

# **City of Alliance, Ohio**

*“The Carnation City”*



## **Comprehensive Annual Financial Report**

For the Year Ended December 31, 2006

**CITY OF ALLIANCE, OHIO**

**COMPREHENSIVE**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2006**

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, 2006*  
*Table of Contents*

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

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

**Combining and Individual Fund Statements and Schedules**

Nonmajor Governmental Funds:

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

Special Revenue Funds:

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

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

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

Park Resource Fund .....	98
E-Cite Fund .....	99
Home Administration Fund .....	100
Land Use Study Fund.....	101
Byrne Justice Assistance Grant Fund.....	102
Municipal Court Security Fund.....	103

Debt Service Fund:

Description of Fund.....	104
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual.....	105

Capital Projects Funds:

Description of Funds .....	106
Combining Balance Sheet – Nonmajor Capital Projects Funds .....	107
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds .....	110
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
Street Income Tax Construction Fund .....	113
Capital Improvements Fund.....	114
Downtown Development Fund .....	115
Communication Equipment Fund .....	116
Jail Construction Fund .....	117
West State Street Fund.....	118
Street Improvement Fund.....	119
Municipal Road Fund .....	120

Proprietary Funds:

Enterprise Funds:

Description of Funds .....	121
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual	
Water Fund.....	122
Sewer Fund .....	123
Robertson Community Center Fund .....	124

Internal Service Fund:

Description of Fund.....125

Schedule of Revenues, Expenses and Changes in  
Fund Equity – Budget (Non-GAAP Basis) and Actual .....126

Agency Fund:

Description of Fund.....127

Statement of Changes in Assets and Liabilities Agency Fund .....128

III. Statistical Section

Net Assets By Category - Last Four Years ..... S2

Changes in Net Assets – Last Four Years ..... S3

Fund Balances, Governmental Funds – Last Four Years ..... S6

Changes in Fund Balances, Governmental Funds – Last Four Years ..... S7

Income Tax Revenue Base and Collections – Last Eight Years ..... S8

Income Tax Withholdings by Sector – Last Three Years ..... S8

Ratio of Outstanding Debt to Total Personal Income  
And Debt Per Capita – Last Four Years..... S9

Ratio of General Obligation Bonded Debt to Assessed  
Value and Bonded Debt Per Capita – Last Four Years..... S10

Computation of Direct and Overlapping Governmental Activities Debt..... S11

Legal Debt Margin – Last Four Years ..... S12

Pledged Revenue Coverage Water Revenue Bonds – Last Ten Years ..... S13

Demographic and Economic Statistics – Last Four Years..... S14

Operating Indicators by Function/Program..... S15

Capital Assets Statistics by Function/Program ..... S18

Full-Time Equivalent City Government Employees  
By Function/Program – Last Three Years..... S19



The City of

**Alliance,** OHIO, 44601

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



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August 8, 2007

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, 2006, 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.

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 2006.

## **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 101<sup>st</sup> 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 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 AT&T.

### **City Government**

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

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

The City's chief executive and administrative officer is the Mayor, who is elected by the voters specifically to that office for a four-year term. The other elected officials are the

City Auditor, the City Treasurer, and the City Director of Law, each elected to a four-year term, and the Clerk of Courts and Judge, each elected to a six-year term.

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

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

### **Financial Matters**

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

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

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

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

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

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

assessments are billed and collected by County officials in Stark and Mahoning Counties.

### **Financial Outlook**

The City's economy continues to show the effects of prior years economic slowdown. The unemployment rate is higher than the State of Ohio and the United States. See the discussion in the MD&A relating to 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, 2005. 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 seven consecutive years (1999-2005). 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, 2006 have been audited by the Auditor of State Mary Taylor's Office. The Auditor's opinion has been included in this report.

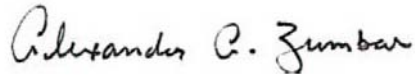
## **Acknowledgments**

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,

A handwritten signature in cursive script that reads "Alexander A. Zumbar".

Alexander A. Zumbar  
City Auditor

**City of Alliance, Ohio**

*City Officials*

*December 31, 2006*

Mayor .....	Toni E. Middleton
President of Council .....	John Benincasa
Councilman- Ward I.....	Roger Rhome
Councilman- Ward II.....	Phyllis Phillips
Councilman- Ward III .....	Warren Price
Councilman- Ward IV .....	Larry Thompson
Council-at-Large .....	Alan Andreani
Council-at-Large .....	Steve Okey
Council-at-Large .....	Sue Ryan
Clerk of Council .....	Gerald T. Yost
Law Director.....	Andrew Zumbar
Judge.....	Robert G. Lavery
Clerk of Court.....	Kevin Ward
Civil Service .....	Joyce Lamb

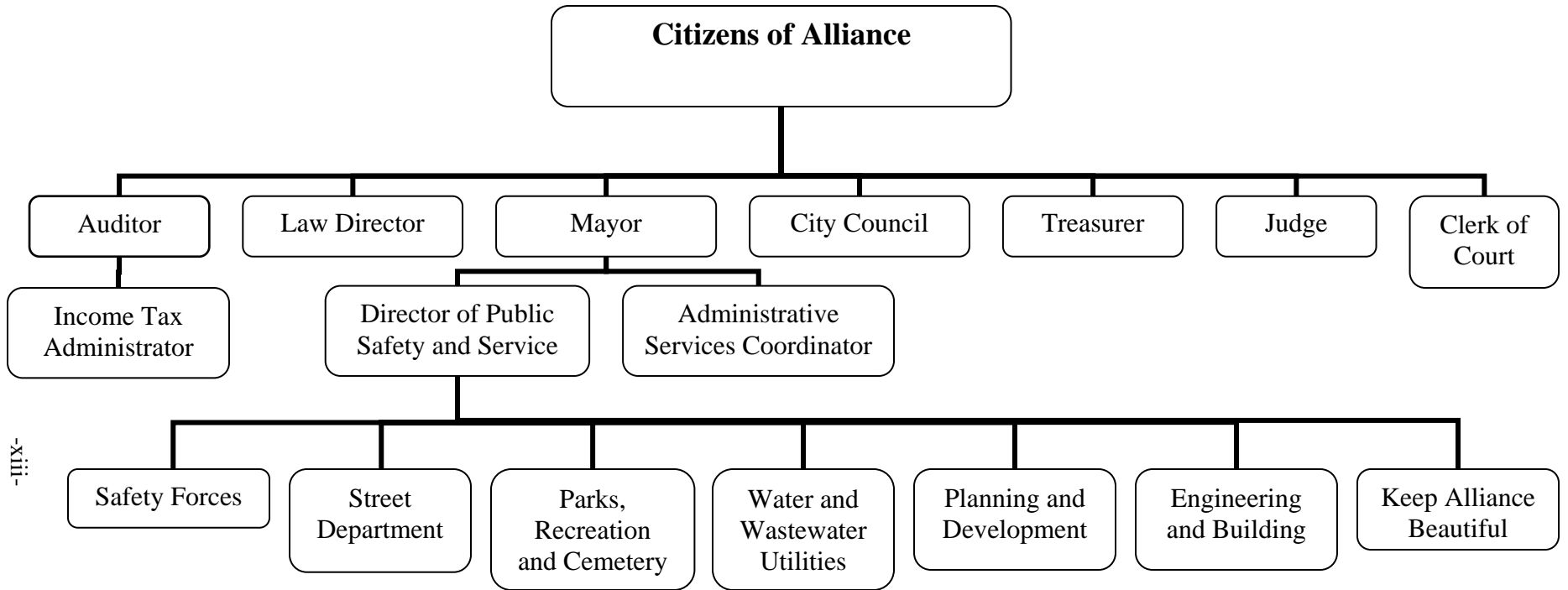
**Finance**

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, 2005

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



President

Executive Director

# **Financial Section**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the 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, 2006, 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, 2006, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

August 8, 2007

## ALLIANCE, OHIO

### *Management's Discussion and Analysis For the Year Ended December 31, 2006 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, 2006. 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 2006 are as follows:

- The assets of the City exceeded its liabilities at the close of the year ended December 31, 2006, by \$43.8 million (net assets). Of this amount, \$2.1 million (unrestricted net assets) may be used to meet the City's ongoing governmental activities to citizens and creditors, and \$5.8 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 \$9.4 million. Of this amount, \$7.3 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 \$2.0 million, or 18% of total general fund expenditures and other financing uses.
- The City's total debt decreased by approximately \$1.5 million which represents a decrease of \$.4 million related to governmental activities and a decrease of \$1.1 million in debt related to business-type activities.
- The City's total net assets increased by approximately \$2.3 million from 2005.

#### *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, 2006  
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 2006?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all nonfiduciary assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

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

***Reporting the City of Alliance's Most Significant Funds***

**Fund Financial Statements**

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

***Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited***

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

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

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 20 - 23 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 31 - 34 of this report.

*Fiduciary Funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary funds is much like that of the proprietary funds. At December 31, 2006, 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 35 of this report.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
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 \$43.8 million (\$28.8 million in governmental activities and \$15.0 million in business-type activities) as of December 31, 2006. 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, 2006 and 2005.

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

	<u>2006</u>			<u>2005</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>
<b>Assets</b>						
Current & Other Assets	\$ 14.9	\$ 10.7	\$ 25.6	\$ 13.8	\$ 10.1	\$ 23.9
Capital Assets, Net	21.1	23.7	44.8	21.4	24.2	45.6
<i>Total Assets</i>	<u>36.0</u>	<u>34.4</u>	<u>70.4</u>	<u>35.2</u>	<u>34.3</u>	<u>69.5</u>
<b>Liabilities</b>						
Current & Other Liabilities	2.0	1.2	3.2	2.2	1.1	3.3
Long-Term Liabilities						
Due Within One Year	1.6	0.9	2.5	1.4	0.7	2.1
Due in More Than One Year	3.6	17.3	20.9	4.0	18.6	22.6
<i>Total Liabilities</i>	<u>7.2</u>	<u>19.4</u>	<u>26.6</u>	<u>7.6</u>	<u>20.4</u>	<u>28.0</u>
<b>Net Assets</b>						
Invested in Capital						
Assets, Net of Debt	18.7	6.9	25.6	19.0	6.4	25.4
Restricted:						
Special Revenue	5.8		5.8	5.9		5.9
Capital Projects	1.1		1.1	1.5		1.5
Debt Service	1.1	1.6	2.7	0.1	1.6	1.7
Replacement and Surplus Reserve		0.7	0.7		0.9	0.9
Unrestricted	2.1	5.8	7.9	1.1	5.0	6.1
<i>Total Net Assets</i>	<u>\$ 28.8</u>	<u>\$ 15.0</u>	<u>\$ 43.8</u>	<u>\$ 27.6</u>	<u>\$ 13.9</u>	<u>\$ 41.5</u>

ALLIANCE, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited**

As of December 31, 2006, 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 2006 and 2005.

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

	<u>2006</u>			<u>2005</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>
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 1.4	\$ 8.2	\$ 9.6	\$ 1.3	\$ 7.4	\$ 8.7
Operating Grants and Contributions	1.2		1.2	1.2		1.2
Capital Grants and Contributions	0.1		0.1	0.1		0.1
<i>General Revenues:</i>						
Property Taxes	1.5		1.5	1.5		1.5
Income Tax	8.3	0.3	8.6	7.6	0.4	8.0
Unrestricted Grants	3.1		3.1	2.0	0.4	2.4
Other	0.7	0.4	1.1	1.0	0.3	1.3
<i>Total Revenues</i>	<u>16.3</u>	<u>8.9</u>	<u>25.2</u>	<u>14.7</u>	<u>8.5</u>	<u>23.2</u>
<b>Program Expenses</b>						
General Government	4.0		4.0	3.1		3.1
Security of Persons and Property	6.9		6.9	7.4		7.4
Public Health Services	0.9		0.9	0.8		0.8
Transportation	1.1		1.1	2.0		2.0
Community Environment	1.4		1.4	0.8		0.8
Basic Utility Service	0.1		0.1	0.1		0.1
Leisure Time Activities	0.7		0.7	0.7		0.7
Interest on Long-term Debt	0.1		0.1	0.1		0.1
Water and Sewer		7.7	7.7		7.4	7.4
<i>Total Expenses</i>	<u>15.2</u>	<u>7.7</u>	<u>22.9</u>	<u>15.0</u>	<u>7.4</u>	<u>22.4</u>
<i>Increase (Decrease) in Net Assets</i>	<u>\$ 1.1</u>	<u>\$ 1.2</u>	<u>\$ 2.3</u>	<u>\$ (0.3)</u>	<u>\$ 1.1</u>	<u>\$ 0.8</u>

**Governmental Activities**

Security of persons and property accounts for \$6.9 million of the \$15.2 million total expenses for governmental activities, or 45% of total expenses. The next largest program expense is general government, accounting for \$4.0 million which represents 26% of total governmental expenses.

## ALLIANCE, OHIO

### ***Management's Discussion and Analysis For the Year Ended December 31, 2006 Unaudited***

Income tax revenue accounts for \$8.3 million of the \$16.3 million in total revenue for governmental activity, or 51% of total governmental revenues. Charges for services was the largest program revenue, accounting for \$1.4 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 \$1.2 million during the year 2006. The major revenue source was charges for services of \$8.2 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 \$9.3 million. Approximately \$7.3 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 \$2.0 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 18% of the total general fund expenditures and other financing uses.

The fund balance of the City's general fund increased approximately \$.4 million compared to the prior year increase of \$.2 million. Revenues were up approximately \$.8 million while expenditures were up \$.4 million.

## ALLIANCE, OHIO

### *Management's Discussion and Analysis For the Year Ended December 31, 2006 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 2006, the City amended its general fund budget several times. Final budgeted revenues and expenditures were increased approximately \$.8 million and \$.6 million, respectively, over their original amounts. In both cases, the increase was mainly related to income tax. Actual expenditures were approximately \$.5 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, 2006, amounts to \$25.6 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, software, furniture, equipment, sewer and water systems, infrastructure, construction in progress, and vehicles.

Note 7 provides capital asset activity during 2006.

Major capital asset events during the current year included completion of street improvements for Arch Avenue and various street resurfacing projects.

*Arch Avenue Improvement:* This \$725,000 street improvement project targets an area identified for neighborhood revitalization. It is to be completed in phases and extends from East Main Street to 11<sup>th</sup> Street. Phase one which was completed in 2005 extends from East Main to Grant Street. In 2006, phase two completes the project from Grant Street to 11<sup>th</sup> Street. Municipal road funds combined with CDBG funds are being used for the project.

*Long-term Debt:* At the end of 2006, the City's debt outstanding consisted of revenue bonds in the amount of \$15.8 million; general obligation debt outstanding of \$5.7 million; and Ohio Public Works Commission loans of \$.4 million. Of the \$5.7 million general obligation debt - debt that is backed by the full faith and credit of the City - \$.4 million is special assessment debt for which the City is liable in the event of default by the property owner subject to the assessment.

State statute limits the total amount of debt a governmental entity may issue. The City's total debt margin at the end of 2006 was \$28.2 million with an unvoted total debt margin of \$13.6 million. Its net general bonded debt per capita for 2006 was \$232 as compared with \$263 for 2005. 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.

## ALLIANCE, OHIO

### *Management's Discussion and Analysis For the Year Ended December 31, 2006 Unaudited*

Interest and fiscal charges related to governmental activities in 2006 were \$129,000 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.

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. 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.

*Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited*

**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.

**Motor Vehicle License tax increase**

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.

**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 several years. Newly proposed projects involving Mt. Union College and Klinger Avenue will expand the number of housing units in the City. 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.

*Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited*

**Annexation of Land**

The City of Alliance continues to expand through annexation efforts. The annexation of a 13 acre island located on the northwest side of the intersection of Sawburg Avenue and Parkmont Street in Lexington Township occurred in 2006. The Park Commons annexation petition brings the island area, which is surrounded by Alliance, into the City and is planned to be a condominium development.

**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. 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. Council subsequently adopted the plan in March of 2007.

**Engineering, Planning & Zoning Fees**

In March of 2007, Council adopted legislation which created new permit and fee structures and provided the Director of Public Safety and Service the authority to review, update and establish permit, plan review, and inspection fees for Engineering, Planning and Zoning and to make them compatible to other local communities with the approval of Council.

**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.

**Housing & Urban Development Funds**

The City of Alliance took steps to secure \$824,672 in Federal Housing and Urban Development funds. 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.

**New employee unions recognized**

Two new unions were authorized by City Council in December of 2006. Approximately 100 non-affiliated employees and the departmental supervisors formed unions.

*Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited*

**Employee contracts approved**

Beginning January 1, 2006 union members and non-affiliated employees with the exception of elected officials and the union representing the police and fire dispatchers received a 4-percent wage increase in the first year of the contract followed by 3-percent increases in the second and third years. Every union, with the exception of the dispatchers, must shoulder some of the cost of their health insurance. The estimated cost of the wage increase is \$1.49 million for all union and non-affiliated employees over the three year contract period.

**Park Board considers levy**

The Alliance Park Board members have decided that it is time to ask the voters directly to provide the money necessary to keep the parks and recreation system in operation. A Park Board resolution has been approved by City Council to place a 2.75 mill levy on the November primary ballot. The park and recreation system has grown primarily through gifts from people and organizations. A levy is necessary because over the past decade due to the General Fund allocation to the park and recreation system remaining stagnant; however, the size of the park and recreation system operations has grown. In order to maintain the system, operations will have to be scaled back. The board has determined that they can only keep the facilities open if they can insure that they are safe.

**MAJOR INITIATIVES**

**Current**

**Skate Park**

The community effort to construct a municipal skate park has been progressing over the year. Fundraising efforts have been undertaken by the Parks and Recreation department and the citizen's skate park committee to help secure funds for the project. 20 pieces of skate park equipment were purchased by the City for \$10,000. Preliminary discussions about where the skate park will be located are currently underway. Once the location is determined the construction of a concrete pad to hold the skate park equipment will be the final expense.

**Alliance Fire Department begins First Responder duties**

In August of 2006, City Council and the Administration gave approval to have the Alliance Fire Department implement first responder duties for a two year period of time. After the two year period of time has elapsed an assessment will be undertaken to determine if the program will continue. All medical emergency calls are to be dispatched to the Fire Department. The firefighters received their first responder training and were certified by the State. Fire apparatus vehicles are to be utilized to make the emergency medical calls. Because the expected annual emergency medical runs are estimated to be around 1,000 it could cause the fire trucks to be replaced at a faster rate. The fire trucks cost the City an average of \$500,000 each. An emergency van is to be utilized in addition to the trucks to help offset the number of runs made by the fire trucks.

*Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited*

**Sewer Lines to be extended**

Due to an Ohio Environmental Protection Agency order, sanitary sewer service is to be extended to 114 single family homes in Washington Township, which is located just southwest of the City. Several years ago, officials of the Ohio EPA determined that the sewage from the septic tanks in the area was making its way into a small waterway in the area and ordered Stark County and Washington Township to have sanitary sewer lines installed in the area. The Ohio EPA order requires the township and the county sewer district to install sanitary sewer lines in the affected area. Once those lines are installed the Stark County Health Department will be required to order the residents to tap into the sewer lines.

As the county, township and the city were negotiating the agreement it was decided to have the system enlarged to allow for more Washington Township residents living in the areas abutting the EPA ordered area to begin using the City's wastewater plant to treat their sewage. The expanded area has the potential of handling up to 430 sewer connections. The construction of two lift stations is expected in order to move the sewage from Washington Township into the City's existing sanitary sewer system. It is anticipated that the sewer line installation and lift station construction will be completed in 2007.

**Street Resurfacing project**

The annual street resurfacing project cost the City \$449,809, approximately \$70,000 less than the engineer's estimate. A joint project between the City and Mahoning County to address problems with two abandoned access routes underneath Mahoning Avenue was undertaken. The areas needed to be filled in from the sides or filled in from above. It was determined to use the approximate \$70,000 savings to deal with the problems now and fill them in from above. The cost of the work and the paving was shared with Mahoning County. \$350,000 of street income tax and municipal road fund money was used to resurface 19 other municipal streets. \$20,000 was utilized from the Park & Recreation master capital fund to pave the roads and parking lots in Silver Park.

**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%.

*Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited*

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 rehabilitation project. Another contract was awarded to provide on-site inspection services during the construction for the Waste Water Treatment Plant clarifier project. The City received from OPWC in December of 2006 a twenty-year, 0% interest loan of \$113,680 to help finance the project. The first payment on the loan is to be in July of 2007.

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.

**Arch Avenue Street Improvement – Phase II**

Phase two of the South Arch Avenue improvement project was completed in 2006. Because the successful bid amount was below the engineer's estimate the City expanded the size of the project. The original contract called for street improvements to South Arch Avenue as far south as 11<sup>th</sup> street, that area receiving new sidewalks, gutters and catch basins as well as new street paving. The work was 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.

**Future**

Expansion, attracting new business and maintaining the City's infrastructure remain an ongoing commitment. The City continues with the maintenance of sanitary sewers, water improvements, storm water improvements, road paving projects, and general infrastructure improvements.

**Renovation of Dr. Martin Luther King, Jr. Viaduct**

The City is planning to renovate and improve the Dr. Martin Luther King, Jr. Viaduct. A landscape architect is being contracted to assist in the concept work and construction plans for the vehicle and pedestrian bridge at the eastern end of Main Street. Improvements would include replacing the chain-link fence along the edges of the viaduct, ornamental rails to separate the pedestrian and vehicular traffic, new lighting and improved signage.

*Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited*

**Waste Water Treatment Plant Raw Influent Screw Lift Pump Replacement project**

The rehabilitation of the Waste Water Treatment Plant continues. The Waste Water Treatment Plant raw influent screw lift pump replacement project is to be undertaken. Council authorized the City to enter into a contract with a qualified firm to provide engineering and design services for the raw influent screw lift pump replacement. The pumps are beyond their original life expectancy and have become a maintenance concern. The failure of any of the three pumps would very seriously impact the operations of the plant. The screw lift pumps are to be replaced with submerged centrifugal pumps. The work will cost \$75,000 and is to be paid from the Sewer Surplus Reserve Fund. It is expected that the work will be done over three phases.

**City takes steps to meet Storm Water Quality Standards.**

Council gave its permission to the Administration to submit a notice of intent to the Ohio EPA that acknowledges that the city will prepare a Storm Water Management Program. The City was also given permission to enter into an agreement with the Stark County Soil and Water Conservation district concerning storm water management.

**MPI Label and Globalpak**

Two companies, MPI Label and New Hampshire based Globalpak (RFIPM Holdings, LLC) are relocating to the Alliance area. MPI Label's mechanical division has already moved to the former Pressworks building which is located in Lexington Township. Globalpak manufactures security neck bands that are found on over-the-counter medications and other products. The neck bands are designed to show if the product might have been tampered with. In some cases Globalpaks neck bands go on the packages full-body sleeve that MPI manufactures.

City Council authorized legislation that gives RFIPM a \$300,000 loan from the City's Urban Development Action Grant Revolving Loan. The \$300,000 helps cover a portion of the buildings \$800,000 price tag. The City will assume the first mortgage position on the building and land which, has been valued at \$1.1 million. Globalpak, is moving its manufacturing and warehouse facility to West Main Street. The move brings 20 full-time jobs and some part-time jobs to the city. The loan is set to run for five years at an annual interest rate of 3 percent.

**Cooperative Economic Development Agreement with Lexington Township**

The City of Alliance continues to expand through annexation efforts. Alliance is seeking to annex 224.7 acres of land from Lexington Township. A majority of property owners in the West Main Street and Beeson Street area are agreeable to annexation into the City and this includes the MPI Label and RFIPM Holdings, LLC businesses located just northwest of the City. The City is discussing with Lexington Township trustees the possibility of forming a Cooperative Economic Development Agreement which would allow the area to be annexed into the City while both the affected township and the City share the revenue generated by the development. In exchange for continuing to receive tax money from the annexed area the township promises to continue to handle some of the services provided in the area. Stark County Commissioners still need to give their approval.

*Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited*

**US Route 62 between Union and Mahoning Avenue to be resurfaced**

Beginning June 1, 2007 US Route 62 between state routes 173 and 225 will be reduced to one lane in each direction through late June for roadway construction. This work is part of the \$1.1 million dollar project to resurface state Route 173 to the Mahoning County line.

**SARTA Mass Transit Project**

City and Stark Area Regional Transit Authority joined together for groundbreaking ceremonies in May of 2007. A 2,052 square foot building is to be constructed on the northeast corner of Prospect Street and North Union Avenue.

**¼% Income Tax Increase**

Alliance City residents approved an additional one-quarter of one percent income tax increase at the May 2007 primary election to keep the City's government operating efficiently. The last time the City increased its income tax was in 1982.

**2007 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 2007 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](mailto:auditor@neo.rr.com).

**City of Alliance, Ohio**  
*Statement of Net Assets*  
*December 31, 2006*

	Governmental Activities	Business-Type Activities	Totals
<b>Assets</b>			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 6,299,037	\$ 6,619,141	\$ 12,918,178
Taxes Receivable	3,510,512	102,722	3,613,234
Accounts Receivable	8,732	1,005,663	1,014,395
Intergovernmental Receivable	1,663,071		1,663,071
Special Assessment Receivable	1,209,871		1,209,871
Loans Receivable	1,825,303		1,825,303
Materials and Supplies Inventory	44,507	307,501	352,008
Deferred Charges		291,577	291,577
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents		724,445	724,445
Cash and Cash Equivalents with Fiscal Agents	405,160	1,680,873	2,086,033
Capital Assets:			
Nondepreciable Capital Assets	2,674,588	869,941	3,544,529
Depreciable Capital Assets, Net	18,378,333	22,825,998	41,204,331
<i>Total Assets</i>	<u>36,019,114</u>	<u>34,427,861</u>	<u>70,446,975</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts Payable	151,568	160,203	311,771
Accrued Wages and Expenses	263,681	86,818	350,499
Claims and Judgements Payable	215,846		215,846
Intergovernmental Payable	479,263	117,356	596,619
Deferred Revenue	803,263		803,263
Accrued Interest Payable	23,841	25,321	49,162
Payable from Restricted Assets:			
Revenue Bonds Payable - Current Portion		726,829	726,829
Accrued Revenue Bond Interest		97,025	97,025
Long-term Liabilities:			
Due Within One Year	1,639,726	867,523	2,507,249
Due In More Than One Year	3,637,207	17,342,093	20,979,300
<i>Total Liabilities</i>	<u>7,214,395</u>	<u>19,423,168</u>	<u>26,637,563</u>
<b>Net Assets</b>			
Investment in Capital Assets, Net of Related Debt	18,707,921	6,893,121	25,601,042
Restricted for:			
Special Revenue	5,780,614		5,780,614
Debt Service	1,139,016	1,583,849	2,722,865
Capital Projects	1,115,068		1,115,068
Replacement and Reserve		724,445	724,445
Unrestricted	2,062,100	5,803,278	7,865,378
<i>Total Net Assets</i>	<u>\$ 28,804,719</u>	<u>\$ 15,004,693</u>	<u>\$ 43,809,412</u>

See accompanying notes to the basic financial statements



**City of Alliance, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2006*

	General Fund	Revolving Loan Fund	Debt Service Fund	Other Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 880,952	\$ 1,860,655	\$ 125,108	\$ 2,866,328
Cash and Cash Equivalents with Fiscal Agent			405,160	
Receivables:				
Taxes	3,049,521			460,991
Accounts	8,732			
Interfund	29,484			
Intergovernmental	899,469			763,602
Special Assessments	564,955		608,748	36,168
Loans		1,785,588		39,715
Materials and Supplies Inventory	44,507			
<i>Total Assets</i>	<u>5,477,620</u>	<u>3,646,243</u>	<u>1,139,016</u>	<u>4,166,804</u>
<b>Liabilities</b>				
Accounts Payable	112,736			38,832
Accrued Wages	246,901			16,780
Interfund Payable				29,484
Intergovernmental Payable	450,153	427		26,656
Deferred Revenue	2,629,525		608,748	918,120
<i>Total Liabilities</i>	<u>3,439,315</u>	<u>427</u>	<u>608,748</u>	<u>1,029,872</u>
<b>Fund Balances</b>				
Fund Balances:				
Reserved for Encumbrances	78,177	10,000		173,563
Reserved for Loans Receivable		1,785,588		39,715
Unreserved, Undesignated, Reported in:				
General Fund	1,960,128			
Special Revenue Funds				2,046,513
Debt Service Funds			530,268	
Revolving Loan Fund		1,850,228		
Capital Projects Funds				877,141
<i>Total Fund Balances</i>	<u>\$ 2,038,305</u>	<u>\$ 3,645,816</u>	<u>\$ 530,268</u>	<u>\$ 3,136,932</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, 2006**

Total Governmental Funds	<b>Total Governmental Fund Balances</b>	\$ 9,351,321
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
\$ 5,733,043	<b>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</b>	21,052,921
405,160	<b>Internal service fund, excess of assets over liabilities</b>	350,148
3,510,512	<b>Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.</b>	
8,732		
29,484		
1,663,071		
1,209,871		
1,825,303		
44,507		
14,429,683	<b>Property taxes</b>	\$ 241,745
	<b>Municipal income taxes</b>	1,032,319
	<b>Special assessments</b>	1,209,871
	<b>Intergovernmental</b>	869,195
		3,353,130
<b>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds</b>		
151,568	<b>Interest payable</b>	\$ (23,841)
263,681	<b>Other</b>	(2,027)
29,484	<b>Long-term debt</b>	(3,186,405)
477,236	<b>Compensated absences</b>	(2,090,528)
4,156,393		(5,302,801)
5,078,362	<b>Net Assets of Governmental Activities</b>	\$ 28,804,719
261,740		
1,825,303		
1,960,128		
2,046,513		
530,268		
1,850,228		
877,141		
\$ 9,351,321		

**City of Alliance, Ohio**  
*Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006*

	General Fund	Revolving Loan Fund	Debt Service Fund	Other Governmental Funds
<b>Revenues</b>				
Property and Other Taxes	\$ 938,479			\$ 431,403
Municipal Income Taxes	7,293,522			730,999
Charges for Services	286,675			
Licenses, Permits and Fees	128,839			69,297
Fines and Forfeitures	497,399			254,803
Intergovernmental	1,582,699			2,506,071
Special Assessments			\$ 69,623	30
Interest	91,594	\$ 173,563		61,587
Rentals	197,651			
Other	218,966		300	149,161
<i>Total Revenues</i>	<u>11,235,824</u>	<u>173,563</u>	<u>69,923</u>	<u>4,203,351</u>
<b>Expenditures</b>				
Current:				
General Government	2,788,374			215,740
Security of Persons and Property	6,149,289			971,683
Public Health Services	545,393			302,487
Transportation				779,409
Community Environment	98,584	473,501		865,707
Basic Utility Services	103,710			
Leisure Time Activities	591,116			
Capital Outlay				1,218,871
Debt Service:				
Principal Retirement			365,000	7,083
Interest and Fiscal Charges			112,119	17,062
<i>Total Expenditures</i>	<u>10,276,466</u>	<u>473,501</u>	<u>477,119</u>	<u>4,378,042</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>959,358</u>	<u>(299,938)</u>	<u>(407,196)</u>	<u>(174,691)</u>
Transfers In	64,240		565,265	723,614
Transfers Out	(615,113)			(703,434)
<i>Total Other Financing Sources (Uses)</i>	<u>(550,873)</u>		<u>565,265</u>	<u>20,180</u>
<i>Net Change in Fund Balances</i>	408,485	(299,938)	158,069	(154,511)
<i>Fund Balances Beginning of Year- As Restated</i>	<u>1,629,820</u>	<u>3,945,754</u>	<u>372,199</u>	<u>3,291,443</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,038,305</u>	<u>\$ 3,645,816</u>	<u>\$ 530,268</u>	<u>\$ 3,136,932</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, 2006**

	<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 112,105
Total Governmental Funds	<i>Amounts for governmental activities in the statement of activities are different because</i>	
	<b>Governmental funds report capital outlays as expenditures.</b>	1,257,438
\$ 1,369,882	<b>However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense</b>	(1,623,474)
8,024,521	<b>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</b>	(17,291)
286,675	<b>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds</b>	710,883
198,136	<b>Change in net asset activity in the internal service fund</b>	369,271
752,202	<b>Debt transactions are reported as expenditures in the funds</b>	372,085
4,088,770	<b>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.</b>	(23,578)
69,653	<b>Change in Net Assets of Governmental Activities</b>	<u>\$ 1,157,439</u>
326,744		
197,651		
368,427		
15,682,661		
3,004,114		
7,120,972		
847,880		
779,409		
1,437,792		
103,710		
591,116		
1,218,871		
372,083		
129,181		
15,605,128		
77,533		
1,353,119		
(1,318,547)		
34,572		
112,105		
9,239,216		
\$ 9,351,321		

**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, 2006*

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Property and Other Taxes	\$859,900	\$915,916	\$938,479	\$22,563
Municipal Income Taxes	6,814,500	7,203,487	7,251,029	47,542
Charges for Services	123,000	309,126	293,781	(15,345)
Licenses, Permits and Fees	91,300	135,569	128,839	(6,730)
Fines and Forfeitures	479,000	542,363	515,439	(26,924)
Intergovernmental	1,165,000	1,259,918	1,197,374	(62,544)
Interest	45,000	96,378	91,594	(4,784)
Rentals	187,250	207,975	197,651	(10,324)
Other	338,250	230,406	218,968	(11,438)
<i>Total Revenues</i>	<u>10,103,200</u>	<u>10,901,138</u>	<u>10,833,154</u>	<u>(67,984)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Mayor:				
Salaries and Wages	78,614	78,614	76,453	2,161
Fringe Benefits	38,376	38,401	35,882	2,519
Contractual Services	2,250	2,270	2,112	158
Materials and Supplies	2,800	2,755	2,102	653
Total Mayor	<u>122,040</u>	<u>122,040</u>	<u>116,549</u>	<u>5,491</u>
Senior Center:				
Salaries and Wages	29,100	29,094	28,851	243
Fringe Benefits	17,082	17,088	16,547	541
Contractual Services	200	200	117	83
Materials and Supplies	2,950	2,950	1,585	1,365
Total Senior Center	<u>49,332</u>	<u>49,332</u>	<u>47,100</u>	<u>2,232</u>
Auditor:				
Salaries and Wages	157,236	182,280	177,187	5,093
Fringe Benefits	77,410	75,572	72,233	3,339
Contractual Services	14,020	15,666	14,131	1,535
Materials and Supplies	7,000	7,216	7,215	1
Total Auditor	<u>\$255,666</u>	<u>\$280,734</u>	<u>\$270,766</u>	<u>\$9,968</u>

(continued)

See accompanying notes to the basic financial statements

**City of Alliance, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Treasurer:				
Salaries and Wages	\$3,754	\$3,754	\$3,754	\$0
Fringe Benefits	705	705	699	6
Materials and Supplies	525	525	511	14
<b>Total Treasurer</b>	<b>4,984</b>	<b>4,984</b>	<b>4,964</b>	<b>20</b>
Law Director:				
Salaries and Wages	132,600	150,902	148,761	2,141
Fringe Benefits	55,553	55,553	51,798	3,755
Contractual Services	3,100	3,100	2,746	354
Materials and Supplies	1,600	1,600	1,299	301
<b>Total Law Director</b>	<b>192,853</b>	<b>211,155</b>	<b>204,604</b>	<b>6,551</b>
City Council:				
Salaries and Wages	30,261	30,261	30,261	0
Fringe Benefits	5,615	5,615	5,573	42
Materials and Supplies	25	25	2	23
<b>Total City Council</b>	<b>35,901</b>	<b>35,901</b>	<b>35,836</b>	<b>65</b>
Clerk of Council:				
Salaries and Wages	7,678	7,678	7,678	0
Fringe Benefits	1,377	1,377	1,370	7
Contractual Services	250	420	419	1
Materials and Supplies	15,500	15,330	13,423	1,907
<b>Total Clerk of Council</b>	<b>24,805</b>	<b>24,805</b>	<b>22,890</b>	<b>1,915</b>
Judge and Probation:				
Salaries and Wages	154,558	154,558	152,025	2,533
Fringe Benefits	84,622	84,622	80,127	4,495
Contractual Services	4,300	4,300	4,098	202
Materials and Supplies	6,750	6,250	5,531	719
<b>Total Judge and Probation</b>	<b>250,230</b>	<b>249,730</b>	<b>241,781</b>	<b>7,949</b>
Clerk of Courts:				
Salaries and Wages	169,820	211,079	210,719	360
Fringe Benefits	93,344	104,997	104,984	13
Contractual Services	40,100	41,095	39,285	1,810
Materials and Supplies	17,600	15,200	14,167	1,033
<b>Total Clerk of Courts</b>	<b>320,864</b>	<b>372,371</b>	<b>369,155</b>	<b>3,216</b>
Civil Service:				
Salaries and Wages	13,590	13,590	13,215	375
Fringe Benefits	2,330	2,330	2,300	30
Materials and Supplies	6,700	6,700	5,840	860
<b>Total Civil Service</b>	<b>\$22,620</b>	<b>\$22,620</b>	<b>\$21,355</b>	<b>\$1,265</b>

(continued)

See accompanying notes to the basic financial statements

**City of Alliance, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Engineering:				
Salaries and Wages	\$50,835	\$50,835	\$42,202	\$8,633
Fringe Benefits	27,391	27,391	22,987	4,404
Contractual Services	9,248	9,248	4,362	4,886
Materials and Supplies	3,600	3,600	3,369	231
<b>Total Engineering</b>	<b>91,074</b>	<b>91,074</b>	<b>72,920</b>	<b>18,154</b>
County Auditor and Treasurer:				
Contractual Services	28,000	28,000	16,564	11,436
State Examiner:				
Contractual Services	40,103	40,103	26,078	14,025
Maintenance:				
Fringe Benefits	0	600	600	0
Contractual Services	92,800	91,794	84,610	7,184
Materials and Supplies	1,250	1,250	279	971
Capital Outlay	10,000	16,045	10,830	5,215
<b>Total Maintenance</b>	<b>104,050</b>	<b>109,689</b>	<b>96,319</b>	<b>13,370</b>
Income Tax:				
Salaries and Wages	112,668	112,661	112,377	284
Fringe Benefits	51,881	51,888	50,608	1,280
Contractual Services	33,882	33,855	33,600	255
Materials and Supplies	7,400	7,427	7,209	218
Capital Outlay	9,655	9,655	3,644	6,011
Other	335,000	685,000	663,345	21,655
<b>Total Income Tax</b>	<b>550,486</b>	<b>900,486</b>	<b>870,783</b>	<b>29,703</b>
Land and Buildings:				
Salaries and Wages	53,993	53,993	51,121	2,872
Fringe Benefits	20,311	20,311	19,444	867
Contractual Services	230,500	230,500	216,232	14,268
<b>Total Land and Buildings</b>	<b>304,804</b>	<b>304,804</b>	<b>286,797</b>	<b>18,007</b>
General Administration:				
Salaries and Wages	28,435	28,435	27,162	1,273
Fringe Benefits	10,978	11,629	11,223	406
Contractual Services	114,950	99,119	72,287	26,832
Materials and Supplies	12,200	10,000	9,517	483
Other	30,130	45,130	44,010	1,120
<b>Total General Administration</b>	<b>196,693</b>	<b>194,313</b>	<b>164,199</b>	<b>30,114</b>
<b>Total General Government</b>	<b>\$2,594,505</b>	<b>\$3,042,141</b>	<b>\$2,868,660</b>	<b>\$173,481</b>

(continued)

See accompanying notes to the basic financial statements

**City of Alliance, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Security of Persons and Property:				
Police:				
Salaries and Wages	\$2,229,607	\$2,252,995	\$2,242,449	\$10,546
Fringe Benefits	673,804	670,073	601,052	69,021
Contractual Services	127,850	158,537	155,467	3,070
Materials and Supplies	136,000	105,571	96,339	9,232
<b>Total Police</b>	<b>3,167,261</b>	<b>3,187,176</b>	<b>3,095,307</b>	<b>91,869</b>
Fire:				
Salaries and Wages	1,591,967	1,724,084	1,719,509	4,575
Fringe Benefits	445,839	446,495	445,893	602
Contractual Services	81,050	103,890	84,963	18,927
Materials and Supplies	39,825	34,155	31,636	2,519
<b>Total Fire</b>	<b>2,158,681</b>	<b>2,308,624</b>	<b>2,282,001</b>	<b>26,623</b>
Fire Communications:				
Materials and Supplies	7,157	7,157	7,157	0
Safety Administration:				
Salaries and Wages	324,547	335,634	330,783	4,851
Fringe Benefits	164,123	165,291	149,548	15,743
Contractual Services	216,500	204,245	186,886	17,359
<b>Total Safety Administration</b>	<b>705,170</b>	<b>705,170</b>	<b>667,217</b>	<b>37,953</b>
Prisoner Support:				
Contractual Services	100,000	100,000	55,761	44,239
<b>Total Security of Persons and Property</b>	<b>6,138,269</b>	<b>6,308,127</b>	<b>6,107,443</b>	<b>200,684</b>
Public Health Services:				
Health Control and Prevention:				
Salaries and Wages	60,165	60,443	60,443	0
Fringe Benefits	34,200	34,206	33,129	1,077
Contractual Services	23,050	22,766	21,152	1,614
Materials and Supplies	4,220	4,220	3,948	272
Other	850	850	720	130
<b>Total Health Control and Prevention</b>	<b>\$122,485</b>	<b>\$122,485</b>	<b>\$119,392</b>	<b>\$3,093</b>

(continued)

See accompanying notes to the basic financial statements

**City of Alliance, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Health Administration:				
Salaries and Wages	\$243,729	\$245,795	\$245,795	\$0
Fringe Benefits	100,695	100,815	97,055	3,760
Contractual Services	9,140	18,760	18,307	453
Materials and Supplies	16,360	6,620	6,343	277
Other	49,000	46,934	43,123	3,811
<b>Total Health Administration</b>	<b>418,924</b>	<b>418,924</b>	<b>410,623</b>	<b>8,301</b>
<b>Total Public Health Services</b>	<b>541,409</b>	<b>541,409</b>	<b>530,015</b>	<b>11,394</b>
Transportation:				
Street Transportation:				
Materials and Supplies	40,000	40,000	0	40,000
<b>Total Transportation</b>	<b>40,000</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>
Community Environment:				
Planning Commission:				
Contractual Services	2,000	2,000	2,000	0
Tree Care:				
Contractual Services	1,500	1,500	1,500	0
Zoning and Building:				
Salaries and Wages	83,859	83,859	72,258	11,601
Fringe Benefits	15,805	16,505	14,040	2,465
Contractual Services	7,125	6,425	4,330	2,095
Materials and Supplies	2,830	2,830	1,833	997
<b>Total Zoning and Building</b>	<b>109,619</b>	<b>109,619</b>	<b>92,461</b>	<b>17,158</b>
<b>Total Community Environment</b>	<b>113,119</b>	<b>113,119</b>	<b>95,961</b>	<b>17,158</b>
Basic Utility Services:				
Storm Sewer:				
Salaries and Wages	40,770	43,525	43,129	396
Fringe Benefits	18,229	18,333	17,856	477
Materials and Supplies	500	500	500	0
<b>Total Basic Utility Services</b>	<b>\$59,499</b>	<b>\$62,358</b>	<b>\$61,485</b>	<b>\$873</b>

(continued)

See accompanying notes to the basic financial statements

**City of Alliance, Ohio**  
*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund (continued)  
For the Year Ended December 31, 2006*

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Leisure Time Activities:				
Parks:				
Salaries and Wages	\$275,224	\$275,224	\$273,439	\$1,785
Fringe Benefits	124,543	123,136	118,701	4,435
Contractual Services	60,473	60,542	55,102	5,440
Materials and Supplies	17,700	18,977	18,971	6
Other	200	250	250	0
<b>Total Parks</b>	<b>478,140</b>	<b>478,129</b>	<b>466,463</b>	<b>11,666</b>
Recreation:				
Salaries and Wages	71,114	71,094	70,614	480
Fringe Benefits	36,602	37,122	35,993	1,129
Contractual Services	2,890	2,790	2,565	225
Materials and Supplies	10,700	10,300	10,275	25
<b>Total Recreation</b>	<b>121,306</b>	<b>121,306</b>	<b>119,447</b>	<b>1,859</b>
<b>Total Leisure Time Activities</b>	<b>599,446</b>	<b>599,435</b>	<b>585,910</b>	<b>13,525</b>
<b>Total Expenditures</b>	<b>10,086,247</b>	<b>10,706,589</b>	<b>10,249,474</b>	<b>457,115</b>
<i>Excess of Revenues Over Expenditures</i>	16,953	194,549	583,680	389,131
<b>Other Financing Sources (Uses)</b>				
Advances Out	0	(29,484)	(29,484)	0
Transfers In	10,000	64,240	64,240	0
Transfers Out	(646,639)	(675,365)	(615,115)	60,250
<b>Total Other Financing Sources/(Uses)</b>	<b>(636,639)</b>	<b>(640,609)</b>	<b>(580,359)</b>	<b>60,250</b>
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</i>	(619,686)	(446,060)	3,321	449,381
<i>Fund Balance Beginning of Year</i>	786,384	786,384	786,384	0
<i>Prior Year Encumbrances Appropriated</i>	13,070	13,070	13,070	0
<b>Fund Balance End of Year</b>	<b>\$179,768</b>	<b>\$353,394</b>	<b>\$802,775</b>	<b>\$449,381</b>

See accompanying notes to the basic financial statements

**City of Alliance, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Revolving Loan Fund*  
*For the Year Ended December 31, 2006*

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Interest	\$192,000	\$192,000	\$173,563	(\$18,437)
Other	250,000	294,686	320,374	25,688
<i>Total Revenues</i>	<u>442,000</u>	<u>486,686</u>	<u>493,937</u>	<u>7,251</u>
<b>Expenditures</b>				
Current:				
Community Environment:				
Revolving Loan:				
Salaries and Wages	0	6,949	5,151	1,798
Fringe Benefits	0	1,183	930	253
Contractual Services	80,000	85,000	68,850	16,150
Capital Outlay	1,400,000	1,400,000	78,005	1,321,995
<i>Total Expenditures</i>	<u>1,480,000</u>	<u>1,493,132</u>	<u>152,936</u>	<u>1,340,196</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(1,038,000)	(1,006,446)	341,001	1,347,447
<i>Fund Balance Beginning of Year</i>	1,504,654	1,504,654	1,504,654	0
<i>Prior Year Encumbrances Appropriated</i>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$471,654</u></u>	<u><u>\$503,208</u></u>	<u><u>\$1,850,655</u></u>	<u><u>\$1,347,447</u></u>

See accompanying notes to the basic financial statements

**City of Alliance, Ohio**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2006*

	Business-Type Activities				Governmental Activities
	Water	Sewer	Nonmajor - Robertson	Totals	Internal Service
			Community Center		
<b>Assets</b>					
<b>Current Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 3,248,062	\$ 3,290,008	\$ 81,071	\$ 6,619,141	\$ 565,994
<b>Restricted Assets:</b>					
Cash and Cash Equivalents					
with Fiscal Agents	823,854	0	0	823,854	0
Taxes Receivable	102,722	0	0	102,722	0
Accounts Receivable	571,361	434,302	0	1,005,663	0
Materials and Supplies Inventory	244,441	63,060	0	307,501	0
Deferred Charges	183,869	107,708	0	291,577	0
<i>Total Current Assets</i>	<u>5,174,309</u>	<u>3,895,078</u>	<u>81,071</u>	<u>9,150,458</u>	<u>565,994</u>
<b>Noncurrent Assets:</b>					
<b>Restricted Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	724,445	0	0	724,445	0
Cash and Cash Equivalents with Fiscal Agents	856,978	41	0	857,019	0
<i>Total Restricted Assets</i>	<u>1,581,423</u>	<u>41</u>	<u>0</u>	<u>1,581,464</u>	<u>0</u>
Capital Assets (Net of Accumulated Depreciation)	14,437,943	8,903,470	354,526	23,695,939	
<i>Total Noncurrent Assets</i>	<u>16,019,366</u>	<u>8,903,511</u>	<u>354,526</u>	<u>25,277,403</u>	<u>0</u>
<i>Total Assets</i>	<u>21,193,675</u>	<u>12,798,589</u>	<u>435,597</u>	<u>34,427,861</u>	<u>565,994</u>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable	96,245	63,818	140	160,203	0
Accrued Wages	37,810	49,008	0	86,818	0
Compensated Absences Payable	192,003	244,849	0	436,852	0
Intergovernmental Payable	54,146	62,801	409	117,356	0
Current Portion of OPWC Loan	0	22,131	0	22,131	0
General Obligation Bonds - Refunding	0	385,000	0	385,000	0
General Obligation Bonds - West Beach	0	35,000	0	35,000	0
Revenue Bonds Payable	726,829	0	0	726,829	0
Bond Premium - Current	0	(11,460)	0	(11,460)	0
Claims and Judgments Payable	0	0	0	0	215,846
Interest Payable	97,025	25,321	0	122,346	0
<i>Total Current Liabilities</i>	<u>1,204,058</u>	<u>876,468</u>	<u>549</u>	<u>2,081,075</u>	<u>215,846</u>
<b>Long-Term Liabilities:</b>					
Bond Premiums	0	(22,920)	0	(22,920)	0
Compensated Absences Payable	72,103	227,673	0	299,776	0
OPWC Loans Payable (net of Current Portion)	0	376,955	0	376,955	0
General Obligation Bonds Payable - Refunding (net of Current Portion)	0	1,328,000	0	1,328,000	0
General Obligation Bonds Payable - West Beach (net of Current Portion)	0	1,292,000	0	1,292,000	0
Revenue Bonds Payable (net of Current Portion)	14,068,282	0	0	14,068,282	0
<i>Total Long-Term Liabilities</i>	<u>14,140,385</u>	<u>3,201,708</u>	<u>0</u>	<u>17,342,093</u>	<u>0</u>
<i>Total Liabilities</i>	<u>15,344,443</u>	<u>4,078,176</u>	<u>549</u>	<u>19,423,168</u>	<u>215,846</u>
<b>Net Assets</b>					
Investment in Capital Assets, Net of Related Debt	(357,165)	6,895,760	354,526	6,893,121	0
<b>Restricted for:</b>					
Debt Service	1,583,849	0	0	1,583,849	0
Replacement and Surplus Reserve	724,445	0	0	724,445	0
Unrestricted	3,898,103	1,824,653	80,522	5,803,278	350,148
<i>Total Net Assets</i>	<u>\$ 5,849,232</u>	<u>\$ 8,720,413</u>	<u>\$ 435,048</u>	<u>\$ 15,004,693</u>	<u>\$ 350,148</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, 2006*

	Business-Type Activities			Totals	Governmental Activities
	Water	Sewer	Nonmajor - Robertson Community Center		Internal Service
<b>Operating Revenues</b>					
Charges for Services	\$ 4,362,693	\$ 3,589,440	\$ 51,282	\$ 8,003,415	\$ 2,152,024
Licenses and Permits	0	62,759	0	62,759	0
Other	57,905	34,441	300	92,646	0
<i>Total Operating Revenues</i>	<u>4,420,598</u>	<u>3,686,640</u>	<u>51,582</u>	<u>8,158,820</u>	<u>2,152,024</u>
<b>Operating Expenses</b>					
Salaries and Benefits	1,131,272	1,353,404	14,596	2,499,272	0
Fringe Benefits	492,507	555,038	2,620	1,050,165	0
Contractual Services	494,567	674,782	22,065	1,191,414	0
Claims	0	0	0	0	1,785,630
Materials and Supplies	563,796	271,939	5,759	841,494	0
Other	3,483	1,132	0	4,615	0
Depreciation	582,962	426,606	12,932	1,022,500	0
<i>Total Operating Expenses</i>	<u>3,268,587</u>	<u>3,282,901</u>	<u>57,972</u>	<u>6,609,460</u>	<u>1,785,630</u>
<i>Operating Income (Loss)</i>	1,152,011	403,739	(6,390)	1,549,360	366,394
<b>Non-Operating Revenues (Expenses)</b>					
Municipal Income Tax	307,661	0	0	307,661	0
Interest and Fiscal Charges	(880,575)	(154,848)	0	(1,035,423)	0
Loss on Disposal of Capital Assets	(2,105)	(1,426)	0	(3,531)	0
Investment Income	199,345	195,717	0	395,062	2,877
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(375,674)</u>	<u>39,443</u>	<u>0</u>	<u>(336,231)</u>	<u>2,877</u>
<i>Income (Loss) Before Transfers</i>	<u>776,337</u>	<u>443,182</u>	<u>(6,390)</u>	<u>1,213,129</u>	<u>369,271</u>
Transfers Out	(17,286)	(17,286)	0	(34,572)	0
<i>Change in Net Assets</i>	759,051	425,896	(6,390)	1,178,557	369,271
<i>Net Assets Beginning 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>
<i>Net Assets End of Year</i>	<u>\$ 5,849,232</u>	<u>\$ 8,720,413</u>	<u>\$ 435,048</u>	<u>\$ 15,004,693</u>	<u>\$ 350,148</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, 2006

	Business-Type Activities			Governmental Activities	
	Water	Sewer	Nonmajor - Robertson Community Center	Totals	Internal Service
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$ 4,365,971	\$ 3,665,550	\$ 51,282	\$ 8,082,803	
Cash Payments to Suppliers for Good and Services	(1,098,694)	(960,136)	(27,684)	(2,086,514)	
Cash Payments for Employee Services and Benefits	(1,633,532)	(1,904,300)	(16,807)	(3,554,639)	\$ (1,768,980)
Other Revenue	57,905	34,441	300	92,646	2,152,024
Other Expenses	(3,483)	(1,132)	0	(4,615)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,688,167</u>	<u>834,423</u>	<u>7,091</u>	<u>2,529,681</u>	<u>383,044</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Municipal Income Tax	292,915	0	0	292,915	0
Transfer Out	(17,286)	(17,286)	0	(34,572)	0
<i>Net Cash Provided by (Used for) Non Capital Financing Activities</i>	<u>275,629</u>	<u>(17,286)</u>	<u>0</u>	<u>258,343</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition of Capital Assets	(15,610)	(339,966)	0	(355,576)	0
Principal Paid on Sewer OPWC Loan	0	(16,447)	0	(16,447)	0
Principal Paid on Sewer General Obligation Bonds	0	(420,000)	0	(420,000)	0
Interest Paid on Sewer General Obligation Bonds	0	(121,927)	0	(121,927)	0
Principal Paid on Water Revenue Bonds	(785,000)	0	0	(785,000)	0
Interest Paid on Water Revenue Bonds	(773,099)	0	0	(773,099)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,573,709)</u>	<u>(898,340)</u>	<u>0</u>	<u>(2,472,049)</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>					
Interest	199,345	195,717	0	395,062	2,877
<i>Net Cash Provided by Investing Activities</i>	<u>199,345</u>	<u>195,717</u>	<u>0</u>	<u>395,062</u>	<u>2,877</u>
<i>Net Increase(Decrease) In Cash and Cash Equivalents</i>	589,432	114,514	7,091	711,037	385,921
<i>Cash and Cash Equivalents Beginning 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>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 5,653,339</u>	<u>\$ 3,290,049</u>	<u>\$ 81,071</u>	<u>\$ 9,024,459</u>	<u>\$ 565,994</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, 2006*

	Business-Type Activities				Governmental Activities
	Water	Sewer	Nonmajor - Robertson Community Center	Totals	Internal Service
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities</b>					
Operating Income(Loss)	\$ 1,152,011	\$ 403,739	\$ (6,390)	\$ 1,549,360	\$ 366,394
<b>Adjustments: to Net Cash Provided by Operating Activities</b>					
Operating Activities:					
Depreciation	582,962	426,606	12,932	1,022,500	0
(Increase)/Decrease in Assets:					
Accounts Receivable	3,278	13,351	0	16,629	0
Materials and Supplies Inventory	(19,264)	(14,637)	0	(33,901)	0
Increase/(Decrease) in Liabilities:					
Accounts Payable	(21,067)	1,222	140	(19,705)	0
Accrued Wages	(2,882)	729	0	(2,153)	0
Compensated Absences Payable	(24,704)	(20,483)	0	(45,187)	0
Intergovernmental Payable	17,833	23,896	409	42,138	0
Claim and Judgements Payable	0	0	0	0	16,650
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 1,688,167</u>	<u>\$ 834,423</u>	<u>\$ 7,091</u>	<u>\$ 2,529,681</u>	<u>\$ 383,044</u>

Non-cash capital transaction:

The Sewer Fund received \$113,680 in capital assets  
in exchange for debt to OPWC.

See accompanying notes to the basic financial statements

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**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 2006, 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, 2006*

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***A. Basis of Presentation - Fund Accounting***

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

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

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

***B. Basis of Accounting***

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

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

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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 2006 investments were limited to STAROhio and First American U.S. Treasury Reserve Fund (a money market mutual fund).

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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, 2006.

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 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 governmental activities and 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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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.

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

Description	Estimated Lives
Land Improvements	20 years
Buildings, Structures and Improvements	10 – 40 years
Furniture, Fixtures and Equipment	5 – 15 years
Vehicles	5 – 20 years
Water and Sewer Lines	50 – 60 years
Infrastructure	5 – 50 years

***J. Compensated Absences***

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

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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 –Restatement of Fund Balances and Accountability**

***A. Restatement of Fund Balance***

During 2006, the City determined that certain payments made in 2005 to an escrow fund for the 2004 General Obligation Bonds had been incorrectly recorded as loan payments in the debt service fund.

Net assets at the beginning of 2006 have been adjusted to correct for this error in recording debt and escrow payments made in 2005. The error had no effect on change in net assets in 2005.

	Debt Service Fund
Net assets at December 31, 2005	
- as originally reported	\$ 128,199
Prior period adjustment	244,000
Net assets at December 31, 2005	
- as restated	\$ 372,199

***B. Change in Accounting Principles***

For fiscal year 2006, the City has implemented GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section”, GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” and GASB Statement No. 47, “Accounting for Termination Benefits”.

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that state and local governments present as supplementary information in the statistical section.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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The implementation of GASB Statement No. 46 and GASB Statement No. 47 did not have an effect on the fund balances/net assets of the City as previously reported at 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	\$ 408,485	\$ (299,938)
Revenue Accruals	(402,670)	
Expenditure Accruals	75,683	392,565
Encumbrances	(78,177)	(10,000)
Loan proceeds		320,374
Loan disbursements		(62,000)
Non-GAAP Budgetary Basis	\$ 3,321	\$ 341,001

**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.

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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,

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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the carrying amount of the City's deposits was \$11,794,245 and the bank balance was \$12,015,168 of the bank balance:

1. \$400,000 was covered by federal depository insurance; and
2. \$11,615,168 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, 2006, the City had the following investments:

	<u>Fair Value</u>
STAROhio	\$ 1,848,377
Money Market Fund	<u>2,086,034</u>
Total Investments	<u>\$ 3,934,411</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, 2006, the City had 53% and 29% of its pooled cash and investments with Chase, and Charter One Bank, respectively.

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 6 - Receivables**

Receivables at December 31, 2006, 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, except for loans receivable which includes an allowance of \$392,924.

**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 2006 for real and public utility property taxes represents collections of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes. 2006 real property taxes are levied after October 1, 2006 on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

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. 2006 public utility property taxes which became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. 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, 2006 was \$6.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$ 251,762,070
Tangible Personal Property	29,921,474
Public Utility Property	<u>8,848,130</u>
Total	<u>\$ 290,531,674</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.

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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, 2006 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 2006 operations. The receivable is offset by deferred revenue.

***B. Loans Receivable***

Loans receivable represent the principal owed to the City for Community Development Block Grants and Urban Development Action Grants. The loans bear interest at annual rates between two and six percent. The loans are to be repaid over periods ranging from five to fifteen 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 2006, after income tax department expenditures, are credited to the following funds: 86 percent to the general fund, six 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.

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**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 \$923,000 of delinquent receivables.

**Note 7 - Capital Assets**

Capital asset activity for the year ended December 31, 2006 was as follows:

**Primary Government**

	Balance <u>1/1/2006</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2006</u>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,674,588			\$ 2,674,588
Construction in progress	14,495		\$ (14,495)	0
<i>Total capital assets not being depreciated</i>	<u>2,689,083</u>		<u>(14,495)</u>	<u>2,674,588</u>
<i>Capital assets being depreciated:</i>				
Buildings, structures and improvements	6,791,427	\$ 19,440		6,810,867
Furniture, fixtures and equipment	2,969,202	301,115		3,270,317
Vehicles	2,874,184	93,079	(172,907)	2,794,356
Infrastructure	23,620,904	858,299		24,479,203
<i>Total capital assets being depreciated</i>	<u>36,255,717</u>	<u>1,271,933</u>	<u>(172,907)</u>	<u>37,354,743</u>
<i>Less accumulated depreciation for:</i>				
Buildings, structures and improvements	1,492,494	139,323		1,631,817
Furniture, fixtures and equipment	1,512,479	236,785		1,749,264
Vehicles	2,376,814	95,810	(155,616)	2,317,008
Infrastructure	12,126,765	1,151,556		13,278,321
<i>Total accumulated depreciation</i>	<u>17,508,552</u>	<u>1,623,474</u>	<u>(155,616)</u>	<u>18,976,410</u>
<i>Total capital assets being depreciated, net</i>	<u>18,747,165</u>	<u>(351,541)</u>	<u>(17,291)</u>	<u>18,378,333</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 21,436,248</u>	<u>\$ (351,541)</u>	<u>\$ (31,786)</u>	<u>\$ 21,052,921</u>

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

	Balance 1/1/2006	Increases	Decreases	Balance 12/31/2006
<b>Business-Type Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 869,941			\$ 869,941
Construction in progress	18,095		\$ (18,095)	0
<i>Total capital assets not being depreciated</i>	<u>888,036</u>		<u>(18,095)</u>	<u>869,941</u>
<i>Capital assets being depreciated:</i>				
Land improvements	1,368,735			1,368,735
Buildings, structures and improvements	10,644,300	\$ 58,300		10,702,600
Water and Sewer lines	25,272,145			25,272,145
Furniture, fixtures and equipment	4,108,319	433,261	(29,336)	4,512,244
<i>Total capital assets being depreciated</i>	<u>41,393,499</u>	<u>491,561</u>	<u>(29,336)</u>	<u>41,855,724</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	678,091	62,286		740,377
Buildings, structures and improvements	3,910,770	322,651		4,233,421
Water and Sewer lines	10,294,051	504,673		10,798,724
Furniture, fixtures and equipment	3,150,119	132,890	(25,805)	3,257,204
<i>Total accumulated depreciation</i>	<u>18,033,031</u>	<u>1,022,500</u>	<u>(25,805)</u>	<u>19,029,726</u>
<i>Total capital assets being depreciated, net</i>	<u>23,360,468</u>	<u>(530,939)</u>	<u>(3,531)</u>	<u>22,825,998</u>
<i>Business-Type activities capital assets, net</i>	<u>\$ 24,248,504</u>	<u>\$ (530,939)</u>	<u>\$ (21,626)</u>	<u>\$ 23,695,939</u>

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

Governmental activities:	
General government	\$ 477,173
Security of persons and property	219,170
Public health services	4,285
Transportation	854,749
Community environment	400
Basic utility services	9,452
Leisure time activities	58,245
Total depreciation expense-governmental activities	<u>\$ 1,623,474</u>
Business-type activities:	
Sewer	\$ 426,606
Water	582,962
Robertson	12,932
Total depreciation expense-business-type activities	<u>\$ 1,022,500</u>

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**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 2006, 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	51,141,161
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. A third party administrator, Aultcare, reviews 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, 2006*

The claims liability of \$215,846 reported in the self-insurance fund at December 31, 2006, is estimated by the third-party administrator 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
2004	\$ 193,139	\$ 1,700,454	\$ 1,634,978	\$ 258,615
2005	258,615	1,840,299	1,899,718	199,196
2006	199,196	1,785,630	1,768,980	215,846

**Note 9 - Interfund Transactions**

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

A summary of interfund transfers is as follows:

Transfer to	Transfer From				Total
	General	Other Governmental	Sewer	Water	
General		\$ 29,668	\$ 17,286	\$ 17,286	\$ 64,240
Debt Service		565,265			565,265
Other governmental	\$ 615,113	108,501			723,614
Total	\$ 615,113	\$ 703,434	\$ 17,286	\$ 17,286	\$ 1,353,119

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 10 - Long-Term Obligations**

Changes in the long-term obligations of the City during 2006 were as follows:

	<u>Outstanding 1/1/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/06</u>	<u>Due within one year</u>
<b>Enterprise Activities</b>					
<b>Revenue Bonds:</b>					
1998 Water Refunding 3.8% - 5.0%	\$16,605,000		\$785,000	\$15,820,000	\$820,000
Unamortized Discount	(231,114)		(19,259)	(211,855)	(19,259)
Unamortized Accounting Loss	(886,946)		(73,912)	(813,034)	(73,912)
Net Water Refunding Bonds	<u>15,486,940</u>		<u>691,829</u>	<u>14,795,111</u>	<u>726,829</u>
<i>Total Revenue Bonds</i>	<u>15,486,940</u>		<u>691,829</u>	<u>14,795,111</u>	<u>726,829</u>
<b>General Obligation Bonds:</b>					
2004 General Obligation Bond					
Sewer 2.5% - 4.65%	3,460,000		420,000	3,040,000	420,000
Premium on Refunding	(45,840)		(11,460)	(34,380)	(11,460)
<i>Total General Obligation Bonds</i>	<u>3,414,160</u>		<u>408,540</u>	<u>3,005,620</u>	<u>408,540</u>
<b>Other Long-Term Obligations:</b>					
OPWC Loan 0.00%	39,947		2,662	37,285	2,662
OPWC Loan 0.00% (2004)	261,908		13,785	248,123	13,785
OPWC Loan 0.00% (2005)		\$113,680		113,680	5,684
Compensated Absences	753,512	253,117	270,000	736,629	436,852
<i>Total Enterprise Funds</i>	<u>\$19,956,467</u>	<u>\$366,797</u>	<u>\$1,386,816</u>	<u>\$18,936,448</u>	<u>\$1,594,352</u>
	<u>Outstanding (Restated) 1/1/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/06</u>	<u>Due within one year</u>
<b>Governmental Activities</b>					
<b>General Obligation Bonds:</b>					
Various Purpose 1998 3.80% - 5.00%	\$765,000		\$50,000	\$715,000	\$50,000
Various Purpose 2004 2.5% - 4.2%	1,900,000		270,000	1,630,000	280,000
<i>Total General Obligation Bonds</i>	<u>2,665,000</u>		<u>320,000</u>	<u>2,345,000</u>	<u>330,000</u>
<b>Special Assessment Bonds:</b>					
Various Purpose 1994 4.10% - 6.125%	490,000		45,000	445,000	45,000
<i>Total Bonds</i>	<u>3,155,000</u>		<u>365,000</u>	<u>2,790,000</u>	<u>375,000</u>
<b>Other Long-Term Obligations:</b>					
Police and Fire Pension Liability 4.21%	403,490		7,085	396,405	7,388
Compensated Absences	2,066,950	\$876,198	852,620	2,090,528	1,257,338
	<u>2,470,440</u>	<u>876,198</u>	<u>859,705</u>	<u>2,486,933</u>	<u>1,264,726</u>
Total Government Activities	<u>5,625,440</u>	<u>876,198</u>	<u>1,224,705</u>	<u>5,276,933</u>	<u>1,639,726</u>
<i>Total</i>	<u>\$25,581,907</u>	<u>\$1,242,995</u>	<u>\$2,611,521</u>	<u>\$24,213,381</u>	<u>\$3,234,078</u>

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

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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, 2006, approximately \$100,000 of outstanding refunded waterworks bonds are considered defeased by assets of \$1,000,000 held in the irrevocable trust.

The City's overall legal debt margin was \$28,160,826 at December 31, 2006.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2006, are as follows:

	General Obligation Bonds					
	Governmental Activities		Enterprise Funds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 330,000	\$ 87,991	\$ 420,000	\$ 121,541	\$ 45,000	\$ 25,854
2008	335,000	81,491	435,000	90,916	45,000	23,649
2009	345,000	66,363	445,000	80,041	50,000	21,219
2010	355,000	58,433	558,000	66,691	55,000	18,469
2011	245,000	42,893	40,000	52,891	55,000	15,169
2012-2016	515,000	130,296	215,000	243,560	195,000	24,426
2017-2021	220,000	22,930	260,000	198,996		
2022-2026			320,000	137,597		
2027-2031			347,000	56,888		
Total	<u>\$ 2,345,000</u>	<u>\$ 490,397</u>	<u>\$ 3,040,000</u>	<u>\$ 1,049,121</u>	<u>\$ 445,000</u>	<u>\$ 128,786</u>

	Waterworks Improvement Revenue Bonds		Police and Fire Pension Liability		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
	2007	\$ 820,000	\$ 776,200	\$ 7,388	\$ 16,758
2008	855,000	739,300	7,705	16,441	22,131
2009	895,000	700,398	8,036	16,110	22,131
2010	935,000	659,228	8,380	15,765	22,131
2011	980,000	615,750	8,740	15,406	22,131
2012-2016	5,685,000	2,292,750	49,660	71,069	110,655
2017-2021	5,650,000	723,750	61,271	59,455	108,006
2022-2026			75,601	45,129	69,772
2027-2031			93,279	27,452	
2032-2035			76,345	6,484	
Total	<u>\$ 15,820,000</u>	<u>\$ 6,507,376</u>	<u>\$ 396,405</u>	<u>\$ 290,069</u>	<u>\$ 399,088</u>

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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, 2006, \$62,210,000 had been issued and \$58,090,000 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 accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 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 16.93 percent. The employer contribution rate for pension benefits for 2006 was 9.2 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.43 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, 2006, 2005, and 2004 were \$525,331, \$570,359, and \$548,639 respectively; 87 percent has been contributed for 2006, 100 percent for 2005 and 100 percent for 2004.

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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***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 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions for pension obligations to the OP&F for police and firefighters were \$235,628 and \$238,545 for 2006, and \$241,001 and \$272,915 for 2005, \$229,009 and \$229,778 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004. 73 percent and 69 percent, respectively, have been contributed for 2006 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, 2006, the unfunded liability of the City was \$396,405, 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 2006 employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent was the portion that was used to fund health care for 2006.

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, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 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 .50 to 6.0 percent annually for the next nine years, and 4.0 percent annually thereafter.

All investments are carried at market value. 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 annually, not to exceed a 12 percent corridor.

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005 actuarially valuation was 358,864. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$256,595. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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 and January 1, 2007, 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 2006 and 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 2006 that were used to fund postemployment benefits were \$155,415 for police and \$113,767 for fire. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 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, 2006*

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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, 2006, the total liability for unpaid compensated absences was \$2,827,157.

***B. Life Insurance***

The City provides life insurance and accidental death and dismemberment insurance to its employees through Fort Dearborn Life Insurance Company.

**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, 2006.

***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, 2006.

**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 2006, 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.

**City of Alliance, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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***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 2006, 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 – Subsequent Event**

In May 2007, the residents of the City approved an additional one-quarter of one percent income tax increase. The increase is effective July 1, 2007 and raises City's municipal income tax rate to 2.00 percent.

*Combining and Individual Fund  
Statements and Schedules*

**City of Alliance, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,023,972	\$842,356	\$2,866,328
Receivables:			
Taxes	204,187	256,804	460,991
Intergovernmental	763,602	0	763,602
Special Assessments	0	36,168	36,168
Loans	39,715	0	39,715
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Assets</i>	<u>\$3,031,476</u>	<u>\$1,135,328</u>	<u>\$4,166,804</u>
<b>Liabilities</b>			
Accounts Payable	\$18,572	\$20,260	\$38,832
Accrued Wages	16,780	0	16,780
Interfund Payable	29,484	0	29,484
Intergovernmental Payable	26,656	0	26,656
Deferred Revenue	773,688	144,432	918,120
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Liabilities</i>	<u>865,180</u>	<u>164,692</u>	<u>1,029,872</u>
<b>Fund Equity</b>			
Fund Balances:			
Reserved for Encumbrances	80,068	93,495	173,563
Reserved for Loans Receivable	39,715	0	39,715
Unreserved, Undesignated	2,046,513	877,141	2,923,654
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Fund Equity</i>	<u>2,166,296</u>	<u>970,636</u>	<u>3,136,932</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Liabilities and Fund Equity</i>	<u>\$3,031,476</u>	<u>\$1,135,328</u>	<u>\$4,166,804</u>

**City of Alliance, Ohio**  
*Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revenues</b>			
Property and Other Taxes	\$431,403	\$0	\$431,403
Municipal Income Tax	0	\$730,999	730,999
Licenses, Permits and Fees	69,297	0	69,297
Fines and Forfeitures	254,803	0	254,803
Intergovernmental	2,194,385	311,686	2,506,071
Special Assessments	0	30	30
Interest	61,585	2	61,587
Other	135,034	14,127	149,161
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Revenues</i>	3,146,507	1,056,844	4,203,351
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Expenditures</b>			
Current:			
General Government	215,740	0	215,740
Security of Persons and Property	971,683	0	971,683
Public Health Services	302,487	0	302,487
Transportation	779,409	0	779,409
Community Environment	865,707	0	865,707
Capital Outlay	0	1,218,871	1,218,871
Debt Service:			
Principal Retirement	7,083	0	7,083
Interest and Fiscal Charges	17,062	0	17,062
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Expenditures</i>	3,159,171	1,218,871	4,378,042
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(12,664)	(162,027)	(174,691)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	711,114	12,500	723,614
Transfers Out	(630,301)	(73,133)	(703,434)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Other Financing Sources (Uses)</i>	80,813	(60,633)	20,180
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Net Change in Fund Balances</i>	68,149	(222,660)	(154,511)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Fund Balances Beginning of Year</i>	2,098,147	1,193,296	3,291,443
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Fund Balances End of Year</i>	<u>\$2,166,296</u>	<u>\$970,636</u>	<u>\$3,136,932</u>

## 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 Fund*** - 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*  
*E-Cite Fund*  
*Home Administration Fund*  
*Land Use Study Fund*  
*Byrne Justice Assistance Grant Fund*  
*Municipal Court Security Fund*

**City of Alliance, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2006*

	Street Repair and Maintenance	Federal COPS Fast Program	State Highway	Law Enforcement Block Grant
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$27,637	\$71,543	\$115,405	\$69,772
Receivables:				
Taxes	0	0	0	0
Intergovernmental	478,656	0	46,248	0
Loans	0	0	0	0
<i>Total Assets</i>	\$506,293	\$71,543	\$161,653	\$69,772
 <b>Liabilities</b>				
Accounts Payable	\$4,797	\$0	\$0	\$759
Accrued Wages	1,170	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	13,740	0	0	0
Deferred Revenue	365,310	0	36,294	0
<i>Total Liabilities</i>	385,017	0	36,294	759
 <b>Fund Equity</b>				
Reserved for Encumbrances	1,878	0	0	75
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated	119,398	71,543	125,359	68,938
<i>Total Fund Equity</i>	121,276	71,543	125,359	69,013
<i>Total Liabilities and Fund Equity</i>	\$506,293	\$71,543	\$161,653	\$69,772

<u>Motor Vehicle License</u>	<u>Municipal Court Computerization</u>	<u>Health</u>	<u>Litter Control</u>	<u>State Misdemeanant Grant</u>	<u>Federal Aging Grant</u>
\$61,550	\$20,150	\$125,340	\$0	\$10,568	\$924
0	0	0	0	0	0
106,496	0	20,134	47,887	0	1,277
0	0	0	0	0	0
<u>\$168,046</u>	<u>\$20,150</u>	<u>\$145,474</u>	<u>\$47,887</u>	<u>\$10,568</u>	<u>\$2,201</u>
\$0	\$0	\$161	\$138	\$0	\$0
0	0	5,222	1,100	0	356
0	0	11,294	7,743	0	43
0	725	4,142	906	0	295
<u>78,744</u>	<u>0</u>	<u>916</u>	<u>31,324</u>	<u>0</u>	<u>357</u>
<u>78,744</u>	<u>725</u>	<u>21,735</u>	<u>41,211</u>	<u>0</u>	<u>1,051</u>
0	0	0	0	0	0
0	0	0	0	0	0
<u>89,302</u>	<u>19,425</u>	<u>123,739</u>	<u>6,676</u>	<u>10,568</u>	<u>1,150</u>
<u>89,302</u>	<u>19,425</u>	<u>123,739</u>	<u>6,676</u>	<u>10,568</u>	<u>1,150</u>
<u>\$168,046</u>	<u>\$20,150</u>	<u>\$145,474</u>	<u>\$47,887</u>	<u>\$10,568</u>	<u>\$2,201</u>

(continued)

**City of Alliance, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2006*

	<u>Cemetery</u>	<u>HUD Grant</u>	<u>Community Development Block Grant</u>	<u>Fire Pension</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$592,729	\$113,127	\$57,193	\$9,999
Receivables:				
Taxes	0	0	0	102,088
Intergovernmental	0	36,094	0	4,370
Loans	0	0	39,715	0
<i>Total Assets</i>	<u>\$592,729</u>	<u>\$149,221</u>	<u>\$96,908</u>	<u>\$116,457</u>
<b>Liabilities</b>				
Accounts Payable	\$757	\$7,160	\$0	\$0
Accrued Wages	1,564	7,368	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	1,497	5,351	0	0
Deferred Revenue	0	41,150	0	106,458
<i>Total Liabilities</i>	<u>3,818</u>	<u>61,029</u>	<u>0</u>	<u>106,458</u>
<b>Fund Equity</b>				
Reserved for Encumbrances	0	66,130	2,996	0
Reserved for Loans Receivable	0	0	39,715	0
Unreserved, Undesignated	588,911	22,062	54,197	9,999
<i>Total Fund Equity</i>	<u>588,911</u>	<u>88,192</u>	<u>96,908</u>	<u>9,999</u>
 <i>Total Liabilities and Fund Equity</i>	 <u>\$592,729</u>	 <u>\$149,221</u>	 <u>\$96,908</u>	 <u>\$116,457</u>

<u>Police Pension</u>	<u>Tax Increment</u>	<u>Other</u>	<u>Totals</u>
\$10,000	\$591,288	\$146,747	\$2,023,972
102,099	0	0	204,187
4,369	0	18,071	763,602
0	0	0	39,715
<u>\$116,468</u>	<u>\$591,288</u>	<u>\$164,818</u>	<u>\$3,031,476</u>
\$0	\$0	\$4,800	\$18,572
0	0	0	16,780
0	0	10,404	29,484
0	0	0	26,656
<u>106,468</u>	<u>0</u>	<u>6,667</u>	<u>773,688</u>
<u>106,468</u>	<u>0</u>	<u>21,871</u>	<u>865,180</u>
0	0	8,989	80,068
0	0	0	39,715
<u>10,000</u>	<u>591,288</u>	<u>133,958</u>	<u>2,046,513</u>
<u>10,000</u>	<u>591,288</u>	<u>142,947</u>	<u>2,166,296</u>
<u>\$116,468</u>	<u>\$591,288</u>	<u>\$164,818</u>	<u>\$3,031,476</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, 2006*

	Street Repair and Maintenance	Federal COPS Fast Program	State Highway	Law Enforcement Block Grant
<b>Revenues</b>				
Property and Other Taxes	\$0	\$0	\$0	\$0
Licenses, Permits and Fees	0	0	0	0
Fines and Forfeitures	0	0	0	93,262
Intergovernmental	748,526	0	61,456	0
Interest	1,061	4,473	7,183	7,170
Other	4,505	0	0	6,914
<i>Total Revenues</i>	<u>754,092</u>	<u>4,473</u>	<u>68,639</u>	<u>107,346</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Security of Persons and Property	69,319	0	0	97,517
Public Health Services	0	0	0	0
Transportation	779,409	0	0	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>848,728</u>	<u>0</u>	<u>0</u>	<u>97,517</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(94,636)</u>	<u>4,473</u>	<u>68,639</u>	<u>9,829</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	96,000	0	0	0
Transfers Out	0	0	(41,698)	0
<i>Total Other Financing Sources (Uses)</i>	<u>96,000</u>	<u>0</u>	<u>(41,698)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,364	4,473	26,941	9,829
<i>Fund Balances Beginning of Year</i>	<u>119,912</u>	<u>67,070</u>	<u>98,418</u>	<u>59,184</u>
<i>Fund Balances End of Year</i>	<u>\$121,276</u>	<u>\$71,543</u>	<u>\$125,359</u>	<u>\$69,013</u>

Motor Vehicle License	Municipal Court Computerization	Health	Litter Control	State Misdemeanant Grant	Federal Aging Grant
\$0	\$0	\$0	\$0	\$0	\$0
0	0	37,022	0	0	0
0	73,935	0	0	0	0
179,561	0	172,517	48,701	0	12,294
0	0	0	0	0	36
0	0	19	5	0	2
<u>179,561</u>	<u>73,935</u>	<u>209,558</u>	<u>48,706</u>	<u>0</u>	<u>12,332</u>
0	68,815	0	0	0	12,518
0	0	16,353	0	0	0
0	0	194,158	0	0	0
0	0	0	0	0	0
0	0	0	64,773	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>68,815</u>	<u>210,511</u>	<u>64,773</u>	<u>0</u>	<u>12,518</u>
<u>179,561</u>	<u>5,120</u>	<u>(953)</u>	<u>(16,067)</u>	<u>0</u>	<u>(186)</u>
0	0	0	0	0	0
<u>(183,023)</u>	<u>(8,253)</u>	<u>(6,607)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(183,023)</u>	<u>(8,253)</u>	<u>(6,607)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(3,462)	(3,133)	(7,560)	(16,067)	0	(186)
<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>\$89,302</u>	<u>\$19,425</u>	<u>\$123,739</u>	<u>\$6,676</u>	<u>\$10,568</u>	<u>\$1,150</u>

(continued)

**City of Alliance, Ohio**  
*Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds (continued)  
For the Year Ended December 31, 2006*

	Cemetery	HUD Grant	Community Development Block Grant	Fire Pension
<b>Revenues</b>				
Property and Other Taxes	\$0	\$0	\$0	\$84,389
Licenses, Permits and Fees	32,275	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	888,482	0	7,332
Interest	30,814	0	7,793	0
Other	21,052	41,150	40,636	205
<i>Total Revenues</i>	<u>84,141</u>	<u>929,632</u>	<u>48,429</u>	<u>91,926</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	344,493
Public Health Services	107,135	0	0	0
Transportation	0	0	0	0
Community Environment	0	654,538	109,376	0
Debt Service:				
Principal Retirement	0	0	0	4,020
Interest and Fiscal Charges	0	0	0	9,684
<i>Total Expenditures</i>	<u>107,135</u>	<u>654,538</u>	<u>109,376</u>	<u>358,197</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(22,994)</u>	<u>275,094</u>	<u>(60,947)</u>	<u>(266,271)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	60,000	0	0	265,313
Transfers Out	0	(276,375)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>60,000</u>	<u>(276,375)</u>	<u>0</u>	<u>265,313</u>
<i>Net Change in Fund Balances</i>	37,006	(1,281)	(60,947)	(958)
<i>Fund Balances Beginning of Year</i>	<u>551,905</u>	<u>89,473</u>	<u>157,855</u>	<u>10,957</u>
<i>Fund Balances End of Year</i>	<u><u>\$588,911</u></u>	<u><u>\$88,192</u></u>	<u><u>\$96,908</u></u>	<u><u>\$9,999</u></u>

<u>Police Pension</u>	<u>Tax Increment</u>	<u>Other</u>	<u>Totals</u>
\$84,389	\$262,625	\$0	\$431,403
0	0	0	69,297
0	0	87,606	254,803
7,332	0	68,184	2,194,385
0	0	3,055	61,585
205	0	20,341	135,034
<u>91,926</u>	<u>262,625</u>	<u>179,186</u>	<u>3,146,507</u>
0	53,236	81,171	215,740
372,244	0	71,757	971,683
0	0	1,194	302,487
0	0	0	779,409
0	0	37,020	865,707
3,063	0	0	7,083
7,378	0	0	17,062
<u>382,685</u>	<u>53,236</u>	<u>191,142</u>	<u>3,159,171</u>
<u>(290,759)</u>	<u>209,389</u>	<u>(11,956)</u>	<u>(12,664)</u>
289,801	0	0	711,114
0	(112,345)	(2,000)	(630,301)
<u>289,801</u>	<u>(112,345)</u>	<u>(2,000)</u>	<u>80,813</u>
(958)	97,044	(13,956)	68,149
10,958	494,244	156,903	2,098,147
<u>\$10,000</u>	<u>\$591,288</u>	<u>\$142,947</u>	<u>\$2,166,296</u>

**City of Alliance, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Street Repair and Maintenance Fund*  
*For the Year Ended December 31, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$791,250	\$766,787	(\$24,463)
Interest	2,000	1,061	(939)
Other	3,550	4,505	955
<i>Total Revenues</i>	<u>796,800</u>	<u>772,353</u>	<u>(24,447)</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Street Security:			
Personal Services	32,536	31,257	1,279
Fringe Benefits	19,082	17,659	1,423
Contractual Services	15,500	14,183	1,317
<i>Total Security of Persons and Property</i>	<u>67,118</u>	<u>63,099</u>	<u>4,019</u>
Transportation:			
Street Transportation:			
Salaries and Wages	470,787	450,761	20,026
Fringe Benefits	222,783	211,254	11,529
Contractual Services	84,461	78,186	6,275
Materials and Supplies	41,999	41,087	912
<i>Total Transportation</i>	<u>820,030</u>	<u>781,288</u>	<u>38,742</u>
<i>Total Expenditures</i>	<u>887,148</u>	<u>844,387</u>	<u>42,761</u>
<i>Excess of Revenues Under Expenditures</i>	(90,348)	(72,034)	18,314
<b>Other Financing Sources</b>			
Transfers In	96,000	96,000	0
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	5,652	23,966	18,314
<i>Fund Balance Beginning of Year</i>	<u>1,793</u>	<u>1,793</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,445</u></u>	<u><u>\$25,759</u></u>	<u><u>\$18,314</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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Interest	<u>\$4,195</u>	<u>\$4,473</u>	<u>\$278</u>
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	4,195	4,473	278
<i>Fund Balance Beginning of Year</i>	<u>67,070</u>	<u>67,070</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$71,265</u></u>	<u><u>\$71,543</u></u>	<u><u>\$278</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$61,723	\$62,172	\$449
Interest	7,183	7,183	0
<i>Total Revenues</i>	<u>68,906</u>	<u>69,355</u>	<u>449</u>
<b>Expenditures</b>			
Current:			
Transportation:			
Street Repair and Maintenance:			
Capital Outlay	35,000	0	35,000
<i>Total Expenditures</i>	<u>35,000</u>	<u>0</u>	<u>35,000</u>
<i>Excess of Revenues Over Expenditures</i>	33,906	69,355	35,449
<b>Other Financing Uses</b>			
Transfers Out	(41,698)	(41,698)	0
<i>Excess of Revenues Over/(Under) Expenditures and Other Financing Uses</i>	(7,792)	27,657	35,449
<i>Fund Balance Beginning of Year</i>	<u>87,748</u>	<u>87,748</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$79,956</u></u>	<u><u>\$115,405</u></u>	<u><u>\$35,449</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Interest	\$7,170	\$7,170	\$0
Other	99,869	100,176	307
<i>Total Revenues</i>	<u>107,039</u>	<u>107,346</u>	<u>307</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Police:			
Materials and Supplies	115,248	82,351	32,897
Capital Outlay	14,581	14,481	100
<i>Total Expenditures</i>	<u>129,829</u>	<u>96,832</u>	<u>32,997</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(22,790)	10,514	33,304
<i>Fund Balance Beginning of Year</i>	<u>59,184</u>	<u>59,184</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$36,394</u></u>	<u><u>\$69,698</u></u>	<u><u>\$33,304</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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	<u>\$173,129</u>	<u>\$173,129</u>	<u>\$0</u>
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	173,129	173,129	0
<b>Other Financing Uses</b>			
Transfers Out	<u>(183,023)</u>	<u>(183,023)</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(9,894)	(9,894)	0
<i>Fund Balance Beginning of Year</i>	<u>71,444</u>	<u>71,444</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$61,550</u></u>	<u><u>\$61,550</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 Computerization Fund*  
*For the Year Ended December 31, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$73,935	\$73,935	\$0
<b>Expenditures</b>			
Current:			
General Government:			
Clerk of Courts:			
Salaries and Wages	30,000	25,875	4,125
Fringe Benefits	4,545	3,590	955
Contractual Services	8,500	8,320	180
Materials and Supplies	16,000	15,902	98
Capital Outlay	20,000	14,403	5,597
<i>Total Expenditures</i>	79,045	68,090	10,955
<i>Excess of Revenues Over/(Under) Expenditures</i>	(5,110)	5,845	10,955
<b>Other Financing Uses</b>			
Transfers Out	(8,253)	(8,253)	0
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(13,363)	(2,408)	10,955
<i>Fund Balance Beginning of Year</i>	22,558	22,558	0
<i>Fund Balance End of Year</i>	\$9,195	\$20,150	\$10,955

**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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Licenses, Permits and Fees	\$37,025	\$37,022	(\$3)
Intergovernmental	171,275	180,865	9,590
Other	0	19	19
<i>Total Revenues</i>	<u>208,300</u>	<u>217,906</u>	<u>9,606</u>
<b>Expenditures</b>			
Current:			
Public Safety:			
Police Department:			
Personal Services	29,144	15,946	13,198
Fringe Benefits	2,334	407	1,927
Materials and Supplies	4,854	0	4,854
<i>Total Police Department</i>	<u>36,332</u>	<u>16,353</u>	<u>19,979</u>
Public Health/Welfare:			
Salaries and Wages	127,798	123,444	4,354
Fringe Benefits	56,309	54,453	1,856
Contractual Services	3,535	1,825	1,710
Materials and Supplies	10,720	8,802	1,918
Capital Outlay	100	30	70
Other	15,000	5,120	9,880
<i>Total Public Health/Welfare</i>	<u>213,462</u>	<u>193,674</u>	<u>19,788</u>
<i>Total Expenditures</i>	<u>249,794</u>	<u>210,027</u>	<u>39,767</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(41,494)	7,879	49,373
<b>Other Financing Sources/(Uses)</b>			
Advances In	11,294	11,294	0
Transfers Out	(6,910)	(6,607)	303
Total Other Financing Sources/(Uses)	4,384	4,687	303
<i>Excess of Revenues and Other Financing Sources</i> <i>Over/(Under) Expenditures and Other Financing Uses</i>	(37,110)	12,566	49,676
<i>Fund Balance Beginning of Year</i>	<u>112,774</u>	<u>112,774</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$75,664</u></u>	<u><u>\$125,340</u></u>	<u><u>\$49,676</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$65,864	\$52,299	(\$13,565)
Other	5	5	0
<i>Total Revenues</i>	<u>65,869</u>	<u>52,304</u>	<u>(13,565)</u>
<b>Expenditures</b>			
Current:			
Community Environment:			
Litter Control:			
Salaries and Wages	31,671	31,117	554
Fringe Benefits	16,961	16,266	695
Contractual Services	6,423	5,026	1,397
Materials and Supplies	13,545	11,880	1,665
Capital Outlay	1,700	194	1,506
<i>Total Expenditures</i>	<u>70,300</u>	<u>64,483</u>	<u>5,817</u>
<i>Excess of Revenues Under Expenditures</i>	(4,431)	(12,179)	(7,748)
<b>Other Financing Sources</b>			
Advances In	7,743	7,743	0
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures</i>	3,312	(4,436)	(7,748)
<i>Fund Balance Beginning of Year</i>	<u>4,436</u>	<u>4,436</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$7,748</u></u>	<u><u>\$0</u></u>	<u><u>(\$7,748)</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, 2006*

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

**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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$17,440	\$13,492	(\$3,948)
Interest	36	36	0
Other	2	2	0
<i>Total Revenues</i>	<u>17,478</u>	<u>13,530</u>	<u>(3,948)</u>
<b>Expenditures</b>			
Current:			
General Government:			
Aging:			
Salaries and Wages	13,161	9,920	3,241
Fringe Benefits	2,928	2,475	453
Contractual Services	350	255	95
Materials and Supplies	400	0	400
<i>Total Expenditures</i>	<u>16,839</u>	<u>12,650</u>	<u>4,189</u>
<i>Excess of Revenues Over Expenditures</i>	639	880	241
<b>Other Financing Sources/(Uses)</b>			
Advances In	43	43	0
Transfers Out	(682)	0	682
Total Other Financing Sources (Uses)	<u>(639)</u>	<u>43</u>	<u>682</u>
<i>Excess of Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures</i>	0	923	923
<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>\$923</u></u>	<u><u>\$923</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Licenses, Permits and Fees	\$26,887	\$32,275	\$5,388
Interest	30,050	30,814	764
Other	23,000	21,052	(1,948)
<i>Total Revenues</i>	<u>79,937</u>	<u>84,141</u>	<u>4,204</u>
<b>Expenditures</b>			
Current:			
Public Health Services:			
Cemetery:			
Salaries and Wages	60,759	59,347	1,412
Fringe Benefits	21,729	21,223	506
Contractual Services	22,321	20,637	1,684
Materials and Supplies	5,510	5,476	34
Other	700	600	100
<i>Total Expenditures</i>	<u>111,019</u>	<u>107,283</u>	<u>3,736</u>
<i>Excess of Revenues Under Expenditures</i>	(31,082)	(23,142)	7,940
<b>Other Financing Sources</b>			
Transfers In	60,000	60,000	0
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	28,918	36,858	7,940
<i>Fund Balance Beginning of Year</i>	<u>555,871</u>	<u>555,871</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$584,789</u></u>	<u><u>\$592,729</u></u>	<u><u>\$7,940</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$1,565,450	\$893,538	(\$671,912)
Other	41,150	41,150	0
<i>Total Revenues</i>	<u>1,606,600</u>	<u>934,688</u>	<u>(671,912)</u>
<b>Expenditures</b>			
Current:			
Community Environment:			
CDBG:			
Salaries and Wages	200,810	141,321	59,489
Fringe Benefits	155,795	73,513	82,282
Contractual Services	220,364	122,023	98,341
Materials and Supplies	9,203	3,737	5,466
Capital Outlay	448,939	356,036	92,903
Other	228,185	14,830	213,355
<i>Total Expenditures</i>	<u>1,263,296</u>	<u>711,460</u>	<u>551,836</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	343,304	223,228	(120,076)
<b>Other Financing Uses</b>			
Transfers Out	(276,375)	(276,375)	0
<i>Excess of Revenues Over/(Under) Expenditures and Other Financing Uses</i>	66,929	(53,147)	(120,076)
<i>Fund Balance Beginning of Year</i>	(41,653)	(41,653)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>141,797</u>	<u>141,797</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$167,073</u></u>	<u><u>\$46,997</u></u>	<u><u>(\$120,076)</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Interest	\$7,550	\$7,793	\$243
Other	56,382	59,248	2,866
<i>Total Revenues</i>	<u>63,932</u>	<u>67,041</u>	<u>3,109</u>
<b>Expenditures</b>			
Current:			
Community Environment:			
CDBG:			
Capital Outlay	112,028	112,846	(818)
<i>Excess of Revenues Under Expenditures</i>	(48,096)	(45,805)	2,291
<i>Fund Balance Beginning of Year</i>	98,657	98,657	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,345</u>	<u>1,345</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$51,906</u></u>	<u><u>\$54,197</u></u>	<u><u>\$2,291</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property and Other Taxes	\$89,878	\$84,389	(\$5,489)
Intergovernmental	15,325	7,332	(7,993)
Other	205	205	0
<i>Total Revenues</i>	<u>105,408</u>	<u>91,926</u>	<u>(13,482)</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Fire:			
Fringe Benefits	374,054	356,967	(17,087)
Contractual Services	1,230	1,230	0
<i>Total Expenditures</i>	<u>375,284</u>	<u>358,197</u>	<u>(17,087)</u>
<i>Excess of Revenues Under Expenditures</i>	(269,876)	(266,271)	3,605
<b>Other Financing Sources</b>			
Transfers In	265,313	265,313	0
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(4,563)	(958)	3,605
<i>Fund Balance Beginning of Year</i>	<u>10,958</u>	<u>10,958</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,395</u></u>	<u><u>\$10,000</u></u>	<u><u>\$3,605</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property and Other Taxes	\$89,878	\$84,389	(\$5,489)
Intergovernmental	21,837	7,332	(14,505)
Other	205	205	0
<i>Total Revenues</i>	<u>111,920</u>	<u>91,926</u>	<u>(19,994)</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Police:			
Fringe Benefits	395,641	381,455	14,186
Contractual Services	1,230	1,230	0
<i>Total Expenditures</i>	<u>396,871</u>	<u>382,685</u>	<u>14,186</u>
<i>Excess of Revenues Under Expenditures</i>	(284,951)	(290,759)	(5,808)
<b>Other Financing Sources</b>			
Transfers In	289,801	289,801	0
<i>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures</i>	4,850	(958)	(5,808)
<i>Fund Balance Beginning of Year</i>	<u>10,958</u>	<u>10,958</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$15,808</u></u>	<u><u>\$10,000</u></u>	<u><u>(\$5,808)</u></u>

**City of Alliance, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Tax Increment Fund*  
*For the Year Ended December 31, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property and Other Taxes	\$262,625	\$262,625	\$0
<b>Expenditures</b>			
Current:			
Community Environment:			
Tax Increment:			
Contractual Services	7,000	3,237	3,763
Other	138,000	129,378	8,622
<i>Total Expenditures</i>	145,000	132,615	12,385
<i>Excess of Revenues Over Expenditures</i>	117,625	130,010	12,385
<b>Other Financing Uses</b>			
Transfers Out	(112,345)	(112,345)	0
<i>Excess of Revenues Over Expenditures and Other Financing Uses</i>	5,280	17,665	12,385
<i>Fund Balance Beginning of Year</i>	573,622	573,622	0
<i>Fund Balance End of Year</i>	\$578,902	\$591,287	\$12,385

**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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Other	\$11,009	\$11,009	\$0
<b>Expenditures</b>			
Current:			
General Government:			
Clerk of Courts:			
Materials and Supplies	16,000	13,500	2,500
<i>Excess of Revenues Under Expenditures</i>	(4,991)	(2,491)	2,500
<i>Fund Balance Beginning of Year</i>	6,321	6,321	0
<i>Fund Balance End of Year</i>	\$1,330	\$3,830	\$2,500

**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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Other	<u>\$5,908</u>	<u>\$5,908</u>	<u>\$0</u>
<b>Expenditures</b>			
Current:			
General Government:			
Judicial:			
Materials and Supplies	<u>12,000</u>	<u>0</u>	<u>12,000</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(6,092)	5,908	12,000
<i>Fund Balance Beginning of Year</i>	<u>14,263</u>	<u>14,263</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,171</u></u>	<u><u>\$20,171</u></u>	<u><u>\$12,000</u></u>

**City of Alliance, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Municipal Court Legal Research Fund*  
*For the Year Ended December 31, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Fines and Forfeitures	\$16,288	\$16,288	\$0
<b>Expenditures</b>			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	14,000	6,002	7,998
Capital Outlay	5,000	2,777	2,223
<i>Total Expenditures</i>	19,000	8,779	10,221
<i>Excess of Revenues Over/(Under) Expenditures</i>	(2,712)	7,509	10,221
<b>Other Financing Uses</b>			
Transfers Out	(2,000)	(2,000)	0
<i>Excess of Revenues Over/(Under) Expenditures and Other Financing Uses</i>	(4,712)	5,509	10,221
<i>Fund Balance Beginning of Year</i>	12,155	12,155	0
<i>Fund Balance End of Year</i>	\$7,443	\$17,664	\$10,221

**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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	<u>\$16,473</u>	<u>\$16,473</u>	<u>\$0</u>
<b>Expenditures</b>			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	<u>17,000</u>	<u>16,000</u>	<u>1,000</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(527)	473	1,000
<i>Fund Balance Beginning of Year</i>	<u>2,775</u>	<u>2,775</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,248</u></u>	<u><u>\$3,248</u></u>	<u><u>\$1,000</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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>2</u>	<u>2</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2</u></u>	<u><u>\$2</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*  
*Court Immobilization Fund*  
*For the Year Ended December 31, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	<u>\$6,100</u>	<u>\$6,100</u>	<u>\$0</u>
<b>Expenditures</b>			
Current:			
General Government:			
Municipal Court:			
Materials and Supplies	1,235	1,201	34
Capital Outlay	<u>29,000</u>	<u>7,610</u>	<u>21,390</u>
Total Expenditures	<u>30,235</u>	<u>8,811</u>	<u>21,424</u>
<i>Excess of Revenues Under Expenditures</i>	(24,135)	(2,711)	21,424
<i>Fund Balance Beginning of Year</i>	30,492	30,492	0
<i>Prior Year Encumbrances Appropriated</i>	<u>250</u>	<u>250</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,607</u></u>	<u><u>\$28,031</u></u>	<u><u>\$21,424</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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Other	<u>\$2,118</u>	<u>\$2,130</u>	<u>\$12</u>
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	2,118	2,130	12
<i>Fund Balance Beginning of Year</i>	<u>12,981</u>	<u>12,981</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$15,099</u></u>	<u><u>\$15,111</u></u>	<u><u>\$12</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Interest	\$3,055	\$3,055	\$0
Fines and Forfeitures	109,645	11,104	(98,541)
<i>Total Revenues</i>	112,700	14,159	(98,541)
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Police:			
Materials and Supplies	174,116	71,757	102,359
<i>Excess of Revenues Under Expenditures</i>	(61,416)	(57,598)	3,818
<i>Fund Balance Beginning of Year</i>	61,416	61,416	0
<i>Fund Balance End of Year</i>	\$0	\$3,818	\$3,818

**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, 2006*

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

**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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Other	<u>\$1,294</u>	<u>\$1,294</u>	<u>\$0</u>
<b>Expenditures</b>			
Current:			
Health & Welfare:			
Other	<u>1,200</u>	<u>1,194</u>	<u>6</u>
<i>Excess of Revenues Over Expenditures</i>	<u>94</u>	<u>100</u>	<u>6</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>\$94</u></u>	<u><u>\$100</u></u>	<u><u>\$6</u></u>

**City of Alliance, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*E-Cite Fund*  
*For the Year Ended December 31, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	<u>\$584</u>	<u>\$584</u>	<u>\$0</u>
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	584	584	0
<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>\$584</u></u>	<u><u>\$584</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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	<u>\$216,475</u>	<u>\$32,719</u>	<u>(\$183,756)</u>
<b>Expenditures</b>			
Current:			
Community Environment			
Salaries and Wages	7,186	6,734	452
Personal Services	199,287	23,980	175,307
Fringe Benefits	<u>1,782</u>	<u>923</u>	<u>859</u>
<i>Total Expenditures</i>	<u>208,255</u>	<u>31,637</u>	<u>176,618</u>
<i>Excess of Revenues Over Expenditures</i>	8,220	1,082	(7,138)
<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>\$8,220</u></u>	<u><u>\$1,082</u></u>	<u><u>(\$7,138)</u></u>

**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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Current:			
Community Environment			
Contractual Services	<u>9,978</u>	<u>9,978</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(9,978)	(9,978)	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	<u>9,978</u>	<u>9,978</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*  
*Byrne Justice Assistance Grant Fund*  
*For the Year Ended December 31, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	<u>\$20,000</u>	<u>\$0</u>	<u>(\$20,000)</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property:			
Police:			
Capital Outlay	<u>54,765</u>	<u>34,765</u>	<u>20,000</u>
<i>Excess of Revenues Under Expenditures</i>	(34,765)	(34,765)	0
<b>Other Financing Sources</b>			
Advances In	<u>10,404</u>	<u>10,404</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(24,361)	(24,361)	0
<i>Fund Balance Beginning of Year</i>	<u>24,361</u>	<u>24,361</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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Fines and Forfeitures	<u>\$37,057</u>	<u>\$37,057</u>	<u>\$0</u>
<b>Expenditures</b>			
Contractual Services	<u>7,400</u>	<u>0</u>	<u>(\$7,400)</u>
<i>Excess of Revenues Over Expenditures</i>	29,657	37,057	7,400
<i>Fund Balance Beginning of Year</i>	<u>3,677</u>	<u>3,677</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$33,334</u></u>	<u><u>\$40,734</u></u>	<u><u>\$7,400</u></u>

## **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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Special Assessments	\$70,000	\$69,623	(\$377)
Other	<u>300</u>	<u>300</u>	<u>0</u>
<i>Total Expenditures</i>	<u>70,300</u>	<u>69,923</u>	<u>(377)</u>
<b>Expenditures</b>			
Debt Service:			
Principal Retirement			
Bond	1,798,132	1,732,093	66,039
Interest and Fiscal Charges			
Bond	<u>1,099,836</u>	<u>1,018,449</u>	<u>81,387</u>
<i>Total Expenditures</i>	<u>2,897,968</u>	<u>2,750,542</u>	<u>147,426</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,827,668)</u>	<u>(2,680,619)</u>	<u>147,049</u>
<b>Other Financing Sources</b>			
Transfers In	<u>2,699,468</u>	<u>2,677,528</u>	<u>(21,940)</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(128,200)	(3,091)	125,109
<i>Fund Balance Beginning of Year - Restated</i>	<u>372,200</u>	<u>372,200</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$244,000</u></u>	<u><u>\$369,109</u></u>	<u><u>\$125,109</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.

***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.

***Municipal Road Fund*** – This fund accounts for specific tax or other earmarked monies designated to finance annual street maintenance projects.

**City of Alliance, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2006*

	<u>Street Income Tax Construction</u>	<u>Capital Improvements</u>	<u>Downtown Development</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$176,590	\$412,365	\$34,307
Receivables:			
Taxes	102,722	154,082	0
Special Assessments	<u>36,168</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$315,480</u></u>	<u><u>\$566,447</u></u>	<u><u>\$34,307</u></u>
<b>Liabilities</b>			
Accounts Payable	\$1,855	\$18,405	\$0
Deferred Revenue	<u>79,174</u>	<u>64,508</u>	<u>0</u>
<i>Total Liabilities</i>	<u>81,029</u>	<u>82,913</u>	<u>0</u>
<b>Fund Equity</b>			
Fund Balances:			
Reserved for Encumbrances	7,851	85,644	0
Unreserved, Undesignated	<u>226,600</u>	<u>397,890</u>	<u>34,307</u>
<i>Total Fund Equity</i>	<u>234,451</u>	<u>483,534</u>	<u>34,307</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$315,480</u></u>	<u><u>\$566,447</u></u>	<u><u>\$34,307</u></u>

<u>Communication Equipment</u>	<u>Jail Construction</u>	<u>West State Street</u>
\$207	\$32	\$16,115
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$207</u>	<u>\$32</u>	<u>\$16,115</u>
\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
0	0	0
<u>207</u>	<u>32</u>	<u>16,115</u>
<u>207</u>	<u>32</u>	<u>16,115</u>
<u>\$207</u>	<u>\$32</u>	<u>\$16,115</u>

**City of Alliance, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds (continued)*  
*December 31, 2006*

	<u>Street Improvement</u>	<u>Municipal Road Fund</u>	<u>Totals</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$202,740	\$0	\$842,356
Receivables:			
Taxes	0	0	256,804
Special Assessments	<u>0</u>	<u>0</u>	<u>36,168</u>
<i>Total Assets</i>	<u><u>\$202,740</u></u>	<u><u>\$0</u></u>	<u><u>\$1,135,328</u></u>
<b>Liabilities</b>			
Accounts Payable	\$0	\$0	\$20,260
Deferred Revenue	<u>750</u>	<u>0</u>	<u>144,432</u>
<i>Total Liabilities</i>	<u>750</u>	<u>0</u>	<u>164,692</u>
<b>Fund Equity</b>			
Fund Balances:			
Reserved for Encumbrances	0	0	93,495
Unreserved, Undesignated	<u>201,990</u>	<u>0</u>	<u>877,141</u>
<i>Total Fund Equity</i>	<u>201,990</u>	<u>0</u>	<u>970,636</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$202,740</u></u>	<u><u>\$0</u></u>	<u><u>\$1,135,328</u></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, 2006*

	Street Income Tax Construction	Capital Improvements
<b>Revenues</b>		
Municipal Income Taxes	\$292,400	\$438,599
Intergovernmental	0	95,698
Special Assessments	30	0
Interest	0	0
Other	14,127	0
<i>Total Revenues</i>	<u>306,557</u>	<u>534,297</u>
<b>Expenditures</b>		
Capital Outlay	420,278	567,391
<i>Total Expenditures</i>	<u>420,278</u>	<u>567,391</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(113,721)</u>	<u>(33,094)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers In	0	0
Transfers Out	(6,373)	(66,760)
<i>Total Other Financing Sources (Uses)</i>	<u>(6,373)</u>	<u>(66,760)</u>
<i>Net Change in Fund Balances</i>	(120,094)	(99,854)
<i>Fund Balances Beginning of Year</i>	<u>354,545</u>	<u>583,388</u>
<i>Fund Balances End of Year</i>	<u><u>\$234,451</u></u>	<u><u>\$483,534</u></u>

**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, 2006*

	<u>Downtown Development</u>	<u>Communication Equipment</u>	<u>Jail Construction</u>
<b>Revenues</b>			
Municipal Income Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Special Assessments	0	0	0
Interest	0	0	2
Other	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>2</u>
<b>Expenditures</b>			
Capital Outlay	0	13,909	0
<i>Total Expenditures</i>	<u>0</u>	<u>13,909</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(13,909)</u>	<u>2</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	12,500	0
Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>12,500</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	(1,409)	2
<i>Fund Balances Beginning of Year</i>	<u>34,307</u>	<u>1,616</u>	<u>30</u>
<i>Fund Balances End of Year</i>	<u><u>\$34,307</u></u>	<u><u>\$207</u></u>	<u><u>\$32</u></u>

<u>West State Street</u>	<u>Street Improvement</u>	<u>Municipal Road Fund</u>	<u>Totals</u>
\$0	\$0	\$0	\$730,999
0	19,208	\$196,780	311,686
0	0	0	30
0	0	0	2
0	0	0	14,127
<u>0</u>	<u>19,208</u>	<u>196,780</u>	<u>1,056,844</u>
<u>0</u>	<u>20,513</u>	<u>196,780</u>	<u>1,218,871</u>
<u>0</u>	<u>20,513</u>	<u>196,780</u>	<u>1,218,871</u>
<u>0</u>	<u>(1,305)</u>	<u>0</u>	<u>(162,027)</u>
0	0	0	12,500
<u>0</u>	<u>0</u>	<u>0</u>	<u>(73,133)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(60,633)</u>
0	(1,305)	0	(222,660)
<u>16,115</u>	<u>203,295</u>	<u>0</u>	<u>1,193,296</u>
<u>\$16,115</u>	<u>\$201,990</u>	<u>\$0</u>	<u>\$970,636</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Municipal Income Taxes	\$312,000	\$292,915	(\$19,085)
Special Assessments	179	30	(149)
Other	34,000	14,127	(19,873)
<i>Total Revenues</i>	<u>346,179</u>	<u>307,072</u>	<u>(39,107)</u>
<b>Expenditures</b>			
Capital Outlay:			
Street Income Tax:			
Capital Outlay	<u>505,449</u>	<u>435,059</u>	<u>70,390</u>
<i>Excess of Revenues Under Expenditures</i>	(159,270)	(127,987)	31,283
<b>Other Financing Uses</b>			
Transfers Out	<u>(6,373)</u>	<u>(6,373)</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(165,643)	(134,360)	31,283
<i>Fund Balance Beginning of Year</i>	281,715	281,715	0
Prior Year Encumbrances Appropriated	<u>21,384</u>	<u>21,384</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$137,456</u></u>	<u><u>\$168,739</u></u>	<u><u>\$31,283</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Municipal Income Taxes	\$438,033	\$439,372	\$1,339
Intergovernmental	95,698	95,698	0
<i>Total Revenues</i>	<u>533,731</u>	<u>535,070</u>	<u>1,339</u>
<b>Expenditures</b>			
Capital Outlay:			
Capital Improvements:			
Contractual Services	7,382	7,381	1
Capital Outlay	770,921	645,654	125,267
<i>Total Expenditures</i>	<u>778,303</u>	<u>653,035</u>	<u>125,268</u>
<i>Excess of Revenues Under Expenditures</i>	(244,572)	(117,965)	126,607
<b>Other Financing Uses</b>			
Transfers Out	(77,613)	(66,760)	10,853
<i>Excess of Revenues Under Expenditures and Other Financing Uses</i>	(322,185)	(184,725)	137,460
<i>Fund Balance Beginning of Year</i>	510,494	510,494	0
Prior Year Encumbrances Appropriated	952	952	0
<i>Fund Balance End of Year</i>	<u><u>\$189,261</u></u>	<u><u>\$326,721</u></u>	<u><u>\$137,460</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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Capital Outlay:			
Community Development:			
Capital Outlay	<u>34,307</u>	<u>0</u>	<u>34,307</u>
<i>Excess of Revenues 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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Capital Outlay:			
General Administration Safety:			
Capital Outlay	14,116	13,909	207
<i>Excess of Revenues Under Expenditures</i>	(14,116)	(13,909)	207
<b>Other Financing Sources</b>			
Transfers In	12,500	12,500	0
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(1,616)	(1,409)	207
<i>Fund Balance Beginning of Year</i>	1,616	1,616	0
<i>Fund Balance End of Year</i>	\$0	\$207	\$207

**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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Interest	\$0	\$2	\$2
<b>Expenditures</b>	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	2	2
<b>Other Financing Uses</b>			
Transfers Out	(30)	0	30
<i>Excess of Revenues Over/(Under) Expenditures and Other Financing Uses</i>	(30)	2	32
<i>Fund Balance Beginning of Year</i>	30	30	0
<i>Fund Balance End of Year</i>	\$0	\$32	\$32

**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, 2006*

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

**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, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>	\$130,000	\$19,958	(\$110,042)
<b>Expenditures</b>			
Capital Outlay:			
Street Improvement:			
Capital Outlay	<u>424,000</u>	<u>111,513</u>	<u>312,487</u>
<i>Excess of Revenues Under Expenditures</i>	(294,000)	(91,555)	202,445
<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>\$295</u></u>	<u><u>\$202,740</u></u>	<u><u>\$202,445</u></u>

**City of Alliance, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Municipal Road Fund*  
*For the Year Ended December 31, 2006*

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$196,780	\$196,780	\$0
<b>Expenditures</b>			
Capital Outlay	<u>196,780</u>	<u>196,780</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<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>

## **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, 2006*

	Enterprise Fund		Variance Positive (Negative)
	Revised Budget	Actual	
<b>Revenues</b>			
Municipal Income Taxes	\$312,000	\$292,915	(\$19,085)
Charges for Services	4,113,613	4,365,971	252,358
Interest	67,900	153,811	85,911
Other	30,000	57,905	27,905
<i>Total Revenues</i>	<u>4,523,513</u>	<u>4,870,602</u>	<u>347,089</u>
<b>Expenses</b>			
Salaries and Wages	1,211,309	1,134,154	77,155
Fringe Benefits	553,077	497,578	55,499
Contractual Services	635,590	517,390	118,200
Materials and Supplies	487,827	436,343	51,484
Capital Outlay	467,809	294,650	173,159
Other	7,294	3,483	3,811
<i>Total Expenses</i>	<u>3,362,906</u>	<u>2,883,598</u>	<u>479,308</u>
<i>Excess of Revenues Over Expenses</i>	1,160,607	1,987,004	826,397
<b>Other Financing Uses</b>			
Transfers Out	(1,613,026)	(1,571,175)	41,851
<i>Excess of Revenues Over/(Under) Expenses and Other Financing Uses</i>	(452,419)	415,829	868,248
<i>Fund Equity Beginning of Year</i>	3,303,772	3,303,772	0
Prior Year Encumbrances Appropriated	124,836	124,836	0
<i>Fund Equity End of Year</i>	<u>\$2,976,189</u>	<u>\$3,844,437</u>	<u>\$868,248</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, 2006*

	Enterprise Fund		
	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$3,903,277	\$3,602,791	(\$300,486)
Licenses, Permits and Fees	50,000	62,759	12,759
Intergovernmental	113,680	113,680	0
Interest	120,000	195,717	75,717
Other	10,000	34,441	24,441
<i>Total Revenues</i>	<u>4,196,957</u>	<u>4,009,388</u>	<u>(187,569)</u>
<b>Expenses</b>			
Personal Services	1,428,388	1,352,675	75,713
Fringe Benefits	603,604	551,625	51,979
Contractual Services	2,272,378	685,349	1,587,029
Materials and Supplies	178,465	162,105	16,360
Capital Outlay	700,264	581,147	119,117
Other	2,094	1,132	962
<i>Total Expenses</i>	<u>5,185,193</u>	<u>3,334,033</u>	<u>1,851,160</u>
<i>Excess of Revenues Over/(Under) Expenses</i>	<u>(988,236)</u>	<u>675,355</u>	<u>1,663,591</u>
<b>Other Financing Uses</b>			
Transfers Out	(746,669)	(575,660)	171,009
<i>Excess of Revenues Over/Under Expenses and Other Financing Uses</i>	(1,734,905)	99,695	1,834,600
<i>Fund Equity Beginning of Year</i>	3,048,592	3,048,592	0
Prior Year Encumbrances Appropriated	126,900	126,900	0
<i>Fund Equity End of Year</i>	<u>\$1,440,587</u>	<u>\$3,275,187</u>	<u>\$1,834,600</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, 2006*

	Enterprise Fund		Variance Positive (Negative)
	Revised Budget	Actual	
<b>Revenues</b>			
Charges for Services	\$50,771	\$51,282	\$511
Other	0	300	300
<i>Total Revenues</i>	<u>50,771</u>	<u>51,582</u>	<u>811</u>
<b>Expenses</b>			
Salaries and Wages	14,964	14,597	367
Fringe Benefits	2,268	2,211	57
Contractual Services	23,350	21,925	1,425
Capital Outlay	5,800	5,759	41
Other	92	0	92
<i>Total Expenses</i>	<u>46,474</u>	<u>44,492</u>	<u>1,982</u>
<i>Excess of Revenues Over/(Under) Expenses</i>	<u>4,297</u>	<u>7,090</u>	<u>2,793</u>
<b>Other Financing Uses</b>			
Transfers Out	(370)	0	370
<i>Excess of Revenues Over Expenses and Other Financing Uses</i>	3,927	7,090	3,163
<i>Fund Equity Beginning of Year</i>	<u>73,980</u>	<u>73,980</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$77,907</u></u>	<u><u>\$81,070</u></u>	<u><u>\$3,163</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, 2006*

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$222,625	\$147,649	(\$74,976)
Interest	2,500	2,877	377
<i>Total Revenues</i>	<u>225,125</u>	<u>150,526</u>	<u>(74,599)</u>
<b>Expenses</b>			
Claims	2,100,000	1,768,980	331,020
<i>Excess of Revenues Under Expenses</i>	(1,874,875)	(1,618,454)	256,421
<b>Other Financing Sources</b>			
Transfers In	2,004,375	2,004,375	0
<i>Excess of Revenues and Other Financing Sources Over Expenses</i>	129,500	385,921	256,421
<i>Fund Equity Beginning of Year</i>	<u>180,073</u>	<u>180,073</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$309,573</u></u>	<u><u>\$565,994</u></u>	<u><u>\$256,421</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, 2006*

	Beginning Balance <u>01/01/06</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/06</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$0</u>	<u>\$55,131</u>	<u>\$55,131</u>	<u>\$0</u>
Liabilities				
Due to Others	<u>\$0</u>	<u>\$55,131</u>	<u>\$55,131</u>	<u>\$0</u>

# **Statistical Section**

# Statistical Section

This part of the City of Alliance, Ohio's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	<b>-S2-, -S3-, -S6-, -S7-</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue source, income tax.	<b>-S8-</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>-S9-, -S11-, -S12-, -S13-</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	<b>-S14-</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>-S15-, -S16-, -S17-, -S18-, -S19-</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**City of Alliance**  
*Net Assets By Category*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	December 31,			
	2006	2005	2004	2003
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$18,707,921	\$19,015,248	\$9,184,300	\$8,614,889
Restricted:				
Capital Projects	1,115,068	1,457,599	1,822,941	1,369,346
Debt Service	1,139,016	128,199	128,809	
Special Revenue	5,780,614	5,961,372	5,912,729	5,814,454
Unrestricted	<u>2,062,100</u>	<u>1,084,862</u>	<u>751,439</u>	<u>2,143,124</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$28,804,719</u>	<u>\$27,647,280</u>	<u>\$17,800,218</u>	<u>\$17,941,813</u>
<b>Business Type - Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$6,893,121	\$6,435,656	\$6,159,014	\$5,097,337
Restricted:				
Debt Service	1,583,849	1,533,905	1,495,291	2,324,516
Replacement and Reserve	724,445	846,888	904,389	
Unrestricted	<u>5,803,278</u>	<u>5,009,687</u>	<u>4,564,432</u>	<u>5,446,828</u>
<i>Total Business-Type Activities Net Assets</i>	<u>\$15,004,693</u>	<u>\$13,826,136</u>	<u>\$13,123,126</u>	<u>\$12,868,681</u>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	\$25,601,042	\$25,450,904	\$15,343,314	\$13,712,226
Restricted	10,342,992	9,927,963	10,264,159	9,508,316
Unrestricted	<u>7,865,378</u>	<u>6,094,549</u>	<u>5,315,871</u>	<u>7,589,952</u>
<i>Total Primary Government Net Assets</i>	<u>\$43,809,412</u>	<u>\$41,473,416</u>	<u>\$30,923,344</u>	<u>\$30,810,494</u>

**City of Alliance**  
*Changes in Net Assets*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$1,029,473	\$1,007,370	\$879,558	\$936,325
Security of Persons and Property	93,262			
Public Health and Welfare	162,627	150,203	151,688	139,243
Transportation				50
Community Environment	110,248	128,596	123,380	152,257
Leisure Time Activities	35,154	59,195	20,125	20,128
Subtotal - Charges for Services	<u>1,430,764</u>	<u>1,345,364</u>	<u>1,174,751</u>	<u>1,248,003</u>
Operating Grants and Contributions:				
General Government	94,223	77,760		44,448
Security of Persons and Property			15,939	47,413
Public Health and Welfare	187,919	178,869	168,865	213,500
Community Environment	945,837	940,819	440,217	
Subtotal - Operating Grants and Contributions	<u>1,227,979</u>	<u>1,197,448</u>	<u>625,021</u>	<u>305,361</u>
Capital Grants and Contributions:				
Transportation	69,653			
Community Environment		100,000	356,235	
Leisure Time Activities				46,887
Subtotal - Capital Grants and Contributions	<u>69,653</u>	<u>100,000</u>	<u>356,235</u>	<u>46,887</u>
<i>Total Governmental Activities Program Revenues</i>	<u>2,728,396</u>	<u>2,642,812</u>	<u>2,156,007</u>	<u>1,600,251</u>
Business-Type Activities:				
Charges for Services:				
Water	4,420,598	4,119,622	3,917,644	3,917,191
Sewer	3,686,640	3,252,855	3,351,600	3,341,118
Nonmajor	51,582	44,464		
Capital Grants and Contributions				
Sewer			410,572	170,307
<i>Total Business-Type Activities Program Revenues</i>	<u>8,158,820</u>	<u>7,416,941</u>	<u>7,679,816</u>	<u>7,428,616</u>
<i>Total Primary Government Program Revenues</i>	<u>\$10,887,216</u>	<u>\$10,059,753</u>	<u>\$9,835,823</u>	<u>\$9,028,867</u>

**City of Alliance**  
*Changes in Net Assets (continued)*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>Expenses</b>				
Governmental Activities:				
General Government	\$4,043,160	\$3,055,599	\$2,953,410	\$2,138,370
Security of Persons and Property	6,917,630	7,437,917	6,908,599	7,095,318
Public Health and Welfare	852,080	812,097	877,649	718,678
Transportation	1,124,564	2,003,429	1,078,691	1,036,841
Community Environment	1,440,811	819,843	1,146,965	943,633
Basic Utility Services	113,162	66,864	62,048	70,332
Leisure Time Activities	650,091	667,520	647,592	598,089
Interest	129,179	150,982	155,793	175,161
<i>Total Governmental Activities Expenses</i>	<u>15,270,677</u>	<u>15,014,251</u>	<u>13,830,747</u>	<u>12,776,422</u>
Business-Type Activities				
Water	4,151,267	4,099,091	4,210,253	4,377,606
Sewer	3,439,175	3,216,935	3,322,084	3,132,644
Nonmajor	57,972	76,859		
<i>Total Business-Type Activities Expenses</i>	<u>7,648,414</u>	<u>7,392,885</u>	<u>7,532,337</u>	<u>7,510,250</u>
<i>Total Primary Government Program Expenses</i>	<u>22,919,091</u>	<u>22,407,136</u>	<u>21,363,084</u>	<u>20,286,672</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(12,542,281)	(12,371,439)	(11,674,740)	(11,176,171)
Business-Type Activities	510,406	24,056	147,479	(81,634)
<i>Total Primary Government Net Expense</i>	<u>(12,031,875)</u>	<u>(12,347,383)</u>	<u>(11,527,261)</u>	<u>(11,257,805)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Taxes:				
Municipal Income Taxes	8,344,521	7,626,396	7,537,702	6,706,398
Property Taxes	1,503,423	1,523,469	1,370,645	1,493,119
Unrestricted Grants and Contributions	3,118,133	1,998,723	1,951,422	2,879,685
Interest and Investment Income	326,744	266,974	151,771	117,106
Miscellaneous	372,327	680,693	506,605	627,687
Transfers	34,572	(59,725)	15,000	
<i>Total Governmental Activities</i>	<u>13,699,720</u>	<u>12,036,530</u>	<u>11,533,145</u>	<u>11,823,995</u>
Business-Type Activities				
Municipal Income Taxes	307,661	383,794	69,164	268,840
Unrestricted Grants and Contributions		414,108		
Investment Income	395,062	228,161	52,802	41,794
Transfers	(34,572)	59,725	(15,000)	
<i>Total Business-Type Activities</i>	<u>668,151</u>	<u>1,085,788</u>	<u>106,966</u>	<u>310,634</u>

**City of Alliance**  
*Changes in Net Assets (continued)*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>\$14,367,871</u>	<u>\$13,122,318</u>	<u>\$11,640,111</u>	<u>\$12,134,629</u>
<b>Change in Net Assets</b>				
Governmental Activities	1,157,439	(334,909)	(141,595)	647,824
Business-Type Activities	<u>1,178,557</u>	<u>1,109,844</u>	<u>254,445</u>	<u>229,000</u>
<i>Total Primary Government Change in Net Assets</i>	<u>\$2,335,996</u>	<u>\$774,935</u>	<u>\$112,850</u>	<u>\$876,824</u>

**City of Alliance**  
*Fund Balances, Governmental Funds*  
*Last Four Years*  
*(Modified Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>General Fund</b>				
Reserved	\$78,177	\$6,271	\$7,277	\$57,758
Unreserved	1,960,128	1,623,549	1,449,575	1,559,008
<b>Total General Fund</b>	<u>2,038,305</u>	<u>1,629,820</u>	<u>1,456,852</u>	<u>1,616,766</u>
<b>All Other Governmental Funds</b>				
Reserved	2,008,866	2,666,144	2,558,410	3,150,503
Unreserved, Undesignated, Reported in:				
Special Revenue funds	2,046,513	1,887,440	1,772,658	1,744,308
Debt Service fund	530,268	128,199	128,809	(2,001,533)
Capital Projects funds	877,141	1,179,745	1,500,142	851,257
Revolving Loan fund	1,850,228	1,503,868	1,354,590	1,217,403
<b>Total All Other Governmental Funds</b>	<u>7,313,016</u>	<u>7,365,396</u>	<u>7,314,609</u>	<u>4,961,938</u>
<b>Total Governmental Funds</b>	<u><u>\$9,351,321</u></u>	<u><u>\$8,995,216</u></u>	<u><u>\$8,771,461</u></u>	<u><u>\$6,578,704</u></u>

**City of Alliance**  
*Changes in Fund Balances, Governmental Funds*  
*Last Four Years*  
*(Modified Accrual Basis of Accounting)*

	2006	2005*	2004	2003
<b>Revenues</b>				
Property and Other Taxes	\$1,369,882	\$1,523,469	\$1,370,645	\$1,493,119
Municipal Income Taxes	8,024,521	7,626,396	7,401,163	6,830,817
Charges for Services	286,675	319,431	231,861	351,965
Licenses Permits and Fees	198,136	214,178	219,095	251,699
Fines and Forfeitures	752,202	673,263	528,808	456,481
Intergovernmental	4,088,770	3,305,958	3,049,565	3,343,052
Special Assessments	69,653	69,284	66,491	72,263
Interest	326,744	266,974	165,781	117,106
Rental	197,651	187,794	195,600	187,858
Other	368,427	611,409	425,483	535,305
<i>Total Revenues</i>	<u>15,682,661</u>	<u>14,798,156</u>	<u>13,654,492</u>	<u>13,639,665</u>
<b>Expenditures</b>				
Current:				
General Government	3,004,114	2,696,600	2,639,368	2,238,952
Security of Persons and Property	7,120,972	6,884,123	6,464,712	6,571,883
Public Health Services	847,880	814,061	772,536	743,463
Transportation	779,409	806,465	952,269	944,347
Community Environment	1,437,792	866,213	1,110,544	959,165
Basic Utilities Services	103,710	57,412	54,497	54,340
Leisure Time Activities	591,116	565,882	544,468	580,700
Capital Outlay	1,218,871	1,052,146	844,885	1,865,747
Debt Service:				
Principal Retirement	372,083	376,792	111,512	2,846,232
Interest and Fiscal Charges	129,181	150,982	146,952	178,561
<i>Total Expenditures</i>	<u>15,605,128</u>	<u>14,270,676</u>	<u>13,641,743</u>	<u>16,983,390</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>77,533</u>	<u>527,480</u>	<u>12,749</u>	<u>(3,343,725)</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued			2,165,000	
Notes Issued				240,000
Transfers In	1,353,119	1,368,001	1,260,384	1,735,416
Transfers Out	(1,318,547)	(1,427,726)	(1,245,384)	(1,735,416)
<i>Total Other Financing Sources (Uses)</i>	<u>34,572</u>	<u>(59,725)</u>	<u>2,180,000</u>	<u>240,000</u>
<i>Net Change in Fund Balances</i>	<u>\$112,105</u>	<u>\$467,755</u>	<u>\$2,192,749</u>	<u>(\$3,103,725)</u>

Debt Service as a Percentage of Noncapital Expenditures	3.5%	4.0%	2.0%	20.0%
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\*Balances restated to reflect prior period adjustment - S7 -

**City of Alliance**  
*Income Tax Revenue Base and Collections*  
*Last Eight Years*

Tax Year (1)	Individual		Total Individual	Business	Total	Income Tax Rate
	Withholding	Non-withholding				
2006	\$6,270,100	\$1,039,854	\$7,309,954	\$935,107	\$8,245,061	1.75%
2005	\$6,295,748	\$1,032,284	\$7,328,032	\$544,566	\$7,872,598	1.75%
2004	\$5,707,689	\$1,019,523	\$6,727,212	\$474,838	\$7,202,050	1.75%
2003	\$5,570,847	\$981,191	\$6,552,038	\$464,191	\$7,016,229	1.75%
2002	\$5,647,196	\$1,002,435	\$6,649,631	\$454,223	\$7,103,854	1.75%
2001	\$5,663,197	\$967,259	\$6,630,456	\$626,707	\$7,257,163	1.75%
2000	\$5,825,110	\$953,533	\$6,778,643	\$476,367	\$7,255,010	1.75%
1999	\$5,897,420	\$916,478	\$6,813,898	\$977,755	\$7,791,653	1.75%

(1) Amounts reported above are on the cash basis of accounting.

Note: The City is prohibited by statute from presenting information regarding individual taxpayers.

**City of Alliance**  
*Income Tax Withholdings by Sector*  
*Last Three Years*

Sector	2006	2005	2004
Industrial	36.7%	35.5%	31.7%
Medical	21.6%	21.2%	22.8%
Education	13.1%	12.8%	13.5%
Retail	7.3%	8.2%	9.1%
Service	5.7%	6.0%	6.0%
Food/Restaurant	4.3%	4.3%	4.8%
Carnation Mall Area	4.2%	3.7%	4.1%
Financial	3.4%	3.4%	3.5%
Construction	2.1%	3.4%	1.9%
Other	1.6%	1.5%	2.6%
	100.0%	100.0%	100.0%

Source: City of Alliance Income Tax Department

**City of Alliance**  
*Ratio of Outstanding Debt to  
Total Personal Income and Debt Per Capita  
Last Four Years*

Year	Governmental Activities			Business-Type Activities			Total Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Police and Fire Pension	General Obligation Bonds	Revenue Bonds	OPWC Loans			
2006	\$2,345,000	\$445,000	\$396,405	\$3,040,000	\$15,820,000	\$399,088	\$22,445,493	6.36%	\$965
2005	2,665,000 *	490,000	403,490	3,460,000	16,605,000	301,855	23,925,345	6.78	1,029
2004	2,995,000	530,000	410,281	3,960,000	17,355,000	318,302	25,568,583	7.24	1,100
2003	895,000	570,000	416,793	190,000	21,330,000	45,272	23,447,065	6.64	1,008

Note: Population and Personal Income data are presented on page S14.

\* Balance restated to reflect prior period adjustment.

**City of Alliance**  
*Ratio of General Obligation Bonded Debt to Assessed  
 Value and Bonded Debt Per Capita  
 Last Four Years*

Year	Population (1)	Estimated Actual Value of Taxable Property (2)	Gross Bonded Debt (3)	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt Per Capita
2006	23,253	\$290,531,674	\$5,385,000	1.85 %	\$231.58
2005	23,253	290,572,913	\$6,125,000	2.11	\$263.41
2004	23,253	282,876,811	\$6,955,000	2.46	\$299.10
2003	23,253	264,876,811	\$1,085,000	0.41	\$46.66

(1) U. S. Bureau of Census, Census of Population. - 2000 Federal Census

(2) County Auditor

(3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

**City of Alliance**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2006*

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
<b>Direct - City of Alliance</b>			
General Obligation Bonds	\$2,345,000	100.00 %	\$2,345,000
Special Assessment Bonds	445,000	100.00	445,000
Police and Fire Pension	396,405	100.00	396,405
<i>Total Direct Debt</i>	<u>3,186,405</u>		<u>3,186,405</u>
<b>Overlapping</b>			
Alliance City Schools	9,474,000	89.40 %	8,469,756
<i>Total Overlapping Debt</i>	<u>9,474,000</u>		<u>8,469,756</u>
Total	<u><u>\$12,660,405</u></u>		<u><u>\$11,656,161</u></u>

Source: County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

**City of Alliance**  
*Legal Debt Margin*  
*Last Four Years*

	2006	2005	2004	2003
Total Assessed Property Value	<u>\$290,531,674</u>	<u>\$290,572,913</u>	<u>\$282,876,811</u>	<u>\$264,876,811</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>30,505,826</u>	<u>30,510,156</u>	<u>29,702,065</u>	<u>27,812,065</u>
Debt Outstanding:				
General Obligation Bonds	\$2,345,000	\$2,665,000	\$2,995,000	\$895,000
Special Assessment Bonds	445,000	490,000	530,000	570,000
Enterprise General Obligation Bonds	3,040,000	3,460,000	3,960,000	190,000
OPWC Loans	399,088	301,855	318,302	45,272
Revenue Bonds	15,820,000	16,605,000	17,355,000	21,330,000
Notes				<u>2,495,000</u>
Total Gross Indebtedness	22,049,088	23,521,855	25,158,302	25,525,272
Less:				
Special Assessment Bonds	445,000	490,000	530,000	570,000
Enterprise General Obligation Bonds	3,040,000	3,460,000	3,960,000	190,000
OPWC Loans	399,088	301,855	318,302	45,272
Revenue Bonds	<u>15,820,000</u>	<u>16,605,000</u>	<u>17,355,000</u>	<u>21,330,000</u>
Total Net Debt Applicable to Debt Limit	<u>2,345,000</u>	<u>2,665,000</u>	<u>2,995,000</u>	<u>3,390,000</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$28,160,826</u>	<u>\$27,845,156</u>	<u>\$26,707,065</u>	<u>\$24,422,065</u>
Legal Debt Margin as a Percentage of the Debt Limit	92.31%	91.27%	89.92%	87.81%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$15,979,242</u>	<u>\$15,981,510</u>	<u>\$15,558,225</u>	<u>\$14,568,225</u>
Total Gross Indebtedness	22,049,088	23,521,855	25,158,302	25,525,272
Less:				
Special Assessment Bonds	445,000	490,000	530,000	570,000
Enterprise General Obligation Bonds	3,040,000	3,460,000	3,960,000	190,000
OPWC Loans	399,088	301,855	318,302	45,272
Revenue Bonds	<u>15,820,000</u>	<u>16,605,000</u>	<u>17,355,000</u>	<u>21,330,000</u>
Net Debt Within 5 ½ % Limitations	<u>2,345,000</u>	<u>2,665,000</u>	<u>2,995,000</u>	<u>3,390,000</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$13,634,242</u>	<u>\$13,316,510</u>	<u>\$12,563,225</u>	<u>\$11,178,225</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	85.32%	83.32%	80.75%	76.73%

Source: City Financial Records

**City of Alliance**  
*Pledged Revenue Coverage*  
*Water Revenue Bonds*  
*Last Ten Years*

Year	Operating Revenues	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2006	\$4,420,598	\$2,685,625	\$1,734,973	\$785,000	\$773,099	1.11
2005	4,119,622	2,566,530	1,553,092	750,000	838,958	0.98
2004	3,917,644	2,463,697	1,453,947	720,000	873,230	0.91
2003	3,917,191	2,583,677	1,333,514	695,000	902,762	0.83
2002	4,091,878	2,028,142	2,063,736	665,000	929,005	1.29
2001	3,784,820	2,501,436	1,283,384	640,000	954,605	0.80
2000	3,968,292	2,504,951	1,463,341	615,000	979,205	0.92
1999	4,117,212	2,211,054	1,906,158	590,000	1,017,893	1.19
1998	3,719,118	2,160,627	1,558,491	230,000	911,582	1.37
1997	4,165,780	2,147,368	2,018,412	370,000	923,163	1.56

(1) Direct operating expenses do not include depreciation and amortization expense.

**City of Alliance**  
*Demographic and Economic Statistics*  
*Last Four Years*

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<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>	<u>Stark County Unemployment Rate</u>
2006	23,253	\$353,000,000	\$15,185	\$30,078	34.0	5.3%
2005	23,253	\$353,000,000	\$15,185	\$30,078	34.0	5.6%
2004	23,253	\$353,000,000	\$15,185	\$30,078	34.0	6.3%
2003	23,253	\$353,000,000	\$15,185	\$30,078	34.0	7.0%

(1) Source: U. S. Census -2000

(2) Computation of per capita personal income multiplied by population

**City of Alliance**  
*Operating Indicators by Function/Program*

Function/Program	2006
<b>General Government</b>	
<i>Council and Clerk</i>	
Number of Ordinances Passed	116
Number of Resolutions Passed	27
Number of Planning Commission docket items	34
Zoning Board of Appeals docket items	37
<i>Finance Department</i>	
Number of checks/vouchers issued	3,632
Number of payroll checks issued	4,458
Interest earnings for fiscal year (cash basis, includes water & sewer funds)	\$ 621,555
Number of Receipts issued	1,294
Number of Journal Entries issued	362
Number of Budget Adjustments issued	11
Agency Ratings - Moody's Financial Services	Aaa
Health Insurance Costs	\$ 1,768,980
General Fund Receipts	\$ 9,820,070
General Fund Expenditures	\$ 9,911,961
General Fund Cash Balances	\$ 471,014
<i>Income Tax Department</i>	
Number of Individual Returns	8,372
Number of Business Returns	1,224
Number of business withholding accounts	4,683
Annual number of estimated payment forms processed	3,612
Annual number of reconciliations of withholdings processed	2,898
<i>Engineer Contracted Services</i>	
Dollar amount of Construction overseen by Engineer	\$ 800,391
<i>Municipal Court</i>	
Number of Civil Cases Filed	2,203
Number of Criminal Cases Filed	1,592
Number of Traffic Cases Filed	3,864
Total Cases Filed	7,659
Number of Civil Cases Disposed	2,075
Number of Criminal Cases Disposed	1,535
Number of Traffic Cases Disposed	3,823
Total Cases Disposed	7,433
<i>Vital Statistics</i>	
Certificates Filed	746
Number of Births	438
Number of Deaths	308
Certificates Issued	4,715
Burial Permits Issued	434
<i>Civil Service</i>	
Number of police entry tests administered	1
Number of police promotional tests administered	3
Number of hires of Police Officers from certified lists	6
Number of promotions from police certified lists	5

**City of Alliance**  
*Operating Indicators by Function/Program (continued)*

Function/Program	2006
<b><i>Building Department Indicators</i></b>	
Construction Permits Issued	410
Estimated Value of Construction	\$ 19,463,377
Number of permits issued	936
Amount of Revenue generated from permits	\$ 85,131
Number of contract registrations issued	148
<b>Security of Persons &amp; Property</b>	
<b><i>Police</i></b>	
Total Calls for Services	59,394
Number of traffic citations issued	2,594
Number of parking citations issued	383
Number of criminal arrests	2,471
Number of accident reports completed	680
Felony Offenses (F1-F5)	533
Misdemeanor Offenses (M1-MM)	1,354
Police Dept. Auxiliary hours worked	912
DUI Arrests	117
Prisoners	1,682
Motor Vehicle Accidents	1,275
Property damage accidents	513
Fatalities from Motor Vehicle Accidents	2
Gasoline costs of fleet	\$ 77,146
Community Diversion Program - community service hours	890
<b><i>Fire</i></b>	
EMS/Rescue Calls	459
Other EMS calls (assist ambulance, stand-by)	247
Structure Fires	43
Fires other than structure	100
Other Fire calls (Electrial, Smoke/Odor, Hazardous Materials, False Alarms, etc.)	542
Total Calls for Services	1,391
Fires with Loss	61
Fires with Losses exceeding \$10K	9
Fire Losses	\$ 660,420
Fire Safety Inspections	982
Number of times Mutual Aid given to Fire and EMS	8
Number of times Mutual Aid received for Fire and EMS	5
Fire Department Receipts from fees & permits	\$ 1,330
Fire Department Total Receipts (includes grants, donations, reimbursements, etc.)	\$ 11,902
<b>Public Health and Welfare</b>	
Number of Health Inspections	1,551
Cemetery burials	75
Cemetery cremations	25
Cemetery sale of lots	37
Cemetery receipts	\$ 48,607

**City of Alliance**  
*Operating Indicators by Function/Program (continued)*

Function/Program	2006
<b>Leisure Time Activities</b>	
<i>Recreation</i>	
Recreation Mens & Womens Leagues receipts	\$ 3,530
Other Fees	\$ 1,434
Cabin Rentals	\$ 11,047
Robertson Community Center Facility rentals	\$ 7,273
Robertson Community Center Swimming pool receipts	\$ 44,309
Total Recreation Department receipts	\$ 67,593
<b>Community Development</b>	
Grant amounts received due to Economic Development Dept.	\$ 923,769
<b>Basic Utility Services</b>	
Refuse disposal per year (in tons) January through December	9,645
Refuse disposal costs per year January through December	\$ 542,354
Annual recycling tonnage (excluding leaf and compost items)	608.02
Percentage of waste recycled	5.72
<b>Transportation</b>	
Total area within corporation limit (m2)	8,677
Total area within Stark County (m2)	8,60
Total area within Mahoning County (m2)	0,077
Total dedicated streets (Miles)	106,462
Total paved street (Miles)	79,343
Total unpaved streets (Miles)	27,119
Total number of street intersections	735
Street Repair (Curbs, aprons, berms, asphalt) (hours)	750
Guardrail Repair (hours)	50
Paint Striping (hours)	1,200
Street Sweeper (hours)	620
Cold Patch (hours)	3,000
Snow & Ice Removal regular hours	6,000
Snow & Ice Removal overtime hours	600
Tons of snow melting salt purchased (Nov-Mar)	2,044
Cost of salt purchased	\$ 70,776
Sewer and Sanitary calls for service	108
After hours Sewer Calls (hours)	112
Sewer Crew (hours)	17,952
Sewer jet, Vac-all, other services (hours)	2,100
Landscaping Stump-Chipper service (hours)	800
Leaf collection (hours)	1,688
Sign department (hours)	800
<b>Water Department</b>	
Water Rates per 1st 300 Cu ft of water used (inside City rate)	\$ 4.35
Water Rates per 1st 300 Cu ft of water used (outside City rate)	\$ 7.61
Avg. number of water accounts billed monthly (Cu. Ft.)	9,897
Total Water Collections Annually (Including P&I)	\$ 4,188,073
Payments for bulk water purchases	\$ 34,029
<b>Wastewater Department</b>	
Wastewater Rates per 1st 300 Cu ft of water used (inside City rate)	\$ 3.12
Wastewater Rates per 1st 300 Cu ft of water used (outside City rate)	\$ 3.54
Total flow of wastewater treatment plant (Billions of Gallons)	1.734
Average daily flow (Millions of gallons per day)	4.75
Tons of dry sludge removed	1,378

(1) Information prior to 2006 is not available

**City of Alliance**  
*Capital Assets Statistics by Function/Program*  
 2006

Function/Program	2006
<b>General Government</b>	
Square Footage Occupied	57,321
<b>Police</b>	
Stations	1
Square Footage of Building	21,600
Vehicles	39
<b>Fire</b>	
Stations	2
Square Footage of Building	13,351
Vehicles	9
<b>Recreation</b>	
Number of Parks	13
Acres of parks	220
<b>Other Public Works</b>	
Streets (miles)	107
Traffic Lights	35
<b>Wastewater</b>	
Sanitary Sewers (miles)	119.00
Storm Sewers (miles)	104.00
<b>Water Department</b>	
Water Lines (miles)	120

**City of Alliance**  
*Full-Time Equivalent City Government Employees by Function/Program*  
*Last Three Years*

Function/Program	2006	2005	2004
<b>General Government</b>			
Mayor	4.5	4.0	5.0
Auditor	3.0	5.0	5.0
Law Director	4.0	4.5	4.5
Council	4.5	4.5	4.5
Judge	5.5	6.0	6.0
Clerk of Courts	7.5	7.5	7.5
Civil Service	1.0	2.0	2.0
Engineering	6.0	7.0	7.5
City Hall Maintenance	2.5	2.5	2.5
Income tax	3.0	3.0	3.0
Treasurer	0.5	0.5	0.5
Aging	0.5	1.5	1.5
<b>Security of Persons and Property</b>			
Police	39.5	49.0	48.0
Police - Auxiliary/Guards	8.0	8.0	8.0
Police - Dispatchers/Office/Other	13.5	10.0	10.0
Fire	31.0	31.5	32.5
<b>Public Health Services</b>			
Health	12.5	13.5	13.5
Cemetery	2.0	2.0	3.0
<b>Leisure Time Activities</b>			
Parks	10.0	14.0	15.0
Litter	1.0	1.0	1.5
<b>Community Development</b>			
Building	3.0	2.5	2.0
<b>Transportation</b>			
Street Mainenance & Repair	13.0	13.0	14.0
<b>Basic Utility Services</b>			
Sewer	26.0	29.5	29.5
Water	21.0	20.5	22.0
Billing and Collection	8.0	8.0	8.0
Totals:	231.0	250.5	256.5

**Source:** City Payroll Department W2 Audit Listing

**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.