECEMBER 31, 2002

Finding No.	Finding Summary	Fully Corrected?	Explanation
01-1	Ohio Revised Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue.	Yes	This was corrected in 2002.

**CITY OF AMHERST, OHIO
480 PARK AVENUE
AMHERST, OHIO 44001
(440) 988-3742**

**Response To Findings Associated With Audit Conducted
In Accordance With *Government Auditing Standards*
For The Year Ended December 31, 2002**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
02-1	The Auditor's office will monitor grant receipts and disbursements more carefully.	Ongoing	Diane Eswine, Auditor

CITY OF AMHERST, OHIO

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2002

**DIANE L. ESWINE, MPA
AMHERST CITY AUDITOR**

Prepared by the Auditor's Department

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

DIANE L. ESWINE, AUDITOR

August 1, 2003

Honorable Mayor,
Members of Amherst City Council and
The Citizens of Amherst, Ohio

We are pleased to submit to you the City of Amherst's third Comprehensive Annual Financial Report (CAFR). The CAFR is for the year ended December 31, 2002. This is the official report of the City of Amherst's results of operations and financial position to its residents, its elected officials, investment banks and underwriters, rating agencies and other interested parties. **We make special note of the fact that this report is the City's advance and initial implementation of the GASB 34 reporting model.**

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. Copies will be made available upon request and are kept in the Auditor's Office for any persons interested.

The Comprehensive Annual Financial Report is presented in the following three sections:

The Introductory Section which includes a table of contents, this transmittal letter, a list of the City's principal officials, elected and appointed, an organizational chart and the GFOA Certificate of Achievement.

The Financial Section which includes the Independent Auditors' Report, the Management's Discussion and Analysis, the Basic Financial Statements, and the notes that provide an overview of the City's financial position and operating results, and also includes Combining Statements for Nonmajor funds and other Schedules that provide detailed information relative to the Basic Financial Statements.

The Statistical Section, which includes selected financial and demographic information of the City of Amherst, generally presented on a multi-year basis.

The Reporting Entity

For financial reporting purposes, the City includes all funds that comprise the primary government and all agencies, boards and organizations for which the City is financially accountable. The City is financially accountable for an organization if the organization is fiscally dependent on the City or if the City appoints a majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the City. The ability to impose its will on the organization exists if the City can either remove members of the governing board at will, or modify or approve the organization's budget, modify or approve rates or fees, modify or overrule decisions of the organization's governing body, or

appoint, hire, reassign or dismiss persons responsible for management of the organization's day-to-day activities. A financial benefit exists if the City is legally entitled to or can otherwise access the organization's assets. A financial burden exists if the City is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization, or if the City is obligated in some manner for the debt of the organization. No components units have been included in the City's reporting entity.

The City is associated with Lorain County General Health District, a jointly governed organization, and the Sandstone Joint Ambulance District and Ohio Municipal Electric Generation Agency Joint Venture, both joint ventures. These are presented in Note 17 and Note 18 of the notes to the basic financial statements.

The City of Amherst

The City of Amherst, Ohio was incorporated in 1962 under the laws of the State of Ohio. It operates under a Mayor-Council form of government. Elected Officials include seven council members, president of council, mayor, law director, auditor and treasurer.

The City provides a full range of services. These services include: police and fire protection, the construction and maintenance of highways, streets and infrastructure, recreational activities, family and child health care, senior services, community planning, zoning and development, and water, sewer, electric, and sanitation services.

The City of Amherst is situated on the western side of Lorain County, south of the City of Lorain. The City is within a one-hour drive of the major cities of Cleveland and Akron and is traversed by two major limited-access highways, both east-west transportation links, and by two state routes. Interstate 90 has two entrances to Amherst. Interstate 80, the Ohio Turnpike, has plans to build a new exit at Route 58 but the time schedule for that has been repeatedly delayed. We are expecting some resolution to this issue in the near future. Route 58 is one of the county's major north-south transportation links and Route 254 is another east-west artery. Other forms of transportation such as rail, lake shipping, airfreight and passenger services are readily available, although not located within the City limits.

Amherst is predominantly a residential community and is an ideal area for families. The Amherst School System is considered one of the best in the county. Students from Amherst have done very well on State Proficiency tests. The Amherst Exempted Village School District successfully completed a levy-campaign in 2000 to raise money for the construction of a new building for a junior high school, an addition to the current junior high building (Nord), and an addition to the current high school building. Those buildings are scheduled to be completed in the fall of the 2003-2004 school year. The new Amherst Junior High School has been completed. The addition to Nord involves additional classrooms and a new dining area which has been completed. There are two projects at the high school. The new science wing, cafatorium and the Fine Arts addition are completed. The front entrance will be completed before school begins in fall of 2003. The elementary schools will rearrange the grade levels at the different schools to best utilize the space and staff.

Both Lorain County Community College (LCCC) and Oberlin College are within easy driving of the City of Amherst. LCCC recently teamed-up with other major universities so that students will be able to obtain four-year degrees while attending the LCCC campus. LCCC also offers opportunities for high school students to get a head start by offering certain students the opportunity to earn college credits while still in high school.

LCCC has recently opened a new technology building (Patsy C. Campana, Sr. Engineering and Development Center) and a new program in cooperation with The University of Toledo to increase the opportunity for students to have the latest in technological training and education. The new GLIDE (Great Lakes Incubator for Developing Enterprises) program is also housed in Campana Center and is a business incubator. These new programs are designed to help Lorain County have both the skilled labor and new business to take advantage of the new technologies available.

Economic Condition and Outlook

Nordson Corporation, founded by a native Amherst, is the only major manufacturing facility located within the City of Amherst. There have been some concerns about major cutbacks in employees within the corporation and how that will affect our income tax collections. We have had some new businesses come into the area that so far have made up for any shortfalls in revenue. This year we are beginning to feel the reduction in income taxes due to the labor reduction at Nordson. There is rumor that one of the Nordson Buildings has been put up for sale. Should another company move into that building, the City should experience an increase in revenues.

The City continues to explore the use of township land on the southeastern edge of Amherst. Approximately fifty-seven acres of land in this area has already been annexed and plans are just beginning to construct a small industrial park there. One company is already beginning to clear land to begin development. There has also been some discussion of further annexation or a Joint Economic District. This is in the area of the proposed new Turnpike Exit at Route 58.

Amherst completed the second year of both the \$500,000 Community Housing Improvement Project (CHIP) grant for housing rehabilitation and a \$400,000 Community Development Block Grant (CDBG) for revitalization of the downtown area. The City applied for and was accepted as a Main Street community. According to the Main Street Amherst community group, the City is very active in projects to promote and maintain the historic and economically viable downtown atmosphere. Many improvements and changes to the established buildings can be seen as one drives down Main Street in downtown Amherst.

The Building Doctor (a program of the Ohio Historic Preservation Office) had a very successful clinic in April of 2002 to provide technical assistance to those wishing to take advantage of the opportunity. A design review board has been established and is functioning. A number of businesses took advantage of the opportunity to get assistance in upgrading their buildings. Included in the CDBG grant request was the purchase of property and improvements for a new downtown parking lot. Parking in the downtown area has been a major issue for at least thirty years. Lack of parking has been considered to be a main deterrent to the revitalization of the downtown. The parking lot was completed in the summer of 2002 and is currently in use. This a landscaped parking lot with an ornamental fence and lighting.

Amherst has a historical small town feeling, which is promoted by the local historical society. The Amherst Historical Society is continuing to work to develop the Sandstone Village and has considerable support from the Nord Family Foundation and members of the Nord family. Work began in 2002 to move the physical headquarters of the Nord Family Foundation to Amherst. This project is designed to help the economic viability of the community. Work is continuing on the historical village. The City is helping to enhance the area by the new lighting and pavement treatment to be installed at the corner of North and South Lake Street and Milan Avenue.

Major Initiatives

Project Started During 2001:

Jackson Street Bridge – Construction of the new Jackson Street Bridge was halted due to concern over the design. The issue was put in the law director's hands. There was no resolution to this issue by the end of 2002.

Projects for 2002

Successfully completed a number of building improvements in the commercial downtown revitalization area as proscribed by the current CDBG Grant. A request for extension was approved to continue with more improvements in the area.

Successfully completed building improvements to the housing stock as prescribed by the current CHIP Grant. This grant was not fully used. It was decided to work with the County on any further housing rehabilitation.

Installed additional 98 parking spaces in the downtown area with ornamental fence, landscaping and lighting.

Began to implement Kent State Urban Design Plan.

Worked to continue to build the Amherst Downtown Betterment Association as a viable civic organization to enhance the community.

Re-applied for and received Main Street designation.

Continued the renovation of City Hall.

Continued the upgrade of the Wastewater Treatment Plant so that it meets the requirements of the Environmental Protection Agency. Completed the engineering phase, finalized the loan with the Ohio Department of Public Works and let out bids for construction.

Establishment of a comprehensive Surface Water Control Plan by 2003 – Began exploring possible alternatives and consultants.

Upgrade of the Cooper Foster pump station was completed.

Began the widening and improvement of the North Lake and Milan Ave intersection in order to enhance historical appearance of the area.

Replaced Franklin Avenue sanitary sewer.

Financial Information

Budgetary Control

The budgetary process is prescribed by provisions of the Ohio Revised Code and the City Charter 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 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. Any budgetary modifications at this level may only be made by resolution of the City Council.

Budgetary control is maintained by an encumbrance for purchase amounts prior to the release of purchase order to vendors. Purchase requisitions for the expenditures of monies are first reviewed by the department head and then forwarded to the appropriate official for his/her signature. They are then sent to the Auditor's Office for the preparation of a purchase order. The Auditor's Office certifies the purchase order for the availability of funds, and the estimated expenditure is encumbered against the available appropriation. Should department heads expend funds prior to the issuance of a purchase order, a Now and Then Stamp is placed on the purchase order. This practice is continually discouraged, however instances still occur.

The City adopts a temporary appropriation budget on or before January 1 or each year for the period January 1 through March 31. An annual appropriation budget is passed by April 1 of each year for the period January 1 through December 31. All disbursements and transfers of cash between funds require appropriation authority.

Internal Accounting and Reporting Control

As part of its continuing commitment to excellence in financial reporting, budgeting and reporting, the City utilizes a computerized financial accounting and reporting system. The Mayor and the Auditor continually evaluate enhancements to the present internal accounting controls and procedures. They oversee the appropriateness of internal control, develop procedures to enhance internal control, and consult 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 the safeguarding of assets against loss resulting from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from its implementation, and that the valuation of costs and benefits requires 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.

Financial Conditions This is the first year the City has prepared financial statements following GASB Statement 34. "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

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

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

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

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows the Independent Auditors' Report, providing an assessment of the City finances for 2002.

Cash Management

The City adheres to the regulations set forth in the Ohio Revised Code to ensure the safety of its investments. All deposits are made under contracts with local banking institutions and with the State Treasurer's Investment Pool (STAROhio). Cash temporarily idle during the year is invested in demand deposits, certificates of deposit, Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, repurchase agreements and STAROhio. On a full accrual basis, the City earned interest revenue of \$330,833 on all investments and deposits for the year ended December 31, 2002.

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

Risk Management

The City maintains self-funded programs for health care benefits for City employees and their dependents. A risk manager monitors and processes all claims. The City carries stop loss insurance coverage for the health care program in the amount of \$15,000 per eligible individual. Additionally, the City has contracted with various companies to insure against risks related to torts, thefts or damage to assets, errors and omissions, injuries to employees, and natural disasters.

Use of Report

This report is published to provide the City Council, the Mayor, the Citizens of Amherst and other interested persons, detailed information concerning the financial condition of the City, with the particular emphasis placed on the utilization of resources during 2002. Further, this report will serve as a guide to formulating policies and conducting the City's day-to-day activities. The information is presented in a

manner designed to fairly set forth the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

In today's public awareness environment it is increasingly important that the public agencies prepare soundly conceived annual financial reports independently audited by a qualified firm or agency. It has become essential that such reports be prepared in accordance with generally accepted accounting principals (GAAP). Bond rating agencies review the data presented before determining a public agency's bond rating.

Other Information

Independent Audit

The City is subjected an annual examination by an independent auditor. Independent auditor Ciuni and Panichi, Inc. was selected to render an opinion on the City's financial statements as of December 31, 2002. The Independent Auditor's Report has been included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities whose CAFR is easily readable, efficiently organized, and conforms to program standards. Such a report must satisfy both generally accepted accounting principles well as applicable legal requirements.

The City of Amherst received this honor for its Comprehensive Annual Financial Report for the year ended December 31, 2001. This was our third consecutive year to have successfully participated in the award program. A Certificate of Achievement is valid for a period of one year only. A copy of this certificate is contained within this report. The City of Amherst believes the current report conforms to the Certificate of Achievement Program requirements and standards, and has submitted it to the GFOA for consideration.

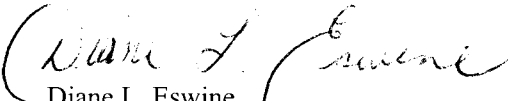
Acknowledgements

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Auditor's department. I would like to express my appreciation to all staff members who have contributed or assisted in its preparation.

Special appreciation is expressed to the Local Government Services Section of State Auditor Betty Montgomery's office for assistance in planning, designing and reviewing this financial report.

In closing, I would also like to thank the Mayor and the members of Amherst City Council, for without your continued support, the preparation of this report to help ensure the continued financial integrity of the City, would not have been possible.

Respectfully submitted,


Diane L. Eswine
Amherst City Auditor

City of Amherst, Ohio

Principal Officials

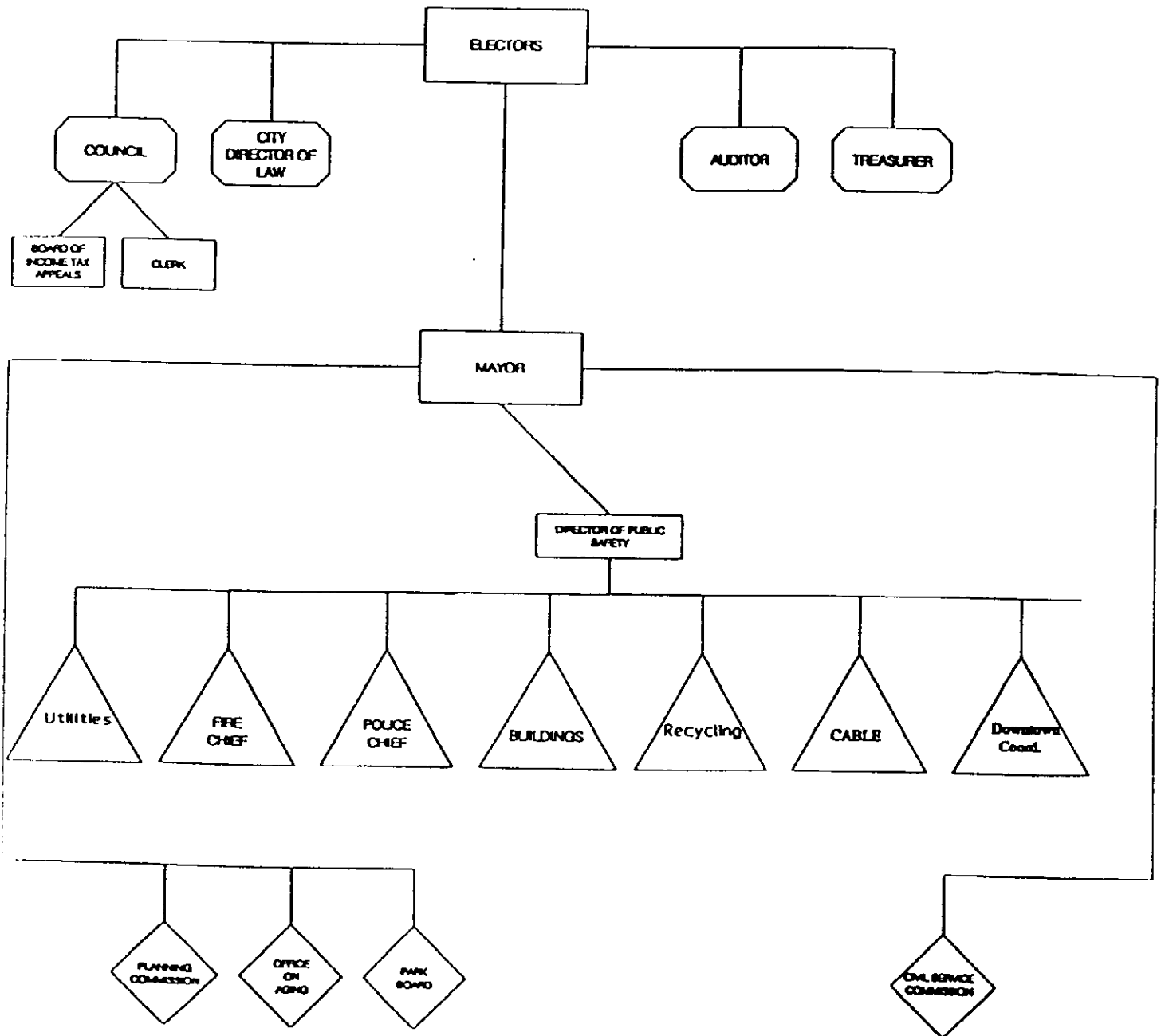
Elected Officials

Mayor	John G. Higgins
President of Council	John S. Dietrich
Council Member Ward 1	Terrence A. Traster
Council Member Ward 2	Edwin R. Cowger
Council Member Ward 3	Steve P'Simer
Council Member Ward 4	Jennifer Wasilk
Council Member – At large	Nancy L. Brown
Council Member – At large	Nicholas Brusky
Council Member – At large	David Williams
Auditor	Diane L. Eswine
Director of Law	Kenneth S. Stumphauzer
Treasurer	Kathleen Litkovitz

Appointed Officials

Council Clerk	Olga Sivinski
Secretary to the Mayor and Safety/Service Director	Sally Cornwell
Assistant Law Director	Scott Serazin
Civil Assistant to Law	Abraham Lieberman
Safety/Service Director	Sherrill McLoda
Deputy Auditor	Gwen Melbar
Budgetary Clerk	Donna Rumpler
Income Tax Secretary	Laura Kemp
Treasurer's Administrative Assistant	Karen Flynn
Acting Chief Building Inspector	John Calvey
Building Inspector	Ron Konowal
Utilities Superintendent	Ron Merthe
Amherst Area Office on Aging Director	Nina Lorandaeu
Police Chief	Lonnie D. Dillon
Fire Chief	Ralph Zilch
Park Commission Chairman	Gordon Brown
Main Street Program Director	Lesia Boytchuk-Schneider
Cable Station Manager	Charlene Duncan

CITY OF AMHERST ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Amherst,
Ohio

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

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



William Patrick Harte

President

Jeffrey R. Emer

Executive Director



Creating economic value through
knowledge, innovation, commitment, and service

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

Independent Auditors' Report

Members of the City Council
Amherst, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amherst as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Amherst's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amherst, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General and Street Construction, Maintenance and Repair Special Revenue Funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2002, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statements No. 34, 37, 38 and Interpretation 6.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2003 on our consideration of the City of Amherst's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Members City Council
City of Amherst, Ohio

August 1, 2003

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

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

Cini & Parichi, Inc.

Cleveland, Ohio
August 1, 2003

City of Amherst, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

The management's discussion and analysis of the City of Amherst's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2002. The intent of this discussion and analyses 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 2002 are:

- City income tax revenue for governmental activities totaled \$3,728,847.
- Total assets increased by \$3,592,703, a 6.92 percent increase over 2001.
- Total net assets increased by \$4,941,771, a 13.01 percent increase over 2001.
- Total capital assets increased \$983,214, a 3.49 percent increase over 2001.
- Total outstanding long term liabilities decreased by \$545,820, a 5.03 percent decrease over 2001.

Using This Comprehensive Annual Financial Report (CAFR)

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

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 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.

Reporting the City of Amherst as a Whole

Statement of Net Assets and 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 the City do financially during 2002?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

City of Amherst, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

These two statements report the City's net assets and the changes in those assets. The changes in net assets are 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, non-financial information such as changes in the City's tax base and the condition of the City capital assets will also need to be evaluated.

The *Statement of Net Assets* and the *Statement of Activities* are divided into the following categories.

- Assets
- Liabilities
- Net Asset (Assets minus Liabilities)
- Program Revenue and Expenses
- General Revenues
- Net Assets Beginning of Year and Year's End.

Reporting of the Most Significant Funds of the City of Amherst

Fund Financial Statements

The presentation of the City's major funds begins on page 18. Fund financial reports provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds, which account for the multitude of services, facilities and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Amherst, the major funds are the general, street construction, maintenance and repair, street improvement income tax, water, sewer, and electric funds.

Government Funds

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

Proprietary Funds

Proprietary funds (the water, sewer and electric funds) have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the City as a whole.

City of Amherst, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

The City as a Whole

The Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2002 compared to 2001.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
Current and Other Assets	\$16,047,938	\$14,962,340	\$10,362,574	\$8,838,683	\$26,410,512	\$23,801,023
Capital Assets, Net	14,107,391	12,788,372	15,016,657	15,352,462	29,124,048	28,140,834
<i>Total Assets</i>	<u>30,155,329</u>	<u>27,750,712</u>	<u>25,379,231</u>	<u>24,191,145</u>	<u>55,534,560</u>	<u>51,941,857</u>
Current and Other Liabilities	1,896,182	1,969,009	393,195	1,123,616	2,289,377	3,092,625
Long-Term Liabilities:						
Due within One Year	217,546	155,582	475,071	445,093	692,617	600,675
Due in More than One Year	2,787,053	2,967,825	6,829,756	7,286,746	9,616,809	10,254,571
<i>Total Liabilities</i>	<u>4,900,781</u>	<u>5,092,416</u>	<u>7,698,022</u>	<u>8,855,455</u>	<u>12,598,803</u>	<u>13,947,871</u>
Invested in Capital Assets, Net of Related Debt	10,927,382	9,749,793	9,759,573	9,876,038	20,686,955	19,625,831
Restricted for:						
Capital Projects	6,830,887	5,767,614	0	0	6,830,887	5,767,614
Debt Service	548,358	500,990	0	0	548,358	500,990
Other Purposes	3,293,617	2,691,250	0	0	3,293,617	2,691,250
Unrestricted	3,654,304	3,948,649	7,921,636	5,459,652	11,575,940	9,408,301
<i>Total Net Assets</i>	<u>\$25,254,548</u>	<u>\$22,658,296</u>	<u>\$17,681,209</u>	<u>\$15,335,690</u>	<u>\$42,935,757</u>	<u>\$37,993,986</u>

Total assets increased \$3,592,703 from 2001 to 2002. The increase was due mainly to over a million dollars in additional cash available at the end of the year for both the governmental and business-type activities.

Total liabilities decreased by \$1,349,068 due mainly to significant decreases in current liabilities such as accounts payable and contracts payable for business-type activities. Long-term liabilities decreased by \$545,820 due to payments made on general obligations bonds, notes payable, OPWC loans and capital leases.

Total net assets increased \$4,941,771 with governmental net assets comprising \$2,596,252 and business-type activities comprising \$2,345,519 due to the overall affect of the items mentioned above.

City of Amherst, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Table 2 shows the changes in net assets for the year ended December 31, 2002. Since this is the first year the City has prepared financial statements implementing GASB Statement 34, revenue and expense comparisons to 2001 are not available. In future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues			
Program Revenues:			
Charges for Services	\$589,863	\$10,808,932	\$11,398,795
Operating Grants and Contributions	1,994,791	0	1,994,791
Capital Grants and Contributions	997,543	0	997,543
Total Program Revenues	<u>3,582,197</u>	<u>10,808,932</u>	<u>14,391,129</u>
General Revenues:			
Property and Other Local Taxes	1,174,344	0	1,174,344
Income Taxes	3,728,847	0	3,728,847
Grants and Entitlements	142,972	0	142,972
Interest	330,833	0	330,833
Miscellaneous	81,084	13,001	94,085
Total General Revenues	<u>5,458,080</u>	<u>13,001</u>	<u>5,471,081</u>
Total Revenues	<u>9,040,277</u>	<u>10,821,933</u>	<u>19,862,210</u>
Program Expenses			
General Government	1,439,619	0	1,439,619
Security of Persons and Property	2,814,476	0	2,814,476
Public Health and Welfare	219,656	0	219,656
Transportation	1,248,114	0	1,248,114
Community Development	423,510	0	423,510
Leisure Time Activities	171,378	0	171,378
Interest and Fiscal Charges	127,272	0	127,272
Water	0	1,787,152	1,787,152
Sewer	0	1,471,176	1,471,176
Electric	0	5,218,086	5,218,086
Total Program Expenses	<u>6,444,025</u>	<u>8,476,414</u>	<u>14,920,439</u>
Increase in Net Assets	<u>\$2,596,252</u>	<u>\$2,345,519</u>	<u>\$4,941,771</u>

City of Amherst, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Governmental Activities

The overall financial strength of the City has remained steady in 2002.

Several revenue sources fund the City's governmental activities. These sources are grouped as either program or general revenues. City income tax contributes the largest share of resources for the governmental activities, constituting almost 44 percent of revenues. City Ordinance 67-50 passed on 9-25-67 established Amherst City income tax. Chapter 191 of the Codified Ordinances of the City of Amherst Ohio discusses the subject in depth.

Although the City income tax produces the largest share of revenue for governmental activities, only approximately 30% of the residents in Amherst pay the 1 1/2% income tax. Residents working outside of the City are forgiven a portion of that 1% - "It is the intent of this section that a resident who pays tax to another municipality shall not pay tax to the City of Amherst on the same income in excess of one-half of one percent (1/2%)" (191.16(a)).

The one-half percent that those residents do pay to the City "shall be appropriated to a separate fund established for the purposes of street resurfacing, the installation and maintenance of improvements and appurtenances necessary thereto and the purchase of equipment necessary therefore. (Ord.90-16. passed 4-9-90)". The 1/2% "forgiveness" portion, and a voted 1/2 % increase in the general income tax "for the purpose of street resurfacing, the installation and maintenance of improvements and appurtenances thereto, and the purchase of equipment necessary therefore" that was effective January 1, 1991 with a limitation of 10 years renewed to December 31, 2010 are reported in a separate fund.

The municipal income tax has two basic weaknesses: 1) the small percentage of residents actually paying the full 1 1/2% income tax and contributing to the general fund and 2) the instability of that income in a poor economy. Recently cutbacks at Nordson and the general slow down of the economy have adversely affected our collection of the 1 1/2% income tax. This situation is being addressed by an attempt by the City to diversify the local economy. The City has made some progress toward that end.

General property taxes are also a significant source of revenues. Although this is a much more stable tax, property taxes constitute only 21.52 percent of the general revenues for the City. In addition to the general property taxes, the City has a one-mill levy for fire apparatus. Although the operating expenses of the fire department come from the general fund, the fire apparatus levy fund provides resources for all capital purchases.

Intergovernmental revenues, particularly local government subsidies, have also provided a very stable, predictable and significant contribution to the City's general fund. Estate taxes have also been a significant contributor to this City's budget but much less stable and not at all predictable. However, both of these forms of intergovernmental revenues are at risk due to budget concerns at the State level.

City of Amherst, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Miscellaneous forms of income are becoming more important in the current economic climate. The City has been diligent recently about making efforts to see that charges for services we provide, particularly to other governmental entities, completely cover the cost of providing those services. Efforts have been made to adjust the pool membership fees to meet the cost of operating the pool. The fire department has negotiated new contracts to cover our cost of providing fire protection in the township. The Office on Aging has also made new attempts to negotiate contracts with surrounding townships that closely reflect the cost of providing services to the elderly in those areas.

The City has also more aggressively pursued grants and donations to help fund particular projects that might have been funded through the general fund. Grants have helped fund park projects, police work, renovations to City Hall, beautification efforts, and downtown revitalization.

Interest on all City accounts, except when otherwise designated, is another source of revenue for the general fund. In the past, interest constituted as much as 25 percent of the total budget. Now, because of the drop in interest rates, this source is much less significant, only about 8 percent for 2002.

Community development expenses account for the many projects throughout the City to help homeowners with necessary improvements to their home they would otherwise have a difficult time financially making. The City has been making major efforts to revitalize the downtown area for both the businesses and homes already established and those yet to come and be a part of the City. Grants have been used to help with projects to improve the park areas within the City and to establish some new green space, as well as help with the renovations of the City Hall and other beautification projects.

Security of persons and property expenses have increased due to grant monies available to assist in various police programs offered for the safety and education of the citizens of the City of Amherst.

Business-Type Activities

The City provides water, sewer and electric services to the residents and businesses within the City limits. The City is a participant with 36 subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. This electric service is at a cost savings to the users. During 2001, AMP-Ohio issued bonds, in the amount of \$50,260,000, to acquire fixed assets for JV2. Under a financing agreement between the participants of JV2 and AMP-Ohio, the participants have agreed to pay the debt service requirements of the bonds. Payments are to be made solely from the resources of the City's electric enterprise fund.

The water, sewer and electric funds all experienced increases in revenues from 2001 to 2002. These are attributable to increased services to the citizens of the City. While operating expenses increased somewhat in the water fund for personal services and contractual obligations, there were significant decreases in expenses for the sewer and electric funds due to reductions in materials and supplies purchases and contractual services obligations. The City tries to maintain the best services possible at the lowest costs possible.

City of Amherst, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Table 3
Governmental Activities

	Governmental Activities		Business-Type Activities		Total	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2002	2002	2002	2002	2002	2002
General Government	\$1,439,619	\$732,345	\$0	\$0	\$1,439,619	\$732,345
Security of Persons and Property	2,814,476	2,020,132	0	0	2,814,476	2,020,132
Public Health and Welfare	219,656	92,124	0	0	219,656	92,124
Transportation	1,248,114	(233,791)	0	0	1,248,114	(233,791)
Community Development	423,510	129,235	0	0	423,510	129,235
Leisure Time Activities	171,378	(5,489)	0	0	171,378	(5,489)
Water	0	0	1,787,152	(238,355)	1,787,152	(238,355)
Sewer	0	0	1,471,176	(952,250)	1,471,176	(952,250)
Electric	0	0	5,218,086	(1,141,913)	5,218,086	(1,141,913)
Interest and Fiscal Charges	127,272	127,272	0	0	127,272	127,272
<i>Total Cost of Services</i>	<u>\$6,444,025</u>	<u>\$2,861,828</u>	<u>\$8,476,414</u>	<u>(\$2,332,518)</u>	<u>\$14,920,439</u>	<u>\$529,310</u>

As shown in the above table, most of the City's governmental activities rely on the general revenues, including property taxes and municipal income tax, to support the expenses, including daily operations, programs and interest, to run their departments and programs. The business-type activities funds are receiving sufficient revenues to support the services provided to the citizens of the City of Amherst.

The City's Funds

Information about the City's governmental funds begins on page 18. These funds are accounted for by using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,344,795 and expenditures of \$7,260,332. The most significant fund is the general fund with a year-end balance of \$2,480,835 which included an unreserved fund balance of \$2,398,227, compared to annual expenditures of \$3,651,629. While revenues exceeded expenditures by \$345,962, this excess plus a portion of the carryover balance was transferred to other funds. These transferred funds enabled the City to fund the street construction, maintenance and repair fund as well as provide matching funds to the office on aging, traffic safety grant and recycling funds.

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 2002, the City amended the general fund budget four times for a total increase in estimated revenues of \$55,996. All expenditures in excess of \$15,000 must go before Council for approval. Recommendations and requests for budget changes are referred to the Finance Committee of City Council for review, before being sent on to Council for Ordinance enactment on the change. Since the Appropriations Ordinance is passed on a line item level, any change to any line item is a formal

City of Amherst, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

amendment. The general fund supports many major activities such as the Police Department, Fire Department, Building Department, as well as the legislative and executive activities. The street construction, maintenance and repair fund is mostly funded with general fund dollars. By ordinance, these funds are transferred from the general fund to the special revenue funds for support and for match funding. For the general fund, the original budgeted revenues were \$3,669,688 and the final budgeted amount was \$3,725,684. Of this \$55,996 difference, most was due to increased property tax and income tax. Although the original appropriations were gradually increased during the year, the City continued to maintain a respectable level of liquidity in the general fund by maintaining unreserved cash balance of \$2,220,054 at year-end due to more actual revenues coming into the City and less actual expenditures paid out by the City than the amounts budgeted for the year.

Capital Assets and Debt Administration

Capital Assets

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
Land	\$1,129,439	\$1,129,439	\$52,000	\$52,000	\$1,181,439	\$1,181,439
Buildings and Improvements	3,280,084	3,388,532	4,368,455	4,473,019	7,648,539	7,861,551
Improvements other than Buildings	843,028	885,953	36,803	29,620	879,831	915,573
Machinery and Equipment	1,148,389	792,453	4,568,136	4,636,451	5,716,525	5,428,904
Vehicles	313,982	368,051	76,278	107,607	390,260	475,658
Infrastructure						
Roads	7,392,469	6,223,944	0	0	7,392,469	6,223,944
Water Lines	0	0	2,359,094	2,426,374	2,359,094	2,426,374
Sewer Lines	0	0	2,222,092	2,231,494	2,222,092	2,231,494
Electric Lines	0	0	1,333,799	1,395,897	1,333,799	1,395,897
<i>Total Capital Assets</i>	<u>\$14,107,391</u>	<u>\$12,788,372</u>	<u>\$15,016,657</u>	<u>\$15,352,462</u>	<u>\$29,124,048</u>	<u>\$28,140,834</u>

Total capital assets for the City of Amherst as of December 31, 2002 were \$29,124,048. The most significant additions in capital assets came in the area of roads by \$1,477,221 and in machinery and equipment by \$476,624. See Note 8 to the basic financial statements for additional information.

In 2002 the City completed a parking lot in the downtown area that consists of ninety-eight parking spaces in the downtown area with ornamental fence, landscaping and lighting. This was part of the Community Block Development Grant (CDBG) project for the revitalization of downtown Amherst. In 2002 the City was in its second year of administering the \$400,000 of revitalization funds to improve the downtown area. Local businesses matched this money so that the improvements to the City were worth approximately \$720,000 over the course of the grant.

City of Amherst, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

Over the past three years, increases in utility rates in the sewer department were made in order to prepare for a major Ohio Water Development Authority loan for improvements to our wastewater treatment facility. In 2002 engineering was completed and contracts let for the construction of a facility estimated at a cost of \$10,391,100. Engineering drawings, estimates and bidding had to be completed before the loan could be applied for.

The Administration continues to seek grants for infrastructure projects. Issue II funds have been a continued source of resources for improvements for several years, and our current ½ % income tax for street improvements will continue to provide the necessary matching funds through 2010 when the current levy will be up for renewal.

In addition to infrastructure grants, the City continues to seek grants for Downtown Revitalization through CDBG Funds.

Another source of grant funds has been the Nordson Corporation Foundation, Nord Family Foundation and the Nord family, who have provided funds for both City Hall Restoration and for infrastructure improvements at Milan Avenue and South Lake Street for the Sandstone Historical Center.

Debt

On December 31, 2002 the City of Amherst had \$10,442,093 in bonds, loans, capital leases and notes outstanding with \$911,285 due within one year. Table 5 summarizes bonds, loans, capital leases and notes outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
General Obligation Bonds	\$2,781,000	\$2,904,000	\$5,075,000	\$5,365,000	\$7,856,000	\$8,269,000
OPWC Loans	12,500	17,500	102,966	109,609	115,466	127,109
Capital Leases	101,509	117,079	79,118	102,567	180,627	219,646
Notes Payable	285,000	315,000	2,005,000	2,130,000	2,290,000	2,445,000
<i>Total</i>	<u>\$3,180,009</u>	<u>\$3,353,579</u>	<u>\$7,262,084</u>	<u>\$7,707,176</u>	<u>\$10,442,093</u>	<u>\$11,060,755</u>

City of Amherst, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

For the governmental activities there are three general obligation bonds outstanding. The Jackson and Quarry bridge bonds, which were originally issued for \$312,000 in 1979, have a balance of \$26,000 as of December 31, 2002 and are to be paid off in December, 2004. The police and jail facility bonds, which were originally issued for \$3,000,000 in 1993, have a balance of \$2,290,000 as of December 31, 2002 and are to be paid off in December, 2018. The capital purpose bonds, which were originally issued for \$545,000 in 1998, have a balance of \$465,000 as of December 31, 2002 and are to be paid off in December, 2018.

The OPWC loans for street improvements were originally issued for \$25,000 in 2000. They are to be repaid in July, 2005. The capital leases are paid from monies in the general, street construction, maintenance and repair and office of aging funds. All capital leases will be repaid by 2007. The notes payable is for real estate acquisition for future park land and will be refinanced each year until it is decided to issue bonds or the purchase is made.

For the business-type activities there are five general obligation bonds outstanding. The water capital purpose bonds, which were originally issued for \$1,165,000 in 1999, have a balance of \$1,005,000 as of December 31, 2002 and will be paid off in December, 2018. The sewer refunding bonds, which were originally issued for \$2,095,000 in 1993, have a balance of \$1,320,000 as of December 31, 2002 and will be paid off in December 2012. The sewer capital purpose bonds, which were originally issued for \$835,000 in 1999, have a balance of \$720,000 as of December 31, 2002 and will be paid of in December, 2018. The electric refunding bonds, which were originally issued for \$1,265,000 in 1993, have a balance of \$800,000 as of December 31, 2002 and will be paid off in December 2012. The electric capital purpose bonds, which were originally issued for \$1,455,000 in 1999, have a balance of \$1,230,000 as of December 31, 2002 and will be paid of in December, 2018.

The OPWC loans for sewer improvements were originally issued for \$88,698 in 1998. They are to be repaid in July, 2017. The capital leases are reported in the sewer fund and will be repaid with monies from that fund. All capital leases will be repaid by 2005. The long-term notes payable is for electric systems improvements through AMP-Ohio and annual payments are made until 2012 when the note will be paid in full.

Current Financial Related Activities

The City of Amherst is currently in a positive cash position having a total cash balance of \$19,067,008 as of December 31, 2002. The major strength of the cash balance is in the street improvement income tax fund and in the enterprise funds. Both of these areas have extensive capital projects underway. The street improvement income tax fund has financed a number of projects since the tax was voted for twelve years ago. Most City streets are now in good repair. All major bridges, with the exception of the Jackson street bridge, have undergone extensive repairs and are in very good shape. Major work has also been with the electrical upgrade and installation of the new water tower. Plans are also under way to improve the sanitary sewer system.

The City is currently reviewing the outstanding debt issues and the corresponding interest rates to see if it would be beneficial to refinance some debt in 2003. Interest rates are at an all time low and the City feels that they may be able to reduce debt costs by refinancing.

City of Amherst, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

The City is continuing to expand its park system. The Beaver Creek Reservation was begun in 1999 and was dedicated in 2001. This is a cooperative effort between Amherst and the Lorain County Metropolitan Park System. Long term plans call for an expansion of this park and negotiations are under way to purchase additional land.

The City was also in its second year of administering the Community Housing Improvement Program (CHIP). This provided matching funds to first time homeowners to help them purchase a home or to homeowners for needed home improvements. Improvements to the City housing stock totaled approximately \$620,000.

Each year the street improvement income tax fund covers the cost of the various street resurfacing projects. In addition this fund provides the matching funds for the City's issue II projects. This has meant that the City has had an aggressive street improvement program for the past twelve years.

However, Amherst, as many other cities, is experiencing a period of increasing expenditures and declining revenues, particularly in the general fund. This situation will need to be addressed in the near future. The long term financial health of the City will depend on its ability to balance revenues and expenditures. Expenditures are already relatively lean. Balancing the budget will have to depend upon increasing revenue. This may mean attracting new commercial enterprises, which it is attempting to do, annexation, redistributing revenue, increasing taxes or all of the above.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends or invests. If you have any questions about this report or need financial information contact the Auditor, Diane L. Eswine, City of Amherst, 480 Park Avenue, Amherst, Ohio 44001, telephone 440- 988-3742, email deswine@amherstohio.org.

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Basic Financial Statements

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City Of Amherst, Ohio

Statement of Net Assets

December 31, 2002

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$12,664,110	\$6,352,813	\$19,016,923
Materials and Supplies Inventory	150,515	282,161	432,676
Accounts Receivable	42,470	1,774,346	1,816,816
Intergovernmental Receivable	652,295	0	652,295
Prepaid Items	41,692	15,159	56,851
Income Taxes Receivable	1,391,323	0	1,391,323
Property Taxes Receivable	1,105,533	0	1,105,533
Investment in Joint Venture	0	1,938,095	1,938,095
Non-Depreciable Capital Assets	1,129,439	52,000	1,181,439
Depreciable Capital Assets, Net	12,977,952	14,964,657	27,942,609
<i>Total Assets</i>	<u>30,155,329</u>	<u>25,379,231</u>	<u>55,534,560</u>
Liabilities			
Accounts Payable	44,586	12,509	57,095
Contracts Payable	109,761	0	109,761
Accrued Wages and Benefits	67,200	32,010	99,210
Intergovernmental Payable	175,690	141,757	317,447
Internal Balances	427	(427)	0
Deferred Revenue	1,081,949	0	1,081,949
Accrued Interest Payable	13,183	21,870	35,053
Claims Payable	118,386	0	118,386
Customer Deposits	0	185,476	185,476
Notes Payable	285,000	0	285,000
Long-Term Liabilities:			
Due Within One Year	217,546	475,071	692,617
Due In More Than One Year	2,787,053	6,829,756	9,616,809
<i>Total Liabilities</i>	<u>4,900,781</u>	<u>7,698,022</u>	<u>12,598,803</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	10,927,382	9,759,573	20,686,955
Restricted for:			
Capital Projects	6,830,887	0	6,830,887
Debt Service	548,358	0	548,358
Other Purposes	3,293,617	0	3,293,617
Unrestricted	3,654,304	7,921,636	11,575,940
<i>Total Net Assets</i>	<u>\$25,254,548</u>	<u>\$17,681,209</u>	<u>\$42,935,757</u>

See accompanying notes to the basic financial statements

City of Amherst, Ohio
Statement of Activities
For the Year Ended December 31, 2002

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$1,439,619	\$164,642	\$536,525	\$6,107
Security of Persons and Property	2,814,476	215,947	578,397	0
Public Health and Welfare	219,656	80,989	46,543	0
Transportation	1,248,114	0	490,469	991,436
Community Environment	423,510	15,780	278,495	0
Leisure Time Activities	171,378	112,505	64,362	0
Interest and Fiscal Charges	127,272	0	0	0
<i>Total Governmental Activities</i>	<u>6,444,025</u>	<u>589,863</u>	<u>1,994,791</u>	<u>997,543</u>
Business-Type Activities				
Water	1,787,152	2,025,507	0	0
Sewer	1,471,176	2,423,426	0	0
Electric	5,218,086	6,359,999	0	0
<i>Total Business-Type Activities</i>	<u>8,476,414</u>	<u>10,808,932</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u><u>\$14,920,439</u></u>	<u><u>\$11,398,795</u></u>	<u><u>\$1,994,791</u></u>	<u><u>\$997,543</u></u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Debt Service

 Capital Projects

Income Taxes Levied for:

 General Purposes

 Capital Projects

Grants and Entitlements not Restricted
to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year (See Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$732,345)	\$0	(\$732,345)
(2,020,132)	0	(2,020,132)
(92,124)	0	(92,124)
233,791	0	233,791
(129,235)	0	(129,235)
5,489	0	5,489
(127,272)	0	(127,272)
(2,861,828)	0	(2,861,828)
0	238,355	238,355
0	952,250	952,250
0	1,141,913	1,141,913
0	2,332,518	2,332,518
(2,861,828)	2,332,518	(529,310)
723,164	0	723,164
263,193	0	263,193
187,987	0	187,987
1,895,017	0	1,895,017
1,833,830	0	1,833,830
142,972	0	142,972
330,833	0	330,833
81,084	13,001	94,085
5,458,080	13,001	5,471,081
2,596,252	2,345,519	4,941,771
22,658,296	15,335,690	37,993,986
\$25,254,548	\$17,681,209	\$42,935,757

City of Amherst, Ohio

Balance Sheet

Governmental Funds

December 31, 2002

	General	Street Construction, Maintenance and Repair	Street Improvement Income Tax	Other Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,336,819	\$1,019,400	\$4,506,171	\$4,667,046
Materials and Supplies Inventory	98,090	52,425	0	0
Accounts Receivable	4,181	0	0	38,289
Interfund Receivable	100,000	0	0	0
Intergovernmental Receivable	362,835	169,186	0	120,274
Prepaid Items	38,339	2,493	0	860
Income Taxes Receivable	876,533	0	514,790	0
Property Taxes Receivable	601,888	0	0	503,645
<i>Total Assets</i>	<u>\$4,418,685</u>	<u>\$1,243,504</u>	<u>\$5,020,961</u>	<u>\$5,330,114</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$7,569	\$1,630	\$30,566	\$4,220
Contracts Payable	0	0	0	109,761
Accrued Wages and Benefits	49,786	14,720	0	2,694
Interfund Payable	194	65	0	100,168
Intergovernmental Payable	1,769	236	0	10,289
Deferred Revenue	1,592,130	139,960	433,671	595,791
Accrued Interest Payable	1,402	0	0	0
Notes Payable	285,000	0	0	0
<i>Total Liabilities</i>	<u>1,937,850</u>	<u>156,611</u>	<u>464,237</u>	<u>822,923</u>
Fund Balances				
Reserved for Encumbrances	82,608	30,670	912,772	653,383
Unreserved:				
Undesignated, Reported in:				
General Fund	2,398,227	0	0	0
Special Revenue Funds	0	1,056,223	0	1,925,231
Debt Service Fund	0	0	0	541,686
Capital Projects Funds	0	0	3,643,952	1,386,891
<i>Total Fund Balances</i>	<u>2,480,835</u>	<u>1,086,893</u>	<u>4,556,724</u>	<u>4,507,191</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,418,685</u>	<u>\$1,243,504</u>	<u>\$5,020,961</u>	<u>\$5,330,114</u>

See accompanying notes to the basic financial statements

City of Amherst, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2002*

	Total Governmental Fund Balances	\$12,631,643
Total Governmental Funds	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$12,529,436	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	14,107,391
150,515		
42,470		
100,000	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
652,295	Delinquent Property Taxes	58,040
41,692	Intergovernmental	451,772
1,391,323	Income Taxes	1,169,791
1,105,533		
\$16,013,264	Total	1,679,603
	An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	15,687
\$43,985		
109,761		
67,200	Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds	(163,396)
100,427		
12,294		
2,761,552	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.	(11,781)
1,402		
285,000		
3,381,621	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
	General Obligation Bonds	(2,781,000)
1,679,433	OPWC Loans	(12,500)
	Compensated Absences	(109,590)
2,398,227	Capital Leases	(101,509)
2,981,454		
541,686		
5,030,843	Total	(3,004,599)
12,631,643	<i>Net Assets of Governmental Activities</i>	\$25,254,548
\$16,013,264		

City of Amherst, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2002

	General	Street Construction, Maintenance and Repair	Street Improvement Income Tax	Other Governmental Funds
Revenues				
Property and Other Local Taxes	\$720,579	\$0	\$0	\$447,179
Income Taxes	1,889,492	0	1,835,708	0
Intergovernmental	670,024	325,525	274,772	1,131,495
Charges for Services	108,044	0	0	242,277
Fees, Licenses and Permits	215,808	0	0	1,384
Contributions and Donations	4,861	0	0	43,380
Interest	326,824	0	0	4,009
Rentals	0	0	0	22,350
Miscellaneous	61,959	18,408	0	717
<i>Total Revenues</i>	<u>3,997,591</u>	<u>343,933</u>	<u>2,110,480</u>	<u>1,892,791</u>
Expenditures				
Current:				
General Government	975,194	0	0	367,054
Security of Persons and Property	2,421,892	0	0	87,199
Public Health and Welfare	64,582	0	0	147,753
Transportation	0	783,663	0	7,777
Community Development	178,132	0	0	236,166
Leisure Time Activities	0	0	0	153,245
Capital Outlay	0	0	864,583	654,104
Debt Service:				
Principal Retirement	4,133	23,449	5,000	123,858
Interest and Fiscal Charges	7,696	6,144	0	148,708
<i>Total Expenditures</i>	<u>3,651,629</u>	<u>813,256</u>	<u>869,583</u>	<u>1,925,864</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>345,962</u>	<u>(469,323)</u>	<u>1,240,897</u>	<u>(33,073)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	0	0	0	12,870
Transfers In	6,688	901,750	0	1,047,132
Transfers Out	(1,018,606)	(67,999)	(577,177)	(291,788)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,011,918)</u>	<u>833,751</u>	<u>(577,177)</u>	<u>768,214</u>
<i>Net Change in Fund Balances</i>	(665,956)	364,428	663,720	735,141
<i>Fund Balances Beginning of Year</i>				
- Restated (See Note3)	3,146,791	722,465	3,893,004	3,772,050
<i>Fund Balances End of Year</i>	<u>\$2,480,835</u>	<u>\$1,086,893</u>	<u>\$4,556,724</u>	<u>\$4,507,191</u>

See accompanying notes to the basic financial statements

City of Amherst, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2002*

<hr/> <hr/>	<hr/> <hr/>
Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds \$1,097,333
	<i>Amounts reported for governmental activities in the statement of activities are different because</i>
\$1,167,758	Governmental funds report capital outlays as expenditures. However, in
3,725,200	the statement of activities, the cost of those assets is allocated over
2,401,816	their estimated useful lives as depreciation expense. This is the amount
350,321	which capital outlays exceeded depreciation in the current period.
217,192	Capital Asset Additions 1,992,521
48,241	Current Year Depreciation (673,502)
330,833	Total 1,319,019
22,350	
81,084	
<hr/>	
8,344,795	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues
	Delinquent Property Taxes 6,586
	Income Taxes 3,647
	Intergovernmental 168,249
	Total 178,482
1,342,248	
2,509,091	Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 156,440
212,335	
791,440	Inception of capital leases that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities. (12,870)
414,298	
153,245	
1,518,687	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 35,276
156,440	Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable (contractually required pension contributions) do not require the use of current financial resources and therefore are not reported as expenditures.
162,548	Compensated Absences (24,762)
<hr/>	Intergovernmental (116,659)
7,260,332	Total (141,421)
1,084,463	The internal service fund used by management to charge the costs of insurance to individual funds is not reported in entity-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (36,007)
12,870	
1,955,570	
(1,955,570)	
<hr/>	
12,870	
<hr/>	
1,097,333	
<hr/>	
11,534,310	
<hr/>	
\$12,631,643	<i>Change in Net Assets of Governmental Activities</i> <u>\$2,596,252</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$642,720	\$642,720	\$720,598	\$77,878
Income Taxes	1,737,236	1,793,232	1,902,952	109,720
Intergovernmental	551,991	551,991	621,987	69,996
Charges for Services	129,772	129,772	110,491	(19,281)
Fees, Licenses and Permits	201,140	201,140	217,089	15,949
Contributions and Donations	6,956	6,956	4,861	(2,095)
Interest	350,000	350,000	363,010	13,010
Miscellaneous	49,873	49,873	62,178	12,305
<i>Total Revenues</i>	<u>3,669,688</u>	<u>3,725,684</u>	<u>4,003,166</u>	<u>277,482</u>
Expenditures				
Current:				
General Government	1,546,914	1,541,249	1,055,233	486,016
Security of Persons and Property	2,710,257	2,833,784	2,471,904	361,880
Public Health and Welfare	74,210	74,200	66,157	8,043
Community Environment	200,138	211,586	194,198	17,388
<i>Total Expenditures</i>	<u>4,531,519</u>	<u>4,660,819</u>	<u>3,787,492</u>	<u>873,327</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(861,831)</u>	<u>(935,135)</u>	<u>215,674</u>	<u>1,150,809</u>
Other Financing Sources (Uses)				
Notes Issued	315,000	315,000	285,000	(30,000)
Sale of Capital Assets	51,858	51,858	0	(51,858)
Advances In	400,000	400,000	302,000	(98,000)
Transfers In	149,731	149,731	6,688	(143,043)
Transfers Out	(1,826,199)	(1,826,199)	(1,345,733)	480,466
<i>Total Other Financing Sources (Uses)</i>	<u>(909,610)</u>	<u>(909,610)</u>	<u>(752,045)</u>	<u>157,565</u>
<i>Net Change in Fund Balance</i>	(1,771,441)	(1,844,745)	(536,371)	1,308,374
<i>Fund Balance Beginning of Year</i>	2,576,497	2,576,497	2,576,497	0
Prior Year Encumbrances Appropriated	<u>179,928</u>	<u>179,928</u>	<u>179,928</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$984,984</u>	<u>\$911,680</u>	<u>\$2,220,054</u>	<u>\$1,308,374</u>

See accompanying notes to the basic financial statements

City of Amherst, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2002*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$315,000	\$315,000	\$320,207	\$5,207
Miscellaneous	0	0	18,408	18,408
<i>Total Revenues</i>	315,000	315,000	338,615	23,615
Expenditures				
Current:				
Transportation	968,626	995,626	853,665	141,961
<i>Excess of Revenues Under Expenditures</i>	(653,626)	(680,626)	(515,050)	165,576
Other Financing Sources (Uses)				
Transfers In	970,344	970,344	901,750	(68,594)
Transfers Out	(67,999)	(67,999)	(67,999)	0
<i>Total Other Financing Sources (Uses)</i>	902,345	902,345	833,751	(68,594)
<i>Net Change in Fund Balance</i>	248,719	221,719	318,701	96,982
<i>Fund Balance Beginning of Year</i>	633,943	633,943	633,943	0
Prior Year Encumbrances Appropriated	34,603	34,603	34,603	0
<i>Fund Balance End of Year</i>	<u>\$917,265</u>	<u>\$890,265</u>	<u>\$987,247</u>	<u>\$96,982</u>

See accompanying notes to the basic financial statements

City of Amherst, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2002

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric	Total	
Assets					
<i>Current Assets</i>					
Equity in Pooled Cash and					
Cash Equivalents	\$628,798	\$2,752,643	\$2,785,896	\$6,167,337	\$134,674
Accounts Receivable	307,148	398,652	1,068,546	1,774,346	0
Interfund Receivable	609	716	0	1,325	0
Materials and Supplies Inventory	31,490	18,948	231,723	282,161	0
Prepaid Items	3,815	3,366	7,978	15,159	0
<i>Total Current Assets</i>	<u>971,860</u>	<u>3,174,325</u>	<u>4,094,143</u>	<u>8,240,328</u>	<u>134,674</u>
<i>Noncurrent Assets</i>					
Restricted Assets:					
Customer Deposits	58,894	20,751	105,831	185,476	0
Investment in Joint Venture	0	0	1,938,095	1,938,095	0
Non-Depreciable Capital Assets	45,000	0	7,000	52,000	0
Depreciable Capital Assets, Net	3,809,394	7,893,085	3,262,178	14,964,657	0
<i>Total Noncurrent Assets</i>	<u>3,913,288</u>	<u>7,913,836</u>	<u>5,313,104</u>	<u>17,140,228</u>	<u>0</u>
<i>Total Assets</i>	<u>4,885,148</u>	<u>11,088,161</u>	<u>9,407,247</u>	<u>25,380,556</u>	<u>134,674</u>
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable	1,328	5,611	5,570	12,509	601
Claims Payable	0	0	0	0	118,386
Accrued Wages and Benefits	7,411	13,206	11,393	32,010	0
Intergovernmental Payable	91,032	25,395	25,330	141,757	0
Interfund Payable	84	615	199	898	0
Accrued Interest Payable	3,571	8,222	10,077	21,870	0
Compensated Absences Payable	1,258	5,206	7,111	13,575	0
Capital Lease Payable	0	24,854	0	24,854	0
OWDA Loans Payable	0	6,642	0	6,642	0
General Obligation Bonds Payable	45,000	135,000	125,000	305,000	0
AMP-Ohio Notes Payable	0	0	125,000	125,000	0
Payable from Restricted Assets:					
Customer Deposits	58,894	20,751	105,831	185,476	0
<i>Total Current Liabilities</i>	<u>208,578</u>	<u>245,502</u>	<u>415,511</u>	<u>869,591</u>	<u>118,987</u>
<i>Long-Term Liabilities (Net of Current Portion)</i>					
Compensated Absences Payable	5,505	12,646	11,017	29,168	0
Capital Lease Payable	0	54,264	0	54,264	0
OWDA Loans Payable	0	96,324	0	96,324	0
General Obligation Bonds Payable	960,000	1,905,000	1,905,000	4,770,000	0
AMP-Ohio Notes Payable	0	0	1,880,000	1,880,000	0
<i>Total Long-Term Liabilities</i>	<u>965,505</u>	<u>2,068,234</u>	<u>3,796,017</u>	<u>6,829,756</u>	<u>0</u>
<i>Total Liabilities</i>	<u>1,174,083</u>	<u>2,313,736</u>	<u>4,211,528</u>	<u>7,699,347</u>	<u>118,987</u>
Net Assets					
Invested in Capital Assets, Net of Related Debt	2,849,394	5,671,001	1,239,178	9,759,573	0
Unrestricted	861,671	3,103,424	3,956,541	7,921,636	15,687
<i>Total Net Assets</i>	<u>\$3,711,065</u>	<u>\$8,774,425</u>	<u>\$5,195,719</u>	<u>\$17,681,209</u>	<u>\$15,687</u>

See accompanying notes to the basic financial statements

City of Amherst, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2002*

	Business-Type Activities			Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Electric		Self Insurance
Operating Revenues					
Charges for Services	\$2,025,507	\$2,423,426	\$6,359,999	\$10,808,932	\$832,279
Miscellaneous	2,072	3,493	7,436	13,001	0
<i>Total Operating Revenues</i>	<u>2,027,579</u>	<u>2,426,919</u>	<u>6,367,435</u>	<u>10,821,933</u>	<u>832,279</u>
Operating Expenses					
Personal Services	351,334	698,701	897,884	1,947,919	0
Materials and Supplies	162,029	159,174	83,268	404,471	0
Contractual Services	1,115,743	242,752	3,816,387	5,174,882	225,086
Depreciation	117,137	269,060	163,259	549,456	0
Claims	0	0	0	0	643,200
<i>Total Operating Expenses</i>	<u>1,746,243</u>	<u>1,369,687</u>	<u>4,960,798</u>	<u>8,076,728</u>	<u>868,286</u>
<i>Operating Income (Loss)</i>	<u>281,336</u>	<u>1,057,232</u>	<u>1,406,637</u>	<u>2,745,205</u>	<u>(36,007)</u>
Non-Operating Expenses					
Interest and Fiscal Charges	(40,909)	(101,489)	(144,558)	(286,956)	0
Loss in Investment of Joint Venture	0	0	(112,730)	(112,730)	0
<i>Total Non-Operating Expenses</i>	<u>(40,909)</u>	<u>(101,489)</u>	<u>(257,288)</u>	<u>(399,686)</u>	<u>0</u>
<i>Change in Net Assets</i>	240,427	955,743	1,149,349	2,345,519	(36,007)
<i>Net Assets Beginning of Year</i> <i>- Restated (See Note 3)</i>	<u>3,470,638</u>	<u>7,818,682</u>	<u>4,046,370</u>	<u>15,335,690</u>	<u>51,694</u>
<i>Net Assets End of Year</i>	<u><u>\$3,711,065</u></u>	<u><u>\$8,774,425</u></u>	<u><u>\$5,195,719</u></u>	<u><u>\$17,681,209</u></u>	<u><u>\$15,687</u></u>

See accompanying notes to the basic financial statements

City of Amherst, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2002

	Business Type Activities Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Electric	Total	
<i>Increase (Decrease) In Cash and Cash Equivalents</i>					
Cash Flows from Operating Activities					
Cash Received from Customers	\$1,902,584	\$2,330,748	\$6,133,959	\$10,367,291	\$0
Deposits Received	8,500	4,350	21,250	34,100	0
Deposits Returned	(7,268)	(2,520)	(13,046)	(22,834)	0
Cash Received from Transactions with Other Funds	0	0	0	0	832,279
Cash Received from Other Operating Sources	2,072	3,493	7,436	13,001	0
Cash Payments to Suppliers for Goods and Services	(1,259,577)	(417,450)	(4,506,429)	(6,183,456)	(224,485)
Cash Payments for Claims	0	0	0	0	(627,722)
Cash Payments for Employee Services and Benefits	(368,170)	(743,658)	(889,735)	(2,001,563)	0
<i>Net Cash Provided by (Used for)</i> <i>Operating Activities</i>	<u>278,141</u>	<u>1,174,963</u>	<u>753,435</u>	<u>2,206,539</u>	<u>(19,928)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets	(10,285)	(194,661)	(8,705)	(213,651)	0
Principal Paid	(40,000)	(160,092)	(245,000)	(445,092)	0
Interest Paid	(44,953)	(111,617)	(159,489)	(316,059)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(95,238)</u>	<u>(466,370)</u>	<u>(413,194)</u>	<u>(974,802)</u>	<u>0</u>
<i>Net Increase (Decrease) In Cash and Cash Equivalents</i>	182,903	708,593	340,241	1,231,737	(19,928)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>504,789</u>	<u>2,064,801</u>	<u>2,551,486</u>	<u>5,121,076</u>	<u>154,602</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$687,692</u>	<u>\$2,773,394</u>	<u>\$2,891,727</u>	<u>\$6,352,813</u>	<u>\$134,674</u>

(continued)

City of Amherst, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2002

	Business Type Activities Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Electric	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
<i>Operating Income (Loss)</i>	\$281,336	\$1,057,232	\$1,406,637	\$2,745,205	(\$36,007)
Adjustments:					
Depreciation	117,137	269,060	163,259	549,456	0
(Increase)/Decrease in Assets:					
Accounts Receivable	(113,814)	(87,612)	(204,790)	(406,216)	0
Materials and Supplies Inventory	23,324	4,734	(301)	27,757	0
Prepaid Items	(3,815)	(3,366)	(7,978)	(15,159)	0
Interfund Receivable	(609)	(716)	0	(1,325)	0
Increase/(Decrease) in Liabilities:					
Accounts Payable	(9,484)	(21,952)	(615,703)	(647,139)	601
Contracts Payable	0	(58,051)	0	(58,051)	0
Accrued Wages	2,890	3,845	1,354	8,089	0
Intergovernmental Payable	(22,521)	3,502	3,963	(15,056)	0
Interfund Payable	84	615	199	898	0
Compensated Absences	3,613	7,672	6,795	18,080	0
Claims Payable	0	0	0	0	15,478
<i>Net Cash Used for Operating Activities</i>	<u>\$278,141</u>	<u>\$1,174,963</u>	<u>\$753,435</u>	<u>\$2,206,539</u>	<u>(\$19,928)</u>

See accompanying notes to the basic financial statements

City of Amherst, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2002

	Private Purpose Trust	
	Cemetery	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$4,051	\$8,888
Cash and Cash Equivalents in Segregated Accounts	0	37,146
<i>Total Assets</i>	4,051	\$46,034
Liabilities		
Deposits Held and Due to Others	0	\$46,034
Net Assets		
Held in Trust for Cemetery	\$4,051	

See accompanying notes to the basic financial statements

City of Amherst, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2002

	Private Purpose Trust
	Cemetery
Additions	
Interest	\$72
Deductions	45
<i>Change in Net Assets</i>	27
<i>Net Assets Beginning of Year</i>	4,024
<i>Net Assets End of Year</i>	\$4,051

See accompanying notes to the basic financial statements

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

Note 1 - Description of the City and Reporting Entity

The City of Amherst (the "City") is a municipal corporation established and operated under the laws of the State of Ohio. The City was first incorporated in 1962. The City provides for a Mayor-Council form of government. Elected officials include eight council members, mayor, law director, auditor, and treasurer.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Amherst, this includes the departments that provide the following services: police and fire protection, the construction and maintenance of highways, streets and infrastructure, recreational activities, family and child health care, senior services, community planning, zoning and development, water, sewer, electric, and sanitation.

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, authorizes the issuance of debt, or the levying of taxes. The City has no component units.

The City is associated with the Lorain County General Health District, a jointly governed organization, and the Sandstone Joint Ambulance District and the Ohio Municipal Electric Generation Agency (JV2) joint ventures. These organizations are discussed in Notes 17 and 18 of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial 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 its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

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

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

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

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

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

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

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

Street Construction Maintenance and Repair Fund This fund is used to account for the portion of the State gasoline tax and motor vehicle license fees that is designated for maintenance of streets within the City.

Street Improvement Income Tax Capital Projects Fund This fund is used to account for .5 percent of the City income tax to be used for improvements to the various City roads.

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

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

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

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

Water Fund The water fund accounts for the provision of water service to the residents and commercial users located within the City.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Electric Fund The electric fund accounts for the provision of electric light and power service to the residents and commercial users located within the City.

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program for employee medical benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is a private purpose trust which accounts for the perpetual care and maintenance of an individual family's burial plots in the City's cemetery through an endowment. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for street opening fees, building assessment fees and ambulance refunds.

C. Measurement Focus

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

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

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

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

The private purpose trust fund is reported using a flow of economic resources measurement focus.

D. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

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

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

F. 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's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost.

During 2002, investments were limited to Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes and State Treasury Asset Reserve of Ohio (STAROhio).

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2002 amounted to \$326,824 which includes \$285,870 assigned from other City funds.

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 presented on the financial statements as cash equivalents.

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Restricted Assets

Water, sewer and electric customer deposits have been restricted because the deposit remains the property of the customer. The restricted asset account is balanced by a customer deposits payable liability account.

J. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	25 years
Improvements other than buildings	15 - 70 years
Machinery and equipment	3 - 20 years
Vehicles	3 - 8 years
Infrastructure	15 - 70 years

The City's infrastructure consists of roads, water lines, sewers lines, and electrical lines.

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

K. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables”. Interfund transactions which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. Compensated Absences

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

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

M. 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 contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, long-term loans and capital leases are recognized as a liability on the governmental fund financial statements when due.

N. Fund Balance Reserves

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

O. Net Assets

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

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer and electric services and self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Q. Interfund Activity

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

S. Estimates

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

Note 3 - Change in Accounting Principles and Restatement of Prior Year Net Assets

A. Change in Accounting Principles

For 2002, the City has implemented GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments," GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus," Statement No. 38, "Certain Financial Statement Note Disclosures," and Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences".

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City's programs between governmental and business-type activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2001, caused by the elimination of the internal service fund, reclassification of funds based on the guidance provided in Statement No. 34, and the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management's Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures. GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the government's legally adopted budget.

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

B. Restatement of Fund Balance

The implementation of these changes had the following effects on fund balance of the major and nonmajor funds of the City as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Street Construction Maintenance and Repair</u>	<u>Street Improvement Income Tax</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, December 31, 2001	\$3,136,663	\$721,910	\$3,893,004	\$3,772,050	\$11,523,627
Implementation of GASB Interpretation No. 6	<u>10,128</u>	<u>555</u>	<u>0</u>	<u>0</u>	<u>10,683</u>
Adjusted Fund Balance, December 31, 2001	<u>\$3,146,791</u>	<u>\$722,465</u>	<u>\$3,893,004</u>	<u>\$3,772,050</u>	11,534,310
GASB 34 Adjustments:					
Capital Assets					12,788,372
Internal Service					51,694
Long-Term (Deferred) Assets					1,501,121
Long-Term Liabilities					(3,123,407)
Pension Obligation					(46,737)
Accrued Interest Payable					<u>(47,057)</u>
Governmental Activities Net Assets, December 31, 2001					<u>\$22,658,296</u>

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

The implementation of these statements had no effect on net assets for business-type activities at December 31, 2001; however overstatements in capital assets and compensated absences payable and understatements in capital assets and accrued interest payable had the following effect on net assets at December 31, 2001.

	Water	Sewer	Electric	Business-Type Activities
Fund Equity, December 31, 2001 as previously reported:				
Capital Assets	\$3,467,646	\$6,057,317	\$4,021,860	\$13,546,823
Compensated Absences Payable	(493)	1,751,892	1,815	1,753,214
Accrued Interest Payable	7,354	18,701	31,369	57,424
	<u>(3,869)</u>	<u>(9,228)</u>	<u>(8,674)</u>	<u>(21,771)</u>
Restated Net Assets, at December 31, 2001	<u>\$3,470,638</u>	<u>\$7,818,682</u>	<u>\$4,046,370</u>	<u>\$15,335,690</u>

Note 4 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments are reported at cost (budget) rather than fair value (GAAP).
5. Short-term note proceeds and note principal retirement for governmental funds are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the street construction, maintenance and repair special revenue fund.

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

Net Change in Fund Balance

	General	Street Construction Maintenance and Repair
GAAP Basis	(\$665,956)	\$364,428
Net Adjustment for Revenue Accruals	(26,496)	(5,318)
Proceeds of Notes	285,000	0
Advance In	302,000	0
Fair Value Adjustment for Investments	32,071	0
Net Adjustment for Expenditure Accruals	(378,296)	(8,256)
Encumbrances	(84,694)	(32,153)
Budget Basis	(\$536,371)	\$318,701

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 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, 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 moneys deposited with the institution. Interim monies may be deposited or invested in the following securities:

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

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

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 Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At year-end, the carrying amount of the City's deposits was \$10,322,565 and the bank balance was \$10,458,157. Of the bank balance:

1. \$200,000 was covered by federal depository insurance;
2. \$10,258,157 was uncollateralized and uninsured. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

City of Amherst, Ohio
Notes to the Basic Financial Statements
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	Category 3	Carrying and Fair Value
Federal Home Loan Mortgage Corporation Notes	\$250,000	\$250,000
Federal Home Loan Bank Notes	3,375,000	3,375,000
Federal National Mortgage Association Notes	1,250,938	1,250,938
STAROhio	3,868,505	3,868,505
 Total Investments	 \$8,744,443	 \$8,744,443

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined as investments with an original maturity of three months or less. Reconciliation between the classification of cash and investments on the basic financial statements and the classifications per GASB Statement No. 3, is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$19,067,008	\$0
Investments:		
Federal Home Loan Mortgage Corporation Notes	(250,000)	250,000
Federal Home Loan Bank Notes	(3,375,000)	3,375,000
Federal National Mortgage Association Notes	(1,250,938)	1,250,938
STAROhio	(3,868,505)	3,868,505
 GASB Statement 3	 \$10,322,565	 \$8,744,443

Note 6 - Receivables

Receivables at December 31, 2002, consisted primarily of municipal income taxes, property and other taxes, accounts (billings for user charged services, including unbilled utility services), and intergovernmental receivables arising from grants, entitlements and shared revenues.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables are expected to be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2002 for real and public utility property taxes represents collections of the 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) are for 2002 taxes.

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

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

Public utility real and tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2002 public utility property taxes which became a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

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

The full tax rate for all City operations for the year ended December 31, 2002, was \$4.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

	Assessed Value
Real Property	\$235,848,250
Public Utility Property	3,780,300
Tangible Personal	19,348,620
<i>Total Assessed Value</i>	<i>\$258,977,170</i>

Real property taxes are payable annually or semi-annually. If paid annually, the 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 by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Amherst. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2002 and for which there is an enforceable legal claim. In the general, general obligation bond retirement and the fire apparatus levy funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2002 operations and the collections of delinquent taxes during the available period are not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and a revenue while the remainder of the receivable is deferred.

B. Income Tax

The City levies a municipal income tax of one and one half percent on substantially all income earned within the City; in addition, residents are required to pay tax on income earned outside of the City. The City allows a credit of one percent of the income taxed by another taxing entity.

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds were credited to the general fund and the street improvement income tax capital projects fund.

C. Intergovernmental Receivables

A summary of the intergovernmental receivables follows:

	Amount
Governmental Activities	
Local Government	\$444,601
Inheritance Estate Tax	108,731
Homestead and Rollback	69,066
Grants	28,778
Liquor Permits	1,119
Total	\$652,295

Note 7 - Interfund Transfers and Balances

Transfer To	Transfer From				Total
	General	Street Construction, Maintenance and Repair	Street Improvement Income Tax	Nonmajor	
General	\$0	\$0	\$0	\$6,688	\$6,688
Street Construction, Maintenance and Repair	901,750	0	0	0	901,750
Nonmajor	116,856	67,999	577,177	285,100	1,047,132
<i>Total</i>	\$1,018,606	\$67,999	\$577,177	\$291,788	\$1,955,570

The general fund transfers to the major and nonmajor governmental funds were made to provide additional resources for current operations, and to meet matching fund requirements for some grants. The street construction, maintenance and repair fund transferred monies to the park and pool fund for road maintenance within the parks. The street improvement income tax fund transferred monies to the issue II fund for various road projects. The nonmajor CDBG downtown fund transferred monies to the general fund to return excess matching funds. The nonmajor street maintenance and repair permissive fund transferred monies to the North Lake street tunnel fund for road maintenance. The nonmajor CDBG improvement fund transferred monies to the City hall auditorium fund for renovations.

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

As of December 31, 2002, interfund balances were as follows:

Interfund Payable	Interfund Receivable					Total Governmental Activities
	Governmental Activities					
	General	Street Construction, Maintenance and Repair	Parks and Pools	Office on Aging	Parks	
<i>Governmental Activities</i>						
CDBG Downtown	\$100,000	\$0	\$0	\$0	\$0	\$100,000
<i>Business-Type Activities</i>						
Water	0	0	0	0	0	0
Sewer	194	65	67	31	70	427
Electric	0	0	0	0	0	0
<i>Total Business-Type Activities</i>	194	65	67	31	70	427
<i>Total</i>	\$100,194	\$65	\$67	\$31	\$70	\$100,427

Interfund Payable	Total Business-Type Activities				Total
	Water	Sewer	Electric	Total	
<i>Governmental Activities</i>					
CDBG Downtown	\$0	\$0	\$0	\$0	\$100,000
<i>Business-Type Activities</i>					
Water	0	609	0	609	609
Sewer	84	6	199	289	716
Electric	0	0	0	0	0
<i>Total Business-Type Activities</i>	84	615	199	898	1,325
<i>Total</i>	\$84	\$615	\$199	\$898	\$101,325

Interfund receivable/payable balances at December 31, 2002, consisted of utility bills to the water and sewer fund from the general, water, sewer, street construction, maintenance, and repair, parks and pool, office of aging and parks funds.

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

Note 8 - Capital Assets

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

	Balance 12/31/01	Additions	Deletions	Balance 12/31/02
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,129,439	\$0	\$0	\$1,129,439
<i>Capital Assets, being depreciated:</i>				
Buildings	4,319,135	0	0	4,319,135
Improvements other than buildings	1,018,894	5,320	0	1,024,214
Machinery and Equipment	1,261,358	476,624	0	1,737,982
Vehicles	1,460,251	33,356	0	1,493,607
Infrastructure:				
Roads	8,880,964	1,477,221	0	10,358,185
<i>Total Capital Assets, being depreciated</i>	<u>16,940,602</u>	<u>1,992,521</u>	<u>0</u>	<u>18,933,123</u>
Less Accumulated Depreciation:				
Buildings	(930,603)	(108,448)	0	(1,039,051)
Improvements other than buildings	(132,941)	(48,245)	0	(181,186)
Machinery and Equipment	(468,905)	(120,688)	0	(589,593)
Vehicles	(1,092,200)	(87,425)	0	(1,179,625)
Infrastructure:				
Roads	(2,657,020)	(308,696)	0	(2,965,716)
<i>Total Accumulated Depreciation</i>	<u>(5,281,669)</u>	<u>(673,502)*</u>	<u>0</u>	<u>(5,955,171)</u>
Total Capital Assets, being depreciated, net	<u>11,658,933</u>	<u>1,319,019</u>	<u>0</u>	<u>12,977,952</u>
Governmental Activities Capital Assets, Net	<u>\$12,788,372</u>	<u>\$1,319,019</u>	<u>\$0</u>	<u>\$14,107,391</u>

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

	<u>Balance</u> 12/31/01	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/02
Business-Type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$52,000	\$0	\$0	\$52,000
<i>Capital Assets, being depreciated:</i>				
Buildings	5,620,434	0	0	5,620,434
Improvements other than buildings	53,484	9,940	0	63,424
Machinery and Equipment	6,530,265	81,515	0	6,611,780
Vehicles	519,943	0	0	519,943
Infrastructure:				
Water Lines	3,793,515	0	0	3,793,515
Sewer Lines	3,888,470	122,196	0	4,010,666
Electric Lines	1,678,431	0	0	1,678,431
<i>Total Capital Assets, being depreciated</i>	<u>22,084,542</u>	<u>213,651</u>	<u>0</u>	<u>22,298,193</u>
Less Accumulated Depreciation:				
Buildings	(1,147,415)	(104,564)	0	(1,251,979)
Improvements other than buildings	(23,864)	(2,757)	0	(26,621)
Machinery and Equipment	(1,893,814)	(149,830)	0	(2,043,644)
Vehicles	(412,336)	(31,329)	0	(443,665)
Infrastructure:				
Water Lines	(1,367,141)	(67,280)	0	(1,434,421)
Sewer Lines	(1,656,976)	(131,598)	0	(1,788,574)
Electric Lines	(282,534)	(62,098)	0	(344,632)
<i>Total Accumulated Depreciation</i>	<u>(6,784,080)</u>	<u>(549,456)</u>	<u>0</u>	<u>(7,333,536)</u>
Total Capital Assets, being depreciated, net	<u>15,300,462</u>	<u>(335,805)</u>	<u>0</u>	<u>14,964,657</u>
Business-Type Activities Capital Assets, Net	<u>\$15,352,462</u>	<u>(\$335,805)</u>	<u>\$0</u>	<u>\$15,016,657</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$56,529
Security of Persons and Property	214,991
Public Health and Welfare	3,437
Transportation	382,689
Community Development	1,069
Leisure Time Activities	14,787
Total Depreciation Expense	<u>\$673,502</u>

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System (OPERS)

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer contribution rate for the City was 8.55 percent of covered payroll, decreased from 9.25 percent in 2001. Contributions are authorized by State statute. The City's required contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$236,189, \$253,156, and \$160,860, respectively. The full amount has been contributed for 2001 and 2000. 75.05 percent has been contributed for 2002, with the remainder being presented as "intergovernmental payable" in the governmental activities column of the statement of net assets.

B. Ohio Police and Fire Pension Fund

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

Police 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. For 2001, the City contributions were 12 percent for police. Contributions are authorized by State statute. The City's contributions to the OP&F for police for the years ended December 31, 2002, 2001, and 2000 were \$179,986, \$114,384, and \$104,802, respectively. The full amount has been contributed for 2001 and 2000. 82.09 percent has been contributed for 2002 with the remainder being presented as "intergovernmental payable" in the governmental activities column of the statement of net assets.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System or the Police and Fire Pension Fund are covered by Social Security. As of December 31, 1998, the City's volunteer firefighters are covered by Social Security. The City's liability is 6.2 percent of wages paid.

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2002 employer contribution rate was 13.55 percent of covered payroll; 5.0 percent was the portion that was used to fund health care for 2002. For 2001, the contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

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

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

The number of active contributing participants was 402,041. The City's actual contributions for 2002 which were used to fund postemployment benefits were \$138,122. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2002. For 2001 the percent used to fund healthcare was 7.5 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

The City's actual contributions for 2002 that were used to fund postemployment benefits were \$118,714 for police. The OP&F's total health care expenses for the year ended December 31, 2001, (the latest information available) were \$122,298,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters.

Note 11 - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn five to thirty-five days of vacation per year, depending upon length of service. Earned, unused vacation time is paid upon termination of employment.

All employees earn 4.6 hours of sick leave per each completed bi-weekly pay period in active status. Sick leave accrual is continuous, without limit. The payment of accrued sick leave to a retired employee is specified in the employee's legislated contract. At the present time, the various contracts for the City's employees stipulate that a retiring employee may receive payment for anywhere from a minimum of one-quarter of unused sick hours to a maximum of one thousand hours of accrued sick leave depending upon the employee's department and longevity.

Note 12 - Risk Management

A. Property and Liability

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. During 2002, the City contracted with a private insurance carrier for various types of insurance as follows:

Company	Type of Coverage	Coverage Amounts
Arrowhead Public Risk:	Property	\$33,489,670
	General Liability	1,000,000 per occurrence 2,000,000 general aggregate
	Automobile Fleet Liability	1,000,000 per occurrence
	Employer's Liability	1,000,000 per occurrence
	Employee Benefits Liability	1,000,000/3,000,000
	Employment Practices Liability	1,000,000/5,000,000
	Police Professional	1,000,000/3,000,000
	Public Officials Liability	1,000,000/1,000,000
	Umbrella Liability	8,000,000

The City carries commercial insurance coverages for all risks. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years and there were no significant reductions in coverage from the prior year.

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

B. Workers' Compensation

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

C. Medical

The City has elected to provide employees' major medical, hospitalization, prescription, and dental coverage 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. Employees who are members of the AFSCME union also receive vision coverage. Patrolmen were given vision coverage through AFSCME in addition to union members. All are subject to the deductible. The third party administrators review and pay all claims on behalf of the City. Over 50 percent of covered employees are in a preferred provider medical plan with no annual deductible. The remaining covered employees are in a traditional medical plan with a \$200-per-year individual deductible and a \$400-per-year family deductible. The dental plan has a \$50-per-year individual deductible and a \$150-per-year family deductible. The City purchases a stop-loss coverage of \$201,178 in aggregate per employee.

The claims liability of \$118,386, reported in the self-insurance fund at December 31, 2002, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, 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 claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

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

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2001	\$30,671	\$321,335	\$249,098	\$102,908
2002	102,908	643,200	627,722	118,386

Note 13 - Note Debt

The City's note activity, including amounts outstanding and interest rates is as follows:

	<u>Outstanding 12/31/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding 12/31/02</u>
Governmental Activities				
2001 3.85%				
Real Estate Acquisition	\$315,000	\$0	\$315,000	\$0
2002 6.00%				
Real Estate Acquisition	0	285,000	0	285,000
<i>Total Governmental Activities</i>	<u>\$315,000</u>	<u>\$285,000</u>	<u>\$315,000</u>	<u>\$285,000</u>

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

The real estate acquisition notes are for purchasing additional land in order to expand the current park system along the lakeshore. The note will be paid from the general fund which matured on June 30, 2003. All of the notes are backed by the full faith and credit of the City of Amherst and mature within one year.

Note 14 - Long-Term Obligations

The original issue date and amount, interest rate, and maturity date for each of the City's bonds follow:

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General Obligation Bonds				
Jackson and Quarry Bridge Various	1979	7.00 %	\$312,000	December 1, 2004
Police and Jail Facility	1993	7.00	3,000,000	December 1, 2018
Capital Purpose	1998	3.50-4.55	545,000	December 1, 2018
Water Capital Purpose Bonds	1999	4.55	1,165,000	December 1, 2018
Sewer Refunding Bonds	1993	5.36	2,095,000	December 1, 2012
Sewer Capital Purpose Bonds	1999	4.55	835,000	December 1, 2018
Electric Refunding Bonds	1993	5.36	1,265,000	December 1, 2012
Electric Capital Purpose Bonds	1999	4.55	1,455,000	December 1, 2018

Notes

Amp-Ohio Electric System Improvement Notes	2000	1.60	2,200,000	December 31, 2020
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OPWC Loans

Street Improvement	2000	0.00	25,000	July 1, 2005
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A schedule of changes in bonds and other long-term obligations of the City during 2002 follows:

	Amount Outstanding 12/31/01	Additions	Reductions	Amount Outstanding 12/31/02	Amounts Due in One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
Jackson and Quarry Bridge Various	\$39,000	\$0	\$13,000	\$26,000	\$13,000
Police and Jail Facility	2,380,000	0	90,000	2,290,000	95,000
Capital Purpose	485,000	0	20,000	465,000	20,000
<i>Total General Obligation Bonds</i>	<u>2,904,000</u>	<u>0</u>	<u>123,000</u>	<u>2,781,000</u>	<u>128,000</u>
OPWC Loans	17,500	0	5,000	12,500	5,000
Capital Leases	117,079	12,870	28,440	101,509	31,789
Compensated Absences	84,828	111,102	86,340	109,590	52,757
<i>Total Governmental Long-Term Liabilities</i>	<u>\$3,123,407</u>	<u>\$123,972</u>	<u>\$242,780</u>	<u>\$3,004,599</u>	<u>\$217,546</u>

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

	Amount Outstanding 12/31/01	Additions	Reductions	Amount Outstanding 12/31/02	Amounts Due in One Year
Business-Type Activities					
<i>General Obligation Bonds</i>					
Water Capital Purpose Bonds	\$1,045,000	\$0	\$40,000	\$1,005,000	\$45,000
Sewer Refunding Bonds	1,420,000	0	100,000	1,320,000	105,000
Sewer Capital Purpose Bonds	750,000	0	30,000	720,000	30,000
Electric Refunding Bonds	860,000	0	60,000	800,000	65,000
Electric Capital Purpose Bonds	1,290,000	0	60,000	1,230,000	60,000
<i>Total General Obligation Bonds</i>	<u>5,365,000</u>	<u>0</u>	<u>290,000</u>	<u>5,075,000</u>	<u>305,000</u>
<i>AMP-Ohio Electric Systems</i>					
Improvement Notes	2,130,000	0	125,000	2,005,000	125,000
OPWC Loans	109,609	0	6,643	102,966	6,642
Capital Leases	102,567	0	23,449	79,118	24,854
Compensated Absences	82,087	8,513	47,857	42,743	13,575
<i>Total Business-Type Long-Term Liabilities</i>	<u>\$7,789,263</u>	<u>\$8,513</u>	<u>\$492,949</u>	<u>\$7,304,827</u>	<u>\$475,071</u>

Governmental activity general obligation bonds and the OPWC loans are the direct obligation of the City and will be paid from taxes received in the general bond retirement debt service fund.

Compensated absences will be paid from the general fund; street construction, maintenance and repair, park and pool and office on aging special revenue funds and water, sewer and electric enterprise funds.

Capital leases will be paid from the general fund; street construction, maintenance and repair and office on aging special revenue funds and the sewer enterprise fund.

The water, sewer, and electric enterprise fund general obligation bonds and the OPWC loans will be repaid from revenues derived by the City for water, sewer and electric user charges. The AMP-Ohio electric systems improvement notes will be paid by the electric fund revenues.

The City's overall legal debt margin was \$24,668,289 at December 31, 2002. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2002, are as follows:

	Governmental Activities				
	General Obligation Bonds		OPWC	Totals	
	Principal	Interest	Loans	Principal	Interest
2003	\$128,000	\$142,998	\$5,000	\$133,000	\$142,998
2004	133,000	136,958	5,000	138,000	136,958
2005	130,000	130,578	2,500	132,500	130,578
2006	135,000	124,563	0	135,000	124,563
2007	140,000	117,650	0	140,000	117,650
2008 - 2012	810,000	472,726	0	810,000	472,726
2013 - 2017	1,060,000	235,958	0	1,060,000	235,958
2018	245,000	12,834	0	245,000	12,834
Total	<u>\$2,781,000</u>	<u>\$1,374,265</u>	<u>\$12,500</u>	<u>\$2,793,500</u>	<u>\$1,374,265</u>

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

	Business-Type Activities						
	General Obligation Bonds		Notes		OPWC	Totals	
	Principal	Interest	Principal	Interest	Loans	Principal	Interest
2003	\$305,000	\$237,989	\$125,000	\$51,480	\$6,642	\$436,642	\$289,469
2004	315,000	225,039	125,000	51,549	6,642	446,642	276,588
2005	330,000	211,424	125,000	51,465	6,642	461,642	262,889
2006	345,000	196,888	125,000	51,538	6,642	476,642	248,426
2007	355,000	180,407	125,000	51,458	6,642	486,642	231,865
2008 - 2012	2,080,000	624,231	625,000	257,471	33,210	2,738,210	881,702
2013 - 2017	1,095,000	210,436	625,000	207,431	32,106	1,752,106	417,867
2018-2020	250,000	11,374	130,000	46,403	4,440	384,440	57,777
Total	\$5,075,000	\$1,897,788	\$2,005,000	\$768,795	\$102,966	\$7,182,966	\$2,666,583

Note 15 - Capital Leases

During 2002, the City entered into a new lease agreement for a Ford focus. The City also has existing leases for a copier, postage machine and sewer cleaner. The City's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases". The equipment has been capitalized in the governmental activities and the sewer enterprise fund in the amounts of \$166,151 and \$132,160, respectively. These amounts represent the present value of the minimum lease payments at the inception of the lease.

	Governmental Activities	Business-Type Activities
Machinery and Equipment	\$166,151	\$132,160
Less: Accumulated Depreciation	(20,176)	(8,811)
Leased Property, Net of Depreciation	<u>\$145,975</u>	<u>\$123,349</u>

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments:

Year Ending December 31,	Governmental Activities	Business-Type Activities
2003	\$37,002	\$29,593
2004	37,002	29,593
2005	33,605	29,593
2006	2,574	0
2007	1,716	0
Total minimum lease payments	111,899	88,779
Less: Amount representing interest	10,390	9,661
Present value of minimum lease payments	<u>\$101,509</u>	<u>\$79,118</u>

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

Capital lease payments have been reclassified and reflected as debt service in the fund financial statement for the general and street construction, maintenance and repair and office of aging special revenue funds and as a reduction of the liability in the sewer enterprise fund.

Note 16 - Contractual Commitments

At December 31, 2002, the City's significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid	Remaining on Contract
Jackson Street Bridge	\$611,805	\$387,649	\$224,156
Sanitary Storm Sewers	93,200	2,151	91,049
WWPC Improvements	9,080,531	0	9,080,531
Milan Avenue Project	332,004	319,599	12,405
North Lake Street	813,600	55,100	758,500
Church Street Parking Lot	21,900	20,530	1,370
City Hall Auditorium	108,720	0	108,720
	<u>\$11,061,760</u>	<u>\$785,029</u>	<u>\$10,276,731</u>

Note 17 - Jointly Governed Organization

Lorain County General Health District

The Lorain County General Health District provides health services to the citizens within the Health District. The Health District is governed by the Board of Health which represents the area served by the Health District and oversees the operation of the Health District. The Board of Health members are appointed to staggered four year terms. One member is appointed by the City of North Ridgeville, one member is jointly appointed by the Cities of Amherst and Oberlin, and one member is elected jointly by the Cities of Avon and Sheffield Lake. The remaining four members are appointed by the various mayors of villages, chairmen of the township trustees and the County Commissioners. The City contributed \$35,000 during 2002 for the operation of the Health District. Complete financial statements can be obtained from the Lorain County General Health District, 9880 South Murray Ridge Road, Elyria, Ohio 44035.

Note 18 - Joint Ventures

A. Sandstone Joint Ambulance District

The City is a participant in a joint venture agreement with Amherst Township for the operation of the Sandstone Joint Ambulance District (Ambulance District) as provided in the Ohio Revised Code. The City and the Township each appoint two members of the five-member Board of Trustees which oversees the operations. The fifth member of the Board is appointed by Amherst Hospital. The Sandstone Joint Ambulance District has contracted with North Central Emergency Medical Service to provide ambulance services. Continued existence of the Ambulance District is dependent on the City's continued participation; however, the City does not have an equity interest in the Ambulance District. The Ambulance District is not accumulating significant financial resources or experiencing fiscal stress which

City of Amherst, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2002

would cause additional financial benefit to or burden on the City. The City contributed \$72,721, which represents 65 percent of total contributions, in 2002. The Township contributes 35 percent of the required funds. The City's contribution is recorded in the general fund. Complete financial statements can be obtained from the Sandstone Joint Ambulance District, Amherst, Ohio.

B. Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)

The City is a participant with 36 subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2) was created for that purpose. On dissolution of the joint venture, the net assets of JV2 will be shared by the participants on a percentage basis. The JV2 is managed by AMP-Ohio, who acts as the joint venture's agent. The participants are obligated by the agreement to remit, on a monthly basis, those costs incurred from using electricity generated by the joint venture. In accordance with the joint venture agreement, the City remitted \$58,969 to the joint venture for 2002. During 2001, AMP-Ohio issued bonds, in the amount of \$50,260,000, to acquire fixed assets for JV2. Under a financing agreement between the participants of JV2 and AMP-Ohio, the participants have agreed to pay the debt service requirements of the bonds. Payments are to be made solely from the resources of the City's electric enterprise fund. At December 31, 2002, the City's requirement under the agreement was \$2,005,000 and is reflected as a liability in the City's electric enterprise fund. The City's net investment and its share of the operating results of JV2 are reported in the City's electric enterprise fund. The City's equity interest in JV2 was \$1,938,095 at December 31, 2002. Financial information can be obtained from AMP-Ohio, 2600 Airport Drive, Columbus, Ohio 43219, or from the City's utility department.

Note 19 - 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 the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2002.

B. Litigation

Several claims and lawsuits are pending against the City. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the City at December 31, 2002.

Note 20 – Subsequent Event

On June 30, 2003 the City repaid the existing \$285,000 real estate acquisition note and issued a new \$285,000 note at 2.5%. The new note will mature on September 30, 2003 and will be part of the refinancing issue currently being worked on to retire additional bond issues as well as this note.

Combining Statements and
Individual Fund Schedules

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

State Highway Fund - To account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of State highways within the City.

Street Maintenance and Repair Permissive Fund - To account for local license fees designated for the maintenance of streets within the City.

Park and Pool Fund - To account for hotel tax monies used to operate the park and pool.

Office on Aging Fund - To account for revenues and expenditures of the Office on Aging.

Planning Commission Fund - To account for the revenue collected from developers for engineering studies of subdivisions and the expenditures the planning commission incurred for those engineering studies.

Park Fund - To account for the impact fees and the interest earned from them to maintain the park.

Cable Television Fund - To account for the revenues received from Media One and the expenditures incurred running the cable station.

Law Enforcement Fund - To account for monies received from the Federal Law Enforcement Agencies designated for law enforcement related purposes, as required by the Ohio Revised Code.

Drug Law Enforcement Fund - To account for the portion of the fine money awarded by the City as a result of a drug conviction and earmarked for drug law enforcement.

DUI Enforcement Fund - To account for fines for DUI convictions awarded by the court which may be used for enforcement, education, or equipment relating to the DUI enforcement laws.

DARE Grant Fund - To account for Federal grant monies the City receives to provide drug abuse resistance educational services to youth.

COPS Grant Fund - To account for revenues collected and expenditures incurred under a Federal grant provided by the U. S. Department of Justice Community Oriented Policing Services for additional patrol officers.

Bullet Proof Vest Fund - To account for the Federal grant monies to purchase bullet proof vests for officers.

Local Law Enforcement Fund - To account for monies seized from criminals by law enforcement officials in the course of their work and restricted, by State statute, for drug enforcement, education, or equipment pertaining to drug or controlled substance enforcement.

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Traffic Safety Grant Fund - To account for State monies and expenditures attributable for the study of traffic safety.

Recycling Fund - To account for grant monies received from the Lorain County Solid Waste District for recycling projects.

CHIP Grant Fund - To account for funds attributable to the Community Housing Improvement Project.

CDBG Downtown Fund - To account for Federal grant monies designated for downtown restoration.

Nonmajor Debt Service Funds

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

General Obligation Bond Retirement Fund - This fund accounts for transfers in and tax levies that are utilized for the repayment of general obligation debt.

Nonmajor Capital Projects Funds

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

Fire Apparatus Levy Fund - To account for the money collected from the Fire Apparatus Levy and intended to be spent for capital improvements in the fire department.

CDBG Improvements Fund - To account for federal grant monies designated for community development within the City and the restoration of City Hall.

Permanent Improvement Fund - To account for the cost of various expenditures for various permanent improvements.

Issue II Improvement Fund - To account for Issue II monies for various projects.

City Hall Auditorium Fund - To account for renovations and improvements to the City Hall Auditorium.

North Lake Street Tunnel Fund - To account for the renovation and improvement of the North Lake Street Tunnel.

City of Amherst, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,192,008	\$541,686	\$1,933,352	\$4,667,046
Accounts Receivable	38,289	0	0	38,289
Intergovernmental Receivable	94,078	15,719	10,477	120,274
Prepaid Items	860	0	0	860
Property Taxes Receivable	0	193,784	309,861	503,645
<i>Total Assets</i>	<u>\$2,325,235</u>	<u>\$751,189</u>	<u>\$2,253,690</u>	<u>\$5,330,114</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$4,043	\$0	\$177	\$4,220
Contracts Payable	0	0	109,761	109,761
Accrued Wages and Benefits	2,694	0	0	2,694
Interfund Payable	100,168	0	0	100,168
Intergovernmental Payable	10,289	0	0	10,289
Deferred Revenue	65,950	209,503	320,338	595,791
<i>Total Liabilities</i>	<u>183,144</u>	<u>209,503</u>	<u>430,276</u>	<u>822,923</u>
Fund Balances				
Reserved for Encumbrances	216,860	0	436,523	653,383
Unreserved:				
Undesignated, Reported in:				
Special Revenue Funds	1,925,231	0	0	1,925,231
Debt Service Funds	0	541,686	0	541,686
Capital Projects Funds	0	0	1,386,891	1,386,891
<i>Total Fund Balances</i>	<u>2,142,091</u>	<u>541,686</u>	<u>1,823,414</u>	<u>4,507,191</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,325,235</u>	<u>\$751,189</u>	<u>\$2,253,690</u>	<u>\$5,330,114</u>

City of Amherst, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$0	\$262,922	\$184,257	\$447,179
Intergovernmental	798,332	31,438	301,725	1,131,495
Charges for Services	242,277	0	0	242,277
Fees, Licenses and Permits	1,384	0	0	1,384
Contributions and Donations	43,380	0	0	43,380
Interest	660	0	3,349	4,009
Rentals	22,350	0	0	22,350
Miscellaneous	717	0	0	717
<i>Total Revenues</i>	<u>1,109,100</u>	<u>294,360</u>	<u>489,331</u>	<u>1,892,791</u>
Expenditures				
Current:				
General Government	363,199	3,855	0	367,054
Security of Persons and Property	87,199	0	0	87,199
Public Health and Welfare	147,753	0	0	147,753
Transportation	7,777	0	0	7,777
Community Development	236,166	0	0	236,166
Leisure Time Activities	153,245	0	0	153,245
Capital Outlay	0	0	654,104	654,104
Debt Service:				
Principal Retirement	858	123,000	0	123,858
Interest and Fiscal Charges	0	148,708	0	148,708
<i>Total Expenditures</i>	<u>996,197</u>	<u>275,563</u>	<u>654,104</u>	<u>1,925,864</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>112,903</u>	<u>18,797</u>	<u>(164,773)</u>	<u>(33,073)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	12,870	0	0	12,870
Transfers In	143,999	40,856	862,277	1,047,132
Transfers Out	(66,688)	0	(225,100)	(291,788)
<i>Total Other Financing Sources (Uses)</i>	<u>90,181</u>	<u>40,856</u>	<u>637,177</u>	<u>768,214</u>
<i>Net Change in Fund Balances</i>	203,084	59,653	472,404	735,141
<i>Fund Balances Beginning of Year</i>	<u>1,939,007</u>	<u>482,033</u>	<u>1,351,010</u>	<u>3,772,050</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,142,091</u></u>	<u><u>\$541,686</u></u>	<u><u>\$1,823,414</u></u>	<u><u>\$4,507,191</u></u>

City of Amherst, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2002

	State Highway	Street Maintenance and Repair Permissive	Park and Pool	Office on Aging
Assets				
Equity in Pooled Cash and Cash Equivalents	\$35,115	\$294,125	\$240,731	\$57,589
Accounts Receivable	0	0	8,304	3,443
Intergovernmental Receivable	13,718	51,582	0	0
Prepaid Items	0	0	748	112
<i>Total Assets</i>	<u>\$48,833</u>	<u>\$345,707</u>	<u>\$249,783</u>	<u>\$61,144</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$737	\$480
Accrued Wages and Benefits	0	0	299	2,077
Interfund Payable	0	0	67	31
Intergovernmental Payable	0	0	4	30
Deferred Revenue	11,348	47,571	0	0
<i>Total Liabilities</i>	<u>11,348</u>	<u>47,571</u>	<u>1,107</u>	<u>2,618</u>
Fund Balances				
Reserved for Encumbrances	0	0	27,087	2,597
Unreserved, Undesignated (Deficit)	37,485	298,136	221,589	55,929
<i>Total Fund Balances</i>	<u>37,485</u>	<u>298,136</u>	<u>248,676</u>	<u>58,526</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$48,833</u>	<u>\$345,707</u>	<u>\$249,783</u>	<u>\$61,144</u>

<u>Planning Commission</u>	<u>Park</u>	<u>Cable Television</u>	<u>Law Enforcement</u>	<u>Drug Law Enforcement</u>	<u>DUI Enforcement</u>
\$948,512	\$114,379	\$256,582	\$22,945	\$880	\$3,482
0	0	26,264	0	0	278
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$948,512</u>	<u>\$114,379</u>	<u>\$282,846</u>	<u>\$22,945</u>	<u>\$880</u>	<u>\$3,760</u>
\$0	\$126	\$0	\$0	\$0	\$0
0	0	318	0	0	0
0	70	0	0	0	0
0	0	5	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>196</u>	<u>323</u>	<u>0</u>	<u>0</u>	<u>0</u>
242	160,000	1,004	4,120	0	0
948,270	(45,817)	281,519	18,825	880	3,760
<u>948,512</u>	<u>114,183</u>	<u>282,523</u>	<u>22,945</u>	<u>880</u>	<u>3,760</u>
<u>\$948,512</u>	<u>\$114,379</u>	<u>\$282,846</u>	<u>\$22,945</u>	<u>\$880</u>	<u>\$3,760</u>

(continued)

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

	<u>DARE</u> <u>Grant</u>	<u>COPS</u> <u>Grant</u>	<u>Bullet</u> <u>Proof Vest</u>	<u>Local Law</u> <u>Enforcement</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,503	\$6,539	\$1,305	\$454
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	0
Prepaid Items	0	0	0	0
<i>Total Assets</i>	<u>\$1,503</u>	<u>\$6,539</u>	<u>\$1,305</u>	<u>\$454</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated (Deficit)	1,503	6,539	1,305	454
<i>Total Fund Balances</i>	<u>1,503</u>	<u>6,539</u>	<u>1,305</u>	<u>454</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,503</u>	<u>\$6,539</u>	<u>\$1,305</u>	<u>\$454</u>

Traffic Safety Grant	Recycling	CHIP Grant	CDBG Downtown	Total Nonmajor Special Revenue Funds
\$4,130	\$26,440	\$73,614	\$103,683	\$2,192,008
0	0	0	0	38,289
8,636	0	0	20,142	94,078
0	0	0	0	860
<u>\$12,766</u>	<u>\$26,440</u>	<u>\$73,614</u>	<u>\$123,825</u>	<u>\$2,325,235</u>
\$0	\$0	\$0	\$2,700	\$4,043
0	0	0	0	2,694
0	0	0	100,000	100,168
0	10,250	0	0	10,289
1,786	0	0	5,245	65,950
<u>1,786</u>	<u>10,250</u>	<u>0</u>	<u>107,945</u>	<u>183,144</u>
604	0	2,565	18,641	216,860
10,376	16,190	71,049	(2,761)	1,925,231
<u>10,980</u>	<u>16,190</u>	<u>73,614</u>	<u>15,880</u>	<u>2,142,091</u>
<u>\$12,766</u>	<u>\$26,440</u>	<u>\$73,614</u>	<u>\$123,825</u>	<u>\$2,325,235</u>

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

	State Highway	Street Maintenance and Repair Permissive	Park and Pool	Office on Aging
Revenues				
Intergovernmental	\$26,395	\$60,618	\$42,352	\$11,900
Charges for Services	0	0	90,155	75,212
Fees, Licenses and Permits	0	0	0	0
Contributions and Donations	0	0	0	21,370
Interest	0	0	0	423
Rentals	0	0	0	0
Miscellaneous	0	0	118	0
<i>Total Revenues</i>	<u>26,395</u>	<u>60,618</u>	<u>132,625</u>	<u>108,905</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	147,753
Transportation	7,777	0	0	0
Community Development	0	0	0	0
Leisure Time Activities	0	0	150,227	0
Debt Service:				
Principal Retirement	0	0	0	858
<i>Total Expenditures</i>	<u>7,777</u>	<u>0</u>	<u>150,227</u>	<u>148,611</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>18,618</u>	<u>60,618</u>	<u>(17,602)</u>	<u>(39,706)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	0	0	0	12,870
Transfers In	0	0	67,999	60,000
Transfers Out	0	(60,000)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(60,000)</u>	<u>67,999</u>	<u>72,870</u>
<i>Net Change in Fund Balances</i>	18,618	618	50,397	33,164
<i>Fund Balances Beginning of Year</i>	<u>18,867</u>	<u>297,518</u>	<u>198,279</u>	<u>25,362</u>
<i>Fund Balances End of Year</i>	<u>\$37,485</u>	<u>\$298,136</u>	<u>\$248,676</u>	<u>\$58,526</u>

<u>Planning Commission</u>	<u>Park</u>	<u>Cable Television</u>	<u>Law Enforcement</u>	<u>Drug Law Enforcement</u>	<u>DUI Enforcement</u>
\$0	\$0	\$110,319	\$4,263	\$0	\$0
68,200	0	8,710	0	0	0
0	0	0	0	175	1,209
0	22,010	0	0	0	0
0	237	0	0	0	0
0	22,350	0	0	0	0
0	0	599	0	0	0
<u>68,200</u>	<u>44,597</u>	<u>119,628</u>	<u>4,263</u>	<u>175</u>	<u>1,209</u>
10,088	0	92,152	0	0	0
0	0	0	16,334	3,679	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	3,018	0	0	0	0
0	0	0	0	0	0
<u>10,088</u>	<u>3,018</u>	<u>92,152</u>	<u>16,334</u>	<u>3,679</u>	<u>0</u>
<u>58,112</u>	<u>41,579</u>	<u>27,476</u>	<u>(12,071)</u>	<u>(3,504)</u>	<u>1,209</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
58,112	41,579	27,476	(12,071)	(3,504)	1,209
890,400	72,604	255,047	35,016	4,384	2,551
<u>\$948,512</u>	<u>\$114,183</u>	<u>\$282,523</u>	<u>\$22,945</u>	<u>\$880</u>	<u>\$3,760</u>

(continued)

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

	DARE Grant	COPS Grant	Bullet Proof Vest	Local Law Enforcement
Revenues				
Intergovernmental	\$0	\$40,891	\$1,305	\$0
Charges for Services	0	0	0	0
Fees, Licenses and Permits	0	0	0	0
Contributions and Donations	0	0	0	0
Interest	0	0	0	0
Rentals	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>40,891</u>	<u>1,305</u>	<u>0</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	50,768	1,706	0
Public Health and Welfare	0	0	0	0
Transportation	0	0	0	0
Community Development	0	0	0	0
Leisure Time Activities	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>50,768</u>	<u>1,706</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(9,877)</u>	<u>(401)</u>	<u>0</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	(9,877)	(401)	0
<i>Fund Balances Beginning of Year</i>	<u>1,503</u>	<u>16,416</u>	<u>1,706</u>	<u>454</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,503</u></u>	<u><u>\$6,539</u></u>	<u><u>\$1,305</u></u>	<u><u>\$454</u></u>

Traffic Safety Grant	Recycling	CHIP Grant	CDBG Downtown	Total Nonmajor Special Revenue Funds
\$22,166	\$123,000	\$119,908	\$235,215	\$798,332
0	0	0	0	242,277
0	0	0	0	1,384
0	0	0	0	43,380
0	0	0	0	660
0	0	0	0	22,350
0	0	0	0	717
<u>22,166</u>	<u>123,000</u>	<u>119,908</u>	<u>235,215</u>	<u>1,109,100</u>
0	145,750	115,209	0	363,199
14,712	0	0	0	87,199
0	0	0	0	147,753
0	0	0	0	7,777
0	0	0	236,166	236,166
0	0	0	0	153,245
0	0	0	0	858
<u>14,712</u>	<u>145,750</u>	<u>115,209</u>	<u>236,166</u>	<u>996,197</u>
<u>7,454</u>	<u>(22,750)</u>	<u>4,699</u>	<u>(951)</u>	<u>112,903</u>
0	0	0	0	12,870
3,500	12,500	0	0	143,999
0	0	0	(6,688)	(66,688)
<u>3,500</u>	<u>12,500</u>	<u>0</u>	<u>(6,688)</u>	<u>90,181</u>
10,954	(10,250)	4,699	(7,639)	203,084
26	26,440	68,915	23,519	1,939,007
<u>\$10,980</u>	<u>\$16,190</u>	<u>\$73,614</u>	<u>\$15,880</u>	<u>\$2,142,091</u>

City of Amherst, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2002

	Fire Apparatus Levy	CDBG Improvements	Permanent Improvement
Assets			
Equity in Pooled Cash and Cash Equivalents	\$416,163	\$4,215	\$12,623
Intergovernmental Receivable	10,477	0	0
Property Taxes Receivable	309,861	0	0
Total Assets	\$736,501	\$4,215	\$12,623
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$177	\$0	\$0
Contracts Payable	0	0	0
Deferred Revenue	320,338	0	0
<i>Total Liabilities</i>	<i>320,515</i>	<i>0</i>	<i>0</i>
Fund Balances			
Reserved for Encumbrances	720	0	1,000
Unreserved, Undesignated	415,266	4,215	11,623
<i>Total Fund Balances</i>	<i>415,986</i>	<i>4,215</i>	<i>12,623</i>
<i>Total Liabilities and Fund Balances</i>	<i>\$736,501</i>	<i>\$4,215</i>	<i>\$12,623</i>

<u>Issue II Improvement</u>	<u>City Hall Auditorium</u>	<u>North Lake Street Tunnel</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$1,138,102	\$302,249	\$60,000	\$1,933,352
0	0	0	10,477
0	0	0	309,861
<u>\$1,138,102</u>	<u>\$302,249</u>	<u>\$60,000</u>	<u>\$2,253,690</u>
\$0	\$0	\$0	\$177
109,761	0	0	109,761
0	0	0	320,338
<u>109,761</u>	<u>0</u>	<u>0</u>	<u>430,276</u>
318,775	116,028	0	436,523
709,566	186,221	60,000	1,386,891
<u>1,028,341</u>	<u>302,249</u>	<u>60,000</u>	<u>1,823,414</u>
<u>\$1,138,102</u>	<u>\$302,249</u>	<u>\$60,000</u>	<u>\$2,253,690</u>

City of Amherst, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002

	Fire Apparatus Levy	CDBG Improvements	Permanent Improvement
Revenues			
Property and Other Taxes	\$184,257	\$0	\$0
Intergovernmental	20,954	6,107	0
Interest	0	0	0
<i>Total Revenues</i>	205,211	6,107	0
Expenditures			
Capital Outlay	40,478	16,706	0
<i>Excess of Revenues Over (Under) Expenditures</i>	164,733	(10,599)	0
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers Out	0	(225,100)	0
<i>Total Other Financing Sources (Uses)</i>	0	(225,100)	0
<i>Net Change in Fund Balances</i>	164,733	(235,699)	0
<i>Fund Balances Beginning of Year</i>	251,253	239,914	12,623
<i>Fund Balances End of Year</i>	\$415,986	\$4,215	\$12,623

<u>Issue II Improvement</u>	<u>City Hall Auditorium</u>	<u>North Lake Street Tunnel</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$0	\$0	\$0	\$184,257
199,664	75,000	0	301,725
<u>0</u>	<u>3,349</u>	<u>0</u>	<u>3,349</u>
199,664	78,349	0	489,331
<u>595,720</u>	<u>1,200</u>	<u>0</u>	<u>654,104</u>
<u>(396,056)</u>	<u>77,149</u>	<u>0</u>	<u>(164,773)</u>
577,177	225,100	60,000	862,277
<u>0</u>	<u>0</u>	<u>0</u>	<u>(225,100)</u>
<u>577,177</u>	<u>225,100</u>	<u>60,000</u>	<u>637,177</u>
181,121	302,249	60,000	472,404
<u>847,220</u>	<u>0</u>	<u>0</u>	<u>1,351,010</u>
<u>\$1,028,341</u>	<u>\$302,249</u>	<u>\$60,000</u>	<u>\$1,823,414</u>

Combining Statements – Fiduciary Funds

Fiduciary Funds

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

Private Purpose Trust Fund

Cemetery Trust Fund – To account for the perpetual care and maintenance of an individual family's burial plots in the City's cemetery through an endowment.

Agency Funds

Street Openings Fund – To account for monies collected and disbursed for a bond and permit fee to assure repair of street opened for repairs or tap-ins.

Building Standards Assessment Fund – To account for the collection and disbursement of the three percent assessment fee required on all commercial building permits. This three percent fee is remitted to the State Board of Building Standards monthly.

Joint Ambulance District Fund – To account for the collection and disbursement of Joint Ambulance District monies. The City functions as fiscal agent for the Joint Ambulance District.

City of Amherst, Ohio
Combining Statement of Assets and Liabilities
All Agency Funds
December 31, 2002

	Street Openings	Building Standards Assessment	Joint Ambulance District	Total
Assets				
Equity in Pooled Cash and Cash Equivalents	\$8,267	\$621	\$0	\$8,888
Cash and Cash Equivalents In Segregated Accounts	0	0	37,146	37,146
<i>Total Assets</i>	<u>\$8,267</u>	<u>\$621</u>	<u>\$37,146</u>	<u>\$46,034</u>
 Liabilities				
Deposits Held and Due to Others	<u>\$8,267</u>	<u>\$621</u>	<u>\$37,146</u>	<u>\$46,034</u>

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

	Balance 12/31/01	Additions	Reductions	Balance 12/31/02
<i>Street Openings</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$8,775	\$5	\$513	\$8,267
Liabilities				
Deposits Held and Due to Others	\$8,775	\$5	\$513	\$8,267
 <i>Building Standards Assessment</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,533	\$1,935	\$3,847	\$621
Liabilities				
Deposits Held and Due to Others	\$2,533	\$1,935	\$3,847	\$621
 <i>Joint Ambulance District</i>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$6,186	\$37,146	\$6,186	\$37,146
Liabilities				
Deposits Held and Due to Others	\$6,186	\$37,146	\$6,186	\$37,146
 <i>Totals - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$11,308	\$1,940	\$4,360	\$8,888
Cash and Cash Equivalents in Segregated Accounts	6,186	37,146	6,186	37,146
<i>Total Assets</i>	<u>\$17,494</u>	<u>\$39,086</u>	<u>\$10,546</u>	<u>\$46,034</u>
Liabilities				
Deposits Held and Due to Others	<u>\$17,494</u>	<u>\$39,086</u>	<u>\$10,546</u>	<u>\$46,034</u>

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

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$642,720	\$642,720	\$720,598	\$77,878
Income Taxes	1,737,236	1,793,232	1,902,952	109,720
Intergovernmental	551,991	551,991	621,987	69,996
Charges for Services	129,772	129,772	110,491	(19,281)
Fees, Licenses and Permits	201,140	201,140	217,089	15,949
Contributions and Donations	6,956	6,956	4,861	(2,095)
Interest	350,000	350,000	363,010	13,010
Miscellaneous	49,873	49,873	62,178	12,305
<i>Total Revenues</i>	<u>3,669,688</u>	<u>3,725,684</u>	<u>4,003,166</u>	<u>277,482</u>
Expenditures				
Current:				
General Government:				
Mayor				
Salaries	95,000	95,000	87,956	7,044
Fringe Benefits	33,600	37,100	32,023	5,077
Materials and Supplies	8,204	7,500	3,345	4,155
Contractual Services	5,350	7,050	4,430	2,620
Total Mayor	<u>142,154</u>	<u>146,650</u>	<u>127,754</u>	<u>18,896</u>
Safety Services				
Salaries	10,270	10,370	10,268	102
Fringe Benefits	1,726	1,626	1,611	15
Materials and Supplies	1,601	1,409	275	1,134
Contractual Services	191,063	176,700	164,249	12,451
Total Safety Services	<u>204,660</u>	<u>190,105</u>	<u>176,403</u>	<u>13,702</u>
Council				
Salaries	60,257	60,257	57,535	2,722
Fringe Benefits	9,333	9,333	8,810	523
Materials and Supplies	8,274	7,176	5,320	1,856
Contractual Services	17,341	14,250	10,127	4,123
Total Council	<u>\$95,205</u>	<u>\$91,016</u>	<u>\$81,792</u>	<u>\$9,224</u>

(continued)

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Auditor				
Salaries	\$91,500	\$91,500	\$84,298	\$7,202
Fringe Benefits	31,455	38,055	32,916	5,139
Materials and Supplies	12,385	11,159	7,517	3,642
Contractual Services	52,689	51,549	40,405	11,144
Capital Outlay	30,000	30,000	0	30,000
Total Auditor	218,029	222,263	165,136	57,127
Treasurer				
Salaries	43,835	43,835	42,405	1,430
Fringe Benefits	8,675	8,710	7,951	759
Materials and Supplies	2,359	2,347	1,798	549
Contractual Services	5,415	5,330	4,092	1,238
Total Treasurer	60,284	60,222	56,246	3,976
Law Director				
Salaries	99,000	99,000	98,759	241
Fringe Benefits	15,650	15,650	15,470	180
Total Law Director	114,650	114,650	114,229	421
City Hall				
Materials and Supplies	6,000	6,000	3,471	2,529
Contractual Services	26,391	25,930	11,088	14,842
Total City Hall	32,391	31,930	14,559	17,371
City Service Commission				
Salaries	2,250	2,250	2,232	18
Fringe Benefits	370	370	352	18
Materials and Supplies	3,585	802	675	127
Contractual Services	8,775	10,906	7,853	3,053
Total City Service Commission	\$14,980	\$14,328	\$11,112	\$3,216

(continued)

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Income Tax Department				
Salaries	\$41,900	\$41,935	\$38,096	\$3,839
Fringe Benefits	15,790	18,590	18,010	580
Materials and Supplies	11,933	11,911	10,572	1,339
Contractual Services	96,255	96,242	44,385	51,857
Capital Outlay	5,000	5,000	5,000	0
Total Income Tax Department	170,878	173,678	116,063	57,615
Downtown Director				
Salaries	31,000	31,500	31,499	1
Fringe Benefits	4,710	4,710	4,706	4
Materials and Supplies	1,775	2,125	2,056	69
Contractual Services	35,598	35,251	5,421	29,830
Total Downtown Director	73,083	73,586	43,682	29,904
Amherst Office Building				
Materials and Supplies	500	500	363	137
Contractual Services	6,000	6,000	5,327	673
Total Amherst Office Building	6,500	6,500	5,690	810
Miscellaneous				
Fringe Benefits	35,000	35,200	7,797	27,403
Contractual Services	89,100	103,150	35,434	67,716
Capital Outlay	290,000	277,971	99,336	178,635
Total Miscellaneous	414,100	416,321	142,567	273,754
Total General Government	1,546,914	1,541,249	1,055,233	486,016
Security of Persons and Property:				
Police Department				
Salaries	1,378,000	1,373,000	1,271,310	101,690
Fringe Benefits	513,346	598,504	539,074	59,430
Materials and Supplies	101,207	109,987	94,159	15,828
Contractual Services	223,228	283,078	145,601	137,477
Capital Outlay	48,385	46,178	46,176	2
Total Police Department	\$2,264,166	\$2,410,747	\$2,096,320	\$314,427

(continued)

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Fire Department				
Salaries	\$274,760	\$290,760	\$262,063	\$28,697
Fringe Benefits	85,404	71,304	62,816	8,488
Materials and Supplies	47,862	22,208	17,476	4,732
Contractual Services	38,065	38,765	33,229	5,536
Total Fire Department	446,091	423,037	375,584	47,453
Total Security of Persons and Property	2,710,257	2,833,784	2,471,904	361,880
Public Health and Welfare:				
Cemetery				
Salaries	20,000	20,000	19,911	89
Fringe Benefits	3,910	3,910	2,811	1,099
Materials and Supplies	8,050	8,050	6,104	1,946
Contractual Services	7,250	7,240	2,331	4,909
Total Cemetery	39,210	39,200	31,157	8,043
County Health District				
Contractual Services	35,000	35,000	35,000	0
Total Public Health and Welfare	74,210	74,200	66,157	8,043
Community Development:				
Building Inspector				
Salaries	99,817	100,817	99,278	1,539
Fringe Benefits	21,400	37,976	36,180	1,796
Materials and Supplies	4,600	4,000	2,647	1,353
Contractual Services	63,080	58,288	50,352	7,936
Total Building Inspector	188,897	201,081	188,457	12,624
Planning Commission				
Salaries	5,500	5,500	3,530	1,970
Fringe Benefits	955	955	345	610
Materials and Supplies	250	250	249	1
Contractual Services	500	500	433	67
Total Planning Commission	\$7,205	\$7,205	\$4,557	\$2,648

(continued)

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Board of Zoning Appeals				
Materials and Supplies	\$250	\$250	\$250	\$0
Contractual Services	3,786	3,050	934	2,116
Total Board of Zoning Appeals	4,036	3,300	1,184	2,116
Total Community Development	200,138	211,586	194,198	17,388
<i>Total Expenditures</i>	4,531,519	4,660,819	3,787,492	873,327
<i>Excess of Revenues Over (Under) Expenditures</i>	(861,831)	(935,135)	215,674	1,150,809
Other Financing Sources (Uses)				
Notes Issued	315,000	315,000	285,000	(30,000)
Sale of Capital Assets	51,858	51,858	0	(51,858)
Advances In	400,000	400,000	302,000	(98,000)
Transfers In	149,731	149,731	6,688	(143,043)
Transfers Out	(1,826,199)	(1,826,199)	(1,345,733)	480,466
<i>Total Other Financing Sources (Uses)</i>	(909,610)	(909,610)	(752,045)	157,565
<i>Net Change in Fund Balance</i>	(1,771,441)	(1,844,745)	(536,371)	1,308,374
<i>Fund Balance Beginning of Year</i>	2,576,497	2,576,497	2,576,497	0
Prior Year Encumbrances Appropriated	179,928	179,928	179,928	0
<i>Fund Balance End of Year</i>	\$984,984	\$911,680	\$2,220,054	\$1,308,374

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$315,000	\$315,000	\$320,207	\$5,207
Miscellaneous	0	0	18,408	18,408
<i>Total Revenues</i>	<u>315,000</u>	<u>315,000</u>	<u>338,615</u>	<u>23,615</u>
Expenditures				
Current:				
Transportation:				
Street Maintenance and Repair				
Salaries	470,772	432,522	383,865	48,657
Fringe Benefits	167,950	189,200	177,452	11,748
Materials and Supplies	211,147	254,184	194,353	59,831
Contractual Services	88,757	89,720	68,402	21,318
Capital Outlay	30,000	30,000	29,593	407
<i>Total Expenditures</i>	<u>968,626</u>	<u>995,626</u>	<u>853,665</u>	<u>141,961</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(653,626)</u>	<u>(680,626)</u>	<u>(515,050)</u>	<u>165,576</u>
Other Financing Sources (Uses)				
Transfers In	970,344	970,344	901,750	(68,594)
Transfers Out	(67,999)	(67,999)	(67,999)	0
<i>Total Other Financing Sources (Uses)</i>	<u>902,345</u>	<u>902,345</u>	<u>833,751</u>	<u>(68,594)</u>
<i>Net Change in Fund Balance</i>	248,719	221,719	318,701	96,982
<i>Fund Balance Beginning of Year</i>	633,943	633,943	633,943	0
Prior Year Encumbrances Appropriated	<u>34,603</u>	<u>34,603</u>	<u>34,603</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$917,265</u></u>	<u><u>\$890,265</u></u>	<u><u>\$987,247</u></u>	<u><u>\$96,982</u></u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$1,651,755	\$1,651,755	\$1,846,322	\$194,567
Intergovernmental	0	0	274,772	274,772
<i>Total Revenues</i>	<u>1,651,755</u>	<u>1,651,755</u>	<u>2,121,094</u>	<u>469,339</u>
Expenditures				
Current:				
Transportation:				
Street Improvement Income Tax				
Contractual Services	732,201	732,201	256,498	475,703
Capital Outlay	1,904,783	1,904,783	1,670,396	234,387
Total Transportation	2,636,984	2,636,984	1,926,894	710,090
Debt Service				
Principal Retirement	18,750	18,750	5,000	13,750
<i>Total Expenditures</i>	<u>2,655,734</u>	<u>2,655,734</u>	<u>1,931,894</u>	<u>723,840</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,003,979)	(1,003,979)	189,200	1,193,179
Other Financing Uses				
Transfers Out	(600,000)	(600,000)	(577,177)	22,823
<i>Net Change in Fund Balance</i>	(1,603,979)	(1,603,979)	(387,977)	1,216,002
<i>Fund Balance Beginning of Year</i>	3,478,826	3,478,826	3,478,826	0
Prior Year Encumbrances Appropriated	471,984	471,984	471,984	0
<i>Fund Balance End of Year</i>	<u>\$2,346,831</u>	<u>\$2,346,831</u>	<u>\$3,562,833</u>	<u>\$1,216,002</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$1,995,916	\$1,999,531	\$1,902,584	(\$96,947)
Operating Grants	14,000	14,000	0	(14,000)
Customer Deposits	8,700	8,700	8,500	(200)
Miscellaneous	0	0	2,072	2,072
<i>Total Revenues</i>	<u>2,018,616</u>	<u>2,022,231</u>	<u>1,913,156</u>	<u>(109,075)</u>
Expenses				
Water Operations:				
Salaries	479,752	479,752	368,170	111,582
Materials and Supplies	192,617	192,617	140,466	52,151
Contractual Services	1,271,572	1,283,102	1,130,094	153,008
Other	3,000	3,000	0	3,000
Capital Outlay	286,831	286,831	14,746	272,085
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	44,953	44,953	44,953	0
<i>Total Expenses</i>	<u>2,318,725</u>	<u>2,330,255</u>	<u>1,738,429</u>	<u>591,826</u>
<i>Net Change in Fund Equity</i>	(300,109)	(308,024)	174,727	482,751
<i>Fund Equity Beginning of Year</i>	484,713	484,713	484,713	0
Prior Year Encumbrances Appropriated	<u>20,076</u>	<u>20,076</u>	<u>20,076</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$204,680</u>	<u>\$196,765</u>	<u>\$679,516</u>	<u>\$482,751</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$2,371,618	\$2,414,643	\$2,330,748	(\$83,895)
Customer Deposits	0	3,000	4,350	1,350
Notes Issued	9,000,000	9,000,000	0	(9,000,000)
Miscellaneous	3,700	3,700	3,493	(207)
<i>Total Revenues</i>	<u>11,375,318</u>	<u>11,421,343</u>	<u>2,338,591</u>	<u>(9,082,752)</u>
Expenses				
Sewer Operations:				
Salaries	890,510	890,510	743,658	146,852
Materials and Supplies	310,853	310,853	203,159	107,694
Contractual Services	1,150,015	1,221,365	330,847	890,518
Other	500	500	0	500
Capital Outlay	10,657,071	10,657,071	9,759,011	898,060
Debt Service:				
Principal Retirement	136,643	136,643	136,643	0
Interest and Fiscal Charges	105,473	105,473	105,473	0
<i>Total Expenses</i>	<u>13,251,065</u>	<u>13,322,415</u>	<u>11,278,791</u>	<u>2,043,624</u>
<i>Net Change in Fund Equity</i>	(1,875,747)	(1,901,072)	(8,940,200)	(7,039,128)
<i>Fund Equity Beginning of Year</i>	1,452,636	1,452,636	1,452,636	0
Prior Year Encumbrances Appropriated	612,165	612,165	612,165	0
<i>Fund Equity (Deficit) End of Year</i>	<u>\$189,054</u>	<u>\$163,729</u>	<u>(\$6,875,399)</u>	<u>(\$7,039,128)</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$6,100,262	\$6,114,722	\$6,133,959	\$19,237
Customer Deposits	17,000	17,000	21,250	4,250
Miscellaneous	0	0	7,436	7,436
<i>Total Revenues</i>	<u>6,117,262</u>	<u>6,131,722</u>	<u>6,162,645</u>	<u>30,923</u>
Expenses				
Electric Operations:				
Salaries	1,063,383	1,063,383	889,735	173,648
Materials and Supplies	294,097	294,097	126,985	167,112
Contractual Services	4,760,554	4,798,074	4,444,639	353,435
Capital Outlay	282,000	282,000	17,566	264,434
Debt Service:				
Principal Retirement	247,710	247,710	245,000	2,710
Interest and Fiscal Charges	163,628	163,628	159,489	4,139
<i>Total Expenses</i>	<u>6,811,372</u>	<u>6,848,892</u>	<u>5,883,414</u>	<u>965,478</u>
<i>Net Change in Fund Equity</i>	(694,110)	(717,170)	279,231	996,401
<i>Fund Equity Beginning of Year</i>	2,430,115	2,430,115	2,430,115	0
Prior Year Encumbrances Appropriated	<u>121,371</u>	<u>121,371</u>	<u>121,371</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$1,857,376</u>	<u>\$1,834,316</u>	<u>\$2,830,717</u>	<u>\$996,401</u>

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$22,350	\$22,350	\$25,963	\$3,613
Expenditures				
Current:				
Transportation:				
Street Maintenance and Repair				
Materials and Supplies	21,640	21,640	11,249	10,391
Contractual Services	12,500	12,500	9,304	3,196
<i>Total Expenditures</i>	<u>34,140</u>	<u>34,140</u>	<u>20,553</u>	<u>13,587</u>
<i>Net Change in Fund Balance</i>	(11,790)	(11,790)	5,410	17,200
<i>Fund Balance Beginning of Year</i>	28,565	28,565	28,565	0
Prior Year Encumbrances Appropriated	<u>1,140</u>	<u>1,140</u>	<u>1,140</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$17,915</u>	<u>\$17,915</u>	<u>\$35,115</u>	<u>\$17,200</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$60,000	\$60,000	\$60,433	\$433
Expenditures				
Current:				
Transportation:				
Street Maintenance and Repair Permissive				
Capital Outlay	62,916	62,916	453	62,463
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,916)	(2,916)	59,980	62,896
Other Financing Uses				
Transfers Out	0	(60,000)	(60,000)	0
<i>Net Change in Fund Balance</i>	(2,916)	(62,916)	(20)	62,896
<i>Fund Balance Beginning of Year</i>	291,229	291,229	291,229	0
Prior Year Encumbrances Appropriated	2,916	2,916	2,916	0
<i>Fund Balance End of Year</i>	<u>\$291,229</u>	<u>\$231,229</u>	<u>\$294,125</u>	<u>\$62,896</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$45,000	\$45,000	\$42,352	(\$2,648)
Charges for Services	110,500	110,500	90,501	(19,999)
Miscellaneous	2,000	2,000	118	(1,882)
<i>Total Revenues</i>	<u>157,500</u>	<u>157,500</u>	<u>132,971</u>	<u>(24,529)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Park and Pool				
Salaries	71,500	109,750	95,089	14,661
Fringe Benefits	11,475	17,225	15,144	2,081
Materials and Supplies	39,493	52,944	33,142	19,802
Contractual Services	13,700	21,248	15,205	6,043
Capital Outlay	19,000	22,000	21,982	18
<i>Total Expenditures</i>	<u>155,168</u>	<u>223,167</u>	<u>180,562</u>	<u>42,605</u>
<i>Excess of Revenues Under Expenditures</i>	<u>2,332</u>	<u>(65,667)</u>	<u>(47,591)</u>	<u>18,076</u>
Other Financing Sources (Uses)				
Transfers In	0	0	67,999	67,999
Transfers Out	(5,000)	(5,000)	0	5,000
<i>Total Other Financing Sources (Uses)</i>	<u>(5,000)</u>	<u>(5,000)</u>	<u>67,999</u>	<u>72,999</u>
<i>Net Change in Fund Balance</i>	(2,668)	(70,667)	20,408	91,075
<i>Fund Balance Beginning of Year</i>	182,608	182,608	182,608	0
Prior Year Encumbrances Appropriated	10,093	10,093	10,093	0
<i>Fund Balance End of Year</i>	<u>\$190,033</u>	<u>\$122,034</u>	<u>\$213,109</u>	<u>\$91,075</u>

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Office on Aging Fund
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$16,311	\$16,311	\$11,900	(\$4,411)
Charges for Services	81,700	85,000	78,664	(6,336)
Contributions and Donations	2,800	2,800	21,370	18,570
Miscellaneous	450	450	452	2
<i>Total Revenues</i>	<u>101,261</u>	<u>104,561</u>	<u>112,386</u>	<u>7,825</u>
Expenditures				
Current:				
Public Health and Welfare:				
Office on Aging				
Salaries	85,190	85,190	72,038	13,152
Fringe Benefits	27,400	27,400	23,508	3,892
Materials and Supplies	11,203	10,563	9,000	1,563
Contractual Services	45,665	49,605	41,343	8,262
Capital Outlay	8,000	8,000	858	7,142
<i>Total Expenditures</i>	<u>177,458</u>	<u>180,758</u>	<u>146,747</u>	<u>34,011</u>
<i>Excess of Revenues Under Expenditures</i>	(76,197)	(76,197)	(34,361)	41,836
Other Financing Sources				
Transfers In	60,000	60,000	60,000	0
<i>Net Change in Fund Balance</i>	(16,197)	(16,197)	25,639	41,836
<i>Fund Balance Beginning of Year</i>	22,818	22,818	22,818	0
Prior Year Encumbrances Appropriated	6,493	6,493	6,493	0
<i>Fund Balance End of Year</i>	<u>\$13,114</u>	<u>\$13,114</u>	<u>\$54,950</u>	<u>\$41,836</u>

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Planning Commission Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$75,000	\$75,000	\$68,200	(\$6,800)
Expenditures				
Current:				
General Government:				
Planning Commission				
Contractual Services	12,000	12,000	4,223	7,777
Capital Outlay	377,202	377,202	6,107	371,095
<i>Total Expenditures</i>	<u>389,202</u>	<u>389,202</u>	<u>10,330</u>	<u>378,872</u>
<i>Net Change in Fund Balance</i>	(314,202)	(314,202)	57,870	372,072
<i>Fund Balance Beginning of Year</i>	888,198	888,198	888,198	0
Prior Year Encumbrances Appropriated	<u>2,202</u>	<u>2,202</u>	<u>2,202</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$576,198</u>	<u>\$576,198</u>	<u>\$948,270</u>	<u>\$372,072</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$190,000	\$190,000	\$0	(\$190,000)
Contributions and Donations	25,000	25,000	22,010	(2,990)
Interest	1,000	1,000	288	(712)
Rentals	15,600	15,600	22,350	6,750
<i>Total Revenues</i>	<u>231,600</u>	<u>231,600</u>	<u>44,648</u>	<u>(186,952)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Park				
Materials and Supplies	1,000	1,000	0	1,000
Contractual Services	193,000	193,000	162,822	30,178
Capital Outlay	36,000	36,000	0	36,000
<i>Total Expenditures</i>	<u>230,000</u>	<u>230,000</u>	<u>162,822</u>	<u>67,178</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,600	1,600	(118,174)	(119,774)
Other Financing Uses				
Transfers Out	(15,000)	(15,000)	0	15,000
<i>Net Change in Fund Balance</i>	(13,400)	(13,400)	(118,174)	(104,774)
<i>Fund Balance Beginning of Year</i>	<u>72,553</u>	<u>72,553</u>	<u>72,553</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$59,153</u></u>	<u><u>\$59,153</u></u>	<u><u>(\$45,621)</u></u>	<u><u>(\$104,774)</u></u>

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cable Television Fund
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$90,000	\$90,000	\$110,319	\$20,319
Charges for Services	0	0	53,448	53,448
Miscellaneous	0	0	599	599
<i>Total Revenues</i>	<u>90,000</u>	<u>90,000</u>	<u>164,366</u>	<u>74,366</u>
Expenditures				
Current:				
General Government:				
Cable Television				
Salaries	20,000	20,000	18,000	2,000
Fringe Benefits	3,150	3,150	3,011	139
Materials and Supplies	54,804	54,985	43,245	11,740
Contractual Services	33,439	53,258	38,808	14,450
Capital Outlay	70,000	70,000	0	70,000
<i>Total Expenditures</i>	<u>181,393</u>	<u>201,393</u>	<u>103,064</u>	<u>98,329</u>
<i>Net Change in Fund Balance</i>	(91,393)	(111,393)	61,302	172,695
<i>Fund Balance Beginning of Year</i>	181,833	181,833	181,833	0
Prior Year Encumbrances Appropriated	<u>12,443</u>	<u>12,443</u>	<u>12,443</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$102,883</u></u>	<u><u>\$82,883</u></u>	<u><u>\$255,578</u></u>	<u><u>\$172,695</u></u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$5,000	\$5,000	\$10,513	\$5,513
Expenditures				
Current:				
Security of Persons and Property:				
Police Department				
Capital Outlay	28,765	31,528	20,454	11,074
<i>Net Change in Fund Balance</i>	(23,765)	(26,528)	(9,941)	16,587
<i>Fund Balance Beginning of Year</i>	14,319	14,319	14,319	0
Prior Year Encumbrances Appropriated	14,447	14,447	14,447	0
<i>Fund Balance End of Year</i>	<u>\$5,001</u>	<u>\$2,238</u>	<u>\$18,825</u>	<u>\$16,587</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$2,000	\$2,000	\$175	(\$1,825)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department				
Capital Outlay	4,384	4,384	3,679	705
<i>Net Change in Fund Balance</i>	(2,384)	(2,384)	(3,504)	(1,120)
<i>Fund Balance Beginning of Year</i>	4,384	4,384	4,384	0
<i>Fund Balance End of Year</i>	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$880</u>	<u>(\$1,120)</u>

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DUI Enforcement Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$2,000	\$2,000	\$1,041	(\$959)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department				
Capital Outlay	2,416	2,416	0	2,416
<i>Net Change in Fund Balance</i>	(416)	(416)	1,041	1,457
<i>Fund Balance Beginning of Year</i>	2,441	2,441	2,441	0
<i>Fund Balance End of Year</i>	<u>\$2,025</u>	<u>\$2,025</u>	<u>\$3,482</u>	<u>\$1,457</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$10,000	\$10,000	\$0	(\$10,000)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department				
Salaries	11,503	11,503	0	11,503
<i>Net Change in Fund Balance</i>	(1,503)	(1,503)	0	1,503
<i>Fund Balance Beginning of Year</i>	1,503	1,503	1,503	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,503</u>	<u>\$1,503</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$44,891	\$44,891	\$40,891	(\$4,000)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department				
Salaries	53,546	56,921	49,930	6,991
Fringe Benefits	1,345	1,345	838	507
<i>Total Expenditures</i>	<u>54,891</u>	<u>58,266</u>	<u>50,768</u>	<u>7,498</u>
<i>Net Change in Fund Balance</i>	(10,000)	(13,375)	(9,877)	3,498
<i>Fund Balance Beginning of Year</i>	<u>16,416</u>	<u>16,416</u>	<u>16,416</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$6,416</u>	<u>\$3,041</u>	<u>\$6,539</u>	<u>\$3,498</u>

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bullet Proof Vest Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$1,000	\$1,305	\$1,305	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Police Department				
Fringe Benefits	3,706	3,011	1,706	1,305
<i>Excess of Revenues Under Expenditures</i>	(2,706)	(1,706)	(401)	1,305
Other Financing Uses				
Advances Out	0	(2,000)	(2,000)	0
<i>Net Change in Fund Balance</i>	(2,706)	(3,706)	(2,401)	1,305
<i>Fund Balance Beginning of Year</i>	3,706	3,706	3,706	0
<i>Fund Balance End of Year</i>	<u>\$1,000</u>	<u>\$0</u>	<u>\$1,305</u>	<u>\$1,305</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>454</u>	<u>454</u>	<u>454</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$454</u></u>	<u><u>\$454</u></u>	<u><u>\$454</u></u>	<u><u>\$0</u></u>

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Traffic Safety Grant Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$22,325	\$22,929	\$15,316	(\$7,613)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department				
Salaries	17,326	17,326	9,713	7,613
Materials and Supplies	4,999	5,603	5,603	0
<i>Total Expenditures</i>	<u>22,325</u>	<u>22,929</u>	<u>15,316</u>	<u>7,613</u>
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
Other Financing Sources				
Transfers In	0	0	3,500	3,500
<i>Net Change in Fund Balance</i>	0	0	3,500	3,500
<i>Fund Balance Beginning of Year</i>	26	26	26	0
<i>Fund Balance End of Year</i>	<u>\$26</u>	<u>\$26</u>	<u>\$3,526</u>	<u>\$3,500</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$123,000	\$123,000	\$123,000	\$0
Expenditures				
Current:				
General Government:				
Recycling				
Capital Outlay	148,000	148,000	135,630	12,370
<i>Excess of Revenues Under Expenditures</i>	(25,000)	(25,000)	(12,630)	12,370
Other Financing Sources				
Transfers In	12,500	12,500	12,500	0
<i>Net Change in Fund Balance</i>	(12,500)	(12,500)	(130)	12,370
<i>Fund Balance Beginning of Year</i>	14,070	14,070	14,070	0
Prior Year Encumbrances Appropriated	12,500	12,500	12,500	0
<i>Fund Balance End of Year</i>	<u>\$14,070</u>	<u>\$14,070</u>	<u>\$26,440</u>	<u>\$12,370</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$500,000	\$500,000	\$119,908	(\$380,092)
Expenditures				
Current:				
General Government:				
Chip Grant				
Contractual Services	149,884	149,884	49,884	100,000
Capital Outlay	400,000	400,000	80,609	319,391
<i>Total Expenditures</i>	<u>549,884</u>	<u>549,884</u>	<u>130,493</u>	<u>419,391</u>
<i>Net Change in Fund Balance</i>	(49,884)	(49,884)	(10,585)	39,299
<i>Fund Balance Beginning of Year</i>	31,750	31,750	31,750	0
Prior Year Encumbrances Appropriated	49,884	49,884	49,884	0
<i>Fund Balance End of Year</i>	<u>\$31,750</u>	<u>\$31,750</u>	<u>\$71,049</u>	<u>\$39,299</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$400,000	\$400,000	\$229,269	(\$170,731)
Expenditures				
Current:				
Community Development:				
CDBG Grant				
Contractual Services	81,982	81,982	21,982	60,000
Capital Outlay	345,133	345,133	242,672	102,461
<i>Total Expenditures</i>	427,115	427,115	264,654	162,461
<i>Excess of Revenues Under Expenditures</i>	(27,115)	(27,115)	(35,385)	(8,270)
Other Financing Uses				
Advances Out	(400,000)	(400,000)	(300,000)	100,000
Transfers Out	0	0	(6,688)	(6,688)
<i>Total Other Financing Uses</i>	(400,000)	(400,000)	(306,688)	93,312
<i>Net Change in Fund Balance</i>	(427,115)	(427,115)	(342,073)	85,042
<i>Fund Balance Beginning of Year</i>	390,528	390,528	390,528	0
Prior Year Encumbrances Appropriated	36,587	36,587	36,587	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$85,042	\$85,042

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$284,585	\$284,876	\$262,922	(\$21,954)
Intergovernmental	0	0	31,438	31,438
Miscellaneous	291	291	0	(291)
<i>Total Revenues</i>	<u>284,876</u>	<u>285,167</u>	<u>294,360</u>	<u>9,193</u>
Expenditures				
Current:				
General Government:				
Debt Service				
Contractual Services	7,600	7,600	3,855	3,745
Debt Service:				
Principal Retirement	438,000	438,000	438,000	0
Interest and Fiscal Charges	160,835	160,835	160,835	0
<i>Total Expenditures</i>	<u>606,435</u>	<u>606,435</u>	<u>602,690</u>	<u>3,745</u>
<i>Excess of Revenues Under Expenditures</i>	(321,559)	(321,268)	(308,330)	12,938
Other Financing Sources				
Transfers In	367,983	367,983	367,983	0
<i>Net Change in Fund Balance</i>	46,424	46,715	59,653	12,938
<i>Fund Balance Beginning of Year</i>	<u>482,033</u>	<u>482,033</u>	<u>482,033</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$528,457</u></u>	<u><u>\$528,748</u></u>	<u><u>\$541,686</u></u>	<u><u>\$12,938</u></u>

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Apparatus Levy Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property and Other Local Taxes	\$266,191	\$267,645	\$184,257	(\$83,388)
Intergovernmental	0	0	20,954	20,954
Miscellaneous	1,454	1,454	0	(1,454)
<i>Total Revenues</i>	<u>267,645</u>	<u>269,099</u>	<u>205,211</u>	<u>(63,888)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department				
Materials and Supplies	5,000	5,000	3,961	1,039
Contractual Services	3,500	3,500	2,747	753
Capital Outlay	72,785	72,785	35,305	37,480
<i>Total Expenditures</i>	<u>81,285</u>	<u>81,285</u>	<u>42,013</u>	<u>39,272</u>
<i>Net Change in Fund Balance</i>	186,360	187,814	163,198	(24,616)
<i>Fund Balance Beginning of Year</i>	234,284	234,284	234,284	0
Prior Year Encumbrances Appropriated	<u>17,785</u>	<u>17,785</u>	<u>17,785</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$438,429</u></u>	<u><u>\$439,883</u></u>	<u><u>\$415,267</u></u>	<u><u>(\$24,616)</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$31,790	\$36,090	\$6,107	(\$29,983)
Expenditures				
Current:				
General Government:				
CDBG Renovations				
Capital Outlay	<u>34,063</u>	<u>49,025</u>	<u>19,979</u>	<u>29,046</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,273)	(12,935)	(13,872)	(937)
Other Financing Uses				
Transfers Out	<u>(225,100)</u>	<u>(225,100)</u>	<u>(225,100)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(227,373)	(238,035)	(238,972)	(937)
<i>Fund Balance Beginning of Year</i>	239,914	239,914	239,914	0
Prior Year Encumbrances Appropriated	<u>2,273</u>	<u>2,273</u>	<u>2,273</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$14,814</u></u>	<u><u>\$4,152</u></u>	<u><u>\$3,215</u></u>	<u><u>(\$937)</u></u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>12,623</u>	<u>12,623</u>	<u>12,623</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,623</u></u>	<u><u>\$12,623</u></u>	<u><u>\$12,623</u></u>	<u><u>\$0</u></u>

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Improvement Fund
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$925,721	\$654,592	\$199,664	(\$454,928)
Expenditures				
Current:				
Basic Utility Services:				
Sewer Improvement				
Contractual Services	34,237	34,237	34,237	0
Capital Outlay	1,563,313	1,710,884	796,229	914,655
Total Basic Utility Services	1,597,550	1,745,121	830,466	914,655
Transportation:				
Bridges				
Contractual Services	78,503	78,503	78,499	4
Capital Outlay	10,906	10,906	10,906	0
Total Transportation	89,409	89,409	89,405	4
<i>Total Expenditures</i>	1,686,959	1,834,530	919,871	914,659
<i>Excess of Revenues Under Expenditures</i>	(761,238)	(1,179,938)	(720,207)	459,731
Other Financing Sources				
Transfers In	158,477	577,177	577,177	0
<i>Net Change in Fund Balance</i>	(602,761)	(602,761)	(143,030)	459,731
<i>Fund Balance Beginning of Year</i>	249,835	249,835	249,835	0
Prior Year Encumbrances Appropriated	602,761	602,761	602,761	0
<i>Fund Balance End of Year</i>	\$249,835	\$249,835	\$709,566	\$459,731

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
City Hall Auditorium Fund
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$75,000	\$75,000	\$75,000	\$0
Contributions and Donations	50,000	50,000	0	(50,000)
Miscellaneous	0	0	3,349	3,349
<i>Total Revenues</i>	<u>125,000</u>	<u>125,000</u>	<u>78,349</u>	<u>(46,651)</u>
Expenditures				
Current:				
General Government:				
City Hall Auditorium				
Contractual Services	135,700	135,700	117,228	18,472
Capital Outlay	214,400	214,400	0	214,400
<i>Total Expenditures</i>	<u>350,100</u>	<u>350,100</u>	<u>117,228</u>	<u>232,872</u>
<i>Excess of Revenues Under Expenditures</i>	(225,100)	(225,100)	(38,879)	186,221
Other Financing Sources				
Transfers In	225,100	225,100	225,100	0
<i>Net Change in Fund Balance</i>	0	0	186,221	186,221
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$186,221</u>	<u>\$186,221</u>

City of Amherst, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
North Lake Tunnel Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Transportation:				
Street Maintenance and Repair				
Contractual Services	12,200	12,200	0	12,200
<i>Excess of Revenues Under Expenditures</i>	(12,200)	(12,200)	0	12,200
Other Financing Sources				
Transfers In	60,000	60,000	60,000	0
<i>Net Change in Fund Balance</i>	47,800	47,800	60,000	12,200
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$47,800</u>	<u>\$47,800</u>	<u>\$60,000</u>	<u>\$12,200</u>

City of Amherst, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Health Insurance Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$700,000	\$950,000	\$832,279	(\$117,721)
Expenses				
Contractual Services	0	350,000	224,485	125,515
Claims	700,000	700,000	627,722	72,278
<i>Total Expenses</i>	700,000	1,050,000	852,207	197,793
<i>Net Change in Fund Equity</i>	0	(100,000)	(19,928)	80,072
<i>Fund Equity Beginning of Year</i>	154,602	154,602	154,602	0
<i>Fund Equity End of Year</i>	\$154,602	\$54,602	\$134,674	\$80,072

City of Amherst, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Cemetery Trust Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$210	\$210	\$86	(\$124)
Expenses				
Capital Outlay	100	100	45	55
<i>Net Change in Fund Equity</i>	110	110	41	(69)
<i>Fund Equity Beginning of Year</i>	4,010	4,010	4,010	0
<i>Fund Equity End of Year</i>	<u>\$4,120</u>	<u>\$4,120</u>	<u>\$4,051</u>	<u>(\$69)</u>

STATISTICAL SECTION

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

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

	2002	2001	2000	1999
Revenues				
Property and Other Local Taxes	\$1,167,758	\$1,169,182	\$1,041,042	\$1,040,375
Municipal Income Taxes	3,725,200	3,651,332	3,343,168	3,448,136
Intergovernmental	2,401,816	2,124,088	1,611,675	1,488,573
Charges for Services	350,321	532,846	539,138	472,839
Fees, Licenses and Permits	217,192	318,079	154,903	195,584
Contributions and Donations	48,241	151,050	15,000	0
Special Assessments	0	0	0	0
Interest	330,833	694,517	988,512	845,505
Rentals	22,350	0	16,376	0
Miscellaneous	81,084	134,786	61,796	484,130
Total	\$8,344,795	\$8,775,880	\$7,771,610	\$7,975,142
Expenditures				
Current				
General Government	\$1,342,248	\$1,870,746	\$2,286,294	\$1,666,854
Security of Persons and Property	2,509,091	2,354,057	2,084,632	1,927,491
Public Health and Welfare	212,335	232,374	211,198	183,883
Transportation	791,440	946,083	856,361	792,423
Leisure Time Activities	414,298	233,885	156,305	139,402
Community Development	153,245	171,746	206,578	131,734
Basic Utility Services	0	0	0	0
Capital Outlay	1,518,687	1,986,509	800,320	1,369,075
Debt Service				
Principal Retirement	156,440	162,359	125,161	276,000
Interest and Fiscal Charges	162,548	161,760	160,349	195,468
Total	\$7,260,332	\$8,119,519	\$6,887,198	\$6,682,330

Source: City financial records

(1) Information is based on modified accrual.

Information for governmental activities will be provided when enough years are available for comparison.

1998	1997	1996	1995	1994	1993
\$1,007,546	\$972,818	\$910,926	\$907,544	\$787,902	\$565,360
3,339,333	2,986,265	3,156,450	2,828,240	2,746,359	2,166,313
1,384,658	1,182,692	1,191,003	751,248	730,475	604,925
394,814	342,182	455,777	401,807	324,523	421,670
148,415	115,094	117,949	107,636	134,642	87,284
0	0	0	0	0	0
0	0	0	2,855	9,646	2,834
542,981	453,349	410,243	484,963	502,931	231,958
17,368	13,468	3,978	4,665	1,955	3,035
152,747	85,500	64,346	66,326	56,314	114,509
<u>\$6,987,862</u>	<u>\$6,151,368</u>	<u>\$6,310,672</u>	<u>\$5,555,284</u>	<u>\$5,294,747</u>	<u>\$4,197,888</u>
\$1,038,884	\$1,010,571	\$822,054	\$574,354	\$855,902	\$622,382
1,873,275	1,661,003	1,519,622	1,405,803	1,294,609	1,283,610
226,816	157,076	143,368	113,481	104,924	74,198
649,567	650,314	931,260	684,922	536,360	523,611
151,680	408,297	123,920	122,121	97,186	122,672
109,571	91,357	63,865	124,636	119,312	116,253
0	81,935	83,989	13,283	13,878	3,899
1,283,508	1,906,867	2,309,746	2,896,499	1,663,041	1,045,945
101,000	96,000	91,000	92,681	90,000	20,000
280,350	183,009	183,150	180,737	190,263	107,196
<u>\$5,714,651</u>	<u>\$6,246,429</u>	<u>\$6,271,974</u>	<u>\$6,208,517</u>	<u>\$4,965,475</u>	<u>\$3,919,766</u>

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Total Tax Levy	Delinquent Tax Collections
2002	\$1,161,290	\$1,124,502	96.83 %	\$26,128
2001	1,149,617	1,118,764	97.32	30,690
2000	1,022,049	990,743	96.94	24,251
1999	1,014,406	987,449	97.34	23,639
1998	1,060,110	1,033,552	97.49	30,917
1997	811,095	785,675	96.87	12,552
1996	779,678	764,027	97.99	14,087
1995	746,027	730,196	97.88	13,488
1994	660,763	648,457	98.14	8,021
1993	451,182	443,505	98.30	4,492

Source: Lorain County Auditor

(1) State reimbursement of roolback and homestead exemptions are included.

Total (1) Tax Collections	Percent of Total Tax Collections To Total Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Total Tax Levy
\$1,150,630	99.08 %	\$23,582	2.03 %
1,149,454	99.99	35,546	3.09
1,014,994	99.31	38,346	3.75
1,011,088	99.67	32,596	3.21
1,064,469	100.41	31,958	3.01
798,227	98.41	29,368	3.62
778,114	99.80	18,576	2.38
743,684	99.69	19,267	2.58
656,478	99.35	15,899	2.41
447,997	99.29	9,089	2.01

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

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2002	\$235,848,250	\$673,852,143	\$3,780,300	\$4,295,795
2001	231,059,630	660,170,371	5,692,860	6,469,159
2000	196,606,640	561,733,257	5,701,900	6,479,432
1999	191,456,420	547,018,343	5,853,200	6,651,364
1998	181,472,120	518,491,771	5,778,870	6,566,898
1997	148,646,190	424,703,400	5,811,310	6,603,761
1996	143,163,470	409,038,486	5,829,430	6,624,352
1995	135,840,110	388,114,600	6,584,340	7,482,205
1994	119,020,100	340,057,429	5,907,090	6,712,602
1993	115,034,250	328,669,286	6,023,460	6,844,841

Source: Lorain County Auditor

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

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value	
\$19,348,620	\$77,394,480	\$258,977,170	\$755,542,418	34.28 %
18,953,000	75,812,000	255,705,490	742,451,531	34.44
18,188,231	72,752,924	220,496,771	640,965,613	34.40
18,834,889	75,339,556	216,144,509	629,009,262	34.36
16,914,700	67,658,800	204,165,690	592,717,469	34.45
17,451,520	69,806,080	171,909,020	501,113,241	34.31
15,788,151	63,152,604	164,781,051	478,815,442	34.41
19,880,686	79,522,744	162,305,136	475,119,549	34.16
19,266,639	77,066,556	144,193,829	423,836,587	34.02
20,084,031	80,336,124	141,141,741	415,850,251	33.94

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

Year	City	Health District	Lorain County	Amherst Exempted School District	Lorain County Joint Vocational School	Total
2002	\$4.80	\$1.00	\$12.89	\$51.09	\$2.45	\$72.23
2001	6.13	0.00	10.79	62.42	2.45	81.79
2000	6.77	0.00	10.79	57.98	2.45	77.99
1999	6.77	0.00	10.79	57.98	2.45	77.99
1998	6.77	0.00	10.79	57.98	2.45	77.99
1997	6.77	0.00	12.69	57.98	2.45	79.89
1996	5.77	0.00	12.69	53.08	2.45	73.99
1995	5.77	0.00	12.69	53.08	2.45	73.99
1994	5.77	0.00	11.74	53.33	2.45	73.29
1993	4.20	0.00	11.74	48.98	2.45	67.37

Source: Lorain County Auditor

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

Year	Population (1)	Assessed Value (2)	Gross (3) Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
2002	11,797	\$258,977,170	\$2,781,000	\$541,686	\$2,239,314	0.86 %	\$189.82
2001	11,797	255,705,490	2,904,000	482,033	2,421,967	0.95	205.30
2000	10,332	220,496,771	3,027,000	430,891	2,596,109	1.18	251.27
1999	10,332	216,144,509	3,145,000	449,543	2,695,457	1.25	260.88
1998	10,332	204,165,690	3,421,000	440,005	2,980,995	1.46	288.52
1997	10,332	171,909,020	2,822,000	313,507	2,508,493	1.46	242.79
1996	10,332	164,781,051	2,918,000	195,720	2,722,280	1.65	263.48
1995	10,332	162,305,136	3,009,000	141,972	2,867,028	1.77	277.49
1994	10,332	144,193,829	3,100,000	109,499	2,990,501	2.07	289.44
1993	10,332	141,141,741	3,190,000	115,167	3,074,833	2.18	297.60

(1) Source: U.S. Bureau of Census, of Population

(2) Source: Lorain County Auditor

(3) Includes all general obligation bonded debt payable from property taxes.

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

Total Assessed Property Value	\$258,977,170
<i>Overall Debt Limitation (10 ½ % of Assessed Valuation)</i>	<i>\$27,192,603</i>
Amount of Debt Outstanding:	
General Obligation Bonds	2,781,000
OPWC Loans	12,500
General Obligation Notes	285,000
Enterprise Funds' Notes	2,005,000
Enterprise Funds' Bonds	5,075,000
Enterprise Funds' OPWC Loans	102,966
Total Amount of Debt Outstanding	10,261,466
Less: OPWC Loans	
Enterprise Funds' Notes	(12,500)
Enterprise Funds' Bonds	(2,005,000)
Enterprise Funds' Bonds	(5,075,000)
Enterprise Funds' OPWC Loans	(102,966)
Debt Service Fund Balance	(541,686)
Net Debt Within 10 1/2% Limitations	2,524,314
<i>Overall Legal Debt Margin Within 10 1/2% Limitations</i>	<i>\$24,668,289</i>
<i>Unvoted Debt Limitation (5 1/2% of Assessed Valuation)</i>	<i>\$14,243,744</i>
Amount of Debt Outstanding:	
General Obligation Bonds	2,781,000
OPWC Loans	12,500
General Obligation Notes	285,000
Enterprise Funds' Notes	2,005,000
Enterprise Funds' Bonds	5,075,000
Enterprise Funds' OPWC Loans	102,966
Gross Indebtedness	10,261,466
Less: OPWC Loans	
Enterprise Funds' Notes	(12,500)
Enterprise Funds' Bonds	(2,005,000)
Enterprise Funds' Bonds	(5,075,000)
Enterprise Funds' OPWC Loans	(102,966)
Debt Service Fund Balance	(541,686)
Net Debt Within 5 1/2% Limitations	2,524,314
<i>Unvoted Legal Debt Margin Within 5 1/2% Limitations</i>	<i>\$11,719,430</i>

Source: City Financial Records

City of Amherst, Ohio
Computation of Direct and Overlapping Debt
 December 31, 2002

	General Obligation Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Amherst
<u>Direct:</u>			
City of Amherst	<u>\$2,781,000</u>	100.00 %	<u>\$2,781,000</u>
<u>Overlapping:</u>			
Lorain County	<u>27,235,000</u>	4.70	<u>1,280,045</u>
Total	<u><u>\$30,016,000</u></u>		<u><u>\$4,061,045</u></u>

Source: Lorain County Auditor

The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

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

Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service To Total General Governmental Expenditures
2002	\$123,000	\$148,708	\$271,708	\$7,260,332	3.74 %
2001	123,000	154,295	277,295	8,119,519	3.42
2000	118,000	159,548	277,548	6,887,198	4.03
1999	276,000	188,729	464,729	6,682,330	6.95
1998	101,000	145,682	246,682	5,714,651	4.32
1997	96,000	149,630	245,630	6,246,429	3.93
1996	91,000	153,234	244,234	6,271,974	3.89
1995	91,000	156,526	247,526	6,208,517	3.99
1994	90,000	162,764	252,764	4,965,475	5.09
1993	20,000	26,789	46,789	3,919,766	1.19

Source: City of Amherst, Auditor's Office

City of Amherst, Ohio
Demographic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Lorain County (3)</u>
2002	11,797	3,967	7.1 %
2001	11,797	3,758	5.6
2000	11,797	3,873	5.4
1999	10,332	3,768	5.0
1998	10,332	3,732	3.6
1997	10,332	3,629	6.1
1996	10,332	3,608	7.8
1995	10,332	3,463	5.1
1994	10,332	3,374	4.4
1993	10,332	3,270	5.9

(1) Source: U. S. Bureau of Census
2000 Federal Census

(2) Source: Amherst Exempted Village School Board of Education

(3) Source: Ohio Department of Unemployment, Labor Market
Information Department

City of Amherst, Ohio
Construction and Bank Deposits
Last Ten Years

Year	New Construction Value (1)		Domestic Bank Deposits in the County (2, 3) (in thousands)	Assessed Value (4)
	Residential	Commercial/ Industrial		
2002	\$16,297,860	\$8,132,228	\$614,592	\$258,977,170
2001	13,896,947	15,372,806	555,591	255,705,490
2000	13,028,745	648,696	513,102	220,496,771
1999	19,091,385	1,038,000	463,993	216,144,509
1998	10,253,228	4,099,000	444,974	204,165,690
1997	9,228,019	4,170,000	1,381,977	171,909,020
1996	12,362,892	7,855,000	1,329,795	164,781,051
1995	11,736,877	7,161,000	1,237,991	162,305,136
1994	14,131,800	7,115,000	1,254,166	144,193,829
1993	11,220,000	4,290,000	1,170,581	141,141,741

(1) Source: City of Amherst Building Department Reports

(2) Source: Federal Reserve Bank of Cleveland

(3) The decrease at 1998 resulted when out-of-county banks acquired local bank branches. The deposits were moved out of Lorain County.

(4) Source: Lorain County Auditor

City of Amherst, Ohio

Principal Taxpayers

December 31, 2002

<u>Taxpayer</u>	<u>Real Property Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Nordson, Inc.	\$5,381,620	2.08 %
Amherst Plaza Limited	2,713,690	1.05
Acadia Amherst, LLC	1,985,690	0.77
M Six Penvest II Business	944,430	0.36
Amherst Manor Care	943,460	0.36
Central Village LTD Company	885,880	0.34
Pinecrest Apartments LTD	767,390	0.30
Cawrse Richard Jr.	735,800	0.28
Nardini Victor	744,540	0.29
Discount Drug Mart Inc.	<u>704,130</u>	<u>0.27</u>
<i>Totals</i>	<u><u>\$15,806,630</u></u>	<u><u>6.10 %</u></u>
Assessed Valuation	<u><u>\$258,977,170</u></u>	

(1) Assessed valuation based on the valuation of property for taxes collected in 2002 and a review of the t largest parcels for the City. Total valuation listed for each taxpayer does not include all parcels owned by the taxpayer in the County.

Source: Lorain County Auditor

City of Amherst, Ohio

Miscellaneous Statistics

December 31, 2002

Date of Incorporation	1962
Form of Government	Mayor/Council
Area	5.26 Square Miles
Miles of Streets	52
Number of Street Lights	1,435
Fire Protection:	
Number of Stations	1
Number of Firefighters and Officers	33
Police Protection	
Number of Stations	1
Number of Policepersons and Officers	36
Municipal Water Department:	
Active Accounts	5,781
Average Daily Consumption	1,264,934 Gallons
Miles of Water Mains	42
Sewers:	
Active Accounts	4,485
Average Amount Processed Daily	1,050,526 Gallons
Miles of Sanitary Sewers	38
Miles of Storm Sewers	26
Electric Accounts:	
Active Accounts	5,416
Average Daily Consumption	249,063 Kilowatt Hours
Building Permits Issued	1,096
Recreation and Culture:	
Number of Parks	4
Number of Libraries	1
Number of Library Volumes	67,000
Employees:	
Full-Time	65
Part-Time	72



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

CITY OF AMHERST

LORAIN 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
NOVEMBER 6, 2003**