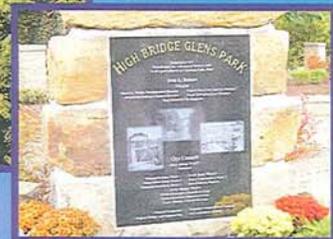
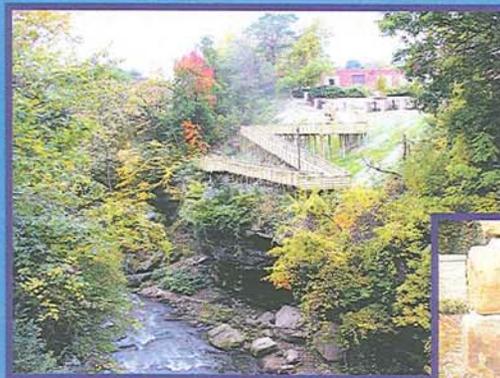
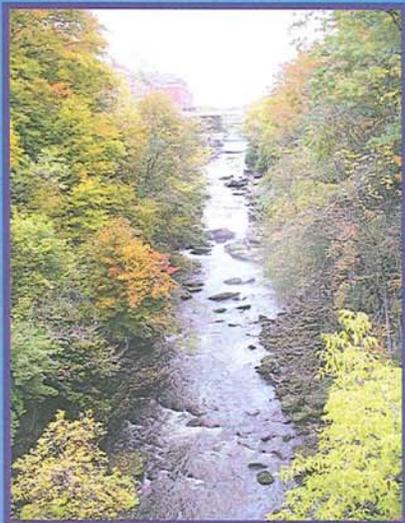
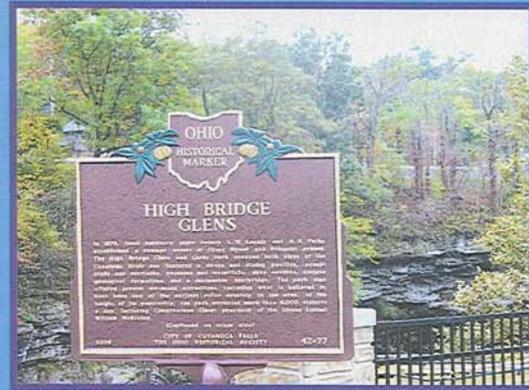
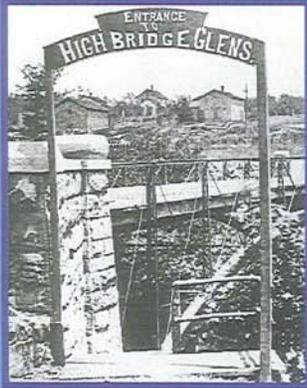


# CITY OF CUYAHOGA FALLS, OHIO

## Comprehensive Annual Financial Report

for the year ended December 31, 2009



## HIGH BRIDGE GLENS PARK REDEDICATION



Don L. Robart, Mayor

***Cover Pictures:***

*Although the name remains the same, the new High Bridge Glens Park hardly resembles its turn-of-the-century predecessor with one major exception- it offers residents safe and direct access to their most prized natural resource and tourist attraction- Cuyahoga Falls.*

*The new park features walking trails, a gazebo and a pedestrian overlook bridge that replaced an aging and long abandoned trolley crossing. A boardwalk descends 25 feet into the gorge, encouraging visitors to follow its sloping ramps to several observation platforms.*

*Through the use of Clean Ohio Funds, the City was able to transform an industrial complex into a premier recreation destination. The park also boasts the City's first State of Ohio historical marker depicting its lengthy journey.*

---

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

Sue A. Abrusci

Jennifer M. Evans

Scott K. Fitzsimmons

Sarah M. Harr

Laura K. Jarvis

Paul D. Novelli

Kimberly S. Shingleton

Sandra R. Stroup

***Photography Compliments of:***  
Community Development Department

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



Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Cuyahoga Falls, Summit County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 1, 2010

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# Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2009



City of Cuyahoga Falls, Ohio

Don L. Robart, Mayor

**Issued by the Department of Finance**

Joseph F. Brodzinski, Finance Director



Printed on Recycled Paper

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# City of Cuyahoga Falls, Ohio

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# INTRODUCTORY SECTION



**CITY OF CUYAHOGA FALLS  
DEPARTMENT OF FINANCE**

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

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

Joseph F. Brodzinski  
*Finance Director*

Scott K. Fitzsimmons  
*Deputy Finance Director*

June 30, 2010

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

**T**he Comprehensive Annual Financial Report (CAFR) for the City of Cuyahoga Falls, Ohio (the “City”) for the year ended December 31, 2009, is hereby submitted. The responsibility for both the accuracy of the data and the completeness and fairness of presentation including all disclosures, rests with the City’s management. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner, which fairly presents the financial position and results of operations of the various funds of the City. All disclosures necessary to gain an understanding of the City's financial activities have been included.

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

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

## City of Cuyahoga Falls, Ohio

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In accordance with Ohio law, each public office is required to have an independent audit at least once every two years unless an annual audit is required pursuant to The Single Audit Act of 1984. These audits are conducted by either the Auditor of the State, or if the Auditor permits, an independent public accounting firm. The current year audit was completed by Cuini & Panichi, Inc. a C & P Advisors company. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2009, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The Independent Auditor's Report is presented as the first component of the financial section of this report.

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

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

### **PROFILE OF THE GOVERNMENT**

The City was incorporated as a village in 1868 and organized as a city after the 1920 census. The City is located in Summit County in northeastern Ohio, approximately 30 miles south of the City of Cleveland and lies on the northern border of the City of Akron. The City currently occupies a land area of 27.8 square miles and serves a population of 49,374 based on 2000 census figures. An appeal was granted on July 1, 2002 by the U.S. Census Bureau establishing 50,272 as the population of the City of Cuyahoga Falls. As of 7/1/07, the Census Bureau published a population estimate of 51,002.

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

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

## City of Cuyahoga Falls, Ohio

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

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

### LOCAL ECONOMY

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

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

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

The City is not subject to swift or erratic economic downturns because of its diversified income tax base, in which no single employer dominates the local economy. During 2009, ten major employers in the City collectively accounted for approximately 22 percent of the \$18,146,139 withholding taxes remitted to the City.

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

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

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

## City of Cuyahoga Falls, Ohio

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The City experienced an accelerated pace of growth and development throughout the community. Much of this successful development can be attributed to the merger. New building and redevelopment permit valuation, a reliable indicator of a community's condition, averaged approximately \$40,000 over the last three years.

### **Future Economic Outlook**

The City's vision is to keep Cuyahoga Falls a vibrant, healthy, attractive, and continually growing City. City officials continue in their visions of infrastructure improvements and new tax revenues for the City, as well as its school systems, jobs, shopping, housing, and recreational opportunities for residents and visitors alike.

The City analyzed its dispatch operations and determined that there was some excess capacity, which would allow the City to add dispatching services for Munroe Falls and the Village of Silver Lake. The City formed this regional dispatch center to provide excellent safety service at a reduced rate compared to the cost these two communities paid in prior years. The additional income received by Cuyahoga Falls will be used to help offset the City's costs of providing dispatch services. This resulted in a win-win for the taxpayers of Cuyahoga Falls, as well as, the taxpayers of the other two communities.

In 2008, the City began dispatching for the City of Munroe Falls and the Village of Silver Lake. The City also began providing fire protection and emergency medical services for the Village.

In 2010, those contracts will provide approximately \$255,000 in revenue with minimal incremental costs. The billing for the emergency medical services is predicted to generate an additional \$50,000 to \$70,000 in billings per year. The base contracts for the \$255,000 will increase by three percent per year.

Cuyahoga Falls strongly believes in a regional concept involving dispatching. The City completed a robust fiber ring and has excess space currently within its dispatch center. The City's administration has had several discussions with other municipalities about the possibility of Cuyahoga Falls providing dispatch service for other communities. The City will continue to pursue these revenue generating possibilities.

Falls River Square, a permanent festival site, has become the premiere gathering spot for our community festivals, concerts, and outdoor activities. Falls River Square includes open space for festivals, an interactive water fountain for adolescent summer frolic, and an amphitheater for various activities from the Spring through the Fall. Activities on the site do not stop when the weather gets cold. Falls River Square includes a pavilion and an outdoor ice skating rink. The pavilion is booked throughout the year and its fireplace is a great way to warm up after skating on the rink, which is larger than the rink at Rockefeller Square in New York. Attendance from 2009 into 2010 continues to increase from the Friday night events to the various festivals.

In conjunction with Falls River Square, the City used a U.S. EPA Brownfield Grant on the South Front Street Corridor. The project included public outreach, and Phase I and Phase II environmental assessments, along with corridor planning. This corridor was originally developed for industrial purposes and was once utilized as a major source of power along the Cuyahoga River. The Grant along with other future budgeted monies is allowing the City the unique opportunity to begin an extensive revitalization project along this corridor.

On July 25, 2007 the City of Cuyahoga Falls was a successful recipient of a grant from the State's Clean Ohio Revitalization Funds also known as CORF. The Development Department applied for a grant to further the redevelopment efforts in the South Front Street area. The grant, in the amount of \$ 2,381,440, will be used to conduct environmental assessments, acquisition and demolition of properties, soil and water remediation, and asbestos removal. These actions will lead to the development of new residential and retail projects in association with a master plan completed in 2005 by Farr & Associates of Chicago, Illinois.

As a part of the grant application, additional funds were also committed by a local developer who, in the first phase of redevelopment, will be constructing a mixed-use project consisting of approximately 122 units residential units and 18,000 square feet of new retail space. In order to properly prepare the properties, approximately 9,500 tons of soil will be removed and ground water will be chemically treated. Historical uses in the Front Street corridor area

## City of Cuyahoga Falls, Ohio

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included wire manufacturers, foundries, and milling companies, which resulted in impacted soil and groundwater. Not only will this project correct these negative environmental issues, but it will also provide for new housing that will be located adjacent to the beautiful Gorge and the Cuyahoga River. In October 2009, High Bridge Glens Park was rededicated – 130 years after its initial dedication. This park will serve as an anchor for the \$12 million private investment in the area. The proposed Watermark building will be a four-story mixed-use building with street level commercial space combined with senior living apartments and market rate condominiums. The project anticipates summer 2010 construction. The City continues to actively market properties along the riverfront corridor as outlined in the master plan.

In 1996, the City increased its income tax rate from 1.5 percent to 2 percent. The vote to increase the income tax rate has had positive effects for the City's capital infrastructure program since the City has earmarked the proceeds of the increase solely for capital improvements. The City's Administration has exceeded this commitment every year since the passage of the increase. This foresight is due to strong beliefs within the Administration that strong city infrastructure is a cornerstone of a strong community.

The Mayor, his administration, and the City Council are keenly aware of national and local economic conditions. As the national and regional economies started downturns in 2008, the City's administration was prepared. Weekly meetings are held with senior cabinet to discuss all the ways the City can continue to provide value to the residents and businesses of the community without generating a deficit for the community to handle. All personnel vacancies are discussed and in many cases job functions adjusted to eliminate any current need to immediately replace the leaving personnel. In 2009 the City negotiated with all of its unions and through Council for non-bargaining personnel for various concessions to slow expenditure growth. The City will not increase taxes to its businesses or residents so that government can continue to grow. The Mayor and its administration are monitoring the 2010 Budget and looking forward to 2011 and 2012. It is the goal of this administration to become revenue and expenditure neutral until the economy turns around.

The Mayor and his staff spend considerable amounts of time maintaining the financial strength of the City. As businesses look to relocate or expand, City officials work overtime with these companies to accommodate their needs. These types of investments only strengthen the City's financial position. The City is also not reliant on one particular business for its main source of income taxes or property taxes. No business represents more than five percent of the City's two main sources of income. The City's administration also places a high emphasis on keeping Cuyahoga Falls a positive place to live and work. This can best be seen in the unemployment rates for the City consistently being two percentage points lower than the Summit County rate coupled with local home sales and the real estate market, which are generally ahead of the national trends. Employment within an area is expected to remain positive with wage increases slightly higher than cost of living trends. The City monitors the economic slowdown being experienced by cities across the nation. The Development Department is in contact with homeowners, various property owners, and developers. This is performed to keep a pulse beat within the community, as well as, to provide businesses and homeowners with a variety of options when purchasing a property.

Pursuant to a change in State Law, which renamed the Cuyahoga Falls Municipal Court to the Stow Municipal Court, court operations moved to the City of Stow effective January 1, 2009.

Several years prior to the move the Court's judges requested that the City of Cuyahoga Falls build a new courthouse for court operations. After careful review and income potential the City Administration decided that the current court location was adequate. The City was involved with other capital projects and could not justify to its taxpayers the building of a new courthouse. The judges decided to discuss the building of a new courthouse with other member cities that it served. The City of Stow agreed to build the new courthouse and plans were laid in place to accomplish the task by the end of 2008.

The City has used this opportunity to create a Mayor's Court to dispense justice at a reasonable rate. The entire City will benefit from the additional revenue generated from this mayor's court as the funds will be used to supplement the police services of the City and provide new services like a K-9 unit. The court operations move to the City of

Stow provided this opportunity because when Cuyahoga Falls housed the Court, expenditures exceeded revenue each year.

As a result of the moving of the Municipal Court, the City realized positive cash flow from court operations of \$123,000 in 2009. This is a huge change when compared to the results of the previous five years when the City lost \$424,000 from court operations.

### **MAJOR INITIATIVES**

The City of Cuyahoga Falls has, in principal, formed a Joint Economic Development Zone (JEDZ) with the cities of Stow and Hudson. Western Reserve Hospital Partners, a group of about 200 Akron-area doctors took over majority ownership in June 2009 of Cuyahoga Falls General Hospital.

The State of Ohio approved a deal between Summa Health System and the physician partners at Western Reserve Hospital Partners to jointly operate Falls General with the doctors owning 60% and Summa Health Systems retaining 40% ownership.

State approval clears the way for Summa and the physician investors to move forward with their plans to build a new 100-bed facility to be located within the newly formed JEDZ.

The old hospital located in Cuyahoga Falls will be converted by Summa into another purpose within the medical field. Current discussions revolve around services to better accommodate senior citizen care.

With a new interchange being built off of Route 8 and a new hospital planning to be the first big development area, the three communities are working together to develop this area into a medical corridor. The cities will share income tax and property tax revenue equally within the zone. This project is another example of a regional approach in confronting a situation. The old mindset was a city competing with neighboring cities for business in which each City offered as much as possible to motivate a business to build. The true winner within this model was the Western Reserve Hospital Partners looking to build a new hospital farther north within Summit County. In the end, the business will benefit, as well as, the residents of all three communities with additional tax dollars being available to continue to provide services.

The cities of Hudson, Stow, and Cuyahoga continued to iron out all details on the JEDZ area in 2009 working in conjunction with the group of doctors from Western Reserve Hospital Partners. Plans are for all three cities to take the completed JEDZ agreement through their respective councils in 2010, with the expectations of ground breaking on the new hospital in the Fall of 2010. Current plans include a new 100 bed hospital and attached medical building. The cities plan on sharing property taxes and income taxes on the whole 99 acres.

In 2008 the City purchased 26 acres on State Road that was once a thriving strip shopping plaza. The City sent out requests for proposal nationally with the goal of turning this property into a viable revenue producer for years to come.

The City announced in 2009 that the developer for the project will be Cleveland-based Stark Enterprises. His company has developed Crocker Park in Westlake and several in the Akron-area, including West Market Plaza, and the Shops at Fairlawn. Bob Stark has agreed to design the buildings and associated green space areas after Crocker Park.

The plan is to develop an upscale neighborhood shopping center. Currently the developer has the option of taking down the land in one or two phases. After attending the ICSC Convention (International Council of Shopping Centers) in Las Vegas, the developer has had communication with the City that there is enough interest and a total takedown in one phase is a strong possibility. The neighborhood marketplace will be walkable and community-focused. Initial plans call for \$35 million to \$40 million developer investment. The City continues to assist the developer by obtaining various grants to assist with the project. The City received a \$2 million grant from CORF

## City of Cuyahoga Falls, Ohio

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(Clean Ohio Revitalization Fund), which was utilized for the demolition and environmental remediation of the former shopping center buildings.

### FINANCIAL INFORMATION

Five of the City's six unions have contracts that expire December 31, 2010. AFSCME's contract runs through 2011. The City is currently in contract negotiations with its Fire Union and the two Police unions.

The City's Capital Project Fund has issued various notes for numerous infrastructure projects over the last several years. The administration, along with the assistance of City Council, created a plan to pay down on the notes each year to save the cost of long-term interest borrowing. In 2010, the City is paying down almost \$1.6 million in outstanding balances.

### LONG TERM FINANCIAL PLANNING

The City currently prepares a five-year capital improvement plan. This plan helps the City prepare and adjust for major infrastructure projects and maximize potential State and Federal grant assistance. Various other major operations within the City are also being viewed over two, three, and five-year views. Preparing for the future is a key ingredient to financial stability while maintaining important public services. This five-year approach is being expanded to all major funds within the City.

### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cuyahoga Falls for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 25 consecutive years (fiscal years ended 1984-2008). We believe our current report continues to conform to the Certificate of Achievement program requirements and are therefore submitting it to the GFOA. Receipt of these awards is an outstanding sign of the City's active effort to anticipate and provide for the needs of its citizens.

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

Respectfully submitted,



Joseph F. Brodzinski  
Finance Director

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Cuyahoga Falls  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2008

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



A stylized handwritten signature in black ink, appearing to be "J.R. Emer".

President

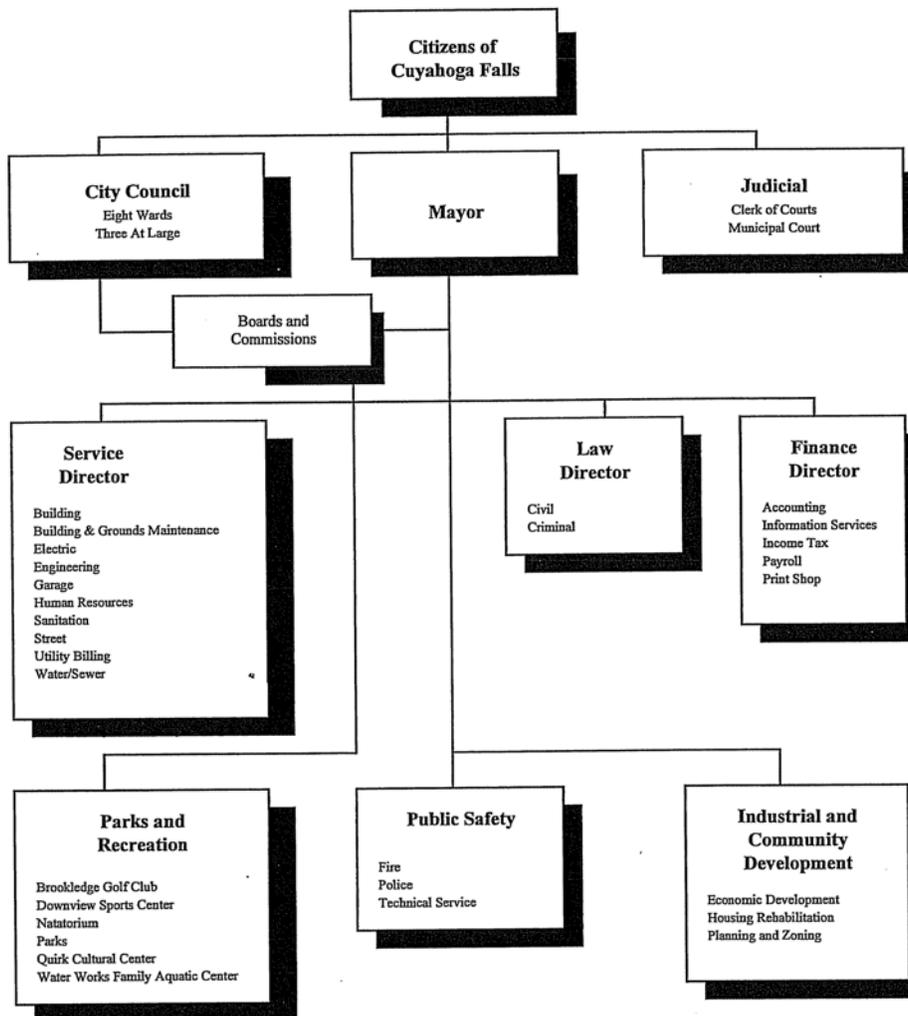
A handwritten signature in black ink, appearing to be "Jeffrey R. Emer".

Executive Director

# City of Cuyahoga Falls, Ohio

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## Organizational Chart



**City Officials**

**Mayor Don L. Robart**

*Cabinet of the Mayor:*

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

*At Large Council:*

Kathy Hummel  
Carol Klinger  
Deborah Ritzinger

*Ward Council:*

Vincent Rubino..... Ward 1  
Mary Ellen Pyke.....Ward 2  
Ken Barnhart.....Ward 3  
Mark Ihasz.....Ward 4  
Diana Colavecchio.....Ward 5  
Don Walters.....Ward 6  
Jerry James.....Ward 7 (Council Pres. at 12/31/09)  
Terry Mader.....Ward 8

# **FINANCIAL SECTION**



**Independent Auditors' Report**

Members of the City Council  
Cuyahoga Falls, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Ohio (the "City") as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Municipal Income Tax Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19, during the year ended December 31, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government* and Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

 **C&P Advisors, LLC**  
Ciuni & Panichi, Inc.  
Joel Strom Associates LLC  
C&P Wealth Management, LLC

25201 Chagrin Boulevard  
Cleveland, Ohio 44122.5683  
p. 216.831.7171  
f. 216.831.3020  
[www.cp-advisors.com](http://www.cp-advisors.com)



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## City of Cuyahoga Falls, Ohio

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Members of the City Council  
Cuyahoga Falls, Ohio

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Cini & Panichi, Inc.*

Cleveland, Ohio  
June 30, 2010

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# City of Cuyahoga Falls, Ohio

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## Management's Discussion and Analysis

As management of the City of Cuyahoga Falls, Ohio (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 2 of this report.

### FINANCIAL HIGHLIGHTS

- This is the City of Cuyahoga Falls seventh publication of a Comprehensive Annual Financial Report (CAFR) under the new GASB 34 reporting model. Comparisons to prior financials are offered for this discussion and analysis.
- Total assets of the City of Cuyahoga Falls were \$284,278,264. Of this amount, \$138,670,553 was attributable to Governmental Activities and \$145,607,711 was from Business-type Activities.
- Total liabilities of the City of Cuyahoga Falls were \$106,519,140. Governmental Activities accounted for \$41,425,289, while Business-type Activities represented \$65,093,851 of the total.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-wide financial statements

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

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

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

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

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

The government-wide financial statements can be found on pages 33-35 of this report.

### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains twenty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Municipal Income Tax Special Revenue Fund, and Capital Projects Fund, which are considered to be major funds. Data from the other twenty-three funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and all Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Fund types. A budgetary comparison statement has been provided for the General Fund and the Municipal Income Tax Special Revenue Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 36-41 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewage and disposal, water, electric, sanitation, leisure time operations and storm drainage utility. Internal Service Funds are an accounting device used to accumulate and allocate costs internally to the City's various functions. The City uses Internal Service Funds to account for its vehicle maintenance, office and custodial supplies purchase and distribution, information services (responsible for data processing and computer operations of the City), medical self-insurance, worker's compensation coverage and compensated absences payments to terminated and retired employees. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

The basic proprietary fund financial statements can be found on pages 42-49 of this report.

## City of Cuyahoga Falls, Ohio

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City closed out and eliminated its Treasury Fund whose sole purpose in the past was to hold the employers' share of the next quarter's pension payment. Since pension is now remitted monthly, these obligations now run through the Withholding Fund. The basic fiduciary fund financial statements can be found on page 50 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51 – 90 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 92-145 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

City of Cuyahoga Falls, Ohio - Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Current and other Assets	\$ 50,142,476	\$ 56,279,546	\$ 37,591,904	\$ 45,535,806	\$ 87,734,380	\$ 101,815,352
Capital Assets	88,528,077	87,027,361	108,015,807	99,723,851	196,543,884	186,751,212
<b>Total Assets</b>	<b>138,670,553</b>	<b>143,306,907</b>	<b>145,607,711</b>	<b>145,259,657</b>	<b>284,278,264</b>	<b>288,566,564</b>
<b>Liabilities</b>						
Current and other liabilities	28,701,432	25,781,096	19,689,824	23,411,124	48,391,256	49,192,220
Long term liabilities outstanding	12,723,857	18,052,399	45,404,027	43,636,403	58,127,884	61,688,802
<b>Total Liabilities</b>	<b>41,425,289</b>	<b>43,833,495</b>	<b>65,093,851</b>	<b>67,047,527</b>	<b>106,519,140</b>	<b>110,881,022</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	78,407,401	74,834,451	57,049,158	54,994,967	135,456,559	129,829,418
Restricted	12,227,020	16,104,176	-	-	12,227,020	16,104,176
Permanent Fund Purpose	221,674	219,104	-	-	221,674	219,104
Unrestricted	6,389,169	8,315,681	23,464,702	23,217,163	29,853,871	31,532,844
<b>Total net assets</b>	<b>\$ 97,245,264</b>	<b>\$ 99,473,412</b>	<b>\$ 80,513,860</b>	<b>\$ 78,212,130</b>	<b>\$ 177,759,124</b>	<b>\$ 177,685,542</b>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$177,759,124 at the close of the most recent fiscal year.

The largest portion of the City's net assets (76 percent) reflects its investments in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Additionally, 7 percent of the City's net assets represent resources that have been restricted on how they may be used. Another portion of the City's net assets (less than 1 percent) represents the Cemetery Perpetual Care Permanent Fund, which used to be a non-expendable trust fund. The remaining balance of unrestricted net assets \$29,853,871 may be used to meet the government's on-going obligations to its citizens and creditors.

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

## City of Cuyahoga Falls, Ohio

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Overall, net assets of the City increased by \$.074 million in 2009. Net assets for governmental activities decreased \$2.228 million and net assets for business-type activities increased \$2.302 million.

The net assets decrease for governmental activities is due to revenue from charges for services being lower than 2008. For business-type activities, sewage and disposal, water, sanitation and storm drainage utility operations all had net revenue for 2009.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year. This table contains the 2008 fiscal year figures for comparison purposes.

## City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio - Changes in Net Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 5,576,793	\$ 10,532,301	\$ 57,490,442	\$ 56,225,587	\$ 63,067,235	\$ 66,757,888
Operating grants and contributions	3,315,954	3,028,970	66,627	60,304	3,382,581	3,089,274
Capital grants and contributions	1,940,211	1,788,907	277,054	211,234	2,217,265	2,000,141
General revenues:						
Property and other local taxes	11,210,512	11,264,214	-	-	11,210,512	11,264,214
Income taxes	18,547,077	18,773,953	-	-	18,547,077	18,773,953
Grants and entitlements not						
restricted to specific programs	4,130,199	5,020,191	-	-	4,130,199	5,020,191
Other	409,522	1,232,188	7,866	41,320	417,388	1,273,508
<b>Total Revenues</b>	<b>45,130,268</b>	<b>51,640,724</b>	<b>57,841,989</b>	<b>56,538,445</b>	<b>102,972,257</b>	<b>108,179,169</b>
<b>Expenses</b>						
Security of persons and property	23,430,589	20,885,650	-	-	23,430,589	20,885,650
Leisure time activities	2,644,714	2,811,353	-	-	2,644,714	2,811,353
Community environment	2,425,183	1,927,929	-	-	2,425,183	1,927,929
Street maintenance	6,936,730	8,417,596	-	-	6,936,730	8,417,596
General government	9,098,070	11,286,008	-	-	9,098,070	11,286,008
Interest and fiscal charges	751,598	673,816	-	-	751,598	673,816
Sewage and disposal	-	-	5,190,156	5,445,620	5,190,156	5,445,620
Water	-	-	4,552,145	4,773,648	4,552,145	4,773,648
Electric	-	-	37,217,341	35,185,035	37,217,341	35,185,035
Sanitation	-	-	3,258,406	3,542,028	3,258,406	3,542,028
Leisure time activities	-	-	6,604,706	6,611,629	6,604,706	6,611,629
Storm Drainage Utility	-	-	789,037	427,802	789,037	427,802
<b>Total Expenses</b>	<b>45,286,884</b>	<b>46,002,352</b>	<b>57,611,791</b>	<b>55,985,762</b>	<b>102,898,675</b>	<b>101,988,114</b>
Increase in net assets before transfers	(156,616)	5,638,372	230,198	552,683	73,582	6,191,055
Transfers	(2,071,532)	(1,678,831)	2,071,532	1,678,831	-	-
Changes in net assets	(2,228,148)	3,959,541	2,301,730	2,231,514	73,582	6,191,055
<b>Net assets-beginning</b>	<b>99,473,412</b>	<b>95,513,871</b>	<b>78,212,130</b>	<b>75,980,616</b>	<b>177,685,542</b>	<b>171,494,487</b>
<b>Net assets-ending</b>	<b>\$ 97,245,264</b>	<b>\$ 99,473,412</b>	<b>\$ 80,513,860</b>	<b>\$ 78,212,130</b>	<b>\$ 177,759,124</b>	<b>\$ 177,685,542</b>

**Governmental activities.** Governmental activities decreased the City's net assets by \$2.228 million. Key elements of the changes in net assets are as follows:

- ❖ Charges for services revenue decreased by \$4,955,508 or 47 percent.
- ❖ Grants and entitlements not restricted to specific programs decreased \$889,992 or 17.7 percent.
- ❖ Security of persons and property increased \$2.545 million in 2009 or 12.2 percent.

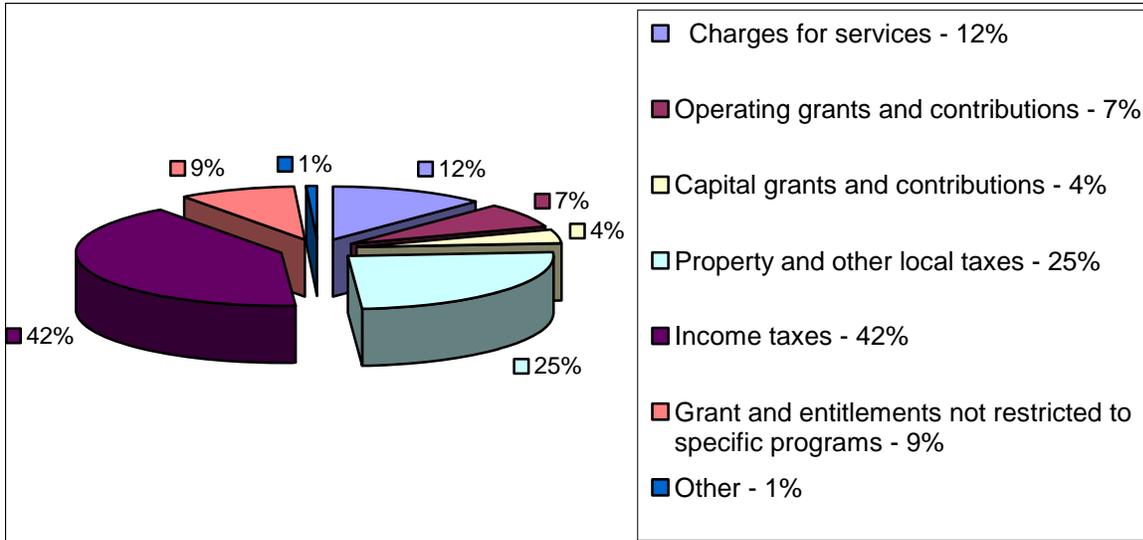
The decrease in charges for services revenue is a direct result of the effects the economy is having on discretionary income. Charges for services on a cash basis overall went down \$3,172,050 compared to 2008. Due to the move of the Municipal Court to Stow, Ohio and the creation of a Mayor's Court, charges for services went down in 2009 by 2.730 million. Accounts receivables for EMS collections were written down in 2009 by 1.477 million.

Grants and entitlements not restricted to specific programs decreased because Local Government Funds on a cash basis and accrual basis were down \$587,560 in 2009 compared to 2008. Also, due from other governments related to estate taxes were \$316,322 lower in 2009.

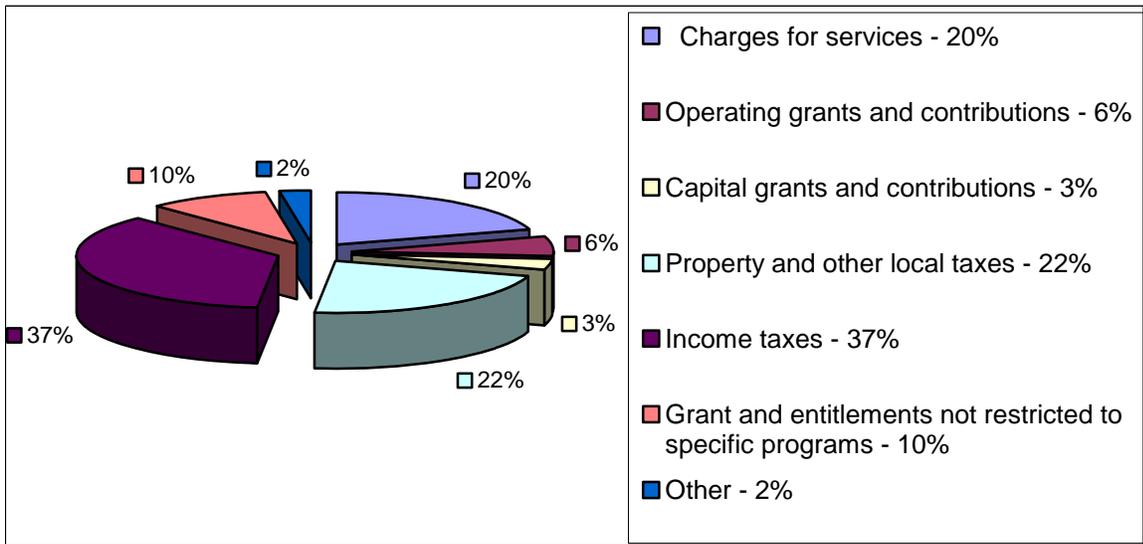
The increase in security of persons and property in 2009 is attributed to court related special revenue fund balances classified as security of persons and property being remitted to Stow, Ohio due to the Municipal Court move in the amount of \$874,500. Police and Fire services on a cash basis increased \$783,000 in 2009. The remaining increases are due to accrual entries being greater in 2009.

# City of Cuyahoga Falls, Ohio

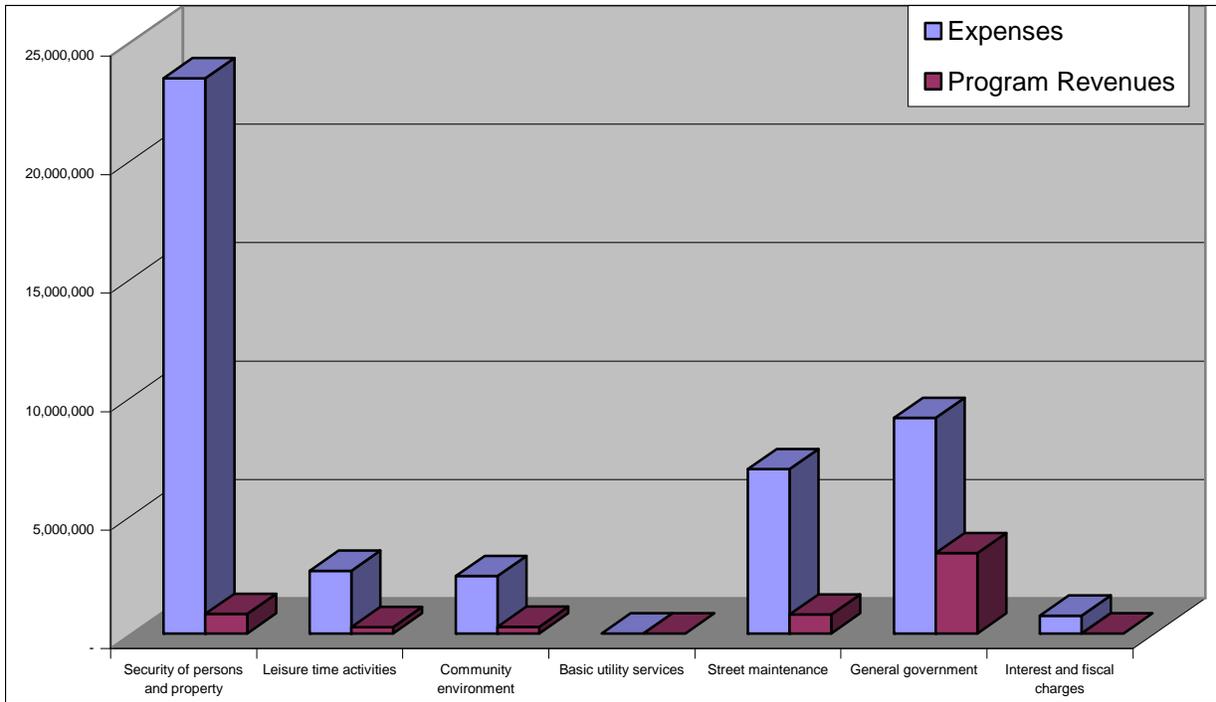
## 2009 Revenues by Source – Governmental Activities



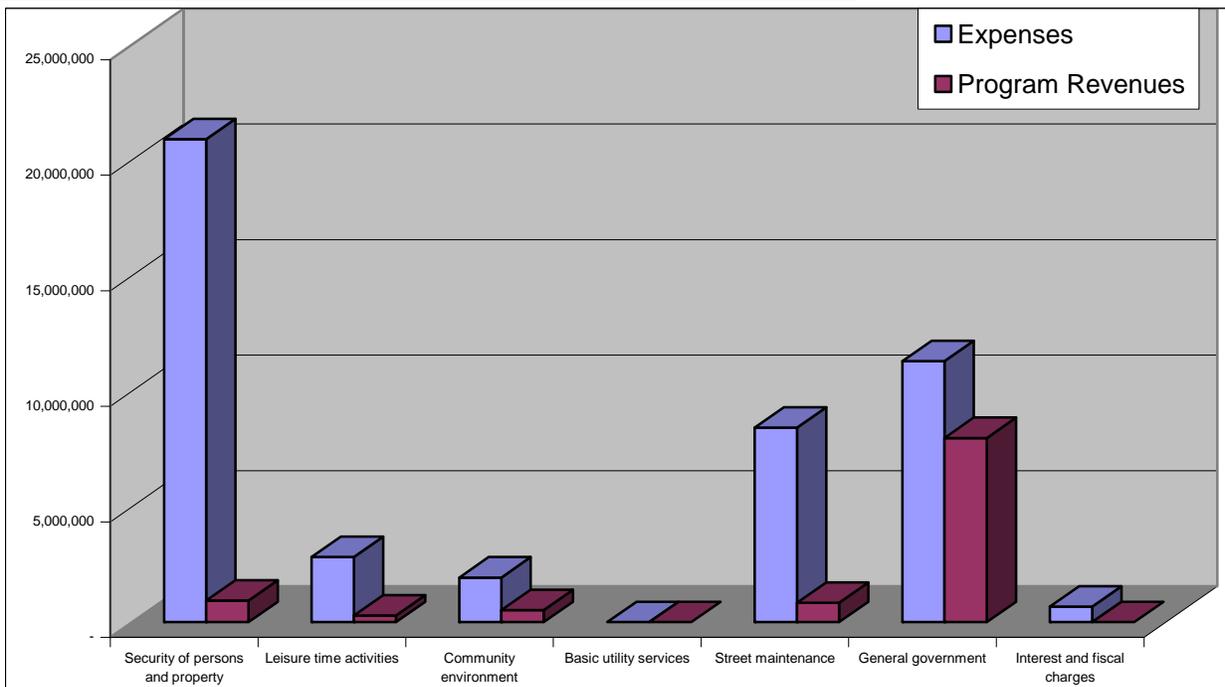
## 2008 Revenues by Source – Governmental Activities



**2009 Expenses and Program Revenues – Governmental Activities**



**2008 Expenses and Program Revenues – Governmental Activities**



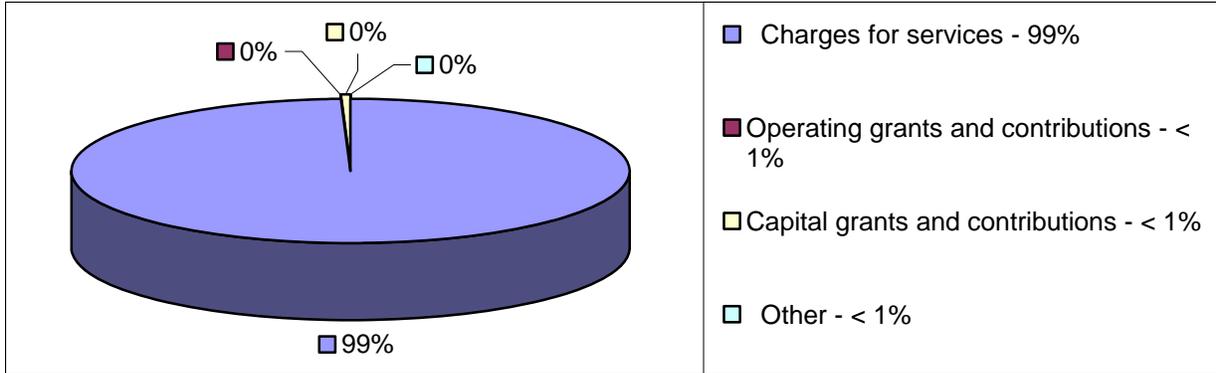
## City of Cuyahoga Falls, Ohio

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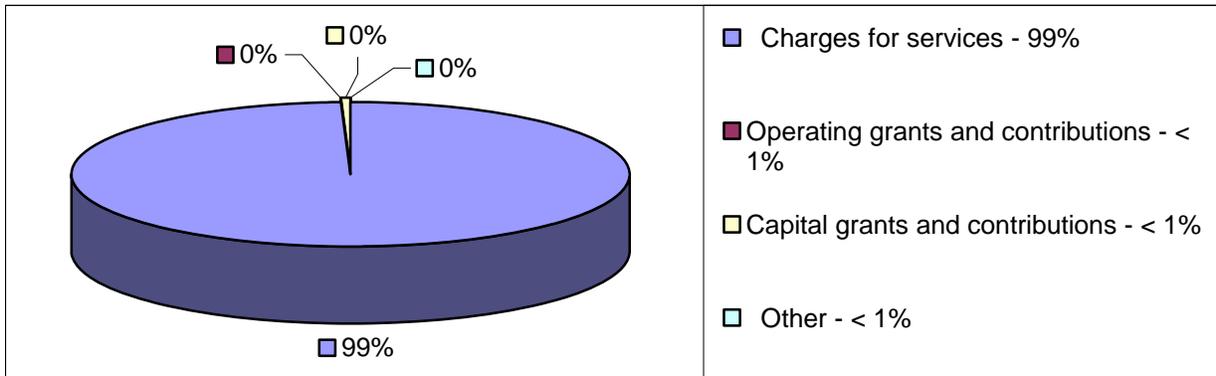
**Business-type activities:** Business-type activity net assets increased by \$2.302 million. Key elements of changes in net assets are as follows.

- ❖ Electric expenses over related charges for services decreased from \$591,676, (\$1,145,077) in 2008 to (\$553,401) in 2009, contributing to the increase in net assets.
- ❖ Transfers from Governmental Activities increased \$392,701, primarily due to the transfer that was made as reimbursement for debt service related to the community wing of the natatorium and shared government parking, which is used for governmental activities.
- ❖ Program Revenues exceeded expenses for Sewage and Disposal, Water, Sanitation, and Storm Drainage Utility in the amount of \$531,954, \$306,708, \$388,767, and \$332,446, respectively.

**2009 Revenue by Source – Business-type Activities**

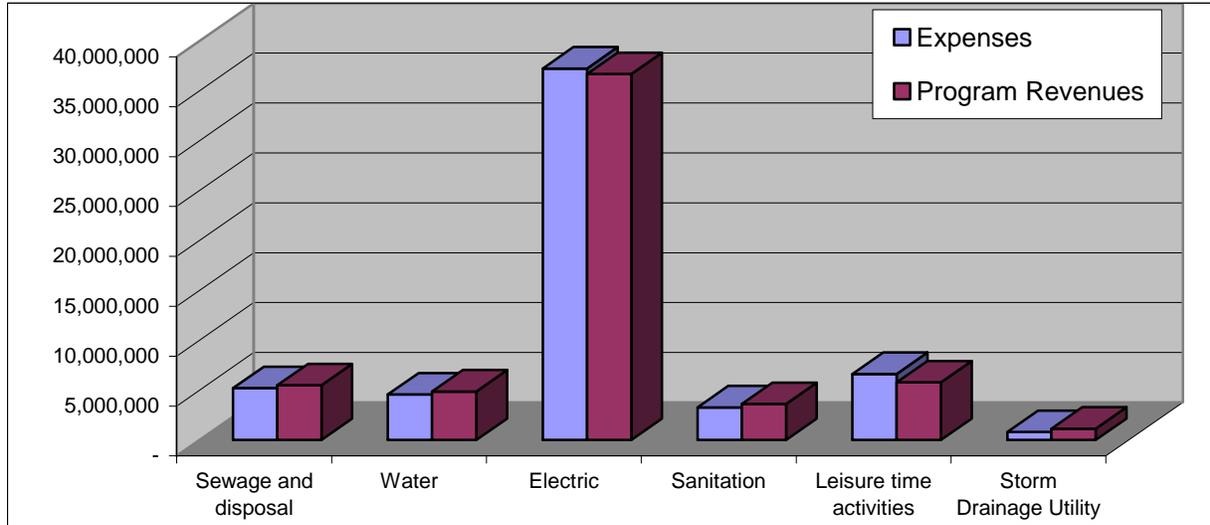


**2008 Revenue by Source – Business-type Activities**

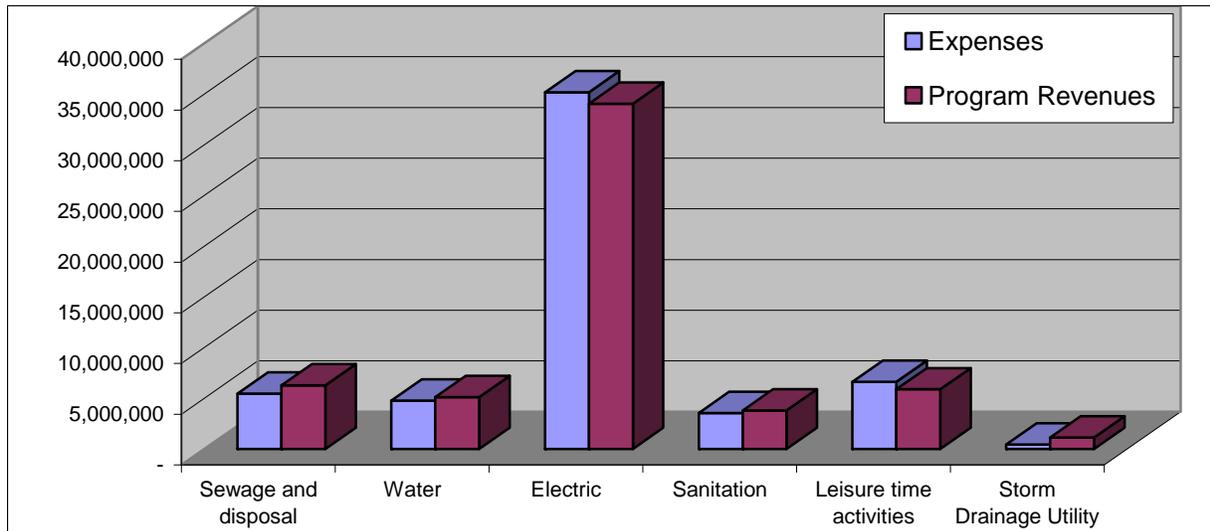


# City of Cuyahoga Falls, Ohio

## 2009 Expenses and Program Revenues – Business-type Activities



## 2008 Expenses and Program Revenues – Business-type Activities



### Financial Analysis of the Government's Funds

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

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

As of December 31, 2009, the City's governmental funds reported combined ending fund balances of \$15.201 million, which represents a decrease of \$3.313 million in comparison with the prior year. Approximately \$.509 million of this amount constitutes *unreserved deficit fund balance*. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period and for non-current loans receivable and other various reservations. The largest fund balance reserve is for assets held for resale in the Capital Projects Fund in the amount of \$12.071 million.

The general fund is the chief operating fund of the City. At December 31, 2009, unreserved fund balance of the general fund was \$6.280 million, while total fund balance was \$6.623 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures (including transfers out). Unreserved fund balance represents 19 percent of total general fund expenditures (including transfers out), while total fund balance represents 20 percent of the same amount.

The fund balance of the City's General Fund decreased by \$1.421 million during 2009. Key factors contributing to this increase are as follows:

- ❖ Total revenues (including transfers in) decreased by \$3,602,292. This decrease is primarily attributed to the move of the Municipal Court to Stow, Ohio and the creation of a Mayor's Court, in which charges for services (court costs, clerk bailiff fees) went down in 2009 by 2.324 million. Furthermore, in 2009, local government fund revenue (state levied shared taxes) cash transactions decreased \$366,071 and estate tax (state levied shared taxes) cash transactions decreased \$181,236.
- ❖ Expenditures (including transfers out) decreased by \$1,081,002 or 3.13 percent.
- ❖ Security of persons and property increased by \$706,518 in 2009 from 2008. The main reason is the increase in Police and Fire services, classified as security of persons and property, in the amount of \$783,000.
- ❖ General government expenditures decreased \$2,412,614 in 2009 from 2008. In addition to budgetary cost cutting, the primary reason for the decrease can be attributed to the municipal court moving its operations to the City of Stow and no longer being included in the City's General Fund.

The fund balance of other nonmajor governmental funds decreased by \$2,243,156 in 2009 from \$7,026,526 in 2008 to \$4,783,370 in 2009. The funds with significant decreases in fund balance were: Capital Improvement Reserve, Capital Projects Fund (\$611,491) and the various municipal court related special revenue funds; Court Special Projects Fund (\$526,837), Probation Fund (\$199,040), Suspended License Intervention Program Fund (\$42,178), Indigent Drivers Alcohol Treatment Fund (\$734,698), and the Court Computer Fund (\$262,734).

- ❖ The decrease in the Capital Improvement Reserve Fund balance is primarily due to the fall in interest rates and related investment revenue, coupled with the continued need for transfers to the Street Construction, Maintenance and Repair Special Revenue Fund and the Debt Service Fund, to help fund operations.

## City of Cuyahoga Falls, Ohio

- ❖ The decrease in the fund balances of the municipal court special revenue funds is due to the remittance of the related balances to the City of Stow on February 24, 2009 in association with the relocation of the Municipal Court, effective January 1, 2009.

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

Unrestricted net assets at the end of the year amounted to \$2.556 million, \$1.303 million, \$18.584 million, \$795,023, \$343,375, and \$1.039 million for the Sewage and Disposal, Water, Electric, Sanitation, Leisure Time, and Storm Drainage Utility Funds, respectively. The Sanitation Fund has again seen an improvement in unrestricted net assets due to the cost saving measures continue to standardize refuse containers, which has reduced the number of personnel per route with an ultimate goal of full automation in the future.

### General Fund Budgetary Highlights

The final amended General Fund budget had total appropriation of approximately \$396,395 less than the original budget. The total original appropriations, including those for transfers out, were \$34,781,191 million, while the final appropriations were \$34,384,796 million. Final appropriations in 2009 were \$1,856,015 or 5.12 percent less than 2008, primarily due to not having the Municipal Court and related Clerk of Court's departments in the general fund, coupled with the City administration's continued effort to contain government spending. The variance between the final budget and actual results were not significant enough for analysis.

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for governmental and business-type activities as of December 31, 2009, amounts to \$196.544 million (net of accumulated depreciation). This investment in capital assets include land, buildings, improvements, machinery and equipment, as well as, infrastructure (from 1980 to current), including roads, sidewalks, bridges, curbs and gutters. The total increase in the City's investment in capital assets for 2009 was 5.24% (a 1.72 percent increase for governmental activities and a 8.31 percent increase for business-type activities).

City of Cuyahoga Falls Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 8,686,553	\$ 8,686,553	\$ 3,359,319	\$ 3,359,319	\$ 12,045,872	\$ 12,045,872
Construction in Progress	5,745,766	2,154,262	14,578,559	7,177,433	20,324,325	9,331,695
Buildings	18,144,172	18,920,068	31,337,747	32,154,340	49,481,919	51,074,408
Improvements	790,785	679,022	54,942,963	53,323,940	55,733,748	54,002,962
Machinery and Equipment	8,732,395	9,133,364	3,797,219	3,708,819	12,529,614	12,842,183
Infrastructure	46,428,406	47,454,092	-	-	46,428,406	47,454,092
<b>Total</b>	<b>\$ 88,528,077</b>	<b>\$ 87,027,361</b>	<b>\$ 108,015,807</b>	<b>\$ 99,723,851</b>	<b>\$ 196,543,884</b>	<b>\$ 186,751,212</b>

Major capital asset events during 2009 were as follows:

- The City rededicated High Glens Park 130 years after its initial dedication including the reconstruction of the Prospect Bridge. This park increased construction in progress for governmental activities by \$1.839 million in 2009. Other increases within this category include \$829,500 for the South Front Street Redevelopment Project and \$324,500 for the construction of new tennis courts to be shared by the City and the Cuyahoga Falls School District.

## City of Cuyahoga Falls, Ohio

- Since the Municipal Court moved to Stow at the beginning of 2009, \$465,300 was deleted from governmental activities – machinery and equipment for the Court’s computer and hardware.
- The \$7.4 million increase in construction in progress for business-type activities was due to the addition of \$7.925 million of the automatic meter reading system (AMR).

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

**Assets Held for Resale.** During April 2008 land was purchased for the South Front Street Redevelopment project for \$991,302. A portion of the property, \$391,302 is being held for resale to a developer, while the remaining portion will be redeveloped and remain under the City’s ownership. The project is not completed to date and the \$391,302 being held for resale is included in the City’s Capital Projects Fund.

The City also purchased property known as the State Road Shopping Center in August 2008 with the intent to resell the land for development. The property is approximately 26 acres of land with over 350,000 square feet of building. The City sent out requests for proposal nationally with the goal of turning this property into a viable revenue producer for years to come. In 2009 the City selected a developer for the project. As of December 31, 2009 an amount of \$11,680,118 is recorded as assets held for resale in the Capital Projects Fund.

**Long-term debt.** At December 31, 2009, the City had \$51.251 million of long-term bonds and capital leases outstanding. All special assessment bonds issued by the City are also general obligation bonds (\$104,000 in governmental activities) and are included herein.

City of Cuyahoga Falls General Obligation Bonds and Capital Leases Outstanding						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
G. O. bonds	\$ 6,049,700	\$ 7,109,319	\$ 26,019,454	\$ 19,896,985	\$ 32,069,154	\$ 27,006,304
Capital leases	2,704,089	2,945,806	16,477,596	16,477,596	19,181,685	19,423,402
<b>Total</b>	\$ 8,753,789	\$ 10,055,125	\$ 42,497,050	\$ 36,374,581	\$ 51,250,839	\$ 46,429,706

On October 14, 2009, the City issued Various Purpose Refunding Bonds in the amount of \$17,205,000 (par value) with an interest rate of 2.00 – 5.00 percent to advance refund the remaining portion of the 1997 and 1998 various purpose improvement general obligation bonds in the amount of \$4,725,000 and \$4,440,000, respectively, and to provide \$8,040,000 for the purpose of paying a portion of the costs of a community recreation center. The portion of the bonds refunding the 1997 and 1998 issues mature on December 1, 2017 and 2018, respectively. The bonds for the community recreation center mature on December 1, 2037. These bonds were issued at a premium of \$457,294 with issuance costs in the amount of \$247,294 and net proceeds of \$17,415,000. The net proceeds were used to purchase U.S. Government State and Local Government Series Securities that were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for the debt service payments. The advance refunding met the requirement of an in substance debt defeasance and the advance refunded bonds were removed from the City’s government-wide financial statements. As a result of the advance refunding the City reduced its total debt service requirements by \$1,167,305, which resulted in an economic gain of \$689,834.

In addition to existing agreements to lease equipment, the City entered into a lease agreement in late 2009 for Police in car video system and mobile data terminal computers in the amount of \$263,315. Although the lease proceeds were placed in escrow, no work was considered in progress and therefore not included in the City’s capital assets. The City entered into a lease agreement in 2008 for water and electric meter replacement and fixed base automated meter reading (AMR) installation, lighting retrofits and building envelope improvements in the amount of

## **City of Cuyahoga Falls, Ohio**

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\$17,017,793. This project was not completed by December 31, 2009, therefore, \$3,535,939 was held in escrow, including accrued interest in the amount of \$50,798 and is reflected as such on the City's Statement of Net Assets. In addition, the amounts of \$437,853 and \$13,355,821 "started and completed" by the year-end were included in construction in progress in the City's capital assets for governmental activities and business-type activities, respectively. Therefore, this asset value is not shown in the equipment total below. The City's lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date for governmental activities and business-type activities in the Statement of Net Assets.

### **Economic Factors and Next Year's Budget**

The City of Cuyahoga Falls' elected and appointed officials consider many factors through a lengthy budget process. The economic state of the State and Nation obviously have a direct impact on municipalities. The City prioritizes each department's basic mission. A system was put in place to review each job position when it became vacant through retirement or separation. We started looking at ways to combine departments and functions. A good example would be the combining of the Street Department and the Sanitation Department. Synergy is formed between the work force for more efficiency and monies are saved with only one superintendent instead of two. Other potential combinations included merging the Technical Services Department, Information Services, and Regional Dispatching. Through these efforts and despite the economy, the City of Cuyahoga Falls ended the year with a \$5.93 million cash basis balance in the General Fund, the highest end of the year balance in the City's history, while also maintaining our excellent Aa3 Bond rating!

The theme in Cuyahoga Falls is - Safe, Sound, and Stable. Safe, as our Police and Fire Departments will continue to keep our residents and businesses safe. Sound, as our City services will remain sound. And stable, as our City's finances will remain stable.

The City is also keeping a close eye on healthcare costs and the discussions currently going on at the Federal level. The Administration will continue to monitor those discussions as to the affect it may have on the City's books and procedures, as well as, the affects it may have on our employees' pocketbooks, thus potentially affecting future union negotiations.

The City is also monitoring the discussions in Washington concerning the cap and trade legislation. Ohio is a large coal burning state and through our affiliations with AMP-Ohio the City is a shareholder in various projects.

The City continues to place a high importance on job retention and creation with its current involvement with major developers in retail and residential growth. The goal of City officials is to continue to move the City forward in a positive direction. Capital projects are reviewed prior to implementation and revenue-generating opportunities are always noted. Various positions with the City are also being reviewed and job functions are being consolidated wherever possible.

### **Request for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. This report is also available on the City's website at [www.cityofcf.com](http://www.cityofcf.com). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Cuyahoga Falls Finance Department, 2310 Second Street, Cuyahoga Falls, Ohio, 44221.

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# **BASIC FINANCIAL STATEMENTS**

**Statement of Net Assets**  
**December 31, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CIC of Cuyahoga Falls
<b>Assets</b>				
Equity in pooled cash and cash equivalents	\$ 13,767,669	\$ 14,111,223	\$ 27,878,892	\$ -
Cash and cash equivalents - restricted accounts	211,256	-	211,256	787,923
Cash and cash equivalents - escrow agent	367,392	3,168,547	3,535,939	-
Investments - restricted	19,000	-	19,000	-
Accounts receivable (net of allowance for uncollectibles)	672,315	9,923,108	10,595,423	-
Loans receivable	1,939,993	-	1,939,993	50,000
Taxes receivable	13,815,326	-	13,815,326	-
Special assessments receivable	724,401	179,279	903,680	-
Accrued interest receivable	53,630	-	53,630	4,505
Due from other governments	3,551,438	46,591	3,598,029	-
Inventory of supplies	1,006,562	4,329,293	5,335,855	-
Prepaid items	151,123	116,751	267,874	-
Internal balances	1,408,769	(1,408,769)	-	-
Deferred charges	382,182	504,178	886,360	-
Unamortized bond discount	-	65,786	65,786	-
Investment in joint venture	-	6,555,917	6,555,917	-
Assets held for resale	12,071,420	-	12,071,420	-
Nondepreciable capital assets	14,432,319	17,937,878	32,370,197	-
Depreciable capital assets	74,095,758	90,077,929	164,173,687	-
<b>Total assets</b>	<b>138,670,553</b>	<b>145,607,711</b>	<b>284,278,264</b>	<b>842,428</b>
<b>Liabilities</b>				
Accounts payable	883,292	2,909,213	3,792,505	2,072
Accrued salaries, wages and benefits	688,538	252,216	940,754	-
Accrued interest payable	100,404	96,427	196,831	-
Due to other governments	534,747	647,272	1,182,019	-
Unearned revenue	10,015,135	9,343	10,024,478	-
Deposit held and due to others	-	839,879	839,879	-
Notes payable	11,950,000	11,000,000	22,950,000	-
Current portion of:				
Accrued compensated absences	2,756,312	977,533	3,733,845	-
Claims and judgments payable	452,136	-	452,136	-
Capital leases	336,201	1,200,459	1,536,660	-
Bonds payable	984,667	1,757,482	2,742,149	-
Long-term portion of:				
Accrued compensated absences	4,185,636	1,226,645	5,412,281	-
Claims and judgments payable	263,327	-	263,327	-
Other post-employment benefit obligation	580,381	-	580,381	-
Capital leases	2,367,888	15,277,137	17,645,025	-
Payable to Joint Venture	-	3,981,113	3,981,113	-
Unamortized bond premium	261,592	657,160	918,752	-
Bonds payable	5,065,033	24,261,972	29,327,005	-
<b>Total liabilities</b>	<b>41,425,289</b>	<b>65,093,851</b>	<b>106,519,140</b>	<b>2,072</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	78,407,401	57,049,158	135,456,559	-
Restricted for:				
Capital projects	6,260,920	-	6,260,920	-
Debt service	5,846	-	5,846	-
Special revenue	5,960,254	-	5,960,254	-
Other purposes	-	-	-	628,150
Permanent fund purpose:				
Nonexpendable - Cemetery Perpetual Care	221,674	-	221,674	-
Unrestricted	6,389,169	23,464,702	29,853,871	212,206
<b>Total net assets</b>	<b>\$ 97,245,264</b>	<b>\$ 80,513,860</b>	<b>\$177,759,124</b>	<b>\$ 840,356</b>

# City of Cuyahoga Falls, Ohio

## Statement of Activities For the Year Ended December 31, 2009

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
Security of persons and property	\$ 23,430,589	\$ 825,083	\$ 21,614	\$ 167,086
Leisure time activities	2,644,714	268,330	-	-
Community environment	2,425,183	286,740	1,088,129	1,505,326
Street maintenance	6,936,730	802,949	2,036,360	267,799
General government	9,098,070	3,393,691	169,851	-
Interest and fiscal charges	751,598	-	-	-
<b>Total governmental activities</b>	<b>45,286,884</b>	<b>5,576,793</b>	<b>3,315,954</b>	<b>1,940,211</b>
<b>Business-type activities:</b>				
Sewage and disposal	5,190,156	5,471,829	22,994	227,287
Water	4,552,145	4,858,853	-	-
Electric	37,217,341	36,663,940	-	-
Sanitation	3,258,406	3,603,540	43,633	-
Leisure time activities	6,604,706	5,770,797	-	49,767
Storm Drainage Utility	789,037	1,121,483	-	-
<b>Total business-type activities</b>	<b>57,611,791</b>	<b>57,490,442</b>	<b>66,627</b>	<b>277,054</b>
<b>Total primary government</b>	<b>\$ 102,898,675</b>	<b>\$ 63,067,235</b>	<b>\$ 3,382,581</b>	<b>\$ 2,217,265</b>
<b>Component Unit - CIC of Cuyahoga Falls</b>	<b>\$ 71,535</b>	<b>\$ 11,590</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General revenues:</b>				
Property and other local taxes levied for:				
General purposes				
Special revenue				
Income tax levied for:				
General purposes				
Special revenue				
Capital projects				
Grants and entitlements not restricted to specific programs				
Gain (loss) on sale of capital assets				
Investment earnings				
Transfers				
Total general revenue and transfers				
<b>Change in net assets</b>				
<b>Net assets - beginning</b>				
<b>Net assets - ending</b>				

See accompanying notes to the basic financial statements

**City of Cuyahoga Falls, Ohio**

(Continued)

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	CIC of Cuyahoga Falls	
\$ (22,416,806)	\$ -	\$ (22,416,806)	\$ -	
(2,376,384)	-	(2,376,384)	-	
455,012	-	455,012	-	
(3,829,622)	-	(3,829,622)	-	
(5,534,528)	-	(5,534,528)	-	
(751,598)	-	(751,598)	-	
(34,453,926)	-	(34,453,926)	-	
-	531,954	531,954	-	
-	306,708	306,708	-	
-	(553,401)	(553,401)	-	
-	388,767	388,767	-	
-	(784,142)	(784,142)	-	
-	332,446	332,446	-	
-	222,332	222,332	-	
\$ (34,453,926)	\$ 222,332	\$ (34,231,594)	\$ -	
\$ -	\$ -	\$ -	\$ (59,945)	
10,414,278	-	10,414,278	-	
796,234	-	796,234	-	
11,623,452	-	11,623,452	-	
1,483,767	-	1,483,767	-	
5,439,858	-	5,439,858	-	
4,130,199	-	4,130,199	-	
(79,417)	-	(79,417)	-	
488,939	7,866	496,805	14,057	
(2,071,532)	2,071,532	-	-	
32,225,778	2,079,398	34,305,176	14,057	
(2,228,148)	2,301,730	73,582	(45,888)	
99,473,412	78,212,130	177,685,542	886,244	
\$ 97,245,264	\$ 80,513,860	\$ 177,759,124	\$ 840,356	

# City of Cuyahoga Falls, Ohio

## Balance Sheet - Governmental Funds December 31, 2009

	General	Municipal Income Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in pooled cash and cash equivalents	\$ 5,076,725	\$ 272,163	\$ 3,046,577	\$ 1,304,827	\$ 9,700,292
Cash and cash equivalents - restricted	-	-	-	211,256	211,256
Cash and cash equivalents - escrow agent	-	-	367,392	-	367,392
Investments - restricted accounts	-	-	-	19,000	19,000
<b>Receivables</b>					
Taxes	9,812,404	3,436,822	-	566,100	13,815,326
<b>Accounts</b>					
(net of allowance for uncollectibles)	21,547	-	430,242	216,996	668,785
Loans	-	-	-	1,939,993	1,939,993
Special assessments	-	-	480,231	244,170	724,401
Accrued interest	-	-	-	53,630	53,630
Due from other funds	1,605,124	-	642,734	375,310	2,623,168
Due from other governments	1,979,823	49,603	469,204	1,052,298	3,550,928
Inventory of supplies	127,840	475	-	388,496	516,811
Prepaid items	104,481	253	-	21,626	126,360
Assets held for resale	-	-	12,071,420	-	12,071,420
Advances to other funds	-	-	-	214,316	214,316
<b>Total assets</b>	<b>\$ 18,727,944</b>	<b>\$ 3,759,316</b>	<b>\$ 17,507,800</b>	<b>\$ 6,608,018</b>	<b>\$ 46,603,078</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 83,319	\$ 3,582	\$ 603,660	\$ 106,844	\$ 797,405
Accrued salaries, wages and benefits	605,903	6,400	-	80,970	693,273
Accrued interest payable	-	-	82,891	-	82,891
Deferred revenue	11,214,669	1,545,725	864,267	1,533,839	15,158,500
Due to other funds	162,614	2,191,384	3,995	10,889	2,368,882
Due to other governments	38,302	1,263	4,942	92,106	136,613
Advances from other funds	-	-	214,316	-	214,316
General obligation notes payable	-	-	11,950,000	-	11,950,000
<b>Total liabilities</b>	<b>12,104,807</b>	<b>3,748,354</b>	<b>13,724,071</b>	<b>1,824,648</b>	<b>31,401,880</b>
<b>Fund Balances</b>					
Reserved for encumbrances	110,320	10,234	307,797	182,673	611,024
Reserved for prepaid items	104,481	253	-	21,626	126,360
Reserved for advances	-	-	-	214,316	214,316
Reserved for inventory of supplies	127,840	475	-	388,496	516,811
Reserved for loans receivable	-	-	-	1,939,993	1,939,993
Reserved for debt service	-	-	-	8,858	8,858
Reserved for cemetery perpetual care	-	-	-	221,398	221,398
Reserved for assets held for resale	-	-	12,071,420	-	12,071,420
<b>Unreserved - undesignated</b>					
General fund	6,280,496	-	-	-	6,280,496
Special revenue funds	-	-	-	1,756,810	1,756,810
Capital Projects funds	-	-	(8,595,488)	49,200	(8,546,288)
<b>Total fund balances</b>	<b>6,623,137</b>	<b>10,962</b>	<b>3,783,729</b>	<b>4,783,370</b>	<b>15,201,198</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,727,944</b>	<b>\$ 3,759,316</b>	<b>\$ 17,507,800</b>	<b>\$ 6,608,018</b>	<b>\$ 46,603,078</b>

See accompanying notes to the basic financial statements

**Reconciliation of Total Governmental Fund Balances to Net Assets of  
Governmental Activities  
December 31, 2009**

**Total Governmental Fund Balances** \$ 15,201,198

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

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

Nondepreciable capital assets	14,410,359	
Depreciable capital assets	<u>73,715,992</u>	88,126,351

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

Investment earnings	24,952	
Property taxes	363,369	
Grants and entitlements	2,163,015	
Income tax	1,545,725	
Special assessments	724,401	
Charges for services	<u>321,903</u>	5,143,365

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

Internal service fund net assets are: 4,019,784

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

Accrued interest payable	(17,513)	
Deferred charges related to debt issuance	382,182	
Unamortized bond premium	(261,592)	
Accrued compensated absences	(6,594,722)	
Capital leases	(2,704,089)	
Bonds Payable	<u>(6,049,700)</u>	(15,245,434)

**Total Governmental Activities Net Assets** \$ 97,245,264

## City of Cuyahoga Falls, Ohio

### Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2009

	General	Municipal Income Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 10,128,996	\$ -	\$ -	\$ 583,402	\$ 10,712,398
Municipal income taxes	-	18,231,291	-	-	18,231,291
Other local taxes	632,003	-	-	208,225	840,228
State levied shared taxes	3,885,325	-	-	2,349,759	6,235,084
Intergovernmental	11,494	-	1,702,572	1,287,940	3,002,006
Charges for services	3,856,499	-	1,603,425	3,230	5,463,154
Fees, licenses and permits	404,701	-	-	645,842	1,050,543
Interest earnings	-	-	257	497,248	497,505
Fines and forfeitures	158,471	-	-	66,906	225,377
Special assessments	-	-	149,793	195,328	345,121
Other	366,469	157	133,916	77,226	577,768
Total revenues	<u>19,443,958</u>	<u>18,231,448</u>	<u>3,589,963</u>	<u>5,915,106</u>	<u>47,180,475</u>
<b>Expenditures</b>					
Current					
Security of persons and property	18,941,782	-	-	3,472,237	22,414,019
Leisure time activities	2,178,546	-	-	145,463	2,324,009
Community environment	1,396,795	-	-	1,200,508	2,597,303
Street maintenance	-	-	-	4,007,068	4,007,068
General government	6,251,444	1,043,909	-	873,760	8,169,113
Capital outlay	-	-	6,812,469	208,000	7,020,469
Debt Service					
Principal	-	-	505,232	938,464	1,443,696
Interest	-	-	455,623	306,592	762,215
Total expenditures	<u>28,768,567</u>	<u>1,043,909</u>	<u>7,773,324</u>	<u>11,152,092</u>	<u>48,737,892</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>(9,324,609)</u>	<u>17,187,539</u>	<u>(4,183,361)</u>	<u>(5,236,986)</u>	<u>(1,557,417)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds of refunding bonds	-	-	-	3,093,000	3,093,000
Premium on various purpose refunding bonds	-	-	-	166,722	166,722
Payment to bond escrow account	-	-	-	(3,215,098)	(3,215,098)
Refunding bond issuance cost	-	-	-	(44,624)	(44,624)
Capital lease	-	-	263,515	-	263,515
Transfers in	12,569,986	-	5,042,923	5,063,055	22,675,964
Transfers out	<u>(4,649,068)</u>	<u>(17,193,737)</u>	<u>(765,000)</u>	<u>(2,139,691)</u>	<u>(24,747,496)</u>
Total other financing sources (uses)	<u>7,920,918</u>	<u>(17,193,737)</u>	<u>4,541,438</u>	<u>2,923,364</u>	<u>(1,808,017)</u>
Net change in fund balances	(1,403,691)	(6,198)	358,077	(2,313,622)	(3,365,434)
Fund balance at beginning of year	8,044,312	17,013	3,425,652	7,026,526	18,513,503
Change in reserve for inventory	(21,515)	125	-	67,873	46,483
Change in reserve for prepaid items	4,031	22	-	2,593	6,646
Fund balance at end of year	<u>\$ 6,623,137</u>	<u>\$ 10,962</u>	<u>\$ 3,783,729</u>	<u>\$ 4,783,370</u>	<u>\$ 15,201,198</u>

See accompanying notes to the basic financial statements

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2009**

**Net Change in Fund Balances - Total Governmental Funds** \$ (3,365,434)

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

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

Capital additions	\$ 5,518,149	
Current year depreciation	<u>(3,756,614)</u>	1,761,535

In the statement of activities, only the loss on the disposal of assets is reported, whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets. (198,464)

Governmental funds report expenditures for inventory of supplies and prepaid items when purchased. However, in the statement of activities, they are reported as an expense when consumed. 53,129

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

Investment earnings	(42,897)	
Property taxes	84,469	
Grants and entitlements	(170,491)	
Income tax	315,786	
Special assessments	(342,349)	
Charges for services	<u>(1,418,439)</u>	(1,573,921)

Issuance of long term debt provides current resources to governmental funds, but has no effect on net asset. In addition, repayment of bond principal and capital lease payments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,564,851

Issuance of capital lease in governmental funds increased long-term liabilities in the statement of net assets. (263,515)

In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due. 8,046

Premiums on bonds issued are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. (163,571)

Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. 19,294

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (12,102)

Internal service funds are used by the City to account for the financing of goods or services provided by one department to other City departments or agencies, generally on a cost reimbursement basis. The revenues (expenses) of the internal service funds are allocated among the governmental activities. (57,996)

Changes in Net Assets of Governmental Activities \$ (2,228,148)

## City of Cuyahoga Falls, Ohio

### Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property taxes	\$ 10,220,859	\$ 10,220,859	\$ 10,128,996	\$ (91,863)
Other local taxes	253,810	206,310	206,994	684
State levied shared taxes	4,603,154	4,370,312	4,592,419	222,107
Intergovernmental	24,500	20,000	20,994	994
Charges for services	4,255,918	3,855,418	3,913,276	57,858
Fees, licenses, and permits	484,575	404,575	400,187	(4,388)
Fines and forfeitures	102,620	102,620	170,566	67,946
Other	256,500	256,500	378,696	122,196
Total revenues	<u>20,201,936</u>	<u>19,436,594</u>	<u>19,812,128</u>	<u>375,534</u>
<b>Expenditures</b>				
Current				
Security of persons and property	19,646,771	19,194,773	19,007,668	187,105
Leisure time activities	2,338,586	2,268,586	2,190,335	78,251
Community environment	1,511,591	1,506,597	1,443,212	63,385
General government	6,867,793	6,718,583	6,373,240	345,343
Total expenditures	<u>30,364,741</u>	<u>29,688,539</u>	<u>29,014,455</u>	<u>674,084</u>
Excess (deficiency) of revenues over (under) expenditures	(10,162,805)	(10,251,945)	(9,202,327)	1,049,618
<b>Other Financing Sources (Uses)</b>				
Transfers in	13,254,866	12,584,946	12,548,843	(36,103)
Transfers out	(4,416,450)	(4,696,257)	(4,649,068)	47,189
Total other financing sources (uses)	<u>8,838,416</u>	<u>7,888,689</u>	<u>7,899,775</u>	<u>11,086</u>
Net change in fund balances	(1,324,389)	(2,363,256)	(1,302,552)	1,060,704
Fund balance at beginning of year	5,931,865	5,931,865	5,931,865	-
Prior year encumbrances appropriated	293,828	293,828	293,828	-
Fund balance at end of year	<u>\$ 4,901,304</u>	<u>\$ 3,862,437</u>	<u>\$ 4,923,141</u>	<u>\$ 1,060,704</u>

See accompanying notes to the basic financial statements

**Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Income Tax Fund  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Municipal income taxes	\$ 19,202,479	\$ 18,202,479	\$ 18,242,207	\$ 39,728
Other	-	-	157	157
Total revenues	19,202,479	18,202,479	18,242,364	39,885
<b>Expenditures</b>				
Current				
<b>General government</b>	988,655	1,078,656	1,063,483	15,173
Total expenditures	988,655	1,078,656	1,063,483	15,173
Excess (deficiency) of revenues over (under) expenditures				
	18,213,824	17,123,823	17,178,881	55,058
<b>Other Financing Sources (Uses)</b>				
Transfers out	(18,250,000)	(17,160,000)	(17,160,000)	-
Total other financing sources (uses)	(18,250,000)	(17,160,000)	(17,160,000)	-
Net change in fund balances	(36,176)	(36,177)	18,881	55,058
Fund balance at beginning of year	212,720	212,720	212,720	-
Prior year encumbrances appropriated	25,916	25,916	25,916	-
Fund balance at end of year	\$ 202,460	\$ 202,459	\$ 257,517	\$ 55,058

See accompanying notes to the basic financial statements

# City of Cuyahoga Falls, Ohio

## Statement of Net Assets - Proprietary Funds December 31, 2009

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
<b>Assets</b>							
<b>Current Assets</b>							
Equity in pooled cash and cash equivalents	\$ 2,980,541	\$ 1,041,947	\$ 6,950,674	\$1,351,156	\$ 950,165	\$ 836,740	\$14,111,223
Cash and cash equivalents - escrow agent	993,136	661,375	1,464,795	49,241	-	-	3,168,547
Receivables							
Accounts							
(net of allowance for uncollectibles)	881,000	567,250	8,184,570	181,507	6,472	102,309	9,923,108
Special assessments	-	21,702	-	-	-	157,577	179,279
Due from other funds	36,593	-	918,779	20,165	-	12,815	988,352
Due from other governments	46,542	-	49	-	-	-	46,591
Inventory of supplies	35,378	376,993	3,802,661	47,856	66,405	-	4,329,293
Prepaid items	13,688	18,353	36,044	8,742	39,705	219	116,751
Deferred charges	28,097	141,593	-	-	334,488	-	504,178
Unamortized bond discount	11,692	31,000	-	-	23,094	-	65,786
Investment in joint venture	-	-	6,555,917	-	-	-	6,555,917
Advances to other funds	-	-	425,000	-	-	-	425,000
Total current assets	<u>5,026,667</u>	<u>2,860,213</u>	<u>28,338,489</u>	<u>1,658,667</u>	<u>1,420,329</u>	<u>1,109,660</u>	<u>40,414,025</u>
<b>Noncurrent Assets</b>							
<b>Capital Assets</b>							
Land	93,459	135,605	495,890	152,781	1,763,407	718,177	3,359,319
Buildings	501,757	937,048	703,644	119,962	35,437,986	11,700	37,712,097
Improvements other than buildings	23,469,541	24,485,291	30,871,445	-	4,746,786	8,494,413	92,067,476
Equipment	1,405,486	1,588,646	4,812,533	2,479,524	782,224	154,413	11,222,826
CIP	4,363,902	2,866,013	7,091,666	207,561	-	49,417	14,578,559
Less: Accumulated depreciation	<u>(8,676,796)</u>	<u>(10,324,557)</u>	<u>(21,486,923)</u>	<u>(1,962,025)</u>	<u>(7,309,289)</u>	<u>(1,164,880)</u>	<u>(50,924,470)</u>
Total noncurrent assets	<u>21,157,349</u>	<u>19,688,046</u>	<u>22,488,255</u>	<u>997,803</u>	<u>35,421,114</u>	<u>8,263,240</u>	<u>108,015,807</u>
Total assets	<u>26,184,016</u>	<u>22,548,259</u>	<u>50,826,744</u>	<u>2,656,470</u>	<u>36,841,443</u>	<u>9,372,900</u>	<u>148,429,832</u>
<b>Liabilities</b>							
<b>Current Liabilities</b>							
Accounts payable	11,314	53,865	2,475,780	223,352	94,022	50,880	2,909,213
Accrued salaries, wages and benefits	24,473	45,970	91,381	35,239	51,372	3,781	252,216
Accrued compensated absences	140,740	225,633	424,134	106,055	77,211	3,760	977,533
Accrued interest payable	6,736	24,009	1,680	-	64,002	-	96,427
Deferred revenue	-	-	-	-	9,343	-	9,343
Due to other funds	169,871	287,343	3,889	142,888	635,536	-	1,239,527
Due to other governments	585,319	34,422	13,748	5,316	7,884	583	647,272
Deposits held and due to others	-	6,600	833,279	-	-	-	839,879
Other post-employment benefit obligation	-	-	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-	-	-
Capital lease obligations	376,267	250,573	554,963	18,656	-	-	1,200,459
Advances from other funds	85,000	-	-	-	-	-	85,000
General obligation notes payable	-	-	-	-	11,000,000	-	11,000,000
General obligation bonds payable	251,000	603,000	355,149	-	548,333	-	1,757,482
Total current liabilities	<u>1,650,720</u>	<u>1,531,415</u>	<u>4,754,003</u>	<u>531,506</u>	<u>12,487,703</u>	<u>59,004</u>	<u>21,014,351</u>
<b>Noncurrent Liabilities</b>							
Accrued compensated absences	116,443	196,613	485,602	302,280	114,490	11,217	1,226,645
Claims and judgments payable	-	-	-	-	-	-	-
Capital lease obligations	4,788,401	3,188,816	7,062,501	237,419	-	-	15,277,137
Advances from other funds	340,000	-	-	-	-	-	340,000
Payable to joint venture	-	-	3,981,113	-	-	-	3,981,113
Unamortized bond premium	126,495	187,170	-	-	343,495	-	657,160
General obligation bonds payable	2,172,000	6,670,998	-	-	15,418,974	-	24,261,972
Total noncurrent liabilities	<u>7,543,339</u>	<u>10,243,597</u>	<u>11,529,216</u>	<u>539,699</u>	<u>15,876,959</u>	<u>11,217</u>	<u>45,744,027</u>
Total liabilities	<u>9,194,059</u>	<u>11,775,012</u>	<u>16,283,219</u>	<u>1,071,205</u>	<u>28,364,662</u>	<u>70,221</u>	<u>66,758,378</u>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	14,433,354	9,470,101	15,958,815	790,242	8,133,406	8,263,240	57,049,158
Unrestricted	2,556,603	1,303,146	18,584,710	795,023	343,375	1,039,439	24,622,296
Total net assets	<u>\$ 16,989,957</u>	<u>\$10,773,247</u>	<u>\$34,543,525</u>	<u>\$1,585,265</u>	<u>\$8,476,781</u>	<u>\$9,302,679</u>	<u>\$81,671,454</u>
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(1,157,594)
Total net assets of business-type activities							<u>\$80,513,860</u>

See accompanying notes to the basic financial statements

Statement of Net Assets - Proprietary Funds  
December 31, 2009

(Continued)

	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets</b>	
<b>Current Assets</b>	
Equity in pooled cash and cash equivalents	\$ 4,067,377
Cash and cash equivalents - escrow agent	-
Receivables	
Accounts	
(net of allowance for uncollectibles)	2,796
Special assessments	-
Due from other funds	-
Due from other governments	510
Inventory of supplies	489,751
Prepaid items	24,763
Deferred charges	-
Unamortized bond discount	-
Investment in joint venture	-
Advances to other funds	-
Total current assets	<u>4,585,197</u>
<b>Noncurrent Assets</b>	
Capital Assets	
Land	21,960
Buildings	238,816
Improvements other than buildings	260,029
Equipment	1,316,021
CIP	-
Less: Accumulated depreciation	<u>(1,435,100)</u>
Total noncurrent assets	<u>401,726</u>
Total assets	<u>4,986,923</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	85,887
Accrued salaries, wages and benefits	30,025
Accrued compensated absences	164,963
Accrued interest payable	-
Deferred revenue	-
Due to other funds	3,111
Due to other governments	398,134
Deposits held and due to others	-
Other post-employment benefit obligation	580,381
Claims and judgments payable	452,136
Capital lease obligations	-
Advances from other funds	-
General obligation notes payable	-
General obligation bonds payable	-
Total current liabilities	<u>1,714,637</u>
<b>Noncurrent Liabilities</b>	
Accrued compensated absences	146,769
Claims and judgments payable	263,327
Capital lease obligations	-
Advances from other funds	-
Payable to joint venture	-
Unamortized bond premium	-
General obligation bonds payable	-
Total noncurrent liabilities	<u>410,096</u>
Total liabilities	<u>2,124,733</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	401,726
Unrestricted	2,460,464
Total net assets	<u>\$ 2,862,190</u>

# City of Cuyahoga Falls, Ohio

## Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
<b>Operating Revenues</b>							
Charges for services	\$ 5,412,866	\$ 3,906,651	\$ 36,706,601	\$ 3,544,144	\$ 5,310,373	\$ 987,761	\$ 55,868,396
Other	144,140	952,202	478,631	88,765	460,424	154,629	2,278,791
Total operating revenues	<u>5,557,006</u>	<u>4,858,853</u>	<u>37,185,232</u>	<u>3,632,909</u>	<u>5,770,797</u>	<u>1,142,390</u>	<u>58,147,187</u>
<b>Operating Expenses</b>							
Personal services	842,314	1,484,231	3,152,233	999,782	2,311,728	267,050	9,057,338
Fringe benefits	282,161	523,620	1,046,172	391,781	481,092	112,978	2,837,804
Purchased power	-	-	25,284,708	-	-	-	25,284,708
Materials and supplies	41,830	366,124	4,222,387	158,450	203,971	5,740	4,998,502
Utilities	38,037	381,620	49,293	17,409	355,008	-	841,367
Contractual services	2,565,111	145,370	119,192	726,787	18,339	185,816	3,760,615
Internal charges	536,545	611,826	1,505,329	457,623	616,162	38,823	3,766,308
Other	163,002	280,732	784,084	257,731	1,163,173	53,357	2,702,079
Depreciation	621,043	861,518	973,768	242,893	921,848	160,866	3,781,936
Total Operating Expenses	<u>5,090,043</u>	<u>4,655,041</u>	<u>37,137,166</u>	<u>3,252,456</u>	<u>6,071,321</u>	<u>824,630</u>	<u>57,030,657</u>
Net income (loss) from operations	<u>466,963</u>	<u>203,812</u>	<u>48,066</u>	<u>380,453</u>	<u>(300,524)</u>	<u>317,760</u>	<u>1,116,530</u>
<b>Nonoperating Revenues (Expenses)</b>							
Interest revenue	2,466	1,642	3,636	122	-	-	7,866
Interest expense	(134,445)	(363,230)	(37,302)	-	(611,874)	-	(1,146,851)
(Loss) gain from disposal of capital assets	(2,362)	(27,848)	(53,096)	(1,403)	500	26,059	(58,150)
Grants	229,293	-	-	43,633	-	-	272,926
Total nonoperating revenues (expenses)	<u>94,952</u>	<u>(389,436)</u>	<u>(86,762)</u>	<u>42,352</u>	<u>(611,374)</u>	<u>26,059</u>	<u>(924,209)</u>
Income (loss) before contributions and transfers	<u>561,915</u>	<u>(185,624)</u>	<u>(38,696)</u>	<u>422,805</u>	<u>(911,898)</u>	<u>343,819</u>	<u>192,321</u>
Capital Contributions	20,988	-	-	-	49,767	-	70,755
Transfers in	-	4,684	1,848,295	-	1,970,450	-	3,823,429
Transfers out	-	-	(1,751,897)	-	-	-	(1,751,897)
Changes in net assets	<u>582,903</u>	<u>(180,940)</u>	<u>57,702</u>	<u>422,805</u>	<u>1,108,319</u>	<u>343,819</u>	<u>2,334,608</u>
Total net assets - beginning	16,407,054	10,954,187	34,485,823	1,162,460	7,368,462	8,958,860	
Total net assets - ending	<u>\$16,989,957</u>	<u>\$ 10,773,247</u>	<u>\$ 34,543,525</u>	<u>\$ 1,585,265</u>	<u>\$ 8,476,781</u>	<u>\$ 9,302,679</u>	
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(32,878)
Change in net assets of business-type activities							<u>\$ 2,301,730</u>

See accompanying notes to the basic financial statements

**Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds  
For the Year Ended December 31, 2009**

(Continued)

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating Revenues</b>	
Charges for services	\$ 9,209,404
Other	129,191
Total operating revenues	<u>9,338,595</u>
<b>Operating Expenses</b>	
Personal services	1,645,193
Fringe benefits	5,955,318
Purchased power	-
Materials and supplies	1,026,254
Utilities	18,168
Contractual services	146,427
Internal charges	196,934
Other	406,358
Depreciation	70,150
Total Operating Expenses	<u>9,464,802</u>
Net income (loss) from operations	<u>(126,207)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest revenue	33,751
Interest expense	-
Gain from disposal of capital assets	1,582
Grants	-
Total nonoperating revenues (expenses)	<u>35,333</u>
Income (loss) before contributions	<u>(90,874)</u>
Capital Contributions	-
Transfers in	-
Transfers out	-
Changes in net assets	<u>(90,874)</u>
Total net assets - beginning, restated	2,953,064
Total net assets - ending	<u>\$ 2,862,190</u>

# City of Cuyahoga Falls, Ohio

## Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
<b>Cash Flows From Operating Activities</b>							
Cash received from customers	\$ 5,666,339	\$ 4,931,759	\$34,574,137	\$ 3,633,004	\$ 5,784,540	\$1,101,678	\$ 55,691,457
Cash payments to employees for services	(840,624)	(1,484,664)	(3,144,050)	(995,520)	(2,303,461)	(264,671)	(9,032,990)
Cash payments to employees for benefits	(305,050)	(540,631)	(1,115,478)	(359,441)	(483,705)	(110,113)	(2,914,418)
Cash payments to suppliers for goods and services	(3,444,015)	(1,695,685)	(32,277,644)	(1,612,563)	(2,237,845)	(251,526)	(41,519,278)
Net cash provided by (used in) operating activities	1,076,650	1,210,779	(1,963,035)	665,480	759,529	475,368	2,224,771
<b>Cash Flows From Non-Capital Financing Activities</b>							
Grant proceeds	229,293	-	-	43,633	-	-	272,926
Transfers in	-	4,684	1,848,295	-	1,370,450	-	3,223,429
Transfers out	-	-	(1,751,897)	-	-	-	(1,751,897)
Advances in	-	-	185,000	-	-	-	185,000
Advances out	(85,000)	-	-	(100,000)	-	-	(185,000)
Net cash provided by (used in) non-capital financing activities	144,293	4,684	281,398	(56,367)	1,370,450	-	1,744,458
<b>Cash Flows From Capital and Related Financing Activities</b>							
Acquisition of capital assets	(3,169,302)	(1,968,106)	(4,898,274)	(122,507)	(1,194,930)	(569,640)	(11,922,759)
Proceeds from escrow Agent	2,470,784	1,645,408	3,644,204	122,507	-	-	7,882,903
Proceeds from the sale of capital assets	-	-	327	3,450	-	-	3,777
Bond/note proceeds	-	-	-	-	11,000,000	-	11,000,000
Refunding bonds issued	2,423,000	3,649,000	-	-	8,040,000	-	14,112,000
Premium on various purpose refunding bonds	126,495	187,170	-	-	13,875	-	327,540
Payment to refunded bond escrow agent	(2,515,092)	(3,784,809)	-	-	-	-	(6,299,901)
Refunding bond issuance cost	(34,403)	(51,361)	-	-	-	-	(85,764)
Debt service							
Principal	(637,888)	(577,633)	(340,000)	-	(18,838,016)	-	(20,393,537)
Interest	(143,165)	(366,518)	(38,860)	-	(869,158)	-	(1,417,701)
Net cash (used in) capital and related financing activities	(1,479,571)	(1,266,849)	(1,632,603)	3,450	(1,848,229)	(569,640)	(6,793,442)
<b>Cash Flows from Investing Activities</b>							
Interest revenue	-	-	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(258,628)	(51,386)	(3,314,240)	612,563	281,750	(94,272)	(2,824,213)
Cash and cash equivalents at Beginning of Year	3,239,169	1,093,333	10,264,914	738,593	668,415	931,012	16,935,436
Cash and cash equivalents at end of year	\$ 2,980,541	\$ 1,041,947	\$ 6,950,674	\$ 1,351,156	\$ 950,165	\$ 836,740	\$ 14,111,223

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds  
For the Year Ended December 31, 2009**

(Continued)

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash Flows From Operating Activities</b>	
Cash received from customers	\$ 9,375,069
Cash payments to employees for services	(1,641,411)
Cash payments to employees for benefits	(5,596,543)
Cash payments to suppliers for goods and services	<u>(1,778,066)</u>
Net cash provided by (used in) operating activities	359,049
<b>Cash Flows From Non-Capital Financing Activities</b>	
Grant proceeds	-
Transfers in	-
Transfers out	-
Advances in	-
Advances out	<u>-</u>
Net cash provided by (used in) non-capital financing activities	-
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition of capital assets	(21,962)
Proceeds from escrow Agent	-
Proceeds from the sale of capital assets	1,582
Bond/note proceeds	-
Refunding bonds issued	-
Premium on various purpose refunding bonds	-
Payment to refunded bond escrow agent	-
Refunding bond issuance cost	-
Debt service	-
Principal	-
Interest	<u>-</u>
Net cash (used in) capital and related financing activities	(20,380)
<b>Cash Flows from Investing Activities</b>	
Interest revenue	<u>33,751</u>
Net cash provided by investing activities	<u>33,751</u>
Net increase (decrease) in cash and cash equivalents	372,420
Cash and cash equivalents at Beginning of Year	<u>3,694,957</u>
Cash and cash equivalents at end of year	<u>\$ 4,067,377</u>

# City of Cuyahoga Falls, Ohio

## Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2009

(Continued)

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
<b>Reconciliation of Operating Income</b>							
<b>(Loss) to Net cash provided by (Used in) Operating Activities</b>							
<b>Operating Income (Loss)</b>	\$ 466,963	\$ 203,812	\$ 48,066	\$ 380,453	\$ (300,524)	\$ 317,760	\$ 1,116,530
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	621,043	861,518	973,768	242,893	921,848	160,866	3,781,936
Amortization expense	2,077	7,031	4,851	-	37,599	-	51,558
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:							
Escrow Agent Account	2,470,784	1,645,408	3,644,204	122,507	-	-	7,882,903
Receivables	104,815	72,550	(2,975,459)	(21,267)	13,169	(49,244)	(2,855,436)
Due from other funds	6,263	-	(50,357)	21,118	-	8,532	(14,444)
Due from other governments	(1,745)	356	(49)	244	191	-	(1,003)
Inventory of supplies	(2,456)	601	128,935	8,907	18,223	-	154,210
Prepaid items	(5,143)	(1,168)	(5,115)	(1,031)	(6,427)	4	(18,880)
Investment in joint ventures	-	-	(453,409)	-	-	-	(453,409)
Accounts payable							
- net of items affecting capital assets	(2,581,336)	(1,637,381)	(3,345,035)	(124,823)	77,486	32,206	(7,578,883)
Accrued salaries, wages and benefits	(21,475)	(17,394)	(62,518)	35,953	4,383	4,878	(56,173)
Due to other funds	(5,699)	50,222	(1,071)	(93)	(8,073)	-	35,286
Due to other governments	22,559	27,418	1,397	619	1,271	366	53,630
Deposits held and due to others	-	(2,194)	128,757	-	-	-	126,563
Other post-employment benefit obligatio	-	-	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	383	-	383
<b>Total adjustments</b>	<b>609,687</b>	<b>1,006,967</b>	<b>(2,011,101)</b>	<b>285,027</b>	<b>1,060,053</b>	<b>157,608</b>	<b>1,108,241</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,076,650</b>	<b>\$ 1,210,779</b>	<b>\$ (1,963,035)</b>	<b>\$ 665,480</b>	<b>\$ 759,529</b>	<b>\$ 475,368</b>	<b>\$ 2,224,771</b>

During 2009 the Water Fund and Leisure Time Fund received contributions in the form of capital assets in the amounts of \$20,988 and \$49,767 from the Sewer Fund and Capital Projects Fund, respectively. In addition, an amount of \$218,633 is related to accounts payable for the acquisition of capital assets.

Proceeds from Escrow Agent represents payments for the automated meter reading (AMR) installation, lighting retrofits and building envelope improvements, which have been capitalized as construction in progress. The related capital lease was entered into in 2008.

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds  
For the Year Ended December 31, 2009**

(Continued)

	<b>Governmental Activities - Internal Service Funds</b>
<b>Reconciliation of Operating Income</b>	
<b>(Loss) to Net cash provided by (Used in) Operating Activities</b>	
<b>Operating Income (Loss)</b>	<b>\$ (126,207)</b>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	70,150
Amortization expense	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:	
Escrow Agent Account	
Receivables	(2,796)
Due from other funds	-
Due from other governments	25,103
Inventory of supplies	1,794
Prepaid items	11
Investment in joint ventures	-
Accounts payable	
- net of items affecting capital assets	32,067
Accrued salaries, wages and benefits	6,969
Due to other funds	(3,045)
Due to other governments	66,513
Deposits held and due to others	-
Other post-employment benefit obligation	287,396
Claims and judgments payable	1,094
Deferred revenue	-
<b>Total adjustments</b>	<b>485,256</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 359,049</b>

# City of Cuyahoga Falls, Ohio

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## Statement of Assets and Liabilities - Fiduciary Funds December 31, 2009

	<u>Agency Funds</u>
<b>Assets</b>	
<b>Current Assets</b>	
Equity in pooled cash and cash equivalents	\$ 2,984,560
Due from other governments	170,117
Total assets	<u>\$ 3,154,677</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Due to other governments	\$ 2,154,813
Deposits held and due to others	999,864
Total liabilities	<u>\$ 3,154,677</u>

See accompanying notes to the basic financial statements

**NOTES TO THE FINANCIAL  
STATEMENTS**

## **City of Cuyahoga Falls, Ohio**

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### **Notes to the Financial Statements December 31, 2009**

#### **NOTE 1 – REPORTING ENTITY**

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

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

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

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

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Basis of Presentation**

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

**Government-wide Financial Statements**

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component unit. Interfund activity, and related interfund receivables and payables, have been eliminated in the government-wide statements. These eliminations remove the duplicating effect on assets, liabilities, revenues and expenses that would otherwise occur. Internal service fund balances, whether positive or negative, have been eliminated against governmental activity program expenses shown in the statement of activities.

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

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

## City of Cuyahoga Falls, Ohio

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **General Fund**

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

#### **Municipal Income Tax Fund**

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

#### **Capital Projects Fund**

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

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

#### **Proprietary Fund Types**

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

#### **Enterprise Funds**

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

##### **Sewage and Disposal Fund**

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

##### **Water Fund**

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

##### **Electric Fund**

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

##### **Sanitation Fund**

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

##### **Leisure Time Fund**

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

##### **Storm Drainage Utility Fund**

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Internal Service Funds**

Internal Service Funds account for the financing of goods or services provided by one department of the City to other departments or agencies of the City on a cost-reimbursement basis. The City has the following internal service funds, which are described in the combining statements and individual fund statements section: Garage, Office Supply, Information Services, Self Insurance, Workers' Compensation and Compensated Absences. All of the City's internal service funds are nonmajor funds.

**Fiduciary Funds**

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

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

**C. Measurement Focus**

**Government-wide Financial Statements**

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

**Fund Financial Statements**

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

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

**D. Basis of Accounting**

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

## City of Cuyahoga Falls, Ohio

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Revenues - Exchange and Non-exchange Transactions**

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

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

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

#### **Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of December 31, 2009, but which were levied to finance year 2010 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

#### **Expenses/Expenditures**

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

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

#### **Budgetary Data**

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Tax Budget

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

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

Estimated Resources

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

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

Appropriations

A temporary Appropriation Ordinance to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual Appropriation Ordinance must be passed by April 1 of each year for the period January 1 to December 31. The Appropriation Ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources, as certified by the Commission.

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

The amounts reported as the original budgeted amounts reflect the original Appropriation Ordinance. The amounts reported as the final budgeted amounts represent the final Appropriation Ordinance, including all amendments and modifications passed by City Council in December 2009.

## City of Cuyahoga Falls, Ohio

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Lapsing of Appropriations

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

#### Encumbrances

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

#### **Equity in Pooled Cash and Cash Equivalents and Investments**

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

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

#### **Inventory of Supplies**

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

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

#### **Prepaid items**

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items. On the government-wide and proprietary fund statements, prepaid items are recorded using the consumption method by recording a current asset for the prepaid amount and reflecting the expense in the year in which services are consumed. On the fund financial statements, the actual payment for these services is recorded as an expenditure when purchased. Reported prepaid items are equally offset by a fund balance reserve, which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City has a capitalization threshold to \$5,000. The City’s infrastructure consists of roads, bridges, culverts, City sidewalks and traffic signalization. Improvements that add to the value of the asset or materially extend the life of an asset are capitalized. The cost of normal maintenance and repairs that does not meet the capitalization criteria is not capitalized. Interest incurred in capital leases or during construction periods is not capitalized.

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

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

**Interfund Balances**

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

**Compensated Absences**

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

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

## **City of Cuyahoga Falls, Ohio**

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### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

#### **Accrued Liabilities and Long-Term Obligations**

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

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

#### **Fund Balance Reserves**

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

#### **Net Assets**

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

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

#### **Grants and Intergovernmental Revenues**

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

#### **Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sanitary sewer service, water, electric distribution, refuse collection, leisure time activities, storm drainage utilities, internal service charges and self-insurance programs.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**Contributions of Capital**

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

**Interfund Activity**

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

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

**Extraordinary and special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2009.

**Estimates**

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

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

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

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

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

## City of Cuyahoga Falls, Ohio

### NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

- D. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

	Net Change in Fund Balance	
	<u>General Fund</u>	<u>Municipal Income Tax Fund</u>
GAAP Basis	(\$1,403,691)	(\$ 6,198)
Increase (decrease) due to:		
Change in receivables and other assets not recognized on a budget basis	794,192	(304,870)
Change in liabilities not recognized on a budget basis	(541,903)	344,595
Encumbrances	<u>(151,150)</u>	<u>(14,646)</u>
Budget Basis	<u>(\$1,302,552)</u>	<u>\$ 18,881</u>

### NOTE 4 - RECEIVABLES

Receivables at December 31, 2009, consisted primarily of municipal income taxes, property taxes and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for utilities and EMS Transport services provided). Utility accounts receivable and EMS Transport fees receivable billed to customers prior to year end are recorded net of an allowance for doubtful accounts, based on management's estimate.

#### Property Taxes

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

Tangible personal property taxes (for tangible property other than public utility property) attach as a lien and are levied on January 1 of the current calendar year. Tax collections for the current year are therefore based upon assessed values as of January 1 of the current year. The tangible personal property tax is being phased out. The assessment percentage for all property including inventory for 2008 is 6.25 percent, and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**NOTE 4 – RECEIVABLES (CONTINUED)**

Public utility tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 100 percent of its true value. Public utility property taxes are payable on the same date as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Cuyahoga Falls. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The amounts of \$9,812,404 and \$566,100 have been recorded in the balance sheet of the governmental funds for the General Fund and other governmental funds (Police and Fire Pension Funds) as taxes receivable to reflect property taxes receivable as of December 31, 2009.

The assessed values of real public utility and tangible personal property upon which 2009 property tax receipts were based are as follows:

<b>Property Types</b>	<b>Valuation</b>
Real Property – 2008 Tax Valuation	\$ 1,016,954,290
Public Utility Property – 2007 Tax Valuation	6,457,810
Tangible Personal Property – 2009 Tax Valuation	1,978,649
<b>Total Valuation</b>	<b>\$ 1,025,390,749</b>

**Income Taxes**

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

Municipal income tax revenue for 2009 was \$18,231,291. The amount of \$3,436,822 has been recorded in the Municipal Income Tax Special Revenue Fund as taxes receivable (net of refunds) to reflect income taxes receivable recorded as of December 31, 2009.

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

## City of Cuyahoga Falls, Ohio

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### NOTE 4 – RECEIVABLES (CONTINUED)

#### Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<b><u>Governmental Activities</u></b>	<b><u>Amounts</u></b>
Local Government and Local Government Revenue	
Assistance	\$ 1,184,888
Estate Tax	183,340
Municipal Income Tax	49,603
Homestead and Rollback	626,200
Gasoline and Excise Tax	526,183
Motor Vehicle License Fees	158,158
Permissive Motor Vehicle License Tax	37,338
EMS Transport Fees	93,412
In Lieu of Public Site	241,156
Community Development Block Grant	32,825
Neighborhood Stabilization Program	7,832
Clean Ohio Revitalization Fund	68,933
Enhanced 9-1-1 Wireless Distribution	29,276
Department of Transportation Capital Right of Way	36,427
Highway Distribution	253,693
Other Agencies	22,174
Total Governmental Activities	<u>\$ 3,551,438</u>
<b><u>Business-type Activities</u></b>	
Utilities Charges	\$ 46,591
	<u>\$ 46,591</u>

### NOTE 5 - DEPOSITS AND INVESTMENTS

#### Policies and Practices

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

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

**NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation or may pledge a pool of government securities the face value of which is at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the City's name.

During 2009, the City believes it has complied with the revisions of these statutes pertaining to the types of investments held and institutions in which deposits were made. The City was also in compliance with the provisions of the statutes concerning security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

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

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government Agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

## City of Cuyahoga Falls, Ohio

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### NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) and (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

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

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

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of investments or issued these types of notes. An investment must mature in five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

#### Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end the carrying amount of the City's deposits was \$19,659,708 and the bank balance was \$21,429,505. Of the bank balance \$6,257,043 was covered by Federal depository insurance and \$15,172,462 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or Federal Reserve, but not in the City's name. The City has petty cash on hand of \$9,785 as of December 31, 2009. Furthermore, As of December 31, 2009, the City had \$3,535,939 of unspent capital lease proceeds held in escrow. See note 11 for further details.

At year-end, the carrying amount of the Community Improvement Corporation of Cuyahoga Falls, a component unit, deposits was \$787,923 and the bank balance was \$792,018. Information regarding the collateralization of the Community Improvement Corporation of Cuyahoga Falls can be obtained from the corporation's independent audit report.

**NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments**

Investments are reported at fair value. As of December 31, 2009 the City had the following investments:

	Fair Value	Credit Rating (*)		
			<1	>1
Repurchase Agreements:				
Federal National Mortgage Association	\$ 10,720,511	AAA	\$ 10,720,511	
Federal Home Loan Mortgage	694,489	AAA	694,489	
US Treasury Notes	15,000			\$15,000
Manuscript Bond	4,000		2,000	2,000
<b>Total</b>	<b>\$ 11,434,000</b>		<b>\$ 11,417,000</b>	<b>\$ 17,000</b>

\* Current ratings were obtained from Standard and Poor's.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. To date, no investments have been purchased with a life greater than five years except for the manuscript bonds. The manuscript bond represents an investment in 1991 Street Improvement Special Assessment Projects. This bond matures December 1, 2011.

**Credit Risk**

The credit risk of the City's investments are displayed in the table above. The City has no investment policy that would further limit its investment choices.

**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 investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Bond, Federal National Mortgage Association Note, and Federal Home Loan Mortgage Note are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

## City of Cuyahoga Falls, Ohio

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### NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### Concentration of Credit Risk

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent more invested in the securities of a single issuer. The City's investment policy places no limit on the amount it may invest in any one issuer. The following is the City's risk allocation on deposit and investment as of December 31, 2009.

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Federal National Mortgage Association	93.76%
Federal Home Loan Mortgage	6.07%
US Treasury Notes	.14%
Manuscript Bond	.03%

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009, was as follows:

	<b>Balance 1/1/2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2009</b>
<b>Governmental Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 8,686,553	\$ -	\$ -	\$ 8,686,553
Construction In Progress	2,154,262	3,744,716	(153,212)	5,745,766
<i>Total Capital Assets Not Being Depreciated</i>	10,840,815	3,744,716	(153,212)	14,432,319
<i>Capital Assets Being Depreciated</i>				
Buildings	27,670,207	30,582	(490,698)	27,210,091
Improvements	1,009,285	153,212		1,162,497
Machinery and Equipment	26,583,868	1,714,802	(1,066,033)	27,232,637
Infrastructure				
Roads	53,057,086	417,705	-	53,474,791
Traffic Signals	162,514	-	-	162,514
Bridges	8,604,879	-	-	8,604,879
<i>Total Capital Assets Being Depreciated</i>	117,087,839	2,316,301	(1,556,731)	117,847,409
<i>Less Accumulated Depreciation</i>				
Buildings	(8,750,139)	(665,057)	349,277	(9,065,919)
Improvements	(330,263)	(41,449)	-	(371,712)
Machinery and Equipment	(17,450,504)	(2,028,814)	979,076	(18,500,242)
Infrastructure				
Roads	(13,284,703)	(1,264,459)	-	(14,549,162)
Traffic Signals	(19,962)	(15,439)	-	(35,401)
Bridges	(1,065,722)	(163,493)	-	(1,229,215)
<i>Total Accumulated Depreciation</i>	(40,901,293)	(4,178,711)	1,328,353	(43,751,651)
<i>Total Capital Assets Being Depreciated, Net</i>	76,186,546	(1,862,410)	(228,378)	74,095,758
<i>Governmental Activities Capital Assets, Net</i>	\$ 87,027,361	\$ 1,882,306	\$ (381,590)	\$ 88,528,077
*Depreciation expense was charged to governmental functions as follows:				
General Government				\$ 482,533
Security of Persons and Property				972,016
Community Environment				297,610
Leisure Time Activities				385,630
Street Maintenance				1,917,281
Garage				44,990
Information Services				78,651
Total				\$ 4,178,711

## City of Cuyahoga Falls, Ohio

### NOTE 6 – CAPITAL ASSETS (CONTINUED)

	<u>Balance 1/1/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2009</u>
<b>Business -type Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 3,359,319	\$ -	\$ -	\$ 3,359,319
Construction In Progress	7,177,433	9,953,973	(2,552,847)	14,578,559
<i>Total Capital Assets Not Being Depreciated</i>	10,536,752	9,953,973	(2,552,847)	17,937,878
<i>Capital Assets Being Depreciated</i>				
Buildings	37,712,097	-	-	37,712,097
Improvements	88,462,556	3,737,675	(132,755)	92,067,476
Machinery and Equipment	11,244,623	1,002,591	(1,024,388)	11,222,826
<i>Total Capital Assets Being Depreciated</i>	137,419,276	4,740,266	(1,157,143)	141,002,399
<i>Less Accumulated Depreciation</i>				
Buildings	(5,557,757)	(816,593)	-	(6,374,350)
Improvements	(35,138,616)	(2,077,247)	91,350	(37,124,513)
Machinery and Equipment	(7,535,804)	(888,094)	998,291	(7,425,607)
<i>Total Accumulated Depreciation</i>	(48,232,177)	(3,781,934)	1,089,641	(50,924,470)
<i>Total Capital Assets Being Depreciated, Net</i>	89,187,099	958,332	(67,502)	90,077,929
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 99,723,851</u>	<u>\$ 10,912,305</u>	<u>\$ (2,620,349)</u>	<u>\$ 108,015,807</u>
*Depreciation expense was charged to business-type activities as follows:				
Sewage and Disposal				\$ 621,042
Water				861,518
Electric				973,768
Sanitation				242,893
Leisure Time				921,847
Storm Drainage				160,866
Total				<u>\$ 3,781,934</u>

## NOTE 7 - PENSION PLANS

### Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. The 2009 member contribution rates were 10.0 percent for members in state, local classifications, and 10.1 percent for public safety classifications. For local government employers, the 2009 employer contribution rate was 14.00 percent of covered payroll.

The City's required contributions for pension obligations to all of the plans for the years ended December 31, 2009, 2008, and 2007 were, \$2,668,805, \$1,660,886, and \$2,137,403 respectively; 92.50 percent has been contributed for 2009, 100 percent for 2008 and 89.66 percent for 2007. Contributions to the Member-Directed Plan for 2009 were \$32,336 made by the City and \$22,180 made by the plan members. In 2008, the City elected to participate in the Deferred Employer Liabilities Program. The deferred payment program begins with the fourth quarter 2008 employer retirement liabilities, and spreads the due date for each month of the quarter over a three-year period. The City paid the October 2008 liabilities on December 31, 2009. The November 2008 liabilities will be due December 31, 2010 and the December 2008 liabilities will be due January 3, 2012.

### Ohio Police and Fire Pension Fund

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

## City of Cuyahoga Falls, Ohio

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### NOTE 7 - PENSION PLANS (CONTINUED)

Police and firefighters are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police and 24 percent respectively for firefighters, 12.75 percent and 17.25 percent was the portion that was used to fund pension benefits, respectively. The City's contributions for pension obligations to OP&F for police and firefighters were \$1,101,570 and \$1,296,683, respectively for the year ended December 31, 2009, \$924,258 and \$1,237,338 for the year ended December 31, 2008, and \$701,681 and \$918,495 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007; 77.40 percent for police and 76.60 percent for firefighters, respectively, have been contributed for 2009.

### NOTE 8 - POSTEMPLOYMENT BENEFITS

#### Ohio Public Employees Retirement System

**Plan Description:** Ohio Public Employee Retirement System (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 healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members 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 meets the definition of an Other Post Employment benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code 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 Ohio revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

**Funding Policy:** The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care 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 2009, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 17.63%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment 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 post employment health care benefits. For 2009, the employer contribution allocated to the health care plan was 7.0% from January 1, 2009 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. 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 annual contributions for 2009 used to fund post-employment benefits were \$1,119,945.

**NOTE 8 - POSTEMPLOYMENT BENEFITS (CONTINUED)**

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**Ohio Police and Fire Pension Fund**

**Plan Description:** The City of Cuyahoga Falls contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides healthcare 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.

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 meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

**Funding Policy:** The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% 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 administered 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 an 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 the year December 31, 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. 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.

## City of Cuyahoga Falls, Ohio

### NOTE 8 - POSTEMPLOYMENT BENEFITS (CONTINUED)

The City's annual contributions for December 31, 2009, 2008, and 2007 that were used to fund post-employment benefits were \$381,313 for police and \$364,692 for fire, \$362,197 for police and \$356,287 for fire, and \$371,478 for police and \$359,411 for fire, respectively.

### NOTE 9 - COMPENSATED ABSENCES

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

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

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

\* OPBA: Ohio Patrolman's Benevolent Association

Sick leave may be accumulated beyond these cash-out limits, but can only be used when employees are absent from work due to illness. Compensatory time is earned by substantially all regular non-management employees.

Compensatory time that is not used per union contracts and/or City ordinances is paid in cash to the appropriate employees in accordance with the Fair Labor Standards Act.

Employees who have qualified for a service pension (OPBA-Gold, OPBA-Blue, Dispatchers) or who are within three years of qualifying for a service pension (Non-bargaining, Utility Workers, Firefighters, AFSCME) are permitted to annually sell one-third of their accumulated sick leave hours, up to the maximum hours allowed for their employee class, during their last three years of employment with the City.

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

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

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

**B. Federal and State Grants**

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

**C. Insurance Coverage**

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

**NOTE 11 - CAPITAL LEASES**

In addition to existing agreements to lease equipment, the City entered into a lease agreement in late 2009 for Police in car video system and mobile data terminal computers in the amount of \$263,515. Although the lease proceeds were placed in escrow, no work was considered in progress and therefore not included in the City’s capital assets. The City entered into a lease agreement in 2008 for water and electric meter replacement and fixed base automated meter reading (AMR) installation, lighting retrofits and building envelope improvements in the amount of \$17,017,793. This project was not completed by December 31, 2009, therefore, \$3,272,424 was held in escrow, including accrued interest in the amount of \$50,798 and is reflected as such on the City’s Statement of Net Assets. In addition, the amounts of \$437,853 and \$13,355,821 “started and completed” by the year-end were included in construction in progress in the City’s capital assets for governmental activities and business-type activities, respectively. Therefore, this asset value is not shown in the equipment total below. The City’s lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date for governmental activities and business-type activities in the Statement of Net Assets.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Equipment (Dispatch Center Equipment)	\$ 2,441,577
Less: Accumulated Depreciation	<u>(444,571)</u>
Total	\$ <u>1,997,006</u>

## City of Cuyahoga Falls, Ohio

### NOTE 11 - CAPITAL LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009, were as follows:

	Governmental Activities	Business-type Activities
2010	\$440,001	\$2,088,510
2011	440,001	2,088,510
2012	440,003	2,088,510
2013	349,098	2,088,510
2014	349,098	2,088,510
2015-19	1,184,434	10,442,549
Total	3,202,635	20,885,099
Less: Amount representing interest	(498,546)	(4,407,503)
Present value of minimum lease payments	<u>\$ 2,704,089</u>	<u>\$ 16,477,596</u>

### NOTE 12 - SHORT-TERM OBLIGATIONS

A summary of the changes in the City's short-term obligations for the year ended December 31, 2009, was as follows:

	Balance January 1, 2009	Issued	Retired	Balance December 31, 2009
General Obligation Bond Anticipation Notes				
<u>Governmental Activities:</u>				
Capital Projects Fund Obligations:				
2.75% Various Purpose Notes, due 12/09/09	\$ 2,300,000	\$ 0	\$ 2,300,000	\$ 0
1.00% Various Purpose Notes, due 12/09/10	<u>0</u>	<u>1,350,000</u>	<u>0</u>	<u>1,350,000</u>
4.10% Taxable Land Acquisition and Improvement Note, due 8/20/09	<u>11,000,000</u>	<u>0</u>	<u>11,000,000</u>	<u>0</u>
2.125% Taxable Land Acquisition and Improvement Note, due 8/19/10	<u>0</u>	<u>10,600,000</u>	<u>0</u>	<u>10,600,000</u>
Total Governmental Activities	<u>\$ 13,300,000</u>	<u>\$ 11,950,000</u>	<u>\$ 13,300,000</u>	<u>\$ 11,950,000</u>
<u>Business-type Activities:</u>				
Leisure Time Fund Obligations:				
2.75% Various Purpose Notes, due 12/09/09	\$ 18,900,000	\$ 0	\$ 18,900,000	\$ 0
1.00% Various Purpose Notes, due 12/09/10	0	11,000,000	0	11,000,000
Sewage and Disposal Fund Obligations				
2.75% Various Purpose Notes, due 12/09/09	<u>400,000</u>	<u>0</u>	<u>400,000</u>	<u>0</u>
Total Business-Type Activities	<u>19,300,000</u>	<u>11,000,000</u>	<u>19,300,000</u>	<u>11,000,000</u>
Grand Total	<u>\$ 32,600,000</u>	<u>\$ 22,950,000</u>	<u>\$ 32,600,000</u>	<u>\$ 22,950,000</u>

**NOTE 12 - SHORT-TERM OBLIGATIONS (CONTINUED)**

On December 9, 2009, the City issued notes in the amount of \$12,350,000 in anticipation of the issuance of bonds, for the following purposes: improving State Road from the south corporation line to Portage Trail; constructing and equipping a community recreation center, constructing a public festival site to be known as Falls River Square, improving Front Street from State Route 8 to Oakpark Boulevard, and improving the City's Brokledge Golf Course.

On August 19, 2009 the City issued a Taxable Land Acquisition and Improvement Note in the amount of \$10,600,000 for the purpose of revitalizing the State Road Redevelopment Area by acquiring, clearing and improving certain properties in that area.

**NOTE 13 - LONG-TERM OBLIGATIONS**

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

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<b><u>Business-type Activities:</u></b>				
Enterprise Fund Obligations				
<b><u>Bonds Payable</u></b>				
1995 Electric Refunding Issue	5/15/1995	12/01/2010	4.0%-5.6%	\$ 3,225,000
1995 Recreation Facilities*	3/01/1995	12/01/2012	4.4%-6.0%	3,426,217
1997 Sewer Improvement**	8/01/1997	12/01/2011	3.8%-5.25%	2,329,412
1997 Water Improvement**	8/01/1997	12/01/2011	3.8%-5.25%	2,070,588
1998 Sewer Improvement**	12/01/1998	12/01/2018	3.05%-4.70%	2,415,000
1998 Water Improvement**	12/01/1998	12/01/2018	3.05%-4.70%	4,925,000
2001 Water Improvement	8/01/2001	12/01/2011	3.25%-4.55%	5,175,000
2004 Recreation Improvement	4/08/2004	12/01/2024	2.00%-5.00%	8,000,000
2004 Various Purpose Refunding (Recreation)	4/08/2004	12/01/2015	2.00%-4.00%	2,407,037
2009 Various Purpose Refunding (Recreation)	10/14/2009	12/01/2037	2.00%-5.00%	8,040,000
2009 Various Purpose Refunding (1997)	10/14/2009	12/01/2017	2.00%-5.00%	2,177,000
2009 Various Purpose Refunding (1998)	10/14/2009	12/01/2018	2.00%-5.00%	3,895,000
<b><u>Governmental Activities:</u></b>				
<b><u>Bonds Payable</u></b>				
Special Assessment General Obligation Bonds:				
1991 Street Improvement	8/1/1991	12/01/2011	6.50%	\$ 533,451
2001 Street Improvement	12/28/2001	12/01/2011	3.25%-4.55%	425,000
Other General Obligation Bonds:				
1995 Various Purpose Refunding Issue	5/15/1995	12/01/2010	4.00%-5.60%	\$ 1,915,000
1995 Various Purpose Improvement*	3/01/1995	12/01/2012	4.40%-6.00%	6,238,783
1997 Various Purpose Improvement**	8/01/1997	12/01/2011	3.8%-5.25%	5,150,000
1998 Various Purpose Improvement**	12/01/1998	12/01/2018	3.05%-4.70%	1,025,000
2004 Various Purpose Refunding	4/08/2004	12/01/2015	2.00%-4.00%	4,382,963
2009 Various Purpose Refunding (1997)	10/14/2009	12/01/2017	2.00%-5.00%	2,548,000
2009 Various Purpose Refunding (1998)	10/14/2009	12/01/2018	2.00%-5.00%	545,000

Notes:

\* Issue was advanced refunded by the City, (2004 Various Purpose Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue.

\*\*Issue was advanced refunded by the City, (2009 Various Purpose Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue.

# City of Cuyahoga Falls, Ohio

## NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of the changes in the City's long-term obligations for the year ended December 31, 2009, was as follows:

	Balance January 1, 2009	Issued	Retired 2009	Balance December 31, 2009	Amount Due Within One Year
<b>Business-type Activities:</b>					
Enterprise Fund Obligations					
<u>Bonds Payable</u>					
1995 Electric Refunding Issue	\$ 690,298	\$ 0	\$ 335,149 <sup>1</sup>	\$ 355,149	\$ 355,149
1997 Sewer Improvement	1,318,373	0	1,318,373	0	0
1997 Water Improvement	1,171,887	0	1,171,887	0	0
1998 Sewer Improvement	1,446,403	0	1,446,403	0	0
1998 Water Improvement	2,949,701	0	2,949,701	0	0
2001 Water Improvement	3,855,000	0	230,002	3,624,998	235,000
2004 Various Purpose Refunding (Recreation)	1,680,323	0	218,016	1,462,307	223,333
2004 Recreation Improvement	6,785,000	0	320,000	6,465,000	325,000
2009 Various Purpose Refunding (1997 Sewer)	0	1,144,000	0	1,144,000	127,000
2009 Various Purpose Refunding (1998 Sewer)	0	1,279,000	0	1,279,000	124,000
2009 Various Purpose Refunding (1997 Water)	0	1,033,000	0	1,033,000	115,000
2009 Various Purpose Refunding (1998 Water)	0	2,616,000	0	2,616,000	253,000
2009 Various Purpose Refunding (Recreation)	0	8,040,000	0	8,040,000	0
Total Business-type Activities Bonds Payable	<u>19,896,985</u>	<u>14,112,000</u>	<u>7,989,531</u>	<u>26,019,454</u>	<u>1,757,482</u>
<u>Other Obligations</u>					
Capital Lease Obligations	16,477,596	0	0	16,477,596	1,200,459
Compensated absences (Note 9)	2,284,699	822,065	902,586	2,204,178	977,533
Total Business-type Activities	<u>\$ 38,659,280</u>	<u>\$ 14,934,065</u>	<u>\$ 8,892,117</u>	<u>\$ 44,701,228</u>	<u>\$ 3,935,474</u>
<b>Governmental Activities:</b>					
<u>Bonds Payable</u>					
Special Assessment General Obligation Bonds:					
1991 Street Improvement	\$ 6,000	\$ 0	\$ 2,000	\$ 4,000	\$ 2,000
2001 Street Improvement	145,000	0	45,000	100,000	50,000
	151,000	0	47,000	104,000	52,000
Other General Obligation Bonds:					
1995 Various Purpose Refunding Issue	370,000	0	180,000	190,000	190,000
1997 Various Purpose Improvement	2,914,738	0	2,914,738	0	0
1998 Various Purpose Improvement	613,898	0	613,898	0	0
2004 Various Purpose Refunding	3,059,683	0	396,983	2,662,700	406,667
2009 Various Purpose Refunding ('97 Rec)	0	2,548,000	0	2,548,000	283,000
2009 Various Purpose Refunding ('98 Rec)	0	545,000	0	545,000	53,000
	<u>6,958,319</u>	<u>3,093,000</u>	<u>4,105,619</u>	<u>5,945,700</u>	<u>932,667</u>
Total Governmental Activities Bonds Payable	<u>7,109,319</u>	<u>3,093,000</u>	<u>4,152,619</u>	<u>6,049,700</u>	<u>984,667</u>
<u>Other Obligations</u>					
Capital Lease Obligations (Note 11)	2,945,806	263,515	505,232	2,704,089	336,201
Compensated absences, (Note 9)	6,891,899	2,737,702	2,687,653	6,941,948	2,756,312
Claims and Judgments Payable	714,369	3,999,817	3,998,723	715,463	452,136
Total Governmental Activities Other Obligations	<u>10,552,074</u>	<u>7,001,034</u>	<u>7,191,608</u>	<u>10,361,500</u>	<u>3,544,649</u>
Total Governmental Activities	<u>\$ 17,661,393</u>	<u>\$ 10,094,034</u>	<u>\$ 11,344,227</u>	<u>\$ 16,411,200</u>	<u>\$ 4,529,316</u>

<sup>1</sup>This amount represents principal payment of \$340,000 less amortization expense of \$4,851.

**NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Defeased Debt**

On October 14, 2009, the City issued Various Purpose Refunding Bonds in the amount of \$17,205,000 (par value) with an interest rate of 2.00 – 5.00 percent to advance refund the remaining portion of the 1997 and 1998 various purpose improvement general obligation bonds in the amount of \$4,725,000 and \$4,440,000, respectively, and to provide \$8,040,000 for the purpose of paying a portion of the costs of a community recreation center. The portion of the bonds refunding the 1997 and 1998 issues mature on December 1, 2017 and 2018, respectively. The bonds for the community recreation center mature on December 1, 2037. These bonds were issued at a premium of \$457,294 with issuance costs in the amount of \$247,294 and net proceeds of \$17,415,000. The net proceeds were used pay down the recreation center short-term notes and to purchase U.S. Government State and Local Government Series Securities that were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for the debt service payments. The advance refunding met the requirement of an in substance debt defeasance and the advance refunded bonds were removed from the City’s government-wide financial statements. As a result of the advance refunding the City reduced its total debt service requirements by \$1,167,305, which resulted in an economic gain of \$689,834.

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

	<b><u>Business-Type Activities</u></b>	<b><u>Governmental Activities</u></b>		<b><u>Total</u></b>
Par Value	\$ 14,112,000	\$ 3,093,000	\$	17,205,000
Premium	290,572	166,722		457,294
Issuance Costs	202,670	44,624		247,294
Net Proceeds	14,199,902	3,215,098		17,415,000
Reduction of Debt Service Requirement	745,621	421,684		1,167,305
Economic Gain	457,029	232,805		689,834

As of December 31, 2009, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt without a vote of the electors) was \$50,459,649. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2009 (excluding capital leases) are as follows:

Year	<u>Enterprise Fund Obligations</u>		<u>Special Assessment Bonds</u>		<u>Other General Obligations</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,757,482	\$ 1,081,173	\$ 52,000	\$ 4,340	\$ 932,667	\$ 205,813
2011	1,644,423	959,624	52,000	2,195	775,577	165,384
2012	1,693,286	913,632	0	0	796,714	141,480
2013	1,742,148	862,343	0	0	822,852	117,507
2014	1,794,238	808,399	0	0	845,762	93,148
2015-2019	7,792,874	3,030,105	0	0	1,772,128	120,738
2020-2024	4,720,000	1,642,835	0	0	0	0
2025-2029	1,580,000	903,319	0	0	0	0
2030-2034	1,930,000	551,469	0	0	0	0
2035-2037	1,365,003	121,188	0	0	0	0
Total	\$ <u>26,019,454</u>	\$ <u>10,874,087</u>	\$ <u>104,000</u>	\$ <u>6,535</u>	\$ <u>5,945,700</u>	\$ <u>844,070</u>

All general obligation bonds and notes issued by the City are backed by its full faith and credit. This includes the general property taxing power permitted within the tax limitation of the City Charter. In addition, special assessments have been levied to pay the debt service of the special assessment bonds. In the event of a default by a benefited property owner, the City would be responsible for paying the special assessment obligation.

## City of Cuyahoga Falls, Ohio

### NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

The amount of \$5,874 of special assessments receivable recorded in the Debt Service Fund includes \$326 of delinquent special assessments. Although the obligations of the enterprise funds are general obligations of the City, the practice has been to have the debt serviced by the revenues derived from the operations of the respective funds.

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

### NOTE 14 - INTERFUND TRANSFERS AND BALANCES

#### A. Transfers

As of December 31, 2009, interfund transfers were as follows:

Transfers Out	Transfers In						Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water Fund	Electric Fund	Leisure Time Fund	
General Fund			\$ 2,284,207		\$ 1,744,411	\$ 620,450	\$ 4,649,068
Municipal Income Tax Fund	\$ 10,775,315	\$ 5,042,923	1,375,499				17,193,737
Capital Projects Fund			165,000			600,000	765,000
Nonmajor Governmental Funds	42,774		1,238,349	\$ 4,684	103,884	750,000	2,139,691
Electric Fund	1,751,897						1,751,897
Total	\$ 12,569,986	\$ 5,042,923	\$ 5,063,055	\$ 4,684	\$ 1,848,295	\$ 1,970,450	\$ 26,499,393

The General Fund transfers to the Nonmajor Governmental Funds and the Leisure Time Fund were made to provide additional resources. The transfer to the Electric Fund represents sales tax for electric sales "inside" the City of Cuyahoga Falls, in which total sales tax is first transferred from the Electric Fund to the General Fund, with the "outside" sales tax being paid to the proper State agency.

The Municipal Income Tax Fund transfers to the General Fund, Capital Projects Fund and the Recreation Levy Nonmajor Special Revenue Fund represents the proceeds after payment of expenses related to the collection of income taxes, per City Council Ordinance.

The Capital Projects Fund transfer to the Community Development Block Grant Nonmajor fund, was made as repayment for prior year capital expenditures, based on audit result findings from that year. The Capital Projects Fund transfer to the Leisure Time fund was made as reimbursement for debt service payments related to the community wing of the Natatorium, which is used in part for general government functions.

The Nonmajor Funds transfer to other Nonmajor funds were made to provide additional resources to the Street Construction, Maintenance and Repair Special Revenue Fund and the Debt Service Fund from the Capital Improvement Reserve Fund. The Nonmajor Governmental Funds transfer to the Leisure Time Fund was made to provide additional resources from the Recreation Levy Special Revenue Fund. The Nonmajor Funds transfer to the General Fund, Other Nonmajor Funds, Water Fund and Electric Fund from the FEMA Public Assistance Fund was made to reimburse the fund for storm damages. The monies were initially received as a FEMA Hazard Mitigation Program Federal Grant and were recorded in the FEMA Public Assistance Fund.

**NOTE 14 - INTERFUND TRANSFERS AND BALANCES (CONTINUED)**

**B. Balances**

Interfund balances represent net income taxes, utilities, cemetery endowments, and advances owed between funds at year end.

Interfund balances, including advances, at December 31, 2009 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
<u>Governmental Funds</u>				
General Fund	\$ 1,605,124	\$ 162,614	\$ 0	\$ 0
Special Revenue Funds:				
Municipal Income Tax	0	2,191,384	0	0
Street Construction, Maintenance and Repair	0	6,099	0	0
Recreation Levy	375,310	4,790	0	0
CDBG	0	0	0	0
Probation	0	0	0	0
Suspended License Intervention Program	0	0	0	0
	<u>375,310</u>	<u>2,202,273</u>	<u>0</u>	<u>0</u>
Capital Projects Funds:				
Capital Projects	642,734	3,995	0	214,316
Capital Improvement Reserve	0	0	214,316	0
	<u>642,734</u>	<u>3,995</u>	<u>214,316</u>	<u>214,316</u>
Total Governmental Funds	<u>2,623,168</u>	<u>2,368,882</u>	<u>214,316</u>	<u>214,316</u>
<u>Proprietary Funds</u>				
Enterprise Funds:				
Sewage and Disposal	36,593	169,871	0	425,000
Water	0	287,343	0	0
Electric	918,779	3,889	425,000	0
Sanitation	20,165	142,888	0	0
Leisure Time	0	635,536	0	0
Storm Drainage Utility	12,815	0	0	0
	<u>988,352</u>	<u>1,239,527</u>	<u>425,000</u>	<u>425,000</u>
Internal Service Funds:				
Garage	0	3,111	0	0
Self-Insurance	0	0	0	0
Information Services	0	0	0	0
	<u>0</u>	<u>3,111</u>	<u>0</u>	<u>0</u>
Total Proprietary Funds	<u>988,352</u>	<u>1,242,638</u>	<u>425,000</u>	<u>425,000</u>
Total All Funds	<u>\$ 3,611,520</u>	<u>\$ 3,611,520</u>	<u>\$ 639,316</u>	<u>\$ 639,316</u>

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

<u>Year</u>	<u>Capital Projects</u>	<u>Sewage and Disposal</u>	<u>Total</u>
2010	\$ 214,316	\$ 85,000	\$ 299,316
2011-2014	0	340,000	340,000
	<u>\$ 214,316</u>	<u>\$ 425,000</u>	<u>\$ 639,316</u>

## City of Cuyahoga Falls, Ohio

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### NOTE 15 - RISK MANAGEMENT

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

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

#### A. Self -Insurance Internal Service Fund

On April 1, 2007, the City changed healthcare coverage to Medical Mutual of Ohio (MMO). Claims are fully paid by the City for full-time employees and COBRA participants through the City's Self-Insurance Internal Service Fund, which provides funding for health-care coverage. MMO reviews all claims in accordance with the Summary Plan Description and claims are then paid by the Self-Insurance Fund. For the fiscal coverage year April 1, 2009 through March 31, 2010, the City has purchased specific stop-loss coverage of \$175,000 per person and aggregate stop-loss coverage of \$3,302,468.

The Self-Insurance Fund generates revenues by charging an actuarially determined premium to each fund based on the number of full-time employees and COBRA participants enrolled for health-care coverage. The Self-Insurance Fund pays all claims, stop-loss coverage and administrative fees for health-care coverage. A liability, in the amount of \$261,556 has been recorded to reflect the outstanding claims as of December 31, 2009. Most health insurance claims are presented for payment to the City within several months after occurrence.

#### B. Workers' Compensation Internal Service Fund

As of December 31, 2009, the City completed its seventeenth consecutive year of participation with the Ohio Bureau of Workers' Compensation (BWC) Retrospective Rating Plan. This Plan requires the City to pay to the BWC only 27 to 32 percent of the experience rated premium, in addition to BWC administrative assessments and DWRP costs, as our minimum premium charge. In exchange, the City accepts a maximum individual claim liability between \$300,000 and \$400,000 and an aggregate claims liability of \$2,168,955. In addition, the BWC bills for all claim related medical and other expenses on an annual basis, for a period of ten years. At the tenth year, the BWC actuarially determines the expected future cost (reserve) of all active ten-year old claims and bills the City. The BWC then assumes all future liability for those claims. Active management of each claim, from inception, offers the City the opportunity to reduce the cost of each claim, thereby reducing the City's cost. For 2009, the retrospective rating minimum premium paid by the City was \$367,934 and the total medical and other expenses paid was \$225,920, for a total of \$593,854. The decrease of \$59,627 is based primarily on the City's constant review of open claims and aggressive, proactive action to treat and protect the employee in the most efficient, cost-effective manner.

**NOTE 15 - RISK MANAGEMENT (CONTINUED)**

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

	2007		2008		2009	
	Workers'		Workers'		Workers'	
	Self-Insurance	Compensation	Self-Insurance	Compensation	Self-Insurance	Compensation
Unpaid claims-January 1	\$ 1,225,977	\$ 967,227	\$ 420,219	\$ 826,176	\$ 381,320	\$ 333,049
Incurred claims (including IBNRs)	3,241,190	118,773	3,838,713	(152,804)	3,653,039	346,778
Claim payments made during the year	(4,046,948)	(259,824)	(3,877,612)	(340,323)	(3,772,803)	(225,920)
Unpaid claims-December 31	<u>\$ 420,219</u>	<u>\$ 826,176</u>	<u>\$ 381,320</u>	<u>\$ 333,049</u>	<u>\$ 261,556</u>	<u>\$ 453,907</u>

**NOTE 16 - INVESTMENTS IN JOINT VENTURES**

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

The City's Electric Enterprise Fund participates in a joint venture agreement with 20 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV1) for the purpose of providing electric power and energy to its participants on a cooperative basis. The electric generating facilities of OMEGA JV1, known as the Engle Units, are located in the City. Title to these six diesel-powered generating units was transferred to the 21 municipal electric systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a non-profit trade association and wholesale power supplier for most of Ohio's 85 municipal electric systems. Each member has a contract, which provides for AMP-Ohio to purchase the right to each participant's share of power and energy that is made available through the joint venture contract. The City's net investment and its share of the operating results of OMEGA JV-1 are reported in the City's statement of net assets as "investment in joint ventures". The city's equity interest in OMEGA JV-1 was \$102,432 at December 31, 2009. Complete financial statements for OMEGA JV-1 can be obtained from AMP-Ohio or from the City's Finance Director.

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

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

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

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

## City of Cuyahoga Falls, Ohio

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### NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2009 the City of Cuyahoga Falls has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net obligation for these bonds at December 31, 2009 was \$2,588,292 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$2,572,237 at December 31, 2009. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2009 the City of Cuyahoga Falls has met their debt coverage obligation.

**NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)**

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

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

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$1,789,162 at December 31, 2009. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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

The City of Cuyahoga Falls is a Financing Participant with an ownership percentage of 25.00% and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green, Ohio. Each turbine has a normal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue 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. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2009 Cuyahoga Falls has met their debt coverage obligation.

## City of Cuyahoga Falls, Ohio

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### NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share ("Step up Power").

OMEGA JV6 is managed by American Municipal Power, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP-Ohio issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 project. The City's net obligation for these bonds at December 31, 2009 was \$1,392,821 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected).

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$2,092,086 at December 31, 2009. Complete financial statements for OMEGA JV6 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

### NOTE 17 – ACCOUNTABILITY

Contrary to Section 5705.39, the City had total original appropriations in excess of total original estimated revenue as follows:

<u>Nonmajor Funds</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Special Revenue</u>			
Probation Fund	\$223,802	\$238,180	(\$14,378)
Court Special Projects	531,837	558,204	(26,367)
Indigent Drivers Alcohol Treatment Fund	733,723	734,570	(847)
Court Computer Fund	300,551	355,305	(54,754)

Management has indicated that the appropriations in these funds were originally approved in December of 2008 based on estimated future costs. The Municipal Court moved to the City of Stow on January 1, 2009 and therefore the City had to estimate the amount of original appropriations relating to these Court funds remitted to the City of Stow on February 24, 2009. Effective 2010 the City will no longer appropriate or report these funds.

**NOTE 18 – CONSTRUCTION COMMITMENTS**

As of December 31, 2009, the City had the following significant commitments with respect to projects requiring capital expenditures:

<u>Capital Project</u>	2009 Remaining Construction <u>Contract</u>	Expected Date of Completion <u>Completion</u>
Automated Meter Reading System	\$ 3,221,626	2010
Portage Crossing (Clean Ohio Revitalization Fund Project)	765,250	2010
South Front Street Redevelopment (Clean Ohio Revitalization Fund Project)	746,440	2010
12 <sup>th</sup> Street and Phelps Sanitary / Storm Sewer	<u>337,118</u>	2010
Total Capital Projects	<u>\$ 5,070,434</u>	

**NOTE 19 – CHANGES IN ACCOUNTING PRINCIPALS**

GASB issued Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments.” The requirements of the new statement are effective for periods beginning after June 15, 2008.

GASB Statement No. 52 establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. The City has no endowments and thus, the implementation of this Statement has no impact on the City’s financial statements or disclosures.

GASB issued Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.” The requirements of the new statement are effective immediately.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB’s authoritative literature. The implementation of this statement did not result in any changes to the financial statements.

GASB issued Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in AICPA Statements on Auditing Standards.” The requirements of the new statement are effective immediately.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accounts (AICPA) auditing literature into the GASB’s accounting and financial reporting literature for state and local governments – related party transactions, going concern considerations and subsequent events. The implementation of this statement did not result in any changes to the financial statements.

**NOTE 20 – ASSETS HELD FOR RESALE**

Assets held for resale represents two properties purchased by the City, which will be resold for development purposes. During 2009, property known as the State Road Shopping Center and South Front Street properties were acquired for \$11,680,118 and \$391,302, respectively. A fund balance reserve, in the amount of \$12,071,420, was created in the Capital Projects fund and presented in the governmental fund financial statements.

## City of Cuyahoga Falls, Ohio

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### NOTE 21 – OTHER POST-EMPLOYMENT BENEFITS

#### Plan Description

The City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefit, benefit levels, and employer contributions are governed by the City and can be amended by the City through its union contracts and City Council. The activity of the plan is reported in the City's Self Insurance Internal Service Fund.

#### Benefits Provided

The City provides post-employment health care and life insurance benefits to its retirees having a minimum of 12 years of continuous full-time service with the City immediately before the date of retirement. The City has historically funded its retiree health care benefits on a pay-as-you-go basis. For the year ended December 31, 2008, the City contributed \$392,823 to the 144 retirees and/or family members receiving benefits. Eligibility and description of benefits are as follows:

**General Employees.** General employees hired prior to January 1, 2004 are eligible for the City's explicit subsidy at the earlier of:

1. Age 55 with 25 years of service; or
2. Age 60 with 12 years of service; or
3. 30 years of service

General employees hired on/after January 1, 2004 are not eligible for the City's explicit subsidy.

**Police Officers.** Police Officers hired prior to April 1, 2006 are eligible for the City's explicit subsidy at the earlier of:

1. Age 48 with 25 years of service; or
2. Age 62 with 15 years of service

Police Officers hired on/after April 1, 2006 are not eligible for the City's explicit subsidy.

**Firefighters.** Firefighters hired prior to February 1, 2006 are eligible for the City's explicit subsidy at the earlier of:

1. Age 48 with 25 years of service; or
2. Age 62 with 15 years of service

Firefighters hired on/after February 1, 2006 are not eligible for the City's explicit subsidy.

For eligible retirees of employees, the City reimburses:

1. Up to a fixed dollar amount to reimburse retirees for their contributions paid into the State Health Plan (Premium Reimbursement Subsidy), and
2. Up to fixed dollar amount for co-payments and deductibles that vary by employee group (Co-pay and Deductible Subsidy), or

**General Employees.** Retired general employees receive one reimbursement amount that will cover both reimbursements regardless of coverage level. This benefit is payable until the younger of the retiree or spouse turns 65. This benefit will continue to a surviving spouse of retired or active employee eligible to retire until the date the benefit would have ceased. The annual reimbursement amount effective January 1, 2009 is \$2,469.60 for retirees who have single or family coverage level. The reimbursement is increased 5.0% per year.

**NOTE 21 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Police Officers.** The 2010 annual subsidy amounts for police officers are as follows:

	<u>Premium Reimbursement</u>		<u>Co-pay and Deductible</u>
	<u>&lt;65</u>	<u>65+</u>	<u>All ages</u>
Retiree	\$1,440.92	\$1,289.12	\$400
Spouse	\$2,172.23	\$2,278.53	N/A*

\*The co-payment and deductible subsidy is the same for retirees with single or family coverage.

**Firefighters.** The 2010 annual subsidy amounts for firefighters are as follows:

	<u>Premium Reimbursement</u>		<u>Co-pay and Deductible</u>
	<u>&lt;65</u>	<u>65+</u>	<u>All ages</u>
<b>Firefighters who retired prior to 2006</b>			
Retiree	\$2,660.28	\$1,625.76	Unlimited
Spouse	\$5,917.92	\$4,958.04	
<b>Firefighters who retired on/after 2006</b>			
Retiree	\$1,512.96	\$1,512.96	\$700
Spouse	\$2,280.96	\$2,280.96	N/A*

\*The co-payment and deductible subsidy is the same for retirees with single or family coverage.

Annual OPEB Costs and Net OPEB Obligation

The City had an actuarial valuation performed for the plan as of December 31, 2008 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC). As of December 31, 2009, the annual required contribution (ARC) was \$ 680,157 and the City's annual employer contribution for pay-as-you-go cost was \$392,761, leaving a Net OPEB Obligation of \$580,381 as of the end of the year. This liability is recorded in the Self Insurance Internal Service Fund statement as well as within governmental activities in the City's Statement of Net Assets.

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2009, was as follows:

Actuarial Accrued Liability (AAL)	\$ 9,067,845
Actuarial Value of Plan Assets	\$ 0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 9,067,845
Funded Ratio (Actuarial Value of Plan Assets/AAL)	\$32,238,892
UAAL as a percentage of covered payroll	28.13%

## **City of Cuyahoga Falls, Ohio**

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### **NOTE 21 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

#### Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financing reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a discount rate of 4.5% unfunded, 8% fully-funded and a healthcare cost trend rate of 5%. The actuarial value of assets was zero. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of pay over thirty years based on an open group.

An actuarial valuation is required at least biennially for OPEB plans with a total membership of 200 or more. Based on a cost/benefit analysis, the City chose not to conduct an actuarial valuation in 2009 and will do so during 2010 to meet the GASB45 standards.

### **NOTE 22 – MUNICIPAL COURT**

Effective January 1, 2009 the Cuyahoga Falls Municipal Court officially became the Stow Municipal Court, whereas, the City of Stow is now the Court's host city. These changes are reflected in Ohio Revised Code Section 1901.01 "Organization of Municipal Courts." All Municipal Court Special Revenue Fund ending balances were remitted to the City of Stow on February 24, 2009.

**COMBINING STATEMENTS AND  
INDIVIDUAL FUND STATEMENTS**

## **Major Governmental Funds**

**General Fund**

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

**Municipal Income Tax**

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

**Capital Projects**

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

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 10,220,859	\$ 10,220,859	\$ 10,128,996	\$ (91,863)
Other local taxes	253,810	206,310	206,994	684
State levied shared taxes	4,603,154	4,370,312	4,592,419	222,107
Intergovernmental	24,500	20,000	20,994	994
Charges for services	4,255,918	3,855,418	3,913,276	57,858
Fees, licenses, and permits	484,575	404,575	400,187	(4,388)
Fines and forfeitures	102,620	102,620	170,566	67,946
Other	256,500	256,500	378,696	122,196
Total Revenues	20,201,936	19,436,594	19,812,128	375,534
<b>Expenditures</b>				
Current				
<b>Security of persons and property</b>				
Building				
Personal services	582,322	582,322	580,567	1,755
Other operations	92,218	92,218	79,981	12,237
Total - Building	674,540	674,540	660,548	13,992
Police				
Personal services	7,776,153	7,626,153	7,603,041	23,112
Other operations	1,276,645	1,276,647	1,221,093	55,554
Capital outlay	112,722	112,722	109,649	3,073
Total - Police	9,165,520	9,015,522	8,933,783	81,739
Fire				
Personal services	7,058,901	6,749,301	6,727,072	22,229
Other operations	878,782	888,382	861,651	26,731
Total - Fire	7,937,683	7,637,683	7,588,723	48,960
Technical services				
Personal services	538,001	526,001	523,189	2,812
Other operations	149,381	149,381	122,697	26,684
Total - Technical services	687,382	675,382	645,886	29,496
Communications				
Personal services	930,602	949,102	948,867	235
Other operations	239,209	230,709	222,006	8,703
Total - Technical services	1,169,811	1,179,811	1,170,873	8,938
Police reserve				
Other operations	8,375	8,375	5,508	2,867
Total - Police reserve	8,375	8,375	5,508	2,867
DARE program				
Other operations	3,460	3,460	2,347	1,113
Total - DARE program	3,460	3,460	2,347	1,113
Total - Security of persons and property	19,646,771	19,194,773	19,007,668	187,105
<b>Leisure time activities</b>				
Parks & recreation				
Personal services	1,533,101	1,463,101	1,460,685	2,416
Other operations	805,485	805,485	729,650	75,835
Total - Leisure time activities	2,338,586	2,268,586	2,190,335	78,251

# City of Cuyahoga Falls, Ohio

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2009

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Community environment</b>				
Riverfront Centre District				
Personal services	\$ 300,373	\$ 300,373	\$ 295,756	\$ 4,617
Other operations	321,362	321,360	289,734	31,626
Total - Riverfront Centre District	621,735	621,733	585,490	36,243
Community / economic development				
Personal services	756,508	751,508	748,014	3,494
Other operations	133,348	133,348	109,700	23,648
Total - Community / economic development	889,856	884,856	857,714	27,142
Community gardens				
Other operations	-	8	8	-
Total - Community environment	1,511,591	1,506,597	1,443,212	63,385
<b>General government</b>				
General administration				
Other operations	918,920	918,319	911,691	6,628
Total - General administration	918,920	918,319	911,691	6,628
Council				
Personal services	248,669	246,969	244,315	2,654
Other operations	2,850	4,550	3,670	880
Total - Council	251,519	251,519	247,985	3,534
Mayor				
Personal services	216,026	216,026	215,867	159
Other operations	33,411	33,411	32,559	852
Capital outlay	11,100	11,100	10,124	976
Total - Mayor	260,537	260,537	258,550	1,987
Mayor's Court				
Personal services	98,791	93,791	93,190	601
Other operations	183,612	47,000	26,168	20,832
Total - Mayor's Court	282,403	140,791	119,358	21,433
Finance director				
Personal services	734,993	674,993	669,022	5,971
Other operations	189,937	189,938	120,959	68,979
Total - Finance director	924,930	864,931	789,981	74,950
Law director				
Personal services	789,041	784,041	781,923	2,118
Other operations	285,863	285,863	208,143	77,720
Total - Law director	1,074,904	1,069,904	990,066	79,838
Service director				
Personal services	310,938	305,168	304,206	962
Other operations	22,793	23,563	20,789	2,774
Total - Service director	333,731	328,731	324,995	3,736
Municipal court				
Personal services	-	36,000	35,810	190
Other operations	8,279	17,278	17,237	41
Total - Municipal court	8,279	53,278	53,047	231
Clerk of courts				
Personal services	-	33,000	32,209	791
Other operations	2,466	12,465	5,067	7,398
Total - Clerk of courts	2,466	45,465	37,276	8,189

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund  
For the Year Ended December 31, 2009**

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General government (continued)</b>				
Civil service commission				
Personal services	\$ 12,469	\$ 12,469	\$ 12,469	\$ -
Other operations	26,901	26,902	8,537	18,365
Total - Civil service commission	39,370	39,371	21,006	18,365
Engineering				
Personal services	941,049	941,049	938,404	2,645
Other operations	113,787	113,787	99,533	14,254
Total - Engineering	1,054,836	1,054,836	1,037,937	16,899
Human resources / records				
Personal services	322,424	302,324	282,142	20,182
Other operations	44,271	44,371	29,353	15,018
Total - Human resources / records	366,695	346,695	311,495	35,200
Print shop				
Personal services	14,884	14,884	12,965	1,919
Other operations	106,374	106,375	67,079	39,296
Total - Print shop	121,258	121,259	80,044	41,215
Building and grounds maintenance				
Personal services	790,645	785,645	773,365	12,280
Other operations	437,300	437,302	416,444	20,858
Total - Building and grounds maintenance	1,227,945	1,222,947	1,189,809	33,138
Total - General government	6,867,793	6,718,583	6,373,240	345,343
Total Expenditures	30,364,741	29,688,539	29,014,455	674,084
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(10,162,805)	(10,251,945)	(9,202,327)	1,049,618
<b>Other Financing Sources (Uses)</b>				
Transfers in	13,254,866	12,584,946	12,548,843	(36,103)
Transfers out	(4,416,450)	(4,696,257)	(4,649,068)	47,189
Total Other Financing Sources (Uses)	8,838,416	7,888,689	7,899,775	11,086
Net change in fund balances	(1,324,389)	(2,363,256)	(1,302,552)	1,060,704
Fund Balance at Beginning of Year	5,931,865	5,931,865	5,931,865	-
Prior year encumbrances appropriated	293,828	293,828	293,828	-
Fund Balance at End of Year	\$ 4,901,304	\$ 3,862,437	\$ 4,923,141	\$ 1,060,704

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Income Tax Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Municipal income taxes	\$ 19,202,479	\$ 18,202,479	\$ 18,242,207	\$ 39,728
Other	-	-	157	157
Total revenues	19,202,479	18,202,479	18,242,364	39,885
<b>Expenditures</b>				
Current				
<b>General government</b>				
Personal services	325,190	325,190	314,268	10,922
Other operations	663,465	753,466	749,215	4,251
Total expenditures	988,655	1,078,656	1,063,483	15,173
Excess (deficiency) of revenues over (under) expenditures	18,213,824	17,123,823	17,178,881	55,058
<b>Other Financing Sources (Uses)</b>				
Transfers out	(18,250,000)	(17,160,000)	(17,160,000)	-
Total other financing sources (uses)	(18,250,000)	(17,160,000)	(17,160,000)	-
<b>Net change in fund balances</b>	(36,176)	(36,177)	18,881	55,058
Fund balance at beginning of year	212,720	212,720	212,720	-
Prior year encumbrances appropriated	25,916	25,916	25,916	-
Fund balance at end of year	\$ 202,460	\$ 202,459	\$ 257,517	\$ 55,058

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects Fund  
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 2,373,740	\$ 3,277,740	\$ 2,094,124	\$ (1,183,616)
Charges for services	1,295,000	1,295,000	1,641,837	346,837
Special assessments	157,423	157,423	149,793	(7,630)
Other	10,620,000	20,000	120,905	100,905
Total revenues	<u>14,446,163</u>	<u>4,750,163</u>	<u>4,006,659</u>	<u>(743,504)</u>
<b>Expenditures</b>				
Current				
<b>Capital outlay</b>	14,193,344	10,914,346	8,414,312	2,500,034
<b>Debt service</b>				
Principal	14,603,143	14,603,143	14,405,232	197,911
Interest	628,087	628,087	608,211	19,876
Total expenditures	<u>29,424,574</u>	<u>26,145,576</u>	<u>23,427,755</u>	<u>2,717,821</u>
Excess (deficiency) of revenues over (under) expenditures	(14,978,411)	(21,395,413)	(19,421,096)	1,974,317
<b>Other Financing Sources (Uses)</b>				
Bond/note proceeds	6,047,000	11,697,778	12,011,698	313,920
Capital lease proceeds	147,778	-	-	-
Transfers in	5,352,725	5,033,028	5,033,028	-
Transfers out	-	(165,000)	(165,000)	-
Total other financing sources (uses)	<u>11,547,503</u>	<u>16,565,806</u>	<u>16,879,726</u>	<u>313,920</u>
<b>Net change in fund balances</b>	(3,430,908)	(4,829,607)	(2,541,370)	2,288,237
Fund balance at beginning of year	3,635,464	3,635,464	3,635,464	-
Prior year encumbrances appropriated	1,471,266	1,471,266	1,471,266	-
Fund balance at end of year	<u>\$ 1,675,822</u>	<u>\$ 277,123</u>	<u>\$ 2,565,360</u>	<u>\$ 2,288,237</u>

## **Nonmajor Governmental Funds**

<b>Special Revenue Funds</b>	To account for specific revenues that are legally restricted to expenditure for particular purposes.
<b>State Highway Improvement</b>	Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees for maintenance of state highways within the City.
<b>Street Construction, Maintenance and Repair</b>	Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees for maintenance of streets within the City.
<b>Police Pension</b>	To accumulate property taxes and other monies for the payment of the current and accrued liability for police disability and pension benefits.
<b>Fire Pension</b>	To accumulate property taxes and other monies for the payment of the current and accrued liability for fire disability and pension benefits.
<b>Recreation Levy</b>	To account for income tax collections received from the Municipal Income Tax Fund. The revenue must be used for improvements made by the Parks and Recreation Department.
<b>Permissive Tax</b>	Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of streets within the City. These funds are controlled by the county and limited to non-residential connector streets.
<b>Court Special Projects</b>	To account for fees to acquire and pay for projects to ensure efficient operation of the Municipal Court.
<b>Community and Economic Development</b>	To account for monies received from the sale of City-owned properties in an urban renewal area.
<b>Community Development Block Grant</b>	To account for monies received from the federal government through the Department of Housing and Urban Development as a direct entitlement community. The funding received is to directly benefit low and moderate income persons in the community. Projects funded include housing rehabilitation, economic development activities, infrastructure projects, planning and administrative costs that meet the programs national objectives. Projects are approved via an annual action plan. Fund also accounts for repayments from previous activities related to participation in the Summit County program as a sub-recipient.
<b>Probation</b>	To account for fees received from Municipal Court probationers to offset the cost of probation services.
<b>Enterprise Zone/Community Reinvestment Area</b>	To account for fees collected from enterprises receiving a tax incentive through an enterprise zone agreement for the purpose of administering and monitoring the Enterprise Zone Agreement.

## Nonmajor Governmental Funds (Continued)

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

**Nonmajor Governmental Funds (Continued)**

**Debt Service Fund**

To account for the accumulation of resources for and payment of general obligation principal, interest, and related expenditures.

**Capital Improvement Reserve**

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

**Cemetery Perpetual Care Permanent Fund**

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

**City of Cuyahoga Falls, Ohio**

**Combining Balance Sheet - Nonmajor Governmental Funds**  
**December 31, 2009**

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvement Reserve Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
Equity in pooled cash and cash equivalents	\$ 1,256,094	\$ -	\$ 48,733	\$ -	\$ 1,304,827
Cash and cash equivalents - restricted	-	4,858	-	206,398	211,256
Investments - restricted accounts	-	4,000	-	15,000	19,000
<b>Receivables</b>					
Taxes	566,100	-	-	-	566,100
Accounts (net of allowance for uncollectibles)	214,470	-	2,526	-	216,996
Loans	1,939,993	-	-	-	1,939,993
Special assessments	-	5,875	238,295	-	244,170
Accrued interest	-	48	53,306	276	53,630
Due from other funds	375,310	-	-	-	375,310
Due from other governments	1,052,298	-	-	-	1,052,298
Inventory of supplies	388,496	-	-	-	388,496
Prepaid items	21,626	-	-	-	21,626
Advances to other funds	-	-	214,316	-	214,316
<b>Total assets</b>	<b>\$ 5,814,387</b>	<b>\$ 14,781</b>	<b>\$ 557,176</b>	<b>\$ 221,674</b>	<b>\$ 6,608,018</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 76,107	\$ -	\$ 30,737	\$ -	\$ 106,844
Accrued salaries, wages and benefits	80,970	-	-	-	80,970
Deferred revenue	1,264,717	5,923	262,923	276	1,533,839
Due to other funds	10,889	-	-	-	10,889
Due to other governments	92,106	-	-	-	92,106
<b>Total liabilities</b>	<b>1,524,789</b>	<b>5,923</b>	<b>293,660</b>	<b>276</b>	<b>1,824,648</b>
<b>Fund Balances</b>					
Reserved for encumbrances	182,673	-	-	-	182,673
Reserved for prepaid items	21,626	-	-	-	21,626
Reserved for advances	-	-	214,316	-	214,316
Reserved for inventory of supplies	388,496	-	-	-	388,496
Reserved for loans receivable	1,939,993	-	-	-	1,939,993
Reserved for debt service	-	8,858	-	-	8,858
Reserved for cemetery perpetual care	-	-	-	221,398	221,398
Unreserved - undesignated	1,756,810	-	49,200	-	1,806,010
<b>Total fund balances</b>	<b>4,289,598</b>	<b>8,858</b>	<b>263,516</b>	<b>221,398</b>	<b>4,783,370</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,814,387</b>	<b>\$ 14,781</b>	<b>\$ 557,176</b>	<b>\$ 221,674</b>	<b>\$ 6,608,018</b>

## City of Cuyahoga Falls, Ohio

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2009

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvement Reserve Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 583,402	\$ -	\$ -	\$ -	\$ 583,402
Other local taxes	208,225	-	-	-	208,225
State levied shared taxes	2,349,759	-	-	-	2,349,759
Intergovernmental	1,287,940	-	-	-	1,287,940
Charges for services	-	-	-	3,230	3,230
Fees, licenses and permits	645,842	-	-	-	645,842
Interest earnings	13	6,037	488,772	2,426	497,248
Fines and forfeitures	66,906	-	-	-	66,906
Special assessments	-	89,380	105,948	-	195,328
Other	47,313	-	29,913	-	77,226
Total revenues	5,189,400	95,417	624,633	5,656	5,915,106
<b>Expenditures</b>					
Current					
Security of persons and property	3,472,237	-	-	-	3,472,237
Leisure time activities	145,463	-	-	-	145,463
Community environment	1,200,508	-	-	-	1,200,508
Street maintenance	4,007,068	-	-	-	4,007,068
General government	831,749	3,432	36,124	2,455	873,760
Capital outlay	208,000	-	-	-	208,000
Debt Service					
Principal	314,480	623,984	-	-	938,464
Interest	177,645	128,947	-	-	306,592
Total expenditures	10,357,150	756,363	36,124	2,455	11,152,092
Excess (deficiency) of revenues over (under) expenditures					
	(5,167,750)	(660,946)	588,509	3,201	(5,236,986)
<b>Other Financing Sources (Uses)</b>					
Refunding bonds issued	3,093,000	-	-	-	3,093,000
Premium on various purpose refunding bonds	166,722	-	-	-	166,722
Payment to bond escrow agent	(3,215,098)	-	-	-	(3,215,098)
Refunding bond issuance cost	(44,624)	-	-	-	(44,624)
Transfers in	4,413,055	650,000	-	-	5,063,055
Transfers out	(939,691)	-	(1,200,000)	-	(2,139,691)
Total other financing sources (uses)	3,473,364	650,000	(1,200,000)	-	2,923,364
Net change in fund balances	(1,694,386)	(10,946)	(611,491)	3,201	(2,313,622)
Fund balance at beginning of year	5,913,518	19,804	875,007	218,197	7,026,526
Change in reserve for inventory	67,873	-	-	-	67,873
Change in reserve for prepaid items	2,593	-	-	-	2,593
Fund balance at end of year	\$ 4,289,598	\$ 8,858	\$ 263,516	\$ 221,398	\$ 4,783,370

**Combining Balance Sheet - Nonmajor Special Revenue Funds**  
**December 31, 2009**

(Continued)

	<u>State Highway Improvement</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Recreation Levy</u>	<u>Permissive Tax</u>
<b>Assets</b>						
Equity in pooled cash and cash equivalents	\$ 2,348	\$ 116,321	\$ 72,296	\$ 58,040	\$ 230,617	\$ 2
Receivables						
Taxes	-	-	283,050	283,050	-	-
Accounts						
(net of allowance for uncollectibles)	-	211,970	-	-	-	-
Loans	-	-	-	-	-	-
Due from other funds	-	-	-	-	375,310	-
Due from other governments	70,353	867,681	17,294	17,294	-	37,338
Inventory of supplies	-	388,496	-	-	-	-
Prepaid items	-	21,626	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 72,701</u>	<u>\$ 1,606,094</u>	<u>\$ 372,640</u>	<u>\$ 358,384</u>	<u>\$ 605,927</u>	<u>\$ 37,340</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 6,135	\$ -	\$ -	\$ 21,214	\$ -
Accrued salaries, wages and benefits	-	79,277	-	-	-	-
Deferred revenue	46,785	577,019	300,128	300,128	-	-
Due to other funds	-	6,099	-	-	4,790	-
Due to other governments	-	12,017	34,797	41,219	-	-
Total liabilities	<u>46,785</u>	<u>680,547</u>	<u>334,925</u>	<u>341,347</u>	<u>26,004</u>	<u>-</u>
<b>Fund Balances</b>						
Reserved for encumbrances	-	85,662	-	-	2,908	-
Reserved for prepaid items	-	21,626	-	-	-	-
Reserved for inventory of supplies	-	388,496	-	-	-	-
Reserved for loans receivable	-	-	-	-	-	-
Unreserved - undesignated	25,916	429,763	37,715	17,037	577,015	37,340
Total fund balances	<u>25,916</u>	<u>925,547</u>	<u>37,715</u>	<u>17,037</u>	<u>579,923</u>	<u>37,340</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 72,701</u>	<u>\$ 1,606,094</u>	<u>\$ 372,640</u>	<u>\$ 358,384</u>	<u>\$ 605,927</u>	<u>\$ 37,340</u>

# City of Cuyahoga Falls, Ohio

## Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2009

(Continued)

	Court Special Projects	Community and Economic Development	Community Development Block Grant	Probation	Enterprise Zone / Community Reinvestment Area
<b>Assets</b>					
Equity in pooled cash and cash equivalents	\$ -	\$ 2,797	\$ 539,072	\$ -	\$ 16,431
Receivables					
Taxes	-	-	-	-	-
Accounts					
(net of allowance for uncollectibles)	-	-	-	-	2,500
Loans	-	-	1,939,993	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	40,657	-	-
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 2,797</b>	<b>\$ 2,519,722</b>	<b>\$ -</b>	<b>\$ 18,931</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 48,751	\$ -	\$ -
Accrued salaries, wages and benefits	-	-	1,693	-	-
Deferred revenue	-	-	40,657	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	4,073	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>95,174</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Reserved for encumbrances	-	-	51,721	-	-
Reserved for prepaid items	-	-	-	-	-
Reserved for inventory of supplies	-	-	-	-	-
Reserved for loans receivable	-	-	1,939,993	-	-
Unreserved - undesignated	-	2,797	432,834	-	18,931
<b>Total fund balances</b>	<b>-</b>	<b>2,797</b>	<b>2,424,548</b>	<b>-</b>	<b>18,931</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 2,797</b>	<b>\$ 2,519,722</b>	<b>\$ -</b>	<b>\$ 18,931</b>

**Combining Balance Sheet - Nonmajor Special Revenue Funds**  
**December 31, 2009**

(Continued)

	<u>Suspended License Intervention Program</u>	<u>Drug Law Enforcement</u>	<u>Law Enforcement Trust</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>Enforcement and Education</u>
<b>ASSETS</b>					
Equity in pooled cash and cash equivalents	\$ -	\$ 6,284	\$ 87,082	\$ -	\$ 14,602
Receivables					
Taxes	-	-	-	-	-
Accounts (net of allowance for uncollectibles)	-	-	-	-	-
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	956	-	-	725
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 7,240</u>	<u>\$ 87,082</u>	<u>\$ -</u>	<u>\$ 15,327</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 7	\$ -	\$ -	\$ -
Accrued salaries, wages and benefits	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Total liabilities	<u>-</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>					
Reserved for encumbrances	-	-	34,360	-	7,000
Reserved for prepaid items	-	-	-	-	-
Reserved for inventory of supplies	-	-	-	-	-
Reserved for loans receivable	-	-	-	-	-
Unreserved - undesignated	-	7,233	52,722	-	8,327
Total fund balances	<u>-</u>	<u>7,233</u>	<u>87,082</u>	<u>-</u>	<u>15,327</u>
	<u>-</u>	<u>7,233</u>	<u>87,082</u>	<u>-</u>	<u>15,327</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 7,240</u>	<u>\$ 87,082</u>	<u>\$ -</u>	<u>\$ 15,327</u>

# City of Cuyahoga Falls, Ohio

## Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2009

(Continued)

	<u>Municipal Motor Vehicle License Tax</u>	<u>Court Computer</u>	<u>Federal Law Enforcement</u>	<u>FEMA Public Assistance</u>	<u>Law Enforcement Assistance</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>ASSETS</b>						
Equity in pooled cash and cash equivalents	\$ 5,491	\$ -	\$ 64,452	\$ 23,119	\$ 17,140	\$ 1,256,094
Receivables						
Taxes	-	-	-	-	-	566,100
Accounts (net of allowance for uncollectibles)	-	-	-	-	-	214,470
Loans	-	-	-	-	-	1,939,993
Due from other funds	-	-	-	-	-	375,310
Due from other governments	-	-	-	-	-	1,052,298
Inventory of supplies	-	-	-	-	-	388,496
Prepaid items	-	-	-	-	-	21,626
Total assets	<u>\$ 5,491</u>	<u>\$ -</u>	<u>\$ 64,452</u>	<u>\$ 23,119</u>	<u>\$ 17,140</u>	<u>\$ 5,814,387</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,107
Accrued salaries, wages and benefits	-	-	-	-	-	80,970
Deferred revenue	-	-	-	-	-	1,264,717
Due to other funds	-	-	-	-	-	10,889
Due to other governments	-	-	-	-	-	92,106
Total liabilities	-	-	-	-	-	1,524,789
<b>Fund Balances</b>						
Reserved for encumbrances	-	-	-	-	1,022	182,673
Reserved for prepaid items	-	-	-	-	-	21,626
Reserved for inventory of supplies	-	-	-	-	-	388,496
Reserved for loans receivable	-	-	-	-	-	1,939,993
Unreserved - undesignated	5,491	-	64,452	23,119	16,118	1,756,810
Total fund balances	<u>5,491</u>	<u>-</u>	<u>64,452</u>	<u>23,119</u>	<u>17,140</u>	<u>4,289,598</u>
Total liabilities and fund balances	<u>\$ 5,491</u>	<u>\$ -</u>	<u>\$ 64,452</u>	<u>\$ 23,119</u>	<u>\$ 17,140</u>	<u>\$ 5,814,387</u>

**City of Cuyahoga Falls, Ohio**

**Combining Statement of Revenues, Expenditures and Changes in Fund  
Balances - Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension	Recreation Levy	Permissive Tax
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ 291,701	\$ 291,701	\$ -	\$ -
Other local taxes	-	207,789	218	218	-	-
State levied shared taxes	146,457	1,806,302	36,671	36,671	-	215,027
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fees, licenses, and permits	-	636,623	-	-	-	-
Interest earnings	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Other	-	37,786	-	-	-	-
Total revenues	<u>146,457</u>	<u>2,688,500</u>	<u>328,590</u>	<u>328,590</u>	<u>-</u>	<u>215,027</u>
<b>Expenditures</b>						
Current						
Security of persons and property	-	-	1,113,963	1,313,293	-	-
Leisure time activities	-	-	-	-	145,463	-
Community environment	-	-	-	-	-	-
Street maintenance	150,000	3,747,068	-	-	-	-
General government	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	208,000
Debt service						
Principal	-	-	-	-	314,480	-
Interest	-	-	-	-	177,645	-
Total expenditures	<u>150,000</u>	<u>3,747,068</u>	<u>1,113,963</u>	<u>1,313,293</u>	<u>637,588</u>	<u>208,000</u>
Excess (deficiency) of revenues over (under) expenditures	(3,543)	(1,058,568)	(785,373)	(984,703)	(637,588)	7,027
<b>Other Financing Sources (Uses)</b>						
Refunding bonds issued					3,093,000	
Premium on various purpose refunding bonds					166,722	
Payment to bond escrow agent					(3,215,098)	
Refunding bond issuance cost					(44,624)	
Transfers in	-	1,027,556	810,000	1,035,000	1,375,499	-
Transfers out	-	-	-	-	(750,000)	-
Total other financing sources (uses)	<u>-</u>	<u>1,027,556</u>	<u>810,000</u>	<u>1,035,000</u>	<u>625,499</u>	<u>-</u>
Net change in fund balances	(3,543)	(31,012)	24,627	50,297	(12,089)	7,027
Fund balance at beginning of year	29,459	886,093	13,088	(33,260)	592,012	30,313
Change in reserve for inventory	-	67,873	-	-	-	-
Change in reserve for prepaid items	-	2,593	-	-	-	-
Fund balance at end of year	<u>\$ 25,916</u>	<u>\$ 925,547</u>	<u>\$ 37,715</u>	<u>\$ 17,037</u>	<u>\$ 579,923</u>	<u>\$ 37,340</u>

# City of Cuyahoga Falls, Ohio

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2009

(Continued)

	Court Special Projects	Community and Economic Development	Community Development Block Grant	Probation	Enterprise Zone / Community Reinvestment Area
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-
State levied shared taxes	-	-	-	-	-
Intergovernmental	-	-	1,088,129	-	-
Charges for services	-	-	-	-	-
Fees, licenses, and permits	-	-	-	-	9,219
Interest earnings	-	-	13	-	-
Fines and forfeitures	-	-	-	-	-
Other	-	3	3,324	-	2,050
Total revenues	-	3	1,091,466	-	11,269
<b>Expenditures</b>					
Current					
Security of persons and property	-	-	-	199,040	-
Leisure time activities	-	-	-	-	-
Community environment	-	-	1,196,363	-	4,145
Street maintenance	-	-	-	-	-
General government	526,837	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	526,837	-	1,196,363	199,040	4,145
Excess (deficiency) of revenues over (under) expenditures	(526,837)	3	(104,897)	(199,040)	7,124
<b>Other Financing Sources (Uses)</b>					
Refunding bonds issued	-	-	-	-	-
Premium on various purpose refunding bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Refunding bond issuance cost	-	-	-	-	-
Transfers in	-	-	165,000	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	165,000	-	-
Net change in fund balances	(526,837)	3	60,103	(199,040)	7,124
Fund balance at beginning of year	526,837	2,794	2,364,445	199,040	11,807
Change in reserve for inventory	-	-	-	-	-
Change in reserve for prepaid items	-	-	-	-	-
Fund balance at end of year	\$ -	\$ 2,797	\$ 2,424,548	\$ -	\$ 18,931

**Combining Statement of Revenues, Expenditures and Changes in Fund  
Balances - Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

(Continued)

	Suspended License Intervention Program	Drug Law Enforcement	Law Enforcement Trust	Indigent Drivers Alcohol Treatment	Enforcement and Education
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-
State levied shared taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, licenses, and permits	-	-	-	-	-
Interest earnings	-	-	-	-	-
Fines and forfeitures	-	10,957	18,866	31,432	5,651
Other	-	-	-	-	4,150
Total revenues	-	10,957	18,866	31,432	9,801
<b>Expenditures</b>					
Current					
Security of persons and property	-	33,994	17,222	766,130	26,395
Leisure time activities	-	-	-	-	-
Community environment	-	-	-	-	-
Street maintenance	-	-	-	-	-
General government	42,178	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	42,178	33,994	17,222	766,130	26,395
Excess (deficiency) of revenues over (under) expenditures	(42,178)	(23,037)	1,644	(734,698)	(16,594)
<b>Other Financing Sources (Uses)</b>					
Refunding bonds issued					
Premium on various purpose refunding bonds					
Payment to bond escrow agent					
Refunding bond issuance cost					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	(42,178)	(23,037)	1,644	(734,698)	(16,594)
Fund balance at beginning of year	42,178	30,270	85,438	734,698	31,921
Change in reserve for inventory	-	-	-	-	-
Change in reserve for prepaid items	-	-	-	-	-
Fund balance at end of year	\$ -	\$ 7,233	\$ 87,082	\$ -	\$ 15,327

# City of Cuyahoga Falls, Ohio

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2009

(Continued)

	Municipal Motor Vehicle License Tax	Court Computer	Federal Law Enforcement	FEMA Public Assistance	Law Enforcement Assistance	Total Nonmajor Special Revenue
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 583,402
Other local taxes	-	-	-	-	-	208,225
State levied shared taxes	108,631	-	-	-	-	2,349,759
Intergovernmental	-	-	-	189,691	10,120	1,287,940
Charges for services	-	-	-	-	-	-
Fees, licenses, and permits	-	-	-	-	-	645,842
Interest earnings	-	-	-	-	-	13
Fines and forfeitures	-	-	-	-	-	66,906
Other	-	-	-	-	-	47,313
Total revenues	108,631	-	-	189,691	10,120	5,189,400
<b>Expenditures</b>						
Current						
Security of persons and property	-	-	2,200	-	-	3,472,237
Leisure time activities	-	-	-	-	-	145,463
Community environment	-	-	-	-	-	1,200,508
Street maintenance	110,000	-	-	-	-	4,007,068
General government	-	262,734	-	-	-	831,749
Capital outlay	-	-	-	-	-	208,000
Debt service						
Principal	-	-	-	-	-	314,480
Interest	-	-	-	-	-	177,645
Total expenditures	110,000	262,734	2,200	-	-	10,357,150
Excess (deficiency) of revenues over (under) expenditures						
	(1,369)	(262,734)	(2,200)	189,691	10,120	(5,167,750)
<b>Other Financing Sources (Uses)</b>						
Refunding bonds issued	-	-	-	-	-	3,093,000
Premium on various purpose refunding bonds	-	-	-	-	-	166,722
Payment to bond escrow agent	-	-	-	-	-	(3,215,098)
Refunding bond issuance cost	-	-	-	-	-	(44,624)
Transfers in	-	-	-	-	-	4,413,055
Transfers out	-	-	-	(189,691)	-	(939,691)
Total other financing sources (uses)	-	-	-	(189,691)	-	3,473,364
Net change in fund balances	(1,369)	(262,734)	(2,200)	-	10,120	(1,694,386)
Fund balance at beginning of year	6,860	262,734	66,652	23,119	7,020	5,913,518
Change in reserve for inventory	-	-	-	-	-	67,873
Change in reserve for prepaid items	-	-	-	-	-	2,593
Fund balance at end of year	\$ 5,491	\$ -	\$ 64,452	\$ 23,119	\$ 17,140	\$ 4,289,598

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - State Highway Improvement Fund  
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State levied shared taxes	\$ 153,000	\$ 145,300	\$ 146,454	\$ 1,154
Total revenues	153,000	145,300	146,454	1,154
<b>Expenditures</b>				
Current				
Street maintenance				
Other operations	150,000	150,000	150,000	-
Total expenditures	150,000	150,000	150,000	-
<b>Net change in fund balances</b>	3,000	(4,700)	(3,546)	1,154
Fund balance at beginning of year	5,894	5,894	5,894	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 8,894</u>	<u>\$ 1,194</u>	<u>\$ 2,348</u>	<u>\$ 1,154</u>

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Street Construction, Maintenance and Repair Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other local taxes	\$ 245,000	\$ 245,000	\$ 208,108	\$ (36,892)
State levied shared taxes	1,824,000	1,824,000	1,806,264	(17,736)
Fees, licenses, and permits	575,500	738,615	624,055	(114,560)
Other	50,115	47,000	37,683	(9,317)
Total revenues	2,694,615	2,854,615	2,676,110	(178,505)
<b>Expenditures</b>				
Current				
<b>Street maintenance</b>				
Personal services	2,165,998	2,155,998	1,979,975	176,023
Other operations	1,683,852	1,879,851	1,854,110	25,741
Capital outlay	-	14,000	13,997	3
Total expenditures	3,849,850	4,049,849	3,848,082	201,767
Excess (deficiency) of revenues over (under) expenditures	(1,155,235)	(1,195,234)	(1,171,972)	23,262
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,036,520	1,027,556	1,027,556	-
Total other financing sources (uses)	1,036,520	1,027,556	1,027,556	-
<b>Net change in fund balances</b>	(118,715)	(167,678)	(144,416)	23,262
Fund balance at beginning of year	18,830	18,830	18,830	-
Prior year encumbrances appropriated	155,407	155,407	155,407	-
Fund balance at end of year	\$ 55,522	\$ 6,559	\$ 29,821	\$ 23,262

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Police Pension Fund  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 294,902	\$ 294,902	\$ 291,701	\$ (3,201)
Other local taxes	110	110	143	33
State levied shared taxes	36,914	36,914	36,671	(243)
Total revenues	331,926	331,926	328,515	(3,411)
<b>Expenditures</b>				
Current				
<b>Security of persons and property</b>				
Personal services	1,131,260	1,105,910	1,103,575	2,335
Other operations	5,500	5,850	5,830	20
Total expenditures	1,136,760	1,111,760	1,109,405	2,355
Excess (deficiency) of revenues over (under) expenditures	(804,834)	(779,834)	(780,890)	(1,056)
<b>Other Financing Sources (Uses)</b>				
Transfers in	820,000	810,000	810,000	-
Total other financing sources (uses)	820,000	810,000	810,000	-
<b>Net change in fund balances</b>	15,166	30,166	29,110	(1,056)
Fund balance at beginning of year	43,186	43,186	43,186	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 58,352	\$ 73,352	\$ 72,296	\$ (1,056)

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Pension Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 294,902	\$ 294,902	\$ 291,701	\$ (3,201)
Other local taxes	110	110	143	33
State levied shared taxes	36,914	36,914	36,671	(243)
Total revenues	331,926	331,926	328,515	(3,411)
<b>Expenditures</b>				
Current				
<b>Security of persons and property</b>				
Personal services	1,381,704	1,301,354	1,299,688	1,666
Other operations	5,500	5,850	5,810	40
Total expenditures	1,387,204	1,307,204	1,305,498	1,706
Excess (deficiency) of revenues over (under) expenditures	(1,055,278)	(975,278)	(976,983)	(1,705)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,060,000	1,035,000	1,035,000	-
Total other financing sources (uses)	1,060,000	1,035,000	1,035,000	-
<b>Net change in fund balances</b>	4,722	59,722	58,017	(1,705)
Fund balance at beginning of year	23	23	23	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 4,745	\$ 59,745	\$ 58,040	\$ (1,705)

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Recreation Levy Fund  
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures</b>				
Current				
<b>Leisure time activities</b>				
Other operations	121,404	115,904	102,756	13,148
Total - leisure time activities	221,404	171,404	158,116	13,288
<b>Debt service</b>				
Principal	314,480	314,480	314,480	-
Interest	177,646	177,646	177,645	1
Total expenditures	713,530	663,530	650,241	13,289
Excess (deficiency) of revenues over (under) expenditures	(713,530)	(663,530)	(650,241)	13,289
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	-	3,093,000	3,093,000	-
Premium on various purpose refunding bonds	-	166,722	166,722	-
Payment to refunded bond escrow agent	-	(3,215,098)	(3,215,098)	-
Refunding bond issuance costs	-	(44,624)	(44,624)	-
Transfers in	1,460,000	1,372,800	1,372,800	-
Transfers out	(750,000)	(750,000)	(750,000)	-
Total other financing sources (uses)	710,000	622,800	622,800	-
<b>Net change in fund balances</b>	(3,530)	(40,730)	(27,441)	13,289
Fund balance at beginning of year	218,487	218,487	218,487	-
Prior year encumbrances appropriated	15,449	15,449	15,449	-
Fund balance at end of year	\$ 230,406	\$ 193,206	\$ 206,495	\$ 13,289

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Permissive Tax Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
State levied shared taxes	\$ 225,000	\$ 210,000	\$ 208,000	\$ (2,000)
Total revenues	225,000	210,000	208,000	(2,000)
<b>Expenditures</b>				
Current				
Capital outlay	210,000	210,000	208,000	2,000
Total expenditures	210,000	210,000	208,000	2,000
<b>Net change in fund balances</b>	15,000	-	-	-
Fund balance at beginning of year	2	2	2	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 15,002	\$ 2	\$ 2	\$ -

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Court Special Projects Fund  
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fees, licenses, and permits	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total revenues	-	-	-	-
<b>Expenditures</b>				
Current				
<b>General government</b>				
Other operations	558,204	531,837	531,837	-
Total expenditures	558,204	531,837	531,837	-
<b>Net change in fund balances</b>	(558,204)	(531,837)	(531,837)	-
Fund balance at beginning of year	531,837	531,837	531,837	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ (26,367)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Community and Economic Development Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other	\$ -	\$ -	\$ 3	\$ 3
Total Revenues	-	-	3	3
<b>Expenditures</b>				
Current				
Community environment				
Other operations	2,404	2,404	-	2,404
Total expenditures	2,404	2,404	-	2,404
<b>Net change in fund balances</b>	(2,404)	(2,404)	3	2,407
Fund balance at beginning of year	2,794	2,794	2,794	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 390	\$ 390	\$ 2,797	\$ 2,407

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Community Development Block  
Grant Fund  
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 996,107	\$ 1,091,107	\$ 1,090,626	\$ (481)
Interest earnings	-	-	13	13
Other	41,446	50,946	66,781	15,835
Total revenues	<u>1,037,553</u>	<u>1,142,053</u>	<u>1,157,420</u>	<u>15,367</u>
<b>Expenditures</b>				
Current				
<b>Community environment</b>				
Personal services	79,841	81,641	81,577	64
Other operations	634,470	1,055,145	752,254	302,891
Capital outlay	377,000	427,000	416,736	10,264
Total expenditures	<u>1,091,311</u>	<u>1,563,786</u>	<u>1,250,567</u>	<u>313,219</u>
Excess (deficiency) of revenues over (under) expenditures	(53,758)	(421,733)	(93,147)	328,586
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	165,000	165,000	-
Total other financing sources (uses)	<u>-</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>
<b>Net change in fund balances</b>	(53,758)	(256,733)	71,853	328,586
Fund balance at beginning of year	397,188	397,188	397,188	-
Prior year encumbrances appropriated	12,505	12,505	12,505	-
Fund balance at end of year	<u>\$ 355,935</u>	<u>\$ 152,960</u>	<u>\$ 481,546</u>	<u>\$ 328,586</u>

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Probation Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fees, licenses, and permits	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures</b>				
Current				
Security of persons and property				
Other operations	238,180	223,802	223,802	-
Total expenditures	238,180	223,802	223,802	-
<b>Net change in fund balances</b>	(238,180)	(223,802)	(223,802)	-
Fund balance at beginning of year	212,839	212,839	212,839	-
Prior year encumbrances appropriated	10,963	10,963	10,963	-
Fund balance at end of year	\$ (14,378)	\$ -	\$ -	\$ -

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Zone/Community  
 Reinvestment Area Fund  
 For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fees, licenses, and permits	\$ 4,000	\$ 6,300	\$ 7,876	\$ 1,576
Other	-	-	2,050	2,050
Total revenues	4,000	6,300	9,926	3,626
<b>Expenditures</b>				
Current				
<b>Community environment</b>				
Other operations	11,425	11,425	4,145	7,280
Total expenditures	11,425	11,425	4,145	7,280
<b>Net change in fund balances</b>	(7,425)	(5,125)	5,781	10,906
Fund balance at beginning of year	9,400	9,400	9,400	-
Prior year encumbrances appropriated	1,250	1,250	1,250	-
Fund balance at end of year	\$ 3,225	\$ 5,525	\$ 16,431	\$ 10,906

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Suspended License Intervention Program Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fees, licenses, and permits	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures</b>				
Current				
General government				
Other operations	42,178	42,178	42,178	-
Total expenditures	42,178	42,178	42,178	-
<b>Net change in fund balances</b>	(42,178)	(42,178)	(42,178)	-
Fund balance at beginning of year	42,178	42,178	42,178	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Drug Law Enforcement Fund  
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and forfeitures	\$ 15,000	\$ 10,500	\$ 10,418	\$ (82)
Total revenues	15,000	10,500	10,418	(82)
<b>Expenditures</b>				
Current				
Security of persons and property				
Other operations	34,626	34,625	34,512	113
Total expenditures	34,626	34,625	34,512	113
<b>Net change in fund balances</b>	(19,626)	(24,125)	(24,094)	31
Fund balance at beginning of year	28,912	28,912	28,912	-
Prior year encumbrances appropriated	1,466	1,466	1,466	-
Fund balance at end of year	<u>\$ 10,752</u>	<u>\$ 6,253</u>	<u>\$ 6,284</u>	<u>\$ 31</u>

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Trust Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 15,000	\$ 18,800	\$ 18,866	\$ 66
Total revenues	15,000	18,800	18,866	66
<b>Expenditures</b>				
Current				
Security of persons and property				
Other operations	25,000	25,000	2,313	22,687
Capital outlay	14,497	58,497	49,269	9,228
Total expenditures	39,497	83,497	51,582	31,915
Excess (deficiency) of revenues over (under) expenditures	(24,497)	(64,697)	(32,716)	31,981
<b>Net change in fund balances</b>	(24,497)	(64,697)	(32,716)	31,981
Fund balance at beginning of year	85,438	85,438	85,438	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 60,941</u>	<u>\$ 20,741</u>	<u>\$ 52,722</u>	<u>\$ 31,981</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Indigent Drivers Alcohol  
Treatment Fund  
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ 32,407	\$ 32,407	\$ -
Total revenues	-	32,407	32,407	-
<b>Expenditures</b>				
Current				
Security of persons and property				
Other operations	734,570	766,130	766,130	-
Total expenditures	734,570	766,130	766,130	-
<b>Net change in fund balances</b>	(734,570)	(733,723)	(733,723)	-
Fund balance at beginning of year	733,723	733,723	733,723	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ (847)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Enforcement and Education Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 8,000	\$ 6,700	\$ 5,411	\$ (1,289)
Other	4,000	4,600	3,665	(935)
Total revenues	12,000	11,300	9,076	(2,224)
<b>Expenditures</b>				
Current				
<b>Security of persons and property</b>				
Other operations	7,000	7,000	7,000	-
Capital outlay	26,600	26,600	26,395	205
Total expenditures	33,600	33,600	33,395	205
<b>Net change in fund balances</b>	(21,600)	(22,300)	(24,319)	(2,019)
Fund balance at beginning of year	31,921	31,921	31,921	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 10,321	\$ 9,621	\$ 7,602	\$ (2,019)

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Motor Vehicle License  
Tax Fund  
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State levied shared taxes	\$ 110,000	\$ 108,700	\$ 108,631	\$ (69)
Total revenues	110,000	108,700	108,631	(69)
<b>Expenditures</b>				
Current				
<b>Street maintenance</b>				
Other operations	113,000	113,000	110,000	3,000
Total expenditures	113,000	113,000	110,000	3,000
<b>Net change in fund balances</b>	(3,000)	(4,300)	(1,369)	2,931
Fund balance at beginning of year	6,860	6,860	6,860	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 3,860</u>	<u>\$ 2,560</u>	<u>\$ 5,491</u>	<u>\$ 2,931</u>

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Court Computer Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures</b>				
Current				
<b>General government</b>				
Other operations	355,305	300,551	300,551	-
Total expenditures	355,305	300,551	300,551	-
<b>Net change in fund balances</b>	(355,305)	(300,551)	(300,551)	-
Fund balance at beginning of year	255,586	255,586	255,586	-
Prior year encumbrances appropriated	44,965	44,965	44,965	-
Fund balance at end of year	\$ (54,754)	\$ -	\$ -	\$ -

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Federal Law Enforcement Fund  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures</b>				
Current				
Security of persons and property				
Other operations	3,694	3,694	2,200	1,494
Total expenditures	3,694	3,694	2,200	1,494
<b>Net change in fund balances</b>	(3,694)	(3,694)	(2,200)	1,494
Fund balance at beginning of year	66,458	66,458	66,458	-
Prior year encumbrances appropriated	194	194	194	-
Fund balance at end of year	<u>\$ 62,958</u>	<u>\$ 62,958</u>	<u>\$ 64,452</u>	<u>\$ 1,494</u>

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - FEMA Public Assistance Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 110,669	\$ 189,669	\$ 189,691	\$ 22
Total revenues	110,669	189,669	189,691	22
<b>Expenditures</b>				
Current				
Security of persons and property				
Other operations	-	250	-	250
Total expenditures	-	250	-	250
Excess (deficiency) of revenues over (under) expenditures	110,669	189,419	189,691	272
<b>Other Financing Sources (Uses)</b>				
Transfers out	(110,669)	(189,691)	(189,691)	-
Total other financing sources (uses)	(110,669)	(189,691)	(189,691)	-
<b>Net change in fund balances</b>	-	(272)	-	272
Fund balance at beginning of year	23,119	23,119	23,119	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 23,119	\$ 22,847	\$ 23,119	\$ 272

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Assistance Fund  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 10,000	\$ 10,120	120
Total revenues	-	10,000	10,120	120
<b>Expenditures</b>				
Current				
Security of persons and property				
Other operations	7,000	7,000	1,022	5,978
Total expenditures	7,000	7,000	1,022	5,978
<b>Net change in fund balances</b>	(7,000)	3,000	9,098	6,098
Fund balance at beginning of year	7,020	7,020	7,020	-
Prior year encumbrances appropriated	-	-	-	-
<b>Fund balance at end of year</b>	<u><u>\$ 20</u></u>	<u><u>\$ 10,020</u></u>	<u><u>\$ 16,118</u></u>	<u><u>\$ 6,098</u></u>

## City of Cuyahoga Falls, Ohio

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest earnings	\$ 4,500	\$ 4,500	\$ 6,617	\$ 2,117
Special Assessments	95,500	97,500	89,380	(8,120)
Total revenues	100,000	102,000	95,997	(6,003)
<b>Expenditures</b>				
Current				
<b>General government</b>				
Other operations	3,635	3,635	3,432	203
Total - general government	3,635	3,635	3,432	203
<b>Debt service</b>				
Principal	623,985	625,985	625,984	1
Interest	128,947	129,527	129,527	-
Total expenditures	756,567	759,147	758,943	204
Excess (deficiency) of revenues over (under) expenditures	(656,567)	(657,147)	(662,946)	(5,799)
<b>Other Financing Sources (Uses)</b>				
Transfers in	670,000	650,000	650,000	-
Total other financing sources (uses)	670,000	650,000	650,000	-
<b>Net change in fund balances</b>	13,433	(7,147)	(12,946)	(5,799)
Fund balance at beginning of year	21,804	21,804	21,804	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 35,237	\$ 14,657	\$ 8,858	\$ (5,799)

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis) - Capital Improvement Reserve Fund  
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest earnings	\$ 818,861	\$ 1,077,800	\$ 507,242	\$ (570,558)
Special assessments	103,873	108,474	105,948	(2,526)
Other	45,000	46,600	30,477	(16,123)
Total revenues	<u>967,734</u>	<u>1,232,874</u>	<u>643,667</u>	<u>(589,207)</u>
<b>Expenditures</b>				
Current				
<b>General government</b>				
Other operations	32,000	34,500	34,254	246
Total expenditures	<u>32,000</u>	<u>34,500</u>	<u>34,254</u>	<u>246</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	935,734	1,198,374	609,413	(588,961)
Other Financing Sources (Uses)				
Transfers out	(1,570,000)	(1,200,000)	(1,200,000)	-
Total other financing sources (uses)	<u>(1,570,000)</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	(634,266)	(1,626)	(590,587)	(588,961)
Fund balance at beginning of year	639,320	639,320	639,320	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 5,054</u>	<u>\$ 637,694</u>	<u>\$ 48,733</u>	<u>\$ (588,961)</u>

## Internal Service Funds

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

**Combining Statement of Net Assets - Governmental Activities Internal Service Funds  
December 31, 2009**

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self Insurance</u>
<b>Assets</b>				
<b>Current Assets</b>				
Equity in pooled cash and cash equivalents	\$ 166,437	\$ 10,032	\$ 7,924	\$ 1,664,395
Receivables				
Accounts				
(net of allowance for uncollectibles)	-	-	-	2,796
Due from other governments	-	-	-	510
Inventory of supplies	470,700	19,051	-	-
Prepaid items	2,428	-	959	21,376
Total current assets	<u>639,565</u>	<u>29,083</u>	<u>8,883</u>	<u>1,689,077</u>
<b>Noncurrent Assets</b>				
Capital Assets				
Land	21,960	-	-	-
Buildings	105,958	-	132,858	-
Improvements other than buildings	260,029	-	-	-
Equipment	324,211	-	991,810	-
Less: Accumulated depreciation	(653,936)	-	(781,164)	-
Total noncurrent assets	<u>58,222</u>	<u>-</u>	<u>343,504</u>	<u>-</u>
Total assets	<u>697,787</u>	<u>29,083</u>	<u>352,387</u>	<u>1,689,077</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	84,606	786	495	-
Accrued salaries, wages and benefits	14,699	-	15,326	-
Accrued compensated absences	67,492	-	97,471	-
Due to other funds	3,111	-	-	-
Due to other governments	2,246	-	2,325	-
Other post-employment benefit obligation	-	-	-	580,381
Claims and judgments payable	-	-	-	261,556
Total current liabilities	<u>172,154</u>	<u>786</u>	<u>115,617</u>	<u>841,937</u>
<b>Noncurrent Liabilities</b>				
Accrued compensated absences	84,093	-	62,676	-
Claims and judgments payable	-	-	-	-
Total Noncurrent Liabilities	<u>84,093</u>	<u>-</u>	<u>62,676</u>	<u>-</u>
Total liabilities	<u>256,247</u>	<u>786</u>	<u>178,293</u>	<u>841,937</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	58,222	-	343,504	-
Unrestricted	383,318	28,297	(169,410)	847,140
Total net assets	<u>\$ 441,540</u>	<u>\$ 28,297</u>	<u>\$ 174,094</u>	<u>\$ 847,140</u>

# City of Cuyahoga Falls, Ohio

## Combining Statement of Net Assets - Governmental Activities Internal Service Funds December 31, 2009

(Continued)

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Equity in pooled cash and cash equivalents	\$ 2,217,664	\$ 925	\$ 4,067,377
Receivables			
Accounts			
(net of allowance for uncollectibles)	-	-	2,796
Due from other governments	-	-	510
Inventory of supplies	-	-	489,751
Prepaid items	-	-	24,763
Total current assets	<u>2,217,664</u>	<u>925</u>	<u>4,585,197</u>
<b>Noncurrent Assets</b>			
Capital Assets			
Land	-	-	21,960
Buildings	-	-	238,816
Improvements other than buildings	-	-	260,029
Equipment	-	-	1,316,021
Less: Accumulated depreciation	-	-	(1,435,100)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>401,726</u>
Total assets	<u>2,217,664</u>	<u>925</u>	<u>4,986,923</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	-	-	85,887
Accrued salaries, wages and benefits	-	-	30,025
Accrued compensated absences	-	-	164,963
Due to other funds	-	-	3,111
Due to other governments	393,563	-	398,134
Other post-employment benefit obligation	-	-	580,381
Claims and judgments payable	190,580	-	452,136
Total current liabilities	<u>584,143</u>	<u>-</u>	<u>1,714,637</u>
<b>Noncurrent Liabilities</b>			
Accrued compensated absences	-	-	146,769
Claims and judgments payable	263,327	-	263,327
Total Noncurrent Liabilities	<u>263,327</u>	<u>-</u>	<u>410,096</u>
Total liabilities	<u>847,470</u>	<u>-</u>	<u>2,124,733</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	-	-	401,726
Unrestricted	1,370,194	925	2,460,464
Total net assets	<u>\$ 1,370,194</u>	<u>\$ 925</u>	<u>\$ 2,862,190</u>

**Combining Statement of Revenues, Expenses and Changes in Net Assets -  
Governmental Activities Internal Service Funds  
For the Year Ended December 31, 2009**

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
<b>Operating revenues</b>				
Charges for services	\$ 2,220,303	\$ 40,981	\$ 787,054	\$ 5,530,968
Other	348	-	741	113,520
Total operating revenues	<u>2,220,651</u>	<u>40,981</u>	<u>787,795</u>	<u>5,644,488</u>
<b>Operating Expenses</b>				
Personal services	498,697	-	512,006	-
Fringe benefits	166,564	-	177,082	4,831,024
Materials and supplies	998,965	25,422	1,867	-
Utilities	12,013	-	6,155	-
Contractual services	17,872	-	56,479	48,808
Internal charges	170,907	-	26,027	-
Other	317,886	-	25,924	28,238
Depreciation	7,224	-	62,926	-
Total operating expenses	<u>2,190,128</u>	<u>25,422</u>	<u>868,466</u>	<u>4,908,070</u>
Net income (loss) from operations	<u>30,523</u>	<u>15,559</u>	<u>(80,671)</u>	<u>736,418</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest revenue	-	-	-	-
Gain from disposal of capital assets	1,582	-	-	-
Total nonoperating revenues (expenses)	<u>1,582</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>32,105</u>	<u>15,559</u>	<u>(80,671)</u>	<u>736,418</u>
Changes in net assets	<u>32,105</u>	<u>15,559</u>	<u>(80,671)</u>	<u>736,418</u>
Total net assets - beginning	409,435	12,738	254,765	110,722
Total net assets - ending	<u>\$ 441,540</u>	<u>\$ 28,297</u>	<u>\$ 174,094</u>	<u>\$ 847,140</u>

## City of Cuyahoga Falls, Ohio

### Combining Statement of Revenues, Expenses and Changes in Net Assets - Governmental Activities Internal Service Funds For the Year Ended December 31, 2009

(Continued)

	Workers' Compensation	Compensated Absences	Total
<b>Operating revenues</b>			
Charges for services	\$ -	\$ 630,098	\$ 9,209,404
Other	14,582	-	129,191
Total operating revenues	<u>14,582</u>	<u>630,098</u>	<u>9,338,595</u>
<b>Operating Expenses</b>			
Personal services	-	634,490	1,645,193
Fringe benefits	780,648	-	5,955,318
Materials and supplies	-	-	1,026,254
Utilities	-	-	18,168
Contractual services	23,268	-	146,427
Internal charges	-	-	196,934
Other	34,310	-	406,358
Depreciation	-	-	70,150
Total operating expenses	<u>838,226</u>	<u>634,490</u>	<u>9,464,802</u>
Net income (loss) from operations	<u>(823,644)</u>	<u>(4,392)</u>	<u>(126,207)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest revenue	33,751	-	33,751
Gain from disposal of capital assets	-	-	1,582
Total nonoperating revenues (expenses)	<u>33,751</u>	<u>-</u>	<u>35,333</u>
Income (loss) before contributions and transfers	<u>(789,893)</u>	<u>(4,392)</u>	<u>(90,874)</u>
Changes in net assets	<u>(789,893)</u>	<u>(4,392)</u>	<u>(90,874)</u>
Total net assets - beginning	2,160,087	5,317	2,953,064
Total net assets - ending	<u>\$ 1,370,194</u>	<u>\$ 925</u>	<u>\$ 2,862,190</u>

## City of Cuyahoga Falls, Ohio

### Combining Statement of Cash Flows - Governmental Activities Internal Service Funds For the Year Ended December 31, 2009

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
<b>Cash Flows From Operating Activities</b>				
Activities				
Cash received from customers	\$ 2,234,818	\$ 40,981	\$ 787,795	\$ 5,666,795
Cash payments to employees for services	(497,040)	-	(509,881)	-
Cash payments to employees for benefits	(173,918)	-	(165,964)	(4,662,807)
Cash payments to suppliers for goods and services	<u>(1,469,629)</u>	<u>(45,961)</u>	<u>(116,057)</u>	<u>(86,286)</u>
Net cash provided (used in) by operating activities	94,231	(4,980)	(4,107)	917,702
<b>Cash Flows From Capital and Related Financing Activities</b>				
Acquisition of capital assets	(14,167)	-	(7,795)	-
Proceeds from the sale of capital assets	<u>1,582</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	(12,585)	-	(7,795)	-
<b>Cash Flows From Investing Activities</b>				
Interest revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	81,646	(4,980)	(11,902)	917,702
Cash and cash equivalents at beginning of year	<u>84,791</u>	<u>15,012</u>	<u>19,826</u>	<u>746,693</u>
Cash and cash equivalents at end of year	<u>\$ 166,437</u>	<u>\$ 10,032</u>	<u>\$ 7,924</u>	<u>\$ 1,664,395</u>

# City of Cuyahoga Falls, Ohio

## Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued) For the Year Ended December 31, 2009

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Totals</u>
<b>Cash Flows From Operating Activities</b>			
Activities			
Cash received from customers	\$ 14,582	\$ 630,098	\$ 9,375,069
Cash payments to employees for services	-	(634,490)	(1,641,411)
Cash payments to employees for benefits	(593,854)	-	(5,596,543)
Cash payments to suppliers for goods and services	<u>(60,133)</u>	<u>-</u>	<u>(1,778,066)</u>
Net cash provided (used in) by operating activities	(639,405)	(4,392)	359,049
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition of capital assets	-	-	(21,962)
Proceeds from the sale of capital assets	<u>-</u>	<u>-</u>	<u>1,582</u>
Net cash used in capital and related financing activities	-	-	(20,380)
<b>Cash Flows From Investing Activities</b>			
Interest revenue	<u>33,751</u>	<u>-</u>	<u>33,751</u>
Net cash provided by investing activities	<u>33,751</u>	<u>-</u>	<u>33,751</u>
Net increase (decrease) in cash and cash equivalents	(605,654)	(4,392)	372,420
Cash and cash equivalents at beginning of year	<u>2,823,318</u>	<u>5,317</u>	<u>3,694,957</u>
Cash and cash equivalents at end of year	<u>\$ 2,217,664</u>	<u>\$ 925</u>	<u>\$ 4,067,377</u>

**City of Cuyahoga Falls, Ohio**

**Combining Statement of Cash Flows - Governmental Activities Internal Service Fund** (Continued)  
**For the Year Ended December 31, 2009**

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:</b>				
Operating income (loss)	\$ 30,523	\$ 15,559	\$ (80,671)	\$ 736,418
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:				
Depreciation	7,224	-	62,926	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:				
Receivables	-	-	-	(2,796)
Due from other governments	-	-	-	25,103
Inventory of supplies	19,169	(17,375)	-	-
Prepaid items	(581)	-	7	585
Accounts payable				
- net of items affecting capital assets	46,638	(3,164)	388	(9,240)
Accrued salaries, wages and benefits	(5,951)	-	12,920	-
Due to other funds	(3,045)	-	-	-
Due to other governments	254	-	323	-
Other post-employment benefit obligation	-	-	-	287,396
Claims payable	-	-	-	(119,764)
Total adjustments	<u>63,708</u>	<u>(20,539)</u>	<u>76,564</u>	<u>181,284</u>
Net cash provided by (used in) operating activities	<u>\$ 94,231</u>	<u>\$ (4,980)</u>	<u>\$ (4,107)</u>	<u>\$ 917,702</u>

# City of Cuyahoga Falls, Ohio

## Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued) For the Year Ended December 31, 2009

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Totals</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:</b>			
Operating income (loss)	\$ (823,644)	\$ (4,392)	\$ (126,207)
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:			
Depreciation	-	-	70,150
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Receivables	-	-	(2,796)
Due from other governments	-	-	25,103
Inventory of supplies	-	-	1,794
Prepaid items	-	-	11
Accounts payable			
- net of items affecting capital assets	(2,555)	-	32,067
Accrued salaries, wages and benefits	-	-	6,969
Due to other funds	-	-	(3,045)
Due to other governments	65,936	-	66,513
Other post-employment benefit obligation	-	-	287,396
Claims payable	120,858	-	1,094
Total adjustments	<u>184,239</u>	<u>-</u>	<u>485,256</u>
Net cash provided by (used in) operating activities	<u>\$ (639,405)</u>	<u>\$ (4,392)</u>	<u>\$ 359,049</u>

## **Fiduciary Funds – Agency Funds**

### **Agency Funds**

Trust and agency funds are established to account for assets received and held by the City acting in the capacity of an agent or custodian.

### **Treasury**

To account for the employer's portion of costs for pension plans and Medicare.

### **Guarantee Deposits**

To account for funds received from a contractor, developer or individual to ensure compliance with the ordinances of the City. Upon satisfactory completion of the project, the deposit is returned to the individual, developer or contractor.

### **Unclaimed Monies**

To account for monies held by the City and Municipal Court pending identification of the individual or organization entitled to the money.

### **Employee Withholding**

To account for amounts withheld from the payroll of the City's employees.

### **State Cases-Fines and Forfeitures**

To account for the portion of Municipal Court fines and forfeitures forwarded to the City, which must be remitted to the County Law Library Association.

# City of Cuyahoga Falls, Ohio

## Combining Statement of Assets and Liabilities - Fiduciary Funds December 31, 2009

	<u>Agency Funds</u>				<u>Totals</u>
	<u>Guarantee Deposits</u>	<u>Unclaimed Monies</u>	<u>Employee Withholding</u>	<u>State Cases Fines and Forfeitures</u>	
<b>Assets</b>					
<b>Current Assets</b>					
Equity in pooled cash					
and cash equivalents	\$1,012,490	\$ 166,337	\$ 1,792,266	\$ 13,467	\$2,984,560
Due from other governments	-	-	170,117	-	170,117
<b>Total assets</b>	<b><u>\$1,012,490</u></b>	<b><u>\$ 166,337</u></b>	<b><u>\$ 1,962,383</u></b>	<b><u>\$ 13,467</u></b>	<b><u>\$3,154,677</u></b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Due to other governments	241,156	-	1,900,190	13,467	2,154,813
Deposits held and due to others	771,334	166,337	62,193	-	999,864
<b>Total liabilities</b>	<b><u>\$1,012,490</u></b>	<b><u>\$ 166,337</u></b>	<b><u>\$ 1,962,383</u></b>	<b><u>\$ 13,467</u></b>	<b><u>\$3,154,677</u></b>

**Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds  
December 31, 2009**

	<u>Agency Funds</u>					<u>Totals</u>
	<u>Treasury</u>	<u>Guarantee Deposits</u>	<u>Unclaimed Monies</u>	<u>Employee Withholding</u>	<u>State Cases Fines and Forfeitures</u>	
<b>Assets</b>						
Balance January 1, 2009	\$ 1,346,511	\$ 1,103,618	\$ 167,609	\$ 2,306,937	\$ 4,209	\$ 4,928,884
Additions	-	130,265	-	18,071,826	131,609	18,333,700
Deletions	(1,346,511)	(221,393)	(1,272)	(18,416,380)	(122,351)	(20,107,907)
Balance December 31, 2009	<u>\$ -</u>	<u>\$ 1,012,490</u>	<u>\$ 166,337</u>	<u>\$ 1,962,383</u>	<u>\$ 13,467</u>	<u>\$ 3,154,677</u>
<b>Liabilities</b>						
Balance January 1, 2009	1,346,511	1,103,618	167,609	2,306,937	4,209	4,928,884
Additions	-	130,265	-	18,071,826	131,609	18,333,700
Deletions	(1,346,511)	(221,393)	(1,272)	(18,416,380)	(122,351)	(20,107,907)
Balance December 31, 2009	<u>\$ -</u>	<u>\$ 1,012,490</u>	<u>\$ 166,337</u>	<u>\$ 1,962,383</u>	<u>\$ 13,467</u>	<u>\$ 3,154,677</u>

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# STATISTICAL SECTION

# City of Cuyahoga Falls, Ohio

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## Statistical Section

This part of the City of Cuyahoga Falls, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Pages</b>
<b><i>Financial Trends</i></b> .....	149-156
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b> .....	157 - 162
These schedules contain information to help the reader assess the City's most significant local revenue, the property tax and the municipal income tax.	
<b><i>Debt Capacity</i></b> .....	163 - 169
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
<b><i>Economic and Demographic Information</i></b> .....	170 - 171
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b><i>Operating Information</i></b> .....	172 - 173
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: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

## City of Cuyahoga Falls, Ohio

### City of Cuyahoga Falls, Ohio Net Assets By Component Last Five Years (Accrual Basis of Accounting)

	2009	2008	2007	2006*	2005	2004
<b>Government activities</b>						
Invested in capital assets,						
net of related debt	\$ 78,407,401	\$ 74,834,451	\$ 72,851,175	\$ 63,756,095	\$ 38,207,868	\$ 35,151,575
Restricted:						
Capital projects	6,260,920	8,757,570	7,666,526	7,652,709	4,765,286	5,095,610
Debt service	5,846	109,044	187,018	273,777	404,311	482,412
Special revenue	5,960,254	7,237,562	7,717,100	7,701,388	6,374,529	6,379,774
Permanent fund purpose:						
Nonexpendable - Cemetery Perpetual						
Care	221,674	219,104	211,778	206,323	206,449	191,864
Unrestricted	6,389,169	8,315,681	6,880,274	4,394,906	5,502,764	6,528,533
<b>Total Governmental activities net assets</b>	<b>97,245,264</b>	<b>99,473,412</b>	<b>95,513,871</b>	<b>83,985,198</b>	<b>55,461,207</b>	<b>53,829,768</b>
<b>Business-type activities</b>						
Invested in capital assets,						
net of related debt	57,049,158	54,994,967	52,366,850	42,747,830	35,582,143	34,362,869
Unrestricted	23,464,702	23,217,163	23,613,766	19,945,749	17,179,978	21,390,836
<b>Total business-type activities net assets</b>	<b>80,513,860</b>	<b>78,212,130</b>	<b>75,980,616</b>	<b>62,693,579</b>	<b>52,762,121</b>	<b>55,753,705</b>
<b>Primary government</b>						
Invested in capital assets,						
net of related debt	135,456,559	129,829,418	125,218,025	106,503,925	73,790,011	69,514,444
Restricted	12,448,694	16,323,280	15,782,422	15,834,197	11,750,575	12,149,660
Unrestricted	29,853,871	31,532,844	30,494,040	24,340,655	22,682,742	27,919,369
<b>Total primary government net assets</b>	<b>\$ 177,759,124</b>	<b>\$ 177,685,542</b>	<b>\$ 171,494,487</b>	<b>\$ 146,678,777</b>	<b>\$ 108,223,328</b>	<b>\$ 109,583,473</b>

\*restated

# City of Cuyahoga Falls, Ohio

## City of Cuyahoga Falls, Ohio Change in Net Assets Last Five Years (Accrual Basis Accounting)

	2009	2008	2007	2006*	2005	2004
<b>Program revenue</b>						
<i>Governmental activities:</i>						
Charges for services:						
Security of persons and property	\$ 825,083	\$ 930,710	\$ 1,023,881	\$ 978,736	\$ 684,768	\$ 645,102
Leisure time activities	268,330	279,860	250,371	255,650	239,984	193,635
Community environment	286,740	513,776	279,550	130,823	167,069	176,127
Basic utility services	-	-	-	-	709,400	347,960
Street maintenance	802,949	839,217	687,752	582,229	539,573	520,780
General government	3,393,691	7,968,738	7,733,297	7,596,686	7,560,416	7,520,335
<b>Total charges for services</b>	<b>5,576,793</b>	<b>10,532,301</b>	<b>9,974,851</b>	<b>9,544,124</b>	<b>9,901,210</b>	<b>9,403,939</b>
Operating grants & contributions:						
Security of persons and property	21,614	71,412	19,000	25,022	55,525	46,009
Community environment	1,088,129	775,617	703,273	697,364	795,079	34,028
Street maintenance	2,036,360	2,131,732	2,054,855	2,210,818	1,852,241	1,860,521
General government	169,851	50,209	402,570	34,564	-	159,891
<b>Total operating grants &amp; contributions</b>	<b>3,315,954</b>	<b>3,028,970</b>	<b>3,179,698</b>	<b>2,967,768</b>	<b>2,702,845</b>	<b>2,100,449</b>
Capital grants & contributions:						
Security of persons and property	167,086	73,618	187,906	333,676	85,120	162,000
Leisure time activities	-	-	-	-	-	-
Community environment	1,505,326	989,980	961,320	-	-	-
Basic utility services	-	-	-	-	5,346	-
Street maintenance	267,799	695,309	5,147,437	614,022	991,656	2,628,907
General government	-	30,000	-	-	-	-
<b>Total capital grants &amp; contributions</b>	<b>1,940,211</b>	<b>1,788,907</b>	<b>6,296,663</b>	<b>947,698</b>	<b>1,082,122</b>	<b>2,790,907</b>
<b>Total governmental activities program revenue</b>	<b>10,832,958</b>	<b>15,350,178</b>	<b>19,451,212</b>	<b>13,459,590</b>	<b>13,686,177</b>	<b>14,295,295</b>
<i>Business-type activity:</i>						
Charges for service:						
Sewage and disposal	5,471,829	6,268,389	6,717,068	6,571,563	6,403,396	5,330,292
Water	4,858,853	5,125,578	4,850,997	5,165,054	5,091,414	4,689,048
Electric	36,663,940	34,032,741	35,463,844	35,085,559	31,513,528	27,223,637
Sanitation	3,603,540	3,781,680	3,918,962	3,853,452	3,876,815	3,831,498
Leisure time activities	5,770,797	5,881,339	5,700,915	5,427,157	5,054,198	3,675,022
Storm Drainage Utility	1,121,483	1,135,860	1,165,099	715,863	-	-
<b>Total charges for services</b>	<b>57,490,442</b>	<b>56,225,587</b>	<b>57,816,885</b>	<b>56,818,648</b>	<b>51,939,351</b>	<b>44,749,497</b>
Operating Grants & Contributions:						
Sewage and disposal	22,994	-	-	-	-	-
Water	-	217	-	-	-	-
Electric	-	7,217	-	-	-	-
Sanitation	43,633	52,870	50,515	47,900	106,872	58,329
<b>Total operating grants &amp; contributions</b>	<b>66,627</b>	<b>60,304</b>	<b>50,515</b>	<b>47,900</b>	<b>106,872</b>	<b>58,329</b>
Capital grants & contributions:						
Sewage and disposal	227,287	-	2,759,859	17,531	-	-
Water	-	-	1,790,259	-	-	-
Electric	-	-	435,852	-	-	-
Leisure time activities	49,767	210,320	45,348	38,245	54,391	541,805
Storm Drainage Utility	-	914	1,910,197	56,075	-	-
<b>Total capital grants &amp; contributions</b>	<b>277,054</b>	<b>211,234</b>	<b>6,941,515</b>	<b>111,851</b>	<b>54,391</b>	<b>541,805</b>
<b>Total business-type activities</b>	<b>57,834,123</b>	<b>56,497,125</b>	<b>64,808,915</b>	<b>56,978,399</b>	<b>52,100,614</b>	<b>45,349,631</b>
<b>Total primary government program revenue</b>	<b>\$ 68,667,081</b>	<b>\$ 71,847,303</b>	<b>\$ 84,260,127</b>	<b>\$ 70,437,989</b>	<b>\$ 65,786,791</b>	<b>\$ 59,644,926</b>

\* restated

**City of Cuyahoga Falls, Ohio  
Change in Net Assets  
Last Five Years  
(Accrual Basis Accounting)**

	2009	2008	2007	2006*	2005	2004
<b>Expenses</b>						
<i>Governmental activities:</i>						
Security of persons and property	23,430,589	20,885,650	21,077,044	22,964,331	21,496,125	20,192,572
Leisure time activities	2,644,714	2,811,353	2,693,863	2,582,070	2,760,272	3,314,284
Community environment	2,425,183	1,927,929	1,634,740	1,619,169	1,779,710	1,769,864
Basic utility services	-	-	-	20,035	234,855	373,625
Street maintenance	6,936,730	8,417,596	6,786,311	6,775,417	6,785,927	5,652,789
General government	9,098,070	11,286,008	10,875,233	10,153,078	10,302,655	9,702,519
Interest and fiscal charges	751,598	673,816	562,128	634,318	628,253	610,705
<i>Total governmental activities expenses</i>	<u>45,286,884</u>	<u>46,002,352</u>	<u>43,629,319</u>	<u>44,748,418</u>	<u>43,987,797</u>	<u>41,616,358</u>
<i>Business-type activity:</i>						
Sewage and disposal	5,190,156	5,445,620	5,440,729	5,262,109	5,502,949	5,573,901
Water	4,552,145	4,773,648	4,608,542	4,505,282	4,922,686	4,396,443
Electric	37,217,341	35,185,035	32,683,194	32,211,414	35,265,345	26,996,163
Sanitation	3,258,406	3,542,028	3,686,234	3,835,257	3,876,126	4,239,813
Leisure time activities	6,604,706	6,611,629	6,630,226	6,804,244	6,709,165	5,379,234
Storm Drainage Utility	789,037	427,802	309,254	337,388	-	-
<i>Total business-type activities expenses</i>	<u>57,611,791</u>	<u>55,985,762</u>	<u>53,358,179</u>	<u>52,955,694</u>	<u>56,276,271</u>	<u>46,585,554</u>
<b>Total primary government program expenses</b>	<u>102,898,675</u>	<u>101,988,114</u>	<u>96,987,498</u>	<u>97,704,112</u>	<u>100,264,068</u>	<u>88,201,912</u>
<b>Net (expense)/revenue</b>						
Governmental activity	(34,453,926)	(30,652,174)	(24,178,107)	(31,288,828)	(30,301,620)	(27,321,063)
Business-type activity	222,332	511,363	11,450,736	4,022,705	(4,175,657)	(1,235,923)
<b>Total primary government net expense</b>	<u>\$ (34,231,594)</u>	<u>\$ (30,140,811)</u>	<u>\$ (12,727,371)</u>	<u>\$ (27,266,123)</u>	<u>\$ (34,477,277)</u>	<u>\$ (28,556,986)</u>
<b>General revenues and other changes in net assets</b>						
<i>Governmental activities</i>						
Property and other local taxes Levied for:						
General purposes	10,414,278	10,440,198	\$ 10,465,304	\$ 10,446,887	\$ 9,614,843	\$ 9,598,065
Special revenue	796,234	824,016	833,685	595,591	546,928	540,227
Income tax levied for:						
General purposes	11,623,452	11,765,637	11,684,711	11,082,744	10,660,150	11,522,505
Special revenue	1,483,767	1,501,916	1,491,586	1,414,743	1,360,797	1,470,156
Capital projects	5,439,858	5,506,400	5,468,528	5,186,801	4,989,241	5,389,618
Grants and entitlements not restricted to specific programs	4,130,199	5,020,191	5,324,452	4,571,615	4,891,355	4,872,500
Gain or (loss) on sale of capital assets	(79,417)	54,372	116,724	31,310	-	(742,563)
Investment earnings	488,939	1,177,816	2,158,091	2,043,801	1,053,818	390,583
Transfers	(2,071,532)	(1,678,831)	(1,836,301)	(1,399,592)	(1,184,073)	(729,945)
<i>Total governmental activities</i>	<u>32,225,778</u>	<u>34,611,715</u>	<u>35,706,780</u>	<u>33,973,900</u>	<u>31,933,059</u>	<u>32,311,146</u>
<i>Business-type activity</i>						
Gain or (loss) on sale of capital assets	-	-	-	-	-	(2,415,036)
Investment earnings	7,866	41,320	-	-	-	-
Transfers	2,071,532	1,678,831	1,836,301	1,399,592	1,184,073	729,945
<i>Total Business-type activity</i>	<u>2,079,398</u>	<u>1,720,151</u>	<u>1,836,301</u>	<u>1,399,592</u>	<u>1,184,073</u>	<u>(1,685,091)</u>
<b>Total primary government general revenue and other changes in net assets</b>	<u>34,305,176</u>	<u>36,331,866</u>	<u>37,543,081</u>	<u>35,373,492</u>	<u>33,117,132</u>	<u>30,626,055</u>
<b>Change in net assets</b>						
Governmental Activities	(2,228,148)	3,959,541	11,528,673	2,685,072	1,631,439	4,990,083
Business Type Activities	2,301,730	2,231,514	13,287,037	5,422,297	(2,991,584)	(2,921,014)
<b>Total primary government change in net assets</b>	<u>\$ 73,582</u>	<u>\$ 6,191,055</u>	<u>\$ 24,815,710</u>	<u>\$ 8,107,369</u>	<u>\$ (1,360,145)</u>	<u>\$ 2,069,069</u>

\* restated

## City of Cuyahoga Falls, Ohio

### City of Cuyahoga Falls, Ohio Fund Balances, Governmental Funds Last Ten Years (Modified Accrual Basis of Accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>General Fund</b>					
Reserved	\$ 342,641	\$ 444,478	\$ 442,794	\$ 425,783	\$ 490,748
Unreserved	6,280,496	7,599,834	6,465,868	4,676,968	5,024,223
<b>Total General Fund</b>	<u>6,623,137</u>	<u>8,044,312</u>	<u>6,908,662</u>	<u>5,102,751</u>	<u>5,514,971</u>
<b>All Other Governmental Funds</b>					
Reserved	15,367,539	15,005,000	3,674,630	4,187,560	6,726,749
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	1,756,810	3,474,129	3,808,651	4,073,889	2,921,274
Capital Projects Funds	(8,546,288)	(8,009,938)	1,480,417	(220,613)	(1,499,858)
Undesignated	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u>8,578,061</u>	<u>10,469,191</u>	<u>8,963,698</u>	<u>8,040,836</u>	<u>8,148,165</u>
<b>Total Governmental Funds</b>	<u>\$ 15,201,198</u>	<u>\$ 18,513,503</u>	<u>\$ 15,872,360</u>	<u>\$ 13,143,587</u>	<u>\$ 13,663,136</u>

**City of Cuyahoga Falls, Ohio**  
**Fund Balances, Governmental Funds**  
**Last Ten Years**  
**(Modified Accrual Basis of Accounting)**

(Continued)

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>General Fund</b>					
Reserved	\$ 742,987	\$493,073	\$ 419,288	\$ 446,273	\$ 416,840
Unreserved	5,306,478	5,196,479	4,610,566	5,694,929	4,433,064
<b>Total General Fund</b>	<u>6,049,465</u>	<u>5,689,552</u>	<u>5,029,854</u>	<u>6,141,202</u>	<u>4,849,904</u>
<b>All Other Governmental Funds</b>					
Reserved	5,862,997	7,730,943	7,036,971	8,127,151	7,247,628
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	2,879,045	-	1,697,196	2,053,877	1,653,808
Capital Projects Funds	(2,444,092)	-	576,786	3,621,741	2,931,300
Undesignated	-	(1,426,752)	-	-	-
<b>Total All Other Governmental Funds</b>	<u>6,297,950</u>	<u>6,304,191</u>	<u>9,310,953</u>	<u>13,802,769</u>	<u>11,832,736</u>
<b>Total Governmental Funds</b>	<u>\$ 12,347,415</u>	<u>\$ 11,993,743</u>	<u>\$ 14,340,807</u>	<u>\$ 19,943,971</u>	<u>\$ 16,682,640</u>

# City of Cuyahoga Falls, Ohio

## City of Cuyahoga Falls, Ohio Changes in Fund Balances, Government Funds Last Ten Years (Modified Accrual Basis of Accounting)

	2009	2008	2007	2006*	2005
<b>Revenues</b>					
Property taxes	\$ 10,712,398	\$ 10,757,164	\$ 10,879,771	\$ 10,870,777	\$ 10,028,515
Municipal income taxes	18,231,291	18,753,883	18,484,497	17,672,779	16,908,814
Other local taxes	840,228	560,210	390,387	141,586	138,864
State levied shared taxes	6,235,084	7,355,239	7,225,524	7,034,265	6,983,147
Intergovernmental	3,002,006	2,214,516	2,925,454	1,481,952	1,565,036
Charges for services	5,463,154	7,837,010	7,133,862	7,176,699	7,854,459
Fees, licenses, and permits	1,050,543	1,835,432	2,156,317	1,711,914	1,249,654
Interest earnings	497,505	1,051,158	2,054,768	1,762,970	1,547,004
Fines and forfeitures	225,377	303,492	421,121	368,506	441,608
Special assessments	345,121	364,614	289,373	306,689	312,840
Other	577,768	936,910	776,244	686,386	748,311
<b>Total revenues</b>	<b>\$ 47,180,475</b>	<b>\$ 51,969,628</b>	<b>\$ 52,737,318</b>	<b>\$ 49,214,523</b>	<b>\$ 47,778,252</b>
<b>Expenditures</b>					
Current					
Security of persons and property	\$ 22,414,019	\$ 20,770,690	\$ 19,989,704	\$ 21,125,740	\$ 20,017,544
Leisure time activities	2,324,009	2,253,973	2,204,179	2,360,444	2,745,067
Community environment	2,597,303	1,888,483	2,205,502	1,787,134	1,996,878
Street maintenance	4,007,068	4,128,506	4,110,655	3,779,794	4,478,915
General government	8,169,113	10,950,142	10,504,859	9,533,684	9,392,345
Capital outlay	7,020,469	6,127,721	9,124,330	8,903,056	5,139,395
Debt service					
Principal	1,443,696	1,533,985	1,304,266	970,431	998,006
Interest	762,215	670,189	590,418	704,293	687,090
<b>Total expenditures</b>	<b>\$ 48,737,892</b>	<b>\$ 48,323,689</b>	<b>\$ 50,033,913</b>	<b>\$ 49,164,576</b>	<b>\$ 45,455,240</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (1,557,417)</b>	<b>\$ 3,645,939</b>	<b>\$ 2,703,405</b>	<b>\$ 49,947</b>	<b>\$ 2,323,012</b>
<b>Other financing sources (uses)</b>					
Bond Note proceeds	3,093,000	-	-	-	-
Premium on various purpose refunding bonds	166,722	-	-	-	-
Payment to bond escrow account	(3,215,098)	-	-	-	-
Refunding bond issuance cost	(44,624)	-	-	-	-
Capital lease	263,515	540,197	2,466,544	768,740	-
Transfers in	22,675,964	22,777,318	23,204,680	22,548,956	22,441,447
Transfers out	(24,747,496)	(24,223,202)	(25,040,981)	(23,948,548)	(23,625,520)
<b>Total other financing sources (uses)</b>	<b>(1,808,017)</b>	<b>(905,687)</b>	<b>630,243</b>	<b>(630,852)</b>	<b>(1,184,073)</b>
<b>Net change in fund balance</b>	<b>\$ (3,365,434)</b>	<b>\$ 2,740,252</b>	<b>\$ 3,333,648</b>	<b>\$ (580,905)</b>	<b>\$ 1,138,939</b>
Debt service as a percentage of noncapital expenditures					
	5.0%	5.1%	4.5%	4.1%	4.2%

\* restated

**City of Cuyahoga Falls, Ohio**  
**Changes in Fund Balances, Government Funds**  
**Last Ten Years**  
**(Modified Accrual Basis of Accounting)**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Revenues</b>					
Property taxes	\$ 9,936,391	\$ 9,568,965	\$ 8,770,443	\$ 9,087,091	\$ 8,567,797
Municipal income taxes	18,454,257	16,732,040	16,740,777	16,191,625	15,820,981
Other local taxes	239,972	245,331	164,012	293,502	199,866
State levied shared taxes	6,850,014	6,369,187	6,138,255	6,590,819	6,549,177
Intergovernmental	2,864,296	3,189,056	2,381,899	2,821,042	748,440
Charges for services	6,877,348	6,613,544	6,720,028	6,664,641	6,255,286
Fees, licenses, and permits	1,116,812	1,071,256	916,423	1,064,874	871,507
Interest earnings	365,308	656,629	974,023	2,634,886	2,445,416
Fines and forfeitures	393,252	353,640	443,491	446,737	455,627
Special assessments	358,450	262,204	261,172	640,975	947,264
Other	725,771	1,415,459	679,249	372,271	313,143
<b>Total revenues</b>	<b>\$ 48,181,871</b>	<b>\$ 46,477,311</b>	<b>\$ 44,189,772</b>	<b>\$ 46,808,463</b>	<b>\$ 43,174,504</b>
<b>Expenditures</b>					
<b>Current</b>					
Security of persons and property	\$ 19,063,751	\$ 18,122,227	\$ 18,269,597	\$ 16,849,176	\$ 16,410,061
Leisure time activities	3,055,510	2,943,074	2,551,463	2,299,180	2,051,907
Community environment	1,423,880	1,080,107	979,129	1,025,487	954,197
Street maintenance	4,374,161	4,297,980	3,647,130	3,382,595	3,252,985
General government	8,957,972	8,779,774	8,848,607	8,643,427	7,512,854
Capital outlay	8,650,586	11,477,250	12,785,685	10,212,506	8,603,181
<b>Debt service</b>					
Principal	969,599	846,300	881,660	1,203,935	1,720,660
Interest	619,404	688,237	691,267	775,513	868,776
<b>Total expenditures</b>	<b>\$ 47,114,863</b>	<b>\$ 48,234,949</b>	<b>\$ 48,654,538</b>	<b>\$ 44,391,819</b>	<b>\$ 41,374,621</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 1,067,008</b>	<b>\$ (1,757,638)</b>	<b>\$ (4,464,766)</b>	<b>\$ 2,416,644</b>	<b>\$ 1,799,883</b>
<b>Other financing sources (uses)</b>					
Bond/Note proceeds	4,382,963	-	-	425,701	-
Premium on various purpose refunding bonds	49,654	-	-	-	-
Payment to bond escrow account	(4,355,330)	-	-	-	-
Refunding bond issuance cost	(68,002)	-	-	-	-
Capital lease	-	-	227,851	-	-
Transfers in	24,043,778	22,035,165	21,441,142	20,285,026	20,743,573
Transfers out	(24,773,723)	(22,834,189)	(22,215,294)	(21,054,546)	(21,501,883)
<b>Total other financing sources (uses)</b>	<b>(720,660)</b>	<b>(799,024)</b>	<b>(546,301)</b>	<b>(343,819)</b>	<b>(758,310)</b>
<b>Net change in fund balance</b>	<b>\$ 346,348</b>	<b>\$ (2,556,662)</b>	<b>\$ (5,011,067)</b>	<b>\$ 2,072,825</b>	<b>\$ 1,041,573</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.1%</b>	<b>4.2%</b>	<b>4.4%</b>	<b>5.8%</b>	<b>7.9%</b>

# City of Cuyahoga Falls, Ohio

## City of Cuyahoga Falls, Ohio Assessed Valuations and Estimated Actual Values of Taxable Property Last Ten Years

Collection Year	Real Property			Tangible Personal Property			
	Assessed Value		Estimated Actual Value	Public Utility		General Business	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2009	\$ 759,030,430	\$ 257,923,860	\$ 2,905,583,686	\$ 6,457,810	\$ 7,338,420	\$ 1,978,649	\$ 7,914,596
2008	770,666,300	231,161,090	2,862,363,971	6,365,790	7,233,852	24,320,362	97,281,448
2007	755,457,020	229,254,980	2,813,462,857	12,525,300	14,233,295	44,666,313	178,665,252
2006	745,753,380	232,176,180	2,794,084,457	13,559,720	15,408,773	60,925,920	243,703,680
2005	689,316,530	224,896,090	2,612,036,057	16,099,970	18,295,420	82,276,185	329,104,740
2004	681,739,120	224,036,150	2,587,929,343	16,295,660	18,517,795	79,630,460	318,521,840
2003	678,655,350	221,984,610	2,573,257,029	17,072,190	19,400,216	85,154,613	340,618,452
2002	602,296,730	199,471,360	2,290,765,971	16,098,170	18,293,375	85,154,613	340,618,452
2001	593,378,980	191,387,940	2,242,094,943	20,564,700	23,368,977	88,901,960	355,607,840
2000	582,793,210	186,644,910	2,198,270,057	23,881,700	27,138,295	84,544,555	338,178,220

Collection Year	Total			Tax Rate (per \$1,000 of Assessed Value)
	Assessed Value	Estimated Actual Value	Ratio	
2009	\$ 1,025,390,749	\$ 2,920,836,702	35.11%	\$ 11.00
2008	1,032,513,542	2,966,879,272	34.80%	\$ 11.00
2007	1,041,903,613	3,006,361,405	34.66%	\$ 11.00
2006	1,052,415,200	3,053,196,910	34.47%	\$ 11.00
2005	1,012,588,775	2,959,436,217	34.22%	\$ 11.00
2004	1,001,701,390	2,924,968,978	34.25%	\$ 11.00
2003	1,002,866,763	2,933,275,697	34.19%	\$ 11.00
2002	903,020,873	2,649,677,798	34.08%	\$ 11.00
2001	894,233,580	2,621,071,760	34.12%	\$ 11.00
2000	877,864,375	2,563,586,572	34.24%	\$ 11.00

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Summit County Fiscal Office

# City of Cuyahoga Falls, Ohio

## City of Cuyahoga Falls, Ohio Property Tax Rates - Direct and Overlapping Governments (per \$1,000 of Assessed Value) Last Ten Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Unvoted Millage</b>										
Operating	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000
<b>Voted Millage</b>										
1989 Parks & Recreation Operating	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<b>Total Voted Millage</b>	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<b>Total Voted Millage by Type of Property</b>										
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<b>Total Millage</b>	<b>\$ 11.00</b>									
<b>Overlapping Rates by Taxing District</b>										
City School District	\$ 69.78	\$ 69.87	\$ 69.88	\$ 70.00	\$ 62.00	\$ 62.00	\$ 61.96	\$ 57.23	\$ 57.23	\$ 57.63
Residential/Agricultural Real	34.5665	34.5715	34.0468	34.4061	28.4952	28.4944	28.3896	26.2353	26.2337	26.6148
Commercial/Industrial and Public Utility Real	40.9014	40.5960	41.6074	40.5120	33.5913	33.3647	33.1205	31.1405	31.1083	31.0994
General Business and Public Utility Personal	69.7800	69.8700	69.8800	70.0000	62.0000	62.0000	61.9600	57.2300	57.2300	57.6300
Summit County	14.1600	14.1600	14.5700	13.0700	13.0700	13.0700	13.0700	13.0700	13.0700	12.2700
Residential/Agricultural Real	14.0192	14.0174	12.0570	9.7591	10.3625	10.3883	10.3740	11.3338	11.3552	9.6652
Commercial/Industrial and Public Utility Real	13.6449	13.4948	12.8620	10.7717	11.0857	11.0729	10.9781	11.8607	11.9487	10.8513
General Business and Public Utility Personal	14.1600	14.1600	14.5700	13.0700	13.0700	13.0700	13.0700	13.0700	13.0700	12.2700
Special Taxing Districts-Cuyahoga Falls Library	1.3000	1.3000	1.3000	1.3000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	1.3000	1.3000	1.2955	1.2955	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	1.2608	1.2467	1.3000	1.3000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	1.3000	1.3000	1.3000	1.3000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Source: Summit County Fiscal Office and Ohio Department of Taxation

**Note:**

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

Overlapping rates are those of local and county governments that apply to property owners within the City.

## City of Cuyahoga Falls, Ohio

### City of Cuyahoga Falls, Ohio Principal Taxpayers - Real Estate Tax 2009 and 2000

<u>Name of Taxpayer</u>	<u>2009</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Newpart Limited Partnership	\$ 6,315,360	0.62%
Riverside Community Urban Redevelopment	5,249,650	0.52%
Niederst Portage Towers LLC & Wynn	4,374,490	0.43%
Go Jo Industries, Inc.	3,838,270	0.38%
Yorkshire Woods Apartments LTD	3,822,260	0.38%
Plaza Chapel Hill	3,500,320	0.34%
Sans Real Estate Business Trust	2,905,630	0.29%
Dayton Hudson Corporation	2,770,580	0.27%
Cuyahoga Heights LP	2,204,270	0.23%
HD Development of Maryland Inc.	2,098,790	0.21%
Totals	<u>\$ 37,079,620</u>	<u>3.65%</u>
Total Assessed Valuation	<u>\$ 1,016,954,290</u>	

<u>Name of Taxpayer</u>	<u>2000</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Newpart LP	\$ 7,186,370	0.93%
Yorkshire Woods Apartments	5,783,820	0.75%
State Road Associates	4,697,550	0.61%
Portage Towers	3,711,310	0.48%
Heslop, Inc.	3,626,680	0.47%
Plaza Chapel Hill	3,129,530	0.41%
Dayton Hudson Corporation	2,974,000	0.39%
Commercial Net Lease Realty Inc.	2,359,230	0.31%
Chateau Investment	2,325,970	0.30%
532 Investment Co.	1,796,340	0.23%
Totals	<u>\$ 37,590,800</u>	<u>4.89%</u>
Total Assessed Valuation	<u>\$ 769,438,120</u>	

**Source:** Summit County Fiscal Office

(1) The amounts presented represent the assessed values upon which 2009 and 2000 collections were based.

**City of Cuyahoga Falls, Ohio  
Property Tax Levies and Collections  
Last Ten Years**

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2009	\$ 11,257,584	\$ 10,807,318	96.0%	\$ 294,572	\$ 11,101,890	98.6%	\$ 607,847	5.4%
2008	11,115,759	10,783,277	97.0%	339,869	11,123,146	100.1%	441,761	4.0%
2007	10,969,717	10,543,768	96.1%	342,686	10,886,454	99.2%	510,428	4.7%
2006	10,906,413	10,555,764	96.8%	245,597	10,801,361	99.0%	435,846	4.0%
2005	10,236,024	9,912,456	96.8%	288,092	10,200,548	99.7%	427,563	4.2%
2004	10,142,306	9,783,327	96.5%	324,156	10,107,483	99.7%	481,059	4.7%
2003	10,094,685	9,679,219	95.9%	281,225	9,960,444	98.7%	558,517	5.5%
2002	8,996,444	8,702,236	96.7%	263,613	8,965,849	99.7%	420,818	4.7%
2001	8,879,828	8,337,458	93.9%	227,633	8,565,091	96.5%	629,025	7.1%
2000	8,736,019	8,479,687	97.1%	201,625	8,681,312	99.4%	335,465	3.8%

Source: Summit County Fiscal Officer

## City of Cuyahoga Falls, Ohio

### City of Cuyahoga Falls, Ohio Income Tax Revenue Base and Collections Last 10 Years

Tax Year	Tax Rate	Total Tax Collected (2)	Taxes From Withholding	Percentage of Taxes From Withholding	Taxes From Net Profits	Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
2009	2.00%	\$ 18,146,139	\$ 13,350,667	74%	\$ 2,393,797	13%	\$ 2,401,675	13%
2008	2.00%	18,720,525	13,990,210	75%	2,197,352	12%	2,532,963	13%
2007	2.00%	18,643,599	14,102,614	76%	2,050,006	11%	2,490,979	13%
2006	2.00%	17,655,291	13,161,626	75%	1,998,464	11%	2,495,201	14%
2005	2.00%	17,811,319	13,697,101	77%	1,666,171	9%	2,448,047	14%
2004	2.00%	17,220,977	13,037,352	76%	1,656,599	10%	2,527,026	15%
2003	2.00%	16,595,417	12,578,908	76%	1,426,314	9%	2,590,195	16%
2002	2.00%	16,812,477	12,211,514	73%	1,538,885	9%	3,062,078	18%
2001	2.00%	16,137,823	11,871,684	74%	1,340,874	8%	2,925,265	18%
2000	2.00%	15,952,003	11,827,038	74%	1,649,986	10%	2,474,979	16%

(1) Income tax collections are based on cash basis amounts.

Source: The City's Income Tax Department

**City of Cuyahoga Falls, Ohio**

**City of Cuyahoga Falls, Ohio  
Ten Largest Municipal Income Tax Withholding Accounts  
Tax Years 2009 and 1999**

**Tax Year 2009**

<b>Taxpayers</b>	<b>Municipal Income Tax Withholding</b>	<b>Percent Of Income Tax Collections</b>
Summa Health System Hospitals	\$ 755,565	4.16%
City of Cuyahoga Falls	700,211	3.86%
GoJo Industries Inc.	613,716	3.38%
Cuyahoga Falls Board of Education	535,811	2.95%
Associated Materials LLC	409,356	2.26%
Americhem Inc.	222,301	1.23%
Woodridge Local School District	221,802	1.22%
Manufacturers Group	173,141	0.95%
Schwebel Baking Co.	166,243	0.92%
Summit County Board of Education	157,992	0.87%
<b>Total</b>	<b>\$ 3,956,138</b>	<b>21.80%</b>
<b>Total Municipal Income Tax Collection</b>	<b>\$ 18,146,139.00</b>	

**Tax Year 1999**

<b>Taxpayers</b>	<b>Municipal Income Tax Withholding</b>	<b>Percent Of Income Tax Collections</b>
GoJo Industries	\$ 519,213	3.25%
Cuyahoga Falls General Hospital	489,814	3.06%
City of Cuyahoga Falls	483,031	3.02%
Cuyahoga Falls Board of Education	423,929	2.65%
Associated Materials LLC	341,240	2.13%
Americhem	232,361	1.45%
SGS Tool Co.	193,197	1.21%
JPS Packaging	187,307	1.17%
Air Maze Corporation	152,354	0.95%
Ultra Forge Inc	137,024	0.87%
<b>Total</b>	<b>\$ 3,159,470</b>	<b>19.76%</b>
<b>Total Municipal Income Tax Collection</b>	<b>\$ 15,990,366</b>	

Source: The City's Income Tax Department and Summit County Fiscal Office

# City of Cuyahoga Falls, Ohio

## City of Cuyahoga Falls, Ohio Ratios of Outstanding Debt To Total Personal Income and Debt Per Capita Last Ten Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Total Personal Income	Percentage of Personal Income	Population (1)	Per Capita	
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	General Obligation Bonds	OPWC Loans	Notes Payable						
2009	\$ 5,945,700	\$ 104,000	\$ 11,950,000	\$ 26,019,454	\$ -	\$ 11,000,000	\$ 55,019,154	\$ 1,150,095,100	4.78%	51,002	e	\$ 1,079
2008	6,958,319	151,000	13,300,000	19,896,985	-	19,300,000	59,606,304	1,150,095,100	5.18%	51,002	e	1,169
2007	7,825,394	287,024	3,150,000	21,797,196	-	20,800,000	53,859,614	1,150,230,400	4.68%	51,008	e	1,056
2006	8,657,164	419,390	4,650,000	23,616,369	-	21,300,000	58,642,923	1,141,661,400	5.14%	50,628	d	1,158
2005	9,466,081	541,878	6,700,000	25,373,273	-	21,300,000	63,381,232	1,138,639,700	5.57%	50,494	d	1,255
2004	10,232,398	660,707	7,400,000	27,056,437	-	18,300,000	63,649,542	1,135,956,250	5.60%	50,375	d	1,264
2003	10,551,301	775,878	8,250,000	20,160,676	-	18,300,000	58,037,855	1,135,956,250	5.11%	50,375	d	1,152
2002	11,209,467	886,171	4,300,000	21,400,527	8,134	5,300,000	43,104,299	1,133,633,600	3.80%	50,272	c	857
2001	11,849,796	985,244	750,000	22,534,435	24,042	-	36,143,517	1,113,383,700	3.25%	49,374	b	732
2000	12,473,824	676,439	1,735,000	18,324,521	39,483	4,775,000	38,024,267	1,113,383,700	3.42%	49,374	b	770

Sources:

- (1) U. S. Bureau of Census, Census of Population
  - (a) 1990 Federal Census
  - (b) 2000 Federal Census
  - (c) On July 1, 2002 an appeal was granted by the U.S. Census Bureau making the population of the City 50,272.
  - (d) U.S. Census Bureau
  - (e) July 1, 2008 U.S. Census Bureau Estimate

**City of Cuyahoga Falls, Ohio**  
**Ratio of General Obligation Bonded Debt to Estimated True**  
**Value of Taxable Property and Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>		<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Gross Bonded Debt Outstanding (3)</u>	<u>Ratio of Bonded Debt to Estimated True Value of Taxable Property</u>	<u>Bonded Debt per Capita</u>
2009	51,002	d	\$ 2,920,836,702	\$ 5,945,700	0.20%	\$ 117
2008	51,002	d	2,966,879,272	6,958,319	0.23%	136
2007	51,002	d	3,006,361,405	7,825,394	0.26%	153
2006	50,628	d	3,053,196,910	8,657,164	0.28%	171
2005	50,494	d	2,959,436,217	9,466,081	0.32%	187
2004	50,375	d	2,924,968,978	10,232,398	0.35%	203
2003	50,375	d	2,933,275,697	10,551,301	0.36%	209
2002	50,272	c	2,649,677,798	11,209,467	0.42%	223
2001	49,374	b	2,621,071,760	11,849,796	0.45%	240
2000	49,374	b	2,563,586,572	12,473,824	0.49%	253

Sources:

- (1) U. S. Bureau of Census, Census of Population
  - (a) 1990 Federal Census
  - (b) 2000 Federal Census
  - (c) On July 1, 2002 an appeal was granted by the U.S. Census Bureau making the population of the City 50,272.
  - (d) U.S. Census Bureau
- (2) Summit County Auditor's Office
- (3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

## City of Cuyahoga Falls, Ohio

### City of Cuyahoga Falls, Ohio Legal Debt Margin Last Ten Fiscal Years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 107,666,029	\$ 108,413,922	\$ 109,399,879	\$ 110,503,596	\$ 106,321,821
Net debt within 10.5 % limitations	<u>5,936,842</u>	<u>6,938,515</u>	<u>7,805,008</u>	<u>8,634,075</u>	<u>9,399,996</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 101,729,187</u>	<u>\$ 101,475,407</u>	<u>\$ 101,594,871</u>	<u>\$ 101,869,521</u>	<u>\$ 96,921,825</u>
Total net debt applicable to the limit as a percentage of debt limit	5.51%	6.40%	7.13%	7.81%	8.84%
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Unvoted debt limitation (5.5% of assessed valuation)	\$ 56,396,491	\$ 56,788,245	\$ 57,304,699	\$ 57,882,836	\$ 55,692,383
Net debt within 5.5% limitations	<u>5,936,842</u>	<u>6,938,515</u>	<u>7,805,008</u>	<u>8,634,075</u>	<u>9,399,996</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 50,459,649</u>	<u>\$ 49,849,730</u>	<u>\$ 49,499,691</u>	<u>\$ 49,248,761</u>	<u>\$ 46,292,387</u>
Total net debt applicable to the limit as a percentage of debt limit	10.53%	12.22%	13.62%	14.92%	16.88%

### Legal Debt Margin Calculation for Fiscal Year 2009

	Unvoted Margin <u>Within 5.5%</u>	Overall Margin <u>Within 10.5%</u>
Assessed property value	<u>\$ 1,025,390,749</u>	<u>\$ 1,025,390,749</u>
Overall debt limitation (% of assessed valuation)	\$ 56,396,491	\$ 107,666,029
Gross indebtedness	32,069,154	32,069,154
Less:		
(Self-supporting as defined in O.R.C. 133.05)		
General sewer and sanitary improvements	(2,423,000)	(2,423,000)
Water utility	(7,273,998)	(7,273,998)
Electric utility	(355,149)	(355,149)
Recreation facilities	(15,967,307)	(15,967,307)
Special assessment bonds	(104,000)	(104,000)
Debt Service Fund Balance	(8,858)	(8,858)
Net debt within limitations	<u>\$ 5,936,842</u>	<u>\$ 5,936,842</u>
Legal debt margin within limitations	<u>\$ 50,459,649</u>	<u>\$ 101,729,187</u>

Source: City's Financial Records

**City of Cuyahoga Falls, Ohio**

**City of Cuyahoga Falls, Ohio  
Legal Debt Margin  
Last Ten Fiscal Years**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 105,456,447	\$ 104,720,974	\$ 94,817,192	\$ 93,436,998	\$ 92,171,181
Net debt within 10.5 % limitations	<u>10,176,113</u>	<u>18,745,045</u>	<u>15,455,805</u>	<u>12,417,536</u>	<u>12,277,640</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 95,280,334</u>	<u>\$ 85,975,929</u>	<u>\$ 79,361,387</u>	<u>\$ 81,019,462</u>	<u>\$ 79,893,541</u>
Total net debt applicable to the limit as a percentage of debt limit	9.65%	17.90%	16.30%	13.29%	13.32%
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Unvoted debt limitation (5.5% of assessed valuation)	\$ 55,239,091	\$ 54,853,844	\$ 49,666,148	\$ 48,943,190	\$ 48,280,143
Net debt within 5.5% limitations	<u>10,176,113</u>	<u>18,745,045</u>	<u>15,455,805</u>	<u>12,417,536</u>	<u>12,277,640</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 45,062,978</u>	<u>\$ 36,108,799</u>	<u>\$ 34,210,343</u>	<u>\$ 36,525,654</u>	<u>\$ 36,002,503</u>
Total net debt applicable to the limit as a percentage of debt limit	18.42%	34.17%	31.12%	25.37%	25.43%

# City of Cuyahoga Falls, Ohio

## City of Cuyahoga Falls, Ohio Pledged Revenue Coverage Last Ten Years

### SEWAGE AND DISPOSAL FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$ 4,111,896	\$ 4,018,328	\$ 93,568	\$ 162,997	\$ 204,074	\$ 367,071	0.25
2001	4,839,820	3,611,191	1,228,629	172,206	197,977	370,183	3.32
2002	4,695,348	4,070,424	624,924	177,532	191,273	368,805	1.69
2003	4,428,348	4,489,359	(61,011)	193,655	184,352	378,007	(0.16)
2004	5,396,730	5,375,636	21,094	191,843	176,734	368,577	0.06
2005	6,513,205	5,287,553	1,225,652	199,833	168,778	368,611	3.33
2006	6,677,822	5,074,626	1,603,196	210,485	160,392	370,877	4.32
2007	6,808,212	5,289,152	1,519,060	216,807	151,455	368,262	4.12
2008	6,343,298	5,289,153	1,054,145	228,903	142,132	371,035	2.84
2009	5,557,006	5,090,043	466,963	237,888	132,182	370,070	1.26

### WATER FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$ 3,551,060	\$ 3,363,585	\$ 187,475	\$ 241,206	\$ 293,902	\$ 535,108	0.35
2001	4,373,731	3,662,806	710,925	254,374	285,208	539,582	1.32
2002	4,436,677	3,513,802	922,875	382,430	575,935	958,365	0.96
2003	4,215,436	3,566,424	649,012	459,514	485,973	945,487	0.69
2004	4,689,048	4,277,133	411,915	471,794	469,242	941,036	0.44
2005	5,091,414	4,831,739	259,675	488,877	450,342	939,219	0.28
2006	5,165,054	4,555,303	609,751	509,989	430,554	940,543	0.65
2007	4,850,997	4,736,833	114,164	527,269	409,756	937,025	0.12
2008	5,125,578	4,829,768	295,810	556,324	388,926	945,250	0.31
2009	4,858,853	4,655,041	203,812	577,633	366,518	944,151	0.22

### ELECTRIC FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$ 26,699,348	\$ 22,378,133	\$ 4,321,215	\$ 215,000	\$ 159,210	\$ 374,210	11.55
2001	28,414,021	23,208,864	5,205,157	225,000	149,213	374,213	13.91
2002	28,587,331	23,260,776	5,326,555	240,000	138,525	378,525	14.07
2003	26,724,133	24,056,906	2,667,227	250,000	126,885	376,885	7.08
2004	27,654,847	26,756,251	898,596	265,000	114,510	379,510	2.37
2005	31,988,594	34,824,876	(2,836,282)	275,000	101,128	376,128	(7.54)
2006	35,623,778	32,112,410	3,511,368	290,000	87,240	377,240	9.31
2007	36,012,851	32,629,764	3,383,087	305,000	72,305	377,305	8.97
2008	34,530,801	35,093,438	(562,637)	320,000	56,140	376,140	(1.50)
2009	37,185,232	37,137,166	48,066	340,000	38,860	378,860	0.13

Notes: Debt Service requirements are reported on a cash basis  
Operating revenues and expenses are reported on a GAAP basis.

**City of Cuyahoga Falls, Ohio**  
**Pledged Revenue Coverage**  
**Last Ten Years**

(Continued)

<b>LEISURE TIME FUND</b>							
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$ 3,094,058	\$ 3,649,682	\$ (555,624)	\$ 307,545	\$ 271,538	\$ 579,083	(0.96)
2001	3,148,347	3,717,006	(568,659)	322,196	256,870	579,066	(0.98)
2002	3,273,884	3,957,204	(683,320)	342,636	241,178	583,814	(1.17)
2003	2,953,458	3,918,127	(964,669)	353,506	224,156	577,662	(1.67)
2004	3,675,022	4,839,131	(1,164,109)	437,755	333,646	771,401	(1.51)
2005	5,054,198	5,707,055	(652,857)	724,305	450,488	1,174,793	(0.56)
2006	5,427,157	5,822,693	(395,536)	755,120	423,455	1,178,575	(0.34)
2007	5,700,915	5,628,460	72,455	778,787	400,431	1,179,218	0.06
2008	5,881,339	5,692,931	188,408	803,674	376,184	1,179,858	0.16
2009	5,770,797	6,071,321	(300,524)	538,016	349,408	887,424	(0.34)

Notes: Debt Service requirements are reported on a cash basis  
 Operating revenues and expenses are reported on a GAAP basis.

## City of Cuyahoga Falls, Ohio

### City of Cuyahoga Falls, Ohio Computation of Direct and Overlapping Governmental Activities Debt December 31, 2009

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Applicable to City</u>
<b>Direct - City of Cuyahoga Falls</b>			
General Obligation Bonds	\$ 5,945,700	100.00%	\$ 5,945,700
Special Assessment Bonds	104,000	100.00%	104,000
Capital Leases	2,704,089	100.00%	2,704,089
General Obligation Notes	11,950,000	100.00%	11,950,000
<b>Total Direct Debt</b>	<b>20,703,789</b>		<b>20,703,789</b>
<b>Overlapping</b>			
<b>School Districts</b>			
Cuyahoga Falls City	4,415,000	89.40%	3,947,010
Woodridge Local	12,225,000	60.00%	7,335,000
Hudson City	11,466,086	1.92%	220,149
Revere Local	7,809,880	0.78%	60,917
<b>County</b>			
Summit County	34,090,000	8.21%	2,798,789
<b>Other Units</b>			
Akron Metro Regional Transit Authority	485,000	8.21%	39,819
Akron-Summit County Library District	47,440,000	3.54%	1,679,376
<b>Total Overlapping Debt</b>	<b>117,930,966</b>		<b>16,081,059</b>
<b>Total</b>	<b>\$ 138,634,755</b>		<b>\$ 36,784,848</b>

Source: Summit County Fiscal Office

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

**City of Cuyahoga Falls, Ohio  
Demographic and Economic Statistics  
Last Ten Years**

Fiscal Year	Population (1)	Total Personal Income (5)	Median Family Income (1)	Per Capita Income (1)	Unemployment Rate (3)		City Square Miles (4)	Average Sales Price of Residential Property (2)	Median Age (1)
					Summit County	State of Ohio			
2009	51,002 e	\$ 1,150,095,100	\$ 52,372	\$ 22,550	9.8%	10.2%	27.8	\$ 141,431	37.2
2008	51,002 e	\$ 1,150,095,100	\$ 52,372	\$ 22,550	6.1%	6.5%	27.8	\$ 139,477	37.2
2007	51,002 e	\$ 1,150,095,100	\$ 52,372	\$ 22,550	5.4%	5.6%	27.8	\$ 133,706	37.2
2006	50,494 d	\$ 1,138,639,700	\$ 52,372	\$ 22,550	5.3%	5.5%	27.8	\$ 131,927	37.2
2005	50,494 d	\$ 1,138,639,700	\$ 52,372	\$ 22,550	5.7%	5.9%	27.8	\$ 133,416	37.2
2004	50,375 c	\$ 1,135,956,250	\$ 52,372	\$ 22,550	6.1%	6.2%	27.8	\$ 130,443	37.2
2003	50,375 c	\$ 1,135,956,250	\$ 52,372	\$ 22,550	6.2%	6.2%	27.8	\$ 121,763	37.2
2002	50,272 b	\$ 1,133,633,600	\$ 52,372	\$ 22,550	6.0%	5.7%	27.8	\$ 119,344	37.2
2001	49,374 a	\$ 1,113,383,700	\$ 52,372	\$ 22,550	4.6%	4.1%	27.8	\$ 115,375	37.2
2000	49,374 a	\$ 1,113,383,700	\$ 52,372	\$ 22,550	4.2%	4.0%	27.8	\$ 112,257	37.2

**Sources:**

- (1) U. S. Bureau of Census, Census of Population
  - (a) 2000 Federal Census
  - (b) On July 1, 2002 an appeal was granted by the U.S. Census Bureau making the population of the City 50,272.
  - (c) July 1, 2003 U.S. Census Bureau Estimate
  - (d) July 1, 2005 U.S. Census Bureau Estimate
  - (e) July 1, 2007 U.S. Census Bureau Estimate
- (2) Summit County Fiscal Office
- (3) Ohio Bureau of Employment Services; U.S. Department of Labor, Bureau of Labor Statistics
- (4) City Records
- (5) Computation of per capita income multiplied by population

## City of Cuyahoga Falls, Ohio

### City of Cuyahoga Falls, Ohio Principal Employers 2008 and Nine Years Ago (1) (2)

2008

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
City of Cuyahoga Falls	Government	1,024	4.02%
Go Jo Industries Inc	Manufacturer	1,021	4.01%
Summa Health System Hospitals	Hospital	994	3.90%
Cuyahoga Falls Board of Education	Education	980	3.85%
NE Ohio Development Special Co	Employment Services	612	2.40%
B T L Payroll	Payroll Services	532	2.09%
Associated Materials Inc	Manufacturer	451	1.77%
Ebsco Industries Inc	Information Services	445	1.74%
Woodridge Local School District	Education	422	1.66%
GMRI	Restaurant	396	1.55%
<b>Total</b>		<b>6,877</b>	<b>27.00%</b>
<b>Total Employment Within the City</b>		<b>25,467</b>	

1999

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
City of Cuyahoga Falls	Government	1,120	7.35%
Cuyahoga Falls General Hospital	Hospital	1,085	7.12%
Cuyahoga Falls Board of Education	Education	1,034	6.79%
Go Jo Industries Inc	Manufacturer	927	6.08%
Holland Oil Company	Retail	596	3.91%
HJR Investments	Employment Services	501	3.29%
B T L Payroll	Payroll Services	494	3.24%
Olsten Staffing Services	Employment Services	439	2.88%
Associated Materials	Manufacturer	417	2.74%
Sheraton Suites	Hotel	412	2.69%
<b>Total</b>		<b>7,025</b>	<b>46.10%</b>
<b>Total Employment Within the City</b>		<b>15,238</b>	

Source: City Financial Records and estimate for Total Employment within the City

(1) 2009 information is not available

(2) Information Prior to 1999 is not available

**City of Cuyahoga Falls, Ohio  
Capital Asset Statistics By Function/Program  
Last Ten Years**

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Police</b>										
Vehicles	49	47	47	44	53	53	52	32	50	49
Stations	1	1	1	1	1	1	1	1	1	1
<b>Fire</b>										
Vehicles	28	28	27	31	28	31	27	28	27	26
Stations	5	5	5	5	4	4	4	4	4	4
<b>Highways and Streets</b>										
Streets(miles)	232.19*	232.19*	232.19*	231.28*	282	281	279	278	278	285
Streetslights	5,618	5,587	5,595	5,683	5,647	5,550	5,361	5,057	5,046	5,045
Traffic Signals	81	78	76	76	77	77	77	76	77	77
Vehicles	52	53	47	58	54	62	59	67	59	59
<b>Recreation</b>										
Number of Parks	24	24	24	24	24	24	24	24	24	24
Vehicles	40	40	38	39	41	43	41	42	39	40
Number of Tennis Courts	17	17	16	16	16	16	16	16	16	16
Number of Baseball Diamonds	35	35	35	35	35	35	35	32	32	30
Recreation Center	1	1	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Acres of City Parks	507	507	507	507	507	507	507	507	507	510
Swimming Pools	12	12	5	5	5	5	3	3	3	2
<b>Water</b>										
Water Mains (miles)	200	200	200	200	207	200	200	200	20	197
Fire Hydrants	2,325	2,325	2,257	2,257	2,207	2,207	2,208	2,207	2,138	2,146
Vehicles	21	21	20	18	21	19	20	21	20	21
<b>Sewer</b>										
Sanitary Sewer Lines (miles)	152	152	160	160	160	152	152	152	152	152
Storm Sewer Lines (miles)	151	151	157	157	157	150	86	86	85	85
Vehicles	20	11	11	13	11	12	12	11	13	12
<b>Electric</b>										
Substations	13	13	13	13	12	12	12	12	12	12
Miles of Service Lines	308.76	306.73	305.72	256	256	249	244	244	244	252
Vehicles	27	27	27	27	29	28	27	26	29	26
<b>Sanitation</b>										
Vehicles	25	26	24	26	27	30	28	31	29	26
Number of Routes	6	6	8	9	9	9**	10	10	10	10
<b>Parking Facilities</b>										
City Lots and Decks	14	16	16	17	16	16	16	16	12	11
Square Feet	312,467	360,686	360,686	389,236	387,236	387,236	377,636	377,636	314,536	296,536
Spaces	1,312	1,998	1,998	2,054	2,048	2,048	1,706	1,706	1,507	1,468
Recreation Lots	25	22	22	22	22	22	21	20	20	22
Square Feet	644,237	361,980	361,980	361,980	361,980	361,980	331,680	292,080	292,080	337,080
Spaces	1,955	1,886	1,886	1,886	1,886	1,886	1,468	1,317	1,317	1,412

\* With new GIS advances more accurate statistics can be recorded.

\*\* Decrease in routes due to automated collections and increased efficiency

Source: City Departments

# City of Cuyahoga Falls, Ohio

## City of Cuyahoga Falls Full-Time Equivalent City Government Employees by Function/Program Last Ten Years

Function/Program	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>General Government</b>										
Council	6	6	6	6	6	6	6	6	6	6
Mayor	2	2	3	3	3	2	2	2.5	2	2
Mayor's Court	1.5	0	0	0	0	0	0	0	0	0
Finance	8.5	8.5	9	8.5	9.5	9	8	8	7.5	8
Law Director	8.5	9.5	8	8	9.5	9.5	9.5	8	9	8
Service Director	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Municipal Court	0	24	25	25	19.5	21.5	18	20.5	19	16
Clerk of Courts	0	23	23.5	22.5	22.5	21.5	20	20	20.5	20
Civil Service	1.5	1.5	1.5	2	2	2	2	1.5	2	2
Engineering	11	11	10	10	10	12	12	12	11	12
HR	4	3	4	4	4	4	4.5	5	4.5	4.5
Print Shop	1	1	0.5	1	1	1	1	1	0.5	0.5
Building & Grounds	12	12	11	11	12	14	16	14.5	16	15
Income Tax	5	5	5	6	6	6.5	6.5	8	7.5	6
Information Services	8.5	8.5	9	8	9	7.5	7.5	7	8	8
<b>Security of Persons &amp; Property</b>										
Building	7	7	8	8	8	6	6	5	5	5
Police	93	109.5	112.5	118	123	120.5	115	125.5	119	120
Crossing Guards	4.5	5.5	7	10.5	15.5	16	17.5	18	18.5	20.5
Fire	83	84.5	85	85	87	88	85	88	86	86
Technical Services	6	5	5	6	6	6.5	6.5	6.5	6.5	4.5
Communications	14.5	0	0	0	0	0	0	0	0	0
<b>Community Environment</b>										
Community Development	14	14	14	15.5	17	15.5	10.5	10.5	9.5	10.5
<b>Leisure Time</b>										
Parks & Recreation	142	137	128.5	124.5	132.5	133.5	112.5	107	106	94.5
<b>Transportation</b>										
Streets	32	33	34	35	35	35.5	41.5	38.5	36.5	35.5
Storm Water	2	1	1	1	1	0	0	0	0	0
Sewage and Disposal	12.5	15	15	13	16.5	15	19	13.5	15.5	16.5
Water	25.5	27	26	29.5	26.5	27	28	26.5	26	27.5
Electric	48	51	54	57.5	58.5	58	60	54.5	57.5	57.5
Sanitation	18	18.5	20	24.5	25.5	28	27.5	32	31.5	29.5
Garage	9	9	8	9.5	9.5	10	10	10	9.5	9

Note: All part-time employees and City Council Members were counted as .05 FTE's for the purposes of this table.

Effective January 1, 2009, the Municipal Courts and Clerk of Courts moved to Stow, Ohio. Due to this move, a Mayor's Court was created.

A Communications Division was created in 2009 when dispatching functions were separated from policing functions.

Source: Sick Leave Accrual Hours Register from last pay of each year indicated.

**City of Cuyahoga Falls  
Operating Indicators by Function/Program  
Last Ten Years**

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Police</b>										
Policepersons and Officers	83	83	89	93	96	94	91	97	98	92
Total Calls	29,249	44,836	36,343	38,872	39,497	38,442	39,762	41,907	40,643	39,727
Criminal Charges	340	309	433	723	771	644	689	503	468	515
Traffic Citations	6,103	5,555	9,350	6,321	8,257	7,030	6,890	9,453	8,544	6,916
<b>Fire</b>										
Firefighters and Officers	79	81	79	81	82	84	80	83	84	82
Total Calls	7,903	7,883	7,604	7,713	7,551	7,177	7,147	7,190	6,948	6,391
Inspections	1,775	1,770	1,793	1,560	1,637	1,621	1,471	1,535	1,534	1,604
Smoke Detectors Installed	110	534	671	439	611	4,197	1,008	869	866	1,348
<b>Highways and Streets</b>										
Potholes repaired	10,409	9,773	4,692	4,559	14,306	8,624	N/A	N/A	N/A	N/A
Rock Salt Used(Tons)	9,125	13,315	12,142	11,012	8,310	22,500	21,000	24,000	11,300	16,233
Senior Snow Watch Participants	1,315	1,337	1,284	1,411	1,370	1,342	1,242	1,195	1,250	382
Leaf Program(Cubic Yards\)	1,468	13,360	15,360	12,130	12,400	12,720	12,660	12,720	13,310	12,040
<b>Recreation</b>										
Brookledge-Number of Rounds	35,960	36,725	37,054	38,919	39,013	N/A	N/A	N/A	N/A	N/A
Waterworks-Daily Admissions	72,753	76,212	67,665	69,377	75,277	71,039	N/A	N/A	N/A	N/A
Natatorium-Daily Admissions	739,122	777,588	771,184	789,237	783,086	N/A	N/A	N/A	N/A	N/A
<b>Water</b>										
Average Daily Pumped (Gallons)	6,910,000	6,972,000	6,400,000	5,739,000	6,362,000	5,893,000	6,256,000	6,203,000	6,203,022	6,190,000
Water Main Breaks	111	84	116	62	100	103	102	72	79	79
New Water Taps	104	104	174	199	262	232	138	168	142	142
<b>Sewer</b>										
Average Daily Sewage Transportation (Gallons)	4,559,195	4,898,000	5,600,000	5,246,679	5,546,725	5,831,514	4,648,749	4,593,238	4,319,082	4,320,000
Sanitary Sewers Cleaned (Feet)	74,167	76,961	73,650	84,601	65,943	89,958	89,307	146,588	71,660	71,660
Storm Sewers Cleaned (Feet)	1,320	4,497	2,299	4,915	3,160	2,008	2,484	-	2,900	2,900
<b>Electric</b>										
Average Daily Consumption (in KWH)	1,218,272	1,277,561	1,179,000	1,248,528	1,274,495	1,202,878	1,163,259	1,188,107	1,117,879	1,120,868
Light Bulbs Issued	5,474	6,050	6,249	6,082	6,645	6,678	9,651	8,084	8,216	10,780
Green Energy Participants	236	263	287	180	192	202	N/A	N/A	N/A	N/A
<b>Sanitation</b>										
Refuse Collected (tons/year)	16,710	16,254	19,018	19,361	19,624	20,522	21,727	20,973	21,427	21,969
Recyclables collected (tons/year)	3,145	3,362	3,966	3,293	3,136	3,005	3,302	3,224	3,160	3,799
Yardwaste Collected (tons/year)	1,708	767	1,451	2,235	1,769	2,416	2,042	2,206	2,188	2,061
<b>Building</b>										
Residential Building Permits Issued	1,943	1,433	1,235	1,410	1,554	1,624	1,776	1,669	1,649	1,729
Commercial Building Permits Issued	508	303	652	353	259	187	205	164	163	186
Miscellaneous Building Permits Issued	1,561	2,071	2,230	3,200	2,939	5,069	3,702	3,096	2,858	3,201

Note: N/A indicates that data is not available

Source: City records.

# **City of Cuyahoga Falls, Ohio**

**Single Audit Reports  
December 31, 2009**

**City of Cuyahoga Falls, Ohio**

**For The Year Ended December 31, 2009**

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**Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Honorable Mayor and  
Members of City Council  
City of Cuyahoga Falls

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Ohio (the “City”) as of and for the year ended December 31, 2009, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 30, 2010, wherein we noted the City implemented *GASB Statement Nos. 52, 55, and 56*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2009-001.

Honorable Mayor and  
Members of the City Council  
Cuyahoga Falls, Ohio

### **Compliance and Other Matters**

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

We noted certain matters that we have reported to management of the City in a separate letter dated June 30, 2010.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, City Council, Finance Committee, others within the entity, the Auditor of States' Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cimini & Panichi, Inc.*

Cleveland, Ohio  
June 30, 2010

**Report on Compliance with Requirements Applicable to  
Each Major Program and Internal Control over  
Compliance in Accordance with OMB Circular A-133**

Honorable Mayor and  
Members of City Council  
City of Cuyahoga Falls

**Compliance**

We have audited the compliance of the City of Cuyahoga Falls, Ohio (the “City”), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The City’s major federal program is identified in the summary of auditors’ results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City’s management. Our responsibility is to express an opinion on the City’s compliance based on our audit.

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

In our opinion, the City, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

**Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over compliance.

Honorable Mayor and  
Members of City Council  
Cuyahoga Falls, Ohio

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2009, and have issued our report there on dated June 30, 2010, which contained unqualified opinions on those financial statements, wherein we noted the City implemented *GASB Statement Nos. 52, 55, and 56*. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the management, City Council, Finance Committee, others within the entity, the Auditor of States' Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cini & Paricki, Inc.*

Cleveland, Ohio  
June 30, 2010

# City of Cuyahoga Falls

## Schedule of Expenditures of Federal Awards

**For the year ended December 31, 2009**

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<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development: Passed-Through Ohio Department of Development: Neighborhood Stabilization Program	14.228	DEV01-HCPL266017/18	\$ 173,568
Community Development Block Grant	14.218		<u>1,072,276</u>
Total U.S. Department of Housing and Urban Development			<u>1,245,844</u>
Department of Homeland Security - FEMA: Passed-Through the State of Ohio: FEMA Hazard Mitigation Program	97.039	FEMA-1805-DR-153-19778	177,691
Assistance to Firefighters Grant – 2007	97.044	EMW-2007-FP-02002	<u>12,000</u>
Total Department of Homeland Security – FEMA			<u>189,691</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,435,535</u>

The accompanying notes are an integral part of this schedule

# City of Cuyahoga Falls

## Notes to the Schedule of Expenditures of Federal Awards

**December 31, 2009**

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### **Note 1: Significant Accounting Policies**

#### ***Basis of Presentation***

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **Note 2: Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and has been reconciled to the program's federal financial reports. The following is a reconciliation from the cash basis to the accrual basis at December 31, 2009.

	Direct Program Expenditures
<u>Department of Housing and Urban Development</u>	
Cash Basis	\$ 1,019,473
Accrual Adjustment	<u>52,803</u>
Department of Housing and Urban Development - Accrual Basis	<u>\$ 1,072,276</u>

### **Note 3: Revolving Loans**

The City of Cuyahoga Falls uses Federal funds received in the current and prior years to issue revolving loans. These loans are issued to qualified single family homeowners and are to be repaid to the City in monthly installments. Principal and interest received on these loans are used to issue new loans. The principal outstanding at December 31, 2009 was \$1,331,488.

# City of Cuyahoga Falls

Schedule Of Findings  
OMB Circular A-133 Section .505

**December 31, 2009**

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## 1. Summary of Auditors' Results

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

## 2. Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

### 2009-1 – Material Weakness

Sound financial reporting is the responsibility of the Finance Director and the City Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

The following audit adjustments were made to the financial statements:

- Adjusted accounts receivable to actual at 12/31/09.

# City of Cuyahoga Falls

Schedule Of Findings (continued)  
OMB Circular A-133 Section .505

**December 31, 2009**

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2009-1 – Material Weakness (continued)

The lack of controls over financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data at year-end.

We recommend the City adopts policies and procedures for controls over year-end financial reporting to help ensure the information accurately reflects the activity of the City thereby increasing the reliability of the financial data at year-end.

### **3. Findings For Federal Awards**

None.

# City of Cuyahoga Falls

## Schedule of Prior Year Findings and Questioned Costs

**December 31, 2009**

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<b>Finding No.</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	<b>Explanation</b>
2008-01	<p>The City did not file the proper documentation to meet the requirement that funds can not be obligated or expended before receipt of HUD's approval of a RROF and environmental certification.</p> <p>The City disbursed federal funds prior to receiving authorization from HUD with respect to environmental grant conditions in the amount of \$165,000.</p>	Yes	The City filed the proper paperwork during 2009.

# City of Cuyahoga Falls

2310 Second Street  
Cuyahoga Falls, Ohio 44221  
(330) 971-8230

Response to Findings Associated With  
Audit Conducted In Accordance With  
*Government Auditing Standards*  
For The Year Ended December 31, 2009

Finding Number	Planned Correction Action	Anticipated Completion Date	Responsible Contact Person
2009-1	Management will create and implement written policies and procedures relating to the financial reporting process.	N/A	Joseph Brodzinski, Finance Director





**Mary Taylor, CPA**  
Auditor of State

**CITY OF CUYAHOGA FALLS**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 14, 2010**