



**Auditor of State
Betty Montgomery**

CITY OF BARBERTON
SUMMIT COUNTY

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**Auditor of State
Betty Montgomery**

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

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

To the Honorable Mayor and Members of City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Barberton, Summit County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

In a separate letter to the City's management dated June 2, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

In a separate letter to the City's management dated June 2, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

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

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

Betty Montgomery
Auditor of State

June 2, 2005



Auditor of State Betty Montgomery

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

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

To the Honorable Mayor and Members of City Council:

Compliance

We have audited the compliance of the City of Barberton, Summit County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2004.

In a separate letter to the City's management dated June 2, 2005, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

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

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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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Federal Awards Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2004, and have issued our report thereon dated June 2, 2005. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Federal Awards Expenditures Schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements.

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



Betty Montgomery
Auditor of State

June 2, 2005

**CITY OF BARBERTON
SUMMIT COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Akron City Department of Health</i>			
Special Supplemental Food Program for Women, Infants, and Children	110	10.557	\$ 192,278
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Direct</i>			
Community Development Block Grant Entitlement Program	N/A	14.218	759,963
Community Housing Improvement Program	N/A	14.239	4,501
Total U.S. Department of Housing and Urban Development			764,464
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct</i>			
Local Law Enforcement Block Grant	N/A	16.592	22,252
Bulletproof Vest Partnership Program	N/A	16.607	2,309
Juvenile Diversion Grant	2001-JB-013-A041	16.540	23,658
Total U.S. Department of Justice			48,219
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through the Akron City Department of Health</i>			
Immunization Action Plan Grant	101A	93.268	52,955
Maternal and Child Health Services Grant	101Q	93.994	82,203
<i>Passed through the Area Agency on Aging</i>			
Special Programs for the Aging Title III, Parts A&B Grant	227B	93.044	3,850
Total U.S. Department of Health and Human Services			139,008
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed through the Ohio Department of Public Safety</i>			
Public Safety Through Selective Traffic Enforcement Program	N/A	20.600	20,536
Federal Emergency Management Agency	1519-DR-153-03828	97.XXX	3,411
Total U.S. Department of Transportation			23,947
<u>U.S. DEPARTMENT OF INTERIOR</u>			
<i>Pass through the Ohio & Erie Canal Association</i>			
Barberton Towpath Reconstruction Project	N/A	15.XXX	10,942
TOTAL			\$ 1,178,858

The accompanying notes are an integral part of this schedule.

**CITY OF BARBERTON
SUMMIT COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN PROGRAMS

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

These loans are collateralized by mortgages of property. At December 31, 2004, the gross amount of loans outstanding under this program was \$554,923.

NOTE C - SUBRECIPIENTS

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

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

**CITY OF BARBERTON
SUMMIT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

City of Barberton, Ohio



*Comprehensive Annual Financial Report
for the Fiscal Year Ended
December 31, 2004*



*City of Barberton, Ohio
Comprehensive Annual
Financial Report*

for the year ended December 31, 2004

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

*Brian R. Griffith
Assistant Director of Finance*



*Introductory
Section*

CITY OF BARBERTON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2004

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June 2, 2005

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

The Comprehensive Annual Financial Report (CAFR) of the City of Barberton, Ohio (City) is hereby presented. This CAFR represents the official report of the City of Barberton's operations and financial position for the year ended December 31, 2004, and has been developed to accurately detail the status of the City finances to Barberton residents and elected officials, investment banks and underwriters and all other interested parties. This report is presented in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". It is intended to provide all pertinent and necessary information to the citizens of Barberton.

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

The Comprehensive Annual Financial Report consists of three major sections:

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

Community Profile

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

The City provides a full range of municipal services mandated by statute or charter, including police and fire protection, parks, recreation, street maintenance, planning, zoning and other general government services. Health services are provided by the Barberton Health District. In addition, water, sewer and solid waste disposal services are provided under the enterprise fund concept with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt. The Barberton Community Fitness Center also operates as an enterprise fund with member fees partially covering the cost of providing programs. In recent years, the City's staffing levels have declined from 284 full-time employees in 2000 to 260 in 2004.

Finance Department

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Economic Condition and Outlook

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

Given Barberton's ties to the manufacturing industry, the downturn in the national economy has had a more dramatic and negative impact on the City than many of the neighboring communities and the rest of Ohio. For example, at the end of 2004, the unemployment rate in Barberton was 7.0 percent while the rest of Summit County was 6.6 percent and the State of Ohio was 6.1 percent.

The combination of the higher unemployment rates as well as businesses earning less profit has had a direct impact on the City's income tax collections. On a cash basis, our 2003 income tax collections were lower than the 1999 levels for an unprecedented fourth year in a row. However, the City experienced a modest recovery in 2004 as actual collections exceeded 2003 levels by nearly 6.5%.

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

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

- Barberton voters overwhelmingly approved the sale of eight acres of Tuscora Park to Barberton Citizens Hospital in May of 2003. The land will be used for a \$41.0 million hospital expansion which will include a new emergency center, a cancer center, expanded cardiac services and a parking deck. Construction of the \$15 million first phase is expected to start in mid 2005 and will create both construction jobs and additional hospital positions in addition to increasing the property tax base.
- Construction continued on the New Haven neighborhood development in 2004. 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. Forest City plans to construct over 400 new homes in the allotment. Please see the notes to the basic financial statements for more details concerning the City's issuance of conduit debt.
- To encourage industrial development the Barberton Community Development Corporation (BCDC), in cooperation with the City of Barberton and the Barberton Community Foundation, has created four mini industrial parks. To date, eleven new business expansions have been completed adding over 300,000 square feet of industrial space and 329 new jobs. The total cost of construction and equipment investment was approximately \$20 million.

Another positive sign is that the total assessed property values have increased approximately 17 percent during the last five years. This growth can be attributed to the recent completion of several neighborhood and commercial developments as well as to an overall trend towards better housing maintenance Citywide. The growth in property values provides evidence that the various housing and commercial development programs being offered by the City and other non-profit agencies, such as the Barberton Community Foundation, the Barberton Community Development Corporation and the Neighborhood Conservation Services are beginning to have a meaningful impact.

Major Initiatives

The City completed major improvements to Robinson Avenue, one of the main corridors into the City, during 2004. The \$1.4 million project entailed reconstructing roughly 5,200 feet of street, sidewalks and curbs. A surface transportation grant from the Ohio Department of Transportation paid approximately one half the cost of the project.

The City purchased the old high school and the industrial arts building from the Barberton Board of Education in 2004. The old high school building, with the exception of the cafeteria and library was razed. The cafeteria and library will be renovated and become the new Senior Center. Although originally planned to be the new Fitness Center, the Industrial Arts Building most likely will be razed and eventually a new Fitness Center will be built. The City plans to spend an estimated \$1.5 million on the Fitness Center, using the funds remaining after the completion of the Senior Center.

Engineering and property acquisition continued during 2004 on the Robinson Avenue Viaduct. The City was awarded grants from the State of Ohio and the Ohio Public Works Commission for the replacement of the Tuscarawas Viaduct. The \$16.3 million project is scheduled to begin in 2005. The City's share of the cost is \$1.125 million. The remaining costs will be funded through a combination of the aforementioned grants and monies from the Summit County Bridge Fund.

The closed loop traffic signal system project was completed in 2004. The system includes 16 intersections on Wooster Road and Norton Avenue. The City's share of the cost of the project is \$418,000. The remaining costs are being paid with monies allocated by the Federal Highway Administration and the U.S. Department of Transportation.

The City entered into a \$485,000 contract with Camp, Dresser and McKee for the final design of the Water Treatment Plant upgrade. The \$9 million project, a complete upgrade to the plant filtration system, is expected to be bid in June 2005.

Fund Structure

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

Governmental Funds:

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

Special Revenue Funds - Special Revenue Funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. City ordinances or federal or state statutes specify the uses and limitations of each Special Revenue Fund. During 2004, the City had 29 Special Revenue Funds.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and other related costs. During 2004, the City had two Debt Service Funds.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. During 2004, the City had six Capital Projects Funds.

Proprietary Funds:

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

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

Fiduciary Funds:

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

Internal Accounting and Budgetary Controls

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

Budgetary Controls

An annual appropriated budget is legally required to be prepared on the budgetary basis for all funds of the City other than the Agency Funds; however, only governmental funds are required to be reported. The legal level of budgetary control is established by City Council at the departmental level within the General Fund and at the fund level for all other funds. The Finance Director has been authorized to allocate appropriations to the department and object level within each fund. Estimated purchase order amounts are encumbered prior to release of the order to the vendor. When an encumbrance exceeds available appropriations, the order is delayed until the budget can be amended. Open encumbrances at year-end are carried forward to the following year. These encumbrances are reported as a reservation of fund balance at December 31, 2004. Unencumbered appropriations lapse at year-end.

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

Financial Reporting

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

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

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

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

As part of the new model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows the Independent Accountants' Report, providing an assessment of the City's finances for 2004 and a discussion of current issues affecting the City.

Independent Audit

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

Certificate of Achievement for Excellence in Financial Reporting

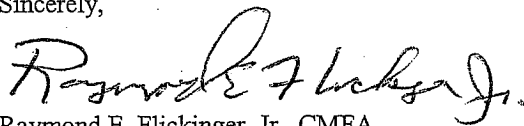
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Barberton, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2003. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Barberton, Ohio, has received Certificates of Achievement for the last 14 consecutive years (1990-2003). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for award consideration.

Acknowledgement

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

Sincerely,



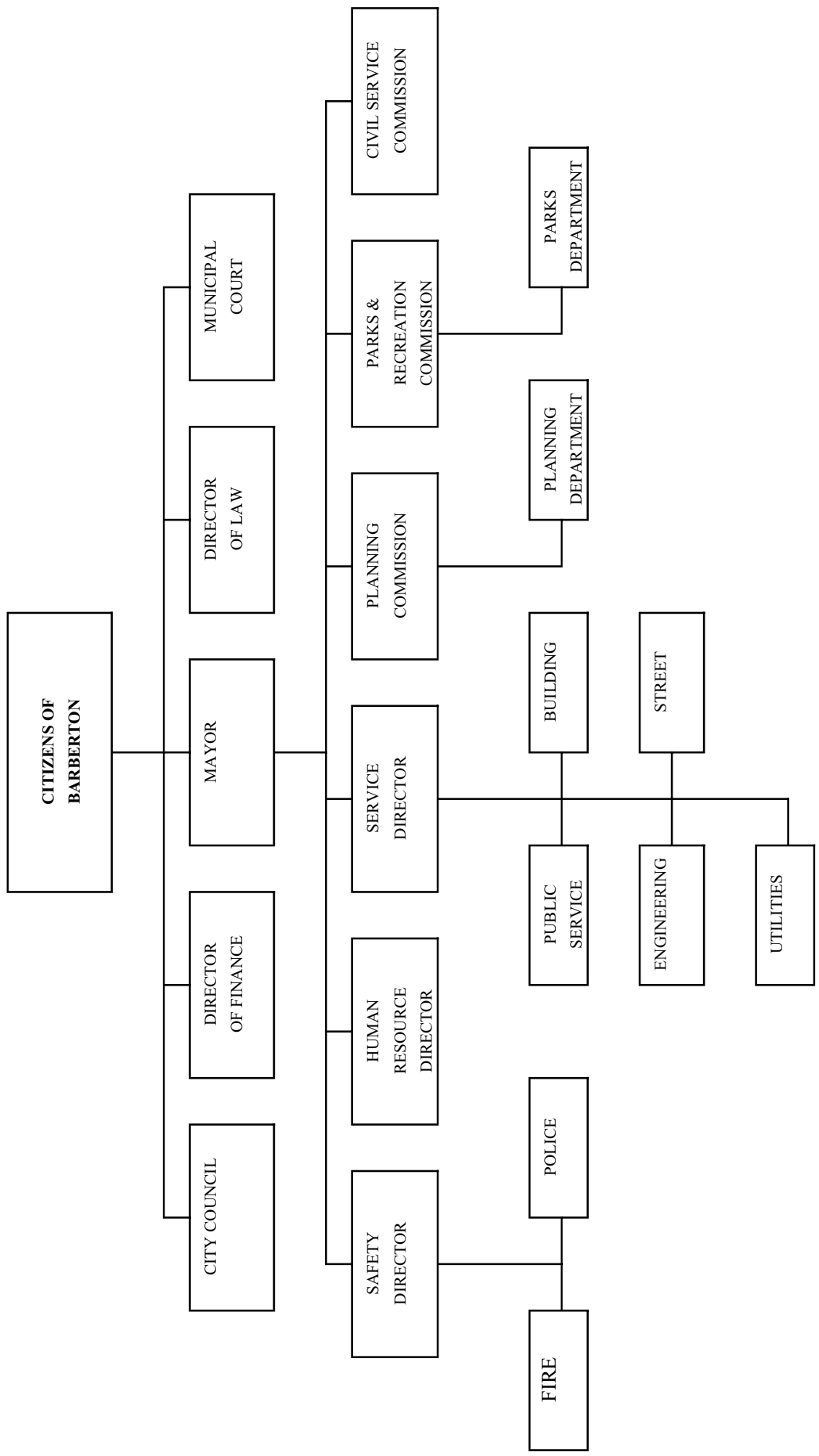
Raymond E. Flickinger, Jr., CMFA
Director of Finance

CITY OF BARBERTON, OHIO

**LIST OF PRINCIPAL CITY OFFICIALS
AS OF DECEMBER 31, 2004**

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

**CITY OF BARBERTON, OHIO
ORGANIZATIONAL CHART**



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, 2003

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



Nancy L. Zjelke

President

Jeffrey R. Emery

Executive Director



*Financial
Section*



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Honorable Mayor and Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Barberton, Summit County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Betty Montgomery
Auditor of State

June 2, 2005

CITY OF BARBERTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

The management's discussion and analysis for the City of Barberton's financial statements provides an overview of the City's financial activities as of December 31, 2004. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter, the notes to the basic financial statements and the basic financial statements.

Financial Summary

The financial summary for 2004 follows:

- The assets of the City of Barberton exceeded its liabilities at December 31, 2004 by \$61,296,228 (net assets). Of this amount, \$7,655,769 is considered restricted for various purposes such as capital projects, debt service and other restrictions. Another \$50,167,884 is invested in capital assets and the remaining \$3,742,575 is considered unrestricted and may be used to meet the City's ongoing obligations.
- Total net assets increased \$2,212,147 as a result of this year's operations. Net assets of our business-type activities increased \$792,623, or 2.48 percent, while the net assets of governmental activities increased \$1,419,524, or 5.22 percent.
- The total cost of the City's programs was \$30,566,711, while the total revenues were \$32,778,858. Of these amounts, the governmental activities represented \$20,589,297 of the expenses and \$22,228,821 of the revenues. The business-type activities represented the remaining \$9,977,414 of expenses and \$10,550,037 of revenues.
- At the end of the current fiscal year, the fund balance for the General Fund was \$2,226,878 on a modified accrual basis. This balance provides the City with the equivalent of 58 working days of expenditures.
- The City's total outstanding debt decreased \$1,471,761 during 2004. This decrease is due primarily to a series of debt re-financings and the paying down of the outstanding principal balance.

Using this Comprehensive Annual Financial Report

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

The Statement of Net Assets and the Statement of Changes in Net Assets provide information from a summary perspective showing the effects of the operations for the year 2004 and how they impacted the operations of the City as a whole.

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

CITY OF BARBERTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

Reporting the City of Barberton as a Whole

Statement of Net Assets and Statement of Activities

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

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

Reporting on the Most Significant Funds of the City of Barberton

Fund Financial Statements

The analysis of the City's major funds begins on page 10. Fund financial reports give a detailed accounting of the activities within the funds. The City currently has 45 funds, as presented in this report. These funds are in existence to provide a multitude of services to the citizens of Barberton. For example, some funds provide for police and fire protection, street repair and maintenance as well as water, sewer and solid waste disposal services. In addition, a number of funds serve a variety of other purposes ranging from accounting for the City's construction of capital and infrastructure assets to providing health care benefits to the City's employees. Each fund is in some ways an entity unto itself. Each fund has a designated revenue stream and restricted uses for the monies within the fund.

In this report, the focus is on five major funds, the General Fund, the Street Improvement Fund, the Senior Center Construction Fund, the Water Fund and the Sewer Fund.

Governmental Funds

All of the City's major activities (excluding the utilities) are reported in the governmental funds, which focus on how money flows into and out of these funds and also depicts the balances available for future expenditures. These funds are reported using an accounting method called modified accrual accounting. This method reports cash and like-cash items and shows the level of financial resources that are available to provide general government services in the near future. Examples of these services include police and fire protection, health services and street and park maintenance. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds is reconciled in the financial statements.

Proprietary Funds

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

CITY OF BARBERTON, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED*

Fiduciary Funds

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

Statement of Net Assets

As noted earlier, the Statement of Net Assets looks at the City as a whole and therefore, can be a useful indicator of the City's financial position. The table below provides a summary of the City's net assets for 2004 compared to 2003:

	Net Assets					
	Governmental Activities 2004	Business-type Activities 2004	Governmental Activities 2003	Business-type Activities 2003	2004 Total	2003 Total
<u>Assets</u>						
Current and other assets	\$ 14,677,148	\$ 7,318,822	\$ 15,959,511	\$ 7,695,779	\$ 21,995,970	\$ 23,655,290
Capital assets, net	<u>28,506,739</u>	<u>35,984,137</u>	<u>26,333,025</u>	<u>35,907,878</u>	<u>64,490,876</u>	<u>62,240,903</u>
Total assets	<u>43,183,887</u>	<u>43,302,959</u>	<u>42,292,536</u>	<u>43,603,657</u>	<u>86,486,846</u>	<u>85,896,193</u>
<u>Liabilities</u>						
Current and other liabilities	4,112,431	487,674	4,386,261	1,345,200	4,600,105	5,731,461
Long-term liabilities:						
Due within one year	1,106,585	3,800,476	2,037,567	5,304,877	4,907,061	7,342,444
Due in more than one year	<u>9,370,507</u>	<u>6,312,945</u>	<u>8,693,868</u>	<u>5,044,339</u>	<u>15,683,452</u>	<u>13,738,207</u>
Total liabilities	<u>14,589,523</u>	<u>10,601,095</u>	<u>15,117,696</u>	<u>11,694,416</u>	<u>25,190,618</u>	<u>26,812,112</u>

CITY OF BARBERTON, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED*

Net Assets

	Governmental Activities 2004	Business-type Activities 2004	Governmental Activities 2003	Business-type Activities 2003	2004 Total	2003 Total
<u>Net Assets</u>						
Invested in capital assets, net of related debt	\$ 23,568,720	\$ 26,599,164	\$ 21,528,319	\$ 25,922,369	\$ 50,167,884	\$ 47,450,688
Restricted:						
Capital projects	884,157	-	582,840	-	884,157	582,840
Debt service	176,573	701,095	408,930	709,457	877,668	1,118,387
Street construction, maintenance and repair	660,339	-	263,116	-	660,339	263,116
Court computer	105,607	-	100,537	-	105,607	100,537
Recreation	1,141,502	-	1,161,283	-	1,141,502	1,161,283
Health District	361,978	-	416,222	-	361,978	416,222
Community development and improvements	773,257	-	1,257,960	-	773,257	1,257,960
Law enforcement	326,241	-	303,568	-	326,241	303,568
Emergency reserve	251	-	247	-	251	247
Police and fire pension	52,900	-	56,706	-	52,900	56,706
Miscellaneous grants	39,737	-	4,835	-	39,737	4,835
Sewer replacement and improvement	-	2,432,132	-	2,397,248	2,432,132	2,397,248
Unrestricted	<u>503,102</u>	<u>2,969,473</u>	<u>1,090,277</u>	<u>2,880,167</u>	<u>3,472,575</u>	<u>3,970,444</u>
 Total net assets	 <u>\$ 28,594,364</u>	 <u>\$ 32,701,864</u>	 <u>\$ 27,174,840</u>	 <u>\$ 31,909,241</u>	 <u>\$ 61,296,228</u>	 <u>\$ 59,084,081</u>

Total assets increased in 2004 by \$590,653. The increase in the assets is due to a combination of factors including the following:

- Construction continued on several large projects in 2004 that were either financed with debt that was issued in 2002 or grants that will reimburse the City upon completion of the project.
- Because of the aforementioned construction projects, the total capital asset balance increased \$2,249,973 due to the new capital asset additions exceeding the depreciation and disposals of existing assets.

Total liabilities decreased \$1,621,494 in 2004. The overall decrease in the liabilities is due to a number of factors including some fluctuations in the accounts payable, intergovernmental payable and deferred revenue amounts as well as debt reductions. During 2004, the City converted several prior year note issues into bonds in order to take advantage of low interest rates over a longer term.

As a result of the increase in total assets of \$590,653 (a positive) and the decrease in total liabilities of \$1,621,494 (a positive), the net assets increased \$2,212,147.

CITY OF BARBERTON, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED*

Statement of Activities

The table below shows the changes in net assets for fiscal years 2004 and 2003.

	Change in Net Assets					
	Governmental Activities <u>2004</u>	Business-type Activities <u>2004</u>	Governmental Activities <u>2003</u>	Business-type Activities <u>2003</u>	2004 Total	2003 Total
Revenues						
Program revenues:						
Charges for services	\$ 1,995,178	\$ 10,319,217	\$ 1,991,023	\$ 9,689,813	\$ 12,314,395	\$ 11,680,836
Operating grants and contributions	3,064,285	-	2,362,914	-	3,064,285	2,362,914
Capital grants and contributions	<u>1,852,649</u>	<u>-</u>	<u>1,148,276</u>	<u>-</u>	<u>1,852,649</u>	<u>1,148,276</u>
Total program revenues	<u>6,912,112</u>	<u>10,319,217</u>	<u>5,502,213</u>	<u>9,689,813</u>	<u>17,231,329</u>	<u>15,192,026</u>
General revenues:						
Property taxes	1,703,801	-	1,319,351	-	1,703,801	1,319,351
Income taxes	10,263,255	-	9,718,674	-	10,263,255	9,718,674
Grants and entitlements	2,448,748	-	2,391,699	-	2,448,748	2,391,699
Investment earnings	87,309	40,695	-	-	128,004	-
Gain on sale of capital assets	-	-	3,788	-	-	3,788
Other	<u>813,596</u>	<u>190,125</u>	<u>980,939</u>	<u>293,642</u>	<u>1,003,721</u>	<u>1,274,581</u>
Total general revenues	<u>15,316,709</u>	<u>230,820</u>	<u>14,414,451</u>	<u>293,642</u>	<u>15,547,529</u>	<u>14,708,093</u>
Total revenues	<u>22,228,821</u>	<u>10,550,037</u>	<u>19,916,664</u>	<u>9,983,455</u>	<u>32,778,858</u>	<u>29,900,119</u>
Program Expenses:						
General government	3,733,749	-	4,133,258	-	3,733,749	4,133,258
Public safety	9,077,025	-	9,704,268	-	9,077,025	9,704,268
Health and welfare	1,903,090	-	2,105,425	-	1,903,090	2,105,425
Transportation	2,543,136	-	5,216,097	-	2,543,136	5,216,097
Community environment	1,526,834	-	1,432,849	-	1,526,834	1,432,849
Leisure time activity	1,505,036	-	1,755,276	-	1,505,036	1,755,276
Interest and fiscal charges	300,427	-	236,121	-	300,427	236,121
Water	-	3,490,864	-	3,625,367	3,490,864	3,625,367
Sewer	-	3,379,220	-	4,576,124	3,379,220	4,576,124
Solid waste	-	1,359,244	-	1,325,266	1,359,244	1,325,266
Community center	-	702,065	-	688,010	702,065	688,010
Lake Cinema	<u>-</u>	<u>1,046,021</u>	<u>-</u>	<u>1,080,084</u>	<u>1,046,021</u>	<u>1,080,084</u>
Total expenses	<u>20,589,297</u>	<u>9,977,414</u>	<u>24,583,294</u>	<u>11,294,851</u>	<u>30,566,711</u>	<u>35,878,145</u>
Change in net assets before transfers and special items	1,639,524	572,623	(4,666,630)	(1,311,396)	2,212,147	(5,978,026)
Transfers	(220,000)	220,000	(159,000)	159,000	-	-
Special items	<u>-</u>	<u>-</u>	<u>970,516</u>	<u>-</u>	<u>-</u>	<u>970,516</u>
Change in net assets	1,419,524	792,623	(3,855,114)	(1,152,396)	2,212,147	(5,007,510)
Net assets at beginning of year	<u>27,174,840</u>	<u>31,909,241</u>	<u>31,029,954</u>	<u>33,061,637</u>	<u>59,084,081</u>	<u>64,091,591</u>
Net assets at end of year	<u>\$ 28,594,364</u>	<u>\$ 32,701,864</u>	<u>\$ 27,174,840</u>	<u>\$ 31,909,241</u>	<u>\$ 61,296,228</u>	<u>\$ 59,084,081</u>

CITY OF BARBERTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

Governmental Activities

The City's funding for governmental activities comes from a variety of sources, the most significant being the municipal income tax. The City levies an income tax of 2.0 percent on all income earned within the City as well as on the income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent on the income taxes paid to another municipality by residents of Barberton, up to 2.0 percent of the income. On a full accrual basis, the City received \$10,263,255 in income tax collections, or 46.17 percent of the total governmental revenues in 2004, compared to \$9,718,674 in income tax collections received in 2003.

Intergovernmental revenue (i.e. state shared support) represents the City's second largest source of revenue for the governmental activities. In 2004, the City received \$2,448,748 in unrestricted intergovernmental revenues or 11.02 percent of total revenue. Unrestricted intergovernmental revenues totaled 12.0 percent of total revenue in 2003. The remaining revenue sources represent smaller amounts and include charges for services (8.97 percent), property taxes (7.66 percent) and various others (4.05 percent). Program restricted operating and capital grants represent monies the City is awarded that are required to be used for very specific purposes. In 2004, the City received a combined total of \$4,916,934 in various operating and capital grants.

The City's governmental activity expenses totaled \$20,589,297 in 2004, with public safety (police and fire protection) and transportation (street maintenance) representing the largest portion of this figure at 56.44 percent. The City's governmental activity expenses decreased by \$3,993,997 from 2003, due to increased capital asset expenditures on the fund financial statements that were subsequently reported as capital asset additions on the government wide financial statements. The City recorded \$4,515,836 in capital outlays in 2004 compared to \$1,112,511 in 2003.

Public Safety expenses totaled \$9,077,025 and represented 44.09 percent of the City's total governmental activity expenses in 2004 compared to 39.4 percent in 2003. The public safety classification consists of the Police Department, which includes 911 dispatchers, and the Fire Department. As of December 31, 2004 the City employed 42 full-time police officers, 10 full-time 911 dispatchers and 46 full-time firefighters.

At \$2,543,136 or 12.35 percent, transportation represents the City's third largest category of governmental activity expenses. The transportation classification consists of the City's Street Department and the Paint and Signal Division. In addition, the City has several funds established that are used to pay private contractors for road resurfacing and general street maintenance. The expenses for the private street resurfacing contracts are also included as transportation related expenses. As of December 31, 2004 the City employed 16 full-time employees in the Street Department and 4 full-time employees in the Paint and Signal Division.

Business-Type Activities

The City operates a Utility Department that consists of water, sewer and solid waste disposal (garbage collection) services. In terms of revenues and expenses, the sewer utility is the largest of the utilities. Sanitary sewer services are provided to approximately 10,800 customers in and around the Barberton area. Sewer billing rates are set by City Council based on the recommendation of the Service Director and the Utilities Director. In 2004, the rates were established at \$3.56 per thousand gallons of water used for residential and commercial users. The sewer treatment plant was originally constructed in 1960 and then completely overhauled in 1988. The City has made several improvements to the plant since 1988 with the most recent occurring in 2002 for various upgrades.

Water distribution and treatment services are provided to approximately 11,500 customers in and around the Barberton area. Water billing rates are set by the Service Director. In 2004, the rates were established at \$3.13 per thousand gallons for residential and commercial users. In 1994, the water treatment plant was completely renovated at a cost of approximately \$4.9 million. Over the past year, plans to improve and upgrade the water treatment plant have been in development.

CITY OF BARBERTON, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED*

The City also operates a solid waste disposal (garbage collection) utility. The City, in addition to billing and collecting garbage user fees, acts as an agent between the successful bidder for pickup service and City customers. In 2004, the rate was established at \$11.68 per month.

In addition to the three utilities, the City also operates a community center and a cinema movie theater. The community center is under the direction of the Parks Department and is designed to provide area residents with various recreational, fitness and educational opportunities. The Lake Cinema is a City-owned movie theater. The City contracts with a private management firm to operate the theater on a daily basis. Through the terms of the contract, the City does not use any of its employees for theater operations. In comparison to the three utilities, the community center and the cinema represent smaller operations, accounting for 7.0 and 10.5 percent of the total expenses for the business-type activities, respectively.

The revenues and expenses for all the business-type activities are reported under the Business-Type Activities. The revenues are derived primarily from user charges. In 2004, the charges for services amount of \$10,319,217 accounted for 97.81 percent of the total revenues compared to 97.06 in 2003. The total expenses for all the business-type activities were \$9,977,414 resulting in an increase in net assets of \$792,623.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Program Expenses:				
General government	\$ 3,733,749	\$ 2,515,345	\$ 4,133,258	\$ 2,966,437
Public safety	9,077,025	8,719,989	9,704,268	9,466,455
Health and welfare	1,903,090	497,071	2,105,425	354,984
Transportation	2,543,136	423,002	5,216,097	4,264,874
Community environment	1,526,834	(175,044)	1,432,849	229,843
Leisure time activities	1,505,036	1,396,395	1,755,276	1,562,367
Interest and fiscal charges	<u>300,427</u>	<u>300,427</u>	<u>236,121</u>	<u>236,121</u>
Total Expenses	<u>\$ 20,589,297</u>	<u>\$ 13,677,185</u>	<u>\$ 24,583,294</u>	<u>\$ 19,081,081</u>

The dependence upon general revenues for governmental activities is apparent, with 66.43% of expenses supported through taxes and other general revenues in 2004 and 77.62% in 2003.

CITY OF BARBERTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$22,179,963 and expenditures of \$24,486,172.

The General Fund is the chief operating fund of the City of Barberton. During 2004, the City's General Fund had total revenues and other financing sources of \$17,061,958 and expenditures and other financing uses totaling \$18,016,075, resulting in a shortfall of \$954,117. This shortfall was covered by using a portion of the prior year fund balance. The unreserved fund balance in the General Fund at December 31, 2004 was \$2,018,677.

In addition to the General Fund, the other major governmental funds also experienced large changes in fund balance from 2003 to 2004. The Street Improvement and Senior Center Construction capital projects funds both declined by a combined total of \$827,486 due to the continued completion of the capital projects accounted for in these funds.

Information concerning the proprietary funds starts on page 21. These funds are accounted for on an accrual basis. All enterprise funds had revenues of \$10,770,037 and expenses of \$9,889,958, resulting in a gain of \$880,079 or 8.17 percent of the total revenues. The Sewer Fund had operating revenues of \$3,786,929 which was greater than the operating expenses of \$3,107,697. The Water Fund had operating revenues of \$3,733,036 and operating expenses of \$3,241,630. The City is consistent with reviews of all its funds, and the necessary adjustments are made to ensure fiscal responsibility.

Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures and encumbrances. The most significant budgeted fund is the General Fund. The legal level of control is established by City Council at the department level for the General Fund and at the fund level for all other funds. Any budget modifications at this level may only be made through an ordinance of City Council. City policy permits fund transfers within control levels with the approval of the department head and the Finance Director. During the course of 2004, the City amended the budget several times.

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

For the General Fund, the 2004 original and final budgeted revenues were \$16,883,847 and \$17,283,847, respectively. The actual revenue collections were \$17,002,634. The lower actual revenue collections were due primarily to the lower charges for services and investment income revenue. During 2004, actual expenditures of \$15,480,313 were \$441,922 less than the final appropriated expenditures of \$15,922,235. The City's ending unencumbered cash balance of \$844,809 in the General Fund was \$160,709 higher than the final budgeted amount.

CITY OF BARBERTON, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED*

Capital Assets and Debt Administration

**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	(Restated)				(Restated)	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 3,489,929	\$ 3,023,301	\$ 973,813	\$ 973,813	\$ 4,463,742	\$ 3,997,114
Construction in progress	2,178,895	698,770	2,909,527	1,658,946	5,088,422	2,357,716
Buildings	2,194,155	2,356,591	15,659,765	16,488,018	17,853,920	18,844,609
Vehicles and equipment	3,810,775	4,435,507	1,281,052	1,345,634	5,091,827	5,781,141
Infrastructure						
Street subsystem	11,371,124	11,706,567	-	-	11,371,124	11,706,567
Storm sewer subsystem	3,766,565	3,962,414	-	-	3,766,565	3,962,414
Traffic signals subsystem	1,695,296	149,875	-	-	1,695,296	149,875
Water lines	-	-	5,674,105	5,680,645	5,674,105	5,680,645
Sewer lines	-	-	9,485,875	9,760,822	9,485,875	9,760,822
Totals	<u>\$28,506,739</u>	<u>\$26,333,025</u>	<u>\$35,984,137</u>	<u>\$35,907,878</u>	<u>\$64,490,876</u>	<u>\$62,240,903</u>

Governmental capital assets were restated at December 31, 2003, to report capital assets in the proper category. This restatement had no effect on beginning net assets. Total capital assets for the City of Barberton for the year ended December 31, 2004 were \$64,490,876, which is an increase from the 2003 figure of \$2,249,973. The increase is due to capital outlays of \$8,437,017 exceeding depreciation of \$3,625,393 and disposals of \$2,561,651 (net of accumulated depreciation). Please see Note 7 in the financial statements for more information regarding the City's capital assets.

Debt

The outstanding debt for the City of Barberton as of December 31, 2004 was \$18,132,553. This balance reflected a decrease of \$1,471,761 from the prior year's balance of \$19,604,314. Moody's Investors Service, Inc. has given the City a bond rating of A3.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation bonds	\$ 5,960,379	\$ 5,023,797	\$ 5,651,570	\$ 3,605,641	\$ 11,611,949	\$ 8,629,438
Revenue refunding bonds	-	-	1,205,027	1,757,247	1,205,027	1,757,247
Capital leases	-	-	24,077	50,029	24,077	50,029
Special assessment bonds	176,500	197,600	-	-	176,500	197,600
Notes payable	1,216,000	2,715,000	2,459,000	4,700,000	3,675,000	7,415,000
Other debt	1,440,000	1,555,000	-	-	1,440,000	1,555,000
Total long-term obligations	<u>\$ 8,792,879</u>	<u>\$ 9,491,397</u>	<u>\$ 9,339,674</u>	<u>\$ 10,112,917</u>	<u>\$ 18,132,553</u>	<u>\$ 19,604,314</u>

CITY OF BARBERTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

A summary of the City's debt activity during 2004 includes the following:

- Prior to 2004, the City issued short-term various purpose improvement notes to make improvements to the utility system and to construct a new senior center and pool addition to the existing community center building. During 2004, the City converted these notes into bonds in order to take advantage of the low interest rates over a longer term. As a result of this transaction, the bond liabilities of the business-type activities increased \$1,493,709 while the governmental activities increased \$915,482.
- The balance of the long-term notes by decreased by \$1,060,000 in the governmental activities and \$1,881,000 in the business-type activities.

Please see Notes 9 and 10 in the financial statements for more information regarding the City's debt.

Economic Factors and the 2005 General Fund Budget

Some of the economic trends impacting Barberton that were considered in developing the 2005 budget include the following:

- Barberton's average annual unemployment rate at the 2004 year-end was 7.0 percent, compared to 6.6 percent for Summit County and 6.1 percent for the State of Ohio. In 2003, Barberton's average annual unemployment rate was 6.8 percent.
- Barberton's total assessed property values have increased approximately \$90.4 million, or nearly 28 percent since 1999.
- The 2004 income tax collections amounted to approximately \$10.3 million on a cash basis. In 2005, the City budgeted a two percent increase in income tax collections. Through March 2005, the City has experienced a 2.8 percent increase.

In light of the recent economy and the impact it has had on the City's revenue sources, the City has made an effort to reduce operating expenses in recent years. An example of this effort is that the full-time staffing levels have been reduced through attrition from 283 employees in 2001 to 260 at the beginning of 2005. The result of the staffing reductions and other cuts has been minimal growth in the General Fund budget since 2001. For example, the 2005 General Fund budget totals approximately \$14.7 million. The 2001 General Fund expenditures also amounted to approximately \$14.5 million on a cash basis, indicating no material growth in General Fund expenditures for the last three years.

However, despite the recent growth in the 2005 income tax collections and the City's cost cutting efforts, it appears the City will continue to have a difficult budget situation for the near future. This is due to other revenues such as, shared support from the State, interest earnings and estate taxes, continuing to remain stagnant or declining while operating costs are starting to increase due to inflationary pressures, unmet capital needs and the rising costs of health care. As a result, it is anticipated that further cost containment efforts and/or revenue enhancement actions will be necessary through the remainder of 2005 and into 2006.

Request for Information

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

BASIC
FINANCIAL STATEMENTS

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CITY OF BARBERTON, OHIO

*STATEMENT OF NET ASSETS
DECEMBER 31, 2004*

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 8,006,074	\$ 5,056,949	\$ 13,063,023
Cash and cash equivalents in segregated accounts	151,839	-	151,839
Cash and cash equivalents held by trustee	-	701,095	701,095
Receivables (net of allowances for uncollectibles):			
Property taxes	1,554,685	-	1,554,685
Income taxes	1,834,172	-	1,834,172
Accounts	68,576	1,026,319	1,094,895
Intergovernmental	1,755,638	-	1,755,638
Accrued interest	24,613	-	24,613
Special assessments	207,500	-	207,500
Internal balances	91,993	(91,993)	-
Notes receivable.	826,902	-	826,902
Prepayments	75,070	51,022	126,092
Materials and supplies inventory.	-	361,059	361,059
Deferred charges	80,086	214,371	294,457
Capital assets:			
Nondepreciable capital assets	5,668,824	3,883,340	9,552,164
Depreciable capital assets, net.	22,837,915	32,100,797	54,938,712
Total capital assets.	<u>28,506,739</u>	<u>35,984,137</u>	<u>64,490,876</u>
Total assets.	<u>43,183,887</u>	<u>43,302,959</u>	<u>86,486,846</u>
Liabilities:			
Accounts payable.	397,444	284,851	682,295
Accrued wages and benefits	255,217	91,754	346,971
Intergovernmental payable	711,370	61,706	773,076
Deferred revenue.	1,282,646	-	1,282,646
Accrued interest payable.	43,485	49,363	92,848
Claims payable.	326,269	-	326,269
Notes payable	1,096,000	-	1,096,000
Long-term liabilities:			
Due within one year	1,106,585	3,800,476	4,907,061
Due in more than one year	9,370,507	6,312,945	15,683,452
Total liabilities	<u>14,589,523</u>	<u>10,601,095</u>	<u>25,190,618</u>
Net assets:			
Invested in capital assets, net of related debt	23,568,720	26,599,164	50,167,884
Restricted for:			
Capital projects	884,157	-	884,157
Debt service.	176,573	701,095	877,668
Street construction, maintenance and repair	660,339	-	660,339
Court computer	105,607	-	105,607
Recreation.	1,141,502	-	1,141,502
Health district	361,978	-	361,978
Community developments and improvements	773,257	-	773,257
Law enforcement	326,241	-	326,241
Emergency reserve	251	-	251
Police and fire pension	52,900	-	52,900
Miscellaneous grants	39,737	-	39,737
Sewer replacement and improvement.	-	2,432,132	2,432,132
Unrestricted	<u>503,102</u>	<u>2,969,473</u>	<u>3,472,575</u>
Total net assets	<u>\$ 28,594,364</u>	<u>\$ 32,701,864</u>	<u>\$ 61,296,228</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BARBERTON, OHIO

*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Program Revenues			
	Expenses	Charges for Services	Operating and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 3,733,749	\$ 1,129,924	\$ 88,261	\$ 219
Public safety.	9,077,025	188,715	164,910	3,411
Health and welfare.	1,903,090	398,654	1,007,365	-
Transportation.	2,543,136	63	879,926	1,240,145
Community environment.	1,526,834	209,880	883,124	608,874
Leisure time activities.	1,505,036	67,942	40,699	-
Interest and fiscal charges.	300,427	-	-	-
Total governmental activities	<u>20,589,297</u>	<u>1,995,178</u>	<u>3,064,285</u>	<u>1,852,649</u>
Business-type Activities:				
Water	3,490,864	3,724,170	-	-
Sewer	3,379,220	3,783,899	-	-
Other enterprise funds:				
Solid Waste	1,359,244	1,402,180	-	-
Community Center.	702,065	413,842	-	-
Lake Cinema.	1,046,021	995,126	-	-
Total business-type activities	<u>9,977,414</u>	<u>10,319,217</u>	<u>-</u>	<u>-</u>
Total primary government.	<u>\$ 30,566,711</u>	<u>\$ 12,314,395</u>	<u>\$ 3,064,285</u>	<u>\$ 1,852,649</u>

General Revenues:

Property taxes levied for:
General purposes
Police pension.
Fire pension
Municipal income taxes levied for:
General purposes
Grants and entitlements not restricted to specific programs
Investment earnings
Other.
Total general revenues.
Transfers.
Change in net assets.
Net assets at beginning of year
Net assets at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,515,345)	\$ -	\$ (2,515,345)
(8,719,989)	-	(8,719,989)
(497,071)	-	(497,071)
(423,002)	-	(423,002)
175,044	-	175,044
(1,396,395)	-	(1,396,395)
(300,427)	-	(300,427)
<u>(13,677,185)</u>	<u>-</u>	<u>(13,677,185)</u>
-	233,306	233,306
-	404,679	404,679
-	42,936	42,936
-	(288,223)	(288,223)
-	(50,895)	(50,895)
<u>-</u>	<u>341,803</u>	<u>341,803</u>
<u>(13,677,185)</u>	<u>341,803</u>	<u>(13,335,382)</u>
1,452,119	-	1,452,119
125,841	-	125,841
125,841	-	125,841
10,263,255	-	10,263,255
2,448,748	-	2,448,748
87,309	40,695	128,004
813,596	190,125	1,003,721
15,316,709	230,820	15,547,529
(220,000)	220,000	-
1,419,524	792,623	2,212,147
27,174,840	31,909,241	59,084,081
<u>\$ 28,594,364</u>	<u>\$ 32,701,864</u>	<u>\$ 61,296,228</u>

CITY OF BARBERTON, OHIO

*BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004*

	<u>General</u>	<u>Street Improvement</u>	<u>Senior Center Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 411,140	\$ -	\$ 3,756,299	\$ 3,659,172	\$ 7,826,611
Cash and cash equivalents in segregated accounts	151,839	-	-	-	151,839
Receivables (net of allowance for uncollectibles):					
Property taxes	1,309,595	-	-	245,090	1,554,685
Income taxes	1,834,172	-	-	-	1,834,172
Accounts	64,583	-	-	-	64,583
Intergovernmental	1,033,941	-	-	717,820	1,751,761
Accrued interest	24,613	-	-	-	24,613
Interfund loans	671,911	-	-	-	671,911
Special assessments	-	-	-	207,500	207,500
Notes receivable	-	-	-	826,902	826,902
Prepayments	61,441	-	-	13,629	75,070
	<u>5,563,235</u>	<u>-</u>	<u>3,756,299</u>	<u>5,670,113</u>	<u>14,989,647</u>
Total assets	<u>\$ 5,563,235</u>	<u>\$ -</u>	<u>\$ 3,756,299</u>	<u>\$ 5,670,113</u>	<u>\$ 14,989,647</u>
Liabilities:					
Accounts payable	\$ 72,465	\$ -	\$ -	\$ 324,542	\$ 397,007
Accrued wages and benefits	190,938	-	-	64,279	255,217
Due to other governments	667,561	-	-	43,809	711,370
Compensated absences payable	12,500	-	-	-	12,500
Interfund loan payable	-	666,175	-	5,736	671,911
Deferred revenue	2,392,893	-	-	984,336	3,377,229
Accrued interest payable	-	985	-	636	1,621
Notes payable	-	666,000	-	430,000	1,096,000
	<u>3,336,357</u>	<u>1,333,160</u>	<u>-</u>	<u>1,853,338</u>	<u>6,522,855</u>
Total liabilities	<u>3,336,357</u>	<u>1,333,160</u>	<u>-</u>	<u>1,853,338</u>	<u>6,522,855</u>
Fund Balances:					
Reserved for encumbrances	146,760	49,125	318,189	643,600	1,157,674
Reserved for prepayments	61,441	-	-	13,629	75,070
Reserved for notes receivable	-	-	-	826,902	826,902
Reserved for debt service	-	-	-	41,937	41,937
Unreserved, undesignated, reported in:					
General fund	2,018,677	-	-	-	2,018,677
Special revenue funds	-	-	-	2,236,562	2,236,562
Capital projects funds (deficit)	-	(1,382,285)	3,438,110	54,145	2,109,970
	<u>2,226,878</u>	<u>(1,333,160)</u>	<u>3,756,299</u>	<u>3,816,775</u>	<u>8,466,792</u>
Total fund balances (deficit)	<u>2,226,878</u>	<u>(1,333,160)</u>	<u>3,756,299</u>	<u>3,816,775</u>	<u>8,466,792</u>
Total liabilities and fund balances	<u>\$ 5,563,235</u>	<u>\$ -</u>	<u>\$ 3,756,299</u>	<u>\$ 5,670,113</u>	<u>\$ 14,989,647</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BARBERTON, OHIO

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2004*

Total governmental fund balances		\$ 8,466,792
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		28,506,739
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent property taxes	\$ 115,084	
Intergovernmental	1,030,994	
Municipal income taxes	737,560	
Special assessments	207,500	
Interest	3,445	
Total	2,094,583	2,094,583
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
Compensated absences	(2,767,713)	
General obligation bonds payable	(5,960,379)	
Special assessment bonds payable	(176,500)	
Long-term notes payable	(120,000)	
Section 108 loan payable	(1,440,000)	
Total	(10,464,592)	(10,464,592)
In the statement of activities interest is accrued on outstanding bonds, notes and loans payable, whereas in governmental funds, interest expenditures are reported when due.		(41,864)
Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on a full accrual basis.		80,086
Internal service funds are used by management to charge the costs of insurance, postage and gasoline to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		(139,373)
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		91,993
Net assets of governmental activities		\$ 28,594,364

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BARBERTON, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>General</u>	<u>Street Improvement</u>	<u>Senior Center Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property and other taxes	\$ 1,370,227	\$ -	\$ -	\$ 237,911	\$ 1,608,138
Municipal income taxes.	10,352,591	-	-	-	10,352,591
Charges for services	897,755	-	-	318,676	1,216,431
Licenses and permits	139,688	-	-	147,920	287,608
Fines and forfeitures	79,474	-	-	88,024	167,498
Intergovernmental	3,569,535	92,265	-	3,291,720	6,953,520
Special assessments	-	-	-	90,295	90,295
Investment income	72,787	-	-	12,298	85,085
Contributions and donations	-	-	-	103,054	103,054
Other	511,212	86,914	-	717,617	1,315,743
Total revenues	<u>16,993,269</u>	<u>179,179</u>	<u>-</u>	<u>5,007,515</u>	<u>22,179,963</u>
Expenditures:					
Current:					
General government.	3,571,094	-	-	88,542	3,659,636
Public safety.	9,129,570	-	-	362,267	9,491,837
Health and welfare.	-	-	-	1,948,426	1,948,426
Transportation.	260,865	-	-	1,489,178	1,750,043
Community environment	443,897	-	-	802,715	1,246,612
Leisure time activities.	714,332	-	-	398,400	1,112,732
Capital outlay	1,327,414	247,277	746,444	891,036	3,212,171
Debt service:					
Principal retirement	-	-	-	1,773,799	1,773,799
Interest and fiscal charges.	-	12,944	-	253,346	266,290
Bond issuance costs	-	-	-	18,955	18,955
Note issuance costs.	-	-	-	5,671	5,671
Total expenditures.	<u>15,447,172</u>	<u>260,221</u>	<u>746,444</u>	<u>8,032,335</u>	<u>24,486,172</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>1,546,097</u>	<u>(81,042)</u>	<u>(746,444)</u>	<u>(3,024,820)</u>	<u>(2,306,209)</u>
Other financing sources (uses):					
Notes issued.	-	-	-	120,000	120,000
Bonds issued	65,000	-	-	1,331,000	1,396,000
Premium on notes and bonds	120	-	-	1,722	1,842
Sale of capital assets	3,569	-	-	2,763	6,332
Transfers in	-	-	-	2,193,627	2,193,627
Transfers out	<u>(2,568,903)</u>	<u>-</u>	<u>-</u>	<u>(164,724)</u>	<u>(2,733,627)</u>
Total other financing sources (uses)	<u>(2,500,214)</u>	<u>-</u>	<u>-</u>	<u>3,484,388</u>	<u>984,174</u>
Net change in fund balances	(954,117)	(81,042)	(746,444)	459,568	(1,322,035)
Fund balances (deficit) at beginning of year. .	<u>3,180,995</u>	<u>(1,252,118)</u>	<u>4,502,743</u>	<u>3,357,207</u>	<u>9,788,827</u>
Fund balances (deficit) at end of year	<u>\$ 2,226,878</u>	<u>\$ (1,333,160)</u>	<u>3,756,299</u>	<u>\$ 3,816,775</u>	<u>\$ 8,466,792</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BARBERTON, OHIO

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004*

Net change in fund balances - total governmental funds \$ (1,322,035)

*Amounts reported for governmental activities in the
statement of activities are different because:*

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	4,515,836	
Current year depreciation	(1,911,009)	
Total		2,604,827

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (431,113)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property taxes	98,834	
Intergovernmental	34,442	
Municipal income taxes	(89,336)	
Special assessments	(5,480)	
Interest	2,224	
Total		40,684

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement net assets. 1,773,799

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expenses when due.

Accrued interest	(23,174)	
Bond premium	1,719	
Bond issuance costs	11,944	
Total		(9,511)

The issuance of of bonds and notes are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets. (1,516,000)

Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	7,325	
Pension obligation	302,819	
Total		310,144

Internal service funds used by management to charge the cost of insurance, postage, and gasoline to individual funds is not reported in the expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. (31,271)

Change in net assets of governmental activities \$ 1,419,524

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BARBERTON, OHIO

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 1,333,706	\$ 1,333,706	\$ 1,323,215	\$ (10,491)
Municipal income taxes	9,792,958	10,192,958	10,351,115	158,157
Charges for services	1,157,014	1,157,014	839,420	(317,594)
Licenses and permits	157,685	157,685	139,688	(17,997)
Fines and forfeitures	102,200	102,200	85,730	(16,470)
Intergovernmental	3,363,084	3,363,084	3,586,443	223,359
Special assessments	20,000	20,000	-	(20,000)
Investment income	180,000	180,000	97,122	(82,878)
Other	490,700	490,700	511,212	20,512
Total revenues.	<u>16,597,347</u>	<u>16,997,347</u>	<u>16,933,945</u>	<u>(63,402)</u>
Expenditures:				
Current:				
General government	3,813,689	3,850,703	3,663,629	187,074
Public safety	9,224,902	9,019,521	8,941,776	77,745
Transportation	297,112	289,039	266,179	22,860
Leisure time activities.	776,671	771,634	729,289	42,345
Community environment	597,073	577,851	514,000	63,851
Capital outlay	1,278,446	1,413,487	1,365,440	48,047
Total expenditures.	<u>15,987,893</u>	<u>15,922,235</u>	<u>15,480,313</u>	<u>441,922</u>
Excess of revenues over expenditures	<u>609,454</u>	<u>1,075,112</u>	<u>1,453,632</u>	<u>378,520</u>
Other financing sources (uses):				
Transfers in	282,500	282,500	-	(282,500)
Transfers out	(2,135,497)	(2,568,903)	(2,568,903)	-
Sale of capital assets	4,000	4,000	3,569	(431)
Bonds issued	-	-	65,000	65,000
Premium on bonds	-	-	120	120
Total other financing sources (uses).	<u>(1,848,997)</u>	<u>(2,282,403)</u>	<u>(2,500,214)</u>	<u>(217,811)</u>
Net change in fund balance	(1,239,543)	(1,207,291)	(1,046,582)	160,709
Fund balance at beginning of year	1,593,204	1,593,204	1,593,204	-
Prior year encumbrances appropriated.	298,187	298,187	298,187	-
Fund balance at end of year	<u>\$ 651,848</u>	<u>\$ 684,100</u>	<u>\$ 844,809</u>	<u>\$ 160,709</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BARBERTON, OHIO

STATEMENT OF FUND NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2004

	Business-type Activities -Enterprise Funds				Governmental
	Water	Sewer	Nonmajor	Total	Activities - Internal Service Funds
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 2,043,347	\$ 6,428	\$ 575,042	\$ 2,624,817	\$ 179,463
Restricted assets:					
Cash equivalents held by trustee.	-	701,095	-	701,095	-
Receivables (net of allowance for uncollectibles):					
Accounts	480,735	503,105	42,479	1,026,319	3,993
Intergovernmental	-	-	-	-	3,877
Materials and supplies inventory	322,355	37,044	1,660	361,059	-
Prepayments.	21,337	22,774	6,911	51,022	-
Total current assets	<u>2,867,774</u>	<u>1,270,446</u>	<u>626,092</u>	<u>4,764,312</u>	<u>187,333</u>
Noncurrent assets:					
Restricted assets:					
Equity in pooled cash and cash equivalents	-	2,432,132	-	2,432,132	-
Deferred charges	117,200	88,172	8,999	214,371	-
Capital assets:					
Nondepreciable capital assets	1,663,772	2,156,829	62,739	3,883,340	-
Depreciable capital assets, net.	9,443,662	21,372,188	1,284,947	32,100,797	-
Total capital assets.	<u>11,107,434</u>	<u>23,529,017</u>	<u>1,347,686</u>	<u>35,984,137</u>	<u>-</u>
Total noncurrent assets	<u>11,224,634</u>	<u>26,049,321</u>	<u>1,356,685</u>	<u>38,630,640</u>	<u>-</u>
Total assets	<u>14,092,408</u>	<u>27,319,767</u>	<u>1,982,777</u>	<u>43,394,952</u>	<u>187,333</u>
Liabilities:					
Current liabilities:					
Accounts payable	83,676	82,829	118,346	284,851	437
Accrued wages and benefits.	42,113	41,395	8,246	91,754	-
Intergovernmental	29,164	26,907	5,635	61,706	-
Accrued interest payable	24,528	19,358	5,477	49,363	-
Claims payable.	-	-	-	-	326,269
Notes payable	1,484,000	660,000	315,000	2,459,000	-
Current portion of general obligation bonds.	307,196	286,181	46,541	639,918	-
Current portion of revenue bonds	-	590,013	-	590,013	-
Current portion of capital lease obligations	-	-	11,188	11,188	-
Current portion of compensated absences.	46,710	40,612	13,035	100,357	-
Total current liabilities	<u>2,017,387</u>	<u>1,747,295</u>	<u>523,468</u>	<u>4,288,150</u>	<u>326,706</u>
Long-term liabilities:					
General obligation bonds	2,762,942	1,891,251	357,459	5,011,652	-
Revenue bonds.	-	615,014	-	615,014	-
Capital lease obligations.	-	-	12,889	12,889	-
Compensated absences	313,421	272,508	87,461	673,390	-
Total long-term liabilities	<u>3,076,363</u>	<u>2,778,773</u>	<u>457,809</u>	<u>6,312,945</u>	<u>-</u>
Total liabilities	<u>5,093,750</u>	<u>4,526,068</u>	<u>981,277</u>	<u>10,601,095</u>	<u>326,706</u>
Net assets:					
Invested in capital assets, net of related debt.	6,536,081	19,458,474	604,609	26,599,164	-
Retricted for:					
Debt service	-	701,095	-	701,095	-
Replacement and improvement	-	2,432,132	-	2,432,132	-
Unrestricted (deficit)	2,462,577	201,998	396,891	3,061,466	(139,373)
Total net assets (deficit).	<u>\$ 8,998,658</u>	<u>\$ 22,793,699</u>	<u>\$ 1,001,500</u>	<u>32,793,857</u>	<u>\$ (139,373)</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				(91,993)	
Net assets of business-type activities				<u>\$ 32,701,864</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BARBERTON, OHIO

*STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor	Total	
Operating revenues:					
Charges for services	\$ 3,724,170	\$ 3,783,899	\$ 2,811,148	\$ 10,319,217	\$ 2,708,467
Other	8,866	3,030	19,107	31,003	30,849
Total operating revenues	<u>3,733,036</u>	<u>3,786,929</u>	<u>2,830,255</u>	<u>10,350,220</u>	<u>2,739,316</u>
Operating expenses:					
Personal services	1,911,690	1,769,595	397,174	4,078,459	-
Contract services	95,509	163,545	2,405,021	2,664,075	347,025
Materials and supplies	523,071	235,103	153,967	912,141	246,326
Claims	-	-	-	-	2,584,692
Other	46,062	16,770	3,026	65,858	-
Depreciation	665,298	922,684	126,402	1,714,384	-
Total operating expenses	<u>3,241,630</u>	<u>3,107,697</u>	<u>3,085,590</u>	<u>9,434,917</u>	<u>3,178,043</u>
Operating income (loss)	<u>491,406</u>	<u>679,232</u>	<u>(255,335)</u>	<u>915,303</u>	<u>(438,727)</u>
Nonoperating revenues (expenses):					
Interest revenue	-	40,695	-	40,695	-
Special assessments	45,502	58,533	2,691	106,726	-
Interest expense and fiscal charges	(209,998)	(226,493)	(18,550)	(455,041)	-
Gain (loss) on disposal of capital assets	(31,070)	83,466	-	52,396	-
Total nonoperating revenues (expenses)	<u>(195,566)</u>	<u>(43,799)</u>	<u>(15,859)</u>	<u>(255,224)</u>	<u>-</u>
Income (loss) before transfers	295,840	635,433	(271,194)	660,079	(438,727)
Transfers in	-	-	220,000	220,000	320,000
Changes in net assets	295,840	635,433	(51,194)	880,079	(118,727)
Net assets (deficit) at beginning of year	<u>8,702,818</u>	<u>22,158,266</u>	<u>1,052,694</u>		<u>(20,646)</u>
Net assets (deficit) at end of year	<u>\$ 8,998,658</u>	<u>\$ 22,793,699</u>	<u>\$ 1,001,500</u>		<u>\$ (139,373)</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				<u>(87,456)</u>	
Changes in net assets of business-type activities				<u>\$ 792,623</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BARBERTON, OHIO

*STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004*

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Nonmajor	Total	Activities - Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 3,705,309	\$ 3,813,406	\$ 2,810,371	\$ 10,329,086	\$ -
Cash received from other funds	-	-	-	-	2,711,702
Cash received from other operations.	10,373	4,167	19,107	33,647	29,460
Cash payments for personal services	(1,821,326)	(1,739,529)	(321,015)	(3,881,870)	-
Cash payments for contract services	(36,675)	(120,858)	(2,408,623)	(2,566,156)	(376,297)
Cash payments for materials and supplies	(691,698)	(715,613)	(147,820)	(1,555,131)	(246,326)
Cash payments for claims	-	-	-	-	(2,430,260)
Cash payments for other expenses	(20,879)	(17,627)	(790)	(39,296)	-
Net cash provided by (used in) operating activities.	<u>1,145,104</u>	<u>1,223,946</u>	<u>(48,770)</u>	<u>2,320,280</u>	<u>(311,721)</u>
Cash flows from noncapital financing activities:					
Special assessments	45,502	58,533	-	104,035	-
Transfers in from other funds	-	-	220,000	220,000	320,000
Net cash provided by noncapital financing activities	<u>45,502</u>	<u>58,533</u>	<u>220,000</u>	<u>324,035</u>	<u>320,000</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets.	(713,714)	(1,227,780)	(2,999)	(1,944,493)	-
Gain on sale of capital assets	-	100,000	-	100,000	-
Principal retirement	(1,738,109)	(3,086,385)	(821,776)	(5,646,270)	-
Payment to refunding bond escrow agent.	(2,288,444)	-	-	(2,288,444)	-
Bond issuance.	2,616,000	1,654,000	404,000	4,674,000	-
Note issuance	1,484,000	660,000	315,000	2,459,000	-
Accrued interest on bonds and notes	12,036	5,384	2,691	20,111	-
Bond issuance costs.	(55,682)	(38,935)	(9,094)	(103,711)	-
Interest and fiscal charges.	(162,866)	(152,967)	(18,876)	(334,709)	-
Net cash used in capital and related financing activities	<u>(846,779)</u>	<u>(2,086,683)</u>	<u>(131,054)</u>	<u>(3,064,516)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received.	-	40,695	-	40,695	-
Net cash provided by investing activities.	<u>-</u>	<u>40,695</u>	<u>-</u>	<u>40,695</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	343,827	(763,509)	40,176	(379,506)	8,279
Cash and cash equivalents at beginning of year	<u>1,699,520</u>	<u>3,903,164</u>	<u>534,866</u>	<u>6,137,550</u>	<u>171,184</u>
Cash and cash equivalents at end of year . . .	<u>\$ 2,043,347</u>	<u>\$ 3,139,655</u>	<u>\$ 575,042</u>	<u>\$ 5,758,044</u>	<u>\$ 179,463</u>

- - continued

CITY OF BARBERTON, OHIO

*STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2004*

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Nonmajor	Total	Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 491,406	\$ 679,232	\$ (255,335)	\$ 915,303	\$ (438,727)
Adjustments:					
Depreciation	665,298	922,684	126,402	1,714,384	-
Changes in assets and liabilities:					
(Increase) decrease in materials and supplies inventory.	(16,016)	4,011	(58)	(12,063)	-
(Increase) decrease in accounts receivable	(16,124)	29,787	5,459	19,122	(1,389)
Decrease in intergovernmental receivable	-	-	-	-	3,235
(Increase) decrease in prepayments.	(531)	168	(6,487)	(6,850)	-
Increase (decrease) in accounts payable	(20,754)	(446,086)	5,089	(461,751)	(29,272)
Increase in accrued wages and benefits.	3,181	11,165	3,165	17,511	-
(Decrease) in due to other governments	(18,813)	(20,975)	(3,036)	(42,824)	-
Increase in compensated absences payable	57,457	43,960	76,031	177,448	-
Increase in claims payable	-	-	-	-	154,432
Net cash provided by (used in) operating activities.	<u>\$ 1,145,104</u>	<u>\$ 1,223,946</u>	<u>\$ (48,770)</u>	<u>\$ 2,320,280</u>	<u>\$ (311,721)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BARBERTON, OHIO

*STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2004*

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents.	\$ 8,548	\$ 99,205
Liabilities:		
Deposits held and due to others.	-	\$ 99,205
Net assets:		
Held in trust for recreation	8,548	
Total net assets	<u>\$ 8,548</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BARBERTON, OHIO

*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004*

	<u>Private Purpose Trust</u>
Net assets at beginning of year	<u>\$ 8,548</u>
Net assets at end of year	<u>\$ 8,548</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BARBERTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - DESCRIPTION OF THE CITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

The City participated in two related organizations, the Barberton Community Development Corporation and the Barberton Community Foundation. These organizations are described in Note 16 of the basic financial statements.

CITY OF BARBERTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation - Fund Accounting

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the enterprise funds include personnel and other expenses related to sewer, water, solid waste, community center, and Lake Cinema operations and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The agency funds do not report a measurement focus as they do not report operations.

C. Fund Accounting

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

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

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

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

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

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

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

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

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

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

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Measurement Focus

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

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

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

E. Basis of Accounting

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

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

Nonexchange 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 (see Note 6). Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

CITY OF BARBERTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

F. Budgetary Process

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

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

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

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Cash and Cash Equivalents

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

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

During fiscal year 2004, investments were limited to certificates of deposit, repurchase agreements, U.S. Government Agency Obligations, U.S. Treasury Obligations, U.S. Money Market accounts and STAR Ohio.

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

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2004 amounted to \$72,787 which includes \$60,218 assigned from other City funds.

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

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

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

H. Materials and Supplies Inventory

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

I. Capital Assets

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

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

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

J. Compensated Absences

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

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

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

L. Accrued Liabilities and Long-Term Obligations

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

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

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Interfund Balances

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

N. Interfund Activity

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

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

O. Fund Balance Reserves

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

P. Estimates

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

Q. Net Assets

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

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

R. Operating Revenues and Expenses

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

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances

Fund balances at December 31, 2004 included the following individual fund deficits:

	<u>Deficit</u>
<u>Major Fund</u>	
Street Improvement	\$ 1,333,160
<u>Nonmajor Funds</u>	
Issue II	285,365
Health Insurance	148,743

The Issue II and Health Insurance fund complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances results from adjustments for accrued liabilities.

B. Compliance

The City had negative cash fund balances of \$5,736 in the Fire Pension fund and \$306,175 in the Street Improvement fund indicating that revenue from other sources were used to pay obligations of these funds contrary to Ohio Revised Code Section 5705.10. For GAAP purposes, these amounts have been reported as a fund liability.

C. Implementation of GASB Technical Bulletin No. 2004-2

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Deposits: At year-end, the carrying amount of the City's deposits, including cash in segregated accounts and certificates of deposit, was \$1,666,327 and the bank balance, including cash in segregated accounts and certificates of deposit, was \$2,380,205. Of the bank balance:

1. \$381,201 was covered by federal deposit insurance; and
2. \$1,999,004 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by a third party trustee, pursuant to Ohio Revised Code Section 135.181, in collateralized pools securing all public funds on deposits with specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

	Category 2	Category 3	Fair Value
Repurchase agreements	\$ -	\$ 575,000	\$ 575,000
U.S. Government Agency Obligations	5,578,751	-	5,578,751
U.S. Treasury Obligations	701,095	-	701,095
U.S. Treasury Money Markets	-	-	4,213,894
STAR Ohio	-	-	1,288,643
	\$6,279,846	\$ 575,000	\$ 12,357,383
Total investments			

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

A reconciliation between the classifications of pooled cash and cash equivalents on the financial statements and the classifications of deposits and investments presented in this footnote is as follows:

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

	Cash and Cash <u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 14,023,710	\$ -
Repurchase Agreements	(575,000)	575,000
U.S. Government Agency Obligations	(5,578,751)	5,578,751
U.S. Treasury Obligations	(701,095)	701,095
U.S. Treasury Money Markets	(4,213,894)	4,213,894
Investment in STAR Ohio	<u>(1,288,643)</u>	<u>1,288,643</u>
GASB Statement No. 3	<u>\$ 1,666,327</u>	<u>\$12,357,383</u>

NOTE 5 - INTERNAL BALANCES

Interfund loan receivables/payables balances at December 31, 2004, consist of the following individual fund receivables and payables:

	<u>Interfund Loan Receivable</u>
<u>Interfund Loan Payable</u>	<u>General</u>
Street Improvement	\$ 666,175
Fire Pension	<u>5,736</u>
	<u>\$ 671,911</u>

Interfund Transfers for the year ended December 31, 2004, consisted of the following:

	<u>Transfers From</u> <u>Governmental Activities</u>	
<u>Transfer To</u>	<u>General</u>	<u>Nonmajor Funds</u>
<u>Governmental Activities</u>		
Nonmajor Funds	\$ 2,028,903	\$ 164,724
Total Governmental	<u>2,028,903</u>	<u>164,724</u>
<u>Business-Type Activities</u>		
Nonmajor Funds	220,000	-
Internal Service Funds	<u>320,000</u>	-
Total Business-Type Activities	<u>540,000</u>	-
Grand Total	<u>\$ 2,568,903</u>	<u>\$ 164,724</u>

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 5 - INTERNAL BALANCES – (Continued)

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; reclassification of prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed. Non-routine transfers include the general fund transferring \$185,000 and \$35,000 to the community center enterprise fund and Lake Cinema operating enterprise fund, respectively, for operations.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2004, consisted primarily of municipal income taxes, property and other taxes, accounts, special assessments, interest and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

Special assessments expected to be collected in more than one year amount to \$176,500 in the special assessment bond retirement debt service fund. The amount of delinquent special assessments outstanding at year-end is \$54,160.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenues received during 2004 for real and public utility property taxes represents collections of 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes which became a lien December 31, 2003, are levied after October 1, 2004 and collected in 2005 real property taxes.

2004 tangible personal property taxes were levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The tax rate for all City operations for the year ended December 31, 2004, was \$3.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$ 349,333,560
Tangible Personal Property	52,299,023
Public Utility Property	<u>13,290,740</u>
Total	<u>\$ 414,923,323</u>

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

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 6 - RECEIVABLES - (Continued)

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

The County Fiscal Officer collects property taxes on behalf of all taxing districts within the County, including the City of Barberton. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. In the general, police pension and fire pension funds the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Municipal Incomes Taxes

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

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

C. Intergovernmental Receivables

A summary of the intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government State Support	\$ 835,497
Motor Vehicle and Gas Tax	308,056
Other	68,795
Homestead and Rollback	82,753
Municipal Court	69,222
Permissive License Tax	3,424
Health Grants	<u>387,891</u>
Total	<u>\$ 1,755,638</u>

D. Notes Receivable

Notes receivable represent no-interest to low-interest loans made to eligible local businesses for industrial development and exterior improvements to businesses. The outstanding balance of the notes at December 31, 2004 is \$826,902 in the governmental activities funds. The City will collect approximately \$90,000 in 2005.

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 7 - CAPITAL ASSETS

- A. The City restated governmental activities capital assets to record capital assets in the proper category at December 31, 2003. This restatement reduced construction in progress by \$1,022,154 from \$1,720,924 to \$698,770, increased streets and storm sewer subsystems \$1,073,429 from \$20,940,119 to \$22,013,548, and increased accumulated depreciation of streets and storm sewer subsystems \$51,275 from \$6,293,292 to \$6,344,567. This restatement did not have an effect on net assets at the beginning of the year. Capital asset activity for the year ended December 31, 2004, was as follows:

	Restated Balance 12/31/03	Additions	Deductions	Balance 12/31/04
<u>Governmental Activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,023,301	\$ 577,192	\$ (110,564)	\$ 3,489,929
Construction in progress	<u>698,770</u>	<u>2,135,010</u>	<u>(654,885)</u>	<u>2,178,895</u>
Total capital assets, not being depreciated	<u>3,722,071</u>	<u>2,712,202</u>	<u>(765,449)</u>	<u>5,668,824</u>
<i>Capital assets, being depreciated:</i>				
Buildings	5,709,222	-	-	5,709,222
Vehicles and equipment	11,016,622	643,958	(720,305)	10,940,275
Infrastructure				
Street Subsystem	16,167,424	237,595	-	16,405,019
Storm Sewers Subsystem	5,846,124	24,853	-	5,870,977
Traffic signals Subsystem	<u>200,779</u>	<u>1,552,113</u>	<u>-</u>	<u>1,752,892</u>
Total capital assets, being depreciated	<u>38,940,171</u>	<u>2,458,519</u>	<u>(720,305)</u>	<u>40,678,385</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(3,352,631)	(162,436)	-	(3,515,067)
Vehicles and equipment	(6,581,115)	(948,141)	399,756	(7,129,500)
Infrastructure				
Street Subsystem	(4,460,857)	(573,038)	-	(5,033,895)
Storm Sewers Subsystem	(1,883,710)	(220,702)	-	(2,104,412)
Traffic signal Subsystem	<u>(50,904)</u>	<u>(6,692)</u>	<u>-</u>	<u>(57,596)</u>
Total accumulated depreciation	<u>(16,329,217)</u>	<u>(1,911,009)</u>	<u>399,756</u>	<u>(17,840,470)</u>
Total capital assets, being depreciated, net	<u>22,610,954</u>	<u>547,510</u>	<u>(320,549)</u>	<u>22,837,915</u>
Governmental activities capital assets, net	<u>\$ 26,333,025</u>	<u>\$ 3,259,712</u>	<u>\$ (1,085,998)</u>	<u>\$ 28,506,739</u>

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 139,962
Public safety	311,876
Health and welfare	17,923
Transportation	901,695
Community environment	77,021
Leisure time activity	<u>462,532</u>
Total depreciation expense	<u>\$ 1,911,009</u>

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 7 - CAPITAL ASSETS - (Continued)

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

<u>Business-type Activities:</u>	<u>Balance</u> 12/31/03	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> 12/31/04
<i>Capital assets, not being depreciated:</i>				
Land	\$ 973,813	\$ -	\$ -	\$ 973,813
Construction in progress	<u>1,658,946</u>	<u>2,678,630</u>	<u>(1,428,049)</u>	<u>2,909,527</u>
Total capital assets, not being depreciated	<u>2,632,759</u>	<u>2,678,630</u>	<u>(1,428,049)</u>	<u>3,883,340</u>
<i>Capital assets, being depreciated:</i>				
Buildings	30,542,367	-	-	30,542,367
Vehicles and equipment	3,773,750	250,926	(238,638)	3,786,038
Infrastructure				
Water Lines	9,417,946	292,460	(33,142)	9,677,264
Sewer Lines	<u>17,276,704</u>	<u>44,280</u>	<u>(17,636)</u>	<u>17,303,348</u>
Total capital assets, being depreciated	<u>61,010,767</u>	<u>587,666</u>	<u>(289,416)</u>	<u>61,309,017</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(14,054,349)	(828,253)	-	(14,882,602)
Vehicles and equipment	(2,428,116)	(315,508)	238,638	(2,504,986)
Infrastructure				
Water Lines	(3,737,301)	(267,930)	2,072	(4,003,159)
Sewer Lines	<u>(7,515,882)</u>	<u>(302,693)</u>	<u>1,102</u>	<u>(7,817,473)</u>
Total accumulated depreciation	<u>(27,735,648)</u>	<u>(1,714,384)</u>	<u>241,812</u>	<u>(29,208,220)</u>
Total capital assets, being depreciated, net	<u>33,275,119</u>	<u>(1,126,718)</u>	<u>(47,604)</u>	<u>32,100,797</u>
Business-type activities capital assets, net	<u>\$ 35,907,878</u>	<u>\$ 1,551,912</u>	<u>\$ (1,475,653)</u>	<u>\$ 35,984,137</u>

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

Water	\$ 665,298
Sewer	922,684
Community Center	124,397
Lake Cinema Operating	<u>2,005</u>
Total depreciation expense	<u>\$ 1,714,384</u>

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 8 - CAPITAL LEASES

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

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

Capital assets consisting of vehicles and equipment have been capitalized in the community center and lake cinema operating enterprise funds in the amount of \$100,717. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the funds. Principal payments in fiscal year 2004 totaled \$25,952.

The assets acquired through capital leases are as follows:

	Business-Type Amount
Asset:	
Vehicles and equipment	\$100,717
Less: accumulated depreciation	(35,035)
Total	\$ 65,682

Such agreements provide for minimum, annual payments as follows:

Year Ended December 31,	Business-Type Amount
2005	\$ 13,700
2006	11,417
Total	25,117
Less: amount representing interest	(1,040)
Present value of net minimum lease payments	\$ 24,077

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 9 - NOTES PAYABLE

Changes in the City's note activity for the year ended December 31, 2004, were as follows:

	<u>Balance</u> <u>12/31/2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/2004</u>
<u>Business-Type Activity Notes</u>				
Utility System Improvement Notes - 1.75%	\$ 360,000	\$ -	\$ (360,000)	\$ -
Total Business-Type Activity	<u>\$ 360,000</u>	<u>\$ -</u>	<u>\$ (360,000)</u>	<u>\$ -</u>
<u>Governmental Activity Notes</u>				
Street Improvement Notes - 1.75%	\$ 795,000	\$ -	\$ (795,000)	\$ -
Street Improvement Notes - 1.75%	740,000	-	(740,000)	-
Street Improvement Notes - 1.75%	-	430,000	-	430,000
Street Improvement Notes - 1.75%	-	666,000	-	666,000
Total Governmental Activity	<u>\$ 1,535,000</u>	<u>\$ 1,096,000</u>	<u>\$ (1,535,000)</u>	<u>\$ 1,096,000</u>

All notes were backed by the full faith and credit of the City and mature within one year. The note liability is reflected in the fund which received the proceeds. The notes were issued in anticipation of long-term bond financing and will be refinanced until such funds are issued. All proceeds from the notes have been spent as of December 31, 2004.

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 10 - LONG-TERM OBLIGATIONS

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

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
Business-Type Activities				
<u>General Obligation Bonds:</u>				
Water Improvement	1992	3.90-6.50%	\$ 3,800,000	2012
Various Purpose	2003	1.15-4.00%	1,332,390	2013
Water Refunding	2004	2.00-3.55%	2,340,000	2012
Community Center	2004	2.00-3.55%	404,000	2012
Sanitary Sewer	2004	2.00-3.55%	1,514,000	2012
Wolf Creek Dam Repair	2004	2.00-3.55%	276,000	2012
Sewer Vactor Equipment	2004	2.00-3.00%	140,000	2009
<u>Revenue Refunding Bonds:</u>				
Sewer System Revenue	1998	3.70-4.50%	4,910,000	2006
<u>Long-Term Notes Payable:</u>				
Utility System Improvement Notes	2003	2.00%	1,580,000	2004
Community Center Improvement Notes	2003	1.40%	445,000	2004
Community Center Improvement Notes	2003	2.00%	350,000	2004
Utility System Improvement Notes	2003	1.40%	1,965,000	2004
Utility System Improvement Notes	2004	2.00%	1,320,000	2005
Water Treatment Plant Notes	2004	2.00%	500,000	2005
Robinson Avenue Waterline Notes	2004	3.00%	324,000	2005
Community Center Improvement Notes	2004	2.00%	315,000	2005
Governmental Activities				
<u>General Obligation Bonds:</u>				
Parking Lot Improvement	1991	6.50%	135,000	2006
Construction	2003	1.15-4.00%	4,967,810	2013
Fifth Street	2004	2.00-3.55%	300,000	2014
Street Vactor Machine	2004	2.00-3.00%	100,000	2009
Fire Department Ambulance	2004	2.00-3.00%	65,000	2009
Sports Complex	2004	2.00-3.55%	931,000	2012
<u>Special Assessment Bond:</u>				
Street Improvement	2001	4.50%	237,000	2011
<u>Long-Term Notes Payable</u>				
Sports Complex Improvement Notes	2003	1.40%	1,040,000	2004
Building Improvement Notes	2003	2.00%	140,000	2004
Building Improvement Notes	2004	2.00%	120,000	2005
<u>Other Debt:</u>				
HUD Section 108 Loan	1994	4.57-7.18%	2,225,000	2013

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

	Balance			Balance at	Amounts
Governmental Activities:	<u>12/31/2003</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/2004</u>	<u>Due in</u> <u>One Year</u>
<u>General Obligation Bonds</u>					
Parking Lot Improvement	\$ 38,993	\$ -	\$ (12,188)	\$ 26,805	\$ 12,980
Construction Bonds	4,967,610	-	(445,511)	4,522,099	453,396
Fifth Street Bonds	-	300,000	-	300,000	25,000
Street Vactor Machine Bonds	-	100,000	-	100,000	19,672
Fire Department Ambulance Bonds	-	65,000	-	65,000	12,787
Sports Complex Bonds	-	931,000	-	931,000	107,250
Premium on Construction Bonds	<u>17,194</u>	<u>-</u>	<u>(1,719)</u>	<u>15,475</u>	<u>1,720</u>
Total General Obligation Bonds	<u>5,023,797</u>	<u>1,396,000</u>	<u>(459,418)</u>	<u>5,960,379</u>	<u>632,805</u>
<u>Special Assessment Bond:</u>					
Street Improvement	<u>197,600</u>	<u>-</u>	<u>(21,100)</u>	<u>176,500</u>	<u>22,000</u>
<u>Long-Term Notes:</u>					
Sports Complex Improvement Notes	1,040,000	-	(1,040,000)	-	-
Building Improvement Notes	140,000	-	(140,000)	-	-
Building Improvement Notes	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>120,000</u>
Total Long-Term Notes	<u>1,180,000</u>	<u>120,000</u>	<u>(1,180,000)</u>	<u>120,000</u>	<u>120,000</u>
<u>Other Debt:</u>					
HUD Section 108 Loan	1,555,000	-	(115,000)	1,440,000	115,000
Compensated Absences	<u>2,775,038</u>	<u>185,060</u>	<u>(179,885)</u>	<u>2,780,213</u>	<u>216,780</u>
Total Other Debt	<u>4,330,038</u>	<u>185,060</u>	<u>(294,885)</u>	<u>4,220,213</u>	<u>331,780</u>
Total Governmental Activities	<u>\$ 10,731,435</u>	<u>\$ 1,701,060</u>	<u>\$ (1,955,403)</u>	<u>\$ 10,477,092</u>	<u>\$ 1,106,585</u>

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

	Balance			Amounts	
	12/31/2003	Increase	Decrease	Balance at	Due in
Business-Type Activities:				12/31/2004	One Year
<u>General Obligation Bonds:</u>					
Water Improvement	\$ 2,270,000	\$ -	\$ (2,270,000)	\$ -	\$ -
Water Bonds Refunding	-	2,340,000	(220,000)	2,120,000	240,000
Water Revenue Bonds Refunding Deferred Amount	-	(18,444)	192	(18,252)	(2,306)
Various Purpose - New Haven	1,332,390	-	(119,494)	1,212,896	121,609
Community Center	-	404,000	-	404,000	46,541
Sanitary Sewer Bonds	-	1,514,000	-	1,514,000	174,413
Wolf Creek Dam Repair Bonds	-	276,000	-	276,000	31,795
Sewer Vactor Equipment Bonds	-	140,000	-	140,000	27,541
Premium on Various Purpose - New Haven	<u>3,251</u>	<u>-</u>	<u>(325)</u>	<u>2,926</u>	<u>325</u>
Total General Obligation Bonds	<u>3,605,641</u>	<u>4,655,556</u>	<u>(2,609,627)</u>	<u>5,651,570</u>	<u>639,918</u>
<u>Revenue Refunding Bonds:</u>					
Sewer Revenue Bonds Refunding	1,815,000	-	(580,000)	1,235,000	605,000
Sewer Revenue Bonds Refunding Unamort Disc.	(3,223)	985	-	(2,238)	(1,119)
Sewer Revenue Bonds Refunding Deferred Amount	<u>(54,530)</u>	<u>26,795</u>	<u>-</u>	<u>(27,735)</u>	<u>(13,868)</u>
Total Revenue Refunding Bonds	<u>1,757,247</u>	<u>27,780</u>	<u>(580,000)</u>	<u>1,205,027</u>	<u>590,013</u>
<u>Long-Term Notes:</u>					
Utility System Improvement Notes	1,580,000	-	(1,580,000)	-	-
Utility System Improvement Notes	-	1,320,000	-	1,320,000	1,320,000
Community Center Improvement Notes	445,000	-	(445,000)	-	-
Water Treatment Plant Notes	-	500,000	-	500,000	500,000
Robinson Avenue Waterline Notes	-	324,000	-	324,000	324,000
Community Center Improvement Notes	350,000	-	(350,000)	-	-
Community Center Improvement Notes	-	315,000	-	315,000	315,000
Utility System Improvement Notes	<u>1,965,000</u>	<u>-</u>	<u>(1,965,000)</u>	<u>-</u>	<u>-</u>
Total Long-Term Notes	<u>4,340,000</u>	<u>2,459,000</u>	<u>(4,340,000)</u>	<u>2,459,000</u>	<u>2,459,000</u>
Capital Leases	<u>50,029</u>	<u>-</u>	<u>(25,952)</u>	<u>24,077</u>	<u>11,188</u>
Compensated Absences	<u>596,299</u>	<u>218,838</u>	<u>(41,390)</u>	<u>773,747</u>	<u>100,357</u>
Total Business-Type Activities	<u>\$ 10,349,216</u>	<u>\$ 7,361,174</u>	<u>\$ (7,596,969)</u>	<u>\$ 10,113,421</u>	<u>\$ 3,800,476</u>

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

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

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

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

Revenue Bonds

In 1998, the City issued \$4,910,000 in Sewer Refunding Revenue Bonds. Proceeds were used to refund debt originally issued in 1987 for the purpose of improving the City's sewer system. The 1998 bonds were issued with interest rates varying from 3.70 percent to 4.50 percent. The bonds currently have an outstanding balance of \$1,235,000 and mature in full on December 1, 2006. Principal payments will amount to \$605,000 in 2005 and \$630,000 in 2006.

Restricted assets related to the sewer revenue bonds at December 31, 2004, were as follows:

Restricted assets held by the City	
Replacement and Improvement	\$ 2,432,132
Restricted assets held by trustee	
Revenue bond current debt service	701,095

Refunding Bonds

On July 14, 2004, the City issued \$2,340,000 in water improvement refunding bonds to currently refund the callable portion of the 1992 water improvement bonds (principal \$2,270,000; interest rate 3.90%-6.50%). The refunded debt is considered defeased (insubstance) and accordingly, has been removed from the statement of net assets. The principal balance of the water improvement refunding bonds at December 31, 2004 was \$2,120,000.

The 2004 water improvement refunding issue is comprised of current interest bonds, par value \$2,340,000, with an annual interest rate ranging from 2.00% - 3.550%. The reacquisition price exceeded the net carrying amount of the old debt by \$18,444. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to interest expense through the year 2012 using the straight-line method. This current refunding was undertaken to reduce total debt service payments over the next 10 years by 3.128% and resulted in an economic gain of \$279,548.

Bond Anticipation Notes

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

The City's overall legal debt margin was \$30,781,086 at December 31, 2004.

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the outstanding debt at December 31, 2004, are as follows:

Year	Governmental Activities					
	General Obligation Bonds		Special Assessment Bonds		Other Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 631,085	\$ 176,642	\$ 22,000	\$ 7,943	\$ 115,000	\$ 56,971
2006	641,295	160,687	23,000	6,952	115,000	54,970
2007	638,334	147,040	24,000	5,918	115,000	52,199
2008	664,536	123,992	25,100	4,837	115,000	48,783
2009	683,547	107,022	82,400	7,524	115,000	44,747
2010-2014	<u>2,686,107</u>	<u>227,127</u>	<u>-</u>	<u>-</u>	<u>865,000</u>	<u>131,525</u>
Total	<u>\$ 5,944,904</u>	<u>\$ 942,510</u>	<u>\$ 176,500</u>	<u>\$ 33,174</u>	<u>\$ 1,440,000</u>	<u>\$ 389,195</u>

Year	Business-Type Activities			
	General Obligation Bonds		Revenue Refunding Bonds	
	Principal	Interest	Principal	Interest
2005	\$ 641,899	\$ 160,528	\$ 605,000	\$ 55,273
2006	657,524	147,691	630,000	28,350
2007	671,660	134,273	-	-
2008	685,453	115,866	-	-
2009	706,453	97,475	-	-
2010 - 2013	<u>2,303,907</u>	<u>168,135</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,666,896</u>	<u>\$ 823,968</u>	<u>\$ 1,235,000</u>	<u>\$ 83,623</u>

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 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, 2004, there was one series of industrial revenue bonds outstanding. The aggregate principal amount payable at December 31, 2004 was \$600,000.

From time to time, the City has issued housing revenue bonds pursuant to Article VIII, Section 16 of the Ohio Constitution and Section 133.51, of the Ohio Revised Code. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans provided to the public sector entity by the City. The bonds do not constitute a debt or pledge of the faith and credit of the City and, accordingly, have not been reported as a liability in the accompanying financial statements. The borrower of the bonds makes payments to the City who in turn makes payments to the assignee, the Barberton Community Foundation. Since the City has acted in a fiduciary capacity related to these transactions, the activity has been presented within an agency fund in the accompanying financial statements. As of December 31, 2004, there were three series of housing revenue bonds outstanding. The aggregate principal amount payable at December 31, 2004 was \$2,879,992.

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City purchases fire and extended coverage insurance on all buildings and contents to \$59,000,000 with a variety of deductibles beginning at \$5,000. Coverage is purchased on City vehicles for a combined single limit liability of \$1,000,000. The City purchases general liability insurance coverage with a \$1,000,000 limit per occurrence. The City also has an umbrella policy which provides an additional \$5,000,000 in coverage over and above listed policies.

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

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

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

The City purchases stop-loss coverage for claims in excess of \$75,000 per employee per year and an aggregate of \$1,000,000. The City pays into the self-insurance internal service fund \$996 for family coverage or \$398 for individual coverage per employee per month which represents the entire premium required. This premium is paid by the fund that pays the salary of the employee and is based on historical cost information.

The claims liability of \$326,269 reported in the Internal Service fund at December 31, 2004 is estimated by a third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amounts in 2003 and 2004 are:

	<u>Balance at Beginning of Year</u>	<u>Current Claims</u>	<u>Claims Payment</u>	<u>Balance at End of Year</u>
2003	\$ 153,430	\$ 2,395,712	\$ (2,377,305)	\$ 171,837
2004	171,837	2,584,692	(2,430,260)	326,269

CITY OF BARBERTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The City's contribution rate for pension benefits for 2004 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$764,952, \$709,084, and \$710,333, respectively; 100% has been contributed for 2004, 2003 and 2002. The City and plan members did not make any contributions to the member-directed plan for 2004.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the City is required to contribute 11.75% for police officers and 16.25% for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for police and firefighters were \$362,674 and \$368,457 for the year ended December 31, 2004, \$289,256 and \$378,233 for the year ended December 31, 2003, and \$278,174 and \$400,651 for the year ended December 31, 2002. The full amount has been contributed for 2003 and 2002. 87.82% and 87.82%, respectively, have been contributed for 2004 with the remainder being reported as a liability.

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 13 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase 1.00% and 6.00% annually for the next eight years and 4.00% annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$320,399. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003 (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

B. Ohio Police and Fire Pension Fund

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

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 13 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2004. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits was \$238,776 for police and \$175,493 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003 (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003 (the latest information available), was 13,662 for police and 10,474 for firefighters.

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

The City provides a life insurance benefit for retired employees based on their salary when they retired. Substantially all of the City's full time employees may become eligible for this benefit if they reach normal retirement age or become eligible for total disability benefits while working for the City. The cost of retirees' life insurance is recognized as an expense when the insurance premiums are paid. For 2004 the cost totaled \$104,546.

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
Budget basis	\$(1,046,582)
Net adjustment for revenue accruals	59,324
Net adjustment for expenditure accruals	(186,084)
Adjustment for encumbrances	<u>219,225</u>
GAAP basis	<u>\$ (954,117)</u>

NOTE 16 - RELATED ORGANIZATIONS

A. Barberton Community Development Corporation

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

CITY OF BARBERTON, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004*

NOTE 16 - RELATED ORGANIZATIONS - (Continued)

B. Barberton Community Foundation

The City participates in the Barberton Community Development Foundation (the "Foundation"). The City initially appointed a voting majority of the Foundation. The City Council has limited veto abilities over subsequent nominees to the Foundation Board and therefore has limited influence on the Foundation's operation. In 2004, the City received approximately \$706,715 in grants from the Foundation. During 2004, the City also acted as the issuer of bonds for conduit debt (see Note 10) in which the Foundation acts as the assignee.

NOTE 17 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 18 - SUBSEQUENT EVENTS

In April 2005, the City issued the following bond anticipation notes:

- \$2,285,000 and \$500,000 for the purpose of improving the Municipal Waterworks System. These notes mature on July 14, 2005.
- \$1,057,000 for the purpose of improving the water and sewer systems of the City. These notes mature in April 2006.
- \$300,000 for the purpose of improving the Municipal Waterworks System by installing and replacing water mains. These notes mature in April 2006.
- \$348,000 for the purpose of refunding the City's outstanding various purpose bonds, Series 1989-1. These notes mature in April 2006.

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

CITY OF BARBERTON, OHIO

INDIVIDUAL FUND SCHEDULES FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

GENERAL FUND

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

NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for all specific financial resources (other than major capital projects) that are legally restricted for specified expenditure purposes. The following are the special revenue funds which the City operates:

Street Construction, Maintenance and Repair Fund

This fund accounts for the portion of state gasoline tax and motor vehicle registration fees designated for the maintenance of the streets within the City.

State Highway Improvement Fund

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

Permissive License Tax Fund

This fund accounts for local vehicle license fees designated for the maintenance of streets in the City.

Residential Street Fund

This fund was established by City Council to ensure that monies are being allocated for street resurfacing needs throughout the City.

Court Computer Fund

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

Indigent Drivers Alcohol Treatment Fund

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

Sports Complex Operating Fund

This fund accounts for the revenue and expenditures associated with operating and maintaining a sports complex along with managing the various athletic leagues that use the facility.

Parks Recreation Improvement Fund

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

Gas and Oil Royalty Fund

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

D.A.R.E. Program Fund

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

CITY OF BARBERTON, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Mandatory Drug Fines Fund

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

Local Law Enforcement Trust Fund

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

Parks Revolving Loan Fund

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

Sidewalk Improvement Program Fund

To account for the monies used to subsidize the cost of replacing existing sidewalks for homeowners within the City.

City Grant Fund

This fund was established during 2004 by City Council to account for large grant receipts. During 2004, the City received large grants for EMS equipment and bulletproof vests.

Federal Emergency Management Agency Fund

This fund accounts for the federal portion of grant monies received from the Federal Emergency Management Agency through the State of Ohio Emergency Management Agency Public Assistance Disaster Recovery Grant Program.

Emergency Reserve Fund

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

Community Development Block Grant Fund (CDBG)

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

Rental Rehabilitation Fund

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

Home Investment Partnership Fund

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

Tax Increment Financing Fund

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

Lake Cinema Complex Maintenance Fund

This fund accounts for the cost of maintaining a City-owned theater complex.

Health District Fund

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

CITY OF BARBERTON, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Beautification Fund

This fund accounts for donations restricted for floral beautification projects within the City.

Downtown Sales and Rental Fund

This fund accounts for the revenues received from sale of property and rental income. Monies used for property maintenance and capital improvement to the downtown area.

Senior Center Trust Fund

This fund accounts for the monies received and expended for Senior Center Operations.

Fire Pension Fund

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

Police Pension Fund

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

Miscellaneous Grants Fund

To account for the monies received and expended for various state and federal grants.

NONMAJOR DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources and the payments of general obligation and special assessment principal, interest, and related costs.

General Obligation Bond Retirement Fund

This fund accounts for the resources that are used for the payment of principal, interest, and other fiscal charges on general obligation debt.

Special Assessment Bond Retirement Fund

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

CAPITAL PROJECTS FUNDS

The capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary fund types. Following is a description of the capital project funds:

Major Capital Projects Funds

Street Improvement Fund

This fund accounts for revenues and expenditures for street improvements.

Senior Center Construction Fund

This fund accounts for the revenues and expenditures associated with the construction of the new Senior Center.

CITY OF BARBERTON, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

Nonmajor Capital Projects Funds

Sports Complex Construction Fund

This fund accounts for revenues and expenditures associated with the construction of the Barberton Community Sports Complex.

Issue II Fund

This fund accounts for projects funded by Issue II money.

Infrastructure Improvement Reserve Fund

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

Street and Storm Sewer Improvement Fund

This fund accounts for income tax revenue used for the improvement of street and storm sewers within the City.

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 1,333,706	\$ 1,333,706	\$ 1,323,215	\$ (10,491)
Municipal income taxes	9,792,958	10,192,958	10,351,115	158,157
Charges for services	1,157,014	1,157,014	839,420	(317,594)
Licenses and permits	157,685	157,685	139,688	(17,997)
Fines and forfeitures	102,200	102,200	85,730	(16,470)
Intergovernmental	3,363,084	3,363,084	3,586,443	223,359
Investment income	180,000	180,000	97,122	(82,878)
Special assessments	20,000	20,000	-	(20,000)
Other	490,700	490,700	511,212	20,512
Total revenues	<u>16,597,347</u>	<u>16,997,347</u>	<u>16,933,945</u>	<u>(63,402)</u>
Expenditures:				
Current:				
General government				
City Council	185,305	185,238	183,999	1,239
Municipal Court Judges	366,939	371,830	339,421	32,409
Clerk of Court	632,804	651,334	645,604	5,730
Mayor	165,850	165,850	165,286	564
Service Director	203,361	205,006	200,504	4,502
Civil Service Commission	23,460	23,460	21,911	1,549
Finance Department	424,244	424,080	409,710	14,370
Law Department	426,959	423,607	405,315	18,292
Safety Director	86,412	86,412	84,235	2,177
Human Resources	77,497	84,747	79,489	5,258
Information Systems	133,485	119,485	104,839	14,646
Municipal Buildings	340,832	335,456	314,579	20,877
Probation	128,937	130,725	127,008	3,717
Engineer	138,112	138,096	128,671	9,425
Income Tax	290,904	290,465	244,040	46,425
General Liability	13,500	11,000	10,974	26
Other	175,088	203,912	198,044	5,868
Total general government	<u>3,813,689</u>	<u>3,850,703</u>	<u>3,663,629</u>	<u>187,074</u>
Public safety				
Police Department	4,780,164	4,719,021	4,690,871	28,150
Fire Department	4,444,738	4,300,500	4,250,905	49,595
Total public safety	<u>9,224,902</u>	<u>9,019,521</u>	<u>8,941,776</u>	<u>77,745</u>
Transportation				
Paint/signal	297,112	289,039	266,179	22,860
Total transportation	<u>297,112</u>	<u>289,039</u>	<u>266,179</u>	<u>22,860</u>
Leisure time activities				
Parks administration	222,881	229,041	217,078	11,963
Senior Center	87,165	87,165	79,178	7,987
Recreation programs	35,967	35,647	32,090	3,557
Parks maintenance	430,658	419,781	400,943	18,838
Total leisure time activities	<u>776,671</u>	<u>771,634</u>	<u>729,289</u>	<u>42,345</u>

Continued

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Community environment				
Building inspection	\$ 409,069	\$ 348,198	\$ 304,402	\$ 43,796
Planning	188,004	229,653	209,598	20,055
Total community environment	<u>597,073</u>	<u>577,851</u>	<u>514,000</u>	<u>63,851</u>
Capital outlay				
Finance Department	5,020	5,000	4,178	822
Information Systems	33,705	23,247	22,141	1,106
Police Department	103,220	44,260	44,260	-
Fire Department	32,200	68,319	68,319	-
Recreation programs	15,916	20,116	20,116	-
Parks maintenance	4,355	4,136	4,134	2
Planning	-	66,501	20,401	46,100
Transportation	1,060,966	1,060,966	1,060,966	-
Other	23,064	120,942	120,925	17
Total capital outlay	<u>1,278,446</u>	<u>1,413,487</u>	<u>1,365,440</u>	<u>48,047</u>
Total expenditures	<u>15,987,893</u>	<u>15,922,235</u>	<u>15,480,313</u>	<u>441,922</u>
Excess of revenues over expenditures . . .	<u>609,454</u>	<u>1,075,112</u>	<u>1,453,632</u>	<u>378,520</u>
Other financing sources (uses):				
Transfers in	282,500	282,500	-	(282,500)
Transfers out	(2,135,497)	(2,568,903)	(2,568,903)	-
Sale of capital assets	4,000	4,000	3,569	(431)
Bond issuance	-	-	65,000	65,000
Premium on bonds	-	-	120	120
Total other financing sources (uses) . . .	<u>(1,848,997)</u>	<u>(2,282,403)</u>	<u>(2,500,214)</u>	<u>(217,811)</u>
Net change in fund balance	(1,239,543)	(1,207,291)	(1,046,582)	160,709
Fund balance at beginning of year	<u>1,593,204</u>	<u>1,593,204</u>	<u>1,593,204</u>	<u>-</u>
Prior year encumbrances appropriated. .	<u>298,187</u>	<u>298,187</u>	<u>298,187</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 651,848</u>	<u>\$ 684,100</u>	<u>\$ 844,809</u>	<u>\$ 160,709</u>

CITY OF BARBERTON, OHIO

*COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004*

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,730,420	\$ 41,937	\$ 886,815	\$ 3,659,172
Receivables (net of allowances of uncollectibles):				
Property taxes	245,090	-	-	245,090
Intergovernmental	717,820	-	-	717,820
Special assessments	31,000	176,500	-	207,500
Notes receivable	826,902	-	-	826,902
Prepayments	13,629	-	-	13,629
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 4,564,861</u>	<u>\$ 218,437</u>	<u>\$ 886,815</u>	<u>\$ 5,670,113</u>
Liabilities:				
Accounts payable	\$ 268,017	\$ -	\$ 56,525	\$ 324,542
Accrued wages and benefits	63,994	-	285	64,279
Due to other governments	43,232	-	577	43,809
Interfund loan payable	5,736	-	-	5,736
Deferred revenue	807,836	176,500	-	984,336
Accrued interest payable	-	-	636	636
Notes payable	-	-	430,000	430,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,188,815</u>	<u>176,500</u>	<u>488,023</u>	<u>1,853,338</u>
Fund Balances:				
Reserved for encumbrances	298,953	-	344,647	643,600
Reserved for prepayments	13,629	-	-	13,629
Reserved for notes receivable	826,902	-	-	826,902
Reserved for debt service	-	41,937	-	41,937
Unreserved, undesignated, reported in:				
Special revenue funds	2,236,562	-	-	2,236,562
Capital projects funds	-	-	54,145	54,145
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>3,376,046</u>	<u>41,937</u>	<u>398,792</u>	<u>3,816,775</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 4,564,861</u>	<u>\$ 218,437</u>	<u>\$ 886,815</u>	<u>\$ 5,670,113</u>

CITY OF BARBERTON, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property and other local taxes	\$ 237,911	\$ -	\$ -	\$ 237,911
Charges for services	318,676	-	-	318,676
Licenses and permits	147,920	-	-	147,920
Fines and forfeitures	88,024	-	-	88,024
Intergovernmental	2,761,628	-	530,092	3,291,720
Special assessments	30,755	3,920	55,620	90,295
Investment income	5,411	-	6,887	12,298
Contributions and donations	103,054	-	-	103,054
Other	249,428	444,808	23,381	717,617
Total revenues	3,942,807	448,728	615,980	5,007,515
Expenditures:				
Current:				
General government	88,542	-	-	88,542
Public safety	362,267	-	-	362,267
Health and welfare	1,948,426	-	-	1,948,426
Transportation	1,452,480	-	36,698	1,489,178
Community environment	802,715	-	-	802,715
Leisure time activities	398,400	-	-	398,400
Capital outlay	473,512	-	417,524	891,036
Debt service:				
Principal retirement	1,155,000	618,799	-	1,773,799
Interest and fiscal charges	81,847	158,108	13,391	253,346
Bond issuance costs	18,955	-	-	18,955
Note issuance costs	-	5,671	-	5,671
Total expenditures	6,782,144	782,578	467,613	8,032,335
Excess (deficiency) of revenues over (under) expenditures	(2,839,337)	(333,850)	148,367	(3,024,820)
Other financing sources (uses):				
Notes issued	-	120,000	-	120,000
Bonds issued	1,031,000	-	300,000	1,331,000
Premium on notes and bonds	1,722	-	-	1,722
Sale of capital assets	2,763	-	-	2,763
Transfers in	1,751,552	14,724	427,351	2,193,627
Transfers out	(14,724)	-	(150,000)	(164,724)
Total other financing sources (uses)	2,772,313	134,724	577,351	3,484,388
Net change in fund balances	(67,024)	(199,126)	725,718	459,568
Fund balances (deficit) at beginning of year	3,443,070	241,063	(326,926)	3,357,207
Fund balances at end of year	\$ 3,376,046	\$ 41,937	\$ 398,792	\$ 3,816,775

CITY OF BARBERTON, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2004*

	Street Construction Maintenance and Repair	State Highway Improvement	Permissive License Tax	Residential Street
Assets:				
Equity in pooled cash and cash equivalents.	\$ 189,301	\$ 9,835	\$ 167,884	\$ 150,000
Receivables (net of allowances for uncollectibles):				
Property taxes.	-	-	-	-
Intergovernmental	286,113	21,943	3,424	-
Special assessments	-	-	-	-
Notes receivable	-	-	-	-
Prepayments	9,697	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 485,111</u>	<u>\$ 31,778</u>	<u>\$ 171,308</u>	<u>\$ 150,000</u>
 Liabilities:				
Accounts payable	\$ 29,583	\$ -	\$ -	\$ -
Accrued wages and benefits	37,951	-	-	-
Due to other governments	18,456	731	-	-
Interfund loan payable	-	-	-	-
Deferred revenue.	164,189	13,313	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>250,179</u>	<u>14,044</u>	<u>-</u>	<u>-</u>
 Fund Balances:				
Reserved for encumbrances	17,533	-	40,585	-
Reserved for prepayments.	9,697	-	-	-
Reserved for notes receivable	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	207,702	17,734	130,723	150,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>234,932</u>	<u>17,734</u>	<u>171,308</u>	<u>150,000</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity.	<u>\$ 485,111</u>	<u>\$ 31,778</u>	<u>\$ 171,308</u>	<u>\$ 150,000</u>

<u>Court Computer</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>Sports Complex Operating</u>	<u>Parks Recreation Improvement</u>	<u>Gas and Oil Royalty</u>	<u>D.A.R.E. Program</u>
\$ 103,615	\$ 195,509	\$ 14,027	\$ 980,884	\$ 17,126	\$ 24,419
-	-	-	-	-	-
3,073	827	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>106,688</u>	<u>196,336</u>	<u>14,027</u>	<u>980,884</u>	<u>17,126</u>	<u>24,419</u>
\$ -	\$ -	\$ 1,651	\$ -	\$ -	\$ -
720	-	-	-	-	-
361	-	254	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,081</u>	<u>-</u>	<u>1,905</u>	<u>-</u>	<u>-</u>	<u>-</u>
721	-	2,804	22,879	50	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>104,886</u>	<u>196,336</u>	<u>9,318</u>	<u>958,005</u>	<u>17,076</u>	<u>24,419</u>
<u>105,607</u>	<u>196,336</u>	<u>12,122</u>	<u>980,884</u>	<u>17,126</u>	<u>24,419</u>
<u>\$ 106,688</u>	<u>\$ 196,336</u>	<u>\$ 14,027</u>	<u>\$ 980,884</u>	<u>\$ 17,126</u>	<u>\$ 24,419</u>

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CITY OF BARBERTON, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2004*

	<u>Mandatory Drug Fines</u>	<u>Local Law Enforcement Trust</u>	<u>Parks Revolving Loan</u>	<u>Sidewalk Improvement Program</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 5,855	\$ 105,516	\$ 43,485	\$ 82,456
Receivables (net of allowances for uncollectibles):				
Property taxes	-	-	-	-
Intergovernmental	125	-	-	-
Special assessments	-	-	-	31,000
Notes receivable	-	-	-	-
Prepayments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,980</u>	<u>\$ 105,516</u>	<u>\$ 43,485</u>	<u>\$ 113,456</u>
Liabilities:				
Accounts payable	\$ -	\$ 6,010	\$ 1,500	\$ -
Accrued wages and benefits	-	-	-	-
Due to other governments	-	-	-	-
Interfund loan payable	-	-	-	-
Deferred revenue	-	-	-	31,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>6,010</u>	<u>1,500</u>	<u>31,000</u>
Fund Balances:				
Reserved for encumbrances	-	6,114	56	4,060
Reserved for prepayments	-	-	-	-
Reserved for notes receivable	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	5,980	93,392	41,929	78,396
Total fund balances	<u>5,980</u>	<u>99,506</u>	<u>41,985</u>	<u>82,456</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 5,980</u>	<u>\$ 105,516</u>	<u>\$ 43,485</u>	<u>\$ 113,456</u>

City Grant	Federal Emergency Management Agency	Emergency Reserve	Community Development Block Grant	Rental Rehabilitation	Home Investment Partnership
\$ 2,682	\$ 37,055	\$ 251	\$ 118,037	\$ 2,000	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	554,923	-	267,000
-	-	-	-	-	-
<u>\$ 2,682</u>	<u>\$ 37,055</u>	<u>\$ 251</u>	<u>\$ 672,960</u>	<u>\$ 2,000</u>	<u>\$ 267,000</u>
\$ -	\$ -	\$ -	\$ 194,085	\$ -	\$ -
-	-	-	1,641	-	-
-	-	-	1,559	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	197,285	-	-
-	-	-	202,670	-	-
-	-	-	-	-	-
-	-	-	554,923	-	267,000
2,682	37,055	251	(281,918)	2,000	-
<u>2,682</u>	<u>37,055</u>	<u>251</u>	<u>475,675</u>	<u>2,000</u>	<u>267,000</u>
<u>\$ 2,682</u>	<u>\$ 37,055</u>	<u>\$ 251</u>	<u>\$ 672,960</u>	<u>\$ 2,000</u>	<u>\$ 267,000</u>

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CITY OF BARBERTON, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2004*

	Tax Increment Financing	Lake Cinema Complex Maintenance	Health District	Beautification
Assets:				
Equity in pooled cash and cash equivalents.	\$ 28,582	\$ 4,483	\$ 265,742	\$ 15,235
Receivables (net of allowances for uncollectibles):				
Property taxes.	-	-	-	-
Intergovernmental	-	-	387,891	-
Special assessments	-	-	-	-
Notes receivable	-	-	-	-
Prepayments	-	-	1,762	1,374
Total assets	<u>\$ 28,582</u>	<u>\$ 4,483</u>	<u>\$ 655,395</u>	<u>\$ 16,609</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 32,404	\$ 1,677
Accrued wages and benefits	-	-	20,184	3,498
Due to other governments	-	-	19,579	2,292
Interfund loan payable	-	-	-	-
Deferred revenue.	-	-	356,250	-
Total liabilities	<u>-</u>	<u>-</u>	<u>428,417</u>	<u>7,467</u>
Fund Balances:				
Reserved for encumbrances	-	-	-	-
Reserved for prepayments.	-	-	1,762	1,374
Reserved for notes receivable	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	28,582	4,483	225,216	7,768
Total fund balances	<u>28,582</u>	<u>4,483</u>	<u>226,978</u>	<u>9,142</u>
Total liabilities and fund equity.	<u>\$ 28,582</u>	<u>\$ 4,483</u>	<u>\$ 655,395</u>	<u>\$ 16,609</u>

Downtown Sales and Rental	Senior Center Trust	Fire Pension	Police Pension	Total Nonmajor Special Revenue Funds
\$ 55,741	\$ 102,408	\$ -	\$ 8,292	\$ 2,730,420
-	-	122,545	122,545	245,090
-	-	7,212	7,212	717,820
-	-	-	-	31,000
4,979	-	-	-	826,902
69	727	-	-	13,629
<u>\$ 60,789</u>	<u>\$ 103,135</u>	<u>\$ 129,757</u>	<u>\$ 138,049</u>	<u>\$ 4,564,861</u>
\$ -	\$ 1,107	\$ -	\$ -	\$ 268,017
-	-	-	-	63,994
-	-	-	-	43,232
-	-	5,736	-	5,736
-	-	121,542	121,542	807,836
<u>-</u>	<u>1,107</u>	<u>127,278</u>	<u>121,542</u>	<u>1,188,815</u>
-	1,481	-	-	298,953
69	727	-	-	13,629
4,979	-	-	-	826,902
55,741	99,820	2,479	16,507	2,236,562
<u>60,789</u>	<u>102,028</u>	<u>2,479</u>	<u>16,507</u>	<u>3,376,046</u>
<u>\$ 60,789</u>	<u>\$ 103,135</u>	<u>\$ 129,757</u>	<u>\$ 138,049</u>	<u>\$ 4,564,861</u>

CITY OF BARBERTON

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Street Construction Maintenance and Repair	State Highway Improvement	Permissive License Tax	Residential Street
Revenues:				
Property and other local taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	777,250	48,477	52,288	-
Special assessments	-	-	-	-
Investment income	858	226	2,615	-
Contributions and donations	-	-	-	-
Other	2,832	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	780,940	48,703	54,903	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Transportation	1,390,386	47,679	14,415	-
Community environment.	-	-	-	-
Leisure time activities	-	-	-	-
Capital outlay	100,000	-	-	-
Debt service:				
Principal retirement.	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,490,386	47,679	14,415	-
Excess (deficiency) of revenues over (under) expenditures	(709,446)	1,024	40,488	-
Other financing sources (uses):				
Bonds issued	100,000	-	-	-
Premium on notes and bonds.	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in.	673,915	-	-	150,000
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses).	773,915	-	-	150,000
Net change in fund balances.	64,469	1,024	40,488	150,000
Fund balances at beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
	170,463	16,710	130,820	-
Fund balances at end of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 234,932	\$ 17,734	\$ 171,308	\$ 150,000

<u>Court Computer</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>Sports Complex Operating</u>	<u>Parks Recreation Improvement</u>	<u>Gas and Oil Royalty</u>	<u>D.A.R.E. Program</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	61,502	-	-	-
-	-	-	-	-	-
49,810	37,864	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	100
-	-	-	-	12,196	-
<u>49,810</u>	<u>37,864</u>	<u>61,502</u>	<u>-</u>	<u>12,196</u>	<u>100</u>
34,715	-	-	-	-	-
-	-	-	-	-	1,540
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	12,000	-
-	-	77,797	19,116	-	-
10,025	-	-	-	9,950	-
-	-	1,040,000	-	-	-
-	-	24,457	-	-	-
-	-	18,955	-	-	-
<u>44,740</u>	<u>-</u>	<u>1,161,209</u>	<u>19,116</u>	<u>21,950</u>	<u>1,540</u>
<u>5,070</u>	<u>37,864</u>	<u>(1,099,707)</u>	<u>(19,116)</u>	<u>(9,754)</u>	<u>(1,440)</u>
-	-	931,000	-	-	-
-	-	1,722	-	-	-
-	-	-	-	-	1,749
-	-	175,410	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1,108,132</u>	<u>-</u>	<u>-</u>	<u>1,749</u>
5,070	37,864	8,425	(19,116)	(9,754)	309
<u>100,537</u>	<u>158,472</u>	<u>3,697</u>	<u>1,000,000</u>	<u>26,880</u>	<u>24,110</u>
<u>\$ 105,607</u>	<u>\$ 196,336</u>	<u>\$ 12,122</u>	<u>\$ 980,884</u>	<u>\$ 17,126</u>	<u>\$ 24,419</u>

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CITY OF BARBERTON

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Mandatory Drug Fines	Local Law Enforcement Trust	Parks Revolving Loan	Sidewalk Improvement Program
Revenues:				
Property and other local taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	6,440	-
Licenses and permits	-	-	-	-
Fines and forfeitures	350	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	30,755
Investment income	-	293	-	-
Contributions and donations	-	-	27,349	-
Other	-	66,874	-	54,137
Total revenues	350	67,167	33,789	84,892
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Transportation	-	-	-	-
Community environment.	-	-	-	-
Leisure time activities	-	-	51,516	-
Capital outlay	-	83,017	1,500	80,538
Debt service:				
Principal retirement.	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	-	83,017	53,016	80,538
Excess (deficiency) of revenues over (under) expenditures	350	(15,850)	(19,227)	4,354
Other financing sources (uses):				
Bonds issued	-	-	-	-
Premium on notes and bonds.	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in.	-	-	-	20,000
Transfers out	-	-	-	-
Total other financing sources (uses).	-	-	-	20,000
Net change in fund balances.	350	(15,850)	(19,227)	24,354
Fund balances at beginning of year	5,630	115,356	61,212	58,102
Fund balances at end of year	\$ 5,980	\$ 99,506	\$ 41,985	\$ 82,456

<u>City Grant</u>	<u>Federal Emergency Management Agency</u>	<u>Emergency Reserve</u>	<u>Community Development Block Grant</u>	<u>Rental Rehabilitation</u>	<u>Home Investment Partnership</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
156,147	37,055	-	578,786	-	-
-	-	-	-	-	-
-	-	4	-	-	-
-	-	-	-	-	-
-	-	-	51,443	-	-
<u>156,147</u>	<u>37,055</u>	<u>4</u>	<u>630,229</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
10,738	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	769,684	-	-
-	-	-	-	-	-
158,533	-	-	-	-	-
-	-	-	115,000	-	-
-	-	-	57,390	-	-
-	-	-	-	-	-
<u>169,271</u>	<u>-</u>	<u>-</u>	<u>942,074</u>	<u>-</u>	<u>-</u>
<u>(13,124)</u>	<u>37,055</u>	<u>4</u>	<u>(311,845)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,806	-	-	-	-	-
-	-	-	-	-	-
<u>15,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,682	37,055	4	(311,845)	-	-
-	-	247	787,520	2,000	267,000
<u>\$ 2,682</u>	<u>\$ 37,055</u>	<u>\$ 251</u>	<u>\$ 475,675</u>	<u>\$ 2,000</u>	<u>\$ 267,000</u>

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CITY OF BARBERTON

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Tax Increment Financing	Lake Cinema Complex Maintenance	Health District	Beautification
Revenues:				
Property and other local taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	250,734	-
Licenses and permits	-	-	147,920	-
Fines and forfeitures	-	-	-	-
Intergovernmental	20,470	-	925,719	19,209
Special assessments	-	-	-	-
Investment income	-	-	-	-
Contributions and donations	-	-	-	62,437
Other	-	-	41,838	-
Total revenues	20,470	-	1,366,211	81,646
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	1,948,426	-
Transportation	-	-	-	-
Community environment.	11,000	-	-	-
Leisure time activities	-	-	-	225,417
Capital outlay	-	-	29,949	-
Debt service:				
Principal retirement.	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	11,000	-	1,978,375	225,417
Excess (deficiency) of revenues over (under) expenditures	9,470	-	(612,164)	(143,771)
Other financing sources (uses):				
Bonds issued	-	-	-	-
Premium on notes and bonds.	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in.	-	-	594,621	121,800
Transfers out	(14,724)	-	-	-
Total other financing sources (uses).	(14,724)	-	594,621	121,800
Net change in fund balances.	(5,254)	-	(17,543)	(21,971)
Fund balances at beginning of year	33,836	4,483	244,521	31,113
Fund balances at end of year	\$ 28,582	\$ 4,483	\$ 226,978	\$ 9,142

Downtown Sales and Rental	Senior Center Trust	Fire Pension	Police Pension	Miscellaneous Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 120,541	\$ 117,370	\$ -	\$ 237,911
-	-	-	-	-	318,676
-	-	-	-	-	147,920
-	-	-	-	-	88,024
-	-	12,827	15,998	117,402	2,761,628
-	-	-	-	-	30,755
-	1,415	-	-	-	5,411
-	13,168	-	-	-	103,054
-	20,108	-	-	-	249,428
-	34,691	133,368	133,368	117,402	3,942,807
-	-	1,790	1,790	50,247	88,542
-	-	149,500	133,000	67,489	362,267
-	-	-	-	-	1,948,426
-	-	-	-	-	1,452,480
5,530	-	-	-	4,501	802,715
-	24,554	-	-	-	398,400
-	-	-	-	-	473,512
-	-	-	-	-	1,155,000
-	-	-	-	-	81,847
-	-	-	-	-	18,955
5,530	24,554	151,290	134,790	122,237	6,782,144
(5,530)	10,137	(17,922)	(1,422)	(4,835)	(2,839,337)
-	-	-	-	-	1,031,000
-	-	-	-	-	1,722
1,014	-	-	-	-	2,763
-	-	-	-	-	1,751,552
-	-	-	-	-	(14,724)
1,014	-	-	-	-	2,772,313
(4,516)	10,137	(17,922)	(1,422)	(4,835)	(67,024)
65,305	91,891	20,401	17,929	4,835	3,443,070
\$ 60,789	\$ 102,028	\$ 2,479	\$ 16,507	\$ -	\$ 3,376,046

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 804,606	\$ 804,606	\$ 762,093	\$ (42,513)
Investment income	800	800	858	58
Other	6,000	6,000	2,832	(3,168)
Total revenues.	<u>811,406</u>	<u>811,406</u>	<u>765,783</u>	<u>(45,623)</u>
Expenditures:				
Current:				
Transportation	1,524,097	1,511,453	1,437,502	73,951
Capital outlay	20,000	120,000	100,000	20,000
Total expenditures.	<u>1,544,097</u>	<u>1,631,453</u>	<u>1,537,502</u>	<u>93,951</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(732,691)</u>	<u>(820,047)</u>	<u>(771,719)</u>	<u>48,328</u>
Other financing sources:				
Transfers in.	658,915	658,915	673,915	15,000
Bonds issued	100,000	100,000	100,000	-
Total other financing sources.	<u>758,915</u>	<u>758,915</u>	<u>773,915</u>	<u>15,000</u>
Net change in fund balance.	26,224	(61,132)	2,196	63,328
Fund balance at beginning of year	77,609	77,609	77,609	-
Prior year encumbrances appropriated . . .	<u>57,771</u>	<u>57,771</u>	<u>57,771</u>	<u>-</u>
Fund balance at end of year	<u>\$ 161,604</u>	<u>\$ 74,248</u>	<u>\$ 137,576</u>	<u>\$ 63,328</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE HIGHWAY IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 40,050	\$ 40,050	\$ 47,629	\$ 7,579
Investment income	250	250	226	(24)
Total revenues.	<u>40,300</u>	<u>40,300</u>	<u>47,855</u>	<u>7,555</u>
Expenditures:				
Current:				
Transportation	<u>46,950</u>	<u>46,950</u>	<u>46,948</u>	<u>2</u>
Total expenditures.	<u>46,950</u>	<u>46,950</u>	<u>46,948</u>	<u>2</u>
Net change in fund balance	(6,650)	(6,650)	907	7,557
Fund balance at beginning of year.	<u>8,928</u>	<u>8,928</u>	<u>8,928</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,278</u>	<u>\$ 2,278</u>	<u>\$ 9,835</u>	<u>\$ 7,557</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMISSIVE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 182,000	\$ 55,000	\$ 52,838	\$ (2,162)
Investment income	-	-	2,615	2,615
Total revenues.	<u>182,000</u>	<u>55,000</u>	<u>55,453</u>	<u>453</u>
Expenditures:				
Current:				
Transportation	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Total expenditures.	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Net change in fund balance	127,000	-	453	453
Fund balance at beginning of year.	<u>126,846</u>	<u>126,846</u>	<u>126,846</u>	<u>-</u>
Fund balance at end of year	<u>\$ 253,846</u>	<u>\$ 126,846</u>	<u>\$ 127,299</u>	<u>\$ 453</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RESIDENTIAL STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Other financing sources:				
Transfers in.	\$ -	\$ 150,000	\$ 150,000	\$ -
Total other financing sources.	-	150,000	150,000	-
Net change in fund balance.	-	150,000	150,000	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ 150,000	\$ 150,000	\$ -

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COURT COMPUTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 59,000	\$ 59,000	\$ 47,465	\$ (11,535)
Total revenues	<u>59,000</u>	<u>59,000</u>	<u>47,465</u>	<u>(11,535)</u>
Expenditures:				
Current:				
General government	16,402	55,402	34,416	20,986
Capital outlay	<u>52,542</u>	<u>50,042</u>	<u>10,025</u>	<u>40,017</u>
Total expenditures.	<u>68,944</u>	<u>105,444</u>	<u>44,441</u>	<u>61,003</u>
Net change in fund balance	(9,944)	(46,444)	3,024	49,468
Fund balance at beginning of year.	96,865	96,865	96,865	-
Prior year encumbrances appropriated . . .	<u>2,944</u>	<u>2,944</u>	<u>2,944</u>	<u>-</u>
Fund balance at end of year	<u>\$ 89,865</u>	<u>\$ 53,365</u>	<u>\$ 102,833</u>	<u>\$ 49,468</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INDIGENT DRIVERS ALCOHOL TREATMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 36,000	\$ 36,000	\$ 37,278	\$ 1,278
Total revenues	<u>36,000</u>	<u>36,000</u>	<u>37,278</u>	<u>1,278</u>
Net change in fund balance.	36,000	36,000	37,278	1,278
Fund balance at beginning of year	<u>158,231</u>	<u>158,231</u>	<u>158,231</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 194,231</u>	<u>\$ 194,231</u>	<u>\$ 195,509</u>	<u>\$ 1,278</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPORTS COMPLEX OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 69,000	\$ 69,000	\$ 61,502	\$ (7,498)
Total revenues	<u>69,000</u>	<u>69,000</u>	<u>61,502</u>	<u>(7,498)</u>
Expenditures:				
Current:				
Leisure time activities	103,709	89,893	80,789	9,104
Debt service:				
Principal retirement	1,040,000	1,040,000	1,040,000	-
Interest and fiscal charges	14,560	24,460	24,457	3
Bond issuance costs	-	20,401	18,955	1,446
Total expenditures	<u>1,158,269</u>	<u>1,174,754</u>	<u>1,164,201</u>	<u>10,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,089,269)</u>	<u>(1,105,754)</u>	<u>(1,102,699)</u>	<u>3,055</u>
Other financing sources:				
Transfers in	175,410	175,410	175,410	-
Bonds issued	911,000	941,000	931,000	(10,000)
Premium on bonds	-	-	1,722	1,722
Total other financing sources	<u>1,086,410</u>	<u>1,116,410</u>	<u>1,108,132</u>	<u>(8,278)</u>
Net change in fund balance	(2,859)	10,656	5,433	(5,223)
Fund balance (deficit) at beginning of year.	(801)	(801)	(801)	-
Prior year encumbrances appropriated. . .	<u>4,859</u>	<u>4,859</u>	<u>4,859</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,199</u>	<u>\$ 14,714</u>	<u>\$ 9,491</u>	<u>\$ (5,223)</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARKS RECREATION IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Leisure time activities	\$ -	\$ 41,995	\$ 41,995	\$ -
Total expenditures	<u>-</u>	<u>41,995</u>	<u>41,995</u>	<u>-</u>
Net change in fund balance	-	(41,995)	(41,995)	-
Fund balance at beginning of year	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 958,005</u></u>	<u><u>\$ 958,005</u></u>	<u><u>\$ -</u></u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GAS AND OIL ROYALTY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other	\$ 12,000	\$ 12,000	\$ 12,196	\$ 196
Total revenues	12,000	12,000	12,196	196
Expenditures:				
Current:				
Community environment	12,000	12,000	12,000	-
Capital outlay	-	10,000	10,000	-
Total expenditures	12,000	22,000	22,000	-
Net change in fund balance.	-	(10,000)	(9,804)	196
Fund balance at beginning of year	<u>26,880</u>	<u>26,880</u>	<u>26,880</u>	<u>-</u>
Fund balance at end of year	<u>\$ 26,880</u>	<u>\$ 16,880</u>	<u>\$ 17,076</u>	<u>\$ 196</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
D.A.R.E PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Contributions and donations	\$ 200	\$ 200	\$ 100	\$ (100)
Total revenues	<u>200</u>	<u>200</u>	<u>100</u>	<u>(100)</u>
Excess of revenues over expenditures.	<u>200</u>	<u>200</u>	<u>100</u>	<u>(100)</u>
Other financing sources:				
Sale of capital assets	-	-	1,749	1,749
Total other financing sources.	<u>-</u>	<u>-</u>	<u>1,749</u>	<u>1,749</u>
Net change in fund balance.	200	200	1,849	1,649
Fund balance at beginning of year	<u>22,570</u>	<u>22,570</u>	<u>22,570</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 22,770</u>	<u>\$ 22,770</u>	<u>\$ 24,419</u>	<u>\$ 1,649</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MANDATORY DRUG FINES FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Fines and forfeitures.	\$ 66,400	\$ 400	\$ 225	\$ (175)
Total revenues	66,400	400	225	(175)
Net change in fund balance.	66,400	400	225	(175)
Fund balance at beginning of year	<u>5,630</u>	<u>5,630</u>	<u>5,630</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 72,030</u>	<u>\$ 6,030</u>	<u>\$ 5,855</u>	<u>\$ (175)</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LOCAL LAW ENFORCEMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Investment income	200	200	293	93
Other	3,000	15,000	80,734	65,734
Total revenues	<u>33,200</u>	<u>45,200</u>	<u>81,027</u>	<u>35,827</u>
Expenditures:				
Capital outlay.	<u>85,529</u>	<u>100,363</u>	<u>93,291</u>	<u>7,072</u>
Total expenditures	<u>85,529</u>	<u>100,363</u>	<u>93,291</u>	<u>7,072</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(52,329)</u>	<u>(55,163)</u>	<u>(12,264)</u>	<u>42,899</u>
Other financing sources:				
Transfers in.	<u>2,400</u>	<u>2,400</u>	<u>-</u>	<u>(2,400)</u>
Total other financing sources.	<u>2,400</u>	<u>2,400</u>	<u>-</u>	<u>(2,400)</u>
Net change in fund balance.	(49,929)	(52,763)	(12,264)	40,499
Fund balance at beginning of year	86,127	86,127	86,127	-
Prior year encumbrances appropriated . .	<u>19,529</u>	<u>19,529</u>	<u>19,529</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 55,727</u>	<u>\$ 52,893</u>	<u>\$ 93,392</u>	<u>\$ 40,499</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARKS REVOLVING LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services.	\$ 21,400	\$ 21,400	\$ 6,440	\$ (14,960)
Contributions and donations.	35,500	35,500	27,349	(8,151)
Total revenues.	<u>56,900</u>	<u>56,900</u>	<u>33,789</u>	<u>(23,111)</u>
Expenditures:				
Current:				
Leisure time activities	53,381	71,126	51,572	19,554
Capital outlay	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total expenditures.	<u>54,881</u>	<u>72,626</u>	<u>53,072</u>	<u>19,554</u>
Net change in fund balance.	2,019	(15,726)	(19,283)	(3,557)
Fund balance at beginning of year	60,879	60,879	60,879	-
Prior year encumbrances appropriated . . .	<u>333</u>	<u>333</u>	<u>333</u>	<u>-</u>
Fund balance at end of year	<u>\$ 63,231</u>	<u>\$ 45,486</u>	<u>\$ 41,929</u>	<u>\$ (3,557)</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SIDEWALK IMPROVEMENT PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Special assessment	\$ 17,000	\$ 17,000	\$ 30,755	\$ 13,755
Other	15,000	15,000	54,137	39,137
Total revenues.	<u>32,000</u>	<u>32,000</u>	<u>84,892</u>	<u>52,892</u>
Expenditures:				
Capital outlay	66,241	103,427	85,691	17,736
Total expenditures.	<u>66,241</u>	<u>103,427</u>	<u>85,691</u>	<u>17,736</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(34,241)</u>	<u>(71,427)</u>	<u>(799)</u>	<u>70,628</u>
Other financing sources:				
Transfers in.	20,000	20,000	20,000	-
Total other financing sources.	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance.	(14,241)	(51,427)	19,201	70,628
Fund balance at beginning of year	52,954	52,954	52,954	-
Prior year encumbrances appropriated . . .	<u>6,241</u>	<u>6,241</u>	<u>6,241</u>	<u>-</u>
Fund balance at end of year	<u>\$ 44,954</u>	<u>\$ 7,768</u>	<u>\$ 78,396</u>	<u>\$ 70,628</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CITY GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental.	\$ -	\$ 384,100	\$ 156,147	\$ (227,953)
Total revenues.	-	384,100	156,147	(227,953)
Expenditures:				
Current:				
Public safety.	-	15,656	10,738	4,918
Capital outlay	-	358,060	158,533	199,527
Total expenditures	-	373,716	169,271	204,445
Excess (deficiency) of revenues over (under) expenditures.	-	10,384	(13,124)	(23,508)
Other financing sources:				
Transfers in.	-	15,900	15,806	(94)
Total other financing sources.	-	15,900	15,806	(94)
Net change in fund balance.	-	26,284	2,682	(23,602)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 26,284</u>	<u>\$ 2,682</u>	<u>\$ (23,602)</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FEDERAL EMERGENCY MANAGEMENT AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 38,000	\$ 37,055	\$ (945)
Total revenues	-	38,000	37,055	(945)
Expenditures:				
Current:				
Health and welfare.	-	10,589	-	10,589
Total expenditures	-	10,589	-	10,589
Net change in fund balance.	-	27,411	37,055	9,644
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year.	<u>\$ -</u>	<u>\$ 27,411</u>	<u>\$ 37,055</u>	<u>\$ 9,644</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ 1,000	\$ 1,000	\$ 4	\$ (996)
Total revenues	1,000	1,000	4	(996)
Net change in fund balance.	1,000	1,000	4	(996)
Fund balance at beginning of year	<u>247</u>	<u>247</u>	<u>247</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,247</u>	<u>\$ 1,247</u>	<u>\$ 251</u>	<u>\$ (996)</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 1,942,907	\$ 2,242,907	\$ 635,272	\$ (1,607,635)
Other	57,093	57,093	51,443	(5,650)
Total revenues	<u>2,000,000</u>	<u>2,300,000</u>	<u>686,715</u>	<u>(1,613,285)</u>
Expenditures:				
Current:				
Community environment	101,281	2,240,259	818,700	1,421,559
Debt service:				
Principal retirement	115,000	115,000	115,000	-
Interest and fiscal charges.	57,390	57,390	57,390	-
Total expenditures	<u>273,671</u>	<u>2,412,649</u>	<u>991,090</u>	<u>1,421,559</u>
Net change in fund balance.	1,726,329	(112,649)	(304,375)	(191,726)
Fund balance (deficit) at beginning of year. .	(82,935)	(82,935)	(82,935)	-
Prior year encumbrances appropriated . . .	<u>273,671</u>	<u>273,671</u>	<u>273,671</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 1,917,065</u>	<u>\$ 78,087</u>	<u>\$ (113,639)</u>	<u>\$ (191,726)</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RENTAL REHABILITATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fund balance at beginning of year	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Fund balance at end of year.	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HOME INVESTMENT PARTNERSHIP FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year	\$ 267,000	\$ 267,000	\$ 267,000	\$ -
Fund balance at end of year.	<u>\$ 267,000</u>	<u>\$ 267,000</u>	<u>\$ 267,000</u>	<u>\$ -</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 20,470	\$ (9,530)
Total revenues	30,000	30,000	20,470	(9,530)
Expenditures:				
Current:				
Community environment	9,050	11,950	11,000	950
Total expenditures	9,050	11,950	11,000	950
Excess of revenues over expenditures	20,950	18,050	9,470	(8,580)
Other financing uses:				
Transfers out	(39,724)	(38,724)	(14,724)	24,000
Total other financing uses	(39,724)	(38,724)	(14,724)	24,000
Net change in fund balance	(18,774)	(20,674)	(5,254)	15,420
Fund balance at beginning of year	30,786	30,786	30,786	-
Prior year encumbrances appropriated	3,050	3,050	3,050	-
Fund balance at end of year	<u>\$ 15,062</u>	<u>\$ 13,162</u>	<u>\$ 28,582</u>	<u>\$ 15,420</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LAKE CINEMA COMPLEX MAINTENANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Fund balance at beginning of year	\$ 4,483	\$ 4,483	\$ 4,483	\$ -
Fund balance at end of year	\$ 4,483	\$ 4,483	\$ 4,483	\$ -

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HEALTH DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 256,765	\$ 256,765	\$ 250,734	\$ (6,031)
Licenses and permits	127,726	127,726	147,920	20,194
Intergovernmental	768,641	789,057	894,078	105,021
Other	242,500	253,084	41,838	(211,246)
Total revenues.	<u>1,395,632</u>	<u>1,426,632</u>	<u>1,334,570</u>	<u>(92,062)</u>
Expenditures:				
Current:				
Health and welfare	2,081,913	2,188,904	1,990,280	198,624
Capital outlay	45,395	33,395	29,949	3,446
Total expenditures.	<u>2,127,308</u>	<u>2,222,299</u>	<u>2,020,229</u>	<u>202,070</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(731,676)</u>	<u>(795,667)</u>	<u>(685,659)</u>	<u>110,008</u>
Other financing sources:				
Transfers in.	446,621	594,621	594,621	-
Total other financing sources.	<u>446,621</u>	<u>594,621</u>	<u>594,621</u>	<u>-</u>
Net change in fund balance.	(285,055)	(201,046)	(91,038)	110,008
Fund balance at beginning of year	321,907	321,907	321,907	-
Prior year encumbrances appropriated . . .	<u>4,536</u>	<u>4,536</u>	<u>4,536</u>	<u>-</u>
Fund balance at end of year	<u>\$ 41,388</u>	<u>\$ 125,397</u>	<u>\$ 235,405</u>	<u>\$ 110,008</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BEAUTIFICATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental.	\$ 20,000	\$ 20,000	\$ 19,209	\$ (791)
Contributions and donations.	58,025	58,025	62,437	4,412
Total revenues.	<u>78,025</u>	<u>78,025</u>	<u>81,646</u>	<u>3,621</u>
Expenditures:				
Current:				
Leisure time activities	233,289	233,184	224,013	9,171
Total expenditures.	<u>233,289</u>	<u>233,184</u>	<u>224,013</u>	<u>9,171</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(155,264)</u>	<u>(155,159)</u>	<u>(142,367)</u>	<u>12,792</u>
Other financing sources:				
Transfers in.	121,800	121,800	121,800	-
Total other financing sources.	<u>121,800</u>	<u>121,800</u>	<u>121,800</u>	<u>-</u>
Net change in fund balance.	(33,464)	(33,359)	(20,567)	12,792
Fund balance at beginning of year	34,402	34,402	34,402	-
Prior year encumbrances appropriated . . .	<u>279</u>	<u>279</u>	<u>279</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,217</u>	<u>\$ 1,322</u>	<u>\$ 14,114</u>	<u>\$ 12,792</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DOWNTOWN SALES AND RENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures:				
Current:				
Community environment	\$ -	\$ 10,000	\$ 4,515	\$ 5,485
Total expenditures	<u>-</u>	<u>10,000</u>	<u>4,515</u>	<u>5,485</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>-</u>	<u>(10,000)</u>	<u>(4,515)</u>	<u>5,485</u>
Other financing sources:				
Sale of capital assets	<u>1,000</u>	<u>1,000</u>	<u>1,014</u>	<u>14</u>
Total other financing sources.	<u>1,000</u>	<u>1,000</u>	<u>1,014</u>	<u>14</u>
Net change in fund balance.	1,000	(9,000)	(3,501)	5,499
Fund balance at beginning of year	<u>59,242</u>	<u>59,242</u>	<u>59,242</u>	<u>-</u>
Fund balance at end of year	<u>\$ 60,242</u>	<u>\$ 50,242</u>	<u>\$ 55,741</u>	<u>\$ 5,499</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SENIOR CENTER TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ 1,000	\$ 1,000	\$ 1,415	\$ 415
Contributions and donations	10,900	10,900	13,168	2,268
Other	18,100	18,100	20,108	2,008
Total revenues.	<u>30,000</u>	<u>30,000</u>	<u>34,691</u>	<u>4,691</u>
Expenditures:				
Current:				
Leisure time activities	27,954	27,954	25,210	2,744
Capital outlay	1,200	1,200	-	1,200
Total expenditures	<u>29,154</u>	<u>29,154</u>	<u>25,210</u>	<u>3,944</u>
Net change in fund balance.	846	846	9,481	8,635
Fund balance at beginning of year	88,190	88,190	88,190	-
Prior year encumbrances appropriated	<u>2,149</u>	<u>2,149</u>	<u>2,149</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 91,185</u>	<u>\$ 91,185</u>	<u>\$ 99,820</u>	<u>\$ 8,635</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 111,417	\$ 113,417	\$ 112,445	\$ (972)
Intergovernmental	15,837	15,837	15,879	42
Total revenues	<u>127,254</u>	<u>129,254</u>	<u>128,324</u>	<u>(930)</u>
Expenditures:				
Current:				
General government.	3,000	3,000	1,790	1,210
Public safety.	<u>149,500</u>	<u>149,500</u>	<u>149,500</u>	<u>-</u>
Total expenditures	<u>152,500</u>	<u>152,500</u>	<u>151,290</u>	<u>1,210</u>
Net change in fund balance.	(25,246)	(23,246)	(22,966)	280
Fund balance at beginning of year	<u>17,230</u>	<u>17,230</u>	<u>17,230</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (8,016)</u>	<u>\$ (6,016)</u>	<u>\$ (5,736)</u>	<u>\$ 280</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 111,417	\$ 121,417	\$ 112,445	\$ (8,972)
Intergovernmental	15,837	15,837	15,879	42
Total revenues	<u>127,254</u>	<u>137,254</u>	<u>128,324</u>	<u>(8,930)</u>
Expenditures:				
Current:				
General government.	3,000	3,000	1,790	1,210
Public safety.	<u>133,000</u>	<u>133,000</u>	<u>133,000</u>	<u>-</u>
Total expenditures	<u>136,000</u>	<u>136,000</u>	<u>134,790</u>	<u>1,210</u>
Net change in fund balance.	(8,746)	1,254	(6,466)	(7,720)
Fund balance at beginning of year	<u>14,758</u>	<u>14,758</u>	<u>14,758</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 6,012</u>	<u>\$ 16,012</u>	<u>\$ 8,292</u>	<u>\$ (7,720)</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS GRANTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental.	\$ 117,402	\$ 117,402	\$ 117,402	\$ -
Total revenues.	<u>117,402</u>	<u>117,402</u>	<u>117,402</u>	<u>-</u>
Expenditures:				
Current:				
General government.	50,247	50,247	50,247	-
Public safety.	67,489	67,489	67,489	-
Community environment	4,501	4,501	4,501	-
Total expenditures	<u>122,237</u>	<u>122,237</u>	<u>122,237</u>	<u>-</u>
Net change in fund balance.	(4,835)	(4,835)	(4,835)	-
Fund balance at beginning of year	<u>4,835</u>	<u>4,835</u>	<u>4,835</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BARBERTON, OHIO

*COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2004*

	General Obligation Bond Retirement	Special Assesment Bond Retirement	Total Nonmajor Debt Service Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 21,518	\$ 20,419	\$ 41,937
Receivables (net of allowances for uncollectibles):			
Special assessments	<u> -</u>	<u> 176,500</u>	<u> 176,500</u>
Total assets	<u><u>\$ 21,518</u></u>	<u><u>\$ 196,919</u></u>	<u><u>\$ 218,437</u></u>
 Liabilities:			
Deferred revenue.	<u> -</u>	<u> 176,500</u>	<u> 176,500</u>
Total liabilities	<u> -</u>	<u> 176,500</u>	<u> 176,500</u>
 Fund Balances:			
Reserved for debt service	<u> 21,518</u>	<u> 20,419</u>	<u> 41,937</u>
Total fund balances	<u><u> 21,518</u></u>	<u><u> 20,419</u></u>	<u><u> 41,937</u></u>
Total liabilities and fund equity	<u><u>\$ 21,518</u></u>	<u><u>\$ 196,919</u></u>	<u><u>\$ 218,437</u></u>

CITY OF BARBERTON

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004*

	General Obligation Bond Retirement	Special Assesment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Special assessments	\$ -	\$ 3,920	\$ 3,920
Other	444,808	-	444,808
	<hr/>	<hr/>	<hr/>
Total revenues	444,808	3,920	448,728
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Debt service:			
Principal retirement.	597,699	21,100	618,799
Interest and fiscal charges	149,216	8,892	158,108
Note issuance costs.	2,875	2,796	5,671
	<hr/>	<hr/>	<hr/>
Total expenditures	749,790	32,788	782,578
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures.	(304,982)	(28,868)	(333,850)
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Notes issued	120,000	-	120,000
Transfers in.	14,724	-	14,724
	<hr/>	<hr/>	<hr/>
Total other financing sources	134,724	-	134,724
	<hr/>	<hr/>	<hr/>
Net change in fund balances.	(170,258)	(28,868)	(199,126)
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	191,776	49,287	241,063
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 21,518	\$ 20,419	\$ 41,937
	<hr/>	<hr/>	<hr/>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL OBLIGATION BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Other	\$ 697,500	\$ 406,495	\$ 565,050	\$ 158,555
Total revenues.	<u>697,500</u>	<u>406,495</u>	<u>565,050</u>	<u>158,555</u>
Expenditures:				
Debt service:				
Principal retirement.	1,941,389	1,782,900	1,782,899	1
Interest and fiscal charges.	332,430	165,809	163,940	1,869
Note issuance costs	-	2,900	2,875	25
Total expenditures.	<u>2,273,819</u>	<u>1,951,609</u>	<u>1,949,714</u>	<u>1,895</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(1,576,319)</u>	<u>(1,545,114)</u>	<u>(1,384,664)</u>	<u>160,450</u>
Other financing sources:				
Transfers in.	224,615	224,615	14,724	(209,891)
Notes issued	1,186,680	1,186,680	1,216,000	29,320
Note premium	-	-	(6,371)	(6,371)
Total other financing sources	<u>1,411,295</u>	<u>1,411,295</u>	<u>1,224,353</u>	<u>(186,942)</u>
Net change in fund balance.	(165,024)	(133,819)	(160,311)	(26,492)
Fund balance at beginning of year	<u>181,829</u>	<u>181,829</u>	<u>181,829</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 16,805</u>	<u>\$ 48,010</u>	<u>\$ 21,518</u>	<u>\$ (26,492)</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL ASSESSMENT BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessment	\$ 45,180	\$ 45,180	\$ 59,321	\$ 14,141
Total revenues.	<u>45,180</u>	<u>45,180</u>	<u>59,321</u>	<u>14,141</u>
Expenditures:				
Debt service:				
Principal retirement.	370,900	371,250	370,900	350
Interest and fiscal charges.	14,988	14,588	14,493	95
Bond issuance costs	-	2,811	2,796	15
Total expenditures.	<u>385,888</u>	<u>388,649</u>	<u>388,189</u>	<u>460</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(340,708)</u>	<u>(343,469)</u>	<u>(328,868)</u>	<u>14,601</u>
Other financing sources:				
Bonds issued	314,820	314,820	300,000	(14,820)
Total other financing sources	<u>314,820</u>	<u>314,820</u>	<u>300,000</u>	<u>(14,820)</u>
Net change in fund balance.	(25,888)	(28,649)	(28,868)	(219)
Fund balance at beginning of year	<u>44,804</u>	<u>44,804</u>	<u>44,804</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 18,916</u>	<u>\$ 16,155</u>	<u>\$ 15,936</u>	<u>\$ (219)</u>

CITY OF BARBERTON, OHIO

*COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2004*

	Sports Complex Construction	Issue II	Infrastructure Improvement Reserve	Street and Storm Sewer Improvement	Total Nonmajor Capital Projects Funds
Assets:					
Equity in pooled cash and cash equivalents.	\$ 44,425	\$ 146,133	\$ 626,853	\$ 69,404	\$ 886,815
Total assets	<u>\$ 44,425</u>	<u>\$ 146,133</u>	<u>\$ 626,853</u>	<u>\$ 69,404</u>	<u>\$ 886,815</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 56,525	\$ -	\$ 56,525
Accrued wages and benefits	-	285	-	-	285
Due to other governments	-	577	-	-	577
Accrued interest payable.	-	636	-	-	636
Notes payable	-	430,000	-	-	430,000
Total liabilities	<u>-</u>	<u>431,498</u>	<u>56,525</u>	<u>-</u>	<u>488,023</u>
Fund Balances:					
Reserved for encumbrances.	-	55,420	242,987	46,240	344,647
Unreserved, undesignated (deficit), reported in:					
Capital projects funds	44,425	(340,785)	327,341	23,164	54,145
Total fund balances (deficit)	<u>44,425</u>	<u>(285,365)</u>	<u>570,328</u>	<u>69,404</u>	<u>398,792</u>
Total liabilities and fund equity.	<u>\$ 44,425</u>	<u>\$ 146,133</u>	<u>\$ 626,853</u>	<u>\$ 69,404</u>	<u>\$ 886,815</u>

CITY OF BARBERTON

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Sports Complex Construction	Issue II	Infrastructure Improvement Reserve	Street and Storm Sewer Improvement	Total Nonmajor Capital Projects Funds
Revenues:					
Intergovernmental	\$ -	\$ 530,092	\$ -	\$ -	\$ 530,092
Special assessments	-	55,401	-	219	55,620
Investment income	-	-	6,887	-	6,887
Other	-	23,381	-	-	23,381
Total revenues	-	608,874	6,887	219	615,980
Expenditures:					
Current:					
Transportation	-	36,698	-	-	36,698
Capital outlay	14,456	129,621	234,868	38,579	417,524
Debt service:					
Interest and fiscal charges	-	13,391	-	-	13,391
Total expenditures	14,456	179,710	234,868	38,579	467,613
Excess (deficiency) of revenues over (under) expenditures	(14,456)	429,164	(227,981)	(38,360)	148,367
Other financing sources (uses):					
Bonds issued	-	300,000	-	-	300,000
Transfers in.	-	-	292,351	135,000	427,351
Transfers out	-	-	-	(150,000)	(150,000)
Total other financing sources (uses).	-	300,000	292,351	(15,000)	577,351
Net change in fund balances.	(14,456)	729,164	64,370	(53,360)	725,718
Fund balances (deficit) at beginning of year . .	58,881	(1,014,529)	505,958	122,764	(326,926)
Fund balances (deficit) at end of year	\$ 44,425	\$ (285,365)	\$ 570,328	\$ 69,404	\$ 398,792

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental.	\$ 550,000	\$ 150,000	\$ 156,548	\$ 6,548
Total revenues.	<u>550,000</u>	<u>150,000</u>	<u>156,548</u>	<u>6,548</u>
Expenditures:				
Capital outlay	<u>360,685</u>	<u>360,763</u>	<u>360,685</u>	<u>78</u>
Total expenditures.	<u>360,685</u>	<u>360,763</u>	<u>360,685</u>	<u>78</u>
Net change in fund balance.	189,315	(210,763)	(204,137)	6,626
Fund balance (deficit) at beginning of year .	(511,848)	(511,848)	(511,848)	-
Prior year encumbrances appropriated . . .	<u>360,685</u>	<u>360,685</u>	<u>360,685</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 38,152</u>	<u>\$ (361,926)</u>	<u>\$ (355,300)</u>	<u>\$ 6,626</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SENIOR CENTER CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures:				
Capital outlay	\$ 465,788	\$ 4,024,239	\$ 1,163,245	\$ 2,860,994
Total expenditures.	<u>465,788</u>	<u>4,024,239</u>	<u>1,163,245</u>	<u>2,860,994</u>
Net change in fund balance.	(465,788)	(4,024,239)	(1,163,245)	2,860,994
Fund balance at beginning of year	4,135,567	4,135,567	4,135,567	-
Prior year encumbrances appropriated . . .	<u>465,788</u>	<u>465,788</u>	<u>465,788</u>	-
Fund balance at end of year.	<u>\$ 4,135,567</u>	<u>\$ 577,116</u>	<u>\$ 3,438,110</u>	<u>\$ 2,860,994</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPORTS COMPLEX CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures:				
Capital outlay	\$ 48,495	\$ 14,456	\$ 14,456	\$ -
Total expenditures	<u>48,495</u>	<u>14,456</u>	<u>14,456</u>	<u>-</u>
Net change in fund balance.	(48,495)	(14,456)	(14,456)	-
Fund balance at beginning of year	10,386	10,386	10,386	-
Prior year encumbrances appropriated	<u>48,495</u>	<u>48,495</u>	<u>48,495</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 10,386</u>	<u>\$ 44,425</u>	<u>\$ 44,425</u>	<u>\$ -</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ISSUE II FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 500,000	\$ 535,000	\$ 530,092	\$ (4,908)
Total revenues.	<u>500,000</u>	<u>535,000</u>	<u>530,092</u>	<u>(4,908)</u>
Expenditures:				
Current:				
Transportation	-	50,000	35,836	14,164
Capital outlay	207,882	185,041	185,041	-
Total expenditures.	<u>207,882</u>	<u>235,041</u>	<u>220,877</u>	<u>14,164</u>
Excess of revenues over expenditures	<u>292,118</u>	<u>299,959</u>	<u>309,215</u>	<u>9,256</u>
Other financing uses:				
Advance out	-	(200,000)	(200,000)	-
Total other financing uses	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance.	292,118	99,959	109,215	9,256
Fund balance (deficit) at beginning of year	(226,384)	(226,384)	(226,384)	-
Prior year encumbrances appropriated	<u>207,882</u>	<u>207,882</u>	<u>207,882</u>	<u>-</u>
Fund balance at end of year	<u>\$ 273,616</u>	<u>\$ 81,457</u>	<u>\$ 90,713</u>	<u>\$ 9,256</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INFRASTRUCTURE IMPROVEMENT RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment income	\$ 12,000	\$ 12,000	\$ 6,887	\$ (5,113)
Total revenues.	<u>12,000</u>	<u>12,000</u>	<u>6,887</u>	<u>(5,113)</u>
Expenditures:				
Capital outlay	<u>466,749</u>	<u>436,097</u>	<u>436,097</u>	<u>-</u>
Total expenditures.	<u>466,749</u>	<u>436,097</u>	<u>436,097</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(454,749)</u>	<u>(424,097)</u>	<u>(429,210)</u>	<u>(5,113)</u>
Other financing sources:				
Transfers in.	188,824	188,824	292,351	103,527
Advance in	<u>129,176</u>	<u>129,176</u>	<u>200,000</u>	<u>70,824</u>
Total other financing sources	<u>318,000</u>	<u>318,000</u>	<u>492,351</u>	<u>174,351</u>
Net change in fund balance.	(136,749)	(106,097)	63,141	169,238
Fund balance at beginning of year	247,585	247,585	247,585	-
Prior year encumbrances appropriated . . .	<u>61,749</u>	<u>61,749</u>	<u>61,749</u>	<u>-</u>
Fund balance at end of year	<u>\$ 172,585</u>	<u>\$ 203,237</u>	<u>\$ 372,475</u>	<u>\$ 169,238</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET AND STORM SEWER IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Special assessment	\$ -	\$ 5,000	\$ 219	\$ (4,781)
Total revenues	-	5,000	219	(4,781)
Expenditures:				
Capital outlay	211,054	111,054	88,869	22,185
Total expenditures	211,054	111,054	88,869	22,185
Excess (deficiency) of revenues over (under) expenditures	(211,054)	(106,054)	(88,650)	17,404
Other financing sources (uses):				
Transfers in	-	135,000	135,000	-
Transfers out	-	(150,000)	(150,000)	-
Total other financing sources (uses)	-	(15,000)	(15,000)	-
Net change in fund balance	(211,054)	(121,054)	(103,650)	17,404
Fund balance at beginning of year	90,889	90,889	90,889	-
Prior year encumbrances appropriated	35,925	35,925	35,925	-
Fund balance (deficit) at end of year	<u>\$ (84,240)</u>	<u>\$ 5,760</u>	<u>\$ 23,164</u>	<u>\$ 17,404</u>

CITY OF BARBERTON, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - PROPRIETARY FUNDS*

ENTERPRISE FUNDS

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

Major Enterprise Funds

Water Fund

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

Sewer Fund

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

Nonmajor Enterprise Funds

Solid Waste Fund

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

Community Center Fund

This fund accounts for the revenues and expenses of an indoor natatorium and fitness center.

Lake Cinema Operating Fund

This fund accounts for revenues and expenses associated with a City owned theater complex.

INTERNAL SERVICE FUNDS

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

Nonmajor Internal Service Funds

Health Insurance Fund

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

Internal Allocation Fund

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

CITY OF BARBERTON, OHIO

*COMBINING STATEMENT OF FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2004*

	<u>Solid Waste</u>	<u>Community Center</u>	<u>Lake Cinema Operating</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents. . .	\$ 465,886	\$ 54,415	\$ 54,741	\$ 575,042
Receivables (net of allowance for uncollectibles):				
Accounts	42,479	-	-	42,479
Materials and supplies inventory	-	1,660	-	1,660
Prepayments	424	6,487	-	6,911
Total current assets	<u>508,789</u>	<u>62,562</u>	<u>54,741</u>	<u>626,092</u>
Noncurrent assets:				
Deferred charges	-	8,999	-	8,999
Capital assets:				
Nondepreciable capital assets	-	62,739	-	62,739
Depreciable capital assets, net.	-	1,239,341	45,606	1,284,947
Total capital assets.	-	1,302,080	45,606	1,347,686
Total noncurrent assets	<u>-</u>	<u>1,311,079</u>	<u>45,606</u>	<u>1,356,685</u>
Total assets	<u>508,789</u>	<u>1,373,641</u>	<u>100,347</u>	<u>1,982,777</u>
Liabilities:				
Current liabilities:				
Accounts payable	112,189	6,157	-	118,346
Accrued wages and benefits	461	7,785	-	8,246
Intergovernmental	265	5,370	-	5,635
Accrued interest payable.	-	5,477	-	5,477
Notes payable	-	315,000	-	315,000
Current portion of general obligation bonds. . .	-	46,541	-	46,541
Current portion of capital lease obligations . .	-	-	11,188	11,188
Current portion of compensated absences . . .	174	12,861	-	13,035
Total current liabilities	<u>113,089</u>	<u>399,191</u>	<u>11,188</u>	<u>523,468</u>
Long-term liabilities:				
General obligation bonds	-	357,459	-	357,459
Capital lease obligations.	-	-	12,889	12,889
Compensated absences	1,164	86,297	-	87,461
Total long-term liabilities	<u>1,164</u>	<u>443,756</u>	<u>12,889</u>	<u>457,809</u>
Total liabilities	<u>114,253</u>	<u>842,947</u>	<u>24,077</u>	<u>981,277</u>
Net assets:				
Invested in capital assets, net of related debt .	-	583,080	21,529	604,609
Unrestricted (deficit).	394,536	(52,386)	54,741	396,891
Total net assets	<u>\$ 394,536</u>	<u>\$ 530,694</u>	<u>\$ 76,270</u>	<u>\$ 1,001,500</u>

CITY OF BARBERTON, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Solid Waste</u>	<u>Community Center</u>	<u>Lake Cinema Operating</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:				
Charges for services	\$ 1,402,180	\$ 413,842	\$ 995,126	\$ 2,811,148
Other	170	15,211	3,726	19,107
Total operating revenues	<u>1,402,350</u>	<u>429,053</u>	<u>998,852</u>	<u>2,830,255</u>
Operating expenses:				
Personal services	16,928	380,246	-	397,174
Contract services	1,336,198	26,178	1,042,645	2,405,021
Materials and supplies	3,245	150,722	-	153,967
Other	2,236	790	-	3,026
Depreciation	-	124,397	2,005	126,402
Total operating expenses.	<u>1,358,607</u>	<u>682,333</u>	<u>1,044,650</u>	<u>3,085,590</u>
Operating income (loss)	<u>43,743</u>	<u>(253,280)</u>	<u>(45,798)</u>	<u>(255,335)</u>
Nonoperating revenues (expenses):				
Special assessments.	-	2,691	-	2,691
Interest expense and fiscal charges	-	(17,179)	(1,371)	(18,550)
Total nonoperating revenues (expenses)	<u>-</u>	<u>(14,488)</u>	<u>(1,371)</u>	<u>(15,859)</u>
Income (loss) before transfers	43,743	(267,768)	(47,169)	(271,194)
Transfers in	<u>-</u>	<u>185,000</u>	<u>35,000</u>	<u>220,000</u>
Changes in net assets	43,743	(82,768)	(12,169)	(51,194)
Net assets at beginning of year	<u>350,793</u>	<u>613,462</u>	<u>88,439</u>	<u>1,052,694</u>
Net assets at end of year	<u>\$ 394,536</u>	<u>\$ 530,694</u>	<u>\$ 76,270</u>	<u>\$ 1,001,500</u>

CITY OF BARBERTON, OHIO

*COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Solid Waste	Community Center	Lake Cinema Operating	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 1,401,403	\$ 413,842	\$ 995,126	\$ 2,810,371
Cash received from other operations.	170	15,211	3,726	19,107
Cash payments for personal services	(17,468)	(303,547)	-	(321,015)
Cash payments for contract services	(1,334,917)	(31,061)	(1,042,645)	(2,408,623)
Cash payments for materials and supplies	(3,245)	(144,575)	-	(147,820)
Cash payments for other expenses	-	(790)	-	(790)
Net cash provided by (used in) operating activities.	<u>45,943</u>	<u>(50,920)</u>	<u>(43,793)</u>	<u>(48,770)</u>
Cash flows from noncapital financing activities:				
Transfers in from other funds	-	185,000	35,000	220,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>185,000</u>	<u>35,000</u>	<u>220,000</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets.	-	(2,999)	-	(2,999)
Principal retirement	-	(809,446)	(12,330)	(821,776)
Bonds issued	-	404,000	-	404,000
Notes issued.	-	315,000	-	315,000
Accrued interest on bonds and notes	-	2,691	-	2,691
Bond issuance costs.	-	(9,094)	-	(9,094)
Interest and fiscal charges.	-	(17,505)	(1,371)	(18,876)
Net cash used in capital and related financing activities	<u>-</u>	<u>(117,353)</u>	<u>(13,701)</u>	<u>(131,054)</u>
Net increase (decrease) in cash and cash equivalents	45,943	16,727	(22,494)	40,176
Cash and cash equivalents at beginning of year	<u>419,943</u>	<u>37,688</u>	<u>77,235</u>	<u>534,866</u>
Cash and cash equivalents at end of year . . .	<u><u>\$ 465,886</u></u>	<u><u>\$ 54,415</u></u>	<u><u>\$ 54,741</u></u>	<u><u>\$ 575,042</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 43,743	\$ (253,280)	\$ (45,798)	\$ (255,335)
Adjustments:				
Depreciation	-	124,397	2,005	126,402
Changes in assets and liabilities:				
(Increase) in materials and supplies inventory.	(48)	(10)	-	(58)
(Increase) decrease in accounts receivable	(738)	6,197	-	5,459
(Increase) in prepayments.	-	(6,487)	-	(6,487)
Increase in accounts payable	3,525	1,564	-	5,089
Increase in accrued wages and benefits.	93	3,072	-	3,165
(Decrease) in due to other governments	(131)	(2,905)	-	(3,036)
Increase (decrease) in compensated absences payable.	<u>(501)</u>	<u>76,532</u>	<u>-</u>	<u>76,031</u>
Net cash provided by (used in) operating activities.	<u><u>\$ 45,943</u></u>	<u><u>\$ (50,920)</u></u>	<u><u>\$ (43,793)</u></u>	<u><u>\$ (48,770)</u></u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 3,561,500	\$ 3,561,500	\$ 3,705,309	\$ 143,809
Other	35,000	35,000	10,373	(24,627)
Total revenues	<u>3,596,500</u>	<u>3,596,500</u>	<u>3,715,682</u>	<u>119,182</u>
Operating expenses:				
Personal services.	1,889,180	1,926,126	1,821,618	104,508
Materials and supplies	877,651	843,556	740,703	102,853
Contractual services	214,400	183,303	162,392	20,911
Other	18,700	21,650	20,879	771
Capital outlay	607,550	1,113,731	1,046,222	67,509
Total expenses	<u>3,607,481</u>	<u>4,088,366</u>	<u>3,791,814</u>	<u>296,552</u>
Operating income (loss)	<u>(10,981)</u>	<u>(491,866)</u>	<u>(76,132)</u>	<u>415,734</u>
Nonoperating revenues (expenses):				
Special assessments	8,000	8,000	45,502	37,502
Bonds issued.	30,000	2,630,000	2,616,000	(14,000)
Notes issued	1,254,000	1,254,000	1,484,000	230,000
Accrued interest on bonds and notes.	-	-	12,036	12,036
Debt service:				
Principal retirement	(1,720,240)	(1,738,302)	(1,738,109)	193
Interest and fiscal charges.	(212,058)	(162,964)	(162,866)	98
Bond issuance costs.	(5,000)	(55,682)	(55,682)	-
Payment to refunding bond escrow agent	-	(2,288,444)	(2,288,444)	-
Total nonoperating revenues (expenses).	<u>(645,298)</u>	<u>(353,392)</u>	<u>(87,563)</u>	<u>265,829</u>
Net change in fund equity	(656,279)	(845,258)	(163,695)	681,563
Fund equity at beginning of year.	878,972	878,972	878,972	-
Prior year encumbrances appropriated	454,231	454,231	454,231	-
Fund equity at end of year	<u>\$ 676,924</u>	<u>\$ 487,945</u>	<u>\$ 1,169,508</u>	<u>\$ 681,563</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Operating revenues:				
Charges for services	\$ 3,846,000	\$ 3,846,000	\$ 3,813,406	\$ (32,594)
Other	23,500	23,500	4,167	(19,333)
Total revenues	<u>3,869,500</u>	<u>3,869,500</u>	<u>3,817,573</u>	<u>(51,927)</u>
Operating expenses:				
Personal services	1,794,078	1,785,753	1,739,641	46,112
Materials and supplies	888,906	817,281	757,598	59,683
Contractual services	213,061	269,808	237,585	32,223
Other	22,596	27,500	17,627	9,873
Capital outlay	<u>1,399,541</u>	<u>1,864,648</u>	<u>1,255,355</u>	<u>609,293</u>
Total expenses	<u>4,318,182</u>	<u>4,764,990</u>	<u>4,007,806</u>	<u>757,184</u>
Operating income (loss)	<u>(448,682)</u>	<u>(895,490)</u>	<u>(190,233)</u>	<u>705,257</u>
Nonoperating revenues (expenses):				
Investment income	74,500	74,500	40,695	(33,805)
Special assessments	16,200	16,200	58,533	42,333
Sale of capital assets	-	100,000	100,000	-
Bonds issued	1,654,000	1,654,000	1,654,000	-
Notes issued	600,000	600,000	660,000	60,000
Accrued interest on bonds and notes	-	-	5,384	5,384
Debt service:				
Principal retirement	(3,091,760)	(3,091,760)	(3,086,385)	5,375
Interest and fiscal charges	(150,283)	(156,983)	(152,967)	4,016
Bond issuance costs	<u>(6,500)</u>	<u>(40,234)</u>	<u>(38,935)</u>	<u>1,299</u>
Total nonoperating revenues (expenses)	<u>(903,843)</u>	<u>(844,277)</u>	<u>(759,675)</u>	<u>84,602</u>
Net change in fund equity	(1,352,525)	(1,739,767)	(949,908)	789,859
Fund equity at beginning of year	2,971,434	2,971,434	2,971,434	-
Prior year encumbrances appropriated	941,754	941,754	941,754	-
Fund equity at end of year	<u>\$ 2,560,663</u>	<u>\$ 2,173,421</u>	<u>\$ 2,963,280</u>	<u>\$ 789,859</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SOLID WASTE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 1,385,000	\$ 1,385,000	\$ 1,401,403	\$ 16,403
Other	-	-	170	170
Total revenues	1,385,000	1,385,000	1,401,573	16,573
Operating expenses:				
Personal services	20,250	20,250	17,478	2,772
Materials and supplies	17,700	18,221	3,382	14,839
Contractual services	1,431,049	1,430,164	1,334,917	95,247
Total expenses	1,468,999	1,468,635	1,355,777	112,858
Net change in fund equity	(83,999)	(83,635)	45,796	129,431
Fund equity at beginning of year	310,833	310,833	310,833	-
Prior year encumbrances appropriated . . .	109,049	109,049	109,049	-
Fund equity at end of year	\$ 335,883	\$ 336,247	\$ 465,678	\$ 129,431

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 368,500	\$ 371,500	\$ 413,842	\$ 42,342
Other	34,500	34,500	15,211	(19,289)
Total revenues	<u>403,000</u>	<u>406,000</u>	<u>429,053</u>	<u>23,053</u>
Operating expenses:				
Personal services	318,660	312,811	303,789	9,022
Materials and supplies	151,610	148,124	145,185	2,939
Contractual services	29,150	38,650	36,482	2,168
Other	800	800	790	10
Capital outlay	14,447	14,447	14,447	-
Total expenses	<u>514,667</u>	<u>514,832</u>	<u>500,693</u>	<u>14,139</u>
Operating income (loss)	<u>(111,667)</u>	<u>(108,832)</u>	<u>(71,640)</u>	<u>37,192</u>
Nonoperating revenues (expenses):				
Bonds issued	395,000	395,000	404,000	9,000
Notes issued	315,000	315,000	315,000	-
Accrued interest on bonds and notes	-	-	2,691	2,691
Transfers in	185,000	185,000	185,000	-
Debt service:				
Principal retirement	(795,000)	(795,150)	(795,000)	150
Interest and fiscal charges	(13,230)	(17,530)	(17,505)	25
Bond issuance costs	(3,000)	(9,153)	(9,094)	59
Total nonoperating revenues (expenses)	<u>83,770</u>	<u>73,167</u>	<u>85,092</u>	<u>11,925</u>
Net change in fund equity	(27,897)	(35,665)	13,452	49,117
Fund equity at beginning of year	29,131	29,131	29,131	-
Prior year encumbrances appropriated	<u>7,360</u>	<u>7,360</u>	<u>7,360</u>	<u>-</u>
Fund equity at end of year	<u>\$ 8,594</u>	<u>\$ 826</u>	<u>\$ 49,943</u>	<u>\$ 49,117</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LAKE CINEMA OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 1,073,427	\$ 1,073,427	\$ 995,126	\$ (78,301)
Other.	1,573	1,573	3,726	2,153
Total revenues	<u>1,075,000</u>	<u>1,075,000</u>	<u>998,852</u>	<u>(76,148)</u>
Operating expenses:				
Contractual services	<u>1,054,545</u>	<u>1,149,545</u>	<u>1,056,346</u>	<u>93,199</u>
Total expenses	<u>1,054,545</u>	<u>1,149,545</u>	<u>1,056,346</u>	<u>93,199</u>
Operating income (loss)	<u>20,455</u>	<u>(74,545)</u>	<u>(57,494)</u>	<u>17,051</u>
Nonoperating revenues:				
Transfers in	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>35,000</u>
Total nonoperating revenues.	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>35,000</u>
Net change in fund equity	20,455	(74,545)	(22,494)	52,051
Fund equity at beginning of year.	<u>81,718</u>	<u>81,718</u>	<u>81,718</u>	<u>-</u>
Fund equity at end of year	<u>\$ 102,173</u>	<u>\$ 7,173</u>	<u>\$ 59,224</u>	<u>\$ 52,051</u>

CITY OF BARBERTON, OHIO

*COMBINING STATEMENT OF NET ASSETS
NONMAJOR INTERNAL SERVICE FUNDS
DECEMBER 31, 2004*

	Health Insurance	Internal Allocation	Total Nonmajor Internal Service Funds
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 173,970	\$ 5,493	\$ 179,463
Receivables (net of allowance for uncollectibles):			
Accounts	3,993	-	3,993
Intergovernmental	-	3,877	3,877
Total assets	<u>177,963</u>	<u>9,370</u>	<u>187,333</u>
Liabilities:			
Current liabilities:			
Accounts payable	437	-	437
Claims payable	326,269	-	326,269
Total liabilities	<u>326,706</u>	<u>-</u>	<u>326,706</u>
Net assets:			
Unrestricted (deficit)	(148,743)	9,370	(139,373)
Total net assets (deficit)	<u>\$ (148,743)</u>	<u>\$ 9,370</u>	<u>\$ (139,373)</u>

CITY OF BARBERTON, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
NONMAJOR INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Health Insurance	Internal Allocation	Total Nonmajor Internal Service Funds
Operating revenues:			
Charges for services	\$ 2,482,384	\$ 226,083	\$ 2,708,467
Other.	30,849	-	30,849
	<hr/>	<hr/>	<hr/>
Total operating revenues	2,513,233	226,083	2,739,316
	<hr/>	<hr/>	<hr/>
Operating expenses:			
Contract services	347,025	-	347,025
Materials and supplies	-	246,326	246,326
Claims.	2,584,692	-	2,584,692
	<hr/>	<hr/>	<hr/>
Total operating expenses.	2,931,717	246,326	3,178,043
	<hr/>	<hr/>	<hr/>
Operating loss	(418,484)	(20,243)	(438,727)
	<hr/>	<hr/>	<hr/>
Transfers in	300,000	20,000	320,000
	<hr/>	<hr/>	<hr/>
Changes in net assets	(118,484)	(243)	(118,727)
	<hr/>	<hr/>	<hr/>
Net assets (deficit) at beginning of year. . . .	(30,259)	9,613	(20,646)
	<hr/>	<hr/>	<hr/>
Net assets (deficit) at end of year	\$ (148,743)	\$ 9,370	\$ (139,373)
	<hr/>	<hr/>	<hr/>

CITY OF BARBERTON, OHIO

*COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Health Insurance	Internal Allocation	Total Nonmajor Internal Service Funds
Cash flows from operating activities:			
Cash received from other funds	\$ 2,482,384	\$ 229,318	\$ 2,711,702
Cash received from other operations.	29,460	-	29,460
Cash payments for contract services	(376,297)	-	(376,297)
Cash payments for materials and supplies	-	(246,326)	(246,326)
Cash payments for claims	<u>(2,430,260)</u>	<u>-</u>	<u>(2,430,260)</u>
 Net cash used in operating activities.	 <u>(294,713)</u>	 <u>(17,008)</u>	 <u>(311,721)</u>
Cash flows from noncapital financing activities:			
Transfers in from other funds	<u>300,000</u>	<u>20,000</u>	<u>320,000</u>
 Net cash provided by noncapital financing activities	 <u>300,000</u>	 <u>20,000</u>	 <u>320,000</u>
 Net increase in cash and cash equivalents	 5,287	 2,992	 8,279
Cash and cash equivalents at beginning of year	<u>168,683</u>	<u>2,501</u>	<u>171,184</u>
Cash and cash equivalents at end of year . . .	<u><u>\$ 173,970</u></u>	<u><u>\$ 5,493</u></u>	<u><u>\$ 179,463</u></u>
 Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (418,484)	\$ (20,243)	\$ (438,727)
 Changes in assets and liabilities:			
(Increase) in accounts receivable	(1,389)	-	(1,389)
Decrease in intergovernmental receivable	-	3,235	3,235
(Decrease) in accounts payable.	(29,272)	-	(29,272)
Increase in claims payable	<u>154,432</u>	<u>-</u>	<u>154,432</u>
 Net cash used in operating activities.	 <u><u>\$ (294,713)</u></u>	 <u><u>\$ (17,008)</u></u>	 <u><u>\$ (311,721)</u></u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HEALTH INSURANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 2,618,642	\$ 2,618,642	\$ 2,482,384	\$ (136,258)
Other.	103,000	103,000	29,460	(73,540)
Total revenues	<u>2,721,642</u>	<u>2,721,642</u>	<u>2,511,844</u>	<u>(209,798)</u>
Operating expenses:				
Contractual services	377,926	377,926	376,297	1,629
Claims	2,500,000	2,600,000	2,430,396	169,604
Total expenses	<u>2,877,926</u>	<u>2,977,926</u>	<u>2,806,693</u>	<u>171,233</u>
Operating income (loss)	<u>(156,284)</u>	<u>(256,284)</u>	<u>(294,849)</u>	<u>(38,565)</u>
Nonoperating revenues:				
Transfers in	-	300,000	300,000	-
Total nonoperating revenues.	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund equity	(156,284)	43,716	5,151	(38,565)
Fund equity at beginning of year.	<u>168,683</u>	<u>168,683</u>	<u>168,683</u>	<u>-</u>
Fund equity at end of year	<u>\$ 12,399</u>	<u>\$ 212,399</u>	<u>\$ 173,834</u>	<u>\$ (38,565)</u>

CITY OF BARBERTON, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERNAL ALLOCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 243,000	\$ 243,000	\$ 229,318	\$ (13,682)
Total revenues	243,000	243,000	229,318	(13,682)
Operating expenses:				
Materials and supplies	234,000	242,000	246,326	(4,326)
Total expenses	234,000	242,000	246,326	(4,326)
Operating income (loss)	9,000	1,000	(17,008)	(18,008)
Nonoperating revenues:				
Transfers in	7,000	7,000	20,000	13,000
Total nonoperating revenues.	7,000	7,000	20,000	13,000
Net change in fund equity	16,000	8,000	2,992	(5,008)
Fund equity at beginning of year.	2,501	2,501	2,501	-
Fund equity at end of year	\$ 18,501	\$ 10,501	\$ 5,493	\$ (5,008)

CITY OF BARBERTON, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTION - AGENCY FUND*

Agency Fund

Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Deposit Fund

To account for monies put on deposit with the City in accordance with various City ordinances.

CITY OF BARBERTON, OHIO

*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31 2004*

Deposit	Beginning Balance 12/31/2003	Additions	Reductions	Ending Balance 12/31/2004
Assets:				
Equity in pooled cash and cash equivalents	\$ 95,060	\$ 10,445	\$ 6,300	\$ 99,205
Total assets.	<u>\$ 95,060</u>	<u>\$ 10,445</u>	<u>\$ 6,300</u>	<u>\$ 99,205</u>
Liabilities:				
Deposits held and due to others	\$ 95,060	\$ 10,445	\$ 6,300	\$ 99,205
Total liabilities	<u>\$ 95,060</u>	<u>\$ 10,445</u>	<u>\$ 6,300</u>	<u>\$ 99,205</u>



*Statistical
Section*

STATISTICAL SECTION

THE FOLLOWING UNAUDITED STATISTICAL TABLES
REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND
FISCAL CAPACITY OF THE CITY

CITY OF BARBERTON, OHIO

*GOVERNMENTAL FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS*

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues				
Taxes (2)	\$ 11,960,729	\$ 11,183,137	\$ 11,506,273	\$ 11,061,586
Charges for Services	1,216,431	1,444,431	1,253,346	1,284,076
Licenses and Permits	287,608	319,293	346,369	294,853
Fines and Forfeitures	167,498	124,520	135,079	114,989
Intergovernmental	6,953,520	5,502,060	6,272,143	7,291,904
Interest	90,295	159,936	257,872	600,403
Special Assessments	85,085	58,408	77,415	75,554
Contributions and Donations	103,054	107,607	145,587	-
Other	1,315,743	822,919	1,428,435	3,016,283
Total	\$ 22,179,963	\$ 19,722,311	\$ 21,422,519	\$ 23,739,648
Expenditures				
Current:				
General Government	\$ 3,659,636	\$ 3,679,467	\$ 3,548,762	\$ 3,507,694
Public Safety	9,491,837	8,788,013	8,234,631	7,838,848
Health and Welfare	1,948,426	1,995,233	2,022,707	2,117,422
Transportation	1,750,043	2,084,648	1,511,059	1,551,580
Community Environment	1,246,612	1,481,803	1,432,150	1,176,244
Leisure Time Activities	1,112,732	1,128,444	1,644,131	2,250,150
Capital Outlay	3,212,171	3,370,531	4,107,553	4,735,321
Debt Service	N/A	N/A	518,616	808,314
Principal Retirement	1,773,799	281,544	N/A	N/A
Interest and Fiscal Charges	266,290	280,871	N/A	N/A
Debt Issuance Costs	24,626	68,142	N/A	N/A
Total	\$ 24,486,172	\$ 23,158,696	\$ 23,019,609	\$ 23,985,573

Source: City financial records

(1) Includes general, special revenue, debt service and capital projects funds.

(2) Includes all taxes.

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

CITY OF BARBERTON, OHIO

*REAL AND PUBLIC UTILITY PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS*

Year	Total Levy	Current Collection (1)	Percent of Current Collections to Tax Levy	Delinquent Collections (3)	Total Collections	Percent of Total Collections to Tax Levy	Outstanding Delinquent Taxes (2)	Percentage of Delinquent Taxes to Tax Levy
2004	\$ 1,459,213	\$ 1,393,023	95.46%	\$ 78,290	\$ 1,471,313	100.83%	\$ 146,910	10.07%
2003	1,592,430	1,371,921	86.15%	58,841	1,430,762	89.85%	161,668	10.15%
2002	1,404,845	1,199,874	85.41%	67,973	1,267,847	90.25%	136,998	9.75%
2001	1,374,570	1,200,777	87.36%	47,880	1,248,657	90.84%	125,913	9.16%
2000	1,330,983	1,179,483	88.62%	42,650	1,222,133	91.82%	117,983	8.86%
1999	1,239,390	1,090,363	87.98%	56,950	1,147,313	92.57%	90,666	7.32%
1998	1,201,379	1,095,151	91.16%	-	1,095,151	91.16%	106,228	8.84%
1997	1,153,569	1,051,683	91.17%	-	1,051,683	91.17%	101,886	8.83%
1996	984,980	906,791	92.06%	-	906,791	92.06%	78,189	7.94%
1995	947,677	884,917	93.38%	-	884,917	93.38%	62,760	6.62%

Source: Summit County, Ohio; Fiscal Officer

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

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CITY OF BARBERTON, OHIO

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

Year	Real Property		Public Utility Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2004	\$ 349,333,560	\$ 998,095,886	\$ 13,290,740	\$ 15,103,114	\$ 52,299,023	\$ 209,196,092
2003	346,150,520	989,001,486	13,506,780	15,348,614	55,431,515	221,726,060
2002	293,874,030	839,640,086	13,555,340	15,403,795	61,990,815	247,963,260
2001	279,511,680	798,604,800	17,025,420	19,347,068	60,465,467	241,861,868
2000	273,990,060	782,828,743	19,728,220	22,418,432	59,725,808	238,903,232
1999	243,813,600	696,610,286	19,436,410	22,086,830	61,223,799	244,895,196
1998	237,386,740	678,247,829	19,365,010	22,005,693	52,047,203	208,188,812
1997	228,700,020	653,428,629	19,722,570	22,412,011	52,932,255	211,729,020
1996	193,666,910	553,334,029	19,975,950	22,699,943	48,479,382	193,917,528
1995	190,728,600	544,938,857	22,237,610	25,270,011	44,345,572	177,382,288

Source: Summit County, Ohio; Fiscal Officer

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

Total		
Assessed Value	Estimated Actual Value	Ratio
\$ 414,923,323	\$ 1,222,395,092	33.94%
415,088,815	1,226,076,159	33.86%
369,420,185	1,103,007,141	33.49%
357,002,567	1,059,813,736	33.69%
353,444,088	1,044,150,407	33.85%
324,473,809	963,592,311	33.67%
308,798,953	908,442,334	33.99%
301,354,845	887,569,660	33.95%
262,122,242	769,951,500	34.04%
257,311,782	747,591,157	34.42%

CITY OF BARBERTON, OHIO

*PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN YEARS*

Collection Year	City Levy	Summit County	Barberton City School District	Total Direct and Overlapping Governments
2004	\$ 3.50	\$ 13.07	\$ 56.90	\$ 73.47
2003	3.50	13.07	56.73	73.30
2002	3.50	13.07	56.73	73.30
2001	3.50	13.07	53.36	69.93
2000	3.50	12.27	53.44	69.21
1999	3.50	12.27	53.36	69.13
1998	3.50	11.65	53.36	68.51
1997	3.50	11.39	53.46	68.35
1996	3.50	13.99	53.61	71.10
1995	3.50	14.16	53.61	71.27

Source: Summit County, Ohio; Fiscal Officer

CITY OF BARBERTON, OHIO

*SPECIAL ASSESSMENT TAX LEVIES AND COLLECTIONS
LAST TEN YEARS*

Year	Total Assessments Billed	Total Assessments Collected	Percent of Current Collections to Tax Levy
2004	\$ 117,342	\$ 78,184	66.63%
2003	70,624	56,090	79.42%
2002	162,156	91,957	56.71%
2001	102,689	50,362	49.04%
2000	111,316	45,580	40.95%
1999	89,618	49,261	54.97%
1998	48,139	19,532	40.57%
1997	55,074	33,073	60.05%
1996	37,721	22,421	59.44%
1995	62,213	41,218	66.25%

Source: Summit County, Ohio; Fiscal Officer

CITY OF BARBERTON, OHIO

*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 Total General Governmental Expenditures</u>
2004	\$ 457,699	\$ 138,751	\$ 596,450	\$ 24,486,172	2.44%
2003	151,444	18,374	169,818	23,158,696	0.73%
2002	50,046	29,183	79,229	23,019,609	0.34%
2001	30,090	17,863	47,953	23,985,573	0.20%
2000	29,474	19,949	49,423	22,486,387	0.22%
1999	28,896	21,937	50,833	19,688,152	0.26%
1998	28,353	23,890	52,243	17,720,850	0.29%
1997	27,843	25,800	53,643	17,772,817	0.30%
1996	27,365	27,678	55,043	15,902,015	0.35%
1995	26,915	29,528	56,443	18,469,570	0.31%

Source: City financial records

CITY OF BARBERTON, OHIO

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

Year	Population (1)	Net General Bonded Debt	Assessed Valuation	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
2004	27,899	\$ 5,944,904	\$ 414,923,323	1.43%	\$ 213.09
2003	27,899	5,006,603	415,088,815	1.21%	\$ 179.45
2002	27,899	336,815	369,420,185	0.09%	\$ 12.07
2001	27,899	545,200	357,002,567	0.15%	\$ 19.54
2000	27,899	420,061	353,444,088	0.12%	\$ 15.06
1999	27,623	529,536	324,473,809	0.16%	\$ 19.17
1998	27,623	539,712	308,798,953	0.17%	\$ 19.54
1997	27,623	638,639	301,354,845	0.21%	\$ 23.12
1996	27,623	729,580	262,122,242	0.28%	\$ 26.41
1995	27,623	827,898	257,311,782	0.32%	\$ 29.97

Source: Summit County, Ohio; Fiscal Officer

(1) Population figures are from the Census Bureau

CITY OF BARBERTON, OHIO

*COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2004*

Assesed Value		\$ 414,923,323
Legal debt margin:		
Debt limitation - 10.5% of Assesed Value		43,566,949
Debt Applicable to Limitation:		
General Obligation Bonds	11,611,800	
Special Assessment Bond	176,500	
Notes	3,675,000	
Revenue Bonds	<u>1,235,000</u>	
Gross Indebtedness		
(Total Voted and Unvoted Debt)	<u>16,698,300</u>	
Less: Debt Outside Limitations		
Special Assessment Bond	176,500	
Notes	2,459,000	
Revenue Bonds	<u>1,235,000</u>	
Total Debt Outside Limitations	<u>3,870,500</u>	
Total Debt Applicable to Limitation - Within 10.5% Limitations	12,827,800	
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>41,937</u>	
Net Debt Within 10.5% Limitation		<u>12,785,863</u>
Overall Debt Margin Within 10.5% Limitation		<u>\$ 30,781,086</u>

Unvoted Debt Limitation - 5.5% of Assesed Valuation		\$ 22,820,783
Gross Indebtedness Authorized by Council	\$ 16,698,300	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	<u>3,870,500</u>	
Debt Within 5.5% Limitations	12,827,800	
Less Amount Available in Debt Service Fund	<u>41,937</u>	
Net Debt Within 5.5% Limitation		<u>12,785,863</u>
Unvoted Debt Margin Within 5.5% Limitation		<u>\$ 10,034,920</u>

Source: City financial records

CITY OF BARBERTON, OHIO

*COMPUTATION OF DIRECT AND OVERLAPPING
GENERAL OBLIGATION BONDED DEBT
DECEMBER 31, 2004*

<u>Jurisdiction</u>	<u>Net General Bonded Debt</u>	<u>Percentage Applicable to the City (1)</u>	<u>Amount Applicable to the City</u>
Direct:			
City of Barberton, Ohio	\$ 5,944,904	100.00%	\$ 5,944,904
Overlapping Debt:			
Barberton City School District	25,829,962	84.43%	21,808,444
Summit County	82,679,464	3.52%	2,910,360
Metro Transit	1,680,000	3.52%	59,137
Akron Summit Library	61,229,269	0.54%	328,494
Northwest Local School District	22,009,986	0.06%	13,930
Total Overlapping Debt			25,120,365
Total Direct and Overlapping Debt			\$ 31,065,269

Source: Summit County, Ohio; Fiscal Officer

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

CITY OF BARBERTON, OHIO

*REVENUE BOND COVERAGE - SEWER
LAST TEN YEARS*

Year	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements (2)			Coverage
				Principal	Interest	Total	
2004	\$ 3,786,929	\$ 2,185,013	\$ 1,601,916	\$ 580,000	\$ 80,792	\$ 660,792	2.42
2003	3,585,759	3,231,175	354,584	555,000	104,380	659,380	0.54
2002	3,581,281	2,509,043	1,072,238	530,000	126,243	656,243	1.63
2001	3,428,571	2,315,968	1,112,603	510,000	146,643	656,643	1.69
2000	3,207,835	2,428,458	779,377	490,000	166,243	656,243	1.19
1999	3,311,880	2,286,044	1,025,836	475,000	184,768	659,768	1.55
1998	3,389,776	2,233,113	1,156,663	535,000	136,375	671,375	1.72
1997	3,371,594	2,214,709	1,156,885	390,000	345,920	735,920	1.57
1996	3,176,097	2,113,327	1,062,770	370,000	367,010	737,010	1.44
1995	3,217,130	2,178,131	1,038,999	350,000	386,610	736,610	1.41

(1) Total operating expenses are exclusive of depreciation.

(2) Includes principal and interest of bonds only

CITY OF BARBERTON, OHIO

*PROPERTY VALUES, BANK DEPOSITS, CONSTRUCTION AND INCOME TAX COLLECTIONS
LAST TEN YEARS*

<u>Year</u>	<u>Total Assessed Values (1)</u>	<u>Bank Deposits (in thousands)</u>	<u>Value of Building Permits</u>	<u>Income Tax Collections</u>
2004	\$ 414,923,323	\$ 7,532,814	\$ 29,217,472	\$ 10,352,591
2003	415,088,815	7,911,859	19,519,306	9,811,028
2002	369,420,185	8,097,304	21,135,748	9,913,486
2001	357,002,567	7,870,201	15,391,102	9,706,759
2000	353,444,088	7,920,486	23,980,000	10,190,901
1999	324,473,809	7,071,487	26,225,000	10,308,094
1998	308,798,853	5,749,282	46,438,895	9,875,815
1997	301,354,845	6,960,566	25,887,000	9,409,957
1996	262,122,242	6,960,566	17,318,000	8,928,547
1995	257,311,782	6,958,865	11,090,623	8,935,143

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

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

CITY OF BARBERTON, OHIO

*PRINCIPAL TAXPAYERS
REAL PROPERTY TAX
DECEMBER 31, 2004*

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Barberton Health System LLC	\$ 11,008,930	3.15%
Pittsburgh Plate Glass Company	2,184,880	0.63%
Kimco of Ohio, Inc.	2,171,220	0.62%
LRC Magic Investors LTD	2,072,100	0.59%
Babcock & Wilcox Company	2,046,090	0.59%
BWX Technologies, Inc.	1,661,230	0.48%
Elson Pointe Limited Partnership	1,498,760	0.43%
K L Morris Family Limited	1,454,780	0.42%
B & C Diversified Products Inc.	1,352,090	0.39%
B & C Research Inc.	<u>1,273,760</u>	<u>0.36%</u>
Totals, Top Ten Principal Real Property Taxpayers	<u>\$ 26,723,840</u>	<u>7.65%</u>
Total City Assessed Valuation	<u>\$ 349,333,560</u>	

Source: Summit County, Ohio; Fiscal Officer

CITY OF BARBERTON, OHIO

*PRINCIPAL TAXPAYERS
TANGIBLE PERSONAL PROPERTY TAX
DECEMBER 31, 2004*

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
McDermott Inc.	\$ 6,996,430	13.38%
P P G Industries, Inc.	4,582,990	8.76%
B & C Corporation	4,299,160	8.22%
B & C Research, Inc.	4,121,650	7.88%
Alcoa, Inc.	3,777,410	7.22%
Wright Tool Company	2,899,480	5.54%
Triad Hospitals, Inc., C/O EMA	2,863,900	5.48%
Reiter Dairy, Inc.	2,147,580	4.11%
Malco Products, Inc.	1,186,400	2.27%
First Machine Group, Inc.	<u>1,111,870</u>	<u>2.13%</u>
Totals, Top Ten Principal Personal Property Taxpayers	<u>\$ 33,986,870</u>	<u>64.99%</u>
Total City Assessed Valuation	<u>\$ 52,299,023</u>	

Source: Summit County, Ohio; Fiscal Officer

CITY OF BARBERTON, OHIO

*PRINCIPAL TAXPAYERS
PUBLIC UTILITY PROPERTY TAX
DECEMBER 31, 2004*

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
Ohio Edison Company	\$ 4,513,510	33.96%
Ohio Bell Telephone	4,251,870	31.99%
American Transmission	1,906,980	14.35%
East Ohio Gas Company	1,173,730	8.83%
Sprint	389,100	2.93%
Totals, Top Five Principal Public Utility Taxpayers	<u>\$ 12,235,190</u>	<u>92.06%</u>
Total City Assessed Valuation	<u>\$ 13,290,740</u>	

Source: Summit County, Ohio; Fiscal Officer

CITY OF BARBERTON, OHIO

*DEMOGRAPHIC STATISTICS
DECEMBER 31, 2004*

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

Selected Population Characteristics

Gender	<u>2000</u>	<u>1990</u>
Males	13,018	12,923
Females	14,881	14,700

Age Distribution

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

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

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

CITY OF BARBERTON, OHIO

*MISCELLANEOUS STATISTICS
DECEMBER 31, 2004*

Date of Incorporation	1891
Form of Government	Charter; Mayor-Council
Area:	9.0085 Square Miles 5765.45 Acres
Population	27,899; 2000 Census 11,731; Dwelling Units
Altitude:	
Highest Point	1,113.93 feet above sea level
Lowest Point	947 feet above sea level
Miles of Streets	126.55
Fire Protection:	
Number of Stations	2
Number of Firemen and Officers:	46
Police Protection:	
Number of Stations	1
Number of Policemen and Officers:	42
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
Acres	140.00
Fitness Center	1
Swimming Pools	1
Wading Pools	5
Tennis Courts	8
Baseball Diamonds	3
Softball Fields	12
Number of Public Libraries	1
Number Volumes	104,906
Education:	
Elementary Schools	6 K-5
Middle Schools	2 6-8
High School	1 9-12
Parochial School	1
Medical	1 363-bed Hospital
Churches	44 - 14 denominations
Source: City Records	



**Auditor of State
Betty Montgomery**

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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 18, 2005**