



**CITY OF ALLIANCE
STARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

CITY OF ALLIANCE
STARK 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 Alliance
Stark County
504 East Main Street
Alliance, Ohio 44601

To the Honorable Mayor and Members of City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Stark County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 21, 2006, in which we noted the City implemented the retroactive infrastructure reporting requirements of Government Accounting Standards Board Statement No. 34, resulting in the restatement of capital and net assets of governmental activities as of December 31, 2004. 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 July 21, 2006, 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 July 21, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

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

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

Betty Montgomery
Auditor of State

July 21, 2006



Auditor of State Betty Montgomery

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

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

To the Honorable Mayor and Members of City Council:

Compliance

We have audited the compliance of the City of Alliance, Stark County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2005. 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, 2005. In a separate letter to the City's management dated July 21, 2006, we reported an other matter 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated July 21, 2006.

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, 2005, and have issued our report thereon dated July 21, 2006, in which we noted the City implemented the retroactive infrastructure reporting requirements of Government Accounting Standards Board Statement No. 34, resulting in the restatement of capital and net assets of governmental activities as of December 31, 2004. 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 taken as a whole.

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



Betty Montgomery
Auditor of State

July 21, 2006

CITY OF ALLIANCE
STARK COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Direct</i>			
Community Development Block Grants/Entitlement Grants	N/A	14.218	\$990,900
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Direct</i>			
Assistance to Firefighters Grant	N/A	97.044	77,760
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through the Area Agency on Aging</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	N/A	93.044	16,608
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through the City of Canton Health Department</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	N/A	10.557	<u>118,546</u>
Total			<u>\$1,203,814</u>

The accompanying notes are an integral part of this schedule.

**CITY OF ALLIANCE
STARK COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
DECEMBER 31, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

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

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

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

These loans are collateralized by mortgages of property. At December 31, 2005, the gross amount of loans outstanding under this program was \$2,436,886.

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

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

These loans are collateralized by mortgages of property. At December 31, 2005, the gross amount of loans outstanding under this program was \$58,327.

NOTE E - MATCHING REQUIREMENTS

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

**CITY OF ALLIANCE
STARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2005**

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 Grants/ Entitlement Grants
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

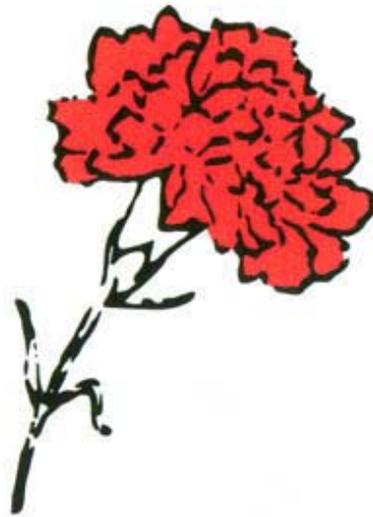
None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

City of Alliance, Ohio

“The Carnation City”



Comprehensive Annual Financial Report

For the Year Ended December 31, 2005

CITY OF ALLIANCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2005

Alexander A. Zumbar
City Auditor

Prepared by the City Auditor's Office

Introductory Section

City of Alliance, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2005
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The City of

Alliance, OHIO, 44601

"The Carnation City" 504 East Main Street, Suite 110
July 21, 2006



CITY AUDITOR
ALEXANDER A. ZUMBAR

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

Transmittal Letter

The Comprehensive Annual Financial Report (CAFR) of the City of Alliance, Ohio (the City) is hereby presented. This CAFR represents the official report of the City of Alliance's operations and financial position for the year ended December 31, 2005, and has been developed to accurately detail the status of City finances to Alliance residents and elected officials, investment banks, underwriters and all other interested parties.

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

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

The introductory section includes a table of contents, this transmittal letter, a list of City officials, the City's organizational chart, and a copy of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 2004 CAFR.

The financial section begins with the Independent Accountants' Report, and includes Management's Discussion and Analysis, the basic financial statements and notes that provide an overview of the City's financial position and operating results, and the combining financial statements and schedules of the individual funds that provide detailed information relative to the basic financial statements.

The statistical section includes selected financial, economic and demographic information, generally presented on a multi-year basis.

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

Reporting Entity

The City has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of Alliance (the primary government) and its potential component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Alliance, this includes the departments and agencies that provide the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, municipal court and general administrative services. The City has no component units for 2005.

The City of Alliance

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

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

The City's population of 23,252 placed it as the third largest City in the County.

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

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

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

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

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

Mt. Union College, a private four-year college with a total enrollment of approximately 2,400 students is located in the city. In 2005, Stark State College of Technology opened a branch location in the City. In addition, within commuting distance are several public and private two-year and four-year colleges and universities, including the University of Akron, Kent State University, Northeastern Ohio College of Medicine located in Rootstown Township, Portage County, Walsh University located in Plain Township, Stark County, Malone College located in the City of Canton, and Stark State College of Technology located in Jackson Township, Stark County.

The City is served by Alliance Community Hospital (ACH), a 204 bed facility is a non-profit hospital founded in 1901. Another 78 nursing home/transitional care beds are found in the attached, long-term care facility, Community Care Center. ACH is fully accredited by the Joint Commission on Accreditation of Health care Organizations (JCAHO) and offers a quality medical staff of more than 150 active and covering physicians.

Various recreational and cultural facilities are immediately available to City residents. The City operates a park system of 13 parks and parklands encompassing 190 acres with facilities that include tennis courts, baseball diamonds and basketball and volleyball courts and soccer fields.

In 2005, recreational opportunities increased for the Alliance area residents when Alliance City Council approved legislation which transformed the long time Robertson Youth Center into a city owned and operated facility for the whole family. The City established an enterprise fund for the Robertson Community Center.

In addition, 2,700 acres of recreational areas including lakes, reservoirs, trails and parks are located in the surrounding areas. "Carnation Days", an annual festival, is celebrated throughout the City for ten days each August. Activities include a festival pageant, a parade, concessions and games, musical events, and arts and crafts.

A Senior Citizens Center is located in the City. It offers a multitude of services and social activities for people over sixty and retirees of the community.

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

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

City Government

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

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

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

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

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

Financial Matters

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

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

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

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

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

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

Financial Outlook

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

Financial Information

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

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

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

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

Internal Accounting and Reporting Control

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

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

Awards

The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alliance, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2004. 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 Report, whose contents conform to program standards. Such a report 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 Alliance, Ohio has received a Certificate of Achievement for the last six consecutive years (1999-2004). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to the GFOA.

Independent Audit

The financial records, books of accounts and transactions of the City of Alliance, Ohio, for the year ended December 31, 2005 have been audited by the Auditor of State Betty Montgomery's Office. The Auditor's opinion has been included in this report.

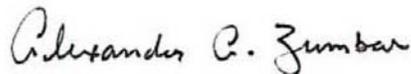
Acknowledgments

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

Further, as City Auditor, I would like to express my sincere appreciation to my efficient and knowledgeable staff, and other City and County departments who assisted in this endeavor and whose dedication and commitment made the publication of this Comprehensive Annual Financial Report a successful accomplishment.

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

Respectfully Submitted,



Alexander A. Zumbar
City Auditor

City of Alliance, Ohio

City Officials

December 31, 2005

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

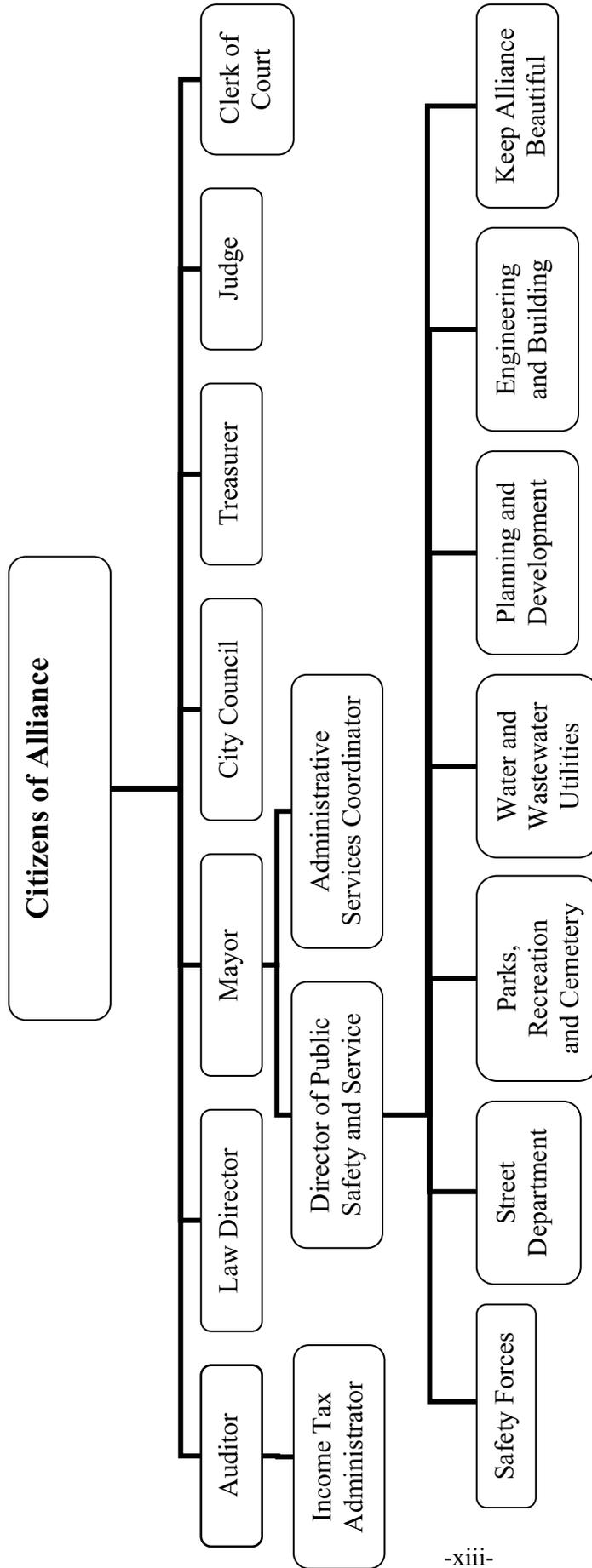
Finance

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

Public Safety and Service

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

City of Alliance, Ohio Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alliance,
Ohio

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

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

Financial Section



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Honorable Mayor and Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Stark County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Stark County, Ohio, as of December 31, 2005, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Special Revenue Revolving Loan funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the City implemented the retroactive infrastructure reporting requirements of Governmental Accounting Standards Board Statement No. 34, resulting in the restatement of capital and net assets of governmental activities as of December 31, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2006, 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.

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www.auditor.state.oh.us

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

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

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

Betty Montgomery
Auditor of State

July 21, 2006

***Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited***

The discussion and analysis of the City of Alliance's financial performance provide an overall review of the City's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

- The assets of the City exceeded its liabilities at the close of the year ended December 31, 2005, by \$41.5 million (net assets). Of this amount, \$1.1 million (unrestricted net assets) may be used to meet the City's ongoing governmental activities to citizens and creditors, and \$5.0 million is classified as unrestricted in the business-type activities.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$9.0 million. Of this amount, \$6.3 million is available for spending (unreserved fund balance) on behalf of its citizens.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1.6 million, or 15% of total general fund expenditures and other financing uses.
- The City's total debt (including notes payable) decreased by approximately \$1.8 million which represents a decrease of \$.6 million related to governmental activities and an decrease of \$1.2 million in debt related to business-type activities.
- The City's total net assets increased by approximately \$.8 million from 2004 (after restatement for infrastructure).

Using this Annual Financial Report

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

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

***Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited***

Reporting the City of Alliance as a Whole

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

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

The government-wide statements can be found on pages 16 - 17 of this report.

Reporting the City of Alliance's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds that account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City, our major funds are the General, Revolving Loan, Debt Service, Sewer and Water Funds. The analysis of the City's major funds begins on page 18.

***Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited***

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

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

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 18 - 21 of this report.

Proprietary Funds: The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer operations and the Robertson Community Center. An Internal Service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insured hospitalization. The proprietary fund financial statements can be found on pages 29 - 32 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary funds is much like that of the proprietary funds. At December 31, 2005, the City has no fiduciary fund balances.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 33 of this report.

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$41.5 million (\$27.6 million in governmental activities and \$13.9 million in business-type activities) as of December 31, 2005. By far, the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of other related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 provides a summary of the City's net assets at December 31, 2005 and 2004.

**Table 1
Net Assets
(In Millions)**

	<u>2005</u>			<u>2004</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets						
Current & Other Assets	\$ 13.8	\$ 10.1	\$ 23.9	\$ 13.4	\$ 9.5	\$ 22.9
Capital Assets, Net	21.4	24.2	45.6	12.2	25.1	37.3
<i>Total Assets</i>	<u>35.2</u>	<u>34.3</u>	<u>69.5</u>	<u>25.6</u>	<u>34.6</u>	<u>60.2</u>
Liabilities						
Current & Other Liabilities	2.2	1.1	3.3	1.9	1.1	3.0
Long-Term Liabilities						
Due Within One Year	1.4	0.7	2.1	1.1	0.7	1.8
Due in More Than One Year	4.0	18.6	22.6	4.8	19.7	24.5
<i>Total Liabilities</i>	<u>7.6</u>	<u>20.4</u>	<u>28.0</u>	<u>7.8</u>	<u>21.5</u>	<u>29.3</u>
Net Assets						
Invested in Capital						
Assets, Net of Debt	19.0	6.4	25.4	9.2	6.2	15.4
Restricted:						
Special Revenue	5.9		5.9	5.9		5.9
Capital Projects	1.5		1.5	1.8		1.8
Debt Service	0.1	1.6	1.7	0.1	1.5	1.6
Replacement and Surplus Reserve		0.9	0.9		0.9	0.9
Unrestricted	1.1	5.0	6.1	0.8	4.5	5.3
<i>Total Net Assets</i>	<u>\$ 27.6</u>	<u>\$ 13.9</u>	<u>\$ 41.5</u>	<u>\$ 17.8</u>	<u>\$ 13.1</u>	<u>\$ 30.9</u>

ALLIANCE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

As of December 31, 2005, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

Table 2 below provides a summary of the changes in net assets for 2005 and 2004.

**Table 2
Changes in Net Assets
(In Millions)**

	<u>2005</u>			<u>2004</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 1.3	\$ 7.4	\$ 8.7	\$ 1.2	\$ 7.3	\$ 8.5
Operating Grants and Contributions	1.2		1.2	0.6		0.6
Capital Grants and Contributions	0.1		0.1	0.4	0.4	0.8
<i>General Revenues:</i>						
Property Taxes	1.5		1.5	1.4		1.4
Income Tax	7.6	0.4	8.0	7.5	0.1	7.6
Unrestricted Grants	2.0	0.4	2.4	1.9		1.9
Other	1.0	0.3	1.3	0.7		0.7
<i>Total Revenues</i>	<u>14.7</u>	<u>8.5</u>	<u>23.2</u>	<u>13.7</u>	<u>7.8</u>	<u>21.5</u>
Program Expenses						
General Government	3.1		3.1	2.9		2.9
Security of Persons and Property	7.4		7.4	6.9		6.9
Public Health Services	0.8		0.8	0.9		0.9
Transportation	2.0		2.0	1.1		1.1
Community Environment	0.8		0.8	1.1		1.1
Basic Utility Service	0.1		0.1	0.1		0.1
Leisure Time Activities	0.7		0.7	0.6		0.6
Interest on Long-term Debt	0.1		0.1	0.2		0.2
Water and Sewer		7.4	7.4		7.6	7.6
<i>Total Expenses</i>	<u>15.0</u>	<u>7.4</u>	<u>22.4</u>	<u>13.8</u>	<u>7.6</u>	<u>21.4</u>
<i>Increase (Decrease) in Net Assets</i>	<u>\$ (0.3)</u>	<u>\$ 1.1</u>	<u>\$ 0.8</u>	<u>\$ (0.1)</u>	<u>\$ 0.2</u>	<u>\$ 0.1</u>

Governmental Activities

Security of persons and property accounts for \$7.4 million of the \$15.0 million total expenses for governmental activities, or 49% of total expenses. The next largest program expense is general government, accounting for \$3.1 million which represents 21% of total governmental expenses.

ALLIANCE, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2005 Unaudited

Income tax revenue accounts for \$7.6 million of the \$14.7 million in total revenue for governmental activity, or 52% of total governmental revenues. Charges for services was the largest program revenue, accounting for \$1.3 million, or 9% of total governmental revenue. These charges are for fees for transfers, fines and forfeitures related to judicial activity, and licenses and permits associated with building inspectors.

Business-type Activities

The net assets for the business-type activities for the City increased by \$1.1 million during the year 2005. The major revenue source was charges for services of \$7.4 million.

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9.0 million. Approximately \$6.3 million of this amount constitutes unreserved fund balance, which is available for spending for its citizens. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior year, and 2) to account for the reservation of loans. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments or a tax levy.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 15% of the total general fund expenditures and other financing uses.

The fund balance of the City's general fund increased approximately \$.2 million compared to the prior year decrease of \$.2 million. Revenues were up approximately \$.7 million while expenditures were up \$.3 million.

***Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited***

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2005, the City amended its general fund budget several times. These changes were not significant. Actual expenditures were approximately \$.3 million less than the revised budget.

Capital Assets and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$25.5 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, software, furniture, equipment, sewer and water systems, infrastructure, construction in progress, and vehicles.

Note 3 provides information on adjustments to the December 31, 2004 capital asset balances.

Note 7 provides capital asset activity during 2005.

Major capital asset events during the current year included completion of street improvements for Arch Avenue various street resurfacing projects, and the donation of the Robertson facility to the City.

Arch Avenue Improvement: This \$725,000 street improvement project targets an area identified for neighborhood revitalization. It is to be completed in phases and extends from East Main Street to 11th Street. Phase one which was completed in 2005 extends from East Main to Grant Street. Phase two completes the project from Grant Street to 11th Street. Municipal road funds combined with CDBG funds are being used for the project.

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

Long-term Debt: At the end of 2005, the City's debt outstanding consisted of revenue bonds in the amount of \$16.6 million; general obligation debt outstanding of \$6.4 million; and Ohio Public Works Commission loans of \$.3 million. Of the \$6.4 million general obligation debt - debt that is backed by the full faith and credit of the City - \$.5 million is special assessment debt for which the City is liable in the event of default by the property owner subject to the assessment.

***Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited***

State statute limits the total amount of debt a governmental entity may issue. The City's total debt margin at the end of 2005 was \$28.2 million with an unvoted total debt margin of \$13.7 million. Its net general bonded debt per capita for 2005 was \$98.60 as compared with \$123.26 for 2004. The calculation and related discussion of the legal debt margin, and other debt-related statistics, are included in the Statistical Section of this report. The City maintains an underlying "A2" rating from Moody's on its general obligation debt and an underlying "Aaa" rating on its revenue bonds.

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

Interest and fiscal charges related to governmental activities in 2005 were \$150,000 or 1% of the total governmental activities expenses.

Economic Condition and Outlook

Beginning in the year 2000, the City experienced a significant economic slowdown with the loss of several major industrial and manufacturing companies (American Steel Foundries, Mobile Consulting, and Alliance Machine).

In an effort to address and prevent any further loss of jobs and address sagging general fund revenues, several plans were undertaken to strengthen economic development. The City created a new Industrial Park and created a Tax Increment Financing District to add and upgrade infrastructure to foster development. The City also entered into a Cooperative Economic Development Agreement (CEDA) with an adjacent township to encourage economic growth in and around the City.

The City, with approval from the Stark County Board of Commissioners and a joint resolution between Alliance City Council, the Alliance City School Board of Education and Marlinton School Board of Education, operates an Ohio Enterprise Zone Agreement. The City also offers a Community Reinvestment Area Tax Abatement Program (CRA). The abatement is equal to 100% of the value of the eligible real property investment for a term up to fifteen (15) years. These programs are designed to provide incentives for commercial and industrial expansions and new construction. Abatements are also offered for property taxes on the increased values of real estate attributable to the improvements and tangible personal property taxes on items such as machinery equipment and inventory.

The Industrial Park was opened in 2002 with the ground breaking of a 340,000 square foot facility that would be occupied by Robertson's Heating and Supply Company. During 2002, the City annexed approximately 154 acres of land that is currently being developed as a single-family and multi-family development. The City of Alliance Planning and Economic Development Director, Stark Development Board and the Alliance Area Development Foundation, a non-profit organization, have all been operating with the goal of retaining companies, enhancing company growth, and capturing new business for the Alliance Area.

***Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited***

By 2003, the industrial park was completed and housed Winkle Industries, an industry leader in magnetic handling equipment. In 2004, Robertson Heating and Supply Company, a leading global distributor of heating and plumbing supplies relocated and in 2005, Terry's Tire Town, a global retailer and wholesaler of auto and truck tires along with Trilogy Plastics, a nationally recognized rotational molder, specializing in custom plastics molding had completed construction of their facilities and relocated to the industrial park.

Alliance Castings LLC, a division of ACF, celebrated on March 9, 2004, the opening of a new factory in the former American Steel Foundries building in Alliance. The company is involved in the manufacturing of rail car undercarriage parts. Employment has grown from 350 associates since the start up, and reached 750 employees by the fall of 2005. As of May of 2006, Alliance Castings employs over 900. In addition, Alliance Castings made an investment of over \$17 million in their new business. The State of Ohio provided both Ohio Enterprise Bond Fund financing and 166 Direct Loan financing. Additionally, the State provided a ten year, 70% Job Creation Tax Credit in addition to City of Alliance's local income tax incentive agreements.

Blue Ribbon Committee

Due to dramatically reduced revenues the City began experiencing as a result of significant business and industry closings, job losses and a stagnant economy, a Blue Ribbon Committee was formed by Mayor Middleton in July 2004 to examine the City of Alliance's finances through a study of all areas of the City's operations, including revenues and expenditures. The committee recommended several general fund short term and long term solutions:

Short Term Recommendations

- \$500,000 loan from Master Capital & Water Funds to the General Fund.
- Temporary Change in the Reallocation of the Income Tax Split
- Reduction of the Income Tax Credit Rate to 1% from 1.75%

Long Term Recommendations

- Increase the income tax from 1.75% to 2.00%.
- Consider a safety forces levy to maintain the current levels of service
- Evaluation of the transition to a combined safety force of police and fire or the transition to a volunteer or part-paid/volunteer fire department.

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

*Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited*

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

Income Tax Credit Rate Reduction Repealed

Alliance City Council repealed the resident income tax credit that would have required some residents to pay an additional amount of income tax to the city. Earlier in 2005, City council approved Ordinance 178-04, legislation which altered the income tax code to reduce the tax credit for residents who worked outside the City from 1.75 percent to 1 percent. By adopting Ordinance 96-05, City council returned the tax credit to 1.75 percent. With the credit at 1.75 percent, City residents who worked in other communities that have income taxes as high or higher than Alliance do not pay any Alliance city tax. There is no reciprocity, therefore, all their withholdings stay in the community where they work. The decision to repeal the tax credit rate reduction was a result of Income tax collections being higher than originally anticipated. An estimated additional \$360,000 would have been collected had the Income Tax Credit rate remained at 1 percent.

Residential Development

Residential development in the City has increased over the past 10 years and it is also meeting the demands of a changing population with the development of condominiums and single family homes. The most recent condominium and single family home developments which have been completed are the following: Potter's Creek, Washington Hills Development, College View Allotment, and East Alliance Neighborhood Development. 180 units have been built during the last five years. The increased residential development is a strong indicator of future economic growth of the City. Future growth of the City and continued residential development is anticipated with future annexations of land.

Annexation of Land

Annexation of a 13 acre island located on the northwest side of the intersection of Sawburg Avenue and Parkmont Street in Lexington Township is anticipated to occur in 2006. The Park Commons annexation petition seeks to bring the island area, which is surrounded by Alliance, into the City and is anticipated to be a condominium development plan.

Annexation of 2.4 acres of land in Lexington Township into the City of Alliance was approved by the Stark County Commissioners in 2005. The property located on the southwest corner of Sawburg Avenue and Overcrest Drive contains both residential housing and a professional office building occupied by Dietrich Orthodontics. The area is an island of township land surrounded by property within City limits. The annexation benefits the City of Alliance by evening out the meandering City/Township border on the west side of the City. Property owners will receive water and sewer services, police and fire protection, and other city services in exchange for annexing into the City.

*Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited*

Comprehensive Land Use Plan

In order to direct plans that promote a sound pattern of development the City has undertaken a comprehensive look at updating its land use plan, subdivision regulations and planning & zoning regulations over the past three years. A proposed plan that included maps, tables and descriptive matter and careful, comprehensive surveys and studies of the present conditions and future needs of the City was completed in 2005 and presented to City Council for their consideration and is awaiting their determination. The document is to serve as a guide in defining community objectives, policies, goals and scheduling of capital improvement projects including water lines, sanitary sewer lines, storm sewers, and transportation.

Development Plan for Downtown Area

Alliance City Council adopted ordinance 38-06, legislation aimed at making use of the Revolving Loan Fund for downtown development more attractive while strengthening the City's ability to recoup those funds should the businesses fail. The legislation creates a Downtown Development District that encompasses East Main Street and a large portion of the area surrounding it. Existing businesses and potential business operations within the district would be eligible for low interest loans from the Revolving Loan Fund that the City has used for years to provide low interest economic development loans to businesses.

MAJOR INITIATIVES

Current

Housing & Urban Development funds & 5-year Consolidated Plan

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

Update of Financial Management Information System Technology

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

*Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited*

Waste Water/Sewer Plant Clarifier project

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

Water & Sewer Rate Increases

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

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

Future

Maintaining the City's infrastructure remains an ongoing commitment. The City continues with the maintenance of sanitary sewers, water improvements, storm water improvements, road paving projects, and general infrastructure improvements.

Waste Water Treatment Plant Clarifier Rehab project Phase II

Phase two of the clarifier rehab project began in April 2006 with the awarding of a contract to provide engineering services during the construction for the Waste Water Treatment Plant clarifier rehab project in an amount not to exceed \$16,900. Another contract was awarded to provide on-site inspection services during the construction for the Waste Water Treatment Plant clarifier project in an amount not to exceed \$12,000.

*Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited*

Arch Avenue Street Improvement – Phase II

Phase two of the South Arch Avenue improvement project is expected to begin in April of 2006 and be completed by the end of May. Ordinance 13-06 was adopted by City Council on January 17, 2006. Delta Asphalt of Tallmadge was awarded the bid for the project at \$258,032. The amount was below the engineer's estimate and as a result, the City has expanded the project. The original contract called for street improvements to South Arch Avenue as far south as 11th street, that area receiving new sidewalks, gutters and catch basins as well as new street paving. The work is to be paid for with a combination of Community Development Block Grant and Municipal Road Fund money.

The City will continue to place a major emphasis on economic development within the City. There are numerous sites within the City for development including the West Main Street Industrial Park, Washington Hills and the recently annexed Parkmont Commons areas.

2006 General Fund Budget

Despite the recent growth in the 2006 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 inheritance taxes, continuing to remain stagnant or declining while operating costs continue to increase due to inflationary pressures, higher utility and gasoline prices, training costs due to new State requirements and rising costs of health care. As a result, it is anticipated that further cost containment efforts and revenue enhancement actions will be necessary through the remainder of 2006 and beyond.

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. Any questions concerning any of the information provided in this report or requests for additional information should be addressed to the Alliance City Auditor, Alexander A. Zumbar. You may also visit our website at <http://www.cityofalliance.com> or email us at auditor@neo.rr.com.

City of Alliance, Ohio
Statement of Net Assets
December 31, 2005

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 5,749,466	\$ 5,831,195	\$ 11,580,661
Cash and Cash Equivalents - Segregated Accounts	27,040		27,040
Taxes Receivable	3,145,928	87,976	3,233,904
Accounts Receivable	15,838	1,022,292	1,038,130
Intergovernmental Receivable	1,089,276		1,089,276
Special Assessment Receivable	1,202,961		1,202,961
Loans Receivable	2,495,213		2,495,213
Materials and Supplies Inventory	49,126	273,600	322,726
Deferred Charges		335,952	335,952
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents		846,888	846,888
Cash and Cash Equivalents with Fiscal Agents		1,635,339	1,635,339
Capital Assets:			
Nondepreciable Capital Assets	2,689,083	888,036	3,577,119
Depreciable Capital Assets, Net	18,747,165	23,360,468	42,107,633
<i>Total Assets</i>	35,211,096	34,281,746	69,492,842
 Liabilities and Net Assets			
Liabilities			
Accounts Payable	340,866	179,908	520,774
Accrued Wages and Expenses	277,215	88,971	366,186
Claims and Judgements Payable	199,196		199,196
Compensated Absences Payable		28,303	28,303
Intergovernmental Payable	395,471	75,218	470,689
Deferred Revenue	945,787		945,787
Accrued Interest Payable	23,841	25,401	49,242
Payable from Restricted Assets:			
Revenue Bonds Payable - Current Portion		691,829	691,829
Accrued Revenue Bond Interest		101,343	101,343
Long-term Liabilities:			
Due Within One Year	1,434,083	669,987	2,104,070
Due In More Than One Year	3,947,357	18,594,650	22,542,007
<i>Total Liabilities</i>	7,563,816	20,455,610	28,019,426
 Net Assets			
Investment in Capital Assets, Net of Related Debt	19,015,248	6,435,656	25,450,904
Restricted for:			
Special Revenue	5,961,372		5,961,372
Debt Service	128,199	1,533,905	1,662,104
Capital Projects	1,457,599		1,457,599
Replacement and Reserve		846,888	846,888
Unrestricted	1,084,862	5,009,687	6,094,549
<i>Total Net Assets</i>	\$ 27,647,280	\$ 13,826,136	\$ 41,473,416

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Activities
For the year ended December 31, 2005

Function/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General Government	\$ 3,055,599	\$ 1,007,370	\$ 77,760		\$ (1,970,469)	\$ (1,970,469)	
Security of Persons and Property	7,437,917				(7,437,917)	(7,437,917)	
Public Health Services	812,097	150,203	178,869		(483,025)	(483,025)	
Transportation	2,003,429				(2,003,429)	(2,003,429)	
Community Environment	819,843	128,596	940,819	\$ 100,000	349,572	349,572	
Basic Utility Services	66,864				(66,864)	(66,864)	
Leisure Time Activities	667,520	59,195			(608,325)	(608,325)	
Interest	150,982				(150,982)	(150,982)	
Total government activities	15,014,251	1,345,364	1,197,448	100,000	(12,371,439)	(12,371,439)	
Business-type activities:							
Water	4,099,091	4,119,622					\$ 20,531
Sewer	3,216,935	3,252,855					35,920
Nonmajor - Robertson Community Center	76,859	44,464					(32,395)
Total business-type activities	7,392,885	7,416,941					24,056
Total primary government	\$ 22,407,136	\$ 8,762,305	\$ 1,197,448	\$ 100,000	(12,371,439)		(12,347,383)
General Revenues:							
Taxes:							
Municipal Income Taxes					7,626,396	383,794	8,010,190
Property Taxes					1,523,469		1,523,469
Unrestricted Grants and Contributions					1,998,723	414,108	2,412,831
Interest and Investment Earnings					266,974	228,161	495,135
Miscellaneous					680,693		680,693
Total General Revenues					12,096,255	1,026,063	13,122,318
Transfers					(59,725)	59,725	0
Total General Revenues and Transfers					12,036,530	1,085,788	13,122,318
Change in Net Assets					(334,909)	1,109,844	774,935
Net Assets - Beginning - Restated					27,982,189	12,716,292	40,698,481
Net Assets - Ending					\$ 27,647,280	\$ 13,826,136	\$ 41,473,416

See accompanying notes to the basic financial statements.

City of Alliance, Ohio
Balance Sheet
Governmental Funds
December 31, 2005

	General Fund	Revolving Loan Fund	Debt Service Fund	Other Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 799,449	\$ 1,509,654	\$ 128,199	\$ 3,132,091
Cash and Cash Equivalents in Segregated Accounts	27,040			
Receivables:				
Taxes	2,756,923			389,005
Accounts	15,838			
Intergovernmental	534,169			555,107
Special Assessments	518,021		490,000	194,940
Loans		2,436,886		58,327
Materials and Supplies Inventory	49,126			
<i>Total Assets</i>	<u>4,700,566</u>	<u>3,946,540</u>	<u>618,199</u>	<u>4,329,470</u>
Liabilities				
Accounts Payable	137,620	786		202,460
Accrued Wages	260,764			16,451
Intergovernmental Payable	373,421			20,023
Deferred Revenue	2,298,941		490,000	799,093
<i>Total Liabilities</i>	<u>3,070,746</u>	<u>786</u>	<u>490,000</u>	<u>1,038,027</u>
Fund Balances				
Fund Balances:				
Reserved for Encumbrances	6,271	5,000		165,931
Reserved for Loans Receivable		2,436,886		58,327
Unreserved, Undesignated, Reported in:				
General Fund	1,623,549			
Special Revenue Funds				1,887,440
Debt Service Funds			128,199	
Revolving Loan Fund		1,503,868		
Capital Projects Funds				1,179,745
<i>Total Fund Balances</i>	<u>\$ 1,629,820</u>	<u>\$ 3,945,754</u>	<u>\$ 128,199</u>	<u>\$ 3,291,443</u>

See accompanying notes to the basic financial statements

**CITY OF ALLIANCE, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCES TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2005**

Total Governmental Funds	Total Governmental Fund Balances	\$ 8,995,216
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
\$ 5,569,393	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	21,436,248
27,040		
3,145,928	Internal service fund, excess of liabilities over assets	(19,123)
15,838		
1,089,276	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
1,202,961		
2,495,213		
49,126		
13,594,775	Property taxes	\$ 170,608
	Municipal income taxes	665,870
	Special assessments	1,202,961
	Intergovernmental	602,808
		2,642,247
	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
340,866	Interest payable	\$ 23,841
277,215	Other	2,027
393,444	Long-term debt	3,314,490
3,588,034	Compensated absences	2,066,950
4,599,559		(5,407,308)
	Net Assets of Governmental Activities	<u>\$ 27,647,280</u>
177,202		
2,495,213		
1,623,549		
1,887,440		
128,199		
1,503,868		
1,179,745		
<u>\$ 8,995,216</u>		

City of Alliance, Ohio
*Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005*

	General Fund	Revolving Loan Fund	Debt Service Fund	Other Governmental Funds
Revenues				
Property and Other Taxes	\$ 956,008			\$ 567,461
Municipal Income Taxes	7,001,007			625,389
Charges for Services	319,431			
Licenses, Permits and Fees	144,268			69,910
Fines and Forfeitures	589,980			83,283
Intergovernmental	1,068,313			2,237,645
Special Assessments			\$ 69,284	
Interest	43,258	\$ 167,351		56,365
Rentals	187,794			
Other	207,346			404,063
<i>Total Revenues</i>	<u>10,517,405</u>	<u>167,351</u>	<u>69,284</u>	<u>4,044,116</u>
Expenditures				
Current:				
General Government	2,392,721			303,879
Security of Persons and Property	6,026,732			857,391
Public Health Services	481,575			332,486
Transportation	56,498			749,967
Community Environment	106,407	32,753		727,053
Basic Utility Services	57,412			
Leisure Time Activities	565,882			
Capital Outlay				1,052,146
Debt Service:				
Principal Retirement			614,000	6,792
Interest and Fiscal Charges			133,628	17,354
<i>Total Expenditures</i>	<u>9,687,227</u>	<u>32,753</u>	<u>747,628</u>	<u>4,047,068</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>830,178</u>	<u>134,598</u>	<u>(678,344)</u>	<u>(2,952)</u>
Other Financing Sources (Uses)				
Transfers In	7,055		677,734	683,212
Transfers Out	(664,265)			(763,461)
<i>Total Other Financing Sources (Uses)</i>	<u>(657,210)</u>		<u>677,734</u>	<u>(80,249)</u>
<i>Net Change in Fund Balances</i>	172,968	134,598	(610)	(83,201)
<i>Fund Balances Beginning of Year</i>	<u>1,456,852</u>	<u>3,811,156</u>	<u>128,809</u>	<u>3,374,644</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,629,820</u>	<u>\$ 3,945,754</u>	<u>\$ 128,199</u>	<u>\$ 3,291,443</u>

See accompanying notes to the basic financial statements

**CITY OF ALLIANCE, 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, 2005**

	Net Change in Fund Balances - Total Governmental Funds	\$ 223,755
Total Governmental Funds	<i>Amounts for governmental activities in the statement of activities are different because</i>	
	Governmental funds report capital outlays as expenditures.	601,355
\$ 1,523,469	However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense	(1,507,848)
7,626,396	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	(18,530)
319,431	Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	(59,089)
214,178	Change in net asset activity in the internal service fund	(118,835)
673,263	Debt transactions are reported as expenditures in the funds	620,791
3,305,958	Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(76,508)
69,284	Change in Net Assets of Governmental Activities	<u>\$ (334,909)</u>
266,974		
187,794		
611,409		
14,798,156		
2,696,600		
6,884,123		
814,061		
806,465		
866,213		
57,412		
565,882		
1,052,146		
620,792		
150,982		
14,514,676		
283,480		
1,368,001		
(1,427,726)		
(59,725)		
223,755		
8,771,461		
\$ 8,995,216		

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Revenues				
Property and Other Taxes	\$939,017	\$950,982	\$956,008	\$5,026
Municipal Income Taxes	6,718,449	6,824,654	6,989,836	165,182
Charges for Services	209,950	209,950	315,253	105,303
Licenses, Permits and Fees	117,600	117,600	144,268	26,668
Fines and Forfeitures	534,000	534,000	571,940	37,940
Intergovernmental	1,037,651	1,111,298	1,075,951	(35,347)
Interest	60,000	60,000	43,258	(16,742)
Rentals	192,000	192,000	187,794	(4,206)
Other	237,697	237,697	207,346	(30,351)
<i>Total Revenues</i>	<u>10,046,364</u>	<u>10,238,181</u>	<u>10,491,654</u>	<u>253,473</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Salaries and Wages	78,614	80,089	80,088	1
Fringe Benefits	32,059	32,949	32,911	38
Contractual Services	2,325	2,325	2,055	270
Materials and Supplies	3,300	2,861	2,053	808
Total Mayor	<u>116,298</u>	<u>118,224</u>	<u>117,107</u>	<u>1,117</u>
Senior Center:				
Salaries and Wages	61,060	62,389	62,389	0
Fringe Benefits	17,592	14,787	14,498	289
Contractual Services	200	200	200	0
Materials and Supplies	450	450	448	2
Total Senior Center	<u>79,302</u>	<u>77,826</u>	<u>77,535</u>	<u>291</u>
Auditor:				
Salaries and Wages	156,756	156,756	151,806	4,950
Fringe Benefits	74,227	73,019	69,497	3,522
Contractual Services	35,750	36,174	34,908	1,266
Materials and Supplies	7,000	7,784	7,784	0
Total Auditor	<u>\$273,733</u>	<u>\$273,733</u>	<u>\$263,995</u>	<u>\$9,738</u>

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Treasurer:				
Salaries and Wages	\$3,754	\$3,754	\$3,754	\$0
Fringe Benefits	672	672	663	9
Materials and Supplies	275	275	0	275
Total Treasurer	4,701	4,701	4,417	284
Law Director:				
Salaries and Wages	132,500	132,537	132,537	0
Fringe Benefits	46,649	46,787	46,702	85
Contractual Services	3,100	2,968	2,748	220
Materials and Supplies	1,500	1,449	1,311	138
Total Law Director	183,749	183,741	183,298	443
City Council:				
Salaries and Wages	37,710	37,939	37,936	3
Fringe Benefits	6,667	6,756	6,646	110
Contractual Services	235	374	239	135
Materials and Supplies	15,525	15,179	14,530	649
Total City Council	60,137	60,248	59,351	897
Judge and Probation:				
Salaries and Wages	146,657	150,179	150,158	21
Fringe Benefits	68,714	68,685	67,516	1,169
Contractual Services	5,040	5,040	4,307	733
Materials and Supplies	9,443	9,443	6,978	2,465
Total Judge and Probation	229,854	233,347	228,959	4,388
Clerk of Courts:				
Salaries and Wages	199,820	198,970	195,708	3,262
Fringe Benefits	90,159	90,117	82,989	7,128
Contractual Services	33,000	37,333	34,452	2,881
Materials and Supplies	16,500	16,667	16,000	667
Total Clerk of Courts	339,479	343,087	329,149	13,938
Civil Service:				
Salaries and Wages	13,590	13,590	13,585	5
Fringe Benefits	2,186	2,188	2,180	8
Materials and Supplies	6,000	6,000	5,846	154
Total Civil Service	\$21,776	\$21,778	\$21,611	\$167

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Engineering:				
Salaries and Wages	\$50,632	\$45,848	\$45,841	\$7
Fringe Benefits	22,129	25,217	25,042	175
Contractual Services	9,540	8,650	7,753	897
Materials and Supplies	3,150	3,307	2,161	1,146
Other	0	1,895	1,895	0
Total Engineering	<u>85,451</u>	<u>84,917</u>	<u>82,692</u>	<u>2,225</u>
County Auditor and Treasurer:				
Contractual Services	<u>28,000</u>	<u>28,000</u>	<u>16,199</u>	<u>11,801</u>
State Examiner:				
Contractual Services	<u>36,000</u>	<u>25,110</u>	<u>24,417</u>	<u>693</u>
Income Tax:				
Salaries and Wages	112,568	112,560	112,550	10
Fringe Benefits	42,184	42,192	38,665	3,527
Contractual Services	26,340	26,888	26,575	313
Materials and Supplies	7,400	7,248	7,178	70
Capital Outlay	7,100	7,100	6,939	161
Other	285,000	287,358	276,611	10,747
Total Income Tax	<u>480,592</u>	<u>483,346</u>	<u>468,518</u>	<u>14,828</u>
Land and Buildings:				
Salaries and Wages	52,433	48,623	48,613	10
Fringe Benefits	25,089	25,089	21,662	3,427
Contractual Services	212,440	212,703	198,483	14,220
Total Land and Buildings	<u>289,962</u>	<u>286,415</u>	<u>268,758</u>	<u>17,657</u>
General Administration:				
Salaries and Wages	27,102	27,162	27,162	0
Fringe Benefits	10,040	12,177	10,952	1,225
Contractual Services	259,400	211,022	181,144	29,878
Materials and Supplies	13,100	20,740	9,952	10,788
Capital Outlay	10,000	10,000	6,043	3,957
Other	40,130	40,130	15,018	25,112
Total General Administration	<u>359,772</u>	<u>321,231</u>	<u>250,271</u>	<u>70,960</u>
Total General Government	<u>\$2,588,806</u>	<u>\$2,545,704</u>	<u>\$2,396,277</u>	<u>\$149,427</u>

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Security of Persons and Property:				
Police:				
Salaries and Wages	\$2,283,507	\$2,349,832	\$2,349,674	\$158
Fringe Benefits	534,667	534,150	529,188	4,962
Contractual Services	162,350	151,999	150,638	1,361
Materials and Supplies	87,500	99,440	99,409	31
Total Police	3,068,024	3,135,421	3,128,909	6,512
Fire:				
Salaries and Wages	1,683,988	1,715,388	1,715,304	84
Fringe Benefits	360,953	363,406	362,901	505
Contractual Services	86,900	82,121	81,220	901
Materials and Supplies	25,600	27,678	26,696	982
Total Fire	2,157,441	2,188,593	2,186,121	2,472
Fire Communications:				
Materials and Supplies	7,157	8	0	8
Safety Administration:				
Salaries and Wages	317,953	316,636	311,416	5,220
Fringe Benefits	132,394	137,089	134,783	2,306
Contractual Services	145,000	154,845	131,710	23,135
Total Safety Administration	595,347	608,570	577,909	30,661
Prisoner Support:				
Contractual Services	72,000	48,650	47,528	1,122
Total Security of Persons and Property	5,899,969	5,981,242	5,940,467	40,775
Public Health Services:				
Health Control and Prevention:				
Salaries and Wages	60,148	60,161	60,161	0
Fringe Benefits	28,225	28,339	28,211	128
Contractual Services	22,550	22,433	21,902	531
Materials and Supplies	4,220	4,220	4,139	81
Other	850	850	850	0
Total Health Control and Prevention	\$115,993	\$116,003	\$115,263	\$740

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Health Administration:				
Salaries and Wages	\$231,543	\$231,835	\$231,834	\$1
Fringe Benefits	83,131	83,680	83,612	68
Contractual Services	6,640	6,640	6,547	93
Materials and Supplies	17,100	17,119	16,960	159
Other	40,000	39,129	37,878	1,251
Total Health Administration	378,414	378,403	376,831	1,572
Total Public Health Services	494,407	494,406	492,094	2,312
Transportation:				
Street Transportation:				
Contractual Services	76,990	74,235	64,321	9,914
Materials and Supplies	34,450	37,205	36,375	830
Total Transportation	111,440	111,440	100,696	10,744
Community Environment:				
Planning Commission:				
Contractual Services	2,000	2,000	2,000	0
Zoning and Building:				
Salaries and Wages	67,361	82,751	82,751	0
Fringe Benefits	12,133	14,290	14,109	181
Contractual Services	4,385	4,653	3,816	837
Materials and Supplies	2,600	2,675	2,291	384
Total Zoning and Building	86,479	104,369	102,967	1,402
Total Community Environment	88,479	106,369	104,967	1,402
Basic Utility Services:				
Storm Sewer:				
Salaries and Wages	40,770	41,986	41,559	427
Fringe Benefits	15,288	15,442	15,433	9
Materials and Supplies	500	500	420	80
Total Basic Utility Services	\$56,558	\$57,928	\$57,412	\$516

(continued)

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<i>Leisure Time Activities:</i>				
<i>Parks:</i>				
Salaries and Wages	\$279,230	\$279,129	\$278,807	\$322
Fringe Benefits	102,687	99,569	99,371	198
Contractual Services	50,122	48,713	47,992	721
Materials and Supplies	16,000	17,924	17,536	388
Other	200	205	205	0
Total Parks	448,239	445,540	443,911	1,629
<i>Recreation:</i>				
Salaries and Wages	70,731	71,114	71,114	0
Fringe Benefits	31,064	33,385	33,353	32
Contractual Services	2,470	2,470	2,360	110
Materials and Supplies	9,800	9,800	9,786	14
Other	100	95	0	95
Total Recreation	114,165	116,864	116,613	251
Total Leisure Time Activities	562,404	562,404	560,524	1,880
Total Expenditures	9,802,063	9,859,493	9,652,437	207,056
<i>Excess of Revenues Over/(Under) Expenditures</i>	244,301	378,688	839,217	460,529
Other Financing Sources (Uses)				
Transfers In	0	0	7,055	7,055
Transfers Out	(724,482)	(763,811)	(664,265)	99,546
Total Other Financing Uses	(724,482)	(763,811)	(657,210)	106,601
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</i>	(480,181)	(385,123)	182,007	567,130
<i>Fund Balance Beginning of Year</i>	596,625	596,625	596,625	0
<i>Prior Year Encumbrances Appropriated</i>	7,752	7,752	7,752	0
Fund Balance End of Year	\$124,196	\$219,254	\$786,384	\$567,130

City of Alliance, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Revolving Loan Fund
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Interest	\$97,000	\$143,696	\$191,351	\$47,655
Other	<u>250,000</u>	<u>275,680</u>	<u>275,680</u>	<u>0</u>
<i>Total Revenues</i>	<u>347,000</u>	<u>419,376</u>	<u>467,031</u>	<u>47,655</u>
Expenditures				
Current:				
Community Environment:				
Revolving Loan:				
Contractual Services	10,000	13,242	13,242	0
Capital Outlay	<u>1,344,590</u>	<u>1,341,348</u>	<u>303,725</u>	<u>1,037,623</u>
<i>Total Expenditures</i>	<u>1,354,590</u>	<u>1,354,590</u>	<u>316,967</u>	<u>1,037,623</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(1,007,590)	(935,214)	150,064	1,085,278
<i>Fund Balance Beginning of Year</i>	<u>1,354,590</u>	<u>1,354,590</u>	<u>1,354,590</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$347,000</u></u>	<u><u>\$419,376</u></u>	<u><u>\$1,504,654</u></u>	<u><u>\$1,085,278</u></u>

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2005

	Business-Type Activities				Governmental Activities
	Water	Sewer	Nonmajor - Robertson Community Center	Totals	Internal Service
Assets					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 2,581,721	\$ 3,175,494	\$ 73,980	\$ 5,831,195	\$ 180,073
Restricted Assets:					
Cash and Cash Equivalents					
with Fiscal Agents	793,172	0	0	793,172	0
Taxes Receivable	87,976	0	0	87,976	0
Accounts Receivable	574,639	447,653	0	1,022,292	0
Materials and Supplies Inventory	225,177	48,423	0	273,600	0
Deferred Charges	206,702	129,250	0	335,952	0
<i>Total Current Assets</i>	<u>4,469,387</u>	<u>3,800,820</u>	<u>73,980</u>	<u>8,344,187</u>	<u>180,073</u>
Noncurrent Assets:					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	846,888	0	0	846,888	0
Cash and Cash Equivalents with Fiscal Agents	842,126	41	0	842,167	0
<i>Total Restricted Assets</i>	<u>1,689,014</u>	<u>41</u>	<u>0</u>	<u>1,689,055</u>	<u>0</u>
Capital Assets (Net of Accumulated Depreciation)	15,003,190	8,877,856	367,458	24,248,504	0
<i>Total Noncurrent Assets</i>	<u>16,692,204</u>	<u>8,877,897</u>	<u>367,458</u>	<u>25,937,559</u>	<u>0</u>
<i>Total Assets</i>	<u>21,161,591</u>	<u>12,678,717</u>	<u>441,438</u>	<u>34,281,746</u>	<u>180,073</u>
Liabilities and Net Assets					
Liabilities					
Current Liabilities:					
Accounts Payable	117,312	62,596	0	179,908	0
Accrued Wages	40,692	48,279	0	88,971	0
Compensated Absences Payable	0	28,303	0	28,303	0
Intergovernmental Payable	36,313	38,905	0	75,218	0
Current Portion of OPWC Loan	0	16,447	0	16,447	0
General Obligation Bonds - Refunding	0	380,000	0	380,000	0
General Obligation Bonds - West Beach	0	35,000	0	35,000	0
Revenue Bonds Payable	691,829	0	0	691,829	0
Bond Premium - Current	0	(11,460)	0	(11,460)	0
Claims and Judgments Payable	0	0	0	0	199,196
Interest Payable	101,343	25,401	0	126,744	0
<i>Total Current Liabilities</i>	<u>987,489</u>	<u>623,471</u>	<u>0</u>	<u>1,610,960</u>	<u>199,196</u>
Long-Term Liabilities:					
Bond Premiums	0	(34,380)	0	(34,380)	0
Compensated Absences Payable	288,810	464,702	0	753,512	0
OPWC Loans Payable (net of Current Portion)	0	285,407	0	285,407	0
General Obligation Bonds Payable - Refunding (net of Current Portion)	0	1,718,000	0	1,718,000	0
General Obligation Bonds Payable - West Beach (net of Current Portion)	0	1,327,000	0	1,327,000	0
Revenue Bonds Payable (net of Current Portion)	14,795,111	0	0	14,795,111	0
<i>Total Long-Term Liabilities</i>	<u>15,083,921</u>	<u>3,760,729</u>	<u>0</u>	<u>18,844,650</u>	<u>0</u>
<i>Total Liabilities</i>	<u>16,071,410</u>	<u>4,384,200</u>	<u>0</u>	<u>20,455,610</u>	<u>199,196</u>
Net Assets					
Investment in Capital Assets, Net of Related Debt	(483,750)	6,551,948	367,458	6,435,656	0
Restricted for:					
Debt Service	1,533,905	0	0	1,533,905	0
Replacement and Surplus Reserve	846,888	0	0	846,888	0
Unrestricted	3,193,138	1,742,569	73,980	5,009,687	(19,123)
<i>Total Net Assets</i>	<u>\$ 5,090,181</u>	<u>\$ 8,294,517</u>	<u>\$ 441,438</u>	<u>\$ 13,826,136</u>	<u>\$ (19,123)</u>

See accompanying notes to the basic financial statements

City of Alliance, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005*

	Business-Type Activities				Governmental Activities
	Water	Sewer	Nonmajor - Robertson Community Center	Totals	Internal Service
Operating Revenues					
Charges for Services	\$ 4,093,411	\$ 3,155,998	\$ 44,464	\$ 7,293,873	\$ 1,718,997
Licenses and Permits	0	92,687	0	92,687	0
Other	26,211	4,170	0	30,381	0
<i>Total Operating Revenues</i>	<u>4,119,622</u>	<u>3,252,855</u>	<u>44,464</u>	<u>7,416,941</u>	<u>1,718,997</u>
Operating Expenses					
Salaries and Benefits	1,170,146	1,328,488	14,250	2,512,884	0
Fringe Benefits	478,130	517,425	200	995,755	0
Contractual Services	455,242	515,513	10,805	981,560	0
Claims	0	0	0	0	1,840,299
Materials and Supplies	461,922	213,133	43,338	718,393	0
Other	1,090	71,703	0	72,793	0
Depreciation	586,001	410,475	8,266	1,004,742	0
<i>Total Operating Expenses</i>	<u>3,152,531</u>	<u>3,056,737</u>	<u>76,859</u>	<u>6,286,127</u>	<u>1,840,299</u>
<i>Operating Income (Loss)</i>	967,091	196,118	(32,395)	1,130,814	(121,302)
Non-Operating Revenues (Expenses)					
Municipal Income Tax	383,794	0	0	383,794	0
Interest and Fiscal Charges	(946,560)	(160,198)	0	(1,106,758)	0
Investment Income	102,606	125,555	0	228,161	2,467
Contributions	0	0	414,108	414,108	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(460,160)</u>	<u>(34,643)</u>	<u>414,108</u>	<u>(80,695)</u>	<u>2,467</u>
<i>Income (Loss) Before Operating Transfers</i>	<u>506,931</u>	<u>161,475</u>	<u>381,713</u>	<u>1,050,119</u>	<u>(118,835)</u>
<i>Other Financing Sources:</i>					
Transfers In	0	0	59,725	59,725	0
<i>Total Other Financing Sources</i>	0	0	59,725	59,725	0
<i>Change in Net Assets</i>	<u>506,931</u>	<u>161,475</u>	<u>441,438</u>	<u>1,109,844</u>	<u>(118,835)</u>
<i>Net Assets Beginning of Year- Restated</i>	<u>4,583,250</u>	<u>8,133,042</u>	<u>0</u>	<u>12,716,292</u>	<u>99,712</u>
<i>Net Assets End of Year</i>	<u>\$ 5,090,181</u>	<u>\$ 8,294,517</u>	<u>\$ 441,438</u>	<u>\$ 13,826,136</u>	<u>\$ (19,123)</u>

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	Business-Type Activities			Governmental Activities	
	Water	Sewer	Nonmajor - Robertson Community Center	Totals	Internal Service
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 4,243,344	\$ 3,403,217	\$ 44,464	\$ 7,691,025	\$0
Cash Payments to Suppliers for Good and Services	(871,665)	(732,653)	(54,143)	(1,658,461)	0
Cash Payments for Employee Services and Benefits	(1,602,447)	(1,813,728)	(14,450)	(3,430,625)	(1,899,718)
Other Revenue	26,211	4,170	0	30,381	1,718,997
Other Expenses	(1,090)	(71,703)	0	(72,793)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,794,353</u>	<u>789,303</u>	<u>(24,129)</u>	<u>2,559,527</u>	<u>(180,721)</u>
Cash Flows from Noncapital Financing Activities					
Municipal Income Tax	295,818	0	0	295,818	0
Contributions	0	0	70,384	70,384	0
Transfer In	0	0	59,725	59,725	0
<i>Net Cash Provided by (Used for) Non Capital Financing Activities</i>	<u>295,818</u>	<u>0</u>	<u>130,109</u>	<u>425,927</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets	(82,018)	(75,554)	(32,000)	(189,572)	0
Principal Paid on Sewer OPWC Loan	0	(16,447)	0	(16,447)	0
Principal Paid on Sewer General Obligation Bonds	0	(500,000)	0	(500,000)	0
Interest Paid on Sewer General Obligation Bonds	0	(128,635)	0	(128,635)	0
Principal Paid on Water Revenue Bonds	(750,000)	0	0	(750,000)	0
Interest Paid on Water Revenue Bonds	(834,586)	0	0	(834,586)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,666,604)</u>	<u>(720,636)</u>	<u>(32,000)</u>	<u>(2,419,240)</u>	<u>0</u>
Cash Flows from Investing Activities					
Interest	102,606	125,555	0	228,161	2,467
<i>Net Cash Provided by Investing Activities</i>	<u>102,606</u>	<u>125,555</u>	<u>0</u>	<u>228,161</u>	<u>2,467</u>
<i>Net Increase(Decrease) In Cash and Cash Equivalents</i>	526,173	194,222	73,980	794,375	(178,254)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>4,537,734</u>	<u>2,981,313</u>	<u>0</u>	<u>7,519,047</u>	<u>358,327</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 5,063,907</u>	<u>\$ 3,175,535</u>	<u>\$ 73,980</u>	<u>\$ 8,313,422</u>	<u>\$ 180,073</u>

(continued)

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2005

	Business-Type Activities				Governmental Activities
	Water	Sewer	Nonmajor - Robertson Community Center	Totals	Internal Service
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities					
Operating Income(Loss)	\$ 967,091	\$ 196,118	\$ (32,395)	\$ 1,130,814	\$ (121,302)
Adjustments: to Net Cash Provided by Operating Activities					
Operating Activities:					
Depreciation	586,001	410,475	8,266	1,004,742	0
(Increase)/Decrease in Assets:					
Accounts Receivable	149,933	154,532	0	304,465	0
Materials and Supplies Inventory	6,336	(16,685)	0	(10,349)	0
Increase/(Decrease) in Liabilities:					
Accounts Payable	39,163	12,678	0	51,841	0
Accrued Wages	8,361	7,034	0	15,395	0
Compensated Absences Payable	26,825	18,702	0	45,527	0
Intergovernmental Payable	10,643	6,449	0	17,092	0
Claim and Judgements Payable	0	0	0	0	(59,419)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 1,794,353</u>	<u>\$ 789,303</u>	<u>\$ (24,129)</u>	<u>\$ 2,559,527</u>	<u>\$ (180,721)</u>

Non-cash capital transaction:

The Robertson Community Center Fund received \$343,724 in capital asset contributions.

See accompanying notes to the basic financial statements

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 1 - Description of the City and Reporting Entity

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

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

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

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

The City is also associated with the Alliance Area Development Foundation (Foundation). The Foundation is a not-for-profit corporation. The board of trustees consists of contributing trustees and elected trustees. The contributing trustees select the elected trustees. In 2005, the Mayor was an elected trustee. The Foundation's goal is to retain companies, enhance company growth and capture new business for the Alliance area. The Foundation has been excluded from the reporting entity.

Note 2 - Summary of Significant Accounting Policies

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

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

A. Basis of Presentation - Fund Accounting

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

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

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

B. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

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

The major governmental funds are:

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

Revenue Recognition

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

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

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

Expenditure Recognition

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

City of Alliance, Ohio
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PROPRIETARY FUNDS

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

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

The major enterprise funds are:

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

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

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

FIDUCIARY FUNDS

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

C. Budgetary Data

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

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

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

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

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

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

D. Cash and Cash Equivalents

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

During 2005 investments were limited to STAROhio and First American U.S. Treasury Reserve Fund (a money market mutual fund).

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2005.

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

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

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

E. Interfund Assets and Liabilities

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

F. Inventories

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

G. Restricted Assets

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

City of Alliance, Ohio
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H. Bond Issuance Costs, Bond Discount and Accounting Loss

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

I. Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and not capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000.

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

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

Public domain ("infrastructure") general capital assets consists of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are capitalized. Effective January 1, 2005, the City recorded a retroactive adjustment to capitalize infrastructure in accordance with GASB 34. See Note 3.

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

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

J. Compensated Absences

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

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

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

K. Fund Balance Reserves

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

L. Capitalization of Interest

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

M. Interfund Activity

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

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

N. Estimates

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

O. Accrued Liabilities and Long-term Obligations

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

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

City of Alliance, Ohio
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the current year. Bonds, long-term notes and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

P. Net Assets

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

Note 3 – Accounting Principles and Restatement of Fund Balances

Effective January 1, 2005, the City implemented the infrastructure recording requirements of GASB 34 - Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments. These requirements included the recording of all City infrastructure and related accumulated depreciation from 1980 through 2002. (Since 2003, current additions to infrastructure have been previously recorded.)

In addition at January 1, 2005, the City adopted a retroactive policy to expense all capital assets under \$5,000.

The effect of these changes on the December 31, 2004 net assets are as follows:

	Governmental Activities	Business Activities		
		<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Net assets at December 31, 2004				
– as originally reported	\$17,800,218	\$ 4,754,943	\$ 8,368,183	\$ 13,123,126
Recording of infrastructure (net)	10,998,516			
Change in capitalization policy	<u>(816,545)</u>	<u>(171,693)</u>	<u>(235,141)</u>	<u>(406,834)</u>
Net assets at December 31, 2004				
– as restated	<u>\$27,982,189</u>	<u>\$ 4,583,250</u>	<u>\$ 8,133,042</u>	<u>\$ 12,716,292</u>

For fiscal year 2005, the City has implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, and GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries”.

GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits.

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

The implementation of GASB Statement No. 40 and GASB Statement No. 42 did not have an effect on the financial statements of the City, however additional note disclosure can be found in Note 5.

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 4 - Budgetary Basis of Accounting

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

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

Net Change in Fund Balance		
	General	Revolving Loan Fund
GAAP Basis	\$ 172,968	\$ 134,598
Revenue Accruals	(25,751)	786
Expenditure Accruals	47,860	
Encumbrances	(13,070)	(5,000)
Loan proceeds		299,680
Loan disbursements		(280,000)
	\$ 182,007	\$ 150,064
Non-GAAP Budgetary Basis		

Note 5 - Deposits and Investments

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

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

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

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

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

The City's monies may be deposited or invested in the following securities:

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

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

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's deposits was \$11,135,521 and the bank balance was \$11,426,336. Of the bank balance:

1. \$300,000 was covered by federal depository insurance; and

City of Alliance, Ohio
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2. \$11,126,336 was collateralized with securities held by the pledging financial institutions' agent but not in the City's name. Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments Investments are reported at fair value. At December 31, 2005, the City had the following investments:

	Fair Value
STAROhio	\$1,319,067
Money Market Fund	1,635,340
Total Investments	<u>\$2,954,407</u>

Interest Rate Risk The City has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk STAROhio and the money market mutual fund carry a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provide by a least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

On December 31, 2005, the City had 85% of its pooled cash and investments with Bank One.

Note 6 - Receivables

Receivables at December 31, 2005, consisted of taxes, accounts (billings for user charged services), loans (community development block grant and urban development action monies loaned to local businesses and low to moderate income homeowners), intergovernmental receivables arising from grants, entitlements and shared revenues and special assessments. All receivables are deemed collectible in full.

City of Alliance, Ohio
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A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2005 for real and public utility property taxes represents collections of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes. 2005 real property taxes are levied after October 1, 2005 on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 25 percent of true value. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 23 percent of true value for capital assets and inventory.

The full tax rate for all City operations for the year ended December 31, 2005 was \$6.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$244,279,570
Tangible Personal Property	37,056,343
Public Utility Property	9,237,000
Total	<u><u>\$290,572,913</u></u>

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

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

The County Treasurer collects property tax on behalf of all taxing districts within the County, including the City of Alliance. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2005 operations. The receivable is offset by deferred revenue.

City of Alliance, Ohio
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B. Loans Receivable

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

C. Income Tax

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds in 2005, after income tax department expenditures, are credited to the following funds: 86 percent to the general fund, 6 percent to the capital improvements capital projects fund, four percent to the street income tax construction capital projects fund, and four percent to the water enterprise fund.

D. Special Assessments

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

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

The City's demolition assessments are billed by the County Auditor and collected by the County Treasurer. The County Auditor periodically remits these collections to the City. Special assessments collected in one calendar year are levied and certified in the preceding calendar year. Special assessment receivables include \$812,958 of delinquent receivables.

City of Alliance, Ohio
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Note 7 - Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

Primary Government

	Balance (As Restated) 01/01/05	Increases	Decreases	Balance 12/31/05
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$2,674,588			\$2,674,588
Construction in progress	511,637	\$14,495	\$(511,637)	14,495
<i>Total capital assets not being depreciated</i>	<u>3,186,225</u>	<u>\$14,495</u>	<u>(511,637)</u>	<u>2,689,083</u>
<i>Capital assets being depreciated:</i>				
Buildings, structures and improvements	6,712,468	78,959		6,791,427
Furniture, fixtures and equipment	2,915,150	124,926	(70,874)	2,969,202
Vehicles	2,896,114	22,951	(44,881)	2,874,184
Infrastructure	22,749,243	871,661		23,620,904
<i>Total capital assets being depreciated</i>	<u>35,272,975</u>	<u>1,098,497</u>	<u>(115,755)</u>	<u>36,255,717</u>
<i>Less accumulated depreciation for:</i>				
Buildings, structures and improvements	1,379,091	113,403		1,492,494
Furniture, fixtures and equipment	1,372,797	196,514	(56,832)	1,512,479
Vehicles	2,241,913	175,294	(40,393)	2,376,814
Infrastructure	11,104,128	1,022,637		12,126,765
<i>Total accumulated depreciation</i>	<u>16,097,929</u>	<u>1,507,848</u>	<u>(97,225)</u>	<u>17,508,552</u>
<i>Total capital assets being depreciated, net</i>	<u>19,175,046</u>	<u>(409,351)</u>	<u>(18,530)</u>	<u>18,747,165</u>
<i>Governmental activities capital assets, net</i>	<u>\$22,361,271</u>	<u>\$(394,856)</u>	<u>\$(530,167)</u>	<u>\$21,436,248</u>

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

	Balance (As Restated) 01/01/05	Increases	Decreases	Balance 12/31/05
Business-Type Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$869,941			\$869,941
Construction in progress		\$18,095		18,095
<i>Total capital assets not being depreciated</i>	<u>869,941</u>	<u>18,095</u>		<u>888,036</u>
<i>Capital assets being depreciated:</i>				
Land improvements	1,336,735	32,000		1,368,735
Buildings, structures and improvements	10,300,576	343,724		10,644,300
Water and Sewer lines	25,227,224	44,921		25,272,145
Furniture, fixtures and equipment	4,013,763	94,556		4,108,319
<i>Total capital assets being depreciated</i>	<u>40,878,298</u>	<u>515,201</u>		<u>41,393,499</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	616,871	61,220		678,091
Buildings, structures and improvements	3,595,479	315,291		3,910,770
Water and Sewer lines	9,790,270	503,781		10,294,051
Furniture, fixtures and equipment	3,025,669	124,450		3,150,119
<i>Total accumulated depreciation</i>	<u>17,028,289</u>	<u>1,004,742</u>		<u>18,033,031</u>
<i>Total capital assets being depreciated, net</i>	<u>23,850,009</u>	<u>(489,541)</u>		<u>23,360,468</u>
<i>Business-Type activities capital assets, net</i>	<u>\$24,719,950</u>	<u>\$(471,446)</u>		<u>\$24,248,504</u>

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

Governmental activities:	
General government	\$401,407
Security of persons and property	276,002
Public health services	5,266
Transportation	766,168
Community environment	400
Basic utility services	9,452
Leisure time activities	49,153
Total depreciation expense-governmental activities	<u>\$1,507,848</u>
Business-type activities:	
Sewer	\$410,475
Water	586,001
Robertson	8,266
Total depreciation expense-business-type activities	<u>\$1,004,742</u>

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 8 - Risk Management

A. Liability Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

During 2005, the City contracted with Evans Insurance Company for various types of insurance as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Limit – Occurrence</u>	<u>Limit - Aggregate</u>
General Liability	None	\$1,000,000	\$3,000,000
Wrongful Acts	\$10,000	2,000,000	2,000,000
Law Enforcement	10,000	2,000,000	2,000,000
Automobile Liability	250-500	1,000,000	1,000,000
Bond	250	None	50,000
Crime – Theft	250	None	10,000
Crime – Forgery/Computer Fraud	250	None	100,000
Property	1,000	None	52,377,563
Inland Marine	None	None	2,781,163
Electronic Data Processing	1,000	None	593,816

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

B. Health Insurance

The City has elected to provide health care coverage to its employees through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. The City purchases stop-loss coverage that covers claims in excess of \$70,000 per employee. Third party administrators, Anthem Benefits Administrators (until April 30, 2005) and Aultcare, review all claims which are then paid by the City.

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

The claims liability of \$199,196 reported in the self-insurance fund at December 31, 2005, is estimated by the third-party administrators and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus," which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2003	\$117,093	\$1,475,716	\$1,399,670	\$193,139
2004	193,139	1,700,454	1,634,978	258,615
2005	258,615	1,840,299	1,899,718	199,196

Note 9 - Interfund Transactions

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

A summary of interfund transfers is as follows:

Transfer to	Transfer From		Total
	General	Other Governmental	
General		\$7,055	\$7,055
Debt Service Fund		677,734	677,734
Other Governmental	\$664,265	18,947	683,212
Robertson Community Center		59,725	59,725
Total	\$664,265	\$763,461	\$1,427,726

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 10 - Long-Term Obligations

Changes in the long-term obligations of the City during 2005 were as follows:

	Outstanding 1/1/05	Additions	Reductions	Outstanding 12/31/05	Due within one year
Enterprise Activities					
Revenue Bonds:					
1998 Water Refunding 3.8% - 5.0%	\$17,355,000		\$750,000	\$16,605,000	\$785,000
Unamortized Discount	(250,373)		(19,259)	(231,114)	(19,259)
Unamortized Accounting Loss	(960,858)		(73,912)	(886,946)	(73,912)
Net Water Refunding Bonds	<u>16,143,769</u>		<u>656,829</u>	<u>15,486,940</u>	<u>691,829</u>
<i>Total Revenue Bonds</i>	<u>16,143,769</u>		<u>656,829</u>	<u>15,486,940</u>	<u>691,829</u>
General Obligation Bonds:					
1990 General Obligation Bond Sewer 6.45% - 7.15%	95,000		95,000		
2004 General Obligation Bond Sewer 2.5% - 4.65%	3,865,000		405,000	3,460,000	415,000
Premium on Refunding	(57,300)		(11,460)	(45,840)	(11,460)
<i>Total General Obligation Bonds</i>	<u>3,902,700</u>		<u>488,540</u>	<u>3,414,160</u>	<u>403,540</u>
Other Long-Term Obligations:					
OPWC Loan 0.00%	42,609		2,662	39,947	2,662
OPWC Loan 0.00% (2004)	275,693		13,785	261,908	13,785
Compensated Absences	736,288	\$267,224	250,000	753,512	250,000
<i>Total Enterprise Funds</i>	<u>\$21,101,059</u>	<u>\$267,224</u>	<u>\$1,411,816</u>	<u>\$19,956,467</u>	<u>\$1,361,816</u>
	Outstanding 1/1/05	Additions	Reductions	Outstanding 12/31/05	Due within one year
Governmental Activities					
General Obligation Bonds:					
Various Purpose 1998 3.80% - 5.00%	\$830,000		\$65,000	\$765,000	\$50,000
Various Purpose 2004 2.5% - 4.2%	2,165,000		509,000	1,656,000	270,000
<i>Total General Obligation Bonds</i>	<u>2,995,000</u>		<u>574,000</u>	<u>2,421,000</u>	<u>320,000</u>
Special Assessment Bonds:					
Various Purpose 1994 4.10% - 6.125%	530,000		40,000	490,000	45,000
<i>Total Bonds</i>	<u>3,525,000</u>		<u>614,000</u>	<u>2,911,000</u>	<u>365,000</u>
Other Long-Term Obligations:					
Police and Fire Pension Liability 4.21%	410,281		6,791	403,490	7,083
Compensated Absences	1,990,442	\$1,138,415	1,061,907	2,066,950	1,062,000
	<u>2,400,723</u>	<u>1,138,415</u>	<u>1,068,698</u>	<u>2,470,440</u>	<u>1,069,083</u>
Total Government Activities	<u>5,925,723</u>	<u>1,138,415</u>	<u>1,682,698</u>	<u>5,381,440</u>	<u>1,434,083</u>
<i>Total</i>	<u>\$27,026,782</u>	<u>\$1,405,639</u>	<u>\$3,094,514</u>	<u>\$25,337,907</u>	<u>\$2,795,899</u>

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

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

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

In 1998, the City defeased their waterworks revenue bonds and water general obligations bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the City's financial statements. On December 31, 2005, approximately \$500,000 of outstanding refunded waterworks bonds are considered defeased by assets of \$1,700,000 held in the irrevocable trust.

The City's overall legal debt margin was \$28,226,348 at December 31, 2005. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2005, are as follows:

	General Obligation Bonds					
	Governmental Activities		Enterprise Funds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 320,000	\$ 94,316	\$ 415,000	\$ 121,926	\$ 45,000	\$ 28,014
2007	330,000	87,991	425,000	121,541	45,000	25,854
2008	321,000	81,491	435,000	90,916	45,000	23,649
2009	230,000	59,312	445,000	80,041	50,000	21,219
2010	240,000	51,383	558,000	66,691	55,000	18,469
2011-2015	645,000	156,269	210,000	250,875	250,000	39,595
2016-2020	335,000	39,850	250,000	209,028		
2021-2025			305,000	151,403		
2026-2030			385,000	74,695		
2031			32,000	3,931		
Total	\$ 2,421,000	\$ 570,612	\$ 3,460,000	\$ 1,171,047	\$ 490,000	\$ 156,800

	Waterworks Improvement Revenue Bonds		Police and Fire Pension Liability		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
	2006	\$ 785,000	\$ 810,740	\$ 7,083	\$ 17,062
2007	820,000	776,200	7,388	16,758	16,447
2008	855,000	739,300	7,705	16,441	16,447
2009	895,000	700,398	8,036	16,110	16,447
2010	935,000	659,228	8,380	15,765	16,447
2011-2015	5,415,000	2,563,500	47,616	73,113	82,235
2016-2020	6,900,000	1,068,750	58,750	61,976	82,235
2021-2025			72,489	48,241	55,150
2026-2030			89,440	31,291	
2031-2035			96,603	10,374	
Total	\$ 16,605,000	\$ 7,318,116	\$ 403,490	\$ 307,131	\$ 301,855

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Conduit Debt

The City has issued Industrial Development Revenue Bonds for private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. Servicing these debts is the sole obligation of the entities which received the debt proceeds. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2005, \$62,210,000 had been issued and \$59,765,000 was still outstanding.

Note 11 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The employer contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$570,359, \$548,639, and \$484,679 respectively; 88 percent has been contributed for 2005 and 100 percent for 2004 and 2003.

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits and the City is required to contribute 11.75% and 16.25% for police and firefighters. Contributions are authorized by State statute. The City's contributions for pension obligations to the OP&F for police and firefighters were \$241,001 and \$272,915 for 2005, \$229,009 and \$229,778 for the year ended December 31, 2004, and \$251,883 and \$242,728 for the year ended December 31, 2003. The full amount has been contributed for 2004 and 2003. 76 percent and 72 percent, respectively, have been contributed for 2005 with the remainder being reported as a liability.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2005, the unfunded liability of the City was \$403,490, payable in semi-annual payments through the year 2035.

Note 12 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 employer contribution rate was 13.55 percent of covered payroll; 4.0 percent was the portion that was used to fund health care for 2005.

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, 2004, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from between 1 to 6 percent annually for the next eight years, and 4.0 percent annually thereafter.

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

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

The number of active contributing participants in the traditional and combined plans was 376,109. The City's actual contributions for 2005 which were used to fund postemployment benefits were \$238,894. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005. 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 2005 that were used to fund postemployment benefits were \$158,669 for police and \$130,209 for fire. The OP&F's total health care expense for the year ended December 31, 2004, (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

Note 13 - Other Employee Benefits

A. Compensated Absences

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

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Employees earn sick leave at the rate of 2.3 hours for every forty hours of service. Upon retirement or death, most employees receive up to 960 hours of such time on credit plus 25% of the next 600 hours on credit for a maximum not to exceed 1,110 hours. Four union contracts have additional language limiting employees at various times during the past 10 years to 960 hours or 25% of all hours on credit, whichever is less.

If any employee leaves the City for any reason, the City will pay the employee a maximum of 480 hours for the compensatory time accumulated during the prior year of employment. As of December 31, 2005, the total liability for unpaid compensated absences was \$2,820,462.

B. Life Insurance

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

Note 14 - Commitments and Contingencies

A. Grants

The City received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2005.

B. Litigation

The City is a party to legal proceedings seeking damages. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of the City's management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the City at December 31, 2005.

C. Construction Commitments

The City had outstanding contractual agreements of \$500,000 relating to 2006. The projects, which include construction commitments for Arch Avenue Phase II and commitments for purchase of equipment.

City of Alliance, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Note 15 - Jointly Governed Organizations

Stark County Council of Governments (SCOG) The City participates in the Stark County Council of Governments (SCOG), which is a regional council of governments formed under chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by the membership, including Stark County, and other cities, villages and townships. The membership elects a nine member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and oversees accounting and finance related activities. Each participant's control is limited to its membership shares. During 2005, the City of Alliance did not contribute to SCOG. Complete financial statements may be obtained from the Stark County Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

Stark County Regional Planning Commission The City participates in the Stark County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, and other cities, villages, and townships. Of the 48 member board, the City appoints two members. The degree of control exercised by any participating government is limited to its representation on the board. The principal aim of the Commission is to provide comprehensive planning, both long and short range, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The City has no financial responsibility for any of the Commission's liabilities. In 2005, the City contributed \$2,000 to the Commission, which represents .1 of total contributions. Complete financial statements may be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

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

Note 16 - Accountability

At December 31, 2005, the Internal Service Fund had a deficit of \$19,123 which resulted from adjustments for incurred but not reported medical claims. The payment of these claims in the subsequent year is funded by the other funds as needed.

Combining and Individual Fund

Statements and Schedules

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<hr/>	<hr/>	<hr/>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,971,183	\$1,160,908	\$3,132,091
Receivables:			
Taxes	169,064	219,941	389,005
Intergovernmental	555,107	0	555,107
Loans	58,327	0	58,327
Special Assessments	0	194,940	194,940
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$2,753,681</u>	<u>\$1,575,789</u>	<u>\$4,329,470</u>
Liabilities			
Accounts Payable	\$84,270	\$118,190	\$202,460
Accrued Wages	16,451	0	16,451
Intergovernmental Payable	20,023	0	20,023
Deferred Revenue	534,790	264,303	799,093
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	<u>655,534</u>	<u>382,493</u>	<u>1,038,027</u>
Fund Equity			
Fund Balances:			
Reserved for Encumbrances	152,380	13,551	165,931
Reserved for Loans Receivable	58,327	0	58,327
Unreserved, Undesignated	1,887,440	1,179,745	3,067,185
	<hr/>	<hr/>	<hr/>
<i>Total Fund Equity</i>	<u>2,098,147</u>	<u>1,193,296</u>	<u>3,291,443</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$2,753,681</u>	<u>\$1,575,789</u>	<u>\$4,329,470</u>

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property and Other Taxes	\$567,461	\$0	\$567,461
Municipal Income Tax	0	625,389	625,389
Licenses, Permits and Fees	69,910	0	69,910
Fines and Forfeitures	83,283	0	83,283
Intergovernmental	2,158,635	79,010	2,237,645
Interest	56,335	30	56,365
Other	255,941	148,122	404,063
<i>Total Revenues</i>	<u>3,191,565</u>	<u>852,551</u>	<u>4,044,116</u>
Expenditures			
Current:			
General Government	303,879	0	303,879
Security of Persons and Property	857,391	0	857,391
Public Health Services	332,486	0	332,486
Transportation	749,967	0	749,967
Community Environment	727,053	0	727,053
Leisure Time Activities	0	0	0
Capital Outlay	0	1,052,146	1,052,146
Debt Service:			
Principal Retirement	6,792	0	6,792
Interest and Fiscal Charges	17,354	0	17,354
<i>Total Expenditures</i>	<u>2,994,922</u>	<u>1,052,146</u>	<u>4,047,068</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>196,643</u>	<u>(199,595)</u>	<u>(2,952)</u>
Other Financing Sources (Uses)			
Transfers In	662,105	21,107	683,212
Transfers Out	(615,103)	(148,358)	(763,461)
<i>Total Other Financing Sources (Uses)</i>	<u>47,002</u>	<u>(127,251)</u>	<u>(80,249)</u>
<i>Net Change in Fund Balances</i>	243,645	(326,846)	(83,201)
<i>Fund Balances Beginning of Year</i>	<u>1,854,502</u>	<u>1,520,142</u>	<u>3,374,644</u>
<i>Fund Balances End of Year</i>	<u>\$2,098,147</u>	<u>\$1,193,296</u>	<u>\$3,291,443</u>

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Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Nonmajor Special Revenue Funds (continued)

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

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

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

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

Indigent Driver Alcohol Treatment Fund
Enforcement and Education Fund
Municipal Court Legal Research Fund
Court ADR Fund
Court Security Grant Fund
Court Immobilization Fund
Parking Lot Maintenance Fund
Federal Equitable Sharing Fund
Land Reutilization Fund
Park Resource Fund
Home Administration Fund
Land Use Study Fund
Municipal Court Security Fund
Byrne Justice Assistance Grant Fund

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

	Street Repair and Maintenance	Federal COPS Fast Program	State Highway	Law Enforcement Block Grant
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,792	\$67,070	\$87,748	\$59,184
Receivables:				
Taxes	0	0	0	0
Intergovernmental	366,079	0	30,780	0
Loans	0	0	0	0
<i>Total Assets</i>	\$367,871	\$67,070	\$118,528	\$59,184
Liabilities				
Accounts Payable	\$550	\$0	\$0	\$0
Accrued Wages	1,170	0	0	0
Intergovernmental Payable	11,767	0	0	0
Deferred Revenue	234,472	0	20,110	0
<i>Total Liabilities</i>	247,959	0	20,110	0
Fund Equity				
Reserved for Encumbrances	0	0	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated	119,912	67,070	98,418	59,184
<i>Total Fund Equity</i>	119,912	67,070	98,418	59,184
<i>Total Liabilities and Fund Equity</i>	\$367,871	\$67,070	\$118,528	\$59,184

Motor Vehicle License	Municipal Court Computerization	Health	Litter Control	State Misdemeanant Grant	Federal Aging Grant
\$71,444	\$22,558	\$112,774	\$4,435	\$10,568	\$0
0	0	0	0	0	0
83,859	0	27,364	35,704	0	2,120
0	0	0	0	0	0
<u>\$155,303</u>	<u>\$22,558</u>	<u>\$140,138</u>	<u>\$40,139</u>	<u>\$10,568</u>	<u>\$2,120</u>
\$0	\$0	\$1,575	\$138	\$0	\$0
0	0	4,947	1,100	0	509
0	0	2,519	615	0	273
62,539	0	(202)	15,543	0	2
<u>62,539</u>	<u>0</u>	<u>8,839</u>	<u>17,396</u>	<u>0</u>	<u>784</u>
0	0	0	0	0	0
0	0	0	0	0	0
92,764	22,558	131,299	22,743	10,568	1,336
<u>92,764</u>	<u>22,558</u>	<u>131,299</u>	<u>22,743</u>	<u>10,568</u>	<u>1,336</u>
<u>\$155,303</u>	<u>\$22,558</u>	<u>\$140,138</u>	<u>\$40,139</u>	<u>\$10,568</u>	<u>\$2,120</u>

(continued)

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2005

	Cemetery	HUD Grant	Community Development Block Grant	Fire Pension
Assets				
Equity in Pooled Cash and Cash Equivalents	\$555,871	\$100,145	\$100,002	\$10,957
Receivables:				
Taxes	0	0	0	84,532
Intergovernmental	0	7,926	0	0
Loans	0	0	58,327	0
<i>Total Assets</i>	<u>\$555,871</u>	<u>\$108,071</u>	<u>\$158,329</u>	<u>\$95,489</u>
Liabilities				
Accounts Payable	\$1,064	\$0	\$474	\$0
Accrued Wages	1,314	7,411	0	0
Intergovernmental Payable	1,588	3,261	0	0
Deferred Revenue	0	7,926	0	84,532
<i>Total Liabilities</i>	<u>3,966</u>	<u>18,598</u>	<u>474</u>	<u>84,532</u>
Fund Equity				
Reserved for Encumbrances	0	141,797	996	0
Reserved for Loans Receivable	0	0	58,327	0
Unreserved, Undesignated	551,905	(52,324)	98,532	10,957
<i>Total Fund Equity</i>	<u>551,905</u>	<u>89,473</u>	<u>157,855</u>	<u>10,957</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$555,871</u>	<u>\$108,071</u>	<u>\$158,329</u>	<u>\$95,489</u>

<u>Police Pension</u>	<u>Tax Increment</u>	<u>Other</u>	<u>Totals</u>
\$10,958	\$573,622	\$182,055	\$1,971,183
84,532	0	0	169,064
0	0	1,275	555,107
0	0	0	58,327
<u>\$95,490</u>	<u>\$573,622</u>	<u>\$183,330</u>	<u>\$2,753,681</u>
\$0	\$79,378	\$1,091	\$84,270
0	0	0	16,451
0	0	0	20,023
84,532	0	25,336	534,790
<u>84,532</u>	<u>79,378</u>	<u>26,427</u>	<u>655,534</u>
0	0	9,587	152,380
0	0	0	58,327
10,958	494,244	147,316	1,887,440
<u>10,958</u>	<u>494,244</u>	<u>156,903</u>	<u>2,098,147</u>
<u>\$95,490</u>	<u>\$573,622</u>	<u>\$183,330</u>	<u>\$2,753,681</u>

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005*

	Street Repair and Maintenance	Federal COPS Fast Program	State Highway	Law Enforcement Block Grant
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Licenses, Permits and Fees	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	747,535	0	60,609	0
Interest	2,022	4,164	3,813	987
Other	4,416	0	62,572	68,431
<i>Total Revenues</i>	<u>753,973</u>	<u>4,164</u>	<u>126,994</u>	<u>69,418</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	61,830	0	0	45,222
Public Health Services	0	0	0	0
Transportation	749,600	0	367	0
Community Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>811,430</u>	<u>0</u>	<u>367</u>	<u>45,222</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(57,457)</u>	<u>4,164</u>	<u>126,627</u>	<u>24,196</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	(42,320)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(42,320)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(57,457)</u>	<u>4,164</u>	<u>84,307</u>	<u>24,196</u>
<i>Fund Balances Beginning of Year</i>	<u>177,369</u>	<u>62,906</u>	<u>14,111</u>	<u>34,988</u>
<i>Fund Balances End of Year</i>	<u><u>\$119,912</u></u>	<u><u>\$67,070</u></u>	<u><u>\$98,418</u></u>	<u><u>\$59,184</u></u>

Motor Vehicle License	Municipal Court Computerization	Health	Litter Control	State Misdemeanant Grant	Federal Aging Grant
\$0	\$0	\$0	\$0	\$0	\$0
0	0	37,765	0	0	0
0	49,302	0	0	0	0
96,876	0	200,294	78,006	0	11,652
0	0	0	0	0	68
0	0	44	14	0	5
96,876	49,302	238,103	78,020	0	11,725
0	36,211	0	0	81	16,783
0	0	0	0	0	0
0	0	214,702	0	0	0
0	0	0	0	0	0
0	0	0	63,708	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	36,211	214,702	63,708	81	16,783
96,876	13,091	23,401	14,312	(81)	(5,058)
0	0	0	4,500	0	682
(83,958)	0	(7,055)	0	0	0
(83,958)	0	(7,055)	4,500	0	682
12,918	13,091	16,346	18,812	(81)	(4,376)
79,846	9,467	114,953	3,931	10,649	5,712
\$92,764	\$22,558	\$131,299	\$22,743	\$10,568	\$1,336

(continued)

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances*
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2005

	Cemetery	HUD Grant	Community Development Block Grant	Fire Pension
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$89,152
Licenses, Permits and Fees	32,145	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	955,214	0	0
Interest	33,241	0	7,949	0
Other	22,429	27,760	43,806	0
<i>Total Revenues</i>	<u>87,815</u>	<u>982,974</u>	<u>51,755</u>	<u>89,152</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	353,633
Public Health Services	116,771	0	0	0
Transportation	0	0	0	0
Community Environment	0	604,212	31,422	0
Debt Service:				
Principal Retirement	0	0	0	3,855
Interest and Fiscal Charges	0	0	0	9,850
<i>Total Expenditures</i>	<u>116,771</u>	<u>604,212</u>	<u>31,422</u>	<u>367,338</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(28,956)</u>	<u>378,762</u>	<u>20,333</u>	<u>(278,186)</u>
Other Financing Sources (Uses)				
Transfers In	67,665	0	0	279,116
Transfers Out	0	(367,050)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>67,665</u>	<u>(367,050)</u>	<u>0</u>	<u>279,116</u>
<i>Net Change in Fund Balances</i>	38,709	11,712	20,333	930
<i>Fund Balances Beginning of Year</i>	<u>513,196</u>	<u>77,761</u>	<u>137,522</u>	<u>10,027</u>
<i>Fund Balances End of Year</i>	<u><u>\$551,905</u></u>	<u><u>\$89,473</u></u>	<u><u>\$157,855</u></u>	<u><u>\$10,957</u></u>

Police Pension	Tax Increment	Other	Totals
\$89,152	\$389,157	\$0	\$567,461
0	0	0	69,910
0	0	33,981	83,283
0	0	8,449	2,158,635
0	0	4,091	56,335
0	0	26,464	255,941
89,152	389,157	72,985	3,191,565
0	201,629	49,175	303,879
387,906	0	8,800	857,391
0	0	1,013	332,486
0	0	0	749,967
0	0	27,711	727,053
2,937	0	0	6,792
7,504	0	0	17,354
398,347	201,629	86,699	2,994,922
(309,195)	187,528	(13,714)	196,643
310,142	0	0	662,105
0	(114,720)	0	(615,103)
310,142	(114,720)	0	47,002
947	72,808	(13,714)	243,645
10,011	421,436	170,617	1,854,502
\$10,958	\$494,244	\$156,903	\$2,098,147

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City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Repair and Maintenance Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$780,000	\$730,878	(\$49,122)
Interest	400	2,022	1,622
Other	2,050	3,771	1,721
<i>Total Revenues</i>	<u>782,450</u>	<u>736,671</u>	<u>(45,779)</u>
Expenditures			
Current:			
Security of Persons and Property:			
Street Security:			
Salaries and Wages	32,536	31,181	1,355
Fringe Benefits	17,067	13,043	4,024
Contractual Services	13,500	10,632	2,868
Total Security of Persons and Property	<u>63,103</u>	<u>54,856</u>	<u>8,247</u>
Transportation:			
Street Transportation:			
Salaries and Wages	535,088	526,983	8,105
Fringe Benefits	195,679	181,270	14,409
Contractual Services	1,200	1,200	0
Materials and Supplies	50,000	40,147	9,853
Total Transportation	<u>781,967</u>	<u>749,600</u>	<u>32,367</u>
<i>Total Expenditures</i>	<u>845,070</u>	<u>804,456</u>	<u>40,614</u>
<i>Excess of Revenues Under Expenditures</i>	(62,620)	(67,785)	(5,165)
Other Financing Sources			
Transfers In	<u>0</u>	<u>645</u>	<u>645</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(62,620)	(67,140)	(4,520)
<i>Fund Balance Beginning of Year</i>	<u>68,933</u>	<u>68,933</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,313</u></u>	<u><u>\$1,793</u></u>	<u><u>(\$4,520)</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal COPS Fast Program Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Interest	<u>\$2,046</u>	<u>\$4,164</u>	<u>\$2,118</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Other	<u>63,706</u>	<u>0</u>	<u>63,706</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(61,660)	4,164	65,824
<i>Fund Balance Beginning of Year</i>	<u>62,906</u>	<u>62,906</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,246</u></u>	<u><u>\$67,070</u></u>	<u><u>\$65,824</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$56,489	\$59,260	\$2,771
Interest	3,813	3,813	0
Other	62,572	62,572	0
<i>Total Revenues</i>	<u>122,874</u>	<u>125,645</u>	<u>2,771</u>
Expenditures			
Current:			
Transportation:			
Street Repair and Maintenance:			
Contractual Services	1,500	0	1,500
Capital Outlay	10,000	364	9,636
<i>Total Expenditures</i>	<u>11,500</u>	<u>364</u>	<u>11,136</u>
<i>Excess of Revenues Over Expenditures</i>	111,374	125,281	13,907
Other Financing Uses			
Transfers Out	(42,323)	(42,323)	0
<i>Excess of Revenues Over Expenditures and Other Financing Uses</i>	69,051	82,958	13,907
<i>Fund Balance Beginning of Year</i>	<u>4,790</u>	<u>4,790</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$73,841</u></u>	<u><u>\$87,748</u></u>	<u><u>\$13,907</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Block Grant Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$32,000	\$0	(\$32,000)
Interest	650	987	337
Other	68,433	68,431	(2)
<i>Total Revenues</i>	<u>101,083</u>	<u>69,418</u>	<u>(31,665)</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Materials and Supplies	60,022	45,372	14,650
Capital Outlay	32,815	0	32,815
<i>Total Expenditures</i>	<u>92,837</u>	<u>45,372</u>	<u>47,465</u>
<i>Excess of Revenues Over Expenditures</i>	8,246	24,046	15,800
<i>Fund Balance Beginning of Year</i>	<u>35,138</u>	<u>35,138</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$43,384</u></u>	<u><u>\$59,184</u></u>	<u><u>\$15,800</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Permissive Motor Vehicle License Taxes	\$96,000	\$89,650	(\$6,350)
Expenditures			
Current:			
Transportation:			
Capital Outlay	75,000	0	75,000
<i>Excess of Revenues Over Expenditures</i>	21,000	89,650	68,650
Other Financing Uses			
Transfers Out	(83,958)	(83,958)	0
<i>Excess of Revenues Over/(Under) Expenditures and Other Financing Uses</i>	(62,958)	5,692	68,650
<i>Fund Balance Beginning of Year - Restated</i>	65,752	65,752	0
<i>Fund Balance End of Year</i>	\$2,794	\$71,444	\$68,650

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Computerization Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Fines and Forfeitures	\$49,301	\$49,302	\$1
Expenditures			
Current:			
General Government:			
Clerk of Courts:			
Contractual Services	8,500	8,369	131
Materials and Supplies	14,000	13,730	270
Capital Outlay	20,000	14,112	5,888
<i>Total Expenditures</i>	42,500	36,211	6,289
<i>Excess of Revenues Over Expenditures</i>	6,801	13,091	6,290
<i>Fund Balance Beginning of Year</i>	9,467	9,467	0
<i>Fund Balance End of Year</i>	\$16,268	\$22,558	\$6,290

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Health Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Licenses, Permits and Fees	\$58,363	\$37,765	(\$20,598)
Intergovernmental	193,902	194,195	293
Other	44	44	0
<i>Total Revenues</i>	<u>252,309</u>	<u>232,004</u>	<u>(20,305)</u>
Expenditures			
Current:			
Public Health Services:			
Consolidated Health Funds:			
Salaries and Wages	159,495	138,234	21,261
Fringe Benefits	50,706	47,311	3,395
Contractual Services	4,792	3,517	1,275
Materials and Supplies	8,735	6,442	2,293
Capital Outlay	720	190	530
Other	16,700	16,079	621
<i>Total Expenditures</i>	<u>241,148</u>	<u>211,773</u>	<u>29,375</u>
<i>Excess of Revenues Over Expenditures</i>	11,161	20,231	9,070
Other Financing Uses			
Transfers Out	(10,909)	(7,055)	3,854
<i>Excess of Revenues Over Expenditures and Other Financing Uses</i>	252	13,176	12,924
<i>Fund Balance Beginning of Year</i>	<u>99,598</u>	<u>99,598</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$99,850</u></u>	<u><u>\$112,774</u></u>	<u><u>\$12,924</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Litter Control Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$71,500	\$57,845	(\$13,655)
Other	500	14	(486)
<i>Total Revenues</i>	<u>72,000</u>	<u>57,859</u>	<u>(14,141)</u>
Expenditures			
Current:			
Community Environment:			
Litter Control:			
Salaries and Wages	36,461	29,875	6,586
Fringe Benefits	14,940	14,051	889
Contractual Services	11,706	8,497	3,209
Materials and Supplies	13,847	10,644	3,203
Capital Outlay	300	209	91
<i>Total Expenditures</i>	<u>77,254</u>	<u>63,276</u>	<u>13,978</u>
<i>Excess of Revenues Under Expenditures</i>	(5,254)	(5,417)	(163)
Other Financing Sources			
Transfers In	0	4,500	4,500
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures</i>	(5,254)	(917)	4,337
<i>Fund Balance Beginning of Year</i>	<u>5,353</u>	<u>5,353</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$99</u></u>	<u><u>\$4,436</u></u>	<u><u>\$4,337</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Misdemeanant Grant Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
General Government:			
Judge:			
Other	<u>10,649</u>	<u>81</u>	<u>10,568</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(10,649)	(81)	10,568
<i>Fund Balance Beginning of Year</i>	<u>10,649</u>	<u>10,649</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$10,568</u></u>	<u><u>\$10,568</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Aging Grant Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$13,100	\$11,652	(\$1,448)
Interest	200	68	(132)
Other	200	5	(195)
<i>Total Revenues</i>	<u>13,500</u>	<u>11,725</u>	<u>(1,775)</u>
Expenditures			
Current:			
General Government:			
Aging:			
Salaries and Wages	13,219	13,160	59
Fringe Benefits	2,807	2,786	21
Contractual Services	350	297	53
Materials and Supplies	398	365	33
<i>Total Expenditures</i>	<u>16,774</u>	<u>16,608</u>	<u>166</u>
<i>Excess of Revenues Under Expenditures</i>	(3,274)	(4,883)	(1,609)
Other Financing Sources			
Transfers In	682	682	0
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(2,592)	(4,201)	(1,609)
<i>Fund Balance Beginning of Year</i>	<u>4,201</u>	<u>4,201</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,609</u></u>	<u><u>\$0</u></u>	<u><u>(\$1,609)</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Licenses, Permits and Fees	\$36,000	\$32,145	(\$3,855)
Interest	35,050	33,241	(1,809)
Other	26,030	22,429	(3,601)
	<u> </u>	<u> </u>	<u> </u>
<i>Total Revenues</i>	<u>97,080</u>	<u>87,815</u>	<u>(9,265)</u>
Expenditures			
Current:			
Public Health Services:			
Cemetery:			
Salaries and Wages	72,383	71,971	412
Fringe Benefits	20,633	19,985	648
Contractual Services	19,348	18,644	704
Materials and Supplies	5,144	5,137	7
Other	800	800	0
	<u> </u>	<u> </u>	<u> </u>
<i>Total Expenditures</i>	<u>118,308</u>	<u>116,537</u>	<u>1,771</u>
<i>Excess of Revenues Under Expenditures</i>	(21,228)	(28,722)	(7,494)
Other Financing Sources			
Transfers In	78,197	67,665	(10,532)
	<u> </u>	<u> </u>	<u> </u>
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	56,969	38,943	(18,026)
<i>Fund Balance Beginning of Year</i>	<u>516,928</u>	<u>516,928</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$573,897</u></u>	<u><u>\$555,871</u></u>	<u><u>(\$18,026)</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
HUD Grant Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$1,667,038	\$955,214	(\$711,824)
Other	30,100	27,760	(2,340)
<i>Total Revenues</i>	<u>1,697,138</u>	<u>982,974</u>	<u>(714,164)</u>
Expenditures			
Current:			
Community Environment:			
CDBG:			
Salaries and Wages	247,870	145,385	102,485
Fringe Benefits	125,010	66,574	58,436
Contractual Services	220,153	151,323	68,830
Materials and Supplies	11,094	4,758	6,336
Capital Outlay	546,795	242,200	304,595
Other	271,476	155,406	116,070
<i>Total Expenditures</i>	<u>1,422,398</u>	<u>765,646</u>	<u>656,752</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	274,740	217,328	(57,412)
Other Financing Uses			
Transfers Out	(382,314)	(367,050)	15,264
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(107,574)	(149,722)	(42,148)
<i>Fund Balance Beginning of Year</i>	<u>108,069</u>	<u>108,069</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$495</u></u>	<u><u>(\$41,653)</u></u>	<u><u>(\$42,148)</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$8,005	\$7,949	(\$56)
Other	64,099	67,323	3,224
<i>Total Revenues</i>	<u>72,104</u>	<u>75,272</u>	<u>3,168</u>
Expenditures			
Current:			
Community Environment:			
CDBG:			
Capital Outlay	56,055	33,168	22,887
<i>Excess of Revenues Over Expenditures</i>	16,049	42,104	26,055
<i>Fund Balance Beginning of Year</i>	<u>56,553</u>	<u>56,553</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$72,602</u></u>	<u><u>\$98,657</u></u>	<u><u>\$26,055</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Property and Other Taxes	\$89,152	\$89,152	\$0
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Current:			
Security of Persons and Property:			
Fire:			
Fringe Benefits	366,288	366,277	11
Contractual Services	1,062	1,061	1
	<u> </u>	<u> </u>	<u> </u>
<i>Total Expenditures</i>	<u>367,350</u>	<u>367,338</u>	<u>12</u>
<i>Excess of Revenues Under Expenditures</i>	(278,198)	(278,186)	12
Other Financing Sources			
Transfers In	275,526	279,116	3,590
	<u> </u>	<u> </u>	<u> </u>
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures</i>	(2,672)	930	3,602
<i>Fund Balance Beginning of Year</i>	<u>10,028</u>	<u>10,028</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,356</u></u>	<u><u>\$10,958</u></u>	<u><u>\$3,602</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Property and Other Taxes	\$102,947	\$89,152	(\$13,795)
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Fringe Benefits	397,288	397,285	3
Contractual Services	1,062	1,062	0
<i>Total Expenditures</i>	398,350	398,347	3
<i>Excess of Revenues Under Expenditures</i>	(295,403)	(309,195)	(13,792)
Other Financing Sources			
Transfers In	288,231	310,142	21,911
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures</i>	(7,172)	947	8,119
<i>Fund Balance Beginning of Year</i>	10,011	10,011	0
<i>Fund Balance End of Year</i>	\$2,839	\$10,958	\$8,119

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Tax Increment Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Property and Other Taxes	\$389,157	\$389,157	\$0
Expenditures			
Current:			
Community Environment:			
Tax Increment:			
Contractual Services	6,617	6,617	0
Other	154,681	133,622	21,059
<i>Total Expenditures</i>	161,298	140,239	21,059
<i>Excess of Revenues Over Expenditures</i>	227,859	248,918	21,059
Other Financing Uses			
Transfers Out	(114,720)	(114,720)	0
<i>Excess of Revenues Over Expenditures and Other Financing Uses</i>	113,139	134,198	21,059
<i>Fund Balance Beginning of Year</i>	439,424	439,424	0
<i>Fund Balance End of Year</i>	\$552,563	\$573,622	\$21,059

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Driver Alcohol Treatment Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Other	<u>\$28,125</u>	<u>\$10,446</u>	<u>(\$17,679)</u>
Expenditures			
Current:			
General Government:			
Clerk of Courts:			
Materials and Supplies	<u>50,000</u>	<u>26,000</u>	<u>24,000</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>(21,875)</u>	<u>(15,554)</u>	<u>6,321</u>
<i>Fund Balance Beginning of Year</i>	<u>21,875</u>	<u>21,875</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$6,321</u></u>	<u><u>\$6,321</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Other	\$951	\$7,049	\$6,098
Expenditures			
Current:			
General Government:			
Judicial:			
Materials and Supplies	8,000	1,588	6,412
<i>Excess of Revenues Over/(Under) Expenditures</i>	(7,049)	5,461	12,510
<i>Fund Balance Beginning of Year</i>	8,802	8,802	0
<i>Fund Balance End of Year</i>	\$1,753	\$14,263	\$12,510

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Legal Research Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Fines and Forfeitures	<u>\$11,643</u>	<u>\$11,644</u>	<u>\$1</u>
Expenditures			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	8,100	4,304	3,796
Capital Outlay	<u>2,000</u>	<u>1,195</u>	<u>805</u>
<i>Total Expenditures</i>	<u>10,100</u>	<u>5,499</u>	<u>4,601</u>
<i>Excess of Revenues Over Expenditures</i>	1,543	6,145	4,602
<i>Fund Balance Beginning of Year</i>	<u>6,010</u>	<u>6,010</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,553</u></u>	<u><u>\$12,155</u></u>	<u><u>\$4,602</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court ADR Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Fines and Forfeitures	<u>\$14,660</u>	<u>\$14,660</u>	<u>\$0</u>
Expenditures			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	<u>15,000</u>	<u>14,700</u>	<u>300</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(340)	(40)	300
<i>Fund Balance Beginning of Year</i>	<u>2,815</u>	<u>2,815</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,475</u></u>	<u><u>\$2,775</u></u>	<u><u>\$300</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court Security Grant Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures	0	0	0
<i>Excess of Revenues Over/(Under) Expenditures</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	2	2	0
<i>Fund Balance End of Year</i>	\$2	\$2	\$0

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court Immobilization Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Fines and Forfeitures	<u>\$4,100</u>	<u>\$4,100</u>	<u>\$0</u>
Expenditures			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	<u>1,000</u>	<u>953</u>	<u>47</u>
<i>Excess of Revenues Over Expenditures</i>	<u>3,100</u>	<u>3,147</u>	<u>47</u>
<i>Fund Balance Beginning of Year</i>	<u>27,345</u>	<u>27,345</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$30,445</u></u>	<u><u>\$30,492</u></u>	<u><u>\$47</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Lot Maintenance Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Other	<u>\$2,500</u>	<u>\$2,101</u>	<u>(\$399)</u>
Expenditures			
Current:			
Transportation			
Recreation Center:			
Contractual Services	<u>13,380</u>	<u>0</u>	<u>13,380</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>(10,880)</u>	<u>2,101</u>	<u>12,981</u>
<i>Fund Balance Beginning of Year</i>	<u>10,880</u>	<u>10,880</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$12,981</u></u>	<u><u>\$12,981</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Equitable Sharing Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$2,152	\$4,091	\$1,939
Fines and Forfeitures	5,855	5,855	0
<i>Total Revenues</i>	<u>8,007</u>	<u>9,946</u>	<u>1,939</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Materials and Supplies	60,270	8,800	51,470
<i>Excess of Revenues Over/(Under) Expenditures</i>	(52,263)	1,146	53,409
<i>Fund Balance Beginning of Year</i>	<u>60,270</u>	<u>60,270</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,007</u></u>	<u><u>\$61,416</u></u>	<u><u>\$53,409</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Reutilization Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Community Environment:			
Contractual Services	2,850	0	2,850
Materials and Supplies	500	0	500
	<u>3,350</u>	<u>0</u>	<u>3,350</u>
<i>Total Expenditures</i>	<u>3,350</u>	<u>0</u>	<u>3,350</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(3,350)	0	3,350
<i>Fund Balance Beginning of Year</i>	<u>3,383</u>	<u>3,383</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$33</u></u>	<u><u>\$3,383</u></u>	<u><u>\$3,350</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Resource Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Other	<u>\$2,000</u>	<u>\$1,013</u>	<u>(\$987)</u>
Expenditures			
Current:			
Health & Welfare:			
Other	<u>2,000</u>	<u>1,013</u>	<u>987</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Home Administration Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$8,449	\$8,449	\$0
Expenditures			
Current:			
Community Environment			
Salaries and Wages	17,163	17,163	0
Fringe Benefits	121	121	0
<i>Total Expenditures</i>	17,284	17,284	0
<i>Excess of Revenues Over/(Under) Expenditures</i>	(8,835)	(8,835)	0
<i>Fund Balance Beginning of Year</i>	8,835	8,835	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Use Study Fund
For the Year Ended December 31, 2005

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

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Security Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Fines and Forfeitures	\$0	\$3,677	\$3,677
Expenditures	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	3,677	3,677
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$3,677	\$3,677

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Byrne Justice Assistance Grant Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$24,361	\$24,361	\$0
Expenditures			
Current:			
Security of Persons and Property:			
Police:			
Capital Outlay	24,361	0	24,361
<i>Excess of Revenues Over Expenditures</i>	0	24,361	24,361
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$24,361	\$24,361

Debt Service Fund

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

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Special Assessments	\$69,284	\$69,284	\$0
Expenditures			
Debt Service:			
Principal Retirement			
Bond	1,880,448	1,879,566	882
Interest and Fiscal Charges			
Bond	1,105,453	1,097,731	7,722
<i>Total Expenditures</i>	<u>2,985,901</u>	<u>2,977,297</u>	<u>8,604</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,916,617)</u>	<u>(2,908,013)</u>	<u>8,604</u>
Other Financing Sources			
Transfers In	2,907,403	2,907,403	0
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(9,214)	(610)	8,604
<i>Fund Balance Beginning of Year</i>	<u>128,810</u>	<u>128,810</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$119,596</u></u>	<u><u>\$128,200</u></u>	<u><u>\$8,604</u></u>

Nonmajor Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

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

High School Property Fund

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005

	Street Income Tax Construction	Capital Improvements	Swimming Pool
Assets			
Equity in Pooled Cash and Cash Equivalents	\$303,099	\$511,446	\$0
Receivables:			
Taxes	87,976	131,965	0
Special Assessments	194,940	0	0
<i>Total Assets</i>	<u>\$586,015</u>	<u>\$643,411</u>	<u>\$0</u>
Liabilities			
Accounts Payable	\$8,785	\$18,405	\$0
Deferred Revenue	222,685	41,618	0
<i>Total Liabilities</i>	231,470	60,023	0
Fund Equity			
Fund Balances:			
Reserved for Encumbrances	12,599	952	0
Unreserved, Undesignated	341,946	582,436	0
<i>Total Fund Equity</i>	354,545	583,388	0
 <i>Total Liabilities and Fund Equity</i>	<u>\$586,015</u>	<u>\$643,411</u>	<u>\$0</u>

<u>Downtown Development</u>	<u>Communication Equipment</u>	<u>Jail Construction</u>	<u>West State Street</u>
\$34,307	\$1,616	\$30	\$16,115
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$34,307</u>	<u>\$1,616</u>	<u>\$30</u>	<u>\$16,115</u>
\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0
<u>34,307</u>	<u>1,616</u>	<u>30</u>	<u>16,115</u>
<u>34,307</u>	<u>1,616</u>	<u>30</u>	<u>16,115</u>
<u>\$34,307</u>	<u>\$1,616</u>	<u>\$30</u>	<u>\$16,115</u>

City of Alliance, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2005

	Street Improvement	Court House Renovation	Other	Totals
Assets				
Equity in Pooled Cash and Cash Equivalents	\$294,295	\$0	\$0	\$1,160,908
Receivables:				
Taxes	0	0	0	219,941
Special Assessments	0	0	0	194,940
<i>Total Assets</i>	<u>\$294,295</u>	<u>\$0</u>	<u>0</u>	<u>\$1,575,789</u>
Liabilities				
Accounts Payable	\$91,000	\$0	\$0	\$118,190
Deferred Revenue	0	0	0	264,303
<i>Total Liabilities</i>	<u>91,000</u>	<u>0</u>	<u>0</u>	<u>382,493</u>
Fund Equity				
Fund Balances:				
Reserved for Encumbrances	0	0	0	13,551
Unreserved, Undesignated	203,295	0	0	1,179,745
<i>Total Fund Equity</i>	<u>203,295</u>	<u>0</u>	<u>0</u>	<u>1,193,296</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$294,295</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,575,789</u>

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2005*

	Street Income Tax Construction	Capital Improvements	Swimming Pool
Revenues			
Municipal Income Taxes	\$247,041	\$378,348	\$0
Intergovernmental	0	79,010	0
Interest	0	0	0
Other	127,428	3,845	0
<i>Total Revenues</i>	<u>374,469</u>	<u>461,203</u>	<u>0</u>
Expenditures			
Capital Outlay	471,622	489,524	0
<i>Total Expenditures</i>	<u>471,622</u>	<u>489,524</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(97,153)</u>	<u>(28,321)</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers In	0	18,948	0
Transfers Out	0	(48,825)	(59,725)
<i>Total Other Financing (Uses)</i>	<u>0</u>	<u>(29,877)</u>	<u>(59,725)</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	<u>(97,153)</u>	<u>(58,198)</u>	<u>(59,725)</u>
<i>Fund Balances Beginning of Year</i>	<u>451,698</u>	<u>641,586</u>	<u>59,725</u>
<i>Fund Balances End of Year</i>	<u><u>\$354,545</u></u>	<u><u>\$583,388</u></u>	<u><u>\$0</u></u>

(continued)

City of Alliance, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds (continued)
For the Year Ended December 31, 2005*

	<u>Downtown Development</u>	<u>Communication Equipment</u>	<u>Jail Construction</u>
Revenues			
Municipal Income Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Interest	0	0	30
Other	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>30</u>
Expenditures			
Capital Outlay	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>30</u>
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers Out	0	0	(5,871)
<i>Total Other Financing Uses</i>	<u>0</u>	<u>0</u>	<u>(5,871)</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	0	0	(5,841)
<i>Fund Balances Beginning of Year</i>	<u>34,307</u>	<u>1,616</u>	<u>5,871</u>
<i>Fund Balances End of Year</i>	<u><u>\$34,307</u></u>	<u><u>\$1,616</u></u>	<u><u>\$30</u></u>

<u>West State Street</u>	<u>Street Improvement</u>	<u>Court House Renovation</u>	<u>Other</u>	<u>Totals</u>
\$0	\$0	\$0	\$0	\$625,389
0	0	0	0	79,010
0	0	0	0	30
0	0	0	16,849	148,122
0	0	0	16,849	852,551
0	91,000	0	0	1,052,146
0	91,000	0	0	1,052,146
0	(91,000)	0	16,849	(199,595)
0	0		2,159	21,107
0	0	(13,077)	(20,860)	(148,358)
0	0	(13,077)	(18,701)	(127,251)
0	(91,000)	(13,077)	(1,852)	(326,846)
16,115	294,295	13,077	1,852	1,520,142
<u>\$16,115</u>	<u>\$203,295</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,193,296</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Income Tax Construction Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Municipal Income Taxes	\$288,246	\$295,818	\$7,572
Other	127,428	127,428	0
<i>Total Revenues</i>	<u>415,674</u>	<u>423,246</u>	<u>7,572</u>
Expenditures			
Capital Outlay:			
Street Income Tax:			
Capital Outlay	<u>541,911</u>	<u>493,708</u>	<u>48,203</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>(126,237)</u>	<u>(70,462)</u>	<u>55,775</u>
<i>Fund Balance Beginning of Year</i>	332,177	332,177	0
Prior Year Encumbrances Appropriated	<u>20,000</u>	<u>20,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$225,940</u></u>	<u><u>\$281,715</u></u>	<u><u>(\$55,775)</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Municipal Income Taxes	\$432,000	\$462,675	\$30,675
Intergovernmental	101,768	79,010	(22,758)
Other	0	3,845	3,845
<i>Total Revenues</i>	<u>533,768</u>	<u>545,530</u>	<u>11,762</u>
Expenditures			
Capital Outlay:			
Capital Improvements:			
Contractual Services	2,500	2,500	0
Capital Outlay	543,790	469,571	74,219
<i>Total Expenditures</i>	<u>546,290</u>	<u>472,071</u>	<u>74,219</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(12,522)	73,459	85,981
Other Financing Uses			
Transfers Out	(64,325)	(48,825)	15,500
<i>Excess of Revenues Over/(Under) Expenditures and Other Financing Uses</i>	(76,847)	24,634	101,481
<i>Fund Balance Beginning of Year</i>	<u>485,860</u>	<u>485,860</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$409,013</u></u>	<u><u>\$510,494</u></u>	<u><u>\$101,481</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Swimming Pool Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	0	0	0
Other Financing Uses			
Transfers Out	<u>(59,725)</u>	<u>(59,725)</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(59,725)	(59,725)	0
<i>Fund Balance Beginning of Year</i>	<u>59,725</u>	<u>59,725</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Downtown Development Fund
For the Year Ended December 31, 2005

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

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Communication Equipment Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
General Administration Safety:			
Capital Outlay	<u>1,616</u>	<u>0</u>	<u>1,616</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(1,616)	0	1,616
<i>Fund Balance Beginning of Year</i>	<u>1,616</u>	<u>1,616</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$1,616</u></u>	<u><u>\$1,616</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Jail Construction Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$0	\$30	\$30
Expenditures	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	30	30
Other Financing Uses			
Transfers Out	(5,871)	(5,871)	0
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(5,871)	(5,841)	30
<i>Fund Balance Beginning of Year</i>	5,871	5,871	0
<i>Fund Balance End of Year</i>	\$0	\$30	\$30

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
West State Street Fund
For the Year Ended December 31, 2005

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

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Improvement Fund
For the Year Ended December 31, 2005

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

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court House Renovation Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
Other Financing Uses			
Transfers Out	(13,077)	(13,077)	0
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(13,077)	(13,077)	0
<i>Fund Balance Beginning of Year</i>	13,077	13,077	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Alliance, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
High School Property Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Other	<u>\$22,368</u>	<u>\$16,850</u>	<u>(\$5,518)</u>
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	22,368	16,850	(5,518)
Other Financing Sources/(Uses)			
Transfers In	2,159	2,159	0
Transfers Out	<u>(23,859)</u>	<u>(20,860)</u>	<u>2,999</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(21,700)</u>	<u>(18,701)</u>	<u>2,999</u>
<i>Excess of Revenues and Other Financing Sources over/(Under) Expenditures and Other Financing Uses</i>	668	(1,851)	(2,519)
<i>Fund Balance Beginning of Year</i>	<u>1,851</u>	<u>1,851</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,519</u></u>	<u><u>\$0</u></u>	<u><u>(\$2,519)</u></u>

Enterprise Funds

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

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

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

Robertson Community Center Fund – This fund accounts for revenues generated from charges for use of the facilities at Robertson Community Center.

City of Alliance, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2005

	Enterprise Fund		
	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Municipal Income Taxes	\$295,000	\$295,818	\$818
Charges for Services	4,237,500	4,243,344	5,844
Interest	46,740	67,973	21,233
Other	19,530	26,211	6,681
<i>Total Revenues</i>	<u>4,598,770</u>	<u>4,633,346</u>	<u>34,576</u>
Expenses			
Salaries and Wages	1,211,792	1,161,785	50,007
Fringe Benefits	463,900	441,545	22,355
Contractual Services	571,701	459,516	112,185
Materials and Supplies	430,223	348,406	81,817
Capital Outlay	422,221	269,713	152,508
Other	5,073	1,090	3,983
<i>Total Expenses</i>	<u>3,104,910</u>	<u>2,682,055</u>	<u>422,855</u>
<i>Excess of Revenues Over Expenses</i>	1,493,860	1,951,291	457,431
Transfers Out	<u>(1,592,990)</u>	<u>(1,584,587)</u>	<u>8,403</u>
<i>Excess of Revenues Over/(Under) Expenses and Transfers</i>	(99,130)	366,704	465,834
<i>Fund Equity Beginning of Year</i>	2,864,447	2,864,447	0
Prior Year Encumbrances Appropriated	<u>72,621</u>	<u>72,621</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$2,837,938</u></u>	<u><u>\$3,303,772</u></u>	<u><u>\$465,834</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2005

	Enterprise Fund		Variance Positive (Negative)
	Revised Budget	Actual	
Revenues			
Charges for Services	\$3,185,000	\$3,310,530	\$125,530
Licenses, Permits and Fees	50,000	92,687	42,687
Interest	23,001	125,555	102,554
Other	1,377	4,170	2,793
<i>Total Revenues</i>	<u>3,259,378</u>	<u>3,532,942</u>	<u>273,564</u>
Expenses			
Salaries and Wages	1,397,501	1,321,454	76,047
Fringe Benefits	546,325	492,274	54,051
Contractual Services	623,397	525,437	97,960
Materials and Supplies	177,610	129,475	48,135
Capital Outlay	403,363	280,195	123,168
Other	74,649	71,703	2,946
<i>Total Expenses</i>	<u>3,222,845</u>	<u>2,820,538</u>	<u>402,307</u>
<i>Excess of Revenues Over Expenses</i>	<u>36,533</u>	<u>712,404</u>	<u>675,871</u>
Other Financing Sources/(Uses)			
Proceeds of Bonds	93,642	0	(93,642)
Transfers In	140,000	34,608	(105,392)
Transfers Out	(1,057,505)	(679,690)	377,815
<i>Total Other Financing Sources/(Uses)</i>	<u>(823,863)</u>	<u>(645,082)</u>	<u>178,781</u>
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenses and Other Financing Uses</i>	<u>(787,330)</u>	<u>67,322</u>	<u>854,652</u>
<i>Fund Equity Beginning of Year</i>	2,956,735	2,956,735	0
Prior Year Encumbrances Appropriated	<u>24,535</u>	<u>24,535</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$2,193,940</u></u>	<u><u>\$3,048,592</u></u>	<u><u>\$854,652</u></u>

City of Alliance, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Robertson Community Center Fund
For the Year Ended December 31, 2005

	Enterprise Fund		Variance Positive (Negative)
	Revised Budget	Actual	
Revenues			
Charges for Services	\$44,463	\$44,464	\$1
Other	70,384	70,384	0
<i>Total Revenues</i>	<u>114,847</u>	<u>114,848</u>	<u>1</u>
Expenses			
Salaries and Wages	20,000	14,250	5,750
Fringe Benefits	3,250	200	3,050
Contractual Services	21,600	10,805	10,795
Materials and Supplies	10,000	8,117	1,883
Capital Outlay	72,700	67,221	5,479
Other	276	0	276
<i>Total Expenses</i>	<u>127,826</u>	<u>100,593</u>	<u>27,233</u>
<i>Excess of Revenues Over/(Under) Expenses</i>	<u>(12,979)</u>	<u>14,255</u>	<u>27,234</u>
Other Financing Sources/(Uses)			
Transfers In	59,725	59,725	0
Transfers Out	(1,874)	0	1,874
<i>Total Other Financing Sources/(Uses)</i>	<u>57,851</u>	<u>59,725</u>	<u>1,874</u>
<i>Excess of Revenues and Other Financing Sources Over Expenses and Other Financing Uses</i>	44,872	73,980	29,108
<i>Fund Equity Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$44,872</u></u>	<u><u>\$73,980</u></u>	<u><u>\$29,108</u></u>

Internal Service Fund

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

City of Alliance, Ohio
Schedule of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
Internal Service Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$91,000	\$93,372	\$2,372
Interest	1,500	2,467	967
<i>Total Revenues</i>	<u>92,500</u>	<u>95,839</u>	<u>3,339</u>
Expenses			
Claims	1,900,100	1,899,718	382
<i>Excess of Revenues Over/(Under) Expenses</i>	(1,807,600)	(1,803,879)	3,721
Transfers In	1,770,100	1,625,625	(144,475)
<i>Excess of Revenues Under Expenses and Operating Transfers</i>	(37,500)	(178,254)	(140,754)
<i>Fund Equity Beginning of Year</i>	<u>358,327</u>	<u>358,327</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$320,827</u></u>	<u><u>\$180,073</u></u>	<u><u>(\$140,754)</u></u>

Agency Fund

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

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

City of Alliance
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2005

	<u>Beginning Balance 12/31/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 12/31/05</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$0</u>	<u>\$56,621</u>	<u>\$56,621</u>	<u>\$0</u>
Liabilities				
Due to Others	<u>\$0</u>	<u>\$56,621</u>	<u>\$56,621</u>	<u>\$0</u>

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Statistical Section

Statistical Section

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

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenues						
Property and Other Taxes	\$956,008	\$871,009	\$809,335	\$819,949	\$755,917	\$723,922
Municipal Income Taxes	7,001,007	6,373,148	5,680,243	5,700,523	5,723,681	5,711,142
Charges for Services	319,431	231,861	351,965	415,438	362,691	309,885
Licenses, Permits and Fees	144,268	145,104	180,204	177,500	118,829	119,047
Fines and Forfeitures	589,980	400,414	404,981	471,096	390,864	462,359
Intergovernmental	1,068,313	1,155,697	1,458,228	1,491,862	1,333,461	1,390,205
Special Assessments	0	0	0	0	0	0
Interest	43,258	40,886	27,819	78,885	195,225	246,661
Rentals	187,794	194,987	187,858	162,531	291,703	0
Donations	0	0	0	0	15	0
Other	<u>207,346</u>	<u>256,014</u>	<u>209,535</u>	<u>249,709</u>	<u>253,658</u>	<u>425,793</u>
Totals	<u>\$10,517,405</u>	<u>\$9,669,120</u>	<u>\$9,310,168</u>	<u>\$9,567,493</u>	<u>\$9,426,044</u>	<u>\$9,389,014</u>
Expenditures						
General Government	\$2,392,721	\$2,404,094	\$2,125,073	\$2,155,256	\$2,287,160	\$2,204,701
Security of Persons and Property	6,026,732	5,525,259	5,728,298	5,484,234	5,407,622	5,350,452
Public Health Services	481,575	480,741	447,666	426,045	417,403	372,827
Transportation	56,498	315,729	343,758	262,589	343,373	317,313
Community Environment	106,407	85,237	80,777	70,241	93,049	81,846
Basic Utility Services	57,412	54,497	54,340	55,996	57,856	55,720
Leisure Time Activities	565,882	544,468	580,700	514,393	536,122	537,253
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$9,687,227</u>	<u>\$9,410,025</u>	<u>\$9,360,612</u>	<u>\$8,968,754</u>	<u>\$9,142,585</u>	<u>\$8,920,112</u>

Source: City Financial Records

1996 - 2005 are reported on a (governmental fund) GAAP basis.

1999	1998	1997	1996
\$726,080	\$717,986	\$600,209	\$608,917
6,160,316	5,890,573	5,240,798	5,007,100
189,297	102,862	193,172	287,354
146,591	109,243	107,265	124,296
452,978	403,061	307,879	338,592
1,552,126	1,770,962	1,968,925	1,443,921
5,318	0	0	0
223,248	184,306	197,303	164,577
1,960	51,206	98,611	50,650
2,500	0	0	100
314,780	479,427	76,868	88,778
<u>\$9,775,194</u>	<u>\$9,709,626</u>	<u>\$8,791,030</u>	<u>\$8,114,285</u>
\$2,153,411	\$1,947,283	\$1,981,236	\$1,776,027
5,293,124	4,871,021	4,546,571	4,489,627
334,104	325,500	324,364	287,153
274,218	154,225	281,260	278,114
74,637	70,412	64,580	76,084
50,222	42,045	36,641	33,710
503,413	468,233	442,598	415,225
0	2,646	3,897	3,897
<u>\$8,683,129</u>	<u>\$7,881,365</u>	<u>\$7,681,147</u>	<u>\$7,359,837</u>

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes (1)	Ratio of Delinquent Taxes to Total Tax Levy
2005	\$1,035,083	\$899,973	86.95 %	\$44,906	\$944,878	91.29 %	\$96,272	9.30 %
2004	1,029,560	890,118	86.46	36,188	926,306	89.97	111,084	10.79
2003	950,855	815,770	85.79	50,668	866,438	91.11	115,859	12.18
2002	960,900	805,612	83.84	41,158	846,770	88.12	102,856	10.70
2001	983,097	816,483	83.05	46,916	863,399	87.82	116,380	11.84
2000	832,227	698,425	83.92	24,345	722,770	86.85	87,614	10.53
1999	824,646	707,075	85.74	28,188	735,263	89.16	103,853	12.59
1998	816,814	694,723	85.05	21,767	716,490	87.72	93,753	11.48
1997	659,578	569,071	86.28	17,794	586,865	88.98	94,117	14.27
1996	657,641	568,449	86.44	13,995	582,444	88.57	72,957	11.09

Source: Stark County, Ohio; County Auditor

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

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

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collection</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes (1)</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
2005	\$221,517	\$116,614	52.64 %	\$13,798	\$130,214	58.78 %	\$98,697	44.56 %
2004	113,955	101,657	89.21	3,908	105,565	92.63	102,038	89.54
2003	131,010	112,884	86.16	8,259	121,143	92.46	15,487	11.82
2002	172,504	137,526	79.72	3,009	140,535	81.47	16,563	9.60
2001	184,988	152,897	82.65	11,096	163,993	88.65	31,359	16.95
2000	191,970	148,647	77.43	9,199	157,846	82.22	30,242	15.75
1999	185,377	143,143	77.22	1,729	144,872	78.15	32,286	17.42
1998	180,266	138,941	77.08	6,566	145,507	80.72	32,192	17.86
1997	171,207	132,716	77.52	5,519	138,235	80.74	40,201	23.48
1996	150,948	132,928	88.06	5,204	138,132	91.51	35,811	23.72

Source: Stark County, Ohio; County Auditor

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

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

Year (1)	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)
2005	\$244,279,570	\$697,941,629	\$9,237,000	\$36,948,000
2004	240,902,700	688,293,429	9,206,240	36,824,960
2003	220,182,770	629,093,629	9,044,130	10,277,420
2002	221,257,250	632,163,571	9,060,150	10,295,625
2001	226,858,780	648,167,943	11,881,400	13,501,591
2000	189,244,740	540,699,257	12,297,450	13,974,375
1999	188,647,670	538,993,343	13,664,980	15,528,386
1998	184,426,770	526,933,629	14,185,590	16,119,989
1997	146,125,620	417,501,771	14,162,410	16,093,648
1996	144,821,400	413,775,429	14,829,220	16,851,386

Source: Stark County, Ohio; County Auditor

- (1) The year represents collection year.
- (2) This amount is calculated based on the following percentages:
 - Real property is assessed at thirty-five percent of actual value.
 - Public utility is assessed at twenty-four (2005) percent of actual value.
 - Tangible personal is assessed at twenty-three percent

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value	
\$37,056,343	\$154,401,429	\$290,572,913	\$889,291,058	32.70 %
32,279,408	136,372,533	282,838,348	861,490,922	32.80
35,649,911	142,599,644	264,876,811	781,970,693	33.87
42,538,375	170,153,500	272,855,775	812,612,696	33.58
46,656,282	186,625,128	285,396,462	848,294,662	33.64
47,248,917	188,995,668	248,791,107	743,669,300	33.45
45,873,190	183,492,760	248,185,840	738,014,489	33.63
41,473,908	165,895,632	240,086,268	708,949,250	33.87
39,507,805	158,031,220	199,795,835	591,626,639	33.77
38,626,528	154,506,112	198,277,148	585,132,927	33.89

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

Year	City of Alliance		Total City	Stark County	Alliance City School District	Marlington Local School District	County Parks	Total Direct and Overlapping Governments
	District 1	District 2						
2005	\$4.00	\$2.00	\$6.00	\$11.50	\$61.50	\$56.90	\$0.50	\$136.40
2004	4.00	2.00	6.00	11.50	54.10	56.90	0.50	129.00
2003	4.00	2.00	6.00	9.60	54.40	48.40	0.50	118.90
2002	4.00	2.00	6.00	9.60	54.40	48.40	0.50	118.90
2001	4.00	2.00	6.00	9.60	54.40	48.40	0.50	118.90
2000	4.00	2.00	6.00	9.60	54.60	48.40	0.50	119.10
1999	4.00	2.00	6.00	9.60	50.40	48.90	0.50	115.40
1998	4.00	2.00	6.00	9.60	50.40	48.90	0.50	115.40
1997	4.00	2.00	6.00	9.60	50.70	48.90	0.50	115.70
1996	4.00	2.00	6.00	9.60	50.70	48.90	0.20	115.40

Source: Stark County, Ohio; County Auditor

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

Year	Current Assessments Levied	Current Assessments Collected	Percentage of Current Assessments Collected to Levy	Delinquent Assessments Collected	Percentage of Delinquent Assessments Collected to Current Levy	Total Assessments Collected	Percentage of Total Collections to Current Levy	Accumulative Delinquency
2005	\$217,558	\$96,886	44.53 %	\$24,419	11.22 %	\$121,305	55.76 %	\$812,958
2004	98,425	77,937	79.18	48,823	49.60	126,760	128.79	677,290
2003	99,003	73,067	73.80	23,248	23.48	96,315	97.28	663,306
2002	90,306	55,783	61.77	23,577	26.11	79,360	87.88	638,572
2001	132,447	33,147	25.03	35,464	26.78	68,611	51.80	638,452
2000	116,241	43,135	37.11	26,847	23.10	69,982	60.20	571,913
1999	32,236	8,207	25.46	14,972	46.44	23,179	71.90	566,835
1998	14,504	3,733	25.74	8,181	56.41	11,914	82.14	558,107
1997	3,656	3,650	99.84	2,445	66.88	6,095	166.71	513,468
1996	2,883	426	14.78	3,601	124.90	4,027	139.68	477,937

Source: Stark County, Ohio; County Auditor

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Net General Bonded Debt (2)</u>	<u>Assessed Value</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
2005	23,253	\$2,292,801	\$290,572,913	0.79 %	\$98.60
2004	23,253	2,866,191	282,838,348	1.01	123.26
2003	23,253	781,534	264,876,811	0.30	33.61
2002	23,253	994,806	272,855,775	0.36	42.78
2001	23,253	1,187,243	285,396,462	0.42	51.06
2000	23,253	1,399,980	248,791,107	0.56	60.21
1999	23,376	1,535,922	248,185,840	0.62	65.71
1998	23,376	1,700,922	240,086,268	0.71	72.76
1997	23,376	630,819	199,795,835	0.32	26.99
1996	23,376	733,005	198,277,148	0.37	31.36

Source: Stark County, Ohio; County Auditor

(1) Population figures are from the Census Bureau.

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

City of Alliance, Ohio
Computation of Legal Debt Margin
December 31, 2005

Assessed Value		\$290,572,913
Legal Debt Margin:		
Debt Limitation - 10.5 percent of Assessed Value		30,512,256
Debt Applicable to Limitation:		
General Obligation Bonds	\$2,421,000	
Special Assessment Bonds	490,000	
Enterprise General Obligation Bonds	3,460,000	
OPWC Loans	301,855	
Revenue Bonds	<u>16,605,000</u>	
Gross Indebtedness (Total Voted and Unvoted Debt)	23,277,855	
Less: Debt Outside Limitations:		
Special Assessment Bonds	490,000	
Enterprise General Obligation Bonds	3,460,000	
OPWC Loans	308,748	
Revenue Bonds	<u>16,605,000</u>	
Total Debt Outside Limitations	<u>20,863,748</u>	
Total Debt Applicable to Limitation - Within 10.5% Limitations	2,414,107	
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>128,199</u>	
Net Debt Within 10.5% Limitation		<u>2,285,908</u>
Overall Debt Margin Within 10.5% Limitation		<u><u>\$28,226,348</u></u>

Unvoted Debt Limitation - 5.5% of Assessed Valuation		\$15,981,510
Gross Indebtedness Authorized by Council	<u>\$23,277,855</u>	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	<u>20,863,748</u>	
Debt Within 5.5% Limitation	2,414,107	
Less Amount Available in Debt Service Fund	<u>128,199</u>	
Net Debt Within 5.5% Limitation		<u>2,285,908</u>
Unvoted Debt Margin Within 5.5% Limitation		<u><u>\$13,695,602</u></u>

Source: City Financial Records

City of Alliance, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2005

	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City of Alliance</u>
Direct:			
City of Alliance	\$2,421,000	100.00%	\$2,421,000
Overlapping:			
Alliance City Schools	<u>9,544,990</u>	88.96	<u>8,491,223</u>
Total	<u><u>\$11,965,990</u></u>		<u><u>\$10,912,223</u></u>

Source: Stark County, Ohio; County Auditor

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

City of Alliance, Ohio
Revenue Bond Coverage

Water							
Year (3)	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement (2)			Coverage
				Principal	Interest	Total	
2005	\$4,119,622	\$2,566,530	\$1,553,092	\$750,000	\$838,958	\$1,588,958	0.98 %
2004	3,917,644	2,463,697	1,453,947	720,000	873,230	1,593,230	0.91
2003	3,917,191	2,583,677	1,333,514	695,000	902,762	1,597,762	0.83
2002	4,091,878	2,028,142	2,063,736	665,000	929,005	1,594,005	1.29
2001	3,784,820	2,501,436	1,283,384	640,000	954,605	1,594,605	0.80
2000	3,968,292	2,504,951	1,463,341	615,000	979,205	1,594,205	0.92
1999	4,117,212	2,211,054	1,906,158	590,000	1,017,893	1,607,893	1.19
1998	3,719,118	2,160,627	1,558,491	230,000	911,582	1,141,582	1.37
1997	4,165,780	2,147,368	2,018,412	370,000	923,163	1,293,163	1.56
1996	4,276,833	2,133,031	2,143,802	330,000	941,643	1,271,643	1.69

Sewer							
Year (3)	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement (2)			Coverage
				Principal	Interest	Total	
2005	\$3,252,855	\$2,646,262	\$606,593	\$405,000	\$127,196	\$532,196	1.14 %
2004	3,351,600	2,676,802	674,790	390,000 (4)	192,765	582,765	1.15
2003	3,341,118	2,494,830	846,288	370,000	213,543	583,543	1.45
2002	3,331,554	2,676,377	655,177	350,000	224,884	574,884	1.14
2001	3,191,184	2,561,721	629,463	335,000	246,263	581,263	1.08
2000	3,403,412	2,285,810	1,117,602	320,000	261,623	581,623	1.92
1999	3,278,269	2,264,167	1,014,102	305,000	259,976	564,976	1.79
1998	2,731,436	1,756,040	975,396	295,000	288,632	583,632	1.67
1997	2,722,849	1,949,139	773,710	280,000	300,533	580,533	1.33
1996	3,047,533	1,996,073	1,051,460	270,000	311,333	581,333	1.81

(1) Total Operating Expenses exclusive of depreciation

(2) Includes principal and interest of bonds only

(3) Reported on a GAAP basis

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

Source: City Financial Records

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

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service To Total General Fund Expenditures
2005	\$574,000	\$102,874	\$676,874	\$9,687,227	6.99%
2004	65,000	42,548	107,548	9,410,025	1.14
2003	210,000	55,761	265,761	9,360,612	2.84
2002	195,000	67,845	262,845	8,968,754	2.93
2001	185,000	78,340	263,340	9,142,585	2.88
2000	175,000	89,821	264,821	8,920,112	2.97
1999	165,000	99,590	264,590	8,683,129	3.05
1998	135,000	77,791	212,791	7,881,365	2.70
1997	100,000	59,305	159,305	7,681,147	2.07
1996	95,000	65,433	160,433	7,359,837	2.18

Source: City financial records

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

Year	Property Value (1)	New Construction		
		Permits	Dollar Value of Permits	Bank Deposits (in thousands)(2,3)
2005	\$244,279,570	30	\$9,834,900	\$2,000,000
2004	240,902,700	165	14,218,000	2,000,000
2003	220,182,770	239	43,518,155	2,000,000
2002	221,257,250	384	31,147,034	2,153,245
2001	226,858,780	235	16,732,635	1,029,891
2000	189,244,740	30	4,811,432	1,021,596
1999	188,647,670	96	11,786,981	916,844
1998	184,426,770	35	17,976,000	843,638
1997	146,125,620	38	7,949,695	1,623,273
1996	144,821,400	25	4,304,900	1,570,223

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

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

City of Alliance, Ohio
Principal Taxpayers - Real Property
December 31, 2005

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Alliance Ventures, Incorporated	\$6,361,480	2.61%
Inland Southeast Alliance LLC	4,060,010	1.66
James G Stout	3,183,770	1.30
Grisez Brothers Properties LP	2,267,530	0.93
Carnation Mall LLC	1,984,510	0.81
RL Deville Enterprises Limited	1,872,340	0.76
Alliance Citizens Health Association, Inc.	1,419,730	0.58
Stark Health Care Investments LLC	1,167,360	0.48
Camalak Properties, Inc.	1,140,750	0.47
College Plaza Realty, Incorporated	1,096,870	0.45
Alliance Apartments Limited Partnership	1,051,750	0.43
Robertson Development Corporation	1,001,040	0.41
Alliance Castings Company LLC	940,920	0.39
Mount Union College	912,440	0.37
Morgan Real Estate Holdings, Inc.	893,220	0.36
Totals	<u>\$29,353,720</u>	<u>12.01%</u>
Total City Assessed Valuation	<u>\$244,279,570</u>	

Source: Stark County, Ohio; County Auditor

City of Alliance, Ohio
Principal Taxpayers - Tangible Personal Property
December 31, 2005

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Alliance Tubular Products Company	\$6,719,680	18.13%
Alliance Castings Company LLC	2,174,760	5.87
Wal Mart Stores East, Incorporated	2,038,200	5.50
Stars of Cleveland, Incorporated	1,477,690	3.99
Lowes Home Center, Incorporated	1,334,900	3.60
Wally Armour Chrysler Plymouth Dodge	1,274,590	3.44
A J Oster Foils, Inc.	1,256,110	3.39
Coastal Pet Products, Incorporated	1,043,130	2.81
Lavery Chevrolet-Buick, Inc.	1,025,790	2.77
Tamarkin Company	<u>980,930</u>	<u>2.65</u>
Totals	<u><u>\$19,325,780</u></u>	<u><u>52.15%</u></u>
Total City Assessed Valuation	<u><u>\$37,056,343</u></u>	

Source: Stark County, Ohio; County Auditor

City of Alliance, Ohio
Principal Taxpayers - Public Utility Property
December 31, 2005

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Ohio Edison	\$3,558,700	38.53%
Ohio Bell Telephone	2,890,520	31.29
Columbia Gas of Ohio, Incorporated	938,360	10.16
Norfolk Southern Combined Rail Road Subsidiaries	847,010	9.17
American Transmission Systems, Incorporated	591,920	6.41
Alltel Ohio LP	<u>107,600</u>	<u>1.16</u>
Totals	<u><u>\$8,934,110</u></u>	<u><u>96.72%</u></u>
Assessed Valuation	<u><u>\$9,237,000</u></u>	

Source: Stark County, Ohio; County Auditor

City of Alliance, Ohio
Demographic Statistics

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

Source: U.S. Bureau of the Census

City of Alliance, Ohio

Miscellaneous Statistics

December 31, 2005

Date of Incorporation	1854
Form of Government	Statutory
Area	7.952 square miles
Miles of Streets	107
Number of Traffic Lights	35
Fire Protection:	
Number of Stations	2
Number of Firefighters and Officers:	
Part-Time	0
Full-Time	32
Police Protection:	
Number of Stations	1
Number of Police Officers	
Part-Time	6
Full-Time	43
Recreation and Culture:	
Number of Parks	13
Area	190 acres
Number of Libraries	2
Volumes	153,000
Employees:	
Non-Exempt (Full Time)	150
Exempt (Full Time)	55
Exempt (Part Time)	72

Source: City Records



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

CITY OF ALLIANCE

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 14, 2006**