

CITY OF CUYAHOGA FALLS, OHIO

SINGLE AUDIT REPORT

DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

Members of City Council
City of Cuyahoga Falls
2310 Second Street
Cuyahoga Falls, Ohio 44221

We have reviewed the Independent Auditor's Report of the City of Cuyahoga Falls, Summit County, prepared by James G. Zupka, CPA, Inc. for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

September 13, 2005

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CITY OF CUYAHOGA FALLS, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2004

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Honorable Mayor, Finance Director,
and Members of City Council
City of Cuyahoga Falls, Ohio

We have audited the basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Ohio, as of and for the year ended December 31, 2004, which collectively comprise the City of Cuyahoga Falls, Ohio's basic financial statements and have issued our report thereon dated July 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cuyahoga Falls, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We also noted certain matters that we have reported to the management of the City of Cuyahoga Falls, Ohio, in a separate letter dated July 15, 2005..

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

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 15, 2005

JAMES G. ZUPKA, C.P.A., INC.

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

Honorable Mayor, Finance Director,
and Members of City Council
City of Cuyahoga Falls, Ohio

Compliance

We have audited the compliance of the City of Cuyahoga Falls, Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The City of Cuyahoga Falls, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the City of Cuyahoga Falls, Ohio's management. Our responsibility is to express an opinion on the City of Cuyahoga Falls, Ohio's compliance based on our audit.

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

In our opinion, the City of Cuyahoga Falls, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over Federal compliance that do not require inclusion in this report that we have reported to the management of the City in a separate letter dated July 15, 2005.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Ohio, as of and for the year ended December 31, 2004, and have issued our report thereon dated July 15, 2005. Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the City of Cuyahoga Falls, Ohio's basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 15, 2005

CITY OF CUYAHOGA FALLS, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Receipts	Expenditures
<u>United States Department of Housing and Urban Development</u>				
<i>Direct Payment to the City</i>				
Community Development Block Grant	14.218	-	\$ 34,028	\$ 34,028
Total United States Department of Housing and Urban Development			<u>34,028</u>	<u>34,028</u>
<u>United States Department of Justice</u>				
<i>Direct Payment to the City</i>				
Bullet Proof Vests Reimbursement	16.710	BUBX03015583	2,604	2,604
Bullet Proof Vests Reimbursement	16.710	BUBX04023536	<u>3,222</u>	<u>3,222</u>
Total United States Department of Justice			<u>5,826</u>	<u>5,826</u>
<u>United States Department of Transportation</u>				
<i>Passed through the State of Ohio</i>				
Highway Planning and Construction	20.205	State Road	66,003	66,003
Highway Planning and Construction	20.205	Front Street	954,695	954,695
Highway Planning and Construction	20.205	Broad Boulevard	465,381	465,381
Highway Safety - Traffic Enforcement Grant	20.600	4176.0	<u>5,251</u>	<u>5,251</u>
Total United States Department of Transportation			<u>1,491,330</u>	<u>1,491,330</u>
<u>United States Department of Homeland Security</u>				
<i>Direct Payment to the City</i>				
Assistance to Firefighters	97.044	EMW-2003-FG-06942	162,000	162,000
<i>Passed through the State of Ohio</i>				
FEMA Public Assistance	97.036	FEMA-1484-DR-153-19778	24,204	24,204
FEMA Public Assistance	97.036	FEMA-1519-DR-153-19778	<u>145,352</u>	<u>145,352</u>
Total United States Department of Homeland Security			<u>331,556</u>	<u>331,556</u>
United States Environmental Protection Agency				
Brownfield Grant		3978524	<u>44,791</u>	<u>44,791</u>
Total United States Environmental Protection Agency			<u>44,791</u>	<u>44,791</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,907,531</u>	<u>\$ 1,907,531</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF CUYAHOGA FALLS, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1: **GENERAL**

The accompanying Schedule of Expenditures of Federal Awards of the City of Cuyahoga Falls, Ohio, presents the activity of all Federal financial assistance programs of the City. The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies are included on this schedule.

NOTE 2: **BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and has been reconciled to the program's federal financial reports. The following is a reconciliation by grant from the cash basis to the accrual basis at December 31, 2004.

	<u>Direct Program Expenditures</u>
<u>Department of Housing and Urban Development</u>	
Cash Basis	\$ 26,339
Accrual Adjustment	<u>7,689</u>
Department of Energy - Accrual Basis	<u>\$ 34,028</u>
 <u>Department of Justice</u>	
Cash Basis	\$ 5,826
Accrual Adjustment	<u>0</u>
Department of Justice - Accrual Basis	<u>\$ 5,826</u>
 <u>Department of Transportation</u>	
Cash Basis	\$1,668,318
Accrual Adjustment	<u>(176,988)</u>
Department of Transportation - Accrual Basis	<u>\$1,491,330</u>
 <u>Department of Homeland Security</u>	
Cash Basis	\$ 344,761
Accrual Adjustment	<u>(13,205)</u>
Department of Homeland Security - Accrual Basis	<u>\$ 331,556</u>
 <u>Department of Environmental Resources</u>	
Cash Basis	\$ 44,791
Accrual Adjustment	<u>0</u>
Department of Environmental Resources - Accrual Basis	<u>\$ 44,791</u>

CITY OF CUYAHOGA FALLS, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

NOTE 3: **REVOLVING LOANS**

The City of Cuyahoga Falls uses Federal funds received in the current and prior years to issue revolving loans. These loans are issued to qualified single family homeowners and are to be repaid to the City in monthly installments. Principal and interest received on these loans are used to issue new loans. The principal outstanding at December 31, 2004 was \$1,810,729.

**CITY OF CUYAHOGA FALLS, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

2004(i)	Type of Financial Statement Opinion	Unqualified
2004(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2004(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
2004(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
2004(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2004(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2004(v)	Type of Major Programs' Compliance Opinions	Unqualified
2004(vi)	Are there any reportable findings under .510?	No
2004(vii)	Major Programs (list):	Highway Planning and Construction - CFDA 20.205
2004(viii)	Dollar Threshold: A/B Programs	Type A: \$300,000 Type B: All Others
2004(ix)	Low Risk Auditee?	Yes

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

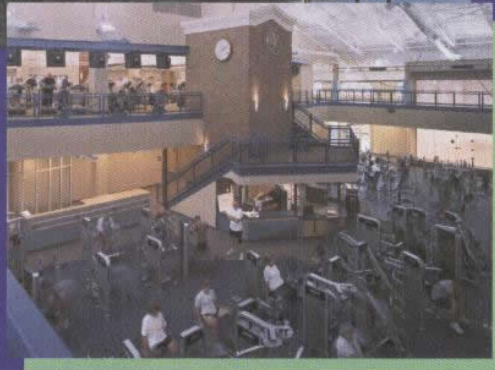
None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

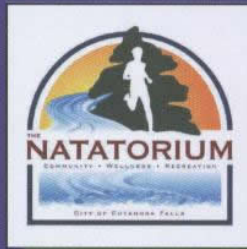
None.

CITY OF CUYAHOGA FALLS, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004

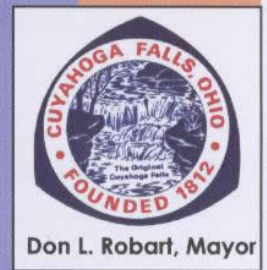
The prior audit report, as of December 31, 2003, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



City of Cuyahoga Falls, Ohio



Comprehensive



Annual Financial Report

 for the year ended December 31, 2004

Cover Pictures:

The Cuyahoga Falls Natatorium opened in September of 2004. The 115,000 Square foot state of the art community center features something for everyone. The four pools are usually filled with seniors using the warm water area or the current channel, serious athletes swimming in the competitive lap lanes, and families playing in the zero depth areas or cruising down the slide. Almost 12,000 square feet of fitness space houses strength training equipment, free weights, and a large selection of treadmills, elliptical machines and exercise bikes. The one-eighth of a mile track is in constant use by walkers and tri-athletes as well. The facility also features racquetball courts, the unique "Tree House" for kids, saunas, fitness studios, childcare, meeting and banquet facilities and the Summa Health Systems/Cuyahoga Falls General Hospital Wellness Center. Serving almost 6,000 annual members, countless monthly and daily visitors, the Natatorium has become the place to be in Cuyahoga Falls.

***Special thanks to the following
employees for their assistance
in the preparation of this report:***

Sue A. Abrusci

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**Photography Compliments of:
Parks and Recreation Department**

***Cover Layout and Printing Provided by:
Western Reserve Printing***

Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2004



City of Cuyahoga Falls, Ohio

Don L. Robart, Mayor

Issued by the Department of Finance

Joseph F. Brodzinski, Finance Director



Printed on Recycled Paper

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City of Cuyahoga Falls, Ohio

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INTRODUCTORY SECTION



**CITY OF CUYAHOGA FALLS
DEPARTMENT OF FINANCE**

**2310 SECOND STREET
CUYAHOGA FALLS, OHIO 44221-2583**

*Telephone (330) 971-8230
FAX (330) 971-8168*

Joseph F. Brodzinski
Finance Director

Scott K. Fitzsimmons
Deputy Finance Director

July 15, 2005

Honorable Mayor Don L. Robart,
Members of City Council and the
Citizens of the City of Cuyahoga Falls, Ohio

The Comprehensive Annual Financial Report (CAFR) for the City of Cuyahoga Falls, Ohio (the “City”) for the year ended December 31, 2004, is hereby submitted. The responsibility for both the accuracy of the data and the completeness and fairness of presentation including all disclosures, rests with the City’s management. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner, which fairly presents the financial position and results of operations of the various funds of the City. All disclosures necessary to gain an understanding of the City’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a photographic reproduction of the Certificate of Achievement for Excellence in Financial Reporting, an organizational chart and a list of principal City officials. The financial section includes the Independent Auditor’s Report and the Management Discussion and Analysis, basic financial statements, required supplementary information and the combining and individual fund financial statements and schedules, which incorporates the recently issued Government Accounting Standards Board Statement No. 34, with the exception of retroactive reporting of general infrastructure assets in which implementation can be delayed by up to four additional years to allow governments to calculate amounts for older infrastructure assets. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The financial statements, schedules, and statistical tables included herein pertain to those functions, which are under the jurisdiction of the City Council and administered by the Mayor. These functions encompass all activities considered by the City to be a part of (controlled by or dependent on) the financial reporting entity. This is determined on the basis of the City’s financial accountability for such operations. Financial accountability includes budget adoption, taxing authority, the existence of outstanding debt secured by the City or the obligation of the City to finance any deficits that might occur and selection of governing authority and influence of operations. The City does have financial accountability for The Community Improvement Corporation of Cuyahoga Falls (CIC) and has chosen to incorporate its data into these financial statements using the discrete method of presentation because CIC provides services to the primary government and the citizens of the City as opposed to only the primary government.

Based on the criteria for determining financial accountability, the financial statements do not include the financial activities of the Cuyahoga Falls or Woodridge School Districts (or any other school districts, which fall within the

boundaries of the City). In addition, they do not contain financial information pertaining to the Taylor Memorial Public Library or Cuyahoga Falls General Hospital. The City does not have financial accountability for the aforementioned entities. The City is responsible for establishing and maintaining an internal control system designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuations of costs and benefits require estimates and judgments by management. Management believes the internal control system is effective.

In accordance with Ohio law, each public office is required to have an independent audit at least once every two years unless an annual audit is required pursuant to The Single Audit Act of 1984. These audits are conducted by either the Auditor of the State, or if the Auditor permits, an independent public accounting firm. The current year audit was completed by James G. Zupka, CPA, Inc. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2004, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The Independent Auditor's Report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of the broader, federally mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with an emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

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

PROFILE OF THE GOVERNMENT

The City was incorporated as a village in 1868 and organized as a city after the 1920 census. The City is located in Summit County in northeastern Ohio, approximately 30 miles south of the City of Cleveland and lies on the northern border of the City of Akron. The City currently occupies a land area of 27.8 square miles and serves a population of 49,374 based on 2000 census figures. An appeal was granted on July 1, 2002 by the U.S. Census Bureau establishing 50,272 as the population of the City of Cuyahoga Falls.

The City operates under and is governed by its Charter (first adopted by the voters in 1959). The Charter may be and has been amended by the voters. Every five years a Charter Review Commission is appointed to review the City's Charter and make any recommendations to be voted upon by its residents. The City is also subject to certain general laws applicable to all cities. Under the Ohio Constitution, the City may exercise all powers of local self-government, and police powers to an extent that is not in conflict with applicable general laws. The Charter provides for a Mayor-Council form of government. 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 Mayor also serves as the Public Safety Director. All elected officials, except the Mayor, Clerk of Courts, and both Judges, serve on a part-time basis. The Mayor may veto any legislation passed by the Council. However, a veto may be overridden by a two-thirds vote of all members of the Council.

City of Cuyahoga Falls, Ohio

Legislative authority is vested in an eleven-member Council. Three members are elected at-large for four-year terms, and eight members are elected from wards for two-year terms. The presiding officer is the President, who is elected by the Council for a one-year term. The Charter establishes certain administrative departments and Council may establish divisions of those departments and additional departments. Subject to the approval of Council, the Mayor appoints the Directors of Finance, Public Service, Law and Community Development. The Superintendent of Parks and Recreation is appointed by the Parks and Recreation Board. This Board consists of City residents, three appointed by the Mayor and two appointed by the Cuyahoga Falls City School District Board of Education. The Mayor also appoints members to a number of other boards and commissions and appoints and removes, in accordance with Civil Service requirements, all appointed officers and employees, except Council officers and employees.

The City provides an extensive range of services including police and fire protection, emergency medical service, administration of justice, community planning and development, recreational and cultural activities, street maintenance and environmental services. Outside of the normal governmental services, the City also provides entrepreneurial activities such as sanitation, electric service, sewage disposal and water distribution and leisure time activities.

The City is home to the Cuyahoga Falls Municipal Court, which serves 16 communities in the northeastern part of Summit County. The Municipal Court employs two Judges and a Clerk of Courts, all of whom are elected for a six-year term by the voters of the 16 communities.

The objective of budgetary controls is to ensure compliance with both the annual appropriated budget approved by City Council and the legal restrictions imposed by state and federal statutes as well. City Council must adopt an annual appropriations ordinance and budget resolution by December 31, of the preceding year. Appropriations may not exceed amounts certified by the County Budget Commission. The Finance Director may transfer appropriated amounts between accounts within funds, but City Council authorization is necessary to make interfund transfers. City Council authorizes appropriation amounts by fund and may amend appropriation levels during the year. As a management tool, budgetary control is maintained in all funds at the department level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. The City continually evaluates its accounting and reporting system in an effort to improve internal accounting controls.

ECONOMIC CONDITION AND OUTLOOK

Summary of Local Economy

The Cleveland-Akron Consolidated Metropolitan Statistical Area (CMSA) is the 16th most populous CMSA of 19 in the United States with a population of 2,945,813. (Rankings are based on 2000 census figures.)

The 2000 census population of the City placed it as the second largest city in Summit County and the twentieth largest in the State of Ohio. In January 1986, the City merged with Northampton Township. This merger between Northampton Township and the City was the first merger of its type in the State. The merger increased the City's population by more than 16 percent and tripled the City's total land area.

Transportation services are provided by diversified venues through the City. Immediate access is available to one state highway (State Route 8), which also offers access to the Ohio Turnpike (Interstate 80) and Interstate Highways 76 and 77. The City is adjacent to areas served by Conrail and Amtrak, and is served by passenger air services at three airports, Cleveland-Hopkins International Airport, Akron-Canton Regional Airport and Akron Fulton International Airport. Public mass transit for the area is provided by the METRO Regional Transit Authority (a separate political subdivision) and long distance bus travel can be obtained from Greyhound bus lines.

Major Influences Affecting the Local Economy

The City is not subject to swift or erratic economic downturns because of its diversified income tax base, in which no single employer dominates the local economy. During 2004, ten major employers in the City collectively accounted for approximately 37 percent of the \$13,037,352 withholding taxes remitted to the City.

City of Cuyahoga Falls, Ohio

The 2000 Census reports that the median income for families who live in Cuyahoga Falls is slightly higher than other nationwide averages. The following is a comparative breakout of those medians.

<u>Census Population</u>	<u>Median Income</u>
City of Cuyahoga Falls	\$52,372
County	\$52,200
State	\$50,037
National	\$49,600

An analysis of the 2004 Harris Ohio Industrial Directory reveals that 101 firms in the City employ 3,751 people in fields ranging from rubber and plastics to skin care products. Of these manufacturing facilities, 23 employ 50 or more employees. The Directory further reveals that the remaining 78 facilities manufacture various products such as lift trucks, electronic assemblies, surgical garments, tire molds, offset printing, draperies, pressure sensitive tape, screen-printing, as well as many machine shop applications.

The 1986 merger between the City and Northampton Township (now Ward 8) has become a win-win situation for both parties. Due to increased land availability, the City has realized many new opportunities for industrial, commercial, and residential development. This growth continues to be stimulated by the expansion of water and sewer lines into Ward 8. At the same time, the residents of Ward 8 are benefiting by receiving city-based services, which should ultimately have a positive impact on current property values.

The City is experiencing an accelerated pace of growth and development throughout the community. Much of this successful development can be attributed to the merger. New building and redevelopment permit valuation, a reliable indicator of a community's condition, averaged \$48,123,000 over the last three years

Future Economic Outlook

The City's vision is to keep Cuyahoga Falls a vibrant, healthy, attractive, and always growing City. City officials continue in their visions of physical improvements and new tax revenues for the City as well as its school systems, jobs, shopping, and recreational opportunities for residents and visitors alike. In March of 2000, the City contracted with the International Waterfront Group from San Antonio, Texas, to create a comprehensive development implementation plan for the entire riverfront area. The study involved approximately three miles of riverfront and, after numerous public meetings to formulate a general consensus of opinion, was completed in October 2000. The completed report defined goals, objectives and gave an overall vision intended to guide in the redevelopment of the Cuyahoga River corridor and its cultural and entertainment district. The plan provided a framework that will guide the City's efforts over the next several years. The results of these efforts and creativity have started to take shape with the birth of Falls River Square. This permanent festival site has become the premiere gathering spot for our community festivals, concerts, and outdoor activities. In 2004, the City added more events to its festival site. Falls River Square, in its inaugural year, attracted over 400,000 people to concerts, festivals and special events.

The outdoor features of Falls River Square, including its open space for festivals, its interactive water fountain for adolescent summer frolic, and its amphitheater are more conducive for Spring, Summer, and early Fall events. The pavilion continues activity throughout the year, including the colder months. By April or May the Pavilion is booked solid for all remaining weekends. To take advantage of the site's glorious open space, an outdoor raised, refrigerated ice skating rink opened on November 26, 2004. It stayed open daily until late February 2005. The rink measures 100' X 75', topping out at ten square feet larger than the rink at Rockefeller Square in New York. The rink's first season brought in 16,564 skaters and generated almost \$53,000 in revenue. Revenue projections exceeded expectations in its first year of operation. Year-round activity at Falls River Square will continue to enhance all parcels throughout the whole Falls River Corridor.

Several developments within close proximity to Falls River Square will add additional housing to the downtown area. Year-round residents in the downtown area combined with its year-round activities and restaurants will

City of Cuyahoga Falls, Ohio

generate revenue to our local economy and continue to transform the entire corridor as one of the places to be within Summit County.

In conjunction with Falls River Square, the City applied for and received a \$200,000 U.S. EPA Brownfields Grant to be used on the South Front Street Corridor. This project includes public outreach, Phase I and Phase II environmental assessments, and corridor planning. This corridor was developed for industrial purposes and was once utilized as a major source of power along the Cuyahoga River. This grant and others allows the City the unique opportunity to begin an extensive revitalization project along this corridor.

Cuyahoga Falls completed a total renovation of a two-mile section of State Road in 2002. The \$7.3 million project has spurred over \$6 million in new business investments and renovations of existing businesses since the improvements. As a result of these investments, City officials have been in close contact with owners of various businesses including the State Road Shopping Center. Excitement on the part of these business owners has encouraged the City that big plans for this corridor are in the near future.

Since 1982, the City lost significant income tax revenues from non-resident employees to surrounding communities that had a 2 percent income tax rate while the City of Cuyahoga Falls maintained a 1.5 percent rate. On March 19, 1996, 70 percent of the city voters approved increasing the municipal income tax rate from 1.5 percent to 2 percent effective July 1, 1996. Taxpayers who work in Cuyahoga Falls but reside outside the City limits pay no additional income tax to their communities due to the 100 percent credit allowed by most northeast Ohio communities. During 2003, the City recognized over \$2 million in additional withholding income tax from non-residents working in the City. A high percentage of these monies would have been lost to neighboring communities if the City tax had remained at 1.5 percent. The vote to increase the income tax rate has had positive effects for the City's capital infrastructure program since the City has earmarked the proceeds of the tax increase solely for capital improvements. This foresight is due to strong beliefs within the administration that strong city infrastructure is a cornerstone of a strong community.

The City received a bond upgrade from Moody's Investors Service from A1 to Aa3 in 2001. Moody's stated "The rating upgrade is due to the City's expanding tax base which continues to diversify, sound financial operations with increasing reserves and manageable debt burden." The bond rating upgrade was the City's first upgrade in 25 years, placing the City in the top 13% of all counties, cities, and school districts rated by Moody's in Ohio. A strong financial condition also anchors the cornerstone of a strong community. The belief was again affirmed in April 2004 with an almost \$15 million bond issue.

The Mayor, his administration, and the City Council are keenly aware of national and local economic conditions. The Mayor and his staff spend considerable amounts of time maintaining the financial strength of the City. Recently, the City finalized discussions with one of its larger companies with plans of an \$18 million expansion and the creation of 61 new jobs. As businesses look to relocate or expand, City officials work overtime with these companies to accommodate their needs. These types of investments only strengthen the City's financial position. The City is also not reliant on one particular business for its main source of income taxes or property taxes. No business represents more than five percent of the City's two main sources of income. The City's administration also places a high emphasis on keeping Cuyahoga Falls a positive place to live and work. This can best be seen in the unemployment rates for the City consistently being two percentage points lower than the Summit County rate coupled with local home sales and the real estate market, which are generally ahead of the national trends. Employment within an area is expected to remain positive with wage increases slightly higher than cost of living trends. New development and business opportunities started in the last few years will have a positive effect on income tax collections for years to come.

MAJOR INITIATIVES

Current Year

The City's recently created Falls River Square received its latest addition with its new ice skating rink. The concept was hatched with the idea of year-round activity within the downtown corridor, will further spawn development and change, enhancing the City's financial condition, as well as, its quality of life for its residents.

The absolute highlight of the year was the grand opening of the City's new Natatorium on September 18, 2004. The City's original Natatorium was built in 1968 as an outdoor pool with changing rooms. Over the years the pool was enclosed and various fitness additions were done to keep up with the increasing demand. The facility served the community and surrounding area well for years, but it was determined in the late 1990's that changes were taking place. People now wanted to go to recreation facilities, which are indoors, but feel as if they were still outside. Facilities also need a smooth flow for its traffic of patrons, as well as, have the ability to accommodate all ages.

The old recreation center, due to its additions over the years, was dark, uninviting, and boxy. It's main clientele were adults. The planning for the new Community Recreation Center began in 1998 with the input gathered through user and non-user surveys and the results were quite progressive. Studies on the feasibility of razing the existing building and offering a totally new structure with new programming and new amenities were conducted by several professional firms producing favorable results. An architectural team was formed and research was conducted on what was feasible to include in the new facility.

Fitness was a major cornerstone of the old facility, so an extensive fitness center became a major component of the new center. With over 12,000 square feet, the Natatorium offers one of the largest centers of its kind in the country. The lower fitness area is 5,400 square feet, containing over 50 pieces of selectorized weight equipment and approximately 30 pieces of free weight loaded equipment. The upper fitness area, at 6,600 square feet, is home to the Fitness Circuit, 25 treadmills, 15 elliptical trainers, various recumbent and upright bikes, step machines and rowers. The upper floor also houses an eight lap per mile rubberized sports floor for running and walking. Aerobics and other various cardio programs were expanded and are conducted in one of its two group fitness rooms or the auxiliary gym.

A new leisure pool with interactive water features and a six-lane lap pool to serve both high school swim teams, as well as, patron lap swimmers is included with the facility. The aquatic component of the center also includes an instructional pool, which is utilized by Summa Healthcare Systems as part of a partnership to provide therapy as part of the hospital's wellness program.

The Center also boasts a six-basket gymnasium and auxiliary gym for court sports and special events. Locker rooms, a childcare room, offices and an interactive play tree are also part of the facility. Another interesting part of the Center is a "Community" wing. It is a 4,500 square foot banquet style room that can be divided into three smaller rooms for gatherings of about 100 in each space. A kitchen is attached for catering, as well as, programmed cooking classes. For more information about the Natatorium, one can visit the city's website at www.cityofcf.com.

In 2003, the City was hit with two historic floods, which affected many homes and businesses throughout the City. In combination with the assistance from the Federal Emergency Management Agency financially assisting residents, City Council and the Administration launched the Flood Prevention Initiative late in 2003 to diagnose and investigate each area of the City that experienced flooding. An engineering firm was hired to investigate the situation and provide report cards for homeowners on information they needed to plan and prepare their homes to prevent future flooding. The firm also provided the City with guidance towards its municipal infrastructure.

In 2004, the City spent over \$431,000 on storm water projects. Budgeted funds for 2005 are \$792,000 including the hiring of a Storm Water Administrator. A storm drainage utility was established and funded with a \$2.00 per month charge for residents. Businesses are charged \$2.00 per 3,000 square feet of impervious area. These funds will be used for future storm water projects.

City of Cuyahoga Falls, Ohio

In October 2004, City Council partnered with the Administration to allow voluntary storm water inspections within the City. These free and voluntary inspections are available to all homeowners and those interested in purchasing property in the City. This program was established to determine if clean water is entering the sanitary sewer system through private property infiltration and inflow. A thorough evaluation of downspouts, drains, sump pumps, discharge points and laterals are included in the inspection. If problems are discovered, an assessment process is available to assist property owners remedy their problem. Finding and correcting these problems is crucial to the City's sanitary sewer system because just eight homes in a neighborhood with direct sanitary connections can cause a backup problem in an area that under normal circumstances could handle sanitary flow for over 200 homes.

In conjunction with the opening of the City's new Natatorium, the City's Administration created an employee wellness program. As a City, our mission is not only to enhance the quality of life for our residents, but also to help improve the health and well-being of our employees and their families. Reduced health care costs are a benefit not only for the employees, but also for the taxpayers of the City. With this in mind, the City offered a Corporate Wellness Program to its full-time employees and reimburses members the cost of the membership based on participation. The cost of the membership to the Natatorium is deducted each bi-weekly pay for the year. At the end of the year 100% reimbursement is given for 120 or more workouts. 75% reimbursement is given for 96 to 119 workouts and 50% reimbursement is given for 72 to 95 workouts.

As the City's program continues to evolve, various health –related classes are in the process of being added including smoking cessation, weight control, controlling high blood pressure, stress management, back pain and related exercises, and classes on nutrition. Studies have shown that healthy employees are happier and more productive at work. With statistics showing 60% of adults do not achieve their recommended amount of physical activity, 25% of adults are not active at all, and 50% of youths are not active on a regular basis, the City Council and Administration embraced the “wellness” concept with open arms. To date, there are 291 full-time employees out of 525 total full-time employees enrolled at the Natatorium.

Future Projects

The City is in the process of building a fifth fire station on Wyoga Lake Road. Studies were done in late 1999 and in the early part of 2000 to help determine the correct location of the new station. Residents of the City already enjoy one of the best response times in the area, which will be enhanced with the addition of the new station. The station will provide additional coverage to the northeast quadrant of the City along with quicker response times within some older sections of the City. Land for the project was purchased in 2003. When the total project is complete it will include a station, as well as, a state-of-the-art training facility. The training facility will be used in various ways by the City's Police and Fire Departments to accomplish important “hands on” training. Additional classroom training will be conducted in the classroom, which will be located in the basement of the fire station. The City plans to schedule and charge other communities to use the training facility during hours when the City is not using the facility.

Groundbreaking for the Station is expected in late summer of 2005. However, depending on how the competitive bids come in, some re-engineering may have to take place to stay within budget. After completion of the station, Phase Two will commence to build the training facility.

The City is in the process of developing a section of town known as the 4th and Chestnut Streetscape Project. The project has been renamed as Chestnut Crossing and will cost approximately \$400,000. Most of the monies are coming from the Federal Community Development Block Grant Program.

The project will consist of storm water control, new pavement and wider sidewalks, decorative lighting, extensive landscape, street furniture, flowerscapes and fencing. Decorative columns and signage will flank a new entrance to this commercial neighborhood. This project will provide an opportunity to create a new identity for this special area of the City.

The City is working with a developer in developing its Urban Parcel #107. Hard work by the City and the developer has created Manchester Place. Manchester Place and Falls River Square is a slice of the Big Apple in Cuyahoga Falls. This one-of-a-kind mixed-use building will feature approximately 48 new homes made up of lofts and penthouses, as well as, street-level retail space, right in the center of town. The development will neighbor the breathtaking Cuyahoga River, scenic Riverfront Parkway, and the exciting Falls River Square. With its contemporary style, skillful use of space, and thoughtful plan, Manchester Place is sure to become a landmark in New York-style urban neighborhood development with Cuyahoga Falls.

Department Focus

The City of Cuyahoga Falls Street Department maintains nearly 300 miles of public roads. The Street Department year is broken down into 3 major programs: Summer, Leaf pickup and the Winter programs. The department has 35 full-time employees and adds up to 26 part-time employees in the summer and leaf pickup programs.

Summer work crews consist of a paving crew, patch crew, sign and road marking crew, crack seal crew, mowing and weed crew, vehicle rehab crew and street sweeping crews.

The leaf pickup program runs for 6 weeks providing leaf pickups from residential properties three times each during the six-week program. The program results in nearly 13,000 cubic yards going to a compost facility instead of landfills.

The Winter snow removal program is perhaps the most widely praised program that the Street department has to offer. We pride ourselves on being on the cutting edge of technology and having the best-kept streets in the area.

The department has 15 large trucks that plow and salt, as well as, 16 small trucks for snow plowing and can add up to 32 more trucks from other departments if needed. The 10-year average salt usage is 15,430 tons of rock salt compared to the last 5-year average of 18,607 tons average each winter. The City also has access to a brine well that allows us to use around 1,000,000 gallons of brine to help battle winter events.

The Street department, in keeping ahead of pace with surrounding cities, conducted a pilot program in February 2005 using state-of-the-art technology salt spreader on one of their existing trucks. The idea was to decrease salt usage and to use our salt brine more efficiently. The EPOKE equipment cut down on wasted salt that normally bounced off or got kicked off the roads by traffic and saved the City over \$5,000 in just a few weeks. The driver has more control of the amount and specific placement of road salt. The EPOKE salt spreader also adds salt brine to the road salt at the spinner, which allows instant activation of the salt and lets the salt work at lower temperatures. The results showed that the EPOKE equipment consistently reduced salt usage by 67% on average, compared to our current methods. It is calculated that the equipment would pay for itself in salt savings between 2 and 4 years depending on the annual snow totals and salt prices. The City purchased 3 EPOKE 3500 salt spreaders, which will be operational this coming winter with plans to eventually replace the other 12 street department salt spreaders.

The demo results generated interest from surrounding public entities including Summit County Engineers and the Ohio Department of Transportation. It was also a topic of discussion at the 2005 North American Snow Conference in Kansas City, Missouri.

Technology

The Information Services Department (IS) is responsible for creating and maintaining the City of Cuyahoga Falls web site. With so many things to see and do in Cuyahoga Falls, the IS Department relies on the assistance of all departments in maintaining current information on its site. Future plans include electronic portals to many City services and Wi-Fi Technology. I welcome all readers of this CAFR to go to www.cityofcf.com and experience the Falls.

City of Cuyahoga Falls, Ohio

FINANCIAL INFORMATION

Enterprise Operations

The City's enterprise operations consist of five separate and distinct funds: Sewage and Disposal, Water, Electric, Sanitation and Leisure Time. The philosophy of the City with regard to enterprise operations is to provide the best service to the user at a low cost without utilizing general governmental resources. The collective retained earnings of the enterprise funds reduce the potential of utilizing General Fund resources to subsidize user fee operations.

Sewage and Disposal

The City's Sewage and Disposal Department is responsible for the network of sanitary sewers which collect industrial, commercial and residential wastewater and transports it to the Akron Water Pollution Control Facility. The City has three outlets directly connected to the City of Akron and three outlets connected to the Summit County Mud Brook System. This Department maintains, cleans, repairs, and improves the entire sanitary sewer system and is also responsible for the maintenance of catch basins and storm sewers, which redirect precipitation to the nearest water course.

Water

The City's Water Department is responsible for treating, pumping and distributing potable water to residents in the City, the Village of Silver Lake, the City of Munroe Falls and the City of Stow. The City obtains its water from 18 drilled wells located in Water Works Park on the south bank of the Cuyahoga River. Water is furnished free of charge to the Taylor Memorial Public Library and to all public, parochial, sectarian and all other private nonprofit schools within the territorial limits of the City. Approximately 95 percent of the City's population has access to City water.

Electric

The City owns and operates its own electric utility that provides electric service to residential, commercial and industrial customers within the service area. Being the third largest municipal electric system in the State of Ohio, the City is able to offer low rates due to its affiliation with American Municipal Power-Ohio, Incorporated (AMP-Ohio), a non-profit trade association and wholesale power supplier for most of Ohio's 85 municipal electric systems. Electricity is purchased by the City through AMP-Ohio, which in turn purchases inexpensive electricity on short and intermediate term contracts with privately owned electric utilities such as First Energy and the New York Power Authority.

First Energy, the nearest private electric utility, charges its customers up to 35% percent more than what the City charges. The average monthly residential electric bill (based on 500 kilowatt hours) shows that the City's charge for electrical service was \$39.94 monthly, compared to the \$53.92 charged by First Energy for the same service.

Sanitation

The primary function of the City's Sanitation Department is to provide weekly collection and disposal of residential solid waste, co-mingled recyclables and yard waste. In 2004, the City passed an ordinance requiring all residential customers to have City residential service. The Department also implemented phase one of a five-phase process of 96-gallon carts in a semi-automated process eliminating the "human" lifting by using a tipper. 48-gallon carts are being provided for the "one bag" service customers. Phase I of the program cost approximately \$127,000. The City also provides weekly collection and disposal services of commercial and industrial solid waste and recyclables. In 2004, all solid waste collected by the City was hauled directly to the Akron Central Transfer Station. Recyclables, which are collected from residents of the City, are processed at Recycle America in Oakwood, Ohio.

Leisure Time

The City's Leisure Time Fund, operated by the Parks and Recreation Department, includes five facilities, which are actively supported by its citizens and the citizens of surrounding communities. These five facilities are:

- Water Works Family Aquatic Center, an outdoor pool and recreation area (officially opened May 23, 1998);
- Brookledge Golf Club, an 18-hole municipal golf course complemented by a golf academy and practice facility;
- The Natatorium, an indoor community wellness center; (closed 6/04) new facility (9/20/04)

City of Cuyahoga Falls, Ohio

- Quirk Cultural Center, a community civic center; and
- Downview Sports Center, a driving range, miniature golf course, batting cages and skateboard park (opened Summer 2001).

Debt Administration

The City's debt is currently assigned a rating of Aa3 by Moody's Investors Service. The Aa3 rating indicates that there is exceptional security to principal and interest, and that investment in the City is considered a high-grade entity to investors (mostly individuals and mutual funds) who purchase the City's notes and bonds. The rating history of the City is as follows:

Rating History	
December 1939	B
December 1944	Ba
December 1949	Baa
February 1956	A
August 1976	A1
July 1997	A1
December 1998	A1
August 2001	Aa3

The City can issue an unlimited amount of debt, which is to be paid from user fees and special assessments. There is, however, limitations on debt that is issued without the support of user fees (enterprise operations) or special assessments (property owners). Ohio law permits that such debt has a limitation of 10.5 percent of a municipality's valuation. The City is well within these limitations.

On March 23, 2004, the City of Cuyahoga Falls sold \$8,000,000 of General Obligation Limited Tax Recreation Improvement Bonds and \$6,790,000 of General Obligation Limited Tax Various Purpose Refunding Bonds. The combined \$14,790,000 of bond proceeds was used to fund construction of the City's community recreation center (Natatorium) and to advance refund \$6,075,000 of Series 1995 Bonds.

On December 15, 2004, the City issued notes in the amount of \$25,700,000 in anticipation of the issuance of bonds for the following purposes: improving State Road from the south corporation line to Portage Trail; constructing and equipping a community recreation center (Natatorium); constructing a public festival site to be known as "Falls River Square", and improving Front Street from State Route 8 to Oakpark Boulevard and areas around Hudson Drive and Bailey Road.

The \$850,000 pay down by the city represents a \$250,000 and \$600,000 reduction on the State Road project and Falls River Square projects respectively.

Municipal management, citizens and investors consider the ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita to be valuable indicators of the City's debt position. Net general bonded debt is defined as total general bonded debt supported by taxes less amounts available in the Debt Service Fund. The City's modest amount of debt results in debt ratios is well below Moody's medians. An illustration of key statistics concerning the City's debt as of December 31, 2004, is as follows:

<u>Net General Bonded Debt</u>	<u>Ratio of Net General Bonded Debt to Assessed Valuation</u>	<u>Net General Bonded Debt Per Capita</u>
\$18,236,820	1.82%	\$362.76

City of Cuyahoga Falls, Ohio

Cash Management

Recognizing its responsibility to the public for sound fiscal management, the City administers a prudent cash management and investment program. The primary goals of the program are to minimize the amount of idle cash on hand to meet daily cash requirements and simultaneously maximize the funds available for investment. Our investment policy strives for the maximum return available through secure investments, while providing for the preservation of capital. Accordingly, deposits are either insured by federal depository insurance or collateralized. Collateral is held by the City or by its agent in the City's name.

To ensure the most competitive rates on investments, the cash resources of the individual funds (excluding the Debt Service, Municipal Court and Cemetery Perpetual Care funds) are combined to form a pool of cash and investments. The average investment portfolio in 2004 was approximately \$51.6 million. This represents approximately \$6.6 million more than in 2003. During 2004, the City earned interest income on its pooled funds at an average rate of return of 1.78 percent. Focusing on safety and liquidity, the City continues to invest only in the highest quality investments.

Risk Management

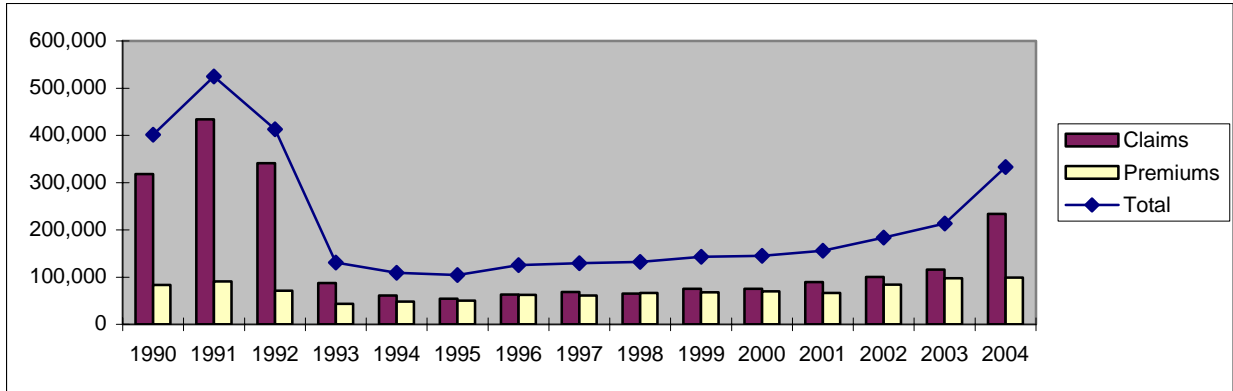
The City maintains a variety of liability insurance coverages with varying deductibles. Among these coverages are general liability with limits of \$2 million annually in the aggregate and \$1 million per occurrence, with a \$100,000 self-insurance retention. In addition, the City has umbrella liability coverage with limits of \$10 million in the aggregate and \$10 million per occurrence.

The City completed its twelfth consecutive year of the Retrospective Rating Plan with regard to insuring itself for all workers' compensation claims and liabilities. The Ohio Bureau of Workers' Compensation permits governmental entities to pay only a fraction of the annual premium and to assume the responsibility for paying all claims incurred during the policy period for the next ten years. Under this plan the City carries both individual and aggregate stop-loss coverage.

The City also maintains a self-insured hospitalization program. Prevention of catastrophic losses on the City's part is maintained through both individual and aggregate stop-loss coverage. The City's cost during the year for this program is for the payment of claims, third party claims administration and stop-loss coverage.

The City has saved well over \$2 million since shifting the primary responsibility for retiree hospitalization from the City to the two public employees retirement systems. Prior to 1993, the City provided primary medical coverage for all retirees who had a minimum of 12 continuous, permanent, full-time service years with the City. These savings were used to upgrade City fixed assets, provide additional services to its citizenry, and to continue to provide fee-structured services at the lowest costs possible. The enabling legislation, which passed in December 1991, relieved the City of primary medical reimbursement and only required the City to reimburse the retirees for all out-of-pocket medical expenses. Since 1993, the elimination of double spending has been conservatively estimated at approximately \$350,000 to \$400,000 annually in savings as indicated by the following chart:

**RETIREE HOSPITALIZATION COSTS
1990 – 2004**



AWARDS AND ACKNOWLEDGEMENTS

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

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), 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 has received a Certificate of Achievement for the last 20 consecutive years (fiscal years ended 1984-2003). We believe our current report continues to conform to the Certificate of Achievement program requirements and are therefore submitting it to the GFOA. Receipt of these awards is an outstanding sign of the City's active effort to anticipate and provide for the needs of its citizens.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. A special thanks goes out to Deputy Finance Director, Scott Fitzsimmons, for all of his hard work and dedication. The preparation of the CAFR requires a major effort from the accounting staff and we express our appreciation to all who assisted and contributed to the presentation of this year's report. We also thank the Mayor, his cabinet and the members of City Council for their thoughtful support and encouragement throughout the year.

Respectfully submitted,

Joseph F. Brodzinski
Finance Director

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Cuyahoga Falls,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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



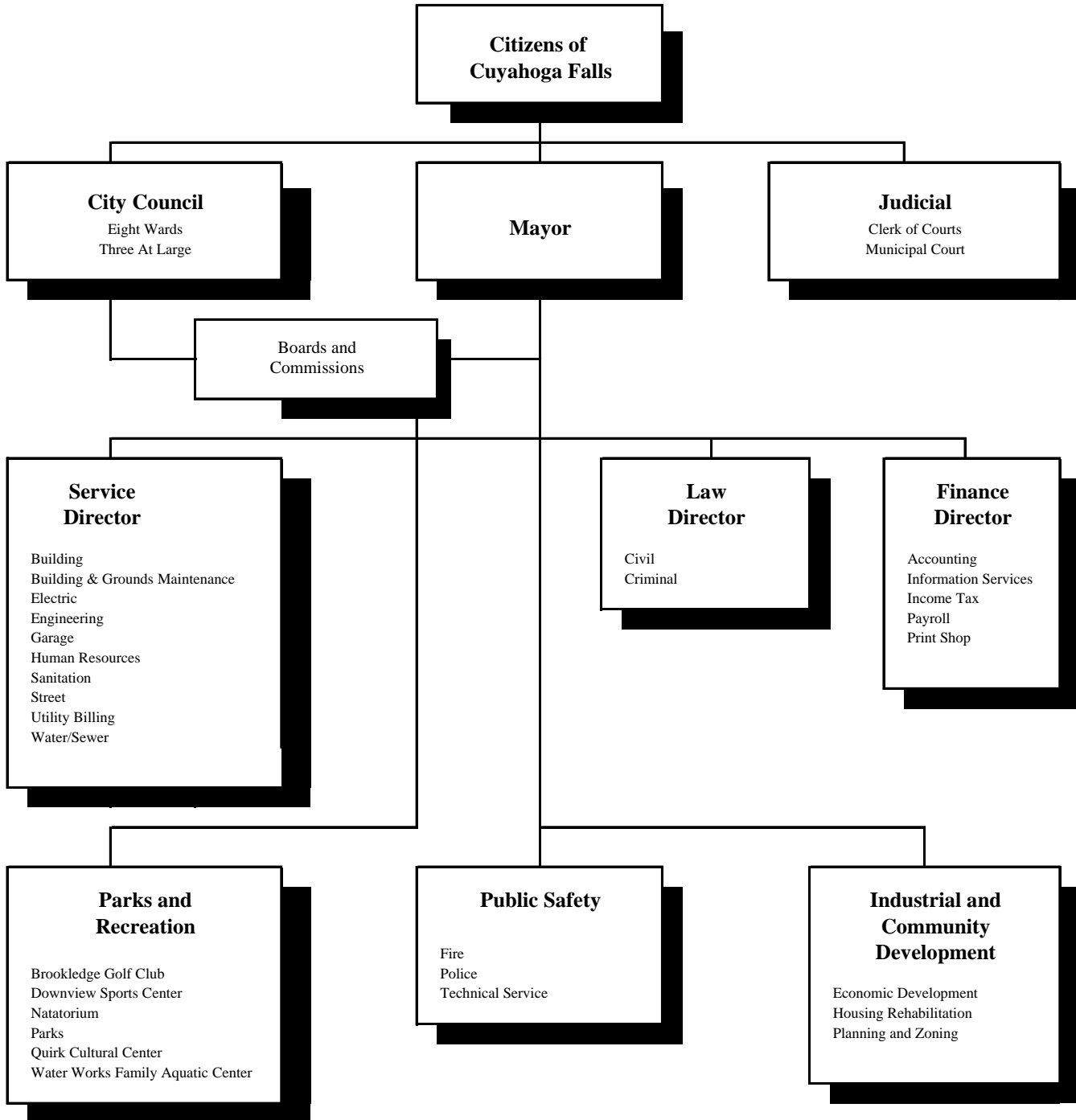
Nancy L. Zielle

President

Jeffrey R. Emmer

Executive Director

Organizational Chart



City Officials

Mayor Don L. Robart

Cabinet of the Mayor:

Valerie Wax Carr.....Service Director
Joseph F. Brodzinski....Finance Director
Virgil E. Arrington.....Law Director
Susan L. Truby.....Community
Development Director

Municipal Court:

Kim R. Hoover.....Judge
Lisa Coates.....Judge
Eric Czetli.....Clerk of Courts

At Large Council:

Carol Klinger (Council President at 12/31/04)
Tim Gorbach
Kathy Hummel

Ward Council:

Debbie Ritzinger..... Ward 1
Mary Ellen Pyke.....Ward 2
Ken Barnhart.....Ward 3
Doug Flinn.....Ward 4
George Potts.....Ward 5
Don Walters.....Ward 6
Jerry James.....Ward 7
Terry Mader.....Ward 8

FINANCIAL SECTION

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Don L. Robart, Mayor
and Members of City Council
City of Cuyahoga Falls, Ohio

The Honorable Betty Montgomery
Auditor of State
State of Ohio

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

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

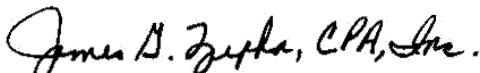
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund and the Municipal Income Tax special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19, during the year ended December 31, 2004, the City restated its joint venture equity.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2005 on our consideration of the City of Cuyahoga Falls, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cuyahoga Falls, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual 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.


James G. Zupka, CPA, Inc.
Certified Public Accountants

July 15, 2005

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Management's Discussion and Analysis

As management of the City of Cuyahoga Falls, Ohio (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 2 of this report.

FINANCIAL HIGHLIGHTS

- This is the City of Cuyahoga Falls second publication of a Comprehensive Annual Financial Report (CAFR) under the new GASB 34 reporting model. Comparisons to prior financials are offered for this discussion and analysis.
- Total assets of the City of Cuyahoga Falls were \$201,635,260. Of this amount, \$92,326,168 were attributable to Governmental Activities and \$109,309,092 were from Business-type Activities.
- Total liabilities of the City of Cuyahoga Falls were \$92,051,787. Governmental Activities accounted for \$38,496,400, while Business-type Activities represented \$53,555,387 of the total.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, security of persons and property, street maintenance, economic development, and leisure time activities. The business-type activities of the City include sanitary sewer disposal, water treatment and distribution, electric distribution, refuse and recycling collection service and leisure time activities including an outdoor family aquatic center, an indoor natatorium, a municipal golf course, a civic cultural center and a sports center facility which offers batting cages, a driving range and a miniature golf course.

The government wide financial statements include not only the City itself (known as the primary government) but also a legally separate community improvement corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government wide financial statements can be found on pages 37-39 of this report.

City of Cuyahoga Falls, Ohio

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 objectives. 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.

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 near-term inflows and outflows 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 narrower 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 decision. 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 twenty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Municipal Income Tax Special Revenue Fund, and Capital Projects Fund, which are considered to be major funds. Data from the other twenty-three 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 City adopts an annual appropriated budget for its General Fund and all Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Fund types. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 40-45 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 sewage and disposal, water, electric, sanitation and leisure time operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally to the City's various functions. The City uses Internal Service Funds to account for its vehicle maintenance, office and custodial supplies purchase and distribution, information services (responsible for data processing and computer operations of the City), medical self-insurance, worker's compensation coverage and compensated absences payments to terminated and retired employees. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

While the Utility Billing Fund is considered an Internal Service Fund, it is not reported separately. It has been consolidated in the applicable Enterprise Funds for statement purposes.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewage and Disposal Fund, Water Fund, Electric Fund, Sanitation Fund, and Leisure Time Fund, which are considered to be major funds. Conversely, the internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 46-53 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 fiduciary funds is much like that used for proprietary funds.

City of Cuyahoga Falls, Ohio

The basic fiduciary fund financial statements can be found on page 54 of this report.

Notes to the 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 financial statements can be found on pages 55-86 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 89-143 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

City of Cuyahoga Falls, Ohio - Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets						
Current and other assets	\$ 45,758,893	\$ 46,483,189	\$ 29,252,781	\$ 35,055,378	\$ 75,011,674	\$ 81,538,567
Capital assets	46,567,275	42,319,997	80,056,311	69,413,983	126,623,586	111,733,980
Total Assets	92,326,168	88,803,186	109,309,092	104,469,361	201,635,260	193,272,547
Liabilities						
Current and other liabilities	23,529,764	20,329,684	25,957,374	23,752,031	49,487,138	44,081,715
Long term liabilities outstanding	14,966,636	19,633,817	27,598,013	22,042,611	42,564,649	41,676,428
Total liabilities	38,496,400	39,963,501	53,555,387	45,794,642	92,051,787	85,758,143
Net Assets						
Invested in capital assets, net of related debt	35,151,575	30,640,601	34,362,869	30,900,161	69,514,444	61,540,762
Restricted	11,957,796	10,062,518	-	-	11,957,796	10,062,518
Permanent Fund Purpose	191,864	184,222	-	-	191,864	184,222
Unrestricted	6,528,533	7,952,344	21,390,836	27,774,558	27,919,369	35,726,902
Total net assets	\$ 53,829,768	\$ 48,839,685	\$ 55,753,705	\$ 58,674,719	\$ 109,583,473	\$ 107,514,404

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$109,583,473 at the close of the most recent fiscal year.

The largest portion of the City's net assets (63 percent) reflects its investments in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens, therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Additionally, 11 percent of the City's net assets represent resources that have been restricted on how they may be used. Another portion of the City's net assets (less than 1 percent) represents the Perpetual Care Permanent Fund, which used to be a non-expendable trust fund. The remaining balance of unrestricted net assets \$27,919,369 may be used to meet the government's on-going obligations to its citizens and creditors.

City of Cuyahoga Falls, Ohio

At the end of the current fiscal year, the City of Cuyahoga Falls is able to report positive balances in the three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Overall, net assets of the City increased by \$2.07 million in 2004. Net assets for governmental activities increased \$4.9 million, while net assets for business-type activities decreased \$2.9 million. One of the contributing factors for the decrease in net assets for business type activities was the result of an increase in long term liabilities outstanding. This is due to the issuance of long-term bonds payable for the construction of the Natatorium.

In 2004, the City realized a 10.2 percent increase of net assets of Governmental Activities. This growth is largely related to the amount invested in capital assets, net of related debt, which accounts for 65 percent of the 2004 total net assets of Governmental Activities. The capitalization of infrastructure has contributed greatly to this augmentation.

Ninety-five percent of this increase can be attributed to the following three projects:

- Albermarle and 9th Street Reconstruction
- Front Street and Hudson Drive Intersection Reconstruction
- Broad Boulevard Bridge Reconstruction

A large part (50 percent) of the funding for these projects was provided through various State of Ohio resources.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year. This table contains the 2003 fiscal year figures for comparison purposes.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio - Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$ 9,403,939	\$ 8,508,620	\$ 44,749,497	\$ 41,386,715	\$ 54,153,436	\$ 49,895,335
Operating grants and contributions	2,100,449	1,835,068	58,329	37,500	2,158,778	1,872,568
Capital grants and contributions	2,790,907	4,188,486	541,805	281,660	3,332,712	4,470,146
General revenues:						
Property taxes	10,138,292	10,129,445	-	-	10,138,292	10,129,445
Other taxes	18,382,279	16,716,850	-	-	18,382,279	16,716,850
Grants and contributions not						
restricted to specific programs	4,872,500	4,615,712	-	-	4,872,500	4,615,712
Other	390,583	1,320,022	-	16,755	390,583	1,336,777
Total revenues	48,078,949	47,314,203	45,349,631	41,722,630	93,428,580	89,036,833
Expenses:						
Security of persons and property	20,192,572	19,216,910	-	-	20,192,572	19,216,910
Leisure time activities	3,314,284	2,775,912	-	-	3,314,284	2,775,912
Community environment	1 2,512,427	1,142,020	-	-	2,512,427	1,142,020
Basic utility services	373,625	-	-	-	-	-
Street maintenance	5,652,789	5,754,567	-	-	5,652,789	5,754,567
General government	9,702,519	9,420,819	-	-	9,702,519	9,420,819
Interest and fiscal charges	610,705	688,220	-	-	610,705	688,220
Sewage and disposal	-	-	5,573,901	4,689,987	5,573,901	4,689,987
Water	-	-	4,396,443	3,853,979	4,396,443	3,853,979
Electric	-	-	26,996,163	28,064,289	26,996,163	28,064,289
Sanitation	-	-	4,239,813	3,531,060	4,239,813	3,531,060
Leisure time activities	-	-	2 7,794,270	4,156,511	7,794,270	4,156,511
Total expenses	42,358,921	38,998,448	49,000,590	44,295,826	90,985,886	83,294,274
Increase in net assets before transfers	5,720,028	8,315,755	(3,650,959)	(2,573,196)	2,069,069	5,742,559
Transfers	(729,945)	(799,024)	729,945	799,024	-	-
Changes in net assets	4,990,083	7,516,731	(2,921,014)	(1,774,172)	2,069,069	5,742,559
Net assets, restated - beginning	48,839,685	41,322,954	58,674,719	60,448,891	107,514,404	101,771,845
Net assets - ending	\$ 53,829,768	\$ 48,839,685	\$ 55,753,705	\$ 58,674,719	\$ 109,583,473	\$ 107,514,404

1 - Loss on sale of capital assets has been classified as Community environment expenses for the purpose of this statement.

2 - Loss on sale of capital assets has been classified as Leisure time activities expenses for the purpose of this statement.

City of Cuyahoga Falls, Ohio

Governmental activities. Governmental activities increased the City's net assets by \$5.0 million. Key elements of the changes in net assets are as follows:

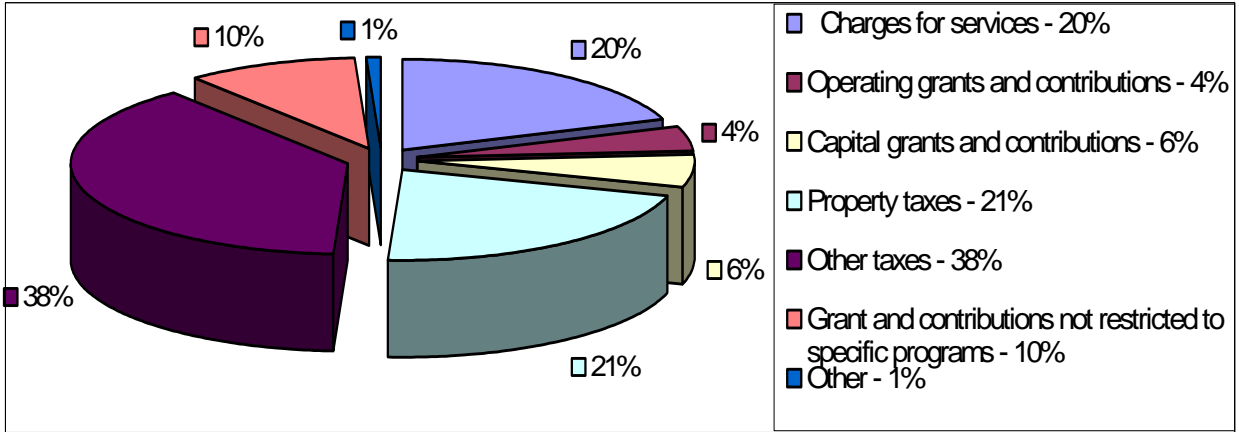
- ❖ Charges for service increased \$895,000 or 10.5 percent.
- ❖ Capital grants and contributions decreased by \$1.4 million or 33.4 percent.
- ❖ Other taxes increased by \$1.7 million or 10.0%.

The increase in governmental activities charges for services was due to increases in the accrual increase in transport fees from our emergency transport revenue through the Fire Department. Also, the accrual from the reimbursement from other communities located within the Cuyahoga Falls Municipal Court system was larger in 2004 than in 2003. Cuyahoga Falls is the host community for the Cuyahoga Falls Municipal Court system and charges the deficit of court operations back to the other eleven communities. The City also built a new festival site, Falls River Square, in 2004 and revenue from pavilion rental and the ice skating rink increased charges for services in 2004. A new Capital Projects Fund was created in 2004 called the Storm Drainage Utility Fund. Charges for services in 2004 amounted to approximately \$300,000.

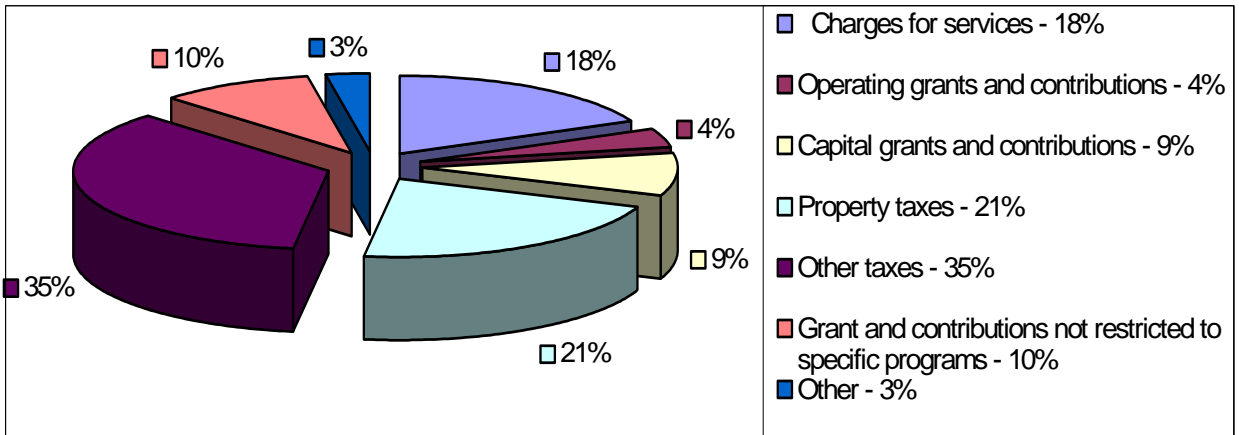
Capital grants and contributions decreased in 2004 due to an unusual capital contribution of \$619,000 in 2003 for the Hunter Parkway Bridge. Special assessment receivable decreased in 2004 by \$218,000 due to more special assessment projects in 2003.

Other taxes were greater in 2004 because of changes in State law, which affected income taxes in 2003. State law concerning income taxes specifies specifically when quarterly income tax payments will be due. This was done to form a consistency among all municipalities statewide. In previous years the City changed their rules and had the fourth quarter payment come due in December. When the law took effect in 2003 it shifted the City's fourth quarter payment from December 2003 to January 2004. This resulted in the City only receiving three quarterly payments in 2003. Also, income tax collections in 2004 were generally higher than 2003.

2004 Revenues by Source – Governmental Activities

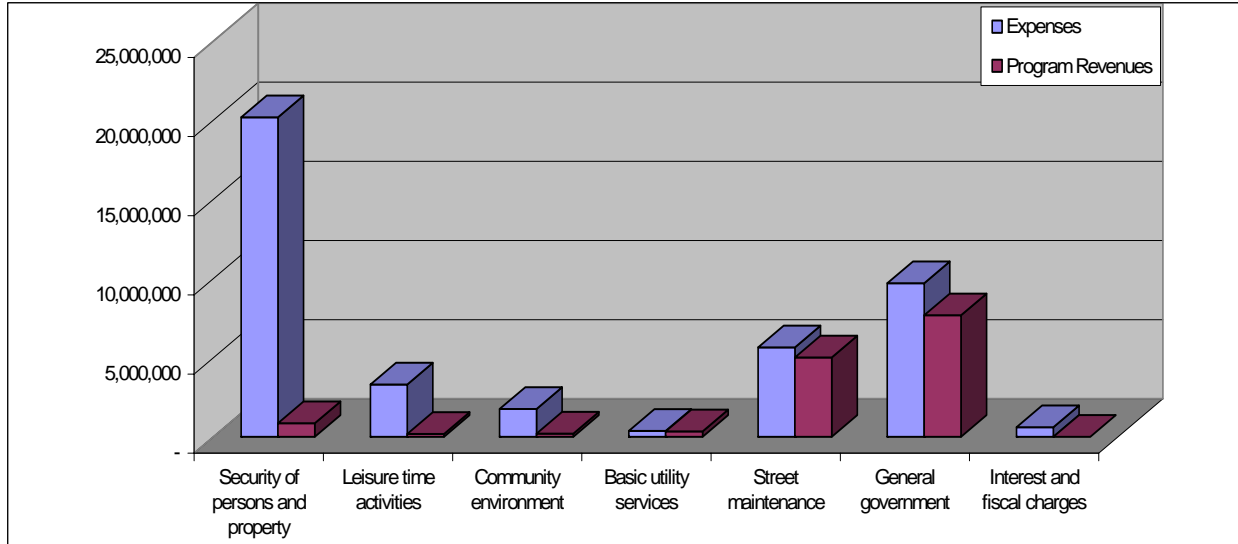


2003 Revenues by Source – Governmental Activities

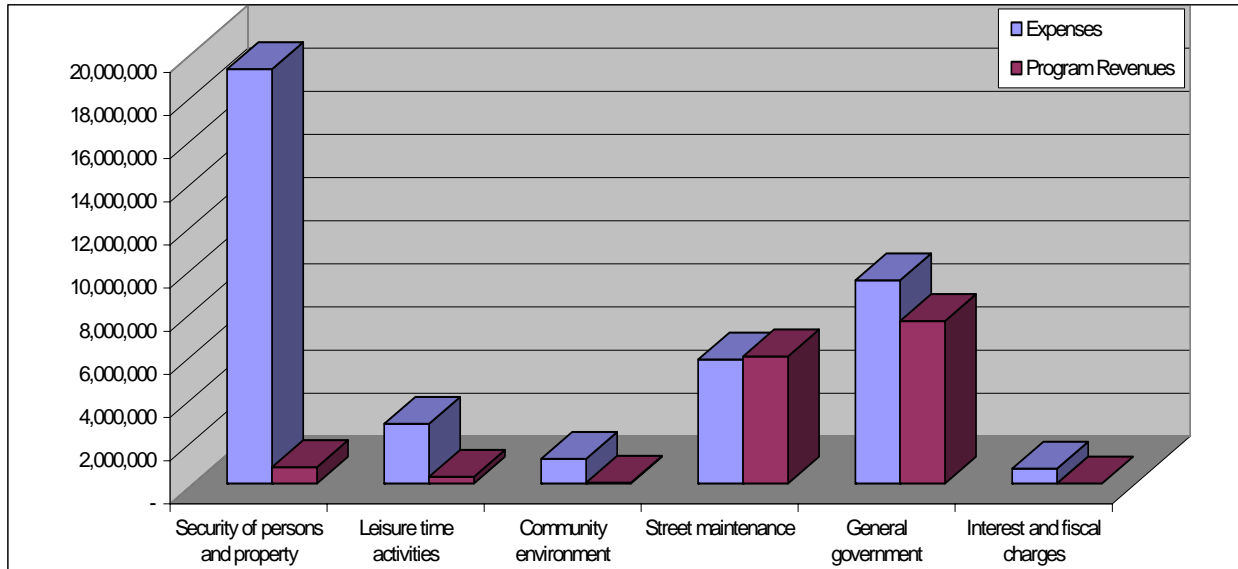


City of Cuyahoga Falls, Ohio

2004 Expenses and Program Revenues – Governmental Activities



2003 Expenses and Program Revenues – Governmental Activities



Business-type activities: Business-type activity net assets decreased by \$2.9 million. Key elements of changes in net assets are as follows.

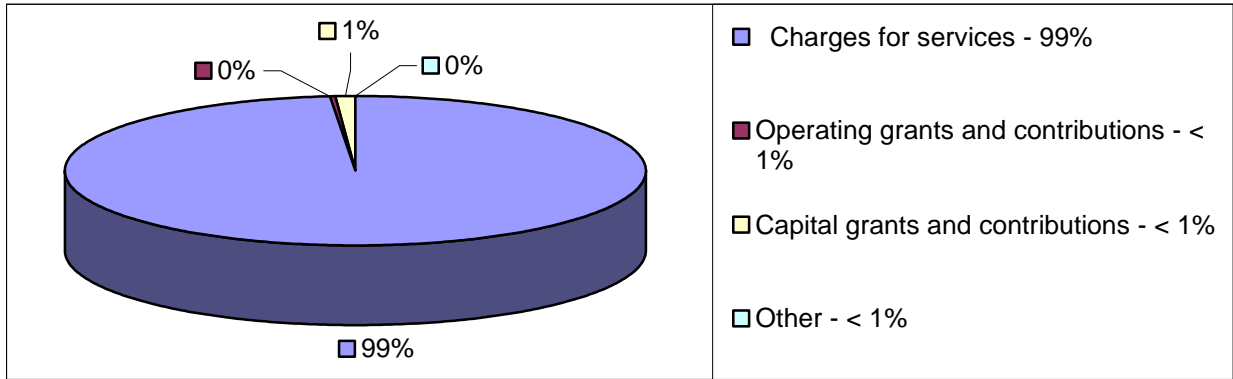
- ❖ Charges for services increased by \$3.4 million or 8.1 percent.
- ❖ Expenses increased by \$4.7 million or 10.6 percent.

Charges for services increased in the Sewage and Disposal, Water, Sanitation, and Leisure Time enterprises by 18.93%, 10.68%, 12.01%, and 24.64%, respectively on a cash basis as compared to 2003. The increase in Sewage and Disposal is attributed to a rate increase effective January 1, 2004. The increase in Water was due to increased consumption in 2004. The Sanitation increase was due to a rate increase effective April 2004. The increase in the Leisure Time Fund is due to the City opening a new wellness center in September 2004. The new center replaced the old Natatorium, which was half the size as the new facility.

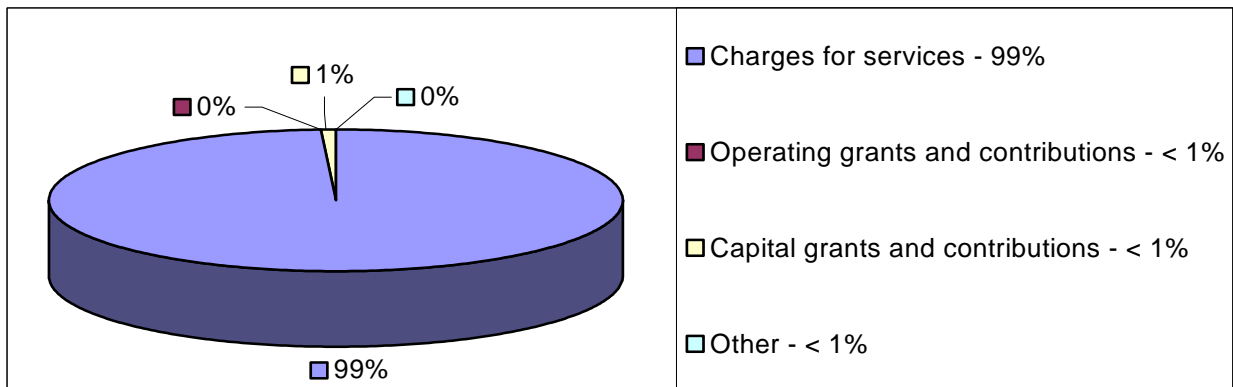
The increase in expenses is attributed to over a \$2.0 million increase in capital outlay within the Sewage and Disposal Fund. In 2004, the City negotiated a deal with Summit County to pay part of the capital infrastructure for the County's Mudbrook Interceptor Sewer System for \$1.7 million. Purchased power in the Electric Fund also increased due to increased rates and a slight increase in consumption.

City of Cuyahoga Falls, Ohio

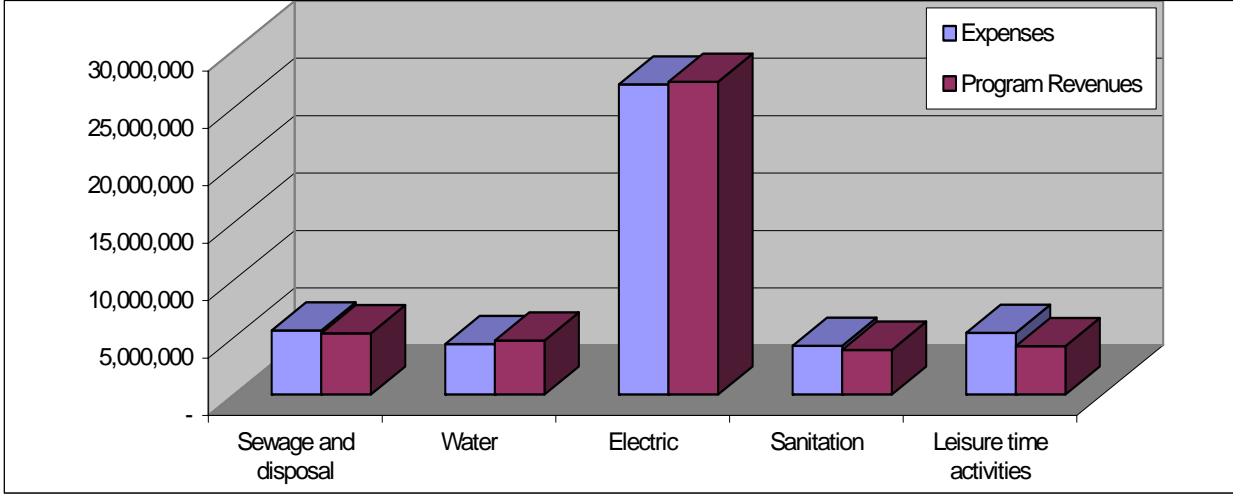
2004 Revenue by Source – Business-type Activities



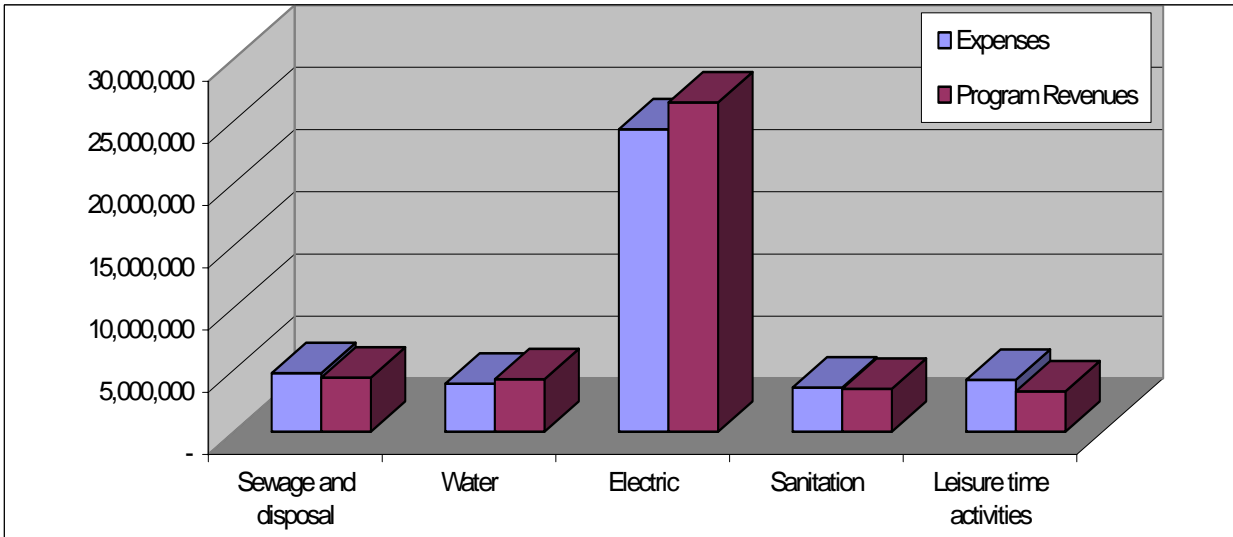
2003 Revenue by Source – Business-type Activities



2004 Expenses and Program Revenues – Business-type Activities



2003 Expenses and Program Revenues – Business-type Activities



City of Cuyahoga Falls, Ohio

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on the 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 a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2004, the City's governmental funds reported combined ending fund balances of \$12.35 million, which represents an increase of \$354,000 in comparison with the prior year. Approximately \$5.7 million of this amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period and for non-current loans receivable.

The general fund is the chief operating fund of the City. At December 31, 2004, unreserved fund balance of the general fund was \$5.3 million, while total fund balance was \$6.05 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 (including transfers out). Unreserved fund balance represents 16.1 percent of total general fund expenditures (including transfers out), while total fund balance represents 18.4 percent of the same amount.

The fund balance of the City's General Fund increased by \$360,000 during 2004. Key factors contributing to this increase are as follows:

- ❖ Total revenues (including transfers in) increased by \$1.33 million or 4.2 percent. This increase is primarily attributed to income tax revenues being transferred by ordinance from the City's Municipal Income Tax Fund.
- ❖ Expenditures (including transfers out) increased by \$1.59 million or 5.1 percent. Security of persons and property increased by \$822,000 due to increased personnel and disaster preparedness within the police and fire departments. Community environment also increased by \$304,000 in 2004 because of enhanced services provided to the City's residents with the expansion of the City's festival site, Falls River Square.

Proprietary Funds. The City's proprietary funds provide the same information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year amounted to \$141,000, \$3.2 million, \$20.1 million, (\$385,000), and (\$942,000) for the Sewage and Disposal, Water, Electric, Sanitation, and Leisure Time Funds, respectively. The Sanitation Fund has negative unrestricted net assets in 2004 and is in the process of being discussed with potential rate increases and cost savings measures. The cost saving measures include standardization of refuse containers, which will reduce the number of personnel per route with an ultimate goal of full automation in the future. The negative unrestricted net assets in the Leisure Time Fund are also being addressed in 2005. Rates at the City's golf course and the City's wellness center have been adjusted and are being closely monitored.

General Fund Budgetary Highlights

The final amended General Fund budget had total appropriation of approximately \$92,000 more than the original budget. The total original appropriations, including those for transfers out and advances out, were \$34.48 million, while the final appropriations were \$34.57 million.

Municipal Income Tax Fund Budgetary Highlights

The final amended Municipal Income Tax Fund budget had total appropriations of approximately \$266,000 more than the original budget. The total original appropriations, including those for transfers out, were \$17.00 million, while the final appropriations were \$17.26 million. The increase was due to an increase in projected revenues, which necessitated an increase in transfer appropriations. Revenue collections were up due to an upswing in the economy.

Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets for governmental and business-type activities as of December 31, 2004, amounts to \$126.6 million (net of accumulated depreciation). This investment in capital assets include land, buildings, improvements, machinery and equipment, as well as, infrastructure prospectively, including roads, sidewalks, bridges, storm sewer, curbs and gutters. The total increase in the City’s investment in capital assets for 2004 was 13.3% (a 10 percent increase for governmental activities and a 15.5 percent increase for business-type activities).

City of Cuyahoga Falls Capital Assets (Net of Depreciation)							
	Governmental Activities		Business-type Activities		Total		
	2004	2003	2004	2003	2004	2003	
Land	\$ 8,211,061	\$ 9,097,112	\$ 2,646,180	\$ 2,646,180	\$ 10,857,241	\$ 11,743,292	
Construction in Progress	689,047	11,078,980	683,126	15,373,274	1,372,173	26,452,254	
Buildings	16,645,309	9,349,379	34,543,118	11,021,897	51,188,427	20,371,276	
Improvements	4,833	8,966	38,979,593	37,683,628	38,984,426	37,692,594	
Machinery and Equipment	6,632,748	6,330,537	3,204,294	2,689,004	9,837,042	9,019,541	
Infrastructure	14,384,277	6,455,023	-	-	14,384,277	6,455,023	
Total	\$ 46,567,275	\$ 42,319,997	\$ 80,056,311	\$ 69,413,983	\$ 126,623,586	\$ 111,733,980	

Major capital asset events during 2004 were as follows:

- Construction of the new Natatorium was completed in September, 2004.
- Various road projects were begun or continued during the year, many of them large enough to be considered major reconstructions, with the investment in these projects exceeding \$ 2,500,000. Of those, reconstruction of the intersection at Front Street and Hudson Drive was completed, with major contributions from the Ohio Department of Transportation.
- The replacement of the Broad Boulevard bridge was also completed, with investments to date exceeding \$2,700,000. However, a large portion of the 2004 expenditures were provided through various State of Ohio funding sources.
- The planning phase of Fire Station 5 began in 2004. The new Fire Station has an expected completion date of 2006.

For more detailed information on capital asset activity, refer to Note 6-Capital Assets in the Notes to the Financial Statements section.

City of Cuyahoga Falls, Ohio

Long-term debt. At December 31, 2004, the City had \$38.5 million of long-term bonds and capital leases outstanding. All special assessment bonds issued by the City are also general obligation bonds (\$660,707 in governmental activities) and are included herein.

City of Cuyahoga Falls General Obligation Bonds and Capital Leases Outstanding						
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
G. O. bonds	\$ 10,893,105	\$ 11,327,179	\$ 27,056,437	\$ 20,160,676	\$ 37,949,542	\$ 31,487,855
Capital leases	193,227	150,010	323,003	-	516,230	150,010
Total	\$ 11,086,332	\$ 11,477,189	\$ 27,379,440	\$ 20,160,676	\$ 38,465,772	\$ 31,637,865

On April 8, 2004 the City issued \$8,000,000 Recreation Improvement Bonds for the purpose of financing a portion of the costs of constructing and equipping a community recreation center. The interest rate on the bonds range from 2.00 – 5.00 percent and the maturity date is December 1, 2024.

At the same time, the City also issued Various Purpose Refunding Bonds in the amount of \$6,790,000 (par value) with an interest rate of 2.00 – 4.00 percent to advance refund general obligation bonds in the amount of \$6,075,000 (par value) with an interest rate of 4.40 through 6.00 percent. These bonds mature on December 1, 2015 and are callable on December 1, 2006. As a result of the advance refunding the City reduced its total debt service requirements by \$560,854, which resulted in an economic gain of \$469,748.

These Various Purpose Refunding Bonds are being paid from governmental activities, as well as business-type activities based on the principal balance of the original issuances. All transactions relating to long-term debt are fully described in Note 13 within the Notes to the Financial Statements

Economic Factors and Next Year's Budget

The City of Cuyahoga Falls elected and appointed officials consider many factors, through a lengthy budget process. One of the main concerns for the 2005 budget process was the economic condition of the State of Ohio and how that would affect state shared taxes with our municipality and others throughout the State. Revenue projections from the State of Ohio were higher than anticipated and municipalities were frozen at current levels of some state shared taxes, but were not reduced. The City also places high importance on job creation and retention with it use of “enterprise zones”, “community reinvestment areas”, and “foreign trade zones”. One of the main objectives every year in the City’s budget is long-term fiscal stability with cost containment and the pursuit of new revenue sources. In 2005, the City is in the process of restructuring its Building Department fee structure.

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 show accountability for the money it receives. This report is also available on the City’s website at www.cityofcf.com. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Cuyahoga Falls Finance Department, 2310 Second Street, Cuyahoga Falls, Ohio, 44221.

BASIC FINANCIAL STATEMENTS

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Statement of Net Assets
December 31, 2004

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		CIC of Cuyahoga Falls
Assets				
Equity in pooled cash and cash equivalents	\$ 17,201,684	\$ 19,964,199	\$ 37,165,883	\$ -
Cash and cash equivalents - restricted accounts	131,423	-	131,423	776,368
Investments - restricted	1,855,630	-	1,855,630	-
Accounts receivable (net of allowance for uncollectibles)	1,055,938	5,151,916	6,207,854	-
Loans receivable	1,810,729	-	1,810,729	106,510
Taxes receivable	14,048,320	-	14,048,320	-
Special assessments receivable	1,851,501	55,996	1,907,497	-
Accrued interest receivable	698,748	-	698,748	-
Due from other governments	4,438,009	91,951	4,529,960	-
Inventory of supplies	817,162	2,829,256	3,646,418	-
Prepaid items	174,442	110,551	284,993	-
Internal balances	1,158,216	(1,158,216)	-	-
Deferred charges	517,091	570,001	1,087,092	-
Unamortized bond discount	-	65,417	65,417	-
Investment in joint venture	-	1,571,710	1,571,710	-
Nondepreciable capital assets	8,900,108	3,329,306	12,229,414	-
Depreciable capital assets	37,667,167	76,727,005	114,394,172	-
Total assets	92,326,168	109,309,092	201,635,260	882,878
Liabilities				
Accounts payable	783,363	3,499,310	4,282,673	-
Accrued salaries, wages and benefits	438,213	163,258	601,471	-
Accrued interest payable	47,128	120,122	167,250	-
Due to other governments	380,729	567,940	948,669	-
Unearned revenue	9,907,315	510,664	10,417,979	120
Deposit held and due to others	-	224,162	224,162	-
Notes payable	7,400,000	18,300,000	25,700,000	-
Current portion of:				
Accrued compensated absences	2,491,345	778,199	3,269,544	-
Claims and judgments payable	1,083,665	-	1,083,665	-
Capital leases	112,860	110,555	223,415	-
Bonds payable	885,146	1,683,164	2,568,310	-
Long-term portion of:				
Accrued compensated absences	3,737,708	1,497,348	5,235,056	-
Claims and judgments payable	1,036,706	-	1,036,706	-
Capital leases	80,367	212,448	292,815	-
Unamortized bond premium	103,896	514,944	618,840	-
Bonds payable	10,007,959	25,373,273	35,381,232	-
Total liabilities	38,496,400	53,555,387	92,051,787	120
Net Assets				
Invested in capital assets, net of related debt	35,151,575	34,362,869	69,514,444	-
Restricted for:				
Capital projects	5,095,610	-	5,095,610	-
Debt service	482,412	-	482,412	-
Other purposes	6,379,774	-	6,379,774	570,045
Permanent fund purpose:				
Nonexpendable - Cemetery Perpetual Care	191,864	-	191,864	-
Unrestricted	6,528,533	21,390,836	27,919,369	312,713
Total net assets	\$ 53,829,768	\$ 55,753,705	\$109,583,473	\$ 882,758

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Activities For the Year Ended December 31, 2004

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Security of persons and property	20,192,572	645,102	46,009	162,000
Leisure time activities	3,314,284	193,635	-	-
Community environment	1,769,864	176,127	34,028	-
Basic utility services	373,625	347,960	-	-
Street maintenance	5,652,789	520,780	1,860,521	2,628,907
General government	9,702,519	7,520,335	159,891	-
Interest and fiscal charges	610,705	-	-	-
Total governmental activities	41,616,358	9,403,939	2,100,449	2,790,907
Business-type activities:				
Sewage and disposal	5,573,901	5,330,292	-	-
Water	4,396,443	4,689,048	-	-
Electric	26,996,163	27,223,637	-	-
Sanitation	4,239,813	3,831,498	58,329	-
Leisure time activities	5,379,234	3,675,022	-	541,805
Total business-type activities	46,585,554	44,749,497	58,329	541,805
Total primary government	88,201,912	54,153,436	2,158,778	3,332,712
Component Unit - CIC of Cuyahoga Falls	7,975	1,020	-	-
General revenues:				
Property taxes levied for:				
General purposes				
Special revenue				
Income tax levied for:				
General purposes				
Special revenue				
Capital projects				
Grants and entitlements not restricted to specific programs				
Gain or (loss) on sale of capital assets				
Investment earnings				
Transfers				
Total general revenue and transfers				
Change in net assets				
Net assets, restated - beginning				
Net assets - ending				

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

(Continued)

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	CIC of Cuyahoga Falls
(19,339,461)	-	(19,339,461)	-
(3,120,649)	-	(3,120,649)	-
(1,559,709)	-	(1,559,709)	-
(25,665)	-	(25,665)	-
(642,581)	-	(642,581)	-
(2,022,293)	-	(2,022,293)	-
(610,705)	-	(610,705)	-
<u>(27,321,063)</u>	<u>-</u>	<u>(27,321,063)</u>	<u>-</u>
-	(243,609)	(243,609)	-
-	292,605	292,605	-
-	227,474	227,474	-
-	(349,986)	(349,986)	-
-	(1,162,407)	(1,162,407)	-
-	(1,235,923)	(1,235,923)	-
<u>(27,321,063)</u>	<u>(1,235,923)</u>	<u>(28,556,986)</u>	<u>-</u>
-	-	-	(6,955)
9,598,065	-	9,598,065	-
540,227	-	540,227	90,772
11,522,505	-	11,522,505	-
1,470,156	-	1,470,156	-
5,389,618	-	5,389,618	-
4,872,500	-	4,872,500	-
(742,563)	(2,415,036)	(3,157,599)	-
390,583	-	390,583	15,022
<u>(729,945)</u>	<u>729,945</u>	<u>-</u>	<u>-</u>
<u>32,311,146</u>	<u>(1,685,091)</u>	<u>30,626,055</u>	<u>105,794</u>
4,990,083	(2,921,014)	2,069,069	98,839
48,839,685	58,674,719	107,514,404	783,919
<u>53,829,768</u>	<u>55,753,705</u>	<u>109,583,473</u>	<u>882,758</u>

City of Cuyahoga Falls, Ohio

Balance Sheet - Governmental Funds December 31, 2004

	<u>General</u>	<u>Municipal Income Tax</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 3,605,339	\$ 89,557	\$4,692,409	\$ 3,027,261	\$ 11,414,566
Cash and cash equivalents - restricted	-	-	-	131,423	131,423
Investments - restricted accounts	-	-	-	1,855,630	1,855,630
Receivables					
Taxes	9,633,483	3,859,059	-	555,778	14,048,320
Accounts (net of allowance for uncollectibles)	17,745	-	847,523	157,268	1,022,536
Loans	-	-	-	1,810,729	1,810,729
Special assessments	26,903	-	616,912	1,207,686	1,851,501
Accrued interest	-	-	-	698,748	698,748
Due from other funds	2,167,253	-	942,790	509,009	3,619,052
Due from other governments	2,932,994	72,295	279,658	1,153,060	4,438,007
Inventory of supplies	125,596	114	-	210,805	336,515
Prepaid items	125,540	235	-	25,785	151,560
Advances to other funds	-	-	-	675,800	675,800
	<u>18,634,853</u>	<u>4,021,260</u>	<u>7,379,292</u>	<u>12,018,982</u>	<u>42,054,387</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	192,575	113	351,856	157,001	701,545
Accrued salaries, wages and benefits	347,843	3,458	-	74,338	425,639
Deferred revenue	11,432,254	936,978	1,393,026	2,921,805	16,684,063
Due to other funds	594,421	3,064,392	-	205,687	3,864,500
Due to other governments	18,295	519	-	37,411	56,225
Advances from other funds	-	-	475,000	100,000	575,000
General obligation notes payable	-	-	7,400,000	-	7,400,000
Total liabilities	<u>12,585,388</u>	<u>4,005,460</u>	<u>9,619,882</u>	<u>3,496,242</u>	<u>29,706,972</u>
Fund Balances					
Reserved for encumbrances	491,851	15,451	824,940	304,534	1,636,776
Reserved for prepaid items	125,540	235	-	25,785	151,560
Reserved for advances	-	-	-	675,800	675,800
Reserved for investments	-	-	-	1,746,630	1,746,630
Reserved for inventory of supplies	125,596	114	-	210,805	336,515
Reserved for loans receivable	-	-	-	1,810,729	1,810,729
Reserved for debt service	-	-	-	56,285	56,285
Reserved for cemetery perpetual care	-	-	-	191,689	191,689
Unreserved - undesignated					
General fund	5,306,478	-	-	-	5,306,478
Special revenue funds	-	-	-	2,879,045	2,879,045
Capital Projects funds	-	-	(3,065,530)	621,438	(2,444,092)
Total fund balances (deficit)	<u>6,049,465</u>	<u>15,800</u>	<u>(2,240,590)</u>	<u>8,522,740</u>	<u>12,347,415</u>
	<u>\$ 18,634,853</u>	<u>\$ 4,021,260</u>	<u>\$ 7,379,292</u>	<u>\$ 12,018,982</u>	<u>\$ 42,054,387</u>

See accompanying notes to the basic financial statements

**Reconciliation of Total Governmental Fund Balances to Net Assets of
Governmental Activities
December 31, 2004**

Total Governmental Fund Balances \$ 12,347,415

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

Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds. Those assets consist of:

Nondepreciable capital assets	8,878,148	
Depreciable capital assets	37,337,427	
	<u>37,337,427</u>	46,215,575

Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds:

Investment earnings	633,613	
Property taxes	281,946	
Grants and entitlements	2,020,326	
Income tax	936,978	
Special assessments	1,851,501	
Charges for services	1,052,384	
	<u>1,052,384</u>	6,776,748

Internal service funds are used by the City to account for the financing of goods or services provided by one department to other City departments or agencies, generally on a cost reimbursement basis. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Internal service fund net assets are: 5,186,530

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued interest payable	(47,128)	
Deferred charges related to debt issuance	517,091	
Unamortized bond premium	(103,896)	
Accrued compensated absences	(5,976,235)	
Capital leases	(193,227)	
Bonds Payable	(10,893,105)	
	<u>(10,893,105)</u>	(16,696,500)

Total Governmental Activities Net Assets \$ 53,829,768

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2004

	General	Municipal Income Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 9,394,405	\$ -	\$ -	\$ 541,986	\$ 9,936,391
Municipal income taxes	-	18,454,257	-	-	18,454,257
Other local taxes	239,718	-	-	254	239,972
State levied shared taxes	4,733,464	-	-	2,116,550	6,850,014
Intergovernmental	90,800	-	2,522,266	251,230	2,864,296
Charges for services	5,093,371	-	1,288,107	495,870	6,877,348
Fees, licenses and permits	382,945	-	-	733,867	1,116,812
Interest earnings	-	-	-	365,308	365,308
Fines and forfeitures	271,999	-	-	121,253	393,252
Special assessments	11,710	-	135,395	211,345	358,450
Other	269,404	235	382,887	73,245	725,771
Total revenues	<u>20,487,816</u>	<u>18,454,492</u>	<u>4,328,655</u>	<u>4,910,908</u>	<u>48,181,871</u>
Expenditures					
Current					
Security of persons and property	16,775,010	-	-	2,288,741	19,063,751
Leisure time activities	2,391,253	-	-	664,257	3,055,510
Community environment	1,364,995	-	-	58,885	1,423,880
Street maintenance	-	-	-	4,374,161	4,374,161
General government	7,992,025	851,251	-	114,696	8,957,972
Capital outlay	-	-	8,632,749	17,837	8,650,586
Debt Service					
Principal	-	-	73,991	895,608	969,599
Interest	-	-	168,652	450,752	619,404
Total expenditures	<u>28,523,283</u>	<u>851,251</u>	<u>8,875,392</u>	<u>8,864,937</u>	<u>47,114,863</u>
Excess (deficiency) of revenues					
Over (under) expenditures	(8,035,467)	17,603,241	(4,546,737)	(3,954,029)	1,067,008
Other Financing Sources (Uses)					
Proceeds of refunding bonds	-	-	-	4,382,963	4,382,963
Premium on various purpose refunding bonds	-	-	-	49,654	49,654
Payment to bond escrow account	-	-	-	(4,355,330)	(4,355,330)
Refunding bond issuance cost	-	-	-	(68,022)	(68,022)
Transfers in	12,845,028	-	5,208,549	5,990,201	24,043,778
Transfers out	(4,424,960)	(17,603,497)	(100,000)	(2,645,266)	(24,773,723)
Total other financing sources (uses)	<u>8,420,068</u>	<u>(17,603,497)</u>	<u>5,108,549</u>	<u>3,354,200</u>	<u>(720,680)</u>
Net change in fund balances	384,601	(256)	561,812	(599,829)	346,328
Fund balance (deficit) at beginning of year	5,689,552	16,072	(2,802,402)	9,090,521	11,993,743
Change in reserve for inventory	(22,322)	-	-	28,739	6,417
Change in reserve for prepaid items	(2,366)	(16)	-	3,309	927
Fund balance (deficit) at end of year	<u>\$ 6,049,465</u>	<u>\$ 15,800</u>	<u>\$ (2,240,590)</u>	<u>\$ 8,522,740</u>	<u>\$ 12,347,415</u>

See accompanying notes to the basic financial statements

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
December 31, 2004**

Net Change in Fund Balances - Total Governmental Funds \$ 346,328

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 5,422,974

In the statement of activities, only the loss on the disposal of assets is reported, whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets. (1,038,297)

Governmental funds report expenditures for inventory of supplies and prepaid items when purchased. However, in the statement of activities, they are reported as an expense when consumed. 7,344

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

Investment earnings	(33,322)	
Property taxes	(32,235)	
Grants and entitlements	137,046	
Income tax	(78,902)	
Special assessments	(217,988)	
Charges for services	<u>427,920</u>	
		202,519

Repayment of bond principal and capital lease payments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 390,857

In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due. 8,699

Premiums on bonds issued are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. (34,761)

Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. 517,091

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. 29,548

Internal service funds are used by the City to account for the financing of goods or services provided by one department to other City departments or agencies, generally on a cost reimbursement basis. The revenues (expenses) of the internal service funds are allocated among the governmental activities. (862,219)

Changes in Net Assets of Governmental Activities \$ 4,990,083

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 9,316,740	\$ 9,393,740	\$ 9,394,405	\$ 665
Other local taxes	216,250	243,250	241,843	(1,407)
State levied shared taxes	4,497,747	4,631,247	4,632,672	1,425
Intergovernmental	266,632	89,632	92,516	2,884
Charges for services	5,371,208	5,419,708	5,076,188	(343,520)
Fees, licenses, and permits	428,225	390,225	387,887	(2,338)
Fines and forfeitures	296,000	262,000	262,198	198
Special assessments	13,130	13,130	11,710	(1,420)
Other	194,000	319,000	298,806	(20,194)
Total revenues	20,599,932	20,761,932	20,398,225	(363,707)
Expenditures				
Current				
Security of persons and property	17,334,271	17,298,870	17,176,008	122,862
Leisure time activities	2,428,862	2,478,862	2,418,187	60,675
Community environment	1,435,597	1,617,830	1,554,682	63,148
General government	8,604,555	8,499,678	8,181,282	318,396
Total expenditures	29,803,285	29,895,240	29,330,159	565,081
Excess (deficiency) of revenues over (under) expenditures	(9,203,353)	(9,133,308)	(8,931,934)	201,374
Other Financing Sources (Uses)				
Transfers in	11,897,523	12,111,137	12,024,116	(87,021)
Transfers out	(4,678,027)	(4,678,027)	(4,483,576)	194,451
Total other financing sources (uses)	7,219,496	7,433,110	7,540,540	107,430
Net change in fund balances	(1,983,857)	(1,700,198)	(1,391,394)	308,804
Fund balance at beginning of year	4,336,776	4,336,776	4,336,776	-
Fund balance at end of year	\$ 2,352,919	\$ 2,636,578	\$ 2,945,382	\$ 308,804

See accompanying notes to the basic financial statements

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Income Tax Fund
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal income taxes	\$ 16,992,490	\$ 17,254,990	\$ 17,219,817	\$ (35,173)
Other	-	-	235	235
Total revenues	<u>16,992,490</u>	<u>17,254,990</u>	<u>17,220,052</u>	<u>(34,938)</u>
Expenditures				
Current				
General government	<u>1,042,514</u>	<u>967,515</u>	<u>858,897</u>	<u>108,618</u>
Total expenditures	<u>1,042,514</u>	<u>967,515</u>	<u>858,897</u>	<u>108,618</u>
Excess (deficiency) of revenues over (under) expenditures	15,949,976	16,287,475	16,361,155	73,680
Other Financing Sources (Uses)				
Transfers out	<u>(15,952,645)</u>	<u>(16,293,500)</u>	<u>(16,293,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(15,952,645)</u>	<u>(16,293,500)</u>	<u>(16,293,500)</u>	<u>-</u>
Net change in fund balances	(2,669)	(6,025)	67,655	73,680
Fund balance at beginning of year	6,451	6,451	6,451	-
Fund balance at end of year	<u>\$ 3,782</u>	<u>\$ 426</u>	<u>\$ 74,106</u>	<u>\$ 73,680</u>

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Net Assets - Proprietary Funds December 31, 2004

	Business-type Activities - Enterprise Funds					
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Total
Assets						
Current Assets						
Equity in pooled cash and cash equivalents	\$ 1,380,994	\$ 3,126,096	\$13,857,551	\$ 660,198	\$ 939,360	\$ 19,964,199
Receivables						
Accounts						
(net of allowance for uncollectibles)	764,997	778,825	3,497,683	109,876	535	5,151,916
Special assessments	-	55,996	-	-	-	55,996
Due from other funds	27,315	-	883,663	35,126	-	946,104
Due from other governments	81,582	17	738	9,614	-	91,951
Inventory of supplies	29,741	275,936	2,434,356	38,442	50,781	2,829,256
Prepaid items	11,634	20,491	38,927	13,163	26,336	110,551
Deferred charges	9,438	115,399	-	-	445,164	570,001
Unamortized bond discount	18,187	47,230	-	-	-	65,417
Investment in joint venture	-	-	1,571,710	-	-	1,571,710
Advances to other funds	-	-	850,000	-	-	850,000
Total current assets	<u>2,323,888</u>	<u>4,419,990</u>	<u>23,134,628</u>	<u>866,419</u>	<u>1,462,176</u>	<u>32,207,101</u>
Noncurrent Assets						
Capital Assets						
Land	84,084	114,910	505,242	152,781	1,789,163	2,646,180
Buildings	539,103	919,879	717,915	114,340	34,595,761	36,886,998
Improvements other than buildings	17,230,024	21,030,682	24,766,212	-	3,538,042	66,564,960
Equipment	1,076,217	1,294,689	4,235,746	2,448,017	838,587	9,893,256
CIP	122,261	24,492	536,373	-	-	683,126
Less: Accumulated depreciation	<u>(6,584,121)</u>	<u>(7,034,948)</u>	<u>(17,881,437)</u>	<u>(2,091,291)</u>	<u>(3,026,412)</u>	<u>(36,618,209)</u>
Total noncurrent assets	<u>12,467,568</u>	<u>16,349,704</u>	<u>12,880,051</u>	<u>623,847</u>	<u>37,735,141</u>	<u>80,056,311</u>
Total assets	<u>14,791,456</u>	<u>20,769,694</u>	<u>36,014,679</u>	<u>1,490,266</u>	<u>39,197,317</u>	<u>112,263,412</u>
Liabilities						
Current Liabilities						
Accounts payable	86,855	208,851	1,639,146	613,307	951,151	3,499,310
Accrued salaries, wages and benefits	9,851	18,355	91,824	18,411	24,817	163,258
Accrued interest payable	14,065	37,528	8,427	-	60,102	120,122
Deferred revenue	165,622	345,042	-	-	-	510,664
Due to other funds	182,334	253,648	75,662	171,913	632,467	1,316,024
Due to other governments	551,640	2,660	7,234	2,714	3,692	567,940
Deposits held and due to others	-	12,756	211,406	-	-	224,162
Claims and judgments payable	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	110,555	110,555
Advances from other funds	85,000	-	-	100,800	-	185,800
General obligation notes payable	-	-	-	-	18,300,000	18,300,000
General obligation bonds payable	<u>199,833</u>	<u>488,877</u>	<u>270,149</u>	<u>-</u>	<u>724,305</u>	<u>1,683,164</u>
Total current liabilities	<u>1,295,200</u>	<u>1,367,717</u>	<u>2,303,848</u>	<u>907,145</u>	<u>20,807,089</u>	<u>26,680,999</u>
Noncurrent Liabilities						
Accrued compensated absences	327,038	326,942	1,058,213	345,956	217,398	2,275,547
Claims and judgments payable	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	212,448	212,448
Advances from other funds	765,000	-	-	-	-	765,000
Unamortized bond premium	-	-	-	-	514,944	514,944
General obligation bonds payable	<u>3,420,971</u>	<u>9,570,170</u>	<u>1,590,745</u>	<u>-</u>	<u>10,791,387</u>	<u>25,373,273</u>
Total noncurrent liabilities	<u>4,513,009</u>	<u>9,897,112</u>	<u>2,648,958</u>	<u>345,956</u>	<u>11,736,177</u>	<u>29,141,212</u>
Total liabilities	<u>5,808,209</u>	<u>11,264,829</u>	<u>4,952,806</u>	<u>1,253,101</u>	<u>32,543,266</u>	<u>55,822,211</u>
Net Assets						
Invested in capital assets, net of related debt	8,841,982	6,292,981	11,009,328	622,135	7,596,443	34,362,869
Unrestricted	<u>141,265</u>	<u>3,211,884</u>	<u>20,052,545</u>	<u>(384,970)</u>	<u>(942,392)</u>	<u>22,078,332</u>
Total net assets	<u>\$ 8,983,247</u>	<u>\$ 9,504,865</u>	<u>\$31,061,873</u>	<u>\$ 237,165</u>	<u>\$ 6,654,051</u>	<u>\$ 56,441,201</u>
Adjustment to consolidate the internal service fund activities related to enterprise funds.						<u>(687,496)</u>
Total net assets of business-type activities						<u>\$ 55,753,705</u>

See accompanying notes to the basic financial statements

**Statement of Net Assets - Proprietary Funds
December 31, 2004**

(Continued)

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 5,787,118
Receivables	
Accounts	
(net of allowance for uncollectibles)	33,402
Special assessments	-
Due from other funds	638,855
Due from other governments	2
Inventory of supplies	480,647
Prepaid items	22,882
Deferred charges	-
Unamortized bond discount	-
Investment in joint venture	-
	<u>6,962,906</u>
Noncurrent Assets	
Capital Assets	
Land	21,960
Buildings	246,968
Improvements other than buildings	262,637
Equipment	2,096,390
CIP	-
Less: Accumulated depreciation	<u>(2,276,255)</u>
Total noncurrent assets	<u>351,700</u>
Total assets	<u><u>7,314,606</u></u>
Liabilities	
Current Liabilities	
Accounts payable	81,818
Accrued salaries, wages and benefits	12,574
Accrued interest payable	-
Deferred revenue	-
Due to other funds	23,487
Due to other governments	324,504
Deposits held and due to others	-
Claims and judgments payable	1,083,665
Capital lease obligations	-
Advances from other funds	-
General obligation notes payable	-
General obligation bonds payable	-
Total current liabilities	<u>1,526,048</u>
Noncurrent Liabilities	
Accrued compensated absences	252,818
Claims and judgments payable	1,036,706
Capital lease obligations	-
Advances from other funds	-
Unamortized bond premium	-
General obligation bonds payable	-
Total noncurrent liabilities	<u>1,289,524</u>
Total liabilities	<u>2,815,572</u>
Net Assets	
Invested in capital assets, net of related debt	378,861
Unrestricted	4,120,173
Total net assets	<u><u>\$ 4,499,034</u></u>

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds For the Year Ended December 31, 2004

	Business-type Activities - Enterprise Funds					
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Total
Operating Revenues						
Charges for services	\$ 5,390,260	\$4,625,152	\$ 27,536,799	\$3,754,075	\$3,355,401	\$ 44,661,687
Other	6,470	63,896	118,048	109,917	319,621	617,952
Total operating revenues	<u>5,396,730</u>	<u>4,689,048</u>	<u>27,654,847</u>	<u>3,863,992</u>	<u>3,675,022</u>	<u>45,279,639</u>
Operating Expenses						
Personal services	765,657	1,259,842	3,020,881	1,192,891	1,801,302	8,040,573
Fringe benefits	353,485	411,077	1,099,071	446,942	475,110	2,785,685
Purchased power	-	-	14,683,101	-	-	14,683,101
Materials and supplies	34,703	309,964	4,485,137	302,409	377,564	5,509,777
Utilities	19,739	309,122	37,998	14,149	335,799	716,807
Contractual services	2,869,526	273,682	83,347	1,343,104	94,674	4,664,333
Internal charges	664,147	757,251	1,714,626	424,824	269,355	3,830,203
Other	264,459	232,321	777,663	292,082	881,784	2,448,309
Depreciation	403,920	723,874	854,427	158,160	603,543	2,743,924
Total Operating Expenses	<u>5,375,636</u>	<u>4,277,133</u>	<u>26,756,251</u>	<u>4,174,561</u>	<u>4,839,131</u>	<u>45,422,712</u>
Net income (loss) from operations	<u>21,094</u>	<u>411,915</u>	<u>898,596</u>	<u>(310,569)</u>	<u>(1,164,109)</u>	<u>(143,073)</u>
Nonoperating Revenues (Expenses)						
Interest revenue	-	-	-	-	-	-
Interest expense	(177,370)	(470,913)	(113,394)	-	(574,150)	(1,335,827)
Loss from disposal of fixed assets	-	-	-	-	(2,415,036)	(2,415,036)
Grants	-	-	-	58,329	-	58,329
Total nonoperating revenues (expenses)	<u>(177,370)</u>	<u>(470,913)</u>	<u>(113,394)</u>	<u>58,329</u>	<u>(2,989,186)</u>	<u>(3,692,534)</u>
Income (loss) before contributions and transfer	<u>(156,276)</u>	<u>(58,998)</u>	<u>785,202</u>	<u>(252,240)</u>	<u>(4,153,295)</u>	<u>(3,835,607)</u>
Capital Contributions	-	-	-	-	541,805	541,805
Transfers in	8,363	-	1,726,398	5,944	684,067	2,424,772
Transfers out	-	-	(1,694,827)	-	-	(1,694,827)
Changes in net assets	<u>(147,913)</u>	<u>(58,998)</u>	<u>816,773</u>	<u>(246,296)</u>	<u>(2,927,423)</u>	<u>(2,563,857)</u>
Total net assets, restated - beginning	9,131,160	9,563,863	30,245,100	483,461	9,581,474	
Total net assets - ending	<u>\$ 8,983,247</u>	<u>\$9,504,865</u>	<u>\$ 31,061,873</u>	<u>\$ 237,165</u>	<u>\$6,654,051</u>	
Adjustment to consolidate the internal service fund activities related to enterprise funds.						(357,157)
Change in net assets of business-type activities						<u>\$ (2,921,014)</u>

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds (Continued)
For the Year Ended December 31, 2004

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for services	\$ 8,050,094
Other	85,251
Total operating revenues	<u>8,135,345</u>
Operating Expenses	
Personal services	1,233,695
Fringe benefits	6,554,639
Purchased power	-
Materials and supplies	683,571
Utilities	21,327
Contractual services	118,212
Internal charges	146,235
Other	518,386
Depreciation	137,399
Total Operating Expenses	<u>9,413,464</u>
Net income (loss) from operations	<u>(1,278,119)</u>
Nonoperating Revenues (Expenses)	
Interest revenue	58,743
Interest expense	-
Gain from disposal of fixed assets	-
Grants	-
Total nonoperating revenues (expenses)	<u>58,743</u>
Income (loss) before contributions and transfer	<u>(1,219,376)</u>
Capital Contributions	-
Transfers in	-
Transfers out	-
Changes in net assets	<u>(1,219,376)</u>
Total net assets - beginning	5,718,410
Total net assets - ending	<u>\$ 4,499,034</u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2004

	Business-type Activities - Enterprise Funds					
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Total
Cash Flows From Operating Activities						
Cash received from customers	\$ 5,337,750	\$4,718,659	\$ 27,834,117	\$ 3,812,520	\$ 3,689,013	\$ 45,392,059
Cash payments to employees for services	(787,214)	(1,299,730)	(3,107,327)	(1,233,130)	(1,823,677)	(8,251,078)
Cash payments to employees for benefits	(270,253)	(460,972)	(1,066,335)	(434,832)	(386,930)	(2,619,322)
Cash payments to suppliers for goods and services	(3,875,100)	(1,699,205)	(21,665,834)	(1,911,439)	(1,783,289)	(30,934,867)
Net cash provided by operating activities	405,183	1,258,752	1,994,621	233,119	(304,883)	3,586,792
Cash Flows From Non-Capital						
Financing Activities						
Grant proceeds	-	-	-	55,541	-	55,541
Transfers in	19,487	-	1,701,398	20,044	684,067	2,424,996
Transfers out	-	-	(1,694,827)	-	-	(1,694,827)
Advances in	850,000	-	-	-	-	850,000
Advances out	-	-	(850,000)	(100,800)	-	(950,800)
Net cash provided by non-capital financing activities	869,487	-	(843,429)	(25,215)	684,067	684,910
Cash Flows From Capital and Related						
Financing Activities						
Acquisition of capital assets	(2,362,718)	(740,608)	(820,217)	(301,852)	(11,582,454)	(15,807,849)
Capital lease proceeds	-	-	-	-	323,003	323,003
Bond/note proceeds	-	-	-	-	26,622,711	26,622,711
Refunding bonds issued	-	-	-	-	2,407,037	2,407,037
Premium on various purpose refunding	-	-	-	-	27,269	27,269
Payment to refunded bond escrow age	-	-	-	-	(2,391,861)	(2,391,861)
Refunding bond issuance cost	-	-	-	-	(42,445)	(42,445)
Debt service						
Principal	(191,843)	(471,794)	(265,000)	-	(18,737,755)	(19,666,392)
Interest	(176,734)	(469,242)	(114,510)	-	(698,629)	(1,459,115)
Net cash used in capital and related financing activities	(2,731,295)	(1,681,644)	(1,199,727)	(301,852)	(4,073,124)	(9,987,642)
Cash Flows from Investing Activities						
Interest revenue	-	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(1,456,625)	(422,892)	(48,535)	(93,948)	(3,693,940)	(5,715,940)
Cash and cash equivalents at Beginning of Year	2,837,619	3,548,988	13,906,086	754,146	4,633,300	25,680,139
Cash and cash equivalents at end of year	\$ 1,380,994	\$3,126,096	\$ 13,857,551	\$ 660,198	\$ 939,360	\$ 19,964,199

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2004**

(Continued)

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Cash received from customers	\$ 8,113,936
Cash payments to employees for services	(1,261,136)
Cash payments to employees for benefits	(6,282,072)
Cash payments to suppliers for goods and services	<u>(1,498,189)</u>
Net cash provided by operating activities	(927,461)
Cash Flows From Non-Capital Financing Activities	
Grant proceeds	-
Transfers in	-
Transfers out	-
Advances in	-
Advances out	<u>-</u>
Net cash provided by non-capital financing activities	-
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	(40,812)
Capital lease proceeds	-
Bond/note proceeds	-
Refunding bonds issued	-
Premium on various purpose refunding b	-
Payment to refunded bond escrow agent	-
Refunding bond issuance cost	-
Debt service	-
Principal	-
Interest	<u>-</u>
Net cash used in capital and related financing activities	(40,812)
Cash Flows from Investing Activities	
Interest revenue	<u>58,743</u>
Net cash provided by investing activities	<u>58,743</u>
Net increase (decrease) in cash and cash equivalents	(909,530)
Cash and cash equivalents at Beginning of Year	<u>6,696,648</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,787,118</u></u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2004

(Continued)

	Business-type Activities - Enterprise Funds					Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	
Reconciliation of Operating Income to						
Net Cash Provided By Operating						
Activities						
Operating Income (Loss)	\$ 21,094	\$ 411,915	\$ 898,596	\$ (310,569)	\$ (1,164,109)	\$ (143,073)
Adjustments to reconcile operating						
income (loss) to net cash provided by						
operating activities:						
Depreciation	403,920	723,874	854,427	158,160	603,543	2,743,924
Amortization expense	674	7,031	4,851	-	45,895	58,451
Decrease (increase) in operating assets and						
increase (decrease) in operating liabilities:						
Receivables	51,843	101,727	26,915	(60,878)	2,824	122,431
Due from other funds	26,632	-	(376)	10,633	-	36,889
Due from other governments	(62,999)	229	(457)	(1,227)	292	(64,162)
Inventory of supplies	(1,818)	45,374	322,465	11,622	(14,117)	363,526
Prepaid items	915	(173)	1,019	(1,840)	30,161	30,082
Investment in joint ventures	-	-	(248,525)	-	-	(248,525)
Accounts payable						
- net of items affecting fixed assets	(1,178)	136,398	187,332	455,989	154,728	933,269
Accrued salaries, wages and benefits	59,236	(82,437)	(44,459)	(22,178)	64,186	(25,652)
Due to other funds	3,338	1,624	4,176	(658)	(24,999)	(16,519)
Due to other governments	(22,018)	(5,740)	(12,275)	(5,935)	(3,287)	(49,255)
Deposits held and due to others	-	752	932	-	-	1,684
Claims and judgments payable	-	-	-	-	-	-
Deferred revenue	(74,456)	(81,822)	-	-	-	(156,278)
Total adjustments	384,089	846,837	1,096,025	543,688	859,226	3,729,865
Net cash provided by						
operating activities	\$ 405,183	\$1,258,752	\$ 1,994,621	\$ 233,119	\$ (304,883)	\$ 3,586,792

During 2004 the Leisure Time Enterprise Fund received contributions in the form of capital assets from the Recreation Levy Special Revenue Fund and the Capital Projects Fund in the amount of \$17,770 and \$524,035, respectively.

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2004**

(Continued)

	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income to	
Net Cash Provided By Operating	
Activities	
Operating Income (Loss)	\$ (1,278,119)
Adjustments to reconcile operating	
income (loss) to net cash provided by	
operating activities:	
Depreciation	137,399
Amortization expense	
Decrease (increase) in operating assets and	
increase (decrease) in operating liabilities:	
Receivables	(29,503)
Due from other funds	(32,719)
Due from other governments	1
Inventory of supplies	(5,486)
Prepaid items	(9,813)
Investment in joint ventures	
Accounts payable	
- net of items affecting fixed assets	39,439
Accrued salaries, wages and benefits	(23,765)
Due to other funds	(275)
Due to other governments	56,712
Deposits held and due to others	-
Claims and judgments payable	218,668
Deferred revenue	-
Total adjustments	350,658
Net cash provided by	
operating activities	<u>\$ (927,461)</u>

City of Cuyahoga Falls, Ohio

Statement of Net Assets - Fiduciary Funds December 31, 2004

	<u>Agency Funds</u>
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 3,316,656
Cash and cash equivalents - restricted accounts	468,502
Due from other governments	<u>77,020</u>
Total assets	3,862,178
Liabilities	
Current Liabilities	
Due to other governments	2,454,573
Deposits held and due to others	<u>1,407,605</u>
Total liabilities	3,862,178
Net Assets	
Unrestricted	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

City of Cuyahoga Falls, Ohio

Notes to the Financial Statements December 31, 2004

NOTE 1 – REPORTING ENTITY

The City of Cuyahoga Falls (the “City”) operates as a political subdivision of the State of Ohio. The community was founded in 1812, became a township in 1851, was incorporated as a village in 1868 and became a city in 1920. The City Charter was first adopted on November 3, 1959, and became effective on January 1, 1960. The Charter establishes a strong Mayor-Council form of government.

The City provides municipal services such as police and fire protection, emergency medical service, administration of justice, community planning and development, recreational and cultural activities, street maintenance, cemetery operations, environmental services and other functions necessary for general government. The City also operates certain enterprise operations such as water and sanitary sewer service, refuse collection, electric distribution and recreation facilities that include a natatorium, a golf course, driving range/batting cages/miniature golf, an outdoor water park and a community center.

The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and Statement No. 39, Determining Whether Certain Organizations are Component Units, in that the financial statements include those activities and functions in which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board, and either (1) the City’s ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City. Based on this criteria, the City has one component unit.

Component unit – The Community Improvement Corporation of Cuyahoga Falls (CIC) is a not for profit corporation to advance, encourage, and promote the industrial, commercial, civic, and economic development of Cuyahoga Falls, Ohio, under the applicable sections of the Ohio Revised Code. The City has assumed a financial burden to the component unit through its contribution of tax increment financing received from the Summit County Fiscal Officer to the CIC. Since this funding represents a significant portion of CIC revenue, the organization is fiscally dependent on the City. Also, the majority of the CIC’s board is appointed by the City. The City has chosen the discrete method of presentation of CIC because it provides services to the primary government and the citizens of the City as opposed to only the primary government. The discrete method of presentation requires component unit data to be reported together with, but separately from the data of the primary government in the government-wide financial statements. Complete financial statement for the CIC may be obtained at the entity’s administrative offices, 2310 Second Street, Cuyahoga Falls, Ohio 44221.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cuyahoga Falls have been prepared in conformity with generally accepted accounting principals (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 principals. The City 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 more significant of the City’s accounting policies are described below.

A. Basis of Presentation

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues which are not classified as program revenues are presented as general revenues of the City with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

Fund financial Statements are designated to present financial information of the City at a more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds, which includes all enterprise funds, are reported as separate columns in the fund financial statements. Nonmajor governmental funds are aggregated and presented in a single column on the governmental fund statements. Governmental activities internal service funds are aggregated and presented in a single column in the proprietary fund statements. The City's only business-type internal service fund, the Utility Billing Fund, which is a billing and collections operation for the City's utility enterprise funds: Sewage and Disposal, Water, Electric and Sanitation, has been directly reported in those funds. Fiduciary funds are reported by type.

B. Fund Accounting

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

Governmental Funds

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

General Fund

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

Municipal Income Tax Special Revenue Fund

This fund accounts for income tax revenue and the expenses of the administration of the income tax. After operating expenses are deducted, allocation is made to the General Fund, Recreation Levy Special Revenue Fund and Capital Projects Fund at a rate of 62.67 percent, 8 percent, and 29.33 percent, respectively.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Fund

This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The other governmental funds of the City account for grants and other resources which are restricted to a particular purpose.

Proprietary Fund Types

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

Enterprise Funds

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

Sewage and Disposal Enterprise Fund

This fund accounts for sanitary sewer service provided to residential and commercial users within the City.

Water Enterprise Fund

This fund accounts for the provision of water treatment and distribution to residential and commercial users within the City, the Village of Munroe Falls, the Village of Silver Lake and certain other residents within close proximity.

Electric Enterprise Fund

This fund accounts for the distribution of electricity to residential and commercial users within the City.

Sanitation Enterprise Fund

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

Leisure Time Enterprise Fund

This fund accounts for the revenues and expenses of an outdoor swimming pool, a Community Recreation Center, a municipal golf course/driving range/batting cages/miniature golf facility and a civic cultural center.

Internal Service Funds

Internal Service Funds account for the financing of goods or services provided by one department of the City to other departments or agencies of the City on a cost-reimbursement basis. All of the City's internal service funds are nonmajor funds.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City of Cuyahoga Falls has no trust funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results and operations.

The City's agency funds account for money received from the City for employer pension and Medicare payments, employee withholdings, deposits held for contractors and developers and money on deposit with the Cuyahoga Falls Municipal Court.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus

Government wide-Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and liabilities associated with operation of the City are included on the Statement of Net Assets.

Fund Financial Statements

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

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 4). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Revenue

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

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

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

Expenses/Expenditures

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

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

Budgetary Data

The budgetary process is prescribed by Charter and by the provisions of the Ohio Revised Code (ORC) and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Alternative Tax Budget Information Form, the Official Certificate of Estimated Resources and the Appropriation Ordinance(s), all of which are prepared on the budgetary basis of accounting.

All funds other than the Agency Funds are legally required to be budgeted. The Cemetery Perpetual Care Permanent Fund is not reported on a budgetary basis, as the fund did not have expenditures on a non-GAAP budgetary basis. However, only governmental funds are reported.

Tax Budget

The Summit County Budget Commission (the “Commission”) has waived the requirement for a taxing authority to officially adopt a tax budget, pursuant to ORC. However, the Commission requires a taxing authority to complete and file an Alternative Tax Budget Form (preliminary financial plan) with the County Fiscal Officer on or before July 20th for all subdivisions excluding school districts, which file their form on or before January 20th. The form is prepared to assist the Commission in performing their duties, including the division of the tax rates and the creation of the Official Certificate of Estimated Resources. The following schedules are provided in the form:

- Levies inside and outside ten mill limitation, inclusive of debt levies.
- Detailed statement of fund activity for the General Fund and any other fund that receives property tax.
- Aggregate statement of fund activity for all other budgeted funds.
- Unvoted general obligation debt.
- Voted debt outside ten mill limit.
- Tax anticipation notes

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Resources

The Commission certifies its actions regarding the Tax Budget to the City by September 1. As part of this certification, the City receives the Official Certificate of Estimated Resources, which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any balances from the preceding year. The Certificate of Estimated Resources may also be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure.

Since the Official Certificate of Estimated Resources is based on the Alternative Tax Budget Information Form, which is preliminary in nature, the amounts reported as the original budgeted amounts on the budgetary statements are based on the first Amended Official Certificate of Estimated Resources to which the original appropriations are based. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final Amended Certificate of Estimated Resources.

Appropriations

A temporary Appropriation Ordinance to control cash disbursements 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 is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources, as certified by the Commission.

The Appropriation Ordinance represents City Council authorization to spend resources and sets annual limits on expenditures of the resources. The initial level of budgetary control is passed by City Council at the fund level, with further restrictions prohibiting the transfer of funds between departments of a particular fund and limiting transfers of sums between line items of a department, at any time within the fiscal year which exceed in the aggregate seven percent of the amount originally appropriated in the line item from which the transfer is made, but not to exceed \$10,000. The City Finance Director is authorized by Charter to transfer funds already appropriated between funds and departments; however, any revisions that change the total fund appropriations or exceed the limits restricting transfers of sums between line items must be approved by City Council.

The amounts reported as the original budgeted amounts reflect the original Appropriation Ordinance. The amounts reported as the final budgeted amounts represent the final Appropriation Ordinance, including all amendments and modifications passed by City Council in December 2004.

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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances in governmental fund financial statements since they do not constitute expenditures or liabilities.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity in Pooled Cash and Cash Equivalents and Investments

Cash balances of the City's funds are pooled and invested in short-term investments in order to provide improved cash management. The restricted cash and investments from the following funds are not included in the City's pooled cash and investments: Debt Service Fund, Capital Improvement Reserve Capital Projects Fund, Cemetery Perpetual Care Permanent Fund and the Municipal Court Agency Fund. These short-term investments consist of repurchase agreements, U.S. Treasury Notes, money market accounts and other governmental bonds. Investments maturing within three months of purchase and investments of the pool are included in "Equity in Pooled Cash and Cash Equivalents." Investments with maturities of greater than three months are shown as "Investments" on the balance sheet. For purposes of the statements of cash flows, cash and cash equivalents consist of cash and highly liquid short-term investments with original maturities of three months or less.

Invested monies are stated at fair value, with the exception of money market investments and participating interest-earning contracts that have a remaining maturity at time of purchase of one year or less, which are reported at amortized cost. For reporting purposes, interest earned by the cash and investment pool has been reported as interest income by the Capital Improvement Reserve Capital Projects Fund in accordance with local ordinance.

Inventory of Supplies

On Government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost and inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in governmental funds when purchased and as an expense in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in governmental funds which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets. Inventory consists of expendable supplies held for consumption or resale.

Prepaid items

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items. On the government-wide and proprietary fund statements, prepaid items are recorded using the consumption method by recording a current asset for the prepaid amount and reflecting the expense in the year in which services are consumed. On the fund financial statements, the actual payment for these services are recorded as an expenditure when purchased. Reported prepaid items are equally offset by a fund balance reserve, which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

Capital Assets

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$2,500. The City’s infrastructure consists of roads, bridges, culverts, storm sewers and traffic signalization. Improvements that add to the value of the asset or materially extend the life of an asset are capitalized. The cost of normal maintenance and repairs that does not meet the capitalization criteria is not capitalized. Interest incurred in capital leases or during construction periods is not capitalized. The City has elected to phase in reporting of major general infrastructure assets by June, 2006. See Note 19 for detail.

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

Assets	Years
Buildings	10-50
Improvements other than buildings	5-50
Equipment	3-30
Infrastructure	25-50

Interfund Balances

On the fund financial statements, unpaid amounts for interfund services are reported as “Due to/from other funds.” Interfund loans are classified as “Advances to/from other funds” and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned, since these amounts are attributable to services already rendered and the probability exists that the City will compensate employees for these benefits through paid time off or compensation. Sick leave benefits are accrued as a liability using the termination method. An accrual is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City’s past experience of making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements.

For Governmental Funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available financial resources. These amounts are included in accrued salaries, wages and benefits in the funds from which employees are paid. The noncurrent portion of the liability is not reported. In proprietary fund types, the entire amount of compensated absences is reported as a fund liability.

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.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances, prepaid items, advances, investments, inventory of supplies, loans receivable, debt service and cemetery perpetual care are recorded as a reservation of fund balance.

Net Assets

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

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

Grants and Intergovernmental Revenues

Federal Grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. Federal reimbursement-type grants are recorded as intergovernmental receivables and revenue in the period when all applicable eligibility requirements have been met and the resources are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sanitary sewer service, water, electric distribution, refuse collection, leisure time activities, internal service charges and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Extraordinary and special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2004.

Estimates

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts disbursements and encumbrances. The ORC prohibits expenditures plus encumbrances from exceeding appropriations.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund and the Municipal Income Tax Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis as provided by law and GAAP basis are as follows:

- A. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- B. Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when the liability is incurred (GAAP).
- C. Encumbrances are treated as expenditures (budget) rather than as a reservation of a fund balance (GAAP).
- D. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

City of Cuyahoga Falls, Ohio

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General and the Municipal Income tax Funds are as follows:

	Net Change in Fund Balance	
	<u>General Fund</u>	<u>Municipal Income Tax Fund</u>
GAAP Basis	\$ 384,601	\$ (256)
Increase (decrease) due to:		
Change in receivables and other assets not recognized on a budget basis	(1,318,937)	(1,155,538)
Change in liabilities not recognized on a budget basis	(91,300)	1,223,174
Encumbrances	<u>(365,758)</u>	<u>275</u>
Budget Basis	<u>\$ (1,391,394)</u>	<u>\$ 67,655</u>

NOTE 4 - RECEIVABLES

Receivables at December 31, 2004, consisted primarily of municipal income taxes, property taxes and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments accrued interest on investments, and accounts (billings for utilities and EMS Transport services provided). Utility accounts receivable and EMS Transport fees receivable billed to customers prior to year end are recorded net of an allowance for doubtful accounts, based on management's estimate.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years with a triennial update. If paid annually, payment is due January 20; if paid semiannually, the first payment is due January 20, with the remainder payable by June 20. In certain circumstances, state statute permits earlier or later payment dates to be established.

Tangible personal property taxes (for tangible property other than public utility property) attach as a lien and are levied on January 1 of the current calendar year. Tax collections for the current year are therefore based upon assessed values as of January 1 of the current year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien

NOTE 4 – RECEIVABLES (CONTINUED)

date. Certain public utility tangible personal property currently is assessed at 100 percent of its true value. Public utility property taxes are payable on the same date as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Cuyahoga Falls. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The amounts of \$9,633,483 and \$555,778 have been recorded in the Statement of Net Assets for the General Fund and other governmental funds (Police and Fire Pension Funds) as taxes receivable to reflect property taxes receivable as of December 31, 2004.

The assessed values of real public utility and tangible personal property upon which 2004 property tax receipts were based are as follows:

Property Types	Valuation
Real Property – 2003 Tax Valuation	\$ 905,775,270
Public Utility Property – 2002 Tax Valuation	16,295,660
Tangible Personal Property – 2004 Tax Valuation	82,276,185
Total Valuation	\$ 1,004,347,115

Income Taxes

The City levies a tax at the rate of 2 percent on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income earned outside the City; however, a 100 percent credit is allowed for income taxes paid to other municipalities with a limitation of 2 percent. The proceeds of the income tax, after payment of the expenses of collection, are allocated by ordinance as follows: 8 percent to the Recreation Levy Special Revenue Fund, 29.33 percent to the Capital Projects Fund and 62.67 percent to the General Fund. The portion allocated to the Recreation Levy Fund and the Capital Projects Fund may be utilized for the acquisition of capital items or the payment of debt service thereon.

Municipal income tax revenue for 2004 was \$18,454,257. The amount of \$3,859,059 has been recorded in the Municipal Income Tax Special Revenue Fund as taxes receivable (net of refunds) to reflect income taxes receivable recorded as of December 31, 2004.

Employers within the City are required to withhold income tax on employee compensation, remit this tax to the City at least quarterly and file a declaration annually. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

City of Cuyahoga Falls, Ohio

NOTE 4 – RECEIVABLES (CONTINUED)

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government and Local Government Revenue	
Assistance	\$ 1,492,851
Estate Tax	381,133
Municipal Income Tax	72,295
Homestead and Rollback	615,582
Gasoline and Excise Tax	269,220
Motor Vehicle License Fees	191,878
Permissive Motor Vehicle License Tax	281,006
EMS Transport Fees	118,694
Other Court Communities	268,131
Community Development Block Grants	7,689
Highway Distribution	306,545
Municipal Court	232,303
Off Road Fuel Tax Reimbursement	1,196
Other Agencies	199,486
Total Governmental Activities	<u>\$ 4,438,009</u>
<u>Business-type Activities</u>	
Utilities Charges	\$ 83,430
Grants	7,288
Off Road Fuel Tax Reimbursement	1,233
	<u>\$ 91,951</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Policies and Practices

The Charter of the City of Cuyahoga Falls specifies that the Finance Director is responsible for the safekeeping and investment of all public funds. It is also the Finance Director's responsibility to deposit and invest the City's idle funds. Periodically, the Finance Director consults with the other members of the Treasury Investment Board (Mayor and Law Director) concerning investment decisions.

The deposit and investment of City monies is governed by the provisions of the Charter and Codified Ordinances of the City and the ORC. In accordance with the provisions of these items, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. These provisions restrict the investment of the City's monies to certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool, obligations of the United States government or certain agencies thereof and certain industrial revenue bonds issued by other governmental entities, and repurchase agreements with any eligible depository for a period not exceeding thirty days. The City's practice is to limit investments to U.S. Treasury Notes and Bills, collateralized certificates of deposit and repurchase agreements, insured and/or collateralized demand deposit accounts or obligations of other U.S. agencies.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation or may

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

pledge a pool of government securities the face value of which is at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the City's name.

During 2004, the City believes it has complied with the revisions of these statutes pertaining to the types of investments held and institutions in which deposits were made. The City was also in compliance with the provisions of the statutes concerning security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

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

Deposits

At year-end, the carrying amount of the City's deposits was \$39,752,463 and the bank balance was \$40,393,612. Of the bank balance, \$110,171 was covered by federal depository insurance, \$39,779,225 was covered by collateral held by the counterparty's trust department or agent in the City's name and \$504,217 was held in a public fund collateral pool by third party trustees pursuant to section 135.181, Ohio Revised Code. The equity in pooled cash and cash equivalents and the cash and cash equivalents-restricted accounts include repurchase agreements of \$1,230,000 and \$100,000 respectively.

At year end, the carrying amount of the Community Improvement Corporation of Cuyahoga Falls, a component unit, deposits was \$776,368 and the bank balance was \$774,223. Information regarding the collateralization of the Community Improvement Corporation of Cuyahoga Falls can be obtained from the corporation's independent audit report.

Investments

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

- Category 1 Investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered investments for which the securities are held by the counterparty, or by their trust department or agent but not in the City's name. The City currently does not hold any investments in this category.

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

A summary of the total City investments as of December 31, 2004, is as follows:

	Category		Carrying Amount	Fair Value
	1	2		
Repurchase agreements	\$ 0	\$ 1,330,000	\$ 1,330,000	\$ 1,330,000
U. S. government securities	95,000	0	95,000	95,000
Other government bonds	1,743,337	0	1,743,337	1,760,631
Total City investments	<u>\$ 1,838,337</u>	<u>\$ 1,330,000</u>	<u>\$ 3,168,337</u>	<u>\$ 3,185,631</u>

The City has an investment in an Industrial Development Revenue Bond (IDRB) issued by the County of Summit, Ohio on behalf of an urban redevelopment corporation. The bond is held by the City and has been classified as Category 1, Other Government Bonds, in the table. As of December 31, 2004, \$1,746,630 has been reserved in the fund balance of the Capital Improvement Reserve Capital Projects Fund. This amount represents the fair value of the IDRB at December 31, 2004

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

A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$41,082,463	\$ 1,855,631
Investments of the cash management pool:		
Repurchase agreements	<u>(1,330,000)</u>	<u>1,330,000</u>
GASB Statement No. 3	<u>\$39,752,463</u>	<u>\$3,185,631</u>

NOTE 6 – CAPITAL ASSETS

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

	Balance 1/1/2004	Additions	Deletions	Balance 12/31/2004
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 9,097,112	\$ 103,750	\$ (989,801)	\$ 8,211,061
Construction In Progress	11,078,980	152,182	(10,542,115)	689,047
<i>Total Capital Assets Not Being Depreciated</i>	20,176,092	255,932	(11,531,916)	8,900,108
<i>Capital Assets Being Depreciated</i>				
Buildings	14,977,267	7,808,120	(25,704)	22,759,683
Improvements	262,637	-	-	262,637
Machinery and Equipment	19,637,349	2,130,950	(743,165)	21,025,134
Infrastructure				
Roads	5,523,059	5,452,434	-	10,975,493
Storm Sewers	199,356	29,547	-	228,903
Traffic Signals	13,665	2,865	-	16,530
Bridges	765,533	2,744,715	-	3,510,248
<i>Total Capital Assets Being Depreciated</i>	41,378,866	18,168,631	(768,869)	58,778,628
<i>Less Accumulated Depreciation</i>				
Buildings	(5,627,888)	(503,647)	17,161	(6,114,374)
Improvements	(253,671)	(4,133)	-	(257,804)
Machinery and Equipment	(13,306,812)	(1,788,787)	703,213	(14,392,386)
Infrastructure				
Roads	(40,458)	(262,736)	-	(303,194)
Storm Sewers	(1,575)	(5,368)	-	(6,943)
Traffic Signals	(1,367)	(1,629)	-	(2,996)
Bridges	(3,190)	(30,574)	-	(33,764)
<i>Total Accumulated Depreciation</i>	(19,234,961)	(2,596,874)	720,374	(21,111,461)
<i>Total Capital Assets Being Depreciated, Net</i>	22,143,905	15,571,757	(48,495)	37,667,167
<i>Governmental Activities Capital Assets, Net</i>	\$ 42,319,997	\$ 15,827,689	\$ (11,580,411)	\$ 46,567,275

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 705,722
Security of Persons and Property	911,769
Community Environment	196,250
Leisure Time Activities	251,623
Transportation	375,915
Garage	36,059
Information Services	119,536
Total	\$ 2,596,874

City of Cuyahoga Falls, Ohio

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	<u>Balance 1/1/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2004</u>
Business -type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 2,646,180	\$ -	\$ -	\$ 2,646,180
Construction In Progress	<u>15,373,274</u>	<u>12,564,877</u>	<u>(27,255,025)</u>	<u>683,126</u>
<i>Total Capital Assets Not Being Depreciated</i>	18,019,454	12,564,877	(27,255,025)	3,329,306
<i>Capital Assets Being Depreciated</i>				
Buildings	14,160,505	26,409,899	(3,683,406)	36,886,998
Improvements	63,710,045	2,913,559	(58,644)	66,564,960
Machinery and Equipment	<u>9,168,831</u>	<u>1,210,486</u>	<u>(486,061)</u>	<u>9,893,256</u>
<i>Total Capital Assets Being Depreciated</i>	87,039,381	30,533,944	(4,228,111)	113,345,214
<i>Less Accumulated Depreciation</i>				
Buildings	(3,138,608)	(496,679)	1,291,407	(2,343,880)
Improvements	(26,026,417)	(1,588,971)	30,021	(27,585,367)
Machinery and Equipment	(6,479,827)	(689,642)	480,507	(6,688,962)
<i>Total Accumulated Depreciation</i>	<u>(35,644,852)</u>	<u>(2,775,292)</u>	<u>1,801,935</u>	<u>(36,618,209)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>51,394,529</u>	<u>27,758,652</u>	<u>(2,426,176)</u>	<u>76,727,005</u>
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 69,413,983</u>	<u>\$ 40,323,529</u>	<u>\$ (29,681,201)</u>	<u>\$ 80,056,311</u>
*Depreciation expense was charged to business-type activities as follows:				
Sewer				\$ 411,030
Water				730,971
Electric				869,043
Sanitation				160,706
Leisure Time				<u>603,542</u>
Total				<u>\$ 2,775,292</u>

NOTE 7 - PENSION PLANS

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 @ 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member direct plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2004, member and employer contribution rates were consistent across all three across all three plans (TP, MD, and CO). Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City was 13.55 percent of covered payroll. The city's required contributions to OPERS for the years ended December 31, 2004, 2003, and 2002 were \$1,851,347, \$1,581,557, and \$1,524,074, respectively. The full amount has been contributed for 2003 and 2002; 73 percent has been contributed for 2004.

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24 percent for firefighters. The City's contributions to the OP&F for police and firefighters were \$588,979 and \$814,499, respectively for the year ended December 31, 2004, \$551,260 and \$791,508 for the year ended December 31, 2003, and \$559,297 and \$791,806 for the year ended December 31, 2002. The full amount has been contributed for 2003 and 2002; 71 percent for police and 72 percent for firefighters, respectively, have been contributed for 2004.

City of Cuyahoga Falls, Ohio

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available with both the Traditional and the Combined Plan; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio revised Code provides statutory authority for employer contributions. The 2004 employer contribution rate was 13.55 percent of covered payroll, 4 percent was the portion that was used to fund health care for 2004.

Benefits are advance-funded using the entry age normal actuarial cost method of valuation. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

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

At December 31, 2003, the number of active contributing participants in the Traditional Pension and Combined Plans totaled 369,885. The City's annual contributions for 2004 used to fund post-employment benefits were \$775,422. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2003 (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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

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

Ohio Police and Fire Pension Fund

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

NOTE 8 - POSTEMPLOYMENT BENEFITS (CONTINUED)

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the OP&F's Board of Trustees to provide health care coverage and states that health care costs paid from the OP&F funds shall be included in the employer's contribution rate. Health care funding and accounting are 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 post-employment health care program during 2004 and 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage though a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003 was 13,662 for police and 10,474 for firefighters.

The City's annual contributions for 2004 that were used to fund post-employment benefits were \$388,475 for police and \$388,453 for fire. OP&F's total health care expenses for the year ended December 31, 2003 (the latest information available) were \$150,853,148, which was net of member contributions of \$17,207,506.

NOTE 9 - COMPENSATED ABSENCES

Vacation leave is earned at rates, which vary depending upon length of service and standard work week. Currently City policy permits vacation leave to be accumulated up to three weeks per year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned by substantially all full-time employees and a portion of such sick leave may be paid in cash upon termination, retirement, or death, if certain service requirements are met. Specific sick leave cash-outs are based on formulas contained in union contracts and/or ordinances as follows:

<u>Cash-out Limits</u>	<u>Employee Class</u>	<u>Affiliation</u>
100% of accumulated sick leave up to a maximum of 960 hours	Non-bargaining employees	None
	Municipal Court employees	None
	Patrol Officers	Fraternal Order of Police-Blue (FOP-Blue)
	Community Service Officers	Fraternal Order of Police-Blue (FOP-Blue)
	Various government employees	American Federation of State, County, and Municipal Employees (AFSCME)
	Electric employees	Utility Workers of America Local #399
100% of accumulated sick leave up to a maximum of 1,500 hours	Dispatchers	Fraternal Order of Police-Ohio Labor Council, Inc. (FOP-OLC)
	Police Sergeants/Lieutenants - Captains/Chief -	Fraternal Order of Police-(FOP-Gold) None
46.67% of accumulated sick leave up to a maximum of 2,704 hours	Firefighters	International Association of Firefighters Local #494 (IAFF)

City of Cuyahoga Falls, Ohio

NOTE 9 - COMPENSATED ABSENCES (CONTINUED)

Sick leave may be accumulated beyond these cash-out limits, but can only be used when employees are absent from work due to illness. Compensatory time is earned by substantially all regular non-management employees. Compensatory time that is not used per union contracts and/or City ordinances is paid in cash to the appropriate employees in accordance with the Fair Labor Standards Act.

Employees who have qualified for a service pension (FOP-Gold, FOP-Blue, Dispatchers, AFSCME) or who are within three years of qualifying for a service pension (Non-bargaining, Court, Utility Workers,) are permitted to annually sell sick leave in 320 or 500 hour increments, whichever amount is applicable during their last three years of employment with the city.

In compliance with union contracts, the City has established an Internal Service-Compensated Absence Fund to fund the sick leave and vacation cash out payments.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is involved in legal actions arising in the ordinary course of business. The City carries adequate insurance coverage for most risks including property damage, personal liability and estimates for any potential claims not covered by such insurance will not materially affect the City's results of operations or financial position.

B. Federal and State Grants

The City participates in state and federally assisted grant programs. The programs are subject to review and audit by the grantor agency or their representatives. It is not anticipated that any audit of federal or state grant programs, if conducted, would result in a material disallowance of grant expenditures. Therefore, no provision for possible refunds has been recorded.

C. Insurance Coverage

The City maintains a variety of liability insurance coverages with varying deductibles. Among these coverages are general liability with limits of \$2 million annually in the aggregate and \$1 million per occurrence, with a \$100,000 self-insurance retention. In addition, the City has umbrella liability coverage with limits of \$10 million in the aggregate and \$10 million per occurrence.

NOTE 11 - CAPITAL LEASES

The City has entered into agreements to lease equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date for governmental activities and business-type activities in the Statement of Net Assets. The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment	\$ 394,746	\$ 323,003
Less: Accumulated Depreciation	<u>(83,689)</u>	<u>(8,436)</u>
Total	\$ <u>311,057</u>	\$ <u>314,567</u>

NOTE 11 - CAPITAL LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2004, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2005	\$ 121,894	\$ 111,430
2006	43,792	111,430
2007	43,792	111,430
Total	<u>209,478</u>	<u>334,290</u>
Less: Amount representing interest	<u>(16,251)</u>	<u>(11,287)</u>
Present value of minimum lease payments	<u>\$ 193,227</u>	<u>\$ 323,003</u>

NOTE 12 - SHORT-TERM OBLIGATIONS

A summary of the changes in the City's short-term obligations for the year ended December 31, 2004, was as follows:

<u>General Obligation Bond Anticipation Notes</u>	<u>Balance January 1, 2004</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2004</u>
<u>Governmental Activities:</u>				
Capital Projects Fund Obligations:				
2.00% Various Purpose Note due 12/16/04	\$ 8,250,000	\$ 0	\$ 8,250,000	\$ 0
3.00% Various Purpose Note due 12/15/05	0	7,400,000	0	7,400,000
<u>Business-type Activities:</u>				
Leisure Time Fund Obligations:				
2.00% Various Purpose Note due 12/16/04	18,300,000	0	18,300,000	0
3.00% Various Purpose Notes due 12/15/05	0	18,300,000	0	18,300,000
Total	<u>\$ 26,550,000</u>	<u>\$ 25,700,000</u>	<u>\$ 26,550,000</u>	<u>\$ 25,700,000</u>

On December 15, 2004, the City issued notes in the amount of \$25,700,000, in anticipation of the issuance of bonds, for the following purposes: improving State Road from the south corporation line to Portage Trail; constructing and equipping a community recreation center, constructing a public festival site to be known as Falls River Square, and improving Front Street from State Route 8 to Oakpark Boulevard.

City of Cuyahoga Falls, Ohio

NOTE 13 - LONG-TERM OBLIGATIONS

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

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<u>Business-type Activities:</u>				
Enterprise Fund Obligations				
<u>Bonds Payable</u>				
Recreation Refunding Issue	5/15/1995	12/01/2010	4.0%-5.6% ²	\$ 2,325,000
Electric Refunding Issue	5/15/1995	12/01/2010	4.0%-5.6% ³	3,225,000
1995 Recreation Facilities	3/01/1995	12/01/2012	4.4%-6.0%	3,426,217
1997 Sewer Improvement	8/01/1997	12/01/2011	3.8%-5.25%	2,329,412
1997 Water Improvement	8/01/1997	12/01/2011	3.8%-5.25%	2,070,588
1998 Sewer Improvement	12/01/1998	12/01/2018	3.05%-4.70%	2,415,000
1998 Water Improvement	12/01/1998	12/01/2018	3.05%-4.70%	4,925,000
2001 Water Improvement	8/01/2001	12/01/2011	3.25%-4.55%	5,175,000
2004 Recreation Improvement	4/08/2004	12/01/2024	2.00%-5.00%	8,000,000
2004 Various Purpose Refunding	4/08/2004	12/01/2015	2.00%-4.00%	2,407,037
<u>Governmental Activities:</u>				
<u>Bonds Payable</u>				
Special Assessment General Obligation Bonds:				
1991 Street Improvement	8/1/1991	12/01/2011	7.25%	\$ 533,451
1995 Street & Sewer Refunding Issue	5/15/1995	12/01/2010	4.00%-5.60%	750,000
2001 Street Improvement	12/28/2001	12/01/2011	3.25%-4.55%	425,000
Other General Obligation Bonds:				
1995 Various Purpose Refunding Issue	5/15/1995	12/01/2010	4.00%-5.60%	\$ 1,915,000
1995 Various Purpose Improvement	3/01/1995	12/01/2012	4.40%-6.00%	6,238,783
1997 Various Purpose Improvement	8/01/1997	12/01/2011	3.8%-5.25%	5,150,000
1998 Various Purpose Improvement	12/01/1998	12/01/2018	3.05%-4.70%	1,025,000
2004 Various Purpose Refunding	4/08/2004	12/01/2015	2.00%-4.00%	4,382,963

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of the changes in the City's long-term obligations for the year ended December 31, 2004, was as follows:

	<u>Balance January 1, 2004</u>	<u>Issued</u>	<u>Retired 2004</u>	<u>Balance December 31, 2004</u>	<u>Amount Due Within One Year</u>
Business-type Activities:					
Enterprise Fund Obligations					
<u>Bonds Payable</u>					
1995 Recreation Refunding Issue	\$ 1,235,931	\$ 0	\$ 222,990 ¹	\$ 1,012,941	\$ 234,332
1995 Electric Refunding Issue	2,121,043	0	260,149 ²	1,860,894	270,149
1995 Recreation Facilities	2,460,214	0	2,302,463	157,751 ⁴	157,751
1997 Sewer Improvement	1,837,918	0	95,128	1,742,790	98,787
1997 Water Improvement	1,633,704	0	84,558	1,549,146	87,810
1998 Sewer Improvement	1,974,729	0	96,715	1,878,014	101,046
1998 Water Improvement	4,027,137	0	197,236	3,829,901	206,067
2001 Water Improvement	4,870,000	0	190,000	4,680,000	195,000
2004 Various Purpose Refunding	0	2,407,037	62,037	2,345,000	37,222
2004 Recreation Improvement	0	8,000,000	0	8,000,000	295,000
Total Business-type Activities Bonds Payable	<u>20,160,676</u>	<u>10,407,037</u>	<u>3,511,276</u>	<u>27,056,437</u>	<u>1,683,164</u>
<u>Other Obligations</u>					
Capital Lease Obligations	0	323,003	0	323,003	110,555
Compensated absences (Note 9)	1,881,935	1,145,495	751,883	2,275,547	778,199
Total Business-type Activities	<u>22,042,611</u>	<u>11,875,535</u>	<u>4,263,159</u>	<u>29,654,987</u>	<u>2,571,918</u>
Governmental Activities:					
<u>Bonds Payable</u>					
Special Assessment General Obligation Bonds:					
1991 Street Improvement	\$ 16,000	\$ 0	\$ 2,000	\$ 14,000	\$ 2,000
1995 Street & Sewer Refunding Issue	404,878	0	73,171	331,707	76,829
2001 Street Improvement	355,000	0	40,000	315,000	40,000
	<u>775,878</u>	<u>0</u>	<u>115,171</u>	<u>660,707</u>	<u>118,829</u>
Other General Obligation Bonds:					
1995 Various Purpose Refunding Issue	1,170,000	0	145,000	1,025,000	150,000
1995 Various Purpose Improvement	4,479,789	0	4,192,540	287,249 ⁴	287,249
1997 Various Purpose Improvement	4,063,376	0	210,314	3,853,062	218,403
1998 Various Purpose Improvement	838,136	0	41,049	797,087	42,887
2004 Various Purpose Refunding	0	4,382,963	112,963	4,270,000	67,778
	<u>10,551,301</u>	<u>4,382,963</u>	<u>4,701,866</u>	<u>10,232,398</u>	<u>766,317</u>
Total Governmental Activities Bonds Payable	<u>11,327,179</u>	<u>4,382,963</u>	<u>4,817,037</u>	<u>10,893,105</u>	<u>885,146</u>
<u>Other Obligations</u>					
Capital Lease Obligations (Note 11)	150,010	161,000	117,783	193,227	112,860
Compensated absences, (Note 9)	6,254,925	2,381,225	2,407,097	6,229,053	2,491,345
Claims and Judgments Payable	1,901,703	218,668 ³	0	2,120,371	1,083,665
Total Governmental Activities Other Obligations	<u>8,306,638</u>	<u>2,760,893</u>	<u>2,524,880</u>	<u>8,542,651</u>	<u>3,687,029</u>
Total Governmental Activities	<u>\$ 19,633,817</u>	<u>\$ 7,143,856</u>	<u>\$ 7,341,917</u>	<u>\$ 19,435,756</u>	<u>\$ 4,573,016</u>

¹This amount represents principal payment of \$226,829 less amortization expense of \$3,839.

²This amount represents principal payment of \$265,000 less amortization expense of \$4,851.

³Amount issued represents net additions.

⁴Represents residual balance remaining after refunding.

On April 8, 2004, the City issued \$8,000,000 Recreation Improvement Bonds for the purpose of financing a portion of the costs of constructing and equipping a community recreation center. The interest rate on the bonds range from 2.00-5.00 percent and the maturity date is December 1, 2024.

City of Cuyahoga Falls, Ohio

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Defeased Debt

On April 8, 2004, the City issued Various Purpose Refunding Bonds in the amount of \$6,790,000 (par value) with an interest rate of 2.00 – 4.00 percent to advance refund general obligation bonds in the amount of \$6,075,000 (par value) with an interest rate of 4.4 through 6 percent. The refunding bonds mature on December 1, 2015 and are callable on December 1, 2006. These bonds were issued at a premium of \$76,923 with issuance costs in the amount of \$119,732 and a net proceeds of \$6,747,191. The net proceeds were used to purchase U.S. Government State and Local Government Series Securities that were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for the debt service payment on the call date of December 1, 2006. The advance refunding met the requirement of an in substance debt defeasance and the advance refunded bonds were removed from the City's government-wide financial statements, with the exception \$445,000, which will be paid by the City on December 1, 2005. As a result of the advance refunding the City reduced its total debt service requirements by \$560,854, which resulted in an economic gain of \$469,748.

The above noted Various Purpose Refunding Bonds are being paid from governmental activities, as well as, business-type activities; therefore, the corresponding breakdown is as follows:

	<u>Business-Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>	<u>Total</u>
Par Value	\$ 2,407,037	\$ 4,382,963	\$ 6,790,000
Premium	49,654	27,269	76,923
Issuance Costs	77,287	42,445	119,732
Net Proceeds	2,379,404	4,367,787	6,747,191
Reduction of Debt Service Requirement	197,786	363,068	560,854
Economic Gain	\$ 165,658	\$ 304,090	\$ 469,748

As of December 31, 2004, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt without a vote of the electors) was \$45,062,978. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2004 (excluding capital leases) are as follows:

Year	Enterprise Fund Obligations		Special Assessment Bonds		Other General Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 1,683,164	\$ 1,295,454	\$ 118,829	\$ 30,684	\$ 766,317	\$ 652,475
2006	1,756,905	1,101,640	122,488	25,059	808,918	389,718
2007	1,819,175	1,033,948	132,366	19,169	831,771	361,513
2008	1,900,212	963,382	136,024	12,880	867,075	348,993
2009	1,688,685	886,968	47,000	6,240	891,464	300,352
2010-2014	7,904,947	3,451,239	104,000	6,536	4,180,202	974,551
2015-2019	6,893,349	1,747,752	0	0	1,886,651	170,049
2020-2024	3,410,000	467,109	0	0	0	0
Total	\$ 27,056,437	\$ 10,947,492	\$ 660,707	\$ 100,568	\$ 10,232,398	\$ 3,197,651

All general obligation bonds and notes issued by the City are backed by its full faith and credit. This includes the general property taxing power permitted within the tax limitation of the City Charter. In addition, special assessments have been levied to pay the debt service of the special assessment bonds. In the event of a default by a benefited property owner, the City would be responsible for paying the special assessment obligation. The amount of \$445,048 of special assessments receivable recorded in the Debt Service Fund does not represent any delinquent

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

special assessments. Although the obligations of the enterprise funds are general obligations of the City, the practice has been to have the debt serviced by the revenues derived from the operations of the respective funds.

Compensated Absences are paid from the fund in which employees' salaries are paid.

NOTE 14 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances, including advances, at December 31, 2004 are as follows:

Fund	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Advances to <u>Other Funds</u>	Advances from <u>Other Funds</u>
General Fund	<u>\$ 2,167,253</u>	<u>\$ 594,421</u>	<u>\$ 0</u>	<u>\$ 0</u>
Special Revenue Funds:				
Municipal Income Tax	0	3,064,392	0	0
Street Construction, Maintenance and Repair	43,654	44,181	0	0
Police Pension	4,832	0	0	0
Fire Pension	4,887	0	0	0
Recreation Levy	444,759	0	0	100,000
CDBG	0	1,091	0	0
Probation	0	223	0	0
Suspended License Intervention Program	0	320	0	0
FEMA Public Assistance	<u>0</u>	<u>159,872</u>	<u>0</u>	<u>0</u>
	<u>498,132</u>	<u>3,270,079</u>	<u>0</u>	<u>100,000</u>
Capital Projects Funds:				
Capital Projects	942,790	0	0	475,000
Capital Improvement Reserve	0	0	675,800	0
Storm Drainage Utility	<u>3,347</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>946,137</u>	<u>0</u>	<u>675,800</u>	<u>475,000</u>
Permanent Fund:				
Cemetery Perpetual Care	<u>7,530</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>7,530</u>	<u>0</u>	<u>0</u>	<u>0</u>
Enterprise Funds:				
Sewage and Disposal	27,315	182,334	0	850,000
Water	0	253,648	0	0
Electric	883,663	75,662	850,000	0
Sanitation	35,126	171,913	0	100,800
Leisure Time	<u>0</u>	<u>632,467</u>	<u>0</u>	<u>0</u>
	<u>946,104</u>	<u>1,316,024</u>	<u>850,000</u>	<u>950,800</u>
Internal Service Funds:				
Garage	0	13,615	0	0
Self-Insurance	638,855	0	0	0
Information Services	<u>0</u>	<u>9,872</u>	<u>0</u>	<u>0</u>
	<u>638,855</u>	<u>23,487</u>	<u>0</u>	<u>0</u>
Total All Funds	<u>\$ 5,204,011</u>	<u>\$ 5,204,011</u>	<u>\$ 1,525,800</u>	<u>\$ 1,525,800</u>

City of Cuyahoga Falls, Ohio

NOTE 14 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Advances are considered to be long-term and therefore will be repaid in the following manner:

Year	General Fund	Recreation Levy	Capital Projects	Enterprise		Total
				Sewage and Disposal	Sanitation	
2005	\$ 0	\$ 100,000	\$ 475,000	\$ 85,000	\$ 100,800	\$ 760,800
*2006-2014	0	0	0	765,000	0	765,000
	\$ 0	\$ 100,000	\$ 475,000	\$ 850,000	\$ 100,800	\$ 1,525,800

* The Sewage and Disposal Fund advance of \$850,000 will be paid off in 10 years at \$85,000 per year.

NOTE 15 - RISK MANAGEMENT

It is the policy of the City to purchase commercial insurance for the risk of losses in the following areas: comprehensive general liability, auto liability, property and boiler, law enforcement professional liability, umbrella excess liability and public officials errors and omissions. The City believes in minimizing its risk through the procurement of the aforementioned coverages. These policies maintain the same level of coverage that was provided in previous years.

Liabilities exceeding the umbrella excess liability amount and deductible amounts are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Management believes that incurred, but not reported claims, if any, are immaterial. Settlements for the past three fiscal years have not exceeded the insurance coverage/policy limits during those years.

A. Self -Insurance Internal Service Fund

On April 1, 2004, the City changed third party administration of health insurance claims to Benefit Services, Inc. Claims are fully paid by the City for full-time employees through the City's Self-Insurance Internal Service Fund, which provides funding for health-care coverage. Benefit Services reviews all claims in accordance with the Summary Plan Description and claims are then paid by the Self-Insurance Fund. For the fiscal coverage year April 1, 2004 through March 31, 2005, the City has purchased specific stop-loss coverage of \$175,000 per person, and aggregate stop-loss coverage of \$7,193,831.

The Self-Insurance Fund generates revenues by charging an actuarially determined premium to each fund based on the number of full-time employees enrolled for health-care coverage. The Self-Insurance Fund pays all claims, stop-loss coverages and retention fees for health-care coverage. A liability, in the amount of \$693,801 has been recorded to reflect the outstanding claims as of December 31, 2004. Most health insurance claims are presented for payment to the City within several months after occurrence.

B. Workers' Compensation Internal Service Fund

As of December 31, 2004, the City completed its twelfth consecutive year of participating with the Ohio Bureau of Workers' Compensation (Bureau) Retrospective Rating Plan. The self insurance program requires the City to pay only administrative and minimum premium charges to the Bureau, and in turn the City reimburses the Bureau for all claim costs incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The City will be charged an actuarial amount for the claims transferred to the

NOTE 15 - RISK MANAGEMENT (CONTINUED)

Bureau. The City’s stop-loss coverage through the plan is limited to \$300,000 per claim and aggregate stop-loss coverage of \$1,426,570 for the 2004 policy year.

The City’s Workers’ Compensation Internal Service Fund pays for all claims, claim reserves and administrative costs of the program. The Workers’ Compensation Internal Service Fund is allocated investment revenue based on City Ordinance. The claims liability is recorded based on an actuarial determination of future claims, review of five years of claim liabilities and claim payment trends including the settlement to the Bureau after the tenth year.

	2002		2003		2004	
	Workers'		Workers'		Workers'	
	Self-Insurance	Compensation	Self-Insurance	Compensation	Self-Insurance	Compensation
Unpaid claims-January 1	\$ 476,384	\$ 795,261	\$ 390,284	\$ 1,273,279	\$ 633,945	\$ 1,267,758
Incurred claims (including IBNRs)	4,776,098	549,510	5,004,272	70,181	5,330,474	571,686
Claim payments made during the year	(4,862,198)	(71,492)	(4,760,611)	(75,702)	(5,270,618)	(412,874)
Unpaid claims-December 31, 2004	\$ 390,284	\$ 1,273,279	\$ 633,945	\$ 1,267,758	\$ 693,801	\$ 1,426,570

NOTE 16 - INVESTMENTS IN JOINT VENTURES

A. Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV-1)

The City's Electric Enterprise Fund participates in a joint venture agreement with 20 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV1) for the purpose of providing electric power and energy to its participants on a cooperative basis. The electric generating facilities of OMEGA JV1, known as the Engle Units, are located in the City. Title to these six diesel-powered generating units was transferred to the 21 municipal electric systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a non-profit trade association and wholesale power supplier for most of Ohio's 85 municipal electric systems. Each member has a contract which provides for AMP-Ohio to purchase the right to each participant's share of power and energy that is made available through the joint venture contract. The City’s net investment and its share of the operating results of OMEGA JV-1 are reported in the City’s statement of net assets as “investment in joint ventures”. The city’s equity interest in OMEGA JV-1 was \$97,543 at 12/31/04. Complete financial statements fro OMEGA JV-1 can be obtained from AMP-Ohio or from the City’s Finance Director.

B. Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV-2)

The City of Cuyahoga Falls is a Financing Participant and an Owner Participant with percentages of liability and ownership of 9.52% and 7.46% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating &

City of Cuyahoga Falls, Ohio

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2004 the City of Cuyahoga Falls has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net obligation for these bonds at December 31, 2004 was \$3,585,165 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$3,497,715 at December 31, 2004. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us

C. Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV-5)

The City of Cuyahoga Falls is a Financing Participant with an ownership percentage of 16.67%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2004 Cuyahoga Falls has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

JV5 Participants, is equal to the defaulting JV5 Participant’s ownership share of the Project, in kilowatts (“Step Up Power”) provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant’s ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture’s agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The City’s net investment and its share of operating results of OMEGA JV5 are reported in the City’s electric fund (an enterprise fund). The City’s net investment to date in OMEGA JV5 was \$1,441,139 at December 31, 2004.

Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor’s website at www.auditor.state.oh.us.

D. Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV-6)

In April of 2004, the City of Cuyahoga Falls became a member of Joint Venture Number Six (JV6), a wind turbine generation project located on a landfill near the city of Bowling Green, Ohio. The generation site, which became commercially available on November 7, 2003, is Ohio’s very first commercial wind generation. The four wind turbine units provide energy at a low-polluting capacity with a generation capacity of 7.2 MW.

The City is a Financing Participant and an Owner Participant with a 25% ownership in JV6 with nine other municipal electric systems.

Cost to the JV6 members for this clean power will be approximately 5.9 cents/kWh, which includes the green tags purchased from the project by the Green Mountain Energy Company. The City’s net investment in OMEGA JV6 was \$120,477 at December 31, 2004. Complete financial statements for OMEGA JV6 may be obtained from AMP-Ohio or from the City’s Finance Director.

NOTE 17 – ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

At December 31, 2004, the following funds had a deficit fund balance:

Fund Type/Fund	Amount
Capital Projects/Capital Projects Fund	\$2,240,590
State Highway Improvement Special Revenue Fund	\$ 7,058

The fund deficit in the Capital Projects Fund resulted from the recognition of general obligation notes payable on the modified accrual basis while the deficit in the State Highway Improvement Special Revenue Fund resulted from the recognition of payables on the modified accrual basis. The deficits for both funds do not exist under the cash basis method of accounting.

City of Cuyahoga Falls, Ohio

NOTE 17 – ACCOUNTABILITY AND COMPLIANCE (CONTINUED)

B. Compliance

In 2004, the following fund had expenditures in excess of appropriations contrary to Ohio Revised Code Section 5705.4:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Self-Insurance	\$ 5,320,521	\$ 5,510,269	\$ (189,748)

NOTE 18 – CONSTRUCTION COMMITMENTS

As of December 31, 2004, the City had the following significant commitments with respect to projects requiring capital expenditures:

<u>Capital Project</u>	2004 <u>Remaining Construction Contract</u>	<u>Expected Date of Completion</u>
Electric Line Expansion into Ward 8	\$ 878,483	2005
Fire Station Number 5	299,000	2006
Substation 13 (New) and Substation 2 (Upgrade)	1,198,459	2006
Front Street Parking Deck Improvements	162,599	2005
Ardella Street Waterline	<u>122,259</u>	<u>2005</u>
Total Capital Projects	<u>\$ 2,660,800</u>	

NOTE 19 - RESTATEMENT OF PRIOR YEAR NET ASSETS

Restatement of Prior Year Net Assets

In 2003, the City of Cuyahoga Falls Electric Department was a member of three separate Joint Ventures. A long-term payable for JV2 was not properly recorded in the City's net equity figure at 12/31/03, of which the City's portion was \$3,768,637. This is a direct reduction of the Net Equity in Joint Ventures. A restatement at 12/31/03 follows:

	<u>Enterprise</u>	<u>Total Business-type</u>
Net Assets, Dec. 31, 2003	\$ 62,773,695	\$ 62,443,356
Investment in Joint Ventures	<u>(3,768,637)</u>	<u>(3,768,637)</u>
Adjusted Net Assets, Dec. 31, 2003	\$ <u>59,005,058</u>	\$ <u>58,674,719</u>

**COMBINING STATEMENTS AND
INDIVIDUAL FUND STATEMENTS**

Major Governmental Funds

General Fund

To account for all financial resources except those required to be accounted for in another fund.

Municipal Income Tax

To account for income tax revenue and the expenses of the administration of the income tax. After operating expenses are deducted, allocation is made to the General Fund, Recreation Levy Fund and Capital Projects Fund at a rate of 62.67 percent, 8 percent, and 29.33 percent, respectively.

Capital Projects

To account for income tax revenue which must be used to fund capital projects in accordance with local law.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 9,316,740	\$ 9,393,740	\$ 9,394,405	\$ 665
Other local taxes	216,250	243,250	241,843	(1,407)
State levied shared taxes	4,497,747	4,631,247	4,632,672	1,425
Intergovernmental	266,632	89,632	92,516	2,884
Charges for services	5,371,208	5,419,708	5,076,188	(343,520)
Fees, licenses, and permits	428,225	390,225	387,887	(2,338)
Fines and forfeitures	296,000	262,000	262,198	198
Special assessments	13,130	13,130	11,710	(1,420)
Other	194,000	319,000	298,806	(20,194)
Total Revenues	20,599,932	20,761,932	20,398,225	(363,707)
Expenditures				
Current				
Security of persons and property				
Building				
Personal services	416,005	406,005	387,677	18,328
Other operations	40,925	50,925	52,845	(1,920)
Capital outlay	32,000	32,000	45,696	(13,696)
Total - Building	488,930	488,930	486,218	2,712
Police				
Personal services	8,036,521	8,026,521	8,007,621	18,900
Other operations	901,505	903,904	888,675	15,229
Capital outlay	141,158	138,758	134,902	3,856
Total - Police	9,079,184	9,069,183	9,031,198	37,985
Fire				
Personal services	6,432,618	6,432,618	6,428,898	3,720
Other operations	684,107	650,674	585,539	65,135
Capital outlay	37,000	40,433	38,824	1,609
Total - Fire	7,153,725	7,123,725	7,053,261	70,464
Technical services				
Personal services	491,428	491,428	489,866	1,562
Other operations	101,213	101,213	90,389	10,824
Capital outlay	12,686	17,286	17,265	21
Total - Technical services	605,327	609,927	597,520	12,407
Police reserve				
Other operations	5,000	5,000	4,708	292
Total - Police reserve	5,000	5,000	4,708	292
DARE program				
Other operations	2,105	2,105	3,103	(998)
Total - DARE program	2,105	2,105	3,103	(998)
Total - Security of persons and property	17,334,271	17,298,870	17,176,008	122,862
Leisure time activities				
Parks & recreation				
Personal services	1,824,746	1,827,646	1,820,634	7,012
Other operations	596,116	643,216	589,891	53,325
Capital outlay	8,000	8,000	7,662	338
Total - Leisure time activities	2,428,862	2,478,862	2,418,187	60,675

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2004

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Riverfront Centre District				
Personal services	\$ 230,599	\$ 199,599	\$ 172,287	\$ 27,312
Other operations	99,663	217,163	198,625	18,538
Capital outlay	45,000	52,500	46,704	5,796
Total - Riverfront Centre District	375,262	469,262	417,616	51,646
Community / economic development				
Personal services	690,901	690,901	678,215	12,686
Other operations	369,134	446,714	447,851	(1,137)
Capital outlay	-	11,000	11,000	-
Total - Community / economic development	1,060,035	1,148,615	1,137,066	11,549
Community gardens				
Other operations	300	300	8	292
Total - Community environment	1,435,597	1,618,177	1,554,690	63,487
General government				
General administration				
Other operations	816,941	816,942	791,225	25,717
Total - General government	816,941	816,942	791,225	25,717
Council				
Personal services	216,745	217,407	217,406	1
Other operations	4,631	12,394	12,441	(47)
Capital outlay	-	9,850	9,847	3
Total - Council	221,376	239,651	239,694	(43)
Mayor				
Personal services	185,411	186,436	186,435	1
Other operations	18,720	20,195	20,320	(125)
Total - Mayor	204,131	206,631	206,755	(124)
Finance director				
Personal services	611,150	623,150	626,153	(3,003)
Other operations	160,324	160,324	172,640	(12,316)
Total - Finance director	771,474	783,474	798,793	(15,319)
Law director				
Personal services	748,553	752,953	752,894	59
Other operations	390,818	286,418	179,418	107,000
Total - Law director	1,139,371	1,039,371	932,312	107,059
Service director				
Personal services	250,045	251,099	252,615	(1,516)
Other operations	15,064	14,010	12,158	1,852
Total - Service director	265,109	265,109	264,773	336
Municipal court				
Personal services	1,255,931	1,175,931	1,136,038	39,893
Other operations	119,707	99,707	45,445	54,262
Total - Municipal court	1,375,638	1,275,638	1,181,483	94,155
Clerk of courts				
Personal services	1,123,416	1,149,416	1,149,410	6
Other operations	92,633	91,633	88,417	3,216
Total - Clerk of courts	1,216,049	1,241,049	1,237,827	3,222

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended December 31, 2004**

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government (continued)				
Civil service commission				
Personal services	\$ 21,391	\$ 22,291	\$ 22,212	\$ 79
Other operations	32,761	31,861	11,917	19,944
Total - Civil service commission	54,152	54,152	34,129	20,023
Engineering				
Personal services	916,551	966,551	963,230	3,321
Other operations	92,288	92,288	87,511	4,777
Capital outlay	-	7,000	6,275	725
Total - Engineering	1,008,839	1,065,839	1,057,016	8,823
Human resources / records				
Personal services	247,873	229,623	218,860	10,763
Other operations	23,535	34,985	34,983	2
Capital outlay	-	6,800	6,799	1
Total - Human resources / records	271,408	271,408	260,642	10,766
Print shop				
Personal services	26,290	26,290	21,971	4,319
Other operations	90,380	80,380	59,729	20,651
Total - Print shop	116,670	106,670	81,700	24,970
Building and grounds maintenance				
Personal services	867,362	856,562	839,516	17,046
Other operations	276,035	276,835	255,409	21,426
Total - Building and grounds maintenance	1,143,397	1,133,397	1,094,925	38,472
Total - General government	8,604,555	8,499,331	8,181,274	318,057
Total Expenditures	29,803,285	29,895,240	29,330,159	565,081
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(9,203,353)	(9,133,308)	(8,931,934)	201,374
Other Financing Sources (Uses)				
Transfers in	11,897,523	12,111,137	12,024,116	(87,021)
Transfers out	(4,678,027)	(4,678,027)	(4,483,576)	194,451
Total Other Financing Sources (Uses)	7,219,496	7,433,110	7,540,540	107,430
Net change in fund balances	(1,983,857)	(1,700,198)	(1,391,394)	308,804
Fund Balance at Beginning of Year	4,336,776	4,336,776	4,336,776	-
Fund Balance at End of Year	\$ 2,352,919	\$ 2,636,578	\$ 2,945,382	\$ 308,804

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Income Tax Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal income taxes	\$ 16,992,490	\$ 17,254,990	\$ 17,219,817	\$ (35,173)
Other	-	-	235	235
Total revenues	16,992,490	17,254,990	17,220,052	(34,938)
Expenditures				
Current				
General government				
Personal services	361,304	361,304	341,128	20,176
Other operations	681,220	606,211	517,769	88,442
Capital outlay	-	-	-	-
Total expenditures	1,042,524	967,515	858,897	108,618
Excess (deficiency) of revenues over (under) expenditures	15,949,966	16,287,475	16,361,155	73,680
Other Financing Sources (Uses)				
Transfers out	(15,952,645)	(16,293,500)	(16,293,500)	-
Total other financing sources (uses)	(15,952,645)	(16,293,500)	(16,293,500)	-
Net change in fund balances	(2,679)	(6,025)	67,655	73,680
Fund balance at beginning of year	6,451	6,451	6,451	-
Fund balance at end of year	\$ 3,772	\$ 426	\$ 74,106	\$ 73,680

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects Fund
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 296,920	\$ 463,920	\$ 599,949	\$ 136,029
Charges for services	1,230,000	1,255,000	1,270,997	15,997
Special assessments	130,000	142,500	142,952	452
Other	230,000	230,000	329,582	99,582
Total revenues	<u>1,886,920</u>	<u>2,091,420</u>	<u>2,343,480</u>	<u>252,060</u>
Expenditures				
Current				
Capital outlay	6,425,403	6,047,300	5,191,501	855,799
Debt service				
Principal	8,250,000	8,323,992	8,323,991	1
Interest	268,125	272,236	168,652	103,584
Total expenditures	<u>14,943,528</u>	<u>14,643,528</u>	<u>13,684,144</u>	<u>959,384</u>
Excess (deficiency) of revenues over (under) expenditures	(13,056,608)	(12,552,108)	(11,340,664)	1,211,444
Other Financing Sources (Uses)				
Bond/note proceeds	7,656,317	7,438,858	7,438,858	-
Transfers in	4,678,911	4,778,884	4,801,752	22,868
Transfers out	(100,000)	(100,000)	(100,000)	-
Advances out	-	-	-	-
Total other financing sources (uses)	<u>12,235,228</u>	<u>12,117,742</u>	<u>12,140,610</u>	<u>22,868</u>
Net change in fund balances	(821,380)	(434,366)	799,946	1,234,312
Fund balance at beginning of year	2,721,021	2,721,021	2,721,021	-
Fund balance at end of year	<u>\$ 1,899,641</u>	<u>\$ 2,286,655</u>	<u>\$ 3,520,967</u>	<u>\$ 1,234,312</u>

Nonmajor Governmental Funds

Special Revenue Funds	To account for specific revenues that are legally restricted to expenditure for particular purposes.
State Highway Improvement	Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees for maintenance of state highways within the City.
Street Construction, Maintenance and Repair	Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees for maintenance of streets within the City.
Police Pension	To accumulate property taxes and other monies for the payment of the current and accrued liability for police disability and pension benefits.
Fire Pension	To accumulate property taxes and other monies for the payment of the current and accrued liability for fire disability and pension benefits.
Recreation Levy	To account for income tax collections received from the Municipal Income Tax Fund. The revenue must be used for improvements made by the Parks and Recreation Department.
Permissive Tax	Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of streets within the City. These funds are controlled by the county and limited to non-residential connector streets.
Court Special Projects	To account for fees to acquire and pay for projects to ensure efficient operation of the Municipal Court.
Community and Economic Development	To account for monies received from the sale of City-owned properties in an urban renewal area.
Community Development Block Grant	To account for monies passed through Summit County from the federal government under the Community Development Block Grant Program which are restricted for City-wide development projects such as the Housing Rehabilitation Program and Economic Development Revolving Loan Program.
Probation	To account for fees received from Municipal Court probationers to offset the cost of probation services.
Enterprise Zone/Community Reinvestment Area	To account for fees collected from enterprises receiving a tax incentive through an enterprise zone agreement for the purpose of administering and monitoring the Enterprise Zone Agreement.
Suspended License Intervention Program	To account for fees received from individuals who are charged with certain driver's license violations that come before the Municipal Court to offset the cost of services to educate these violators in complying with applicable laws.

Nonmajor Governmental Funds (Continued)

Drug Law Enforcement	To account for fines received by the City that are restricted under the Ohio Revised Code to subsidize law enforcement efforts that pertain to drug offenses.
Law Enforcement Trust	To account for proceeds from the sale of contraband that are restricted to subsidizing law enforcement efforts.
Indigent Drivers Alcohol Treatment	To account for proceeds realized from fines to pay the cost of an alcohol and drug addiction treatment program attended by an offender who is ordered to attend such a program by a county or municipal court judge and who is determined by such county or municipal court judge not to have the means to pay for his attendance at such program.
Enforcement and Education	To account for proceeds realized from fines to pay only those costs incurred in enforcing Section 4511.19 of the Ohio Revised Code or a substantially similar municipal ordinance and in educating the public of laws governing the operation of a motor vehicle and the dangers of operation of a motor vehicle while under the influence of alcohol and other information relating to the operation of a motor vehicle and the consumption of alcoholic beverages.
Municipal Motor Vehicle License Tax	Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of certain streets within the City.
Court Computer	To account for the portion of court costs received by the City for the computerization and use of Computerized Legal Research for the operations of the Cuyahoga Falls Municipal Court.
Federal Law Enforcement	To account for the subsidy received by the Police Department for its efforts pertaining to (1) complex investigations/prosecutions by the City's Police/Law Departments; (2) provision of technical training or expertise of a law enforcement nature for Police Department members; (3) provision of matching funds to obtain federal grants; and (4) for such other law enforcement purposes that are deemed appropriate.
FEMA Public Assistance	To account for FEMA Public Assistance Grant Funding relating to storm damage.
Debt Service Fund	To account for the accumulation of resources for and payment of general obligation principal, interest, and related expenditures.

Nonmajor Governmental Funds (Continued)

Capital Improvement Reserve

To account for interest income which must be used to fund capital projects in accordance with local law and to account for interfund charges for the use of City-owned oil and gas wells.

Storm Drainage Utility Fund

To account for monies received for the storm sewer infrastructure repair and upgrade. These monies will be used to construct, equip, operate, repair, improve, extend and maintain open drainage ways, underground storm drains, equipment and appurtenances necessary. Also used for improvements and maintenance of the drainage systems.

Cemetery Perpetual Care Permanent Fund

To account for monies received for the perpetual care of cemetery lots. The amounts received are held as a permanent fund, and the interest received on the invested monies is available for care of the cemetery lots.

City of Cuyahoga Falls, Ohio

**Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2004**

	<u>Nonmajor Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Cemetery Perpetual Care Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 2,441,296	\$ -	\$ 585,965	\$ -	\$ 3,027,261
Cash and cash equivalents - restricted	-	42,252	-	89,171	131,423
Investments - restricted accounts	-	14,000	1,746,630	95,000	1,855,630
Receivables					
Taxes	555,778	-	-	-	555,778
Accounts (net of allowance for uncollectibles)	109,454	-	47,814	-	157,268
Loans	1,810,729	-	-	-	1,810,729
Special assessments	-	445,048	762,638	-	1,207,686
Accrued interest	-	118	698,467	163	698,748
Due from other funds	498,132	-	3,347	7,530	509,009
Due from other governments	1,153,060	-	-	-	1,153,060
Inventory of supplies	210,805	-	-	-	210,805
Prepaid items	25,785	-	-	-	25,785
Advances to other funds	-	-	675,800	-	675,800
Total assets	6,805,039	501,418	4,520,661	191,864	12,018,982
Liabilities and Fund Balances					
Liabilities					
Accounts payable	124,161	-	32,840	-	157,001
Accrued salaries, wages and benefits	74,338	-	-	-	74,338
Deferred revenue	1,080,506	445,133	1,395,991	175	2,921,805
Due to other funds	205,687	-	-	-	205,687
Due to other governments	37,411	-	-	-	37,411
Advances from other funds	100,000	-	-	-	100,000
Total liabilities	1,622,103	445,133	1,428,831	175	3,496,242
Fund Balances					
Reserved for encumbrances	256,572	-	47,962	-	304,534
Reserved for prepaid items	25,785	-	-	-	25,785
Reserved for advances	-	-	675,800	-	675,800
Reserved for investments	-	-	1,746,630	-	1,746,630
Reserved for inventory of supplies	210,805	-	-	-	210,805
Reserved for loans receivable	1,810,729	-	-	-	1,810,729
Reserved for debt service	-	56,285	-	-	56,285
Reserved for cemetery perpetual care	-	-	-	191,689	191,689
Unreserved - undesignated	2,879,045	-	621,438	-	3,500,483
Total fund balances	5,182,936	56,285	3,091,830	191,689	8,522,740
Total liabilities and fund balances	\$ 6,805,039	\$ 501,418	\$ 4,520,661	\$ 191,864	\$ 12,018,982

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2004

	Nonmajor Special Revenue Funds	Debt Service Fund	Nonmajor Capital Projects Funds	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Property taxes	\$ 541,986	\$ -	\$ -	\$ -	\$ 541,986
Other local taxes	254	-	-	-	254
State levied shared taxes	2,116,550	-	-	-	2,116,550
Intergovernmental	251,230	-	-	-	251,230
Charges for services	137,924	-	349,476	8,470	495,870
Fees, licenses and permits	733,867	-	-	-	733,867
Interest earnings	98	6,699	354,904	3,607	365,308
Fines and forfeitures	121,253	-	-	-	121,253
Special assessments	-	85,780	125,565	-	211,345
Other	33,802	-	39,443	-	73,245
Total revenues	3,936,964	92,479	869,388	12,077	4,910,908
Expenditures					
Current					
Security of persons and property	2,288,741	-	-	-	2,288,741
Leisure time activities	664,257	-	-	-	664,257
Community environment	58,885	-	-	-	58,885
Street maintenance	4,374,161	-	-	-	4,374,161
General government	85,321	1,124	24,672	3,579	114,696
Capital outlay	-	-	17,837	-	17,837
Debt Service					
Principal	251,363	644,245	-	-	895,608
Interest	239,012	211,740	-	-	450,752
Advance refunding escrow	-	-	-	-	-
Total expenditures	7,961,740	857,109	42,509	3,579	8,864,937
Excess (deficiency) of revenues over (under) expenditures	(4,024,776)	(764,630)	826,879	8,498	(3,954,029)
Other Financing Sources (Uses)					
Refunding bonds issued	-	4,382,963	-	-	4,382,963
Premium on various purpose refunding bonds	-	49,654	-	-	49,654
Payment to bond escrow agent	-	(4,355,330)	-	-	(4,355,330)
Refunding bond issuance cost	-	(68,022)	-	-	(68,022)
Transfers in	5,234,807	755,394	-	-	5,990,201
Transfers out	(159,872)	-	(2,485,394)	-	(2,645,266)
Total other financing sources (uses)	5,074,935	764,659	(2,485,394)	-	3,354,200
Net change in fund balances	1,050,159	29	(1,658,515)	8,498	(599,829)
Fund balance at beginning of year,	4,100,729	56,256	4,750,345	183,191	9,090,521
Change in reserve for inventory	28,739	-	-	-	28,739
Change in reserve for prepaid items	3,309	-	-	-	3,309
Fund balance at end of year	\$ 5,182,936	\$ 56,285	\$ 3,091,830	\$ 191,689	\$ 8,522,740

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2004

(Continued)

	<u>State Highway Improvement</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Recreation Levy</u>	<u>Permissive Tax</u>
Assets						
Equity in pooled cash and cash equivalents	\$ 3,355	\$ 338,810	\$ 8,523	\$ 14,435	\$ 221,096	\$ 2
Receivables						
Taxes	-	-	277,889	277,889	-	-
Accounts (net of allowance for uncollectibles)	-	109,454	-	-	-	-
Loans	-	-	-	-	-	-
Due from other funds	-	43,654	4,832	4,887	444,759	-
Due from other governments	57,574	710,941	16,916	16,916	150	281,006
Inventory of supplies	-	210,805	-	-	-	-
Prepaid items	-	24,314	-	-	-	-
Total assets	<u>60,929</u>	<u>1,437,978</u>	<u>308,160</u>	<u>314,127</u>	<u>666,005</u>	<u>281,008</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	31,747	82,959	-	-	4,099	-
Accrued salaries, wages and benefits	-	73,479	-	-	-	-
Deferred revenue	36,240	447,221	294,678	294,678	-	-
Due to other funds	-	44,181	-	-	-	-
Due to other governments	-	4,351	13,482	19,449	-	-
Advances from other funds	-	-	-	-	100,000	-
Total liabilities	<u>67,987</u>	<u>652,191</u>	<u>308,160</u>	<u>314,127</u>	<u>104,099</u>	<u>-</u>
Fund Balances						
Reserved for encumbrances	-	40,525	-	-	30,845	-
Reserved for prepaid items	-	24,314	-	-	-	-
Reserved for inventory of supplies	-	210,805	-	-	-	-
Reserved for loans receivable	-	-	-	-	-	-
Unreserved - undesignated	(7,058)	510,143	-	-	531,061	281,008
Total fund balances	<u>(7,058)</u>	<u>785,787</u>	<u>-</u>	<u>-</u>	<u>561,906</u>	<u>281,008</u>
Total liabilities and fund balances	<u>\$ 60,929</u>	<u>\$ 1,437,978</u>	<u>\$ 308,160</u>	<u>\$ 314,127</u>	<u>\$ 666,005</u>	<u>\$ 281,008</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2004

(Continued)

	<u>Court Special Projects</u>	<u>Community and Economic Development</u>	<u>Community Development Block Grant</u>	<u>Probation</u>	<u>Enterprise Zone / Community Reinvestment Area</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 393,472	\$ 2,401	\$ 300,474	\$ 23,230	\$ 7,704
Receivables					
Taxes	-	-	-	-	-
Accounts (net of allowance for uncollectibles)	-	-	-	-	-
Loans	-	-	1,810,729	-	-
Due from other funds	-	-	-	-	-
Due from other governments	21,096	-	7,689	6,394	-
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	-	-	-
	<u>414,568</u>	<u>2,401</u>	<u>2,118,892</u>	<u>29,624</u>	<u>7,704</u>
Total assets					
Liabilities and Fund Balances					
Liabilities					
Accounts payable	-	-	-	-	-
Accrued salaries, wages and benefits	-	-	600	104	-
Deferred revenue	-	-	7,689	-	-
Due to other funds	-	-	1,091	223	-
Due to other governments	-	-	90	16	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>9,470</u>	<u>343</u>	<u>-</u>
Fund Balances					
Reserved for encumbrances	-	-	115,000	-	-
Reserved for prepaid items	-	-	-	-	-
Reserved for inventory of supplies	-	-	-	-	-
Reserved for loans receivable	-	-	1,810,729	-	-
Unreserved - undesignated	414,568	2,401	183,693	29,281	7,704
Total fund balances	<u>414,568</u>	<u>2,401</u>	<u>2,109,422</u>	<u>29,281</u>	<u>7,704</u>
Total liabilities and fund balances	<u>\$ 414,568</u>	<u>\$ 2,401</u>	<u>\$ 2,118,892</u>	<u>\$ 29,624</u>	<u>\$ 7,704</u>

**Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2004**

(Continued)

	Suspended License Intervention Program	Drug Law Enforcement	Law Enforcement Trust	Indigent Drivers Alcohol Treatment	Enforcement and Education
ASSETS					
Equity in pooled cash and cash equivalents	\$ 4,519	\$ 84,659	\$ 64,643	\$ 541,614	\$ 16,401
Receivables					
Taxes	-	-	-	-	-
Accounts					
(net of allowance for uncollectibles)	-	-	-	-	-
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	1,550	3,005	-	16,568	1,285
Inventory of supplies	-	-	-	-	-
Prepaid items	-	1,471	-	-	-
	<u>6,069</u>	<u>89,135</u>	<u>64,643</u>	<u>558,182</u>	<u>17,686</u>
Total assets	<u>6,069</u>	<u>89,135</u>	<u>64,643</u>	<u>558,182</u>	<u>17,686</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	-	89	-	-	-
Accrued salaries, wages and benefits	155	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	320	-	-	-	-
Due to other governments	23	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>498</u>	<u>89</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Reserved for encumbrances	-	215	1,599	-	12,500
Reserved for prepaid items	-	1,471	-	-	-
Reserved for inventory of supplies	-	-	-	-	-
Reserved for loans receivable	-	-	-	-	-
Unreserved - undesignated	5,571	87,360	63,044	558,182	5,186
Total fund balances	<u>5,571</u>	<u>89,046</u>	<u>64,643</u>	<u>558,182</u>	<u>17,686</u>
Total liabilities and fund balances	<u>\$ 6,069</u>	<u>\$ 89,135</u>	<u>\$ 64,643</u>	<u>\$ 558,182</u>	<u>\$ 17,686</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2004

(Continued)

	Municipal Motor Vehicle License Tax	Court Computer	Federal Law Enforcement	FEMA Public Assistance	Total Nonmajor Special Revenue Funds
ASSETS					
Equity in pooled cash and cash equivalents	\$ 711	\$ 183,052	\$ 72,323	\$ 159,872	\$ 2,441,296
Receivables					
Taxes	-	-	-	-	555,778
Accounts (net of allowance for uncollectibles)	-	-	-	-	109,454
Loans	-	-	-	-	1,810,729
Due from other funds	-	-	-	-	498,132
Due from other governments	-	11,970	-	-	1,153,060
Inventory of supplies	-	-	-	-	210,805
Prepaid items	-	-	-	-	25,785
	<u>711</u>	<u>195,022</u>	<u>72,323</u>	<u>159,872</u>	<u>6,805,039</u>
Total assets	<u>711</u>	<u>195,022</u>	<u>72,323</u>	<u>159,872</u>	<u>6,805,039</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	-	5,267	-	-	124,161
Accrued salaries, wages and benefits	-	-	-	-	74,338
Deferred revenue	-	-	-	-	1,080,506
Due to other funds	-	-	-	159,872	205,687
Due to other governments	-	-	-	-	37,411
Advances from other funds	-	-	-	-	100,000
Total liabilities	<u>-</u>	<u>5,267</u>	<u>-</u>	<u>159,872</u>	<u>1,622,103</u>
Fund Balances					
Reserved for encumbrances	-	55,888	-	-	256,572
Reserved for prepaid items	-	-	-	-	25,785
Reserved for inventory of supplies	-	-	-	-	210,805
Reserved for loans receivable	-	-	-	-	1,810,729
Unreserved - undesignated	711	133,867	72,323	-	2,879,045
Total fund balances	<u>711</u>	<u>189,755</u>	<u>72,323</u>	<u>-</u>	<u>5,182,936</u>
Total liabilities and fund balances	<u>\$ 711</u>	<u>\$ 195,022</u>	<u>\$ 72,323</u>	<u>\$ 159,872</u>	<u>\$ 6,805,039</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Special Revenue Funds
For the Year Ended December 31, 2004**

(Continued)

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension	Recreation Levy	Permissive Tax
Revenues						
Property taxes	\$ -	\$ -	\$ 270,993	\$ 270,993	\$ -	\$ -
Other local taxes	-	-	127	127	-	-
State levied shared taxes	126,750	1,567,489	33,373	33,373	-	248,486
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fees, licenses, and permits	-	431,603	-	-	-	-
Interest earnings	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Other	-	16,203	-	-	9,172	-
Total revenues	<u>126,750</u>	<u>2,015,295</u>	<u>304,493</u>	<u>304,493</u>	<u>9,172</u>	<u>248,486</u>
Expenditures						
Current						
Security of persons and property	-	-	974,676	1,217,184	-	-
Leisure time activities	-	-	-	-	664,257	-
Community environment	-	-	-	-	-	-
Street maintenance	154,747	4,108,414	-	-	-	-
General government	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	251,363	-
Interest	-	-	-	-	239,012	-
Total expenditures	<u>154,747</u>	<u>4,108,414</u>	<u>974,676</u>	<u>1,217,184</u>	<u>1,154,632</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(27,997)	(2,093,119)	(670,183)	(912,691)	(1,145,460)	248,486
Other Financing Sources (Uses)						
Transfers in	-	2,243,654	670,183	912,691	1,408,279	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,243,654</u>	<u>670,183</u>	<u>912,691</u>	<u>1,408,279</u>	<u>-</u>
Net change in fund balances	(27,997)	150,535	-	-	262,819	248,486
Fund balance at beginning of year	20,939	604,675	-	-	299,087	32,522
Change in reserve for inventory	-	28,739	-	-	-	-
Change in reserve for prepaid items	-	1,838	-	-	-	-
Fund balance at end of year	<u>\$ (7,058)</u>	<u>\$ 785,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 561,906</u>	<u>\$ 281,008</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds For the Year Ended December 31, 2004

(Continued)

	Court Special Projects	Community and Economic Development	Community Development Block Grant	Probation	Enterprise Zone / Community Reinvestment Area
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-
State levied shared taxes	-	-	-	-	-
Intergovernmental	-	-	26,339	-	-
Charges for services	-	-	-	-	-
Fees, licenses, and permits	225,454	-	-	55,410	-
Interest earnings	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Other	-	2,400	1,474	-	-
Total revenues	225,454	2,400	27,813	55,410	-
Expenditures					
Current					
Security of persons and property	-	-	-	43,395	-
Leisure time activities	-	-	-	-	-
Community environment	-	136	57,894	-	855
Street maintenance	-	-	-	-	-
General government	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	136	57,894	43,395	855
Excess (deficiency) of revenues over (under) expenditures	225,454	2,264	(30,081)	12,015	(855)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	225,454	2,264	(30,081)	12,015	(855)
Fund balance at beginning of year	189,114	137	2,139,503	17,266	8,559
Change in reserve for inventory	-	-	-	-	-
Change in reserve for prepaid items	-	-	-	-	-
Fund balance at end of year	\$ 414,568	\$ 2,401	\$ 2,109,422	\$ 29,281	\$ 7,704

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Special Revenue Funds
For the Year Ended December 31, 2004**

(Continued)

	Suspended License Intervention Program	Drug Law Enforcement	Law Enforcement Trust	Indigent Drivers Alcohol Treatment	Enforcement and Education
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-
State levied shared taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, licenses, and permits	21,400	-	-	-	-
Interest earnings	-	-	-	-	-
Fines and forfeitures	-	46,973	1,938	65,374	6,968
Other	-	-	1,753	-	2,800
Total revenues	<u>21,400</u>	<u>46,973</u>	<u>3,691</u>	<u>65,374</u>	<u>9,768</u>
Expenditures					
Current					
Security of persons and property	-	34,394	12,866	-	-
Leisure time activities	-	-	-	-	-
Community environment	-	-	-	-	-
Street maintenance	-	-	-	-	-
General government	39,577	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>39,577</u>	<u>34,394</u>	<u>12,866</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(18,177)	12,579	(9,175)	65,374	9,768
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(18,177)	12,579	(9,175)	65,374	9,768
Fund balance at beginning of year	23,748	74,996	73,818	492,808	7,918
Change in reserve for inventory	-	-	-	-	-
Change in reserve for prepaid items	-	1,471	-	-	-
Fund balance at end of year	<u>\$ 5,571</u>	<u>\$ 89,046</u>	<u>\$ 64,643</u>	<u>\$ 558,182</u>	<u>\$ 17,686</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds For the Year Ended December 31, 2004

(Continued)

	Municipal Motor Vehicle License Tax	Court Computer	Federal Law Enforcement	FEMA Public Assistance	Total Nonmajor Special Revenue
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 541,986
Other local taxes	-	-	-	-	254
State levied shared taxes	107,079	-	-	-	2,116,550
Intergovernmental	-	-	65,000	159,891	251,230
Charges for services	-	137,924	-	-	137,924
Fees, licenses, and permits	-	-	-	-	733,867
Interest earnings	-	-	98	-	98
Fines and forfeitures	-	-	-	-	121,253
Other	-	-	-	-	33,802
Total revenues	<u>107,079</u>	<u>137,924</u>	<u>65,098</u>	<u>159,891</u>	<u>3,936,964</u>
Expenditures					
Current					
Security of persons and property	-	-	6,207	19	2,288,741
Leisure time activities	-	-	-	-	664,257
Community environment	-	-	-	-	58,885
Street maintenance	111,000	-	-	-	4,374,161
General government	-	45,744	-	-	85,321
Debt service					
Principal	-	-	-	-	251,363
Interest	-	-	-	-	239,012
Total expenditures	<u>111,000</u>	<u>45,744</u>	<u>6,207</u>	<u>19</u>	<u>7,961,740</u>
Excess (deficiency) of revenues over (under) expenditures	(3,921)	92,180	58,891	159,872	(4,024,776)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	5,234,807
Transfers out	-	-	-	(159,872)	(159,872)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(159,872)</u>	<u>5,074,935</u>
Net change in fund balances	(3,921)	92,180	58,891	-	1,050,159
Fund balance at beginning of year	4,632	97,575	13,432	-	4,100,729
Change in reserve for inventory	-	-	-	-	28,739
Change in reserve for prepaid items	-	-	-	-	3,309
Fund balance at end of year	<u>\$ 711</u>	<u>\$ 189,755</u>	<u>\$ 72,323</u>	<u>\$ -</u>	<u>\$ 5,182,936</u>

Combining Balance Sheet - Nonmajor Capital Projects Funds
December 31, 2004

	Capital Improvement Reserve	Storm Drainage Utility	Total Nonmajor Capital Projects Funds
Assets			
Equity in pooled cash and cash equivalents	\$ 297,319	\$ 288,646	\$ 585,965
Investments - restricted accounts	1,746,630	-	1,746,630
Receivables			
Accounts			
(net of allowance for uncollectibles)	-	47,814	47,814
Special assessments	762,638	-	762,638
Accrued interest	698,467	-	698,467
Due from other funds	-	3,347	3,347
Advances to other funds	675,800	-	675,800
Total assets	4,180,854	339,807	4,520,661
Liabilities and Fund Balances			
Liabilities			
Accounts payable	24,672	8,168	32,840
Accrued salaries, wages and benefits	-	-	-
Deferred revenue	1,395,991	-	1,395,991
Advances from other funds	-	-	-
Total liabilities	1,420,663	8,168	1,428,831
Fund Balances			
Reserved for encumbrances	-	47,962	47,962
Reserved for advances	675,800	-	675,800
Reserved for investments	1,746,630	-	1,746,630
Unreserved - undesignated	337,761	283,677	621,438
Total fund balances	2,760,191	331,639	3,091,830
Total liabilities and fund balances	\$ 4,180,854	\$ 339,807	\$ 4,520,661

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds For the Year Ended December 31, 2004

	<u>Capital Improvement Reserve</u>	<u>Storm Drainage Utility</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues			
Charges for services	\$ -	\$ 349,476	\$ 349,476
Interest earnings	354,904	-	354,904
Special assessments	125,565	-	125,565
Other	39,443	-	39,443
Total revenues	<u>519,912</u>	<u>349,476</u>	<u>869,388</u>
Expenditures			
Current			
General government	24,672	-	24,672
Capital outlay	-	17,837	17,837
Total expenditures	<u>24,672</u>	<u>17,837</u>	<u>42,509</u>
Excess (deficiency) of revenues over (under) expenditures	495,240	331,639	826,879
Other Financing Sources (Uses)			
Transfers out	<u>(2,485,394)</u>	-	<u>(2,485,394)</u>
Total other financing sources (uses)	<u>(2,485,394)</u>	<u>-</u>	<u>(2,485,394)</u>
Net change in fund balances	(1,990,154)	331,639	(1,658,515)
Fund balance at beginning of year	4,750,345	-	4,750,345
Fund balance at end of year	<u>\$ 2,760,191</u>	<u>\$ 331,639</u>	<u>\$ 3,091,830</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - State Highway Improvement Fund
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State levied shared taxes	\$ 126,500	\$ 126,500	\$ 122,542	\$ (3,958)
Total revenues	126,500	126,500	122,542	(3,958)
Expenditures				
Current				
Street maintenance				
Other operations	130,000	130,000	123,000	7,000
Total expenditures	130,000	130,000	123,000	7,000
Excess (deficiency) of revenues over (under) expenditures	(3,500)	(3,500)	(458)	3,042
Net change in fund balances	(3,500)	(3,500)	(458)	3,042
Fund balance at beginning of year	3,813	3,813	3,813	-
Fund balance at end of year	<u>\$ 313</u>	<u>\$ 313</u>	<u>\$ 3,355</u>	<u>\$ 3,042</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Street Construction, Maintenance and Repair Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 1,410,000	\$ 1,510,000	\$ 1,515,868	\$ 5,868
Fees, licenses, and permits	427,500	425,500	425,337	(163)
Other	4,500	4,500	16,009	11,509
Total revenues	1,842,000	1,940,000	1,957,214	17,214
Expenditures				
Current				
Street maintenance				
Personal services	2,363,743	2,343,743	2,338,883	4,860
Other operations	1,409,986	1,829,986	1,809,839	20,147
Total expenditures	3,773,729	4,173,729	4,148,722	25,007
Excess (deficiency) of revenues over (under) expenditures	(1,931,729)	(2,233,729)	(2,191,508)	42,221
Other Financing Sources (Uses)				
Transfers in	1,950,000	2,300,117	2,270,117	(30,000)
Total other financing sources (uses)	1,950,000	2,300,117	2,270,117	(30,000)
Net change in fund balances	18,271	66,388	78,609	12,221
Fund balance at beginning of year	133,358	133,358	133,358	-
Fund balance at end of year	\$ 151,629	\$ 199,746	\$ 211,967	\$ 12,221

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Police Pension Fund
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 268,753	\$ 271,253	\$ 270,993	\$ (260)
Other local taxes	219	219	143	(76)
State levied shared taxes	33,142	33,142	33,373	231
Total revenues	<u>302,114</u>	<u>304,614</u>	<u>304,509</u>	<u>(105)</u>
Expenditures				
Current				
Security of persons and property				
Personal services	1,040,050	1,040,035	999,584	40,451
Other operations	4,050	4,065	4,062	3
Total expenditures	<u>1,044,100</u>	<u>1,044,100</u>	<u>1,003,646</u>	<u>40,454</u>
Excess (deficiency) of revenues over (under) expenditures	(741,986)	(739,486)	(699,137)	40,349
Other Financing Sources (Uses)				
Transfers in	718,000	718,000	684,000	(34,000)
Total other financing sources (uses)	<u>718,000</u>	<u>718,000</u>	<u>684,000</u>	<u>(34,000)</u>
Net change in fund balances	(23,986)	(21,486)	(15,137)	6,349
Fund balance at beginning of year	23,660	23,660	23,660	-
Fund balance at end of year	<u>\$ (326)</u>	<u>\$ 2,174</u>	<u>\$ 8,523</u>	<u>\$ 6,349</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Pension Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 268,753	\$ 271,253	\$ 270,993	\$ (260)
Other local taxes	219	219	143	(76)
State levied shared taxes	33,142	33,142	33,373	231
Total revenues	302,114	304,614	304,509	(105)
Expenditures				
Current				
Security of persons and property				
Personal services	1,279,666	1,279,651	1,244,471	35,180
Other operations	4,050	4,065	4,062	3
Total expenditures	1,283,716	1,283,716	1,248,533	35,183
Excess (deficiency) of revenues over (under) expenditures	(981,602)	(979,102)	(944,024)	35,078
Other Financing Sources (Uses)				
Transfers in	982,000	982,000	957,000	(25,000)
Total other financing sources (uses)	982,000	982,000	957,000	(25,000)
Net change in fund balances	398	2,898	12,976	10,078
Fund balance at beginning of year	1,459	1,459	1,459	-
Fund balance at end of year	\$ 1,857	\$ 4,357	\$ 14,435	\$ 10,078

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Recreation Levy Fund
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 150,000	\$ 10,000	\$ -	\$ (10,000)
Other	-	-	9,022	9,022
Total revenues	150,000	10,000	9,022	(978)
Expenditures				
Current				
Leisure time activities				
Other operations	234,034	225,534	200,920	24,614
Capital outlay	705,000	513,500	476,155	37,345
Total - leisure time activities	939,034	739,034	677,075	61,959
Debt service				
Principal	251,364	251,364	251,363	1
Interest	239,013	239,013	239,012	1
Total expenditures	1,429,411	1,229,411	1,167,450	61,961
Excess (deficiency) of revenues over (under) expenditures	(1,279,411)	(1,219,411)	(1,158,428)	60,983
Other Financing Sources (Uses)				
Transfers in	1,376,211	1,292,890	1,303,479	10,589
Advances out	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	1,276,211	1,192,890	1,203,479	10,589
Net change in fund balances	(3,200)	(26,521)	45,051	71,572
Fund balance at beginning of year	137,740	137,740	137,740	-
Fund balance at end of year	<u>\$ 134,540</u>	<u>\$ 111,219</u>	<u>\$ 182,791</u>	<u>\$ 71,572</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Permissive Tax Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 225,000	\$ -	\$ -	\$ -
Total revenues	225,000	-	-	-
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	225,000	-	-	-
Net change in fund balances	225,000	-	-	-
Fund balance at beginning of year	2	2	2	-
Fund balance at end of year	\$ 225,002	\$ 2	\$ 2	\$ -

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Court Special Projects Fund
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, licenses, and permits	\$ 122,800	\$ 212,800	\$ 213,041	\$ 241
Total revenues	122,800	212,800	213,041	241
Expenditures				
Current				
General government				
Other operations	270,000	20,000	-	20,000
Capital outlay	20,000	20,000	-	20,000
Total expenditures	290,000	40,000	-	40,000
Excess (deficiency) of revenues over (under) expenditures	(167,200)	172,800	213,041	40,241
Net change in fund balances	(167,200)	172,800	213,041	40,241
Fund balance at beginning of year	180,431	180,431	180,431	-
Fund balance at end of year	\$ 13,231	\$ 353,231	\$ 393,472	\$ 40,241

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Community and Economic Development Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$ -	\$ -	\$ 2,400	\$ 2,400
Total Revenues	-	-	2,400	2,400
Expenditures				
Current				
Community environment				
Other operations	-	-	16	(16)
Total expenditures	-	-	16	(16)
Excess (deficiency) of revenues over (under) expenditures	-	-	2,384	2,384
Net change in fund balances	-	-	2,384	2,384
Fund balance at beginning of year	17	17	17	-
Fund balance at end of year	\$ 17	\$ 17	\$ 2,401	\$ 2,384

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Community Development Block
Grant Fund
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 500,000	\$ 400,000	\$ 26,339	(373,661)
Other	-	-	224,154	224,154
Total revenues	500,000	400,000	250,493	(149,507)
Expenditures				
Current				
Community environment				
Personal services	30,879	41,379	41,263	116
Other operations	469,121	458,621	130,474	328,147
Total expenditures	500,000	500,000	171,737	328,263
Excess (deficiency) of revenues				
over (under) expenditures	-	(100,000)	78,756	178,756
Net change in fund balances				
	-	(100,000)	78,756	178,756
Fund balance at beginning of year				
	106,718	106,718	106,718	-
Fund balance at end of year				
	<u>\$ 106,718</u>	<u>\$ 6,718</u>	<u>\$ 185,474</u>	<u>\$ 178,756</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Probation Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, licenses, and permits	\$ 27,000	\$ 51,000	\$ 51,526	\$ 526
Total revenues	27,000	51,000	51,526	526
Expenditures				
Current				
Security of persons and property				
Personal services	10,360	42,020	42,022	(2)
Other operations	24,000	2,340	2,340	-
Total expenditures	34,360	44,360	44,362	(2)
Excess (deficiency) of revenues over (under) expenditures	(7,360)	6,640	7,164	524
Net change in fund balances	(7,360)	6,640	7,164	524
Fund balance at beginning of year	16,066	16,066	16,066	-
Fund balance at end of year	\$ 8,706	\$ 22,706	\$ 23,230	\$ 524

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Zone/Community
Reinvestment Area Fund
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, licenses, and permits	\$ 2,500	\$ 2,600	\$ 2,603	\$ 3
Other	1,000	-	-	-
Total revenues	3,500	2,600	2,603	3
Expenditures				
Current				
Community environment				
Other operations	3,375	3,375	978	2,397
Total expenditures	3,375	3,375	978	2,397
Excess (deficiency) of revenues over (under) expenditures	125	(775)	1,625	2,400
Net change in fund balances	125	(775)	1,625	2,400
Fund balance at beginning of year	6,079	6,079	6,079	-
Fund balance at end of year	\$ 6,204	\$ 5,304	\$ 7,704	\$ 2,400

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Suspended License Intervention Program Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, licenses, and permits	\$ 14,000	\$ 22,000	\$ 21,550	\$ (450)
Total revenues	14,000	22,000	21,550	(450)
Expenditures				
Current				
General government				
Personal services	15,469	40,469	40,111	358
Other operations	15,000	5,000	480	4,520
Total expenditures	30,469	45,469	40,591	4,878
Excess (deficiency) of revenues over (under) expenditures	(16,469)	(23,469)	(19,041)	4,428
Net change in fund balances	(16,469)	(23,469)	(19,041)	4,428
Fund balance at beginning of year	23,560	23,560	23,560	-
Fund balance at end of year	\$ 7,091	\$ 91	\$ 4,519	\$ 4,428

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Drug Law Enforcement Fund
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 18,000	\$ 45,000	\$ 45,316	\$ 316
Other	-	-	-	-
Total revenues	18,000	45,000	45,316	316
Expenditures				
Current				
Security of persons and property				
Other operations	47,100	37,100	26,748	10,352
Capital outlay	10,000	10,000	7,550	2,450
Total expenditures	57,100	47,100	34,298	12,802
Excess (deficiency) of revenues over (under) expenditures	(39,100)	(2,100)	11,018	13,118
Net change in fund balances	(39,100)	(2,100)	11,018	13,118
Fund balance at beginning of year	73,426	73,426	73,426	-
Fund balance at end of year	<u>\$ 34,326</u>	<u>\$ 71,326</u>	<u>\$ 84,444</u>	<u>\$ 13,118</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Trust Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 15,000	\$ 4,500	\$ 2,878	\$ (1,622)
Other	-	-	1,753	1,753
Total revenues	15,000	4,500	4,631	131
Expenditures				
Current				
Security of persons and property				
Other operations	29,800	21,800	14,465	7,335
Total expenditures	29,800	21,800	14,465	7,335
Excess (deficiency) of revenues over (under) expenditures	(14,800)	(17,300)	(9,834)	7,466
Net change in fund balances	(14,800)	(17,300)	(9,834)	7,466
Fund balance at beginning of year	72,878	72,878	72,878	-
Fund balance at end of year	\$ 58,078	\$ 55,578	\$ 63,044	\$ 7,466

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Indigent Drivers Alcohol
Treatment Fund
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 50,000	\$ 50,000	\$ 50,361	\$ 361
Other	-	-	-	-
Total revenues	50,000	50,000	50,361	361
Expenditures				
Current				
Security of persons and property				
Other operations	530,000	-	-	-
Total expenditures	530,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(480,000)	50,000	50,361	361
Net change in fund balances	(480,000)	50,000	50,361	361
Fund balance at beginning of year	491,253	491,253	491,253	-
Fund balance at end of year	\$ 11,253	\$ 541,253	\$ 541,614	\$ 361

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Enforcement and Education Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 8,100	\$ 8,100	\$ 7,193	\$ (907)
Other	4,000	2,300	2,300	-
Total revenues	12,100	10,400	9,493	(907)
Expenditures				
Current				
Security of persons and property				
Other operations	15,000	15,000	10,236	4,764
Total expenditures	15,000	15,000	10,236	4,764
Excess (deficiency) of revenues over (under) expenditures	(2,900)	(4,600)	(743)	3,857
Net change in fund balances	(2,900)	(4,600)	(743)	3,857
Fund balance at beginning of year	4,644	4,644	4,644	-
Fund balance at end of year	\$ 1,744	\$ 44	\$ 3,901	\$ 3,857

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Motor Vehicle License
Tax Fund
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State levied shared taxes	\$ 116,000	\$ 116,000	\$ 107,079	\$ (8,921)
Total revenues	116,000	116,000	107,079	(8,921)
Expenditures				
Current				
Street maintenance				
Other operations	120,000	120,000	111,000	9,000
Total expenditures	120,000	120,000	111,000	9,000
Excess (deficiency) of revenues over (under) expenditures	(4,000)	(4,000)	(3,921)	79
Net change in fund balances	(4,000)	(4,000)	(3,921)	79
Fund balance at beginning of year	4,632	4,632	4,632	-
Fund balance at end of year	<u>\$ 632</u>	<u>\$ 632</u>	<u>\$ 711</u>	<u>\$ 79</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Court Computer Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 115,000	\$ 135,500	\$ 135,746	\$ 246
Total revenues	115,000	135,500	135,746	246
Expenditures				
Current				
General government				
Other operations	82,000	35,000	28,647	6,353
Capital outlay	50,000	27,000	5,267	21,733
Total expenditures	132,000	62,000	33,914	28,086
Excess (deficiency) of revenues over (under) expenditures	(17,000)	73,500	101,832	28,332
Other Financing Sources (Uses)				
Advances in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(17,000)	73,500	101,832	28,332
Fund balance at beginning of year	20,065	20,065	20,065	-
Fund balance at end of year	\$ 3,065	\$ 93,565	\$ 121,897	\$ 28,332

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Federal Law Enforcement Fund
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 65,000	\$ 65,000	-
Interest earnings	-	-	98	98
Other	-	-	-	-
Total revenues	-	65,000	65,098	98
Expenditures				
Current				
Security of persons and property				
Other operations	6,921	6,921	6,360	561
Total expenditures	6,921	6,921	6,360	561
Excess (deficiency) of revenues over (under) expenditures	(6,921)	58,079	58,738	659
Net change in fund balances	(6,921)	58,079	58,738	659
Fund balance at beginning of year	13,585	13,585	13,585	-
Fund balance at end of year	<u>\$ 6,664</u>	<u>\$ 71,664</u>	<u>\$ 72,323</u>	<u>\$ 659</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - FEMA Public Assistance Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 186,690	\$ 186,690	\$ -
Total revenues	-	186,690	186,690	-
Expenditures				
Current				
Security of persons and property				
Other operations	-	20	19	1
Total expenditures	-	20	19	1
Excess (deficiency) of revenues over (under) expenditures	-	186,670	186,671	(1)
Other Financing Sources (Uses)				
Transfers out	-	(164,047)	(164,047)	-
Total other financing sources (uses)	-	(164,047)	(164,047)	-
Net change in fund balances	-	22,623	22,624	(1)
Fund balance at beginning of year	137,248	137,248	137,248	-
Fund balance at end of year	\$ 137,248	\$ 159,871	\$ 159,872	\$ (1)

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	\$ 3,000	\$ 3,000	\$ 6,666	\$ 3,666
Special Assessments	85,775	85,775	85,780	5
Total revenues	88,775	88,775	92,446	3,671
Expenditures				
Current				
General government				
Other operations	500	1,125	1,124	1
Total - general government	500	1,125	1,124	1
Debt service				
Principal	531,282	531,282	644,245	(112,963)
Interest	354,962	354,337	211,740	142,597
Total expenditures	886,744	886,744	857,109	29,635
Excess (deficiency) of revenues over (under) expenditures	(797,969)	(797,969)	(764,663)	33,306
Other Financing Sources (Uses)				
Refunding bonds issued	-	4,382,963	4,382,963	-
Premium on various purpose refunding bonds	-	49,654	49,654	-
Payment to refunded bond escrow agent	-	(4,355,330)	(4,355,330)	-
Refunding bond issuance costs	-	(68,257)	(68,022)	235
Transfers in	803,000	803,000	803,000	-
Total other financing sources (uses)	803,000	812,030	812,265	235
Net change in fund balances	5,031	14,061	47,602	33,541
Fund balance at beginning of year	8,650	8,650	8,650	-
Fund balance at end of year	\$ 13,681	\$ 22,711	\$ 56,252	\$ 33,541

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Capital Improvement Reserve Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	\$ 626,826	\$ 626,826	\$ 852,018	\$ 225,192
Special assessments	103,874	125,374	125,565	191
Other	40,000	45,000	44,406	(594)
Total revenues	770,700	797,200	1,021,989	224,789
Expenditures				
Current				
General government				
Other operations	32,000	32,000	25,476	6,524
Total expenditures	32,000	32,000	25,476	6,524
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	738,700	765,200	996,513	231,313
Other Financing Sources (Uses)				
Transfers out	(2,253,000)	(2,533,000)	(2,533,000)	-
Advances in	200,800	200,800	200,800	-
Advances out	(500,000)	-	-	-
Total other financing sources (uses)	(2,552,200)	(2,332,200)	(2,332,200)	-
Net change in fund balances	(1,813,500)	(1,567,000)	(1,335,687)	231,313
Fund balance at beginning of year	3,362,343	3,362,343	3,362,343	-
Fund balance at end of year	\$ 1,548,843	\$ 1,795,343	\$ 2,026,656	\$ 231,313

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Storm Drainage Utility Fund
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ -	\$ 272,000	\$ 298,315	\$ 26,315
Total revenues	<u>-</u>	<u>272,000</u>	<u>298,315</u>	<u>26,315</u>
Expenditures				
Current				
Capital outlay	-	67,000	65,798	1,202
Total expenditures	<u>-</u>	<u>67,000</u>	<u>65,798</u>	<u>1,202</u>
Excess (deficiency) of revenues over (under) expenditures	-	205,000	232,517	27,517
Net change in fund balances	-	205,000	232,517	27,517
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 205,000</u>	<u>\$ 232,517</u>	<u>\$ 27,517</u>

Internal Service Funds

Internal Service Funds	To account for the financing of goods or services provided by one department of the City to other departments of the City on a cost reimbursement basis.
Garage	To account for the cost of maintenance facility for automotive equipment used by various City departments. The costs of services provided are billed to the various user departments.
Office Supply	To account for the cost of central purchasing of office supplies and custodial products used by various City departments.
Information Services	To account for the maintenance and support of information technology to various City departments. The actual costs of services are reimbursed to this fund by the user departments.
Self-Insurance	To account for the cost of medical benefits and life insurance provided to the City's employees.
Workers' Compensation	To account for the cost of workers' compensation claims and administrative costs incurred by City employees.
Compensated Absences	To accumulate sums sufficient to defray anticipated employee benefit payments.

**Combining Statement of Net Assets - Governmental Activities Internal Service Funds
December 31, 2004**

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self Insurance</u>
Assets				
Current Assets				
Equity in pooled cash and cash equivalents	\$ 71,458	\$ 27,089	\$ 28,289	\$ 3,052
Receivables				
Accounts				
(net of allowance for uncollectibles)	-	-	-	33,402
Due from other funds	-	-	-	638,855
Due from other governments	2	-	-	-
Inventory of supplies	472,591	1,679	6,377	-
Prepaid items	2,948	-	1,442	18,492
Total current assets	<u>546,999</u>	<u>28,768</u>	<u>36,108</u>	<u>693,801</u>
Noncurrent Assets				
Capital Assets				
Land	21,960	-	-	-
Buildings	105,958	-	141,010	-
Improvements other than buildings	262,637	-	-	-
Equipment	323,509	-	1,772,881	-
Less: Accumulated depreciation	(612,971)	-	(1,663,284)	-
Total noncurrent assets	<u>101,093</u>	<u>-</u>	<u>250,607</u>	<u>-</u>
Total assets	<u>648,092</u>	<u>28,768</u>	<u>286,715</u>	<u>693,801</u>
Liabilities				
Current Liabilities				
Accounts payable	64,941	15,348	-	-
Accrued salaries, wages and benefits	5,923	-	6,651	-
Due to other funds	13,615	-	9,872	-
Due to other governments	879	-	971	-
Claims and judgments payable	-	-	-	693,801
Total current liabilities	<u>85,358</u>	<u>15,348</u>	<u>17,494</u>	<u>693,801</u>
Noncurrent Liabilities				
Accrued compensated absences	112,071	-	140,747	-
Claims and judgments payable	-	-	-	-
Total Noncurrent Liabilities	<u>112,071</u>	<u>-</u>	<u>140,747</u>	<u>-</u>
Total liabilities	<u>197,429</u>	<u>15,348</u>	<u>158,241</u>	<u>693,801</u>
Net Assets				
Invested in capital assets, net of related debt	101,093	-	277,768	-
Unrestricted	349,570	13,420	(149,294)	-
Total net assets	<u>450,663</u>	<u>13,420</u>	<u>128,474</u>	<u>-</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Net Assets - Governmental Activities Internal Service Funds December 31, 2004

(Continued)

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Total</u>
Assets			
Current Assets			
Equity in pooled cash and cash equivalents	\$ 5,177,881	\$ 479,349	\$ 5,787,118
Receivables			
Accounts			
(net of allowance for uncollectibles)	-	-	33,402
Due from other funds	-	-	638,855
Due from other governments	-	-	2
Inventory of supplies	-	-	480,647
Prepaid items	-	-	22,882
Total current assets	<u>5,177,881</u>	<u>479,349</u>	<u>6,962,906</u>
Noncurrent Assets			
Capital Assets			
Land	-	-	21,960
Buildings	-	-	246,968
Improvements other than buildings	-	-	262,637
Equipment	-	-	2,096,390
Less: Accumulated depreciation	-	-	(2,276,255)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>351,700</u>
Total assets	<u><u>5,177,881</u></u>	<u><u>479,349</u></u>	<u><u>7,314,606</u></u>
Liabilities			
Current Liabilities			
Accounts payable	1,529	-	81,818
Accrued salaries, wages and benefits	-	-	12,574
Due to other funds	-	-	23,487
Due to other governments	322,654	-	324,504
Claims and judgments payable	389,864	-	1,083,665
Total current liabilities	<u>714,047</u>	<u>-</u>	<u>1,526,048</u>
Noncurrent Liabilities			
Accrued compensated absences	-	-	252,818
Claims and judgments payable	1,036,706	-	1,036,706
Total Noncurrent Liabilities	<u>1,036,706</u>	<u>-</u>	<u>1,289,524</u>
Total liabilities	<u><u>1,750,753</u></u>	<u><u>-</u></u>	<u><u>2,815,572</u></u>
Net Assets			
Invested in capital assets, net of related debt	-	-	378,861
Unrestricted	3,427,128	479,349	4,120,173
Total net assets	<u><u>3,427,128</u></u>	<u><u>479,349</u></u>	<u><u>4,499,034</u></u>

**Combining Statement of Revenues, Expenses and Changes in Net Assets -
Governmental Activities Internal Service Funds
For the Year Ended December 31, 2004**

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
Operating revenues				
Charges for services	\$ 1,647,901	\$ 65,997	\$ 836,367	\$ 5,499,829
Other	652	-	15,476	68,273
Total operating revenues	<u>1,648,553</u>	<u>65,997</u>	<u>851,843</u>	<u>5,568,102</u>
Operating Expenses				
Personal services	419,487	-	447,490	-
Fringe benefits	139,243	-	155,756	5,524,112
Materials and supplies	592,568	71,415	19,588	-
Utilities	16,669	-	4,658	-
Contractual services	10,705	-	28,671	41,917
Internal charges	133,931	333	11,971	-
Other	308,959	-	163,613	2,073
Depreciation	17,863	-	119,536	-
Total operating expenses	<u>1,639,425</u>	<u>71,748</u>	<u>951,283</u>	<u>5,568,102</u>
Net income (loss) from operations	<u>9,128</u>	<u>(5,751)</u>	<u>(99,440)</u>	<u>-</u>
Nonoperating Revenues (Expenses)				
Interest revenue	-	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	<u>9,128</u>	<u>(5,751)</u>	<u>(99,440)</u>	<u>-</u>
Total net assets - beginning	441,535	19,171	227,914	-
Total net assets - ending	<u>\$ 450,663</u>	<u>\$ 13,420</u>	<u>\$ 128,474</u>	<u>\$ -</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenses and Changes in Net Assets - Governmental Activities Internal Service Funds For the Year Ended December 31, 2004

(Continued)

	Workers' Compensation	Compensated Absences	Total
Operating revenues			
Charges for services	\$ -	\$ -	\$ 8,050,094
Other	850	-	85,251
Total operating revenues	<u>850</u>	<u>-</u>	<u>8,135,345</u>
Operating Expenses			
Personal services	-	366,718	1,233,695
Fringe benefits	735,528	-	6,554,639
Materials and supplies	-	-	683,571
Utilities	-	-	21,327
Contractual services	36,919	-	118,212
Internal charges	-	-	146,235
Other	43,741	-	518,386
Depreciation	-	-	137,399
Total operating expenses	<u>816,188</u>	<u>366,718</u>	<u>9,413,464</u>
Net income (loss) from operations	<u>(815,338)</u>	<u>(366,718)</u>	<u>(1,278,119)</u>
Nonoperating Revenues (Expenses)			
Interest revenue	58,743	-	58,743
Total nonoperating revenues (expenses)	<u>58,743</u>	<u>-</u>	<u>58,743</u>
Changes in net assets	<u>(756,595)</u>	<u>(366,718)</u>	<u>(1,219,376)</u>
Total net assets - beginning	4,183,723	846,067	5,718,410
Total net assets - ending	<u>\$ 3,427,128</u>	<u>\$ 479,349</u>	<u>\$ 4,499,034</u>

**Combining Statement of Cash Flows - Governmental Activities Internal Service Funds
For the Year Ended December 31, 2004**

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
Cash Flows From Operating Activities				
Activities				
Cash received from customers	\$ 1,689,366	\$ 65,997	\$ 851,843	\$ 5,505,880
Cash payments to employees for services	(432,326)	-	(462,092)	-
Cash payments to employees for benefits	(143,023)	-	(151,650)	(5,471,429)
Cash payments to suppliers for goods and services	<u>(1,063,870)</u>	<u>(71,395)</u>	<u>(234,799)</u>	<u>(46,758)</u>
Net cash provided by operating activities	50,147	(5,398)	3,302	(12,307)
Cash Flows From Capital and Related Financing Activities				
Acquisition of capital assets	(40,812)	-	-	-
Net cash used in capital and related financing activities	<u>(40,812)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities				
Interest revenue	-	-	-	-
Sale of investments	-	-	-	-
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	9,335	(5,398)	3,302	(12,307)
Cash and cash equivalents at beginning of year	<u>62,123</u>	<u>32,487</u>	<u>24,987</u>	<u>15,359</u>
Cash and cash equivalents at end of year	<u>\$ 71,458</u>	<u>\$ 27,089</u>	<u>\$ 28,289</u>	<u>\$ 3,052</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued) For the Year Ended December 31, 2004

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Totals</u>
Cash Flows From Operating Activities			
Activities			
Cash received from customers	\$ 850	\$ -	\$ 8,113,936
Cash payments to employees for services	-	(366,718)	(1,261,136)
Cash payments to employees for benefits	(515,970)	-	(6,282,072)
Cash payments to suppliers for goods and services	<u>(81,367)</u>	<u>-</u>	<u>(1,498,189)</u>
Net cash provided by operating activities	(596,487)	(366,718)	(927,461)
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	-	(40,812)
Net cash used in capital and related financing activities	-	-	(40,812)
Cash Flows From Investing Activities			
Interest revenue	58,743	-	58,743
Sale of investments	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>58,743</u>	<u>-</u>	<u>58,743</u>
Net increase (decrease) in cash and cash equivalents	(537,744)	(366,718)	(909,530)
Cash and cash equivalents at beginning of year	<u>5,715,625</u>	<u>846,067</u>	<u>6,696,648</u>
Cash and cash equivalents at end of year	<u>\$ 5,177,881</u>	<u>\$ 479,349</u>	<u>\$ 5,787,118</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued)
For the Year Ended December 31, 2004

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:				
Operating income (loss)	\$ 9,128	\$ (5,751)	\$ (99,440)	\$ -
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:				
Depreciation	17,863	-	119,536	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:				
Receivables	-	-	-	(29,503)
Due from other funds	-	-	-	(32,719)
Due from other governments	1	-	-	-
Inventory of supplies	(7,863)	85	2,292	-
Prepaid items	(448)	-	(54)	(9,311)
Accounts payable				
- net of items affecting fixed assets	49,044	268	(8,536)	(630)
Accrued salaries, wages and benefits	(15,414)	-	(8,351)	-
Due to other funds	(259)	-	(16)	-
Due to other governments	(1,905)	-	(2,129)	-
Claims payable	-	-	-	59,856
Total adjustments	<u>41,019</u>	<u>353</u>	<u>102,742</u>	<u>(12,307)</u>
Net cash provided operating activities	<u>\$ 50,147</u>	<u>\$ (5,398)</u>	<u>\$ 3,302</u>	<u>\$ (12,307)</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued) For the Year Ended December 31, 2004

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:			
Operating income (loss)	\$ (815,338)	\$ (366,718)	\$ (1,278,119)
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:			
Depreciation	-	-	137,399
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Receivables	-	-	(29,503)
Due from other funds	-	-	(32,719)
Due from other governments	-	-	1
Inventory of supplies	-	-	(5,486)
Prepaid items	-	-	(9,813)
Accounts payable			
- net of items affecting fixed assets	(707)	-	39,439
Accrued salaries, wages and benefits	-	-	(23,765)
Due to other funds	-	-	(275)
Due to other governments	60,746	-	56,712
Claims payable	158,812	-	218,668
Total adjustments	<u>218,851</u>	<u>-</u>	<u>350,658</u>
Net cash provided operating activities	<u>\$ (596,487)</u>	<u>\$ (366,718)</u>	<u>\$ (927,461)</u>

Fiduciary Funds – Agency Funds

Agency Funds	Trust and agency funds are established to account for assets received and held by the City acting in the capacity of an agent or custodian.
Treasury	To account for the employer's portion of costs for pension plans and Medicare.
Guarantee Deposits	To account for funds received from a contractor, developer or individual to ensure compliance with the ordinances of the City. Upon satisfactory completion of the project, the deposit is returned to the individual, developer or contractor.
Unclaimed Monies	To account for monies held by the City and Municipal Court pending identification of the individual or organization entitled to the money.
Employee Withholding	To account for amounts withheld from the payroll of the City's employees.
State Cases-Fines and Forfeitures	To account for the portion of Municipal Court fines and forfeitures forwarded to the City which must be remitted to the County Law Library Association.
Municipal Court	To account for fines and fees collected by the Cuyahoga Falls Municipal Court, which are required to be disbursed to various parties.

City of Cuyahoga Falls, Ohio

Combining Statement of Net Assets - Fiduciary Funds December 31, 2004

	Agency Funds						Totals
	Treasury	Guarantee Deposits	Unclaimed Monies	Employee Withholding	State Cases Fines and Forfeitures	Municipal Court	
Assets							
Current Assets							
Equity in pooled cash and cash equivalents	\$1,396,053	\$1,326,331	\$ 91,125	\$ 500,909	\$ 2,238	\$ -	\$3,316,656
Cash and cash equivalents - restricted	-	-	-	-	-	468,502	468,502
Due from other governments	75,777	-	-	-	1,243	-	77,020
Total assets	\$1,471,830	\$1,326,331	\$ 91,125	\$ 500,909	\$ 3,481	\$468,502	\$3,862,178
Liabilities							
Current Liabilities							
Due to other governments	1,471,830	160,964	-	453,032	3,481	365,266	2,454,573
Deposits held and due to others	-	1,165,367	91,125	47,877	-	103,236	1,407,605
Total liabilities	\$1,471,830	\$1,326,331	\$ 91,125	\$ 500,909	\$ 3,481	\$468,502	\$3,862,178

**Combining Statement of Changes in Net Assets - Fiduciary Funds
For the Year Ended December 31, 2004**

	<u>Agency Funds</u>						
	<u>Treasury</u>	<u>Guarantee Deposits</u>	<u>Unclaimed Monies</u>	<u>Employee Withholding</u>	<u>State Cases Fines and Forfeitures</u>	<u>Municipal Court</u>	<u>Totals</u>
Assets							
Balance January 1, 2004	\$ 1,352,369	\$ 1,224,725	\$ 92,142	\$ 171,727	\$ 3,569	\$ 522,073	\$ 3,366,605
Additions	5,136,530	973,455	9,411	10,560,922	10,509	6,139,222	22,830,049
Deletions	(5,017,069)	(871,849)	(10,428)	(10,231,740)	(10,597)	(6,192,793)	(22,334,476)
Balance December 31, 2004	<u>\$ 1,471,830</u>	<u>\$ 1,326,331</u>	<u>\$ 91,125</u>	<u>\$ 500,909</u>	<u>\$ 3,481</u>	<u>\$ 468,502</u>	<u>\$ 3,862,178</u>
Liabilities							
Balance January 1, 2004	1,352,369	1,224,725	92,142	171,727	3,569	522,073	3,366,605
Additions	5,136,530	973,455	9,411	10,560,922	10,509	6,139,222	22,830,049
Deletions	(5,017,069)	(871,849)	(10,428)	(10,231,740)	(10,597)	(6,192,793)	(22,334,476)
Balance December 31, 2004	<u>\$ 1,471,830</u>	<u>\$ 1,326,331</u>	<u>\$ 91,125</u>	<u>\$ 500,909</u>	<u>\$ 3,481</u>	<u>\$ 468,502</u>	<u>\$ 3,862,178</u>

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**CAPITAL ASSETS USED IN THE
OPERATION OF
GOVERNMENTAL FUNDS**

City of Cuyahoga Falls, Ohio

Schedule of General Capital Assets by Source December 31, 2004

	<u>2004</u>
General Capital Assets:	
Land	\$ 8,211,061
Buildings	22,759,683
Improvements	262,637
Equipment	21,025,134
Infrastructure	14,731,174
Construction In Progress	689,047
	<hr/>
Total General Capital Assets	<u>67,678,736</u>
	<hr/>
Investment in General Capital Assets from:	
Capital Projects Funds:	
General Obligation Bonds/Notes	22,466,878
Federal Grants / State Grants	8,419,464
Capital Project Levy	18,497,948
General Fund Revenues	6,849,168
Special Revenue Fund Revenues	7,197,206
Contributions	1,618,920
Other	1,200
Internal Service Contributions	2,627,952
	<hr/>
Total Investment in General Capital Assets	<u>\$ 67,678,736</u>

**Schedule of General Capital Assets by Function and Activity
December 31, 2004**

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
Security of Persons and Property							
Fire safety	\$ 740,155	\$ 2,228,582	\$ -	\$ 5,175,494	\$ -	\$ -	8,144,231
Police protection	-	2,831,893	-	3,812,319	-	-	6,644,212
Safety communications and traffic control	-	27,498	-	285,815	-	-	313,313
Building security	-	-	-	163,666	-	-	163,666
Total Security of Persons and Property	740,155	5,087,973	-	9,437,294	-	-	15,265,422
Leisure Time Activities							
Parks and recreation	4,268,098	1,899,818	-	2,830,484	-	-	8,998,400
Community Environment							
Mall	373,750	6,868,460	-	136,650	-	-	7,378,860
Community and economic development	-	-	-	133,122	-	-	133,122
Total Community Environment	373,750	6,868,460	-	269,772	-	-	7,511,982
Street Maintenance							
Street construction, maintenance and repair	123,822	754,398	-	4,468,252	-	-	5,346,472
General Government							
Mayor's office	-	3,200	-	20,576	-	-	23,776
Finance administration	-	-	-	23,113	-	-	23,113
Legal administration	-	-	-	22,668	-	-	22,668
Service administration	-	-	-	17,406	-	-	17,406
Court administration	-	716,420	-	484,493	-	-	1,200,913
Engineering	-	-	-	195,710	-	-	195,710
Other administration	2,705,236	7,429,413	262,637	3,255,366	-	-	13,652,652
Infrastructure	-	-	-	-	14,731,174	689,047	15,420,221
Total General Government	2,705,236	8,149,033	262,637	4,019,332	14,731,174	689,047	30,556,459
Total General Capital Assets	\$8,211,061	\$22,759,682	\$ 262,637	\$21,025,134	\$ 14,731,174	\$ 689,047	\$67,678,735

City of Cuyahoga Falls, Ohio

Schedule of Changes in General Capital Assets by Function and Activity For the Year Ended December 31, 2004

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
Security of Persons and Property				
Fire safety	\$ 7,545,823	\$ 637,360	\$ 38,952	\$ 8,144,231
Police protection	6,350,790	498,590	205,168	6,644,212
Safety communications and traffic control	284,989	41,855	13,531	313,313
Building security	159,028	27,905	23,267	163,666
Total Security of Persons and Property	14,340,630	1,205,710	280,918	15,265,422
Leisure Time Activities				
Parks and recreation	7,644,000	1,475,702	121,302	8,998,400
Community Environment				
Riverfront Centre District	636,805	6,742,055	-	7,378,860
Community and economic development	120,995	21,080	8,953	133,122
Total Community Environment	757,800	6,763,135	8,953	7,511,982
Street Maintenance				
Street construction, maintenance and repair	5,282,275	347,827	283,630	5,346,472
General Government				
Mayor's office	23,776	-	-	23,776
Finance administration	23,113	-	-	23,113
Legal administration	22,668	-	-	22,668
Service administration	17,406	-	-	17,406
Court administration	1,087,718	113,195	-	1,200,913
Engineering	211,809	-	16,099	195,710
Other administration	14,563,170	3,834,163	4,744,680	13,652,653
Infrastructure	17,580,593	4,684,831	6,845,203	15,420,221
Total General Government	33,530,253	8,632,189	11,605,982	30,556,460
Total General Capital Assets	\$ 61,554,958	\$ 18,424,563	\$ 12,300,785	\$ 67,678,736

STATISTICAL SECTION

City of Cuyahoga Falls, Ohio

General Governmental Revenues by Source and Expenses/Expenditures by Function Last Ten Years

Table 1

	1995	1996	1997	1998
Revenues:				
Property taxes	\$ 6,567,339	\$ 6,536,994	\$ 7,857,144	\$ 8,031,254
Municipal income taxes	9,339,556	11,120,550	13,446,137	14,500,651
Other local taxes	226,938	240,381	198,924	298,904
State levied shared taxes	5,329,327	5,291,384	5,237,468	6,060,321
Intergovernmental	532,700	320,618	2,281,223	268,258
Charges for services	3,940,334	4,087,755	4,035,989	4,486,240
Fees, licenses, and permits	689,178	737,115	799,855	806,471
Interest earnings	2,072,120	1,536,728	1,789,252	1,694,422
Fines and forfeitures	493,416	546,949	499,955	462,875
Special assessments	367,271	260,868	252,243	230,496
Reimbursement from library	104,150	0	0	0
All other revenues	216,670	285,059	279,666	782,317
Total Revenues	\$ 29,878,999	\$ 30,964,401	\$ 36,677,856	\$ 37,622,209
Expenditures:				
Current				
Security of persons and property	\$ 12,141,098	\$ 12,488,478	\$ 13,715,574	\$ 14,117,870
Leisure time activities	1,436,819	1,530,117	1,708,791	1,861,194
Community environment	1,181,449	872,339	839,459	983,711
Street maintenance	2,836,136	2,985,201	3,109,479	2,762,226
General government	5,705,428	6,187,188	6,579,934	6,918,540
Capital outlay	2,682,565	4,052,839	13,222,482	11,100,828
Debt service				
Principal	12,882,962	818,698	892,396	1,127,844
Interest	859,774	613,098	603,696	928,230
Total Expenditures	\$ 39,726,231	\$ 29,547,958	\$ 40,671,811	\$ 39,800,443

Note: Includes General, Special Revenue, Debt Service and Capital Projects Funds on the modified accrual basis of accounting.

**General Governmental Revenues by Source
and Expenses/Expenditures by Function
Last Ten Years**

**Table 1
(Continued)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$	7,714,820	\$ 8,567,797	\$ 9,087,091	\$ 8,770,443	\$ 9,568,965	9,936,391
	16,156,494	15,820,981	16,191,625	16,740,777	16,732,040	18,454,257
	194,272	199,866	293,502	164,012	245,331	239,972
	6,131,671	6,549,177	6,590,819	6,138,255	6,369,187	6,850,014
	1,360,746	748,440	2,821,042	2,381,899	3,189,056	2,864,296
	5,567,613	6,255,286	6,664,641	6,720,028	6,613,544	6,877,348
	856,187	871,507	1,064,874	916,423	1,071,256	1,116,812
	1,521,632	2,445,416	2,634,886	974,023	656,629	365,308
	385,094	455,627	446,737	443,491	353,640	393,252
	219,473	947,264	640,975	261,172	262,204	358,450
	0	0	0	0	0	0
	326,587	313,143	372,271	679,249	1,415,459	725,771
	<u>\$ 40,434,589</u>	<u>\$ 43,174,504</u>	<u>\$ 46,808,463</u>	<u>\$ 44,189,772</u>	<u>\$ 46,477,311</u>	<u>\$ 48,181,871</u>
\$	15,251,595	\$ 16,410,061	\$ 16,849,176	\$ 18,269,597	\$ 18,122,227	19,063,751
	1,914,306	2,051,907	2,299,180	2,551,463	2,943,074	3,055,510
	835,905	954,197	1,025,487	979,129	1,080,107	1,423,880
	3,371,078	3,252,985	3,382,595	3,647,130	4,297,980	4,374,161
	7,130,996	7,512,854	8,643,427	8,848,607	8,779,774	8,957,972
	7,453,286	8,603,181	10,212,506	12,785,685	11,477,250	8,650,586
	1,488,706	1,720,660	1,203,935	881,660	846,300	969,599
	830,977	868,776	775,513	691,267	688,237	619,404
	<u>\$ 38,276,849</u>	<u>\$ 41,374,621</u>	<u>\$ 44,391,819</u>	<u>\$ 48,654,538</u>	<u>\$ 48,234,949</u>	<u>\$ 47,114,863</u>

City of Cuyahoga Falls, Ohio

Property Tax Levies and Collections Real and Public Utility Property Last Ten Years

Table 2

Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collections	Current Collections to Current Levy	Delinquent Collections	Total Collections	Total Collections to Total Levy
1995	6,437,786	276,844	6,714,630	6,280,729	97.56	183,838	6,464,567	96.28
1996	6,485,885	280,842	6,766,727	6,308,563	97.27	143,001	6,451,564	95.34
1997	7,960,459	303,852	8,264,311	7,745,412	97.30	210,340	7,955,752	96.27
1998	8,054,733	305,165	8,359,898	7,826,491	97.17	184,898	8,011,389	95.83
1999	7,762,075	276,739	8,038,814	7,552,558	97.30	204,918	7,757,476	96.50
2000	8,736,019	280,758	9,016,777	8,479,687	97.07	201,625	8,681,312	96.28
2001	8,879,828	314,288	9,194,116	8,337,458	93.89	227,663	8,565,121	93.16
2002	8,996,444	390,223	9,386,667	8,702,236	96.73	263,613	8,965,849	95.52
2003	10,094,685	424,276	10,518,961	9,679,219	95.88	281,225	9,960,444	94.69
2004	10,142,306	446,236	10,588,542	9,783,327	96.46	324,156	10,107,483	95.46

Source: Summit County Auditor's Office

Property Tax Levies and Collections Tangible Personal Property Last Ten Years

Table 3

Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collections	Current Collections to Current Levy	Delinquent Collections	Total Collections	Total Collections to Total Levy
1995	824,652	131,793	956,445	810,753	98.31	33,982	844,735	88.32
1996	836,101	96,838	932,939	828,075	99.04	36,464	864,539	92.67
1997	858,325	68,027	926,352	843,364	98.26	24,502	867,866	93.69
1998	937,970	103,057	1,041,027	928,229	98.96	50,300	978,529	94.00
1999	906,831	80,556	987,387	891,560	98.32	35,722	927,282	93.91
2000	885,990	69,771	955,761	873,802	98.62	20,286	894,088	93.55
2001	982,175	93,661	1,075,836	933,640	95.06	36,719	970,359	90.20
2002	945,465	106,720	1,052,185	878,938	92.96	45,734	924,672	87.88
2003	924,955	140,967	1,065,922	909,780	98.36	82,283	992,063	93.07
2004	953,921	78,549	1,032,470	930,852	97.58	23,190	954,042	92.40

Source: Summit County Auditor's Office

**Special Assessments Levied and Collected
Last Ten Years**

Table 4

<u>Year</u>	<u>Assessments Levied</u>	<u>Current Assessments Collected</u>	<u>Current Collections to Assessments Levied</u>	<u>Delinquent Assessments Collected</u>	<u>Total Assessments Collected</u>
1995	228,805	225,042	98.36	71,204	296,246
1996	240,583	233,162	96.92	15,948	249,110
1997	266,684	261,422	98.03	7,884	269,306
1998	226,096	223,606	98.90	5,548	229,154
1999	216,396	213,152	98.50	4,603	217,755
2000	217,886	214,785	98.58	2,800	217,585
2001	217,849	215,456	98.90	5,222	220,678
2002	253,894	248,170	97.75	4,979	253,149
2003	265,299	264,285	99.62	5,706	269,991
2004	324,722	288,484	88.84	7,149	295,633

Note: This schedule reflects only those assessments levied/collected through Summit County.

**Assessed and Estimated Actual
Value of Taxable Property
Last Ten Years**

Table 5

<u>Collection Year</u>	<u>Real Property</u>		<u>Public Utility Property</u>	<u>Tangible Personal Property</u>	<u>Total Assessed Value</u>
	<u>Estimated Value</u>	<u>Assessed Value</u>	<u>Assessed Value</u>	<u>Assessed Value</u>	
1995	1,479,535,000	517,837,250	30,573,390	68,584,628	616,995,268
1996	1,499,319,914	524,761,970	25,298,060	69,549,946	619,609,976
1997	1,883,647,943	659,276,780	24,102,670	71,362,159	754,741,609
1998	1,915,195,743	670,318,510	23,844,190	78,015,398	772,178,098
1999	1,963,500,400	687,225,140	23,682,270	82,647,099	793,554,509
2000	2,198,270,057	769,394,520	23,881,700	84,544,555	877,820,775
2001	2,242,094,943	784,733,230	20,598,390	88,901,960	894,233,580
2002	2,290,675,314	801,736,360	16,129,900	85,154,613	903,020,873
2003	2,573,257,029	900,639,960	17,072,190	79,630,460	997,342,610
2004	2,587,929,343	905,775,270	16,295,660	82,276,185	1,004,347,115

Notes: The current assessed valuation is computed at approximately the following percentages of estimated true value;
real property - 35 percent; public utilities - 100 percent; tangible personal property - 25 percent.

Source: Summit County Auditor's Office

City of Cuyahoga Falls, Ohio

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

Table 6

SCHOOL DISTRICT	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
CUYAHOGA FALLS CITY										
City of Cuyahoga Falls										
General Fund	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40
Police Pension	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Fire Pension	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Parks and Recreation	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Total City of Cuyahoga Falls	12.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00
Cuyahoga Falls City Schools	53.98	53.98	53.83	53.83	57.63	57.23	57.23	61.96	62.00	62.00
Summit County	14.16	13.99	11.65	11.65	12.27	13.07	13.07	13.07	13.07	13.07
Total	\$ 80.14	\$ 79.97	\$ 77.48	\$ 77.48	\$ 80.90	\$ 81.30	\$ 81.30	\$ 86.03	\$ 86.07	\$ 86.07
WOODRIDGE LOCAL										
City of Cuyahoga Falls										
General Fund	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40
Police Pension	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Fire Pension	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Parks and Recreation	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Total City of Cuyahoga Falls	12.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00
Woodridge Local Schools	48.96	46.81	46.41	46.41	50.46	49.86	49.36	47.69	47.98	54.81
Summit County	14.16	13.99	11.65	11.65	12.27	13.07	13.07	13.07	13.07	13.07
Akron Summit County Library	0.89	0.89	1.87	1.87	1.39	1.39	1.35	1.59	0.78	2.14
Total	\$ 76.01	\$ 73.69	\$ 71.93	\$ 71.93	\$ 75.12	\$ 75.32	\$ 74.78	\$ 73.35	\$ 72.83	\$ 81.02

Notes: Levies for other school districts (2001); Hudson LSD-99.22; Stow CSD--72.39; Revere LSD-85.82.

Source: Summit County Auditor's Office

Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Years

Table 7

Year	Population *	Assessed Value	Gross General Bonded Debt **	Less Balance In Debt Service Fund	Less Debt Payable from Enterprise Revenue	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1995	48,950	616,995,268	20,045,000	437,439	10,079,266	9,528,295	1.54	194.65
1996	48,950	619,609,976	22,953,267	387,090	13,443,290	9,122,887	1.47	186.37
1997	48,950	754,741,609	31,430,597	297,333	17,246,270	13,886,994	1.84	283.70
1998	48,950	772,178,098	34,627,926	290,686	20,078,287	14,258,953	1.85	291.30
1999	48,950	793,554,509	35,519,093	185,039	19,917,579	15,416,475	1.94	314.94
2000	49,374	877,820,775	37,984,784	196,184	23,099,521	14,689,079	1.67	297.51
2001	49,374	889,876,175	36,119,475	182,260	22,534,435	13,402,780	1.51	271.45
2002	49,374	903,020,873	43,096,165	53,662	26,700,527	16,341,976	1.81	330.98
2003	50,272***	997,342,610	58,037,855	56,256	38,460,676	19,520,923	1.96	388.31
2004	50,272***	1,004,347,115	63,649,542	56,285	45,356,437	18,236,820	1.82	362.76

Notes: * All figures estimated by the City's Planning Department, except for U.S. Census in 2000.
 ** Includes bond anticipation notes.
 *** On July 1, 2002 an appeal was granted by the U.S. Census Bureau making the population of the City of Cuyahoga Falls 50,272.
 See Tables 20 and 21

City of Cuyahoga Falls, Ohio

Computation of Direct and Overlapping Debt December 31, 2004

Table 8

Political Subdivision	Assessed Valuation	Values Within City Boundary	Percent Overlapping	Net Debt Outstanding	Applicable Amount to City
Municipal Corporation:					
City of Cuyahoga Falls	\$ 1,004,347,115	\$ 1,004,347,115	100.00	\$ 10,232,398	10,232,398
School Districts:					
Cuyahoga Falls City School District	786,217,836	708,775,379	90.15	6,621,000	5,968,825
Woodridge Local School District	466,193,220	279,016,642	59.85	14,726,376	8,813,774
Stow City School District	882,687,178	1,235,762	0.14	6,149,000	8,754
Hudson City School District	865,076,018	7,958,699	0.92	9,859,700	91,000
Revere Local School District	787,443,604	7,716,947	0.98	12,278,547	119,878
Cuyahoga Valley Joint Vocational School District					
	2,509,461,194	7,779,329	0.31	0	0
County Unit:					
Summit County	11,876,411,268	1,001,181,470	8.43	82,679,464	6,973,498
Other Units:					
Akron Metro Regional Transit Authority	11,876,411,268	1,001,181,470	8.43	1,680,000	141,698
Akron-Summit County Library District	7,983,889,700	286,621,999	3.59	61,229,269	2,198,623
Metro Parks	11,203,508,966	1,001,593,701	8.94	0	0
Total Direct Debt	\$ 1,004,347,115	\$ 1,004,347,115	100.00	\$ 10,232,398	10,232,398
Total Overlapping Debt	50,241,647,367	5,307,408,513	10.56	195,223,356	24,316,050

Note: The percentage of debt outstanding applicable to the City was determined by dividing each jurisdiction's assessed valuation with the City by the jurisdiction's total assessed valuation.

Source: Summit County Auditor's Office

**City of Cuyahoga Falls, Ohio
Computation of Legal Debt Margin
December 31, 2004**

Table 9

Total of all City Debt Outstanding*	\$	37,949,542
Debt exempt from calculation:		
Self-supporting as defined in R.C. 133.05		
General Sewer and Sanitary Improvements	\$	5,965,804
Water Utility		10,059,047
Electric Utility		1,860,894
Recreation Facilities		9,170,692
Special Assessment bonds and notes issued in anticipation		660,707
Total exempt Debt		27,717,144
Net indebtedness (voted and unvoted) subject to 10.5% debt limitation		10,232,398
Less applicable Debt Service Fund		(56,285)
	\$	10,176,113
Net indebtedness (unvoted) subject to 5.5% debt limitation		10,232,398
Less applicable Debt Service Fund		(56,285)
	\$	10,176,113
Assessed valuation of City (based on 2003 collections)	\$	1,004,347,115
Legal 10.5% Debt Margin		
10.5% of valuation (maximum voted and unvoted general obligation debt limitation)	\$	105,456,447
Net indebtedness outstanding subject to 10.5% debt limitation		(10,176,113)
Legal 10.5% Margin	\$	95,280,334
Legal 5.5% Debt Margin		
5.5% of valuation (maximum unvoted general obligation debt allowed)	\$	55,239,091
Net indebtedness outstanding subject to 5.5% debt limitation		(10,176,113)
Legal 5.5% Margin	\$	45,062,978

Note: Compensation of Legal Debt Margin is based on Section 133, the Uniform Public Securities Law of the Ohio Revised Code.

City of Cuyahoga Falls, Ohio

Ratio of Annual Debt Service Expenditures For General Bonded Debt to Total General Governmental Expenditures Last Ten Years

Table 10

Year	Principal	Interest	Debt Service on General Bonded Debt	General Governmental Expenditures	Ratio
1995	615,244	943,236	1,558,480	39,726,231	3.92
1996	455,757	548,736	1,004,493	29,547,958	3.40
1997	475,650	523,421	999,071	40,670,566	2.46
1998	659,688	830,292	1,489,980	39,800,443	3.74
1999	683,124	752,184	1,435,308	38,276,849	3.75
2000	716,251	717,939	1,434,190	41,374,621	3.47
2001	740,223	684,386	1,424,609	44,391,819	3.21
2002	739,402	670,894	1,410,296	48,621,349	2.90
2003	768,459	630,549	1,399,008	48,234,949	2.90
2004	895,608	450,753	1,346,361	47,114,863	2.86

Notes: Includes all general obligation bonds except for bonds intended to be paid from enterprise revenues.
Debt service amounts were determined on a cash basis.

**Property Values and Construction Activity
Last Ten Years**

Table 11

<u>Year</u>	<u>Estimated Property Value</u>	<u>Value of Building Permits Issued</u>
1995	1,479,535,000	39,370,553
1996	1,499,319,914	40,328,297
1997	1,883,647,943	66,395,696
1998	1,915,310,686	45,248,360
1999	1,963,624,971	59,986,495
2000	2,198,394,629	55,669,110
2001	2,242,191,200	49,842,859
2002	2,290,675,314	48,799,697
2003	2,573,257,029	57,103,397
2004	2,587,929,343	38,466,084

Sources: Building Permits-City of Cuyahoga Falls, Building Department.
Estimated Property Value - Summit County Auditor's Office.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Enterprise Fund Bond Coverage Last Ten Years

Table 12

SEWAGE AND DISPOSAL FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1995	3,885,171	3,926,643	(41,472)	100,000	18,500	118,500	(0.35)
1996	4,403,640	3,818,349	585,291	100,000	9,250	109,250	5.36
1997	4,195,043	4,121,156	73,887	0	59,500	59,500	1.24
1998	4,275,018	3,812,478	462,540	74,395	149,578	223,973	2.07
1999	5,405,172	4,198,092	1,207,080	159,114	209,657	368,771	3.27
2000	4,111,896	4,018,328	93,568	162,997	204,074	367,071	0.25
2001	4,839,820	3,611,191	1,228,629	172,206	197,977	370,183	3.32
2002	4,695,348	4,070,424	624,924	177,532	191,273	368,805	1.69
2003	4,428,348	4,489,359	(61,011)	193,655	184,352	378,007	(0.16)
2004	5,396,730	5,375,636	21,094	191,843	176,734	368,577	0.06

WATER							
Year	Operating Revenue	Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1995	2,955,553	2,764,267	191,286	0	0	0	N/A
1996	3,086,075	2,487,104	598,971	0	0	0	N/A
1997	3,473,579	2,731,122	742,457	0	52,889	52,889	14.04
1998	3,573,260	3,042,858	530,402	66,129	132,957	199,086	2.66
1999	5,099,136	3,284,575	1,814,561	236,094	301,752	537,846	3.37
2000	3,551,060	3,363,585	187,475	241,206	293,902	535,108	0.35
2001	4,373,731	3,662,806	710,925	254,374	285,208	539,582	1.32
2002	4,436,677	3,513,802	922,875	382,430	575,935	958,365	0.96
2003	4,215,436	3,566,424	649,012	459,514	485,973	945,487	0.69
2004	4,689,048	4,277,133	411,915	471,794	469,242	941,036	0.44

ELECTRIC FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1995	20,207,042	19,001,535	1,205,507	145,000	245,719	390,719	3.09
1996	22,269,656	19,199,774	3,069,882	170,000	211,260	381,260	8.05
1997	22,604,783	19,087,733	3,517,050	180,000	201,055	381,055	9.23
1998	25,026,429	21,152,014	3,874,415	190,000	188,125	378,125	10.25
1999	27,091,588	22,522,038	4,569,550	205,000	174,190	379,190	12.05
2000	26,699,348	22,378,133	4,321,215	215,000	159,210	374,210	11.55
2001	28,414,021	23,208,864	5,205,157	225,000	149,213	374,213	13.91
2002	28,587,331	23,260,776	5,326,555	240,000	138,525	378,525	14.07
2003	26,724,133	24,056,906	2,667,227	250,000	126,885	376,885	7.08
2004	27,654,847	26,756,251	898,596	265,000	114,510	379,510	2.37

City of Cuyahoga Falls, Ohio
 Enterprise Fund Bond Coverage
 Last Ten Years

Table 12
 (Continued)

LEISURE TIME FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1995	2,257,133	2,322,281	(65,148)	134,756	318,527	453,283	(0.14)
1996	2,283,626	2,353,667	(70,041)	260,243	332,335	592,578	(0.12)
1997	2,457,632	2,537,248	(79,616)	271,349	317,691	589,040	(0.14)
1998	3,007,942	3,208,048	(200,106)	281,788	301,922	583,710	(0.34)
1999	3,127,357	3,282,275	(154,918)	294,667	285,355	580,022	(0.27)
2000	3,094,058	3,649,682	(555,624)	307,545	271,538	579,083	(0.96)
2001	3,148,347	3,717,006	(568,659)	322,196	256,870	579,066	(0.98)
2002	3,273,884	3,957,204	(683,320)	342,636	241,178	583,814	(1.17)
2003	2,953,458	3,918,127	(964,669)	353,506	224,156	577,662	(1.67)
2004	3,675,022	4,839,131	(1,164,109)	437,755	333,646	771,401	(1.51)

Notes:

- The Water Fund did not incur debt service for the years 1993 through 1996.
- Debt Service requirements are reported on a cash basis.
- Operating revenues and expenses are reported on a GAAP basis.

City of Cuyahoga Falls, Ohio

Principal Property Taxpayers December 31, 2004

Table 13

Name of Taxpayer	Nature of Business	Assessed Valuation	Percentage of Assessed Valuation by Category
Real Property:			
Newpart Limited Partnership	Residential real estate holdings	7,945,320	0.88%
Yorkshire Woods Apartments	Real estate holdings	9,594,960	1.06%
Portage Towers Apartments	Real estate holdings	4,024,990	0.44%
Plaza Chapel Hills, Co	Shopping plaza	3,296,630	0.36%
Heslop, Inc.	Real estate holdings	3,991,860	0.44%
Riverside Community Urban Redevelopment	Real estate investment	4,848,480	0.54%
Brookledge II	Real estate holdings	2,730,020	0.30%
HD Development of Maryland, Inc	Real estate investment	3,150,020	0.35%
State Road Associates	Real estate holdings	3,737,810	0.42%
Dayton Hudson Corporation	Retail	2,615,260	0.29%
Total		<u>\$ 45,935,350</u>	<u>5.08%</u>
Total Assessed Valuation - Real		<u>\$ 905,775,270</u>	<u>90.19%</u>
Tangible Personal Property (other than Public Utilities):			
Go Jo Industries	Chemical specialists	\$ 6,701,490	8.15%
Associated Building Supplies	Aluminum products	4,501,490	5.47%
Pechiney Plastic Packaging, Inc.	Food packaging products	4,206,730	5.11%
AKW, L.P.	Manufacturer of aluminum wheels	4,285,930	5.21%
Struktol Company of America	Specialty chemicals	3,492,380	4.24%
Americhem, Inc.	Chemical specialists	2,470,410	3.00%
SGS Tool Company	Carbide cutting tools	3,498,680	4.25%
Lambert Buick	Car dealer	2,778,220	3.38%
Prospect-AkroMold, Inc.	Specialty chemicals	1,940,330	2.36%
Ron Marhofer Automall, Inc.	Car dealer	2,603,240	2.44%
Total		<u>\$ 36,478,900</u>	<u>43.61%</u>
Total Assessed Valuation - Tangible Personal		<u>\$ 82,276,185</u>	<u>8.19%</u>
Public Utilities (tangible personal property):			
Ohio Bell Telephone	Telephone utility	\$ 6,767,730	40.50%
Ohio Edison	Electric utility	3,511,080	19.80%
East Ohio Gas	Natural gas utility	1,710,470	8.72%
Total		<u>\$ 11,989,280</u>	<u>69.02%</u>
Total Assessed Valuation - Public Utilities		<u>\$ 16,295,660</u>	<u>1.62%</u>
Total Assessed Valuation - All Categories		<u>\$ 1,004,347,115</u>	<u>100.00%</u>

Source: Summit County Auditor's Office

Income Tax Collections Last Ten Years

Table 14

Year	City Wage Tax Collected	City Personal Tax Collected	Total Tax Collected	Percent Increase (Decrease)
1995	7,104,465	2,307,153	9,411,618	3.37
1996	8,358,245	2,612,035	10,970,280	16.56
1997	10,256,890	2,943,964	13,200,854	20.33
1998	10,845,293	3,603,877	14,449,170	9.46
1999	11,378,940	4,611,426	15,990,366	10.66
2000	11,827,038	4,124,965	15,952,003	(0.24)
2001	11,871,684	4,266,102	16,137,786	1.16
2002	12,211,514	4,600,963	16,812,477	4.18
2003	12,578,908	4,016,509	16,595,417	1.31
2004	13,037,352	4,183,625	17,220,977	3.77

Source: Cuyahoga Falls Income Tax Department

Notes: All amounts were determined on a cash basis and represent gross collections.
 1995 tax collections were reflective of 1.5 percent municipal tax rate.
 The municipal tax rate increased to 2.0 percent effective July 1, 1996.

City of Cuyahoga Falls, Ohio

Income Tax Collections Largest Employers for 2004

Table 15

<u>Employer</u>	<u>Type of Business</u>	<u>2004 City Wage Tax Collected</u>	<u>Percent of Total Wage Collections</u>
Associated Materials	Manufacturer	\$ 1,892,307	14.51
City of Cuyahoga Falls	Government	615,679	4.72
Cuyahoga Falls Board of Education	Education	520,910	4.00
Summa Health System Hospitals	Hospital	511,594	3.92
Go Jo Industries Inc.	Manufacturer	422,117	3.24
Americhem Inc.	Chemical Specialists	266,014	2.04
Manufacturers Group	Manufacturer	169,291	1.30
Accuride Cuyahoga Falls Inc.	Manufacturer	165,065	1.27
Woodridge Local School District	Education	163,589	1.25
Pechiney Plastic Packaging	Manufacturer	157,524	1.21
Top Ten Withholding		\$ 4,884,090	37.46
Total Withholding		\$ 13,037,352	100.00

Note: All numbers were determined on a cash basis and represent gross collections.

Source: Cuyahoga Falls Income Tax Department

**Salaries of Principal Officials
December 31, 2004**

Table 16

SALARIES OF PRINCIPAL OFFICIALS

<u>Title</u>	<u>Annual Salary</u>
Mayor	\$ 95,296
President of Council	15,247
Council Members (11)	14,294
Director of Law	85,849
Director of Finance	85,849
Director of Public Service	85,849
Director of Industrial & Community Development	85,849
Municipal Judge (\$103,450)	
(\$41,700 paid by State)	
(Remainder 40% paid by County)	
(Remainder 60% paid by City)	37,050
Presiding Judge (\$104,950)	
(\$41,700 paid by State)	
(Remainder 40% paid by County)	
(Remainder 60% paid by City)	37,950
Clerk of Courts (\$89,207)	
(40% paid by County)	
(60% paid by City)	53,524

City of Cuyahoga Falls, Ohio

Union Agreements December 31, 2004

Table 17

Union	Members	Representing	
American Federation of State, County and Municipal Employees (AFSCME) Effective: January 1, 2003 Expiration: December 31, 2005 Agreement Signed: April 24, 2003	168 Members	Cleaning/Maintenance Personnel Clerical Personnel Equipment Operators Inspectors/Aides Laborers	Mechanics Meter Readers Refuse Collectors Technicians Water Utility Workers
Fraternal Order of Police - Ohio Labor Council, Inc. Effective: July 1, 2002 Expiration: June 30, 2005 Agreement Signed: October 29, 2002	12 Members	Dispatchers	
International Association of Firefighters Local #494 Effective: July 1, 2002 Expiration: June 30, 2005 Agreement Signed: July 2, 2002	79 Members	Captains Firefighters Lieutenants	
Fraternal Order of Police - Ohio Labor Council, Inc. Effective: July 1, 2002 Expiration: June 30, 2005 Agreement Signed: September 13, 2002	15 Members	Lieutenants Sergeants	
Fraternal Order of Police - Ohio Labor Council, Inc. Effective: July 1, 2002 Expiration: June 30, 2005 Agreement Signed: December 8, 2002	78 Members	Community Service Officers Patrol Officers	
Utility Workers of America Local #399 Effective: July 1, 2002 Expiration: June 30, 2005 Agreement Signed: October 7, 2002	35 Members	Draftsmen Electricians Equipment Operator Groundmen Linemen	Metermen Stockkeeper Technician Utility Men

**Summary of Building Permits
Last Ten Years**

Table 18

Year	Residential		Commercial		Miscellaneous		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
1995	1,572	16,569,711	181	21,745,059	3,044	1,055,783	4,797	39,370,553
1996	1,815	26,765,077	221	12,626,965	3,200	936,255	5,236	40,328,297
1997	1,722	30,450,552	203	33,775,487	3,121	2,169,657	5,046	66,395,696
1998	1,821	25,295,632	205	19,126,178	3,415	826,550	5,441	45,248,360
1999	1,860	34,649,869	245	24,038,050	3,540	1,298,576	5,645	59,986,495
2000	1,729	22,586,174	186	31,263,305	3,201	1,819,631	5,116	55,669,110
2001	1,649	25,289,110	163	22,988,539	2,858	1,565,210	4,670	49,842,859
2002	1,669	23,575,775	164	24,274,863	3,096	949,059	4,929	48,799,697
2003	1,776	25,163,242	205	30,396,602	3,702	1,543,553	5,683	57,103,397
2004	1,624	16,201,919	187	21,358,859	3,258	905,306	5,069	38,466,084

Source: City of Cuyahoga Falls, Building Department

City of Cuyahoga Falls, Ohio

Schedule of Insurance Coverage December 31, 2004

Table 19

Name of Carrier	Type of Coverage	Policy Period		Liability Limit	Annual Premium	Deductible
		From	To			
CNA Insurance Co.	Auto Liability and Comprehensive	10/22/2004	10/22/2005	\$ 1,000,000	\$ 150,265	\$ 1,000
				combined single limit		
CNA Insurance Co.	Property-all locations			\$ 96,788,390	\$ 53,781	\$ 5,000
Selective Insurance Co.	Comprehensive General Liability			\$ 1,000,000	\$ 39,251	\$ 100,000 self-insured retention
Selective Insurance Co.	Law Enforcement Liability-wrongful acts with regard to law enforcement			\$ 1,000,000	\$ 34,738	\$ 25,000
Selective Insurance Co.	Umbrella Excess Liability-bodily injury and property damage (follows general and auto liability)			\$ 10,000,000	\$ 44,753	Subject to underlying policy limits
CNA Insurance	Boiler and Machinery-all locations			\$ 30,000,000	\$ 8,073	\$ 1,000

**Demographic Statistics
1950 - 2003**

Table 20

Year	Population	Dwelling Units	Occupied Dwelling Units/ Households	Persons Per Households	Owner occupied Housing Units Percentages	Median Family Income
1950	29,195	8,985	8,693	3.40	81.80%	N/A
1960	47,922	14,192	13,732	3.37	83.18	\$ 7,738
1970	49,678	15,686	15,379	3.23	75.14	13,002
1980	43,890	17,371	16,749	2.62	69.80	22,466
1990	48,950	21,269	20,383	2.38	66.60	36,740
2000	49,374	22,727	21,655	2.26	65.70	52,372
2002	50,272	23,057	21,969	2.26	N/A	N/A
2003	50,375	23,214	22,118	2.26	N/A	N/A

Notes: Population figures were provided by the U.S. Census Bureau.
 Median family income is not available for 1950.
 The median family income for 2000 is an estimate provided by HUD.
 On July 1, 2002, an appeal was granted by the U.S. Census Bureau estimating a population of 50,272 in the City of Cuyahoga Falls. The income estimate is not available

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Age Distribution and Population 1970, 1980, 1990 and 2000

Table 21

Age Bracket	1970		1980		1990		2000	
	Population	Percent	Population	Percent	Population	Percent	Population	Percent
0 - 4	4,316	8.70 %	2,812	6.40 %	3,525	7.20 %	3,221	6.50 %
5 - 9	5,065	10.20	2,873	6.60	3,377	6.90	3,087	6.30
10 - 14	5,280	10.60	3,213	7.30	3,230	6.60	3,014	6.10
15 - 19	4,683	9.40	3,713	8.50	3,329	6.80	2,729	5.50
20 - 24	3,695	7.40	4,145	9.40	4,015	8.20	2,928	5.90
25 - 34	6,289	12.70	7,757	17.70	4,503	9.20	7,871	15.90
35 - 44	5,990	12.10	4,347	9.90	8,566	17.50	7,932	16.10
45 - 54	6,161	12.40	4,687	10.70	4,650	9.50	6,500	13.20
55 - 64	4,072	8.20	5,013	11.40	4,944	10.10	4,129	8.40
65 - 74	2,716	5.50	3,130	7.10	5,433	11.10	4,014	8.10
75 and over	1,411	2.80	2,200	5.00	3,378	6.90	3,949	8.00
Total	49,678	100.00 %	43,890	100.00 %	48,950	100.00 %	49,374	100.00 %

Source: U.S. Census Bureau

As noted in Table 20, the U.S. Census Bureau granted an appeal on July 1, 2002, estimating the population of the City of Cuyahoga Falls at 50,272. Data is not available for age distribution and population.

**Miscellaneous Statistics
December 31, 2004**

GENERAL INFORMATION

Date of incorporation	1920
Form of Government.....	Strong Mayor-Council
Council Members.....	11
Area (<i>square miles</i>)	27.8
Highest Elevation (<i>feet above sea level</i>)	1,180
Streets (miles)	281.13
Street Lights.....	5,550
Traffic Lights	77

FIRE PROTECTION

Fire Stations	4
Firefighters and Officers	84
Fire Hydrants	2,207

POLICE PROTECTION

Police Stations.....	1
Policepersons and Officers.....	94

INFRASTRUCTURE (*in miles*)

Sanitary Sewers.....	152
Storm Sewers	150
Water Mains.....	200
Electric Lines	249

RECREATION AND CULTURE

Parks	24
Acres of City Parks	507
Swimming Pools	5
Tennis Courts.....	16
Baseball Diamonds	35

PARKING FACILITIES

City Lots and Decks.....	16
Square Feet.....	387,236
Spaces	2,048
Recreation Lots	22
Square Feet.....	361,980
Spaces	1,886

Source: The following City departments: Community Development, Electric, Engineering, Finance, Parks and Recreation, Technical Services and Water/Sewer.



**Auditor of State
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CITY OF CUYAHOGA FALLS

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 27, 2005**