



Dave Yost • Auditor of State

CITY OF PAINESVILLE
LAKE COUNTY

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Dave Yost • Auditor of State

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

City of Painesville
Lake County
7 Richmond Street
Painesville, Ohio 44077

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Painesville, Lake County, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

June 26, 2014

**CITY OF PAINESVILLE
LAKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013**

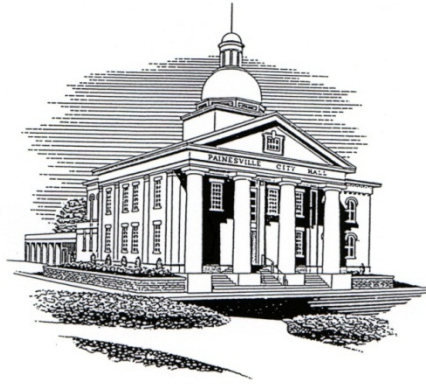
Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Over payment of sick and vacation leave to an employee.	Yes	
2012-002	City did not verify vendors were not on Federal Debarment list (EPLS).	Yes	

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THE CITY OF PAINESVILLE, OHIO

Comprehensive Annual Financial Report for the Year Ended December 31, 2013





Lake County, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

Prepared by the Finance Department

Andrew A. Unetic
Director

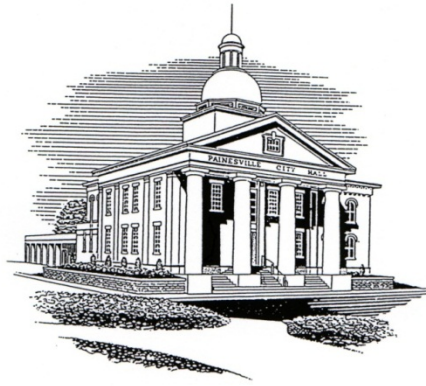


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LAKE COUNTY, OHIO

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INTRODUCTORY SECTION





7 Richmond Street • P.O. Box 601 • Painesville, Ohio 44077 • 440.352.9301 • www.painesville.com

June 26, 2014

Honorable Members of Painesville City Council and
The Citizens of the City of Painesville, Ohio:

We are pleased to present this Comprehensive Annual Financial Report for the City of Painesville, Ohio for the fiscal year ended December 31, 2013. This report has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Painesville to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and includes all disclosures necessary to enable the reader to gain an understanding of the City's financial activity.

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). The City of Painesville's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14 "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for 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 financial benefit to or impose a financial burden on the City.

***Letter of Transmittal
For the Year Ended December 31, 2013***

Based on the foregoing, the reporting entity of the City has no component unit but includes the following services as authorized by its charter: public safety (police and fire), culture and recreation (parks and recreation), community environment (planning, zoning and community development), basic utility (water, electric, sanitation, public parking, wastewater pollution control and storm water), highways and streets (street and highway maintenance), and general government.

Certain organizations, although sharing some degree of name similarity with the City, are separate and distinct entities, not only from the City, but also from each other. The City is not financially accountable for these entities. Due to their independent nature, the following organizations are not part of the City of Painesville's reporting entity and are excluded from the City's financial statements:

The Painesville City Local School District and Riverside Local School District (the "Districts") are distinct governmental entities, independent of the City and one another. The members of boards of the Districts are elected by the voters. The Districts each represent a body both political and corporate and the City is not financially accountable for the Districts.

Painesville Township is a separate and distinct political subdivision governed by a Board of Trustees elected by the residents of the township. The City is not financially accountable for this legally separate organization.

The History of the City

The City of Painesville was incorporated as a town on February 11, 1832, reclassified as an incorporated village in 1852 and became a city in 1903. The City became a home rule municipal corporation operating under the laws of the State of Ohio in 1962. The City's current Charter has been amended four times since its original adoption. The State Constitution prevails when conflicts exist between the Charter and the Constitution and in matters where the Charter is silent. The City's Charter can only be amended by a majority of the City's voters.

Painesville is located approximately 35 miles east of the City of Cleveland in northeastern Ohio. It is the county seat for Lake County and is the fourth largest city, based upon population, within the County. According to the 2010 Census, Painesville is the 87th largest city in the State. Some of the City's major transportation arteries include State Routes 2, 44, 84 and 86, U. S. Highway 20 and Interstate Highway I-90. Lake Erie College, a private four-year college with an enrollment of approximately 1100, is located near the center of the City.

The Management

The Council-Manager form of government is established by the Charter. The legislative power of the City is vested in a Council of seven members who are elected on a non-partisan basis for a term of four years. Four of the members are elected from wards and their current term began on January 1, 2008; the remaining members are elected At-Large and their current terms expire on December 31, 2013. The chief executive power of the City is vested in the City Manager who is appointed by the City Council. The Director of Finance and Law Director, as well as other administrative directors, are appointed by the City Manager, with the affirmation of City Council.

***Letter of Transmittal
For the Year Ended December 31, 2013***

The Painesville Municipal Court provides judicial services for the City of Painesville. The jurisdiction of the court, as established by the Ohio Revised Code, encompasses the east side of Lake County. The Court serves the following communities: Concord Township, Fairport Harbor Village, Grand River Village, Leroy Township, Madison Township, Madison Village, North Perry Village, Painesville Township, Perry Township and Perry Village.

Services Provided

As authorized by its Charter and codified ordinances, the City provides a full range of municipal services that include police and fire protection, emergency medical service, street construction, maintenance and repair, recreation and cultural activities, cemeteries, municipal court, community development, economic development, public improvements, planning and general administrative services. The City does not operate hospitals or schools, nor is it responsible for public assistance programs.

The City also operates seven enterprise activities: a water system, sanitary sewer system, storm water system, electric system, refuse, off-street parking facilities and a community program activity. These activities are accounted for in separate enterprise funds. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the City is that the costs of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City's enterprise activities are not subject to rate review or determination by the Public Utilities Commission of Ohio or any similar regulatory body. The City's Council has the necessary authority to establish and amend appropriate user rates as required. The rates are monitored on an on-going basis to insure their adequacy. Responsibility for the frequency and amount of rate change lies solely with the City Council.

The Organization

The municipal government consists of four chartered departments and one office. Four departments were also created at the direction of City Council. A director who is appointed by and reports directly to the City Manager heads each department. All directors work closely with the City Manager in providing the citizens of Painesville with the highest quality of services while maintaining efficiency and cost effectiveness.

The *Department of Public Safety* consists of two divisions: Police Division and Fire Division. The Police Division enforces local, state, and federal laws in addition to protecting citizens and their property. Most recently, the division has taken a more community oriented policing approach that has met with great success. Numerous programs are offered to citizens. The division is headed by the Police Chief. The Police Division is located in a separate section of City Hall. The Fire Division provides fire protection and emergency medical services to citizens, as well as placing strong emphasis on community involvement and education. The Fire Chief heads the division. A Fire Prevention unit focuses on the reduction of potential fires and loss of property within the City. The fire station is a separate section of City Hall.

***Letter of Transmittal
For the Year Ended December 31, 2013***

The Department of Public Service is comprised of three divisions and two enterprise activities administered by a director. The Public Works Division is responsible for the maintenance of all City vehicles, all non-contractual street repairs, snow and ice removal, leaf and yard waste pick-up and maintenance of storm and sanitary sewers. The Parking Division is in charge of installation, removal, maintenance of the City parking meters including collection and deposit of all monies from the meters. This division is also responsible for striping, cleaning and plowing snow from off-street parking areas. The Traffic Division consists of the fabrication and installation of regulatory, warning and informational signage within the City. This division is also responsible for the striping of traffic lanes, edge lines and parking stalls on the City streets. The enterprise functions within the Department of Public Service consist of the general operational maintenance of the parking garage (Off-Street Parking) and a storm water utility. The Off-Street Parking operation is sustained through a user-fee for hourly and monthly parkers as well as merchant validations for surrounding businesses. The Storm Water Division is responsible for the management and monitoring of the general maintenance of the storm water system of the City. This division is also responsible for providing long-range planning for the infrastructure improvements for the overall system. The operation of the Storm Water Utility is a part of the Public Works Division.

The Department of Finance is responsible for the accurate recording of all receipts and disbursements. The department also maintains the capital asset system. The department compiles the Annual Budget, and prepares the Comprehensive Annual Financial Report for residents, and assists the City Manager in all financial decisions.

The Department of Law advises Council, the City Manager, and all departments on legal matters concerning the City. The department prepares or reviews all contracts, legislation, and legal documents.

The City Manager's Office was established to ensure that the policies of City Council are followed and implemented by all of the City employees. There are several functions managed and maintained under the umbrella of this office. Community and public relations is managed through this office for the entire City. The retention, expansion and attraction of businesses to the City of Painesville are coordinated through the Economic Development activities in this office. The information technology management and maintenance is coordinated through this department.

The four departments created by City Council are the Recreation and Public Lands Department, the Human Resources Department, the Community Development Department, and the Department of Utilities. These departments are outlined below:

The Recreation and Public Lands Department provides numerous courses and programs throughout the year. This department provides a diverse range of leisure activities and services to improve the quality of life within the community. The Division of Parks within this department maintains the publicly owned parks and facilities of the City. The Cemetery Division is a non-profit enterprise activity that provides for the daily operation and maintenance of eighty-four acres of cemetery properties and their amenities.

***Letter of Transmittal
For the Year Ended December 31, 2013***

The Human Resources Department furnishes consistent and timely guidance to management and employees in all human resource functions including retirement, employee enhancement, employee orientation, development and training and labor relations. This department ensures compliance with established policies and procedures, labor contracts and employment laws. The department also handles all personnel matters, including health insurance.

The Community Development Department is responsible for implementing plans and programs that promote the comprehensive and orderly development of the City. The department works in conjunction with the Planning Commission and the Board of Zoning. This department is responsible for interpreting and enforcing all building codes in the City. The department issues permits and citations, conducts site inspections, and licenses all contractors. This department was reorganized in 2006 to include the engineering function. The engineering division must insure that all contractors working in Painesville meet the general engineering requirements of the City. Engineering controls the review and implementation of plans and programs relating to the City's infrastructure.

The Department of Utilities consists of three divisions that are individually operated utility systems—Water, Water Pollution Control, and Electric. The Water Division consists of the plant and a water distribution system. The Water Division provides the highest quality service in a timely, safe and reliable manner to its customers. The Water Pollution Control Division consists of the wastewater treatment plant. The collection and transmission is maintained by the Department of Public Services as noted above. The goal of this division is to efficiently operate and maintain the wastewater treatment facility. The Electric Division consists of the plant and an electric distribution system. The Electric Division provides adequate, reliable and economical power to its customers in an efficient and professional manner.

Basis of Accounting

The basis of accounting used by the City is in conformity with GAAP as applicable to governmental units and is consistent with GASB Section 1600, "Basis of Accounting," except for accounting used for budgetary purposes. All governmental funds are accounted for using a flow of current financial resources measurement focus. The modified accrual basis of accounting is utilized for the governmental funds. Revenues are recognized when they are susceptible to accrual, both measurable and available. Expenditures are recognized when the related liability is incurred, except for the interest on long-term debt which is recorded when due.

The measurement focus for the City's proprietary and private-purpose trust funds is on "economic resources." All assets, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the balance sheet. The accrual basis of accounting is used for the proprietary and private-purpose trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses when they are incurred.

***Letter of Transmittal
For the Year Ended December 31, 2013***

The City's basis of accounting for budgetary purposes differs from GAAP in that revenues are recognized when received, rather than when susceptible to accrual. In addition, encumbrances are recorded as expenditures on the budgetary basis of accounting. A reconciliation of the results of these two methods appears in Note 1.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The primary focus of the Office of Economic Development in 2013 was business retention during the tough economic recovery. With continued great uncertainty in the US economy, there was some positive feedback we began to see from local businesses in our manufacturing sector. At the same time, however, our commercial, retail and office sectors were still struggling to return to previous year's profits. In an effort to gain perspective on the conditions within our community we conducted several one-on-one company visits.

Painesville City remains a progressive and pro-business community and we have established many programs that enable us to work on business attraction, retention and expansion on a regular basis. These programs include the Synchronist program which enables us to collect valuable data on each of our largest employers to ascertain potential moves in climate and change within their industry and local operations. The Key Accounts and Direct Connections program through AMP, Inc. also provides us a one to one communication point on a technical basis with these largest employers as well as our largest energy users on an annual basis. The Office of Economic Development also meets with local business owners and managers monthly to identify resources and sources to aid their future business growth.

The City has recently been recognized for the third consecutive time as a Platinum Level RP3 Community through the American Public Power Association which demonstrates our commitment to electric reliability for our industrial users.

Some of the new and exciting things taking place at this time include the redevelopment of an 8 acre parcel in our downtown district and a new downtown master plan. These plans are a great compliment to our new downtown Streetscape Plan which is expected to begin construction in 2015. In addition we have received grant financing to assist us in the demolition of a former hotel in the heart of the downtown. This site will also open new redevelopment opportunities.

We continue to work on our 2010 – 2015 Economic Development Strategic Plan designed to enhance our abilities to grow our local businesses here within the community to further new private investments.

Residential, industrial and commercial economy has slowed over the past years, as it has across the County, however new residential and industrial properties continue to be built in the City. At present, the City has multiple in-fill development projects underway and is working on a \$1.2 million Brownfield clean up site that will open 160,000 sq.ft. for future manufacturing.

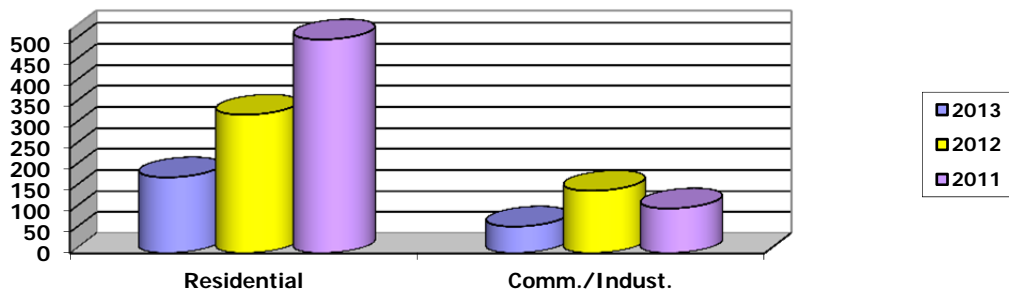
CITY OF PAINESVILLE, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2013**

The chart below provides a summary and comparison of the number of building permits issued for the last three years. The City is expecting continual interest in economic and community development in the years to come.

Comparison of Permits Issued

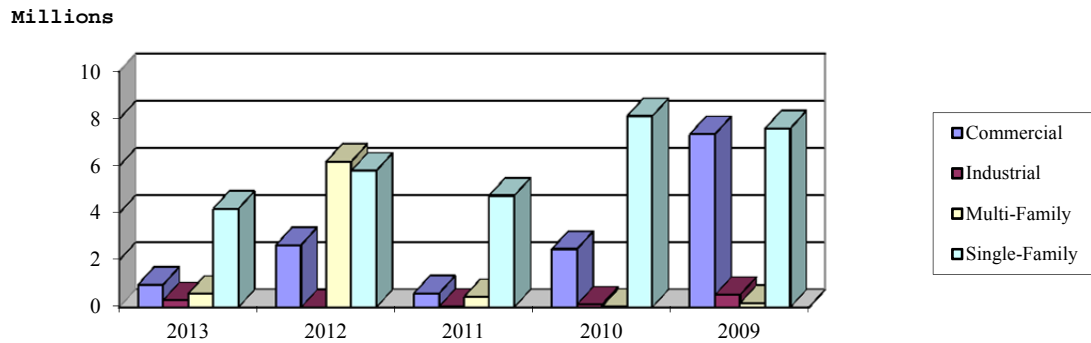
Category	2013	2012	2011
Residential	180	329	508
Commercial/Industrial	63	148	106



Building Permit Valuations

Category	2013	2012	2011	2010	2009
Commercial	\$957,768	\$2,640,256	\$586,151	\$2,470,333	\$7,347,800
Industrial	305,000	0	28,500	116,841	526,234
Multi-Family	569,796	6,181,212	434,355	29,000	178,000
Single-Family	4,182,737	5,794,389	4,739,217	8,112,642	7,592,010
Totals	<u>\$6,015,301</u>	<u>\$14,615,857</u>	<u>\$5,788,223</u>	<u>\$10,728,816</u>	<u>\$15,644,044</u>

Comparison of Building Permits



CITY OF PAINESVILLE, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2013***

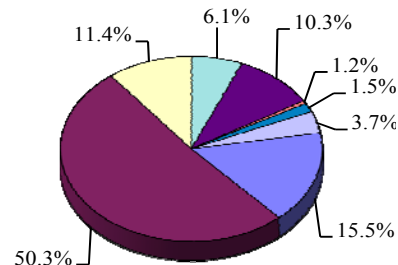
Listed below are the respective unemployment rates for the county, state and nation as of December 31, 2013:

Lake County	7.9%
Ohio	6.5%
United States	6.7%

Local Business

The City of Painesville has 600 businesses which employ approximately 6,529 workers in all sectors of the economy. The percentage of businesses by sector breakdown is as follows:

Sector	Businesses	Percentage of Total
Retail	92	15.5%
Service	300	50.3%
Manufacturing	68	11.4%
Construction	36	6.1%
Finance, Insurance and Real Estate	61	10.3%
Other	7	1.2%
Wholesale	9	1.5%
Government	22	3.7%
Total	595	100.00%



The largest business sector of the City is the service sector at 50.3% of all businesses in the City of Painesville. The remainder of the business composite is Retail at 15.5%, Manufacturing at 11.4%, Finance, Insurance and Real Estate at 10.3%, Construction at 6.1%, Government at 3.7% and Wholesale and Others at 2.7%.

The primary focus of the Office of Economic Development in 2013 was business retention and downtown redevelopment. With continued great uncertainty in the US economy, there was great uncertainty for the effects it may create on business overall in the region. We are now also focusing new efforts on attracting new customers, attracting new industry and business and continuing our business retention and expansion efforts.

This past year the Economic Development Office worked closely with and offered proposals on four leads on industrial investment in 2013 and the beginning of this year. This continues to be a slow year for industrial investment but interest in industrial land has increased due to less industrial building inventory on the market. So we have put much of our resources into reevaluating our incentives for new construction and industrial investment.

***Letter of Transmittal
For the Year Ended December 31, 2013***

The retention efforts of the department over the past year have been aggressive towards our existing industry and helping them determine where potential opportunities and cost saving measures could be obtained. We worked with several to identify key energy savings and worked closely with the Lake County Port Authority to try and identify re-financing and alternative creative financing solutions on new equipment that would enable them to gain new work contracts replacing customers they may have lost due to the economic downturn.

Business Growth

The business growth in the City of Painesville is a direct result of the Economic Development Office's focus on business retention, expansion and attraction. The office continues to aggressively work to attract commercial, retail and manufacturing companies into various citywide developments including a business center and a business parkway. In addition to marketing those developments the City continues its focus on the Ohio Main Street Approach to economic restructuring for the downtown retail and commercial district.

Business connections and communication are also very important to the City of Painesville. This past year we have been working on new marketing initiatives with the newly formed City of Painesville Public Relations Committee for each of our events that focus on collaboration between business and residents of the area. These efforts have been placed on the Business Networking Breakfasts, Art in the Park, Taste of Painesville, FestiVille and the Annual Business Appreciation After-Hours. In addition, we publish our section of the City's newsletter "Works For Business" which is sent to each city business. This newsletter details new projects, new businesses and other on-going community events that are focused around the Painesville Business Community. We also continued our marketing campaign focusing on the tri-county region.

MAJOR INITIATIVES

Current Year Projects

The Citywide goals are the primary factor used in making determinations of the appropriateness of increased expenditures in any given budget year. The mission of the City of Painesville, City Council and City employees is to enhance and improve the quality of life and growth in the community by providing the highest level of service in an efficient and cost effective manner. In 2013, the City continued to uphold that mission by expanding and improving services, upgrading and constructing infrastructure, and enhancing public grounds and facilities.

During the year, vehicles were acquired by the Water Pollution and Electric Departments to enhance the overall operational effectiveness and readiness of the City. To maintain the public safety, the Police Department purchased two new patrol cars.

Public Works entered into its ninth year of an intensive sanitary sewer maintenance program. Public Works along with the Department of Recreation and Public Lands maintains most City vehicles (with basic maintenance) resulting in a substantial savings to the City. Public Works also continues to repair and resurface various roads throughout the City.

***Letter of Transmittal
For the Year Ended December 31, 2013***

In 2013, the City begin work on the \$7.3 million Shamrock Bridge and Brookstone Blvd. extension project. This project will allow the City to build a bridge over the railroad tracks and open up an area of the City for further economic development.

The Water Department continues to replace water mains on several streets throughout the City and in communities outside the City that the City provides water to. The Water Department also made various improvements to the plant to make it more efficient and improve its technology. The Water Pollution Control Division made various improvements to the plants infrastructure as well as improving the plant's technology.

In 2013, the Electric Department had several capital projects to increase the plant's efficiency and improve the plant's technology. The Electric Department also made several improvements to the electric distribution system to make it more reliable. One of the large projects electric distribution did in 2013 was almost \$2.3 million on constructing a new substation.

Future Projects

In November 2013, the City of Painesville residents graciously approved a new Fire Levy and a new Road Levy. The new Road Levy will generate approximately \$655,000 annually and these revenues will be spent on repaving several City roads. The new Fire Levy will generate approximately \$320,000 and these monies will be used on purchasing fire equipment and vehicles. Another big project the City will do in 2014 is the Main Street Streetscape Project which will cost over \$1 million. Over 90% of this project will be paid for through grants.

In 2014, the City will continue to replace waterlines on at least four roads. In 2014 the water plant will also be doing projects to increase the water quality that is coming into the water plant.

In 2014, the Water Pollution Control Division will be purchasing new sludge digester heaters that will increase the operating efficiency of the plant.

In 2014, the electric plant will have several capital projects that will increase the efficiency and reliability of the Electric Department.

The City also will have various other capital projects that will improve the City's infrastructure in 2014.

MANAGEMENT PRACTICES

Internal Control

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The Finance Department is committed to strengthening internal controls to assure the safeguarding of assets and to provide reasonable assurance that all financial transactions are properly recorded. A capital asset software system allows for detailed reporting and analysis. On an annual basis, the individual departments perform an inventory of their assets. These inventories are given to the Finance Department to assure accuracy and accountability. An independent appraisal is also done periodically to value and insure the existence of capital assets within the City.

***Letter of Transmittal
For the Year Ended December 31, 2013***

Budgetary System

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and in the City Charter. With the assistance of the Finance Director, the City Manager may submit to Council, a temporary appropriation ordinance to control expenditures for passage on or about January 1 of each year for the period January 1 through March 31. By charter, the City Manager must submit an annual appropriation ordinance, for the period January 1 through December 31, to City Council by March 31 of each year. The primary level of budgetary control is at the program level (general government, public safety, highways and streets, public health and welfare, culture and recreation and community environment) and within each program at the level of personal services, certain other expenditures, capital outlay and transfers as required by Ohio law.

The City maintains budgetary control on a cash basis by department for personal services, materials and supplies, other services and charges, utilities, other operating charges, capital outlay, debt service, and other financing uses. Estimated expenditure amounts must be encumbered prior to release of purchase orders to vendors or finalization of other contracts. Encumbrances which would exceed the available appropriation level are identified on an ongoing basis and are not approved or recorded until City Council authorizes additional appropriations or transfers. Unencumbered appropriations lapse at the end of each calendar year. As an additional control over expenditures, the City's Purchasing Policy requires that all contracts in excess of \$25,000 shall be authorized and directed by ordinance of City Council.

The City compiles its Annual Budget in document form. The budget presents anticipated revenues and expenditures by fund and department by category with additional supporting documentation that explains the budgetary process and individual departmental goals. The budget is submitted to the Government Finance Officers Association (GFOA) and has received the Distinguished Budget Presentation Award for the last thirteen consecutive years.

Accounting System

The City uses automated governmental accounting software developed and licensed by Civica CMI, Inc. This software controls budgetary accounting, payroll, utility billing, and capital assets. In 2003 the Finance Department purchased a new mainframe computer and updated software on all modules by September 2004.

The City's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Generally accepted accounting principles determine the type of funds used. Prudent financial administration determines the number of individual funds established.

***Letter of Transmittal
For the Year Ended December 31, 2013***

The City maintains records on a budgetary basis for all fund types. After yearend closing, adjusting entries are prepared for the various funds to convert the budgetary basis records to the modified accrual basis of accounting for all governmental fund types and to the accrual basis of accounting for the proprietary fund types. The fund statements are then converted to entity-wide financial statements, and classified as either governmental or business-type activities, using the accrual basis of accounting. Modified accrual basis accounting requires that revenues be recognized when both measurable and available. Expenditures are recorded as fund liabilities when incurred, except for interest on long-term debt which is recorded when due. The accrual basis of accounting recognizes revenues when earned and expenses when incurred. A more detailed explanation of the basis of accounting for the various funds is included in the Notes to the Basic Financial Statements, located in the Financial Section of this report.

OTHER INFORMATION

Independent Audit

Under federal law, the City is required to have an audit performed every year. The State of Ohio Auditor's Office performed the 2013 audit. The independent auditor's unmodified report has been included in this report. The Administration plans to continue this audit procedure as required by law as part of the preparation of its CAFR. The annual audit and management letter submitted by the independent auditor provides information to the City to enable it to maintain and strengthen the City's accounting and budgeting controls.

Awards

A Certificate of Achievement for Excellence in Financial Reporting was awarded to the City of Painesville, Ohio for its Comprehensive Annual Financial Report for the year ended December 31, 2012. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement represents a significant accomplishment by a governmental unit.

A Certificate of Achievement is valid for a period of one year. Painesville has received a Certificate of Achievement for the last twenty-six consecutive years, fiscal years ended 1987 – 2012. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting the report to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) also awarded the City with the Distinguished Budget Presentation Award. The GFOA established the Distinguished Budget Presentation Awards Program to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting and then to recognize individual governments that succeed in achieving that goal. The City of Painesville has received this award for thirteen consecutive years from 2001 – 2013.

***Letter of Transmittal
For the Year Ended December 31, 2013***

Public Disclosure

The publication of this Comprehensive Annual Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Painesville, the recipients of this report include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

Acknowledgements

We would like to thank the staff and extend special recognition to all members of the Finance Department and related departments within the City who assisted with the preparation of the Comprehensive Annual Financial Report and annual independent audit.

Special thanks are also due to Donald J. Schonhardt, President, Donald J. Schonhardt & Associates, Inc., Columbus, Ohio, and the members of his staff for their efforts in converting the City's budgetary basis accounting records to the generally accepted accounting principles (GAAP) basis. In addition, we would like to express appreciation to the State Auditors, for their assistance and review during this project.

In closing, without the leadership and support of the Painesville City Council, preparation of this report would not have been possible.

Sincerely,



Anthony J. Carson, Jr.
City Manager



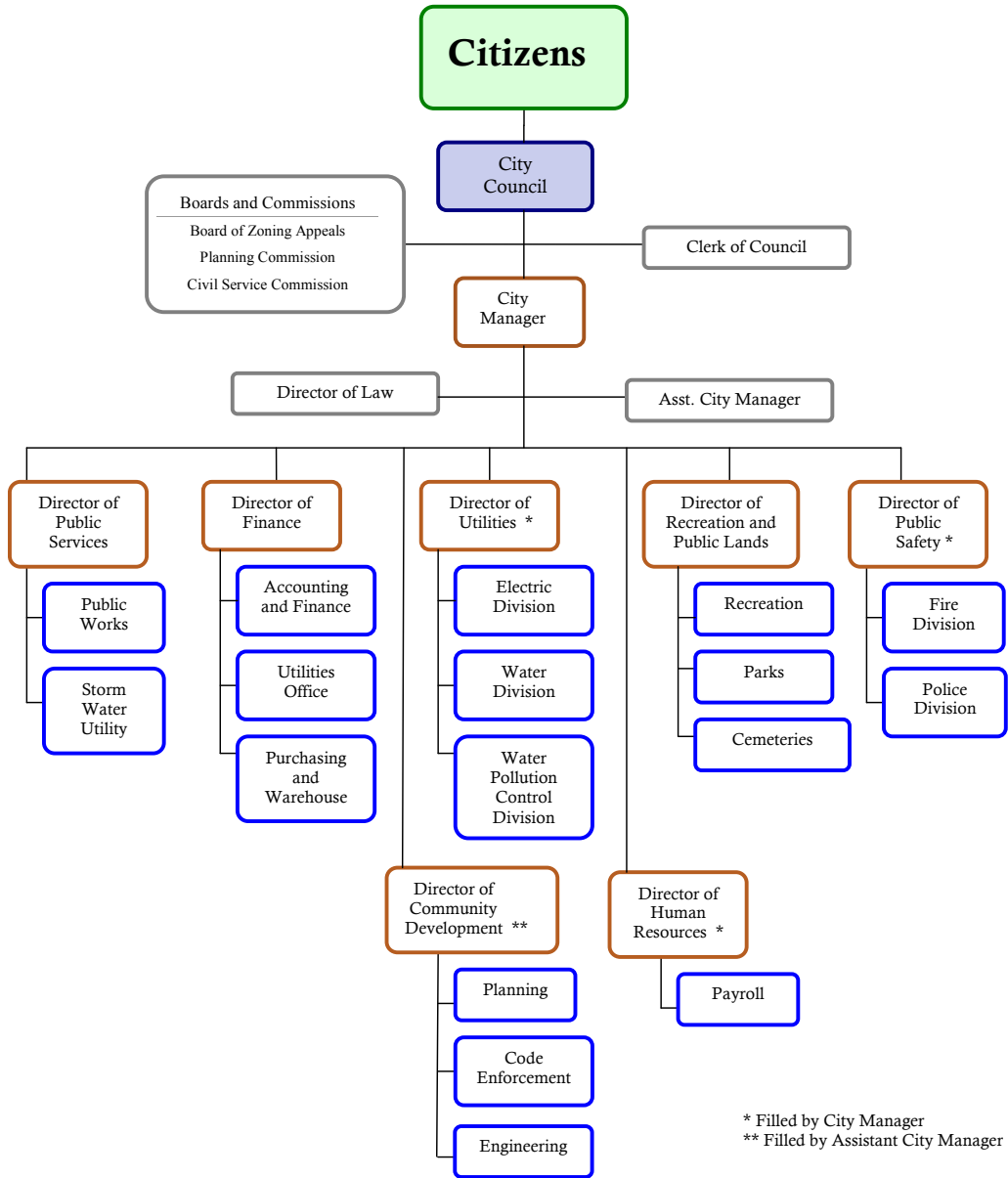
Andrew A. Unetic
Director of Finance

CITY OF PAINESVILLE, OHIO

**List of Principal Officials
For the Year Ended December 31, 2013**

Name	Title	Position	Years of Municipal/Governmental Service			
			City	Municipal/ Governmental Service	Other Municipal/ Governmental Service	Total Public Service
CITY COUNCIL						
Joseph Hada, Jr.	President (at Large)	6.0	32.5	0.0		32.5
Mike DeLeone	Council Member (Ward 3)	2.0	2.0	11.0		13.0
Andrew Flock	Council Member (Ward 1)	18.5	18.5	0.0		18.5
Katie Jenkins	Council Member (Ward 2)	2.0	2.0	9.0		11.0
Paul W. Hach II	Vice President (Ward 4)	6.0	10.0	0.0		10.0
Lori Dinallo	Council Member (at Large)	4.0	4.0	1.0		5.0
Jim Fodor	Council Member (at Large)	4.0	4.0	0.0		4.0
Jennifer Bell	Clerk of Council	12.2	12.2	4.2		16.4
CITY ADMINISTRATION						
Anthony Carson	City Manager	0.5	0.5	17.0		17.5
Doug Lewis	Assistant City Manager	5.6	5.6	13.0		18.6
Andrew A. Unetic	Director of Finance	6.1	6.1	14.1		20.2
Joseph M. Gurley	Director of Law	26.0	33.3	15.3		48.6
DEPARTMENT/DIVISION HEADS						
Kevin Lynch	Service Director	9.2	9.2	20.1		29.3
Richard Lesiecki	City Engineer	6.9	6.9	8.3		15.2
Jeffrey McHugh	Electric Power Superintendent	1.3	1.3	33.0		34.3
Randy Bruback	Water Pollution Control Superintendent	11.8	11.8	16.0		27.8
Mark Mlachak	Fire Chief	11.3	32.3	0.0		32.3
Troy Hager	Chief of Police	3.8	27.0	0.0		27.0
George Ginnis	Water Superintendent	2.7	2.7	19.9		22.6
Lee Homyoock	Director of Recreation and Public Lands	9.7	9.7	20.0		29.7
Russ Schaedlich	City Planner	6.6	6.6	21.5		28.1

**City Organizational Chart
For the Year Ended December 31, 2013**



*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*



Government Finance Officers Association

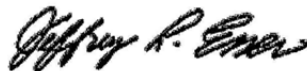
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Painesville
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012



Executive Director/CEO

FINANCIAL SECTION





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Painesville
Lake County
7 Richmond Street
Painesville, Ohio 44077

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Painesville, Lake County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Painesville, Lake County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General and Shamrock Business Center TIF funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are 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 section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

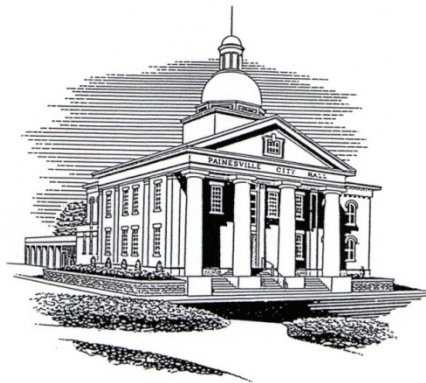
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 26, 2014



***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

Unaudited

The discussion and analysis of the City of Painesville's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2013 are as follows:

- In total, net position increased \$1,194,159. Net position of governmental activities increased \$359,516, which represents a 1% increase from 2012. Net position of business-type activities increased \$834,643, or 1% from 2012.
- General revenues accounted for \$10,047,059 in revenue, or 21% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$38,308,840, or 79% of total revenues of \$48,355,899.
- The City had \$14,928,388 in expenses related to governmental activities; only \$4,445,670 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$10,046,299 were adequate to fully provide for these programs.
- Among major funds, the general fund had \$11,803,318 in revenues, including other financing sources and \$11,528,445 in expenditures, including other financing uses. The general fund's fund balance increased \$273,461.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements

The government-wide statements report information about the City as a whole using accepting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred outflows/inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net-position is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The government-wide financial statements of the City are divided into two categories:

- ***Governmental Activities*** – Most of the City's programs and services are reported here including general government, public safety, highways and streets, public health and welfare, culture and recreation, community environment, interest and fiscal charges, and other expenditures.
- ***Business-Type Activities*** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer, electric, refuse, off-street parking, storm water and community program services are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance governmental programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

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

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. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position at December 31, 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$19,809,487	\$21,868,063	\$33,383,548	\$36,813,803	\$53,193,035	\$58,681,866
Capital Assets, Net	42,554,784	38,925,661	63,884,794	60,284,347	106,439,578	99,210,008
Total Assets	<u>62,364,271</u>	<u>60,793,724</u>	<u>97,268,342</u>	<u>97,098,150</u>	<u>159,632,613</u>	<u>157,891,874</u>
Long-Term Debt Outstanding	14,570,998	12,053,598	12,743,155	13,640,175	27,314,153	25,693,773
Other Liabilities	1,570,732	3,817,708	2,779,529	2,546,960	4,350,261	6,364,668
Total Liabilities	<u>16,141,730</u>	<u>15,871,306</u>	<u>15,522,684</u>	<u>16,187,135</u>	<u>31,664,414</u>	<u>32,058,441</u>
Deferred Inflows of Resources	<u>2,173,592</u>	<u>1,232,985</u>	<u>0</u>	<u>0</u>	<u>2,173,592</u>	<u>1,232,985</u>
Net Position						
Net Investment in Capital Assets	31,513,541	33,102,011	53,612,184	48,090,083	85,125,725	81,192,094
Restricted	5,438,792	3,724,814	0	0	5,438,792	3,724,814
Unrestricted	<u>7,096,616</u>	<u>6,862,608</u>	<u>28,133,474</u>	<u>32,820,932</u>	<u>35,230,090</u>	<u>39,683,540</u>
Total Net Position	<u>\$44,048,949</u>	<u>\$43,689,433</u>	<u>\$81,745,658</u>	<u>\$80,911,015</u>	<u>\$125,794,607</u>	<u>\$124,600,448</u>

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CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

Changes in Net Position – The following table shows the changes in net position for the fiscal years 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,600,623	\$3,192,299	\$33,855,432	\$37,586,639	\$36,456,055	\$40,778,938
Operating Grants and Contributions	802,599	1,363,819	7,154	0	809,753	1,363,819
Capital Grants and Contributions	1,042,448	2,958,673	584	1,324,655	1,043,032	4,283,328
Total Program Revenues	4,445,670	7,514,791	33,863,170	38,911,294	38,308,840	46,426,085
General Revenues:						
Property Taxes	1,144,755	1,185,735	0	0	1,144,755	1,185,735
Municipal Income Taxes	7,721,126	7,519,822	0	0	7,721,126	7,519,822
Intergovernmental, Unrestricted	875,970	1,086,944	0	0	875,970	1,086,944
Investment Earnings	47,643	173,022	760	5,010	48,403	178,032
Miscellaneous	256,805	314,795	0	0	256,805	314,795
Total General Revenues	10,046,299	10,280,318	760	5,010	10,047,059	10,285,328
Total Revenues	14,491,969	17,795,109	33,863,930	38,916,304	48,355,899	56,711,413
Program Expenses						
General Government	3,739,730	4,802,387	0	0	3,739,730	4,802,387
Public Safety	6,887,389	6,830,774	0	0	6,887,389	6,830,774
Highways and Streets	2,566,021	3,067,864	0	0	2,566,021	3,067,864
Public Health and Welfare	516,688	559,347	0	0	516,688	559,347
Culture and Recreation	590,591	682,194	0	0	590,591	682,194
Community Environment	314,010	180,433	0	0	314,010	180,433
Interest and Fiscal Charges	313,959	304,756	0	0	313,959	304,756
Water	0	0	5,302,197	5,155,459	5,302,197	5,155,459
Sewer	0	0	4,295,486	3,930,761	4,295,486	3,930,761
Electric	0	0	22,217,456	20,741,060	22,217,456	20,741,060
Refuse	0	0	2,116	24,972	2,116	24,972
Off-Street Parking	0	0	185,296	122,896	185,296	122,896
Storm Water Utility	0	0	193,270	256,334	193,270	256,334
Community Programs	0	0	37,531	32,716	37,531	32,716
Total Expenses	14,928,388	16,427,755	32,233,352	30,264,198	47,161,740	46,691,953
Excess (Deficiency) Before						
Transfers	(436,419)	1,367,354	1,630,578	8,652,106	1,194,159	10,019,460
Transfers	795,935	968,624	(795,935)	(968,624)	0	0
Total Change in Net Position	359,516	2,335,978	834,643	7,683,482	1,194,159	10,019,460
Beginning Net Position	43,689,433	41,353,455	80,911,015	73,227,533	124,600,448	114,580,988
Ending Net Position	\$44,048,949	\$43,689,433	\$81,745,658	\$80,911,015	\$125,794,607	\$124,600,448

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

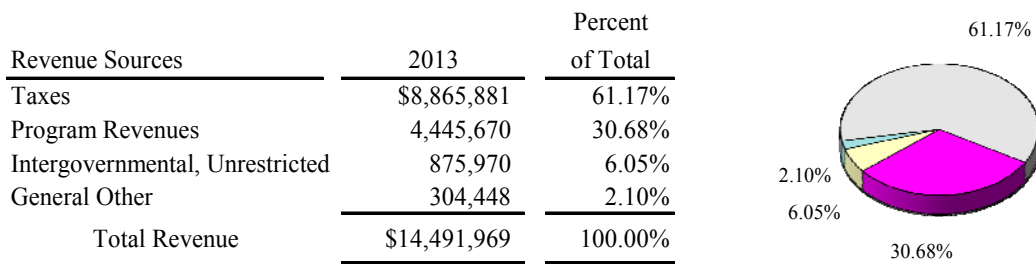
Unaudited

Governmental Activities

Net position of the City's governmental activities increased \$359,516. Insurance proceeds received in the prior year as a result of a fire at City Hall resulted in the subsequent decrease in operating grants and contributions in the current year. State grants received for the Millstone park project in the prior year resulted in the subsequent decrease in capital grants in the current year. The decrease in unrestricted intergovernmental revenue was the result of decreases in estate taxes and local government funding. Repairs made to City Hall in the prior year, as well as a decrease in income tax refunds resulted in the decrease in General Government expenses.

The City also receives an income tax, which is based on 2.0% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the City and businesses operating in the City.

Taxes made up 61% of revenues for governmental activities for the City in fiscal year 2013. The City's reliance upon tax revenues is demonstrated by the following graph:



Business-Type Activities

Net position of the business-type activities increased \$834,643. In 2013 one of the City's largest electrical customers went out of business. In addition, 2013 had relatively cooler weather when compared with 2012. Both of these factors contributed to a decrease in electric department charges for services. Increases in costs for purchased power within the electric department contributed to the increase in expenses. Decreases in U.S. Department of Energy grants received for development of a vanadium battery at the City's electric power plant resulted in the decrease in capital grants.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$14,684,546, which is a decrease from last year's balance of \$15,498,495. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2013 and 2012:

	Fund Balance December 31, 2013	Fund Balance December 31, 2012	Increase (Decrease)
General	\$7,719,519	\$7,446,058	\$273,461
Shamrock Business Center TIF	1,986,829	5,132,356	(3,145,527)
Other Governmental	4,978,198	2,920,081	2,058,117
Total	\$14,684,546	\$15,498,495	(\$813,949)

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

General Fund – The City's General Fund balance change is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2013 Revenues	2012 Revenues	Increase (Decrease)
Property Taxes	\$350,475	\$415,923	(\$65,448)
Municipal Income Taxes	7,721,126	7,519,822	201,304
Intergovernmental Revenues	855,703	1,243,297	(387,594)
Charges for Services	44,866	48,360	(3,494)
Licenses, Permits and Inspection Fees	337,067	450,655	(113,588)
Investment Earnings	48,551	164,849	(116,298)
Fines and Forfeitures	1,016,160	993,193	22,967
All Other Revenue	437,113	327,912	109,201
Total	<u>\$10,811,061</u>	<u>\$11,164,011</u>	<u>(\$352,950)</u>

General Fund revenues in 2013 decreased approximately 3% when compared to 2012 revenues. The decrease in intergovernmental revenues was the result of decreases in estate taxes and local government funding. Building permits issued in the prior fiscal year for bridge construction and new apartment building construction resulted in the subsequent decrease in licenses, permits and inspection fees in the current year.

	2013 Expenditures	2012 Expenditures	Increase (Decrease)
General Government	\$3,130,220	\$3,364,476	(\$234,256)
Public Safety	5,833,012	5,929,153	(96,141)
Highways and Streets	643,493	655,968	(12,475)
Public Health and Welfare	122,841	121,363	1,478
Culture and Recreation	538,577	619,372	(80,795)
Community Environment	162,166	168,360	(6,194)
Debt Service:			
Principal Retirement	224,137	411,025	(186,888)
Interest and Fiscal Charges	10,999	17,557	(6,558)
Total	<u>\$10,665,445</u>	<u>\$11,287,274</u>	<u>(\$621,829)</u>

General Fund expenditures decreased \$621,829, or 6% from the prior year. The decrease in general government can be attributed to a decrease in income tax refunds. The decrease in culture and recreation can be attributed to a decrease in salaries and benefits, which was the result of one less employee in the parks department as well as a shifting of personnel costs from the General Fund to the utility funds.

Shamrock Business Center TIF Fund – The Shamrock Business Center TIF Fund reported a substantial decrease in fund balance, which was the result of capital expenditures made for the extension of Shamrock Boulevard.

CITY OF PAINESVILLE, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

Unaudited

Water Fund – The City's Water Fund reported an increase in net position of 5%. Revenues and expenses were consistent with the previous year.

Sewer Fund – The City's Sewer Fund revenues and expenses remained stable when compared with the prior year, resulting in a decrease in net position of approximately 4%.

Electric Fund – The City's Electric Fund net position remained stable, increasing less than 1%. In 2013 one of the City's largest electrical customers went out of business. In addition, 2013 had relatively cooler weather when compared with 2012. Both of these factors contributed to a decrease in electric department charges for services. Increases in costs for purchased power contributed to the increase in expenses. Decreases in U.S. Department of Energy grants received for development of a vanadium battery at the City's electric power plant resulted in the decrease in capital grants.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2013 the City amended its General Fund budget several times, none significant.

For the General Fund, original revenue estimates, final revenue estimates, and actual budget basis revenues were not materially different. Final appropriations were 4% lower than original appropriations due to decreases in income tax refunds, insurance costs, and personnel costs in the police and fire departments. The City curtailed actual budget basis expenditures keeping costs \$137,670 below final appropriations. The City controlled costs in all areas to achieve such a variance. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2013 the City had \$106,439,578 net of accumulated depreciation invested in land, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, and infrastructure. Of this total, \$42,554,784 was related to governmental activities and \$63,884,794 to the business-type activities. The following table shows fiscal year 2013 and 2012 balances:

	Governmental Activities		Increase (Decrease)
	2013	2012	
Land	\$9,838,526	\$7,691,544	\$2,146,982
Construction in Progress	9,414,709	6,540,403	2,874,306
Buildings and Improvements	5,444,096	5,384,680	59,416
Improvements other than Buildings	8,699,969	8,699,969	0
Machinery and Equipment	6,350,685	6,793,346	(442,661)
Infrastructure	24,929,303	24,929,303	0
Less: Accumulated Depreciation	(22,122,504)	(21,113,584)	(1,008,920)
Totals	<u>\$42,554,784</u>	<u>\$38,925,661</u>	<u>\$3,629,123</u>

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2013	2012	
Land	\$1,397,784	\$1,397,784	\$0
Construction in Progress	20,686,770	21,054,260	(367,490)
Buildings and Improvements	32,177,026	31,580,303	596,723
Improvements other than Buildings	44,746,814	42,954,957	1,791,857
Machinery and Equipment	26,992,303	23,104,659	3,887,644
Less: Accumulated Depreciation	(62,115,903)	(59,807,616)	(2,308,287)
Totals	<u>\$63,884,794</u>	<u>\$60,284,347</u>	<u>\$3,600,447</u>

Increases in land and construction in progress in the Governmental activities capital assets can be attributed to the Millstone park project and Brookstone/Shamrock Boulevard improvement project. In Business-Type capital assets, an increase in improvements can be attributed to water main improvements. An increase in machinery and equipment included upgrades at the Water Pollution Control Plant and electrical upgrades at Renaissance Parkway for future industrial businesses. Additional information on the City's capital assets can be found in Note 10.

As of December 31, 2013, the City had contractual commitments of \$2,486,907 related to various projects throughout the City. Additional information on the City's construction commitments can be found in Note 17.

Debt

At December 31, 2013, the City had \$10,180,736 in general obligation bonds outstanding, \$422,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2013 and 2012:

	2013	2012
Governmental Activities:		
General Obligation Bonds	\$8,930,736	\$7,116,564
Special Assessment Bonds	290,000	310,000
Ohio Public Works Commission Loans	908,491	73,351
Long Term Notes Payable	960,876	1,065,481
Construction Loan	203,139	265,276
Compensated Absences	1,530,453	1,559,428
Workers' Compensation Liability	861,401	740,201
Capital Leases	201,737	219,902
Police and Firemen's Accrued Pension	684,165	703,395
Total Governmental Activities	<u>14,570,998</u>	<u>12,053,598</u>
Business-Type Activities:		
Mortgage Revenue Bonds	1,050,236	1,334,040
General Obligation Bonds	1,250,000	1,500,000
Ohio Water Development Authority Loans	3,853,679	4,072,160
Ohio Public Works Commission Loans	111,301	154,706
Long Term Notes Payable	1,339,124	1,535,519
Capital Leases	3,548,506	3,360,319
Compensated Absences	1,590,309	1,683,431
Total Business-Type Activities	<u>12,743,155</u>	<u>13,640,175</u>
Totals	<u>\$27,314,153</u>	<u>\$25,693,773</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

Unaudited

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2013, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

Due to State legislative cuts, the 2013 General Fund revenues were decreased from 2012. The General Fund continues to be negatively affected by the state's decision to reduce the Local Government Fund revenue sharing and the elimination of the inheritance tax in 2013. The Enterprise funds 2013 revenues were also lower than the 2012 revenues, due to the relatively cool summer in 2013. On a positive note, the voters of Painesville approved two new levies, one for fire and one for roads. These levies will bring in much needed revenues that will allow the City to purchase fire equipment and repave several roads in 2014.

City Council continued a conservative spending pattern in 2013. The 2013 General Fund budget was reduced by 7% compared to 2012. Departments of the City reduced their operating expenses in 2013 and positions were eliminated through attrition. Only capital items that management and City Council determined necessary, or had off-setting grant revenues were appropriated. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 440-392-5796 or writing to City of Painesville Finance Department, 7 Richmond Street, Painesville, Ohio 44077.

CITY OF PAINESVILLE, OHIO

**Statement of Net Position
December 31, 2013**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 11,798,800	\$ 26,519,481	\$ 38,318,281
Receivables:			
Taxes	4,113,672	0	4,113,672
Accounts	130,539	3,803,078	3,933,617
Intergovernmental	767,664	0	767,664
Interest	58,898	0	58,898
Special Assessments	252,353	0	252,353
Internal Balances	517,706	(517,706)	0
Inventory of Supplies at Cost	183,521	959,722	1,143,243
Land Held for Resale	785,000	0	785,000
Prepaid Items	86,689	310,478	397,167
Investment in Joint Venture	0	1,189,543	1,189,543
Restricted Assets:			
Cash and Cash Equivalents	1,114,645	1,118,952	2,233,597
Capital Assets:			
Capital Assets Not Being Depreciated	19,253,235	22,084,554	41,337,789
Capital Assets Being Depreciated, Net	23,301,549	41,800,240	65,101,789
Total Assets	62,364,271	97,268,342	159,632,613
Liabilities:			
Accounts Payable	162,814	1,006,113	1,168,927
Accrued Wages and Benefits	427,429	430,530	857,959
Intergovernmental Payable	0	19,151	19,151
Claims Payable	388,200	0	388,200
Retainage Payable	20,164	0	20,164
Refundable Deposits	0	1,118,952	1,118,952
Accrued Interest Payable	92,125	34,783	126,908
General Obligation Notes Payable	480,000	170,000	650,000
Noncurrent liabilities:			
Due within one year	1,209,823	1,642,493	2,852,316
Due in more than one year	13,361,175	11,100,662	24,461,837
Total Liabilities	16,141,730	15,522,684	31,664,414
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,173,592	0	2,173,592

CITY OF PAINESVILLE, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	31,513,541	53,612,184	85,125,725
Restricted For:			
Capital Projects	796,827	0	796,827
Debt Service	559,619	0	559,619
Highways	2,529,677	0	2,529,677
Public Safety	234,163	0	234,163
Cemetery Operations:			
Nonexpendable	1,114,645	0	1,114,645
Expendable	203,861	0	203,861
Unrestricted	7,096,616	28,133,474	35,230,090
Total Net Position	\$ 44,048,949	\$ 81,745,658	\$ 125,794,607

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Activities
For the Year Ended December 31, 2013**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 3,739,730	\$ 1,720,626	\$ 3,482	\$ 0
Public Safety	6,887,389	587,466	59,096	0
Highways and Streets	2,566,021	19,050	740,021	586,171
Public Health and Welfare	516,688	108,261	0	0
Culture and Recreation	590,591	12,580	0	21,962
Community Environment	314,010	152,640	0	434,315
Interest and Fiscal Charges	313,959	0	0	0
Total Governmental Activities	14,928,388	2,600,623	802,599	1,042,448
Business-Type Activities:				
Water	5,302,197	6,307,635	7,154	0
Sewer	4,295,486	3,985,434	0	0
Electric	22,217,456	23,082,430	0	584
Refuse	2,116	1,573	0	0
Off Street Parking	185,296	41,209	0	0
Storm Water Utility	193,270	397,983	0	0
Community Programs	37,531	39,168	0	0
Total Business-Type Activities	32,233,352	33,855,432	7,154	584
Totals	\$ 47,161,740	\$ 36,456,055	\$ 809,753	\$ 1,043,032

General Revenues and Transfers

Property Taxes
Municipal Income Taxes
Intergovernmental, Unrestricted
Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,015,622)	\$ 0	\$ (2,015,622)
(6,240,827)	0	(6,240,827)
(1,220,779)	0	(1,220,779)
(408,427)	0	(408,427)
(556,049)	0	(556,049)
272,945	0	272,945
(313,959)	0	(313,959)
<u>(10,482,718)</u>	<u>0</u>	<u>(10,482,718)</u>
0	1,012,592	1,012,592
0	(310,052)	(310,052)
0	865,558	865,558
0	(543)	(543)
0	(144,087)	(144,087)
0	204,713	204,713
0	1,637	1,637
<u>0</u>	<u>1,629,818</u>	<u>1,629,818</u>
\$ (10,482,718)	\$ 1,629,818	\$ (8,852,900)
1,144,755	0	1,144,755
7,721,126	0	7,721,126
875,970	0	875,970
47,643	760	48,403
256,805	0	256,805
795,935	(795,935)	0
<u>10,842,234</u>	<u>(795,175)</u>	<u>10,047,059</u>
359,516	834,643	1,194,159
<u>43,689,433</u>	<u>80,911,015</u>	<u>124,600,448</u>
\$ 44,048,949	\$ 81,745,658	\$ 125,794,607

CITY OF PAINESVILLE, OHIO

**Balance Sheet
Governmental Funds
December 31, 2013**

	General	Shamrock Business Center TIF
Assets:		
Pooled Cash and Investments	\$ 4,917,144	\$ 2,514,945
Receivables:		
Taxes	2,271,945	506,000
Accounts	54,203	0
Intergovernmental	425,683	0
Interest	58,898	0
Special Assessments	0	0
Interfund Loans Receivable	260,000	0
Inventory of Supplies, at Cost	150,367	0
Land Held for Resale	785,000	0
Prepaid Items	76,837	0
Restricted Assets:		
Cash and Cash Equivalents	0	0
Total Assets	\$ 9,000,077	\$ 3,020,945
Liabilities:		
Accounts Payable	\$ 30,817	\$ 46,143
Accrued Wages and Benefits Payable	372,072	0
Retainage Payable	0	0
Interfund Loans Payable	0	0
Accrued Interest Payable	0	1,973
General Obligation Notes Payable	0	480,000
Compensated Absences Payable	52,398	0
Total Liabilities	455,287	528,116
Deferred Inflows of Resources:		
Unavailable Amounts	372,076	0
Property Tax Levy for Next Fiscal Year	453,195	506,000
Total Deferred Inflows of Resources	825,271	506,000
Fund Balances:		
Nonspendable	1,012,204	0
Restricted	0	1,986,829
Committed	0	0
Assigned	756,351	0
Unassigned	5,950,964	0
Total Fund Balances	7,719,519	1,986,829
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,000,077	\$ 3,020,945

See accompanying notes to the basic financial statements

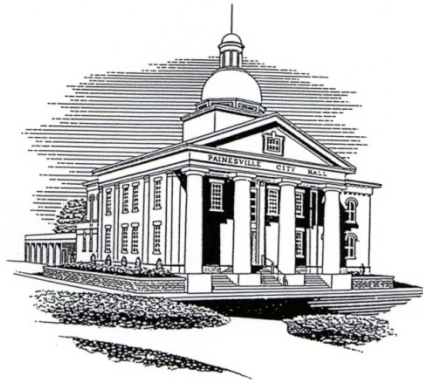
CITY OF PAINESVILLE, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 4,057,856	\$ 11,489,945
1,335,727	4,113,672
76,336	130,539
341,981	767,664
0	58,898
252,353	252,353
0	260,000
2,077	152,444
0	785,000
9,852	86,689
<u>1,114,645</u>	<u>1,114,645</u>
<u>\$ 7,190,827</u>	<u>\$ 19,211,849</u>
\$ 47,768	\$ 124,728
55,357	427,429
20,164	20,164
260,000	260,000
0	1,973
0	480,000
0	52,398
<u>383,289</u>	<u>1,366,692</u>
614,943	987,019
<u>1,214,397</u>	<u>2,173,592</u>
<u>1,829,340</u>	<u>3,160,611</u>
1,126,574	2,138,778
2,841,117	4,827,946
1,140,484	1,140,484
0	756,351
<u>(129,977)</u>	<u>5,820,987</u>
<u>4,978,198</u>	<u>14,684,546</u>
<u>\$ 7,190,827</u>	<u>\$ 19,211,849</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2013***

Total Governmental Fund Balances	\$ 14,684,546
<i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	42,554,784
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	987,019
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(430,049)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(13,747,351)</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 44,048,949</u>

See accompanying notes to the basic financial statements



CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013**

	General	Shamrock Business Center TIF
Revenues:		
Property Taxes	\$ 350,475	\$ 476,984
Municipal Income Taxes	7,721,126	0
Intergovernmental Revenues	855,703	250,000
Charges for Services	44,866	0
Licenses, Permits and Inspection Fees	337,067	0
Investment Earnings	48,551	0
Special Assessments	0	0
Fines and Forfeitures	1,016,160	0
All Other Revenues	437,113	0
Total Revenues	10,811,061	726,984
Expenditures:		
Current:		
General Government	3,130,220	0
Public Safety	5,833,012	0
Highways and Streets	643,493	4,632,400
Public Health and Welfare	122,841	0
Culture and Recreation	538,577	0
Community Environment	162,166	0
Capital Outlay	0	0
Debt Service:		
Principal Retirement	224,137	0
Interest & Fiscal Charges	10,999	130,141
Total Expenditures	10,665,445	4,762,541
Excess (Deficiency) of Revenues Over Expenditures	145,616	(4,035,557)
Other Financing Sources (Uses):		
Sale of Capital Assets	322	0
General Obligation Bonds Issued	0	0
Long Term Note Issuance	71,000	0
Issuance of OPWC Loans	0	840,030
Transfers In	920,935	50,000
Transfers Out	(863,000)	0
Insurance Proceeds	0	0
Total Other Financing Sources (Uses)	129,257	890,030
Net Change in Fund Balances	274,873	(3,145,527)
Fund Balance at Beginning of Year	7,446,058	5,132,356
Increase (Decrease) in Inventory	(1,412)	0
Fund Balance End of Year	\$ 7,719,519	\$ 1,986,829

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 229,415	\$ 1,056,874
0	7,721,126
1,589,217	2,694,920
628,021	672,887
0	337,067
1,060	49,611
76,294	76,294
400,046	1,416,206
25,611	462,724
<hr/> 2,949,664	<hr/> 14,487,709
428,115	3,558,335
827,403	6,660,415
606,941	5,882,834
371,400	494,241
0	538,577
146,939	309,105
820,402	820,402
1,112,536	1,336,673
127,370	268,510
<hr/> 4,441,106	<hr/> 19,869,092
(1,491,442)	(5,381,383)
30,000	30,322
1,917,000	1,917,000
960,876	1,031,876
0	840,030
658,000	1,628,935
(20,000)	(883,000)
3,482	3,482
<hr/> 3,549,358	<hr/> 4,568,645
2,057,916	(812,738)
2,920,081	15,498,495
201	(1,211)
<hr/> \$ 4,978,198	<hr/> \$ 14,684,546

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2013***

Net Change in Fund Balances - Total Governmental Funds \$ (812,738)

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 outlay exceeded depreciation in the current period. 3,711,681

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (82,558)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 778

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (2,425,175)

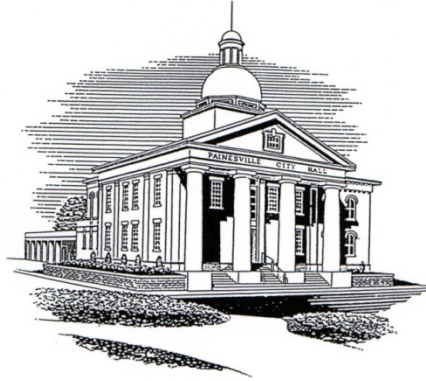
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (53,277)

Some expenses reported in the statement of activities, such as compensated absences and supplies inventory do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 40,508

The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. (19,703)

Change in Net Position of Governmental Activities \$ 359,516

See accompanying notes to the basic financial statements



CITY OF PAINESVILLE, 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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 401,000	\$ 401,000	\$ 350,475	\$ (50,525)
Municipal Income Taxes	7,240,000	7,155,456	7,062,355	(93,101)
Other Local Taxes	5,000	5,000	0	(5,000)
Intergovernmental Revenue	942,210	942,210	877,573	(64,637)
Charges for Services	47,330	47,330	48,418	1,088
Licenses, Permits and Inspection Fees	307,600	307,600	336,329	28,729
Investment Earnings	200,000	200,000	189,090	(10,910)
Fines and Forfeitures	900,350	900,350	1,016,160	115,810
All Other Revenues	336,025	336,025	436,299	100,274
Total Revenues	<u>10,379,515</u>	<u>10,294,971</u>	<u>10,316,699</u>	<u>21,728</u>
Expenditures:				
Current:				
General Government	3,646,204	3,388,692	3,351,628	37,064
Public Safety	6,522,893	6,282,928	6,206,344	76,584
Highways and Streets	650,446	655,886	646,487	9,399
Public Health and Welfare	131,400	123,400	122,856	544
Culture and Recreation	572,187	569,622	561,303	8,319
Community Environment	190,887	174,387	168,686	5,701
Debt Service:				
Principal Retirement	62,308	62,408	62,360	48
Interest and Fiscal Charges	10,427	10,427	10,416	11
Total Expenditures	<u>11,786,752</u>	<u>11,267,750</u>	<u>11,130,080</u>	<u>137,670</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,407,237)	(972,779)	(813,381)	159,398
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	322	322
Sale of General Obligation Notes	196,000	71,000	71,000	0
Transfers In	590,956	1,035,000	995,935	(39,065)
Transfers Out	(335,000)	(938,000)	(938,000)	0
Advances Out	(218,160)	(172,160)	(162,760)	9,400
Total Other Financing Sources (Uses):	<u>233,796</u>	<u>(4,160)</u>	<u>(33,503)</u>	<u>(29,343)</u>
Net Changes in Fund Balance	(1,173,441)	(976,939)	(846,884)	130,055
Fund Balance at Beginning of Year	4,726,274	4,726,274	4,726,274	0
Prior Year Encumbrances	517,569	517,569	517,569	0
Fund Balance at End of Year	<u>\$ 4,070,402</u>	<u>\$ 4,266,904</u>	<u>\$ 4,396,959</u>	<u>\$ 130,055</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Shamrock Business Center TIF Fund
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 506,000	\$ 506,000	\$ 476,984	\$ (29,016)
Intergovernmental Revenues	250,000	250,000	250,000	0
Total Revenues	<u>756,000</u>	<u>756,000</u>	<u>726,984</u>	<u>(29,016)</u>
Expenditures:				
Current:				
Highways and Streets	<u>8,530,610</u>	<u>6,030,610</u>	<u>5,695,286</u>	<u>335,324</u>
Total Expenditures	<u>8,530,610</u>	<u>6,030,610</u>	<u>5,695,286</u>	<u>335,324</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,774,610)	(5,274,610)	(4,968,302)	306,308
Other Financing Sources (Uses):				
Issuance of OPWC Loans	1,500,000	750,000	840,030	90,030
General Obligation Notes Issued	500,000	500,000	480,000	(20,000)
Premiums on Debt Issuances	0	0	1,608	1,608
Transfers In	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>2,000,000</u>	<u>1,300,000</u>	<u>1,371,638</u>	<u>71,638</u>
Net Change in Fund Balance	(5,774,610)	(3,974,610)	(3,596,664)	377,946
Fund Balance at Beginning of Year	5,171,117	5,171,117	5,171,117	0
Prior Year Encumbrances	<u>622,355</u>	<u>622,355</u>	<u>622,355</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,862</u>	<u>\$ 1,818,862</u>	<u>\$ 2,196,808</u>	<u>\$ 377,946</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
Assets			
Current Assets:			
Pooled Cash and Investments	\$ 2,956,128	\$ 2,546,565	\$ 20,454,125
Accounts Receivable	512,509	367,016	2,872,024
Inventory of Supplies at Cost	191,110	55,168	713,444
Prepaid Items	81,173	61,010	164,993
Total Current Assets	3,740,920	3,029,759	24,204,586
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	387,111	0	727,912
Total Restricted Assets	387,111	0	727,912
Investment in Joint Venture	0	0	1,189,543
Capital Assets:			
Capital Assets Not Being Depreciated	3,905,197	956,714	16,748,733
Capital Assets Being Depreciated, Net	18,394,018	9,021,841	12,033,886
Total Noncurrent Assets	22,686,326	9,978,555	30,700,074
Total Assets	26,427,246	13,008,314	54,904,660
Liabilities			
Current Liabilities:			
Accounts Payable	368,664	11,705	625,279
Accrued Wages and Benefits	92,480	88,465	242,347
Intergovernmental Payable	800	18,346	0
Claims Payable - Current	0	0	0
Refundable Deposits	387,111	0	727,912
Accrued Interest Payable	27,129	2,902	665
General Obligation Notes Payable	131,260	19,370	0
Capital Leases Payable - Current	178,979	34,267	23,769
General Obligation Bonds Payable - Current	250,000	0	0
Revenue Bond Payable - Current	0	0	252,811
OWDA Loans Payable - Current	91,257	0	0
OPWC Loans Payable - Current	41,357	2,048	0
Long Term Notes Payable - Current	73,795	59,000	0
Compensated Absences Payable - Current	61,079	126,581	377,969
Total Current Liabilities	1,703,911	362,684	2,250,752

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 562,663	\$ 26,519,481	\$ 308,855
51,529	3,803,078	0
0	959,722	31,077
3,302	310,478	0
<u>617,494</u>	<u>31,592,759</u>	<u>339,932</u>
3,929	1,118,952	0
<u>3,929</u>	<u>1,118,952</u>	<u>0</u>
0	1,189,543	0
473,910	22,084,554	0
<u>2,350,495</u>	<u>41,800,240</u>	<u>0</u>
<u>2,828,334</u>	<u>66,193,289</u>	<u>0</u>
<u>3,445,828</u>	<u>97,786,048</u>	<u>339,932</u>
465	1,006,113	38,086
7,238	430,530	0
5	19,151	0
0	0	694,728
3,929	1,118,952	0
4,087	34,783	0
19,370	170,000	0
10,404	247,419	0
0	250,000	0
0	252,811	0
0	91,257	0
0	43,405	0
56,600	189,395	0
<u>2,577</u>	<u>568,206</u>	<u>0</u>
<u>104,675</u>	<u>4,422,022</u>	<u>732,814</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
Noncurrent Liabilities:			
Capital Leases Payable	2,788,670	279,091	189,919
General Obligation Bonds Payable	1,000,000	0	0
Claims Payable	0	0	0
Revenue Bonds Payable	0	0	797,425
OWDA Loans Payable	524,793	3,237,629	0
OPWC Loans Payable	41,261	26,635	0
Long Term Notes Payable	584,399	172,930	0
Compensated Absences Payable	311,692	244,543	448,169
Total Noncurrent Liabilities	<u>5,250,815</u>	<u>3,960,828</u>	<u>1,435,513</u>
Total Liabilities	<u>6,954,726</u>	<u>4,323,512</u>	<u>3,686,265</u>
Net Position			
Net Investment in Capital Assets	16,593,444	6,147,585	28,568,931
Unrestricted	<u>2,879,076</u>	<u>2,537,217</u>	<u>22,649,464</u>
Total Net Position	<u>\$ 19,472,520</u>	<u>\$ 8,684,802</u>	<u>\$ 51,218,395</u>

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
43,407	3,301,087	0
0	1,000,000	0
0	0	554,873
0	797,425	0
0	3,762,422	0
0	67,896	0
392,400	1,149,729	0
17,699	1,022,103	0
<u>453,506</u>	<u>11,100,662</u>	<u>554,873</u>
<u>558,181</u>	<u>15,522,684</u>	<u>1,287,687</u>
2,302,224	53,612,184	0
<u>585,423</u>	<u>28,651,180</u>	<u>(947,755)</u>
<u>\$ 2,887,647</u>	<u>\$ 82,263,364</u>	<u>\$ (947,755)</u>
	<u>(517,706)</u>	
	<u>\$ 81,745,658</u>	

CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
Operating Revenues:			
Charges for Services	\$ 4,372,712	\$ 3,392,906	\$ 22,426,738
Other Charges for Services	109,132	47,741	354,249
Other Operating Revenues	266,143	66,233	69,417
Total Operating Revenues	4,747,987	3,506,880	22,850,404
Operating Expenses:			
Personal Services	2,286,170	2,599,426	5,877,312
Contractual Services	1,050,755	519,683	1,916,611
Materials and Supplies	297,607	221,453	1,475,284
Utilities	371,114	230,441	11,969,055
Depreciation	988,337	576,270	721,814
Total Operating Expenses	4,993,983	4,147,273	21,960,076
Operating Income (Loss)	(245,996)	(640,393)	890,328
Non-Operating Revenue (Expenses):			
Interest Income	0	0	760
Interest and Fiscal Charges	(213,857)	(129,660)	(6,375)
Loss on Disposal of Assets	0	0	(14,772)
Loss on Investment in Joint Venture	0	0	(177,412)
Other Nonoperating Revenue	1,559,648	478,554	246,798
Other Nonoperating Expense	(94,357)	(18,553)	(42,344)
Total Non-Operating Revenues (Expenses)	1,251,434	330,341	6,655

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 470,735	\$ 30,663,091	\$ 3,991,841
7,658	518,780	0
1,540	403,333	0
<u>479,933</u>	<u>31,585,204</u>	<u>3,991,841</u>
172,622	10,935,530	3,016,131
89,413	3,576,462	761,319
11,243	2,005,587	315,343
16,964	12,587,574	0
58,308	2,344,729	0
<u>348,550</u>	<u>31,449,882</u>	<u>4,092,793</u>
131,383	135,322	(100,952)
0	760	0
(6,235)	(356,127)	0
0	(14,772)	0
0	(177,412)	0
0	2,285,000	0
<u>(63,428)</u>	<u>(218,682)</u>	<u>0</u>
<u>(69,663)</u>	<u>1,518,767</u>	<u>0</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
Income (Loss) Before Transfers and Contributions	1,005,438	(310,052)	896,983
Transfers and Contributions:			
Transfers In	0	0	0
Transfers Out	0	(10,000)	(890,935)
Capital Contributions	7,154	0	584
Total Transfers and Contributions	7,154	(10,000)	(890,351)
Change in Net Position	1,012,592	(320,052)	6,632
Net Position Beginning of Year	18,459,928	9,004,854	51,211,763
Net Position End of Year	\$ 19,472,520	\$ 8,684,802	\$ 51,218,395

Change in Net Position - Total Enterprise Funds

Adjustment to reflect the consolidation of internal
service fund activities related to the enterprise funds.

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
61,720	1,654,089	(100,952)
105,000	105,000	50,000
0	(900,935)	0
0	7,738	0
<u>105,000</u>	<u>(788,197)</u>	<u>50,000</u>
166,720	865,892	(50,952)
2,720,927	81,397,472	(896,803)
<u>\$ 2,887,647</u>	<u>\$ 82,263,364</u>	<u>\$ (947,755)</u>
	\$ 865,892	
	<u>(31,249)</u>	
	<u>\$ 834,643</u>	

CITY OF PAINESVILLE, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$6,409,911	\$4,110,999	\$23,586,353
Cash Receipts from Interfund Services Provided	0	0	0
Cash Payments for Goods and Services	(1,793,270)	(979,964)	(15,978,173)
Cash Payments to Employees	(2,300,128)	(2,636,225)	(5,949,339)
Cash Payments for Employee Medical Claims	0	0	0
Net Cash Provided (Used) by Operating Activities	2,316,513	494,810	1,658,841
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	0	0
Transfers Out to Other Funds	0	(10,000)	(890,935)
Advances In from Other Funds	0	0	162,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	(10,000)	(728,935)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds of General Obligation Notes	789,454	251,300	0
Premiums on Debt Issuances	33	5	0
Principal Paid on General Obligation Notes	(890,484)	(338,215)	0
Intergovernmental Grants Received	0	0	584
Acquisition and Construction of Assets	(1,146,102)	(426,031)	(3,795,704)
Issuance of Capital Leases	96,861	121,973	86,098
Principal Paid on Capital Leases	(153,501)	(10,233)	(6,822)
Principal Paid on General Obligation Bonds	(250,000)	0	0
Principal Paid on Ohio Public Works Commission Loans	(41,357)	(2,048)	0
Principal Paid on Ohio Water Development Authority Loans	(87,184)	(131,297)	0
Interest Paid on All Debt	(245,997)	(130,813)	(5,774)
Net Cash Used for Capital and Related Financing Activities	(1,928,277)	(665,359)	(3,721,618)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Principal and Interest on Investments	0	0	760
Sale of Investments	0	0	20,000
Net Cash Provided by Investing Activities	0	0	20,760
Net Increase (Decrease) in Cash and Cash Equivalents	388,236	(180,549)	(2,770,952)
Cash and Cash Equivalents at Beginning of Year	2,955,003	2,727,114	23,952,989
Cash and Cash Equivalents at End of Year	\$3,343,239	\$2,546,565	\$21,182,037
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$2,956,128	\$2,546,565	\$20,454,125
Restricted Cash and Cash Equivalents	387,111	0	727,912
Cash and Cash Equivalents at End of Year	\$3,343,239	\$2,546,565	\$21,182,037

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities
		Internal Service Funds
\$507,680	\$34,614,943	\$0
0	0	3,991,841
(118,092)	(18,869,499)	(1,049,600)
(172,773)	(11,058,465)	(266,160)
0	0	(2,704,099)
<u>216,815</u>	<u>4,686,979</u>	<u>(28,018)</u>
105,000	105,000	50,000
0	(900,935)	0
0	162,000	0
<u>105,000</u>	<u>(633,935)</u>	<u>50,000</u>
468,370	1,509,124	0
5	43	0
(544,340)	(1,773,039)	0
0	584	0
(148,286)	(5,516,123)	0
53,811	358,743	0
0	(170,556)	0
0	(250,000)	0
0	(43,405)	0
0	(218,481)	0
(8,672)	(391,256)	0
<u>(179,112)</u>	<u>(6,494,366)</u>	<u>0</u>
0	760	0
0	20,000	0
<u>0</u>	<u>20,760</u>	<u>0</u>
142,703	(2,420,562)	21,982
<u>423,889</u>	<u>30,058,995</u>	<u>286,873</u>
<u>\$566,592</u>	<u>\$27,638,433</u>	<u>\$308,855</u>
\$562,663	\$26,519,481	\$308,855
3,929	1,118,952	0
<u>\$566,592</u>	<u>\$27,638,433</u>	<u>\$308,855</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$245,996)	(\$640,393)	\$890,328
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	988,337	576,270	721,814
Miscellaneous Nonoperating Revenues	1,572,948	449,509	160,718
Miscellaneous Nonoperating Expenses	(55,765)	(23,086)	(50,277)
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	88,976	150,948	575,231
Decrease in Intergovernmental Receivable	0	3,662	0
(Increase) Decrease in Inventory	(5,313)	25,342	(5,142)
Increase in Prepaid Items	(8,045)	(5,564)	(22,095)
Increase (Decrease) in Accounts Payable	(5,471)	(15,195)	(255,898)
Increase (Decrease) in Accrued Wages and Benefits	(2,848)	(5,563)	(14,160)
Increase (Decrease) in Intergovernmental Payable	(1,525)	8,198	(3,842)
Decrease in Compensated Absences Payable	(8,785)	(29,318)	(54,032)
Decrease in Payable to Joint Venture	0	0	(283,804)
Increase in Claims Liability	0	0	0
Total Adjustments	<u>2,562,509</u>	<u>1,135,203</u>	<u>768,513</u>
Net Cash Provided (Used) by Operating Activities	<u>\$2,316,513</u>	<u>\$494,810</u>	<u>\$1,658,841</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2013 the Water and Electric Funds had outstanding liabilities of \$298,586 and \$537,234, respectively for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities
		Internal Service Funds
\$131,383	\$135,322	(\$100,952)
58,308	2,344,729	0
27	2,183,202	0
0	(129,128)	0
27,720	842,875	0
0	3,662	0
0	14,887	1,388
(146)	(35,850)	0
(331)	(276,895)	22,046
836	(21,735)	0
5	2,836	0
(987)	(93,122)	0
0	(283,804)	0
0	0	49,500
<u>85,432</u>	<u>4,551,657</u>	<u>72,934</u>
<u>\$216,815</u>	<u>\$4,686,979</u>	<u>(\$28,018)</u>

CITY OF PAINESVILLE, OHIO

**Statement of Net Position
Fiduciary Funds
December 31, 2013**

	Private Purpose Trust	
	Deposit Trust	Agency
Assets:		
Cash and Cash Equivalents	\$ 584,942	\$ 403,590
Receivables:		
Taxes	0	73,151
Total Assets	<u>584,942</u>	<u>476,741</u>
Liabilities:		
Intergovernmental Payable	29	54,863
Due to Others	0	421,878
Total Liabilities	<u>29</u>	<u>476,741</u>
Net Position:		
Unrestricted	584,913	0
Total Net Position	<u>\$ 584,913</u>	<u>\$ 0</u>

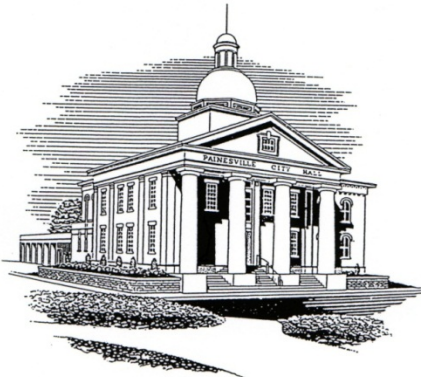
See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2013**

	Private Purpose Trust
	<u>Deposit Trust</u>
Additions:	
Contributions:	
Private Donations	\$ 68,604
Total Additions	<u>68,604</u>
Deductions:	
Administrative Expenses	<u>39,249</u>
Total Deductions	<u>39,249</u>
Change in Net Position	29,355
Net Position at Beginning of Year	<u>555,558</u>
Net Position End of Year	<u>\$ 584,913</u>

See accompanying notes to the basic financial statements



***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Painesville, Ohio (the City), is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Council/Manager form of government, was adopted on November 6, 1962 and has been amended four times (1963, 1973, 1983 and 1989).

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: public safety (police and fire), health (health department), culture and recreation (parks and recreation), community environment (planning, zoning and community development), basic utility (water, electric, sanitation, public parking and wastewater pollution control), highways and streets (street and highway maintenance), and general government (administrative services including the municipal court).

Joint Venture with Equity Interest – The City is a participant with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2). The Omega JV-2 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 economics of the participants' respective municipal electric utility systems. The Omega JV-2 is managed by AMP-Ohio, which acts as the joint venture's agent. See Note 16, "Joint Venture."

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues and expenditures (expenses).

The various funds are grouped into generic fund types and three broad fund categories for financial statement presentation purposes. Governmental funds include the general, special revenue, debt service, capital projects, and permanent funds. Proprietary funds include enterprise and internal service funds. Fiduciary funds include trust and agency funds. The following fund types are used by the City:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds - Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those 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 general laws of Ohio and the provisions of the City Charter.

Shamrock Business Center TIF Fund - This fund accounts for bond proceeds to be used for the extension of Shamrock Boulevard. The debt is retired from payments received in lieu of taxes per the tax increment financing agreement.

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

Proprietary Funds - All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets, liabilities and deferred outflows/inflows of resources associated with the operation of these funds are presented on the balance sheet. Proprietary fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City maintains separate enterprise funds for its water, sewer, electricity, refuse, off-street parking, storm water utility services and community programs. The following are the City's major enterprise funds:

Water Fund - This fund is used to account for the operation of the City's water treatment and distribution systems.

Sewer Fund - This fund is used to account for the operation of the City's sewage treatment and collection systems.

Electric Fund - This fund is used to account for the operation of the City's electric generation and distribution systems.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City uses internal service funds to account for costs associated with fuel, supplies, employee health insurance, and worker's compensation.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City's fiduciary funds are private-purpose trust funds and agency funds. The City's private-purpose trust fund accounts for various deposits held by the City. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's agency funds account for monies that flow through the Municipal Court, monies from electric license fees, monies from the sale of property under the Land Bank Program, deposits from contractors, and income tax collections generated by the Concord Township Joint Economic Development District.

C. Basis of Presentation - Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. These balances appear as internal balances on the statement of net position.

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Position. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, deferred outflows/inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. 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

The basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus. The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenue considered susceptible to accrual at year end includes income taxes, interest on investments, fines and forfeitures, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Special assessment installments, including related accrued interest, which are measurable but not available at December 31, are recorded as deferred inflows of resources. Property taxes which are measurable at December 31, 2013, but which are not intended to finance 2013 operations or are not expected to be received within sixty (60) days after year end, are recorded as deferred inflows of resources. Property taxes are further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by all government wide statements, proprietary and fiduciary (including agency funds) funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in the proprietary funds.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the annual tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the program level (general government, public safety, highways and streets, public health and welfare, culture and recreation and community environment) and within each program at the level of personal services, certain other expenditures, capital outlay and transfers as required by Ohio law. The City Manager is authorized to transfer appropriations between objects of expenditure budgeted within the same program, so long as total appropriations for each program do not exceed the amount approved by Council. Budgetary modifications, other than those noted previously, may only be made by ordinance of the City Council.

1. Tax Budget

By July 15, the City Manager submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. 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 available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The estimated revenue amounts reported on the accompanying budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued for 2013.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. By Charter, the City Manager must submit an annual appropriation ordinance (for the period January 1 through December 31) to City Council by March 31 of each year. The primary level of budgetary control is at the program level (general government, public safety, highways and streets, public health and welfare, culture and recreation and community environment) and within each program at the level of personal services, certain other expenditures, capital outlay and transfers as required by Ohio law. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. During the year, several supplemental appropriations were necessary. The budgetary figures which appear in the Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—General Fund, and major special revenue fund (Shamrock Business Center TIF Fund) are presented on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

5. Lapsing of Appropriations

At the close of each fiscal 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 subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for the City's transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures on the budgetary basis. On the budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the “Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual” for the General Fund and Major Special Revenue Fund:

	Net Change in Fund Balance	
	General Fund	Shamrock Business Center TIF Fund
GAAP Basis (as reported)	\$274,873	(\$3,145,527)
Increase (Decrease):		
Accrued Revenues at December 31, 2013 received during 2014	(2,245,458)	0
Accrued Revenues at December 31, 2012 received during 2013	1,627,608	0
Accrued Expenditures at December 31, 2013 paid during 2014	455,287	528,116
Accrued Expenditures at December 31, 2012 paid during 2013	(568,301)	(661,116)
2012 Prepays for 2013	68,602	0
2013 Prepays for 2014	(76,837)	0
2012 Adjustment to Fair Value	125,754	0
2013 Adjustment to Fair Value	(2,266)	0
Outstanding Encumbrances	(506,282)	(318,137)
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	136	0
Budget Basis	<u>(\$846,884)</u>	<u>(\$3,596,664)</u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio), and short-term certificates of deposit with original maturities of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the basic financial statements because it is a highly liquid instrument which is readily convertible to cash.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents (Continued)

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash, including the investment instrument described above, represents the balance on hand as if each fund maintained its own cash and investments account. For purposes of the statement of cash flows, the share of equity in the pooled cash and investments of the proprietary funds is considered to be a cash equivalent. See Note 4 "Cash and Cash Equivalents."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the City Charter. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. Interest revenue credited to the General Fund during 2013 amounted to \$48,551, which includes \$44,585 assigned from other funds.

The City invested funds in the STAR Ohio during 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2013. See Note 4 "Cash and Cash Equivalents."

H. Accounts Receivable

Receivables consist primarily of taxes in the governmental funds and accounts (billings for user charged services, including unbilled amounts) in the proprietary funds.

I. Inventory

On the government-wide financial statements and in the proprietary funds, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental funds when purchased.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life threshold of three or more years.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (Years)</u>
Buildings and Improvements	40 - 60
Utility Plant in Service	20 - 60
Improvements other than Buildings	20
Infrastructure	25 - 50
Machinery, Equipment, Furniture, Fixtures and Vehicles	5 - 15

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. To the extent that certain transactions between funds have not been paid or received as of year end, interfund receivables or payables have been recorded.

L. Compensated Absences

In accordance with GASB Statement No. 16, “*Accounting for Compensated Absences*,” the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” The City only reports a “Compensated Absence Payable” in governmental funds if the liability has matured. In the government wide statement of net position, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

Employees of the City earn vacation leave at various rates within limits specified under collective bargaining agreements or under statute. At termination or retirement, employees are paid at their full rate for 100% of their unused vacation leave.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

M. Long-Term Debt

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits are reported in the government wide statement of net position as a liability to the extent that they will not be paid with current expendable available financial resources. Such liabilities are reported in the government wide statement of net position in the “Due within one year” account and the “Due in more than one year” account. Payments made more than 60 days after year end are generally considered not to have been paid with current available financial resources. Bonds are recognized as a liability in the government wide statement of net position. Long-term debt and other obligations to be paid from proprietary funds are reported in those funds.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Debt (Continued)

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	Water Fund, Electric Fund, General Bond Retirement Fund
Special Assessment Bonds	Special Assessment Bond Retirement Fund
Ohio Public Works Commission (OPWC) Loans	Street Construction, Maintenance and Repair Fund Water Fund, Sewer Fund
Ohio Water Development Authority (OWDA) Loans	Water Fund Sewer Fund
Mortgage Revenue Bonds	Electric Fund
Police and Fire Pension Accrued Liability	General Fund
Workers' Compensation Liability	Workers' Compensation Retrospective Fund
Capital Leases	General Fund Street Construction, Maintenance and Repair Fund Cemeteries Fund Capital Equipment Reserve Fund Capital Improvement Fund Water Fund Sewer Fund Electric Fund Storm Water Utility Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Cemeteries Fund Water Fund Sewer Fund Electric Fund Off-Street Parking Fund Storm Water Utility Fund
Long-Term Notes Payable	General Fund, Water Fund, Sewer Fund, Storm Water Utility Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. The City has no formal policy authorizing a body or official to assign amounts.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

O. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Restricted Assets

Certain cash and cash equivalents are classified as restricted on the balance sheet because these funds are being held by a trustee, an agent or by the City for specified purposes.

Q. Intergovernmental Revenues

In governmental funds, grants awarded on a non-reimbursement basis, entitlements and shared revenues are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

Grants received for proprietary fund operations are recognized as revenues when measurable and earned. Such resources restricted for the construction of capital assets are recorded as contributed capital.

R. Pensions

The provision for pension cost is recorded when the related payroll is accrued and the obligation is incurred.

S. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on 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 resources are available.

T. 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 water treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems, electric distribution, off-street parking and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

V. 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 Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

W. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City reports no deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Other long-term assets not available to pay for current-period expenditures:

Tax Revenues	\$167,885
Shared Revenues	534,248
Interest Revenues	32,533
Special Assessment Revenue	252,353
	<u>\$987,019</u>

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$8,930,736)
Special Assessment Bonds Payable	(290,000)
Long Term Notes Payable	(960,876)
OPWC Loans Payable	(908,491)
Construction Loan Payable	(203,139)
Accrued Interest on Long-Term Debt	(90,152)
Capital Leases Payable	(201,737)
Police/Firemen's Pension Accrued Liability	(684,165)
Compensated Absences Payable	(1,478,055)
	<u>(\$13,747,351)</u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which capital outlay exceeded depreciation in the current period:

Capital Outlay	\$5,276,022
Depreciation Expense	(1,564,341)
	<u>\$3,711,681</u>

Governmental revenues not reported in the funds:

Increase in Tax Revenue	\$87,881
Increase in Intergovernmental Revenue	22,615
Decrease in Interest Revenue	(1,968)
Decrease in Charges for Services	(50,103)
Decrease in Special Assessment Revenue	(57,647)
	<u>\$778</u>

Net amount of long-term debt issuance and principal payments:

Long-Term Note Issuance	(\$1,031,876)
Long-Term Note Principal Payment	1,136,481
General Obligation Bond Issuance	(1,917,000)
Premium Amortization	7,828
General Obligation Bond Principal Payment	95,000
Special Assessment Bond Principal Payment	20,000
Construction Loan Principal Payment	62,137
OPWC Loan Principal Payment	4,890
OPWC Loan Issuance	(840,030)
Police/Firemen's Pension Liability Payment	19,230
Capital Lease Payments	18,165
	<u>(\$2,425,175)</u>

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$41,719
Decrease in Supplies Inventory	(1,211)
	<u>\$40,508</u>

CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 3 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned, and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Shamrock Business Center TIF Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Supplies Inventory	\$150,367	\$0	\$2,077	\$152,444
Land Held for Resale	785,000	0	0	785,000
Prepaid Items	76,837	0	9,852	86,689
Permanent Fund Corpus	0	0	1,114,645	1,114,645
Total Nonspendable	1,012,204	0	1,126,574	2,138,778
Restricted:				
Street Maintenance and Repair	0	0	1,179,622	1,179,622
Cemetery Maintenance	0	0	264,411	264,411
Law Enforcement	0	0	156,488	156,488
Fire Department Operations	0	0	17,021	17,021
Drug and Alcohol Treatment	0	0	53,691	53,691
Adult Probation Program	0	0	27,056	27,056
Court Computer Improvements	0	0	43,118	43,118
Debt Retirement	0	0	300,218	300,218
Capital Improvements	0	1,986,829	799,492	2,786,321
Total Restricted	0	1,986,829	2,841,117	4,827,946
Committed:				
Emergency Medical Services	0	0	452,109	452,109
Capital Improvements	0	0	686,444	686,444
Other Purposes	0	0	1,931	1,931
Total Committed	0	0	1,140,484	1,140,484
Assigned:				
Budget Resource	258,472	0	0	258,472
Encumbrances	497,879	0	0	497,879
Total Assigned	756,351	0	0	756,351
Unassigned (Deficits):	5,950,964	0	(129,977)	5,820,987
Total Fund Balances	\$7,719,519	\$1,986,829	\$4,978,198	\$14,684,546

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the City into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$28,633,272 and the bank balance was \$28,964,322. Federal depository insurance covered \$17,535,019 of the bank balance and \$11,429,303 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$11,429,303</u>
Total Balance	<u><u>\$11,429,303</u></u>

B. Investments

The City's investments at December 31, 2013 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
STAR Ohio	\$52,589	AAAm ¹	\$52,589	\$0	\$0
US Treasury Notes	753,017	AA ⁺ /Aaa ²	753,017	0	0
FHLB	4,005,603	AA ⁺ /Aaa ²	1,506,238	2,499,365	0
FFCB	8,095,929	AA ⁺ /Aaa ²	2,269,025	5,826,904	0
Total Investments	<u>\$12,907,138</u>		<u>\$4,580,869</u>	<u>\$8,326,269</u>	<u>\$0</u>

¹ Standard & Poor's

² Moody's Investor Service

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Investment Credit Risk – The City has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 6% were United States Treasury Notes, 31% were FHLB, 62% are FFCB, and the remaining 1% were in other investments.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

NOTE 5 - PROPERTY TAX

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2013 were levied after October 1, 2012 on assessed values as of January 1, 2012, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2012. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Painesville. The County Auditor periodically remits to the City its portion of the taxes collected.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 5 - PROPERTY TAX (Continued)

The full tax rate for all City operations for the year ended December 31, 2013 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2013 collections were based was \$218,554,660. This amount constitutes \$216,621,280 in real property assessed value and \$1,933,380 in public utility assessed.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Property taxes recorded as revenue in 2013 were based on a tax rate equal to .370% (3.70 mills) of assessed value.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2013 consisted of taxes, interest, accounts receivable, special assessments, and intergovernmental receivables arising from shared revenues.

NOTE 7 - LAND HELD FOR RESALE

In December 1999, the City purchased 43.1 acres of land with the intent of resale as part of the City's economic development strategy. Additional land was purchased during 2001 for the same purpose. This land is instrumental in the development of commercial or industrial facilities to create and preserve jobs. At December 31, 2013 the City's Land Held for Resale balance was \$785,000.

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2013 consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$260,000	\$0
Nonmajor Governmental Fund:		
Fire Levy Fund	0	260,000
Totals	<u>\$260,000</u>	<u>\$260,000</u>

The interfund loan balances result from the General Fund's advance of monies to the Fire Levy Fund to assist the fund's cashflow. The advance is scheduled to be repaid during the 2014 fiscal year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2013:

Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$920,935	\$863,000
Shamrock Business Center TIF Fund	50,000	0
Total Major Governmental Funds	<u>970,935</u>	<u>863,000</u>
Major Enterprise Funds:		
Sewer Fund	0	10,000
Electric Fund	0	890,935
Total Major Enterprise Funds	<u>0</u>	<u>900,935</u>
Nonmajor Governmental Funds:		
Cemeteries Fund	305,000	0
Fire Levy Fund	0	20,000
Victim's Advocate Grant Fund	3,000	0
Capital Equipment Reserve Fund	200,000	0
Capital Improvement Fund	150,000	0
Total Nonmajor Governmental Funds	<u>658,000</u>	<u>20,000</u>
Nonmajor Enterprise Funds:		
Off-Street Parking Fund	105,000	0
Total Nonmajor Enterprise Funds	<u>105,000</u>	<u>0</u>
Internal Service Funds:		
Fuel and Oil Rotary Fund	50,000	0
Total Internal Service Funds	<u>50,000</u>	<u>0</u>
Total All Funds	<u><u>\$1,783,935</u></u>	<u><u>\$1,783,935</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization. The City's transfers out were made in accordance to City ordinances as required by Ohio Revised Code.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2013:

Historical Cost:

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Capital assets not being depreciated:				
Land	\$7,691,544	\$2,146,982	\$0	\$9,838,526
Construction in Progress	6,540,403	5,375,388	(2,501,082)	9,414,709
Subtotal	14,231,947	7,522,370	(2,501,082)	19,253,235
Capital assets being depreciated:				
Buildings and Improvements	5,384,680	59,416	0	5,444,096
Improvements other than Buildings	8,699,969	0	0	8,699,969
Machinery and Equipment	6,793,346	195,318	(637,979)	6,350,685
Infrastructure	24,929,303	0	0	24,929,303
Subtotal	45,807,298	254,734	(637,979)	45,424,053
Total Cost	\$60,039,245	\$7,777,104	(\$3,139,061)	\$64,677,288

Accumulated Depreciation:

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Buildings and Improvements	(\$2,379,383)	(\$64,304)	\$0	(\$2,443,687)
Improvements other than Buildings	(1,565,850)	(219,041)	0	(1,784,891)
Machinery and Equipment	(4,910,940)	(450,019)	555,421	(4,805,538)
Infrastructure	(12,257,411)	(830,977)	0	(13,088,388)
Total Depreciation	(\$21,113,584)	(\$1,564,341) *	\$555,421	(\$22,122,504)
Net Value:	\$38,925,661			\$42,554,784

* Depreciation expenses were charged to governmental functions as follows:

General Government	\$116,618
Public Safety	234,685
Highways and Streets	1,135,890
Public Health and Welfare	19,224
Culture and Recreation	52,516
Community Environment	5,408
Total Depreciation Expense	\$1,564,341

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 10 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2013:

Historical Cost:

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Capital assets not being depreciated:				
Land	\$1,397,784	\$0	\$0	\$1,397,784
Construction In Progress	21,054,260	4,743,219	(5,110,709)	20,686,770
Subtotal	22,452,044	4,743,219	(5,110,709)	22,084,554
Capital assets being depreciated:				
Buildings and Improvements	31,580,303	596,723	0	32,177,026
Infrastructure	42,954,957	1,791,857	0	44,746,814
Machinery and Equipment	23,104,659	4,002,646	(115,002)	26,992,303
Subtotal	97,639,919	6,391,226	(115,002)	103,916,143
Total Cost	\$120,091,963	\$11,134,445	(\$5,225,711)	\$126,000,697

Accumulated Depreciation:

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Buildings and Improvements	(\$19,599,920)	(\$696,840)	\$0	(\$20,296,760)
Infrastructure	(21,296,537)	(944,999)	0	(22,241,536)
Machinery and Equipment	(18,911,159)	(766,678)	100,230	(19,577,607)
Total Depreciation	(\$59,807,616)	(\$2,408,517)	\$100,230	(\$62,115,903)
Net Value:	\$60,284,347			\$63,884,794

NOTE 11 – DEFINED BENEFIT PENSION PLANS

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (“OPERS”)

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2013, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2013 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 13.0% for calendar year 2013. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2013, 2012, and 2011 were \$1,319,937, \$1,002,439 and \$1,054,411, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2013 were \$16,932 made by the City and \$12,094 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (“OP&F”)

All City full-time police officers and full-time firefighters participate in 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. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164, by calling (614) 228-2975, or by visiting www.op-f.org.

From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions used to fund pension obligations from January 1, 2013 through May 31, 2013 was 14.81% for police officers and 19.31% for firefighters. The portion of employer contributions used to fund pension obligations from June 1, 2013 through December 31, 2013 was 16.65% for police officers and 21.15% for firefighters. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2013, 2012, and 2011 were \$459,434, \$327,364 and \$332,366 for police officers and \$415,314, \$306,545 and \$321,099 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 1.0% for calendar year 2013. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2013, 2012, and 2011 were \$101,534, \$400,976 and \$421,764, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund (“OP&F”)

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund (“OP&F”) (Continued)

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at www.op-f.org.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2013, the portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013 for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2013, 2012, and 2011 were \$104,614, \$173,310 and \$175,959 for police and \$73,690, \$119,952 and \$125,647 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 13 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2013 is as follows:

		Balance December 31, 2012	Issued	(Retired)	Balance December 31, 2013	Amount Due Within One Year
Business-Type Activities:						
Amp-Ohio Joint Venture Agreement:						
4.600 - 4.750%	Joint Venture Agreement	\$1,735,913	\$0	(\$181,518)	\$1,554,395	\$252,811
	Joint Venture Reserve Amount	(401,873)	0	(102,286)	(504,159)	0
	Net Joint Venture Agreement	<u>1,334,040</u>	<u>0</u>	<u>(283,804)</u>	<u>1,050,236</u>	<u>252,811</u>
General Obligation Bonds:						
3.250 - 4.600%	Waterworks	1998 1,500,000	0	(250,000)	1,250,000	250,000
Ohio Water Development Authority Loans (OWDA):						
4.618%	Safe Drinking Water	1998 703,234	0	(87,184)	616,050	91,257
3.420%	WPCLF WWTP Upgrades	2009 3,368,926	0	(131,297)	3,237,629	0
	Total OWDA Loans	<u>4,072,160</u>	<u>0</u>	<u>(218,481)</u>	<u>3,853,679</u>	<u>91,257</u>
Ohio Public Works Commission Loans (OPWC):						
0.000%	Pump Station	2005 123,975	0	(41,357)	82,618	41,357
0.000%	Mentor Ave / Jackson Street Sewer	2008 30,731	0	(2,048)	28,683	2,048
	Total OPWC Loans	<u>154,706</u>	<u>0</u>	<u>(43,405)</u>	<u>111,301</u>	<u>43,405</u>
Long-Term Notes Payable:						
1.8-6.0%	Various Purpose	2011 1,535,519	1,339,124	(1,535,519)	1,339,124	189,395
Capital Leases Payable						
		3,360,319	358,743	(170,556)	3,548,506	247,419
Compensated Absences						
		1,683,431	588,542	(681,664)	1,590,309	568,206
	Total Business-Type Activities	<u>\$13,640,175</u>	<u>\$2,286,409</u>	<u>(\$3,183,429)</u>	<u>\$12,743,155</u>	<u>\$1,642,493</u>
Governmental Activities:						
General Obligation Bonds:						
4.250 - 5.000%	Waterworks	2007 \$1,475,000	\$0	(\$95,000)	\$1,380,000	\$95,000
2.850%	Shamrock Blvd Improvement	2013 0	1,917,000	0	1,917,000	77,000
2.0 - 3.000%	Shamrock Blvd Improvement TIF	2012 5,485,000	0	0	5,485,000	0
	Premium on Debt Issuance	156,564	(7,828)	0	148,736	0
	Total General Obligation Bonds	<u>7,116,564</u>	<u>1,909,172</u>	<u>(95,000)</u>	<u>8,930,736</u>	<u>172,000</u>
Special Assessment Debt (with governmental commitment)						
4.75%	Renaissance Parkway	2005 310,000	0	(20,000)	290,000	20,000
Ohio Public Works Commission Loans (OPWC):						
0.000%	Chester Street Improvements	2008 73,351	0	(4,890)	68,461	4,890
0.000%	Brookstone Blvd Improvements	2013 0	840,030	0	840,030	0
	Total OPWC Loans	<u>73,351</u>	<u>840,030</u>	<u>(4,890)</u>	<u>908,491</u>	<u>4,890</u>
Long-Term Notes Payable:						
1.800%	Various Purpose	2011 1,065,481	1,031,876	(1,136,481)	960,876	215,605
Construction Loan Payable:						
4.250%	City Hall Construction	265,276	0	(62,137)	203,139	64,805
Compensated Absences						
		1,559,428	519,700	(548,675)	1,530,453	386,904
Workers' Compensation Liability						
		740,201	861,401	(740,201)	861,401	306,528
Capital Lease Payable						
		219,902	0	(18,165)	201,737	19,035
Police/Firemen's Pension Accrued Liability						
		703,395	0	(19,230)	684,165	20,056
	Total Governmental Activities	<u>\$12,053,598</u>	<u>\$5,162,179</u>	<u>(\$2,644,779)</u>	<u>\$14,570,998</u>	<u>\$1,209,823</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 13 - LONG-TERM DEBT (Continued)

A. Long Term Notes

Long term notes payable at December 31, 2013 consisted of Various Purpose Improvement Notes. All of the debt has a term of one year or less and was issued to finance improvements to City owned property and to acquire equipment. The City has been retiring a portion of the Various Purpose Improvement Notes as they mature and is issuing new notes for the remaining balance. The notes are dated March 5, 2013 and are due March 4, 2014, at an interest rate of 1.00%. Subsequent to year-end, the Various Purpose Improvement Notes, due March 4, 2014, were refinanced; therefore, these notes payable are recorded as long-term obligations.

B. Compensated Absences

City management staff and employees in each bargaining unit earn sick leave credit. Employees with at least 10 years of service are paid for one-third of their accumulated sick leave credit upon termination of employment, which may not exceed 120 days. This obligation amounted to \$1,815,102 for the City as of December 31, 2013.

In addition, management staff and personnel in each bargaining unit earn vacation at different rates based upon length of service. Vacation carried forward to the current year may not exceed one year's leave balance. In case of death, termination or retirement, an employee (or his estate) is paid for unused vacation up to a maximum of one year credit and two week accrual. The total obligation for accrued vacation for the City as a whole at December 31, 2013 amounted to \$1,305,660.

C. Police and Firemen's Pension Accrued Liability

The City's liability for past service costs related to the Police and Fire Pension Fund at December 31, 2013 was \$1,049,630 in principal and scheduled interest payments through the year 2035. Only the principal portion of the payments due is included in the in the government-wide statement of net position.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 13 - LONG-TERM DEBT (Continued)

D. Capital Leases

The City has entered into agreements to lease equipment. The original cost of the equipment was \$7,869,924. Such agreements are, in substance, lease purchases (capital leases) and are classified as long-term obligations in the financial statements. The costs of these assets are included in the capital asset balances of the Governmental Activities and Water, Sewer, Electric Funds (major enterprise funds) and the Storm Water Utility Fund (nonmajor enterprise fund). The capital leases payable are recorded in Governmental Activities and the Business-Type Activities in the amount of \$201,737, and \$3,548,506, respectively.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2013:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2014	\$28,698	\$390,009
2015	28,698	390,008
2016	28,698	390,008
2017	28,698	390,009
2018	28,698	390,009
2019-2023	109,098	1,574,480
2024-2027	<u>0</u>	<u>1,102,142</u>
Minimum Lease Payments	252,588	4,626,665
Less: amount representing interest at the City's incremental borrowing rate of interest	<u>(50,851)</u>	<u>(1,078,159)</u>
Present value of minimum lease payments	<u>\$201,737</u>	<u>\$3,548,506</u>

E. Special Assessments with Governmental Commitment

The principal amount of the City's special assessment debt outstanding at December 31, 2013, \$290,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$138,267 in the Special Assessment Bond Retirement Fund at December 31, 2013 is restricted for the retirement of outstanding special assessment bonds.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 13 - LONG-TERM DEBT (Continued)

F. Ohio Water Development Authority Loans

In 1998, the City entered into an agreement with the Ohio Water Development Authority to receive loans from the Water Supply Revolving Loan Account and the Freshwater Loan Agreement in the amount of \$1,644,613. The interest rate on the loan is 4.618% per annum. This loan is payable from water service charges. The City began repaying the loan in semiannual payments in 1999 based on a loan amount of \$1,664,613 to be paid through 2019. As of December 31, 2013, the loan had an outstanding balance of \$616,050.

In 2009, the City entered into an agreement with the Ohio Water Development Authority to receive loans for wastewater treatment plant upgrades in the amount of \$3,570,578. The interest rate on the loan is 3.42% per annum. This loan is payable from wastewater service charges. The loan can only be received by the City in increments as the project is completed. As of December 31, 2013 the City had received \$3,495,846. As of December 31, 2013 the loan has not been finalized and there is no amortization schedule for the loan.

In 2013 the City obtained financing through the Ohio Public Works Commission for improvements to Brookstone Boulevard at an interest rate of 0%. This loan is received by the City in increments as the project is completed. As of December 31, 2013, the City had received \$840,030 from OPWC. Subsequent amounts will be received in future years. As of December 31, 2013 the loan has not been finalized and there is no amortization schedule for the loan.

G. Principal and Interest Requirements

The principal and interest requirements to retire long-term debt and Police and Fire Pension Liability obligations at December 31, 2013, are as follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2014	\$422,000	\$330,797	\$20,000	\$14,500
2015	620,000	313,003	20,000	13,500
2016	662,000	291,110	20,000	12,500
2017	669,000	268,248	20,000	11,500
2018	677,000	245,117	20,000	10,500
2019-2023	2,267,000	964,538	130,000	30,500
2024-2028	2,188,000	604,508	60,000	4,500
2029-2033	2,132,000	251,540	0	0
2034	395,000	11,850	0	0
Totals	<u>\$10,032,000</u>	<u>\$3,280,711</u>	<u>\$290,000</u>	<u>\$97,500</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 13 - LONG-TERM DEBT (Continued)

G. Principal and Interest Requirements (Continued)

Years	OWDA Loans		OPWC Loans		Police/Firemen's Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$91,257	\$27,648	\$48,295	\$0	\$20,056	\$28,866
2015	95,532	23,374	48,297	0	20,918	28,005
2016	100,017	18,888	6,939	0	21,816	27,106
2017	104,725	14,180	6,939	0	22,753	26,169
2018	109,667	9,239	6,939	0	23,730	25,192
2019-2023	114,852	4,055	34,694	0	134,846	109,768
2024-2028	0	0	27,659	0	166,402	78,211
2029-2033	0	0	0	0	205,343	39,271
2034-2036	0	0	0	0	68,301	2,877
Totals	\$616,050	\$97,384	\$179,762	\$0	\$684,165	\$365,465

Years	Construction Loan	
	Principal	Interest
2014	\$64,805	\$7,941
2015	67,589	5,157
2016	70,745	2,253
Totals	\$203,139	\$15,351

The repayment of the mortgage revenue bonds is secured by the revenues and a first mortgage on the property of the related utility operation. All other bonds, notes and the police and fire pension accrued liability are backed by the full faith and credit of the City. The Ohio Water Development Authority construction loans are secured by the revenues of the City's wastewater treatment operations. The loans require, among other things, that the City charge sufficient rates and fees for wastewater treatment services to enable the revenues to service the loan principal and provide resources for the payment of the necessary operating and maintenance expenses of the facility. The City was not required to pledge the general resources or general credit of the City to secure the repayment of the loans.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 14 - NOTES PAYABLE

The Ohio Revised Code provides that notes and renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than the principal maturities required if the bonds had been issued at the expiration of the initial five year period. Below is a summary of notes payable activity during 2013:

	Balance January 1, 2013	Issued	(Retired)	Balance December 31, 2013
Governmental Funds:				
Special Revenue Funds:				
Shamrock Business Center TIF Fund:				
1.45% Shamrock Blvd Improvements	\$500,000	\$0	(\$500,000)	\$0
1.00% Shamrock Blvd Improvements	<u>0</u>	<u>480,000</u>	<u>0</u>	<u>480,000</u>
Total Special Revenue	<u>500,000</u>	<u>480,000</u>	<u>(500,000)</u>	<u>480,000</u>
Capital Projects Funds:				
Shamrock Blvd Road Project Fund:				
1.45% Shamrock Blvd Improvements	<u>1,914,640</u>	<u>0</u>	<u>(1,914,640)</u>	<u>0</u>
Total Capital Projects	<u>1,914,640</u>	<u>0</u>	<u>(1,914,640)</u>	<u>0</u>
Total Governmental Funds	<u>2,414,640</u>	<u>480,000</u>	<u>(2,414,640)</u>	<u>480,000</u>
Enterprise Funds:				
Water Fund:				
1.45% Water Treatment Plant Improvements	160,040	0	(160,040)	0
1.00% Water Treatment Plant Improvements	0	131,260	0	131,260
Sewer Fund:				
1.45% Wastewater Treatment Plant Improvements	38,740	0	(38,740)	0
1.00% Wastewater Treatment Plant Improvements	0	19,370	0	19,370
Storm Water Utility Fund:				
1.45% Storm Water Improvements	38,740	0	(38,740)	0
1.00% Storm Water Improvements	<u>0</u>	<u>19,370</u>	<u>0</u>	<u>19,370</u>
Total Enterprise	<u>237,520</u>	<u>170,000</u>	<u>(237,520)</u>	<u>170,000</u>
Total Notes Payable	<u>\$2,652,160</u>	<u>\$650,000</u>	<u>(\$2,652,160)</u>	<u>\$650,000</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 15 - RISK MANAGEMENT

The City purchases insurance policies in varying amounts providing coverage for general liability, vehicle liability, property damage, employee and public officials liability, professional liability and errors and omissions liability. The City also pays unemployment claims to the State of Ohio as incurred.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2013 the City contracted with several different insurance providers for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
McGowan Underwriters of America	Public Employee Dishonesty/ Forgery	\$1,000
McGowan Underwriters of America	Law Enforcement Professional Liability	\$25,000
McGowan Underwriters of America	Public Officials Liability	\$25,000
McGowan Underwriters of America	Comprehensive General Liability	\$0
McGowan Underwriters of America	Ohio Employers Intentional Tort Liability	\$0
McGowan Underwriters of America	Commercial Umbrella Liability	\$25,000
McGowan Underwriters of America	Boiler and Machinery	\$25,000
McGowan Underwriters of America	Automobile	\$1,000
McGowan Underwriters of America	Commercial General Liability (Fire)	\$0
McGowan Underwriters of America	Commercial Umbrella	\$0

In 1993, the Workers' Compensation Retrospective Rating Fund was established to account for the funding of the City's workers' compensation plan. Under the plan, the City is charged by the State of Ohio for administrative fees, claims paid and premiums for individual and aggregate claim limits. All City funds are charged a premium per employee covered by the Workers' Compensation Retrospective Rating Fund based on claims experience. The City has a claims limit of \$300,000 per individual and a maximum yearly amount for all claims which varies each policy year. The claims liability of \$861,401 reported in the fund at December 31, 2013 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2012	\$596,320	\$373,878	(\$229,997)	\$740,201
2013	740,201	387,360	(266,160)	861,401

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 15 - RISK MANAGEMENT (Continued)

In 2000, the Employee Health Insurance Fund was created to account for the City’s self-funded employee health insurance. Under this program, the City operates with a third party administrator and under stop-loss thresholds. The actual claims are passed through the City for payment. There is protection as to the amount of claims that can be passed through to the City—both specific and aggregate stop-loss protection. Under specific stop-loss, the City pays 100% for any one individual generating claims up to the specific level of \$75,000. Any dollar amount over this specific level is paid by the re-insurance carrier. The aggregate stop-loss protects the City from having a large number of claims exceeding the expected claims level by more than 20% or 25%. Any claims over the specific level do not count toward the aggregate level. Only claims less than the specific level are applied toward the aggregate level. The claims liability of \$388,200 reported in the fund at December 31, 2013 is based on the requirements of GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2012	\$371,800	\$2,427,235	(\$2,339,135)	\$459,900
2013	459,900	2,632,399	(2,704,099)	388,200

NOTE 16 - JOINT VENTURE

The City of Painesville is a Financing Participant and a Purchaser Participant with percentages of liability and ownership of 6.66% and 5.22% 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 and to pay or incur the costs of the same in accordance with the Agreement.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 16 - JOINT VENTURE (Continued)

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 & 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, 2013 the City of Painesville 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, which acts as the joint venture's agent. During 2001, AMP 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. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2013, the outstanding debt was \$15,769,323. The City's net obligation for this amount at December 31, 2013 was \$1,050,236. 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 \$1,189,543 at December 31, 2013. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 16 - JOINT VENTURE (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2013 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	95.20%	127,640		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

The City's liability for the bonds are disclosed below:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$252,811	\$13,469	\$266,280
2015	256,053	10,227	266,280
2016	259,337	6,943	266,280
2017-2020	786,196	3,866	790,062
Total Gross Liability	1,554,395	<u>\$34,505</u>	<u>\$1,588,902</u>
Less: Amounts Held in Reserve	(504,159)		
Net Obligation	<u>\$1,050,236</u>		

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 17 – CONTRACTUAL COMMITMENTS

As of December 31, 2013, the City had the following contracts with respect to capital improvements:

Project	Remaining Construction Commitment	Expected Date of Completion
Brookstone Blvd and Shamrock Extension	\$318,137	2014
Water main Replacement Various Streets	315,129	2014
Newell Street Railroad Crossing	475,591	2014
SCADA System - Water Distribution	105,768	2014
Boiler Compliance Project	140,538	2014
Sewer Lining Rehabilitation	133,200	2014
Streetscape Project - Electrical	299,238	2014
US Coast Guard Waterline Replacement	113,398	2014
Electric Substation	585,908	2014
Total	\$2,486,907	

NOTE 18 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2013 of \$127,635 in the Fire Levy Fund, \$2,342 in the Victim's Advocate Grant Fund, (special revenue funds), \$411,088 in the Employee Health Insurance Fund and \$707,623 in the Worker's Compensation Retrospective Fund (internal service funds) arise from the recognition of expenditures/expenses on the modified accrual/accrual basis that are greater than expenditures/expenses recognized on the budgetary/cash basis. Deficits do not exist under the budgetary/cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

NOTE 19 - CONTINGENCIES

There are several lawsuits pending in which the City is involved. The City's management believes that the ultimate outcome of these matters will not significantly impact the City's financial position or operations.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 20 – SUBSEQUENT EVENT

A. General Obligation Note Issuance

In March 2014 the City issued \$2,895,000 of various purpose General Obligation Notes. These notes carry an interest rate of 1.125% and mature in March 2015.

B. American Municipal Power Generating Station (AMPGS)

The City of Painesville is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The City executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

History of the AMPGS Project

In November 2009, the participants of the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a \$3 billion project, but the project's estimated capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center ("AFEC") at a favorable price.

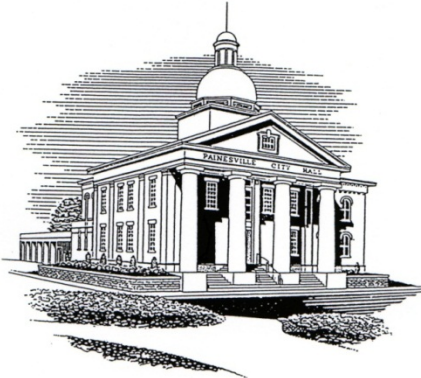
As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 20 – SUBSEQUENT EVENT (Continued)

B. American Municipal Power Generating Station (AMPGS) (Continued)

The City's share of the AMPGS Project was 13,000 kilowatts of a total 771,281 kilowatts, giving the City a 1.69 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$2,240,514. The City received a credit of \$587,923 related to the AMPGS costs deemed to have future benefit for the project participants, and payments made of \$2,194,829 leaving a net credit balance of impaired cost estimate of \$542,238. The City will be leaving the credit balance with AMP to offset any additional costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's credit balance. These amounts will be recorded as they become estimable.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, NONMAJOR ENTERPRISE FUNDS, NONMAJOR INTERNAL SERVICE FUNDS, AND FIDUCIARY FUNDS.

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to trusts or major capital projects) that are restricted or committed to expenditures for specified purposes.

Street Construction, Maintenance, and Repair Fund

This fund is used to account for 7.5% of the state gasoline tax and motor vehicle registration fees designated for maintenance of City streets as required by Ohio Revised Code.

State Highway Improvement Fund

Required by the Ohio Revised Code to account for 7.5% of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

Cemeteries Fund

To account for revenue received from the operation of the City's two municipal cemeteries.

Police Pension Transfer Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for police disability and pension.

Fire Pension Transfer Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for fire disability and pension.

Law Enforcement Fund

To account for the proceeds from the confiscation of contraband.

Municipal Motor Vehicle License Tax Fund

To account for County-levied motor vehicle registration fees designated for street construction, maintenance and repair. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Street Construction, Maintenance and Repair Fund on a GAAP basis.)

Indigent Drivers Alcohol Treatment Fund

To account for funds received pursuant to Ohio Revised Code Section 4511.191 (M) to be used for the incarceration and/or treatment of alcohol abuse by individuals that are determined by the courts to be indigent.

(Continued)

Special Revenue Funds

Enforcement and Education Fund

To account for funds received pursuant to Ohio Revised Code Section 4511.99 (A) to be used by the Painesville Police to pay the costs of educating the public about laws governing operation of a motor vehicle while under the influence of alcohol.

City Motor Vehicle License Tax Fund

To account for City-levied motor vehicle registration fees designated for street construction, maintenance and repair. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Street Construction, Maintenance and Repair Fund on a GAAP basis.)

Fire Levy Fund

To account for a voted continuous property tax levy which is used to fund a portion of Fire Department salaries and the purchase of fire fighting apparatus.

Underground Storage Tank Fund

To account for monies to pay for the deductible amount of costs of third party damages and corrective actions necessary to clean up a petroleum release from an underground storage tank.

Probation Services Fund

To account for monies received pursuant to Ohio Revised Code Section 2951.021 to be used for operating expenses of the Probation Department.

Community Oriented Policing Services (COPS) Fast Grant Fund

To account for federal grant monies designated for the cost of additional police officers.

Skate Facility Fund

To account for monies designated for the costs to construct and maintain a skate facility. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Fire Fund

To account for grants and donated monies received for funding the operations of the Fire Division.

Victim's Advocate Grant Fund

To account for the Victim's Advocate Grant the Court received.

Emergency Medical Services (EMS) Fund

To account for revenue received from the operation of the City's Emergency Medical Services.

(Continued)

Special Revenue Funds

Municipal Court Computerization Fund

To account for monies from fines to be used to place an updated computer system in the Municipal Court.

Fire Improvement Levy Fund

To account for a voted property tax levy restricted in use for equipment purchases for the Fire Department. This levy is required to be renewed by the voters every 5 years. (This fund was not part of the City's appropriated budget in 2013; therefore no budgetary schedule is presented.)

Road Improvement Levy Fund

To account for a voted property tax levy to be used for improvements to City streets. (This fund was not part of the City's appropriated budget in 2013; therefore no budgetary schedule is presented.)

Zoning Application Fund

To account for monies received and held by the City for zoning application requests. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Columbarium Trust Fund

To account for monies received and held by the City for charges related to the columbarium burial site.

Law Enforcement Trust Fund

To account for monies received by the police division from the sale of drug related contraband.

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for the payment.

General Bond Retirement Fund

To account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

Special Assessment Bond Retirement Fund

To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of assessment bonds.

Land Acquisition Note Retirement Fund

To account for the accumulation of resources for the payments of land acquisition notes of the City. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because there are no assets or liabilities and there was no activity during the year.)

Capital Projects Funds

The Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than that financed by proprietary funds and trust funds.

Municipal Court Improvement Fund

To account for the expansion to a second municipal courtroom, including remodeling and furnishing of the existing facilities financed by unvoted general obligation bond anticipation notes.

Capital Equipment Reserve Fund

To account for the costs associated with the purchase and maintenance of capital equipment.

Capital Improvement Fund

To account for the accumulation of funds for the acquisition of capital assets and/or the construction of major capital facilities.

Lake Hospital Demolition Fund

To account for costs associated with the acquisition and demolition of the Lake East Hospital.

Jackson Street Interchange Project Fund

To account for the costs associated with the construction of an interchange off of State Route 44 and Jackson Street.

Industrial Park Project Fund

To account for the costs associated with the construction of the Renaissance Industrial Park located on Newell Street.

Municipal Court Special Projects Fund

To account for the accumulation of funds for the general use of the Municipal Court.

Millstone Acquisition Fund

To account for costs associated with the acquisition and demolition of Millstone Condominiums.

City Hall Fire Fund

To account for insurance proceeds received due to a fire at City Hall.

Shamrock Boulevard Road Project Fund

To account for costs associated with construction of Shamrock Boulevard.

Permanent Funds

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the City's programs.

Cemetery Trust Fund

To account for interest income earned from the investment of cemetery trust principal. The interest portion of the trust can be used to maintain the City's two cemeteries.

Special Endowment Fund

To account for interest income earned from the investment of special endowment (non-resident) principal. The interest portion of the trust can be used to maintain the City's two cemeteries.

Evergreen Cemetery Trust Fund

To account for the principal, acquired from contributions and endowments, for the City's Evergreen Cemetery.

Riverside Cemetery Trust Fund

To account for the principal, acquired from contributions and endowments, for the City's Riverside Cemetery.

Special Endowment Trust Fund

To account for the principal, acquired from contributions and endowments, from non-residents, for the City's two cemeteries.

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Assets:					
Pooled Cash and Investments	\$ 2,087,780	\$ 300,218	\$ 1,528,379	\$ 141,479	\$ 4,057,856
Receivables:					
Taxes	1,280,200	55,527	0	0	1,335,727
Accounts	76,336	0	0	0	76,336
Intergovernmental	338,898	3,083	0	0	341,981
Special Assessments	0	252,353	0	0	252,353
Inventory of Supplies, at Cost	2,077	0	0	0	2,077
Prepaid Items	9,677	0	175	0	9,852
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	1,114,645	1,114,645
Total Assets	\$ 3,794,968	\$ 611,181	\$ 1,528,554	\$ 1,256,124	\$ 7,190,827
Liabilities:					
Accounts Payable	\$ 26,481	\$ 0	\$ 21,287	\$ 0	\$ 47,768
Accrued Wages and Benefits Payable	54,365	0	992	0	55,357
Retainage Payable	0	0	20,164	0	20,164
Interfund Loans Payable	260,000	0	0	0	260,000
Total Liabilities	340,846	0	42,443	0	383,289
Deferred Inflows of Resources:					
Unavailable Amounts	354,334	260,609	0	0	614,943
Property Tax Levy for Next Fiscal Year	1,164,043	50,354	0	0	1,214,397
Total Deferred Inflows of Resources	1,518,377	310,963	0	0	1,829,340
Fund Balances:					
Nonspendable	11,754	0	175	1,114,645	1,126,574
Restricted	1,599,928	300,218	799,492	141,479	2,841,117
Committed	454,040	0	686,444	0	1,140,484
Unassigned	(129,977)	0	0	0	(129,977)
Total Fund Balances	1,935,745	300,218	1,486,111	1,256,124	4,978,198
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,794,968	\$ 611,181	\$ 1,528,554	\$ 1,256,124	\$ 7,190,827

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$ 181,774	\$ 47,641	\$ 0	\$ 0	\$ 229,415
Intergovernmental Revenues	896,462	12,275	680,480	0	1,589,217
Charges for Services	628,021	0	0	0	628,021
Investment Earnings	0	0	0	1,060	1,060
Special Assessments	0	76,294	0	0	76,294
Fines and Forfeitures	241,501	0	158,545	0	400,046
All Other Revenues	7,321	0	8,050	10,240	25,611
Total Revenues	1,955,079	136,210	847,075	11,300	2,949,664
Expenditures:					
Current:					
General Government	287,786	16,631	123,698	0	428,115
Public Safety	827,403	0	0	0	827,403
Highways and Streets	606,337	0	604	0	606,941
Public Health and Welfare	370,406	0	0	994	371,400
Community Environment	0	0	146,939	0	146,939
Capital Outlay	0	0	820,402	0	820,402
Debt Service:					
Principal Retirement	1,057,536	45,000	10,000	0	1,112,536
Interest & Fiscal Charges	65,145	40,060	22,165	0	127,370
Total Expenditures	3,214,613	101,691	1,123,808	994	4,441,106
Excess (Deficiency) of Revenues Over Expenditures	(1,259,534)	34,519	(276,733)	10,306	(1,491,442)
Other Financing Sources (Uses):					
Sale of Capital Assets	30,000	0	0	0	30,000
General Obligation Bonds Issued	0	0	1,917,000	0	1,917,000
Long Term Note Issuance	960,876	0	0	0	960,876
Transfers In	308,000	0	350,000	0	658,000
Transfers Out	(20,000)	0	0	0	(20,000)
Insurance Proceeds	0	0	3,482	0	3,482
Total Other Financing Sources (Uses)	1,278,876	0	2,270,482	0	3,549,358
Net Change in Fund Balances	19,342	34,519	1,993,749	10,306	2,057,916
Fund Balances at Beginning of Year	1,916,202	265,699	(507,638)	1,245,818	2,920,081
Increase in Inventory	201	0	0	0	201
Fund Balances End of Year	\$ 1,935,745	\$ 300,218	\$ 1,486,111	\$ 1,256,124	\$ 4,978,198

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013**

	Street Construction, Maintenance & Repair Fund	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund
Assets:				
Pooled Cash and Investments	\$ 1,013,335	\$ 89,898	\$ 135,448	\$ 14,757
Receivables:				
Taxes	0	0	0	69,410
Accounts	0	0	0	0
Intergovernmental	283,131	19,033	0	3,853
Inventory of Supplies, at Cost	0	0	2,077	0
Prepaid Items	0	0	3,074	0
Total Assets	\$ 1,296,466	\$ 108,931	\$ 140,599	\$ 88,020
Liabilities:				
Accounts Payable	\$ 12,352	\$ 0	\$ 495	\$ 0
Accrued Wages and Benefits Payable	11,980	0	12,110	0
Interfund Loans Payable	0	0	0	0
Total Liabilities	24,332	0	12,605	0
Deferred Inflows of Resources:				
Unavailable Amounts	188,754	12,689	0	10,319
Property Tax Levy for Next Fiscal Year	0	0	0	62,944
Total Deferred Inflows of Resources	188,754	12,689	0	73,263
Fund Balances:				
Nonspendable	0	0	5,151	0
Restricted	1,083,380	96,242	122,843	14,757
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	1,083,380	96,242	127,994	14,757
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,296,466	\$ 108,931	\$ 140,599	\$ 88,020

CITY OF PAINESVILLE, OHIO

Fire Pension Transfer Fund	Law Enforcement Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	Fire Levy Fund	Underground Storage Tank Fund
\$ 14,802	\$ 18,367	\$ 53,691	\$ 100,271	\$ 132,365	\$ 1,931
69,410	0	0	0	110,894	0
0	0	0	0	0	0
3,853	0	0	0	4,923	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 88,065</u>	<u>\$ 18,367</u>	<u>\$ 53,691</u>	<u>\$ 100,271</u>	<u>\$ 248,182</u>	<u>\$ 1,931</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	260,000	0
0	0	0	0	260,000	0
10,319	0	0	0	18,269	0
62,944	0	0	0	97,548	0
<u>73,263</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>115,817</u>	<u>0</u>
0	0	0	0	0	0
14,802	18,367	53,691	100,271	0	0
0	0	0	0	0	1,931
0	0	0	0	(127,635)	0
<u>14,802</u>	<u>18,367</u>	<u>53,691</u>	<u>100,271</u>	<u>(127,635)</u>	<u>1,931</u>
<u>\$ 88,065</u>	<u>\$ 18,367</u>	<u>\$ 53,691</u>	<u>\$ 100,271</u>	<u>\$ 248,182</u>	<u>\$ 1,931</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013**

	Probation Services Fund	COPS Fast Grant Fund	Fire Fund	Victim's Advocate Grant Fund
Assets:				
Pooled Cash and Investments	\$ 31,186	\$ 7,846	\$ 2,219	\$ 383
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	8,916
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	<u>\$ 31,186</u>	<u>\$ 7,846</u>	<u>\$ 2,219</u>	<u>\$ 9,299</u>
Liabilities:				
Accounts Payable	\$ 459	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	3,671	0	0	2,725
Interfund Loans Payable	0	0	0	0
Total Liabilities	<u>4,130</u>	<u>0</u>	<u>0</u>	<u>2,725</u>
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	8,916
Property Tax Levy for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,916</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	27,056	7,846	2,219	0
Committed	0	0	0	0
Unassigned	0	0	0	(2,342)
Total Fund Balances	<u>27,056</u>	<u>7,846</u>	<u>2,219</u>	<u>(2,342)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 31,186</u>	<u>\$ 7,846</u>	<u>\$ 2,219</u>	<u>\$ 9,299</u>

CITY OF PAINESVILLE, OHIO

Emergency Medical Services Fund	Municipal Court Computerization Fund	Fire Improvement Levy Fund	Road Improvement Levy Fund	Columbarium Trust Fund	Law Enforcement Trust Fund	Total Nonmajor Special Revenue Funds
\$ 409,934	\$ 46,011	\$ 0	\$ 0	\$ 89	\$ 15,247	\$ 2,087,780
0	0	337,688	692,798	0	0	1,280,200
76,336	0	0	0	0	0	76,336
0	0	4,995	10,194	0	0	338,898
0	0	0	0	0	0	2,077
6,603	0	0	0	0	0	9,677
<u>\$ 492,873</u>	<u>\$ 46,011</u>	<u>\$ 342,683</u>	<u>\$ 702,992</u>	<u>\$ 89</u>	<u>\$ 15,247</u>	<u>\$ 3,794,968</u>
\$ 13,175	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,481
20,986	2,893	0	0	0	0	54,365
0	0	0	0	0	0	260,000
<u>34,161</u>	<u>2,893</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>340,846</u>
0	0	33,356	71,712	0	0	354,334
0	0	309,327	631,280	0	0	1,164,043
0	0	342,683	702,992	0	0	1,518,377
6,603	0	0	0	0	0	11,754
0	43,118	0	0	89	15,247	1,599,928
452,109	0	0	0	0	0	454,040
0	0	0	0	0	0	(129,977)
<u>458,712</u>	<u>43,118</u>	<u>0</u>	<u>0</u>	<u>89</u>	<u>15,247</u>	<u>1,935,745</u>
<u>\$ 492,873</u>	<u>\$ 46,011</u>	<u>\$ 342,683</u>	<u>\$ 702,992</u>	<u>\$ 89</u>	<u>\$ 15,247</u>	<u>\$ 3,794,968</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	Street Construction, Maintenance & Repair Fund	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 51,375
Intergovernmental Revenues	757,350	47,209	0	15,342
Charges for Services	0	0	108,261	0
Fines and Forfeitures	0	0	0	0
All Other Revenues	2,888	0	0	0
Total Revenues	<u>760,238</u>	<u>47,209</u>	<u>108,261</u>	<u>66,717</u>
Expenditures:				
Current:				
General Government	0	0	0	878
Public Safety	0	0	0	70,000
Highways and Streets	521,038	84,299	0	0
Public Health and Welfare	0	0	370,406	0
Debt Service:				
Principal Retirement	890,321	0	0	0
Interest & Fiscal Charges	52,282	0	0	0
Total Expenditures	<u>1,463,641</u>	<u>84,299</u>	<u>370,406</u>	<u>70,878</u>
Excess (Deficiency) of Revenues Over Expenditures	(703,403)	(37,090)	(262,145)	(4,161)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Long Term Note Issuance	846,829	0	0	0
Transfers In	0	0	305,000	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>846,829</u>	<u>0</u>	<u>305,000</u>	<u>0</u>
Net Change in Fund Balances	143,426	(37,090)	42,855	(4,161)
Fund Balances at Beginning of Year	939,954	133,332	84,938	18,918
Increase in Inventory	0	0	201	0
Fund Balances End of Year	<u>\$ 1,083,380</u>	<u>\$ 96,242</u>	<u>\$ 127,994</u>	<u>\$ 14,757</u>

CITY OF PAINESVILLE, OHIO

Fire Pension Transfer Fund	Law Enforcement Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	Fire Levy Fund	Underground Storage Tank Fund
\$ 51,375	\$ 0	\$ 0	\$ 0	\$ 79,024	\$ 0
15,342	0	0	0	19,496	0
0	0	0	0	0	0
0	0	5,944	15,932	0	0
0	2,368	0	0	0	0
<u>66,717</u>	<u>2,368</u>	<u>5,944</u>	<u>15,932</u>	<u>98,520</u>	<u>0</u>
878	0	33,075	0	1,424	0
70,000	2,541	0	0	89,431	0
0	0	0	0	0	1,000
0	0	0	0	0	0
0	0	0	0	167,215	0
0	0	0	0	12,863	0
<u>70,878</u>	<u>2,541</u>	<u>33,075</u>	<u>0</u>	<u>270,933</u>	<u>1,000</u>
(4,161)	(173)	(27,131)	15,932	(172,413)	(1,000)
0	0	0	0	30,000	0
0	0	0	0	114,047	0
0	0	0	0	0	0
0	0	0	0	(20,000)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>124,047</u>	<u>0</u>
(4,161)	(173)	(27,131)	15,932	(48,366)	(1,000)
18,963	18,540	80,822	84,339	(79,269)	2,931
0	0	0	0	0	0
<u>\$ 14,802</u>	<u>\$ 18,367</u>	<u>\$ 53,691</u>	<u>\$ 100,271</u>	<u>\$ (127,635)</u>	<u>\$ 1,931</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	Probation Services Fund	COPS Fast Grant Fund	Fire Fund	Victim's Advocate Grant Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	41,723
Charges for Services	0	0	0	0
Fines and Forfeitures	110,344	0	0	0
All Other Revenues	98	0	393	0
Total Revenues	110,442	0	393	41,723
Expenditures:				
Current:				
General Government	101,822	0	0	55,243
Public Safety	0	3,974	5,320	0
Highways and Streets	0	0	0	0
Public Health and Welfare	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	101,822	3,974	5,320	55,243
Excess (Deficiency) of Revenues Over Expenditures	8,620	(3,974)	(4,927)	(13,520)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Long Term Note Issuance	0	0	0	0
Transfers In	0	0	0	3,000
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	3,000
Net Change in Fund Balances	8,620	(3,974)	(4,927)	(10,520)
Fund Balances at Beginning of Year	18,436	11,820	7,146	8,178
Increase in Inventory	0	0	0	0
Fund Balances End of Year	\$ 27,056	\$ 7,846	\$ 2,219	\$ (2,342)

CITY OF PAINESVILLE, OHIO

Emergency Medical Services Fund	Municipal Court Computerization Fund	Columbarium Trust Fund	Law Enforcement Trust Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 181,774
0	0	0	0	896,462
519,760	0	0	0	628,021
0	109,281	0	0	241,501
0	0	0	1,574	7,321
<u>519,760</u>	<u>109,281</u>	<u>0</u>	<u>1,574</u>	<u>1,955,079</u>
0	94,466	0	0	287,786
585,077	0	0	1,060	827,403
0	0	0	0	606,337
0	0	0	0	370,406
0	0	0	0	1,057,536
0	0	0	0	65,145
<u>585,077</u>	<u>94,466</u>	<u>0</u>	<u>1,060</u>	<u>3,214,613</u>
(65,317)	14,815	0	514	(1,259,534)
0	0	0	0	30,000
0	0	0	0	960,876
0	0	0	0	308,000
0	0	0	0	(20,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,278,876</u>
(65,317)	14,815	0	514	19,342
524,029	28,303	89	14,733	1,916,202
0	0	0	0	201
<u>\$ 458,712</u>	<u>\$ 43,118</u>	<u>\$ 89</u>	<u>\$ 15,247</u>	<u>\$ 1,935,745</u>

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2013**

	General Bond Retirement Fund	Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Pooled Cash and Investments	\$ 161,951	\$ 138,267	\$ 300,218
Receivables:			
Taxes	55,527	0	55,527
Intergovernmental	3,083	0	3,083
Special Assessments	0	252,353	252,353
Total Assets	\$ 220,561	\$ 390,620	\$ 611,181
Liabilities:			
Total Liabilities	\$ 0	\$ 0	\$ 0
Deferred Inflows of Resources:			
Unavailable Amounts	8,256	252,353	260,609
Property Tax Levy for Next Fiscal Year	50,354	0	50,354
Total Deferred Inflows of Resources	58,610	252,353	310,963
Fund Balances:			
Restricted	161,951	138,267	300,218
Total Fund Balances	161,951	138,267	300,218
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 220,561	\$ 390,620	\$ 611,181

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2013***

	General Bond Retirement Fund	Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Property Taxes	\$ 47,641	\$ 0	\$ 47,641
Intergovernmental Revenues	12,275	0	12,275
Special Assessments	0	76,294	76,294
Total Revenues	<u>59,916</u>	<u>76,294</u>	<u>136,210</u>
Expenditures:			
Current:			
General Government	702	15,929	16,631
Debt Service:			
Principal Retirement	0	45,000	45,000
Interest & Fiscal Charges	0	40,060	40,060
Total Expenditures	<u>702</u>	<u>100,989</u>	<u>101,691</u>
Excess (Deficiency) of Revenues Over Expenditures	59,214	(24,695)	34,519
Fund Balances at Beginning of Year	<u>102,737</u>	<u>162,962</u>	<u>265,699</u>
Fund Balances End of Year	<u>\$ 161,951</u>	<u>\$ 138,267</u>	<u>\$ 300,218</u>

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2013**

	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Lake Hospital Demolition Fund
Assets:				
Pooled Cash and Investments	\$ 116,345	\$ 301,118	\$ 375,628	\$ 32,493
Prepaid Items	0	0	0	0
Total Assets	<u>\$ 116,345</u>	<u>\$ 301,118</u>	<u>\$ 375,628</u>	<u>\$ 32,493</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 102	\$ 15,524	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Retainage Payable	0	0	0	20,164
Total Liabilities	<u>0</u>	<u>102</u>	<u>15,524</u>	<u>20,164</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	116,345	0	0	12,329
Committed	0	301,016	360,104	0
Total Fund Balances	<u>116,345</u>	<u>301,016</u>	<u>360,104</u>	<u>12,329</u>
Total Liabilities and Fund Balances	<u>\$ 116,345</u>	<u>\$ 301,118</u>	<u>\$ 375,628</u>	<u>\$ 32,493</u>

CITY OF PAINESVILLE, OHIO

Jackson Street Interchange Project Fund	Industrial Park Project Fund	Municipal Court Special Projects Fund	Millstone Acquisition Fund	City Hall Fire Fund	Shamrock Boulevard Road Project Fund	Total Nonmajor Capital Projects Funds
\$ 116,715	\$ 25,324	\$ 221,074	\$ 281,578	\$ 189	\$ 57,915	\$ 1,528,379
0	0	175	0	0	0	175
<u>\$ 116,715</u>	<u>\$ 25,324</u>	<u>\$ 221,249</u>	<u>\$ 281,578</u>	<u>\$ 189</u>	<u>\$ 57,915</u>	<u>\$ 1,528,554</u>
\$ 0	\$ 0	\$ 5,661	\$ 0	\$ 0	\$ 0	\$ 21,287
0	0	992	0	0	0	992
0	0	0	0	0	0	20,164
<u>0</u>	<u>0</u>	<u>6,653</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,443</u>
0	0	175	0	0	0	175
116,715	0	214,421	281,578	189	57,915	799,492
0	25,324	0	0	0	0	686,444
<u>116,715</u>	<u>25,324</u>	<u>214,596</u>	<u>281,578</u>	<u>189</u>	<u>57,915</u>	<u>1,486,111</u>
<u>\$ 116,715</u>	<u>\$ 25,324</u>	<u>\$ 221,249</u>	<u>\$ 281,578</u>	<u>\$ 189</u>	<u>\$ 57,915</u>	<u>\$ 1,528,554</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013**

	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Lake Hospital Demolition Fund
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 108,147	\$ 434,315
Fines and Forfeitures	53,941	0	0	0
All Other Revenues	0	0	8,050	0
Total Revenues	53,941	0	116,197	434,315
Expenditures:				
Current:				
General Government	0	0	0	0
Highways and Streets	0	0	604	0
Community Environment	0	0	0	0
Capital Outlay	0	132,675	200,369	430,733
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	0	132,675	200,973	430,733
Excess (Deficiency) of Revenues Over Expenditures	53,941	(132,675)	(84,776)	3,582
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	0	0	0
Transfers In	0	200,000	150,000	0
Insurance Proceeds	0	0	0	0
Total Other Financing Sources (Uses)	0	200,000	150,000	0
Net Change in Fund Balances	53,941	67,325	65,224	3,582
Fund Balances at Beginning of Year	62,404	233,691	294,880	8,747
Fund Balances End of Year	\$ 116,345	\$ 301,016	\$ 360,104	\$ 12,329

CITY OF PAINESVILLE, OHIO

Jackson Street Interchange Project Fund	Industrial Park Project Fund	Municipal Court Special Projects Fund	Millstone Acquisition Fund	City Hall Fire Fund	Shamrock Boulevard Road Project Fund	Total Nonmajor Capital Project Funds
\$ 0	\$ 0	\$ 0	\$ 138,018	\$ 0	\$ 0	\$ 680,480
0	0	104,604	0	0	0	158,545
0	0	0	0	0	0	8,050
0	0	104,604	138,018	0	0	847,075
0	0	113,319	0	10,379	0	123,698
0	0	0	0	0	0	604
0	0	0	146,939	0	0	146,939
0	0	5,625	0	0	51,000	820,402
0	10,000	0	0	0	0	10,000
0	5,652	0	0	0	16,513	22,165
0	15,652	118,944	146,939	10,379	67,513	1,123,808
0	(15,652)	(14,340)	(8,921)	(10,379)	(67,513)	(276,733)
0	0	0	0	0	1,917,000	1,917,000
0	0	0	0	0	0	350,000
0	0	0	0	3,482	0	3,482
0	0	0	0	3,482	1,917,000	2,270,482
0	(15,652)	(14,340)	(8,921)	(6,897)	1,849,487	1,993,749
116,715	40,976	228,936	290,499	7,086	(1,791,572)	(507,638)
\$ 116,715	\$ 25,324	\$ 214,596	\$ 281,578	\$ 189	\$ 57,915	\$ 1,486,111

CITY OF PAINESVILLE, OHIO

***Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2013***

	Cemetery Trust Fund	Special Endowment Fund	Evergreen Cemetery Trust Fund	Riverside Cemetery Trust Fund
Assets:				
Pooled Cash and Investments	\$ 81,299	\$ 60,180	\$ 0	\$ 0
Restricted Assets:				
Cash and Cash Equivalents	0	0	405,707	375,767
Total Assets	<u>\$ 81,299</u>	<u>\$ 60,180</u>	<u>\$ 405,707</u>	<u>\$ 375,767</u>
Liabilities:				
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:				
Nonspendable	0	0	405,707	375,767
Restricted	81,299	60,180	0	0
Total Fund Balances	<u>81,299</u>	<u>60,180</u>	<u>405,707</u>	<u>375,767</u>
Total Liabilities and Fund Balances	<u>\$ 81,299</u>	<u>\$ 60,180</u>	<u>\$ 405,707</u>	<u>\$ 375,767</u>

CITY OF PAINESVILLE, OHIO

<u>Special Endowment Trust Fund</u>	<u>Total Nonmajor Permanent Funds</u>
\$ 0	\$ 141,479
<u>333,171</u>	<u>1,114,645</u>
<u>\$ 333,171</u>	<u>\$ 1,256,124</u>
<u>\$ 0</u>	<u>\$ 0</u>
333,171	1,114,645
0	141,479
<u>333,171</u>	<u>1,256,124</u>
<u>\$ 333,171</u>	<u>\$ 1,256,124</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended December 31, 2013***

	Cemetery Trust Fund	Special Endowment Fund	Evergreen Cemetery Trust Fund	Riverside Cemetery Trust Fund
Revenues:				
Investment Earnings	\$ 748	\$ 312	\$ 0	\$ 0
All Other Revenues	0	0	240	6,000
Total Revenues	<u>748</u>	<u>312</u>	<u>240</u>	<u>6,000</u>
Expenditures:				
Current:				
Public Health and Welfare	994	0	0	0
Total Expenditures	<u>994</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(246)	312	240	6,000
Fund Balances at Beginning of Year	<u>81,545</u>	<u>59,868</u>	<u>405,467</u>	<u>369,767</u>
Fund Balances End of Year	<u>\$ 81,299</u>	<u>\$ 60,180</u>	<u>\$ 405,707</u>	<u>\$ 375,767</u>

CITY OF PAINESVILLE, OHIO

<u>Special Endowment Trust Fund</u>	<u>Total Nonmajor Permanent Funds</u>
\$ 0	\$ 1,060
<u>4,000</u>	<u>10,240</u>
<u>4,000</u>	<u>11,300</u>
<u>0</u>	<u>994</u>
<u>0</u>	<u>994</u>
4,000	10,306
<u>329,171</u>	<u>1,245,818</u>
<u>\$ 333,171</u>	<u>\$ 1,256,124</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property Taxes:				
Real Estate and Public Utility	\$ 401,000	\$ 401,000	\$ 350,475	\$ (50,525)
Municipal Income Tax	7,240,000	7,155,456	7,062,355	(93,101)
Other Local Taxes	5,000	5,000	0	(5,000)
Total Taxes	<u>7,646,000</u>	<u>7,561,456</u>	<u>7,412,830</u>	<u>(148,626)</u>
Intergovernmental Revenues:				
Local	10	10	0	(10)
Local Government Fund - County	745,000	745,000	658,754	(86,246)
Local Government Fund - State	60,000	60,000	59,241	(759)
Inheritance Tax	0	0	33,316	33,316
Property Tax Allocation	123,000	123,000	110,461	(12,539)
Miscellaneous Tax	14,200	14,200	15,801	1,601
Total Intergovernmental Revenues	<u>942,210</u>	<u>942,210</u>	<u>877,573</u>	<u>(64,637)</u>
Charges for Services:				
General Government	850	850	2,874	2,024
Public Safety	3,980	3,980	8,028	4,048
Highways and Streets	21,000	21,000	21,745	745
Culture and Recreation	14,000	14,000	12,518	(1,482)
Community Environment	7,500	7,500	3,253	(4,247)
Total Charges for Services	<u>47,330</u>	<u>47,330</u>	<u>48,418</u>	<u>1,088</u>
Licenses, Permits and Inspection Fees:				
License Fees	20,200	20,200	31,250	11,050
Permit Fees	70,000	70,000	54,878	(15,122)
Inspection Fees	4,000	4,000	0	(4,000)
Zoning Appeal Fees	10,000	10,000	12,472	2,472
Other Fees	203,400	203,400	237,729	34,329
Total Licenses, Permits and Inspection Fees	<u>307,600</u>	<u>307,600</u>	<u>336,329</u>	<u>28,729</u>
Investment Earnings	200,000	200,000	189,090	(10,910)
Fines and Forfeitures	900,350	900,350	1,016,160	115,810
All Other Revenues	336,025	336,025	436,299	100,274
Total Revenues	<u>10,379,515</u>	<u>10,294,971</u>	<u>10,316,699</u>	<u>21,728</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Legislative:				
Council:				
Personal Services	1,475,191	1,290,710	1,286,855	3,855
All Other Expenditures	822	1,147	1,139	8
Clerk of Council:				
Personal Services	8,808	8,464	7,570	894
All Other Expenditures	2,514	2,514	2,215	299
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	217,826	213,526	211,566	1,960
Clerk of Court:				
Personal Services	540,393	544,693	542,075	2,618
All Other Expenditures	35,580	35,580	34,689	891
Probation:				
Personal Services	176,797	179,797	175,968	3,829
Executive:				
City Manager:				
Personal Services	51,315	46,830	43,843	2,987
All Other Expenditures	3,744	5,228	5,007	221
Comm., Promotions and Public Relations Activities:				
All Other Expenditures	3,379	3,379	2,803	576
Information Technology:				
All Other Expenditures	35,442	33,242	32,138	1,104
Capital Outlay	2,987	2,987	2,987	0
Human Resources:				
Personal Services	19,146	19,146	18,717	429
All Other Expenditures	10,273	16,873	16,740	133
Economic Development:				
Personal Services	16,782	16,782	15,371	1,411
All Other Expenditures	7,603	8,703	8,325	378

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Finance:				
Administration:				
Personal Services	44,729	34,877	33,516	1,361
All Other Expenditures	7,333	7,333	7,227	106
Accounting:				
Personal Services	30,627	30,727	30,650	77
All Other Expenditures	25,527	25,527	24,416	1,111
Purchasing/Warehousing:				
Personal Services	22,056	22,181	22,149	32
All Other Expenditures	1,427	1,654	1,603	51
Income Tax Collection:				
All Other Expenditures	202,105	206,855	206,834	21
Law:				
Administration:				
Personal Services	29,933	30,733	30,230	503
All Other Expenditures	8,347	3,272	3,146	126
Engineering:				
Administration:				
Personal Services	109,804	83,073	80,824	2,249
All Other Expenditures	5,073	5,073	4,174	899
Public Lands and Buildings:				
Building Operations, Maintenance and Repair:				
Personal Services	14,801	12,251	11,590	661
All Other Expenditures	34,603	35,028	34,446	582
Miscellaneous:				
Insurance:				
All Other Expenditures	36,195	39,865	39,861	4
Tax Settlement Deductions:				
All Other Expenditures	7,570	7,170	7,005	165
Other Miscellaneous:				
Personal Services	300,000	338,000	336,731	1,269
All Other Expenditures	157,472	75,472	69,218	6,254
Total General Government	<u>3,646,204</u>	<u>3,388,692</u>	<u>3,351,628</u>	<u>37,064</u>

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Public Safety:				
Police:				
Law Enforcement - Sworn Officers:				
Personal Services	3,362,025	3,242,500	3,210,705	31,795
Law Enforcement - Other:				
Personal Services	265,872	254,872	250,829	4,043
All Other Expenditures	213,059	225,559	220,567	4,992
Fire:				
Fire Fighting, Prevention and Inspection:				
Personal Services	1,945,829	1,892,329	1,868,951	23,378
All Other Expenditures	111,863	97,863	88,894	8,969
Fire Service - Other:				
Personal Services	148,100	93,600	90,201	3,399
Police and Fire Communications:				
Control Center:				
All Other Expenditures	476,145	476,205	476,197	8
Total Public Safety	<u>6,522,893</u>	<u>6,282,928</u>	<u>6,206,344</u>	<u>76,584</u>
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	56,922	59,472	57,826	1,646
All Other Expenditures	21,160	21,160	20,799	361
Street Maintenance and Repair:				
All Other Expenditures	52,802	45,802	44,930	872
Sidewalks:				
All Other Expenditures	237	237	237	0
Building Maintenance:				
All Other Expenditures	42,190	39,190	38,753	437
Equipment Maintenance:				
Personal Services	26,062	26,462	26,065	397
All Other Expenditures	123,947	119,947	119,050	897

(Continued)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Employee Benefits:				
Personal Services	249,101	257,601	253,732	3,869
Sidewalks - Snow Removal:				
All Other Expenditures	3,129	6,829	6,775	54
Parking:				
Parking Meters:				
Other Expenditures	863	863	794	69
Parking Lots:				
All Other Expenditures	18,050	18,050	18,043	7
Traffic Signs, Markings:				
Traffic Signs, Markings, Signals:				
Personal Services	30,662	31,862	31,541	321
All Other Expenditures	25,321	28,411	27,942	469
Total Highways and Streets	<u>650,446</u>	<u>655,886</u>	<u>646,487</u>	<u>9,399</u>
Public Health and Welfare:				
Support of Prisoners:				
Prisoner Expense:				
All Other Expenditures	50	50	15	35
Payments to County Health Board:				
County Health District Assessments:				
All Other Expenditures	130,750	121,750	121,591	159
Assistance to Needy/Aged:				
Poor Relief:				
All Other Expenditures	600	1,600	1,250	350
Total Public Health and Welfare	<u>131,400</u>	<u>123,400</u>	<u>122,856</u>	<u>544</u>
Culture and Recreation:				
Parks:				
Administration:				
Personal Services	114,584	115,084	114,850	234
All Other Expenditures	9,643	9,678	9,587	91
Parks Systems:				
Personal Services	177,115	171,990	165,862	6,128
All Other Expenditures	60,928	61,178	60,781	397

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Building Maintenance:				
All Other Expenditures	14,292	14,517	14,467	50
Morse Avenue Community Center:				
All Other Expenditures	8,595	8,645	8,480	165
Recreation Activities:				
Personal Services	120,954	122,454	122,296	158
All Other Expenditures	19,076	19,076	17,980	1,096
Other Leisure Time Activities:				
Senior Citizens Center:				
All Other Expenditures	25,000	25,000	25,000	0
Community Functions:				
All Other Expenditures	22,000	22,000	22,000	0
Total Culture and Recreation	<u>572,187</u>	<u>569,622</u>	<u>561,303</u>	<u>8,319</u>
Community Environment:				
Community Planning and Zoning:				
Planning Commission:				
Personal Services	693	493	96	397
All Other Expenditures	427	362	214	148
Planning and Development:				
Personal Services	28,039	28,239	27,732	507
All Other Expenditures	1,971	2,036	1,915	121
Housing and Building Code Enforcement:				
Code Enforcement:				
Personal Services	138,630	118,830	114,752	4,078
All Other Expenditures	6,296	7,546	7,209	337
Weed Control:				
All Other Expenditures	14,831	16,881	16,768	113
Total Community Environment	<u>190,887</u>	<u>174,387</u>	<u>168,686</u>	<u>5,701</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Debt Service:				
Principal Retirement	62,308	62,408	62,360	48
Interest and Fiscal Charges	10,427	10,427	10,416	11
Total Expenditures	<u>11,786,752</u>	<u>11,267,750</u>	<u>11,130,080</u>	<u>137,670</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,407,237)	(972,779)	(813,381)	159,398
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	322	322
Sale of General Obligation Notes	196,000	71,000	71,000	0
Transfers In	590,956	1,035,000	995,935	(39,065)
Transfers Out	(335,000)	(938,000)	(938,000)	0
Advances Out	<u>(218,160)</u>	<u>(172,160)</u>	<u>(162,760)</u>	<u>9,400</u>
Total Other Financing Sources (Uses)	<u>233,796</u>	<u>(4,160)</u>	<u>(33,503)</u>	<u>(29,343)</u>
Net Change in Fund Balance	(1,173,441)	(976,939)	(846,884)	130,055
Fund Balance at Beginning of Year	4,726,274	4,726,274	4,726,274	0
Prior Year Encumbrances	<u>517,569</u>	<u>517,569</u>	<u>517,569</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,070,402</u>	<u>\$ 4,266,904</u>	<u>\$ 4,396,959</u>	<u>\$ 130,055</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Special Revenue Fund – Shamrock Business Center TIF Fund
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 506,000	\$ 506,000	\$ 476,984	\$ (29,016)
Intergovernmental Revenues	250,000	250,000	250,000	0
Total Revenues	756,000	756,000	726,984	(29,016)
Expenditures:				
Highways and Streets:				
All Other Expenditures	101,000	104,845	99,001	5,844
Capital Outlay	7,922,355	5,293,005	4,963,569	329,436
Debt Service:				
Principal Retirement	500,000	500,000	500,000	0
Interest and Fiscal Charges	7,255	132,760	132,716	44
Total Expenditures	8,530,610	6,030,610	5,695,286	335,324
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,774,610)	(5,274,610)	(4,968,302)	306,308
Other Financing Sources (Uses):				
Issuance of OPWC Loans	1,500,000	750,000	840,030	90,030
General Obligation Notes Issued	500,000	500,000	480,000	(20,000)
Premiums on Debt Issuances	0	0	1,608	1,608
Transfers In	0	50,000	50,000	0
Total Other Financing Sources (Uses)	2,000,000	1,300,000	1,371,638	71,638
Net Change in Fund Balance	(5,774,610)	(3,974,610)	(3,596,664)	377,946
Fund Balance at Beginning of Year	5,171,117	5,171,117	5,171,117	0
Prior Year Encumbrances	622,355	622,355	622,355	0
Fund Balance at End of Year	\$ 18,862	\$ 1,818,862	\$ 2,196,808	\$ 377,946

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,323,600	\$ 647,600	\$ 649,957	\$ 2,357
All Other Revenues	0	0	2,888	2,888
Total Revenues	<u>1,323,600</u>	<u>647,600</u>	<u>652,845</u>	<u>5,245</u>
Expenditures:				
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	161,098	159,498	107,585	51,913
Street Construction and Reconstruction:				
Personal Service	155,666	157,266	152,936	4,330
Capital Outlay	1,164,881	514,881	438,642	76,239
Street Maintenance and Repair:				
All Other Expenditures	17,536	17,536	13,377	4,159
Snow and Ice Removal:				
All Other Expenditures	183,631	183,631	141,456	42,175
Debt Service:				
Principal Retirement	890,322	890,322	890,321	1
Interest Charges	52,610	52,610	52,282	328
Total Expenditures	<u>2,625,744</u>	<u>1,975,744</u>	<u>1,796,599</u>	<u>179,145</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,302,144)	(1,328,144)	(1,143,754)	184,390
Other Financing Sources (Uses):				
General Obligation Notes Issued	860,164	860,164	846,829	(13,335)
Transfers In	96,000	96,000	96,000	0
Total Other Financing Sources (Uses)	<u>956,164</u>	<u>956,164</u>	<u>942,829</u>	<u>(13,335)</u>
Net Changes in Fund Balance	(345,980)	(371,980)	(200,925)	171,055
Fund Balance at Beginning of Year	745,188	745,188	745,188	0
Prior Year Encumbrances	184,078	184,078	184,078	0
Fund Balance at End of Year	<u>\$ 583,286</u>	<u>\$ 557,286</u>	<u>\$ 728,341</u>	<u>\$ 171,055</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 44,000	\$ 44,000	\$ 47,003	\$ 3,003
Total Revenues	<u>44,000</u>	<u>44,000</u>	<u>47,003</u>	<u>3,003</u>
Expenditures:				
Highways and Streets:				
Public Works:				
State Highway Maintenance:				
All Other Expenditures	84,323	84,323	84,313	10
Total Expenditures	<u>84,323</u>	<u>84,323</u>	<u>84,313</u>	<u>10</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,323)	(40,323)	(37,310)	3,013
Fund Balance at Beginning of Year	102,871	102,871	102,871	0
Prior Year Encumbrances	24,323	24,323	24,323	0
Fund Balance at End of Year	<u>\$ 86,871</u>	<u>\$ 86,871</u>	<u>\$ 89,884</u>	<u>\$ 3,013</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013***

CEMETERIES FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 95,800	\$ 105,800	\$ 108,261	\$ 2,461
Total Revenues	<u>95,800</u>	<u>105,800</u>	<u>108,261</u>	<u>2,461</u>
Expenditures:				
Public Health and Welfare:				
Cemeteries:				
Administration:				
Personal Services	232,797	216,857	203,077	13,780
All Other Expenditures	6,380	6,670	6,560	110
Evergreen/Riverside Cemeteries:				
Personal Services	122,425	138,075	131,609	6,466
All Other Expenditures	25,335	25,335	24,546	789
Building Maintenance:				
All Other Expenditures	11,571	11,571	10,673	898
Total Expenditures	<u>398,508</u>	<u>398,508</u>	<u>376,465</u>	<u>22,043</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(302,708)	(292,708)	(268,204)	24,504
Other Financing Sources (Uses):				
Transfers In	305,000	305,000	305,000	0
Total Other Financing Sources (Uses)	<u>305,000</u>	<u>305,000</u>	<u>305,000</u>	<u>0</u>
Net Change in Fund Balance	2,292	12,292	36,796	24,504
Fund Balance at Beginning of Year	89,875	89,875	89,875	0
Prior Year Encumbrances	3,943	3,943	3,943	0
Fund Balance at End of Year	<u>\$ 96,110</u>	<u>\$ 106,110</u>	<u>\$ 130,614</u>	<u>\$ 24,504</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

POLICE PENSION TRANSFER FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 57,000	\$ 47,944	\$ 51,375	\$ 3,431
Intergovernmental Revenues	15,000	15,000	15,342	342
Total Revenues	<u>72,000</u>	<u>62,944</u>	<u>66,717</u>	<u>3,773</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Sworn Officer:				
Personal Services	72,000	72,000	70,000	2,000
All Other Expenditures	1,000	1,000	878	122
Total Expenditures	<u>73,000</u>	<u>73,000</u>	<u>70,878</u>	<u>2,122</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(10,056)	(4,161)	5,895
Fund Balance at Beginning of Year	18,918	18,918	18,918	0
Fund Balance at End of Year	<u>\$ 17,918</u>	<u>\$ 8,862</u>	<u>\$ 14,757</u>	<u>\$ 5,895</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 57,000	\$ 47,944	\$ 51,375	\$ 3,431
Intergovernmental Revenues	15,000	15,000	15,342	342
Total Revenues	<u>72,000</u>	<u>62,944</u>	<u>66,717</u>	<u>3,773</u>
Expenditures:				
Public Safety:				
Fire:				
Fire Fighting, Prevention, Inspection:				
Personal Services	72,000	72,000	70,000	2,000
All Other Expenditures	1,000	1,000	878	122
Total Expenditures	<u>73,000</u>	<u>73,000</u>	<u>70,878</u>	<u>2,122</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(10,056)	(4,161)	5,895
Fund Balance at Beginning of Year	18,963	18,963	18,963	0
Fund Balance at End of Year	<u>\$ 17,963</u>	<u>\$ 8,907</u>	<u>\$ 14,802</u>	<u>\$ 5,895</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013***

LAW ENFORCEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 200	\$ 2,300	\$ 2,368	\$ 68
Total Revenues	<u>200</u>	<u>2,300</u>	<u>2,368</u>	<u>68</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Other:				
All Other Expenditures	9,558	9,558	4,841	4,717
Total Expenditures	<u>9,558</u>	<u>9,558</u>	<u>4,841</u>	<u>4,717</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(9,358)	(7,258)	(2,473)	4,785
Fund Balance at Beginning of Year	16,482	16,482	16,482	0
Prior Year Encumbrances	2,058	2,058	2,058	0
Fund Balance at End of Year	<u>\$ 9,182</u>	<u>\$ 11,282</u>	<u>\$ 16,067</u>	<u>\$ 4,785</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

MUNICIPAL MOTOR VEHICLE LICENSE TAX FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 32,000	\$ 32,000	\$ 34,915	\$ 2,915
Total Revenues	<u>32,000</u>	<u>32,000</u>	<u>34,915</u>	<u>2,915</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,000	32,000	34,915	2,915
Other Financing Sources (Uses):				
Transfers Out	<u>(32,000)</u>	<u>(32,000)</u>	<u>(32,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(32,000)</u>	<u>(32,000)</u>	<u>(32,000)</u>	<u>0</u>
Net Change in Fund Balance	0	0	2,915	2,915
Fund Balance at Beginning of Year	<u>7,393</u>	<u>7,393</u>	<u>7,393</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,393</u>	<u>\$ 7,393</u>	<u>\$ 10,308</u>	<u>\$ 2,915</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

INDIGENT DRIVERS ALCOHOL TREATMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 15,000	\$ 15,000	\$ 5,944	\$ (9,056)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>5,944</u>	<u>(9,056)</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Judicial Activities:				
All Other Expenditures	<u>77,019</u>	<u>77,019</u>	<u>77,019</u>	<u>0</u>
Total Expenditures	<u>77,019</u>	<u>77,019</u>	<u>77,019</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,019)	(62,019)	(71,075)	(9,056)
Fund Balance at Beginning of Year	45,741	45,741	45,741	0
Prior Year Encumbrances	<u>37,018</u>	<u>37,018</u>	<u>37,018</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 20,740</u>	<u>\$ 20,740</u>	<u>\$ 11,684</u>	<u>\$ (9,056)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 5,000	\$ 14,000	\$ 15,932	\$ 1,932
Total Revenues	<u>5,000</u>	<u>14,000</u>	<u>15,932</u>	<u>1,932</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	14,000	15,932	1,932
Fund Balance at Beginning of Year	<u>84,339</u>	<u>84,339</u>	<u>84,339</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 89,339</u>	<u>\$ 98,339</u>	<u>\$ 100,271</u>	<u>\$ 1,932</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

CITY MOTOR VEHICLE LICENSE TAX FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 64,000	\$ 64,000	\$ 69,830	\$ 5,830
Total Revenues	<u>64,000</u>	<u>64,000</u>	<u>69,830</u>	<u>5,830</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,000	64,000	69,830	5,830
Other Financing Sources (Uses):				
Transfers Out	<u>(64,000)</u>	<u>(64,000)</u>	<u>(64,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(64,000)</u>	<u>(64,000)</u>	<u>(64,000)</u>	<u>0</u>
Net Change in Fund Balance	0	0	5,830	5,830
Fund Balance at Beginning of Year	<u>13,725</u>	<u>13,725</u>	<u>13,725</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,725</u>	<u>\$ 13,725</u>	<u>\$ 19,555</u>	<u>\$ 5,830</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	FIRE LEVY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 73,000	\$ 80,000	\$ 79,024	\$ (976)
Intergovernmental Revenues	15,000	17,548	19,496	1,948
Total Revenues	<u>88,000</u>	<u>97,548</u>	<u>98,520</u>	<u>972</u>
Expenditures:				
Public Safety:				
Fire Fighting, Prevention, Inspection:				
All Other Expenditures	1,900	1,900	1,424	476
Fire Service - Other:				
All Other Expenditures	10,719	10,719	9,693	1,026
Capital Outlay	83,003	83,003	83,003	0
Debt Service:				
Principal Retirement	167,215	167,215	167,215	0
Interest and Fiscal Charges	12,864	12,864	12,863	1
Total Expenditures	<u>275,701</u>	<u>275,701</u>	<u>274,198</u>	<u>1,503</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(187,701)	(178,153)	(175,678)	2,475
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	30,000	30,000
General Obligation Notes Issued	114,047	114,047	114,047	0
Transfers Out	(20,000)	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	<u>94,047</u>	<u>94,047</u>	<u>124,047</u>	<u>30,000</u>
Net Changes in Fund Balance	(93,654)	(84,106)	(51,631)	32,475
Fund Balance at Beginning of Year	95,199	95,199	95,199	0
Prior Year Encumbrances	85,922	85,922	85,922	0
Fund Balance at End of Year	<u>\$ 87,467</u>	<u>\$ 97,015</u>	<u>\$ 129,490</u>	<u>\$ 32,475</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
Public Works:				
All Other Expenditures	1,000	1,000	1,000	0
Total Expenditures	1,000	1,000	1,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(1,000)	(1,000)	0
Fund Balance at Beginning of Year	2,931	2,931	2,931	0
Fund Balance at End of Year	\$ 1,931	\$ 1,931	\$ 1,931	\$ 0

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

PROBATION SERVICES FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 120,000	\$ 120,000	\$ 110,344	\$ (9,656)
All Other Revenues	0	0	98	98
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>110,442</u>	<u>(9,558)</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Probation:				
Personal Services	99,482	89,482	78,548	10,934
All Other Expenditures	32,601	32,601	28,140	4,461
Total Expenditures	<u>132,083</u>	<u>122,083</u>	<u>106,688</u>	<u>15,395</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,083)	(2,083)	3,754	5,837
Fund Balance at Beginning of Year	17,017	17,017	17,017	0
Prior Year Encumbrances	5,401	5,401	5,401	0
Fund Balance at End of Year	<u>\$ 10,335</u>	<u>\$ 20,335</u>	<u>\$ 26,172</u>	<u>\$ 5,837</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

COPS FAST GRANT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Public Safety:				
Law Enforcement-Sworn Officers:				
All Other Expenditures	0	1,000	999	1
Law Enforcement-Other:				
All Other Expenditures	0	2,980	2,975	5
Total Expenditures	<u>0</u>	<u>3,980</u>	<u>3,974</u>	<u>6</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(3,980)	(3,974)	6
Fund Balance at Beginning of Year	11,820	11,820	11,820	0
Fund Balance at End of Year	<u>\$ 11,820</u>	<u>\$ 7,840</u>	<u>\$ 7,846</u>	<u>\$ 6</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	627	627	627	0
Fund Balance at End of Year	<u>\$ 627</u>	<u>\$ 627</u>	<u>\$ 627</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	FIRE FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 4,500	\$ 0	\$ 0	\$ 0
All Other Revenues	500	500	393	(107)
Total Revenues	<u>5,000</u>	<u>500</u>	<u>393</u>	<u>(107)</u>
Expenditures:				
Public Safety:				
Fire:				
Fire Service - Other:				
All Other Expenditures	<u>3,500</u>	<u>5,325</u>	<u>5,320</u>	<u>5</u>
Total Expenditures	<u>3,500</u>	<u>5,325</u>	<u>5,320</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,500	(4,825)	(4,927)	(102)
Fund Balance at Beginning of Year	<u>7,146</u>	<u>7,146</u>	<u>7,146</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,646</u>	<u>\$ 2,321</u>	<u>\$ 2,219</u>	<u>\$ (102)</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013***

VICTIM'S ADVOCATE GRANT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 59,529	\$ 75,029	\$ 49,241	\$ (25,788)
Total Revenues	<u>59,529</u>	<u>75,029</u>	<u>49,241</u>	<u>(25,788)</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Clerk of Court:				
Personal Services	51,093	55,093	54,719	374
Total Expenditures	<u>51,093</u>	<u>55,093</u>	<u>54,719</u>	<u>374</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,436	19,936	(5,478)	(25,414)
Other Financing Sources (Uses):				
Transfers In	0	0	3,000	3,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>3,000</u>	<u>3,000</u>
Net Changes in Fund Balance	8,436	19,936	(2,478)	(22,414)
Fund Balance at Beginning of Year	2,861	2,861	2,861	0
Fund Balance at End of Year	<u>\$ 11,297</u>	<u>\$ 22,797</u>	<u>\$ 383</u>	<u>\$ (22,414)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EMERGENCY MEDICAL SERVICES FUND				
Revenues:				
Charges for Services	\$ 520,000	\$ 520,000	\$ 525,000	\$ 5,000
Total Revenues	<u>520,000</u>	<u>520,000</u>	<u>525,000</u>	<u>5,000</u>
Expenditures:				
Public Safety:				
Fire:				
Fire Fighting, Prevention, Inspection:				
Personal Services	426,489	426,489	391,793	34,696
All Other Expenditures	188,244	188,244	164,060	24,184
Capital Outlay	5,417	5,417	0	5,417
Fire Service - Other:				
Personal Services	<u>102,323</u>	<u>102,323</u>	<u>78,206</u>	<u>24,117</u>
Total Expenditures	<u>722,473</u>	<u>722,473</u>	<u>634,059</u>	<u>88,414</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(202,473)	(202,473)	(109,059)	93,414
Fund Balance at Beginning of Year	404,214	404,214	404,214	0
Prior Year Encumbrances	<u>67,123</u>	<u>67,123</u>	<u>67,123</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 268,864</u>	<u>\$ 268,864</u>	<u>\$ 362,278</u>	<u>\$ 93,414</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

MUNICIPAL COURT COMPUTERIZATION FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 83,000	\$ 103,000	\$ 109,281	\$ 6,281
Total Revenues	<u>83,000</u>	<u>103,000</u>	<u>109,281</u>	<u>6,281</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Clerk of Court:				
Personal Services	77,058	84,883	79,511	5,372
Probation:				
Personal Services	<u>15,517</u>	<u>15,517</u>	<u>15,363</u>	<u>154</u>
Total Expenditures	<u>92,575</u>	<u>100,400</u>	<u>94,874</u>	<u>5,526</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,575)	2,600	14,407	11,807
Fund Balance at Beginning of Year	<u>31,604</u>	<u>31,604</u>	<u>31,604</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 22,029</u>	<u>\$ 34,204</u>	<u>\$ 46,011</u>	<u>\$ 11,807</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 500	\$ 500	\$ 0	\$ (500)
Total Revenues	<u>500</u>	<u>500</u>	<u>0</u>	<u>(500)</u>
Expenditures:				
Community Environment:				
Zoning Application:				
All Other Expenditures	<u>409</u>	<u>409</u>	<u>253</u>	<u>156</u>
Total Expenditures	<u>409</u>	<u>409</u>	<u>253</u>	<u>156</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	91	91	(253)	(344)
Fund Balance at Beginning of Year	10,962	10,962	10,962	0
Prior Year Encumbrances	<u>184</u>	<u>184</u>	<u>184</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,237</u>	<u>\$ 11,237</u>	<u>\$ 10,893</u>	<u>\$ (344)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	89	89	89	0
Fund Balance at End of Year	<u>\$ 89</u>	<u>\$ 89</u>	<u>\$ 89</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 500	\$ 500	\$ 1,574	\$ 1,074
Total Revenues	<u>500</u>	<u>500</u>	<u>1,574</u>	<u>1,074</u>
Expenditures:				
Public Safety:				
Police:				
Law Enforcement - Other:				
All Other Expenditures	6,000	6,000	1,160	4,840
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>1,160</u>	<u>4,840</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,500)	(5,500)	414	5,914
Fund Balance at Beginning of Year	<u>14,733</u>	<u>14,733</u>	<u>14,733</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,233</u>	<u>\$ 9,233</u>	<u>\$ 15,147</u>	<u>\$ 5,914</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2013***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 37,354	\$ 37,354	\$ 47,641	\$ 10,287
Intergovernmental Revenues	13,000	13,000	12,275	(725)
Total Revenues	<u>50,354</u>	<u>50,354</u>	<u>59,916</u>	<u>9,562</u>
Expenditures:				
General Government:				
All Other Expenditures	<u>1,050</u>	<u>1,050</u>	<u>702</u>	<u>348</u>
Total Expenditures	<u>1,050</u>	<u>1,050</u>	<u>702</u>	<u>348</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	49,304	49,304	59,214	9,910
Fund Balance at Beginning of Year	<u>102,737</u>	<u>102,737</u>	<u>102,737</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 152,041</u>	<u>\$ 152,041</u>	<u>\$ 161,951</u>	<u>\$ 9,910</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2013***

SPECIAL ASSESSMENT BOND RETIREMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 95,000	\$ 78,000	\$ 76,294	\$ (1,706)
Total Revenues	<u>95,000</u>	<u>78,000</u>	<u>76,294</u>	<u>(1,706)</u>
Expenditures:				
General Government:				
All Other Expenditures	20,800	20,800	15,929	4,871
Debt Service Function:				
Debt Service - Unvoted:				
Debt Service:				
Principal Retirement	45,000	45,000	45,000	0
Interest and Fiscal Charges	40,060	40,060	40,060	0
Total Expenditures	<u>105,860</u>	<u>105,860</u>	<u>100,989</u>	<u>4,871</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,860)	(27,860)	(24,695)	3,165
Fund Balance at Beginning of Year	<u>162,962</u>	<u>162,962</u>	<u>162,962</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 152,102</u>	<u>\$ 135,102</u>	<u>\$ 138,267</u>	<u>\$ 3,165</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2013**

LAND ACQUISITION NOTE RETIREMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Advances In	218,160	178,160	162,760	(15,400)
Advances Out	(218,160)	(171,160)	(162,760)	8,400
Total Other Financing Sources (Uses)	0	7,000	0	(7,000)
Net Change in Fund Balance	0	7,000	0	(7,000)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 7,000	\$ 0	\$ (7,000)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013**

MUNICIPAL COURT IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 35,500	\$ 51,500	\$ 53,941	\$ 2,441
Total Revenues	<u>35,500</u>	<u>51,500</u>	<u>53,941</u>	<u>2,441</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Clerk of Court:				
Capital Outlay	<u>54,000</u>	<u>54,000</u>	<u>54,000</u>	<u>0</u>
Total Expenditures	<u>54,000</u>	<u>54,000</u>	<u>54,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,500)	(2,500)	(59)	2,441
Fund Balance at Beginning of Year	38,404	38,404	38,404	0
Prior Year Encumbrances	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 43,904</u>	<u>\$ 59,904</u>	<u>\$ 62,345</u>	<u>\$ 2,441</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013**

CAPITAL EQUIPMENT RESERVE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Executive:				
City Manager:				
Capital Outlay	6,743	6,743	6,719	24
Finance:				
Accounting:				
Capital Outlay	1,500	1,500	1,476	24
Total General Government	8,243	8,243	8,195	48
Public Safety:				
Police:				
Law Enforcement - Sworn Officers:				
Capital Outlay	15,000	15,000	14,998	2
Law Enforcement - Other:				
Capital Outlay	162,725	162,725	162,725	0
Total Public Safety	177,725	177,725	177,723	2
Total Expenditures	185,968	185,968	185,918	50
Excess (Deficiency) of Revenues Over (Under) Expenditures	(185,968)	(185,968)	(185,918)	50
Other Financing Sources (Uses):				
Transfers In	0	200,000	200,000	0
Total Other Financing Sources (Uses)	0	200,000	200,000	0
Net Change in Fund Balance	(185,968)	14,032	14,082	50
Fund Balance at Beginning of Year	202,761	202,761	202,761	0
Prior Year Encumbrances	30,968	30,968	30,968	0
Fund Balance at End of Year	\$ 47,761	\$ 247,761	\$ 247,811	\$ 50

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013**

CAPITAL IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 990,000	\$ 135,000	\$ 108,147	\$ (26,853)
All Other Revenues	0	8,000	8,050	50
Total Revenues	<u>990,000</u>	<u>143,000</u>	<u>116,197</u>	<u>(26,803)</u>
Expenditures:				
General Government:				
Public Lands and Buildings:				
Building Operations, Maintenance and Repair:				
Capital Outlay	101,900	108,700	108,554	146
Total General Government	<u>101,900</u>	<u>108,700</u>	<u>108,554</u>	<u>146</u>
Highways and Streets:				
Public Works:				
Street Construction and Reconstruction:				
Capital Outlay	875	875	604	271
Total Highways and Streets	<u>875</u>	<u>875</u>	<u>604</u>	<u>271</u>
Culture and Recreation:				
Parks:				
Recreation Activities:				
Capital Outlay	1,024,112	177,312	159,582	17,730
Total Culture and Recreation	<u>1,024,112</u>	<u>177,312</u>	<u>159,582</u>	<u>17,730</u>
Community Environment:				
Community Planning and Zoning:				
Planning and Development:				
Capital Outlay	30,000	30,000	30,000	0
Total Community Environment	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Total Expenditures	<u>1,156,887</u>	<u>316,887</u>	<u>298,740</u>	<u>18,147</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(166,887)	(173,887)	(182,543)	(8,656)

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers In	0	150,000	150,000	0
Total Other Financing Sources (Uses)	0	150,000	150,000	0
 Net Change in Fund Balance	(166,887)	(23,887)	(32,543)	(8,656)
 Fund Balance at Beginning of Year	230,843	230,843	230,843	0
Prior Year Encumbrances	64,987	64,987	64,987	0
Fund Balance at End of Year	<u>\$ 128,943</u>	<u>\$ 271,943</u>	<u>\$ 263,287</u>	<u>\$ (8,656)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 455,000	\$ 434,315	\$ (20,685)
Total Revenues	<u>0</u>	<u>455,000</u>	<u>434,315</u>	<u>(20,685)</u>
Expenditures:				
Community Environment:				
Capital Outlay	<u>28,911</u>	<u>483,473</u>	<u>461,303</u>	<u>22,170</u>
Total Expenditures	<u>28,911</u>	<u>483,473</u>	<u>461,303</u>	<u>22,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,911)	(28,473)	(26,988)	1,485
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	<u>28,911</u>	<u>28,911</u>	<u>28,911</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 438</u>	<u>\$ 1,923</u>	<u>\$ 1,485</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 500,000	\$ 0	\$ 0	\$ 0
Total Revenues	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	<u>500,000</u>	<u>50,000</u>	<u>0</u>	<u>50,000</u>
Total Expenditures	<u>500,000</u>	<u>50,000</u>	<u>0</u>	<u>50,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(50,000)	0	50,000
Fund Balance at Beginning of Year	<u>116,715</u>	<u>116,715</u>	<u>116,715</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 116,715</u>	<u>\$ 66,715</u>	<u>\$ 116,715</u>	<u>\$ 50,000</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	10,000	10,000	10,000	0
Interest and Fiscal Charges	5,655	5,655	5,652	3
Total Expenditures	15,655	15,655	15,652	3
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,655)	(15,655)	(15,652)	3
Fund Balance at Beginning of Year	40,976	40,976	40,976	0
Fund Balance at End of Year	\$ 25,321	\$ 25,321	\$ 25,324	\$ 3

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013**

MUNICIPAL COURT SPECIAL PROJECTS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 95,000	\$ 95,000	\$ 104,604	\$ 9,604
Total Revenues	95,000	95,000	104,604	9,604
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	6,135	4,835	3,887	948
All Other Expenditures	23,331	24,631	24,126	505
Capital Outlay	30,268	30,268	29,993	275
Clerk of Court:				
Personal Services	30,576	30,576	19,555	11,021
All Other Expenditures	91,540	91,539	83,182	8,357
Probation:				
Personal Services	7,830	7,830	267	7,563
All Other Expenditures	19,506	19,506	19,506	0
Total Expenditures	209,186	209,185	180,516	28,669
Excess (Deficiency) of Revenues Over (Under) Expenditures	(114,186)	(114,185)	(75,912)	38,273
Fund Balance at Beginning of Year	176,950	176,950	176,950	0
Prior Year Encumbrances	55,519	55,519	55,519	0
Fund Balance at End of Year	\$ 118,283	\$ 118,284	\$ 156,557	\$ 38,273

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013**

MILLSTONE ACQUISITION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 138,018	\$ 138,018	\$ 0
Total Revenues	<u>0</u>	<u>138,018</u>	<u>138,018</u>	<u>0</u>
Expenditures:				
Highways and Streets:				
Public Works:				
Street Construction and Reconstruction:				
Capital Outlay	17,259	17,259	0	17,259
Total Highways and Streets	<u>17,259</u>	<u>17,259</u>	<u>0</u>	<u>17,259</u>
Community Environment:				
Community Planning and Zoning:				
Planning and Development:				
All Other Expenditures	209,996	209,996	146,939	63,057
Total Community Environment	<u>209,996</u>	<u>209,996</u>	<u>146,939</u>	<u>63,057</u>
Total Expenditures	<u>227,255</u>	<u>227,255</u>	<u>146,939</u>	<u>80,316</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(227,255)	(89,237)	(8,921)	80,316
Fund Balance at Beginning of Year	63,244	63,244	63,244	0
Prior Year Encumbrances	227,255	227,255	227,255	0
Fund Balance at End of Year	<u>\$ 63,244</u>	<u>\$ 201,262</u>	<u>\$ 281,578</u>	<u>\$ 80,316</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013**

CITY HALL FIRE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Capital Outlay	8,525	12,007	12,007	0
Total Expenditures	8,525	12,007	12,007	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,525)	(12,007)	(12,007)	0
Other Financing Sources (Uses):				
Insurance Proceeds	0	3,490	3,482	(8)
Total Other Financing Sources (Uses)	0	3,490	3,482	(8)
Net Change in Fund Balance	(8,525)	(8,517)	(8,525)	(8)
Fund Balance at Beginning of Year	189	189	189	0
Prior Year Encumbrances	8,525	8,525	8,525	0
Fund Balance at End of Year	\$ 189	\$ 197	\$ 189	\$ (8)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SHAMROCK BOULEVARD ROAD PROJECT FUND				
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	0	51,000	51,000	0
Debt Service:				
Principal Retirement	1,914,940	1,914,940	1,914,640	300
Interest and Fiscal Charges	27,770	27,770	27,770	0
Total Expenditures	1,942,710	1,993,710	1,993,410	300
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,942,710)	(1,993,710)	(1,993,410)	300
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	1,914,640	1,917,000	2,360
General Obligation Notes Issued	1,914,640	0	0	0
Total Other Financing Sources (Uses)	1,914,640	1,914,640	1,917,000	2,360
Net Change in Fund Balance	(28,070)	(79,070)	(76,410)	2,660
Fund Balance at Beginning of Year	134,325	134,325	134,325	0
Fund Balance at End of Year	\$ 106,255	\$ 55,255	\$ 57,915	\$ 2,660

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 800	\$ 800	\$ 748	\$ (52)
Total Revenues	<u>800</u>	<u>800</u>	<u>748</u>	<u>(52)</u>
Expenditures:				
Public Health and Welfare:				
Cemeteries:				
Evergreen/Riverside Cemeteries:				
All Other Expenditures	<u>3,176</u>	<u>3,176</u>	<u>1,376</u>	<u>1,800</u>
Total Expenditures	<u>3,176</u>	<u>3,176</u>	<u>1,376</u>	<u>1,800</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,376)	(2,376)	(628)	1,748
Fund Balance at Beginning of Year	81,545	81,545	81,545	0
Prior Year Encumbrances	<u>176</u>	<u>176</u>	<u>176</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 79,345</u>	<u>\$ 79,345</u>	<u>\$ 81,093</u>	<u>\$ 1,748</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2013**

SPECIAL ENDOWMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 350	\$ 350	\$ 312	\$ (38)
Total Revenues	<u>350</u>	<u>350</u>	<u>312</u>	<u>(38)</u>
Expenditures:				
Public Health and Welfare:				
Cemeteries:				
Evergreen/Riverside Cemeteries:				
All Other Expenditures	<u>1,750</u>	<u>1,750</u>	<u>0</u>	<u>1,750</u>
Total Expenditures	<u>1,750</u>	<u>1,750</u>	<u>0</u>	<u>1,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,400)	(1,400)	312	1,712
Fund Balance at Beginning of Year	<u>59,868</u>	<u>59,868</u>	<u>59,868</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 58,468</u>	<u>\$ 58,468</u>	<u>\$ 60,180</u>	<u>\$ 1,712</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 1,000	\$ 1,000	\$ 240	\$ (760)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>240</u>	<u>(760)</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	750	750	0	750
Total Expenditures	<u>750</u>	<u>750</u>	<u>0</u>	<u>750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	250	250	240	(10)
Fund Balance at Beginning of Year	<u>405,467</u>	<u>405,467</u>	<u>405,467</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 405,717</u>	<u>\$ 405,717</u>	<u>\$ 405,707</u>	<u>\$ (10)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 4,500	\$ 4,500	\$ 6,000	\$ 1,500
Total Revenues	<u>4,500</u>	<u>4,500</u>	<u>6,000</u>	<u>1,500</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	750	750	0	750
Total Expenditures	<u>750</u>	<u>750</u>	<u>0</u>	<u>750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,750	3,750	6,000	2,250
Fund Balance at Beginning of Year	<u>369,767</u>	<u>369,767</u>	<u>369,767</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 373,517</u>	<u>\$ 373,517</u>	<u>\$ 375,767</u>	<u>\$ 2,250</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 3,600	\$ 3,600	\$ 4,000	\$ 400
Total Revenues	<u>3,600</u>	<u>3,600</u>	<u>4,000</u>	<u>400</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	50	50	0	50
Total Expenditures	<u>50</u>	<u>50</u>	<u>0</u>	<u>50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,550	3,550	4,000	450
Fund Balance at Beginning of Year	<u>329,171</u>	<u>329,171</u>	<u>329,171</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 332,721</u>	<u>\$ 332,721</u>	<u>\$ 333,171</u>	<u>\$ 450</u>

Nonmajor Enterprise Funds

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, whereby the intent of City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or when City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Refuse Fund

To account for the operation of the City's solid waste collection systems.

Off Street Parking Fund

To account for the operation of the City's off-street parking garage.

Storm Water Utility Fund

To account for the operation of the City's storm water utility system.

Community Programs Fund

To account for operation of several user fee recreational programs offered by the City.

CITY OF PAINESVILLE, OHIO

**Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2013**

	Refuse Fund	Off Street Parking Fund	Storm Water Utility Fund
Assets			
Current Assets:			
Pooled Cash and Investments	\$ 12,874	\$ 200,261	\$ 343,268
Accounts Receivable	0	0	51,529
Prepaid Items	0	3,302	0
Total Current Assets	12,874	203,563	394,797
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	0	3,929	0
Total Restricted Assets	0	3,929	0
Capital Assets:			
Capital Assets Not Being Depreciated	0	118,972	354,938
Capital Assets Being Depreciated, Net	0	1,025,952	1,324,543
Total Noncurrent Assets	0	1,148,853	1,679,481
Total Assets	12,874	1,352,416	2,074,278
Liabilities			
Current Liabilities:			
Accounts Payable	0	175	290
Accrued Wages and Benefits	0	2,104	4,967
Intergovernmental Payable	0	0	5
Refundable Deposits	0	3,929	0
Accrued Interest Payable	0	0	4,087
General Obligation Notes Payable	0	0	19,370
Capital Leases Payable - Current	0	0	10,404
Long Term Notes Payable - Current	0	0	56,600
Compensated Absences Payable - Current	0	0	2,577
Total Current Liabilities	0	6,208	98,300
Noncurrent Liabilities:			
Capital Leases Payable	0	0	43,407
Long Term Notes Payable	0	0	392,400
Compensated Absences Payable	0	4,122	13,577
Total Noncurrent Liabilities	0	4,122	449,384
Total Liabilities	0	10,330	547,684
Net Position			
Net Investment in Capital Assets	0	1,144,924	1,157,300
Unrestricted	12,874	197,162	369,294
Total Net Position	\$ 12,874	\$ 1,342,086	\$ 1,526,594

CITY OF PAINESVILLE, OHIO

<u>Community Programs Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 6,260	\$ 562,663
0	51,529
0	3,302
<u>6,260</u>	<u>617,494</u>
0	3,929
<u>0</u>	<u>3,929</u>
0	473,910
<u>0</u>	<u>2,350,495</u>
<u>0</u>	<u>2,828,334</u>
<u>6,260</u>	<u>3,445,828</u>
0	465
167	7,238
0	5
0	3,929
0	4,087
0	19,370
0	10,404
0	56,600
0	2,577
<u>167</u>	<u>104,675</u>
0	43,407
0	392,400
<u>0</u>	<u>17,699</u>
<u>0</u>	<u>453,506</u>
<u>167</u>	<u>558,181</u>
0	2,302,224
<u>6,093</u>	<u>585,423</u>
<u>\$ 6,093</u>	<u>\$ 2,887,647</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2013**

	Refuse Fund	Off Street Parking Fund	Storm Water Utility Fund
Operating Revenues:			
Charges for Services	\$ 33	\$ 41,209	\$ 390,325
Other Charges for Services	0	0	7,658
Other Operating Revenues	1,540	0	0
Total Operating Revenues	<u>1,573</u>	<u>41,209</u>	<u>397,983</u>
Operating Expenses:			
Personal Services	0	50,494	106,475
Contractual Services	2,116	20,340	50,038
Materials and Supplies	0	711	5,573
Utilities	0	16,964	0
Depreciation	0	33,359	24,949
Total Operating Expenses	<u>2,116</u>	<u>121,868</u>	<u>187,035</u>
Operating Income (Loss)	(543)	(80,659)	210,948
Non-Operating Revenue (Expenses):			
Interest and Fiscal Charges	0	0	(6,235)
Other Nonoperating Expense	0	(63,428)	0
Total Non-Operating Revenues (Expenses)	<u>0</u>	<u>(63,428)</u>	<u>(6,235)</u>
Income (Loss) Before Transfers	(543)	(144,087)	204,713
Transfers:			
Transfers-In	0	105,000	0
Total Transfers	<u>0</u>	<u>105,000</u>	<u>0</u>
Change in Net Position	(543)	(39,087)	204,713
Net Position Beginning of Year	13,417	1,381,173	1,321,881
Net Position End of Year	<u>\$ 12,874</u>	<u>\$ 1,342,086</u>	<u>\$ 1,526,594</u>

CITY OF PAINESVILLE, OHIO

<u>Community Programs Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 39,168	\$ 470,735
0	7,658
0	1,540
<u>39,168</u>	<u>479,933</u>
15,653	172,622
16,919	89,413
4,959	11,243
0	16,964
0	58,308
<u>37,531</u>	<u>348,550</u>
1,637	131,383
0	(6,235)
0	(63,428)
<u>0</u>	<u>(69,663)</u>
1,637	61,720
0	105,000
0	105,000
1,637	166,720
4,456	2,720,927
<u>\$ 6,093</u>	<u>\$ 2,887,647</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2013***

	Refuse Fund	Off-Street Parking Fund	Storm Water Utility Fund
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,573	\$41,236	\$425,703
Cash Payments for Goods and Services	(2,116)	(38,063)	(56,035)
Cash Payments to Employees	0	(49,396)	(107,734)
Net Cash Provided (Used) by Operating Activities	(543)	(46,223)	261,934
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	105,000	0
Net Cash Provided by Noncapital Financing Activities	0	105,000	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from General Obligation Notes	0	0	468,370
Premium on Debt Issuances	0	0	5
Principal Paid on General Obligation Notes	0	0	(544,340)
Acquisition and Construction of Assets	0	0	(148,286)
Issuance of Capital Leases	0	0	53,811
Interest Paid on All Debt	0	0	(8,672)
Net Cash Used by Capital and Related Financing Activities	0	0	(179,112)
Net Increase (Decrease) in Cash and Cash Equivalents	(543)	58,777	82,822
Cash and Cash Equivalents at Beginning of Year	13,417	145,413	260,446
Cash and Cash Equivalents at End of Year	\$12,874	\$204,190	\$343,268
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$12,874	\$200,261	\$343,268
Restricted Cash and Cash Equivalents	0	3,929	0
Cash and Cash Equivalents at End of Year	\$12,874	\$204,190	\$343,268
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$543)	(\$80,659)	\$210,948
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	0	33,359	24,949
Miscellaneous Nonoperating Revenues	0	27	0
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	0	0	27,720
Increase in Prepaid Items	0	(146)	0
Increase (Decrease) in Accounts Payable	0	98	(429)
Increase in Accrued Wages and Benefits	0	149	677
Increase in Intergovernmental Payable	0	0	5
Increase (Decrease) in Compensated Absences Payable	0	949	(1,936)
Total Adjustments	0	34,436	50,986
Net Cash Provided (Used) by Operating Activities	(543)	(46,223)	\$261,934

CITY OF PAINESVILLE, OHIO

Community Programs Fund	Total Nonmajor Enterprise Funds
\$39,168	\$507,680
(21,878)	(118,092)
(15,643)	(172,773)
<u>1,647</u>	<u>216,815</u>
<u>0</u>	<u>105,000</u>
<u>0</u>	<u>105,000</u>
0	468,370
0	5
0	(544,340)
0	(148,286)
0	53,811
<u>0</u>	<u>(8,672)</u>
<u>0</u>	<u>(179,112)</u>
1,647	142,703
4,613	423,889
<u>\$6,260</u>	<u>\$566,592</u>
\$6,260	\$562,663
<u>0</u>	<u>3,929</u>
<u>\$6,260</u>	<u>\$566,592</u>
\$1,637	\$131,383
0	58,308
0	27
0	27,720
0	(146)
0	(331)
10	836
0	5
<u>0</u>	<u>(987)</u>
<u>10</u>	<u>85,432</u>
<u>\$1,647</u>	<u>\$216,815</u>

Nonmajor Internal Service Funds

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

Fuel and Oil Rotary Fund

To account for the accumulation and allocation of costs associated with petroleum products.

Supplies Rotary Fund

To account for the accumulation and allocation of costs associated with operating supplies.

Employee Health Insurance Fund

To account for the expenses related to employee health insurance coverage provided by the City. This program is partially self-funded by the City as well as through a 'stop-loss' cap arrangement with an outside contractor.

Workers' Compensation Retrospective Fund

To account for expenses for workers' compensation coverage provided by the Ohio Bureau of Workers' Compensation.

CITY OF PAINESVILLE, OHIO

**Combining Statement of Net Position
Nonmajor Internal Service Funds
December 31, 2013**

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
Assets:					
Current Assets:					
Pooled Cash and Investments	\$ 105,283	\$ 34,596	\$ 15,198	\$ 153,778	\$ 308,855
Inventory of Supplies at Cost	0	31,077	0	0	31,077
Total Assets	<u>105,283</u>	<u>65,673</u>	<u>15,198</u>	<u>153,778</u>	<u>339,932</u>
Liabilities:					
Current Liabilities:					
Accounts Payable	0	0	38,086	0	38,086
Claims Payable - Current	0	0	388,200	306,528	694,728
Total Current Liabilities	<u>0</u>	<u>0</u>	<u>426,286</u>	<u>306,528</u>	<u>732,814</u>
Noncurrent Liabilities:					
Claims Payable	0	0	0	554,873	554,873
Total Liabilities	<u>0</u>	<u>0</u>	<u>426,286</u>	<u>861,401</u>	<u>1,287,687</u>
Net Position:					
Unrestricted	<u>105,283</u>	<u>65,673</u>	<u>(411,088)</u>	<u>(707,623)</u>	<u>(947,755)</u>
Total Net Position	<u>\$ 105,283</u>	<u>\$ 65,673</u>	<u>\$ (411,088)</u>	<u>\$ (707,623)</u>	<u>\$ (947,755)</u>

CITY OF PAINESVILLE, OHIO

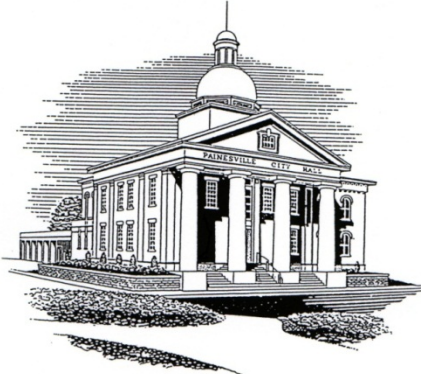
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Internal Service Funds
For the Year Ended December 31, 2013**

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
Operating Revenues:					
Charges for Services	\$ 247,862	\$ 35,549	\$ 3,245,756	\$ 462,674	\$ 3,991,841
Total Operating Revenues	<u>247,862</u>	<u>35,549</u>	<u>3,245,756</u>	<u>462,674</u>	<u>3,991,841</u>
Operating Expenses:					
Personal Services	0	0	2,628,771	387,360	3,016,131
Contractual Services	0	0	564,806	196,513	761,319
Materials and Supplies	280,301	35,042	0	0	315,343
Total Operating Expenses	<u>280,301</u>	<u>35,042</u>	<u>3,193,577</u>	<u>583,873</u>	<u>4,092,793</u>
Income (Loss) Before Transfers	(32,439)	507	52,179	(121,199)	(100,952)
Transfers:					
Transfers In	50,000	0	0	0	50,000
Total Transfers	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Change in Net Position	17,561	507	52,179	(121,199)	(50,952)
Net Position Beginning of Year	<u>87,722</u>	<u>65,166</u>	<u>(463,267)</u>	<u>(586,424)</u>	<u>(896,803)</u>
Net Position End of Year	<u>\$ 105,283</u>	<u>\$ 65,673</u>	<u>\$ (411,088)</u>	<u>\$ (707,623)</u>	<u>\$ (947,755)</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Cash Flows
Nonmajor Internal Service Funds
For the Year Ended December 31, 2013**

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
<u>Cash Flows from Operating Activities:</u>					
Cash Receipts from Interfund Services Provided	\$247,862	\$35,549	\$3,245,756	\$462,674	\$3,991,841
Cash Payments for Goods and Services	(280,301)	(33,654)	(539,132)	(196,513)	(1,049,600)
Cash Payments to Employees	0	0	0	(266,160)	(266,160)
Cash Payments for Employee Medical Claims	0	0	(2,704,099)	0	(2,704,099)
Net Cash Provided (Used) by Operating Activities	(32,439)	1,895	2,525	1	(28,018)
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In From Other Funds	50,000	0	0	0	50,000
Net Cash Provided for Noncapital Financing Activities	50,000	0	0	0	50,000
Net Increase in Cash and Cash Equivalents	17,561	1,895	2,525	1	21,982
Cash and Cash Equivalents at Beginning of Year	87,722	32,701	12,673	153,777	286,873
Cash and Cash Equivalents at End of Year	\$105,283	\$34,596	\$15,198	\$153,778	\$308,855
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	(\$32,439)	\$507	\$52,179	(\$121,199)	(\$100,952)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Changes in Assets and Liabilities:					
Decrease in Inventory	0	1,388	0	0	1,388
Increase in Accounts Payable	0	0	22,046	0	22,046
Increase (Decrease) in Claims Liability	0	0	(71,700)	121,200	49,500
Total Adjustments	0	1,388	(49,654)	121,200	72,934
Net Cash Provided (Used) by Operating Activities	(32,439)	\$1,895	\$2,525	\$1	(\$28,018)



Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds

Municipal Court Fund

To account for funds that flow through the municipal court.

State Patrol Transfer Fund

To account for the receipt from the City's municipal court and disbursement to the City and County Law Library of fines and forfeitures for State Highway Patrol cases in accordance with provisions of the Ohio Revised Code.

Electric License Fund

To account for funds from the fifteen percent (15%) fees as required by Ohio Revised Code.

Land Bank Fund

To account for the receipt of monies from the sale of property under the Land Bank Program and the disbursement to the County for back taxes.

Plan Review Fund

To account for monies received and held by the City for various deposits for review of construction plans.

C.D.B.G. Fund

To account for monies designated for renovations of properties in the City.

JEDD Fund

To account for income tax revenues from University and Tri-Point hospitals as part of a Joint Economic Development District between the City and Concord Township.

CITY OF PAINESVILLE, OHIO

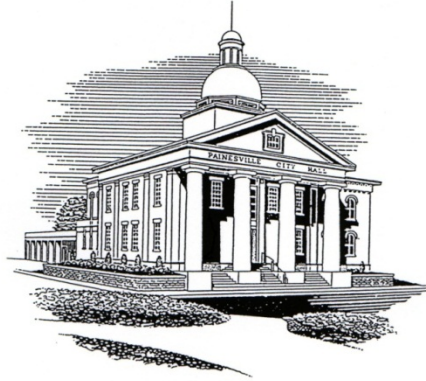
**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2013**

	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
Municipal Court Fund				
Assets:				
Cash and Cash Equivalents	\$43,291	\$3,270,393	(\$3,039,565)	\$274,119
Total Assets	<u>\$43,291</u>	<u>\$3,270,393</u>	<u>(\$3,039,565)</u>	<u>\$274,119</u>
Liabilities:				
Due to Others	\$43,291	\$3,270,393	(\$3,039,565)	\$274,119
Total Liabilities	<u>\$43,291</u>	<u>\$3,270,393</u>	<u>(\$3,039,565)</u>	<u>\$274,119</u>
State Patrol Transfer Fund				
Assets:				
Cash and Cash Equivalents	\$18,284	\$88,874	(\$88,874)	\$18,284
Total Assets	<u>\$18,284</u>	<u>\$88,874</u>	<u>(\$88,874)</u>	<u>\$18,284</u>
Liabilities:				
Due to Others	\$18,284	\$88,874	(\$88,874)	\$18,284
Total Liabilities	<u>\$18,284</u>	<u>\$88,874</u>	<u>(\$88,874)</u>	<u>\$18,284</u>
Electric License Fund				
Assets:				
Cash and Cash Equivalents	\$7,206	\$0	\$0	\$7,206
Total Assets	<u>\$7,206</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,206</u>
Liabilities:				
Due to Others	\$7,206	\$0	\$0	\$7,206
Total Liabilities	<u>\$7,206</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,206</u>
Land Bank Fund				
Assets:				
Cash and Cash Equivalents	\$4,943	\$0	(\$843)	\$4,100
Total Assets	<u>\$4,943</u>	<u>\$0</u>	<u>(\$843)</u>	<u>\$4,100</u>
Liabilities:				
Due to Others	\$4,943	\$0	(\$843)	\$4,100
Total Liabilities	<u>\$4,943</u>	<u>\$0</u>	<u>(\$843)</u>	<u>\$4,100</u>

(Continued)

CITY OF PAINESVILLE, OHIO

	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
Plan Review Fund				
Assets:				
Cash and Cash Equivalents	\$115,581	\$17,000	(\$32,888)	\$99,693
Total Assets	<u>\$115,581</u>	<u>\$17,000</u>	<u>(\$32,888)</u>	<u>\$99,693</u>
Liabilities:				
Due to Others	\$115,581	\$17,000	(\$32,888)	\$99,693
Total Liabilities	<u>\$115,581</u>	<u>\$17,000</u>	<u>(\$32,888)</u>	<u>\$99,693</u>
C.D.B.G Fund				
Assets:				
Cash and Cash Equivalents	\$3	\$2,700	(\$2,515)	\$188
Total Assets	<u>\$3</u>	<u>\$2,700</u>	<u>(\$2,515)</u>	<u>\$188</u>
Liabilities:				
Due to Others	\$3	\$2,700	(\$2,515)	\$188
Total Liabilities	<u>\$3</u>	<u>\$2,700</u>	<u>(\$2,515)</u>	<u>\$188</u>
JEDD Fund				
Assets:				
Cash and Cash Equivalents	\$0	\$829,571	(\$829,571)	\$0
Receivables:				
Taxes	108,093	73,151	(108,093)	73,151
Total Assets	<u>\$108,093</u>	<u>\$902,722</u>	<u>(\$937,664)</u>	<u>\$73,151</u>
Liabilities:				
Intergovernmental Payable	\$81,070	\$884,434	(\$910,641)	\$54,863
Due to Others	27,023	18,288	(27,023)	18,288
Total Liabilities	<u>\$108,093</u>	<u>\$902,722</u>	<u>(\$937,664)</u>	<u>\$73,151</u>
Totals - All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$189,308	\$4,208,538	(\$3,994,256)	\$403,590
Receivables:				
Taxes	108,093	73,151	(108,093)	73,151
Total Assets	<u>\$297,401</u>	<u>\$4,281,689</u>	<u>(\$4,102,349)</u>	<u>\$476,741</u>
Liabilities:				
Intergovernmental Payable	\$81,070	\$884,434	(\$910,641)	\$54,863
Due to Others	216,331	3,397,255	(3,191,708)	421,878
Total Liabilities	<u>\$297,401</u>	<u>\$4,281,689</u>	<u>(\$4,102,349)</u>	<u>\$476,741</u>



STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue source, the income tax.	
Debt Capacity	S 18 – S 27
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 32 – S 41
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

City of Painesville

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006 (1)</u>	<u>2007</u>
Governmental Activities:				
Net Investment in Capital Assets	\$14,662,144	\$12,923,925	\$23,248,755	\$23,806,608
Restricted	1,902,860	2,082,124	2,756,163	6,813,043
Unrestricted	350,924	1,345,168	7,361,806	6,316,586
Total Governmental Activities Net Position	<u>\$16,915,928</u>	<u>\$16,351,217</u>	<u>\$33,366,724</u>	<u>\$36,936,237</u>
Business-type Activities:				
Net Investment in Capital Assets	\$31,172,045	\$32,921,887	\$33,400,614	\$35,152,108
Restricted	910,426	896,417	792,875	0
Unrestricted	22,083,319	24,597,934	27,439,385	28,790,094
Total Business-type Activities Net Position	<u>\$54,165,790</u>	<u>\$58,416,238</u>	<u>\$61,632,874</u>	<u>\$63,942,202</u>
Primary Government:				
Net Investment in Capital Assets	\$45,834,189	\$45,845,812	\$56,649,369	\$58,958,716
Restricted	2,813,286	2,978,541	3,549,038	6,813,043
Unrestricted	22,434,243	25,943,102	34,801,191	35,106,680
Total Primary Government Net Position	<u>\$71,081,718</u>	<u>\$74,767,455</u>	<u>\$94,999,598</u>	<u>\$100,878,439</u>

Source: Finance Director's Office

(1) Restated to include infrastructure assets

City of Painesville

2008	2009	2010	2011	2012	2013
\$23,885,884	\$28,000,333	\$29,982,485	\$30,387,358	\$33,102,011	\$31,513,541
4,893,216	2,173,310	3,246,469	4,044,306	3,724,814	5,438,792
11,427,126	10,186,938	7,286,446	6,921,791	6,862,608	7,096,616
<u>\$40,206,226</u>	<u>\$40,360,581</u>	<u>\$40,515,400</u>	<u>\$41,353,455</u>	<u>\$43,689,433</u>	<u>\$44,048,949</u>
\$38,454,848	\$41,103,064	\$41,322,460	\$44,350,926	\$48,090,083	\$53,612,184
0	0	0	0	0	0
28,085,141	27,590,062	28,707,112	28,876,607	32,820,932	28,133,474
<u>\$66,539,989</u>	<u>\$68,693,126</u>	<u>\$70,029,572</u>	<u>\$73,227,533</u>	<u>\$80,911,015</u>	<u>\$81,745,658</u>
\$62,340,732	\$69,103,397	\$71,304,945	\$74,738,284	\$81,192,094	\$85,125,725
4,893,216	2,173,310	3,246,469	4,044,306	3,724,814	5,438,792
39,512,267	37,777,000	35,993,558	35,798,398	39,683,540	35,230,090
<u>\$106,746,215</u>	<u>\$109,053,707</u>	<u>\$110,544,972</u>	<u>\$114,580,988</u>	<u>\$124,600,448</u>	<u>\$125,794,607</u>

City of Painesville

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2004	2005	2006	2007
Expenses				
Governmental Activities:				
General Government	\$3,031,283	\$2,790,590	\$2,825,835	\$3,453,915
Public Safety	7,823,918	6,989,395	7,585,876	7,511,624
Highways and Streets	3,182,909	2,817,057	2,870,730	3,540,017
Public Health and Welfare	835,694	668,013	531,090	613,032
Culture and Recreation	799,394	700,165	746,813	847,647
Community Environment	415,026	351,307	353,652	551,236
Interest and Fiscal Charges	118,717	67,711	230,802	329,646
<i>Total Governmental Activities Expenses</i>	<u>16,206,941</u>	<u>14,384,238</u>	<u>15,144,798</u>	<u>16,847,117</u>
Business-type Activities:				
Water	4,509,371	4,696,086	4,863,071	4,746,880
Sewer	3,897,646	3,550,942	3,340,241	3,183,132
Electric	24,437,629	18,650,228	19,568,938	20,600,631
Other Enterprise	511,944	682,843	766,324	730,063
<i>Total Business-type Activities Expenses</i>	<u>33,356,590</u>	<u>27,580,099</u>	<u>28,538,574</u>	<u>29,260,706</u>
<i>Total Primary Government Expenses</i>	<u>\$49,563,531</u>	<u>\$41,964,337</u>	<u>\$43,683,372</u>	<u>\$46,107,823</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$1,155,531	\$1,290,247	\$1,328,425	\$1,438,482
Public Safety	513,720	338,428	436,247	555,777
Highways and Streets	147,797	50,844	67,586	51,231
Public Health and Welfare	159,060	151,607	131,527	159,275
Culture and Recreation	75,825	78,114	21,688	7,917
Community Environment	183,300	264,293	264,180	304,968
Operating Grants and Contributions	774,687	1,324,588	831,378	876,146
Capital Grants and Contributions	162,802	429,980	735,382	2,856,316
<i>Total Governmental Activities Program Revenues</i>	<u>3,172,722</u>	<u>3,928,101</u>	<u>3,816,413</u>	<u>6,250,112</u>

City of Painesville

2008	2009	2010	2011	2012	2013
\$3,213,592	\$4,444,947	\$4,594,616	\$5,319,087	\$4,802,387	\$3,739,730
7,800,817	7,687,567	7,029,666	7,418,708	6,830,774	6,887,389
3,380,986	3,823,054	2,158,737	1,821,320	3,067,864	2,566,021
630,964	688,623	637,876	635,108	559,347	516,688
949,788	843,945	778,109	792,999	682,194	590,591
443,315	476,715	525,976	377,113	180,433	314,010
282,227	266,284	202,221	167,510	304,756	313,959
<u>16,701,689</u>	<u>18,231,135</u>	<u>15,927,201</u>	<u>16,531,845</u>	<u>16,427,755</u>	<u>14,928,388</u>
4,764,766	4,683,197	4,934,978	4,651,337	5,155,459	5,302,197
3,658,566	3,462,406	4,132,446	3,700,750	3,930,761	4,295,486
20,682,416	20,517,909	24,023,809	24,798,140	20,741,060	22,217,456
429,441	507,534	381,553	563,107	436,918	418,213
<u>29,535,189</u>	<u>29,171,046</u>	<u>33,472,786</u>	<u>33,713,334</u>	<u>30,264,198</u>	<u>32,233,352</u>
<u>\$46,236,878</u>	<u>\$47,402,181</u>	<u>\$49,399,987</u>	<u>\$50,245,179</u>	<u>\$46,691,953</u>	<u>\$47,161,740</u>
\$1,567,302	\$1,575,108	\$1,942,968	\$1,533,460	\$1,861,207	\$1,720,626
716,239	671,145	658,667	756,827	670,873	587,466
61,505	36,694	35,895	32,842	26,650	19,050
151,953	119,891	109,421	119,652	124,596	108,261
21,280	18,112	12,372	20,456	14,448	12,580
195,427	135,666	115,077	98,930	665,096	152,640
975,160	951,327	863,877	883,020	1,363,819	802,599
3,186,194	2,494,194	432,405	1,693,078	2,958,673	1,042,448
<u>6,875,060</u>	<u>6,002,137</u>	<u>4,170,682</u>	<u>5,138,265</u>	<u>7,685,362</u>	<u>4,445,670</u>

(continued)

City of Painesville

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2004	2005	2006	2007
Business-type Activities:				
Charges for Services				
Water	4,513,453	4,905,365	4,654,394	4,838,095
Sewer	3,166,647	3,268,359	3,215,491	3,237,420
Electric	18,957,480	22,173,641	21,014,180	22,505,860
Other Enterprise	506,892	507,485	610,279	554,923
Operating Grants and Contributions	9,267	587,546	0	110,973
Capital Grants and Contributions	1,218,151	0	410,942	997,376
<i>Total Business-type Activities Program Revenues</i>	<u>28,371,890</u>	<u>31,442,396</u>	<u>29,905,286</u>	<u>32,244,647</u>
<i>Total Primary Government Program Revenues</i>	<u>31,544,612</u>	<u>35,370,497</u>	<u>33,721,699</u>	<u>38,494,759</u>
Net (Expense)/Revenue				
Governmental Activities	(13,034,219)	(10,456,137)	(11,328,385)	(10,597,005)
Business-type Activities	(4,984,700)	3,862,297	1,366,712	2,983,941
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$18,018,919)</u>	<u>(\$6,593,840)</u>	<u>(\$9,961,673)</u>	<u>(\$7,613,064)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes	\$717,203	\$725,082	\$801,010	\$896,215
Municipal Income Taxes	6,702,181	7,681,884	8,039,713	7,962,098
Other Local Taxes	1,108	5,957	31,692	8,056
Intergovernmental, Unrestricted	1,590,443	1,766,542	2,007,863	1,802,287
Investment Earnings	103,487	378,891	1,189,061	1,870,044
Miscellaneous	382,964	278,499	111,205	884,813
Transfers	614,276	558,853	505,320	743,005
<i>Total Governmental Activities</i>	<u>10,111,662</u>	<u>11,395,708</u>	<u>12,685,864</u>	<u>14,166,518</u>
Business-type Activities:				
Investment Earnings	330,270	568,022	407,410	68,392
Transfers	(614,276)	(558,853)	(505,320)	(743,005)
<i>Total Business-type Activities</i>	<u>(284,006)</u>	<u>9,169</u>	<u>(97,910)</u>	<u>(674,613)</u>
<i>Total Primary Government</i>	<u>\$9,827,656</u>	<u>\$11,404,877</u>	<u>\$12,587,954</u>	<u>\$13,491,905</u>
Change in Net Position				
Governmental Activities	(\$2,922,557)	\$939,571	\$1,357,479	\$3,569,513
Business-type Activities	(5,268,706)	3,871,466	1,268,802	2,309,328
<i>Total Primary Government Change in Net Position</i>	<u>(\$8,191,263)</u>	<u>\$4,811,037</u>	<u>\$2,626,281</u>	<u>\$5,878,841</u>

Source: Finance Director's Office

City of Painesville

2008	2009	2010	2011	2012	2013
4,570,987	4,422,481	4,883,093	5,489,308	6,576,748	6,307,635
3,451,161	3,320,167	3,104,324	3,473,151	3,746,854	3,985,434
23,331,839	22,753,669	26,400,302	26,354,842	26,692,992	23,082,430
547,994	524,991	541,495	572,402	570,045	479,933
47,611	1,478,559	618,902	0	0	7,154
0	0	0	2,364,576	1,324,655	584
<u>31,949,592</u>	<u>32,499,867</u>	<u>35,548,116</u>	<u>38,254,279</u>	<u>38,911,294</u>	<u>33,863,170</u>
<u>38,824,652</u>	<u>38,502,004</u>	<u>39,718,798</u>	<u>43,392,544</u>	<u>46,596,656</u>	<u>38,308,840</u>
(9,826,629)	(12,228,998)	(11,756,519)	(11,393,580)	(8,742,393)	(10,482,718)
2,414,403	3,328,821	2,075,330	4,540,945	8,647,096	1,629,818
<u>(\$7,412,226)</u>	<u>(\$8,900,177)</u>	<u>(\$9,681,189)</u>	<u>(\$6,852,635)</u>	<u>(\$95,297)</u>	<u>(\$8,852,900)</u>
\$819,812	\$1,214,434	\$1,168,067	\$1,175,475	\$1,185,735	\$1,144,755
8,644,123	7,748,215	7,157,251	7,167,242	7,519,822	7,721,126
8,013	11,164	13,305	6,400	0	0
2,181,223	1,266,406	1,605,729	1,871,767	1,086,944	875,970
1,380,595	831,745	451,850	539,269	173,022	47,643
52,065	226,494	762,245	324,107	144,224	256,805
10,787	1,084,895	752,891	1,253,475	968,624	795,935
<u>13,096,618</u>	<u>12,383,353</u>	<u>11,911,338</u>	<u>12,337,735</u>	<u>11,078,371</u>	<u>10,842,234</u>
194,171	(90,789)	14,007	(89,509)	5,010	760
(10,787)	(1,084,895)	(752,891)	(1,253,475)	(968,624)	(795,935)
<u>183,384</u>	<u>(1,175,684)</u>	<u>(738,884)</u>	<u>(1,342,984)</u>	<u>(963,614)</u>	<u>(795,175)</u>
<u>\$13,280,002</u>	<u>\$11,207,669</u>	<u>\$11,172,454</u>	<u>\$10,994,751</u>	<u>\$10,114,757</u>	<u>\$10,047,059</u>
\$3,269,989	\$154,355	\$154,819	\$944,155	\$2,335,978	\$359,516
2,597,787	2,153,137	1,336,446	3,197,961	7,683,482	834,643
<u>\$5,867,776</u>	<u>\$2,307,492</u>	<u>\$1,491,265</u>	<u>\$4,142,116</u>	<u>\$10,019,460</u>	<u>\$1,194,159</u>

City of Painesville

Fund Balances, Governmental Funds Last Ten Years (modified accrual basis of accounting)

	2004	2005	2006	2007	2008
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	1,457,828	1,201,195	1,133,204	1,301,396	803,475
Unreserved	1,920,494	2,027,492	4,026,432	5,423,645	6,667,131
<i>Total General Fund</i>	<u>3,378,322</u>	<u>3,228,687</u>	<u>5,159,636</u>	<u>6,725,041</u>	<u>7,470,606</u>
All Other Governmental Funds					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	1,633,965	2,004,446	1,653,817	1,511,911	5,119,596
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	1,141,244	355,394	637,926	2,370,336	1,567,018
Capital Projects Funds	(969,587)	(109,712)	23,236	2,207,811	(262,210)
Permanent Fund	4,219	63,532	129,713	185,778	209,599
<i>Total All Other Governmental Funds</i>	<u>1,809,841</u>	<u>2,313,660</u>	<u>2,444,692</u>	<u>6,275,836</u>	<u>6,634,003</u>
<i>Total Governmental Funds</i>	<u>\$5,188,163</u>	<u>\$5,542,347</u>	<u>\$7,604,328</u>	<u>\$13,000,877</u>	<u>\$14,104,609</u>

Source: Finance Director's Office

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Painesville

2009	2010	2011	2012	2013
\$0	\$0	\$996,297	\$1,005,381	\$1,012,204
0	0	0	0	0
0	0	0	0	0
0	0	416,777	742,007	756,351
0	0	5,733,751	5,698,670	5,950,964
623,231	520,398	0	0	0
6,437,487	6,065,354	0	0	0
<u>7,060,718</u>	<u>6,585,752</u>	<u>7,146,825</u>	<u>7,446,058</u>	<u>7,719,519</u>
0	0	1,108,205	1,115,415	1,126,574
0	0	3,161,485	7,717,818	4,827,946
0	0	1,359,464	1,090,045	1,140,484
0	0	0	0	0
0	0	(1,826,088)	(1,870,841)	(129,977)
2,111,943	1,974,139	0	0	0
1,482,725	1,204,465	0	0	0
(431,495)	(1,173,006)	0	0	0
226,050	236,087	0	0	0
<u>3,389,223</u>	<u>2,241,685</u>	<u>3,803,066</u>	<u>8,052,437</u>	<u>6,965,027</u>
<u>\$10,449,941</u>	<u>\$8,827,437</u>	<u>\$10,949,891</u>	<u>\$15,498,495</u>	<u>\$14,684,546</u>

City of Painesville

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2004	2005	2006	2007
Revenues:				
Taxes	\$8,284,270	\$8,389,482	\$8,417,301	\$9,323,731
Intergovernmental Revenues	2,793,225	3,107,173	3,805,033	2,928,630
Charges for Services	592,861	598,062	529,395	658,104
Licenses, Permits and Inspection Fees	333,135	348,422	354,320	396,750
Investment Earnings	144,587	431,046	1,126,218	1,922,173
Special Assessments	60,743	65,099	56,858	85,079
Fines and Forfeitures	1,071,977	1,104,650	1,227,721	1,283,191
All Other Revenue	706,710	300,778	225,135	725,957
Total Revenue	<u>13,987,508</u>	<u>14,344,712</u>	<u>15,741,981</u>	<u>17,323,615</u>
Expenditures:				
Current:				
General Government	2,883,102	2,657,661	2,899,758	3,241,261
Public Safety	7,279,219	6,848,266	7,464,913	7,164,514
Highways and Streets	2,759,535	2,800,859	2,703,721	2,420,543
Public Health and Welfare	740,072	694,291	544,005	563,578
Culture and Recreation	789,511	659,993	667,236	774,225
Community Environment	354,156	345,801	346,486	530,400
Capital Outlay	1,296,545	882,396	298,301	497,808
Debt Service:				
Principal Retirement	58,208	50,000	105,778	126,569
Interest and Fiscal Charges	75,477	117,237	228,653	303,355
Total Expenditures	<u>16,235,825</u>	<u>15,056,504</u>	<u>15,258,851</u>	<u>15,622,253</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,248,317)	(711,792)	483,130	1,701,362

City of Painesville

2008	2009	2010	2011	2012	2013
\$9,480,913	\$8,954,176	\$8,330,535	\$8,335,086	\$8,705,017	\$8,778,000
5,466,933	3,122,006	2,860,371	5,328,950	4,200,293	2,694,920
740,977	660,330	801,465	834,222	777,772	672,887
352,004	308,161	303,800	296,994	450,655	337,067
1,330,957	846,527	442,524	562,484	166,025	49,611
168,049	104,844	89,140	92,547	115,843	76,294
1,402,202	1,341,501	1,227,158	1,257,805	1,377,753	1,416,206
235,801	396,349	1,337,779	439,886	519,586	462,724
<u>19,177,836</u>	<u>15,733,894</u>	<u>15,392,772</u>	<u>17,147,974</u>	<u>16,312,944</u>	<u>14,487,709</u>

3,066,705	4,117,937	4,515,245	4,657,111	5,777,433	3,558,335
7,772,649	7,424,843	7,178,506	7,135,751	6,694,103	6,660,415
2,344,519	2,682,268	1,880,062	2,345,029	3,550,420	5,882,834
628,215	656,218	618,599	619,796	528,871	494,241
886,575	771,982	712,688	725,325	619,372	538,577
445,066	465,922	509,372	363,544	201,364	309,105
2,266,246	3,547,668	1,702,801	1,101,883	616,881	820,402
831,311	488,042	399,072	346,102	1,796,045	1,336,673
286,578	270,945	205,692	161,423	311,643	268,510
<u>18,527,864</u>	<u>20,425,825</u>	<u>17,722,037</u>	<u>17,455,964</u>	<u>20,096,132</u>	<u>19,869,092</u>

649,972	(4,691,931)	(2,329,265)	(307,990)	(3,783,188)	(5,381,383)
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City of Painesville

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2004	2005	2006	2007
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	5,001	4,090	2,555	258,092
Other Financing Sources - Capital Leases	558,796	419,406	353,758	553,838
Ohio Public Works Commission Loan	0	0	0	0
General Obligation Bonds Issued	0	410,000	0	2,075,000
Premium on Debt Issuance	0	0	4,302	73,565
Long Term Note Issuance	0	0	0	0
Insurance Proceeds	0	0	0	0
Construction Loans	0	0	587,645	0
Transfers In	1,762,396	2,552,091	2,787,199	3,409,345
Transfers Out	(873,120)	(2,307,523)	(2,171,146)	(2,666,340)
Total Other Financing Sources (Uses)	<u>1,453,073</u>	<u>1,078,064</u>	<u>1,564,313</u>	<u>3,703,500</u>
Net Change in Fund Balance	<u>(\$795,244)</u>	<u>\$366,272</u>	<u>\$2,047,443</u>	<u>\$5,404,862</u>
 Debt Service as a Percentage of Noncapital Expenditures	 0.84%	 1.19%	 2.23%	 3.41%

Source: Finance Director's Office

City of Painesville

2008	2009	2010	2011	2012	2013
5,894	9,745	9,169	0	758	30,322
303,733	0	0	0	0	0
97,801	0	0	0	0	840,030
0	0	0	0	5,485,000	1,917,000
0	1,192	0	0	156,564	0
0	0	0	1,440,751	1,190,481	1,031,876
0	0	0	5,513	607,425	3,482
0	0	0	0	0	0
2,366,380	2,132,398	1,682,167	1,698,475	1,734,524	1,628,935
(2,355,593)	(1,097,503)	(969,276)	(595,000)	(845,900)	(883,000)
418,215	1,045,832	722,060	2,549,739	8,328,852	4,568,645
\$1,068,187	(\$3,646,099)	(\$1,607,205)	\$2,241,749	\$4,545,664	(\$812,738)
7.27%	4.49%	4.05%	3.25%	13.32%	11.00%

City of Painesville

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Income Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Estimated Personal Income	\$569,933	\$582,815	\$627,413	\$669,350	\$689,811
Total Tax Collected	\$7,135,376	\$7,653,206	\$7,775,604	\$7,828,025	\$8,382,560
Income Tax Receipts					
Withholding	6,045,625	6,263,019	6,460,073	6,540,893	6,870,498
Percentage	84.8%	81.9%	83.1%	83.6%	82.0%
Corporate	365,953	576,843	588,673	548,194	788,789
Percentage	5.1%	7.5%	7.6%	7.0%	9.4%
Individuals	723,798	813,344	726,858	738,938	723,273
Percentage	10.1%	10.6%	9.3%	9.4%	8.6%

Source: City Income Tax Department

Collection amounts are cash basis and represent only collections due in the current collection year.

City of Painesville

2009	2010	2011	2012	2013
2.00%	2.00%	2.00%	2.00%	2.00%
\$662,226	\$694,976	\$780,798	\$788,822	\$799,442
\$7,867,889	\$6,968,103	\$6,959,790	\$7,230,012	\$6,870,545
6,412,330	5,685,972	5,679,189	5,899,690	5,606,364
81.5%	81.6%	81.6%	81.6%	81.6%
629,431	634,097	633,341	657,931	625,220
8.0%	9.1%	9.1%	9.1%	9.1%
826,128	648,034	647,260	672,391	638,961
10.5%	9.3%	9.3%	9.3%	9.3%

City of Painesville



City of Painesville

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2013				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,160	44.82%	\$12,366,871	7.95%
20,000 - 49,999	1,462	30.34%	48,325,486	31.04%
50,000 - 74,999	661	13.72%	39,311,326	25.26%
75,000 - 99,999	321	6.66%	26,936,452	17.31%
Over 100,000	215	4.46%	28,690,880	18.44%
Total	4,819	100.00%	\$155,631,015	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Painesville	\$686,187
Taxes Credited to Other Municipalities	466,051
	\$1,152,238

Calendar Year 2004				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,281	45.91%	\$15,449,882	10.57%
20,000 - 49,999	1,679	33.80%	53,935,663	36.88%
50,000 - 74,999	643	12.94%	38,937,821	26.63%
75,000 - 99,999	230	4.63%	20,241,773	13.84%
Over 100,000	135	2.72%	17,669,368	12.08%
Total	4,968	100.00%	\$146,234,507	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Painesville	\$746,011
Taxes Credited to Other Municipalities	1,233,433
	\$1,979,444

Source: Finance Director's Office

City of Painesville

Ratios of Outstanding Debt By Type Last Ten Years

	2004	2005	2006	2007
Governmental Activities ⁽¹⁾				
General Obligation Bonds	\$0	\$0	\$0	\$2,075,000
Special Assessment Bonds	185,000	555,000	500,000	435,000
Ohio Public Works Commission Loan Payable	55,000	45,000	35,000	25,000
Long-Term Notes Payable	100,000	100,000	0	0
Construction Loan Payable	0	0	587,645	539,365
Capital Leases	1,253,453	1,178,895	1,096,129	1,162,451
Business-type Activities ⁽¹⁾				
Mortgage Revenue Bonds Payable	\$4,279,954	\$3,491,056	\$2,651,829	\$2,517,273
General Obligation Bonds Payable	5,485,000	5,005,000	4,520,000	4,035,000
Ohio Water Development Authority Loan Payable	1,275,148	1,214,400	1,150,870	1,084,426
Ohio Public Works Commission Loan Payable	480,000	833,474	732,117	630,760
Long-Term Notes Payable	0	0	0	0
Capital Leases	98,084	368,603	339,731	4,492,400
Total Primary Government	<u>\$13,211,639</u>	<u>\$12,791,428</u>	<u>\$11,613,321</u>	<u>\$16,996,675</u>
Population ⁽²⁾				
City of Painesville	17,503	17,503	17,503	17,503
Outstanding Debt Per Capita	\$755	\$731	\$664	\$971
Income ⁽³⁾				
Personal (in thousands)	\$569,933	\$582,815	\$627,413	\$669,350
Percentage of Personal Income	2.32%	2.19%	1.85%	2.54%

Sources:

- (1) Source: Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Painesville

2008	2009	2010	2011	2012	2013
\$1,975,000	\$1,840,000	\$1,700,000	\$1,565,000	\$7,116,564	\$8,930,736
370,000	355,000	340,000	325,000	310,000	290,000
107,911	93,021	83,131	78,241	73,351	908,491
0	0	0	1,440,751	1,065,481	960,876
489,012	436,750	381,978	324,854	265,276	203,139
865,116	594,226	414,816	280,728	219,902	201,737
\$2,376,055	\$2,227,843	\$2,072,304	\$1,908,438	\$1,334,040	\$1,050,236
3,545,000	3,045,000	2,540,000	2,025,000	1,500,000	1,250,000
1,014,923	3,325,443	4,281,356	4,282,382	4,072,160	3,853,679
568,328	464,922	361,516	258,111	154,706	111,301
0	0	0	1,754,179	1,535,519	1,339,124
4,222,884	3,946,531	3,738,838	3,540,782	3,360,319	3,548,506
<u>\$15,534,229</u>	<u>\$16,328,736</u>	<u>\$15,913,939</u>	<u>\$17,783,466</u>	<u>\$21,007,318</u>	<u>\$22,647,825</u>
17,503	17,503	19,563	19,563	19,549	19,563
\$888	\$933	\$813	\$909	\$1,075	\$1,158
\$689,811	\$662,226	\$694,976	\$780,798	\$788,822	\$799,442
2.25%	2.47%	2.29%	2.28%	2.66%	2.83%

City of Painesville

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2004	2005	2006	2007
Population (1)	17,503	17,503	17,503	17,503
Personal Income (2)	\$569,932,686	\$582,814,894	\$627,412,538	\$669,349,726
General Bonded Debt				
General Obligation Bonds	\$5,485,000	\$5,005,000	\$4,520,000	\$6,110,000
Resources Available to Pay Principal	\$16,260	\$77,196	\$3,821	\$10,709
Net General Bonded Debt	\$5,468,740	\$4,927,804	\$4,516,179	\$6,099,291
Ratio of Net Bonded Debt to Personal Income	0.96%	0.85%	0.72%	0.91%
Net Bonded Debt per Capita	\$312.45	\$281.54	\$258.02	\$348.47

Source:

(1) U.S. Bureau of Census of Population

(2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2012, for the presentation of 2013 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation.

City of Painesville

2008	2009	2010	2011	2012	2013
17,503	17,503	19,563	19,563	19,549	19,563
\$689,810,733	\$662,226,005	\$694,975,575	\$780,798,456	\$788,821,699	\$799,441,995
\$5,520,000	\$4,885,000	\$4,240,000	\$3,590,000	\$8,616,564	\$10,180,736
\$27,516	\$47,318	\$95,541	\$160,845	\$102,737	\$161,951
\$5,492,484	\$4,837,682	\$4,144,459	\$3,429,155	\$8,513,827	\$10,018,785
0.80%	0.73%	0.60%	0.44%	1.08%	1.25%
\$313.80	\$276.39	\$211.85	\$175.29	\$435.51	\$512.13

City of Painesville



City of Painesville

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2013*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Painesville</u>	<u>Amount Applicable to the City of Painesville</u>
Direct:			
City of Painesville	\$11,494,979	100.00%	\$11,494,979
Overlapping:			
Painesville City School District	29,948,432	100.00%	29,948,432
Riverside Schools	4,519,670	4.00%	180,787
Lake County	13,155,000	3.86%	507,783
		Subtotal	<u>30,637,002</u>
		Total	<u><u>\$42,131,981</u></u>

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

Sources: Lake County
Painesville City School District
Riverside School District

City of Painesville

Debt Limitations Last Ten Years

Collection Year	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$253,325,479	\$254,533,194	\$259,644,108	\$281,300,753
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	26,599,175	26,725,985	27,262,631	29,536,579
City Debt Outstanding (2)	2,798,000	4,187,000	3,202,000	3,705,000
Less: Applicable Debt Service Fund Amounts	<u>(16,260)</u>	<u>(77,196)</u>	<u>(3,821)</u>	<u>(10,709)</u>
Net Indebtedness Subject to Limitation	<u>2,781,740</u>	<u>4,109,804</u>	<u>3,198,179</u>	<u>3,694,291</u>
Overall Legal Debt Margin	<u>\$23,817,435</u>	<u>\$22,616,181</u>	<u>\$24,064,452</u>	<u>\$25,842,288</u>
Debt Margin as a Percentage of Debt Limit	89.54%	84.62%	88.27%	87.49%
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$253,325,479	\$254,533,194	\$259,644,108	\$281,300,753
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	13,932,901	13,999,326	14,280,426	15,471,541
City Debt Outstanding (2)	2,095,000	1,645,000	1,280,000	670,000
Less: Applicable Debt Service Fund Amounts	<u>(16,260)</u>	<u>(77,196)</u>	<u>(3,821)</u>	<u>(10,709)</u>
Net Indebtedness Subject to Limitation	<u>2,078,740</u>	<u>1,567,804</u>	<u>1,276,179</u>	<u>659,291</u>
Overall Legal Debt Margin	<u>\$11,854,161</u>	<u>\$12,431,522</u>	<u>\$13,004,247</u>	<u>\$14,812,250</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's / Finance Director's Office

City of Painesville

2008	2009	2010	2011	2012	2013
\$278,912,006	\$275,691,690	\$256,194,750	\$251,049,200	\$252,866,440	\$218,554,660
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
29,285,761	28,947,627	26,900,449	26,360,166	26,550,976	22,948,239
5,799,500	5,736,573	4,939,766	4,887,591	4,955,121	4,939,613
(27,516)	(47,318)	(95,541)	(160,845)	(102,737)	(161,951)
5,771,984	5,689,255	4,844,225	4,726,746	4,852,384	4,777,662
<u>\$23,513,777</u>	<u>\$23,258,372</u>	<u>\$22,056,224</u>	<u>\$21,633,420</u>	<u>\$21,698,592</u>	<u>\$18,170,577</u>
80.29%	80.35%	81.99%	82.07%	81.72%	79.18%
\$278,912,006	\$275,691,690	\$256,194,750	\$251,049,200	\$252,866,440	\$218,554,660
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
15,340,160	15,163,043	14,090,711	13,807,706	13,907,654	12,020,506
70,000	20,000	0	0	0	0
(27,516)	(47,318)	(95,541)	(160,845)	(102,737)	(161,951)
42,484	(27,318)	(95,541)	(160,845)	(102,737)	(161,951)
<u>\$15,297,676</u>	<u>\$15,190,361</u>	<u>\$14,186,252</u>	<u>\$13,968,551</u>	<u>\$14,010,391</u>	<u>\$12,182,457</u>

City of Painesville

Pledged Revenue Coverage Last Ten Years

	2004	2005	2006	2007
Revenue Bonds - Electric (1 a)				
Gross Revenues (2)	\$19,153,275	\$22,172,809	\$21,308,391	N/A
Direct Operating Expenses (3)	23,846,102	17,512,070	18,730,885	N/A
Net Revenue Available for Debt Service	(4,692,827)	4,660,739	2,577,506	N/A
Annual Debt Service Requirement	750,300	747,500	752,600	N/A
Coverage	(6.25)	6.24	3.42	0.00
Special Assessment Bonds (4)				
Special Assessment Collections	\$0	\$65,099	\$56,858	\$85,079
Debt Service				
Principal	0	0	10,000	15,000
Interest	0	0	31,938	19,775
Coverage	0.00	0.00	1.36	2.45

(1) The Mortgage Revenue Bonds were issued as follows:

(a) The \$4,540,000 balance of the 1st Mortgage Revenue Bonds-6th and 7th Series were defeased in December, 1985, by the issuance of \$3,400,000 Special Obligation Electric System Refunding Bonds. The bond proceeds were deposited in an escrow account with the City's trustee, and the principal and interest on these funds will be sufficient to retire both the defeased debt and the Special Obligation debt, thus the Special Obligation Bond debt is not included in the annual debt service requirements above. The City also issued \$7,490,000 Electric system Mortgage Revenue bonds, Series 1985, which debt service requirements are included above. In 1992, the City defeased \$5,090,000 of the 1985 Bonds through the issuance of \$6,000,000 of Electric System Mortgage Revenue Refunding Bonds.

(2) Gross revenues include operating revenues plus interest income.

(3) Direct operating expenses include operating expenses less depreciation.

N/A - The Electric Mortgage Revenue Bonds were retired in 2006.

(4) The special assessment bonds were issued for improvements to the Renaissance Parkway area.

City of Painesville

2008	2009	2010	2011	2012	2013
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
0.00	0.00	0.00	0.00	0.00	0.00
\$168,049	\$104,845	\$89,140	\$57,402	\$77,616	\$56,832
15,000	15,000	15,000	15,000	15,000	20,000
19,062	18,350	17,638	16,926	16,212	15,500
4.93	3.14	2.73	1.80	2.49	1.60

City of Painesville

Demographic and Economic Statistics Last Ten Years

Calendar Year	2004	2005	2006	2007
Population (1)				
City of Painesville	17,503	17,503	17,503	17,503
Lake County	227,511	232,466	232,466	232,466
Income (2) (a)				
Total Personal (in thousands)	\$569,933	\$582,815	\$627,413	\$669,350
Per Capita	\$32,562	\$33,298	\$35,846	\$38,242
Unemployment Rate (3)				
Federal	6.0%	5.5%	5.0%	4.6%
State	6.1%	6.0%	5.9%	5.6%
Lake County	5.4%	5.1%	4.8%	5.2%
Civilian Work Force Estimates (3)				
State	5,875,300	5,900,400	5,934,000	5,976,500
Lake County	131,200	130,600	131,400	132,500

Sources:

(1) US Bureau of Census of Population

(2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2012, for the presentation of 2013 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

City of Painesville

2008	2009	2010	2011	2012	2013
17,503	17,503	19,563	19,563	19,549	19,563
232,466	232,466	236,775	230,041	229,582	230,041
\$689,811	\$662,226	\$694,976	\$780,798	\$788,822	\$799,442
\$39,411	\$37,835	\$35,525	\$39,912	\$40,351	\$40,865
5.8%	9.3%	9.0%	8.5%	7.8%	6.7%
6.6%	10.2%	9.0%	8.6%	6.7%	6.5%
6.1%	8.8%	8.1%	8.4%	6.4%	7.9%
5,986,400	5,905,107	5,908,000	5,897,600	5,740,900	5,765,000
131,100	124,400	133,900	133,600	126,800	126,500



City of Painesville

Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	<u>Nature of Business</u>	<u>2013</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
County of Lake	Government	1,076	1	18.76%
Fasson Division/Avery International Corp.	Manufacturing	556	2	9.69%
Painesville City Schools	Education	386	3	6.73%
The City of Painesville	Government	286	4	4.99%
Lake Erie College	Education	273	5	4.76%
Aero Fluid Products	Manufacturing	168	6	2.93%
Cintas	Service	120	7	2.09%
Eckart America	Manufacturing	104	8	1.81%
STP Products/Armored Auto Group	Manufacturing	85	9	1.48%
SAS Rubber Co.	Manufacturing	78	10	1.36%
		<u>3,132</u>		
Total Employment within the City		<u>5,737</u>		

<u>Employer</u>	<u>Nature of Business</u>	<u>2004</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
County of Lake	Government	1,276	1	25.41%
Lake Hospital System	Medical-Patient Care	815	2	16.23%
Fasson Division/Avery International Corp.	Manufacturing	617	3	12.29%
Painesville City Schools	Education	430	4	8.56%
The City of Painesville	Government	300	5	5.97%
Core Systems	Manufacturing	221	6	4.40%
Lake Erie College	Education	181	7	3.60%
Ohio Association Enterprises	Commercial	153	8	3.05%
Sas Rubber Co.	Manufacturing	119	9	2.37%
Cintas	Service	112	10	2.23%
Total		<u>4,224</u>		
Total Employment within the City		<u>5,022</u>		

Sources:

Compiled by City of Painesville Finance Department

City of Painesville

Full Time Equivalent Employees by Function Last Ten Years

	2004	2005	2006	2007	2008
Governmental Activities					
General Government					
Finance	6.00	6.00	6.00	7.00	7.00
Judicial	22.00	23.00	23.00	23.00	23.00
Administration	28.00	30.00	30.00	50.00	50.00
Maintenance	1.00	1.00	1.00	1.00	1.00
Public Safety					
Police	40.00	44.00	44.00	44.00	44.00
Fire	28.00	28.00	29.00	28.00	28.00
Public Works					
Public Works	18.00	19.00	19.00	19.00	19.00
Public Health and Welfare					
Cemeteries	4.00	4.00	5.00	6.00	5.00
Culture and Recreation					
Parks - Recreation	8.00	10.00	10.00	11.00	8.00
Business-Type Activities					
Utilities					
Water	20.00	22.00	22.00	26.00	20.00
Sewer	18.00	18.00	18.00	18.00	17.00
Electric	61.00	61.00	61.00	64.00	64.00
Off Street Parking	4.00	4.00	4.00	3.00	3.00
<i>Total Employees</i>	<u>258.00</u>	<u>270.00</u>	<u>272.00</u>	<u>300.00</u>	<u>289.00</u>

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: Finance Director's Office

City of Painesville

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
7.00	7.00	7.00	7.00	6.00
23.00	20.00	19.00	19.00	19.00
48.00	47.00	47.00	44.00	43.00
1.00	1.00	1.00	1.00	1.00
45.00	43.00	42.00	41.00	41.00
28.00	28.00	27.00	27.00	27.00
17.00	17.00	16.00	15.00	15.00
5.00	5.00	5.00	4.00	4.00
7.00	7.00	7.00	6.00	6.00
20.00	21.00	20.00	19.00	20.00
17.00	17.00	17.00	17.00	17.00
64.00	64.00	62.00	62.00	56.00
2.00	1.00	1.00	1.00	1.00
<u>284.00</u>	<u>278.00</u>	<u>271.00</u>	<u>263.00</u>	<u>256.00</u>

City of Painesville

Operating Indicators by Function Last Ten Years

	2004	2005	2006
Governmental Activities			
General Government			
Court			
Number of Probation Cases	1,990	2,029	2,048
Number of Traffic Cases	11,263	10,471	11,510
Licenses and Permits			
Number of Building Permits - Residential	444	451	520
Number of Building Permits - Commercial & Industrial	47	54	51
Number of Building Inspections - Residential	1,386	1,686	2,094
Number of Building Inspections - Commercial	273	243	562
Public Safety			
Police			
Number of Citations Issued	1,979	1,818	2,225
Number of Arrests	1,273	1,350	1,535
Number of Accidents	700	657	645
Fire			
Number of Fire Calls	105	146	142
Number of EMS Runs	1,815	1,829	1,911
Number of Inspections	643	630	782
Public Works			
Public Works			
Number of Streets Resurfaced	12	7	9
Public Health and Welfare			
Cemeteries			
Number of Burials	227	210	219
Number of Cemeteries	2	2	2
Culture and Recreation			
Parks - Recreation			
Program Attendance (1)	7,000	7,486	6,758
Number of Park Visitations	95,750	100,000	90,000

City of Painesville

2007	2008	2009	2010	2011	2012	2013
2,096	2,084	2,023	1,968	1,683	1,658	1,524
11,319	10,892	9,855	9,086	8,550	9,573	9,694
328	327	340	531	508	329	372
51	96	69	132	106	148	115
3,391	2,179	1,893	1,866	2,200	1,660	834
2,898	2,920	2,150	954	543	1,588	1,949
2,197	2,472	1,877	2,430	1,878	1,513	1,613
1,200	1,048	1,321	1,411	1,232	1,378	1,252
653	637	561	564	579	562	442
152	103	116	119	104	104	76
2,103	2,276	2,431	2,659	2,686	2,661	2,594
618	639	718	624	625	493	606
8	5	3	7	2	0	1
219	214	215	183	197	192	188
2	2	2	2	2	2	2
6,570	6,850	7,150	40,429	39,929	42,350	41,525
93,500	100,000	109,000	139,050	135,000	142,000	155,000

(Continued)

City of Painesville

Operating Indicators by Function Last Ten Years

	2004	2005	2006
Business-Type Activities			
Water			
Number of Service Connections	9,247	9,751	9,744
Water Main Breaks	49	57	27
Daily Average Consumption (thousands of gallons)	3,638	3,849	3,728
Peak Daily Consumption (thousands of gallons)	6,000	6,000	6,000
Storage Capacity (thousands of gallons)	4,053	4,053	4,053
Sewer			
Daily Average Sewage Treatment (thousands of gallons)	3.17	3.17	3.62
Electric			
Number of Service Connections	11,183	11,403	11,613
Average Daily Generation in Kilowatt Hours	513,827	652,416	635,317
Peak Load in Kilowatts	49,100	54,200	57,900
Off Street Parking			
Number of Parking Garage Spaces	502	502	502
Number of Vogue Lot Spaces	60	60	60
Number of Sterling Lot Spaces	101	101	101
Storm Water Drainage			
Number of Billings	5,796	5,938	5,984

(1) Beginning in 2010, program attendance data includes special events.

City of Painesville

2007	2008	2009	2010	2011	2012	2013
10,066	10,147	10,184	10,254	10,316	10,380	10,454
60	45	42	55	34	50	44
3,530	3,241	3,485	3,590	3,440	3,410	3,059
6,000	6,192	5,573	4,667	5,208	6,098	4,450
4,053	4,053	4,053	4,053	4,053	4,053	4,053
3.17	3.73	3.03	2.75	4.11	3.33	3.29
11,636	11,896	12,056	12,041	12,038	12,032	12,231
587,647	660,507	315,577	252,084	247,814	79,714	41,115
54,700	50,700	55,200	54,000	55,500	57,400	54,500
502	502	502	502	502	502	502
60	60	60	60	60	60	60
101	101	101	101	101	101	101
5,981	6,023	6,046	6,095	6,095	7,103	7,605

City of Painesville

Capital Asset Statistics by Function Last Ten Years

	2004	2005	2006	2007
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	0.95	0.95	0.95	0.95
Buildings	7	7	7	7
Public Safety				
Police				
Stations	1	1	1	1
Vehicles	16	14	14	14
Fire				
Stations	1	1	1	1
Vehicles	11	11	11	11
Public Works				
Street				
Streets (lane miles)	58	58	58	58
Street Lights	1,444	1,474	1,504	1,550
Traffic Signals	106	106	106	108
Vehicles	26	27	27	27
Culture and Recreation				
Recreation/Seniors				
Land (acres)	118.02	118.02	118.02	118.02
Buildings	1	1	1	1
Parks	10	10	10	10
Playgrounds	6	7	7	7
Tennis Courts	2	2	2	2
Baseball/Softball Diamonds	9	9	9	9
Soccer Fields	1	1	1	1

City of Painesville

2008	2009	2010	2011	2012	2013
0.95 7	0.95 7	0.95 7	0.95 7	0.95 7	0.95 7
1 16	1 16	1 18	1 18	1 20	1 21
1 11	1 12	1 13	1 13	1 13	1 14
58 1,571 116 27	58 1,571 116 28	58 1,571 116 28	59 1,571 116 28	59 1,571 116 27	59 1,571 116 27
118.02 1 10 7 2 9 1	125.32 1 14 7 2 9 1	125.32 1 14 8 2 9 1	125.32 1 14 8 2 9 1	140.51 1 15 11 2 9 0	140.51 1 15 11 2 9 0

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City of Painesville

Capital Asset Statistics by Function Last Ten Years

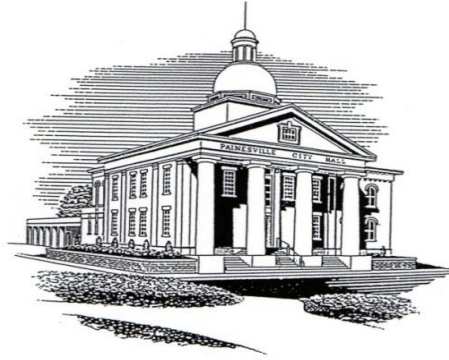
	2004	2005	2006	2007
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	127.1	128.3	128.3	131.0
Pump Stations	5	5	5	5
Number of Hydrants	1,615	1,735	1,735	1,743
Sewer				
Sewer lines (Miles)	49	49	50	50
Lift Stations	7	7	7	7
Electric				
Lines (Miles)	205	205	210	215
Off Street Parking				
Buildings and Improvements	1	1	1	1
Storm Water Drainage				
Storm Drains (Miles)	37	37	37	37
Number of Catch Basins	2,850	2,900	2,900	2,900
Treatment Capacity (thousands of gallons)	28,000	28,000	28,000	28,000

Source: Finance Director's Office

City of Painesville

2008	2009	2010	2011	2012	2013
131.4	132.3	132.6	132.7	132.9	133.1
7	7	7	7	7	7
1,776	1,797	1,803	1,805	1,813	1,839
50	50	50	50	50	50
7	7	7	7	8	8
218	220	220	220	220	222
1	1	1	1	1	1
37	37	37	38	38	38
2,900	2,900	2,900	2,902	2,902	2,902
28,000	28,000	28,000	28,000	28,000	28,000

City of Painesville





Dave Yost • Auditor of State

CITY OF PAINESVILLE

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 10, 2014**