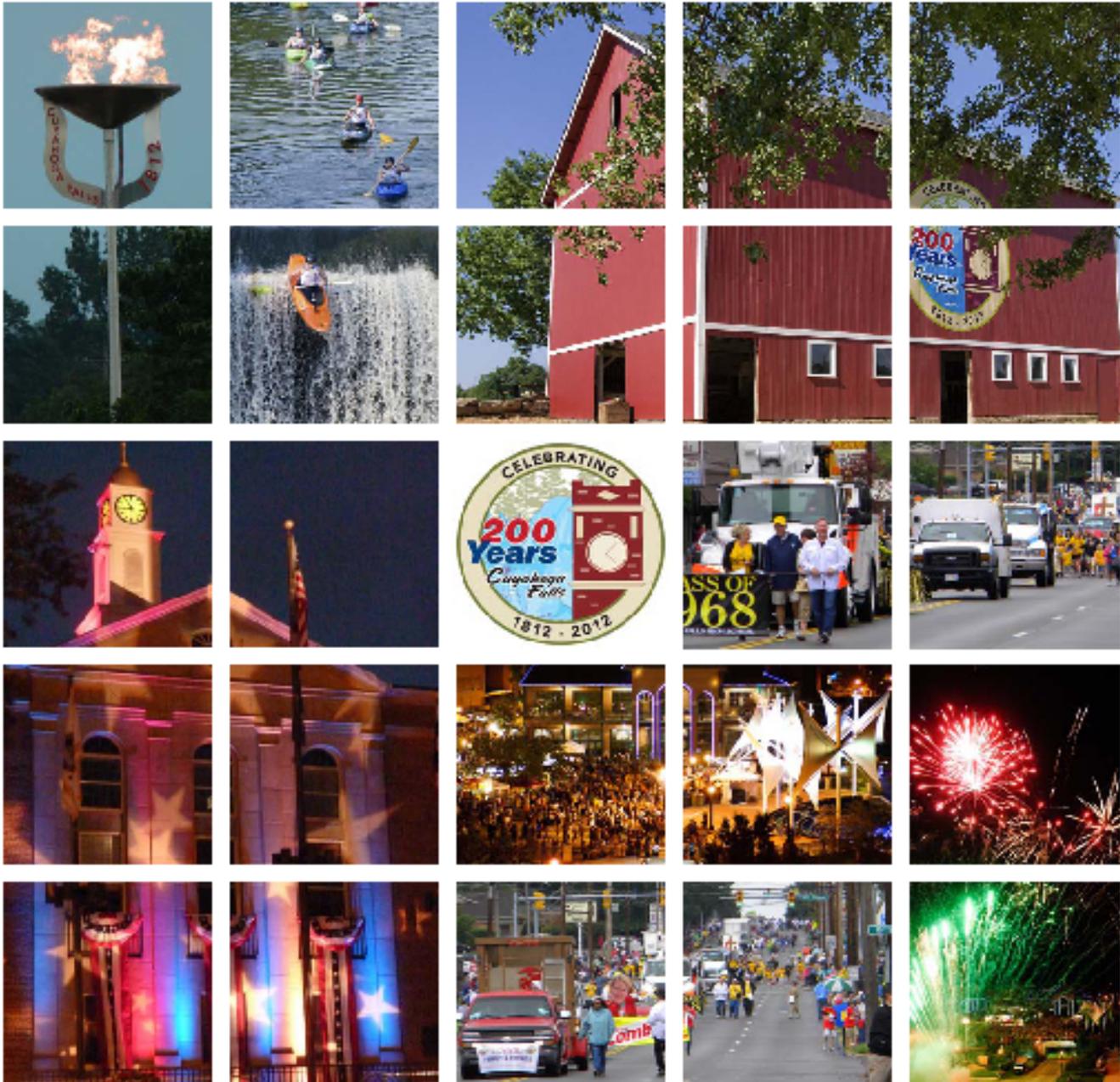


CITY OF CUYAHOGA FALLS, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT for the Year Ended December 31, 2012



Don L. Robart, Mayor

Cover Pictures:

After nearly 18 months of planning by a committee of over 50 volunteers, with the additional help of over 300 more volunteers, the City's Bicentennial 10-Day celebration came to realization with a kickoff of festivities in August 2012! The City celebrated its 200th birthday in a big way! Ten days of non-stop events commenced with an amazing opening ceremony that featured local kayakers riding down the Cuyahoga River and the torch lighting of a 30-foot cauldron by the Mayor at Falls River Square. Other highlights of the celebration included fireworks, concerts, festivals, parades, historic tours, ice cream socials, the rededication of Keyser Barn, the opening of the 1962 time capsule, and the burying of a new time capsule to be opened 50 years from now. It was most certainly a celebration our residents will never forget!

Even after the August events ended the Bicentennial year celebration continued. In September, the Natatorium hosted the Bicentennial 5K race and November featured "Home for the Holidays", a celebration at Falls River Square and the grand opening of the ice rink. On December 12, 2012 Mayor Don. L. Robart performed marriage and vow renewal ceremonies to over 20 couples. It was truly a once in a lifetime experience to be married or have your vows renewed on 12/12/12!

It was positively a fun-filled year marking our fine City's 200th anniversary! The bicentennial events of 2012 will fondly be remembered in our community for many years to come!

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

Sandra R. Dimengo

Jennifer M. Evans

Scott K. Fitzsimmons

Wendy J. Foster

Laura K. Jarvis

Matthew D. Miller

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Marguerite M. Tauber

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Distinctive Images
Service and Community Development Departments

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Western Reserve Printing



Dave Yost • Auditor of State

Members of Council
City of Cuyahoga Falls
2310 Second Street
Cuyahoga Falls, Ohio 44221-2583

We have reviewed the *Independent Auditor's Report* of the City of Cuyahoga Falls, Summit County, prepared by Ciuni & Panichi, Inc., for the audit period January 1 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 10, 2013

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Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2012



City of Cuyahoga Falls, Ohio

Don L. Robart, Mayor

Issued by the Department of Finance

Joseph F. Brodzinski, Finance Director



Printed on Recycled Paper

City of Cuyahoga Falls, Ohio

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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, 2013

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

The Comprehensive Annual Financial Report (CAFR) for the City of Cuyahoga Falls, Ohio (the “City”) for the year ended December 31, 2012, 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.

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 has been completed by Ciuni & 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, 2012, 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 Management Discussion and Analysis 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 49,652 based on 2010 census figures.

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

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

The City provides an extensive range of services including police and fire protection, emergency medical service, administration of justice, community planning and development, recreational and cultural activities, street maintenance and environmental services. Outside of the normal governmental services, the City also provides

City of Cuyahoga Falls, Ohio

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 18th most populous CMSA of 19 in the United States with a population of 2,881,937. (Rankings are based on 2010 census figures.)

The City is currently the second largest city in Summit County and the sixteenth 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 2012, ten major employers in the City collectively accounted for approximately 21 percent of the \$19,252,832 withholding taxes remitted to the City.

The 2010 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	\$46,450
County	\$47,926
State	\$47,358
National	\$49,445

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.

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 \$32 million over the last five 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.

In 2008, the City of Cuyahoga Falls purchased an old, run-down shopping center. The goal was to review proposals from new developers, pick a proposal, and redevelop the area. Four developers were interviewed and the committee selected Stark Enterprises to create the new shopping district. Stark Enterprises was selected not only due to their vision for the new center, but also based on their past projects.

The original contract with the developer gave options for either a one-phase or a two-phase project. The original size of the project was approximately 279,000 square feet. There were two main challenges to completing this project. The first challenge was taking a shopping center that was going down hill for many years, and building a successful new shopping experience for the City and region. The second challenge was to accomplish this in an economy that arguably is the worst economy anyone has ever seen.

Through the City's continued effort working with Stark Enterprises and their stellar reputation, the City's efforts have paid dividends for the community. With the downturn of the economy and its extremely slow recovery any development or redevelopment is a welcome site for any community. The City has reached agreement with Stark Enterprises and the developer has committed to building at least 241,000 square feet of new commercial development. The two major anchor tenants are a brand new Giant Eagle Supermarket and a Cinemark 10 Theatre. The original plan called for a Menards Superstore. Due to the size of its footprint, additional land was required. An agreement with an additional landowner could not be reached. The City quickly reacted and Menards is now in negotiations with the parent company of Giant Eagle for their old site.

The City entered into a tax increment financing agreement with the Cuyahoga Falls School District. The agreement calls for a 30 year TIF of which the schools will receive 22 percent of the TIF while the City will receive 78 percent of the TIF until the City is paid back from their investment. Initial figures showed that even at the 22 percent piece of the TIF, the school district would receive \$171,500, which would have been approximately 11 percent more than they received with the old center.

The school district is now projected to receive \$265,144 per year while the TIF is in effect, which is 76% percent more than the old center. The developer plans to invest over \$60 million in the center. Completion is expected in 2014 bringing in almost 500 new jobs to the area, along with 185 construction jobs.

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. Changes made in 2009 and 2010 had the anticipated positive impact on the City's financial position. These changes were necessary due to anticipated changes in the State of Ohio's new bi-annual budget, which went into effect July 1, 2011.

City of Cuyahoga Falls, Ohio

The State fixed a significant portion of their deficit by reducing monies currently sent to local governments. The City's General Fund is in a better position to deal with future loss of revenue due to the various changes made of the last several years giving the economy a longer period of time to turn around with minimal impact to city services. The City continuously evergreens a three year forecast for its General Fund. This allows the administration to anticipate future financial pitfalls and adjust current operations mitigating future issues.

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, \$150,000 in 2010, \$289,700 in 2011, and 249,400 in 2012. 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.

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. Due to the passage of the Patient Protection and Affordable Care Act the process has slowed some as the doctors ownership group navigates through its process in Washington D.C. It is anticipated that construction of the new facility will start later in 2013 or the first quarter of 2014.

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 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 City has been in the process for several years working on revitalizing its South Front Street area. The City received its first matching grant in 2003 to purchase the former Prospect Mold and Die building, and now the master planning efforts have become a reality in this corridor. The award-winning High Bridge Glens Park opened in Fall 2009 and shortly thereafter construction began on The Watermark. Today, the apartments at The Watermark are 100% occupied and only one loft condo remains. The Office, a new restaurant, opened its doors to the public in December 2012. Other retail in the area including a craft beer bar are forthcoming.

Down at Falls River Square, the Riverfront Cruise-In was ranked as the number one weekly car show for the sixth straight year for the large car cruise category for the Northern Ohio/Western Pennsylvania area.

FINANCIAL INFORMATION

Five of the City's six unions have contracts that expire December 31, 2013. The sixth contract for the Electric Department expires December 31, 2014.

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 2013, the City is paying down approximately 2.6 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, 2011. 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 28 consecutive years (fiscal years ended 1984-2011). 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.

City of Cuyahoga Falls, Ohio

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, 2011

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.



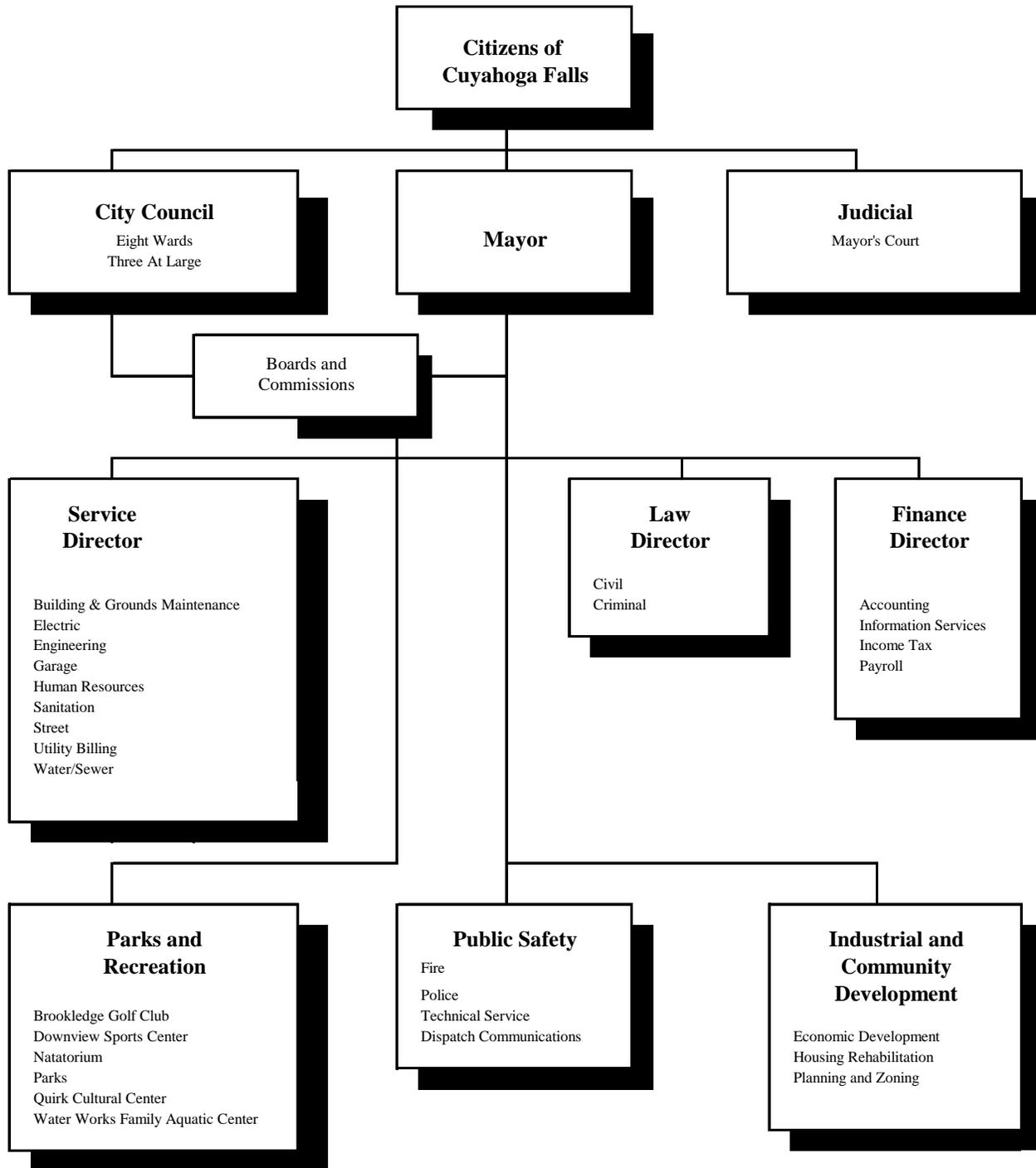
Christopher P. Morill

President

Jeffrey R. Emer

Executive Director

Organizational Chart



City Officials

Mayor Don L. Robart

Cabinet of the Mayor:

Valerie Wax Carr.....Service Director
Joseph F. Brodzinski....Finance Director
Paul A. Janis.....Law Director
Susan L. Truby.....Community Development
Director

At Large Council:

Carrie Hummel Snyder
Carol A. Klinger
Jeffrey G. Iula

Ward Council:

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

FINANCIAL SECTION



Independent Auditor's Report

Members of the City Council
Cuyahoga Falls, Ohio

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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Members of the City Council
Cuyahoga Falls, Ohio

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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Municipal Income Tax Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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 financial statements.

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic 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.

Members of the City Council
Cuyahoga Falls, Ohio

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013 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 grant 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cini & Panichi, Inc.

Cleveland, Ohio
June 28, 2013

City of Cuyahoga Falls, Ohio

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, 2012. 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 tenth publication of a Comprehensive Annual Financial Report (CAFR) under the GASB 34 reporting model. Comparisons to prior financials are offered for this discussion and analysis.
- Total assets of the City of Cuyahoga Falls were \$297,703,082. Of this amount, \$149,436,245 was attributable to Governmental Activities and \$148,266,837 was from Business-type Activities.
- Total liabilities of the City of Cuyahoga Falls were \$88,020,443. Governmental Activities accounted for \$36,878,784, while Business-type Activities represented \$51,141,659 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 Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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-two 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 nineteen 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, 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.

Previously, the City reported activity relating to information services (responsible for data processing and computer operations of the City) as an internal service fund in proprietary funds. Beginning in 2012, the City has decided to report this activity in the general fund, restating fund balances at December 31, 2011. See Notes to the Financial Statements, 21 B.

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 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 – 92 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 93-141 of this report.

Government-wide Financial Analysis

City of Cuyahoga Falls, Ohio - Net Position						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other Assets	\$ 57,349,761	\$ 53,598,811	\$ 40,856,691	\$ 37,145,065	\$ 98,206,452	\$ 90,743,876
Capital Assets	92,086,484	88,923,321	107,410,146	109,014,050	199,496,630	197,937,371
Total Assets	149,436,245	142,522,132	148,266,837	146,159,115	297,703,082	288,681,247
Liabilities						
Current and other liabilities	26,089,293	24,388,247	15,820,183	17,675,745	41,909,476	42,063,992
Long term liabilities outstanding	10,789,491	11,964,679	35,321,476	38,910,170	46,110,967	50,874,849
Total Liabilities	36,878,784	36,352,926	51,141,659	56,585,915	88,020,443	92,938,841
Net Position						
Net investment in capital assets	83,694,616	81,516,344	65,775,358	63,255,627	149,469,974	144,771,971
Restricted	13,879,334	11,870,590	-	-	13,879,334	11,870,590
Permanent Fund Purpose	229,900	227,586	-	-	229,900	227,586
Unrestricted	14,753,611	12,554,686	31,349,820	26,317,573	46,103,431	38,872,259
Total Net Position	\$ 112,557,461	\$ 106,169,206	\$ 97,125,178	\$ 89,573,200	\$ 209,682,639	\$ 195,742,406

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position was \$209,682,639 at the close of the most recent fiscal year.

The largest portion of the City's total net position (71 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 net 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, seven percent of the City's net position represents resources that have been restricted on how they may be used. Another portion of the City's net position (less than one percent) represents the Cemetery Perpetual Care Permanent Fund, which used to be a non-expendable trust fund. The remaining balance of unrestricted net position \$46,103,431 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 all four categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

City of Cuyahoga Falls, Ohio

Overall, net position of the City increased by \$13.940 million in 2012. Net position for governmental activities increased \$6.388 million and net position for business-type activities increased \$7.552 million. The net position increase for governmental activities is due to the fact that overall revenue increased by \$1.072 million in 2012 compared to 2011, primarily due to an increase of \$1,443,352 in municipal income taxes and \$856,544 in grants and entitlements not restricted to specific programs, offset by a reduction in several revenue classifications, such as charges for services, capital grants and contributions property and other local taxes. Furthermore, overall expenses decreased by \$1.136 million, with most of the decrease in expenses attributed to security of persons and property in the amount of \$1.233 million and street maintenance in the amount of \$.969 million.

The net position increase for business-type activities is due to the fact that overall revenue increased by \$2.495 million in 2012 compared to 2011, primarily due to an increase in charges for services for electric and water in the amounts of \$915,579 and \$885,490, respectively. In addition, overall expenses decreased by \$2.017 million, with most of the decrease in expenses attributed to sewage and disposal, electric and leisure time activities, in the amounts of \$1.563 million, \$.446 million and \$.352 million, respectively.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. This table contains the 2011 fiscal year figures for comparison purposes.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio - Changes in Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	\$ 7,053,781	\$ 7,339,735	\$ 64,003,134	\$ 61,687,275	\$ 71,056,915	\$ 69,027,010
Operating grants and contributions	3,581,693	2,957,809	40,199	178,586	3,621,892	3,136,395
Capital grants and contributions	3,026,924	3,438,815	317,401	-	3,344,325	3,438,815
General revenues:						
Property and other local taxes	9,700,784	10,797,204	-	-	9,700,784	10,797,204
Income taxes	20,156,011	18,712,659	-	-	20,156,011	18,712,659
Grants and entitlements not						
restricted to specific programs	4,885,357	4,028,813	-	-	4,885,357	4,028,813
Other	241,648	299,015	-	-	241,648	299,015
Total Revenues	48,646,198	47,574,050	64,360,734	61,865,861	113,006,932	109,439,911
Expenses						
Security of persons and property	18,943,973	20,176,824	-	-	18,943,973	20,176,824
Leisure time activities	2,404,181	2,582,822	-	-	2,404,181	2,582,822
Community environment	2,815,456	2,698,449	-	-	2,815,456	2,698,449
Street maintenance	6,666,398	7,635,326	-	-	6,666,398	7,635,326
General government	9,011,136	7,809,403	-	-	9,011,136	7,809,403
Interest and fiscal charges	290,053	364,645	-	-	290,053	364,645
Sewage and disposal	-	-	6,034,476	6,480,165	6,034,476	6,480,165
Water	-	-	4,078,386	4,215,863	4,078,386	4,215,863
Electric	-	-	37,381,756	38,945,071	37,381,756	38,945,071
Sanitation	-	-	3,411,871	3,635,573	3,411,871	3,635,573
Leisure time activities	-	-	6,903,412	6,551,561	6,903,412	6,551,561
Storm Drainage Utility	-	-	1,125,601	1,124,710	1,125,601	1,124,710
Total Expenses	40,131,197	41,267,469	58,935,502	60,952,943	99,066,699	102,220,412
Increase in net position before transfers	8,515,001	6,306,581	5,425,232	912,918	13,940,233	7,219,499
Transfers	(2,126,746)	(2,127,130)	2,126,746	2,127,130	-	-
Changes in net position	6,388,255	4,179,451	7,551,978	3,040,048	13,940,233	7,219,499
Net position-beginning	106,169,206	101,989,755	89,573,200	86,533,152	195,742,406	188,522,907
Net position-ending	\$ 112,557,461	\$ 106,169,206	\$ 97,125,178	\$ 89,573,200	\$ 209,682,639	\$ 195,742,406

Governmental activities. Governmental activities increased the City's net position by \$6.388 million. Key elements of the changes in net position are as follows:

- ❖ General revenue classification income taxes increased by \$1,443,352 or 7.7 percent.
- ❖ General revenue classification grants and entitlements not restricted to specific programs increased \$856,544 or 21.2%.
- ❖ Security of persons and property expenses decreased \$1,232,851 or 6.1 percent.
- ❖ Street maintenance expenses decreased \$968,928 or 12.7 percent.

The increase in municipal income taxes is a result of cash basis revenues being \$800,424 higher in 2012 compared to 2011, primarily due to an increase in tax withholding in the amount of \$755,739. In addition, year-end accrued revenue for 2012 was \$752,199 higher than 2011, based on analysis performed for conversion to generally accepted accounting principals. Such increase was mostly due to an increase in taxes related to business net profit.

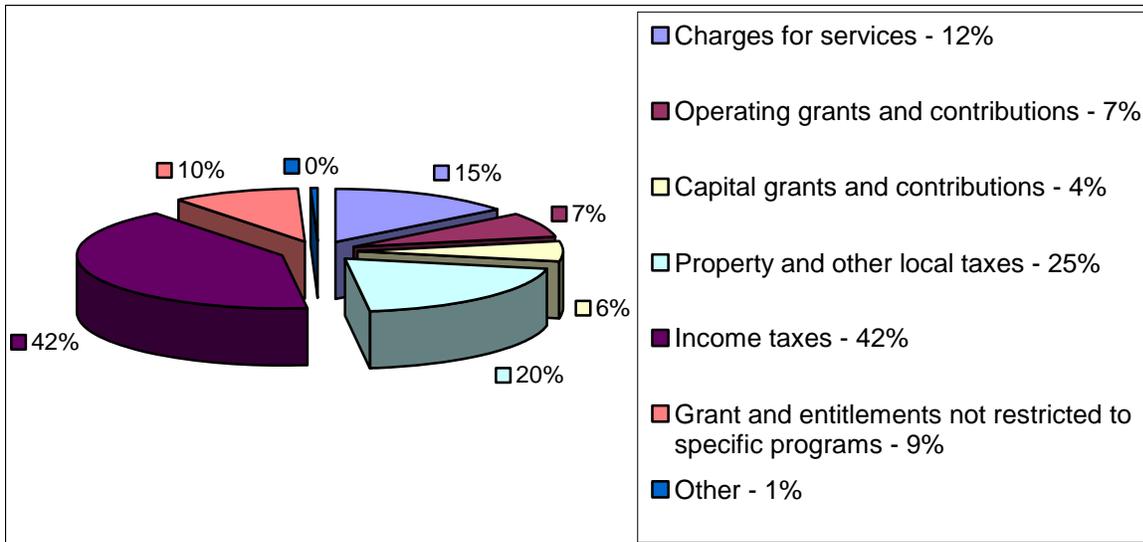
The increase in grants and entitlements not restricted to specific programs is a result of net cash basis revenues being \$359,153 higher in 2012 compared to 2011. This increase was due to inheritance tax settlements distributed by the County of Summit in 2012 being \$1,154,061 higher than in 2011. This increase was offset by reductions in other areas such as homestead and rollback and local government revenue. In addition, the prior year reversing conversion accruals was significantly higher in 2011, than 2012, further adding to the increase in revenue.

The decrease in security of persons and property expenses in 2012 is due to the transfer of the Building Department activity to the County of Summit and continued cost containment measures with reduced costs through attrition, specifically within the Police and Fire Departments.

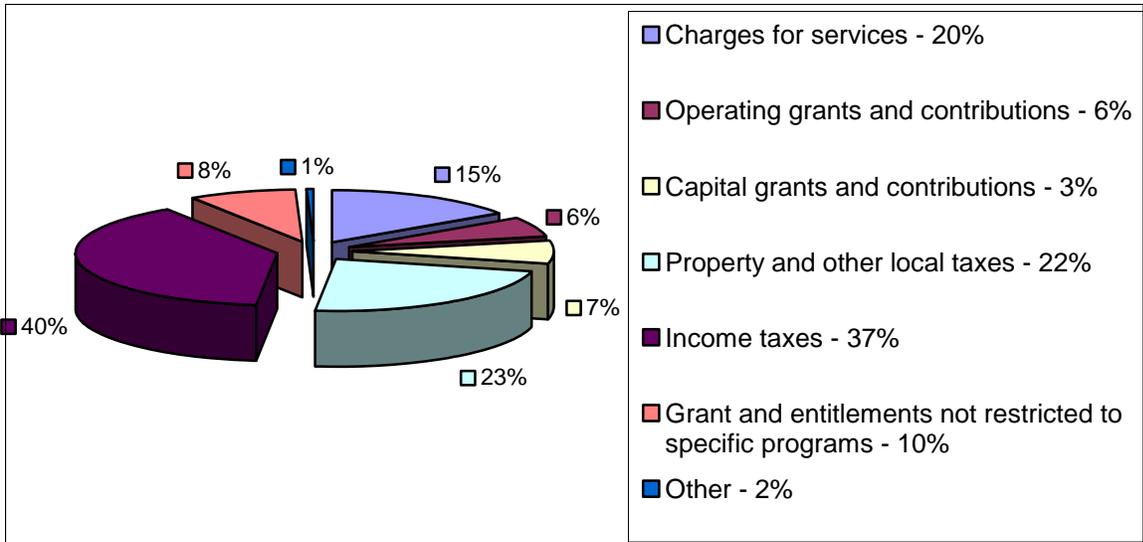
The decrease in street maintenance expenses is mostly a result of cash basis expenses being \$767,689 less in 2012 compared to 2011, primarily due to overall cost containment in the S.C.M.R. Fund. Expenses in this fund were \$761,689, less than the prior year, with personal services savings of \$245,021. These savings were due to general attrition and allocation of ditch crew employees to the Storm Drainage Utility Enterprise Fund during summer months and leaf collection season.

City of Cuyahoga Falls, Ohio

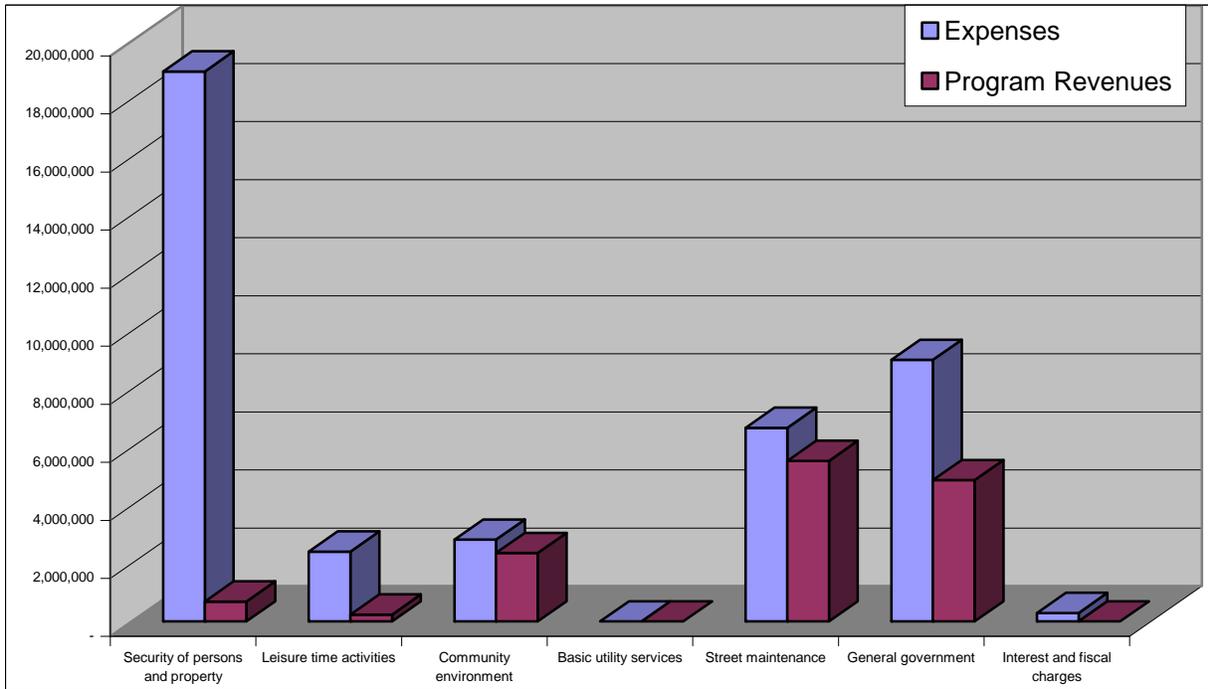
2012 Revenues by Source – Governmental Activities



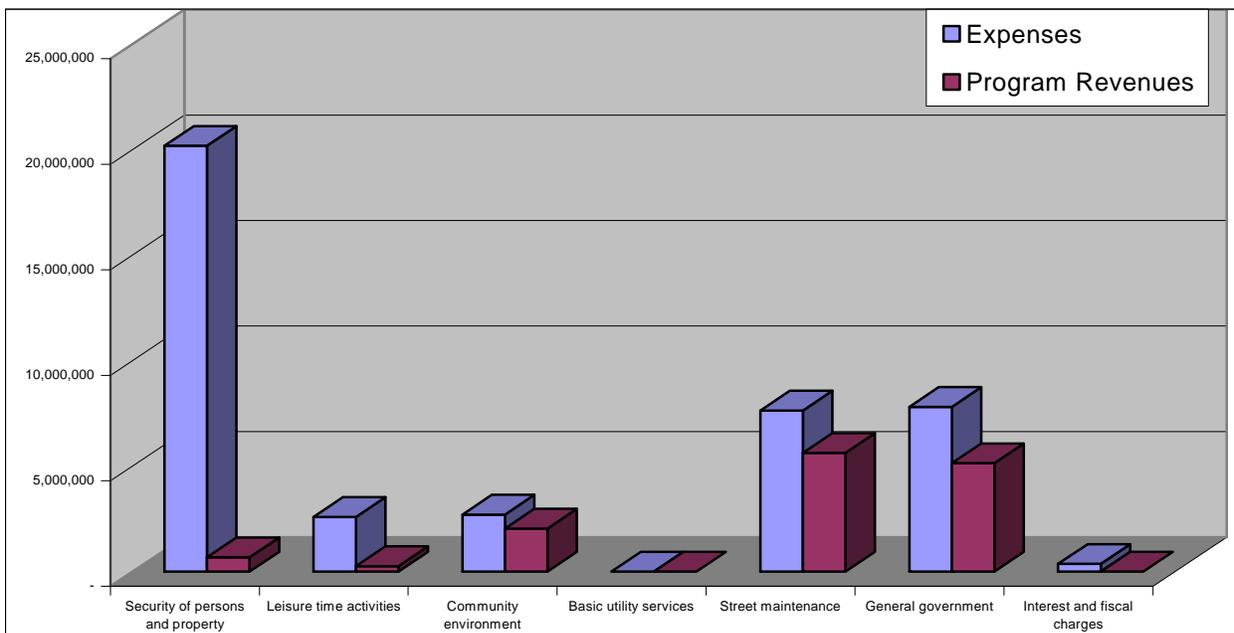
2011 Revenues by Source – Governmental Activities



2012 Expenses and Program Revenues – Governmental Activities



2011 Expenses and Program Revenues – Governmental Activities



City of Cuyahoga Falls, Ohio

Business-type activities. Business-type activity net position increased by \$7.552 million. Key elements of changes in net position are as follows:

- ❖ Electric charges for services increased by \$915,579 or 2.3 percent.
- ❖ Water charges for services increased by \$885,490 or 16.4 percent.
- ❖ Sewage and disposal expenses decreased by \$445,689 or 6.9 percent.
- ❖ Electric expenses decreased by \$1,563,315 or 4 percent.
- ❖ Leisure time activities decreased by \$351,851 or 5.4 percent.

Electric revenue increase is a result of cash basis revenues being \$723,454 higher in 2012 compared to 2011, primarily due to an increase in residential and certain commercial and industrial accounts.

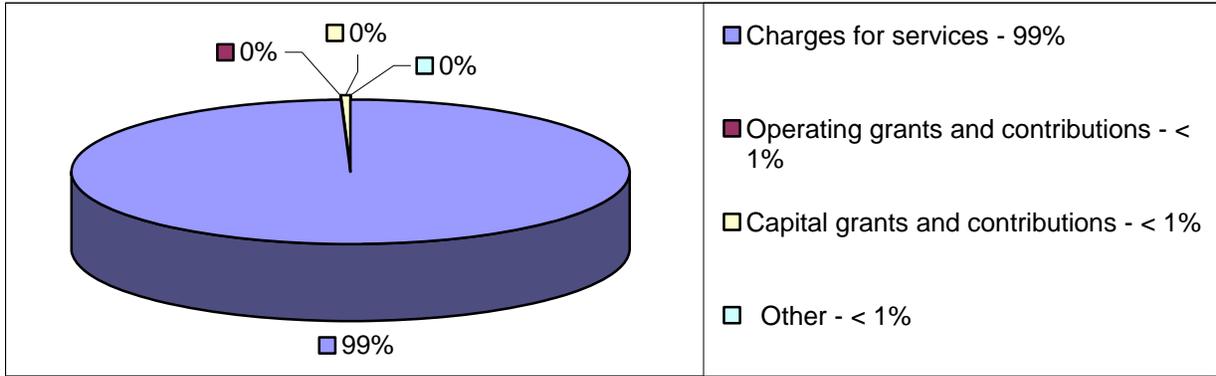
Water revenue increase is a result of cash basis revenues being \$851,420 higher in 2012 compared to 2011, primarily due to an increase in residential and certain commercial accounts, from rate increases enacted in mid 2011.

Sewage and disposal decrease in expenses is a result of year-end accrued liabilities relating to operational expenses being \$750,606 lower than in 2011, primarily due to contractual sewage disposal costs to the City of Akron and the County of Summit.

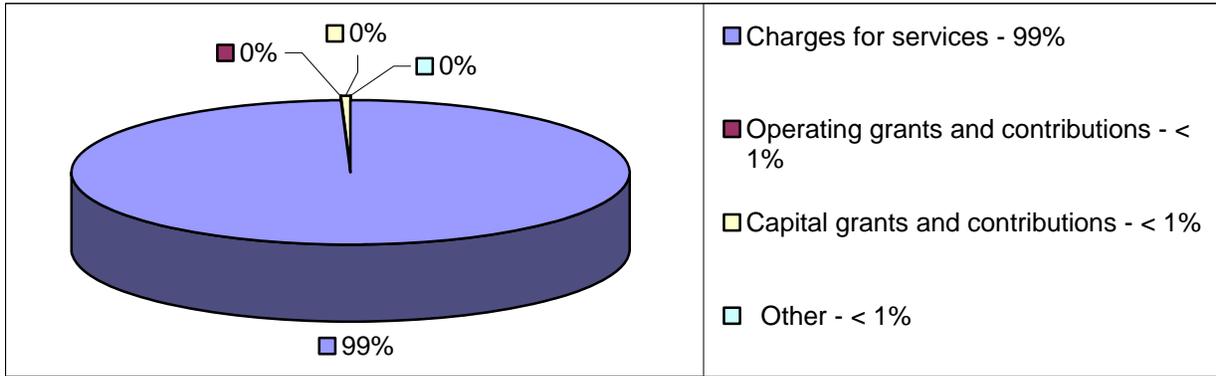
Electric decrease in expenses is mostly a result of cash basis expenses being \$2,551,472 being less than in 2011, primarily due to purchased power from American Municipal Power, which was \$1,094,396 less than 2011.

Leisure time activities decrease in expenses is mostly a result of cash basis expenses other than debt service principal and capital outlay being \$141,429 less than in 2011, primarily due to natural gas utilities, other operations non-capital equipment purchases and interest expense. Furthermore, expenses in 2012 for the adjustment to consolidate the internal service fund activity to enterprise funds for this activity were reduced \$43,872, whereas they were increased \$47,760 in 2011, for a difference of \$91,632.

2012 Revenue by Source – Business-type Activities

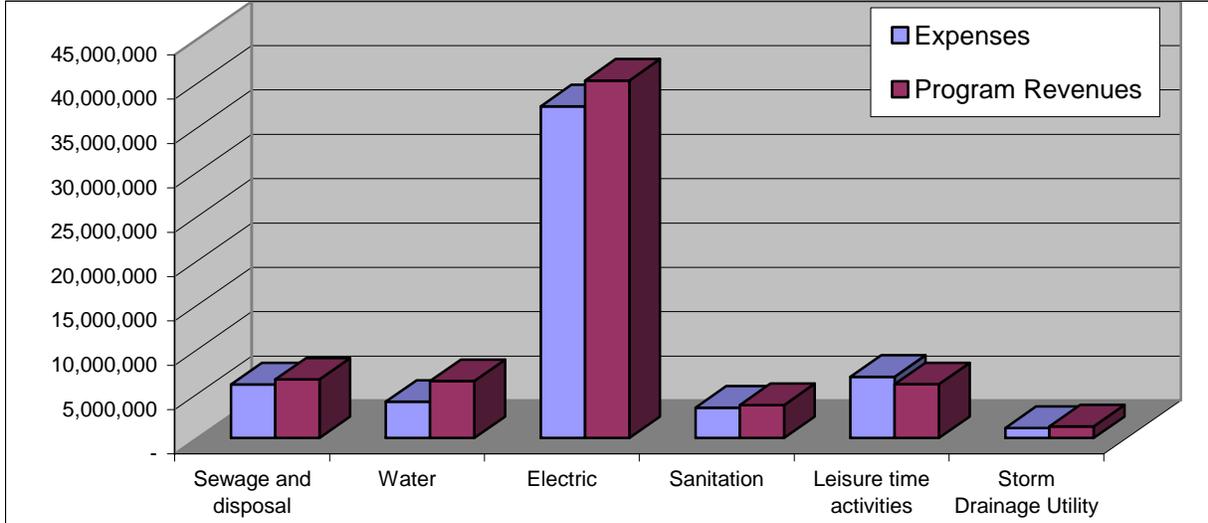


2011 Revenue by Source – Business-type Activities

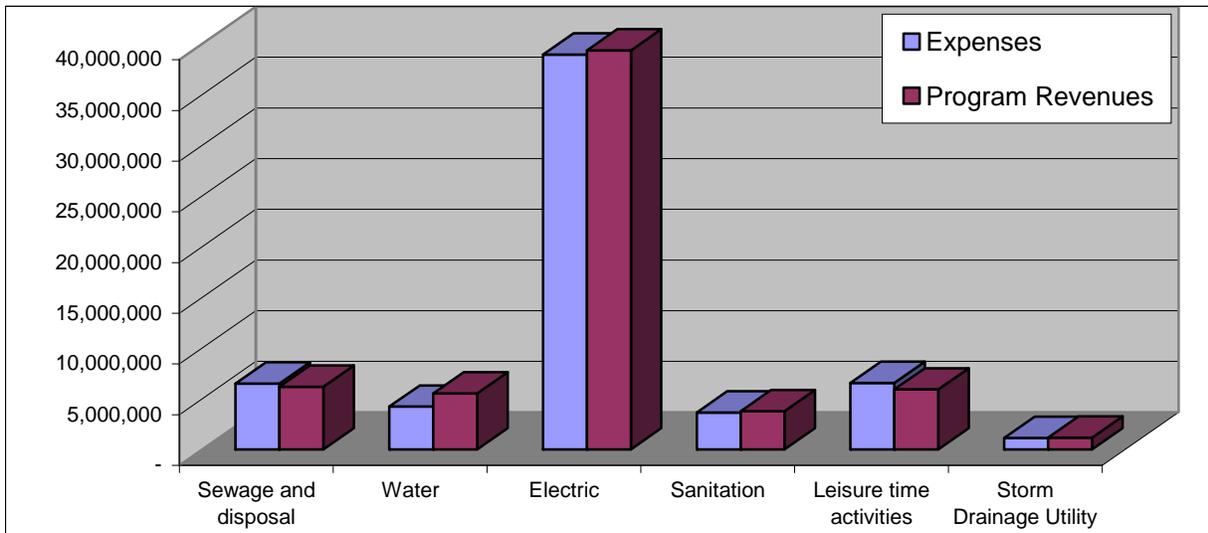


City of Cuyahoga Falls, Ohio

2012 Expenses and Program Revenues – Business-type Activities



2011 Expenses and Program Revenues – Business-type Activities



Financial Analysis of 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, 2012, the City's governmental funds reported combined ending fund balances of \$22.342 million, which represents an increase of \$.969 million in comparison with the prior year. Approximately \$13.751 million of this amount constitutes *nonspendable fund balance*, which includes amounts that cannot be spent because they are either (a) not in a spendable form, such as inventories, prepaid amounts, or property acquired for resale, or (b) legally or contractually required to be maintained intact, such as cemetery perpetual care. The next largest fund balance classification comprising of approximately \$5.330 million is *restricted fund balance*, which is legally restricted for use based on constraints externally imposed, typically through grant agreements, State statute and debt covenants.

The General Fund is the chief operating fund of the City. At December 31, 2012, *unassigned fund* balance of the general fund was \$6.755 million, while total fund balance was \$9.198 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures, including transfers out. Unassigned fund balance represents 21 percent of total general fund expenditures, including transfers out, while total fund balance represents 29 percent of the same amount.

The fund balance of the City's General Fund increased by \$62,185 during 2012. Revenues, including transfers in were \$55,173 greater than expenditures, including transfers out. This fund balance increase was less than that of the prior year due to several factors:

- ❖ Revenues (including transfers in) decreased by \$200,722 or .63 percent, due to the reduction of homestead and rollback, and local government.
- ❖ Expenditures (including transfers out) increased by \$820,699 or 2.7 percent, due to an accounting change to record activity relating to information services (responsible for data processing and computer operations of the City) in the general fund.
- ❖ Transfers out increased \$916,858 in 2012, compared to 2011. This increase is related to transfers to the Compensated Absences Internal Service Fund for future employee personal services compensation.

The fund balance of the City's Capital Projects Fund decreased by \$254,229 during 2012, due to fund expenses, including transfers out, exceeded revenues, including transfers in. Revenues, including transfers in, decreased \$830,659, primarily due to intergovernmental grant revenue being \$781,004 higher in 2011.

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

Unrestricted net position at the end of the year amounted to \$2.992 million, \$3.562 million, \$22.524 million, \$1.466 million, \$1.289, and \$659,568 for the Sewage and Disposal, Water, Electric, Sanitation, Leisure Time, and Storm Drainage Utility Funds, respectively.

The Water Fund and Electric Fund unrestricted net position increased \$1.214 million and \$2.536 million, respectively, from 2011 to 2012.

City of Cuyahoga Falls, Ohio

Many of the changes to the proprietary funds parallel that of business-type activities, with the exception of the elimination of some charges between business-type activities functions. The changes were discussed in that analysis.

It should be noted that the Sanitation Fund has again seen an improvement in unrestricted net position, with an increase of \$12,563 from 2011 to 2012 due to the cost saving measures of continuing 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 \$1,074,620 more than the original budget. The total original appropriations, including those for transfers out, were \$31,557,617, while the final appropriations were \$32,632,237. This was mostly due to the increase in transfers out to the Compensated Absences Internal Service Fund for future employee personal services compensation. Final appropriations in 2012 were \$950,717 or 3 percent more than 2011, primarily due to the increase in transfers out for the same. The variance between the final budget and actual results for revenues, including transfers in and expenditures, including transfers out represents approximately 1.2 percent and 2.6 percent, respectively, and were not considered 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, 2012, amounts to \$199.497 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 2012 was \$1,559,259, which amounted to less than one percent.

City of Cuyahoga Falls Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 8,767,397	\$ 8,730,810	\$ 3,426,570	\$ 3,367,204	\$ 12,193,967	\$ 12,098,014
Construction in Progress	6,741,593	6,920,494	474,400	2,911,537	7,215,993	9,832,031
Buildings	16,987,289	17,483,385	29,150,112	29,890,190	46,137,401	47,373,575
Improvements	1,268,059	1,264,287	70,303,769	69,068,745	71,571,828	70,333,032
Machinery and Equipment	8,149,022	8,035,887	4,055,295	3,776,374	12,204,317	11,812,261
Infrastructure	50,173,124	46,488,458	-	-	50,173,124	46,488,458
Total	\$ 92,086,484	\$ 88,923,321	\$ 107,410,146	\$ 109,014,050	\$ 199,496,630	\$ 197,937,371

Major capital asset events during 2012 were as follows:

The City completed two large street construction projects in conjunction with the Ohio Dept of Transportation and Ohio Public Works Commission. The first project was Chart Road, completed in January, for \$1,781,066 and the second was Howe Road, completed in September, for \$2,571,349. In addition, the City assumed responsibility for several streets and applicable sanitary sewer, water and storm sewer lines in the Manchester Falls Development totaling a value of \$719,890.

City of Cuyahoga Falls, Ohio

The Electric Department completed a three-year project for the new Substation #4 located at 3535 State Rd. This substation has two 7500KVA transformers that provide upwards of 12.5KV distribution power to the homes and businesses in the surrounding area. The total cost of construction for this project was \$3,049,272.

Foregoing a large expense for two new Vector Trucks for the Sewer and Water departments, the City elected to refurbish these vehicles at a lower cost of \$171,584. This increased their useful lives for several more years, saving the City thousands of dollars.

To protect existing assets at the City Service Center, the City constructed a 1,260 ft. long fence with key-card access gates. This security protects several service departments and their equipment. This project was finished late in 2012 for a total of \$73,062.

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. The City 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 that included over 350,000 square feet of buildings. This redevelopment project known as “Portage Crossing” is being developed by Stark Enterprises. As of December 31, 2012, an amount of \$12,734,382 and \$166,544 is recorded as assets held for resale in the Capital Projects Fund and Community Development Block Grant Special Revenue Fund, respectively, for a total investment of \$12,900,926.

The City purchased and demolished a dilapidated property on Portage Trail in 2010, which was improved with the assistance of the State of Ohio Clean Ohio Assistance Fund (COAF) and held for resale. The Portage Trail COAF property in the amount of \$240,221, of which \$232,251 was included in assets held for resale at December 31, 2011 was sold in 2012 for \$50,000, for a loss of \$190,221.

Long-term debt. At December 31, 2012, the City had \$39.786 million of long-term bonds and capital leases outstanding.

City of Cuyahoga Falls General Obligation Bonds and Capital Leases Outstanding						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
G. O. bonds	\$ 3,635,404	\$ 4,422,716	\$ 21,839,574	\$ 23,160,409	\$ 25,474,978	\$ 27,583,125
Capital leases	1,556,828	1,662,121	12,754,077	14,213,016	14,310,905	15,875,137
Total	\$ 5,192,232	\$ 6,084,837	\$ 34,593,651	\$ 37,373,425	\$ 39,785,883	\$ 43,458,262

On September 20, 2012, the City issued Recreation Improvement Refunding Bonds in the amount of \$5,485,000 (par value) with an interest rate of 1.50 – 2.50 percent to advance refund a portion of the 2004 Recreation Improvement Bonds. The refunding bonds mature on December 1, 2024. These bonds were issued at a premium of \$113,017 and include a City contribution of \$99,689, underwriter’s discount of \$41,137 and issuance costs of \$84,360 for net proceeds of \$5,572,209. 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 \$650,076, which resulted in an economic gain of \$580,788. The above noted Recreation Improvement Refunding Bonds are being paid from business-type activities.

City of Cuyahoga Falls, Ohio

In addition to existing agreements to lease equipment, the City entered into a lease agreement in February 2012 for printer, copier and facsimile machines in the amount of \$329,994.

More detailed information regarding the City's long-term debt activity is available in Note 13 on pages 78-80.

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 combinations included merging the Technical Services Department, Information Services, and Regional Dispatching. The State of Ohio passed their latest biennial budget on June 30, 2011. The State's budget included substantial revenue losses to municipalities in the form of local government revenue, commercial activity tax revenue and the elimination of state estate taxes of which municipalities receive 80%. These losses have been taken into account and the three-year forecast has been adjusted. Union agreements have been modified, reflecting no raises through 2013. The City's plan is to be able to forecast far enough into the future to have the ability and time to handle any financial situation that may occur.

The good news for municipalities across the State of Ohio is that the State must pass their new two-year budget by June 30, 2013. The City has been in close contact with the reviews of the proposed budget and there appears that will be no more cuts that need to be absorbed by local governments.

The administration realizes that the only meaningful way to grow revenue will be through development, both residential and commercial, job creation and expansion, and maintaining our housing stock and municipal infrastructure. The City is currently working with developers for residential growth. The Portage Crossing project, South Front Street Revitalization, and completion of the JEDZ, all discussed in the Transmittal Letter will boost commercial growth. The Community Development Department has a diligent housing division along with the assistance of Community Development Block Grant funds to assist the needy to maintain the City's housing stock. To maintain City infrastructure, the City transfers 29.33% of net income tax dollars into the Capital Projects Fund to maintain our infrastructure.

Request for Information

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

BASIC FINANCIAL STATEMENTS

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City of Cuyahoga Falls, Ohio

Statement of Net Position December 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CIC of Cuyahoga Falls
Assets				
Equity in pooled cash and cash equivalents	\$ 20,779,421	\$ 24,308,273	\$ 45,087,694	\$ -
Cash and cash equivalents - restricted accounts	239,417	-	239,417	622,311
Accounts receivable (net of allowance for uncollectibles)	836,569	7,330,937	8,167,506	-
Loans receivable	2,205,573	-	2,205,573	21,882
Taxes receivable	13,751,906	-	13,751,906	-
Special assessments receivable	235,329	329,538	564,867	-
Accrued interest receivable	32,507	-	32,507	-
Due from other governments	3,913,383	35,905	3,949,288	-
Inventory of supplies	690,969	4,065,152	4,756,121	-
Prepaid items	137,878	122,807	260,685	300
Internal balances	1,404,135	(1,404,135)	-	-
Deferred charges	221,748	261,208	482,956	-
Investment in joint venture	-	5,807,006	5,807,006	-
Assets held for resale	12,900,926	-	12,900,926	137,500
Nondepreciable capital assets	15,508,990	3,900,970	19,409,960	-
Depreciable capital assets	76,577,494	103,509,176	180,086,670	-
Total assets	149,436,245	148,266,837	297,703,082	781,993
Liabilities				
Accounts payable	688,083	3,090,495	3,778,578	-
Accrued salaries, wages and benefits	798,419	391,725	1,190,144	-
Accrued interest payable	58,211	60,951	119,162	-
Due to other governments	583,407	401,274	984,681	-
Unearned revenue	9,064,822	14,017	9,078,839	5,234
Deposit held and due to others	-	1,064,318	1,064,318	-
Notes payable	11,965,000	7,000,000	18,965,000	-
Current portion of:				
Accrued compensated absences	1,100,833	336,405	1,437,238	-
Claims and judgments payable	715,084	-	715,084	-
Capital leases	292,582	1,603,850	1,896,432	-
Bonds payable	822,852	1,857,148	2,680,000	-
Long-term portion of:				
Accrued compensated absences	5,016,590	1,636,667	6,653,257	-
Claims and judgments payable	349,885	-	349,885	-
Other post-employment benefit obligation	1,346,218	-	1,346,218	-
Capital leases	1,264,246	11,150,227	12,414,473	-
Payable to Joint Venture	-	2,552,156	2,552,156	-
Bonds payable	2,812,552	19,982,426	22,794,978	-
Total liabilities	36,878,784	51,141,659	88,020,443	5,234
Net Position				
Net investment in capital assets	83,694,616	65,775,358	149,469,974	-
Restricted for:				
Capital projects	11,336,227	-	11,336,227	-
Debt service	6,179	-	6,179	-
Special revenue - Community Development Block Grant	2,536,928	-	2,536,928	-
Special revenue - FEMA Public Assistance	-	-	-	-
CIC - Community Development	-	-	-	595,926
Permanent fund purpose:				
Nonexpendable - Cemetery Perpetual Care	229,900	-	229,900	-
Unrestricted	14,753,611	31,349,820	46,103,431	180,833
Total net position	\$ 112,557,461	\$ 97,125,178	\$ 209,682,639	\$ 776,759

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Activities For the Year Ended December 31, 2012

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Security of persons and property	\$ 18,943,973	\$ 488,609	\$ 38,835	\$ 154,752
Leisure time activities	2,404,181	234,159	-	-
Community environment	2,815,456	549,529	1,527,648	276,683
Street maintenance	6,666,398	918,403	2,015,210	2,595,489
General government	9,011,136	4,863,081	-	-
Interest and fiscal charges	290,053	-	-	-
Total governmental activities	40,131,197	7,053,781	3,581,693	3,026,924
Business-type activities:				
Sewage and disposal	6,034,476	6,560,233	-	30,008
Water	4,078,386	6,287,031	-	130,039
Electric	37,381,756	40,256,836	-	34,866
Sanitation	3,411,871	3,668,307	40,199	-
Leisure time activities	6,903,412	6,046,646	-	-
Storm Drainage Utility	1,125,601	1,184,081	-	122,488
Total business-type activities	58,935,502	64,003,134	40,199	317,401
Total primary government	\$ 99,066,699	\$ 71,056,915	\$ 3,621,892	\$ 3,344,325
Component Unit - CIC of Cuyahoga Falls	\$ 43,242	\$ 7,999	\$ -	\$ -
General revenues:				
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 on sale of capital assets				
Investment earnings				
Transfers				
Total general revenue and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

(Continued)

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	CIC of Cuyahoga Falls
\$ (18,261,777)	\$ -	\$ (18,261,777)	\$ -
(2,170,022)	-	(2,170,022)	-
(461,596)	-	(461,596)	-
(1,137,296)	-	(1,137,296)	-
(4,148,055)	-	(4,148,055)	-
(290,053)	-	(290,053)	-
(26,468,799)	-	(26,468,799)	-
-	555,765	555,765	-
-	2,338,684	2,338,684	-
-	2,909,946	2,909,946	-
-	296,635	296,635	-
-	(856,766)	(856,766)	-
-	180,968	180,968	-
-	5,425,232	5,425,232	-
(26,468,799)	5,425,232	(21,043,567)	-
-	-	-	(35,243)
8,908,341	-	8,908,341	-
792,443	-	792,443	-
12,631,773	-	12,631,773	-
1,612,480	-	1,612,480	-
5,911,758	-	5,911,758	-
4,885,357	-	4,885,357	-
48,447	-	48,447	-
193,201	-	193,201	3,734
(2,126,746)	2,126,746	-	-
32,857,054	2,126,746	34,983,800	3,734
6,388,255	7,551,978	13,940,233	(31,509)
106,169,206	89,573,200	195,742,406	808,268
\$ 112,557,461	\$ 97,125,178	\$ 209,682,639	\$ 776,759

City of Cuyahoga Falls, Ohio

Balance Sheet - Governmental Funds December 31, 2012

	General	Municipal Income Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 7,830,734	\$ 339,150	\$ 5,149,106	\$ 2,209,561	\$ 15,528,551
Cash and cash equivalents - restricted	-	-	-	239,417	239,417
Receivables					
Taxes	8,912,288	4,325,448	-	514,170	13,751,906
Accounts					
(net of allowance for uncollectibles)	17,425	-	562,711	256,146	836,282
Loans	113,975	-	-	2,091,598	2,205,573
Special assessments	-	-	235,329	-	235,329
Accrued interest	-	-	-	32,507	32,507
Due from other funds	1,636,835	-	657,573	379,359	2,673,767
Due from other governments	1,543,803	43,798	1,102,672	1,223,110	3,913,383
Inventory of supplies	93,164	1,288	-	395,508	489,960
Prepaid items	108,055	320	-	22,414	130,789
Assets held for resale	-	-	12,734,382	166,544	12,900,926
Advances to other funds	-	-	-	214,316	214,316
Total assets	\$ 20,256,279	\$ 4,710,004	\$ 20,441,773	\$ 7,744,650	\$ 53,152,706
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 28,538	\$ 97	\$ 563,812	\$ 10,689	\$ 603,136
Accrued salaries, wages and benefits	713,099	7,514	-	88,857	809,470
Accrued interest payable	-	-	48,418	-	48,418
Deferred revenue	10,083,411	2,359,265	830,891	1,198,537	14,472,104
Due to other funds	187,028	2,242,208	4,063	8,567	2,441,866
Due to other governments	46,288	83,461	22,785	104,078	256,612
Advances from other funds	-	-	214,316	-	214,316
General obligation notes payable	-	-	11,965,000	-	11,965,000
Total liabilities	11,058,364	4,692,545	13,649,285	1,410,728	30,810,922
Fund Balances					
Nonspendable	201,219	1,608	12,734,382	813,618	13,750,827
Restricted	113,975	15,851	-	5,199,966	5,329,792
Committed	-	-	241,156	320,338	561,494
Assigned	2,127,354	-	-	-	2,127,354
Unassigned	6,755,367	-	(6,183,050)	-	572,317
Total fund balances	9,197,915	17,459	6,792,488	6,333,922	22,341,784
Total liabilities and fund balances	\$ 20,256,279	\$ 4,710,004	\$ 20,441,773	\$ 7,744,650	\$ 53,152,706

See accompanying notes to the basic financial statements

**Reconciliation of Total Governmental Fund Balances to Net Position of
Governmental Activities
December 31, 2012**

Total Governmental Fund Balances \$ 22,341,784

Amounts reported for governmental activities in the statement of net position 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	\$ 15,487,030	
Depreciable capital assets	<u>76,541,610</u>	92,028,640

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

Investment earnings	29,811	
Property taxes	361,636	
Grants and entitlements	1,937,713	
Income tax	2,359,265	
Special assessments	235,329	
Charges for services	<u>483,528</u>	5,407,282

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 position. Internal service fund net position is:

3,739,187

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

Accrued interest payable	(9,793)	
Deferred charges related to debt issuance	221,748	
Unamortized bond premium	(194,662)	
Accrued compensated absences	(5,980,615)	
Capital leases	(1,555,368)	
Bonds Payable	<u>(3,440,742)</u>	(10,959,432)

Total Governmental Activities Net Position \$ 112,557,461

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2012

	General	Municipal Income Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 8,706,419	\$ -	\$ -	\$ 526,940	\$ 9,233,359
Municipal income taxes	-	19,433,228	-	-	19,433,228
Other local taxes	366,265	-	-	274,704	640,969
State levied shared taxes	4,708,824	-	-	2,528,214	7,237,038
Intergovernmental	67,700	-	2,217,841	1,442,901	3,728,442
Charges for services	3,723,576	-	1,471,159	2,445	5,197,180
Fees, licenses and permits	122,174	-	-	763,438	885,612
Interest earnings	-	-	-	180,908	180,908
Fines and forfeitures	277,751	-	-	31,037	308,788
Special assessments	3,622	-	163,965	16,969	184,556
Other	330,048	331	111,215	432,172	873,766
Total revenues	<u>18,306,379</u>	<u>19,433,559</u>	<u>3,964,180</u>	<u>6,199,728</u>	<u>47,903,846</u>
Expenditures					
Current					
Security of persons and property	16,032,181	-	-	2,251,827	18,284,008
Leisure time activities	2,099,591	-	-	117,567	2,217,158
Community environment	1,167,064	-	-	1,470,153	2,637,217
Street maintenance	-	-	-	3,037,778	3,037,778
General government	6,249,313	1,072,367	-	3,096	7,324,776
Capital outlay	-	-	8,417,407	210,000	8,627,407
Debt Service					
Principal	35,608	1,843	322,049	796,970	1,156,470
Interest	5,566	288	135,436	141,520	282,810
Total expenditures	<u>25,589,323</u>	<u>1,074,498</u>	<u>8,874,892</u>	<u>8,028,911</u>	<u>43,567,624</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>(7,282,944)</u>	<u>18,359,061</u>	<u>(4,910,712)</u>	<u>(1,829,183)</u>	<u>4,336,222</u>
Other Financing Sources (Uses)					
Transfers in	13,406,192	-	5,383,953	4,163,518	22,953,663
Transfers out	<u>(6,068,075)</u>	<u>(18,359,971)</u>	<u>(727,470)</u>	<u>(1,113,380)</u>	<u>(26,268,896)</u>
Total other financing sources (uses)	<u>7,338,117</u>	<u>(18,359,971)</u>	<u>4,656,483</u>	<u>3,050,138</u>	<u>(3,315,233)</u>
Net change in fund balances	55,173	(910)	(254,229)	1,220,955	1,020,989
Fund balance at beginning of year, as restated	9,135,730	18,323	7,046,717	5,159,415	21,360,185
Change in nonspendable inventory	3,224	38	-	(47,106)	(43,844)
Change in nonspendable prepaid items	3,788	8	-	658	4,454
Fund balance at end of year	<u>\$ 9,197,915</u>	<u>\$ 17,459</u>	<u>\$ 6,792,488</u>	<u>\$ 6,333,922</u>	<u>\$ 22,341,784</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, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 1,020,989

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	\$ 7,204,657	
Current year depreciation	<u>(4,011,197)</u>	3,193,460

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 position differs from the change in fund balance by the cost of the assets. (28,897)

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. (39,390)

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

Investment earnings	7,299	
Property taxes	(168,687)	
Grants and entitlements	80,306	
Income tax	722,782	
Special assessments	(168,913)	
Charges for services	<u>(14,049)</u>	458,738

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 position. 1,156,672

Revision of capital lease in governmental funds decreased long-term liabilities in the statement of net position. (253,205)

In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due. 1,997

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. (9,402)

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. (32,636)

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. 233,476

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. 686,453

Change in Net Position of Governmental Activities \$ 6,388,255

See accompanying notes to the basic financial statements

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 8,552,381	\$ 8,706,419	\$ 8,706,419	\$ -
Other local taxes	245,190	245,190	359,615	114,425
State levied shared taxes	3,746,763	4,771,033	5,030,722	259,689
Intergovernmental	22,000	22,000	67,230	45,230
Charges for services	3,789,072	3,789,072	3,737,355	(51,717)
Fees, licenses, and permits	96,705	96,705	118,874	22,169
Fines and forfeitures	291,300	291,300	277,298	(14,002)
Special assessments	-	-	3,622	3,622
Other	260,271	260,271	332,776	72,505
Total revenues	17,003,682	18,181,990	18,633,911	451,921
Expenditures				
Current				
Security of persons and property	16,396,660	16,232,468	16,026,340	206,128
Leisure time activities	2,229,882	2,203,952	2,083,832	120,120
Community environment	1,335,673	1,373,866	1,218,962	154,904
General government	6,743,452	6,680,534	6,347,919	332,615
Debt Service				
Principal	-	35,614	35,608	6
Interest	-	5,573	5,566	7
Total expenditures	26,705,667	26,532,007	25,718,227	813,780
Excess (deficiency) of revenues over (under) expenditures	(9,701,985)	(8,350,017)	(7,084,316)	1,265,701
Other Financing Sources (Uses)				
Transfers in	13,068,925	13,432,411	13,389,600	(42,811)
Transfers out	(4,851,950)	(6,100,230)	(6,068,075)	32,155
Total other financing sources (uses)	8,216,975	7,332,181	7,321,525	(10,656)
Net change in fund balances	(1,485,010)	(1,017,836)	237,209	1,255,045
Fund balance at beginning of year	7,294,625	7,294,625	7,294,625	-
Prior year encumbrances appropriated	103,516	103,516	103,516	-
Fund balance at end of year	\$ 5,913,131	\$ 6,380,305	\$ 7,635,350	\$ 1,255,045

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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal income taxes	\$ 18,881,750	\$ 19,369,750	\$ 19,403,811	\$ 34,061
Other	-	-	331	331
Total revenues	<u>18,881,750</u>	<u>19,369,750</u>	<u>19,404,142</u>	<u>34,392</u>
Expenditures				
Current				
General government	1,159,974	1,083,229	1,006,476	76,753
Debt service				
Principal	-	1,843	1,843	-
Interest	-	289	288	1
Total expenditures	<u>1,159,974</u>	<u>1,085,361</u>	<u>1,008,607</u>	<u>76,754</u>
Excess (deficiency) of revenues over (under) expenditures	17,721,776	18,284,389	18,395,535	111,146
Other Financing Sources (Uses)				
Transfers out	<u>(17,750,000)</u>	<u>(18,333,497)</u>	<u>(18,333,497)</u>	<u>-</u>
Total other financing sources (uses)	<u>(17,750,000)</u>	<u>(18,333,497)</u>	<u>(18,333,497)</u>	<u>-</u>
Net change in fund balances	(28,224)	(49,108)	62,038	111,146
Fund balance at beginning of year	244,403	244,403	244,403	-
Prior year encumbrances appropriated	16,761	16,761	16,761	-
Fund balance at end of year	<u>\$ 232,940</u>	<u>\$ 212,056</u>	<u>\$ 323,202</u>	<u>\$ 111,146</u>

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Net Position - Proprietary Funds December 31, 2012

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Assets							
Current Assets							
Equity in pooled cash and cash equivalents	\$ 3,256,189	\$ 2,837,871	\$13,984,728	\$1,769,158	\$ 2,069,618	\$ 390,709	\$24,308,273
Receivables							
Accounts							
(net of allowance for uncollectibles)	888,531	715,670	5,401,928	211,813	15,350	97,645	7,330,937
Special assessments	75,032	41,618	-	-	-	212,888	329,538
Due from other funds	34,875	-	878,145	13,691	-	14,779	941,490
Due from other governments	33,888	334	28	385	1,270	-	35,905
Inventory of supplies	41,377	506,934	3,358,319	77,121	80,833	568	4,065,152
Prepaid items	13,608	20,094	36,705	8,941	42,999	460	122,807
Deferred charges	18,731	112,925	-	-	129,552	-	261,208
Unamortized bond discount	7,795	40,226	-	-	61,756	-	109,777
Investment in joint venture	-	-	5,807,006	-	-	-	5,807,006
Advances to other funds	-	-	170,000	-	-	-	170,000
Total current assets	4,370,026	4,275,672	29,636,859	2,081,109	2,401,378	717,049	43,482,093
Noncurrent Assets							
Capital Assets							
Land	93,459	135,605	530,756	152,781	1,787,907	726,062	3,426,570
Buildings	501,757	1,018,032	703,644	119,962	35,599,331	11,700	37,954,426
Improvements other than buildings	29,594,362	28,819,422	43,155,547	257,499	4,771,786	9,652,596	116,251,212
Equipment	1,536,104	1,691,213	5,114,919	2,692,677	791,117	364,784	12,190,814
CIP	-	-	289,821	-	35,327	149,252	474,400
Less: Accumulated depreciation	(11,201,076)	(13,187,325)	(25,020,485)	(1,804,072)	(9,881,066)	(1,793,252)	(62,887,276)
Total noncurrent assets	20,524,606	18,476,947	24,774,202	1,418,847	33,104,402	9,111,142	107,410,146
Total assets	24,894,632	22,752,619	54,411,061	3,499,956	35,505,780	9,828,191	150,892,239
Liabilities							
Current Liabilities							
Accounts payable	397,494	23,229	2,516,590	73,986	50,480	28,716	3,090,495
Accrued salaries, wages and benefits	23,634	46,485	205,987	36,203	74,316	5,100	391,725
Accrued compensated absences	44,119	73,751	110,696	57,680	49,317	842	336,405
Accrued interest payable	4,552	12,071	-	-	44,328	-	60,951
Deferred revenue	-	-	-	-	14,017	-	14,017
Due to other funds	171,863	249,622	7,350	146,317	626,221	153	1,201,526
Due to other governments	357,096	7,212	19,075	5,494	11,610	787	401,274
Deposits held and due to others	-	3,870	1,060,448	-	-	-	1,064,318
Claims and judgments payable	-	-	-	-	-	-	-
Capital lease obligations	485,097	322,863	764,954	24,394	6,446	96	1,603,850
Advances from other funds	85,000	-	-	-	-	-	85,000
General obligation notes payable	-	-	-	-	7,000,000	-	7,000,000
General obligation bonds payable	277,000	707,000	-	-	873,148	-	1,857,148
Total current liabilities	1,845,855	1,446,103	4,685,100	344,074	8,749,883	35,694	17,106,709
Noncurrent Liabilities							
Accrued compensated absences	201,170	257,073	640,380	295,008	221,153	21,883	1,636,667
Claims and judgments payable	-	-	-	-	-	-	-
Other post-employment benefit obligation	-	-	-	-	-	-	-
Capital lease obligations	3,385,329	2,245,087	5,328,030	169,731	21,725	325	11,150,227
Advances from other funds	85,000	-	-	-	-	-	85,000
Payable to joint venture	-	-	2,552,156	-	-	-	2,552,156
Unamortized bond premium	84,330	181,392	-	-	374,364	-	640,086
General obligation bonds payable	1,359,000	4,682,000	-	-	13,411,117	-	19,452,117
Total noncurrent liabilities	5,114,829	7,365,552	8,520,566	464,739	14,028,359	22,208	35,516,253
Total liabilities	6,960,684	8,811,655	13,205,666	808,813	22,778,242	57,902	52,622,962
Net Position							
Net investment in capital assets	14,941,645	10,378,831	18,681,218	1,224,722	11,438,221	9,110,721	65,775,358
Unrestricted	2,992,303	3,562,133	22,524,177	1,466,421	1,289,317	659,568	32,493,919
Total net position	\$ 17,933,948	\$13,940,964	\$41,205,395	\$2,691,143	\$12,727,538	\$9,770,289	\$98,269,277
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(1,144,099)
Total net position of business-type activities							\$97,125,178

See accompanying notes to the basic financial statements

Statement of Net Position - Proprietary Funds
December 31, 2012

(Continued)

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 5,250,870
Receivables	
Accounts	
(net of allowance for uncollectibles)	287
Special assessments	-
Due from other funds	33,128
Due from other governments	-
Inventory of supplies	201,009
Prepaid items	7,089
Deferred charges	-
Unamortized bond discount	-
Investment in joint venture	-
Advances to other funds	-
Total current assets	<u>5,492,383</u>
Noncurrent Assets	
Capital Assets	
Land	21,960
Buildings	105,958
Improvements other than buildings	260,029
Equipment	250,605
CIP	-
Less: Accumulated depreciation	<u>(580,708)</u>
Total noncurrent assets	<u>57,844</u>
Total assets	<u>5,550,227</u>
Liabilities	
Current Liabilities	
Accounts payable	84,947
Accrued salaries, wages and benefits	15,010
Accrued compensated absences	72,554
Accrued interest payable	-
Deferred revenue	-
Due to other funds	4,993
Due to other governments	326,795
Deposits held and due to others	-
Claims and judgments payable	715,084
Capital lease obligations	334
Advances from other funds	-
General obligation notes payable	-
General obligation bonds payable	-
Total current liabilities	<u>1,219,717</u>
Noncurrent Liabilities	
Accrued compensated absences	38,193
Claims and judgments payable	349,885
Other post-employment benefit obligation	1,346,218
Capital lease obligations	1,126
Advances from other funds	-
Payable to joint venture	-
Unamortized bond premium	-
General obligation bonds payable	-
Total noncurrent liabilities	<u>1,735,422</u>
Total liabilities	<u>2,955,139</u>
Net Position	
Net investment in capital assets	56,384
Unrestricted	2,538,704
Total net position	<u>\$ 2,595,088</u>

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Operating Revenues							
Charges for services	\$ 6,388,295	\$ 5,978,768	\$ 40,320,975	\$ 3,542,144	\$ 5,520,883	\$1,147,713	\$ 62,898,778
Other	233,245	308,263	384,198	146,446	525,763	60,868	1,658,783
Total operating revenues	<u>6,621,540</u>	<u>6,287,031</u>	<u>40,705,173</u>	<u>3,688,590</u>	<u>6,046,646</u>	<u>1,208,581</u>	<u>64,557,561</u>
Operating Expenses							
Personal services	606,642	1,129,962	2,975,356	856,686	2,427,749	402,870	8,399,265
Fringe benefits	219,323	387,581	1,021,017	316,482	608,814	186,738	2,739,955
Purchased power	-	-	24,616,997	-	-	-	24,616,997
Materials and supplies	46,456	348,109	4,551,055	449,339	211,413	27,437	5,633,809
Utilities	32,017	335,017	41,498	17,184	114,608	314	540,638
Contractual services	3,447,409	207,950	294,058	846,075	67,835	148,373	5,011,700
Internal charges	484,320	479,449	1,576,508	442,444	519,102	46,803	3,548,626
Other	178,134	433,897	751,131	268,560	1,022,195	114,554	2,768,471
Depreciation	835,824	969,977	1,427,440	249,346	949,745	219,730	4,652,062
Total Operating Expenses	<u>5,850,125</u>	<u>4,291,942</u>	<u>37,255,060</u>	<u>3,446,116</u>	<u>5,921,461</u>	<u>1,146,819</u>	<u>57,911,523</u>
Net income (loss) from operations	<u>771,415</u>	<u>1,995,089</u>	<u>3,450,113</u>	<u>242,474</u>	<u>125,185</u>	<u>61,762</u>	<u>6,646,038</u>
Nonoperating Revenues (Expenses)							
Interest revenue	-	-	-	-	-	-	-
Interest expense	(236,790)	(270,107)	(297,136)	(9,462)	(612,426)	(11)	(1,425,932)
Loss on debt refunding	-	-	-	-	(467,209)	-	(467,209)
Gain from disposal of capital assets	-	-	9,300	-	6,000	-	15,300
Grants	-	-	-	40,199	-	-	40,199
Total nonoperating revenues (expenses)	<u>(236,790)</u>	<u>(270,107)</u>	<u>(287,836)</u>	<u>30,737</u>	<u>(1,073,635)</u>	<u>(11)</u>	<u>(1,837,642)</u>
Income (loss) before contributions and transfers	<u>534,625</u>	<u>1,724,982</u>	<u>3,162,277</u>	<u>273,211</u>	<u>(948,450)</u>	<u>61,751</u>	<u>4,808,396</u>
Capital Contributions	30,008	130,039	34,866	-	118,170	122,488	435,571
Transfers in	-	-	1,760,345	-	2,017,450	-	3,777,795
Transfers out	(9,740)	(18,731)	(1,812,235)	(13,842)	(29,912)	(1,926)	(1,886,386)
Changes in net position	<u>554,893</u>	<u>1,836,290</u>	<u>3,145,253</u>	<u>259,369</u>	<u>1,157,258</u>	<u>182,313</u>	<u>7,135,376</u>
Total net position - beginning	17,379,055	12,104,674	38,060,142	2,431,774	11,570,280	9,587,976	
Total net position - ending	<u>\$17,933,948</u>	<u>\$13,940,964</u>	<u>\$41,205,395</u>	<u>\$2,691,143</u>	<u>\$12,727,538</u>	<u>\$9,770,289</u>	
Adjustment to consolidate the internal service fund activities related to enterprise funds.							416,602
Change in net position of business-type activities							<u>\$ 7,551,978</u>

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds (Continued)
For the Year Ended December 31, 2012

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for services	\$ 8,351,836
Other	130,911
Total operating revenues	<u>8,482,747</u>
Operating Expenses	
Personal services	1,122,857
Fringe benefits	5,551,177
Purchased power	-
Materials and supplies	1,561,785
Utilities	13,223
Contractual services	145,548
Internal charges	177,451
Other	238,089
Depreciation	3,116
Total Operating Expenses	<u>8,813,246</u>
Net income (loss) from operations	<u>(330,499)</u>
Nonoperating Revenues (Expenses)	
Interest revenue	4,994
Interest expense	(40)
Loss on debt refunding	-
Gain from disposal of capital assets	4,776
Grants	-
Total nonoperating revenues (expenses)	<u>9,730</u>
Income (loss) before contributions and transfers	<u>(320,769)</u>
Capital Contributions	-
Transfers in	1,430,804
Transfers out	(6,980)
Changes in net position	<u>1,103,055</u>
Total net position - beginning, as restated	1,492,033
Total net position - ending	<u>\$ 2,595,088</u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Cash Flows From Operating Activities							
Cash received from customers	\$ 6,610,203	\$6,208,538	\$40,972,665	\$ 3,689,367	\$ 6,023,777	\$1,228,993	\$ 64,733,543
Cash payments to employees for services	(605,536)	(1,126,555)	(2,868,674)	(852,302)	(2,421,784)	(401,340)	(8,276,191)
Cash payments to employees for benefits	(235,873)	(424,356)	(1,072,057)	(315,391)	(585,332)	(176,434)	(2,809,443)
Cash payments to suppliers for goods and services	(4,910,034)	(1,743,878)	(32,416,841)	(2,012,266)	(1,789,363)	(332,674)	(43,205,056)
Net cash provided by (used in) operating activities	858,760	2,913,749	4,615,093	509,408	1,227,298	318,545	10,442,853
Cash Flows From Non-Capital Financing Activities							
Grant proceeds	-	-	-	40,199	-	-	40,199
Transfers in	-	-	1,760,345	-	2,017,450	-	3,777,795
Transfers out	(9,740)	(18,731)	(1,812,235)	(13,842)	(29,912)	(1,926)	(1,886,386)
Advances in	-	-	85,000	-	-	-	85,000
Advances out	(85,000)	-	-	-	-	-	(85,000)
Net cash provided by (used in) non-capital financing activities	(94,740)	(18,731)	33,110	26,357	1,987,538	(1,926)	1,931,608
Cash Flows From Capital and Related Financing Activities							
Acquisition of capital assets	(79,478)	(363,458)	(1,276,463)	(465,945)	(73,437)	(263,239)	(2,522,020)
Proceeds from the sale of capital assets	-	700	9,300	-	-	-	10,000
Bond/note proceeds	-	-	-	-	7,000,000	-	7,000,000
Refunding bonds issued	-	-	-	-	5,485,000	-	5,485,000
Net premium on various purpose bonds / notes	-	-	-	-	113,670	-	113,670
Refunding other sources	-	-	-	-	99,689	-	99,689
Payment to refunded bond escrow agent	-	-	-	-	(5,572,209)	-	(5,572,209)
Refunding bond issuance cost	-	-	-	-	(84,360)	-	(84,360)
Debt service							
Principal	(735,663)	(1,076,831)	(732,178)	(23,339)	(9,074,214)	(74)	(11,642,299)
Interest	(250,092)	(294,229)	(297,136)	(9,462)	(696,545)	(11)	(1,547,475)
Net cash provided by (used in) capital and related financing activities	(1,065,233)	(1,733,818)	(2,296,477)	(498,746)	(2,802,406)	(263,324)	(8,660,004)
Cash Flows from Investing Activities							
Interest revenue	-	-	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(301,213)	1,161,200	2,351,726	37,019	412,430	53,295	3,714,457
Cash and cash equivalents at Beginning of Year	3,557,402	1,676,671	11,633,002	1,732,139	1,657,188	337,414	20,593,816
Cash and cash equivalents at end of year	\$ 3,256,189	\$2,837,871	\$13,984,728	\$ 1,769,158	\$ 2,069,618	\$ 390,709	\$ 24,308,273

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2012**

(Continued)

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Cash received from customers	\$ 8,478,406
Cash payments to employees for services	(1,123,812)
Cash payments to employees for benefits	(5,881,330)
Cash payments to suppliers for goods and services	<u>(1,751,949)</u>
Net cash provided by (used in) operating activities	(278,685)
Cash Flows From Non-Capital Financing Activities	
Grant proceeds	-
Transfers in	1,430,804
Transfers out	(6,980)
Advances in	-
Advances out	<u>-</u>
Net cash provided by (used in) non-capital financing activities	1,423,824
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	-
Proceeds from the sale of capital assets	4,776
Bond/note proceeds	-
Refunding bonds issued	-
Net premium on various purpose bonds / notes	-
Payment to refunded bond escrow agen	-
Refunding bond issuance cost	-
Debt service	
Principal	(256)
Interest	<u>(40)</u>
Net cash provided by (used in) capital and related financing activities	4,480
Cash Flows from Investing Activities	
Interest revenue	<u>4,994</u>
Net cash provided by investing activities	<u>4,994</u>
Net increase (decrease) in cash and cash equivalents	1,154,613
Cash and cash equivalents at Beginning of Year	<u>4,096,257</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,250,870</u></u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2012

(Continued)

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Reconciliation of Operating Income							
(Loss) to Net cash provided by (Used in) Operating Activities							
Operating Income (Loss)	\$ 771,415	\$ 1,995,089	\$ 3,450,113	\$ 242,474	\$ 125,185	\$ 61,762	\$ 6,646,038
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	835,824	969,977	1,427,440	249,346	949,745	219,730	4,652,062
Amortization expense	3,122	15,623	-	-	123,575	-	142,320
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:							
Receivables	(27,636)	(78,469)	(244,309)	(6,776)	(12,080)	16,650	(352,620)
Due from other funds	(3,667)	-	(50,582)	7,938	-	3,762	(42,549)
Due from other governments	19,966	(334)	(28)	(385)	(1,270)	-	17,949
Inventory of supplies	12,196	440	200,406	3,118	7,643	(568)	223,235
Prepaid items	(316)	(6,478)	(926)	(254)	(953)	(62)	(8,989)
Investment in joint ventures	-	-	(206,953)	-	-	-	(206,953)
Accounts payable							
- net of items affecting capital assets	395,499	5,721	(13,810)	6,210	16,082	6,432	416,134
Accrued salaries, wages and benefits	(15,677)	(34,094)	50,986	4,680	28,154	11,552	45,601
Due to other funds	3,015	47,070	44	2,394	(378)	46	52,191
Due to other governments	(1,134,981)	624	3,995	663	1,114	(759)	(1,129,344)
Deposits held and due to others	-	(1,420)	(1,283)	-	-	-	(2,703)
Other post-employment benefit obligation	-	-	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	(9,519)	-	(9,519)
Total adjustments	87,345	918,660	1,164,980	266,934	1,102,113	256,783	3,796,815
Net cash provided by (used in) operating activities	\$ 858,760	\$ 2,913,749	\$ 4,615,093	\$ 509,408	\$ 1,227,298	\$ 318,545	\$ 10,442,853

During 2012, the Sewage and Disposal, Water, Electric and Storm Drainage Utility Enterprise Funds received contributions in the form of capital assets from private developers in the amount of \$30,008, \$130,039, \$34,866 and \$122,488, respectively. In addition, the Leisure Time Enterprise Fund received contributions in the form of capital assets in the amounts of \$96,564 and \$21,606 from the Capital Projects Fund and Recreation Levy Special Revenue Fund, respectively.

The City entered into a lease agreement in February 2012 for printer, copier and facsimile machines for the Sewage and Disposal, Water, Electric, Leisure Time, Sanitation, Storm Drainage Utility Enterprise Funds and the Garage Internal Service Fund in the amount of \$4,448, \$14,414, \$21,668, \$950, \$33,099, \$495 and \$1,716, respectively.

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2012**

(Continued)

	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income	
(Loss) to Net cash provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ (330,499)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	3,116
Amortization expense	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:	
Receivables	715
Due from other funds	(5,056)
Due from other governments	-
Inventory of supplies	308,400
Prepaid items	(3,341)
Investment in joint ventures	-
Accounts payable	
- net of items affecting capital assets	74,456
Accrued salaries, wages and benefits	(28,526)
Due to other funds	1,334
Due to other governments	13,871
Deposits held and due to others	-
Other post-employment benefit obligation	164,140
Claims and judgments payable	(477,295)
Deferred revenue	-
Total adjustments	51,814
Net cash provided by (used in) operating activities	\$ (278,685)

City of Cuyahoga Falls, Ohio

Statement of Assets and Liabilities - Fiduciary Funds December 31, 2012

	<u>Agency Funds</u>
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 1,702,107
Due from other governments	201,670
Total assets	<u>\$ 1,903,777</u>
Liabilities	
Current Liabilities	
Due to other governments	\$ 1,383,069
Deposits held and due to others	520,708
Total liabilities	<u>\$ 1,903,777</u>

See accompanying notes to the basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

City of Cuyahoga Falls, Ohio

Notes to the Financial Statements December 31, 2012

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 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. Basis of Presentation

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

The statement of net position 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. Other activities from interfund services provided and used are not eliminated in the process of consolidation.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

General Fund

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position, 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/minature 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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 Position.

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 position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. 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, 2012, but which were levied to finance year 2013 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 20th for all subdivisions excluding school districts, which file their form on or before January 20th. The form is prepared to assist the Commission in performing their duties, including the division of the tax rates and the creation of the Official Certificate of Estimated Resources. The following schedules are provided in the form:

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

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 2012.

City of Cuyahoga Falls, Ohio

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 and Cemetery Perpetual Care Permanent 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, 2012, 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 position 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 position 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 projects 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 position, 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

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, which 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

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications areas are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City’s Council. Those committed amounts cannot be used for any other purpose unless the City’s Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by City Council.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represent the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position is 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 position is 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. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

City of Cuyahoga Falls, Ohio

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 2012.

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).

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:

	<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>	<u>Municipal Income Tax Fund</u>
GAAP Basis	\$ 55,173	\$ (910)
Increase (decrease) due to:		
Net change in receivables and other assets not recognized on a budget basis	857,536	(752,199)
Net change in liabilities not recognized on a budget basis	(480,116)	831,095
Encumbrances	<u>(195,384)</u>	<u>(15,948)</u>
Budget Basis	<u>\$ 237,209</u>	<u>\$ 62,038</u>

NOTE 4 - RECEIVABLES

Receivables at December 31, 2012, 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.

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.

City of Cuyahoga Falls, Ohio

NOTE 4 – RECEIVABLES (CONTINUED)

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 \$8,912,288 and \$514,170 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, 2012.

The assessed values of real public utility and tangible personal property upon which 2012 property tax receipts were based are as follows:

<u>Property Types</u>	<u>Valuation</u>
Real Property – 2011 Tax Valuation	\$ 943,885,710
Public Utility Property – 2010 Tax Valuation	7,284,710
Total Valuation	\$ 951,170,420

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 2012 was \$19,433,228. The amount of \$4,325,448 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, 2012.

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.

NOTE 4 – RECEIVABLES (CONTINUED)

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government and Local Government Revenue	
Assistance	\$ 687,545
Estate Tax	157,801
Municipal Income Tax	43,798
Homestead and Rollback	707,953
Gasoline and Excise Tax	505,895
Motor Vehicle License Fees	152,279
Permissive Motor Vehicle License Tax	250,225
EMS Transport Fees	174,007
In Lieu of Public Site	241,156
Highway Distribution	257,992
Liquor Permits	12,637
Clean Ohio Revitalization Fund	262,375
Enhanced 9-1-1 Wireless Distribution	16,536
Federal Grants	176,051
Municipal / County Courts	11,882
Ohio Public Works Commission	238,802
In Lieu of Tax – Summit County	6,533
Other Agencies	9,916
Total Governmental Activities	<u>\$ 3,913,383</u>
Business-type Activities	
Utilities Charges	\$ 33,295
Ohio Department of Taxation	2,610
Total Business-Type Activities	<u>\$ 35,905</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.

City of Cuyahoga Falls, Ohio

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 2012, 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;

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 \$47,029,218 and the bank balance was \$47,896,219. Of the bank balance \$10,527,180 was covered by Federal depository insurance and \$37,369,039 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 \$10,385 as of [December 31, 2012](#).

At year-end, the carrying amount of the Community Improvement Corporation of Cuyahoga Falls, a component unit, deposits were \$622,311 and the bank balance was \$625,379. Information regarding the collateralization of the Community Improvement Corporation of Cuyahoga Falls can be obtained from the corporation's independent audit report.

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Investments are reported at fair value. As of December 31, 2012 all investments are reported in equity in pooled cash and cash equivalents and cash and cash equivalents – restricted accounts.

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.

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.

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 a limit on the amount it may invest in the State of Ohio Treasurer's Investment Pool (STAROhio), of no more than 25% of total investments. The City had no investments as of December 31, 2012, and as a result, there is no credit risk allocation to report.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 8,730,810	\$ 36,587	\$ -	\$ 8,767,397
Construction In Progress	6,920,494	4,311,858	(4,490,759)	6,741,593
<i>Total Capital Assets Not Being Depreciated</i>	15,651,304	4,348,445	(4,490,759)	15,508,990
<i>Capital Assets Being Depreciated</i>				
Buildings	27,909,221	191,561	-	28,100,782
Improvements	1,735,429	73,062	-	1,808,491
Machinery and Equipment	26,907,025	1,820,460	(510,256)	28,217,229
Infrastructure				
Roads	54,389,113	5,263,604	-	59,652,717
Traffic Signals	209,489	-	-	209,489
Bridges	10,656,180	-	-	10,656,180
<i>Total Capital Assets Being Depreciated</i>	121,806,457	7,348,687	(510,256)	128,644,888
<i>Less Accumulated Depreciation</i>				
Buildings	(10,425,836)	(687,657)	-	(11,113,493)
Improvements	(471,142)	(69,290)	-	(540,432)
Machinery and Equipment	(18,871,138)	(1,678,428)	481,359	(20,068,207)
Infrastructure				
Roads	(17,095,744)	(1,356,378)	-	(18,452,122)
Traffic Signals	(72,228)	(19,901)	-	(92,129)
Bridges	(1,598,352)	(202,659)	-	(1,801,011)
<i>Total Accumulated Depreciation</i>	(48,534,440)	(4,014,313)	481,359	(52,067,394)
<i>Total Capital Assets Being Depreciated, Net</i>	73,272,017	3,334,374	(28,897)	76,577,494
<i>Governmental Activities Capital Assets, Net</i>	\$ 88,923,321	\$ 7,682,819	\$ (4,519,656)	\$ 92,086,484
 *Depreciation expense was charged to governmental functions as follows:				
General Government				387,105
Security of Persons and Property				1,159,890
Community Environment				219,733
Leisure Time Activities				263,318
Street Maintenance				1,981,151
Garage				3,116
Total				\$ 4,014,313

City of Cuyahoga Falls, Ohio

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	<u>Balance 1/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2012</u>
Business -type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 3,367,204	\$ 59,366	\$ -	\$ 3,426,570
Construction In Progress	2,911,537	1,166,561	(3,603,698)	474,400
<i>Total Capital Assets Not Being Depreciated</i>	6,278,741	1,225,927	(3,603,698)	3,900,970
<i>Capital Assets Being Depreciated</i>				
Buildings	37,889,010	65,416	-	37,954,426
Improvements	112,179,253	4,283,712	(211,753)	116,251,212
Machinery and Equipment	11,161,301	1,076,801	(47,288)	12,190,814
<i>Total Capital Assets Being Depreciated</i>	161,229,564	5,425,929	(259,041)	166,396,452
<i>Less Accumulated Depreciation</i>				
Buildings	(7,998,820)	(805,494)	-	(8,804,314)
Improvements	(43,110,508)	(3,048,688)	211,753	(45,947,443)
Machinery and Equipment	(7,384,927)	(797,880)	47,288	(8,135,519)
<i>Total Accumulated Depreciation</i>	(58,494,255)	(4,652,062)	259,041	(62,887,276)
<i>Total Capital Assets Being Depreciated, Net</i>	102,735,309	773,867	-	103,509,176
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 109,014,050</u>	<u>\$ 1,999,794</u>	<u>\$ (3,603,698)</u>	<u>\$ 107,410,146</u>

*Depreciation expense was charged to business-type activities as follows:

Sewage and Disposal	\$ 835,824
Water	969,977
Electric	1,427,440
Sanitation	249,346
Leisure Time	949,745
Storm Drainage	219,730
Total	<u>\$ 4,652,062</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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of 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 visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. The 2012 member contribution rates were 10.0 percent of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.5% and 12.10%, respectively. For state and local employers, the 2012 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, 2012, 2011, and 2010 were, \$2,414,463, \$2,367,132 and \$2,423,879 respectively; 82.0 percent has been contributed for 2012, 100 percent for 2011 and 100 percent for 2010. Contributions to the Member-Directed Plan for 2012 were \$44,000 made by the City and \$31,429 made by the plan members

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.

Police and firefighters are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent and 24 percent respectively for police officers and firefighters, 12.75 percent and 17.25 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 \$928,627 and \$1,285,282, respectively for the year ended December 31, 2012, \$908,086 and \$1,255,091 for the year ended December 31, 2011, and \$975,614 and \$1,253,837 for the year ended December 31, 2010. For 2012, 73.5 percent for police and 73.4 percent for firefighters, respectively, has been contributed. The full amount has been contributed for 2010 and 2011.

City of Cuyahoga Falls, Ohio

NOTE 8 – POST-EMPLOYMENT 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 health care 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 Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, 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 coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. 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 Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during the calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees 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, to pay a portion of health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's actual employer contributions for December 31, 2012, 2011 and 2010 which were used to fund post-employment benefits were \$866,620, \$849,631, and \$813,442, respectively; 82.0 percent has been contributed for 2012 and 100 percent has been contributed for 2011 and 2010.

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

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

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 health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

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 statutory survivor benefit 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 and is also available on OP&F's website at www.OP-F.org.

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 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, 2012, 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 – POST-EMPLOYMENT BENEFITS (CONTINUED)

The City's annual contributions for December 31, 2012, 2011, and 2010 that were used to fund post-employment benefits were \$321,448 for police and \$361,486 for fire, \$314,337 for police and \$352,994 for fire, and \$337,713 for police and \$352,642 for fire, respectively; 82.0 percent has been contributed for 2012 and 100 percent has been contributed for 2011 and 2010.

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

D. Contingent Liabilities

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

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The plan was for the NGCC Plant to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center ("AFEC") at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2012, the type of generating asset has not been determined.

The AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants. At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. Based on an allocation to the City of 50,000 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2012 the City of Cuyahoga Falls has a potential stranded cost obligation of \$8,539,097 for the AMPGS Project.

City of Cuyahoga Falls, Ohio

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

AMP has rolled over a portion of the Meigs County facility cost into the Fremont Energy Center ("Fremont"), a natural gas generating station under construction, that AMP purchased in 2011. The City will receive a credit of \$2,420,575 for being a participant in both projects. The City's remaining share of the AMPGS costs is being paid to AMP from operation funds over a period of 15 years beginning in April 2012. As of December 31, 2012, the City remitted \$315,506 to AMP as part of the purchased power expense reflected in the financial statements. Therefore, no liability has been recorded in the financial statements.

To date, there has been no determination of the final costs for AMPGS participants. AMP is pursuing legal claims against the construction contractor. On May 8, 2012 AMP received an opinion from the U.S. District Court, which among other things, determined that it was plausible that the contractor acted wantonly and the court denied the contractor's motion to dismiss to the extent that the contractor sought to limit its potential liability of \$500,000. This opinion and order does not provide a reasonable basis for estimating recovery of a specific dollar amount either through award or settlement regarding this litigation. In the case of a favorable outcome, the City will receive a credit or refund of amounts remitted as part of the purchased power payments.

NOTE 11 - CAPITAL LEASES

In addition to existing agreements to lease equipment, the City entered into a lease agreement in February 2012 for printer, copier and facsimile machines in the amount of \$329,994. 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 Position. The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment (Dispatch Center Equipment)	\$ 2,441,577	
Equipment (In Car Video / Mobile Data Terminals)	263,515	
Improvements other than buildings	115,267	\$ 16,902,526
Copiers / Printers	<u>239,114</u>	<u>75,074</u>
Less: Accumulated Depreciation	<u>(1,325,980)</u>	<u>(2,420,773)</u>
Total	\$ <u>1,733,493</u>	\$ <u>14,556,827</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2013	\$ 350,521	\$ 2,158,848
2014	350,521	2,158,848
2015	350,521	2,158,848
2016	350,521	2,158,848
2017	304,326	2,145,243
2018-19	28,911	4,285,044
Total	<u>1,735,321</u>	<u>15,065,679</u>
Less: Amount representing interest	<u>(178,493)</u>	<u>(2,311,602)</u>
Present value of minimum lease payments	\$ <u>1,556,828</u>	\$ <u>12,754,077</u>

NOTE 12 - SHORT-TERM OBLIGATIONS

A summary of the changes in the City's short-term obligations for the year ended December 31, 2012, was as follows:

	Balance January 1, <u>2012</u>	<u>Issued</u>	<u>Retired</u>	Balance December 31, <u>2012</u>
General Obligation Bond Anticipation Notes				
<u>Governmental Activities:</u>				
Capital Projects Fund Obligations:				
1.00% Various Purpose Notes, due 12/06/12	\$ 1,300,000	\$ 0	\$ 1,300,000	\$ 0
1.00% Various Purpose Notes, due 12/05/13	0	1,400,000	0	1,400,000
1.50% Taxable Land Acquisition and Improvement Note, due 8/16/12	8,600,000	0	8,600,000	0
1.25% Taxable Land Acquisition and Improvement Note, due 8/16/13	0	8,600,000	0	8,600,000
1.25% Street Improvement Note, due 9/25/13	0	1,965,000	0	1,965,000
Total Governmental Activities	<u>\$ 9,900,000</u>	<u>\$ 11,965,000</u>	<u>\$ 9,900,000</u>	<u>\$ 11,965,000</u>
<u>Business-type Activities:</u>				
Leisure Time Fund Obligations:				
1.00% Various Purpose Notes, due 12/06/12	\$ 8,300,000	\$ 0	\$ 8,300,000	\$ 0
1.00% Various Purpose Notes, due 12/05/13	0	7,000,000	0	7,000,000
Water Fund Obligations:				
1.00% Various Purpose Notes, due 12/06/12	85,000	0	85,000	0
Total Business-Type Activities	<u>\$ 8,385,000</u>	<u>\$ 7,000,000</u>	<u>\$ 8,385,000</u>	<u>\$ 7,000,000</u>
Grand Total	<u>\$ 18,285,000</u>	<u>\$ 18,965,000</u>	<u>\$ 18,285,000</u>	<u>\$ 18,965,000</u>

On August 15, 2012 the City issued a Taxable Land Acquisition and Improvement Note in the amount of \$8,600,000 for the purpose of revitalizing the State Road Redevelopment Area by acquiring, clearing and improving certain properties in that area.

On September 25, 2012 the City issued a Street Improvement Note in the amount of \$1,965,000 for the purpose of widening State Road from Graham Road to Quick Road, by constructing and installing sidewalks, bike lanes, curbs, storm water management improvements, signalization and street lighting, and other improvements.

On December 5, 2012, the City issued notes in the amount of \$8,400,000 in anticipation of the issuance of bonds, for the following purposes: constructing and a community recreation center, and acquiring real estate and interests in real estate therefore, and constructing improvements to portions of State Road and Portage Trail, including constructing or replacing sidewalks and curbs, installing water and sewer lines, constructing turning lanes, installing traffic signals and lighting and all related improvements.

City of Cuyahoga Falls, Ohio

NOTE 13 - LONG-TERM OBLIGATIONS

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

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<u>Business-type Activities:</u>				
Enterprise Fund Obligations				
<u>Bonds Payable</u>				
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
2011 Various Purpose Refunding (2001 Water)	10/18/2011	12/01/2021	1.50%-3.00%	3,180,000
2012 Various Purpose Refunding (2001 Water)	10/18/2011	12/01/2021	1.50%-3.00%	3,180,000
2012 Recreation Improvement Refunding	9/20/2012	12/01/2024	1.50%-2.50%	5,485,000

Governmental Activities:

Bonds Payable

Other General Obligation Bonds:

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.

***Issue was advanced refunded by the City, (2011 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, (2012 Recreation Improvement Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of the changes in the City's long-term obligations for the year ended December 31, 2012, was as follows:

	Balance January 1, 2012	Issued 2012	Retired 2012	Balance December 31, 2012	Amount Due Within One Year
Business-type Activities:					
Enterprise Fund Obligations					
<u>Bonds Payable</u>					
2004 Various Purpose Refunding (Recreation)	\$ 1,008,551	\$ 0	\$ 239,286	\$ 769,265	\$ 248,148
2004 Recreation Improvement	5,805,000	0	5,450,000	355,000	355,000
2009 Various Purpose Refunding (1997 Sewer)	883,000	0	137,000	746,000	140,000
2009 Various Purpose Refunding (1998 Sewer)	1,024,000	0	134,000	890,000	137,000
2009 Various Purpose Refunding (1997 Water)	797,000	0	124,000	673,000	127,000
2009 Various Purpose Refunding (1998 Water)	2,095,000	0	274,000	1,821,000	280,000
2009 Various Purpose Refunding (Recreation)	7,860,000	0	185,000	7,675,000	190,000
2011 Various Purpose Refunding (2001 Water)	3,180,000	0	285,000	2,895,000	300,000
2012 Recreation Improvement Refunding	0	5,485,000	0	5,485,000	80,000
Unamortized Bond Discount	(76,116)	(41,137)	(7,476)	(109,777)	0
Unamortized Bond Premium	583,974	154,807	98,695	640,086	0
Total Business-type Activities Bonds Payable	<u>23,160,409</u>	<u>5,598,670</u>	<u>6,919,505</u>	<u>21,839,574</u>	<u>1,857,148</u>
<u>Other Obligations</u>					
Capital Lease Obligations	14,213,016	75,074	1,534,013	12,754,077	1,603,850
Compensated absences (Note 9)	2,050,544	69,812	147,284	1,973,072	336,405
Total Business-type Activities	<u>\$ 39,423,969</u>	<u>\$ 5,743,556</u>	<u>\$ 8,600,802</u>	<u>\$ 36,566,723</u>	<u>\$ 3,797,403</u>
Governmental Activities:					
<u>Bonds Payable</u>					
Other General Obligation Bonds:					
2004 Various Purpose Refunding	\$ 1,836,456	\$ 0	\$ 435,714	\$ 1,400,742	\$ 451,852
2009 Various Purpose Refunding ('97 Rec)	1,965,000	0	304,000	1,661,000	313,000
2009 Various Purpose Refunding ('98 Rec)	436,000	0	57,000	379,000	58,000
Unamortized Bond Premium	185,260	69,973	60,571	194,662	0
Total Governmental Activities Bonds Payable	<u>4,422,716</u>	<u>69,973</u>	<u>857,285</u>	<u>3,635,404</u>	<u>822,852</u>
<u>Other Obligations</u>					
Capital Lease Obligations (Note 11)	1,662,121	254,331	359,624	1,556,828	292,582
Compensated absences, (Note 9)	6,384,177	333,247	600,001	6,117,423	1,100,833
Claims and Judgments Payable	1,542,264	4,017,214	4,494,509	1,064,969	715,084
Total Governmental Activities Other Obligations	<u>9,588,562</u>	<u>4,674,765</u>	<u>5,454,134</u>	<u>8,739,220</u>	<u>2,108,499</u>
Total Governmental Activities	<u>\$ 14,011,278</u>	<u>\$ 4,744,729</u>	<u>\$ 6,311,419</u>	<u>\$ 12,374,624</u>	<u>\$ 2,931,351</u>

City of Cuyahoga Falls, Ohio

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Defeased Debt

On September 20, 2012, the City issued Recreation Improvement Refunding Bonds in the amount of \$5,485,000 (par value) with an interest rate of 1.50 – 2.50 percent to advance refund a portion of the 2004 Recreation Improvement Bonds. The refunding bonds mature on December 1, 2024. These bonds were issued at a premium of \$113,017 and include a City contribution of \$99,689, underwriter's discount of \$41,137 and issuance costs of \$84,360 for net proceeds of \$5,572,209. 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 \$650,076, which resulted in an economic gain of \$580,788. The above noted Recreation Improvement Refunding Bonds are being paid from business-type activities.

As of December 31, 2012, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt without a vote of the electors) was \$48,883,896. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2012 (excluding capital leases) are as follows:

Year	Enterprise Fund Obligations		Other General Obligations	
	Principal	Interest	Principal	Interest
2013	\$ 1,857,148	\$ 656,618	\$ 822,852	\$ 117,507
2014	1,904,238	608,102	845,762	93,148
2015	1,955,873	560,865	874,127	66,548
2016	1,744,000	503,084	406,000	34,003
2017	1,792,000	451,926	423,000	18,118
2018-2022	5,556,000	1,669,292	69,001	2,070
2023-2027	2,535,000	1,063,019	0	0
2028-2032	1,780,000	703,219	0	0
2033-2037	2,185,006	293,325	0	0
Total	\$ 21,309,265	\$ 6,509,450	\$ 3,440,742	\$ 331,394

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.

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

NOTE 14 - INTERFUND TRANSFERS AND BALANCES

Transfers Out	Transfers In						Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Electric Fund	Leisure Time Fund	Internal Service Funds	
General Fund			\$ 2,445,000	\$ 1,760,345	\$ 614,450	\$ 1,248,280	\$ 6,068,075
Municipal Income Tax Fund	\$ 11,504,003	\$ 5,383,953	1,468,518			3,497	18,359,971
Capital Projects Fund	127,470				600,000		727,470
Nonmajor Governmental Funds	5,500		250,000		803,000	54,880	1,113,380
Sewer Fund						9,740	9,740
Water Fund						18,731	18,731
Electric Fund	1,769,219					43,016	1,812,235
Sanitation Fund						13,842	13,842
Leisure Time Fund						29,912	29,912
Storm Drainage Utility Fund						1,926	1,926
Internal Service Funds						6,980	6,980
Total	\$ 13,406,192	\$ 5,383,953	\$ 4,163,518	\$ 1,760,345	\$ 2,017,450	\$ 1,430,804	\$ 28,162,262

A. Transfers

As of December 31, 2012, interfund transfers were as follows:

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 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 transfer to the General Fund represents ten percent of the proceeds after payment of expenses related to the collection of fees for medical transport services, per City Council Ordinance 69-2010.

The Nonmajor Funds transfer to other Nonmajor funds were made to provide additional resources to 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 from the FEMA Public Assistance Fund was made to reimburse the fund for expenses related to the City’s Wireless Emergency Notification System (WENS). The monies were initially received as a FEMA Hazard Mitigation Program Federal Grant and were recorded in the FEMA Public Assistance Fund.

Transfers to Internal Service Funds were made for future employee personal services compensation.

City of Cuyahoga Falls, Ohio

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, 2012 are as follows:

	Due from Other Funds	Due to Other Funds	Advances to Other Funds	Advances from Other Funds
<u>Government Funds</u>				
General Fund	\$ 1,636,835	\$ 187,028	\$ 0	\$ 0
Special Revenue Funds:				
Municipal Income Tax	0	2,242,208	0	0
Street Construction, Maintenance and Repair	0	5,563	0	0
Recreation Levy	379,359	2,941	0	0
Community Development Block Grant	<u>0</u>	<u>63</u>	<u>0</u>	<u>0</u>
	<u>379,359</u>	<u>2,250,775</u>	<u>0</u>	<u>0</u>
Capital Projects Funds				
Capital Projects	657,573	4,063	0	214,316
Capital Improvement Reserve	<u>0</u>	<u>0</u>	<u>214,316</u>	<u>0</u>
	<u>657,573</u>	<u>4,063</u>	<u>214,316</u>	<u>214,316</u>
Total Governmental Funds:	<u>2,673,767</u>	<u>2,441,866</u>	<u>214,316</u>	<u>214,316</u>
<u>Proprietary Funds</u>				
Enterprise Funds:				
Sewage and Disposal	34,875	171,863	0	170,000
Water	0	249,622	0	0
Electric	878,145	7,350	170,000	0
Sanitation	13,691	146,317	0	0
Leisure Time	0	626,221	0	0
Storm Drainage Utility	<u>14,779</u>	<u>153</u>	<u>0</u>	<u>0</u>
	<u>941,490</u>	<u>1,201,526</u>	<u>170,000</u>	<u>170,000</u>
Internal Service Funds:				
Garage	0	4,993	0	0
Workers' Compensation	<u>33,128</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>33,128</u>	<u>4,993</u>	<u>0</u>	<u>0</u>
Total Proprietary Funds	<u>974,618</u>	<u>1,206,519</u>	<u>170,000</u>	<u>170,000</u>
Total All Funds	<u>\$ 3,648,385</u>	<u>\$ 3,648,385</u>	<u>\$ 384,316</u>	<u>\$ 384,316</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>
2013	\$ 214,316	\$ 85,000	\$ 299,316
2014	<u>0</u>	<u>85,000</u>	<u>85,000</u>
	<u>\$ 214,316</u>	<u>\$ 170,000</u>	<u>\$ 384,316</u>

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 January 1, 2012 through December 31, 2012, the City has purchased specific stop-loss coverage of \$225,000 per person. Aggregate stop-loss coverage was eliminated on June 1, 2010.

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 \$270,542 has been recorded to reflect the outstanding claims as of December 31, 2012. Most health insurance claims are presented for payment to the City within several months after services are rendered.

B. Workers' Compensation Internal Service Fund

As of December 31, 2012, the City completed its twentieth 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 \$1,520,852. 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 2012, the retrospective rating minimum premium paid by the City was \$310,489 and the total medical and other expenses paid was \$564,856 for a total of \$875,345.

City of Cuyahoga Falls, Ohio

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.

	2010		2011		2012	
	Workers'		Workers'		Workers'	
	Self-Insurance	Compensation	Self-Insurance	Compensation	Self-Insurance	Compensation
Unpaid claims-January 1	\$ 261,556	\$ 453,907	\$ 344,129	\$ 1,030,317	\$ 336,336	\$ 1,205,928
Incurred claims (including IBNRs)	3,531,061	750,541	4,551,366	747,681	3,902,778	114,436
Claim payments made during the year	(3,448,488)	(174,131)	(4,559,159)	(572,070)	(3,929,653)	(564,856)
Unpaid claims-December 31	\$ 344,129	\$ 1,030,317	\$ 336,336	\$ 1,205,928	\$ 309,461	\$ 755,508

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 \$89,131 at December 31, 2012. 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 & 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.

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

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, 2012 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 bases. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2012, the outstanding debt was \$20,030,648. The City's net obligation for this amount at December 31, 2012 was \$1,906,918. The City's net investment in OMEGA JV2 was \$1,952,793 at December 31, 2012. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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

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

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

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, 2012 Cuyahoga Falls has met their debt coverage obligation.

City of Cuyahoga Falls, Ohio

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 \$1,628,989 at December 31, 2012. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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

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 nominal 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, 2012 Cuyahoga Falls has met their debt coverage obligation.

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 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, 2012 was \$645,238 (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 \$2,136,093 at December 31, 2012. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor’s website at www.auditor.state.oh.us.

NOTE 17 – CONSTRUCTION COMMITMENTS

As of December 31, 2012, the City had the following significant commitments with respect to projects requiring capital expenditures:

<u>Capital Project</u>	2012 Remaining Construction <u>Contract</u>	Expected Date of Completion <u>Completion</u>
Portage Crossing CORF	\$ 360,205	2013
South Front Street Redevelopment CORF	358,351	2013
Buckeye Sports Center CORF	386,358	2013
Portage Crossing Infrastructure	1,289,700	2013
Portage Crossing Infrastructure	135,729	2013
Steel Storage Building	<u>266,213</u>	2013
Total Capital Projects	<u>\$ 2,796,556</u>	

NOTE 18 – FUND BALANCES

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

City of Cuyahoga Falls, Ohio

NOTE 18 – FUND BALANCES (CONTINUED)

Fund Balances	General	Municipal	Capital	Other	Total
	Fund	Income Tax	Projects	Governmental Funds	
<i>Nonspendable</i>					
Inventory of supplies	\$ 93,164	\$ 1,288	\$ -	\$ 395,508	\$ 489,960
Prepaid items	108,055	320	-	22,414	130,789
Assets held for resale	-	-	12,734,382	166,544	12,900,926
Cemetery perpetual care	-	-	-	229,152	229,152
<i>Total nonspendable</i>	<u>201,219</u>	<u>1,608</u>	<u>12,734,382</u>	<u>813,618</u>	<u>13,750,827</u>
<i>Restricted for</i>					
Development federal programs	113,975	-	-	2,370,621	2,484,596
Income tax externally imposed by voters	-	15,851	-	-	15,851
Debt service reserves	-	-	-	10,265	10,265
Streets and highways	-	-	-	1,599,469	1,599,469
Police pension	-	-	-	14,634	14,634
Fire pension	-	-	-	29,070	29,070
Parks and recreation improvements	-	-	-	886,634	886,634
Enterprise zone / community reinvestment area	-	-	-	32,465	32,465
Other law enforcement	-	-	-	256,808	256,808
<i>Total restricted</i>	<u>113,975</u>	<u>15,851</u>	<u>-</u>	<u>5,199,966</u>	<u>5,329,792</u>
<i>Committed to</i>					
In lieu of public site subdivision regulations	-	-	241,156	-	241,156
Interest earnings distribution	-	-	-	318,785	318,785
Urban renewal area	-	-	-	1,553	1,553
<i>Total committed</i>	<u>-</u>	<u>-</u>	<u>241,156</u>	<u>320,338</u>	<u>561,494</u>
<i>Assigned to</i>					
Outstanding encumbrances	183,675	-	470,728	-	654,403
Fiscal year 2013 appropriations	1,943,679	-	-	-	1,943,679
<i>Total assigned</i>	<u>2,127,354</u>	<u>-</u>	<u>470,728</u>	<u>-</u>	<u>2,598,082</u>
Unassigned (deficit)	6,755,367	-	(6,653,778)	-	101,589
Total fund balances	<u>\$ 9,197,915</u>	<u>\$ 17,459</u>	<u>\$ 6,792,488</u>	<u>\$ 6,333,922</u>	<u>\$ 22,341,784</u>

NOTE 19 – ASSETS HELD FOR RESALE

Assets held for resale represents a property purchased by the City, which will be resold for development purposes. As of December 31, 2012, the cumulative balance for the State Road Shopping Center was \$12,900,926. A fund balance reserve, in the amount of \$12,734,382 and \$166,544 was created in the Capital Projects and Community Development Block Grant Special Revenue Funds, respectively, presented in the governmental fund financial statements. The Portage Trail COAF property in the amount of \$240,221, of which \$232,251 was included in assets held for resale at December 31, 2011 was sold in 2012 for \$50,000, for a loss of \$190,221.

NOTE 20 – 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 life insurance benefits to its retirees having at least five years of continuous service and health care 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, 2012, the City contributed \$472,846 to the 161 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

City of Cuyahoga Falls, Ohio

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2013 is \$3,001.82 for retirees who have single or family coverage level. The reimbursement is increased 5.0% per year.

Police Officers. The 2013 annual subsidy amounts for police officers are as follows:

	Premium Reimbursement		Co-pay and Deductible
	<65	65+	All ages
Retiree	\$1,751.40	\$1,566.72	\$400
Spouse	\$2,640.60	\$2,769.60	N/A*

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

Firefighters. The 2013 annual subsidy amounts for firefighters are as follows:

	Premium Reimbursement		Co-pay and Deductible
	<65	65+	All ages
Firefighters who retired prior to 2006			
Retiree	\$2,997.24	\$1,854.24	Unlimited
Spouse	\$6,621.24	\$4,106.28	

Firefighters who retired on/after 2006

Retiree	\$1,751.40	\$1,751.40	\$700
Spouse	\$2,640.60	\$2,640.60	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, 2010 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, 2012, the annual required contribution (ARC) was \$ 634,176 and the City's annual employer contribution for pay-as-you-go cost was \$472,846, leaving an adjusted Net OPEB Obligation of \$1,346,218 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 Position.

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2012, was as follows:

As of	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
Dec 31, 2012	\$0	\$9,754,116	\$9,754,116	0.0%	\$27,596,971	35.3%
Dec 31, 2011	0	10,305,074	10,305,074	0.0%	27,941,664	36.9%
Dec 31, 2010	0	10,305,074	10,305,074	0.0%	28,935,743	35.6%

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 health care 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, 2012 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a discount rate of 4.5% unfunded, 8% fully-funded, a projected payroll growth rate of 3%, a health care cost trend rate of 5% and a rate of inflation of 3%. 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.

The table below presents the annual post-employment benefit cost, percentage of the annual post-employment benefit cost contributed, and the net pension obligation/net other post-employment benefit obligation for both the current year and the two preceding years.

As of	Annual Required Contribution (ARC)	Interest on Net OPEB	Adjustment to the ARC	Annual OPEB Cost	Employer Contributions	Other adjustments	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Increase/ (Decrease) in the Net OPEB
Dec 31, 2012	\$634,176	\$53,194	(\$50,384)	\$636,986	\$472,846	(\$1,380)	74.2%	\$1,346,218	\$162,760
Dec 31, 2011	727,485	26,117	(24,737)	728,865	448,388	0	61.5%	1,183,458	280,477
Dec 31, 2010	727,485	26,117	(24,737)	728,865	395,111	(11,154)	54.2%	902,981	322,600

City of Cuyahoga Falls, Ohio

NOTE 21 - CHANGES IN ACCOUNTING PRINCIPALS

A. Change in Accounting Principals

For 2012, the City has implemented Governmental Accounting Standard Board (GASB) Statement No 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, Statement, No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement, No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, Statement, No. 64, *“Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53.”*

GASB Statement Number 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple employer other postemployment benefit (OPEB) plans. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2011 and have been implemented by the City. The implementation of this statement has no impact on the City’s financial statements or disclosures.

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the City’s 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the City’s financial statements.

B. Restatement of Prior Year’s Fund Balance

Previously, the City reported activity relating to the information services internal service fund in proprietary funds. This City has decided to report this activity in the general fund. The restatement had the following effect on fund balances as they were previously reported.

	General <u>Fund</u>
Fund Balance at December 31, 2011	\$9,148,434
Change in Fund Structure	<u>(12,704)</u>
Adjusted Fund Balance at December 31, 2011	<u>\$9,135,730</u>

The change also restated the internal service funds net position from \$1,506,520 to \$1,492,033 at December 31, 2011.

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 8,552,381	\$ 8,706,419	\$ 8,706,419	\$ -
Other local taxes	245,190	245,190	359,615	114,425
State levied shared taxes	3,746,763	4,771,033	5,030,722	259,689
Intergovernmental	22,000	22,000	67,230	45,230
Charges for services	3,789,072	3,789,072	3,737,355	(51,717)
Fees, licenses, and permits	96,705	96,705	118,874	22,169
Fines and forfeitures	291,300	291,300	277,298	(14,002)
Special assessments	-	-	3,622	3,622
Other	260,271	260,271	332,776	72,505
Total Revenues	<u>17,003,682</u>	<u>18,181,990</u>	<u>18,633,911</u>	<u>451,921</u>
Expenditures				
Current				
Security of persons and property				
Police				
Personal services	6,409,502	6,334,742	6,319,147	15,595
Other operations	927,407	920,560	850,113	70,447
Capital outlay	90,000	90,000	83,988	6,012
Total - Police	<u>7,426,909</u>	<u>7,345,302</u>	<u>7,253,248</u>	<u>92,054</u>
Fire				
Personal services	6,649,635	6,539,635	6,462,361	77,274
Other operations	738,271	744,612	728,558	16,054
Capital outlay	-	20,000	19,765	235
Total - Fire	<u>7,387,906</u>	<u>7,304,247</u>	<u>7,210,684</u>	<u>93,563</u>
Technical services				
Personal services	386,692	386,692	378,645	8,047
Other operations	63,507	64,877	58,015	6,862
Total - Technical services	<u>450,199</u>	<u>451,569</u>	<u>436,660</u>	<u>14,909</u>
Communications				
Personal services	966,750	969,050	969,024	26
Other operations	164,896	162,300	156,724	5,576
Total - Technical services	<u>1,131,646</u>	<u>1,131,350</u>	<u>1,125,748</u>	<u>5,602</u>
Total - Security of persons and property	<u>16,396,660</u>	<u>16,232,468</u>	<u>16,026,340</u>	<u>206,128</u>
Leisure time activities				
Parks & recreation				
Personal services	1,538,318	1,508,318	1,472,232	36,086
Other operations	691,564	695,634	611,600	84,034
Total - Leisure time activities	<u>2,229,882</u>	<u>2,203,952</u>	<u>2,083,832</u>	<u>120,120</u>

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Riverfront Centre District				
Personal services	\$ 320,008	\$ 320,008	\$ 243,479	\$ 76,529
Other operations	285,395	289,998	229,955	60,043
Total - Riverfront Centre District	605,403	610,006	473,434	136,572
Community / economic development				
Personal services	667,049	667,049	655,561	11,488
Other operations	63,205	96,811	89,967	6,844
Total - Community / economic development	730,254	763,860	745,528	18,332
Community gardens				
Other operations	16	-	-	-
Total - Community environment	1,335,673	1,373,866	1,218,962	154,904
General government				
General administration				
Other operations	850,372	790,372	751,183	39,189
Total - General administration	850,372	790,372	751,183	39,189
Council				
Personal services	246,812	246,812	246,780	32
Other operations	1,641	1,641	219	1,422
Total - Council	248,453	248,453	246,999	1,454
Mayor				
Personal services	225,577	225,577	225,498	79
Other operations	16,027	14,844	12,240	2,604
Total - Mayor	241,604	240,421	237,738	2,683
Mayor's Court				
Personal services	146,932	148,232	148,153	79
Other operations	41,291	38,154	25,430	12,724
Total - Mayor's Court	188,223	186,386	173,583	12,803
Finance director				
Personal services	699,826	699,823	694,921	4,902
Other operations	77,789	75,854	67,239	8,615
Total - Finance director	777,615	775,677	762,160	13,517
Law director				
Personal services	776,505	746,505	720,610	25,895
Other operations	157,248	155,411	122,452	32,959
Total - Law director	933,753	901,916	843,062	58,854
Service director				
Personal services	306,243	306,243	301,022	5,221
Other operations	15,010	13,827	12,310	1,517
Total - Service director	321,253	320,070	313,332	6,738
Civil service commission				
Personal services	12,795	12,795	12,792	3
Other operations	15,466	31,966	31,866	100
Total - Civil service commission	28,261	44,761	44,658	103

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended December 31, 2012**

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government (Continued)				
Engineering				
Personal services	\$ 951,525	\$ 951,525	\$ 931,828	\$ 19,697
Other operations	74,865	73,149	60,033	13,116
Total - Engineering	1,026,390	1,024,674	991,861	32,813
Human resources / records				
Personal services	316,022	313,022	278,014	35,008
Other operations	11,242	12,405	8,328	4,077
Total - Human resources / records	327,264	325,427	286,342	39,085
Building and grounds maintenance				
Personal services	679,830	679,830	647,929	31,901
Other operations	381,163	412,198	375,341	36,857
Total - Building and grounds maintenance	1,060,993	1,092,028	1,023,270	68,758
Information Services				
Personal services	602,693	602,693	590,723	11,970
Other operations	136,578	127,656	83,008	44,648
Total - Information Services	739,271	730,349	673,731	56,618
Total - General government	6,743,452	6,680,534	6,347,919	332,615
Debt Service				
Principal	-	35,614	35,608	6
Interest	-	5,573	5,566	7
Total Expenditures	26,705,667	26,532,007	25,718,227	813,780
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(9,701,985)	(8,350,017)	(7,084,316)	1,265,701
Other Financing Sources (Uses)				
Transfers in	13,068,925	13,432,411	13,389,600	(42,811)
Transfers out	(4,851,950)	(6,100,230)	(6,068,075)	32,155
Total Other Financing Sources (Uses)	8,216,975	7,332,181	7,321,525	(10,656)
Net change in fund balances	(1,485,010)	(1,017,836)	237,209	1,255,045
Fund Balance at Beginning of Year	7,294,625	7,294,625	7,294,625	-
Prior year encumbrances appropriated	103,516	103,516	103,516	-
Fund Balance at End of Year	\$ 5,913,131	\$ 6,380,305	\$ 7,635,350	\$ 1,255,045

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal income taxes	\$ 18,881,750	\$ 19,369,750	\$ 19,403,811	\$ 34,061
Other	-	-	331	331
Total revenues	18,881,750	19,369,750	19,404,142	34,392
Expenditures				
Current				
General government				
Personal services	333,746	333,746	297,254	36,492
Other operations	826,228	749,483	709,222	40,261
Total - general government	1,159,974	1,083,229	1,006,476	76,753
Debt service				
Principal	-	1,843	1,843	-
Interest	-	289	288	1
Total expenditures	1,159,974	1,085,361	1,008,607	76,754
Excess (deficiency) of revenues over (under) expenditures	17,721,776	18,284,389	18,395,535	111,146
Other Financing Sources (Uses)				
Transfers out	(17,750,000)	(18,333,497)	(18,333,497)	-
Total other financing sources (uses)	(17,750,000)	(18,333,497)	(18,333,497)	-
Net change in fund balances	(28,224)	(49,108)	62,038	111,146
Fund balance at beginning of year	244,403	244,403	244,403	-
Prior year encumbrances appropriated	16,761	16,761	16,761	-
Fund balance at end of year	\$ 232,940	\$ 212,056	\$ 323,202	\$ 111,146

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 2,120,649	\$ 760,649	\$ 837,973	\$ 77,324
Charges for services	1,555,000	1,339,025	1,419,419	80,394
Interest earnings	-	-	-	-
Special assessments	164,390	164,390	165,024	634
Other	25,000	14,200	160,861	146,661
Total revenues	<u>3,865,039</u>	<u>2,278,264</u>	<u>2,583,277</u>	<u>305,013</u>
Expenditures				
Current				
Capital outlay	11,555,600	9,425,995	8,906,670	519,325
Debt service				
Principal	10,972,049	10,972,049	10,822,049	150,000
Interest	205,942	205,942	205,539	403
Total expenditures	<u>22,733,591</u>	<u>20,603,986</u>	<u>19,934,258</u>	<u>669,728</u>
Excess (deficiency) of revenues over (under) expenditures	(18,868,552)	(18,325,722)	(17,350,981)	974,741
Other Financing Sources (Uses)				
Bond/note proceeds	11,865,000	11,965,000	12,034,973	69,973
Transfers in	5,206,075	5,376,189	5,376,189	-
Transfers out	(139,500)	(139,500)	(127,470)	12,030
Total other financing sources (uses)	<u>16,931,575</u>	<u>17,201,689</u>	<u>17,283,692</u>	<u>82,003</u>
Net change in fund balances	(1,936,977)	(1,124,033)	(67,289)	1,056,744
Fund balance at beginning of year	2,503,001	2,503,001	2,503,001	-
Prior year encumbrances appropriated	840,337	840,337	840,337	-
Fund balance at end of year	<u>\$ 1,406,361</u>	<u>\$ 2,219,305</u>	<u>\$ 3,276,049</u>	<u>\$ 1,056,744</u>

Nonmajor Governmental Funds

Special Revenue Funds	To account for specific revenues that are legally restricted to expenditure for particular purposes.
State Highway Improvement	Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees for maintenance of state highways within the City.
Street Construction, Maintenance and Repair	Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees for maintenance of streets within the City.
Police Pension	To accumulate property taxes and other monies for the payment of the current and accrued liability for police disability and pension benefits.
Fire Pension	To accumulate property taxes and other monies for the payment of the current and accrued liability for fire disability and pension benefits.
Recreation Levy	To account for income tax collections received from the Municipal Income Tax Fund. The revenue must be used for improvements made by the Parks and Recreation Department.
Permissive Tax	Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of streets within the City. These funds are controlled by the county and limited to non-residential connector streets.
Community and Economic Development	To account for monies received from the sale of City-owned properties in an urban renewal area.
Community Development Block Grant	To account for monies 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.
Enterprise Zone/Community Reinvestment Area	To account for fees collected from enterprises receiving a tax incentive through an enterprise zone agreement for the purpose of administering and monitoring the Enterprise Zone Agreement.
Drug Law Enforcement	To account for fines received by the City that are restricted under the Ohio Revised Code to subsidize law enforcement efforts that pertain to drug offenses.
Law Enforcement Trust	To account for proceeds from the sale of contraband that are restricted to subsidizing law enforcement efforts.

Nonmajor Governmental Funds (Continued)

Enforcement and Education	To account for proceeds realized from fines to pay only those costs incurred in enforcing Section 4511.19 of the Ohio Revised Code or a substantially similar municipal ordinance and in educating the public of laws governing the operation of a motor vehicle and the dangers of operation of a motor vehicle while under the influence of alcohol and other information relating to the operation of a motor vehicle and the consumption of alcoholic beverages.
Municipal Motor Vehicle License Tax	Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of certain streets within the City.
Federal Law Enforcement	To account for the subsidy received by the Police Department for its efforts pertaining to (1) complex investigations/prosecutions by the City's Police/Law Departments; (2) provision of technical training or expertise of a law enforcement nature for Police Department members; (3) provision of matching funds to obtain federal grants; and (4) for such other law enforcement purposes that are deemed appropriate.
FEMA Public Assistance	To account for FEMA Public Assistance Grant Funding relating to storm damage.
Law Enforcement Assistance	To account for the reimbursement of professional training costs for law enforcement officers.
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, 2012

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvement Reserve Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 2,109,237	\$ -	\$ 100,324	\$ -	\$ 2,209,561
Cash and cash equivalents - restricted	-	10,265	-	229,152	239,417
Receivables					
Taxes	514,170	-	-	-	514,170
Accounts					
(net of allowance for uncollectibles)	254,697	-	1,449	-	256,146
Loans	2,091,598	-	-	-	2,091,598
Accrued interest	-	-	31,759	748	32,507
Due from other funds	379,359	-	-	-	379,359
Due from other governments	1,223,110	-	-	-	1,223,110
Inventory of supplies	395,508	-	-	-	395,508
Prepaid items	22,414	-	-	-	22,414
Assets held for resale	166,544	-	-	-	166,544
Advances to other funds	-	-	214,316	-	214,316
Total assets	\$ 7,156,637	\$ 10,265	\$ 347,848	\$ 229,900	\$ 7,744,650
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 10,689	\$ -	\$ -	\$ -	\$ 10,689
Accrued salaries, wages and benefits	88,857	-	-	-	88,857
Deferred revenue	1,168,726	-	29,063	748	1,198,537
Due to other funds	8,567	-	-	-	8,567
Due to other governments	104,078	-	-	-	104,078
Total liabilities	1,380,917	-	29,063	748	1,410,728
Fund Balances					
Nonspendable	584,466	-	-	229,152	813,618
Restricted	5,189,701	10,265	-	-	5,199,966
Committed	1,553	-	318,785	-	320,338
Total fund balances	5,775,720	10,265	318,785	229,152	6,333,922
Total liabilities and fund balances	\$ 7,156,637	\$ 10,265	\$ 347,848	\$ 229,900	\$ 7,744,650

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvement Reserve Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Property taxes	\$ 526,940	\$ -	\$ -	\$ -	\$ 526,940
Other local taxes	274,704	-	-	-	274,704
State levied shared taxes	2,528,214	-	-	-	2,528,214
Intergovernmental	1,442,901	-	-	-	1,442,901
Charges for services	-	-	-	2,445	2,445
Fees, licenses and permits	763,438	-	-	-	763,438
Interest earnings	236	641	179,260	771	180,908
Fines and forfeitures	31,037	-	-	-	31,037
Special assessments	-	54	16,915	-	16,969
Other	407,341	-	24,831	-	432,172
Total revenues	<u>5,974,811</u>	<u>695</u>	<u>221,006</u>	<u>3,216</u>	<u>6,199,728</u>
Expenditures					
Current					
Security of persons and property	2,251,827	-	-	-	2,251,827
Leisure time activities	117,567	-	-	-	117,567
Community environment	1,470,153	-	-	-	1,470,153
Street maintenance	3,037,778	-	-	-	3,037,778
General government	-	5	2,282	809	3,096
Capital outlay	210,000	-	-	-	210,000
Debt Service					
Principal	361,256	435,714	-	-	796,970
Interest	77,244	64,276	-	-	141,520
Total expenditures	<u>7,525,825</u>	<u>499,995</u>	<u>2,282</u>	<u>809</u>	<u>8,028,911</u>
Excess (deficiency) of revenues over (under) expenditures					
	<u>(1,551,014)</u>	<u>(499,300)</u>	<u>218,724</u>	<u>2,407</u>	<u>(1,829,183)</u>
Other Financing Sources (Uses)					
Transfers in	3,663,518	500,000	-	-	4,163,518
Transfers out	(863,380)	-	(250,000)	-	(1,113,380)
Total other financing sources (uses)	<u>2,800,138</u>	<u>500,000</u>	<u>(250,000)</u>	<u>-</u>	<u>3,050,138</u>
Net change in fund balances	1,249,124	700	(31,276)	2,407	1,220,955
Fund balance at beginning of year	4,573,044	9,565	350,061	226,745	5,159,415
Change in reserve for inventory	(47,106)	-	-	-	(47,106)
Change in reserve for prepaid items	658	-	-	-	658
Fund balance at end of year	<u>\$ 5,775,720</u>	<u>\$ 10,265</u>	<u>\$ 318,785</u>	<u>\$ 229,152</u>	<u>\$ 6,333,922</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2012

	<u>State Highway Improvement</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Recreation Levy</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 4,770	\$ 896,269	\$ 52,727	\$ 81,118	\$ 510,216
Receivables					
Taxes	-	-	257,085	257,085	-
Accounts (net of allowance for uncollectibles)	-	251,197	-	-	-
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	379,359
Due from other governments	68,954	848,643	19,496	19,496	-
Inventory of supplies	-	395,508	-	-	-
Prepaid items	-	22,414	-	-	-
Assets held for resale	-	-	-	-	-
Total assets	<u>\$ 73,724</u>	<u>\$ 2,414,031</u>	<u>\$ 329,308</u>	<u>\$ 357,699</u>	<u>\$ 889,575</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 3,884	\$ -	\$ -	\$ -
Accrued salaries, wages and benefits	-	86,766	-	-	-
Deferred revenue	46,292	569,148	276,393	276,393	-
Due to other funds	-	5,563	-	-	2,941
Due to other governments	-	13,239	38,281	52,236	-
Total liabilities	<u>46,292</u>	<u>678,600</u>	<u>314,674</u>	<u>328,629</u>	<u>2,941</u>
Fund Balances					
Nonspendable	-	417,922	-	-	-
Restricted	27,432	1,317,509	14,634	29,070	886,634
Committed	-	-	-	-	-
Total fund balances	<u>27,432</u>	<u>1,735,431</u>	<u>14,634</u>	<u>29,070</u>	<u>886,634</u>
Total liabilities and fund balances	<u>\$ 73,724</u>	<u>\$ 2,414,031</u>	<u>\$ 329,308</u>	<u>\$ 357,699</u>	<u>\$ 889,575</u>

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2012

(Continued)

	<u>Permissive Tax</u>	<u>Community and Economic Development</u>	<u>Community Development Block Grant</u>	<u>Enterprise Zone / Community Reinvestment Area</u>	<u>Drug Law Enforcement</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 2	\$ 1,553	\$ 282,519	\$ 28,215	\$ 71,815
Receivables					
Taxes	-	-	-	-	-
Accounts (net of allowance for uncollectibles)	-	-	-	3,500	-
Loans	-	-	2,091,598	-	-
Due from other funds	-	-	-	-	-
Due from other governments	250,225	-	5,785	1,250	8,457
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	-	-	-
Assets held for resale	-	-	166,544	-	-
Total assets	<u>\$ 250,227</u>	<u>\$ 1,553</u>	<u>\$ 2,546,446</u>	<u>\$ 32,965</u>	<u>\$ 80,272</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 6,805	\$ -	\$ -
Accrued salaries, wages and benefits	-	-	2,091	-	-
Deferred revenue	-	-	-	500	-
Due to other funds	-	-	63	-	-
Due to other governments	-	-	322	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>9,281</u>	<u>500</u>	<u>-</u>
Fund Balances					
Nonspendable	-	-	166,544	-	-
Restricted	250,227	-	2,370,621	32,465	80,272
Committed	-	1,553	-	-	-
Total fund balances	<u>250,227</u>	<u>1,553</u>	<u>2,537,165</u>	<u>32,465</u>	<u>80,272</u>
Total liabilities and fund balances	<u>\$ 250,227</u>	<u>\$ 1,553</u>	<u>\$ 2,546,446</u>	<u>\$ 32,965</u>	<u>\$ 80,272</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2012

(Continued)

	<u>Law Enforcement Trust</u>	<u>Enforcement and Education</u>	<u>Municipal Motor Vehicle License Tax</u>	<u>Federal Law Enforcement</u>	<u>FEMA Public Assistance</u>
ASSETS					
Equity in pooled cash and cash equivalents	\$ 96,221	\$ 13,200	\$ 4,301	\$ 52,499	\$ -
Receivables					
Taxes	-	-	-	-	-
Accounts (net of allowance for uncollectibles)	-	-	-	-	-
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	179	625	-	-	-
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	-	-	-
Assets held for resale	-	-	-	-	-
Total assets	<u>\$ 96,400</u>	<u>\$ 13,825</u>	<u>\$ 4,301</u>	<u>\$ 52,499</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries, wages and benefits	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	96,400	13,825	4,301	52,499	-
Committed	-	-	-	-	-
Total fund balances	<u>96,400</u>	<u>13,825</u>	<u>4,301</u>	<u>52,499</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 96,400</u>	<u>\$ 13,825</u>	<u>\$ 4,301</u>	<u>\$ 52,499</u>	<u>\$ -</u>

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2012

(Continued)

	Law Enforcement Assistance	Total Nonmajor Special Revenue Funds
ASSETS		
Equity in pooled cash and cash equivalents	\$ 13,812	\$ 2,109,237
Receivables		
Taxes	-	514,170
Accounts (net of allowance for uncollectibles)	-	254,697
Loans	-	2,091,598
Due from other funds	-	379,359
Due from other governments	-	1,223,110
Inventory of supplies	-	395,508
Prepaid items	-	22,414
Assets held for resale	-	166,544
Total assets	\$ 13,812	\$ 7,156,637
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ 10,689
Accrued salaries, wages and benefits	-	88,857
Deferred revenue	-	1,168,726
Due to other funds	-	8,567
Due to other governments	-	104,078
Total liabilities	-	1,380,917
Fund Balances		
Nonspendable	-	584,466
Restricted	13,812	5,189,701
Committed	-	1,553
Total fund balances	13,812	5,775,720
Total liabilities and fund balances	\$ 13,812	\$ 7,156,637

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, 2012

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension	Recreation Levy
Revenues					
Property taxes	\$ -	\$ -	\$ 263,470	\$ 263,470	\$ -
Other local taxes	-	274,204	250	250	-
State levied shared taxes	144,447	1,781,506	34,963	34,963	-
Intergovernmental	-	-	-	-	-
Fees, licenses, and permits	-	750,688	-	-	-
Interest earnings	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Other	-	14,379	-	-	-
Total revenues	<u>144,447</u>	<u>2,820,777</u>	<u>298,683</u>	<u>298,683</u>	<u>-</u>
Expenditures					
Current					
Security of persons and property	-	-	937,119	1,250,780	-
Leisure time activities	-	-	-	-	117,567
Community environment	-	-	-	-	-
Street maintenance	142,000	2,787,778	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	256	-	-	361,000
Interest	-	40	-	-	77,204
Total expenditures	<u>142,000</u>	<u>2,788,074</u>	<u>937,119</u>	<u>1,250,780</u>	<u>555,771</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,447</u>	<u>32,703</u>	<u>(638,436)</u>	<u>(952,097)</u>	<u>(555,771)</u>
Other Financing Sources (Uses)					
Transfers in	-	600,000	625,000	970,000	1,468,518
Transfers out	-	(25,115)	(12,268)	(16,518)	(803,000)
Total other financing sources (uses)	<u>-</u>	<u>574,885</u>	<u>612,732</u>	<u>953,482</u>	<u>665,518</u>
Net change in fund balances	2,447	607,588	(25,704)	1,385	109,747
Fund balance at beginning of year	24,985	1,174,291	40,338	27,685	776,887
Change in nonspendable inventory	-	(47,106)	-	-	-
Change in nonspendable prepaid items	-	658	-	-	-
Fund balance at end of year	<u>\$ 27,432</u>	<u>\$ 1,735,431</u>	<u>\$ 14,634</u>	<u>\$ 29,070</u>	<u>\$ 886,634</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, 2012**

(Continued)

	Permissive Tax	Community and Economic Development	Community Development Block Grant	Enterprise Zone / Community Reinvestment Area	Drug Law Enforcement
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-
State levied shared taxes	424,318	-	-	-	-
Intergovernmental	-	-	1,442,901	-	-
Fees, licenses, and permits	-	-	-	12,750	-
Interest earnings	-	-	236	-	-
Fines and forfeitures	-	-	-	-	20,136
Other	-	-	390,272	-	-
Total revenues	<u>424,318</u>	<u>-</u>	<u>1,833,409</u>	<u>12,750</u>	<u>20,136</u>
Expenditures					
Current					
Security of persons and property	-	-	-	-	14,048
Leisure time activities	-	-	-	-	-
Community environment	-	-	1,466,605	3,548	-
Street maintenance	-	-	-	-	-
Capital outlay	210,000	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>210,000</u>	<u>-</u>	<u>1,466,605</u>	<u>3,548</u>	<u>14,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>214,318</u>	<u>-</u>	<u>366,804</u>	<u>9,202</u>	<u>6,088</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(979)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(979)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	214,318	-	365,825	9,202	6,088
Fund balance at beginning of year	35,909	1,553	2,171,340	23,263	74,184
Change in nonspendable inventory	-	-	-	-	-
Change in nonspendable prepaid items	-	-	-	-	-
Fund balance at end of year	<u>\$ 250,227</u>	<u>\$ 1,553</u>	<u>\$ 2,537,165</u>	<u>\$ 32,465</u>	<u>\$ 80,272</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, 2012

(Continued)

	Law Enforcement Trust	Enforcement and Education	Municipal Motor Vehicle License Tax	Federal Law Enforcement	FEMA Public Assistance
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-
State levied shared taxes	-	-	108,017	-	-
Intergovernmental	-	-	-	-	-
Fees, licenses, and permits	-	-	-	-	-
Interest earnings	-	-	-	-	-
Fines and forfeitures	6,646	4,255	-	-	-
Other	-	2,690	-	-	-
Total revenues	<u>6,646</u>	<u>6,945</u>	<u>108,017</u>	<u>-</u>	<u>-</u>
Expenditures					
Current					
Security of persons and property	33,975	-	-	15,472	-
Leisure time activities	-	-	-	-	-
Community environment	-	-	-	-	-
Street maintenance	-	-	108,000	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>33,975</u>	<u>-</u>	<u>108,000</u>	<u>15,472</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,329)</u>	<u>6,945</u>	<u>17</u>	<u>(15,472)</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(5,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,500)</u>
Net change in fund balances	(27,329)	6,945	17	(15,472)	(5,500)
Fund balance at beginning of year	123,729	6,880	4,284	67,971	5,500
Change in nonspendable inventory	-	-	-	-	-
Change in nonspendable prepaid items	-	-	-	-	-
Fund balance at end of year	<u>\$ 96,400</u>	<u>\$ 13,825</u>	<u>\$ 4,301</u>	<u>\$ 52,499</u>	<u>\$ -</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012**

(Continued)

	Law Enforcement Assistance	Total Nonmajor Special Revenue
Revenues		
Property taxes	\$ -	\$ 526,940
Other local taxes	-	274,704
State levied shared taxes	-	2,528,214
Intergovernmental	-	1,442,901
Fees, licenses, and permits	-	763,438
Interest earnings	-	236
Fines and forfeitures	-	31,037
Other	-	407,341
Total revenues	<u>-</u>	<u>5,974,811</u>
Expenditures		
Current		
Security of persons and property	433	2,251,827
Leisure time activities	-	117,567
Community environment	-	1,470,153
Street maintenance	-	3,037,778
Capital outlay	-	210,000
Debt service		
Principal	-	361,256
Interest	-	77,244
Total expenditures	<u>433</u>	<u>7,525,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(433)</u>	<u>(1,551,014)</u>
Other Financing Sources (Uses)		
Transfers in	-	3,663,518
Transfers out	-	(863,380)
Total other financing sources (uses)	<u>-</u>	<u>2,800,138</u>
Net change in fund balances	(433)	1,249,124
Fund balance at beginning of year	14,245	4,573,044
Change in nonspendable inventory	-	(47,106)
Change in nonspendable prepaid items	-	658
Fund balance at end of year	<u>\$ 13,812</u>	<u>\$ 5,775,720</u>

City of Cuyahoga Falls, Ohio

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 144,125	\$ 144,625	\$ 144,699	\$ 74
Total revenues	144,125	144,625	144,699	74
Expenditures				
Current				
Street maintenance				
Other operations	142,000	142,000	142,000	-
Total expenditures	142,000	142,000	142,000	-
Net change in fund balances	2,125	2,625	2,699	74
Fund balance at beginning of year	2,071	2,071	2,071	-
Fund balance at end of year	\$ 4,196	\$ 4,696	\$ 4,770	\$ 74

**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, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other local taxes	\$ 230,000	\$ 254,000	\$ 263,524	\$ 9,524
State levied shared taxes	1,794,080	1,804,080	1,784,618	(19,462)
Fees, licenses, and permits	642,000	747,000	747,066	66
Other	4,150	4,150	14,964	10,814
Total revenues	<u>2,670,230</u>	<u>2,809,230</u>	<u>2,810,172</u>	<u>942</u>
Expenditures				
Current				
Street maintenance				
Personal services	1,742,516	1,592,516	1,571,323	21,193
Other operations	1,533,944	1,533,648	1,292,047	241,601
Total - street maintenance	<u>3,276,460</u>	<u>3,126,164</u>	<u>2,863,370</u>	<u>262,794</u>
Debt service				
Principal	-	256	256	-
Interest	-	40	40	-
Total expenditures	<u>3,276,460</u>	<u>3,126,460</u>	<u>2,863,666</u>	<u>262,794</u>
Excess (deficiency) of revenues over (under) expenditures	(606,230)	(317,230)	(53,494)	263,736
Other Financing Sources (Uses)				
Transfers in	600,000	600,000	600,000	-
Transfers out	-	(25,115)	(25,115)	-
Total other financing sources (uses)	<u>600,000</u>	<u>574,885</u>	<u>574,885</u>	<u>-</u>
Net change in fund balances	(6,230)	257,655	521,391	263,736
Fund balance at beginning of year	251,672	251,672	251,672	-
Prior year encumbrances appropriated	10,507	10,507	10,507	-
Fund balance at end of year	<u>\$ 255,949</u>	<u>\$ 519,834</u>	<u>\$ 783,570</u>	<u>\$ 263,736</u>

City of Cuyahoga Falls, Ohio

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 246,702	\$ 263,458	\$ 263,470	\$ 12
Other local taxes	200	200	246	46
State levied shared taxes	38,648	34,972	34,963	(9)
Total revenues	285,550	298,630	298,679	49
Expenditures				
Current				
Security of persons and property				
Personal services	905,730	925,255	925,048	207
Other operations	5,500	6,975	6,971	4
Total expenditures	911,230	932,230	932,019	211
Excess (deficiency) of revenues over (under) expenditures	(625,680)	(633,600)	(633,340)	260
Other Financing Sources (Uses)				
Transfers in	625,000	625,000	625,000	-
Transfers out	-	(12,268)	(12,268)	-
Total other financing sources (uses)	625,000	612,732	612,732	-
Net change in fund balances	(680)	(20,868)	(20,608)	260
Fund balance at beginning of year	73,335	73,335	73,335	-
Fund balance at end of year	\$ 72,655	\$ 52,467	\$ 52,727	\$ 260

**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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 246,702	\$ 263,458	\$ 263,470	\$ 12
Other local taxes	200	200	246	46
State levied shared taxes	38,648	34,972	34,963	(9)
Total revenues	285,550	298,630	298,679	49
Expenditures				
Current				
Security of persons and property				
Personal services	1,258,516	1,257,041	1,236,246	20,795
Other operations	5,500	6,975	6,971	4
Total expenditures	1,264,016	1,264,016	1,243,217	20,799
Excess (deficiency) of revenues over (under) expenditures	(978,466)	(965,386)	(944,538)	20,848
Other Financing Sources (Uses)				
Transfers in	970,000	970,000	970,000	-
Transfers out	-	(16,518)	(16,518)	-
Total other financing sources (uses)	970,000	953,482	953,482	-
Net change in fund balances	(8,466)	(11,904)	8,944	20,848
Fund balance at beginning of year	72,174	72,174	72,174	-
Fund balance at end of year	\$ 63,708	\$ 60,270	\$ 81,118	\$ 20,848

City of Cuyahoga Falls, Ohio

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current				
Leisure time activities				
Other operations	124,870	116,670	89,672	26,998
Capital outlay	10,000	33,200	33,158	42
Total - leisure time activities	134,870	149,870	122,830	27,040
Debt service				
Principal	361,000	361,000	361,000	-
Interest	77,204	77,204	77,204	-
Total expenditures	573,074	588,074	561,034	27,040
Excess (deficiency) of revenues over (under) expenditures	(573,074)	(588,074)	(561,034)	27,040
Other Financing Sources (Uses)				
Transfers in	1,420,000	1,466,400	1,466,400	-
Transfers out	(803,000)	(803,000)	(803,000)	-
Total other financing sources (uses)	617,000	663,400	663,400	-
Net change in fund balances	43,926	75,326	102,366	27,040
Fund balance at beginning of year	396,677	396,677	396,677	-
Prior year encumbrances appropriated	6,949	6,949	6,949	-
Fund balance at end of year	\$ 447,552	\$ 478,952	\$ 505,992	\$ 27,040

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State levied shared taxes	\$ 210,000	\$ 210,000	\$ 210,000	\$ -
Total revenues	210,000	210,000	210,000	-
Expenditures				
Current				
Capital outlay	210,000	210,000	210,000	-
Total expenditures	210,000	210,000	210,000	-
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	2	2	2	-
Fund balance at end of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Community environment				
Other operations	1,547	1,547	-	1,547
Total expenditures	1,547	1,547	-	1,547
Net change in fund balances	(1,547)	(1,547)	-	1,547
Fund balance at beginning of year	1,553	1,553	1,553	-
Fund balance at end of year	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 1,553</u>	<u>\$ 1,547</u>

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 1,709,290	\$ 1,437,490	\$ 1,437,496	\$ 6
Interest earnings	200	200	236	36
Other	1,167,642	581,442	581,558	116
Total revenues	<u>2,877,132</u>	<u>2,019,132</u>	<u>2,019,290</u>	<u>158</u>
Expenditures				
Current				
Community environment				
Personal services	94,619	136,669	136,657	12
Other operations	2,154,077	1,654,078	1,444,987	209,091
Capital outlay	1,976	492,975	491,209	1,766
Total expenditures	<u>2,250,672</u>	<u>2,283,722</u>	<u>2,072,853</u>	<u>210,869</u>
Excess (deficiency) of revenues over (under) expenditures	626,460	(264,590)	(53,563)	211,027
Other Financing Sources (Uses)				
Transfers out	-	(979)	(979)	-
Total other financing sources (uses)	<u>-</u>	<u>(979)</u>	<u>(979)</u>	<u>-</u>
Net change in fund balances	626,460	(265,569)	(54,542)	211,027
Fund balance at beginning of year	184,340	184,340	184,340	-
Prior year encumbrances appropriated	93,913	93,913	93,913	-
Fund balance at end of year	<u>\$ 904,713</u>	<u>\$ 12,684</u>	<u>\$ 223,711</u>	<u>\$ 211,027</u>

City of Cuyahoga Falls, Ohio

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, licenses, and permits	\$ 2,750	\$ 5,750	\$ 9,750	\$ 4,000
Total revenues	2,750	5,750	9,750	4,000
Expenditures				
Current				
Community environment				
Other operations	9,850	9,850	3,548	6,302
Capital outlay	-	-	-	-
Total expenditures	9,850	9,850	3,548	6,302
Net change in fund balances	(7,100)	(4,100)	6,202	10,302
Fund balance at beginning of year	22,013	22,013	22,013	-
Fund balance at end of year	<u>\$ 14,913</u>	<u>\$ 17,913</u>	<u>\$ 28,215</u>	<u>\$ 10,302</u>

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 14,000	\$ 11,700	\$ 11,689	\$ (11)
Total revenues	14,000	11,700	11,689	(11)
Expenditures				
Current				
Security of persons and property				
Other operations	19,577	19,577	14,087	5,490
Total expenditures	19,577	19,577	14,087	5,490
Excess (deficiency) of revenues over (under) expenditures	(5,577)	(7,877)	(2,398)	5,479
Net change in fund balances	(5,577)	(7,877)	(2,398)	5,479
Fund balance at beginning of year	74,013	74,013	74,013	-
Prior year encumbrances appropriated	200	200	200	-
Fund balance at end of year	<u>\$ 68,636</u>	<u>\$ 66,336</u>	<u>\$ 71,815</u>	<u>\$ 5,479</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 10,000	\$ 6,500	\$ 6,477	\$ (23)
Total revenues	10,000	6,500	6,477	(23)
Expenditures				
Current				
Security of persons and property				
Other operations	33,000	34,000	33,975	25
Total expenditures	33,000	34,000	33,975	25
Excess (deficiency) of revenues over (under) expenditures	(23,000)	(27,500)	(27,498)	2
Net change in fund balances	(23,000)	(27,500)	(27,498)	2
Fund balance at beginning of year	123,719	123,719	123,719	-
Fund balance at end of year	\$ 100,719	\$ 96,219	\$ 96,221	\$ 2

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 6,000	\$ 4,450	\$ 4,425	\$ (25)
Other	4,000	2,350	2,355	5
Total revenues	<u>10,000</u>	<u>6,800</u>	<u>6,780</u>	<u>(20)</u>
Expenditures				
Current				
Security of persons and property				
Other operations	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,000	6,800	6,780	(20)
Fund balance at beginning of year	6,420	6,420	6,420	-
Fund balance at end of year	<u>\$ 16,420</u>	<u>\$ 13,220</u>	<u>\$ 13,200</u>	<u>\$ (20)</u>

City of Cuyahoga Falls, Ohio

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 108,000	\$ 108,000	\$ 108,017	\$ 17
Total revenues	108,000	108,000	108,017	17
Expenditures				
Current				
Street maintenance				
Other operations	108,000	108,000	108,000	-
Total expenditures	108,000	108,000	108,000	-
Net change in fund balances	-	-	17	17
Fund balance at beginning of year	4,284	4,284	4,284	-
Fund balance at end of year	\$ 4,284	\$ 4,284	\$ 4,301	\$ 17

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 20,000	\$ -	\$ -	\$ -
Total revenues	20,000	-	-	-
Expenditures				
Current				
Security of persons and property				
Other operations	25,000	25,000	15,472	9,528
Total expenditures	25,000	25,000	15,472	9,528
Net change in fund balances	(5,000)	(25,000)	(15,472)	9,528
Fund balance at beginning of year	67,971	67,971	67,971	-
Fund balance at end of year	<u>\$ 62,971</u>	<u>\$ 42,971</u>	<u>\$ 52,499</u>	<u>\$ 9,528</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Transfers out	\$ (5,500)	\$ (5,500)	\$ (5,500)	\$ -
Total other financing sources (uses)	(5,500)	(5,500)	(5,500)	-
Net change in fund balances	(5,500)	(5,500)	(5,500)	-
Fund balance at beginning of year	5,500	5,500	5,500	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
Security of persons and property				
Other operations	2,500	2,500	433	2,067
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>433</u>	<u>2,067</u>
Net change in fund balances	(2,500)	(2,500)	(433)	2,067
Fund balance at beginning of year	14,245	14,245	14,245	-
Fund balance at end of year	<u>\$ 11,745</u>	<u>\$ 11,745</u>	<u>\$ 13,812</u>	<u>\$ 2,067</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	\$ 1,400	\$ 1,400	\$ 641	\$ (759)
Special Assessments	-	-	54	54
Total revenues	1,400	1,400	695	(705)
Expenditures				
Current				
General government				
Other operations	3,635	3,635	5	3,630
Total - general government	3,635	3,635	5	3,630
Debt service				
Principal	435,715	435,715	435,714	1
Interest	64,276	64,276	64,276	-
Total expenditures	503,626	503,626	499,995	3,631
Excess (deficiency) of revenues over (under) expenditures	(502,226)	(502,226)	(499,300)	2,926
Other Financing Sources (Uses)				
Transfers in	500,000	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	500,000	-
Net change in fund balances	(2,226)	(2,226)	700	2,926
Fund balance at beginning of year	9,565	9,565	9,565	-
Fund balance at end of year	\$ 7,339	\$ 7,339	\$ 10,265	\$ 2,926

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest earnings	\$ 175,000	\$ 175,000	\$ 185,585	\$ 10,585
Special assessments	17,314	17,314	16,915	(399)
Other	40,000	40,000	25,632	(14,368)
Total revenues	<u>232,314</u>	<u>232,314</u>	<u>228,132</u>	<u>(4,182)</u>
Expenditures				
Current				
General government				
Other operations	37,500	37,500	33,215	4,285
Total expenditures	<u>37,500</u>	<u>37,500</u>	<u>33,215</u>	<u>4,285</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	194,814	194,814	194,917	103
Other Financing Sources (Uses)				
Transfers out				
Transfers out	(250,000)	(250,000)	(250,000)	-
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balances	(55,186)	(55,186)	(55,083)	103
Fund balance at beginning of year	155,407	155,407	155,407	-
Fund balance at end of year	<u>\$ 100,221</u>	<u>\$ 100,221</u>	<u>\$ 100,324</u>	<u>\$ 103</u>

Internal Service Funds

Internal Service Funds

To account for the financing of goods or services provided by one department of the City to other departments of the City on a cost reimbursement basis.

Garage

To account for the cost of maintenance facility for automotive equipment used by various City departments. The costs of services provided are billed to the various user departments.

Office Supply

To account for the cost of central purchasing of office supplies and custodial products used by various City departments.

Self-Insurance

To account for the cost of medical benefits and life insurance provided to the City's employees.

Workers' Compensation

To account for the cost of workers' compensation claims and administrative costs incurred by City employees.

Compensated Absences

To accumulate sums sufficient to defray anticipated employee benefit payments.

City of Cuyahoga Falls, Ohio

**Combining Statement of Net Position - Governmental Activities Internal Service Funds
December 31, 2012**

	<u>Garage</u>	<u>Office Supply</u>	<u>Self Insurance</u>	<u>Workers' Compensation</u>
Assets				
Current Assets				
Equity in pooled cash and cash equivalents	\$ 13,980	\$ 4,466	\$ 2,327,361	\$ 1,470,264
Receivables				
Accounts				
(net of allowance for uncollectibles)	-	-	287	-
Due from other funds	-	-	-	33,128
Inventory of supplies	194,116	6,893	-	-
Prepaid items	2,440	-	4,649	-
Total current assets	<u>210,536</u>	<u>11,359</u>	<u>2,332,297</u>	<u>1,503,392</u>
Noncurrent Assets				
Capital Assets				
Land	21,960	-	-	-
Buildings	105,958	-	-	-
Improvements other than buildings	260,029	-	-	-
Equipment	250,605	-	-	-
Less: Accumulated depreciation	(580,708)	-	-	-
Total noncurrent assets	<u>57,844</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>268,380</u>	<u>11,359</u>	<u>2,332,297</u>	<u>1,503,392</u>
Liabilities				
Current Liabilities				
Accounts payable	84,947	-	-	-
Accrued salaries, wages and benefits	15,010	-	-	-
Accrued compensated absences	72,554	-	-	-
Due to other funds	4,993	-	-	-
Due to other governments	2,313	-	-	324,482
Claims and judgments payable	-	-	309,461	405,623
Capital lease obligations	334	-	-	-
Total current liabilities	<u>180,151</u>	<u>-</u>	<u>309,461</u>	<u>730,105</u>
Noncurrent Liabilities				
Accrued compensated absences	38,193	-	-	-
Claims and judgments payable	-	-	-	349,885
Other post-employment benefit obligation	-	-	1,346,218	-
Capital lease obligations	1,126	-	-	-
Total Noncurrent Liabilities	<u>39,319</u>	<u>-</u>	<u>1,346,218</u>	<u>349,885</u>
Total liabilities	<u>219,470</u>	<u>-</u>	<u>1,655,679</u>	<u>1,079,990</u>
Net Position				
Net investment in capital assets	56,384	-	-	-
Unrestricted	(7,474)	11,359	676,618	423,402
Total net position	<u>\$ 48,910</u>	<u>\$ 11,359</u>	<u>\$ 676,618</u>	<u>\$ 423,402</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Net Position - Governmental Activities Internal Service Funds December 31, 2012

(Continued)

	<u>Compensated Absences</u>	<u>Total</u>
Assets		
Current Assets		
Equity in pooled cash and cash equivalents	\$ 1,434,799	\$ 5,250,870
Receivables		
Accounts		
(net of allowance for uncollectibles)	-	287
Due from other funds	-	33,128
Inventory of supplies	-	201,009
Prepaid items	-	7,089
Total current assets	<u>1,434,799</u>	<u>5,492,383</u>
Noncurrent Assets		
Capital Assets		
Land	-	21,960
Buildings	-	105,958
Improvements other than buildings	-	260,029
Equipment	-	250,605
Less: Accumulated depreciation	-	(580,708)
Total noncurrent assets	<u>-</u>	<u>57,844</u>
Total assets	<u>1,434,799</u>	<u>5,550,227</u>
Liabilities		
Current Liabilities		
Accounts payable	-	84,947
Accrued salaries, wages and benefits	-	15,010
Accrued compensated absences	-	72,554
Due to other funds	-	4,993
Due to other governments	-	326,795
Claims and judgments payable	-	715,084
Capital lease obligations	-	334
Total current liabilities	<u>-</u>	<u>1,219,717</u>
Noncurrent Liabilities		
Accrued compensated absences	-	38,193
Claims and judgments payable	-	349,885
Other post-employment benefit obligation	-	1,346,218
Capital lease obligations	-	1,126
Total Noncurrent Liabilities	<u>-</u>	<u>1,735,422</u>
Total liabilities	<u>-</u>	<u>2,955,139</u>
Net Position		
Net investment in capital assets	-	56,384
Unrestricted	1,434,799	2,538,704
Total net position	<u>\$ 1,434,799</u>	<u>\$ 2,595,088</u>

**Combining Statement of Revenues, Expenses and Changes in Net Position -
Governmental Activities Internal Service Funds
For the Year Ended December 31, 2012**

	<u>Garage</u>	<u>Office Supply</u>	<u>Self- Insurance</u>	<u>Workers' Compensation</u>
Operating revenues				
Charges for services	\$ 2,131,062	\$ 38,239	\$ 4,643,853	\$ 788,682
Other	10,607	-	113,534	6,770
Total operating revenues	<u>2,141,669</u>	<u>38,239</u>	<u>4,757,387</u>	<u>795,452</u>
Operating Expenses				
Personal services	375,571	-	-	-
Fringe benefits	120,683	-	4,991,576	438,918
Materials and supplies	1,521,596	40,189	-	-
Utilities	13,223	-	-	-
Contractual services	68,299	-	52,181	25,068
Internal charges	177,451	-	-	-
Other	210,569	-	21,647	5,873
Depreciation	3,116	-	-	-
Total operating expenses	<u>2,490,508</u>	<u>40,189</u>	<u>5,065,404</u>	<u>469,859</u>
Net income (loss) from operations	<u>(348,839)</u>	<u>(1,950)</u>	<u>(308,017)</u>	<u>325,593</u>
Nonoperating Revenues (Expenses)				
Interest revenue	-	-	-	4,994
Interest expense	(40)	-	-	-
Gain from disposal of capital assets	4,776	-	-	-
Total nonoperating revenues (expenses)	<u>4,736</u>	<u>-</u>	<u>-</u>	<u>4,994</u>
Income (loss) before contributions and transfers	<u>(344,103)</u>	<u>(1,950)</u>	<u>(308,017)</u>	<u>330,587</u>
Transfers in	-	-	-	-
Transfers out	(6,980)	-	-	-
Changes in net position	<u>(351,083)</u>	<u>(1,950)</u>	<u>(308,017)</u>	<u>330,587</u>
Total net position - beginning, as restated	399,993	13,309	984,635	92,815
Total net position - ending	<u>\$ 48,910</u>	<u>\$ 11,359</u>	<u>\$ 676,618</u>	<u>\$ 423,402</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenses and Changes in Net Position - Governmental Activities Internal Service Funds For the Year Ended December 31, 2012

(Continued)

	<u>Compensated Absences</u>	<u>Total</u>
Operating revenues		
Charges for services	\$ 750,000	\$ 8,351,836
Other	-	130,911
Total operating revenues	<u>750,000</u>	<u>8,482,747</u>
Operating Expenses		
Personal services	747,286	1,122,857
Fringe benefits	-	5,551,177
Materials and supplies	-	1,561,785
Utilities	-	13,223
Contractual services	-	145,548
Internal charges	-	177,451
Other	-	238,089
Depreciation	-	3,116
Total operating expenses	<u>747,286</u>	<u>8,813,246</u>
Net income (loss) from operations	<u>2,714</u>	<u>(330,499)</u>
Nonoperating Revenues (Expenses)		
Interest revenue	-	4,994
Interest expense	-	(40)
Gain from disposal of capital assets	-	4,776
Total nonoperating revenues (expenses)	<u>-</u>	<u>9,730</u>
Income (loss) before contributions and transfers	<u>2,714</u>	<u>(320,769)</u>
Transfers in	1,430,804	1,430,804
Transfers out	-	(6,980)
Changes in net position	<u>1,433,518</u>	<u>1,103,055</u>
Total net position - beginning, as restated	1,281	1,492,033
Total net position - ending	<u>\$ 1,434,799</u>	<u>\$ 2,595,088</u>

City of Cuyahoga Falls, Ohio

**Combining Statement of Cash Flows - Governmental Activities Internal Service Funds
For the Year Ended December 31, 2012**

	<u>Garage</u>	<u>Office Supply</u>	<u>Self- Insurance</u>	<u>Workers' Compensation</u>
Cash Flows From Operating Activities				
Activities				
Cash received from customers	\$ 2,142,166	\$ 38,239	\$ 4,757,605	\$ 790,396
Cash payments to employees for services	(376,526)	-	-	-
Cash payments to employees for benefits	(148,405)	-	(4,857,580)	(875,345)
Cash payments to suppliers for goods and services	<u>(1,606,007)</u>	<u>(41,173)</u>	<u>(73,828)</u>	<u>(30,941)</u>
Net cash provided (used in) by operating activities	11,228	(2,934)	(173,803)	(115,890)
Cash Flows From Non-Capital				
Financing Activities				
Transfers in	-	-	-	-
Transfers out	<u>(6,980)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) non-capital financing activities	(6,980)	-	-	-
Cash Flows From Capital and Related Financing Activities				
Proceeds from the sale of capital assets	4,776	-	-	-
Debt service				
Principal	(256)	-	-	-
Interest	<u>(40)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	4,480	-	-	-
Cash Flows From Investing Activities				
Interest revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,994</u>
Net cash used in investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,994</u>
Net increase (decrease) in cash and cash equivalents	8,728	(2,934)	(173,803)	(110,896)
Cash and cash equivalents at beginning of year	<u>5,252</u>	<u>7,400</u>	<u>2,501,164</u>	<u>1,581,160</u>
Cash and cash equivalents at end of year	<u>\$ 13,980</u>	<u>\$ 4,466</u>	<u>\$ 2,327,361</u>	<u>\$ 1,470,264</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued) For the Year Ended December 31, 2012

	<u>Compensated Absences</u>	<u>Totals</u>
Cash Flows From Operating Activities		
Activities		
Cash received from customers	\$ 750,000	\$ 8,478,406
Cash payments to employees for services	(747,286)	(1,123,812)
Cash payments to employees for benefits	-	(5,881,330)
Cash payments to suppliers for goods and services	-	(1,751,949)
Net cash provided (used in) by operating activities	2,714	(278,685)
Cash Flows From Non-Capital		
Financing Activities		
Transfers in	1,430,804	1,430,804
Transfers out	-	(6,980)
Net cash provided by (used in) non-capital financing activities	1,430,804	1,423,824
Cash Flows From Capital and Related Financing Activities		
Proceeds from the sale of capital assets	-	4,776
Debt service		
Principal	-	(256)
Interest	-	(40)
Net cash used in capital and related financing activities	-	4,480
Cash Flows From Investing Activities		
Interest revenue	-	4,994
Net cash used in investing activities	-	4,994
Net increase (decrease) in cash and cash equivalents	1,433,518	1,154,613
Cash and cash equivalents at beginning of year	1,281	4,096,257
Cash and cash equivalents at end of year	<u>\$ 1,434,799</u>	<u>\$ 5,250,870</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Fu (Continued) For the Year Ended December 31, 2012

	Garage	Office Supply	Self- Insurance	Workers' Compensation
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:				
Operating income (loss)	\$ (348,839)	\$ (1,950)	\$ (308,017)	\$ 325,593
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:				
Depreciation	3,116	-	-	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:				
Receivables	497	-	218	-
Due from other funds	-	-	-	(5,056)
Inventory of supplies	309,384	(984)	-	-
Prepaid items	(72)	-	(3,269)	-
Accounts payable				
- net of items affecting capital assets	74,456	-	-	-
Accrued salaries, wages and benefits	(28,526)	-	-	-
Due to other funds	1,334	-	-	-
Due to other governments	(122)	-	-	13,993
Other post-employment benefit obligation	-	-	164,140	-
Claims payable	-	-	(26,875)	(450,420)
Total adjustments	360,067	(984)	134,214	(441,483)
Net cash provided by (used in) operating activities	\$ 11,228	\$ (2,934)	\$ (173,803)	\$ (115,890)

The City entered into a lease agreement in February 2012 for printer, copier and facsimile machines for the Garage Fund in the amount of \$1,716.

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued) For the Year Ended December 31, 2012

	<u>Compensated Absences</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating income (loss)	\$ 2,714	\$ (330,499)
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:		
Depreciation	-	3,116
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:		
Receivables	-	715
Due from other funds	-	(5,056)
Inventory of supplies	-	308,400
Prepaid items	-	(3,341)
Accounts payable		
- net of items affecting capital assets	-	74,456
Accrued salaries, wages and benefits	-	(28,526)
Due to other funds	-	1,334
Due to other governments	-	13,871
Other post-employment benefit obligation	-	164,140
Claims payable	-	(477,295)
Total adjustments	<u>-</u>	<u>51,814</u>
Net cash provided by (used in) operating activities	<u>\$ 2,714</u>	<u>\$ (278,685)</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.

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, 2012

	<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>	
Assets					
Current Assets					
Equity in pooled cash and cash equivalents	\$ 488,433	\$ 211,943	\$ 987,788	\$ 13,943	\$1,702,107
Due from other governments	-	-	201,670	-	201,670
Total assets	\$ 488,433	\$ 211,943	\$ 1,189,458	\$ 13,943	\$1,903,777
Liabilities					
Current Liabilities					
Due to other governments	\$ 241,156	\$ -	\$ 1,127,970	\$ 13,943	\$1,383,069
Deposits held and due to others	247,277	211,943	61,488	-	520,708
Total liabilities	\$ 488,433	\$ 211,943	\$ 1,189,458	\$ 13,943	\$1,903,777

**Combining Statement of Changes in Assets and Liabilities - Fiduciary
For the Year Ended December 31, 2012**

	<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>	
Assets					
Balance January 1, 2012	\$ 480,093	\$ 210,428	\$ 1,162,623	\$ 60,775	\$ 1,913,919
Additions	117,335	14,858	16,028,819	257,608	16,418,620
Deletions	(108,995)	(13,343)	(16,001,984)	(304,440)	(16,428,762)
Balance December 31, 2012	<u>\$ 488,433</u>	<u>\$ 211,943</u>	<u>\$ 1,189,458</u>	<u>\$ 13,943</u>	<u>\$ 1,903,777</u>
Liabilities					
Balance January 1, 2012	\$ 480,093	\$ 210,428	\$ 1,162,623	\$ 60,775	\$ 1,913,919
Additions	117,335	14,858	16,028,819	257,608	16,418,620
Deletions	(108,995)	(13,343)	(16,001,984)	(304,440)	(16,428,762)
Balance December 31, 2012	<u>\$ 488,433</u>	<u>\$ 211,943</u>	<u>\$ 1,189,458</u>	<u>\$ 13,943</u>	<u>\$ 1,903,777</u>

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STATISTICAL SECTION

City of Cuyahoga Falls, Ohio

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.

Contents	Pages
<i>Financial Trends</i>	145 - 154
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	155 - 160
These schedules contain information to help the reader assess the City's most significant local revenue, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	161 - 167
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.	
<i>Economic and Demographic Information</i>	168 - 169
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	170 - 172
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
Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)**

	2012	2011	2010	2009	2008
Government activities					
Net investment in capital assets	\$ 83,694,616	\$ 81,516,344	\$ 77,734,747	\$ 78,407,401	\$ 74,834,451
Restricted:					
Capital projects	11,336,227	9,728,552	8,287,795	6,260,920	8,757,570
Debt service	6,179	4,209	1,310	5,846	109,044
Special revenue	2,536,928	2,137,829	2,424,557	5,960,254	7,237,562
Permanent fund purpose:					
Nonexpendable - Cemetery					
Perpetual Care	229,900	227,586	225,240	221,674	219,104
Unrestricted	14,753,611	12,554,686	13,316,106	6,389,169	8,315,681
Total governmental activities net position	112,557,461	106,169,206	101,989,755	97,245,264	99,473,412
Business-type activities					
Invested in capital assets,					
net of related debt	65,775,358	63,255,627	59,152,090	57,049,158	54,994,967
Unrestricted	31,349,820	26,317,573	27,381,062	23,464,702	23,217,163
Total business-type activities net position	97,125,178	89,573,200	86,533,152	80,513,860	78,212,130
Primary government					
Invested in capital assets	149,469,974	144,771,971	136,886,837	135,456,559	129,829,418
Restricted	14,109,234	12,098,176	10,938,902	12,448,694	16,323,280
Unrestricted	46,103,431	38,872,259	40,697,168	29,853,871	31,532,844
Total primary government net position	\$ 209,682,639	\$ 195,742,406	\$ 188,522,907	\$ 177,759,124	\$ 177,685,542

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Net Position By Component Last Ten Years (Accrual Basis of Accounting)

(Continued)

	2007	2006*	2005	2004	2003
Government activities					
Net investment in capital assets	\$ 72,851,175	\$ 63,756,095	\$ 38,207,868	\$ 35,151,575	\$ 30,640,601
Restricted:					
Capital projects	7,666,526	7,652,709	4,765,286	5,095,610	4,117,322
Debt service	187,018	273,777	404,311	482,412	546,970
Special revenue	7,717,100	7,701,388	6,374,529	6,379,774	5,398,226
Permanent fund purpose:					
Nonexpendable - Cemetery					
Perpetual Care	211,778	206,323	206,449	191,864	184,222
Unrestricted	6,880,274	4,394,906	5,502,764	6,528,533	7,952,344
Total governmental activities net position	95,513,871	83,985,198	55,461,207	53,829,768	48,839,685
Business-type activities					
Invested in capital assets,					
net of related debt	52,366,850	42,747,830	35,582,143	34,362,869	30,900,161
Unrestricted	23,613,766	19,945,749	17,179,978	21,390,836	31,543,195
Total business-type activities net position	75,980,616	62,693,579	52,762,121	55,753,705	62,443,356
Primary government					
Invested in capital assets	125,218,025	106,503,925	73,790,011	69,514,444	61,540,762
Restricted	15,782,422	15,834,197	11,750,575	12,149,660	10,246,740
Unrestricted	30,494,040	24,340,655	22,682,742	27,919,369	39,495,539
Total primary government net position	\$ 171,494,487	\$ 146,678,777	\$ 108,223,328	\$ 109,583,473	\$ 111,283,041

* restated.

City of Cuyahoga Falls, Ohio
Change in Net Position
Last Ten Years
(Accrual Basis Accounting)

	2012	2011	2010	2009	2008
Program revenue					
Governmental activities:					
Charges for services:					
Security of persons and property	\$ 488,609	\$ 450,004	\$ 841,421	\$ 825,083	\$ 930,710
Leisure time activities	234,159	258,260	257,082	268,330	279,860
Community environment	549,529	467,296	244,959	286,740	513,776
Basic utility services	-	-	-	-	-
Street maintenance	918,403	1,028,191	752,876	802,949	839,217
General government	4,863,081	5,135,984	4,585,060	3,393,691	7,968,738
Total charges for services	7,053,781	7,339,735	6,681,398	5,576,793	10,532,301
Operating grants & contributions:					
Security of persons and property	\$ 38,835	\$ 22,000	103,795	21,614	71,412
Community environment	1,527,648	896,296	1,117,721	1,088,129	775,617
Street maintenance	2,015,210	2,039,513	2,076,788	2,036,360	2,131,732
General government	-	-	-	169,851	50,209
Total operating grants & contributions	3,581,693	2,957,809	3,298,304	3,315,954	3,028,970
Capital grants & contributions:					
Security of persons and property	\$ 154,752	\$ 209,009	202,401	167,086	73,618
Leisure time activities	-	-	-	-	-
Community environment	276,683	672,090	2,414,054	1,505,326	989,980
Basic utility services	-	-	-	-	-
Street maintenance	2,595,489	2,557,716	1,520,007	267,799	695,309
General government	-	-	-	-	30,000
Total capital grants & contributions	3,026,924	3,438,815	4,136,462	1,940,211	1,788,907
Total governmental activities program revenue	13,662,398	13,736,359	14,116,164	10,832,958	15,350,178
Business-type activity:					
Charges for service:					
Sewage and disposal	6,560,233	6,172,519	6,078,591	5,471,829	6,268,389
Water	6,287,031	5,401,541	5,024,010	4,858,853	5,125,578
Electric	40,256,836	39,341,257	41,058,338	36,663,940	34,032,741
Sanitation	3,668,307	3,716,577	3,662,532	3,603,540	3,781,680
Leisure time activities	6,046,646	5,910,168	5,952,524	5,770,797	5,881,339
Storm Drainage Utility	1,184,081	1,145,213	1,164,926	1,121,483	1,135,860
Total charges for services	64,003,134	61,687,275	62,940,921	57,490,442	56,225,587
Operating Grants & Contributions:					
Sewage and disposal	-	-	-	22,994	-
Water	-	122,379	35,892	-	217
Electric	-	8,392	28,669	-	7,217
Sanitation	40,199	47,815	48,857	43,633	52,870
Total operating grants & contributions	40,199	178,586	113,418	66,627	60,304
Capital grants & contributions:					
Sewage and disposal	30,008	-	-	227,287	-
Water	130,039	-	-	-	-
Electric	34,866	-	-	-	-
Leisure time activities	-	-	-	49,767	210,320
Storm Drainage Utility	122,488	-	-	-	914
Total capital grants & contributions	317,401	-	-	277,054	211,234
Total business-type activities	64,360,734	61,865,861	63,054,339	57,834,123	56,497,125
Total primary government program revenue	\$ 78,023,132	\$ 75,602,220	\$ 77,170,503	\$ 68,667,081	\$ 71,847,303

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Change in Net Position Last Ten Years (Accrual Basis Accounting)

(Continued)

	2007	2006*	2005	2004	2003
Program revenue					
Governmental activities:					
Charges for services:					
Security of persons and property	\$ 1,023,881	\$ 978,736	\$ 684,768	\$ 645,102	\$ 547,208
Leisure time activities	250,371	255,650	239,984	193,635	184,405
Community environment	279,550	130,823	167,069	176,127	34,171
Basic utility services	-	-	709,400	347,960	-
Street maintenance	687,752	582,229	539,573	520,780	638,256
General government	7,733,297	7,596,686	7,560,416	7,520,335	7,104,580
Total charges for services	9,974,851	9,544,124	9,901,210	9,403,939	8,508,620
Operating grants & contributions:					
Security of persons and property	19,000	25,022	55,525	46,009	213,395
Community environment	703,273	697,364	795,079	34,028	-
Street maintenance	2,054,855	2,210,818	1,852,241	1,860,521	1,443,996
General government	402,570	34,564	-	159,891	177,677
Total operating grants & contributions	3,179,698	2,967,768	2,702,845	2,100,449	1,835,068
Capital grants & contributions:					
Security of persons and property	187,906	333,676	85,120	162,000	-
Leisure time activities	-	-	-	-	127,424
Community environment	961,320	-	-	-	-
Basic utility services	-	-	5,346	-	-
Street maintenance	5,147,437	614,022	991,656	2,628,907	3,811,062
General government	-	-	-	-	250,000
Total capital grants & contributions	6,296,663	947,698	1,082,122	2,790,907	4,188,486
Total governmental activities program revenue	19,451,212	13,459,590	13,686,177	14,295,295	14,532,174
Business-type activity:					
Charges for service:					
Sewage and disposal	6,717,068	6,571,563	6,403,396	5,330,292	4,340,885
Water	4,850,997	5,165,054	5,091,414	4,689,048	4,215,436
Electric	35,463,844	35,085,559	31,513,528	27,223,637	26,452,239
Sanitation	3,918,962	3,853,452	3,876,815	3,831,498	3,424,697
Leisure time activities	5,700,915	5,427,157	5,054,198	3,675,022	2,953,458
Storm Drainage Utility	1,165,099	715,863	-	-	-
Total charges for services	57,816,885	56,818,648	51,939,351	44,749,497	41,386,715
Operating Grants & Contributions:					
Sewage and disposal	-	-	-	-	-
Water	-	-	-	-	-
Electric	-	-	-	-	15,000
Sanitation	50,515	47,900	106,872	58,329	22,500
Total operating grants & contributions	50,515	47,900	106,872	58,329	37,500
Capital grants & contributions:					
Sewage and disposal	2,759,859	17,531	-	-	-
Water	1,790,259	-	-	-	-
Electric	435,852	-	-	-	-
Leisure time activities	45,348	38,245	54,391	541,805	281,660
Storm Drainage Utility	1,910,197	56,075	-	-	-
Total capital grants & contributions	6,941,515	111,851	54,391	541,805	281,660
Total business-type activities	64,808,915	56,978,399	52,100,614	45,349,631	41,705,875
Total primary government program revenue	\$ 84,260,127	\$ 70,437,989	\$ 65,786,791	\$ 59,644,926	\$ 56,238,049

* restated.

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

(Continued)

	2012	2011	2010	2009	2008
Expenses					
Governmental activities:					
Security of persons and property	\$ 18,943,973	\$ 20,176,824	\$ 20,486,414	\$ 23,430,589	\$ 20,885,650
Leisure time activities	2,404,181	2,582,822	2,412,432	2,644,714	2,811,353
Community environment	2,815,456	2,698,449	4,220,657	2,425,183	1,927,929
Basic utility services	-	-	-	-	-
Street maintenance	6,666,398	7,635,326	8,110,272	6,936,730	8,417,596
General government	9,011,136	7,809,403	7,648,904	9,098,070	11,286,008
Interest and fiscal charges	290,053	364,645	425,181	751,598	673,816
Total governmental activities expenses	40,131,197	41,267,469	43,303,860	45,286,884	46,002,352
Business-type activity:					
Sewage and disposal	6,034,476	6,480,165	5,497,927	5,190,156	5,445,620
Water	4,078,386	4,215,863	4,266,999	4,552,145	4,773,648
Electric	37,381,756	38,945,071	38,965,035	37,217,341	35,185,035
Sanitation	3,411,871	3,635,573	3,081,240	3,258,406	3,542,028
Leisure time activities	6,903,412	6,551,561	6,328,933	6,604,706	6,611,629
Storm Drainage Utility	1,125,601	1,124,710	951,755	789,037	427,802
Total business-type activities expenses	58,935,502	60,952,943	59,091,889	57,611,791	55,985,762
Total primary government program expenses	99,066,699	102,220,412	102,395,749	102,898,675	101,988,114
Net (expense)/revenue					
Governmental activity	(26,468,799)	(27,531,110)	(29,187,696)	(34,453,926)	(30,652,174)
Business-type activity	5,425,232	912,918	3,962,450	222,332	511,363
Total primary government net expense	\$ (21,043,567)	\$ (26,618,192)	\$ (25,225,246)	\$ (34,231,594)	\$ (30,140,811)
General revenues and other changes in net position					
Governmental activities					
Property and other local taxes Levied for:					
General purposes	8,908,341	9,965,744	\$ 10,429,421	\$ 10,414,278	\$ 10,440,198
Special revenue	792,443	831,460	811,514	796,234	824,016
Income tax levied for:					
General purposes	12,631,773	11,727,223	12,171,153	11,623,452	11,765,637
Special revenue	1,612,480	1,497,013	1,553,682	1,483,767	1,501,916
Capital projects	5,911,758	5,488,423	5,696,184	5,439,858	5,506,400
Grants and entitlements not restricted to specific programs	4,885,357	4,028,813	4,955,712	4,130,199	5,020,191
Gain or (loss) on sale of capital assets	48,447	-	98,731	(79,417)	54,372
Investment earnings	193,201	299,015	272,491	488,939	1,177,816
Transfers	(2,126,746)	(2,127,130)	(2,056,701)	(2,071,532)	(1,678,831)
Total governmental activities	32,857,054	31,710,561	33,932,187	32,225,778	34,611,715
Business-type activity					
Gain or (loss) on sale of capital assets	-	-	-	-	-
Investment earnings	-	-	141	7,866	41,320
Transfers	2,126,746	2,127,130	2,056,701	2,071,532	1,678,831
Total Business-type activity	2,126,746	2,127,130	2,056,842	2,079,398	1,720,151
Total primary government general revenue and other changes in net position	34,983,800	33,837,691	35,989,029	34,305,176	36,331,866
Change in net position					
Governmental Activities	6,388,255	4,179,451	4,744,491	(2,228,148)	3,959,541
Business Type Activities	7,551,978	3,040,048	6,019,292	2,301,730	2,231,514
Total primary government change in net position	\$ 13,940,233	\$ 7,219,499	\$ 10,763,783	\$ 73,582	\$ 6,191,055

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Change in Net Position Last Ten Years (Accrual Basis Accounting)

(Continued)

	2007	2006*	2005	2004	2003
Expenses					
Governmental activities:					
Security of persons and property	\$ 21,077,044	\$ 22,964,331	\$ 21,496,125	\$ 20,192,572	\$ 19,216,910
Leisure time activities	2,693,863	2,582,070	2,760,272	3,314,284	2,775,912
Community environment	1,634,740	1,619,169	1,779,710	1,769,864	1,142,020
Basic utility services	-	20,035	234,855	373,625	-
Street maintenance	6,786,311	6,775,417	6,785,927	5,652,789	5,754,567
General government	10,875,233	10,153,078	10,302,655	9,702,519	9,420,819
Interest and fiscal charges	562,128	634,318	628,253	610,705	688,220
Total governmental activities expenses	43,629,319	44,748,418	43,987,797	41,616,358	38,998,448
Business-type activity:					
Sewage and disposal	5,440,729	5,262,109	5,502,949	5,573,901	4,689,987
Water	4,608,542	4,505,282	4,922,686	4,396,443	3,853,979
Electric	32,683,194	32,211,414	35,265,345	26,996,163	24,295,652
Sanitation	3,686,234	3,835,257	3,876,126	4,239,813	3,531,060
Leisure time activities	6,630,226	6,804,244	6,709,165	5,379,234	4,156,511
Storm Drainage Utility	309,254	337,388	-	-	-
Total business-type activities expenses	53,358,179	52,955,694	56,276,271	46,585,554	40,527,189
Total primary government program expenses	96,987,498	97,704,112	100,264,068	88,201,912	79,525,637
Net (expense)/revenue					
Governmental activity	(24,178,107)	(31,288,828)	(30,301,620)	(27,321,063)	(24,466,274)
Business-type activity	11,450,736	4,022,705	(4,175,657)	(1,235,923)	1,178,686
Total primary government net expense	\$ (12,727,371)	\$ (27,266,123)	\$ (34,477,277)	\$ (28,556,986)	\$ (23,287,588)
General revenues and other changes in net position					
Governmental activities					
Property and other local taxes Levied for:					
General purposes	\$ 10,465,304	\$ 10,446,887	\$ 9,614,843	\$ 9,598,065	\$ 9,590,043
Special revenue	833,685	595,591	546,928	540,227	539,402
Income tax levied for:					
General purposes	11,684,711	11,082,744	10,660,150	11,522,505	10,476,451
Special revenue	1,491,586	1,414,743	1,360,797	1,470,156	1,337,347
Capital projects	5,468,528	5,186,801	4,989,241	5,389,618	4,903,052
Grants and entitlements not restricted to specific programs	5,324,452	4,571,615	4,891,355	4,872,500	4,615,712
Gain or (loss) on sale of capital assets	116,724	31,310	-	(742,563)	635,606
Investment earnings	2,158,091	2,043,801	1,053,818	390,583	684,416
Transfers	(1,836,301)	(1,399,592)	(1,184,073)	(729,945)	(799,024)
Total governmental activities	35,706,780	33,973,900	31,933,059	32,311,146	31,983,005
Business-type activity					
Gain or (loss) on sale of capital assets	-	-	-	(2,415,036)	16,755
Investment earnings	-	-	-	-	-
Transfers	1,836,301	1,399,592	1,184,073	729,945	799,024
Total Business-type activity	1,836,301	1,399,592	1,184,073	(1,685,091)	815,779
Total primary government general revenue and other changes in net position	37,543,081	35,373,492	33,117,132	30,626,055	32,798,784
Change in net position					
Governmental Activities	11,528,673	2,685,072	1,631,439	4,990,083	7,516,731
Business Type Activities	13,287,037	5,422,297	(2,991,584)	(2,921,014)	1,994,465
Total primary government change in net position	\$ 24,815,710	\$ 8,107,369	\$ (1,360,145)	\$ 2,069,069	\$ 9,511,196

* restated.

City of Cuyahoga Falls, Ohio

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund					
Nonspendable	\$ 201,219	\$ 194,207	\$ 222,918	\$ -	\$ -
Restricted	113,975	94,208	-	-	-
Assigned	2,127,354	1,074,608	47,921	-	-
Unassigned	6,755,367	7,785,411	7,829,712	-	-
Reserved	-	-	-	342,641	444,478
Unreserved	-	-	-	6,280,496	7,599,834
Total General Fund	<u>9,197,915</u>	<u>9,148,434</u>	<u>8,100,551</u>	<u>6,623,137</u>	<u>8,044,312</u>
All Other Governmental Funds					
Nonspendable	13,549,608	13,568,594	12,721,630		
Restricted	5,215,817	4,079,672	4,125,179		
Committed	561,494	592,770	457,652		
Assigned	470,728	795,506	689,041		
Unassigned	(6,653,778)	(6,812,087)	(7,194,449)		
Reserved	-	-	-	15,367,539	15,005,000
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	-	-	-	1,756,810	3,474,129
Capital Projects Funds	-	-	-	(8,546,288)	(8,009,938)
Undesignated	-	-	-	-	-
Total All Other Governmental Funds	<u>13,143,869</u>	<u>12,224,455</u>	<u>10,799,053</u>	<u>8,578,061</u>	<u>10,469,191</u>
Total Governmental Funds	<u>\$ 22,341,784</u>	<u>\$ 21,372,889</u>	<u>\$ 18,899,604</u>	<u>\$ 15,201,198</u>	<u>\$ 18,513,503</u>

Note: In 2011, the City implemented GASB Statement No. 54. As a result, the 2010 fund balances were reclassified to reflect the effects of this pronouncement.

City of Cuyahoga Falls, Ohio

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

(Continued)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund					
Reserved	442,794	\$ 425,783	\$490,748	\$ 742,987	\$ 493,073
Unreserved	6,465,868	4,676,968	5,024,223	5,306,478	5,196,479
Total General Fund	<u>6,908,662</u>	<u>5,102,751</u>	<u>5,514,971</u>	<u>6,049,465</u>	<u>5,689,552</u>
All Other Governmental Funds					
Reserved	3,674,630	4,187,560	6,726,749	5,862,997	7,730,943
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	3,808,651	4,073,889	2,921,274	2,879,045	-
Capital Projects Funds	1,480,417	(220,613)	(1,499,858)	(2,444,092)	-
Undesignated	-	-	-	-	(1,426,752)
Total All Other Governmental Funds	<u>8,963,698</u>	<u>8,040,836</u>	<u>8,148,165</u>	<u>6,297,950</u>	<u>6,304,191</u>
Total Governmental Funds	<u>\$ 15,872,360</u>	<u>\$ 13,143,587</u>	<u>\$ 13,663,136</u>	<u>\$ 12,347,415</u>	<u>\$ 11,993,743</u>

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

	2012	2011	2010	2009	2008
Revenues					
Property taxes	\$ 9,233,359	\$ 10,213,088	\$ 10,686,762	\$ 10,712,398	\$ 10,757,164
Municipal income taxes	19,433,228	18,672,207	19,370,713	18,231,291	18,753,883
Other local taxes	640,969	488,319	480,317	840,228	560,210
State levied shared taxes	7,237,038	6,736,036	7,125,346	6,235,084	7,355,239
Intergovernmental	3,728,442	3,914,492	5,035,728	3,002,006	2,214,516
Charges for services	5,197,180	5,052,585	4,945,171	5,463,154	7,837,010
Fees, licenses, and permits	885,612	828,291	1,022,270	1,050,543	1,835,432
Interest earnings	180,908	310,736	237,865	497,505	1,051,158
Fines and forfeitures	308,788	342,541	325,243	225,377	303,492
Special assessments	184,556	267,848	255,811	345,121	364,614
Other	873,766	1,317,232	662,765	577,768	936,910
Total revenues	\$ 47,903,846	\$ 48,143,375	\$ 50,147,991	\$ 47,180,475	\$ 51,969,628
Expenditures					
Current					
Security of persons and property	\$ 18,284,008	\$ 18,750,985	\$ 19,798,139	\$ 22,414,019	\$ 20,770,690
Leisure time activities	2,217,158	2,214,325	2,100,748	2,324,009	2,253,973
Community environment	2,637,217	2,605,718	2,422,133	2,597,303	1,888,483
Street maintenance	3,037,778	3,751,166	3,629,866	4,007,068	4,128,506
General government	7,324,776	6,941,671	6,797,451	8,169,113	10,950,142
Capital outlay	8,627,407	7,999,729	7,808,944	7,020,469	6,127,721
Debt service					
Principal	1,156,470	1,138,254	1,289,820	1,443,696	1,533,985
Interest	282,810	400,074	471,807	762,215	670,189
Total expenditures	\$ 43,567,624	\$ 43,801,922	\$ 44,318,908	\$ 48,737,892	\$ 48,323,689
Excess (deficiency) of revenues					
over (under) expenditures	\$ 4,336,222	\$ 4,341,453	\$ 5,829,083	\$ (1,557,417)	\$ 3,645,939
Other financing sources (uses)					
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
Transfers in	22,953,663	22,624,856	23,240,546	22,675,964	22,777,318
Transfers out	(26,268,896)	(24,633,580)	(25,247,635)	(24,747,496)	(24,223,202)
Total other financing sources (uses)	(3,315,233)	(2,008,724)	(2,007,089)	(1,808,017)	(905,687)
Net change in fund balance	\$ 1,020,989	\$ 2,332,729	\$ 3,821,994	\$ (3,365,434)	\$ 2,740,252
Debt service as a percentage of noncapital					
expenditures	4.0%	4.0%	4.3%	5.1%	5.1%

City of Cuyahoga Falls, Ohio

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

(Continued)

	2007	2006*	2005	2004	2003
Revenues					
Property taxes	\$ 10,879,771	\$ 10,870,777	\$ 10,028,515	\$ 9,936,391	\$ 9,568,965
Municipal income taxes	18,484,497	17,672,779	16,908,814	18,454,257	16,732,040
Other local taxes	390,387	141,586	138,864	239,972	245,331
State levied shared taxes	7,225,524	7,034,265	6,983,147	6,850,014	6,369,187
Intergovernmental	2,925,454	1,481,952	1,565,036	2,864,296	3,189,056
Charges for services	7,133,862	7,176,699	7,854,459	6,877,348	6,613,544
Fees, licenses, and permits	2,156,317	1,711,914	1,249,654	1,116,812	1,071,256
Interest earnings	2,054,768	1,762,970	1,547,004	365,308	656,629
Fines and forfeitures	421,121	368,506	441,608	393,252	353,640
Special assessments	289,373	306,689	312,840	358,450	262,204
Other	776,244	686,386	748,311	725,771	1,415,459
Total revenues	\$ 52,737,318	\$ 49,214,523	\$ 47,778,252	\$ 48,181,871	\$ 46,477,311
Expenditures					
Current					
Security of persons and property	\$ 19,989,704	\$ 21,125,740	\$ 20,017,544	\$ 19,063,751	\$ 18,122,227
Leisure time activities	2,204,179	2,360,444	2,745,067	3,055,510	2,943,074
Community environment	2,205,502	1,787,134	1,996,878	1,423,880	1,080,107
Street maintenance	4,110,655	3,779,794	4,478,915	4,374,161	4,297,980
General government	10,504,859	9,533,684	9,392,345	8,957,972	8,779,774
Capital outlay	9,124,330	8,903,056	5,139,395	8,650,586	11,477,250
Debt service					
Principal	1,304,266	970,431	998,006	969,599	846,300
Interest	590,418	704,293	687,090	619,404	688,237
Total expenditures	\$ 50,033,913	\$ 49,164,576	\$ 45,455,240	\$ 47,114,863	\$ 48,234,949
Excess (deficiency) of revenues over (under) expenditures	\$ 2,703,405	\$ 49,947	\$ 2,323,012	\$ 1,067,008	\$ (1,757,638)
Other financing sources (uses)					
Bond/Note proceeds	-	-	-	4,382,963	-
Premium on various purpose refunding bonds	-	-	-	49,654	-
Payment to bond escrow account	-	-	-	(4,355,330)	-
Refunding bond issuance cost	-	-	-	(68,002)	-
Capital lease	2,466,544	768,740	-	-	-
Transfers in	23,204,680	22,548,956	22,441,447	24,043,778	22,035,165
Transfers out	(25,040,981)	(23,948,548)	(23,625,520)	(24,773,723)	(22,834,189)
Total other financing sources (uses)	630,243	(630,852)	(1,184,073)	(720,660)	(799,024)
Net change in fund balance	\$ 3,333,648	\$ (580,905)	\$ 1,138,939	\$ 346,348	\$ (2,556,662)
Debt service as a percentage of noncapital expenditures	4.5%	4.1%	4.2%	4.1%	4.2%

* restated.

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
2012	\$ 715,700,850	\$ 228,184,860	\$ 2,696,816,314	\$ 7,284,710	\$ 8,278,080	\$ -	\$ -
2011	764,081,830	265,853,240	2,942,671,629	6,922,010	7,865,920	-	-
2010	761,306,820	252,733,190	2,897,257,171	6,701,350	7,615,170	979,800	3,919,200
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

Collection Year	Total			Tax Rate (per \$1,000 of Assessed Value)
	Assessed Value	Estimated Actual Value	Ratio	
2012	\$ 951,170,420	\$ 2,705,094,394	35.16%	11.00
2011	1,036,857,080	2,950,537,549	35.14%	11.00
2010	1,021,721,160	2,908,791,542	35.13%	11.00
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

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Unvoted Millage										
Operating	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000
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									
Voted Millage										
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
Total Voted Millage	0.0000									
Total Voted Millage by Type of Property										
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
Total Millage	11.0000									
Overlapping Rates by Taxing District										
City School District	69.9200	69.8800	69.8800	69.7800	69.8700	69.8800	70.0000	62.0000	62.0000	61.9600
Residential/Agricultural Real	41.1898	41.1139	34.6521	34.5665	34.5715	34.0468	34.4061	28.4952	28.4944	28.3896
Commercial/Industrial and Public Utility Real	46.7903	46.8903	41.0287	40.9014	40.5960	41.6074	40.5120	33.5913	33.3647	33.1205
General Business and Public Utility Personal	69.9200	69.8800	69.8800	69.7800	69.8700	69.8800	70.0000	62.0000	62.0000	61.9600
Summit County	14.1600	14.1600	14.1600	14.1600	14.1600	14.5700	13.0700	13.0700	13.0700	13.0700
Residential/Agricultural Real	14.0805	14.0793	14.0201	14.0192	14.0174	12.0570	9.7591	10.3625	10.3883	10.3740
Commercial/Industrial and Public Utility Real	14.1534	14.1443	13.6240	13.6449	13.4948	12.8620	10.7717	11.0857	11.0729	10.9781
General Business and Public Utility Personal	14.1600	14.1600	14.1600	14.1600	14.1600	14.5700	13.0700	13.0700	13.0700	13.0700
Special Taxing Districts-Cuyahoga Falls Library	1.9000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	0.0000	0.0000	0.0000
Residential/Agricultural Real	1.9000	1.9000	1.2993	1.3000	1.3000	1.2955	1.2955	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	1.8935	1.9000	1.2618	1.2608	1.2467	1.3000	1.3000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	1.9000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	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
2012 and 2003**

<u>Name of Taxpayer</u>	<u>2012</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Green Cross General Hospital	\$ 9,772,400	1.04%
Newpart Limited Partnership	5,621,830	0.60%
Yorkshire Woods Apartments LTD	4,976,520	0.53%
Riverside Community Urban Redevelopment	4,563,790	0.48%
Niederst Portage Towers LLC & Wynn	3,752,440	0.40%
Plaza Chapel Hill	2,970,560	0.31%
Sams Real Estate Business Trust	2,575,050	0.27%
Trinity Square Acquisition LLC	2,450,000	0.26%
Dayton Hudson Corporation	2,409,090	0.25%
Heslop Inc.	2,317,380	0.25%
Totals	<u>\$ 41,409,060</u>	<u>4.39%</u>
Total Assessed Valuation	<u>\$ 943,885,710</u>	

<u>Name of Taxpayer</u>	<u>2003</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Newport Limited Partnership	\$ 7,945,320	0.88%
Yorkshire Woods Apartments	7,147,040	0.79%
Portage Towers Apartments	4,564,650	0.51%
Plaza Chapel Hill, Co.	4,530,180	0.51%
Heslop, Inc.	3,991,860	0.44%
Riverside Community Urban Redevelopment	3,931,320	0.44%
Brookledge II	3,894,850	0.43%
HD Development of Maryland, Inc.	3,824,800	0.42%
State Road Associates	3,692,450	0.41%
Dayton Hudson Corporation	2,615,260	0.29%
Totals	<u>\$ 46,137,730</u>	<u>5.12%</u>
Total Assessed Valuation	<u>\$ 900,639,960</u>	

Source: Summit County Fiscal Office

(1) The amounts presented represent the assessed values upon which 2012 and 2003 collections were based.

City of Cuyahoga Falls, Ohio

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
2012	\$ 10,462,926	\$ 10,058,116	96.1%	\$ 421,477	\$ 10,479,593	100.2%	\$ 610,223	5.8%
2011	11,405,477	10,856,794	95.2%	400,743	11,257,537	98.7%	908,284	8.0%
2010	11,231,439	10,775,300	95.9%	321,773	11,097,073	98.8%	730,635	6.5%
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%

Source: Summit County Fiscal Officer

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

Tax Year	Tax Rate	Total Tax Collected (1)	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
2012	2.00%	\$ 19,252,832	\$ 14,682,742	76%	\$ 2,172,464	11%	\$ 2,397,626	12%
2011	2.00%	18,423,570	13,928,426	76%	2,158,632	12%	2,336,512	13%
2010	2.00%	19,244,149	14,877,452	77%	2,025,820	11%	2,340,877	12%
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	14%
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%

(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 2012 and 2003

Tax Year 2012

Taxpayers	Municipal Income Tax Withholding	Percent Of Income Tax Collections
Go Jo Industries	\$ 716,676	3.72%
Summa Western Reserve Hospital	580,609	3.02%
City of Cuyahoga Falls	542,689	2.82%
Associated Materials, Inc.	540,592	2.81%
Cuyahoga Falls Board of Education	524,636	2.72%
Americhem Inc.	281,307	1.46%
Koosharem Corporation	262,855	1.37%
Woodridge Local School District	219,327	1.14%
Summit County Board of Education	213,928	1.11%
Summa Health System Hospitals	185,342	0.96%
Total	\$ 4,067,961	21.13%
Total Municipal Income Tax Collection	\$ 19,252,832	

Tax Year 2003

Taxpayers	Municipal Income Tax Withholding	Percent Of Income Tax Collections
City of Cuyahoga Falls	\$ 578,882	4.63%
Summa Health System Hospitals	528,485	4.22%
Cuyahoga Falls Board of Education	485,620	3.88%
Associated Materials	449,997	3.60%
Go Jo Industries, Inc.	342,173	2.73%
Americhem, Inc.	268,603	2.15%
Pechiney Plastic Packaging	174,638	1.40%
Manufacturers Group International	158,666	1.27%
Woodridge Local School District	152,286	1.22%
Summit County Auditor	135,455	1.08%
Total	\$ 3,274,805	26.18%
Total Municipal Income Tax Collection	\$ 12,507,371	

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

**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	Capital Leases	General Obligation Bonds	Notes Payable	Capital Leases					
2012	\$ 3,440,742	\$ -	\$ 11,965,000	\$ 1,566,828	\$ 21,309,265	\$ 7,000,000	\$ 12,754,077	\$ 58,035,912	\$ 1,261,111,148	4.60%	49,652	f \$ 1,169
2011	4,237,456	-	9,900,000	1,662,121	22,652,551	8,385,000	14,213,016	61,050,144	1,227,000,224	4.98%	49,652	f \$ 1,230
2010	5,013,033	52,000	11,750,000	1,972,798	24,261,972	9,870,000	15,672,230	68,592,033	1,119,652,600	6.13%	49,652	f \$ 1,381
2009	5,945,700	104,000	11,950,000	2,704,089	26,019,454	11,000,000	16,477,596	74,200,839	1,152,079,500	6.44%	51,090	e \$ 1,452
2008	6,958,319	151,000	13,300,000	2,945,806	19,896,985	19,300,000	16,477,596	79,029,706	1,152,079,500	6.86%	51,090	e \$ 1,547
2007	7,825,394	287,024	3,150,000	2,936,495	21,797,196	20,800,000	-	56,796,109	1,150,095,100	4.94%	51,002	d \$ 1,114
2006	8,657,164	419,390	4,650,000	810,081	23,616,369	21,300,000	107,922	59,560,926	1,138,639,700	5.23%	50,494	c \$ 1,180
2005	9,466,081	541,878	6,700,000	80,367	25,373,273	21,300,000	212,448	63,674,047	1,138,639,700	5.59%	50,494	c \$ 1,261
2004	10,232,398	660,707	7,400,000	193,227	27,056,437	18,300,000	323,003	64,165,772	1,135,956,250	5.65%	50,375	b \$ 1,274
2003	10,551,301	775,878	8,250,000	150,010	20,160,676	18,300,000	-	58,187,865	1,135,956,250	5.12%	50,375	b \$ 1,155

Sources:

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

- (a) On July 1, 2002 an appeal was granted by the U.S. Census Bureau making the population of the City 50,272.
- (b) July 1, 2003 U.S. Census Bureau Estimate
- (c) July 1, 2005 U.S. Census Bureau Estimate
- (d) July 1, 2007 U.S. Census Bureau Estimate
- (e) July 1, 2008 U.S. Census Bureau Estimate
- (f) 2010 U.S. Census Bureau only released population figures at time of report preparation.

City of Cuyahoga Falls, Ohio

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

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property (2)	Gross Bonded Debt Outstanding (3)			Ratio of Total Bonded Debt to Estimated True Value of Taxable Property	Total Bonded Debt per Capita
			Governmental Activities	Business-type Activities	Total Primary Government		
2012	49,652 f	\$ 2,705,094,394	\$ 3,440,742	\$ 21,309,265	\$ 24,750,007	0.91%	\$ 498
2011	49,652 f	2,950,537,549	4,237,456	22,652,551	26,890,007	0.91%	542
2010	49,652 f	2,908,791,542	5,013,033	24,261,972	29,275,005	1.01%	590
2009	51,090 e	2,920,836,702	5,945,700	26,019,454	31,965,154	1.09%	626
2008	51,090 e	2,966,879,272	6,958,319	19,896,985	26,855,304	0.91%	526
2007	51,002 d	3,006,361,405	7,825,394	21,797,196	29,622,590	0.99%	581
2006	50,494 c	3,053,196,910	8,657,164	23,616,369	32,273,533	1.06%	639
2005	50,494 c	2,959,436,217	9,466,081	25,373,273	34,839,354	1.18%	690
2004	50,375 b	2,924,968,978	10,232,398	27,056,437	37,288,835	1.27%	740
2003	50,375 b	2,933,275,697	10,551,301	20,160,676	30,711,977	1.05%	610

Sources:

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

(a) On July 1, 2002 an appeal was granted buy the U.S. Census Bureau making the population of the City 50,272.

(b) July 1, 2003 U.S. Census Bureau Estimate

(c) July 1, 2005 U.S. Census Bureau Estimate

(d) July 1, 2007 U.S. Census Bureau Estimate

(e) July 1, 2008 U.S. Census Bureau Estimate

(f) 2010 U.S. Census Bureau only released population figures at time of report preparation.

(2) Summit County Fiscal Office

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 99,872,894	\$ 108,869,993	\$ 107,280,722	\$ 107,666,029	\$ 108,413,922
Net debt within 10.5 % limitations	<u>3,430,477</u>	<u>4,227,891</u>	<u>5,008,006</u>	<u>5,936,842</u>	<u>6,938,515</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 96,442,417</u>	<u>\$ 104,642,102</u>	<u>\$ 102,272,716</u>	<u>\$ 101,729,187</u>	<u>\$ 101,475,407</u>
Total net debt applicable to the limit as a percentage of debt limit	3.43%	3.88%	4.67%	5.51%	6.40%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 52,314,373	\$ 57,027,139	\$ 56,194,664	\$ 56,396,491	\$ 56,788,245
Net debt within 5.5% limitations	<u>3,430,477</u>	<u>4,227,891</u>	<u>5,008,006</u>	<u>5,936,842</u>	<u>6,938,515</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 48,883,896</u>	<u>\$ 52,799,248</u>	<u>\$ 51,186,658</u>	<u>\$ 50,459,649</u>	<u>\$ 49,849,730</u>
Total net debt applicable to the limit as a percentage of debt limit	6.56%	7.41%	8.91%	10.53%	12.22%

Legal Debt Margin Calculation for Fiscal Year 2012

	Unvoted Margin <u>Within 5.5%</u>	Overall Margin <u>Within 10.5%</u>
Assessed property value	<u>\$ 951,170,420</u>	<u>\$ 951,170,420</u>
Overall debt limitation (% of assessed valuation)	\$ 52,314,373	\$ 99,872,894
Gross indebtedness	24,750,007	24,750,007
Less:		
(Self-supporting as defined in O.R.C. 133.05)		
General sewer and sanitary improvements	(1,636,000)	(1,636,000)
Water utility	(5,389,000)	(5,389,000)
Recreation facilities	(14,284,265)	(14,284,265)
Debt Service Fund Balance	(10,265)	(10,265)
Net debt within limitations	<u>\$ 3,430,477</u>	<u>\$ 3,430,477</u>
Legal debt margin within limitations	<u>\$ 48,883,896</u>	<u>\$ 96,442,417</u>

Source: City's Financial Records

City of Cuyahoga Falls, Ohio

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 109,399,879	\$ 110,503,596	\$ 106,321,821	\$ 105,456,447	\$ 104,720,974
Net debt within 10.5 % limitations	<u>7,805,008</u>	<u>8,634,075</u>	<u>9,399,996</u>	<u>10,176,113</u>	<u>18,745,045</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 101,594,871</u>	<u>\$ 101,869,521</u>	<u>\$ 96,921,825</u>	<u>\$ 95,280,334</u>	<u>\$ 85,975,929</u>
Total net debt applicable to the limit as a percentage of debt limit	7.13%	7.81%	8.84%	9.65%	17.90%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 57,304,699	\$ 57,882,836	\$ 55,692,383	\$ 55,239,091	\$ 54,853,844
Net debt within 5.5% limitations	<u>7,805,008</u>	<u>8,634,075</u>	<u>9,399,996</u>	<u>10,176,113</u>	<u>18,745,045</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 49,499,691</u>	<u>\$ 49,248,761</u>	<u>\$ 46,292,387</u>	<u>\$ 45,062,978</u>	<u>\$ 36,108,799</u>
Total net debt applicable to the limit as a percentage of debt limit	13.62%	14.92%	16.88%	18.42%	34.17%

**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	
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
2010	6,151,949	5,170,687	981,262	251,000	80,826	331,826	2.96
2011	6,231,058	6,215,572	15,486	265,000	66,472	331,472	0.05
2012	6,621,540	5,850,125	771,415	271,000	61,172	332,172	2.32

WATER FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2010	5,024,010	4,286,337	737,673	603,000	288,110	891,110	0.83
2011	5,401,541	4,144,762	1,256,779	634,000	262,280	896,280	1.40
2012	6,287,031	4,291,942	1,995,089	683,000	168,246	851,246	2.34

ELECTRIC FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2010	41,561,289	38,501,609	3,059,680	360,000	20,160	380,160	8.05
2011	39,723,724	38,507,119	1,216,605	-	-	-	-
2012	40,705,173	37,255,060	3,450,113	-	-	-	-

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 Pledged Revenue Coverage Last Ten Years

(Continued)

LEISURE TIME FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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)
2010	5,952,524	5,679,883	272,641	548,333	335,957	884,290	0.31
2011	5,910,168	5,897,621	12,547	745,423	635,873	1,381,296	0.01
2012	6,046,646	5,921,461	125,185	769,286	613,005	1,382,291	0.09

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, 2012

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Applicable to City</u>
Direct - City of Cuyahoga Falls			
General Obligation Bonds	\$ 3,440,742	100.00%	\$ 3,440,742
Capital Leases	1,556,828	100.00%	1,556,828
General Obligation Notes	11,965,000	100.00%	11,965,000
Total Direct Debt	16,962,570		16,962,570
Overlapping			
School Districts			
Cuyahoga Falls City	3,135,000	89.15%	2,794,853
Woodridge Local	8,785,000	59.59%	5,234,982
Hudson City	6,580,000	2.47%	162,526
Revere Local	7,520,597	0.82%	61,669
County			
Summit County	47,300,000	8.34%	3,944,820
Other Units			
Akron Metro Regional Transit Authority	205,000	8.34%	17,097
Akron-Summit County Library District	35,405,000	3.49%	1,235,635
Total Overlapping Debt	108,930,597		13,451,582
Total	\$ 125,893,167		\$ 30,414,152

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

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			
2012	49,652	f	\$ 1,261,111,148	\$ 46,450	\$ 25,399	6.1%	6.6%	27.8	\$ 128,421	39.4
2011	49,652	f	1,227,000,224	47,071	24,712	7.4%	7.6%	27.8	124,634	39.4
2010	49,652	f	1,119,652,600	52,372	22,550	7.3%	10.0%	27.8	127,338	37.2
2009	51,090	e	1,152,079,500	52,372	22,550	9.8%	10.2%	27.8	129,051	37.2
2008	51,090	e	1,152,079,500	52,372	22,550	6.1%	6.5%	27.8	139,477	37.2
2007	51,002	d	1,150,095,100	52,372	22,550	5.4%	5.6%	27.8	133,734	37.2
2006	50,494	c	1,138,639,700	52,372	22,550	5.3%	5.5%	27.8	132,287	37.2
2005	50,494	c	1,138,639,700	52,372	22,550	5.7%	5.9%	27.8	131,737	37.2
2004	50,375	b	1,135,956,250	52,372	22,550	6.1%	6.2%	27.8	130,443	37.2
2003	50,375	b	1,135,956,250	52,372	22,550	6.2%	6.2%	27.8	121,763	37.2

Sources:

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

(a) On July 1, 2002 an appeal was granted by the U.S. Census Bureau making the population of the City 50,272.

(b) July 1, 2003 U.S. Census Bureau Estimate

(c) July 1, 2005 U.S. Census Bureau Estimate

(d) July 1, 2007 U.S. Census Bureau Estimate

(e) July 1, 2008 U.S. Census Bureau Estimate

(f) 2010 U.S. Census Bureau only released population figures at time of report preparation.

(2) Summit County Fiscal Office

(3) Ohio Bureau of Employment Services; U.S. Department of Labor, Bureau of Labor Statistics, Ohio Labor Market Information

(4) City Records

(5) Computation of per capita income multiplied by population

City of Cuyahoga Falls, Ohio

**City of Cuyahoga Falls, Ohio
Principal Employers
2011 and Ten Years Ago (1)**

2011

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Cuyahoga Falls Board of Education	Education	915	3.55%
City of Cuyahoga Falls	Government	899	3.48%
Summa Western Reserve Hospitals	Hospital	878	3.40%
B T L Payroll	Payroll Services	544	2.11%
Associated Materials	Manufacturer	541	2.10%
Woodridge Local School District	Education	504	1.94%
GMRI	Restaurant	499	1.93%
Summit County Board of Education	Education	379	1.47%
Go Jo Industries Inc.	Manufacturer	369	1.43%
The Fred. W. Albrecht Company	Grocer	347	1.34%
Total		5,875	22.75%
Total Employment Within the City		25,800	

2002

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
City of Cuyahoga Falls	Government	1,156	4.48%
Cuyahoga Falls Board of Education	Education	1,023	3.97%
Adecco NA, LLC	Employment Services	1,005	3.90%
Cuyahoga Falls General Hospital	Hospital	869	3.37%
Go Jo	Manufacturer	701	2.72%
B T L Payroll	Payroll Services	600	2.33%
Associated Materials	Manufacturer	582	2.26%
GMRI	Restaurant	477	1.85%
Woodridge Local Schools	Education	410	1.59%
The Fred W. Albrecht Company	Grocery	384	1.48%
Total		7,207	27.95%
Total Employment Within the City		25,800	

Source: City Financial Records and estimate for Total Employment within the City from Ohio Department of Job and Family Services

(1) 2012 information is not available.

City of Cuyahoga Falls, Ohio

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police										
Vehicles	40	41	42	49	47	47	44	53	53	52
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Vehicles	28	29	28	28	28	27	31	28	31	27
Stations	5	5	5	5	5	5	5	4	4	4
Highways and Streets										
Streets(miles)	232.58*	232.26*	232.19*	232.19*	232.19*	232.19*	231.28*	282	281	279
Streetslights	5637	5,627	5,624	5,618	5,587	5,595	5,683	5,647	5,550	5,361
Traffic Signals	72	78	78	81	78	76	76	77	77	77
Vehicles	53	52	52	52	53	47	58	54	62	59
Recreation										
Number of Parks	24	24	24	24	24	24	24	24	24	24
Vehicles	37	39	41	40	40	38	39	41	43	41
Number of Tennis Courts	8	8	17	17	17	16	16	16	16	16
Number of Baseball Diamonds	35	35	35	35	35	35	35	35	35	35
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	507
Swimming Pools	12	12	12	12	12	5	5	5	5	3
Water										
Water Mains (miles)	200	200	200	200	200	200	200	207	200	200
Fire Hydrants	2114	2,111	2,111	2,325	2,325	2,257	2,257	2,207	2,207	2,208
Vehicles	20	20	19	21	21	20	18	21	19	20
Sewer										
Sanitary Sewer Lines (miles)	152	152	152	152	152	160	160	160	152	152
Storm Sewer Lines (miles)	151	160	151	151	151	157	157	157	150	86
Vehicles	13	13	13	20	11	11	13	11	12	12
Electric										
Substations	13	12	13	13	13	13	13	12	12	12
Miles of Service Lines	335	313	310	309	307	306	256	256	249	244
Vehicles	27	27	27	27	27	27	27	29	28	27
Sanitation										
Vehicles	22	18	26	25	26	24	26	27	30	28
Number of Routes	7	6	6	6	6	8	9	9	9**	10
Parking Facilities										
City Lots and Decks	14	14	14	14	16	16	17	16	16	16
Square Feet	312,467	312,467	312,467	312,467	360,686	360,686	389,236	387,236	387,236	377,636
Spaces	1,312	1,312	1,312	1,312	1,998	1,998	2,054	2,048	2,048	1,706
Recreation Lots	25	25	25	25	22	22	22	22	22	21
Square Feet	644,237	644,237	644,237	644,237	361,980	361,980	361,980	361,980	361,980	331,680
Spaces	1,955	1,955	1,955	1,955	1,886	1,886	1,886	1,886	1,886	1,468

* 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
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years**

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Council	6	6	6	6	6	6	6	6	6	6
Mayor	2	2	2	2	2	3	3	3	2	2
Mayor's Court	2.5	2.5	2	1.5	0	0	0	0	0	0
Finance	8.5	8.5	8.5	8.5	8.5	9	8.5	9.5	9	8
Law Director	7.5	8	8	8.5	9.5	8	8	9.5	9.5	9.5
Service Director	4.5	4	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Municipal Court	0	0	0	0	24	25	25	19.5	21.5	18
Clerk of Courts	0	0	0	0	23	23.5	22.5	22.5	21.5	20
Civil Service	1.5	1.5	1.5	1.5	1.5	1.5	2	2	2	2
Engineering	10	11	11	11	11	10	10	10	12	12
HR	3	4	4	4	3	4	4	4	4	4.5
Print Shop	0	0	0	1	1	0.5	1	1	1	1
Building & Grounds	8	12	11.5	12	12	11	11	12	14	16
Income Tax	4	5	5	5	5	5	6	6	6.5	6.5
Information Services	8	8	7	8.5	8.5	9	8	9	7.5	7.5
Security of Persons & Property										
Building	0	0	4.5	7	7	8	8	8	6	6
Police	78	76	84	93	109.5	112.5	118	123	120.5	115
Crossing Guards	2	3	4	4.5	5.5	7	10.5	15.5	16	17.5
Fire	72.5	76.5	83	83	84.5	85	85	87	88	85
Technical Services	4	4	5	6	5	5	6	6	6.5	6.5
Communications	13	15	14	14.5	0	0	0	0	0	0
Community Environment										
Community Development	12	13	13	14	14	14	15.5	17	15.5	10.5
Leisure Time										
Parks & Recreation	132	136.5	141	142	137	128.5	124.5	132.5	133.5	112.5
Transportation										
Streets	27	29	32	32	33	34	35	35	35.5	41.5
Storm Water	2	3	3	2	1	1	1	1	0	0
Sewage and Disposal	12	12	12	12.5	15	15	13	16.5	15	19
Water	20	22	17	25.5	27	26	29.5	26.5	27	28
Electric	43	45	45	48	51	54	57.5	58.5	58	60
Sanitation	16.5	14.5	14.5	18	18.5	20	24.5	25.5	28	27.5
Garage	6.5	8	8	9	9	8	9.5	9.5	10	10

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.

Effective January 1, 2012, The City's Building Department merged with Summit County's Building Department. The City's Building Department employees then became employees of Summit County.

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

City of Cuyahoga Falls, Ohio

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police										
Policepersons and Officers	71	71	76	83	83	89	93	96	94	91
Total Calls	28,291	29,657	27,838	29,249	44,836	36,343	38,872	39,497	38,442	39,762
Criminal Charges	467	366	419	340	309	433	723	771	644	689
Traffic Citations	8,527	8,538	6,528	6,103	5,555	9,350	6,321	8,257	7,030	6,890
Fire										
Firefighters and Officers	74	77	79	79	81	79	81	82	84	80
Total Calls	7,836	7,789	7,789	7,903	7,883	7,604	7,713	7,551	7,177	7,147
Inspections	1,082	910	1,069	1,775	1,770	1,793	1,560	1,637	1,621	1,471
Smoke Detectors Installed	297	587	221	110	534	671	439	611	4,197	1,008
Highways and Streets										
Potholes repaired	8,331	11,773	7,591	10,409	9,773	4,692	4,559	14,306	8,624	N/A
Rock Salt Used(Tons)	4,897	8,085	12,401	9,125	13,315	12,142	11,012	8,310	22,500	21,000
Senior Snow Watch Participants	74	0*	1,265	1,315	1,337	1,284	1,411	1,370	1,342	1,242
Leaf Program(Cubic Yards)\)	16,160	10,433	10,433	14,680	13,360	15,360	12,130	12,400	12,720	12,660
Recreation										
Brookledge-Number of Rounds	37,655	34,732	35,789	35,960	36,725	37,054	38,919	39,013	N/A	N/A
Waterworks-Daily Admissions	88,814	82,014	88,588	72,753	76,212	67,665	69,377	75,277	71,039	N/A
Natatorium-Daily Admissions	686,254	711,104	713,997	739,122	777,588	771,184	789,237	783,086	N/A	N/A
Water										
Average Daily Pumped (Gallons)	5,682,000	5,965,000	6,469,000	6,910,000	6,972,000	6,400,000	5,739,000	6,362,000	5,893,000	6,256,000
Water Main Breaks	64	83	97	111	84	116	62	100	103	102
New Water Taps	26	44	31	104	104	174	199	262	232	138
Sewer										
Average Daily Sewage Transportation (Gallons)	4,350,000	5,300,000	4,141,641	4,559,195	4,898,000	5,600,000	5,246,679	5,546,725	5,831,514	4,648,749
Sanitary Sewers Cleaned (Feet)	100,300	114,904	92,707	74,167	76,961	73,650	84,601	65,943	89,958	89,307
Storm Sewers Cleaned (Feet)	2,658	658	1,450	1,320	4,497	2,299	4,915	3,160	2,008	2,484
Electric										
Average Daily Consumption (in KWH)	1,284,044	1,281,885	1,291,895	1,218,272	1,277,561	1,179,000	1,248,528	1,274,495	1,202,878	1,163,259
Light Bulbs Issued	2,164	4,880	5,528	5,474	6,050	6,249	6,082	6,645	6,678	9,651
Green Energy Participants	192	207	234	236	263	287	180	192	202	N/A
Sanitation										
Refuse Collected (tons/year)	15,217	16,096	16,687	16,710	16,254	19,018	19,361	19,624	20,522	21,727
Recyclables collected (tons/year)	3,887	3,355	3,237	3,145	3,362	3,966	3,293	3,136	3,005	3,302
Yardwaste Collected (tons/year)	1,753	2,439	2,154	1,708	767	1,451	2,235	1,769	2,416	2,042
Building										
Residential Building Permits Issued	0**	0**	2,806	1,943	1,433	1,235	1,410	1,554	1,624	1,776
Commercial Building Permits Issued	0**	0**	413	508	303	652	353	259	187	205
Miscellaneous Building Permits Issued	0**	0**	568	1,561	2,071	2,230	3,200	2,939	5,069	3,702

Note: N/A indicates that data is not available.

* Senior Snow Watch Program ended in 2011.

** Building Department outsourced to Summit County January 1, 2011.

Source: City records

City of Cuyahoga Falls, Ohio

**Single Audit Reports
For the Year Ended December 31, 2012**

City of Cuyahoga Falls, Ohio

For the Year Ended December 31, 2012

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**Independent Auditor's 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, in accordance with the 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, 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cini & Paricki, Inc.

Cleveland, Ohio
June 28, 2013

**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by OMB Circular A-133**

Honorable Mayor and
Members of City Council
City of Cuyahoga Falls

Report on Compliance for Each Major Federal Program

We have audited the City of Cuyahoga Falls, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Honorable Mayor and
Members of City Council
Cuyahoga Falls, Ohio

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2012, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated June 28, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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

Honorable Mayor and
Members of City Council
Cuyahoga Falls, Ohio

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cini & Panichi, Inc.

Cleveland, Ohio
June 28, 2013

City of Cuyahoga Falls

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2012

<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 the State of Ohio: Neighborhood Stabilization Program	14.228	DEV01-HCPL0112GW DEV01-HCPL0102GW	\$ 351,896
Direct payment to the City: Community Development Block Grant	14.218		<u>1,558,522</u>
Total U.S. Department of Housing and Urban Development			<u>1,910,418</u>
U.S. Department of Transportation: Passed-Through the Ohio Department of Transportation: Highway Planning and Construction	20.205	PID 78416	795,592
Highway Planning and Construction	20.205	PID 81605	350,949
Highway Planning and Construction	20.205	PID 88553	16,262
Highway Planning and Construction	20.205	PID 88555	<u>19,689</u>
Total U.S. Department of Transportation			<u>1,182,492</u>
U.S. Department of Energy: Direct payment to the City: Energy Efficiency and Conservation Block Grant	81.128	DE-SC0001560	<u>67,957</u>
Total U.S. Department of Energy			<u>67,957</u>
U.S. Department of Homeland Security: Direct payment to the City: Assistance to Firefighters Grant	97.044	EMW-2011-FO-02970	<u>36,800</u>
Total U.S. Department of Homeland Security			<u>36,800</u>
Total Federal Financial Assistance			<u>\$ 3,197,667</u>

The accompanying notes are an integral part of this schedule

City of Cuyahoga Falls

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2012

Note 1: Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of the City's federal award programs. 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*. Federal financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies is included on this schedule.

Note 2: Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and has been reconciled to the program's federal financial reports. The following is a reconciliation from the cash basis to the accrual basis at December 31, 2012.

	<u>Direct Program Expenditures</u>
<u>Department of Housing and Urban Development</u>	
Cash Basis	\$ 2,015,024
Accrual Adjustment	<u>(104,606)</u>
Department of Housing and Urban Development - Accrual Basis	<u><u>\$ 1,910,418</u></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, 2012 was \$2,086,418.

City of Cuyahoga Falls

Schedule Of Findings
OMB Circular A-133 Section .505

For the Year Ended December 31, 2012

1. Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Was there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance 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 significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under Section .510(a)?	No
(d)(1)(vii)	Major Programs	Highway Planning and Construction – CFDA # 20.205
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None noted.

3. Findings for Federal Awards

None noted.



Dave Yost • 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 24, 2013**