



**Auditor of State
Betty Montgomery**

CITY OF BARBERTON
SUMMIT COUNTY

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**Auditor of State
Betty Montgomery**

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

City of Barberton
Summit County
104 Third Street, N.W.
Barberton, Ohio 44203

To the City Council:

We have audited the financial statements of the City of Barberton (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated June 6, 2003, in which we noted the correction of an error in the application of accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 6, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal 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 the employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 6, 2003.

This report is intended for the information and use of management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 6, 2003



**Auditor of State
Betty Montgomery**

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

City of Barberton
Summit County
104 Third Street, N.W.
Barberton, Ohio 44203

To the City Council:

Compliance

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

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002. However, we noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the City in a separate letter dated June 6, 2003.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the general purpose financial statements of the City as of and for the year ended December 31, 2002, and have issued our report thereon dated June 6, 2003, in which we noted the correction of an error in the application of accounting principles. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information and use of management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

June 6, 2003

**CITY OF BARBERTON
SUMMIT COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through Akron City Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	110	10.557	\$173,068
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Direct</i>			
Community Development Block Grants/Entitlement Grants	N/A	14.218	1,205,052
Home Investment Partnerships Program	N/A	14.239	69,645
Total U.S. Department of Housing and Urban Development			<u>1,274,697</u>
<u>U.S. DEPARTMENT OF DEPARTMENT OF JUSTICE</u>			
<i>Direct</i>			
Public Safety Partnership and Community Policing Grants	N/A	16.710	104,480
Local Law Enforcement Block Grants Program	N/A	16.592	127,191
Byrne Formula Grant Program	N/A	16.579	31,118
Bulletproof Vest Partnership Program	N/A	16.607	1,034
Juvenile Justice and Delinquency Prevention-Allocation to States	N/A	16.540	5,331
Total U.S. Department of Justice			<u>269,154</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through the Akron City Department of Health</i>			
Immunization Grants	101A	93.268	48,914
Maternal and Child Health Services Block Grant to the States	101Q	93.994	68,563
<i>Passed through the Area Agency on Aging</i>			
Special Programs for the Aging Title III, Parts A&B Grant	227B	93.044	4,000
<i>Passed through the Ohio Department of Health</i>			
Centers for Disease Control and Prevention Investigations and Technical Assistance	77-2-02-CJ-292100 77-2-002-2-CJ01	93.283	90
			<u>23,245</u>
			<u>23,335</u>
Total U.S. Department of Health and Human Services			<u>144,812</u>
<u>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Direct</i>			
Brownsfield Pilots Cooperative Agreements	N/A	66.811	90,564
<u>U.S. DEPARTMENT OF INTERIOR</u>			
<i>Pass through the Ohio & Erie Canal Association</i>			
Barberton Towpath Reconstruction Project	N/A	15.XXX	203,273
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Pass through the Ohio Department of Transportation</i>			
Recreational Trails Program	N/A	20.219	146,300
TOTAL			<u><u>\$ 2,301,868</u></u>

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

**CITY OF BARBERTON
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City, passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2002, the gross amount of loans outstanding under this program was \$649,788.

**CITY OF BARBERTON
SUMMIT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #14.218, Community Development Block Grant/Entitlement Grants
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**CITY OF BARBERTON
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-20977-001	Revised Code Section 5705.41(D) – failure to certify	No	Partially corrected. Similar comment included in the management letter.
2001-20977-002	Revised Code Section 5705.39 – appropriations exceeding estimated resources	Yes	Finding no longer valid

City of Barberton, Ohio



Comprehensive Annual Financial Report For The Fiscal Year Ended December 31, 2002



*Comprehensive Annual
Financial Report*

For the year ended December 31, 2002

Prepared by The Department of Finance

*Raymond E. Flickinger, Jr., C.M.F.A.
Director of Finance*

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

CITY OF BARBERTON, OHIO
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2002

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Introductory Section



June 6, 2003

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

It is our privilege to submit to you the 2002 Comprehensive Annual Financial Report of the City of Barberton (the City). Responsibility for both the accuracy of the data and the adequacy of disclosure rests with the City. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner which presents fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of principal officials and an organizational chart. The financial section includes the Independent Accountants' Report, general purpose financial statements, and related combining statements and schedules. This report includes all funds and account groups of the City. The statistical section provides financial, economic and demographic information which is used for comparative fiscal periods.

COMMUNITY PROFILE

The City of Barberton is located in northeast Ohio, adjacent to the southwest corner of the City of Akron. Incorporated in 1891, Barberton operates under a charter form of government which was adopted by its voters in 1973. The City is governed by an elected Mayor and 9-member City Council. Founded by industrialist Ohio Columbus Barber, Barberton earned the nickname of the Magic City because of its early rapid growth. Today, Barberton covers an area of approximately 9.0 miles and is the fourth largest city in Summit County with a population of 27,899.

The City provides a full range of municipal services under the governmental funds concept. These include police and fire protection, municipal court, planning and engineering, code enforcement, street maintenance, and parks and recreation. Health services are provided by the Barberton Board of Health. In addition, water and sewer services and solid waste disposal are provided under the enterprise fund concept with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt. The Barberton Community and Fitness Center also operates as an enterprise fund with member fees covering the cost of providing programs.

- 1 -

Finance Department

104 Third Street, N.W. • Barberton, Ohio 44203
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MAJOR INITIATIVES

The City entered into contract to make major improvements to Robinson Avenue, one of the main corridors to the City, during 2002. The project is expected to cost approximately \$1.4 million and will entail reconstructing roughly 5,200 feet of street sidewalks and curbs. A surface transportation grant from the Ohio Department of Transportation will pay approximately one half the cost of the project.

The City began construction on the Fifth Street South East improvement project in 2002. The roughly \$1.5 million project is funded by a combination of Issue II funds, Infrastructure Improvement Reserve Funds and special assessments. The project entails reconstructing and widening the street as well as installing sidewalks and curbs. Fifth Street, or State Route 619, is the main corridor from the south of the City.

Construction was completed on the Barberton Community Sports Complex. The total cost of the Complex was approximately \$3.1 million and includes lighted baseball and softball fields, a football field and a soccer field. The Barberton Community Foundation awarded the City a \$2.0 million grant for the project. The remainder of the project was funded by the issuance of general obligation debt. The Complex had its grand opening in May 2003.

The City issued \$4.6 million of general obligation debt to pay for the construction of a Senior Center and a new community pool in 2002. The new facilities will be additions to the existing Community Center with the new pool replacing the natatorium originally constructed in 1971. The Senior Center will include a multipurpose room with a catering kitchen, arts and crafts, woodworking and computer rooms as well as new offices for parks management. The debt service costs for this project will be paid through a grant from the Barberton Community Foundation.

Although the City's total grant revenues were down in 2002 from previous years, we were successful in obtaining a number of specific grants to allow for some much needed equipment purchases and improvement projects. Examples of these grants include: \$310,000 from the Barberton Community Foundation for the purchase of a fire pumper truck, \$150,000 from the Ohio Department of Transportation for the Wolf Creek Trailhead, \$171,000 from the Barberton Community Foundation for playground equipment at various City parks and \$150,000 each from the Ohio Department of Natural Resources and the Barberton Community Foundation for renovations at Avilee Web Park.

ECONOMIC CONDITION AND OUTLOOK

The City's economy has historically been associated with industry. Major industries with headquarters or divisions within Barberton's boundaries include manufacturers of fossil fuel and nuclear power generating equipment, automobile components, energy products management systems, and producers of chemical and dairy products. The corporate headquarters for the largest producer of cut flowers in the world is located in Barberton.

During the 1970's and early 1980's, employment by manufacturing companies decreased, primarily due to plant closings and down-sizing. However, Barberton's economy stabilized during the 1990's as smaller manufacturing and service-oriented businesses replaced many of the jobs lost in past years.

The downturn in the national and local economies presented the City with a significant challenge in 2002. The 2001 income tax collections were more than five percent lower than the previous year and did not fully recover in 2002. This, along with decreases in other operating revenues and the built in escalation of operating costs, will result in lean budgets for the near future.

To encourage industrial development, Barberton has created two industrial parks, Stuver Place and Foundation Parkway. To date, five businesses have constructed new facilities in these areas. Also, the Barberton Community Foundation committed to investing up to \$4.0 million in the Barberton Community Development Corporation (BCDC) for the purpose of loaning money to businesses willing to relocate in Barberton or to promote the expansion of existing businesses. Since the inception of the program in 1998, over \$4.6 million has been loaned by BCDC, resulting in over 160 new jobs created and additional investments of over \$7.0 million.

Barberton voters overwhelmingly approved the sale of eight acres of Tuscora Park to Barberton Citizens Hospital in May of 2003. The land will be used for a \$41.0 million hospital expansion which will include a new emergency center, a cancer center, expanded cardiac services and a parking deck. The first phase is expected to create 100 union construction jobs and 60 hospital positions in addition to significantly increasing the property tax base for the Barberton City Schools.

Construction began on the New Haven neighborhood development in 2002. Forest City Development Corporation plans to construct over 400 new homes in the allotment. City Council authorized the issuance of housing revenue bonds (accounted for as conduit debt on the City's financial statements) in an amount not to exceed \$4.2 million for the project. The bonds, purchased by the Barberton Community Foundation, financed the purchase of and improvements to the land by Forest City. The City also issued \$1.65 million of general obligation debt to pay for the extension of water and sewer lines to the allotment. Please see Note 12 to the Combined Financial Statements for more details concerning the City's issuance of conduit debt.

FINANCIAL INFORMATION

Internal Control

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

Summary of Accounting Policies and Budgetary Controls

The City's financial statements for its governmental and fiduciary funds have been prepared on the modified accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are measurable and available to finance current City operations. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for the interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for by using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. See Note 2 to the Combined Financial Statements for a summary of the City's significant accounting policies.

An annual appropriated budget is legally required to be prepared on the budgetary basis for all funds of the City other than agency funds; however, only governmental funds are required to be reported. The legal level of budgetary control is established at the department level within the General Fund and at the fund level for all other funds. The City maintains budgetary control by not permitting expenditures to exceed appropriations at the legal level of budgetary control without the approval of City Council. Estimated purchase order amounts are encumbered prior to release of the order to a vendor. When an encumbrance exceeds available appropriations, the order is delayed until the budget is amended. Open encumbrances at year-end are carried forward to the following year. These encumbrances are reported as a reservation of fund balance at December 31, 2002. Unencumbered appropriations lapse at year-end.

Governmental Revenues

Revenue for the general governmental functions totaled \$21,422,519 in 2002. The amounts of revenue from various sources included in the Governmental Funds and Expendable Trust Funds are depicted in the following table:

<u>Revenue Type Classification</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Dollar Increase (Decrease) from 2001</u>	<u>Percent Increase (Decrease) from 2001</u>
Taxes	\$11,506,273	53.71%	\$444,687	4.00%
Intergovernmental	6,272,143	29.28	(1,019,761)	(13.98)
Charges for Services	1,253,346	5.85	(30,730)	(2.39)
Fines, Licenses and Permits	481,448	2.25	71,606	17.47
Interest	257,872	1.20	(342,531)	(57.05)
Special Assessments	77,415	0.36	1,861	2.46
Miscellaneous	<u>1,574,022</u>	<u>7.35</u>	<u>(1,442,261)</u>	<u>(47.82)</u>
	<u>\$21,422,519</u>	<u>100.00%</u>	<u>(\$2,317,129)</u>	<u>(9.76)%</u>

Major revenue changes occurred in the following areas: Intergovernmental Revenues decreased due to a combination of reductions in State funding through the Local Government Funding program and the expiration of several large Federal and State capital grants in 2001. The increase in Fines, Licenses and Permits of \$71,606 can be attributed to the City increasing its building and inspection fees during 2002 to better reflect the City's costs in administering this program. The decrease in Interest of \$342,531 is due to the lower investment interest rates associated with the recession in 2002. The significant decrease in Miscellaneous revenues is due to the expiration of several large grants the City received for capital projects from the Barberton Community Foundation in 2001. An example of this type of grant was the \$850,000 the City received in 2001 from the Barberton Community Foundation for a portion of the Sports Complex construction costs.

Governmental Expenditures

Expenditures for governmental functions totaled \$23,019,609 in 2002. The amounts of expenditure for the various functions included in the Governmental Funds and Expendable Trust Funds are depicted in the accompanying table:

<u>Functions of Expenditure</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Dollar Increase (Decrease) from 2001</u>	<u>Percent Increase (Decrease) from 2001</u>
General Government	\$3,548,762	15.42%	\$41,068	1.17%
Public Safety	8,234,631	35.77	395,783	5.05
Streets and Highways	2,022,707	8.79	(94,715)	(4.47)
Health and Welfare	1,511,059	6.56	(40,521)	(2.61)
Community Environment	1,644,131	7.14	(606,019)	(26.93)
Leisure Time Activities	1,432,150	6.22	255,906	21.76
Capital Outlay	4,107,553	17.84	(627,769)	(13.26)
Debt Service - Principal	305,738	1.33	(319,991)	(51.14)
Debt Service - Interest	<u>212,878</u>	<u>0.93</u>	<u>30,294</u>	<u>16.59</u>
	<u>\$23,019,609</u>	<u>100.00%</u>	<u>(\$965,964)</u>	<u>(4.03)%</u>

The changes in governmental expenditures can be explained by the following: The minimal changes in General Government, Public Safety, Streets and Highways as well as Health and Welfare can be attributed to budgetary reductions associated with complying with the Minimum Fund Balance Policy and an effort to limit all discretionary spending. The decrease in Capital Outlay is due to a combination of the City not taking on as many road improvement projects in 2002 and limiting each department's capital equipment purchases. All of these actions were taken by the City in an effort to offset the losses in revenues during 2001 and 2002.

The significant decrease in Community Environment expenditures is due to the expiration of several large grants the City received in 2001. The increase in Leisure Time Activity costs can be attributed to higher professional service costs associated with the Avilee Web Park improvements.

General Fund

The General Fund accounts for all financial transactions not properly accounted for in any other fund. It is the City's largest fund and provides for major City services such as safety forces, governmental administration, and parks and recreation. Due to a combination of losses in operating revenues and the continued increases in operating costs, the General Fund's balance decreased by \$318,071 to \$1,881,128 in 2002. This balance provides the City with the equivalent of 33 working days of expenditures.

Special Revenue Funds

Special Revenue Funds of the City are used to account for revenues derived from specific taxes or other legally restricted revenue sources. The major funds included in this class are Street Construction, Maintenance and Repair, Income Tax, Street and Storm Sewer Improvement, Infrastructure Improvement Reserve, Community Development Block Grant and other Federal Grant funds.

Capital Projects Funds

The Capital Projects Funds include all major capital improvement projects of the City other than those accounted for in the Enterprise Funds. Proceeds for General Obligation Debt, Federal Grants and State Grants are accounted for in capital projects funds until the improvement is complete.

Enterprise Funds

Enterprise Funds are used to finance and account for the acquisition, operation and maintenance of City facilities and services which are intended to be entirely or predominately self-supporting from user charges. Enterprise Funds of the City include the Water Fund, Sewer Fund, Sewer Funds required by the Bond Indenture, Solid Waste Disposal Fund, Community Center Fund, Lake Cinema Operating Fund and the Downtown Sale and Rental of Property Fund. The City's water system provides for the treatment and distribution of water throughout the City as well as several areas outside the corporation limits. Sewage treatment is provided in the \$24.0 million Sewage Treatment Plant constructed in 1987. The Community Center provides recreational swimming and a fitness center to Barberton area residents. Total 2002 operating revenues for all Enterprise Funds were \$9,976,957 while operating expenses totaled \$9,649,380, resulting in an operating income of \$327,577, a decrease of \$206,823 from 2001.

Internal Service Funds

Internal Service Funds are established to account for the financing of goods or services provided by one department of the City to other departments on a cost reimbursement basis. The City maintains internal service funds for Health Insurance, General Liability Insurance, Severance Pay and Internal Cost Allocation.

Trust and Agency Funds

Trust and Agency Funds are established to account for assets held by the City in a fiduciary capacity. The City of Barberton established trust funds to account for Senior Center revenue and miscellaneous deposits held in trust. The City established an agency fund to account for the operations of the Municipal Court .

DEBT ADMINISTRATION

The General Obligation Bond Retirement Fund and Special Assessment Bond Retirement Fund account for all long-term general obligation debt service other than debt issued by an Enterprise Fund or an Internal Service Fund.

The total general obligation debt as of December 31, 2002 was \$16,753,137 which consisted of \$3,208,137 in bonds and \$13,545,000 in notes. Obligations of the Enterprise Fund systems amount to \$8,990,000 of the total general obligation debt. Revenue of the enterprise systems is pledged for this debt service. The City is well within statutory limitations for unvoted debt. The ratio of general obligation debt to assessed valuation and the amount of general obligation debt per capita are useful indicators of the City's debt position. The following data is segregated by debt within the statutory debt limitation and debt exempt from the debt limitation.

	<u>Amount</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt per Capita</u>
G.O. Bond Debt within debt limit	\$8,813,137	0.02%	\$315.89
Exempt Debt	\$10,310,000	0.03%	\$369.55

Refer to Note 12 in the Financial section of this report for complete detail of the City's long-term obligations.

CASH MANAGEMENT

Rising costs and expanding programs have placed increasing pressure on governmental revenues. Investment returns can help to reduce this pressure. The primary goal of the Finance Department's cash management program is to minimize the amount of cash on hand in order to meet daily cash requirements and simultaneously maximize the funds available for investment. This is achieved while maintaining the safety of principal and attaining a market average rate of return. The City invests in Certificates of Deposit, U.S. Government Obligations, fully collateralized Repurchase Agreements and STAR Ohio, a statewide investment pool. Levels of custodial credit risk are discussed fully in Note 5 of the Notes to the Combined Financial Statements.

RISK MANAGEMENT

The City has been self-insured for health care purposes since 1986. A claims administrator is retained to process claims and review medical procedures. Stop-loss insurance has been purchased by the City to pay unusual and excess medical claims. During 1992, the City joined a Preferred Provider Organization (PPO) and increased employee out-of-pocket expenses in order to slow the rate of increase in medical expenses. The Health Insurance Fund balance as of December 31, 2002 was \$765,533.

The City continues to retain insurance coverage relating to automotive liability, destruction of property, safety forces professional liability and general liability. The City also purchases an umbrella policy which provides an additional \$5,000,000 in coverage over the above listed primary policies.

PENSION AND POSTEMPLOYMENT BENEFIT PLANS

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

FIXED ASSETS

The accounting for land, buildings, building improvements and equipment is essential for the complete record of assets. The General Fixed Assets Account Group includes all fixed assets of the City not used in an enterprise operation. Fixed assets of the Enterprise Funds are accounted for directly within those funds.

INDEPENDENT AUDIT

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

REPORTING ACHIEVEMENT

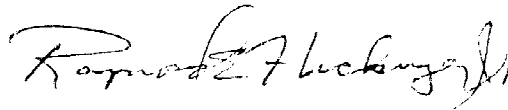
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Barberton for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended December 31, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded this certificate, a government must publish an easily readable and efficiently organized report. The report must satisfy Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report continues to conform to Certificate of Achievement Program Requirements, and it is being submitted to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENT

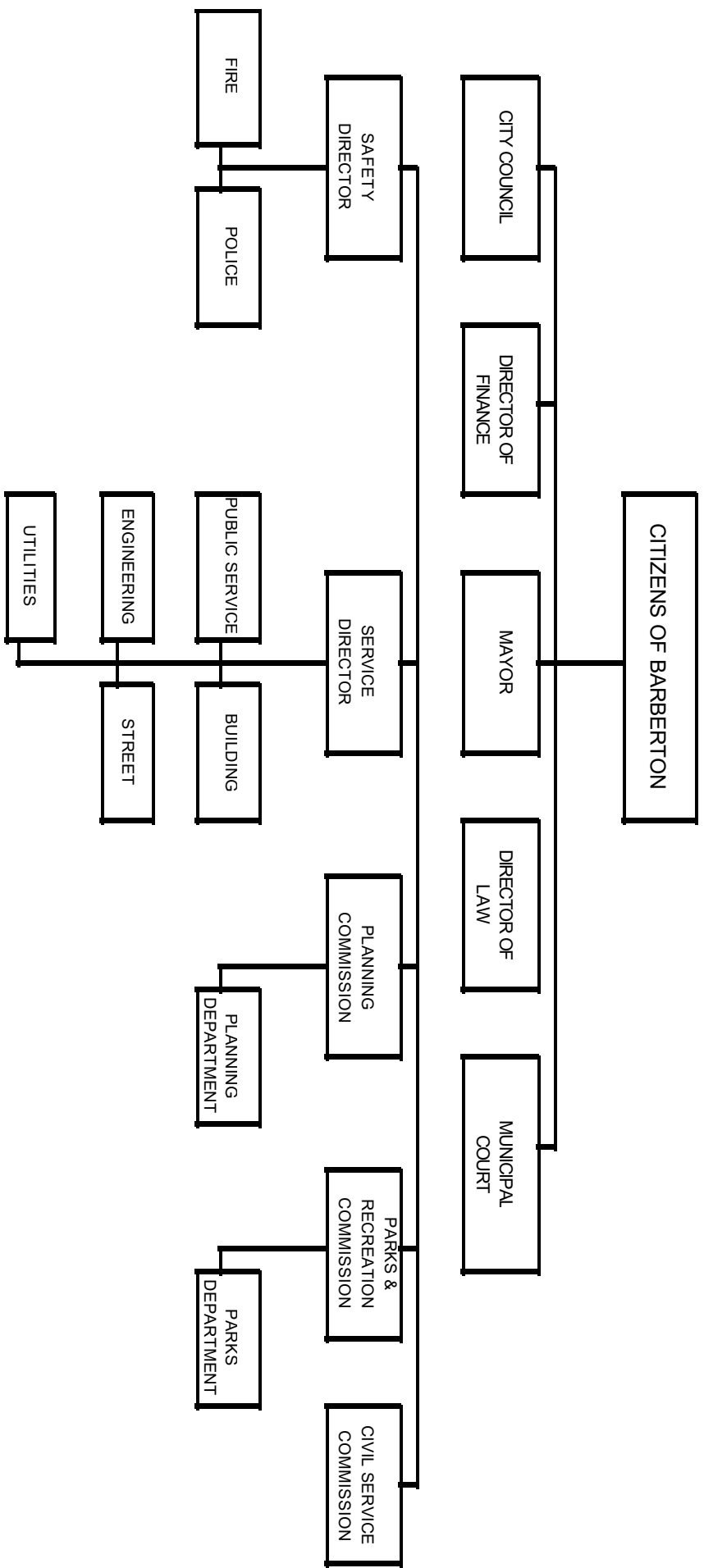
The presentation of this report could not have been accomplished without the dedicated services of the staff of the City's Finance Department. I would like to express my appreciation to those directly involved with this report and to the entire staff for their efficient service throughout the year.

Sincerely,

A handwritten signature in cursive script, appearing to read "Raymond E. Flickinger, Jr.", written in dark ink.

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

CITY OF BARBERTON, OHIO
ORGANIZATIONAL CHART



CITY OF BARBERTON, OHIO

**LIST OF PRINCIPAL OFFICIALS
As of December 31, 2002**

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Barberton,
Ohio

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

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



President

Executive Director

Financial Section



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

City of Barberton
104 Third Street, N.W.
Barberton, Ohio 44203

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Barberton, Summit County, (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Barberton, Summit County, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the general-purpose financial statements, the City corrected an error in the application of accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

111 Second St., NW / Fourth Floor / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

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

Betty Montgomery
Auditor of State

June 6, 2003

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

CITY OF BARBERTON, OHIO

Combined Balance Sheet - All Fund Types and Account Groups

December 31, 2002

(With Comparative Totals at December 31, 2001)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in pooled cash and investments	\$1,512,177	\$3,500,232	\$71,322	\$6,033,159
Cash and cash equivalents - segregated accounts	--	--	--	--
Receivables (net, where applicable, of allowance for doubtful accounts)	2,167,414	2,623,999	--	65,729
Notes receivable	--	916,788	--	--
Due from other funds	79,037	5,292	--	--
Inventory of supplies	--	--	--	--
Prepaid items	--	--	--	--
Advances to other funds	--	--	--	--
Restricted assets - cash and cash equivalents	--	--	--	--
Fixed assets (net of accumulated depreciation)	--	--	--	--
Other Debits:				
Amount available for retirement of general long-term obligations	--	--	--	--
Amount to be provided for retirement of general long-term obligations	--	--	--	--
Total Assets	\$3,758,628	\$7,046,311	\$71,322	\$6,098,888
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$91,897	\$121,159	\$--	\$484,493
Claims payable	--	--	--	--
Accrued wages and benefits	329,658	90,034	--	--
Other liabilities	--	--	--	--
Due to other funds	--	--	--	--
Due to other governments	9,383	4,327	--	--
Amounts held as fiduciary	--	--	--	--
Deferred revenue	1,446,562	1,330,645	--	--
Advances from other funds	--	--	--	--
Debt:				
Capital lease obligations	--	--	--	--
General obligation notes payable	--	--	--	7,355,000
General obligation bonds payable	--	--	--	--
Revenue refunding bonds payable	--	--	--	--
Other long-term debt	--	--	--	--
Total Liabilities	1,877,500	1,546,165	--	7,839,493
Equity and Other Credits:				
Investment in general fixed assets	--	--	--	--
Contributed capital	--	--	--	--
Retained earnings	--	--	--	--
Fund balances:				
Reserved for encumbrances	648,803	705,363	--	2,295,550
Reserved for debt service	--	--	71,322	--
Reserved for notes receivable	--	916,788	--	--
Reserved for advances	--	--	--	--
Unreserved, undesignated (deficit)	1,232,325	3,877,995	--	(4,036,155)
Total Equity and Other Credits	1,881,128	5,500,146	71,322	(1,740,605)
Total Liabilities, Equity and Other Credits	\$3,758,628	\$7,046,311	\$71,322	\$6,098,888

See accompanying notes to the combined financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long- Term Obligations	2002	2001 as restated (Note 3)
\$7,652,987	\$1,080,816	\$176,927	\$--	\$--	\$20,027,620	\$15,608,655
--	--	166,280	--	--	166,280	156,928
887,553	18,124	--	--	--	5,762,819	4,625,045
6,893	--	--	--	--	923,681	956,801
--	--	--	--	--	84,329	77,532
337,929	--	--	--	--	337,929	339,415
47,317	--	--	--	--	47,317	23,670
--	--	--	--	--	--	237,307
704,890	--	--	--	--	704,890	754,406
31,346,623	--	--	19,686,466	--	51,033,089	46,695,348
--	--	--	--	71,322	71,322	2,984
--	--	--	--	4,593,255	4,593,255	4,818,620
<u>\$40,984,192</u>	<u>\$1,098,940</u>	<u>\$343,207</u>	<u>\$19,686,466</u>	<u>\$4,664,577</u>	<u>\$83,752,531</u>	<u>\$74,296,711</u>
\$439,357	\$--	\$593	\$--	\$--	\$1,137,499	\$812,692
--	153,430	--	--	--	153,430	164,404
660,262	--	--	--	2,591,440	3,671,394	3,229,898
77,315	--	--	--	--	77,315	94,540
--	--	84,329	--	--	84,329	77,532
2,340	--	67,519	--	--	83,569	92,528
--	--	14,432	--	--	14,432	80
27,000	--	--	--	--	2,804,207	1,372,092
--	--	--	--	--	--	237,307
74,668	--	--	--	--	74,668	224,039
6,190,000	--	--	--	--	13,545,000	6,720,000
2,741,079	--	--	--	408,137	3,149,216	3,493,323
2,213,111	--	--	--	--	2,213,111	2,686,093
--	--	--	--	1,665,000	1,665,000	1,740,000
<u>12,425,132</u>	<u>153,430</u>	<u>166,873</u>	<u>--</u>	<u>4,664,577</u>	<u>28,673,170</u>	<u>20,944,528</u>
--	--	--	19,686,466	--	19,686,466	16,007,430
15,216,620	--	--	--	--	15,216,620	15,216,620
13,342,440	945,510	--	--	--	14,287,950	14,382,733
--	--	1,794	--	--	3,651,510	3,572,335
--	--	--	--	--	71,322	4,689
--	--	--	--	--	916,788	910,350
--	--	--	--	--	--	237,307
--	--	174,540	--	--	1,248,705	3,020,719
<u>28,559,060</u>	<u>945,510</u>	<u>176,334</u>	<u>19,686,466</u>	<u>--</u>	<u>55,079,361</u>	<u>53,352,183</u>
<u>\$40,984,192</u>	<u>\$1,098,940</u>	<u>\$343,207</u>	<u>\$19,686,466</u>	<u>\$4,664,577</u>	<u>\$83,752,531</u>	<u>\$74,296,711</u>

CITY OF BARBERTON, OHIO

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
 All Governmental Fund Types and Expendable Trust Funds
 For the Year Ended December 31, 2002
 (With Comparative Totals for the Year Ended December 31, 2001)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$1,367,511	\$10,138,762	\$--	\$--
Intergovernmental	3,186,082	3,020,332	--	65,729
Charges for services	980,333	273,013	--	--
Fines, licenses and permits	247,837	233,611	--	--
Special assessments	--	44,201	29,264	3,950
Interest	205,827	50,234	--	--
Royalties and donations	35,900	109,687	--	--
Miscellaneous	317,413	168,624	6,000	872,740
Total Revenues	6,340,903	14,038,464	35,264	942,419
Expenditures:				
Current:				
General government	3,251,814	283,123	--	--
Public safety	8,233,309	1,322	--	--
Streets and highways	306,145	1,678,502	--	38,060
Health and welfare	175	1,510,884	--	--
Community environment	718,062	926,069	--	--
Leisure time activities	1,103,695	307,217	--	--
Capital outlay	1,025,626	661,270	--	2,396,172
Debt service:				
Principal	180,692	--	125,046	--
Interest and fiscal charges	9,002	--	149,739	54,137
Total Expenditures	14,828,520	5,368,387	274,785	2,488,369
Excess (Deficiency) of Revenues				
Over Expenditures	(8,487,617)	8,670,077	(239,521)	(1,545,950)
Other Financing Sources (Uses):				
Proceeds from notes	--	--	31,318	--
Proceeds from bonds	--	--	--	--
Operating transfers in	8,165,230	2,201,000	458,973	184,137
Operating transfers out	--	(10,771,123)	(184,137)	(350,000)
Sale of fixed assets	4,316	300	--	--
Total Other Financing Sources (Uses)	8,169,546	(8,569,823)	306,154	(165,863)
Excess (Deficiency) of Revenues and Other Sources				
Over Expenditures and Other Uses	(318,071)	100,254	66,633	(1,711,813)
Fund Balance at Beginning of Year				
As restated (Note 3)	2,199,199	5,399,892	4,689	(28,792)
Fund Balance at End of Year	\$1,881,128	\$5,500,146	\$71,322	(\$1,740,605)

See accompanying notes to the combined financial statements

Fiduciary Fund Type	Totals (Memorandum Only)	
	2002	2001 as restated (Note 3)
Expendable Trust		
	\$11,506,273	\$11,061,586
	6,272,143	7,291,904
	1,253,346	1,284,076
	481,448	409,842
	77,415	75,554
1,811	257,872	600,403
	145,587	--
63,658	1,428,435	3,016,283
65,469	21,422,519	23,739,648
13,825	3,548,762	3,507,694
--	8,234,631	7,838,848
--	2,022,707	2,117,422
--	1,511,059	1,551,580
--	1,644,131	2,250,150
21,238	1,432,150	1,176,244
24,485	4,107,553	4,735,322
--	305,738	625,729
--	212,878	182,584
59,548	23,019,609	23,985,573
5,921	(1,597,090)	(245,925)
--	31,318	--
--	--	237,000
--	11,009,340	10,652,499
--	(11,305,260)	(10,870,218)
--	4,616	8,452
--	(259,986)	27,733
5,921	(1,857,076)	(218,192)
170,413	7,745,401	7,963,593
\$176,334	\$5,888,325	\$7,745,401

CITY OF BARBERTON, OHIO

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types For the Year Ended December 31, 2002

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$1,209,029	\$1,167,426	(\$41,603)	\$10,197,066	\$10,177,272	(\$19,794)
Intergovernmental	2,962,799	2,764,827	(197,972)	4,251,613	3,067,726	(1,183,887)
Charges for services	1,032,632	980,865	(51,767)	285,970	273,013	(12,957)
Fines, licenses and permits	200,897	241,465	40,568	226,670	224,017	(2,653)
Special assessments	--	--	--	22,500	44,201	21,701
Interest	500,000	202,698	(297,302)	53,700	50,234	(3,466)
Royalties and donations	--	35,900	35,900	103,600	108,019	4,419
Miscellaneous	221,912	608,413	386,501	195,885	189,533	(6,352)
Total Revenues	6,127,269	6,001,594	(125,675)	15,337,004	14,134,015	(1,202,989)
Expenditures:						
Current:						
General government	3,356,305	3,222,657	133,648	349,770	282,702	67,068
Public safety	8,145,912	8,107,663	38,249	4,000	732	3,268
Streets and highways	336,550	327,030	9,520	1,780,434	1,591,315	189,119
Health and welfare	1,000	175	825	1,657,936	1,504,338	153,598
Community environment	925,991	606,113	319,878	1,726,439	676,308	1,050,131
Leisure time activities	1,127,726	1,111,335	16,391	381,502	301,762	79,740
Capital outlay	1,746,972	1,423,932	323,040	867,011	669,088	197,923
Debt service:						
Principal	--	--	--	--	--	--
Interest and fiscal charges	--	--	--	--	--	--
Total Expenditures	15,640,456	14,798,905	841,551	6,767,092	5,026,245	1,740,847
Excess (Deficiency) of Revenues Over Expenditures	(9,513,187)	(8,797,311)	715,876	8,569,912	9,107,770	537,858
Other Financing Sources (Uses):						
Proceeds from sale of notes	--	--	--	--	--	--
Operating transfers in	7,785,000	7,815,230	30,230	2,201,000	2,201,000	--
Operating transfers out	--	--	--	(10,771,123)	(10,771,123)	--
Advances in	50,700	21,000	(29,700)	80,400	80,400	--
Advances out	(21,000)	(21,000)	--	(80,400)	(80,400)	--
Sale of fixed assets	10,000	4,316	(5,684)	--	300	300
Total Other Financing Sources (Uses)	7,824,700	7,819,546	(5,154)	(8,570,123)	(8,569,823)	300
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,688,487)	(977,765)	710,722	(211)	537,947	538,158
Fund Balance at Beginning of Year	1,762,412	1,762,412	--	2,040,297	2,040,297	--
Unexpended prior year encumbrances	26,074	26,074	--	194,860	194,860	--
Fund Balance at End of Year	\$99,999	\$810,721	\$710,722	\$2,234,946	\$2,773,104	\$538,158

See accompanying notes to the combined financial statements

Debt Service Funds			Capital Projects Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$--	\$--	\$--	\$--	\$--	\$--	\$11,406,095	\$11,344,698	(\$61,397)
--	--	--	1,902,000	--	(1,902,000)	9,116,412	5,832,553	(3,283,859)
--	--	--	--	--	--	1,318,602	1,253,878	(64,724)
--	--	--	--	--	--	427,567	465,482	37,915
31,000	30,971	(29)	--	3,950	3,950	53,500	79,122	25,622
--	--	--	--	--	--	553,700	252,932	(300,768)
--	--	--	--	--	--	103,600	143,919	40,319
4,505	6,000	1,495	1,294,849	1,295,220	371	1,717,151	2,099,166	382,015
35,505	36,971	1,466	3,196,849	1,299,170	(1,897,679)	24,696,627	21,471,750	(3,224,877)
--	--	--	--	--	--	3,706,075	3,505,359	200,716
--	--	--	--	--	--	8,149,912	8,108,395	41,517
--	--	--	41,700	38,268	3,432	2,158,684	1,956,613	202,071
--	--	--	--	--	--	1,658,936	1,504,513	154,423
--	--	--	--	--	--	2,652,430	1,282,421	1,370,009
--	--	--	--	--	--	1,509,228	1,413,097	96,131
--	--	--	8,083,962	2,864,217	5,219,745	10,697,945	4,957,237	5,740,708
2,220,046	2,220,046	--	--	--	--	2,220,046	2,220,046	--
204,329	203,875	454	--	--	--	204,329	203,875	454
2,424,375	2,423,921	454	8,125,662	2,902,485	5,223,177	32,957,585	25,151,556	7,806,029
(2,388,870)	(2,386,950)	1,920	(4,928,813)	(1,603,315)	3,325,498	(8,260,958)	(3,679,806)	4,581,152
2,314,990	1,996,317	(318,673)	5,750,000	5,750,000	--	8,064,990	7,746,317	(318,673)
458,973	458,973	--	--	--	--	10,444,973	10,475,203	30,230
--	--	--	--	--	--	(10,771,123)	(10,771,123)	--
--	--	--	--	--	--	131,100	101,400	(29,700)
--	--	--	--	--	--	(101,400)	(101,400)	--
--	--	--	--	--	--	10,000	4,616	(5,384)
2,773,963	2,455,290	(318,673)	5,750,000	5,750,000	--	7,778,540	7,455,013	(323,527)
385,093	68,340	(316,753)	821,187	4,146,685	3,325,498	(482,418)	3,775,207	4,257,625
2,982	2,982	--	(544,786)	(544,786)	--	3,260,905	3,260,905	--
--	--	--	11,216	11,216	--	232,150	232,150	--
\$388,075	\$71,322	(\$316,753)	\$287,617	\$3,613,115	\$3,325,498	\$3,010,637	\$7,268,262	\$4,257,625

Combined Statement of Revenues, Expenses and Changes in Fund Equity -
 All Proprietary Fund Types
 For the Year Ended December 31, 2002
 (With Comparative Totals for the Year Ended December 31, 2001)

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2002	2001
Operating Revenues:				
Charges for services	\$9,877,815	\$2,031,657	\$11,909,472	\$11,143,653
Special assessments	18,736	--	18,736	11,193
Other	80,406	17,244	97,650	84,130
Total Operating Revenues	<u>9,976,957</u>	<u>2,048,901</u>	<u>12,025,858</u>	<u>11,238,976</u>
Operating Expenses:				
Personal services	3,700,777	171,799	3,872,576	3,612,786
Contractual services	3,113,264	313,056	3,426,320	2,917,005
Claims and judgments	--	1,707,721	1,707,721	1,516,074
Materials and supplies	1,262,638	200,666	1,463,304	1,161,458
Depreciation	1,483,345	--	1,483,345	1,457,787
Other	89,356	--	89,356	98,033
Total Operating Expenses	<u>9,649,380</u>	<u>2,393,242</u>	<u>12,042,622</u>	<u>10,763,143</u>
Operating Income (Loss)	<u>327,577</u>	<u>(344,341)</u>	<u>(16,764)</u>	<u>475,833</u>
Nonoperating Revenues (Expenses):				
Interest income	91,760	1,737	93,497	169,080
Interest expense	(490,585)	(7,156)	(497,741)	(546,113)
Other	30,305	--	30,305	(24,404)
Total Nonoperating Revenues (Expenses)	<u>(368,520)</u>	<u>(5,419)</u>	<u>(373,939)</u>	<u>(401,437)</u>
Income (Loss) Before Operating Transfers	(40,943)	(349,760)	(390,703)	74,396
Operating transfers in	1,094,200	107,720	1,201,920	1,211,720
Operating transfers out	<u>(906,000)</u>	<u>--</u>	<u>(906,000)</u>	<u>(994,000)</u>
Net Income	147,257	(242,040)	(94,783)	292,116
Retained Earnings at Beginning of Year	<u>13,195,183</u>	<u>1,187,550</u>	<u>14,382,733</u>	<u>14,090,617</u>
Retained Earnings at End of Year	<u>13,342,440</u>	<u>945,510</u>	<u>14,287,950</u>	<u>14,382,733</u>
Contributed Capital at Beginning and End of Year	<u>15,216,620</u>	<u>--</u>	<u>15,216,620</u>	<u>15,216,620</u>
Fund Equity at End of Year	<u>\$28,559,060</u>	<u>\$945,510</u>	<u>\$29,504,570</u>	<u>\$29,599,353</u>

See accompanying notes to the combined financial statements

Combined Statement of Cash Flows - All Proprietary Fund Types
For the Year Ended December 31, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
Cash Flows from Operating Activities:			
Cash received from customers	\$10,104,337	\$2,030,464	\$12,134,801
Cash payments to suppliers for goods and services	(4,384,337)	(520,459)	(4,904,796)
Cash payments to employees for services	(3,614,748)	(171,799)	(3,786,547)
Cash payments for claims and judgments	-	(1,718,695)	(1,718,695)
Other operating revenues	99,141	8,826	107,967
Other operating expenses	(45,538)	-	(45,538)
 Net Cash Provided by (Used in) Operating Activities	 <u>2,158,855</u>	 <u>(371,663)</u>	 <u>1,787,192</u>
Cash Flows from Noncapital Financing Activities:			
Principal paid on debt	-	(90,000)	(90,000)
Interest paid on debt	-	(5,535)	(5,535)
Operating transfers from other funds	1,094,200	107,720	1,201,920
Operating transfers to other funds	(906,000)	-	(906,000)
 Net Cash Provided by Noncapital Financing Activities	 <u>188,200</u>	 <u>12,185</u>	 <u>200,385</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from notes	6,190,000	-	6,190,000
Principal paid on debt	(5,365,000)	-	(5,365,000)
Interest paid on debt	(461,963)	-	(461,963)
Debt issue costs	(11,861)	-	(11,861)
Acquisition and construction of capital assets	(2,114,087)	-	(2,114,087)
Sale of capital assets	61,014	-	61,014
 Net Cash Used in Capital and Related Financing Activities	 <u>(1,701,897)</u>	 <u>-</u>	 <u>(1,701,897)</u>
Cash Flows from Investing Activities:			
Interest on investments	91,759	1,737	93,496
 Net Increase (Decrease) in Cash and Cash Equivalents	 736,917	 (357,741)	 379,176
Cash and Cash Equivalents at Beginning of Year	<u>7,620,960</u>	<u>1,438,557</u>	<u>9,059,517</u>
Cash and Cash Equivalents at End of Year	<u><u>\$8,357,877</u></u>	<u><u>\$1,080,816</u></u>	<u><u>\$9,438,693</u></u>

See accompanying notes to the combined financial statements

Combined Statement of Cash Flows - All Proprietary Fund Types (Continued)
For the Year Ended December 31, 2002

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$327,577	(\$344,341)	(\$16,764)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:			
Depreciation	1,483,345	-	1,483,345
Increase (decrease) due to change in:			
Receivables	219,242	(9,611)	209,631
Notes receivable	730	-	730
Inventory of supplies	1,487	-	1,487
Prepaid items	(23,648)	-	(23,648)
Accounts payable	64,093	(6,737)	57,356
Claims payable	-	(10,974)	(10,974)
Accrued wages and benefits	86,029	-	86,029
Total Adjustments	<u>1,831,278</u>	<u>(27,322)</u>	<u>1,803,956</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$2,158,855</u>	<u>(\$371,663)</u>	<u>\$1,787,192</u>

Noncash Activities: During 2002, an enterprise fund entered into a capital lease for equipment costing \$50,117.

See accompanying notes to the combined financial statements

CITY OF BARBERTON, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY

The City of Barberton (the City) was incorporated in 1891 under the laws of the State of Ohio. The City operates under a Mayor-Council form of government as provided by its charter adopted on November 6, 1973.

The City has adopted the provisions of Statement No. 14 of the Governmental Accounting Standards Board (GASB) regarding the definition of its financial reporting entity. For financial reporting purposes, the City's reporting entity includes all funds, account groups, agencies, boards and commissions for which the City is financially accountable. The notion of financial accountability includes not only the organizations that constitute the City's legal entity; it also can include legally separate organizations in certain instances. Legally separate organizations are included in the reporting entity if City officials appoint a voting majority of an organization's governing board and, as a result, the City is able to either impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. On this basis, the reporting entity of the City includes the operations of the police department, fire department, municipal court, parks and recreation department, water, sewage and sanitation services, street and sewer maintenance, and any other departments or funds for which the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading or incomplete.

Included as part of the City's primary government in the determination of the City's reporting entity is the Barberton Municipal Court (the "Court"). Although the Court's territorial jurisdiction extends beyond the boundaries of the City and the Judges of the Court are separately elected, the Court's operations are not legally separate from the City. In addition, the City is responsible for budgeting and appropriating funds for the operation of the Court and is ultimately responsible for any operating deficits sustained by the Court. The City's share of the fines collected by the Court along with its share of the Court's administrative and operating costs are recorded in the City's General Fund. Monies held by the Court in a fiduciary capacity are recorded as an agency fund in the accompanying combined financial statements.

The City is associated with certain organizations which are defined as related organizations. These organizations are presented in Note 19 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The financial statements of the City of Barberton have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate fund types. The following categories and fund types are used by the City:

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position.

CITY OF BARBERTON, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City's governmental fund types are shown as follows:

General Fund - 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 and the general laws of Ohio.

Special Revenue Funds - limited by state and/or federal law for the financing of certain governmental functions (other than those involving expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to achieve sound financial administration. The measurement focus is based upon determination of net income, financial position and cash flows.

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

Internal Service Funds - to account for the financing of goods or services provided by one department of the City to other departments on a cost reimbursement basis.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These funds include expendable trust funds and agency funds. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. Since agency funds are purely custodial (assets equal liabilities), the accounting for these funds does not involve the measurement of results of operations. The expendable trust funds' measurement focus is based upon determination of financial position and changes in financial position.

Account Groups

Account Groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The following are the City's account groups:

General Fixed Assets Account Group - to account for fixed assets other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - to account for all long-term obligations of the City that are not a specific liability of any proprietary fund.

CITY OF BARBERTON, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is used for the governmental, trust and agency funds. The full accrual basis is used for the proprietary funds.

Revenue Recognition - 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 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 in paying current liabilities. For the City, available is defined as expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing restrictions, 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 revenues are considered to be both measurable and available at year-end: income taxes, interest, state-levied locally shared taxes (including gasoline taxes) and fines and forfeitures.

Deferred Revenue - Deferred revenue represents assets that are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable claim as of December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenue. On the modified accrual basis, 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 when they are incurred. The measurement focus of governmental 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 the governmental funds.

CITY OF BARBERTON, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Budgetary Data

An annual appropriated budget is legally required to be prepared on the budgetary basis for all funds of the City other than agency funds; however, only governmental funds are required to be reported. The City did not expect to receive or expend money in the Rental Rehabilitation and Home Investment Partnership Special Revenue Funds; therefore, no budgets were adopted by Council and none are shown in the accompanying financial statements.

The legal level of budgetary control is established at the department level within the General Fund and at the fund level for all other funds of the City. The City maintains budgetary control by not permitting expenditures to exceed appropriations at the initial level of budgetary control without the approval of City Council. Reported budgeted amounts are as originally adopted and amended by appropriation ordinances passed by Council. During the year, several supplementary appropriations were necessary. Management may amend the budget at the object level without seeking the approval of City Council. Unencumbered appropriations lapse at year-end. Outstanding encumbrances and the related appropriation amounts are carried forward to the succeeding year and need not be reappropriated.

D. Cash and Investments

Cash balances of most City funds are pooled and invested in order to provide improved cash management. Monies for all funds, except the Municipal Court (which is held in segregated accounts) and Sewer Bond Retirement and Sewer Bond Reserve (which are held as restricted assets), are maintained in the pool as deposits or investments. Each fund's interest in the pool is presented as "Equity in pooled cash and investments" on the Combined Balance Sheet. Interest earned from investments purchased with pooled cash is allocated to certain funds based on a determination of each fund's cash available for investment.

The City accounts for its investments at fair value and records changes in investment value through investment income. For purposes of the Combined Statement of Cash Flows, the City considers all investments of the equity pool (including segregated accounts and restricted assets) and all investments with a maturity of three months or less when purchased to be cash equivalents. Investments with a maturity of more than three months are not considered cash equivalents.

E. Inventory of Supplies

Inventory is valued at lower of cost (specific identification method) or market. The proprietary fund type inventories are capitalized and expensed when used (consumption method). Inventory generally consists of utility plant and miscellaneous supplies. In governmental and expendable trust funds, the cost of inventory items is not significant and is recognized as an expenditure when purchased.

F. Fixed Assets and Depreciation

Fixed assets used in the governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds, and are valued at historical cost. Donated assets are stated at market value at the time of donation. Infrastructure fixed assets, such as streets and sidewalks, drainage systems and lighting systems, are not capitalized or reported. Depreciation is not provided for the General Fixed Assets Account Group. Fixed assets associated with enterprise fund activities are accounted for in those funds. Depreciation is calculated on enterprise fixed assets using the straight-line method over the assets' estimated useful lives.

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The estimated useful lives are as follows:

Land Improvements	25-40 Years
Utility Plant	40-80 Years
Buildings, Structures and Improvements	25-40 Years
Furniture, Fixtures and Equipment	3-20 Years

G. Capitalization of Interest

The City's policy is to capitalize interest, if material, on proprietary fund construction projects until substantially complete. Capitalized interest is amortized on the straight-line basis over the estimated useful lives of the related assets. Interest is not capitalized on General Fixed Asset Account Group construction projects.

H. Debt Issuance Costs

Debt issuance costs relating to the sale of sewer revenue refunding bonds, water improvement bonds and judgment bonds have been capitalized as deductions from bonds payable and are being amortized over the term of the obligations based on the principal amounts outstanding.

I. Deferred Amount on Refunding

Deferred amount on refunding represents the difference between the reacquisition price and net carrying amount of refunded debt. This amount is reported in the accompanying financial statements as a deduction from bonds payable and is being charged to operations in proportion to stated interest requirements.

J. Compensated Absences

The City follows the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive the compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits in the City's termination policy. For governmental fund types, the current portion of unpaid compensated absences is reported as an accrued liability in the fund from which the employees who have accumulated unpaid leave are paid. The balance of the liability is recorded in the General Long-Term Obligations Account Group. In proprietary fund types, the entire amount of compensated absences is reported as a fund liability. The liability for compensated absences is included in "Accrued wages and benefits" on the Combined Balance Sheet.

K. Encumbrances

Encumbrances represent purchase commitments for goods or services that have not yet been received or provided. Encumbrance accounting is a form of budgetary control to ensure that appropriations are not exceeded. Encumbrances outstanding at year-end are reported as a reservation of fund balance in the governmental fund types.

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****L. Reservations of Fund Equity**

Reservations of fund equity are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current expenditure including amounts that are legally segregated for a specific future use. As a result, certain note receivables and encumbrances are recorded as reservations of fund balances.

M. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. Transfers for current operations are recorded as operating transfers. The classification of amounts recorded as operating transfers, advances or residual equity transfers is determined by City management.

N. Grants and Other Intergovernmental Revenues

Federal grants and assistance awards made on the basis of entitlement programs are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursement type grants are recorded as intergovernmental receivables and revenues when the qualified expenditures/expenses are incurred.

O. Accounting for Proprietary Activity

Under the provisions of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities.

P. Total Columns on Combined Financial Statements

Amounts in the "Totals (Memorandum Only)" columns in the financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented only for analytical purposes. The summation includes fund types and account groups that use different bases of accounting, both restricted and unrestricted amounts, interfund transactions that have not been eliminated, and the caption "Amounts to be provided", which is not an asset in the usual sense. Consequently, amounts shown in the "Totals (Memorandum Only)" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures/expenses of the City.

NOTE 3 - PRIOR PERIOD ADJUSTMENT

During 2001, various improvement notes and street improvement notes were issued in the amounts of \$1,300,000 and \$795,000, respectively. These short term notes were incorrectly reported as "Proceeds of notes" and "Amount to be provided for the retirement of general long-term obligations." The correction of the error had the following effect on fund balances at December 31, 2001:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Previously reported Fund Balance		
December 31, 2001	\$2,549,199	\$1,716,208
Correction of error related to notes payable	<u>(350,000)</u>	<u>(1,745,000)</u>
Restated Fund Balance, January 1, 2002	<u>\$2,199,199</u>	<u>(\$28,792)</u>

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

At December 31, 2002, the following had a deficit fund balance/retained earnings:

<u>Fund Type/Fund</u>	<u>Amount</u>
Capital Projects:	
Street Improvement	\$224,349
Sports Complex Construction	749,951
Issue 2 Improvement	760,784
Senior Center Construction	5,521
Enterprise:	
Sewer Bond Retirement	1,517,086
Downtown Sales and Rental of Property	115,405

The deficit balances in the Street Improvement, Sports Complex Construction, Issue 2 Improvement and Senior Center Construction Funds are due to the timing of federal and state grant reimbursements as well as the recognition of liability amounts applicable to accrued payables on the modified accrual basis. The deficit balance in the Sewer Bond Retirement Fund is due to the recognition of liabilities for long-term debt on the accrual basis. The deficit balance in the Downtown Sales and Rental of Property Fund is due to the recognition of contributed capital on the accrual basis.

The Special Revenue Community Development Fund, Capital Projects Street Improvement and Issue 2 Improvement Funds reflected deficit balances of \$161,566, \$575,193 and \$531,889, respectively, on a budgetary basis at December 31, 2002. These negative fund balances were due to the timing of federal and state reimbursements and the recognition of encumbrances.

NOTE 5 - DEPOSITS AND INVESTMENTS

The City's cash and investment policy is governed by City Ordinances and certain provisions of the Ohio Revised Code. These statutes permit the City to invest its monies in the following:

- U.S. Government obligations and U.S. Government agency obligations for which the full faith and credit of the United States is pledged for payment of principal and interest;
- Repurchase agreements;
- Certificates of Deposit;
- Investment grade obligations of the State of Ohio, City of Barberton, and other local governments or public authorities;
- The State Treasury Asset Reserve (STAR Ohio);
- Money market mutual funds regulated by the Securities and Exchange Commission with portfolios consisting of only domestic securities;
- Commercial paper issued by an entity that has assets exceeding \$500 million and meeting other criteria; and
- Bankers acceptances issued by banks that are insured by the Federal Deposit Insurance Corporation

The maximum final stated maturity of the City's investments is not permitted to exceed five years.

CITY OF BARBERTON, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued

NOTE 5 - DEPOSITS AND INVESTMENTS - Continued

In accordance with the above mentioned statutes, public depositories must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation or may pledge a pool of securities with a statutory value of at least 110 percent of the total uninsured amount of public monies on deposit at the institution. Certificates of deposit may also be collateralized by surety bonds in the name of the City for 100 percent of the principal and interest amount of the deposit. Repurchase agreements are secured by the specific government security acquired under the repurchase agreement which must be held by a third party for safekeeping. All other collateral, whether specific or pooled, is held by a Federal Reserve Bank or by a designated trustee as agent for the public depositories used by the City.

A. Deposits

At December 31, 2002, the carrying amount of the City's deposits was \$4,059,957 and the bank balance was \$4,985,683. Of the bank balance, \$303,903 was covered by federal depository insurance. The remaining deposits of \$4,681,780 were uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements have been followed, noncompliance with federal requirements would potentially subject the City to a claim by the FDIC.

B. Investments

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" has established custodial credit risk categories for investments as follows:

- Category 1 Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's investments at December 31, 2002 are categorized below to give an indication of the level of custodial credit risk assumed by the City at year-end.

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Fair Value</u>
<u>Categorized Investments</u>				
Repurchase Agreements	\$--	\$--	\$155,000	\$155,000
U.S. Treasury Obligations	--	1,316,612	--	1,316,612
U.S. Government Agency Obligations	--	5,236,850	--	5,300,113
Total Categorized	<u>\$--</u>	<u>\$6,553,462</u>	<u>\$155,000</u>	<u>\$6,771,725</u>
<u>Noncategorized Investments</u>				
STAR Ohio				7,829,011
U.S. Treasury Money Market Mutual Funds				<u>2,238,097</u>
Total Noncategorized				<u>10,067,108</u>
Total Investments				<u>\$16,838,833</u>

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 5 - DEPOSITS AND INVESTMENTS - Continued**

The City's investments in STAR Ohio and U.S. Treasury Money Market Mutual Funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form. Investments are carried at their fair value, as required by GASB No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." During 2002, the realized net gain on the sale of these investments was not significant. The net increase in the fair value of these investments during 2002 was \$63,263. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

A reconciliation of cash and investments as shown on the Combined Balance Sheet follows:

<u>GASB Statement No. 3</u>	<u>Amount</u>
Carrying amount of deposits	\$4,059,957
Carrying amount of investments	<u>16,838,833</u>
Total	<u>\$20,898,790</u>
<u>Balance Sheet</u>	<u>Amount</u>
Equity in pooled cash and investments	\$20,027,620
Cash and cash equivalents - segregated accounts	166,280
Restricted assets - cash and cash equivalents	<u>704,890</u>
Total	<u>\$20,898,790</u>

NOTE 6 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balances 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types 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 the GAAP (generally accepted accounting principles) basis are:

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
- (2) Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when the liability is incurred (GAAP);
- (3) Encumbrances are recorded as expenditures (budget) as opposed to a reservation of fund balance (GAAP).

CITY OF BARBERTON, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued

NOTE 6 - BUDGETARY BASIS OF ACCOUNTING - Continued

A reconciliation of the results of operations for the year from the GAAP basis to the budgetary basis is as follows:

	Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
GAAP Basis	(\$318,071)	\$100,254	\$66,633	(\$1,711,813)	(\$1,862,997)
Increase (decrease) due to:					
Change in receivables & other assets	(339,310)	(101,017)	1,707	716,751	278,131
Change in liabilities	79,657	218,057	--	7,725,728	8,023,442
Net impact of encumbrances & other	(400,041)	320,653	--	(2,583,981)	(2,663,369)
Budget Basis	<u>(\$977,765)</u>	<u>\$537,947</u>	<u>\$68,340</u>	<u>\$4,146,685</u>	<u>\$3,775,207</u>

NOTE 7 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Fiscal Officer at 35 percent of appraised market value. All property is required to be revalued every six years with a triennial update. The last revaluation was completed in 2002. Real property taxes are payable annually or semi-annually. The first payment is due February 15, with the remainder payable by July 15.

Taxpayers become liable for tangible personal property taxes (other than public utility) on January 1 of the current calendar year based on tax rates determined in the preceding year and assessed values determined as of the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. In 2002, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts 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 Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the City of Barberton. The County Fiscal Officer periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively.

The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Real Property - 2001 Tax Valuation	\$293,874,030
Public Utility - 2001 Tax Valuation	13,555,340
Tangible Personal Property - 2002 Tax Valuation	<u>61,990,815</u>
Total Valuation	<u>\$369,420,185</u>

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 7 - TAXES - Continued**

Total property tax revenue recognized by fund type for the year ended December 31, 2002 was as follows:

<u>Fund Type</u>	<u>Amount</u>
General	\$920,235
Special Revenue	<u>193,786</u>
Total	<u>\$1,114,021</u>

B. Income Tax

The City levies an income tax of 2% on substantially all income earned within the City. In addition, residents are required to pay city income tax on income earned outside of the City; however, a 100% credit is allowed for income taxes paid to other municipalities. Total income tax revenue recognized by fund type for the year ended December 31, 2002 was as follows:

<u>Fund Type</u>	<u>Amount</u>
Special Revenue	<u>\$9,913,486</u>

NOTE 8 - RECEIVABLES**A. Receivables**

The City's receivables by fund type consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>
Property Taxes	\$1,147,183	\$468,730	\$--	\$--	\$--	\$--
City Income Taxes	--	1,921,854	--	--	--	--
Utility Billings	--	--	--	--	840,816	--
Special Assessments	--	31,500	--	--	27,000	--
Interest	6,880	--	--	--	--	--
Intergovernmental	955,699	186,630	--	--	--	--
Other	<u>57,652</u>	<u>15,285</u>	<u>--</u>	<u>65,729</u>	<u>19,737</u>	<u>18,124</u>
Total	<u>\$2,167,414</u>	<u>\$2,623,999</u>	<u>\$--</u>	<u>\$65,729</u>	<u>\$887,553</u>	<u>\$18,124</u>

B. Notes Receivable

Three Special Revenue Fund notes receivable totaling \$27,219 represent sales of property to three companies for the purpose of industrial development. These ten-year, non-interest bearing notes have fixed monthly payments with a final maturity in 2004 for two notes and 2007 for the third.

Twelve other Special Revenue Fund notes receivable totaling \$347,287 represent promissory notes for the purpose of improving the exteriors of local businesses. These notes are payable over a fifteen-year period, at interest rates that vary from 3.50% to 4.50% with final maturity ranging between 2012 and 2017.

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 8 - RECEIVABLES - Continued**

Three other Special Revenue note receivables totaling \$160,282 represent promissory notes for the purpose of stabilizing and maintaining historical structures. These notes are payable over periods of approximately 15 years at interest rates ranging from 4.00% to 4.38%. The final maturities of these notes are scheduled to occur in 2013, 2017 and 2018, respectively.

Three Special Revenue Fund notes receivable totaling \$382,000 represent loans to a contractor for the construction of a moderate income apartment complex. Two of these loans totaling \$327,000 bear interest at 7.25% per annum and the third loan of \$55,000 bears interest at 1% per annum. Interest is deferred and becomes payable as income and cash flow of the contractor permits. The entire principal balance and all unpaid interest is due in March 2009.

The one Enterprise Fund note receivable for \$6,893 is for the purchase of a downtown building from the City for a total cost of \$18,000, of which \$9,000 was received as a down payment. This 4.13% note is payable over a 10-year period beginning in January 2000.

NOTE 9 - FIXED ASSETS**A. General Fixed Assets**

A summary of changes in the General Fixed Asset Account Group follows:

	Balance January 1	Additions	Disposals	Balance December 31
Land and Improvements	\$2,697,604	\$354,268	\$62,869	\$2,989,003
Buildings, Structures and Improvements	5,395,453	112,036	23,251	5,484,238
Machinery and Equipment	7,885,373	596,800	498,055	7,984,118
Construction in Progress	29,000	3,200,107	--	3,229,107
Total General Fixed Assets	<u>\$16,007,430</u>	<u>\$4,263,211</u>	<u>\$584,175</u>	<u>\$19,686,466</u>

As of December 31, 2002, construction in progress, as reported in the General Fixed Assets Account Group consisted of the following:

<u>Project</u>	<u>Construction in Progress</u>
Barberton Sports Complex	\$2,547,271
Avilee Web Park Improvements	264,451
Senior Center Addition	249,606
Wooster Rd. Closed Loop Signalization	149,779
Military Honor Roll Plaque	18,000
Total	<u>\$3,229,107</u>

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 9 - FIXED ASSETS - Continued****B. Proprietary Fund Type Fixed Assets**

A summary of proprietary fund type property, plant and equipment at December 31, 2002 follows:

	<u>Enterprise</u>
Land and Improvements	\$973,813
Utility Plant	38,734,481
Buildings, Structures and Improvements	11,257,956
Furniture, Fixtures and Equipment	3,344,046
Construction in Progress	<u>2,220,081</u>
Total	56,530,377
Less Accumulated Depreciation	<u>(25,183,754)</u>
Net	<u><u>\$31,346,623</u></u>

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2002 is as follows:

<u>Fund Type/Fund</u>	<u>Receivable</u>	<u>Payable</u>
	<u>Due From</u>	<u>Due To</u>
General Fund	\$79,037	\$--
Special Revenue:		
Court Computer	4,053	--
Indigent Drivers Alcohol Treatment Program	1,164	--
Mandatory Drug Fines	75	--
Trust and Agency:		
Municipal Court	<u>--</u>	<u>84,329</u>
Totals	<u><u>\$84,329</u></u>	<u><u>\$84,329</u></u>

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 11 - LEASES****A. Capital Leases**

Capital lease obligations recorded in the Enterprise Funds relate to vehicles and other equipment. These assets are leased under long-term agreements which meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases". Such agreements provide for minimum annual lease payments as follows:

<u>Year</u>	<u>Enterprise Funds</u>
2003	\$28,147
2004	28,147
2005	13,700
2006	<u>11,417</u>
	81,411
Less Amount Representing Interest	<u>(6,743)</u>
Present Value of Minimum Lease Payments	<u>\$74,668</u>
Capitalized Cost of Leased Assets	<u>\$100,117</u>

NOTE 12 - BONDS AND OTHER LONG-TERM OBLIGATIONS

A listing of changes in bonds and other long-term obligations of the City for the year ended December 31, 2002 follows:

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 12 - BONDS AND OTHER LONG-TERM OBLIGATIONS - Continued**

	Balance January 1	Additions	Reductions	Balance December 31
<u>Enterprise Fund Debt</u>				
<u>General Obligation Bonds</u>				
3.9% to 6.5% Water Improvement Bonds	\$2,610,000	\$--	(\$160,000)	\$2,450,000
6.70% to 7.35% Community Center Bonds	400,000	--	(50,000)	350,000
	<u>3,010,000</u>	<u>--</u>	<u>(210,000)</u>	<u>2,800,000</u>
<u>Revenue Refunding Bonds</u>				
3.70% to 4.50% Sewer System Revenue Refunding Bonds	2,900,000	--	(530,000)	2,370,000
<u>Capital Lease Obligations</u>				
	43,346	50,117	(18,795)	74,668
Less:				
Unamortized Discount and Debt Issuance Costs	(145,659)	18,997	--	(126,662)
Deferred Amount on Refunding	(131,017)	41,869	--	(89,148)
Total Enterprise Fund Obligations	<u>\$5,676,670</u>	<u>\$110,983</u>	<u>(\$758,795)</u>	<u>\$5,028,858</u>
<u>Internal Service Fund Debt</u>				
3.9% to 6.15% Judgment Bonds	\$90,000	\$--	(\$90,000)	\$--
Less Unamortized Discount and Debt Issuance Costs	(2,091)	2,091	--	--
Total Internal Service Fund Obligations	<u>\$87,909</u>	<u>\$2,091</u>	<u>(\$90,000)</u>	<u>\$--</u>
<u>General Long-Term Obligations Account Group</u>				
<u>General Obligation Debt</u>				
6.5% Parking Lot Improvement Bonds	\$61,183	\$--	(\$10,746)	\$50,437
6.70% to 7.35% Series 1989-1 Bonds	160,000	--	(20,000)	140,000
4.5% Street Improvement Bonds	237,000	--	(19,300)	217,700
	<u>458,183</u>	<u>--</u>	<u>(50,046)</u>	<u>408,137</u>
<u>Other Long-Term Debt</u>				
4.57% to 7.18% Loan Issued Under Section 108 of the Housing and Community Development Act of 1974	1,740,000	--	(75,000)	1,665,000
	<u>1,740,000</u>	<u>--</u>	<u>(75,000)</u>	<u>1,665,000</u>
<u>Other General Obligations</u>				
Capital Lease Obligations	180,693	--	(180,693)	--
Accrued Wages and Benefits	2,442,728	148,712	--	2,591,440
Total General Long-Term Obligations Account Group	<u>\$4,821,604</u>	<u>\$148,712</u>	<u>(\$305,739)</u>	<u>\$4,664,577</u>

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 12 - BONDS AND OTHER LONG-TERM OBLIGATIONS - Continued**

A summary of the City's future debt service requirements to retire long-term bond obligations as of December 31, 2002 follows:

Proprietary Funds

Due In	Enterprise Fund Debt General Obligation Bonds		Enterprise Fund Debt Revenue Refunding Bonds	
	Principal	Interest	Principal	Interest
2003	\$230,000	\$184,233	\$555,000	\$104,380
2004	245,000	169,308	580,000	80,792
2005	255,000	153,250	605,000	55,273
2006	270,000	136,250	630,000	28,350
2007	285,000	118,275	--	--
2008-2012	1,515,000	298,324	--	--
	<u>\$2,800,000</u>	<u>\$1,059,640</u>	<u>\$2,370,000</u>	<u>\$268,795</u>

General Long-Term Obligations Account Group

Due In	General Obligation Bonds		Other Long-Term Debt	
	Principal	Interest	Principal	Interest
2003	\$51,544	\$23,365	\$110,000	\$115,727
2004	53,288	20,247	115,000	108,544
2005	54,980	17,035	115,000	100,989
2006	56,824	13,732	115,000	93,318
2007	44,000	10,328	115,000	85,544
2008-2012	147,501	16,772	575,000	308,304
2013-2017	--	--	520,000	37,336
	<u>\$408,137</u>	<u>\$101,479</u>	<u>\$1,665,000</u>	<u>\$849,762</u>

All notes and other bonds are backed by the full faith and credit of the City. Although the Water Improvement Bonds, Community Center Bonds, Sewer System Improvement Notes, Community Center Improvement Notes and Judgment Bonds are general obligations of the City, the practice has been to have the debt serviced by the revenues of the respective enterprise or internal service funds.

Other Long-Term Debt represents a loan from HUD for the redevelopment of the Lake Theater Building. Amounts will be repaid with Community Development Block Grant funds. The loan from HUD is to be repaid over a twenty-year period.

At December 31, 2002, the City had the ability to issue approximately \$11.6 million of additional, unvoted, general obligation debt.

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 12 - BONDS AND OTHER LONG-TERM OBLIGATIONS - Continued**

Conduit Debt

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans provided to the public-sector entities by the City. Upon repayment of the bonds, ownership of the facilities transfers to the private-sector entity served by the bond issuance. The bonds do not constitute a debt or pledge of the faith and credit of the City and, accordingly, have not been reported in the accompanying financial statements. As of December 31, 2002, there was one series of industrial revenue bonds outstanding. The aggregate principal amount payable at December 31, 2002 was \$600,000.

During 2002, the City issued housing revenue bonds pursuant to Article VIII, Section 16 of the Ohio Constitution and Section 133.51, of the Ohio Revised Code. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans provided to the public sector entity by the City. The bonds do not constitute a debt or pledge of the faith and credit of the City and, accordingly, have not been reported as a liability in the accompanying financial statements. The borrower of the bonds makes payments to the City who in turn makes payments to the assignee, the Barberton Community Foundation. Since the City has acted in a fiduciary capacity related to these transactions, the activity has been presented within an agency fund in the accompanying financial statements. As of December 31, 2002, there were three series of housing revenue bonds outstanding. The aggregate principal amount payable at December 31, 2002 was \$3,349,822.

NOTE 13 - NOTES PAYABLE

A listing of changes in notes payable for the year ended December 31, 2002 follows:

	Maturity Date	Balance January 1	Additions	Reductions	Balance December 31
<u>Enterprise Fund Debt</u>					
3.47% Utility System Improvement Notes	4/19/02	\$2,045,000	\$--	(\$2,045,000)	\$--
2.70% Utility System Improvement Notes	4/18/03	--	1,795,000	--	1,795,000
2.80% Community Center Improvement Notes	9/5/02	545,000	--	(545,000)	--
1.85% Community Center Improvement Notes	9/17/03	--	495,000	--	495,000
3.47% Various Purpose Improvement Notes	4/19/02	385,000	--	(385,000)	--
2.70% Various Purpose Improvement Notes	4/17/03	--	205,000	--	205,000
2.35% Utility System Improvement Notes	12/5/02	1,650,000	--	(1,650,000)	--
2.00% Utility System Improvement Notes	12/4/03	--	1,845,000	--	1,845,000
1.85% Utility System Improvement Notes	9/17/03	--	1,850,000	--	1,850,000
		<u>\$4,625,000</u>	<u>\$6,190,000</u>	<u>(\$4,625,000)</u>	<u>\$6,190,000</u>
<u>Governmental Fund Types</u>					
2.80% Various Purpose Improvement Notes	9/5/02	\$1,300,000	\$--	(\$1,300,000)	\$--
1.85% Various Purpose Improvement Notes	9/17/03	--	1,170,000	--	1,170,000
2.25% Street Improvement Notes	12/19/02	795,000	--	(795,000)	--
2.00% Street Improvement Notes	12/4/03	--	795,000	--	795,000
2.00% Various Purpose Improvement Notes	12/4/03	--	5,390,000	--	5,390,000
		<u>\$2,095,000</u>	<u>\$7,355,000</u>	<u>(\$2,095,000)</u>	<u>\$7,355,000</u>

CITY OF BARBERTON, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued

NOTE 13 - NOTES PAYABLE - Continued

All notes are backed by the full faith and credit of the City of Barberton and mature within one year. In accordance with Ohio law, general obligation note debt service was recorded in the debt service funds. However, statements of the Governmental Accounting Standards Board require that the debt service funds present only general obligation long term debt activity and that current notes payable be shown as liabilities of the funds which received the note proceeds. To comply with these requirements, the financial statements have been adjusted accordingly.

NOTE 14 - PENSION AND RETIREMENT PLANS

A. Employees and Plans

Full-time, permanent employees of the City and certain part-time employees belong to one of two state operated pension plans (both cost-sharing, multiple employer, defined benefit pension plans). Non-uniformed employees are members of the Ohio Public Employees Retirement System (OPERS). Police and fire personnel are members of the Ohio Police and Fire Pension Fund (OP&F). The Ohio Revised Code requires participation by the above mentioned employees. Elected officials participate in OPERS on a voluntary basis. The payroll for employees covered by OPERS and OP&F for the year ended December 31, 2002 was \$8,303,705 and \$4,832,977, respectively.

B. OPERS

All non-uniformed employees of the City are required to be members of the Ohio Public Employees Retirement System (OPERS), a cost-sharing, multiple employer pension plan. OPERS provides 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 state statute per Chapter 145 of the Ohio Revised Code.

The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees, other than law enforcement personnel, are required to contribute 8.5% of their annual covered salary to OPERS. The 2002 employer contribution rate for local government employer units was 13.55% of covered payroll. The City's total contributions to OPERS for the years ended December 31, 2002, 2001 and 2000 were \$1,125,514, \$1,119,581 and \$842,262, respectively, equal to the required contributions for each year.

C. OP&F

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

CITY OF BARBERTON, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued

NOTE 14 - PENSION AND RETIREMENT PLANS - Continued

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0%, respectively, for police officers and firefighters. The City's contributions to OP&F for the years ended December 31, 2002, 2001 and 2000 were \$1,053,380, \$1,000,705 and \$946,267, respectively, equal to the required contributions for each year.

D. OPERS Other Postemployment Benefits

In addition to the pension benefits previously described, the Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirants 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 (OPEB) 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. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. For local government units, the total employer contribution rate for OPERS was 13.55% of covered payroll, of which 5.0% was the portion that was used to fund health care for the year 2002. The portion of the City's total contributions to OPERS that was used to fund health care for the years ended December 31, 2002 and 2001 was \$415,181 and \$355,243, respectively.

OPEB's are advance funded on an actuarially determined basis. An entry age normal actuarial cost method of evaluation is used in determining the present value of OPEB. The difference between assumed and actuarial experience (actuarial gains and losses) becomes part of the unfunded actuarial liability. Significant actuarial assumptions include a rate of return on investments of 8.00%; active employee increases of 4.00%, compounded annually, as the base portion, and annual pay increases over and above the 4.00% base increase of between 0.50% and 6.30%.

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

As of December 31, 2001, (the latest information available), the actuarial value of the net assets available, state-wide, for future OPEB payments was \$11.6 billion. The number of active contributing participants was 402,041. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

E. OP&F Other Postemployment Benefits

The Ohio Police and Fire Pension Fund (OP&F) also provides 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 that health care costs paid from the funds of the OP&F shall be included in the employers' contribution rate. The Ohio Revised Code also provides the statutory authority allowing the OP&F Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. The Board defined allocation was 7.75% and 7.50% of covered payroll in 2002 and 2001, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 14 - PENSION AND RETIREMENT PLANS - Continued**

The total number of statewide members of the OP&F who were eligible to receive health care benefits at December 31, 2001, (the latest information available) was 13,174 for police and 10,239 for fire personnel. The portion of the City's actual contribution to OP&F for 2002 that was used to fund postemployment benefits was \$183,275 for police and \$191,129 for fire personnel. OP&F's total health care expense for the year ended December 31, 2001, (the latest information available) was \$122.3 million, which was net of member contributions of \$6.9 million.

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains enterprise funds which provide water, sewer, sanitation and leisure time services. Segment information as of December 31, 2002 and for the year then ended for the Enterprise Funds is summarized below. The Other Enterprise Funds consists of the Solid Waste Disposal Fund, the Lake Cinema Operating Fund and the Downtown Sales and Rental of Property Fund.

	Sewer	Water	Sewer Bond Retirement	Community Center	Other Enterprise Funds	Total
Operating Revenues	\$3,581,281	\$3,477,906	\$--	\$732,127	\$2,185,643	\$9,976,957
Depreciation	901,144	453,288	--	128,412	501	1,483,345
Operating Income (Loss)	121,716	253,941	--	(70,783)	22,703	327,577
Operating Transfers In	120,000	186,000	600,000	100,000	88,200	1,094,200
Operating Transfers Out	(720,000)	(186,000)	--	--	--	(906,000)
Net Income (Loss)	(459,113)	25,537	425,373	(16,090)	171,550	147,257
Restricted Assets	671,375	--	33,515	--	--	704,890
Acquisition and Construction of Assets	889,364	1,207,993	--	14,447	2,283	2,114,087
Net Working Capital	2,104,639	(60,226)	(530,350)	(559,173)	476,766	1,431,656
Total Assets	27,250,546	11,460,783	33,515	1,588,240	651,108	40,984,192
Bonds and Other Long-Term Liabilities Outstanding	671,375	2,211,079	986,736	313,622	36,407	4,219,219
Total Equity	22,612,779	6,302,429	(1,517,086)	670,963	489,975	28,559,060
Encumbrances Outstanding at December 31, 2002	2,125,366	714,369	--	14,382	114,606	2,968,723

NOTE 16 - GRANT CONTINGENCIES AND LITIGATION

Under the terms of the various federal grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2002, there were no questioned costs that had not been resolved with various federal agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of City officials, no material grant expenditures will be disallowed.

The City is party to various legal proceedings. The City's management is of the opinion that the ultimate outcome of such litigation will not result in a material adverse effect on the City's financial position.

CITY OF BARBERTON, OHIO**NOTES TO THE COMBINED FINANCIAL STATEMENTS - Continued****NOTE 17 - RISK MANAGEMENT**

The City is exposed to various risks of loss including employee health care costs, torts and legal judgments, errors and omissions, and damage or destruction of assets. The City purchases fire and extended coverage insurance on all buildings and contents to \$6,000,000 with a variety of deductibles beginning at \$2,500. Coverage is purchased on City vehicles for a combined single limit liability of \$1,000,000. The City purchases general liability insurance coverage with a \$1,000,000 limit per occurrence. The City also has an umbrella policy which provides an additional \$5,000,000 in coverage over the above listed policies. No settlements exceeded the insurance coverage in the last three years. The City is also insured through the State of Ohio for workers' compensation.

The City has a Health Insurance Fund. The purpose of this fund is to pay medical, dental, prescription drug and vision claims for City employees and their covered dependents and to minimize the total cost of annual medical insurance of the City. The plan is internally managed and accounted for as an internal service fund. The claim liability of \$153,430 reported in the Health Insurance Fund at December 31, 2002, is based on the requirements of GASB Statement No. 10, which provides that a liability for unpaid claims cost, including estimates of costs relating to incurred but not reported claims, be reported. The claim liability at December 31, 2002 was calculated based on recent claim settlement trends including frequency and amount of pay-outs. Changes in the fund's claim liability amount during 2001 and 2002 were as follows:

	<u>Balance</u> <u>January 1</u>	<u>Current</u> <u>Period</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>December 31</u>
2001	\$182,879	\$1,515,621	\$1,534,096	\$164,404
2002	164,404	1,707,221	1,718,195	153,430

NOTE 18 - SUBSEQUENT EVENTS

In April 2003, the City issued \$2,070,000 in bond anticipation notes for the purpose of improving the water and sewer systems at an interest rate of 2.0%. These notes mature on April 18, 2004.

NOTE 19 - RELATED ORGANIZATIONS

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

Barberton Community Foundation (the Foundation) - The City appoints a voting majority of the governing board of the Foundation; however, the City cannot influence the Foundation's operation. In 2002, the City received approximately \$1.5 million in grants from the Foundation. During 2002, the City also acted as the issuer of bonds for conduit debt (see Note 12) in which the Foundation acts as the assignee.

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**COMBINING AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES**

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CITY OF BARBERTON, OHIO

GENERAL FUND

Description

The general fund accounts for all financial resources except those required to be accounted for in a separate fund.

CITY OF BARBERTON, OHIO

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

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$1,209,029	\$1,167,426	(\$41,603)
Intergovernmental	2,962,799	2,764,827	(197,972)
Charges for services	1,032,632	980,865	(51,767)
Fines, licenses and permits	200,897	241,465	40,568
Interest	500,000	202,698	(297,302)
Royalties and donations	--	35,900	35,900
Miscellaneous	221,912	608,413	386,501
	<u>6,127,269</u>	<u>6,001,594</u>	<u>(125,675)</u>
Total Revenues			
Expenditures:			
Current:			
General government:			
City council	178,116	175,599	2,517
Municipal court judges	333,600	328,866	4,734
Clerk of court	558,300	533,770	24,530
Mayor	162,580	159,007	3,573
Service director	90,510	80,690	9,820
Civil service commission	27,685	19,763	7,922
Finance department	376,555	374,649	1,906
Law department	378,294	360,426	17,868
Safety director	79,279	78,221	1,058
Human resources	206,636	204,281	2,355
Municipal buildings	353,140	325,390	27,750
Engineer	168,060	155,368	12,692
Probation	108,980	103,159	5,821
Other - unclassified	334,570	323,468	11,102
Total general government	<u>3,356,305</u>	<u>3,222,657</u>	<u>133,648</u>
Public safety:			
Police	4,298,021	4,280,853	17,168
Fire	3,760,891	3,747,532	13,359
Other - unclassified	87,000	79,278	7,722
Total public safety	<u>8,145,912</u>	<u>8,107,663</u>	<u>38,249</u>
Streets and highways:			
Paint/signal	318,550	310,299	8,251
Other - unclassified	18,000	16,731	1,269
Total streets and highways	<u>336,550</u>	<u>327,030</u>	<u>9,520</u>
Health and welfare:			
Other - unclassified	1,000	175	825
Total health and welfare	<u>1,000</u>	<u>175</u>	<u>825</u>
Community environment:			
Building inspection	438,044	412,000	26,044
Planning	487,947	194,113	293,834
Total community environment	<u>925,991</u>	<u>606,113</u>	<u>319,878</u>

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Leisure time activities:			
Parks administration	458,586	456,787	1,799
Senior center	75,150	73,862	1,288
Recreation programs	153,505	149,940	3,565
Parks maintenance	440,485	430,746	9,739
Total leisure time activities	<u>1,127,726</u>	<u>1,111,335</u>	<u>16,391</u>
Capital outlay:			
Municipal judges	23,000	15,084	7,916
Clerk of court	8,000	7,826	174
Service director	815	814	1
Finance department	8,000	5,752	2,248
Municipal buildings	70	62	8
Engineer	2,000	1,462	538
Police	305,426	293,278	12,148
Fire	420,153	141,856	278,297
Paint/signal	29,744	28,378	1,366
Parks administration	1,500	1,500	--
Recreation programs	302,400	302,400	--
Parks maintenance	190,000	176,369	13,631
Other - unclassified	455,864	449,151	6,713
Total capital outlay	<u>1,746,972</u>	<u>1,423,932</u>	<u>323,040</u>
Total Expenditures	<u>15,640,456</u>	<u>14,798,905</u>	<u>841,551</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,513,187)</u>	<u>(8,797,311)</u>	<u>715,876</u>
Other Financing Sources (Uses):			
Operating transfers in	7,785,000	7,815,230	30,230
Advances-in	50,700	21,000	(29,700)
Advances-out	(21,000)	(21,000)	--
Sale of fixed assets	10,000	4,316	(5,684)
Total other financing sources (uses)	<u>7,824,700</u>	<u>7,819,546</u>	<u>(5,154)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(1,688,487)</u>	<u>(977,765)</u>	<u>710,722</u>
Fund Balance at Beginning of Year	1,762,412	1,762,412	--
Unexpended prior year encumbrances	<u>26,074</u>	<u>26,074</u>	<u>--</u>
Fund Balance at End of Year	<u>\$99,999</u>	<u>\$810,721</u>	<u>\$710,722</u>

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CITY OF BARBERTON, OHIO

SPECIAL REVENUE FUNDS

Description

Special revenue funds are used to account for types of resources (other than expendable trusts or for major capital projects) for which specific uses are mandated by City ordinances or Federal and State statutes. The title of each special revenue fund is descriptive of the activities accounted for therein. The special revenue funds are:

Income Tax

To account for income tax revenue and the expenses of administration. After operating expenses are deducted, the remaining amounts are allocated to various other funds in accordance with the current year budget.

Street Construction, Maintenance and Repair

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

State Highway Improvement

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

Permissive License Tax

Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of streets within the City. The majority of these funds are controlled by the county and limited to non-residential connector streets.

Court Computer

Required by the Ohio Revised Code to account for additional court fees designated for computerization of the municipal court and for the acquisition and maintenance of legal research services for the municipal court.

Street and Storm Sewer Improvement

Receives Income Tax revenue for the improvement of street and storm sewers within the City.

Health District

To account for revenues and expenditures of the City Health District utilized for delivering health and welfare services.

Beautification

To account for donations restricted for floral beautification projects within the City.

Women, Infant, & Child Food Program

To account for a federal grant received to provide dairy products to qualifying expectant mothers and children.

Pre-natal Care Program

To account for a federal grant received to provide prenatal care to qualifying expectant mothers.

CITY OF BARBERTON, OHIO

SPECIAL REVENUE FUNDS (continued)

Parks Revolving

To account for parks and recreation user fees utilized for parks and recreation activities.

Mandatory Drug Fines

To account for fines received by the City that are restricted under the Ohio Revised Code to subsidizing law enforcement efforts that pertain to drug offenses.

Law Enforcement Trust

To account for proceeds from the sale of contraband that are restricted to subsidizing law enforcement efforts.

D.A.R.E. Program

To account for monies received from various sources to be used for the continuance of the Drug Abuse Resistance Education Program in the City's schools.

Indigent Drivers Alcohol Treatment

To account for fees and fines to be used for payment of the cost of attendance at an alcohol and drug addiction treatment program.

Local Law Enforcement Block Grant

To account for grant monies received from the U.S. Department of Justice to be used for specific law enforcement purposes.

Community Development

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

Rental Rehabilitation

To account for grant monies received from the Ohio Department of Development for the rehabilitation of rental property.

Home Investment Partnership

To account for monies received from the federal government under the National Affordable Housing Act, passed through the Ohio Department of Development, which are restricted to City-wide housing activities.

Gas & Oil Royalties

To account for royalty money received from gas wells located on City property. These revenues are used for economic development within the City.

Lake Cinema Complex Maintenance

To account for the cost of maintaining a City-owned theater complex.

CITY OF BARBERTON, OHIO

SPECIAL REVENUE FUNDS (continued)

Tax Increment Financing

To account for the annual collection of service payments in lieu of taxes distributed to the City with respect to improvements on downtown property which are declared to be a public purpose.

Infrastructure Improvement Reserve

To account for monies received from the Income Tax Fund which are restricted for the purpose of funding infrastructure improvements identified in the City's Five-Year Capital Improvement Plan.

Emergency Reserve for Public Facilities and Programs

To account for monies received from the Income Tax Fund for the purpose of providing for the consistent delivery of public services in the case of a downturn in the City's economy.

Police Pension

To accumulate property taxes and other monies for the payment of the accrued liability for police disability and pension benefits.

Fire Pension

To accumulate property taxes and other monies for the payment of the accrued liability for fire disability and pension benefits.

Sidewalk Improvement Program Fund

To account for the City's Sidewalk Improvement Program whereby the City subsidizes the cost of replacing existing sidewalks for homeowners within the City.

CITY OF BARBERTON, OHIOCombining Balance Sheet - Special Revenue Funds
December 31, 2002

	Income Tax	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive License Tax
ASSETS				
Assets:				
Equity in pooled cash and investments	\$133,208	\$263,124	\$4,882	\$85,301
Receivables (net, where applicable, of allowance for doubtful accounts)	1,941,854	253,245	19,250	4,222
Notes receivable	--	--	--	--
Due from other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$2,075,062</u>	<u>\$516,369</u>	<u>\$24,132</u>	<u>\$89,523</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$--	\$52,532	\$--	\$--
Accrued wages and benefits	5,157	49,279	--	--
Due to other governments	--	--	--	--
Deferred revenue	939,250	159,278	12,908	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>944,407</u>	<u>261,089</u>	<u>12,908</u>	<u>--</u>
Equity:				
Fund balances:				
Reserved for encumbrances	12,305	47,349	--	50,090
Reserved for notes receivable	--	--	--	--
Unreserved, undesignated	1,118,350	207,931	11,224	39,433
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Equity	<u>1,130,655</u>	<u>255,280</u>	<u>11,224</u>	<u>89,523</u>
Total Liabilities and Fund Equity	<u>\$2,075,062</u>	<u>\$516,369</u>	<u>\$24,132</u>	<u>\$89,523</u>

<u>Court Computer</u>	<u>Street and Storm Sewer Improvement</u>	<u>Health District</u>	<u>Beautification</u>	<u>Women, Infant & Child Food Program</u>	<u>Pre-natal Care Program</u>	<u>Parks Revolving</u>	<u>Mandatory Drug Fines</u>
\$80,666	\$180,330	\$276,046	\$56,145	\$9,149	\$21,416	\$92,546	\$4,690
--	--	6,981	--	--	--	--	--
--	--	--	--	--	--	--	--
4,053	--	--	--	--	--	--	75
<u>\$84,719</u>	<u>\$180,330</u>	<u>\$283,027</u>	<u>\$56,145</u>	<u>\$9,149</u>	<u>\$21,416</u>	<u>\$92,546</u>	<u>\$4,765</u>
\$--	\$--	\$9,305	\$2,517	\$--	\$--	\$--	\$--
--	--	22,654	4,577	4,346	4,021	--	--
--	--	4,327	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	36,286	7,094	4,346	4,021	--	--
3,402	103,098	42,904	5,516	--	1,120	3,889	--
--	--	--	--	--	--	--	--
81,317	77,232	203,837	43,535	4,803	16,275	88,657	4,765
84,719	180,330	246,741	49,051	4,803	17,395	92,546	4,765
<u>\$84,719</u>	<u>\$180,330</u>	<u>\$283,027</u>	<u>\$56,145</u>	<u>\$9,149</u>	<u>\$21,416</u>	<u>\$92,546</u>	<u>\$4,765</u>

CITY OF BARBERTON, OHIOCombining Balance Sheet - Special Revenue Funds (Continued)
December 31, 2002

	Law Enforcement Trust	D.A.R.E. Program	Indigent Drivers Alcohol Treatment	Local Law Enforcement Block Grant
ASSETS				
Assets:				
Equity in pooled cash and investments	\$2,325	\$15,003	\$116,141	\$50,914
Receivables (net, where applicable, of allowance for doubtful accounts)	19,282	2,142	9,170	--
Notes receivable	--	--	--	--
Due from other funds	--	--	1,164	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$21,607</u>	<u>\$17,145</u>	<u>\$126,475</u>	<u>\$50,914</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$--	\$--	\$--	\$--
Accrued wages and benefits	--	--	--	--
Due to other governments	--	--	--	--
Deferred revenue	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Equity:				
Fund balances:				
Reserved for encumbrances	--	--	--	4,298
Reserved for notes receivable	--	--	--	--
Unreserved, undesignated	21,607	17,145	126,475	46,616
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Equity	<u>21,607</u>	<u>17,145</u>	<u>126,475</u>	<u>50,914</u>
Total Liabilities and Fund Equity	<u>\$21,607</u>	<u>\$17,145</u>	<u>\$126,475</u>	<u>\$50,914</u>

Community Development	Rental Rehab- ilitation	Home Investment Partnership	Gas & Oil Royalties	Lake Cinema Complex Maintenance	Tax Increment Financing	Infrastructure Improvement Reserve
\$171,758	\$2,000	\$--	\$29,439	\$4,483	\$93,233	\$1,049,441
142,706	--	--	1,667	--	--	--
649,788	--	267,000	--	--	--	--
--	--	--	--	--	--	--
<u>\$964,252</u>	<u>\$2,000</u>	<u>\$267,000</u>	<u>\$31,106</u>	<u>\$4,483</u>	<u>\$93,233</u>	<u>\$1,049,441</u>
\$43,002	\$--	\$--	\$--	\$4,307	\$--	\$4,810
--	--	--	--	--	--	--
--	--	--	--	--	--	--
27,219	--	--	--	--	--	--
<u>70,221</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,307</u>	<u>--</u>	<u>4,810</u>
332,324	--	--	6,250	--	--	83,802
649,788	--	267,000	--	--	--	--
(88,081)	2,000	--	24,856	176	93,233	960,829
<u>894,031</u>	<u>2,000</u>	<u>267,000</u>	<u>31,106</u>	<u>176</u>	<u>93,233</u>	<u>1,044,631</u>
<u>\$964,252</u>	<u>\$2,000</u>	<u>\$267,000</u>	<u>\$31,106</u>	<u>\$4,483</u>	<u>\$93,233</u>	<u>\$1,049,441</u>

CITY OF BARBERTON, OHIOCombining Balance Sheet - Special Revenue Funds (Continued)
December 31, 2002

	Emergency Reserve for Public Facilities and Programs	Police Pension	Fire Pension	Sidewalk Improvement Program
ASSETS				
Assets:				
Equity in pooled cash and investments	\$682,971	\$11,822	\$14,293	\$48,906
Receivables (net, where applicable, of allowance for doubtful accounts)	--	105,990	105,990	11,500
Notes receivable	--	--	--	--
Due from other funds	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$682,971</u>	<u>\$117,812</u>	<u>\$120,283</u>	<u>\$60,406</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$--	\$--	\$--	\$4,686
Accrued wages and benefits	--	--	--	--
Due to other governments	--	--	--	--
Deferred revenue	--	90,245	90,245	11,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<hr/> --	<hr/> 90,245	<hr/> 90,245	<hr/> 16,186
Equity:				
Fund balances:				
Reserved for encumbrances	--	--	--	9,016
Reserved for notes receivable	--	--	--	--
Unreserved, undesignated	682,971	27,567	30,038	35,204
	<hr/>	<hr/>	<hr/>	<hr/>
Total Equity	<hr/> 682,971	<hr/> 27,567	<hr/> 30,038	<hr/> 44,220
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Equity	<u>\$682,971</u>	<u>\$117,812</u>	<u>\$120,283</u>	<u>\$60,406</u>

Total

\$3,500,232

2,623,999

916,788

5,292

\$7,046,311

\$121,159

90,034

4,327

1,330,645

1,546,165

705,363

916,788

3,877,995

5,500,146

\$7,046,311

CITY OF BARBERTON, OHIO

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

	<u>Income Tax</u>	<u>Street Construction, Maintenance and Repair</u>	<u>State Highway Improvement</u>	<u>Permissive License Tax</u>
Revenues:				
Taxes	\$9,913,486	\$--	\$--	\$--
Intergovernmental	125,510	760,717	44,744	181,414
Charges for services	--	--	--	--
Fines, licenses and permits	--	--	--	--
Special assessments	22,320	--	--	--
Interest	--	--	270	754
Royalties and donations	--	--	--	--
Miscellaneous	862	14,546	--	--
Total Revenues	<u>10,062,178</u>	<u>775,263</u>	<u>45,014</u>	<u>182,168</u>
Expenditures:				
Current:				
General government	245,091	--	--	--
Public safety	--	--	--	--
Streets and highways	--	1,643,153	35,349	--
Health and welfare	--	--	--	--
Community environment	--	--	--	--
Leisure time activities	--	--	--	--
Capital outlay	3,793	3,388	--	135,469
Total Expenditures	<u>248,884</u>	<u>1,646,541</u>	<u>35,349</u>	<u>135,469</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,813,294</u>	<u>(871,278)</u>	<u>9,665</u>	<u>46,699</u>
Other Financing Sources (Uses):				
Operating transfers in	--	1,003,000	--	--
Operating transfers out	(9,771,413)	(30,230)	--	--
Sale of fixed assets	--	300	--	--
Total Other Financing Sources (Uses)	<u>(9,771,413)</u>	<u>973,070</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	41,881	101,792	9,665	46,699
Fund Balance at Beginning of Year	<u>1,088,774</u>	<u>153,488</u>	<u>1,559</u>	<u>42,824</u>
Fund Balance at End of Year	<u>\$1,130,655</u>	<u>\$255,280</u>	<u>\$11,224</u>	<u>\$89,523</u>

<u>Court Computer</u>	<u>Street and Storm Sewer Improvement</u>	<u>Health District</u>	<u>Beautification</u>	<u>Vomen, Infant & Child Food Program</u>	<u>Pre-natal Care Program</u>	<u>Parks Revolving</u>	<u>Mandatory Drug Fines</u>
\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
31,118	--	234,360	18,000	153,265	117,477	4,050	--
--	--	180,527	--	--	52,027	25,895	--
58,916	--	129,055	--	--	--	--	110
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	54,618	--	--	41,951	--
43	--	68,198	807	--	363	4,095	--
<u>90,077</u>	<u>--</u>	<u>612,140</u>	<u>73,425</u>	<u>153,265</u>	<u>169,867</u>	<u>75,991</u>	<u>110</u>
6,922	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	1,130,964	--	171,868	208,052	--	--
--	--	--	--	--	--	--	--
--	--	--	250,056	--	--	52,854	--
39,586	50,318	17,552	3,268	--	--	307	--
<u>46,508</u>	<u>50,318</u>	<u>1,148,516</u>	<u>253,324</u>	<u>171,868</u>	<u>208,052</u>	<u>53,161</u>	<u>--</u>
<u>43,569</u>	<u>(50,318)</u>	<u>(536,376)</u>	<u>(179,899)</u>	<u>(18,603)</u>	<u>(38,185)</u>	<u>22,830</u>	<u>110</u>
--	100,000	620,000	185,000	--	--	--	--
(30,000)	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
<u>(30,000)</u>	<u>100,000</u>	<u>620,000</u>	<u>185,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
13,569	49,682	83,624	5,101	(18,603)	(38,185)	22,830	110
<u>71,150</u>	<u>130,648</u>	<u>163,117</u>	<u>43,950</u>	<u>23,406</u>	<u>55,580</u>	<u>69,716</u>	<u>4,655</u>
<u>\$84,719</u>	<u>\$180,330</u>	<u>\$246,741</u>	<u>\$49,051</u>	<u>\$4,803</u>	<u>\$17,395</u>	<u>\$92,546</u>	<u>\$4,765</u>

CITY OF BARBERTON, OHIOCombining Statement of Revenues, Expenditures and Changes in Fund Balances -
Special Revenue Funds (Continued)
For the Year Ended December 31, 2002

	Law Enforcement Trust	D.A.R.E. Program	Indigent Drivers Alcohol Treatment	Local Law Enforcement Block Grant
Revenues:				
Taxes	\$--	\$--	\$--	\$--
Intergovernmental	19,282	2,142	--	41,467
Charges for services	--	--	--	--
Fines, licenses and permits	--	--	45,530	--
Special assessments	--	--	--	--
Interest	--	--	--	718
Royalties and donations	--	797	--	--
Miscellaneous	--	--	--	4,884
Total Revenues	<u>19,282</u>	<u>2,939</u>	<u>45,530</u>	<u>47,069</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public safety	--	1,322	--	--
Streets and highways	--	--	--	--
Health and welfare	--	--	--	--
Community environment	--	--	--	--
Leisure time activities	--	--	--	--
Capital outlay	--	--	--	69,327
Total Expenditures	<u>--</u>	<u>1,322</u>	<u>--</u>	<u>69,327</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>19,282</u>	<u>1,617</u>	<u>45,530</u>	<u>(22,258)</u>
Other Financing Sources (Uses):				
Operating transfers in	--	--	--	--
Operating transfers out	--	--	--	--
Advances in	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	19,282	1,617	45,530	(22,258)
Fund Balance at Beginning of Year	<u>2,325</u>	<u>15,528</u>	<u>80,945</u>	<u>73,172</u>
Fund Balance at End of Year	<u>\$21,607</u>	<u>\$17,145</u>	<u>\$126,475</u>	<u>\$50,914</u>

<u>Community Development</u>	<u>Rental Rehab- ilitation</u>	<u>Home Investment Partnership</u>	<u>Gas & Oil Royalties</u>	<u>Lake Cinema Complex Maintenance</u>	<u>Tax Increment Financing</u>	<u>Infrastructure Improvement Reserve</u>
\$--	\$--	\$--	\$--	\$--	\$--	\$--
1,223,902	--	--	--	--	36,046	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	27,618
--	--	--	12,321	--	--	--
29,826	--	--	--	--	--	--
<u>1,253,728</u>	<u>--</u>	<u>--</u>	<u>12,321</u>	<u>--</u>	<u>36,046</u>	<u>27,618</u>
--	--	--	--	27,655	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
899,082	--	--	26,987	--	--	--
--	--	--	--	4,307	--	--
--	--	--	18,000	--	--	220,472
<u>899,082</u>	<u>--</u>	<u>--</u>	<u>44,987</u>	<u>31,962</u>	<u>--</u>	<u>220,472</u>
<u>354,646</u>	<u>--</u>	<u>--</u>	<u>(32,666)</u>	<u>(31,962)</u>	<u>36,046</u>	<u>(192,854)</u>
--	--	--	--	--	--	293,000
(304,757)	--	--	--	--	(14,723)	--
--	--	--	--	--	--	--
<u>(304,757)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(14,723)</u>	<u>293,000</u>
49,889	--	--	(32,666)	(31,962)	21,323	100,146
<u>844,142</u>	<u>2,000</u>	<u>267,000</u>	<u>63,772</u>	<u>32,138</u>	<u>71,910</u>	<u>944,485</u>
<u>\$894,031</u>	<u>\$2,000</u>	<u>\$267,000</u>	<u>\$31,106</u>	<u>\$176</u>	<u>\$93,233</u>	<u>\$1,044,631</u>

CITY OF BARBERTON, OHIO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Special Revenue Funds (Continued)
 For the Year Ended December 31, 2002

	Emergency Reserve for Public Facilities and Programs	Police Pension	Fire Pension	Sidewalk Improvement Program
Revenues:				
Taxes	\$--	\$112,638	\$112,638	\$--
Intergovernmental	--	13,419	13,419	--
Charges for services	--	--	--	14,564
Fines, licenses and permits	--	--	--	--
Special assessments	--	--	--	21,881
Interest	20,874	--	--	--
Royalties and donations	--	--	--	--
Miscellaneous	--	--	--	45,000
Total Revenues	<u>20,874</u>	<u>126,057</u>	<u>126,057</u>	<u>81,445</u>
Expenditures:				
Current:				
General government	--	1,727	1,728	--
Public safety	--	--	--	--
Streets and highways	--	--	--	--
Health and welfare	--	--	--	--
Community environment	--	--	--	--
Leisure time activities	--	--	--	--
Capital outlay	--	--	--	99,790
Total Expenditures	<u>--</u>	<u>1,727</u>	<u>1,728</u>	<u>99,790</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>20,874</u>	<u>124,330</u>	<u>124,329</u>	<u>(18,345)</u>
Other Financing Sources (Uses):				
Operating transfers in	--	--	--	--
Operating transfers out	(400,000)	(110,000)	(110,000)	--
Advances in	--	--	--	--
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(110,000)</u>	<u>(110,000)</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(379,126)</u>	<u>14,330</u>	<u>14,329</u>	<u>(18,345)</u>
Fund Balance at Beginning of Year	<u>1,062,097</u>	<u>13,237</u>	<u>15,709</u>	<u>62,565</u>
Fund Balance at End of Year	<u>\$682,971</u>	<u>\$27,567</u>	<u>\$30,038</u>	<u>\$44,220</u>

Total

\$10,138,762
3,020,332
273,013
233,611
44,201
50,234
109,687
168,624
14,038,464

283,123
1,322
1,678,502
1,510,884
926,069
307,217
661,270
5,368,387

8,670,077

2,201,000
(10,771,123)
300
(8,569,823)

100,254

5,399,892

\$5,500,146

CITY OF BARBERTON, OHIO

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue Funds
For the Year Ended December 31, 2002

	Income Tax			Street Construction, Maintenance and Repair		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$10,000,000	\$9,983,486	(\$16,514)	\$--	\$--	\$--
Intergovernmental	100,000	125,510	25,510	672,000	682,386	10,386
Charges for services	--	--	--	--	--	--
Fines, licenses and permits	--	--	--	--	--	--
Special assessments	14,500	22,320	7,820	--	--	--
Interest	--	--	--	--	--	--
Royalties and donations	--	--	--	--	--	--
Miscellaneous	2,170	862	(1,308)	15,000	10,098	(4,902)
Total Revenues	10,116,670	10,132,178	15,508	687,000	692,484	5,484
Expenditures:						
Current:						
General government	248,770	245,076	3,694	--	--	--
Public safety	--	--	--	--	--	--
Streets and highways	--	--	--	1,710,084	1,555,966	154,118
Health and welfare	--	--	--	--	--	--
Community environment	--	--	--	--	--	--
Leisure time activities	--	--	--	--	--	--
Capital outlay	4,500	3,793	707	2,500	2,392	108
Total Expenditures	253,270	248,869	4,401	1,712,584	1,558,358	154,226
Excess (Deficiency) of Revenues Over Expenditures	9,863,400	9,883,309	19,909	(1,025,584)	(865,874)	159,710
Other Financing Sources (Uses):						
Operating transfers in	--	--	--	1,003,000	1,003,000	--
Operating transfers out	(9,771,413)	(9,771,413)	--	(30,230)	(30,230)	--
Advances in	--	--	--	--	--	--
Advances out	--	--	--	--	--	--
Sale of fixed assets	--	--	--	--	300	300
Total Other Financing Sources (Uses)	(9,771,413)	(9,771,413)	--	972,770	973,070	300
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	91,987	111,896	19,909	(52,814)	107,196	160,010
Fund Balance (Deficit) at Beginning of Year	9,005	9,005	--	55,418	55,418	--
Unexpended prior year encumbrances	1	1	--	51,194	51,194	--
Fund Balance (Deficit) at End of Year	\$100,993	\$120,902	\$19,909	\$53,798	\$213,808	\$160,010

State Highway Improvement			Permissive License Tax			Court Computer		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
38,000	38,402	402	180,000	181,418	1,418	--	31,118	31,118
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	80,000	58,586	(21,414)
--	--	--	--	--	--	--	--	--
800	270	(530)	--	754	754	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	43	43
<u>38,800</u>	<u>38,672</u>	<u>(128)</u>	<u>180,000</u>	<u>182,172</u>	<u>2,172</u>	<u>80,000</u>	<u>89,747</u>	<u>9,747</u>
--	--	--	--	--	--	15,000	6,571	8,429
--	--	--	--	--	--	--	--	--
35,350	35,349	1	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	180,000	180,000	--	47,157	42,586	4,571
<u>35,350</u>	<u>35,349</u>	<u>1</u>	<u>180,000</u>	<u>180,000</u>	<u>--</u>	<u>62,157</u>	<u>49,157</u>	<u>13,000</u>
3,450	3,323	(127)	--	2,172	2,172	17,843	40,590	22,747
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	(30,000)	(30,000)	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	(30,000)	(30,000)	--
3,450	3,323	(127)	--	2,172	2,172	(12,157)	10,590	22,747
1,559	1,559	--	6,636	6,636	--	66,086	66,086	--
--	--	--	26,402	26,402	--	588	588	--
<u>\$5,009</u>	<u>\$4,882</u>	<u>(\$127)</u>	<u>\$33,038</u>	<u>\$35,210</u>	<u>\$2,172</u>	<u>\$54,517</u>	<u>\$77,264</u>	<u>\$22,747</u>

CITY OF BARBERTON, OHIO

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue Funds (Continued)
For the Year Ended December 31, 2002

	Street and Storm Sewer Improvement			Health District		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$--	\$--	\$--	\$--	\$--	\$--
Intergovernmental	--	--	--	174,698	227,379	52,681
Charges for services	--	--	--	172,830	180,527	7,697
Fines, licenses and permits	--	--	--	96,670	129,055	32,385
Special assessments	--	--	--	--	--	--
Interest	--	--	--	--	--	--
Royalties and donations	--	--	--	--	--	--
Miscellaneous	--	--	--	58,535	68,198	9,663
Total Revenues	<u>--</u>	<u>--</u>	<u>--</u>	<u>502,733</u>	<u>605,159</u>	<u>102,426</u>
Expenditures:						
Current:						
General government	--	--	--	--	--	--
Public safety	--	--	--	--	--	--
Streets and highways	35,000	--	35,000	--	--	--
Health and welfare	--	--	--	1,233,566	1,126,320	107,246
Community environment	--	--	--	--	--	--
Leisure time activities	--	--	--	--	--	--
Capital outlay	137,700	108,000	29,700	23,172	17,594	5,578
Total Expenditures	<u>172,700</u>	<u>108,000</u>	<u>64,700</u>	<u>1,256,738</u>	<u>1,143,914</u>	<u>112,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(172,700)</u>	<u>(108,000)</u>	<u>64,700</u>	<u>(754,005)</u>	<u>(538,755)</u>	<u>215,250</u>
Other Financing Sources (Uses):						
Operating transfers in	100,000	100,000	--	620,000	620,000	--
Operating transfers out	--	--	--	--	--	--
Advances in	59,400	29,700	(29,700)	--	--	--
Advances out	(29,700)	(29,700)	--	--	--	--
Sale of fixed assets	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>129,700</u>	<u>100,000</u>	<u>(29,700)</u>	<u>620,000</u>	<u>620,000</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(43,000)</u>	<u>(8,000)</u>	<u>35,000</u>	<u>(134,005)</u>	<u>81,245</u>	<u>215,250</u>
Fund Balance (Deficit) at Beginning of Year	43,898	43,898	--	142,000	142,000	--
Unexpended prior year encumbrances	<u>41,334</u>	<u>41,334</u>	<u>--</u>	<u>2,596</u>	<u>2,596</u>	<u>--</u>
Fund Balance (Deficit) at End of Year	<u><u>\$42,232</u></u>	<u><u>\$77,232</u></u>	<u><u>\$35,000</u></u>	<u><u>\$10,591</u></u>	<u><u>\$225,841</u></u>	<u><u>\$215,250</u></u>

Beautification			Women, Infant & Child Food Program			Pre-natal Care Program		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
22,000	18,000	(4,000)	176,650	153,265	(23,385)	134,670	117,477	(17,193)
--	--	--	--	--	--	56,000	52,027	(3,973)
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
47,000	54,618	7,618	--	--	--	--	--	--
15,000	807	(14,193)	--	--	--	180	363	183
<u>84,000</u>	<u>73,425</u>	<u>(10,575)</u>	<u>176,650</u>	<u>153,265</u>	<u>(23,385)</u>	<u>190,850</u>	<u>169,867</u>	<u>(20,983)</u>
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	176,350	173,068	3,282	248,020	204,950	43,070
--	--	--	--	--	--	--	--	--
303,402	245,041	58,361	--	--	--	--	--	--
--	--	--	300	--	300	--	--	--
<u>303,402</u>	<u>245,041</u>	<u>58,361</u>	<u>176,650</u>	<u>173,068</u>	<u>3,582</u>	<u>248,020</u>	<u>204,950</u>	<u>43,070</u>
<u>(219,402)</u>	<u>(171,616)</u>	<u>47,786</u>	<u>--</u>	<u>(19,803)</u>	<u>(19,803)</u>	<u>(57,170)</u>	<u>(35,083)</u>	<u>22,087</u>
185,000	185,000	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
<u>185,000</u>	<u>185,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
(34,402)	13,384	47,786	--	(19,803)	(19,803)	(57,170)	(35,083)	22,087
36,783	36,783	--	23,925	23,925	--	57,452	57,452	--
462	462	--	5,027	5,027	--	(2,073)	(2,073)	--
<u>\$2,843</u>	<u>\$50,629</u>	<u>\$47,786</u>	<u>\$28,952</u>	<u>\$9,149</u>	<u>(\$19,803)</u>	<u>(\$1,791)</u>	<u>\$20,296</u>	<u>\$22,087</u>

CITY OF BARBERTON, OHIO

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue Funds (Continued)
 For the Year Ended December 31, 2002

	Parks Revolving			Mandatory Drug Fines		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$--	\$--	\$--	\$--	\$--	\$--
Intergovernmental	--	4,050	4,050	--	--	--
Charges for services	32,140	25,895	(6,245)	--	--	--
Fines, licenses and permits	--	--	--	--	35	35
Special assessments	--	--	--	--	--	--
Interest	--	--	--	--	--	--
Royalties and donations	44,600	41,951	(2,649)	--	--	--
Miscellaneous	4,800	4,095	(705)	--	--	--
Total Revenues	<u>81,540</u>	<u>75,991</u>	<u>(5,549)</u>	<u>--</u>	<u>35</u>	<u>35</u>
Expenditures:						
Current:						
General government	--	--	--	--	--	--
Public safety	--	--	--	--	--	--
Streets and highways	--	--	--	--	--	--
Health and welfare	--	--	--	--	--	--
Community environment	--	--	--	--	--	--
Leisure time activities	78,100	56,721	21,379	--	--	--
Capital outlay	--	--	--	--	--	--
Total Expenditures	<u>78,100</u>	<u>56,721</u>	<u>21,379</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,440</u>	<u>19,270</u>	<u>15,830</u>	<u>--</u>	<u>35</u>	<u>35</u>
Other Financing Sources (Uses):						
Operating transfers in	--	--	--	--	--	--
Operating transfers out	--	--	--	--	--	--
Advances in	--	--	--	--	--	--
Advances out	--	--	--	--	--	--
Sale of fixed assets	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>3,440</u>	<u>19,270</u>	<u>15,830</u>	<u>--</u>	<u>35</u>	<u>35</u>
Fund Balance (Deficit) at Beginning of Year	69,387	69,387	--	4,655	4,655	--
Unexpended prior year encumbrances	--	--	--	--	--	--
Fund Balance (Deficit) at End of Year	<u>\$72,827</u>	<u>\$88,657</u>	<u>\$15,830</u>	<u>\$4,655</u>	<u>\$4,690</u>	<u>\$35</u>

Law Enforcement Trust			D.A.R.E. Program			Indigent Drivers Alcohol Treatment		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	50,000	36,341	(13,659)
--	--	--	--	--	--	--	--	--
--	--	--	--	797	797	--	--	--
--	--	--	--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>797</u>	<u>797</u>	<u>50,000</u>	<u>36,341</u>	<u>(13,659)</u>
--	--	--	--	--	--	50,000	--	50,000
--	--	--	4,000	732	3,268	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>4,000</u>	<u>732</u>	<u>3,268</u>	<u>50,000</u>	<u>--</u>	<u>50,000</u>
--	--	--	(4,000)	65	4,065	--	36,341	36,341
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	(4,000)	65	4,065	--	36,341	36,341
2,325	2,325	--	14,936	14,936	--	79,800	79,800	--
--	--	--	2	2	--	--	--	--
<u>\$2,325</u>	<u>\$2,325</u>	<u>\$--</u>	<u>\$10,938</u>	<u>\$15,003</u>	<u>\$4,065</u>	<u>\$79,800</u>	<u>\$116,141</u>	<u>\$36,341</u>

CITY OF BARBERTON, OHIO

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue Funds (Continued)
For the Year Ended December 31, 2002

	Local Law Enforcement Block Grant			Community Development		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$--	\$--	\$--	\$--	\$--	\$--
Intergovernmental	42,749	41,467	(1,282)	2,654,000	1,384,370	(1,269,630)
Charges for services	--	--	--	--	--	--
Fines, licenses and permits	--	--	--	--	--	--
Special assessments	--	--	--	--	--	--
Interest	900	718	(182)	--	--	--
Royalties and donations	--	--	--	--	--	--
Miscellaneous	4,900	4,884	(16)	50,000	55,183	5,183
Total Revenues	48,549	47,069	(1,480)	2,704,000	1,439,553	(1,264,447)
Expenditures:						
Current:						
General government	--	--	--	--	--	--
Public safety	--	--	--	--	--	--
Streets and highways	--	--	--	--	--	--
Health and welfare	--	--	--	--	--	--
Community environment	--	--	--	1,689,439	649,321	1,040,118
Leisure time activities	--	--	--	--	--	--
Capital outlay	63,682	17,332	46,350	--	--	--
Total Expenditures	63,682	17,332	46,350	1,689,439	649,321	1,040,118
Excess (Deficiency) of Revenues Over Expenditures	(15,133)	29,737	44,870	1,014,561	790,232	(224,329)
Other Financing Sources (Uses):						
Operating transfers in	--	--	--	--	--	--
Operating transfers out	--	--	--	(304,757)	(304,757)	--
Advances in	--	--	--	--	--	--
Advances out	--	--	--	--	--	--
Sale of fixed assets	--	--	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	(304,757)	(304,757)	--
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(15,133)	29,737	44,870	709,804	485,475	(224,329)
Fund Balance (Deficit) at Beginning of Year	16,879	16,879	--	(709,776)	(709,776)	--
Unexpended prior year encumbrances	--	--	--	62,735	62,735	--
Fund Balance (Deficit) at End of Year	\$1,746	\$46,616	\$44,870	\$62,763	(\$161,566)	(\$224,329)

Lake Cinema Complex Maintenance			Gas & Oil Royalties			Tax Increment Financing		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
--	--	--	--	--	--	30,000	36,046	6,046
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	12,000	10,653	(1,347)	--	--	--
--	--	--	--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>12,000</u>	<u>10,653</u>	<u>(1,347)</u>	<u>30,000</u>	<u>36,046</u>	<u>6,046</u>
32,000	27,600	4,400	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	37,000	26,987	10,013	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	18,000	18,000	--	--	--	--
<u>32,000</u>	<u>27,600</u>	<u>4,400</u>	<u>55,000</u>	<u>44,987</u>	<u>10,013</u>	<u>--</u>	<u>--</u>	<u>--</u>
(32,000)	(27,600)	4,400	(43,000)	(34,334)	8,666	30,000	36,046	6,046
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	(14,723)	(14,723)	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(14,723)</u>	<u>(14,723)</u>	<u>--</u>
(32,000)	(27,600)	4,400	(43,000)	(34,334)	8,666	15,277	21,323	6,046
32,083	32,083	--	57,523	57,523	--	71,910	71,910	--
--	--	--	--	--	--	--	--	--
<u>\$83</u>	<u>\$4,483</u>	<u>\$4,400</u>	<u>\$14,523</u>	<u>\$23,189</u>	<u>\$8,666</u>	<u>\$87,187</u>	<u>\$93,233</u>	<u>\$6,046</u>

CITY OF BARBERTON, OHIO

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue Funds (Continued)
For the Year Ended December 31, 2002

	Infrastructure Improvement Reserve			Emergency Reserve for Public Facilities and Programs		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$--	\$--	\$--	\$--	\$--	\$--
Intergovernmental	--	--	--	--	--	--
Charges for services	--	--	--	--	--	--
Fines, licenses and permits	--	--	--	--	--	--
Special assessments	--	--	--	--	--	--
Interest	33,000	27,618	(5,382)	19,000	20,874	1,874
Royalties and donations	--	--	--	--	--	--
Miscellaneous	--	--	--	--	--	--
Total Revenues	33,000	27,618	(5,382)	19,000	20,874	1,874
Expenditures:						
Current:						
General government	--	--	--	--	--	--
Public safety	--	--	--	--	--	--
Streets and highways	--	--	--	--	--	--
Health and welfare	--	--	--	--	--	--
Community environment	--	--	--	--	--	--
Leisure time activities	--	--	--	--	--	--
Capital outlay	275,000	177,322	97,678	--	--	--
Total Expenditures	275,000	177,322	97,678	--	--	--
Excess (Deficiency) of Revenues Over Expenditures	(242,000)	(149,704)	92,296	19,000	20,874	1,874
Other Financing Sources (Uses):						
Operating transfers in	293,000	293,000	--	--	--	--
Operating transfers out	--	--	--	(400,000)	(400,000)	--
Advances in	21,000	50,700	29,700	--	--	--
Advances out	(50,700)	(50,700)	--	--	--	--
Sale of fixed assets	--	--	--	--	--	--
Total Other Financing Sources (Uses)	263,300	293,000	29,700	(400,000)	(400,000)	--
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	21,300	143,296	121,996	(381,000)	(379,126)	1,874
Fund Balance (Deficit) at Beginning of Year	811,927	811,927	--	1,062,097	1,062,097	--
Unexpended prior year encumbrances	5,606	5,606	--	--	--	--
Fund Balance (Deficit) at End of Year	\$838,833	\$960,829	\$121,996	\$681,097	\$682,971	\$1,874

Police Pension			Fire Pension			Sidewalk Improvement Program		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$98,533	\$96,893	(\$1,640)	\$98,533	\$96,893	(\$1,640)	\$--	\$--	\$--
13,423	13,419	(4)	13,423	13,419	(4)	--	--	--
--	--	--	--	--	--	25,000	14,564	(10,436)
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	8,000	21,881	13,881
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
300	--	(300)	--	--	--	45,000	45,000	--
<u>112,256</u>	<u>110,312</u>	<u>(1,944)</u>	<u>111,956</u>	<u>110,312</u>	<u>(1,644)</u>	<u>78,000</u>	<u>81,445</u>	<u>3,445</u>
2,000	1,727	273	2,000	1,728	272	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	115,000	102,069	12,931
<u>2,000</u>	<u>1,727</u>	<u>273</u>	<u>2,000</u>	<u>1,728</u>	<u>272</u>	<u>115,000</u>	<u>102,069</u>	<u>12,931</u>
110,256	108,585	(1,671)	109,956	108,584	(1,372)	(37,000)	(20,624)	16,376
--	--	--	--	--	--	--	--	--
(110,000)	(110,000)	--	(110,000)	(110,000)	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
<u>(110,000)</u>	<u>(110,000)</u>	<u>--</u>	<u>(110,000)</u>	<u>(110,000)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
256	(1,415)	(1,671)	(44)	(1,416)	(1,372)	(37,000)	(20,624)	16,376
13,237	13,237	--	15,709	15,709	--	54,843	54,843	--
--	--	--	--	--	--	986	986	--
<u>\$13,493</u>	<u>\$11,822</u>	<u>(\$1,671)</u>	<u>\$15,665</u>	<u>\$14,293</u>	<u>(\$1,372)</u>	<u>\$18,829</u>	<u>\$35,205</u>	<u>\$16,376</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue Funds (Continued)
For the Year Ended December 31, 2002

	Totals		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$10,197,066	\$10,177,272	(\$19,794)
Intergovernmental	4,251,613	3,067,726	(1,183,887)
Charges for services	285,970	273,013	(12,957)
Fines, licenses and permits	226,670	224,017	(2,653)
Special assessments	22,500	44,201	21,701
Interest	53,700	50,234	(3,466)
Royalties and donations	103,600	108,019	4,419
Miscellaneous	195,885	189,533	(6,352)
Total Revenues	<u>15,337,004</u>	<u>14,134,015</u>	<u>(1,202,989)</u>
Expenditures:			
Current:			
General government	349,770	282,702	67,068
Public safety	4,000	732	3,268
Streets and highways	1,780,434	1,591,315	189,119
Health and welfare	1,657,936	1,504,338	153,598
Community environment	1,726,439	676,308	1,050,131
Leisure time activities	381,502	301,762	79,740
Capital outlay	867,011	669,088	197,923
Total Expenditures	<u>6,767,092</u>	<u>5,026,245</u>	<u>1,740,847</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,569,912</u>	<u>9,107,770</u>	<u>537,858</u>
Other Financing Sources (Uses):			
Operating transfers in	2,201,000	2,201,000	--
Operating transfers out	(10,771,123)	(10,771,123)	--
Advances in	80,400	80,400	--
Advances out	(80,400)	(80,400)	--
Sale of fixed assets	--	300	300
Total Other Financing Sources (Uses)	<u>(8,570,123)</u>	<u>(8,569,823)</u>	<u>300</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(211)	537,947	538,158
Fund Balance (Deficit) at Beginning of Year	2,040,297	2,040,297	--
Unexpended prior year encumbrances	194,860	194,860	--
Fund Balance (Deficit) at End of Year	<u>\$2,234,946</u>	<u>\$2,773,104</u>	<u>\$538,158</u>

CITY OF BARBERTON, OHIO

DEBT SERVICE FUNDS

Description

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

General Obligation Bond Retirement

To account for resources that are used for payment of principal, interest and other fiscal charges on general obligation debt.

Special Assessment Bond Retirement

To account for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

Combining Balance Sheet - Debt Service Funds
December 31, 2002

	General Obligation Bond <u>Retirement</u>	Special Assessment Bond <u>Retirement</u>	<u>Total</u>
ASSETS			
Assets:			
Equity in pooled cash and investments	<u>\$40,329</u>	<u>\$30,993</u>	<u>\$71,322</u>
Total Assets	<u>\$40,329</u>	<u>\$30,993</u>	<u>\$71,322</u>
LIABILITIES AND FUND EQUITY			
Equity:			
Fund balances:			
Reserved for debt service	<u>\$40,329</u>	<u>\$30,993</u>	<u>\$71,322</u>
Total Equity	<u>40,329</u>	<u>30,993</u>	<u>71,322</u>
Total Liabilities & Fund Equity	<u>\$40,329</u>	<u>\$30,993</u>	<u>\$71,322</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Debt Service Funds
 For the Year Ended December 31, 2002

	General Obligation Bond Retirement	Special Assessments Bond Retirement	Total
Revenues:			
Special assessments	\$--	\$29,264	\$29,264
Miscellaneous	6,000	--	6,000
Total Revenues	<u>6,000</u>	<u>29,264</u>	<u>35,264</u>
Expenditures:			
Debt service:			
Principal	105,746	19,300	125,046
Interest and fiscal charges	136,293	13,446	149,739
Total Expenditures	<u>242,039</u>	<u>32,746</u>	<u>274,785</u>
Deficiency of Revenues Over Expenditures	<u>(236,039)</u>	<u>(3,482)</u>	<u>(239,521)</u>
Other Financing Sources (Uses):			
Proceeds from sale of notes	31,318	--	31,318
Operating transfers in	418,352	40,621	458,973
Operating transfers out	(176,284)	(7,853)	(184,137)
Total Other Financing Sources (Uses)	<u>273,386</u>	<u>32,768</u>	<u>306,154</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	37,347	29,286	66,633
Fund Balance at Beginning of Year	<u>2,982</u>	<u>1,707</u>	<u>4,689</u>
Fund Balance at End of Year	<u><u>\$40,329</u></u>	<u><u>\$30,993</u></u>	<u><u>\$71,322</u></u>

CITY OF BARBERTON, OHIO

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Funds
For the Year Ended December 31, 2002

	General Obligation Bond Retirement			Special Assessment Bond Retirement		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Special assessments	\$--	\$--	\$--	\$31,000	\$30,971	(\$29)
Miscellaneous	4,505	6,000	1,495	--	--	--
Total Revenues	4,505	6,000	1,495	31,000	30,971	(29)
Expenditures:						
Debt service:						
Principal	1,850,756	1,850,756	--	369,290	369,290	--
Interest and fiscal charges	183,008	182,576	432	21,321	21,299	22
Total Expenditures	2,033,764	2,033,332	432	390,611	390,589	22
Excess (Deficiency) of Revenues Over Expenditures	(2,029,259)	(2,027,332)	1,927	(359,611)	(359,618)	(7)
Other Financing Sources:						
Proceeds from sale of notes	1,965,000	1,646,327	(318,673)	349,990	349,990	--
Operating transfers in	418,352	418,352	--	40,621	40,621	--
Total Other Financing Sources (Uses)	2,383,352	2,064,679	(318,673)	390,611	390,611	--
Excess of Revenues and Other Sources Over Expenditures	354,093	37,347	(316,746)	31,000	30,993	(7)
Fund Balance at Beginning of Year	2,982	2,982	--	--	--	--
Fund Balance at End of Year	\$357,075	\$40,329	(\$316,746)	\$31,000	\$30,993	(\$7)

Totals		
Budget	Actual	Variance Favorable (Unfavorable)
\$31,000	\$30,971	(\$29)
4,505	6,000	1,495
<u>35,505</u>	<u>36,971</u>	<u>1,466</u>
2,220,046	2,220,046	--
204,329	203,875	454
<u>2,424,375</u>	<u>2,423,921</u>	<u>454</u>
<u>(2,388,870)</u>	<u>(2,386,950)</u>	<u>1,920</u>
2,314,990	1,996,317	(318,673)
458,973	458,973	--
<u>2,773,963</u>	<u>2,455,290</u>	<u>(318,673)</u>
385,093	68,340	(316,753)
<u>2,982</u>	<u>2,982</u>	<u>--</u>
<u>\$388,075</u>	<u>\$71,322</u>	<u>(\$316,753)</u>

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CITY OF BARBERTON, OHIO

CAPITAL PROJECTS FUNDS

Description

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

Street Improvement

To account for other financing sources segregated for street improvements.

Sports Complex Construction

To account for the revenues and expenditures associated with the construction of the Barberton Community Sports Complex.

Issue 2 Improvement

Required by the State to account for projects funded by Issue 2 money.

Senior Center Construction

To account for the revenues and expenditures associated with the construction of the new Senior Center.

CITY OF BARBERTON, OHIOCombining Balance Sheet - Capital Projects Funds
December 31, 2002

	<u>Street Improvement</u>	<u>Sports Complex Construction</u>	<u>Issue 2 Improvement</u>	<u>Senior Center Construction</u>
ASSETS				
Assets:				
Equity in pooled cash and investments	\$492,918	\$469,346	\$426,416	\$4,644,479
Receivables (net, where applicable, of allowance for doubtful accounts)	<u>65,729</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u><u>\$558,647</u></u>	<u><u>\$469,346</u></u>	<u><u>\$426,416</u></u>	<u><u>\$4,644,479</u></u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$42,996	\$49,297	\$392,200	\$--
Debt:				
General obligation notes payable	<u>740,000</u>	<u>1,170,000</u>	<u>795,000</u>	<u>4,650,000</u>
Total Liabilities	<u>782,996</u>	<u>1,219,297</u>	<u>1,187,200</u>	<u>4,650,000</u>
Equity:				
Fund balances:				
Reserved for encumbrances	1,385,115	339,480	566,105	4,850
Unreserved, undesignated	<u>(1,609,464)</u>	<u>(1,089,431)</u>	<u>(1,326,889)</u>	<u>(10,371)</u>
Total Equity	<u>(224,349)</u>	<u>(749,951)</u>	<u>(760,784)</u>	<u>(5,521)</u>
Total Liabilities & Fund Equity	<u><u>\$558,647</u></u>	<u><u>\$469,346</u></u>	<u><u>\$426,416</u></u>	<u><u>\$4,644,479</u></u>

Total

\$6,033,159

65,729

\$6,098,888

\$484,493

7,355,000

7,839,493

2,295,550

(4,036,155)

(1,740,605)

\$6,098,888

CITY OF BARBERTON, OHIO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Capital Projects Funds
For the Year Ended December 31, 2002

	<u>Street Improvement</u>	<u>Sports Complex Construction</u>	<u>Issue 2 Improvement</u>	<u>Senior Center Construction</u>
Revenues:				
Intergovernmental	\$65,729	\$--	\$--	\$--
Special assessments	--	--	3,950	--
Miscellaneous	--	872,740	--	--
Total Revenues	<u>65,729</u>	<u>872,740</u>	<u>3,950</u>	<u>--</u>
Expenditures:				
Streets and highways	--	--	38,060	--
Capital outlay	115,515	1,346,461	928,675	5,521
Debt Service:				
Interest and fiscal charges	--	36,299	17,838	--
Total Expenditures	<u>115,515</u>	<u>1,382,760</u>	<u>984,573</u>	<u>5,521</u>
Deficiency of Revenues Over Expenditures	<u>(49,786)</u>	<u>(510,020)</u>	<u>(980,623)</u>	<u>(5,521)</u>
Other Financing Sources (Uses):				
Operating transfers in	--	166,299	17,838	--
Operating transfers out	--	(350,000)	--	--
Total Other Financing Sources	<u>--</u>	<u>(183,701)</u>	<u>17,838</u>	<u>--</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	(49,786)	(693,721)	(962,785)	(5,521)
Fund Balance (Deficit) at Beginning of Year As restated (Note 3)	<u>(174,563)</u>	<u>(56,230)</u>	<u>202,001</u>	<u>--</u>
Fund Balance (Deficit) at End of Year	<u>(\$224,349)</u>	<u>(\$749,951)</u>	<u>(\$760,784)</u>	<u>(\$5,521)</u>

Total

\$65,729

3,950

872,740

942,419

38,060

2,396,172

54,137

2,488,369

(1,545,950)

184,137

(350,000)

(165,863)

(1,711,813)

(28,792)

(\$1,740,605)

CITY OF BARBERTON, OHIO

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects Funds
For the Year Ended December 31, 2002

	Street Improvement			Issue 2 Improvement		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$1,322,000	\$--	(\$1,322,000)	\$580,000	\$--	(\$580,000)
Special assessments	--	--	--	--	3,950	3,950
Miscellaneous	--	--	--	--	--	--
Total Revenues	<u>1,322,000</u>	<u>--</u>	<u>(1,322,000)</u>	<u>580,000</u>	<u>3,950</u>	<u>(576,050)</u>
Expenditures:						
Current:						
Streets & highways	--	--	--	41,700	38,268	3,432
Capital Outlay	1,980,000	1,440,082	539,918	1,343,962	1,306,548	37,414
Total Expenditures	<u>1,980,000</u>	<u>1,440,082</u>	<u>539,918</u>	<u>1,385,662</u>	<u>1,344,816</u>	<u>40,846</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(658,000)</u>	<u>(1,440,082)</u>	<u>(782,082)</u>	<u>(805,662)</u>	<u>(1,340,866)</u>	<u>(535,204)</u>
Other Financing Sources:						
Proceeds from sale of notes	<u>1,100,000</u>	<u>1,100,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources	<u>1,100,000</u>	<u>1,100,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>442,000</u>	<u>(340,082)</u>	<u>(782,082)</u>	<u>(805,662)</u>	<u>(1,340,866)</u>	<u>(535,204)</u>
Fund Balance (Deficit) at Beginning of Year	(246,248)	(246,248)	--	808,977	808,977	--
Unexpended prior year encumbrances	<u>11,137</u>	<u>11,137</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance (Deficit) at End of Year	<u>\$206,889</u>	<u>(\$575,193)</u>	<u>(\$782,082)</u>	<u>\$3,315</u>	<u>(\$531,889)</u>	<u>(\$535,204)</u>

Sports Complex Construction			Senior Center Pool Construction			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$--	\$--	\$--	\$--	\$--	\$--	\$1,902,000	\$--	(\$1,902,000)
--	--	--	--	--	--	--	3,950	3,950
1,294,849	1,295,220	371	--	--	--	1,294,849	1,295,220	371
<u>1,294,849</u>	<u>1,295,220</u>	<u>371</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,196,849</u>	<u>1,299,170</u>	<u>(1,897,679)</u>
--	--	--	--	--	--	41,700	38,268	3,432
110,000	107,216	2,784	4,650,000	10,371	4,639,629	8,083,962	2,864,217	5,219,745
<u>110,000</u>	<u>107,216</u>	<u>2,784</u>	<u>4,650,000</u>	<u>10,371</u>	<u>4,639,629</u>	<u>8,125,662</u>	<u>2,902,485</u>	<u>5,223,177</u>
<u>1,184,849</u>	<u>1,188,004</u>	<u>3,155</u>	<u>(4,650,000)</u>	<u>(10,371)</u>	<u>4,639,629</u>	<u>(4,928,813)</u>	<u>(1,603,315)</u>	<u>3,325,498</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>4,650,000</u>	<u>4,650,000</u>	<u>--</u>	<u>5,750,000</u>	<u>5,750,000</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>4,650,000</u>	<u>4,650,000</u>	<u>--</u>	<u>5,750,000</u>	<u>5,750,000</u>	<u>--</u>
1,184,849	1,188,004	3,155	--	4,639,629	4,639,629	821,187	4,146,685	3,325,498
(1,107,515)	(1,107,515)	--	--	--	--	(544,786)	(544,786)	--
<u>79</u>	<u>79</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>11,216</u>	<u>11,216</u>	<u>--</u>
<u>\$77,413</u>	<u>\$80,568</u>	<u>\$3,155</u>	<u>\$--</u>	<u>\$4,639,629</u>	<u>\$4,639,629</u>	<u>\$287,617</u>	<u>\$3,613,115</u>	<u>\$3,325,498</u>

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CITY OF BARBERTON, OHIO

ENTERPRISE FUNDS

Description

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for either capital maintenance, public policy, management control, accountability or other purposes. The enterprise funds are:

Water

To account for the provision of water treatment and distribution to residential and commercial users within the City.

Water Replacement and Improvement

To account for monies restricted from the Water Fund to be used to replace obsolete and worn out equipment, to make other improvements or to pay debt service on the same.

Sewer

To account for sanitary sewer service provided to residential and commercial users within the City.

Sewer Improvement Reserve

To account for monies received from the Sewer Fund to be used to make up any deficiencies in the Sewer Bond Retirement Fund, to pay principal and interest on any notes issued to pay costs of improvement to the utility or any other lawful utility purpose.

Sewer Replacement and Improvement

To account for quarterly payments from the Sewer Fund to be used to make up deficiencies in the Sewer Bond Retirement Fund or for capital projects including replacing obsolete or worn out equipment or other improvements to the sewage system.

Sewer Bond Retirement

To account for monies received from the Sewer Fund for the retirement of principal and interest payments related to the Revenue Refunding Bonds.

Sewer Bond Reserve

Required by the City's Debt Indenture to hold the highest year's debt service requirement related to the Revenue Refunding Bonds.

Solid Waste Disposal

To account for refuse and recycling collection services provided to residential users within the City.

Community Center

To account for the revenues and expenses of an indoor natatorium and fitness center.

Lake Cinema Operating

To account for the revenues and expenses associated with a City-owned theater complex.

Downtown Sales and Rental of Property

To account for revenue received from sale of property and rental income. Monies are used for property maintenance and capital improvement to the downtown area.

CITY OF BARBERTON, OHIO

Combining Balance Sheet - Enterprise Funds December 31, 2002

	Water	Water Replacement & Improvement	Sewer	Sewer Improvement Reserve	Sewer Replacement & Improvement
ASSETS					
Current Assets:					
Equity in pooled cash and investments	\$1,394,532	\$768,558	\$3,109,495	\$343,142	\$1,442,929
Receivables (net, where applicable, of allowance for doubtful accounts)	403,006	--	447,517	--	--
Note receivable	--	--	--	--	--
Inventory of supplies	302,038	--	34,661	--	--
Prepaid items	18,915	--	21,912	--	--
Restricted assets - cash and cash equivalents	--	--	--	--	--
Total Current Assets	2,118,491	768,558	3,613,585	343,142	1,442,929
Fixed Assets:					
Land and land improvement	869,789	--	41,285	--	--
Utility plant	6,360,724	976,678	32,847,992	44,368	724,800
Buildings, structures and improvements	6,574,054	--	1,502,670	--	--
Furniture, fixtures and equipment	1,509,518	--	1,495,207	--	39,486
	15,314,085	976,678	35,887,154	44,368	764,286
Less accumulated depreciation	(7,608,964)	(108,065)	(15,453,889)	(14,974)	(47,430)
Net	7,705,121	868,613	20,433,265	29,394	716,856
Total Assets	\$9,823,612	\$1,637,171	\$24,046,850	\$372,536	\$2,159,785
LIABILITIES AND FUND EQUITY					
Liabilities:					
Current Liabilities:					
Accounts payable	\$75,373	\$140,743	\$62,067	\$--	\$38,728
Accrued wages and benefits	327,545	--	301,208	--	--
Other liabilities	33,235	--	27,612	--	2,816
Due to other governments	2,340	--	--	--	--
Deferred revenue	7,000	--	20,000	--	--
Capital lease obligations - current portion	--	--	--	--	--
General obligation notes payable	2,181,039	--	3,385,240	--	128,721
General obligation bonds payable - current portion	180,000	--	--	--	--
Revenue refunding bonds payable - current portion	--	--	--	--	--
Total Current Liabilities	2,806,532	140,743	3,796,127	--	170,265
Long-Term Liabilities:					
Capital lease obligations	--	--	--	--	--
General obligation bonds payable	2,211,079	--	--	--	--
Revenue refunding bonds payable	--	--	--	--	--
Total Long-Term Liabilities	2,211,079	--	--	--	--
Total Liabilities	5,017,611	140,743	3,796,127	--	170,265
Fund Equity (Deficit):					
Contributed capital	1,232,208	118,770	13,645,584	--	37,000
Retained earnings (deficit)	3,573,793	1,377,658	6,605,139	372,536	1,952,520
Total Fund Equity (Deficit)	4,806,001	1,496,428	20,250,723	372,536	1,989,520
Total Liabilities and Fund Equity	\$9,823,612	\$1,637,171	\$24,046,850	\$372,536	\$2,159,785

Sewer Bond Retirement	Sewer Bond Reserve	Solid Waste Disposal	Community Center	Lake Cinema Operating	Jowntown Sales and Rental of Property	Total
\$--	\$--	\$395,329	\$37,112	\$99,363	\$62,527	\$7,652,987
--	--	37,030	--	--	--	887,553
--	--	--	--	--	6,893	6,893
--	--	--	1,230	--	--	337,929
--	--	281	6,140	--	69	47,317
33,515	671,375	--	--	--	--	704,890
<u>33,515</u>	<u>671,375</u>	<u>432,640</u>	<u>44,482</u>	<u>99,363</u>	<u>69,489</u>	<u>9,637,569</u>
--	--	--	62,739	--	--	973,813
--	--	--	--	--	--	40,954,562
--	--	--	3,181,232	--	--	11,257,956
--	--	16,509	233,209	50,117	--	3,344,046
--	--	16,509	3,477,180	50,117	--	56,530,377
--	--	(16,509)	(1,933,422)	(501)	--	(25,183,754)
--	--	--	1,543,758	49,616	--	31,346,623
<u>\$33,515</u>	<u>\$671,375</u>	<u>\$432,640</u>	<u>\$1,588,240</u>	<u>\$148,979</u>	<u>\$69,489</u>	<u>\$40,984,192</u>
\$--	\$--	\$108,667	\$11,943	\$--	\$1,836	\$439,357
--	--	2,429	29,080	--	--	660,262
8,865	--	--	4,787	--	--	77,315
--	--	--	--	--	--	2,340
--	--	--	--	--	--	27,000
--	--	--	12,845	11,794	--	24,639
--	--	--	495,000	--	--	6,190,000
--	--	--	50,000	--	--	230,000
555,000	--	--	--	--	--	555,000
<u>563,865</u>	<u>--</u>	<u>111,096</u>	<u>603,655</u>	<u>11,794</u>	<u>1,836</u>	<u>8,205,913</u>
--	--	--	13,622	36,407	--	50,029
--	--	--	300,000	--	--	2,511,079
986,736	671,375	--	--	--	--	1,658,111
<u>986,736</u>	<u>671,375</u>	<u>--</u>	<u>313,622</u>	<u>36,407</u>	<u>--</u>	<u>4,219,219</u>
<u>1,550,601</u>	<u>671,375</u>	<u>111,096</u>	<u>917,277</u>	<u>48,201</u>	<u>1,836</u>	<u>12,425,132</u>
--	--	--	--	--	183,058	15,216,620
(1,517,086)	--	321,544	670,963	100,778	(115,405)	13,342,440
<u>(1,517,086)</u>	<u>--</u>	<u>321,544</u>	<u>670,963</u>	<u>100,778</u>	<u>67,653</u>	<u>28,559,060</u>
<u>\$33,515</u>	<u>\$671,375</u>	<u>\$432,640</u>	<u>\$1,588,240</u>	<u>\$148,979</u>	<u>\$69,489</u>	<u>\$40,984,192</u>

CITY OF BARBERTON, OHIO

Combining Statement of Revenues, Expenses and Changes in Fund Equity -
Enterprise Funds
For the Year Ended December 31, 2002

	Water	Water Replacement & Improvement	Sewer	Sewer Improvement Reserve	Sewer Replacement & Improvement
Operating Revenues:					
Charges for services	\$3,437,230	\$--	\$3,560,099	\$--	\$--
Special assessments	5,697	--	13,039	--	--
Other	34,979	--	8,143	--	--
Total Operating Revenues	<u>3,477,906</u>	<u>--</u>	<u>3,581,281</u>	<u>--</u>	<u>--</u>
Operating Expenses:					
Personal services	1,740,649	--	1,565,659	--	--
Contractual services	330,666	--	405,277	--	--
Materials and supplies	413,294	241,529	499,688	--	49,378
Depreciation	419,957	33,331	880,253	1,110	19,781
Other	44,539	--	38,419	--	--
Total Operating Expenses	<u>2,949,105</u>	<u>274,860</u>	<u>3,389,296</u>	<u>1,110</u>	<u>69,159</u>
Operating Income (Loss)	<u>528,801</u>	<u>(274,860)</u>	<u>191,985</u>	<u>(1,110)</u>	<u>(69,159)</u>
Nonoperating Revenues (Expenses):					
Interest income	--	--	40,585	7,847	36,601
Interest expense	(219,861)	--	(53,762)	--	(5,451)
Other	(8,543)	--	(6,224)	--	(425)
Total Nonoperating Revenues (Expenses)	<u>(228,404)</u>	<u>--</u>	<u>(19,401)</u>	<u>7,847</u>	<u>30,725</u>
Income (Loss) Before Operating Transfers	300,397	(274,860)	172,584	6,737	(38,434)
Operating transfers in	--	186,000	--	--	120,000
Operating transfers out	(186,000)	--	(720,000)	--	--
Net Income (Loss)	114,397	(88,860)	(547,416)	6,737	81,566
Retained Earnings (Deficit) at Beginning of Year	<u>3,459,396</u>	<u>1,466,518</u>	<u>7,152,555</u>	<u>365,799</u>	<u>1,870,954</u>
Retained Earnings (Deficit) at End of Year	<u>3,573,793</u>	<u>1,377,658</u>	<u>6,605,139</u>	<u>372,536</u>	<u>1,952,520</u>
Contributed Capital at Beginning and End of Year	<u>1,232,208</u>	<u>118,770</u>	<u>13,645,584</u>	<u>--</u>	<u>37,000</u>
Fund Equity (Deficit) at End of Year	<u>\$4,806,001</u>	<u>\$1,496,428</u>	<u>\$20,250,723</u>	<u>\$372,536</u>	<u>\$1,989,520</u>

Sewer Bond Retirement	Sewer Bond Reserve	Solid Waste Disposal	Community Center	Lake Cinema Operating	Downtown Sales and Rental of Property	Total
\$--	\$--	\$1,376,842	\$698,858	\$804,786	\$--	\$9,877,815
--	--	--	--	--	--	18,736
--	--	36	33,269	3,979	--	80,406
--	--	1,376,878	732,127	808,765	--	9,976,957
--	--	15,994	378,475	--	--	3,700,777
--	--	1,303,264	236,683	836,715	659	3,113,264
--	--	709	58,040	--	--	1,262,638
--	--	--	128,412	501	--	1,483,345
--	--	1,215	1,300	--	3,883	89,356
--	--	1,321,182	802,910	837,216	4,542	9,649,380
--	--	55,696	(70,783)	(28,451)	(4,542)	327,577
6,727	--	--	--	--	--	91,760
(167,146)	--	--	(44,365)	--	--	(490,585)
(14,208)	--	--	(942)	(367)	61,014	30,305
(174,627)	--	--	(45,307)	(367)	61,014	(368,520)
(174,627)	--	55,696	(116,090)	(28,818)	56,472	(40,943)
600,000	--	--	100,000	88,200	--	1,094,200
--	--	--	--	--	--	(906,000)
425,373	--	55,696	(16,090)	59,382	56,472	147,257
(1,942,459)	--	265,848	687,053	41,396	(171,877)	13,195,183
(1,517,086)	--	321,544	670,963	100,778	(115,405)	13,342,440
--	--	--	--	--	183,058	15,216,620
(\$1,517,086)	\$--	\$321,544	\$670,963	\$100,778	\$67,653	\$28,559,060

CITY OF BARBERTON, OHIO

Combining Statement of Cash Flows - Enterprise Funds For the Year Ended December 31, 2002

	Water	Water Replacement & Improvement	Sewer	Sewer Improvement Reserve	Sewer Replacement & Improvement
Cash Flows from Operating Activities:					
Cash received from customers	\$3,509,995	\$--	\$3,633,355	\$--	\$--
Cash payments to suppliers for goods and services	(772,467)	(103,510)	(960,725)	--	(10,649)
Cash payments to employees for services	(1,714,509)	--	(1,515,498)	--	--
Other operating revenues	40,676	--	21,182	--	--
Other operating expenses	(16,251)	--	(26,670)	--	--
Net Cash Provided by (Used in) Operating Activities	<u>1,047,444</u>	<u>(103,510)</u>	<u>1,151,644</u>	<u>--</u>	<u>(10,649)</u>
Cash Flows from Noncapital Financing Activities:					
Operating transfers from other funds	--	186,000	--	--	120,000
Operating transfers to other funds	(186,000)	--	(720,000)	--	--
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(186,000)</u>	<u>186,000</u>	<u>(720,000)</u>	<u>--</u>	<u>120,000</u>
Cash Flows from Capital and Related Financing Activities:					
Proceeds from notes	2,181,039	--	3,385,240	--	128,721
Principal paid on debt	(2,253,900)	--	(1,731,100)	--	(255,000)
Interest paid on debt	(230,290)	--	(51,988)	--	(8,824)
Debt issue costs	(4,695)	--	(6,224)	--	--
Acquisition and construction of capital assets	(995,699)	(212,294)	(735,639)	--	(153,725)
Sale of capital assets	--	--	--	--	--
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(1,303,545)</u>	<u>(212,294)</u>	<u>860,289</u>	<u>--</u>	<u>(288,828)</u>
Cash Flows from Investing Activities:					
Interest on investments	--	--	40,585	7,846	36,601
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(442,101)</u>	<u>(129,804)</u>	<u>1,332,518</u>	<u>7,846</u>	<u>(142,876)</u>
Cash and Cash Equivalents at Beginning of Year	<u>1,836,633</u>	<u>898,362</u>	<u>1,776,977</u>	<u>335,296</u>	<u>1,585,805</u>
Cash and Cash Equivalents at End of Year	<u><u>\$1,394,532</u></u>	<u><u>\$768,558</u></u>	<u><u>\$3,109,495</u></u>	<u><u>\$343,142</u></u>	<u><u>\$1,442,929</u></u>

<u>Sewer Bond Retirement</u>	<u>Sewer Bond Reserve</u>	<u>Solid Waste Disposal</u>	<u>Community Center</u>	<u>Lake Cinema Operating</u>	<u>Downtown Sales and Rental of Property</u>	<u>Total</u>
\$--	\$--	\$1,376,779	\$698,858	\$885,350	\$--	\$10,104,337
--	--	(1,305,139)	(308,252)	(922,925)	(670)	(4,384,337)
--	--	(15,470)	(369,271)	--	--	(3,614,748)
--	--	35	33,269	3,979	--	99,141
--	--	--	(1,300)	--	(1,317)	(45,538)
<u>--</u>	<u>--</u>	<u>56,205</u>	<u>53,304</u>	<u>(33,596)</u>	<u>(1,987)</u>	<u>2,158,855</u>
600,000	--	--	100,000	88,200	--	1,094,200
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(906,000)</u>
<u>600,000</u>	<u>--</u>	<u>--</u>	<u>100,000</u>	<u>88,200</u>	<u>--</u>	<u>188,200</u>
--	--	--	495,000	--	--	6,190,000
(530,000)	--	--	(595,000)	--	--	(5,365,000)
(126,243)	--	--	(44,618)	--	--	(461,963)
--	--	--	(942)	--	--	(11,861)
--	--	--	(14,447)	(2,283)	--	(2,114,087)
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>61,014</u>	<u>61,014</u>
<u>(656,243)</u>	<u>--</u>	<u>--</u>	<u>(160,007)</u>	<u>(2,283)</u>	<u>61,014</u>	<u>(1,701,897)</u>
<u>6,727</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>91,759</u>
(49,516)	--	56,205	(6,703)	52,321	59,027	736,917
<u>83,031</u>	<u>671,375</u>	<u>339,124</u>	<u>43,815</u>	<u>47,042</u>	<u>3,500</u>	<u>7,620,960</u>
<u>\$33,515</u>	<u>\$671,375</u>	<u>\$395,329</u>	<u>\$37,112</u>	<u>\$99,363</u>	<u>\$62,527</u>	<u>\$8,357,877</u>

CITY OF BARBERTON, OHIO

Combining Statement of Cash Flows - Enterprise Funds (Continued)
For the Year Ended December 31, 2002

	<u>Water</u>	<u>Water Replacement & Improvement</u>	<u>Sewer</u>	<u>Sewer Improvement Reserve</u>	<u>Sewer Replacement & Improvement</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$528,801	(\$274,860)	\$191,985	(\$1,110)	(\$69,159)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	419,957	33,331	880,253	1,110	19,781
Increase (decrease) due to change in:					
Accounts receivable	69,127	--	69,611	--	--
Notes receivable	--	--	--	--	--
Inventory of supplies	3,446	--	(3,270)	--	--
Prepaid items	(9,602)	--	(11,175)	--	--
Accounts payable	9,575	138,019	(25,921)	--	38,729
Accrued wages and benefits	26,140	--	50,161	--	--
Total Adjustments	<u>518,643</u>	<u>171,350</u>	<u>959,659</u>	<u>1,110</u>	<u>58,510</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$1,047,444</u>	<u>(\$103,510)</u>	<u>\$1,151,644</u>	<u>\$--</u>	<u>(\$10,649)</u>

Noncash Activities: During 2002, the Lake Cinema entered into a capital lease for equipment costing \$50,117.

<u>Sewer Bond Retirement</u>	<u>Sewer Bond Reserve</u>	<u>Solid Waste Disposal</u>	<u>Community Center</u>	<u>Lake Cinema Operating</u>	<u>Downtown Sales and Rental of Property</u>	<u>Total</u>
\$--	\$--	\$55,696	(\$70,783)	(\$28,451)	(\$4,542)	\$327,577
--	--	--	128,412	501	--	1,483,345
--	--	(60)	--	80,564	--	219,242
--	--	--	--	--	730	730
--	--	--	1,311	--	--	1,487
--	--	(165)	(2,695)	--	(11)	(23,648)
--	--	210	(12,145)	(86,210)	1,836	64,093
--	--	524	9,204	--	--	86,029
--	--	509	124,087	(5,145)	2,555	1,831,278
<u>\$--</u>	<u>\$--</u>	<u>\$56,205</u>	<u>\$53,304</u>	<u>(\$33,596)</u>	<u>(\$1,987)</u>	<u>\$2,158,855</u>

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CITY OF BARBERTON, OHIO

INTERNAL SERVICE FUNDS

Description

Internal service funds are used to account for the financing of goods or services provided by one department of the City to other departments of the City on a cost reimbursement basis. The title of the fund indicates the type of service provided. The internal service funds are:

Health Insurance

To account for the cost of medical benefits provided to the City's employees.

General Liability

To account for the cost of public liability claims.

Severance Pay

To account for the cost of severance pay for employees retiring in the current year.

Internal Cost Allocation

To account for the cost of postage and gasoline used by City departments.

CITY OF BARBERTON, OHIOCombining Balance Sheet - Internal Service Funds
December 31, 2002

	<u>Health Insurance</u>	<u>General Liability</u>	<u>Severance Pay</u>	<u>Internal Cost Allocation</u>
ASSETS				
Assets:				
Equity in pooled cash and investments	\$909,100	\$32,329	\$136,800	\$2,587
Accounts receivable	<u>9,863</u>	<u>--</u>	<u>--</u>	<u>8,261</u>
Total Assets	<u><u>\$918,963</u></u>	<u><u>\$32,329</u></u>	<u><u>\$136,800</u></u>	<u><u>\$10,848</u></u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current Liabilities:				
Claims payable	<u>\$153,430</u>	<u>\$--</u>	<u>\$--</u>	<u>\$--</u>
Total Liabilities	<u>153,430</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Equity:				
Retained earnings	<u>765,533</u>	<u>32,329</u>	<u>136,800</u>	<u>10,848</u>
Total Fund Equity	<u>765,533</u>	<u>32,329</u>	<u>136,800</u>	<u>10,848</u>
Total Liabilities and Fund Equity	<u><u>\$918,963</u></u>	<u><u>\$32,329</u></u>	<u><u>\$136,800</u></u>	<u><u>\$10,848</u></u>

Total

\$1,080,816
18,124

\$1,098,940

\$153,430

153,430

945,510

945,510

\$1,098,940

CITY OF BARBERTON, OHIO

Combining Statement of Revenues, Expenses and Changes in Fund Equity -
Internal Service Funds
For the Year Ended December 31, 2002

	<u>Health Insurance</u>	<u>General Liability</u>	<u>Severance Pay</u>	<u>Internal Cost Allocation</u>
Operating Revenues:				
Charges for services	\$1,834,114	\$--	\$--	\$197,543
Other	17,244	--	--	--
Total Operating Revenues	<u>1,851,358</u>	<u>--</u>	<u>--</u>	<u>197,543</u>
Operating Expenses:				
Personal services	--	--	171,799	--
Contractual services	313,056	--	--	--
Claims and judgments	1,707,221	500	--	--
Materials and supplies	--	--	--	200,666
Total Operating Expenses	<u>2,020,277</u>	<u>500</u>	<u>171,799</u>	<u>200,666</u>
Operating Income (Loss)	<u>(168,919)</u>	<u>(500)</u>	<u>(171,799)</u>	<u>(3,123)</u>
Nonoperating Revenues (Expenses):				
Interest income	--	1,737	--	--
Interest and fiscal charges	--	(7,156)	--	--
Total Nonoperating Revenues (Expenses)	<u>--</u>	<u>(5,419)</u>	<u>--</u>	<u>--</u>
Income (Loss) Before Operating Transfers	(168,919)	(5,919)	(171,799)	(3,123)
Operating transfers in	<u>--</u>	<u>107,720</u>	<u>--</u>	<u>--</u>
Net Income (Loss)	(168,919)	101,801	(171,799)	(3,123)
Fund Equity (Deficit) at Beginning of Year	<u>934,452</u>	<u>(69,472)</u>	<u>308,599</u>	<u>13,971</u>
Fund Equity at End of Year	<u>\$765,533</u>	<u>\$32,329</u>	<u>\$136,800</u>	<u>\$10,848</u>

Total

\$2,031,657

17,244

2,048,901

171,799

313,056

1,707,721

200,666

2,393,242

(344,341)

1,737

(7,156)

(5,419)

(349,760)

107,720

(242,040)

1,187,550

\$945,510

CITY OF BARBERTON, OHIOCombining Statement of Cash Flows - Internal Service Funds
For the Year Ended December 31, 2002

	<u>Health Insurance</u>	<u>General Liability</u>	<u>Severance Pay</u>	<u>Internal Cost Allocation</u>
Cash Flows from Operating Activities:				
Cash received from customers	\$1,834,114	\$--	\$--	\$196,350
Cash payments to suppliers for goods and services	(313,056)	--	--	(207,403)
Cash payments to employees for services	--	--	(171,799)	--
Cash payments for claims and judgments	(1,718,195)	(500)	--	--
Other operating revenues	8,826	--	--	--
Net Cash Provided by (Used in) Operating Activities	<u>(188,311)</u>	<u>(500)</u>	<u>(171,799)</u>	<u>(11,053)</u>
Cash Flows from Noncapital Financing Activities:				
Principal paid on debt	--	(90,000)	--	--
Interest paid on debt	--	(5,535)	--	--
Operating transfers from other funds	--	107,720	--	--
Net Cash Provided by Noncapital Financing Activities	<u>--</u>	<u>12,185</u>	<u>--</u>	<u>--</u>
Cash Flows from Investing Activities:				
Interest on investments	--	1,737	--	--
Net Increase (Decrease) in Cash and Cash Equivalents	(188,311)	13,422	(171,799)	(11,053)
Cash and Cash Equivalents at Beginning of Year	<u>1,097,411</u>	<u>18,907</u>	<u>308,599</u>	<u>13,640</u>
Cash and Cash Equivalents at End of Year	<u>\$909,100</u>	<u>\$32,329</u>	<u>\$136,800</u>	<u>\$2,587</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	(\$168,919)	(\$500)	(\$171,799)	(\$3,123)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Increase (decrease) due to change in:				
Accounts receivable	(8,418)	--	--	(1,193)
Accounts payable	--	--	--	(6,737)
Claims payable	(10,974)	--	--	--
Total Adjustments	<u>(19,392)</u>	<u>--</u>	<u>--</u>	<u>(7,930)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(\$188,311)</u>	<u>(\$500)</u>	<u>(\$171,799)</u>	<u>(\$11,053)</u>

Total

\$2,030,464

(520,459)

(171,799)

(1,718,695)

8,826

(371,663)

(90,000)

(5,535)

107,720

12,185

1,737

(357,741)

1,438,557

\$1,080,816

(\$344,341)

(9,611)

(6,737)

(10,974)

(27,322)

(\$371,663)

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CITY OF BARBERTON, OHIO

TRUST AND AGENCY FUNDS

Description

Trust and agency funds are used to account for assets held by the City in a trustee capacity and/or as an agent for individuals, private organizations, other governmental units and/or other funds. These include (a) expendable trust funds and (b) agency funds.

EXPENDABLE TRUST FUNDS

Trust

To account for refundable deposits.

Senior Center Trust

To account for monies received and expended for Senior Center operations.

Eathel Gottwalt

To account for monies received as a bequest from the named decedent to be used for establishing and maintaining floral arrangements around Lake Anna with a request for a suitable marker of acknowledgment.

AGENCY FUNDS

Municipal Court

To account for fines and fees collected by the Barberton Municipal Court which are required to be disbursed to various parties.

New Haven/Forest City

To account for monies received by the City that are required to be distributed to various entities for use in constructing the New Haven development and making the associated debt service payments.

CITY OF BARBERTON, OHIOCombining Balance Sheet - All Fiduciary Funds
December 31, 2002

	Expendable Trust Funds			Agency Fund
	Trust	Senior Center Trust	Eathel Gottwalt	Municipal Court
ASSETS				
Assets:				
Equity in pooled cash and investments	\$85,719	\$82,660	\$8,548	\$--
Cash and cash equivalents - segregated accounts	--	--	--	166,280
Total Assets	<u>\$85,719</u>	<u>\$82,660</u>	<u>\$8,548</u>	<u>\$166,280</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$--	\$593	\$--	\$--
Due to other funds	--	--	--	84,329
Due to other governments	--	--	--	67,519
Amounts held as fiduciary	--	--	--	14,432
Total Liabilities	<u>--</u>	<u>593</u>	<u>--</u>	<u>166,280</u>
Fund Equity:				
Fund balances:				
Reserved for encumbrances	--	1,794	--	--
Unreserved, undesignated	85,719	80,273	8,548	--
Total Fund Equity	<u>85,719</u>	<u>82,067</u>	<u>8,548</u>	<u>--</u>
Total Liabilities and Fund Equity	<u>\$85,719</u>	<u>\$82,660</u>	<u>\$8,548</u>	<u>\$166,280</u>

Total

\$176,927

166,280

\$343,207

\$593

84,329

67,519

14,432

166,873

1,794

174,540

176,334

\$343,207

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Expendable Trust Funds
 For the Year Ended December 31, 2002

	<u>Trust</u>	<u>Senior Center Trust</u>	<u>Eathel Gottwalt Trust</u>	<u>Total</u>
Revenues:				
Interest	\$--	\$1,811	\$--	\$1,811
Miscellaneous	33,900	29,758	--	63,658
Total Revenues	<u>33,900</u>	<u>31,569</u>	<u>--</u>	<u>65,469</u>
Expenditures:				
Current:				
General government	13,825	--	--	13,825
Leisure time activities	--	21,238	--	21,238
Capital outlay	--	24,485	--	24,485
Total Expenditures	<u>13,825</u>	<u>45,723</u>	<u>--</u>	<u>59,548</u>
Excess of Revenues Over Expenditures	20,075	(14,154)	--	5,921
Fund Balance at Beginning of Year	<u>65,644</u>	<u>96,221</u>	<u>8,548</u>	<u>170,413</u>
Fund Balance at End of Year	<u>\$85,719</u>	<u>\$82,067</u>	<u>\$8,548</u>	<u>\$176,334</u>

Combining Statement of Changes in Assets and Liabilities -
 Agency Funds
 For the Year Ended December 31, 2002

	January 1, 2002	Additions	Deductions	December 31, 2002
Municipal Court				
Assets:				
Cash and cash equivalents - segregated accounts	\$156,928	\$9,352	\$--	\$166,280
Total Assets	<u>\$156,928</u>	<u>\$9,352</u>	<u>\$--</u>	<u>\$166,280</u>
Liabilities:				
Due to other funds	\$77,532	\$84,329	(\$77,532)	\$84,329
Due to other governments	79,316	67,519	(79,316)	67,519
Amounts held as fiduciary	80	14,432	(80)	14,432
Total Liabilities	<u>\$156,928</u>	<u>\$166,280</u>	<u>(\$156,928)</u>	<u>\$166,280</u>
New Haven/Forest City				
Assets:				
Equity in pooled cash and investments	\$--	\$3,815,716	(\$3,815,716)	\$--
Total Assets	<u>\$--</u>	<u>\$3,815,716</u>	<u>(\$3,815,716)</u>	<u>\$--</u>
Liabilities:				
Accounts payable	\$--	\$3,815,716	(\$3,815,716)	\$--
Total Liabilities	<u>\$--</u>	<u>\$3,815,716</u>	<u>(\$3,815,716)</u>	<u>\$--</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and investments	\$--	\$3,815,716	(\$3,815,716)	\$--
Cash and cash equivalents - segregated accounts	156,928	9,352	--	166,280
Total Assets	<u>\$156,928</u>	<u>\$3,825,068</u>	<u>(\$3,815,716)</u>	<u>\$166,280</u>
Liabilities:				
Accounts payable	\$--	\$3,815,716	(\$3,815,716)	\$--
Due to other funds	77,532	84,329	(77,532)	84,329
Due to other governments	79,316	67,519	(79,316)	67,519
Amounts held as fiduciary	80	14,432	(80)	14,432
Total Liabilities	<u>\$156,928</u>	<u>\$3,981,996</u>	<u>(\$3,972,644)</u>	<u>\$166,280</u>

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CITY OF BARBERTON, OHIO

ACCOUNT GROUP SCHEDULES

Description

General Fixed Assets Account Group

To account for the general fixed assets of the City other than those accounted for in the proprietary funds.

Comparative Schedule of General Fixed Assets - By Source
December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
General Fixed Assets:		
Land and land improvements	\$2,989,003	\$2,697,604
Buildings, structures and improvements	5,484,238	5,395,453
Machinery and equipment	7,984,118	7,885,373
Construction in progress	<u>3,229,107</u>	<u>29,000</u>
Total General Fixed Assets	<u>\$19,686,466</u>	<u>\$16,007,430</u>

Investment in General Fixed Assets by Source:

General fund	\$9,622,248	\$8,895,435
Special revenue funds	4,722,792	4,407,609
Capital project funds	5,255,526	2,641,017
Expendable trust funds	<u>85,900</u>	<u>63,369</u>
Total Investment in General Fixed Assets	<u>\$19,686,466</u>	<u>\$16,007,430</u>

Schedule of General Fixed Assets - By Function and Activity
December 31, 2002

	Land and Land Improvements	Buildings, Structures and Improvements	Machinery and Equipment	Total
<u>Function and Activity</u>				
General Government:				
Municipal court	\$--	\$--	\$188,802	\$188,802
Finance administration	--	--	32,413	32,413
Safety/personnel administration	--	--	69,074	69,074
Engineering	--	--	90,336	90,336
Land and buildings	707,258	2,008,423	751,408	3,467,089
Other	29,083	--	136,396	165,479
Total General Government	<u>736,341</u>	<u>2,008,423</u>	<u>1,268,429</u>	<u>4,013,193</u>
Public Safety:				
Police protection	--	7,716	1,122,088	1,129,804
Fire safety	23,560	1,031,447	1,803,306	2,858,313
Total Public Safety	<u>23,560</u>	<u>1,039,163</u>	<u>2,925,394</u>	<u>3,988,117</u>
Streets and Highways:				
Street maintenance and repair	153,715	403,576	2,115,691	2,672,982
Health and Welfare:				
Health department	2,825	122,406	397,066	522,297
Community Environment:				
Building inspection	--	--	76,738	76,738
Planning	858,740	1,452,344	566,725	2,877,809
Total Community Environment	<u>858,740</u>	<u>1,452,344</u>	<u>643,463</u>	<u>2,954,547</u>
Culture and Recreation:				
Parks and recreation	1,213,822	458,326	634,075	2,306,223
Total	2,989,003	5,484,238	7,984,118	16,457,359
Construction in progress	3,156,689	--	72,418	3,229,107
Total General Fixed Assets	<u>\$6,145,692</u>	<u>\$5,484,238</u>	<u>\$8,056,536</u>	<u>\$19,686,466</u>

Schedule of Changes in General Fixed Assets - By Function and Activity
For the Year Ended December 31, 2002

<u>Function and Activity</u>	<u>January 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2002</u>
General Government:				
Municipal court	\$174,175	\$14,627	\$--	\$188,802
Finance administration	50,181	4,195	21,963	32,413
Safety/personnel administration	71,103	--	2,029	69,074
Engineering	130,368	--	40,032	90,336
Land and buildings	3,409,016	125,117	67,044	3,467,089
Other	184,873	2,897	22,291	165,479
Total General Government	4,019,716	146,836	153,359	4,013,193
Public Safety:				
Police protection	1,033,082	311,562	214,840	1,129,804
Fire safety	2,874,731	88,701	105,119	2,858,313
Total Public Safety	3,907,813	400,263	319,959	3,988,117
Streets and Highways:				
Street maintenance and repair	2,610,865	83,564	21,447	2,672,982
Health and Welfare:				
Health department	530,679	5,099	13,481	522,297
Community Environment:				
Building inspection	58,222	18,516	--	76,738
Planning	2,803,847	252,888	178,926	2,877,809
Total Community Environment	2,862,069	271,404	178,926	2,954,547
Culture and Recreation:				
Parks and recreation	2,047,288	272,833	13,898	2,306,223
Total	15,978,430	1,179,999	701,070	16,457,359
Construction in progress	29,000	3,200,107	--	3,229,107
Total General Fixed Assets	\$16,007,430	\$4,380,106	\$701,070	\$19,686,466

Statistical Section

**GOVERNMENTAL AND EXPENDABLE TRUST FUND REVENUES BY SOURCE
LAST TEN YEARS**

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Taxes	\$9,065,715	\$9,572,459	\$9,884,660	\$9,919,755	\$10,580,497
Intergovernmental	3,462,780	4,349,917	5,269,647	3,936,699	4,723,561
Charges for services	706,601	755,763	788,802	836,352	980,880
Fines, licenses & permits	434,409	433,460	405,287	446,520	463,223
Special assessments	-	-	-	-	-
Interest	242,256	269,682	391,794	449,786	598,645
Royalties and donations	-	-	-	-	-
Miscellaneous	285,287	691,429	450,014	360,208	685,536
Total	<u>\$14,197,048</u>	<u>\$16,072,710</u>	<u>\$17,190,204</u>	<u>\$15,949,320</u>	<u>\$18,032,342</u>
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Taxes	\$11,052,493	\$11,539,292	\$11,493,618	\$11,061,586	\$11,506,273
Intergovernmental	5,138,030	5,102,726	5,030,544	7,291,904	6,272,143
Charges for services	875,045	1,003,184	1,094,676	1,284,076	1,253,346
Fines, licenses & permits	425,163	394,210	332,977	409,842	481,448
Special assessments	-	-	-	75,554	77,415
Interest	671,503	640,684	788,749	600,403	257,872
Royalties and donations	-	-	-	-	145,587
Miscellaneous	1,782,736	1,402,304	1,380,079	3,016,283	1,428,435
Total	<u>\$19,944,970</u>	<u>\$20,082,400</u>	<u>\$20,120,643</u>	<u>\$23,739,648</u>	<u>\$21,422,519</u>

Note: The amounts displayed in Table 1 were determined in accordance with generally accepted accounting principles.

**GOVERNMENTAL AND EXPENDABLE TRUST FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS**

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
General government	\$2,505,980	\$2,578,975	\$2,737,476	\$2,807,536	\$2,949,337
Public safety	5,657,298	5,793,434	5,877,806	6,127,709	6,742,610
Streets & highways	1,391,831	1,386,613	1,628,066	1,895,962	1,942,627
Health & welfare	766,024	845,956	934,327	999,829	1,125,893
Community environment	1,114,424	1,568,348	3,916,053	1,635,883	1,434,088
Leisure time activities	558,706	566,100	637,826	623,502	794,608
Capital outlay	1,193,823	822,217	2,252,210	1,428,997	2,038,957
Debt service	<u>277,546</u>	<u>387,519</u>	<u>485,806</u>	<u>382,597</u>	<u>744,697</u>
Total	<u>\$13,465,632</u>	<u>\$13,949,162</u>	<u>\$18,469,570</u>	<u>\$15,902,015</u>	<u>\$17,772,817</u>
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General government	\$3,088,959	\$3,218,512	\$3,655,846	\$3,507,694	\$3,548,762
Public safety	6,833,018	7,079,716	8,490,187	7,838,848	8,234,631
Streets & highways	1,885,677	2,147,045	2,184,005	2,117,422	2,022,707
Health & welfare	1,221,085	1,367,907	1,479,699	1,551,580	1,511,059
Community environment	1,258,721	1,287,598	1,258,922	2,250,150	1,644,131
Leisure time activities	991,733	1,039,420	1,147,049	1,176,244	1,432,150
Capital outlay	2,018,411	2,945,187	3,759,919	4,735,321	4,107,553
Debt service	<u>423,246</u>	<u>602,767</u>	<u>510,760</u>	<u>808,314</u>	<u>518,616</u>
Total	<u>\$17,720,850</u>	<u>\$19,688,152</u>	<u>\$22,486,387</u>	<u>\$23,985,573</u>	<u>\$23,019,609</u>

Note: The amounts displayed in Table 2 were determined in accordance with generally accepted accounting principles.

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS**

Collection Year	Real Property		Public Utility Property Assessed Value	Personal Tangible Property Assessed Value	Total Assessed Value
	Estimated Value	Assessed Value			
1993	\$481,253,857	\$168,438,850	\$22,075,580	\$39,356,446	\$229,870,876
1994	530,282,627	187,720,050	22,386,910	41,615,396	251,722,356
1995	544,938,857	190,728,600	22,237,610	44,345,572	257,311,782
1996	553,334,029	193,666,910	19,975,950	48,479,382	262,122,242
1997	653,428,629	228,700,020	19,722,570	52,932,255	301,354,845
1998	678,247,829	237,386,740	19,365,010	52,047,203	308,798,953
1999	696,610,286	243,813,600	19,436,410	61,223,799	324,473,809
2000	782,828,743	273,990,060	19,728,220	59,725,808	353,444,088
2001	798,604,800	279,511,680	17,025,420	60,465,467	357,002,567
2002	839,640,086	293,874,030	13,555,340	61,990,815	369,420,185

Source: Summit County Auditor

Note: The current assessed valuation is computed at approximately the following percentages of estimated value: real property 35% public utilities 100% and tangible personal property 25%.

Table 4

**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(In Dollars Per \$1,000 Assessed Valuation)
LAST TEN YEARS**

Collection Year	City Levy	County Levy	School Levy (1)	Total
1993	3.50	12.31	53.76	69.57
1994	3.50	12.31	53.76	69.57
1995	3.50	14.16	53.61	71.27
1996	3.50	13.99	53.61	71.10
1997	3.50	11.39	53.46	68.35
1998	3.50	11.65	53.36	68.51
1999	3.50	12.27	53.36	69.13
2000	3.50	12.27	53.44	69.21
2001	3.50	13.07	53.36	69.93
2002	3.50	13.07	56.73	73.30

Source: Summit County Auditor

Notes:

(1) Barberton City School District

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST 10 YEARS**

<u>Year</u>	<u>Net Tax Levy</u>	<u>Current Collections</u>	<u>Percent of Current Tax Collected</u>	<u>Outstanding Delinquencies Current & Accumulated</u>
1993	\$849,222	\$790,894	93.13 %	\$58,328
1994	915,240	883,371	96.52	31,869
1995	947,677	884,917	93.38	62,760
1996	984,980	906,791	92.06	78,189
1997	1,153,569	1,051,683	91.17	101,886
1998	1,201,379	1,095,151	91.16	106,228
1999	1,239,390	1,148,724	92.68	90,666
2000	1,330,983	1,213,000	91.14	117,983
2001	1,374,570	1,248,657	90.84	125,913
2002	1,404,845	1,267,847	90.25	136,998

Table 6

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

<u>Year</u>	<u>Special Assessment Billing</u>	<u>Special Assessment Collections</u>	<u>Collection Percentage</u>
1993	\$17,336	\$9,390	54.16 %
1994	15,636	10,012	64.03
1995	62,213	41,218	66.25
1996	37,721	22,421	59.44
1997	55,074	33,073	60.05
1998	48,139	19,532	40.57
1999	89,618	49,261	54.97
2000	111,316	45,580	40.95
2001	102,689	50,362	49.04
2002	162,156	91,957	56.71

Source: Summit County Auditor

**PRINCIPAL PROPERTY TAXPAYERS
REAL PROPERTY**

December 31, 2001			December 31, 2002		
Name of Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation	Name of Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
Barberton Health System LLC	\$9,429,210	2.6 %	Barberton Health System LLC	\$10,311,780	2.8 %
B&C Industries	2,274,980	0.6	Babcock & Wilcox Co	3,361,530	0.9
Pendleton Magic LLC	1,973,990	0.6	B&C Industries	2,498,130	0.7
Elson pointe Limited Partnership	1,842,090	0.5	Pittsburgh Plate Glass Co	2,184,490	0.6
Kimco of Ohio Inc.	1,780,820	0.5	Kimco of Ohio Inc.	2,171,210	0.6
BWX Technologies	1,698,760	0.5	Pendleton Magic LLC	2,072,110	0.6
Babcock & Wilcox Co	1,447,640	0.4	Bergit Realty Co	1,702,210	0.5
KL Morris Family Limited	1,278,780	0.4	BWX Technologies	1,661,040	0.4
Barber Knolls Development Corp	923,710	0.3	Elson pointe Limited Partnership	1,498,700	0.4
Pittsburgh Plate Glass Co	909,330	0.3	KL Morris Family Limited	1,446,190	0.4
Total Principal Taxpayers	<u>\$23,559,310</u>	6.4 %	Total Principal Taxpayers	<u>\$28,907,390</u>	7.9 %
Total Assessed Valuation - Real Property	<u>\$279,511,680</u>	78.3 %	Total Assessed Valuation - Real Property	<u>\$293,874,030</u>	79.6 %
Total Assessed Value	<u>\$357,002,567</u>	100.0 %	Total Assessed Value	<u>\$369,420,185</u>	100.0 %

Source: Summit County Auditor

**PRINCIPAL PROPERTY TAXPAYERS
TANGIBLE PROPERTY**

December 31, 2001			December 31, 2002		
Name of Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation	Name of Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
Mc Dermott Incorporated	\$8,556,100	2.4 %	Mc Dermott Incorporated	\$8,758,490	2.4 %
Machining Corp of America	4,641,300	1.3	B&C Corp	5,127,720	1.4
B&C Research	3,451,200	1.0	Machining Corp of America	4,916,720	1.3
Reiter Dairy	3,380,870	0.9	PPG Industries	3,886,550	1.1
PPG Industries	3,267,320	0.9	B&C Research	3,765,570	1.0
B&C Corp	3,154,380	0.9	Reiter Dairy	3,146,160	0.9
Wright Tool Co.	3,014,710	0.8	Alcoa Inc	3,112,980	0.8
Alcoa Inc	2,798,320	0.8	Wright Tool Co.	2,860,450	0.8
Quoram Health Group	2,060,960	0.6	Triad Hospitals Inc	2,497,940	0.7
Preferred Rubber Compounding Cor	1,991,380	0.6	First Machine Group Inc	1,269,430	0.3
Total Principal Taxpayers	<u>\$36,316,540</u>	10.2 %	Total Principal Taxpayers	<u>\$39,342,010</u>	10.7 %
Total Assessed Valuation			Total Assessed Valuation		
- Tangible Property	<u>\$60,465,467</u>	16.9 %	- Tangible Property	<u>\$61,990,815</u>	16.8 %
Total Assessed Value			Total Assessed Value		
- All Property	<u>\$357,002,567</u>	100.0 %	- All Property	<u>\$369,420,185</u>	100.0 %

Source: Summit County Auditor

**LEGAL DEBT MARGIN
December 31, 2002**

Overall Debt Limitation

Overall debt limitation		\$38,789,119
10 1/2% of assessed valuation		
Amount available in debt service fund		71,322
Total indebtedness (all bonds and notes outstanding)	\$19,123,137	
Less: Debt exempt from limitation	<u>10,310,000</u>	
Debt subject to 10 1/2% limitation		<u>8,813,137</u>
Legal debt margin within 10 1/2% limitation		<u><u>\$30,047,304</u></u>

Unvoted Debt Limitation

Unvoted debt limitation		\$20,318,110
5 1/2% of assessed valuation		
Amount available in debt service fund		71,322
Total indebtedness (all bonds and notes outstanding)	\$19,123,137	
Less: Debt exempt from limitation	<u>10,310,000</u>	
Debt subject to 5 1/2% limitation		<u>8,813,137</u>
Legal debt margin within 5 1/2% limitation		<u><u>\$11,576,295</u></u>

**REVENUE BOND COVERAGE
LAST TEN YEARS**

Year(1)	Operating Revenue(2)	Operating Expenses(2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
1993	3,026,111	1,902,044	1,124,067	315,000	421,770	736,770	1.53
1994	3,206,681	1,744,075	1,462,606	330,000	404,760	734,760	1.99
1995	3,217,130	2,178,131	1,038,999	350,000	386,610	736,610	1.41
1996	3,176,097	2,113,327	1,062,770	370,000	367,010	737,010	1.44
1997	3,371,594	2,214,709	1,156,885	390,000	345,920	735,920	1.57
1998	3,389,776	2,233,113	1,156,663	535,000	136,375	671,375	1.72
1999	3,311,880	2,286,044	1,025,836	475,000	184,768	659,768	1.55
2000	3,207,835	2,428,458	779,377	490,000	166,243	656,243	1.19
2001	3,428,571	2,315,968	1,112,603	510,000	146,643	656,643	1.69
2002	3,581,281	2,509,043	1,072,238	530,000	126,243	656,243	1.63

Notes: (1) Mortgage revenue bonds were issued in 1987; Revenue refunding bonds were issued in 1998

(2) Represents Sewer Enterprise Fund, excluding expense for depreciation

Table 11

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS**

Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1993	27,623	229,870,876	5,951,612	78,010	4,745,000	1,128,602	0.49	40.86
1994	27,623	251,722,356	5,500,119	95,305	4,490,000	914,814	0.36	33.12
1995	27,623	257,311,782	5,143,204	95,306	4,220,000	827,898	0.32	29.97
1996	27,623	262,122,242	4,820,839	101,259	3,990,000	729,580	0.28	26.41
1997	27,623	301,354,845	4,547,996	99,357	3,810,000	638,639	0.21	23.12
1998	27,623	308,798,953	4,264,463	99,751	3,625,000	539,712	0.17	19.54
1999	27,623	324,473,809	3,965,747	6,211	3,430,000	529,536	0.16	19.17
2000	27,899	353,444,088	3,636,273	6,212	3,210,000	420,061	0.12	15.06
2001	27,899	357,002,567	3,558,183	2,983	3,010,000	545,200	0.15	19.54
2002	27,899	369,420,185	3,208,137	71,322	2,800,000	336,815	0.09	12.07

Note: Population data for 1993 through 1999 was assumed to be the same as the 1990 census, as interim data was not available.
Population data for 2001 and 2002 is assumed to be the same as the 2000 census.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1993	141,097	54,649	195,746	13,465,632	1.45 %
1994	141,493	127,559	269,052	13,949,162	1.93
1995	26,915	29,528	56,443	18,469,570	0.31
1996	27,365	27,678	55,043	15,902,015	0.35
1997	27,843	25,800	53,643	17,772,817	0.30
1998	28,353	23,890	52,243	17,929,882	0.29
1999	28,896	21,937	50,833	19,688,152	0.26
2000	29,474	19,949	49,423	22,486,387	0.22
2001	30,090	17,863	47,953	24,125,574	0.20
2002	50,046	29,183	79,229	23,019,609	0.34

Table 13

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
December 31, 2002**

	<u>Assessed Valuation</u>	<u>Net General Tax Supported Debt</u>	<u>Percent Overlapping</u>	<u>Amount Applicable to City of Barberton</u>
City of Barberton	\$369,420,185	\$16,753,137	100.00 %	\$16,753,137
Summit County	11,922,128,807	72,400,000	3.44	2,560,560

Source: Summit County Auditor

**PROPERTY VALUES, BANK DEPOSITS AND CONSTRUCTION
LAST TEN YEARS**

Year	Total Assessed Values	Financial Institution Deposits (in thousands)	Value of Building Permits Issued
1993	\$229,870,876	\$3,792,255	\$11,884,165
1994	251,722,356	4,199,905	20,529,000
1995	257,311,782	6,958,865	11,090,623
1996	262,122,242	6,960,566	17,318,000
1997	301,354,845	6,960,566	25,887,000
1998	308,798,953	5,749,282	46,438,895
1999	324,473,809	7,071,487	26,225,000
2000	353,444,088	7,920,486	23,980,000
2001	357,002,567	7,870,201	15,391,102
2002	369,420,185	8,097,304	21,135,748

Sources:

Total Assessed Value - Summit County Auditor

Financial Institution Deposits within Summit County - Akron Clearing House

Building Permits - City of Barberton Building Department

Table 15

**INCOME TAX COLLECTIONS
LAST TEN YEARS**

Year	Amount
1993	\$8,185,128
1994	8,616,970
1995	8,935,143
1996	8,928,547
1997	9,409,957
1998	9,875,815
1999	10,308,084
2000	10,190,901
2001	9,706,759
2002	9,913,486

Note: The above amounts were determined in accordance with generally accepted accounting principles.

DEMOGRAPHIC STATISTICS

<u>Year</u>	<u>Population</u>	
1960	33,805	
1970	33,052	
1980	29,751	
1990	27,623	
2000	27,899	
<u>Selected Population Characteristics</u>	<u>2000</u>	<u>1990</u>
Gender		
Males	13,018	12,923
Females	14,881	14,700
Age Distribution		
Under 5 years	2,147	1,977
5 to 9 years	1,882	1,997
10 to 14 years	1,829	1,941
15 to 19 years	1,716	1,821
20 to 24 years	1,701	1,862
25 to 34 years	3,824	4,000
35 to 44 years	4,074	4,262
45 to 54 years	3,574	2,393
55 to 59 years	1,178	1,176
60 to 64 years	1,160	1,526
65 to 74 years	2,358	2,750
75 to 84 years	1,859	1,461
85 years and older	597	457
Percent of population under 18	24.80 %	25.20 %
Percent of population 65 and older	17.30	16.90
Median Age	37.2 years	34.2 years

Source: U.S. Bureau of the Census

MISCELLANEOUS STATISTICS
December 31, 2002

Date of Incorporation	1891
Form of Government	Charter, strong mayor-council
Population	27,899 2000 Census 11,731 dwelling units
Area	9.0085 square miles 5,765.45 acres
Altitude:	
Highest point	1,113.93 feet above sea level
Lowest point	947 feet above sea level
Streets & highways	126.55 miles of roadways Immediate access to I-76, I-277 and U.S. 21
Police protection:	
Stations	1
Number of police officers	43
Fire protection:	
Stations	2
Number of fire officers	45
Municipal utilities	11,501 water customers 10,789 sewer customers
Infrastructure:	
Water mains	135.97 miles
Sanitary sewers	91.25 miles
Recreation:	
Number of parks	15 parks - 140 acres
Fitness center	1
Swimming pools	1
Wading pools	5
Tennis courts	8
Baseball diamonds	3
Softball fields	12
Education:	
Elementary schools	6 K-5
Middle schools	2 6-8
High school	1 9-12
Parochial	1 1-8
Libraries	1 104,906 volumes
Medical	1 363-bed hospital
Churches	44 total - 14 denominations



**Auditor of State
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CITY OF BARBERTON

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 22, 2003**