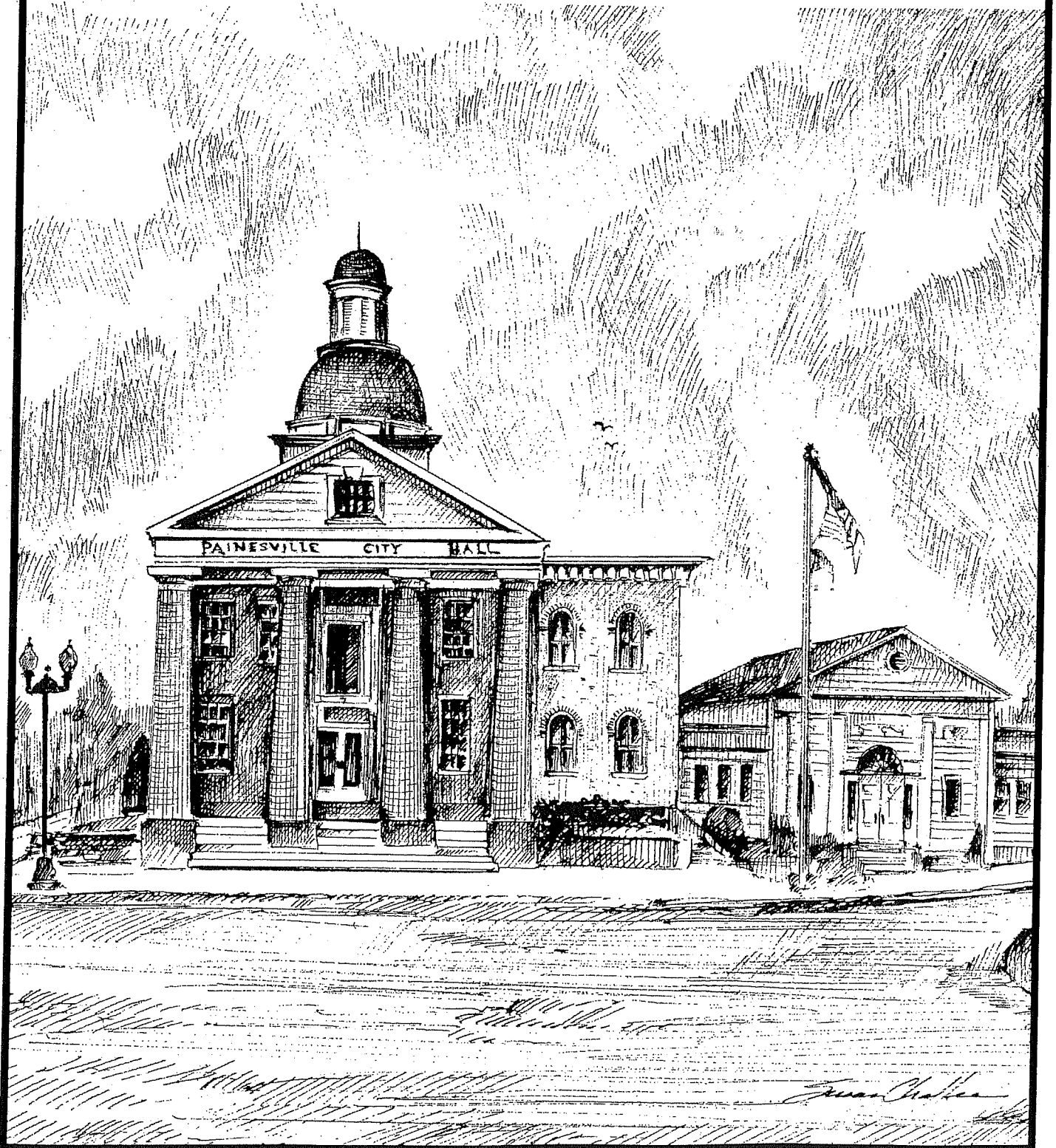


The City of Painesville, Ohio

*Comprehensive Annual Financial Report
for the Year Ended December 31, 2004*





**Auditor of State
Betty Montgomery**

Members of City Council
City of Painesville
7 Richmond Street
PO Box 601
Painesville, Ohio 44077

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

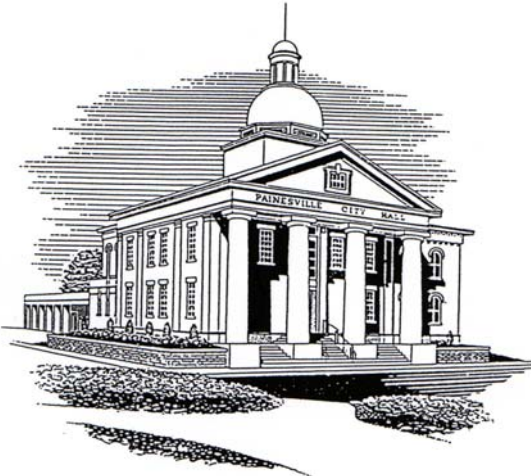
Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Painesville is responsible for compliance with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

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

BETTY MONTGOMERY
Auditor of State

July 19, 2005

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2004

Prepared by the Finance Department

Harlita H. Robinson
Director

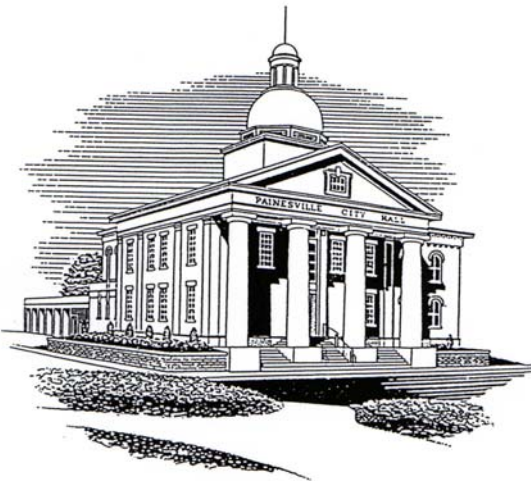


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LAKE COUNTY, OHIO

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INTRODUCTORY SECTION





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

June 13, 2005

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

We are pleased to present this Comprehensive Annual Financial Report for the City of Painesville, Ohio for the fiscal year ended December 31, 2004. The report has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

The Report

This Comprehensive Annual Financial Report (CAFR) is designed to assist and guide the reader in understanding its contents. The report is comprised of the following three major sections:

1. *The Introductory Section* includes this letter of transmittal which presents the City's organization, operational structure and accomplishments; an organizational chart; a list of principal elected officials; and a list of principal administrative personnel.
2. *The Financial Section* contains the City's General Purpose Financial Statements and explanatory notes thereto, the combining and individual fund financial statements and schedules, the Independent Auditor's Report and management's discussion and analysis.
3. *The Statistical Section* presents social, economic and historical data in a multi-year format which can be used to identify financial trends and data relative to the fiscal capacity of the City.

Letter of Transmittal

For the Year Ended December 31, 2004

The Reporting Entity

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14 "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the City.

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

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

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

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

The History of the City

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

Painesville is located approximately 35 miles east of the City of Cleveland in northeastern Ohio. It is the county seat for Lake County and is the fourth largest city, based upon population, within the County. According to the 2000 Census, Painesville is the 97th largest city in the State. Some of the City's major transportation arteries include State Routes 2, 44, 84 and 86, U. S. Highway 20 and Interstate Highway I-90. Lake Erie College, a private four-year college with an enrollment of approximately 900, is located near the center of the City.

***Letter of Transmittal
For the Year Ended December 31, 2004***

The Management

The Council-Manager form of government is established by the Charter. The legislative power of the City is vested in a Council of seven members who are elected on a non-partisan basis for a term of four years. Four of the members are elected from wards and their current terms expire on December 31, 2007; the remaining members are elected At-Large and their current terms expire on December 31, 2005. The chief executive power of the City is vested in the City Manager who is appointed by the City Council. The Director of Finance and Law Director, as well as other administrative directors, are appointed by the City Manager, with the affirmation of City Council.

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

Services Provided

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

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

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

The Organization

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

Letter of Transmittal

For the Year Ended December 31, 2004

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

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

The *Department of Finance* is responsible for the accurate recording of all receipts and disbursements. The department also maintains the fixed asset system. The department compiles the Annual Budget, and prepares the Comprehensive Annual Financial Report for residents, and assists the City Manager in all financial decisions. The Information Technology management and maintenance is coordinated through this department.

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

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

CITY OF PAINESVILLE, OHIO

Letter of Transmittal

For the Year Ended December 31, 2004

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

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

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

The *Community Development Department* is responsible for implementing plans and programs that promote the comprehensive and orderly development of the City. The department works in conjunction with the Planning Commission and the Board of Zoning. This department is responsible for interpreting and enforcing all building codes in the City. The department issues permits and citations, conducts site inspections, and licenses all contractors.

The *Engineering Department* must insure that all contractors working in Painesville meet the general engineering requirements of the City. Engineering controls the review and implementation of plans and programs relating to the City's infrastructure.

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

Basis of Accounting

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

**Letter of Transmittal
For the Year Ended December 31, 2004**

The measurement focus for the City’s proprietary and private-foundation trust funds is on “economic resources.” All assets and all liabilities associated with the operation of these funds are included on the balance sheet. The accrual basis of accounting is used for the proprietary and private-foundation trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses when they are incurred.

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

ECONOMIC CONDITION AND OUTLOOK

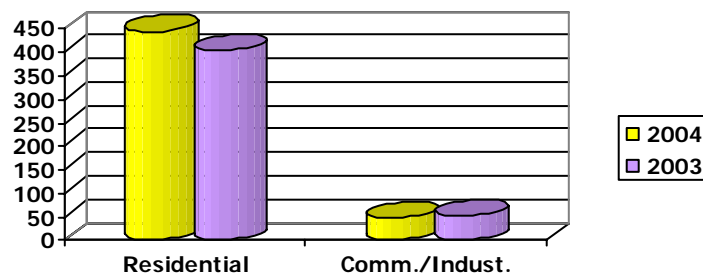
Local Economy

Residential, industrial and commercial economy has grown considerably over the past years resulting in several new subdivisions, offices and retail spaces in the City of Painesville. At present, the City’s has hundreds of acres of land available for development.

The City of Painesville began in 2003 to reap the benefits of its hard work in economic and community development. The City experienced substantial residential growth from the ten new subdivisions under construction or completed during 2004. The charts below provides a summary and comparison of the number of permits issued for 2004 compared to 2003 and the value of building permits over the past five years. Industrial, multi-family and single-family residential building permits increased from the previous year as noted in the chart below. The increased growth in commercial for 2003 was from new construction of a public library and the local college built a gymnasium. The City anticipates continued growth in the level of activity in commercial, industrial, and residential construction. The City is expecting continual interest in economic and community development in the years to come.

Comparison of Permits Issued

Category	2004	2003
Residential	444	403
Commercial/Industrial	47	51



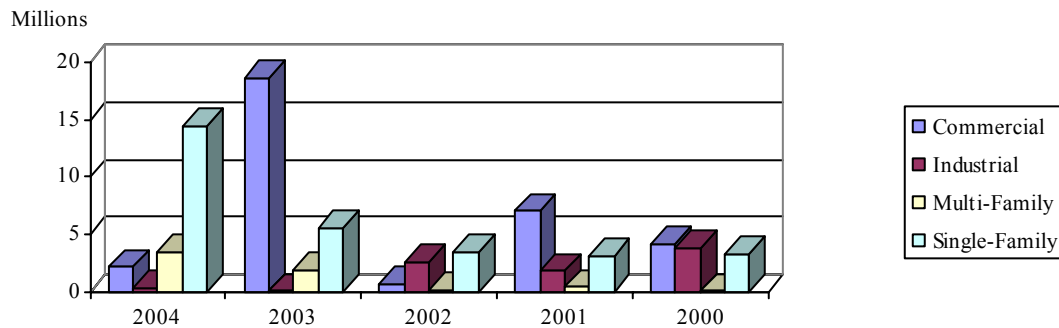
CITY OF PAINESVILLE, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2004**

Building Permit Valuations

Category	2004	2003	2002	2001	2000
Commercial	\$2,169,286	\$18,639,766	\$677,450	\$7,042,788	\$4,214,398
Industrial	315,700	122,836	2,577,000	1,858,000	3,857,500
Multi-Family	3,515,000	1,890,000	150,000	450,000	93,066
Single-Family	<u>14,445,603</u>	<u>5,553,151</u>	<u>3,537,296</u>	<u>3,151,974</u>	<u>3,365,350</u>
Totals	<u>\$20,445,589</u>	<u>\$26,205,753</u>	<u>\$6,941,746</u>	<u>\$12,502,762</u>	<u>\$11,530,314</u>

Comparison of Building Permits



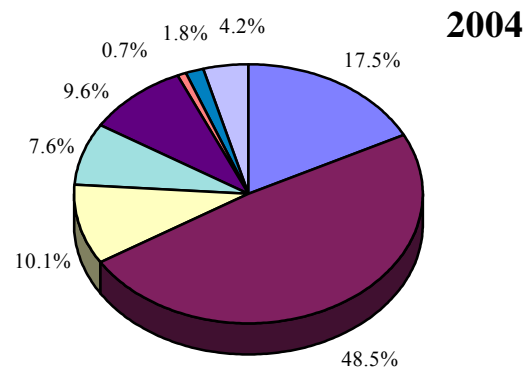
Unemployment in Lake County was lower than the state and higher than national levels during 2004. The unemployment rate for Lake County decreased by 1.6% below the 2003 rate of 7.3%. Listed below are the respective unemployment rates for the county, state and nation as of December 31, 2004:

Lake County	5.7%
Ohio	5.9%
United States	5.4%

Local Business

The City of Painesville has 554 businesses which employ approximately 8,428 workers in all sectors of the economy. The percentage of businesses by sector breakdown is as follows:

Sector	Businesses	Percentage of Total
Retail	97	17.5%
Service	269	48.5%
Manufacturing	56	10.1%
Construction	42	7.6%
Finance, Insurance and Real Estate	53	9.6%
Other	4	0.7%
Wholesale	10	1.8%
Government	23	4.2%
Total	554	100.00%



Letter of Transmittal

For the Year Ended December 31, 2004

The largest business sector of the City is the service sector which is comprised of a little more than half of the businesses in the City. The largest business is in the government sector which contains the Lake County Offices and is the county seat. The remainder of the business composite is primarily in retail, manufacturing and the finance, insurance and real estate sectors with 15.4%, 11.5% and 10.3% respectively.

The Economic Development Department made marked progress in achieving the City's development goals. The Economic Development Department has been busy enhancing communication with current City businesses, improving the department's marketing abilities, organizing a variety of special events and diligently working on development projects that will attract new businesses and jobs to the City.

Listed below are new businesses which have opened in or relocated to the City of Painesville during 2004. The City of Painesville has taken a very aggressive approach with its economic development programs and is making a concerted effort to acquaint new businesses with the advantages of locating in the City of Painesville.

- Keller Steel
- Main Street Memories
- To Each His Own
- Capp's Comics
- Kirtland Car Company
- Bistro 70
- El Mercado Mexican American Market
- Sidewalk Café
- Splato Restaurant and Lounge
- Rich Wood Plumbing and Heating
- Oakton Inc.
- Doggie Styles Dog Grooming
- The Way, The Truth, The Life Ministries

The new businesses in Painesville are a direct result of the economic development activities of the City of Painesville in the form of business breakfasts, energy audits and the creation or enhancement of business resources. The Economic Development Department continues to publish its quarterly newsletter entitled "Works for Business." Several special events that introduce business in Painesville to the residents and the surrounding community were Farmer's Market, Art in the Park, Taste of Painesville, Painesville Holiday Open Houses and the first Annual Holiday Business Gathering. The department purchased new "Welcome" banners for the main thoroughfare in the City.

MAJOR INITIATIVES

Current Year Projects

The mission of the City of Painesville, City Council and City employees is to enhance and improve the quality of life and growth in the community by providing the highest level of service in an efficient and cost effective manner. In 2004, the City upheld that mission by expanding and improving services, upgrading and constructing infrastructure, and enhancing public grounds and facilities.

The City has invested over the last two years in the design and construction of an intranet as an effective communication medium. The project began in 2002 with the purchase of a telephone system as a structure that would serve as the backbone for an intranet. During 2003, the City upgraded and connected computers to servers and purchased the necessary cabling, T1 lines and routers to interconnect its facilities. The final area was connected in early 2004. Now, the City is becoming better able to communicate with other entities, internally and with its citizenry.

Letter of Transmittal

For the Year Ended December 31, 2004

Several general government functions received vehicles to improve the overall fleet of the City. Community Development, Parks Division, and Public Works Division received vehicle upgrades. To save money and to maximize utilization there was a transfer of vehicles no longer needed by a utility division to a general government function because the vehicles had useful life left in them. The Parks Division asphalt resurfaced a significant portion of the roadways in Recreation Park, with the assistance of the Public Works Division. There were also several improvements made to the baseball diamonds in Recreation Park. Two new zero-turn mowers were purchased for the division as well as a lift system to repair vehicles and mowers. The municipal court purchased a new server to expedite its processes and improve the capabilities of its network.

The divisions in Public Safety both received new vehicles. The Police Division received three new Crown Victoria vehicles that were fully equipped with wireless technology and dash board cameras. They also received three unmarked cars. The Fire Division received a new van and a new car for the Chief. Through the Fire Levy Fund the Fire Division also replaced all the self contained breathing apparatus' for the division. The Fire Levy Fund funded the building of a sub-domain to safeguard sensitive Fire Division data and incorporated the sub domain into the overall citywide intranet. Now, both divisions of the Department of Public Safety exist under their own sub domain to protect sensitive data, as well as being connected to the City's primary domain.

Various improvements to infrastructure occurred throughout the City in 2004. The third year of an annual resurfacing program was completed. Five or more city roadways are resurfaced on an annual basis under this program. A full street reconstruction of Chardon Street that consisted of replacing 1,000 lineal feet of concrete pavement, curbs, sidewalks, drive aprons, and a new storm sewer were constructed in 2004. The reconstruction included a full depth asphalt concrete pavement, curbs, sidewalks, drive aprons and new storm sewers.

A new public road was constructed from Liberty Street to a proposed extension of Trailwood Drive in anticipation of a new housing subdivision. The new public road, Colonial Drive, included the grading, draining, curbing, paving and construction of a bridge overpass and sidewalks. The complete infrastructure included construction and installation of sanitary and storm sewers, water lines, and electric distribution lines, just to name a few. Engineering and design services were performed for two future projects—State Route 84/86 resurfacing and realignment of State Route 86 and the new interchange for State Route 44.

The Department of Utilities had several projects to improve infrastructure, replace obsolete equipment, and to purchase vehicles. The Division of Water replaced a vehicle at the Water Plant. Water Pollution Control Division purchased a utility vehicle to be used to transport plant personnel to work sites and training events and a zero-turn mower was purchased for the treatment plant. The Electric Division upgraded a pickup truck, replaced a line construction truck and upgraded a crane chassis on another truck.

The infrastructure improvements made at the Water Plant were to replace thirty year old filter valves and value actuators that are components of the Water Plant filter gallery. The second key capital project was to replace chlorinators. The final key capital project for the Water Division was to perform a vulnerability assessment and create an emergency response plan for the City's water supply system to comply with the requirements of the United States Environmental Protection Agency. The Water Pollution Control Division relocated and replaced an existing sanitary sewer pump station from the center of Jackson Street to the southerly side of the street. The Electric Division purchased and installed cable racking in four manholes as part of an overall improvement plan for the electric distribution system.

***Letter of Transmittal
For the Year Ended December 31, 2004***

Future Projects

Numerous projects are planned for 2005. There are several road resurfacing projects planned for 2005. The Annual Resurfacing Program is planned as well as resurfacing Liberty Street and State Route 84/86 that is in the city limits. A street reconstruction is planned for Argonne Drive. The Division of Public Works is scheduled to receive a new truck with plow and two new pieces of equipment—an asphalt trailer and hydraulic lift.

The Fire Division is programmed to receive two replacement squads, some facility improvements and two new defibrillators. The Police Division has no capital projects planned for 2005. The municipal court has some technology upgrades scheduled and there are plans to acquire park land.

The Division of Water will conclude the water filtration rehabilitation project during 2005. There are also plans to make water line improvements to Owego Street and Argonne Drive. The 2005 capital project for the water plant is to repair the 24” intake pipe crib and clean the 36” intake pipe. There are also two joint projects—one with the State of Ohio Department of Transportation and one with Lake County to relocate water mains.

There are plans to purchase a tri-axle truck to haul sludge and build a greenhouse at the wastewater treatment plant to increase efficiency of plant operations.

A substation upgrade is planned for the Electric Division as one of their key capital projects for 2005. There are also several equipment upgrades planned to replace vehicles, an opacity meter, and boiler controls. There are several infrastructure improvements planned as well for the cooling tower and the plant to meet the new Environmental Protection Agency’s air pollution standards.

The recently established Storm Water Utility has programmed several projects for 2005, as well. There are plans to make storm water improvements to the following streets: Liberty Street, Argonne Drive, Alcott Place, Luary Drive and West Place, as well as replacement of the catch basin on Fern Drive and installation of a catch basin on Lighthouse Pointe Drive.

MANAGEMENT PRACTICES

Internal Control

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

The Finance Department is committed to strengthening internal controls to assure the safeguarding of assets and to provide reasonable assurance that all financial transactions are properly recorded. A fixed asset software system allows for detailed reporting and analysis. Individual departments performing an annual inventory and working with the Finance Department to assure accuracy and accountability as well as an independent appraisal done periodically to value and insure the existence of fixed asset within the City.

***Letter of Transmittal
For the Year Ended December 31, 2004***

Budgetary System

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and in the City Charter. With the assistance of the Finance Director, the City Manager may submit to Council, a temporary appropriation ordinance to control expenditures for passage on or about January 1 of each year for the period January 1 through March 31. By charter, the City Manager must submit an annual appropriation ordinance, for the period January 1 through December 31, to City Council by March 31 of each year. The appropriation ordinance establishes spending controls at the fund, program and object level. The legal level of control has been established by Council at the object level within each department in the general fund and at the object level for all other funds.

The City maintains budgetary control on a cash basis by department for personal services, materials and supplies, other services and charges, utilities, other operating charges, capital outlay, debt service, and other financing uses. Estimated expenditure amounts must be encumbered prior to release of purchase orders to vendors or finalization of other contracts. Encumbrances which would exceed the available appropriation level are identified on an ongoing basis and are not approved or recorded until City Council authorizes additional appropriations or transfers. Unencumbered appropriations lapse at the end of each calendar year. As an additional control over expenditures, the City's Purchasing Policy requires that all contracts in excess of \$15,000 shall be authorized and directed by ordinance of City Council.

The City compiles its Annual Budget in document form. The budget presents anticipated revenues and expenditures by fund and department by category with additional supporting documentation that explains the budgetary process and individual departmental goals. The budget is submitted to the Government Finance Officers Association (GFOA) and has received the Distinguished Budget Presentation Award for 2003 and 2004.

Accounting System

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

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

Letter of Transmittal

For the Year Ended December 31, 2004

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

Debt Capacity

The City is well within statutory limitations for both voted and unvoted debt. The computation of the legal debt margins at December 31, 2004 is included in the Statistical Section of this report, along with other related computations and ratios relevant to the City's note and bonded debt. The City currently has no general obligation bonded debt supported by property taxes.

Cash Management

The investment and deposit of City monies is governed by the provisions of the Charter and Codified Ordinances of the City. The appropriate sections of the City Code are reviewed annually for compliance and to assure the flexibility necessary to effectively manage the City's investment portfolio.

Effective cash management is recognized as essential to good fiscal managements and is a vital component in the City of Painesville's overall financial strategy. The City's investment portfolio is designed and managed in a manner responsive to the public trust and consistent with state and local statutes.

Investments are made on the basis of the following list of objectives which are listed in the order of importance:

1. Security of City funds and investments.
2. Preservation of capital and protection of principal.
3. Maintenance of sufficient liquidity to meet operating needs.
4. Diversification of investments to avoid unreasonable or avoidable risks.
5. Maximization of return on the portfolio within the above constraints.

The City is generally restricted (after quotations are obtained) to investing in certificates of deposit, savings accounts, money market accounts, the State Treasury Asset Reserve (STAR Ohio), obligations of the State of Ohio and obligations of the United States government or certain agencies thereof.

***Letter of Transmittal
For the Year Ended December 31, 2004***

Risk Management

The City has taken a very proactive approach in addressing the daily operations of the municipality, which is reflected in its insurance protection package and the favorable loss experience. Deductible levels for the various policies have been selected so as not to expose the City to excessive “first dollar” loss in the case of a claim. In the property damage area, deductibles are maintained at \$5,000 per occurrence, \$1,000 for electronic data processing equipment and \$100,000 for electric plant equipment. In the professional liability areas, no deductible exceeds \$10,000. Public officials and law enforcement employees are covered under separate policies and have aggregate limits of \$5,000,000. A synopsis of insurance is presented in the Statistical Section of this report. In 1992, Painesville applied and was accepted into the States Workers’ Compensation Retrospective Rating Plan. Under the terms of the plan, the City will initially pay a minimum premium (a fraction of the premium it would pay as an experience-rated risk), while accepting responsibility for reimbursing workers’ compensation claims as they come due, up to an aggregate and specific stop/loss limit. The City expects to realize a reduction in workers’ compensation costs through this plan. In 1993, the City established a new internal service fund to account for workers’ compensation. The City continues to reenter the retrospective rating program rather than pay the standard worker’s compensation assessment which is calculated as a specified rate per \$100 of payroll. An analysis of the retrospective program versus the standard program yielded a greater benefit based on lower cost in the retrospective program. The City will continue to monitor the costs and benefits of both programs.

OTHER INFORMATION

Independent Audit

Under federal law, the City is required to have an audit performed every year. The accounting firm of Ciuni & Panichi, Inc. performed the 2004 audit. The independent auditors’ unqualified report has been included in this report. The Administration plans to continue this audit procedure as required by law as part of the preparation of its CAFR. The annual audit and management letter submitted by the independent public accounting firm provides information to the City to enable it to maintain and strengthen the City’s accounting and budgeting controls.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Painesville, Ohio for its Comprehensive Annual Financial Report for the year ended December 31, 2003. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement represents a significant accomplishment by a governmental unit.

***Letter of Transmittal
For the Year Ended December 31, 2004***

A Certificate of Achievement is valid for a period of one year. Painesville has received a Certificate of Achievement for the last seventeen consecutive years, fiscal years ended 1987 – 2003. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting the report to the GFOA to determine its eligibility for another certificate.

Public Disclosure

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

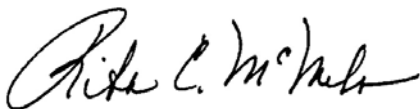
Acknowledgements

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

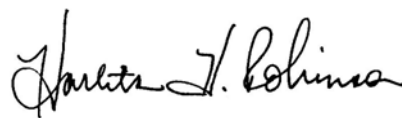
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In closing, without the leadership and support of the Painesville City Council, preparation of this report would not have been possible.

Sincerely,



Rita C. McMahon
City Manager



Harlita H. Robinson
Director of Finance

Letter of Transmittal

For the Year Ended December 31, 2004

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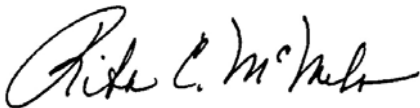
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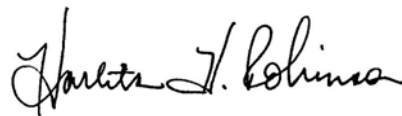
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Sincerely,



Rita C. McMahon
City Manager



Harlita H. Robinson
Director of Finance

CITY OF PAINESVILLE, OHIO

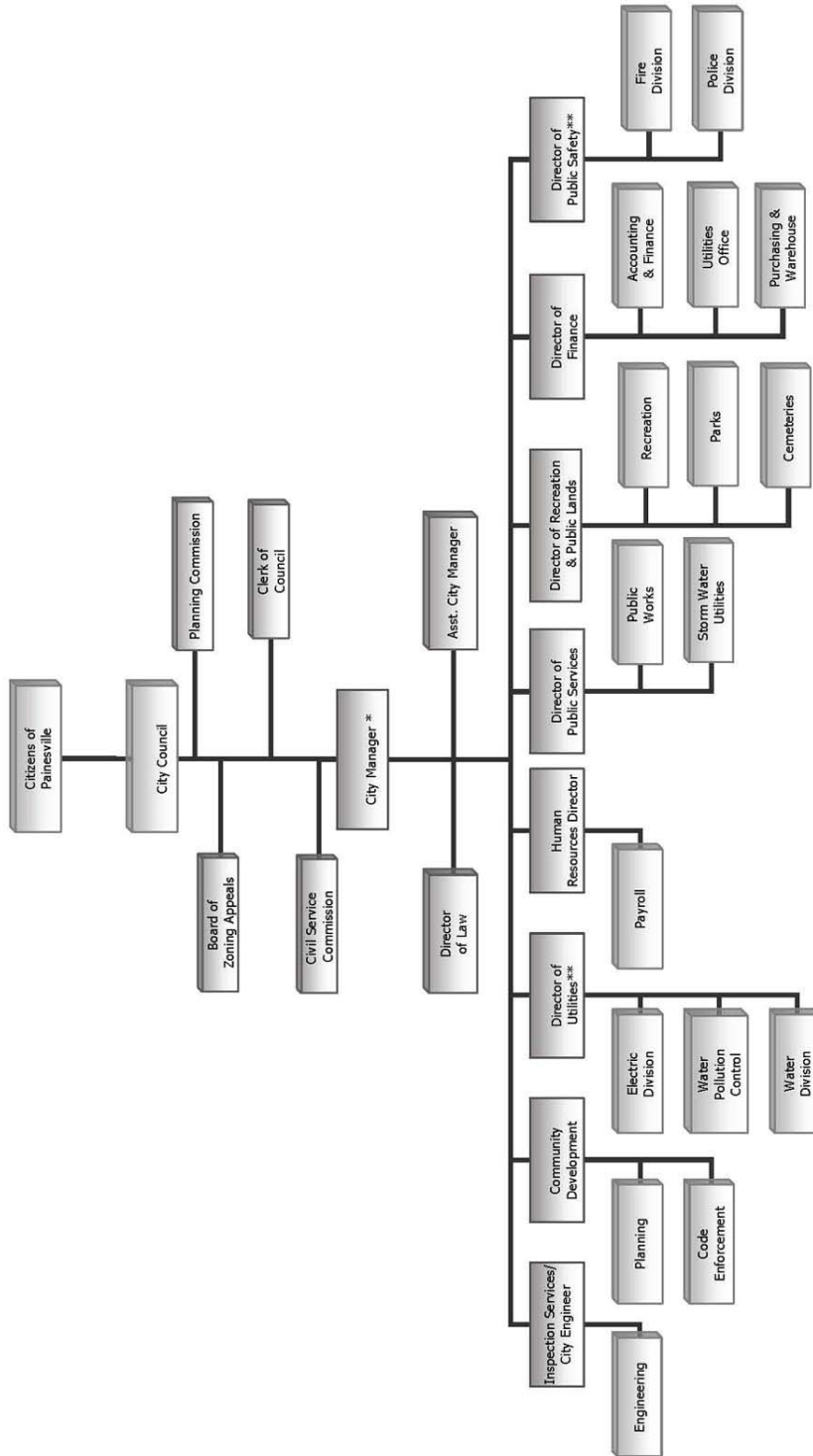
**List of Principal Officials
For the Year Ended December 31, 2004**

Name	Title	Position	Years of Municipal/Governmental Service			
			City	Municipal/ Governmental Service	Other Municipal/ Governmental Service	Total Public Service
CITY COUNCIL						
William Horvath	President (Ward 2)		5.0	9.5	0.0	9.5
Robert Fountain	Vice President (Ward 3)		8.0	9.0	0.0	9.0
Abby DelaMotte	Council Member (at Large)		5.0	15.0	25.0	27.0 (A)
Paul W. Hach II	Council Member (Ward 4)		1.0	1.0	0.0	0.0
Andrew Flock	Council Member (Ward 1)		9.5	9.5	0.0	9.5
Joseph Hada, Jr.	Council Member (at Large)		23.0	23.0	0.0	23.0
Arlene L. Becks	Council Member (at Large)		3.0	3.0	0.0	3.0
Jennifer Bell	Clerk of Council		3.2	3.2	4.2	7.4
CITY ADMINISTRATION						
Rita C. McMahon	City Manager		7.5	12.5	9.5	22.0
Vacant	Assistant City Manager		0.0	0.0	0.0	0.0
Harlita H. Robinson	Director of Finance		3.4	3.4	7.1	10.5
Joseph M. Gurley	Director of Law		17.0	24.3	14.3	26.3 (B)
DEPARTMENT/DIVISION HEADS						
Kevin Lynch	Service Director		0.2	0.2	20.1	20.3 (C)
Vacant	City Engineer		0.0	0.0	0.0	0.0
Thomas A. Green, P.E.	Electric Power Superintendent		26.0	26.0	0.0	26.0
Randy Bruback	Water Pollution Control Superintendent		2.8	2.8	16.0	18.8
Mark Mlachak	Fire Chief		2.3	24.3	0.0	24.3
David R. Luhta	Chief of Police		3.3	26.2	0.0	26.2
William E. Vargyas	Water Superintendent		18.5	27.0	4.5	31.5
Robert C. Baetzel	Human Resources Director		6.5	6.5	0.0	6.5
Lee Homyoock	Director of Recreation and Public Lands		0.7	0.7	20.0	20.7 (D)
Brian Frantz	City Planner		1.5	1.5	5.0	6.5

- (A) 12 years concurrent government service
- (B) 10.3 years concurrent government service
- (C) 20.1 years concurrent government service
- (D) 20.0 years concurrent government service

CITY OF PAINESVILLE, OHIO

**City Organizational Chart
For the Year Ended December 31, 2004**



*** Economic Development Coordinator, Assistant City Manager, Information Technology, Communications, Promotions & Public Relations**

**** Filled by City Manager**

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Painesville,
Ohio

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

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

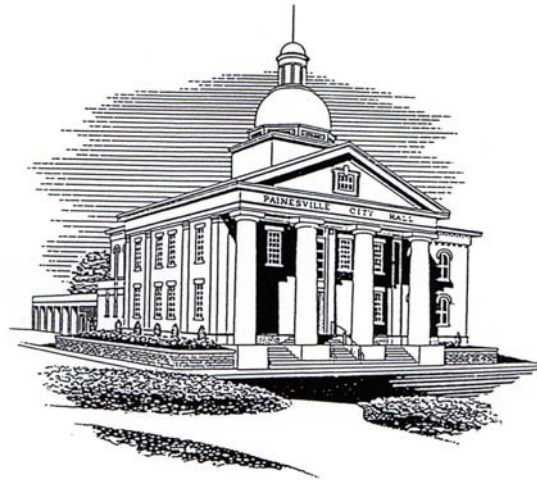


Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION



Independent Auditors' Report

Members of the City Council
Painesville, Ohio

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Painesville, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2004, the City implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units".

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2005 on our consideration of the City of Painesville, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Members of the City Council
Painesville, Ohio

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Painesville, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cini & Parichi, Inc.

Cleveland, Ohio
June 13, 2005

The discussion and analysis of the City of Painesville's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2004. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2004 are as follows:

- ❑ In total, net assets decreased by \$8,191,263. Net assets of governmental activities decreased by \$2,922,557, which represents a 14.7% decrease from 2003. Net assets of business-type activities decreased by \$5,268,726, or 8.9% from 2003.
- ❑ General revenues accounted for \$9,827,656 in revenue, or 23.8% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$31,544,612, or 76.2% of total revenues of \$41,372,268.
- ❑ The City had \$16,206,941 in expenses related to governmental activities; only \$3,172,722 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$10,111,662 were not adequate to fully provide for these programs. The shortfall came from other financing sources.
- ❑ Among major funds, the general fund had \$13,131,350 in revenues, including transfers in and \$12,512,256 in expenditures, including transfers out. The general fund's fund balance increased \$587,695.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-Wide Financial Statements

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

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

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

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

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

Fund Financial Statements

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

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

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following tables provides a comparison of the City's net assets at December 31, 2004 and 2003:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$11,942,470	\$13,543,598	\$30,720,138	\$39,172,021	\$42,662,608	\$52,715,619
Capital assets, Net	15,002,144	15,434,650	44,447,231	37,687,219	59,449,375	53,121,869
Total assets	26,944,614	28,978,248	75,167,369	76,859,240	102,111,983	105,837,488
Long-term debt outstanding	4,516,279	4,405,772	15,472,356	14,081,218	19,988,635	18,486,990
Other liabilities	5,512,407	4,733,991	5,529,223	3,343,526	11,041,630	8,077,517
Total liabilities	10,028,686	9,139,763	21,001,579	17,424,744	31,030,265	26,564,507
Net assets						
Invested in capital assets, net of related debt	14,662,144	15,036,443	31,172,045	31,456,686	45,834,189	46,493,129
Restricted	1,902,860	2,787,638	910,426	897,200	2,813,286	3,684,838
Unrestricted	350,924	2,014,404	22,083,319	27,080,610	22,434,243	29,095,014
Total net assets	\$16,915,928	\$19,838,485	\$54,165,790	\$59,434,496	\$71,081,718	\$79,272,981

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CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2004 and 2003:

	Governmental Activities		Business-type Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
Revenues								
Program revenues:								
Charges for Services and Sales	\$2,235,233	\$1,756,156	\$27,144,472	\$26,402,055	\$29,379,705	\$28,158,211		
Operating Grants and Contributions	774,687	1,085,511	9,267	53,588	783,954	1,139,099		
Capital Grants and Contributions	162,802	112,076	1,218,151	0	1,380,953	112,076		
General revenues:								
Property Taxes	717,203	631,395	0	0	717,203	631,395		
Municipal Income Taxes	6,702,181	7,273,781	0	0	6,702,181	7,273,781		
Other Local Taxes	1,108	7,903	0	0	1,108	7,903		
Grants and Entitlements not Restricted to Specific Programs	1,590,443	1,512,046	0	0	1,590,443	1,512,046		
Investment Earnings	103,487	292,903	330,270	204,095	433,757	496,998		
Miscellaneous	382,964	434,784	0	0	382,964	434,784		
Total revenues	12,670,108	13,106,555	28,702,160	26,659,738	41,372,268	39,766,293		
Program Expenses								
General Government	3,031,283	3,041,680	0	0	3,031,283	3,041,680		
Public Safety	7,823,918	7,193,890	0	0	7,823,918	7,193,890		
Highways and Streets	3,182,909	1,138,633	0	0	3,182,909	1,138,633		
Public Health and Welfare	835,694	773,593	0	0	835,694	773,593		
Culture and Recreation	799,394	953,407	0	0	799,394	953,407		
Community Environment	415,026	648,579	0	0	415,026	648,579		
Interest and Fiscal Charges	118,717	97,872	0	0	118,717	97,872		
Water	0	0	4,509,371	4,565,407	4,509,371	4,565,407		
Sewer	0	0	3,897,646	3,350,651	3,897,646	3,350,651		
Electric	0	0	24,437,629	14,942,089	24,437,629	14,942,089		
Refuse	0	0	45,819	46,365	45,819	46,365		
Off-Street Parking	0	0	253,808	261,188	253,808	261,188		
Storm Water Utility	0	0	212,317	71,379	212,317	71,379		
Total expenses	16,206,941	13,847,654	33,356,590	23,237,079	49,563,531	37,084,733		
Excess (deficiency) before Transfers and special items	(3,536,833)	(741,099)	(4,654,430)	3,422,659	(8,191,263)	2,681,560		
Transfers	614,276	984,729	(614,276)	(984,729)	0	0		
Total Change in Net Assets	(2,922,557)	243,630	(5,268,706)	2,437,930	(8,191,263)	2,681,560		
Beginning Net Assets	19,838,485	19,594,855	59,434,496	56,996,566	79,272,981	76,591,421		
Ending Net Assets	\$16,915,928	\$19,838,485	\$54,165,790	\$59,434,496	\$71,081,718	\$79,272,981		

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Governmental Activities

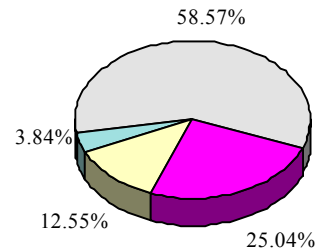
Net assets of the City's governmental activities decreased by \$2,922,557. This was due to a combination of factors including a reduction in municipal income tax receipts and an increase in expenditures for highways and street programs.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

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

Taxes made up 58.57% of revenues for governmental activities for the City in fiscal year 2004. The City's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2004	Percent of Total
Taxes	\$7,420,492	58.57%
Program Revenues	3,172,722	25.04%
Shared Revenues	1,590,443	12.55%
General Other	486,451	3.84%
Total Revenue	\$12,670,108	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$5,188,163, which is a decrease from last year's balance of \$6,015,302. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2004 and 2003:

	Fund Balance December 31, 2004	Fund Balance December 31, 2003	Increase (Decrease)
General	\$3,378,322	\$2,790,627	\$587,695
Other Governmental	1,809,841	3,224,675	(1,414,834)
Total	\$5,188,163	\$6,015,302	(\$827,139)

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

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

	2004	2003	Increase
	Revenues	Revenues	(Decrease)
Taxes	\$7,999,134	\$7,623,918	\$375,216
Intergovernmental Revenues	1,789,523	1,760,653	28,870
Charges for Services	433,801	298,555	135,246
Licenses, Permits and Inspection Fees	333,135	178,544	154,591
Investment Earnings	105,488	218,485	(112,997)
Fines and Forfeitures	728,162	723,545	4,617
All Other Revenue	226,027	361,960	(135,933)
Total	<u>\$11,615,270</u>	<u>\$11,165,660</u>	<u>\$449,610</u>

General Fund revenues in 2004 increased 4% compared to revenues in fiscal year 2003. The most significant factor contributing to this increase was the increase in licenses, permits and inspection fees from 2003 to 2004.

	2004	2003	Increase
	Expenditures	Expenditures	(Decrease)
General Government	\$2,629,590	\$2,665,414	(\$35,824)
Public Safety	6,751,408	6,795,755	(44,347)
Highways and Streets	1,187,209	1,655,430	(468,221)
Public Health and Welfare	115,027	100,100	14,927
Culture and Recreation	788,284	921,732	(133,448)
Community Environment	353,463	636,442	(282,979)
Debt Service:			
Interest and Fiscal Charges	<u>10,275</u>	<u>13,700</u>	<u>(3,425)</u>
Total	<u>\$11,835,256</u>	<u>\$12,788,573</u>	<u>(\$953,317)</u>

General Fund expenditures decreased by \$953,317, or 7.4% from the prior year due to decreases in salaries, pension plan payments and workers' compensation premiums.

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

During the course of fiscal year 2004 the City amended its General Fund budget several times, none significant.

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

For the General Fund, final budget basis revenue of \$11.9 million did not change over the original budget estimates of \$ 10.9 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2004 the City had \$59,449,375 net of accumulated depreciation invested in land, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, and infrastructure. Of this total, \$15,002,144 was related to governmental activities and \$44,447,231 to the business-type activities. The following table shows fiscal year 2004 and 2003 balances:

	Governmental Activities		Increase (Decrease)
	2004	2003	
Land	\$4,172,800	\$4,172,800	\$0
Construction in Progress	1,937,858	2,030,108	(92,250)
Buildings and Improvements	4,947,224	4,947,224	0
Improvements other than Buildings	663,697	634,912	28,785
Machinery and Equipment	5,396,782	5,152,770	244,012
Infrastructure	1,367,297	1,367,297	0
Less: Accumulated Depreciation	<u>(3,483,514)</u>	<u>(2,870,461)</u>	<u>(613,053)</u>
Totals	<u>\$15,002,144</u>	<u>\$15,434,650</u>	<u>(\$432,506)</u>

	Business-Type Activities		Increase (Decrease)
	2004	2003	
Land	\$1,103,241	\$1,103,241	\$0
Construction in Progress	4,852,162	6,424,181	(1,572,019)
Buildings and Improvements	18,276,341	18,058,591	217,750
Improvements other than Buildings	38,771,228	37,570,786	1,200,442
Machinery and Equipment	29,059,975	28,352,070	707,905
Less: Accumulated Depreciation	<u>(47,615,716)</u>	<u>(45,861,591)</u>	<u>(1,754,125)</u>
Totals	<u>\$44,447,231</u>	<u>\$45,647,278</u>	<u>(\$1,200,047)</u>

The primary increases in governmental activities' capital assets occurred in machinery and equipment that was offset by increased accumulated depreciation. The increase in machinery and equipment resulted from upgrades to the City's computer network and the acquisition of several cars, trucks and mowers. The replacement of a sewer pump led to the increase in improvements other than buildings in the business-type activities' capital assets. Additional information on the City's capital assets can be found in Note 11.

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

As of December 31, 2004, the City had contractual commitments of \$623,737 related to street and water plant improvements. Additional information on the City's construction commitments can be found in Note 17.

Debt

At December 31, 2004, the City had \$9,949,954 in bonds outstanding, \$1,308,899 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Governmental Activities:		
General Obligation Notes	\$100,000	\$100,000
Special Assessment Bonds	185,000	225,000
Ohio Public Works Commission Loan	55,000	73,207
Compensated Absences	1,387,617	1,236,967
Capital Leases	1,253,453	1,071,252
Workers' Compensation Liability	703,904	854,870
Police and Firemen's Accrued Pension	831,305	844,476
Total Governmental Activities	<u>4,516,279</u>	<u>4,405,772</u>
Business-Type Activities:		
General Obligation Bonds	\$8,389,954	\$8,983,857
Mortgage Revenue Bonds	1,375,000	2,005,000
Ohio Water Development Authority Loan	1,275,148	1,333,242
Ohio Public Works Commission Loan	480,000	540,000
Compensated Absences	1,346,061	1,191,474
Capital Leases	98,084	27,645
Payable to Joint Venture	2,508,109	0
Total Business-Type Activities	<u>15,472,356</u>	<u>14,081,218</u>
Totals	<u>\$19,988,635</u>	<u>\$18,486,990</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2004, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

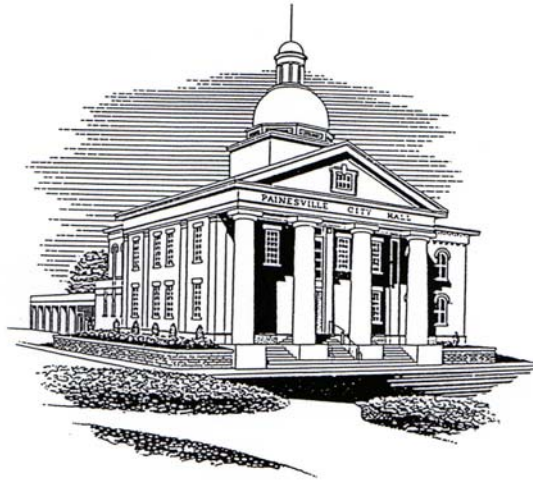
The City's original budget for 2004 utilized conservative revenue estimates with limited increases in base operating costs. However, due to projected declines in certain revenues, expenditures were *projected* to exceed revenues in many of the funds, including the General Fund. City Council decided they wanted to maintain current service levels to the residents of the City by utilizing reserve fund balances. Original General Fund revenues were projected to be 8% less than the actual receipts for 2004. This was due to a projected decrease in interest income because of the low interest rates on investments, reductions in state shared revenues and uncertainty in the amount of actual municipal income taxes to be collected due to uncertain economic conditions.

General Fund expenditures were originally budgeted at 13% more than 2004 actual expenditures. No additional personnel were added in the final approved budget. Department requests were reduced from original submissions; certain requested capital projects and capital acquisitions were eliminated or reduced; and only those items that management and City Council determined necessary were appropriated.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of reducing expenditures. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

REQUESTS FOR INFORMATION

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



CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
December 31, 2004**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,049,117	\$ 162,892	\$ 4,212,009
Investments	2,049,886	21,674,538	23,724,424
Receivables:			
Taxes	2,139,274	0	2,139,274
Accounts	77,312	2,898,516	2,975,828
Intergovernmental	1,541,846	0	1,541,846
Interest	117,039	0	117,039
Special Assessments	250,566	0	250,566
Internal Balances	(446,908)	446,908	0
Inventory of Supplies at Cost	195,611	836,020	1,031,631
Land Held for Resale	785,000	0	785,000
Prepaid Items	50,347	44,473	94,820
Investment in Joint Venture	0	3,067,825	3,067,825
Unamortized Bond Issuance Costs	0	(28,010)	(28,010)
Deferred Charge	0	303,426	303,426
Restricted Assets:			
Cash and Cash Equivalents	1,133,380	403,124	1,536,504
Investments	0	910,426	910,426
Capital Assets:			
Capital Assets Not Being Depreciated	6,110,658	5,955,403	12,066,061
Capital Assets Being Depreciated, Net	8,891,486	38,491,828	47,383,314
Total Assets	26,944,614	75,167,369	102,111,983
Liabilities:			
Accounts Payable	933,882	2,662,995	3,596,877
Accrued Wages and Benefits	665,710	489,707	1,155,417
Intergovernmental Payable	63,028	118,392	181,420
Claims Payable	205,073	0	205,073
Refundable Deposits	0	397,316	397,316
Unearned Revenue	858,069	0	858,069
Accrued Interest Payable	88,645	43,813	132,458
General Obligation Notes Payable	2,698,000	1,817,000	4,515,000
Noncurrent liabilities:			
Due within one year	833,281	1,671,306	2,504,587
Due in more than one year	3,682,998	13,801,050	17,484,048
Total Liabilities	10,028,686	21,001,579	31,030,265
Net Assets:			
Invested in Capital Assets, Net of Related Debt	14,662,144	31,172,045	45,834,189
Restricted For:			
Debt Service	490,711	0	490,711
Other Purposes	1,412,149	910,426	2,322,575
Unrestricted	350,924	22,083,319	22,434,243
Total Net Assets	\$ 16,915,928	\$ 54,165,790	\$ 71,081,718

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Activities
For the Year Ended December 31, 2004**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
General Government	\$ 3,031,283	\$ 1,155,531	\$ 0	\$ 0
Public Safety	7,823,918	513,720	53,531	0
Highways and Streets	3,182,909	147,797	721,156	162,802
Public Health and Welfare	835,694	159,060	0	0
Culture and Recreation	799,394	75,825	0	0
Community Environment	415,026	183,300	0	0
Interest and Fiscal Charges	118,717	0	0	0
Total Governmental Activities	16,206,941	2,235,233	774,687	162,802
Business-Type Activities:				
Water	4,509,371	4,513,453	0	1,218,151
Sewer	3,897,646	3,166,647	9,267	0
Electric	24,437,629	18,957,480	0	0
Other Enterprise Funds	511,944	506,892	0	0
Total Business-Type Activities	33,356,590	27,144,472	9,267	1,218,151
Totals	\$ 49,563,531	\$ 29,379,705	\$ 783,954	\$ 1,380,953

General Revenues

Property Taxes
Municipal Income Taxes
Other Local Taxes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, Restated

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,875,752)	\$ 0	\$ (1,875,752)
(7,256,667)	0	(7,256,667)
(2,151,154)	0	(2,151,154)
(676,634)	0	(676,634)
(723,569)	0	(723,569)
(231,726)	0	(231,726)
(118,717)	0	(118,717)
<u>(13,034,219)</u>	<u>0</u>	<u>(13,034,219)</u>
0	1,222,233	1,222,233
0	(721,732)	(721,732)
0	(5,480,149)	(5,480,149)
0	(5,052)	(5,052)
<u>0</u>	<u>(4,984,700)</u>	<u>(4,984,700)</u>
<u>(13,034,219)</u>	<u>(4,984,700)</u>	<u>(18,018,919)</u>
717,203	0	717,203
6,702,181	0	6,702,181
1,108	0	1,108
1,590,443	0	1,590,443
103,487	330,270	433,757
382,964	0	382,964
614,276	(614,276)	0
<u>10,111,662</u>	<u>(284,006)</u>	<u>9,827,656</u>
(2,922,557)	(5,268,706)	(8,191,263)
<u>19,838,485</u>	<u>59,434,496</u>	<u>79,272,981</u>
<u>\$ 16,915,928</u>	<u>\$ 54,165,790</u>	<u>\$ 71,081,718</u>

CITY OF PAINESVILLE, OHIO

**Balance Sheet
Governmental Funds
December 31, 2004**

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 258,466	\$ 3,554,504	\$ 3,812,970
Investments	1,649,718	400,168	2,049,886
Receivables:			
Taxes	1,806,765	332,509	2,139,274
Accounts	77,312	0	77,312
Intergovernmental	1,093,315	448,531	1,541,846
Interest	117,039	0	117,039
Special Assessments	0	250,566	250,566
Inventory of Supplies, at Cost	156,935	1,161	158,096
Land Held for Resale	785,000	0	785,000
Prepaid Items	48,065	2,282	50,347
Restricted Assets:			
Cash and Cash Equivalents	43,340	1,090,040	1,133,380
Total Assets	\$ 6,035,955	\$ 6,079,761	\$ 12,115,716
Liabilities:			
Accounts Payable	\$ 194,694	\$ 639,049	\$ 833,743
Accrued Wages and Benefits Payable	613,205	52,505	665,710
Intergovernmental Payable	11,940	51,088	63,028
Interfund Loans Payable	685,000	0	685,000
Deferred Revenue	1,152,794	811,877	1,964,671
Accrued Interest Payable	0	17,401	17,401
General Obligation Notes Payable	0	2,698,000	2,698,000
Total Liabilities	2,657,633	4,269,920	6,927,553
Fund Balances:			
Reserved for Encumbrances	467,828	390,566	858,394
Reserved for Prepaid Items	48,065	2,282	50,347
Reserved for Supplies Inventory	156,935	1,161	158,096
Reserved for Debt Service	0	255,016	255,016
Reserved for Endowments	0	984,940	984,940
Undesignated/Unreserved in:			
General Fund	2,705,494	0	2,705,494
Special Revenue Funds	0	1,141,244	1,141,244
Capital Projects Funds	0	(969,587)	(969,587)
Permanent Funds	0	4,219	4,219
Total Fund Balances	3,378,322	1,809,841	5,188,163
Total Liabilities and Fund Balances	\$ 6,035,955	\$ 6,079,761	\$ 12,115,716

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2004***

Total Governmental Fund Balances	\$ 5,188,163
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	15,002,144
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,106,602
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(497,362)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,883,619)</u>
<i>Net Assets of Governmental Funds</i>	<u><u>\$ 16,915,928</u></u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 445,212	\$ 285,136	\$ 730,348
Municipal Income Taxes	7,552,814	0	7,552,814
Other Local Taxes	1,108	0	1,108
Intergovernmental Revenues	1,789,523	1,003,702	2,793,225
Charges for Services	433,801	159,060	592,861
Licenses, Permits and Inspection Fees	333,135	0	333,135
Investment Earnings	105,488	39,099	144,587
Special Assessments	0	60,743	60,743
Fines and Forfeitures	728,162	343,815	1,071,977
All Other Revenues	226,027	480,683	706,710
Total Revenues	11,615,270	2,372,238	13,987,508
Expenditures:			
Current:			
General Government	2,629,590	253,512	2,883,102
Public Safety	6,751,408	527,811	7,279,219
Highways and Streets	1,187,209	1,572,326	2,759,535
Public Health and Welfare	115,027	625,045	740,072
Culture and Recreation	788,284	1,227	789,511
Community Environment	353,463	693	354,156
Capital Outlay	0	1,296,545	1,296,545
Debt Service:			
Principal Retirement	0	58,208	58,208
Interest & Fiscal Charges	10,275	65,202	75,477
Total Expenditures	11,835,256	4,400,569	16,235,825
Excess (Deficiency) of Revenues Over Expenditures	(219,986)	(2,028,331)	(2,248,317)
Other Financing Sources (Uses):			
Sale of Capital Assets	5,001	0	5,001
Transfers In	1,176,276	586,120	1,762,396
Transfers Out	(677,000)	(196,120)	(873,120)
Other Financing Sources - Capital Leases	334,803	223,993	558,796
Total Other Financing Sources (Uses)	839,080	613,993	1,453,073
Net Change in Fund Balances	619,094	(1,414,338)	(795,244)
Fund Balances at Beginning of Year	2,790,627	3,224,675	6,015,302
Decrease in Inventory Reserve	(31,399)	(496)	(31,895)
Fund Balances End of Year	\$ 3,378,322	\$ 1,809,841	\$ 5,188,163

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, 2004***

Net Change in Fund Balances - Total Governmental Funds \$ (795,244)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. (412,220)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of fixed assets net of proceeds received. (20,286)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,290,506)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. (110,823)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (43,240)

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (182,545)

The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. (67,693)

Change in Net Assets of Governmental Activities \$ (2,922,557)

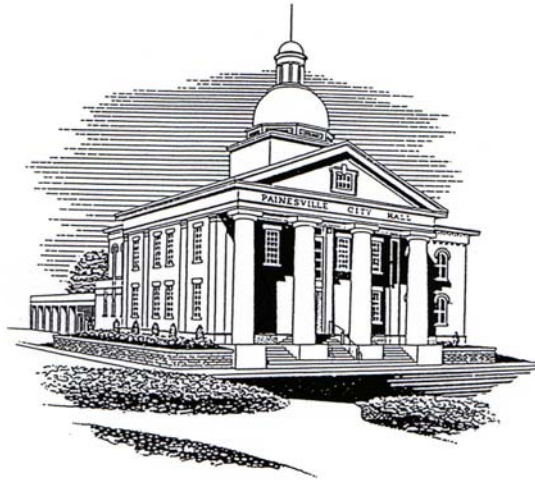
See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 383,978	\$ 430,000	\$ 448,225	\$ 18,225
Municipal Income Taxes	7,150,000	7,580,000	7,306,861	(273,139)
Other Local Taxes	5,000	5,000	1,108	(3,892)
Intergovernmental Revenue	1,634,067	1,697,067	1,724,983	27,916
Charges for Services	352,250	394,500	433,801	39,301
Licenses, Permits and Inspection Fees	158,100	247,800	255,823	8,023
Investment Earnings	206,000	240,000	136,441	(103,559)
Fines and Forfeitures	626,372	742,190	727,839	(14,351)
All Other Revenues	404,690	593,350	226,466	(366,884)
Total Revenues	<u>10,920,457</u>	<u>11,929,907</u>	<u>11,261,547</u>	<u>(668,360)</u>
Expenditures:				
Current:				
General Government	2,926,964	2,948,784	2,658,110	290,674
Public Safety	7,082,400	6,838,964	6,711,982	126,982
Highways and Streets	1,176,575	1,248,823	1,201,623	47,200
Public Health and Welfare	122,206	118,906	104,679	14,227
Culture and Recreation	985,783	927,805	784,177	143,628
Community Environment	447,506	389,430	364,848	24,582
Total Expenditures	<u>12,741,434</u>	<u>12,472,712</u>	<u>11,825,419</u>	<u>647,293</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,820,977)	(542,805)	(563,872)	(21,067)
Other Financing Sources (Uses):				
Sale of Capital Assets	15,000	18,000	5,001	(12,999)
Transfers In	785,965	1,197,465	1,176,276	(21,189)
Transfers Out	(430,000)	(677,000)	(677,000)	0
Advances In	685,000	1,000,000	685,000	(315,000)
Advances Out	(705,550)	(704,055)	(695,275)	8,780
Total Other Financing Sources (Uses):	<u>350,415</u>	<u>834,410</u>	<u>494,002</u>	<u>(340,408)</u>
Net Changes in Fund Balance	(1,470,562)	291,605	(69,870)	(361,475)
Fund Balance at Beginning of Year	1,059,481	1,059,481	1,059,481	0
Prior Year Encumbrances	412,218	412,218	412,218	0
Fund Balance at End of Year	<u>\$ 1,137</u>	<u>\$ 1,763,304</u>	<u>\$ 1,401,829</u>	<u>\$ (361,475)</u>

See accompanying notes to the basic financial statements



CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Proprietary Fund
December 31, 2004**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Electric
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,211	\$ 11,661	\$ 72,857
Investments	1,392,132	2,616,723	17,063,771
Accounts Receivable (net of allowance for uncollectibles)	406,652	354,747	2,114,373
Interfund Loans Receivable	0	0	685,000
Inventory of Supplies at Cost	145,658	49,290	641,072
Prepaid Items	17,829	5,347	20,730
Total Current Assets	<u>1,964,482</u>	<u>3,037,768</u>	<u>20,597,803</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	112,791	0	287,625
Investments	0	0	910,426
Total Restricted Assets	<u>112,791</u>	<u>0</u>	<u>1,198,051</u>
Investment in Joint Venture	0	0	3,067,825
Unamortized Bond Issuance Cost	0	0	(28,010)
Deferred Charges	51,336	0	252,090
Capital Assets:			
Capital Assets Not Being Depreciated	2,077,091	90,820	3,668,520
Capital Assets Being Depreciated, Net	16,383,242	8,905,715	12,279,419
Total Noncurrent Assets	<u>18,624,460</u>	<u>8,996,535</u>	<u>20,437,895</u>
Total Assets	<u>20,588,942</u>	<u>12,034,303</u>	<u>41,035,698</u>

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$ 76,163	\$ 162,892	\$ 236,147
601,912	21,674,538	0
22,744	2,898,516	0
0	685,000	0
0	836,020	37,515
567	44,473	0
701,386	26,301,439	273,662
2,708	403,124	0
0	910,426	0
2,708	1,313,550	0
0	3,067,825	0
0	(28,010)	0
0	303,426	0
118,972	5,955,403	0
923,452	38,491,828	0
1,045,132	49,104,022	0
1,746,518	75,405,461	273,662

(Continued)

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Proprietary Fund
December 31, 2004**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Electric
LIABILITIES			
Current Liabilities:			
Accounts Payable	133,514	157,498	2,358,421
Accrued Wages and Benefits	112,432	96,784	270,177
Intergovernmental Payable	26,090	22,193	34,463
Claims Payable	0	0	0
Refundable Deposits	106,983	0	287,625
Accrued Interest Payable	21,149	6,691	13,562
General Obligation Notes Payable	717,000	940,000	0
Capital Leases Payable - Current	14,881	24,073	0
General Obligation Bonds Payable - Current	480,000	0	123,899
Revenue Bond Payable - Current	0	0	665,000
OWDA Loans Payable - Current	60,748	0	0
OPWC Loans Payable - Current	60,000	0	0
Compensated Absences Payable - Current	81,455	23,628	137,622
Total Current Liabilities	<u>1,814,252</u>	<u>1,270,687</u>	<u>3,890,769</u>
Noncurrent Liabilities:			
Capital Leases Payable	0	59,130	0
General Obligation Bonds Payable	5,005,000	0	2,781,055
Revenue Bonds Payable	0	0	710,000
OWDA Loans Payable	1,214,400	0	0
OPWC Loans Payable	420,000	0	0
Payable to Joint Venture	0	0	2,508,109
Compensated Absences Payable	285,561	271,396	541,792
Total Noncurrent Liabilities	<u>6,924,961</u>	<u>330,526</u>	<u>6,540,956</u>
Total Liabilities	<u>8,739,213</u>	<u>1,601,393</u>	<u>10,431,725</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	10,488,304	7,973,332	11,667,985
Restricted for Other Purposes	0	0	910,426
Unrestricted	1,361,425	2,459,578	18,025,562
Total Net Assets	<u>\$ 11,849,729</u>	<u>\$ 10,432,910</u>	<u>\$ 30,603,973</u>

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.
Net Assets of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
13,562	2,662,995	100,139
10,314	489,707	0
35,646	118,392	0
0	0	908,977
2,708	397,316	0
2,411	43,813	0
160,000	1,817,000	0
0	38,954	0
0	603,899	0
0	665,000	0
0	60,748	0
0	60,000	0
0	242,705	0
224,641	7,200,529	1,009,116
0	59,130	0
0	7,786,055	0
0	710,000	0
0	1,214,400	0
0	420,000	0
0	2,508,109	0
4,607	1,103,356	0
4,607	13,801,050	0
229,248	21,001,579	1,009,116
1,042,424	31,172,045	0
0	910,426	0
474,846	22,321,411	(735,454)
\$ 1,517,270	\$ 54,403,882	\$ (735,454)
	(238,092)	
	\$ 54,165,790	

CITY OF PAINESVILLE, OHIO

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

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Electric
Operating Revenues:			
Charges for Services	\$ 3,887,755	\$ 3,094,319	\$ 18,756,414
Other Charges for Services	243,175	11,970	60,954
Other Operating Revenues	337,962	25,537	68,408
Total Operating Revenues	4,468,892	3,131,826	18,885,776
Operating Expenses:			
Personal Services	2,289,051	2,060,282	5,451,698
Contractual Services	615,813	981,168	10,114,913
Materials and Supplies	279,452	175,465	5,750,731
Utilities	356,644	245,581	2,528,760
Depreciation	567,884	407,373	767,261
Total Operating Expenses	4,108,844	3,869,869	24,613,363
Operating Income (Loss)	360,048	(738,043)	(5,727,587)
Non-Operating Revenue (Expenses):			
Interest Income	25,395	34,268	267,499
Interest and Fiscal Charges	(303,103)	(16,777)	(170,967)
Gain on Investment in Joint Venture	0	0	492,259
Intergovernmental Grants	0	9,267	0
Capital Contributions	1,218,151	0	0
Other Nonoperating Revenue	44,561	34,821	71,704
Other Nonoperating Expense	(97,424)	(11,000)	(54,550)
Total Non-Operating Revenues (Expenses)	887,580	50,579	605,945
Income (Loss) Before Transfers	1,247,628	(687,464)	(5,121,642)
Transfers:			
Transfers In	0	20,000	0
Transfers Out	0	0	(751,276)
Total Transfers	0	(20,000)	751,276
Change in Net Assets	1,247,628	(667,464)	(5,872,918)
Net Assets Beginning of Year, Restated	10,602,101	11,100,374	36,476,891
Net Assets End of Year	\$ 11,849,729	\$ 10,432,910	\$ 30,603,973

Change in Net Assets - Total Enterprise Funds

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.
Change in Net Assets - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$ 501,192	\$ 26,239,680	\$ 3,004,046
1,700	317,799	0
4,000	435,907	0
<u>506,892</u>	<u>26,993,386</u>	<u>3,004,046</u>
200,963	10,001,994	2,196,490
201,657	11,913,551	464,699
15,909	6,221,557	226,558
62,137	3,193,122	0
28,867	1,771,385	0
<u>509,533</u>	<u>33,101,609</u>	<u>2,887,747</u>
<u>(2,641)</u>	<u>(6,108,223)</u>	<u>116,299</u>
3,108	330,270	0
(2,411)	(493,258)	0
0	492,259	0
0	9,267	0
0	1,218,151	0
0	151,086	0
0	(162,974)	0
<u>697</u>	<u>1,544,801</u>	<u>0</u>
(1,944)	(4,563,422)	116,299
137,000	157,000	25,000
(20,000)	(771,276)	(300,000)
<u>(117,000)</u>	<u>614,276</u>	<u>275,000</u>
115,056	(5,177,698)	(158,701)
<u>1,402,214</u>	<u>59,581,580</u>	<u>(576,753)</u>
<u>\$ 1,517,270</u>	<u>\$ 54,403,882</u>	<u>\$ (735,454)</u>
	(5,177,698)	
	<u>(91,008)</u>	
	<u>\$ (5,268,706)</u>	

CITY OF PAINESVILLE, OHIO

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

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Electric
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$4,460,359	\$3,128,544	\$18,900,511
Cash Receipts from Interfund Services Provided	0	0	0
Cash Payments for Goods and Services	(1,298,694)	(1,339,126)	(12,223,990)
Cash Payments to Employees	(2,249,081)	(2,005,739)	(5,344,196)
Cash Payments for Employee Medical Claims	0	0	0
Net Cash Provided (Used) by Operating Activities	912,584	(216,321)	1,332,325
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	0	9,267	0
Transfers In from Other Funds	0	20,000	0
Transfers Out to Other Funds	0	0	(751,276)
Advances In from Other Funds	0	0	695,275
Advances Out to Other Funds	0	0	(685,000)
Net Cash Provided (Used) by Noncapital Financing Activities	0	29,267	(741,001)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds of General Obligation Notes	717,000	940,000	0
Principal Paid on General Obligation Notes	(617,000)	(710,000)	0
Acquisition and Construction of Assets	(1,478,042)	(66,373)	0
Principal Paid on Revenue Bonds	0	0	(630,000)
Principal Paid on General Obligation Bonds	(475,000)	0	(118,903)
Principal Paid on Ohio Public Works Commission Loans	(60,000)	0	0
Principal Paid on Ohio Water Development Authority Loans	(58,094)	0	0
Interest Paid on All Debt	(295,533)	(11,360)	(158,433)
Net Cash Provided (Used) for Capital and Related Financing Activities	(2,266,669)	152,267	(907,336)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Principal and Interest on Investments	27,574	37,186	260,146
Sale of Investments	1,296,932	0	0
Purchase of Investments	0	(59,299)	(112,542)
Net Cash Provided (Used) for Investing Activities	1,324,506	(22,113)	147,604
Net Decrease in Cash and Cash Equivalents	(29,579)	(56,900)	(168,408)
Cash and Cash Equivalents at Beginning of Year	144,581	68,561	528,890
Cash and Cash Equivalents at End of Year	\$115,002	\$11,661	\$360,482
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$2,211	\$11,661	\$72,857
Restricted Cash and Cash Equivalents	112,791	0	287,625
Cash and Cash Equivalents at End of Year	\$115,002	\$11,661	\$360,482

CITY OF PAINESVILLE, OHIO

		Governmental Activities
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$508,599	\$26,998,013	\$0
0	0	3,006,249
(234,618)	(15,096,428)	(458,291)
(193,793)	(9,792,809)	(334,413)
0	0	(2,250,775)
80,188	2,108,776	(37,230)
0	9,267	0
137,000	157,000	25,000
(20,000)	(771,276)	(300,000)
0	695,275	0
0	(685,000)	0
117,000	(594,734)	(275,000)
160,000	1,817,000	0
0	(1,327,000)	0
0	(1,544,415)	0
0	(630,000)	0
0	(593,903)	0
0	(60,000)	0
0	(58,094)	0
0	(465,326)	0
160,000	(2,861,738)	0
3,792	328,698	0
0	1,296,932	0
(384,656)	(556,497)	0
(380,864)	1,069,133	0
(23,676)	(278,563)	(312,230)
102,547	844,579	548,377
\$78,871	\$566,016	\$236,147
\$76,163	\$162,892	\$236,147
2,708	403,124	0
\$78,871	\$566,016	\$236,147

(Continued)

CITY OF PAINESVILLE, OHIO

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

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Electric
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$360,048	(\$738,043)	(\$5,727,587)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	567,884	407,373	767,261
Miscellaneous Nonoperating Revenues	49,581	34,821	76,261
Miscellaneous Nonoperating Expenses	(97,748)	(11,000)	(57,792)
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(8,533)	(3,282)	14,735
Decrease in Intergovernmental Receivable	0	0	0
(Increase) Decrease in Inventory	(20,804)	(215)	(110,462)
Increase in Prepaid Items	(12,665)	(629)	(13,740)
Increase in Accounts Payable	13,282	17,866	6,241,683
Increase in Accrued Wages and Benefits	13,361	13,142	25,733
Increase in Intergovernmental Payable	21,625	22,037	34,415
Increase in Compensated Absences Payable	26,553	41,609	81,818
Decrease in Claims Liability	0	0	0
Total Adjustments	552,536	521,722	7,059,912
Net Cash Provided (Used) by Operating Activities	<u>\$912,584</u>	<u>(\$216,321)</u>	<u>\$1,332,325</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2004 the Water and Sewer Funds had outstanding liabilities of \$55,383 and \$56,207 respectively for the purchase of certain capital assets. During 2004 the fair value of investments decreased by \$1,598, \$3,004, \$19,589, and \$692 in the Water, Sewer, Electric, and Storm Water Utility Funds, respectively. In addition, the Water Fund received \$1,218,151 of capital contributions from private sources.

The notes to the basic financial statements are an integral part of this statement.

CITY OF PAINESVILLE, OHIO

		Governmental
		Activities
Other	Total	Internal
Enterprise	Enterprise	Service
Funds	Funds	Funds
(\$2,641)	(6,108,223)	\$116,299
28,867	1,771,385	0
2,377	163,040	0
0	(166,540)	0
1,707	4,627	0
0	0	2,203
0	(131,481)	1,374
(276)	(27,310)	0
7,338	6,280,169	89,902
2,563	54,799	0
35,646	113,723	0
4,607	154,587	0
0	0	(247,008)
82,829	1,157,087	(153,529)
<u>\$80,188</u>	<u>\$2,108,776</u>	<u>(\$37,230)</u>

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2004**

	Private Purpose Trust	
	Deposit Trust	Agency
Assets:		
Cash and Cash Equivalents	\$ 312,950	\$ 56,191
Total Assets	<u>312,950</u>	<u>56,191</u>
Liabilities:		
Due to Others	0	56,191
Total Liabilities	<u>0</u>	<u>56,191</u>
Unrestricted	312,950	0
Total Net Assets	<u>\$ 312,950</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

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

	<u>Private Purpose Trust</u>
	<u>Deposit Trust</u>
Additions:	
Contributions:	
Private Donations	\$ 195,911
Total Additions	<u>195,911</u>
Deductions:	
Administrative Expenses	<u>866</u>
Total Deductions	<u>866</u>
Change in Net Assets	195,045
Net Assets at Beginning of Year	<u>117,905</u>
Net Assets End of Year	<u>\$ 312,950</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Joint Venture with Equity Interest – The City is a participant with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2). The Omega JV-2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economics of the participants' respective municipal electric utility systems. The Omega JV-2 is managed by AMP-Ohio, which acts as the joint venture's agent. See Note 18, "Joint Venture."

B. Basis of Presentation - Fund Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the provisions of the City Charter.

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

Proprietary Funds - All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are presented as assets and liabilities of the funds to which they relate. Proprietary fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City's fiduciary funds are private-purpose trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

C. Basis of Presentation - Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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

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

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

D. Basis of Accounting

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Special assessment installments, including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes which are measurable at December 31, 2004, but which are not intended to finance 2004 operations or are not expected to be received within sixty (60) days after year end, are recorded as deferred revenue as further described in Note 6.

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

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

E. Budgetary Process

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The estimated revenue amounts reported on the accompanying budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued for 2004.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. By Charter, the City Manager must submit an annual appropriation ordinance (for the period January 1 through December 31) to City Council by March 31 of each year. The appropriation ordinance establishes spending controls at the fund, program (General Government, Public Safety, Highways and Streets, Public Health and Welfare, Culture and Recreation and Community Environment) and object level (personal services, all other expenditures, capital outlay, and transfers). The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. During the year, several supplemental appropriations were necessary. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—General Fund are presented on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year end, however, are reported as reservations of fund balances for subsequent year expenditures in the accompanying combined balance sheet.

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Net Change in Fund Balance
	<u>General Fund</u>
GAAP Basis (as reported)	\$619,094
Increase (Decrease):	
Accrued Revenues at December 31, 2004 received during 2005	(1,984,977)
Accrued Revenues at December 31, 2003 received during 2004	1,644,500
Accrued Expenditures at December 31, 2004 paid during 2005	1,504,839
Accrued Expenditures at December 31, 2003 paid during 2004	(1,342,083)
2003 Prepays for 2004	43,230
2004 Prepays for 2005	(48,065)
2004 Adjustment to Fair Value	2,181
2003 Adjustment to Fair Value	(53)
Outstanding Encumbrances	<u>(508,536)</u>
Budget Basis	<u><u>(\$69,870)</u></u>

F. Cash and Cash Equivalents

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents (Continued)

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash, including the investment instrument described above, represents the balance on hand as if each fund maintained its own cash and investments account. For purposes of the statement of cash flows, the share of equity in the pooled cash and investments of the proprietary funds is considered to be a cash equivalent. See Note 5 "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the City Charter. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

The City has invested funds in the STAR Ohio during 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2004. See Note 5, "Cash, Cash Equivalents and Investments."

H. Accounts Receivable

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

I. Inventory

Inventories are stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. The reservations for inventory in the balance sheet of the governmental fund types indicate that a portion of the fund balance is not available for future expenditures.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life threshold of three or more years. GASB 34 allows entities to defer retroactive reporting of infrastructure for four years. For 2004, the City has elected to show only the 2004 and 2003 additions as infrastructure.

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions

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

L. Compensated Absences

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

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

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

M. Long-Term Debt

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Debt (Continued)

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

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

N. Issuance Costs

In governmental fund types, issuance costs are recognized in the current period. Issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Reservations of Fund Balances

Fund balances are reserved for inventories of supplies, prepaid items and encumbered amounts that have not been accrued at year end. The fund balances in the debt service funds are reserved for the retirement of debt principal and interest.

P. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Q. Restricted Assets

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

R. Intergovernmental Revenues

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

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

S. Pensions

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

T. Net Assets

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. 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.

V. Operating Revenues and Expenses

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

W. Extraordinary and Special Items

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

NOTE 2 – RESTATEMENT OF FUND BALANCES

Prior Period Adjustments - During the year ended December 31, 2003, it was determined that beginning balances for capital assets in the governmental activities and in the business-type activities were misstated. The adjustments had the following effect on fund balances:

	Water Fund	Sewer Fund	Electric Fund	Other Enterprise Funds	Total
Fund Balance at December 31, 2003 as reported	\$8,491,539	\$10,560,691	\$31,171,077	\$1,402,214	\$51,625,521
Restate Capital Assets	<u>2,110,562</u>	<u>539,683</u>	<u>5,305,814</u>	<u>0</u>	<u>7,956,059</u>
Fund Balance at December 31, 2003 as restated	<u><u>\$10,602,101</u></u>	<u><u>\$11,100,374</u></u>	<u><u>\$36,476,891</u></u>	<u><u>\$1,402,214</u></u>	<u><u>\$59,581,580</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 2 – RESTATEMENT OF FUND BALANCES (Continued)

The changes to the beginning fund balances had the following effect on the governmental activities and the business-type activities beginning net assets:

	Governmental Activities	Business Type Activities
Net Assets December 31, 2003 as reported	\$12,874,440	\$51,478,437
Adjustment:		
Restate Capital Assets	6,964,045	7,956,059
Net Assets December 31, 2003 as restated	<u>\$19,838,485</u>	<u>\$59,434,496</u>

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Delinquent Tax Revenue	\$25,480
Shared Revenues	777,084
Interest Revenues	53,472
Special Assessment Revenue	<u>250,566</u>
	\$1,106,602

Long-Term liabilities not reported in the funds:

Special Assessment Bonds Payable	(\$185,000)
OPWC Loans Payable	(55,000)
Long-Term Note Payable	(100,000)
Accrued Interest on Long-Term Debt	(71,243)
Capital Leases Payable	(1,253,454)
Police/Firemen's Pension Accrued Liability	(831,305)
Compensated Absences Payable	<u>(1,387,617)</u>
	(\$3,883,619)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

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

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

Capital Outlay	\$236,341
Depreciation Expense	(648,561)
	<u>(\$412,220)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$863,778)
Decrease in Licences, Permits and Inspection Fees	(73,076)
Decrease in Shared Revenue	(265,293)
Decrease in Interest Revenue	(41,100)
Decrease in Special Assessment Revenue	(47,259)
	<u>(\$1,290,506)</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$150,650)
Decrease in supplies inventory	(31,895)
	<u>(\$182,545)</u>

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

The deficits at December 31, 2004 of \$30,828 in the Probation Services Fund, \$82,353 in the Municipal Court Improvement Fund, \$303,276 in the Capital Improvement Fund and \$918,793 in the Industrial Park Project Fund (nonmajor governmental funds) arose from the recognition of general obligation notes payable under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, a deficit does not exist. The deficits of \$259,971 in the Employee Health Insurance Fund, \$550,130 in the Workers' Compensation Retrospective Fund (internal service funds) and \$5,558 in the Emergency Medical Services Fund (nonmajor governmental fund) were the result of recognizing expenses on the accrual basis, which result in expenses greater than those on the cash basis. Deficits did not exist on a cash basis. The General Fund provides transfers, upon City Council's approval, when cash is required, not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents."

The investment and deposit of City monies is governed by the provisions of the Charter and Codified Ordinances of the City as well as the Ohio Revised Code. Accordingly, only financial institutions approved by City Council are eligible to hold the City's cash deposits. In addition, investments may only be purchased, after competitive quotations are obtained, through financial institutions located within Ohio or through "primary securities dealers" as designated by the Federal Reserve Bank.

Ohio law requires the classification of funds held by the City into three categories: Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3 "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

Governmental Accounting Standards Board Statement Number 3 (GASB No. 3) has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the City's name).

Investments:

- Category 1 Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

At December 31, 2004, the carrying amount of the City's deposits was \$10,936,106 and the bank balance was \$11,488,434. Federal depository insurance covered \$500,040 of the bank balance. The remaining deposits of \$10,988,394 were classified as Category 3, uncollateralized, as defined by GASB (securities are pledged with the pledging financial institution's trust department or agent, but not in the City's name).

B. Investments

The City's investments at December 31, 2004 are categorized below to give an indication of the level of risk assumed by the City at year-end.

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Federal Home Loan Bank	\$7,459,199	\$0	\$7,459,199
Federal Home Loan Mortgage Corporation	3,982,987	0	3,982,987
Federal National Mortgage Association	4,975,696	0	4,975,696
U.S. Treasury Bills	0	910,426	910,426
Total Categorized Investments	16,417,882	910,426	17,328,308
 <u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	2,488,090
Total Investments	\$16,417,882	\$910,426	\$19,816,398

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined balance sheet and the classifications per this GASB Statement No. 3 disclosure is as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$6,117,654	\$24,634,850
Certificates of Deposit (with maturities of more than 3 months)	7,306,542	(7,306,542)
Investments:		
STAR Ohio	(2,488,090)	2,488,090
Per GASB Statement No. 3	\$10,936,106	\$19,816,398

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 6 - PROPERTY TAX

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2004 were levied after October 1, 2003 on assessed values as of January 1, 2003, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2000 and the equalization adjustment was made in 2003. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually. The first payment is due April 30; the remainder is payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is currently assessed at 100% of its true value and real property is assessed at 35% of its true (market) value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

The full tax rate for all City operations for the year ended December 31, 2004 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2004 collection was based was \$254,533,194. This amount constitutes \$214,452,990 in real property assessed value, \$5,576,000 in public utility assessed value and \$34,504,204 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Property taxes recorded as revenue in 2004 were based on a tax rate equal to .370% (3.70 mills) of assessed value.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2004 consisted of taxes, interest, accounts receivable (net of allowance of \$29,480), special assessments, loans and intergovernmental receivables arising from shared revenues.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 8 - LAND HELD FOR RESALE

In December 1999, the City purchased 43.1 acres of land with the intent of resale as part of the City's economic development strategy. Additional land was purchased during 2001 for the same purpose. This land is instrumental in the development of commercial or industrial facilities to create and preserve jobs. At December 31, 2004 the City's Land Held for Resale balance was \$785,000.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2004:

Fund	Transfers In	Transfers Out
Major Governmental Fund:		
General Fund	\$1,176,276	\$677,000
Major Enterprise Funds:		
Sewer Fund	20,000	0
Electric Fund	0	751,276
Total Major Enterprise Funds	20,000	751,276
Nonmajor Governmental Funds:		
Street Construction, Maintenance and Repair Fund	120,000	0
Cemeteries Fund	343,000	0
Municipal Motor Vehicle License Tax Fund	0	40,000
City Motor Vehicle License Tax Fund	0	80,000
COPS Fast Grant Fund	35,000	0
General Bond Retirement Fund	0	63,120
Capital Improvement Fund	63,120	0
Jackson Street Interchange Fund	25,000	0
Cemetery Trust Operations Fund	0	7,000
Special Endowment Operations Fund	0	6,000
Total Nonmajor Governmental Funds	586,120	196,120
Nonmajor Enterprise Fund:		
Refuse Fund	17,000	0
Off-Street Parking Fund	120,000	0
Storm Water Utility Fund	0	20,000
Internal Service Funds:		
Employee Health Insurance Fund	25,000	0
Workers' Compensation Retrospective Fund	0	300,000
Total Internal Service Funds	25,000	300,000
Total All Funds	\$1,944,396	\$1,944,396

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 9 - TRANSFERS (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2004 consist of the following individual fund receivables and payables:

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$0	\$685,000
Enterprise Fund:		
Electric Fund	685,000	0
Totals	<u>\$685,000</u>	<u>\$685,000</u>

The interfund loan balances result from the General Fund's issuance of a note payable during 2001 to fund the City's purchase of land to be held for resale. The Electric Fund acquired the \$685,000 note payable at that time. The note payable was retired and reissued for \$685,000 during 2002, 2003 and 2004. The note payable bears an interest rate of 1.50% and matures on March 15, 2005.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2004:

<i>Historical Cost:</i>				
Class	Restated	Additions	Deletions	December 31,
	December 31,			2004
	2003			
<i>Capital assets not being depreciated:</i>				
Land	\$4,172,800	\$0	\$0	\$4,172,800
Construction in Progress	2,030,108	0	(92,250)	1,937,858
Subtotal	6,202,908	0	(92,250)	6,110,658
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	4,947,224	0	0	4,947,224
Improvements other than Buildings	634,912	28,785	0	663,697
Machinery and Equipment	5,152,770	299,806	(55,794)	5,396,782
Infrastructure	1,367,297	0	0	1,367,297
Subtotal	12,102,203	328,591	(55,794)	12,375,000
Total Cost	\$18,305,111	\$328,591	(\$148,044)	\$18,485,658
<i>Accumulated Depreciation:</i>				
Class	Restated	Additions	Deletions	December 31,
	December 31,			2004
	2003			
Buildings and Improvements	(\$794,475)	(\$68,821)	\$0	(\$863,296)
Improvements other than Buildings	(217,845)	(27,955)	0	(245,800)
Machinery and Equipment	(1,780,678)	(493,347)	35,508	(2,238,517)
Infrastructure	(77,463)	(58,438)	0	(135,901)
Total Depreciation	(\$2,870,461)	(\$648,561) *	\$35,508	(\$3,483,514)
<i>Net Value:</i>	\$15,434,650			\$15,002,144

* Depreciation expenses were charged to governmental functions as follows:

General Government	\$152,162
Public Safety	192,470
Highways and Streets	219,213
Public Health and Welfare	27,383
Culture and Recreation	50,819
Community Environment	6,514
Total Depreciation Expense	\$648,561

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 11 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2004:

<i>Historical Cost:</i>	Restated December 31, 2003	Additions	Deletions	December 31, 2004
Class				
<i>Capital assets not being depreciated:</i>				
Land	\$1,103,241	\$0	\$0	\$1,103,241
Construction In Progress	6,424,181	0	(1,572,019)	4,852,162
Subtotal	7,527,422	0	(1,572,019)	5,955,403
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	18,058,591	217,750	0	18,276,341
Improvements other than Buildings	37,570,786	1,200,442	0	38,771,228
Machinery and Equipment	28,352,070	728,498	(20,593)	29,059,975
Subtotal	83,981,447	2,146,690	(20,593)	86,107,544
Total Cost	\$91,508,869	\$2,146,690	(\$1,592,612)	\$92,062,947
<i>Accumulated Depreciation:</i>				
Class	Restated December 31, 2003	Additions	Deletions	December 31, 2004
Buildings and Improvements	(\$6,775,573)	(\$288,247)	\$0	(\$7,063,820)
Improvements other than Buildings	(18,455,068)	(732,374)	0	(19,187,442)
Machinery and Equipment	(20,630,950)	(771,738)	38,234	(21,364,454)
Total Depreciation	(\$45,861,591)	(\$1,792,359)	\$38,234	(\$47,615,716)
<i>Net Value:</i>	\$45,647,278			\$44,447,231

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 12 – DEFINED BENEFIT PENSION PLANS

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

A. Ohio Public Employees Retirement System (the “Ohio PERS”)

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2004 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2004, 2003 and 2002 were \$1,439,805, \$1,445,611, and \$1,386,965, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2004 employer contribution rate (identified above) that was used to fund health care for the year 2004 was 4.0% of covered payroll which amounted to \$425,035.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2003. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2003 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,885. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2003 is \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2004, 2003 and 2002 were \$439,707, \$431,879, and \$407,339 for police and \$396,703, \$406,680, and \$413,875, for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2004 covered payroll that was used to fund postemployment health care benefits was \$174,755 representing 7.75% of covered payroll for police and \$128,102 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2003, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,662 for police and 10,474 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2003 were \$150,853,148, which was net of member contributions of \$17,207,506.

CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 13 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2004 was as follows:

		Balance December 31, 2003	Issued	(Retired)	Balance December 31, 2004	Amount Due Within One Year
Business-Type Activities:						
Mortgage Revenue Bonds:						
2.900 - 6.000% Electric System	1992	\$2,005,000	\$0	(\$630,000)	\$1,375,000	\$665,000
General Obligation Bonds:						
1.500 - 3.600% Waterworks	2003	2,210,000	0	(225,000)	1,985,000	230,000
3.250 - 4.600% Waterworks	1998	3,750,000	0	(250,000)	3,500,000	250,000
4.600 - 4.750% Joint Venture Agreement	2001	3,023,857	0	(118,903)	2,904,954	123,899
Total General Obligation Bonds		8,983,857	0	(593,903)	8,389,954	603,899
Ohio Water Development Authority Loans (OWDA):						
4.618% Safe Drinking Water	1998	1,333,242	0	(58,094)	1,275,148	60,748
Total OWDA Loans		1,333,242	0	(58,094)	1,275,148	60,748
Ohio Public Works Commission Loan (OPWC):						
0.000% Raw Water Pump Station Replacement	2002	540,000	0	(60,000)	480,000	60,000
Capital Leases Payable		27,645	94,984	(24,545)	98,084	38,954
Payable to Joint Venture		0	2,508,109	0	2,508,109	0
Compensated Absences		1,191,474	1,346,061	(1,191,474)	1,346,061	242,705
Total Business-Type Activities		<u>\$14,081,218</u>	<u>\$3,949,154</u>	<u>(\$2,558,016)</u>	<u>\$15,472,356</u>	<u>\$1,671,306</u>
Governmental Activities:						
Special Assessment Debt (with governmental commitment)						
8.000 - 8.125% Chicago/Forest/Roosevelt Street Improvements	1988	\$225,000	\$0	(\$40,000)	\$185,000	\$40,000
Ohio Public Works Commission Loans (OPWC):						
0.000% Skinner Avenue Rehabilitation Loan	1994	8,207	0	(8,207)	0	0
0.000% East Walnut Avenue Improvements Loan	2000	65,000	0	(10,000)	55,000	10,000
Total OPWC Loans		73,207	0	(18,207)	55,000	10,000
Long-Term Notes Payable:						
5.000% Land Purchase	2001	100,000	0	0	100,000	100,000
Compensated Absences		1,236,967	1,387,617	(1,236,967)	1,387,617	279,151
Workers' Compensation Liability		854,870	0	(150,966)	703,904	0
Capital Lease Payable		1,071,252	558,796	(376,595)	1,253,453	390,394
Police/Firemen's Pension Accrued Liability		844,476	0	(13,171)	831,305	13,736
Total Governmental Activities		<u>\$4,405,772</u>	<u>\$1,946,413</u>	<u>(\$1,835,906)</u>	<u>\$4,516,279</u>	<u>\$833,281</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 13 - LONG-TERM DEBT (Continued)

A. Defeased Debt

In December 1985, the City defeased \$4,540,000 of Electric Plant First Mortgage Revenue Bonds dated July 1, 1972 and August 1, 1974 and \$3,400,000 of Special Obligation Electric System Refunding Bonds dated December 1, 1985 through the issuance of Electric System Mortgage Revenue Bonds (the "1985 Bonds"). In December 1992, the City defeased \$5,090,000 of the 1985 Bonds through the issuance of \$6,000,000 of Electric System Mortgage Revenue Refunding Bonds (the "1992 Bonds"). In February of 2003, the City defeased \$2,205,000 of Waterworks General Revenue Bonds dated December 1, 1992 (the "1992 Waterworks Bonds") through the issuance of \$2,380,000 of Waterworks General Obligation Refunding Bonds (the "2003 Waterworks Bonds"). The net proceeds of both the 1985 and 1992 Bonds have been invested in U.S. Treasury 1992 obligations and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$3,270,000 at December 31, 2004, are not included in the City's outstanding debt since the City has satisfied its obligations through the advanced refunding.

B. Compensated Absences

City management staff and employees in each bargaining unit earn sick leave credit. Employees with at least 10 years of service are paid for one-third of their accumulated sick leave credit upon termination of employment, which may not exceed 120 days. This obligation amounted to \$1,531,050 for the City as of December 31, 2004.

In addition, management staff and personnel in each bargaining unit earn vacation at different rates based upon length of service. Vacation carried forward to the current year may not exceed one year's leave balance. In case of death, termination or retirement, an employee (or his estate) is paid for unused vacation up to a maximum of one year credit and two week accrual. The total obligation for accrued vacation for the City as a whole at December 31, 2004 amounted to \$1,202,627.

C. Police and Firemen's Pension Accrued Liability

The City's liability for past service costs related to the Police and Fire Pension Fund at December 31, 2004 was \$1,489,931 in principal and scheduled interest payments through the year 2035. Only the principal portion of the payments due are included in the in the government-wide statement of net assets.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 13 - LONG-TERM DEBT (Continued)

D. Capital Leases

The City has entered into agreements to lease equipment. The original cost of the equipment was \$2,146,927. Such agreements are, in substance, lease purchases (capital leases) and are classified as long-term obligations in the financial statements. The costs of these assets are included in the capital asset balances of both the Governmental Activities and Water Fund (major enterprise fund). The capital leases payable are recorded in Governmental Activities and the Water Fund in the amount of \$1,253,453, and \$98,084, respectively.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2004:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Water Enterprise Fund</u>
2005	\$495,483	\$41,464
2006	346,257	26,291
2007	302,002	18,769
2008	112,167	11,247
2009	79,084	5,623
Minimum Lease Payments	1,334,993	103,394
Less: amount representing interest at the City's incremental borrowing rate of interest	<u>(81,541)</u>	<u>(5,310)</u>
Present value of minimum lease payments	<u><u>\$1,253,453</u></u>	<u><u>\$98,084</u></u>

E. Special Assessments with Governmental Commitment

The principal amount of the City's special assessment debt outstanding at December 31, 2004, \$185,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$238,756 in the Special Assessment Bond Retirement Fund at December 31, 2004 is reserved for the retirement of outstanding special assessment bonds.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 13 - LONG-TERM DEBT (Continued)

F. Ohio Water Development Authority Loan

In 1998, the City entered into an agreement with the Ohio Water Development Authority to receive loans from the Water Supply Revolving Loan Account and the Freshwater Loan Agreement in the amounts of \$1,644,613. The interest rate on the loan is 4.618% per annum. This loan is payable from water service charges. The loan can only be received by the City in increments as the project is completed. As of December 31, 2004 the City had received \$1,524,401. The City began repaying the loan in semiannual payments in 1999 based on a loan amount of \$1,664,613 to be paid through 2019. As of December 31, 2004, the loan had an outstanding balance of \$1,275,148.

G. Principal and Interest Requirements

The principal and interest requirements to retire long-term debt and Police and Fire Pension Liability obligations at December 31, 2004, are as follows:

Years	General Obligation Bonds		Special Assessment Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$603,899	\$354,401	\$40,000	\$14,800	\$665,000	\$82,500
2006	614,227	335,236	45,000	11,600	710,000	42,600
2007	619,556	315,367	50,000	8,000	0	0
2008	631,218	291,711	50,000	4,000	0	0
2009	648,212	266,655	0	0	0	0
2010-2014	2,909,292	928,052	0	0	0	0
2015-2020	2,363,550	351,983	0	0	0	0
Totals	<u>\$8,389,954</u>	<u>\$2,843,405</u>	<u>\$185,000</u>	<u>\$38,400</u>	<u>\$1,375,000</u>	<u>\$125,100</u>

Years	OWDA Loans		OPWC Loans		Police/Firemen's Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$60,748	\$58,158	\$70,000	\$0	\$13,736	\$35,186
2006	63,529	55,376	70,000	0	14,326	34,596
2007	66,446	52,460	70,000	0	14,942	33,981
2008	69,503	49,402	70,000	0	15,584	33,339
2009	72,710	46,195	70,000	0	16,253	32,670
2010-2014	417,417	177,110	185,000	0	92,353	152,258
2015-2019	524,795	78,971	0	0	113,967	130,645
2020-2024	0	0	0	0	140,638	103,975
2025-2035	0	0	0	0	409,506	101,976
Totals	<u>\$1,275,148</u>	<u>\$517,672</u>	<u>\$535,000</u>	<u>\$0</u>	<u>\$831,305</u>	<u>\$658,626</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 13 - LONG-TERM DEBT (Continued)

G. Principal and Interest Requirements (Continued)

Years	Long-Term Notes Payable	
	Principal	Interest
2005	\$100,000	\$5,000

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

NOTE 14 - NOTES PAYABLE

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

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CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 14 - NOTES PAYABLE (Continued)

Below is a summary of notes payable activity during 2004:

	Balance January 1, 2004	Issued	(Retired)	Balance December 31, 2004
Special Revenue Funds:				
Street Construction, Maintenance and Repair Fund:				
1.56% Street Construction and Resurfacing	\$178,000	\$0	(\$178,000)	\$0
1.60% Street Construction and Resurfacing	0	78,000	0	78,000
2.00% Street Construction and Resurfacing	0	395,000	0	395,000
Fire Levy Fund:				
1.56% Motorized Equipment Acquisition	75,000	0	(75,000)	0
1.60% Motorized Equipment Acquisition	0	40,000	0	40,000
2.00% Motorized Equipment Acquisition	0	45,000	0	45,000
Probation Services Fund:				
1.56% Municipal Court/Safety Center Renovation	45,000	0	(45,000)	0
1.60% Municipal Court/Safety Center Renovation	0	45,000	0	45,000
Total Special Revenue	<u>298,000</u>	<u>603,000</u>	<u>(298,000)</u>	<u>603,000</u>
Capital Projects Funds:				
Municipal Court Improvement Fund:				
1.56% Municipal Court/Safety Center Renovation	375,000	0	(375,000)	0
1.60% Municipal Court/Safety Center Renovation	0	300,000	0	300,000
Capital Improvement Fund:				
1.56% City Office Building Improvements	195,000	0	(195,000)	0
1.60% City Office Building Improvements	0	135,000	0	135,000
2.00% City Office Building Improvements	0	500,000	0	500,000
Shamrock Boulevard Road Project Fund:				
1.56% Construction of Shamrock Boulevard	100,000	0	(100,000)	0
1.60% Construction of Shamrock Boulevard	0	80,000	0	80,000
Industrial Park Project Fund:				
1.56% Renaissance Parkway Improvements	1,130,000	0	(1,130,000)	0
1.60% Renaissance Parkway Improvements	0	740,000	0	740,000
1.60% Renaissance Parkway Improvements	0	340,000	0	340,000
Total Capital Projects	<u>1,800,000</u>	<u>2,095,000</u>	<u>(1,800,000)</u>	<u>2,095,000</u>
Enterprise Funds:				
Water Fund:				
1.56% Water Treatment Plant Improvements	617,000	0	(617,000)	0
1.56% Water Treatment Plant Improvements	0	617,000	0	617,000
1.56% Water Treatment Plant Improvements	0	100,000	0	100,000
Sewer Fund:				
1.56% Wastewater Treatment Plant Improvements	710,000	0	(710,000)	0
1.60% Wastewater Treatment Plant Improvements	0	565,000	0	565,000
2.00% Wastewater Treatment Plant Improvements	0	375,000	0	375,000
Storm Water Fund:				
2.00% Wastewater Treatment Plant Improvements	0	160,000	0	160,000
Total Enterprise	<u>1,327,000</u>	<u>1,817,000</u>	<u>(1,327,000)</u>	<u>1,817,000</u>
Total Notes Payable	<u>\$3,425,000</u>	<u>\$4,515,000</u>	<u>(\$3,425,000)</u>	<u>\$4,515,000</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 15 - CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds and Economic Development Revenue Bonds to provide financial assistance to private and public sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private or public sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

During 2004, one series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$780,000, was paid in full.

NOTE 16 - RISK MANAGEMENT

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

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2004 the City contracted with several different insurance providers for various insurance coverages, as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Cincinnati Insurance Company	Public Employee Dishonesty/ Forgery	\$0
Cincinnati Insurance Company	Law Enforcement Professional Liability	5,000
Cincinnati Insurance Company	Public Officials Liability	5,000 / 15,000
Cincinnati Insurance Company	Comprehensive General Liability	Varies
Cincinnati Insurance Company	Ohio Employers Intentional Tort Liability	0
Cincinnati Insurance Company	Commercial Umbrella Liability	0
Cincinnati Insurance Company	Boiler and Machinery	5,000 / 50,000
Cincinnati Insurance Company	Automobile	250
AAIC	Commercial General Liability (Fire)	0
AAIC	Commercial Umbrella	0

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 16 - RISK MANAGEMENT (Continued)

In 1993, the Workers' Compensation Retrospective Rating Fund was established to account for the funding of the City's workers' compensation plan. Under the plan, the City is charged by the State of Ohio for administrative fees, claims paid and premiums for individual and aggregate claim limits. All City funds are charged a premium per employee covered by the Workers' Compensation Retrospective Rating Fund based on claims experience. The City has a claims limit of \$250,000 per individual and a maximum yearly amount for all claims which varies each policy year. The claims liability of \$703,904 reported in the fund at December 31, 2004 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2003	\$430,259	\$943,765	(\$519,154)	\$854,870
2004	854,870	32,481	(183,447)	703,904

In 2000, the Employee Health Insurance Fund was created to account for the City's self-funded employee health insurance. Under this program, the City operates with a third party administrator and under stop-loss thresholds. The actual claims are passed through the City for payment. There is protection as to the amount of claims that can be passed through to the City—both specific and aggregate stop-loss protection. Under specific stop-loss, the City pays 100% for any one individual generating claims up to the specific level of \$40,000. Any dollar amount over this specific level is paid by the re-insurance carrier. The aggregate stop-loss protects the City from having a large number of claims exceeding the expected claims level by more than 20% or 25%. Any claims over the specific level do not count toward the aggregate level. Only claims less than the specific level are applied toward the aggregate level. The claims liability of \$205,073 reported in the fund at December 31, 2004 is based on the requirements of GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2003	\$179,049	\$2,528,876	(\$2,406,810)	\$301,115
2004	301,115	2,382,330	(2,477,742)	205,703

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 17 - CONSTRUCTION COMMITMENTS

As of December 31, 2004, the City had the following contracts with respect to capital improvements:

Project	Remaining Construction Commitment	Expected Date of Completion
Septage Receiving Station	\$39,808	05/01/05
Hermitage Booster Station	31,816	04/01/05
Chardon Street Improvements	6,378	06/01/05
Colonial Drive Roadway and Bridge Improvements	27,322	09/01/05
Capital Road Improvement	6,014	05/01/05
Water Plant Filter Rehabilitation Project	37,163	08/01/05
West Jackson Street Pump	44,361	06/01/05
Renaissance Parkway Road Extension - Phase I	22,566	07/01/05
Replace Digester Cover	279,000	12/01/05
Aubrun Road Control Valve	46,505	07/01/05
Overhead Electric Line	56,443	12/31/05
Underground Conduit	9,911	06/01/05
Drainage Improvements Lighthouse Point	8,050	05/01/05
Catch Basin - Fern Drive and W. Jackson St.	8,400	06/01/05
Total	\$623,737	

NOTE 18 - JOINT VENTURE

The City of Painesville is a Financing Participant and an Owner Participant with percentages of liability and ownership of 6.66% and 5.22% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 18 - JOINT VENTURE (Continued)

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net obligation for these bonds at December 31, 2004 was \$2,517,560 (net of amounts withheld for debt service reserve, amounts held in the bond fund, previous billings to members, interest payable and debt service paid and collected). The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$3,067,825 at December 31, 2004. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

NOTE 19 - CONTINGENCIES

A. Environmental Matters

The City owns land and operates a wastewater pollution control facility on a portion of an area which has been declared by the United States Environmental Protection Agency (USEPA) as a "Superfund Site" under the Comprehensive Environmental Response, Compensation and Liabilities Act. Under this Act, the City could be held liable for a portion of the cost of the clean-up of the site. A liability has not been recorded in the accompanying combined financial statements for this matter because the extent and cost of the possible required corrective action as well as the City's share is unknown at this time.

B. Litigation

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

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLE

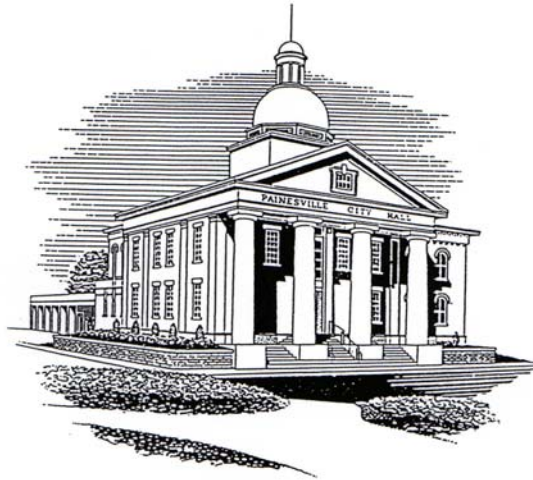
For 2004, the City has implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units".

GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government.

The implementation of GASB Statement No. 39 did not affect the presentation of the financial statements of the City.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, AND
FIDUCIARY FUNDS.*



Nonmajor Governmental Funds

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund

Required by the Ohio Revised Code to account for 92.5% of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

State Highway Improvement Fund

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

Cemeteries Fund

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

Police Pension Transfer Fund

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

Fire Pension Transfer Fund

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

Law Enforcement Fund

To account for the proceeds from the confiscation of contraband.

Municipal Motor Vehicle License Tax Fund

To account for County-levied motor vehicle registration fees designated for street construction, maintenance and repair.

Indigent Drivers Alcohol Treatment Fund

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

Special Revenue Funds

Enforcement and Education Fund

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

City Motor Vehicle License Tax Fund

To account for City-levied motor vehicle registration fees designated for street construction, maintenance and repair.

Fire Levy Fund

To account for property tax revenues derived from a voted tax levy for the purchase of fire fighting apparatus.

Underground Storage Tank Fund

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

Probation Services Fund

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

Community Oriented Policing Services (COPS) Fast Grant Fund

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

Skate Facility Fund

To account for monies designated for the costs to construct and maintain a skate facility.

Fire Fund

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

Federal Emergency Management Act (FEMA) Fund

To account for disbursement of federal funds received pursuant to Auditor of State Bulletin 98-013 which addresses how to handle federal funds. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Emergency Medical Services (EMS) Fund

To account for revenue received from the operation of the City's Emergency Medical Services. (This fund only exists on a GAAP basis and is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

(Continued)

Special Revenue Funds

Plan Review Fund

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

Zoning Application Fund

To account for monies received and held by the City for zoning application requests.

Columbarium Trust Fund

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

Law Enforcement Trust Fund

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

Debt Service Funds

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

General Bond Retirement Fund

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

Special Assessment Bond Retirement Fund

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

Land Acquisition Note Retirement Fund

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

Capital Projects Funds

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

Municipal Court Improvement Fund

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

Capital Equipment Reserve Fund

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

Capital Improvement Fund

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

Shamrock Boulevard Road Project Fund

To account for the costs associated with the construction of Shamrock Boulevard Road.

Jackson Street Interchange Project Fund

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

Industrial Park Project Fund

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

Municipal Court Special Projects Fund

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

Permanent Funds

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

Cemetery Trust Operations Fund

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

Special Endowment Operations Fund

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

Evergreen Cemetery Trust Fund

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

Riverside Cemetery Trust Fund

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

Special Endowment Trust Fund

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

CITY OF PAINESVILLE, OHIO

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,862,642	\$ 17,020	\$ 1,670,623	\$ 4,219	\$ 3,554,504
Investments	0	237,697	162,471	0	400,168
Receivables (net of allowance for doubtful accounts):					
Taxes	270,611	61,898	0	0	332,509
Intergovernmental	355,365	3,760	89,406	0	448,531
Special Assessments	0	250,566	0	0	250,566
Inventory of Supplies, at Cost	1,161	0	0	0	1,161
Prepaid Items	2,282	0	0	0	2,282
Restricted Assets:					
Cash and Cash Equivalents	83,135	0	21,965	984,940	1,090,040
Total Assets	\$ 2,575,196	\$ 570,941	\$ 1,944,465	\$ 989,159	\$ 6,079,761
Liabilities:					
Accounts Payable	\$ 76,142	\$ 0	\$ 562,907	\$ 0	\$ 639,049
Accrued Wages and Benefits Payable	49,931	0	2,574	0	52,505
Intergovernmental Payable	51,088	0	0	0	51,088
Deferred Revenue	495,952	315,925	0	0	811,877
Accrued Interest Payable	6,931	0	10,470	0	17,401
General Obligation Notes Payable	603,000	0	2,095,000	0	2,698,000
Total Liabilities	1,283,044	315,925	2,670,951	0	4,269,920
Fund Balances:					
Reserved for Encumbrances	147,465	0	243,101	0	390,566
Reserved for Prepaid Items	2,282	0	0	0	2,282
Reserved for Supplies Inventory	1,161	0	0	0	1,161
Reserved for Debt Service	0	255,016	0	0	255,016
Reserved for Endowments	0	0	0	984,940	984,940
Undesignated/Unreserved (Deficits)	1,141,244	0	(969,587)	4,219	175,876
Total Fund Balances (Deficits)	1,292,152	255,016	(726,486)	989,159	1,809,841
Total Liabilities and Fund Balances	\$ 2,575,196	\$ 570,941	\$ 1,944,465	\$ 989,159	\$ 6,079,761

CITY OF PAINESVILLE, OHIO

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$ 222,802	\$ 62,334	\$ 0	\$ 0	\$ 285,136
Intergovernmental Revenues	919,663	11,237	72,802	0	1,003,702
Charges for Services	159,060	0	0	0	159,060
Investment Earnings	10,262	4,905	11,940	11,992	39,099
Special Assessments	0	60,743	0	0	60,743
Fines and Forfeitures	114,619	0	229,196	0	343,815
All Other Revenues	299,598	0	162,325	18,760	480,683
Total Revenues	1,726,004	139,219	476,263	30,752	2,372,238
Expenditures:					
Current:					
General Government	135,523	0	117,989	0	253,512
Public Safety	522,408	0	5,403	0	527,811
Highways and Streets	1,361,926	0	210,400	0	1,572,326
Public Health and Welfare	620,823	0	2,186	2,036	625,045
Culture and Recreation	0	0	1,227	0	1,227
Community Environment	94	0	599	0	693
Capital Outlay	0	0	1,296,545	0	1,296,545
Debt Service:					
Principal Retirement	18,208	40,000	0	0	58,208
Interest & Fiscal Charges	11,163	18,000	36,039	0	65,202
Total Expenditures	2,670,145	58,000	1,670,388	2,036	4,400,569
Excess (Deficiency) of Revenues Over Expenditures	(944,141)	81,219	(1,194,125)	28,716	(2,028,331)
Other Financing Sources (Uses):					
Transfers In	498,000	0	88,120	0	586,120
Transfers Out	(120,000)	(63,120)	0	(13,000)	(196,120)
Other Financing Sources - Capital Leases	223,993	0	0	0	223,993
Total Other Financing Sources (Uses)	601,993	(63,120)	88,120	(13,000)	613,993
Net Change in Fund Balances	(342,148)	18,099	(1,106,005)	15,716	(1,414,338)
Fund Balances at Beginning of Year	1,634,796	236,917	379,519	973,443	3,224,675
Decrease in Inventory Reserve	(496)	0	0	0	(496)
Fund Balances (Deficits) End of Year	\$ 1,292,152	\$ 255,016	\$ (726,486)	\$ 989,159	\$ 1,809,841

CITY OF PAINESVILLE, OHIO

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

	Street Construction, Maintenance and Repair	State Highway Improvement	Cemeteries	Police Pension Transfer	Fire Pension Transfer
Assets:					
Cash and Cash Equivalents	\$ 1,334,941	\$ 107,996	\$ 48,557	\$ 729	\$ 729
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	77,154	77,154
Intergovernmental	191,802	15,552	0	3,760	3,760
Inventory of Supplies, at Cost	0	0	1,161	0	0
Prepaid Items	0	0	2,212	0	0
Restricted Assets:					
Cash and Cash Equivalents	63,971	0	19,164	0	0
Total Assets	\$ 1,590,714	\$ 123,548	\$ 71,094	\$ 81,643	\$ 81,643
Liabilities:					
Accounts Payable	\$ 68,757	\$ 0	\$ 3,555	\$ 0	\$ 0
Accrued Wages and Benefits Payable	15,338	0	22,112	0	0
Intergovernmental Payable	29,422	20,101	0	0	0
Deferred Revenue	127,868	10,368	0	80,540	80,540
Accrued Interest Payable	6,096	0	0	0	0
General Obligation Notes Payable	473,000	0	0	0	0
Total Liabilities	720,481	30,469	25,667	80,540	80,540
Fund Balances:					
Reserved for Encumbrances	120,184	5,903	4,735	0	0
Reserved for Prepaid Items	0	0	2,212	0	0
Reserved for Supplies Inventory	0	0	1,161	0	0
Undesignated/Unreserved (Deficits)	750,049	87,176	37,319	1,103	1,103
Total Fund Balances (Deficits)	870,233	93,079	45,427	1,103	1,103
Total Liabilities and Fund Balances	\$ 1,590,714	\$ 123,548	\$ 71,094	\$ 81,643	\$ 81,643

CITY OF PAINESVILLE, OHIO

<u>Law Enforcement</u>	<u>Municipal Motor Vehicle License Tax</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>Enforcement and Education</u>	<u>City Motor Vehicle License Tax</u>	<u>Fire Levy</u>	<u>Underground Storage Tank</u>
\$ 22,448	\$ 1,884	\$ 102,681	\$ 39,070	\$ 1,039	\$ 134,638	\$ 1,174
0	0	0	0	0	116,303	0
0	17,598	564	60	35,202	5,132	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 22,448</u>	<u>\$ 19,482</u>	<u>\$ 103,245</u>	<u>\$ 39,130</u>	<u>\$ 36,241</u>	<u>\$ 256,073</u>	<u>\$ 1,174</u>
\$ 39	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,951	\$ 0
0	0	0	0	0	0	0
0	0	1,565	0	0	0	0
0	9,832	0	0	19,668	120,874	0
0	0	0	0	0	752	0
0	0	0	0	0	85,000	0
<u>39</u>	<u>9,832</u>	<u>1,565</u>	<u>0</u>	<u>19,668</u>	<u>208,577</u>	<u>0</u>
500	0	13,189	0	0	1,366	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>21,909</u>	<u>9,650</u>	<u>88,491</u>	<u>39,130</u>	<u>16,573</u>	<u>46,130</u>	<u>1,174</u>
<u>22,409</u>	<u>9,650</u>	<u>101,680</u>	<u>39,130</u>	<u>16,573</u>	<u>47,496</u>	<u>1,174</u>
<u>\$ 22,448</u>	<u>\$ 19,482</u>	<u>\$ 103,245</u>	<u>\$ 39,130</u>	<u>\$ 36,241</u>	<u>\$ 256,073</u>	<u>\$ 1,174</u>

(Continued)

CITY OF PAINESVILLE, OHIO

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

	Probation Services	COPS Fast Grant	Skate Facility	Fire
Assets:				
Cash and Cash Equivalents	\$ 14,091	\$ 2,252	\$ 1,479	\$ 21,034
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Intergovernmental	5,942	72,516	0	3,477
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	70	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Total Assets	\$ 20,103	\$ 74,768	\$ 1,479	\$ 24,511
Liabilities:				
Accounts Payable	\$ 1,824	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	4,024	2,915	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	42,785	0	3,477
Accrued Interest Payable	83	0	0	0
General Obligation Notes Payable	45,000	0	0	0
Total Liabilities	50,931	45,700	0	3,477
Fund Balances:				
Reserved for Encumbrances	533	1,055	0	0
Reserved for Prepaid Items	70	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Undesignated/Unreserved (Deficits)	(31,431)	28,013	1,479	21,034
Total Fund Balances (Deficits)	(30,828)	29,068	1,479	21,034
Total Liabilities and Fund Balances	\$ 20,103	\$ 74,768	\$ 1,479	\$ 24,511

CITY OF PAINESVILLE, OHIO

<u>Emergency Medical Services</u>	<u>Plan Review</u>	<u>Zoning Application</u>	<u>Columbarium Trust</u>	<u>Law Enforcement Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 17,401	\$ 7,262	\$ 89	\$ 3,148	\$ 1,862,642
0	0	0	0	0	270,611
0	0	0	0	0	355,365
0	0	0	0	0	1,161
0	0	0	0	0	2,282
0	0	0	0	0	83,135
<u>\$ 0</u>	<u>\$ 17,401</u>	<u>\$ 7,262</u>	<u>\$ 89</u>	<u>\$ 3,148</u>	<u>\$ 2,575,196</u>
\$ 16	\$ 0	\$ 0	\$ 0	\$ 0	\$ 76,142
5,542	0	0	0	0	49,931
0	0	0	0	0	51,088
0	0	0	0	0	495,952
0	0	0	0	0	6,931
0	0	0	0	0	603,000
<u>5,558</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,283,044</u>
0	0	0	0	0	147,465
0	0	0	0	0	2,282
0	0	0	0	0	1,161
<u>(5,558)</u>	<u>17,401</u>	<u>7,262</u>	<u>89</u>	<u>3,148</u>	<u>1,141,244</u>
<u>(5,558)</u>	<u>17,401</u>	<u>7,262</u>	<u>89</u>	<u>3,148</u>	<u>1,292,152</u>
<u>\$ 0</u>	<u>\$ 17,401</u>	<u>\$ 7,262</u>	<u>\$ 89</u>	<u>\$ 3,148</u>	<u>\$ 2,575,196</u>

CITY OF PAINESVILLE, OHIO

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

	Street Construction, Maintenance and Repair	State Highway Improvement	Cemeteries	Police Pension Transfer	Fire Pension Transfer
Revenues:					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 62,409	\$ 62,409
Intergovernmental Revenues	650,650	45,458	0	11,237	11,237
Charges for Services	0	0	159,060	0	0
Investment Earnings	6,945	0	612	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenues	92,858	0	0	0	0
Total Revenues	750,453	45,458	159,672	73,646	73,646
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	74,000	74,000
Highways and Streets	1,322,317	34,098	0	0	0
Public Health and Welfare	0	0	620,823	0	0
Community Environment	0	0	0	0	0
Debt Service:					
Principal Retirement	18,208	0	0	0	0
Interest & Fiscal Charges	8,624	0	0	0	0
Total Expenditures	1,349,149	34,098	620,823	74,000	74,000
Excess (Deficiency) of Revenues					
Over Expenditures	(598,696)	11,360	(461,151)	(354)	(354)
Other Financing Sources (Uses):					
Transfers In	120,000	0	343,000	0	0
Transfers Out	0	0	0	0	0
Other Financing Sources - Capital Leases	(186,823)	0	(37,170)	0	0
Total Other Financing Sources (Uses)	306,823	0	380,170	0	0
Net Change in Fund Balances	(291,873)	11,360	(80,981)	(354)	(354)
Fund Balances (Deficits) at Beginning of Year	1,162,106	81,719	126,904	1,457	1,457
Decrease in Inventory Reserve	0	0	(496)	0	0
Fund Balances (Deficits) End of Year	\$ 870,233	\$ 93,079	\$ 45,427	\$ 1,103	\$ 1,103

CITY OF PAINESVILLE, OHIO

Law Enforcement	Municipal Motor Vehicle License Tax	Indigent Drivers Alcohol Treatment	Enforcement and Education	City Motor Vehicle License Tax	Fire Levy	Underground Storage Tank
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,984	\$ 0
0	38,349	0	0	76,699	15,317	0
0	0	0	0	0	0	0
0	0	0	0	0	2,705	0
0	0	21,975	1,021	0	0	0
25,303	0	0	0	0	175,890	0
<u>25,303</u>	<u>38,349</u>	<u>21,975</u>	<u>1,021</u>	<u>76,699</u>	<u>291,896</u>	<u>0</u>
0	0	30,661	0	0	0	0
15,400	0	0	0	0	268,637	0
0	0	0	0	0	0	5,511
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	1,817	0
<u>15,400</u>	<u>0</u>	<u>30,661</u>	<u>0</u>	<u>0</u>	<u>270,454</u>	<u>5,511</u>
9,903	38,349	(8,686)	1,021	76,699	21,442	(5,511)
0	0	0	0	0	0	0
0	(40,000)	0	0	(80,000)	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>(40,000)</u>	<u>0</u>	<u>0</u>	<u>(80,000)</u>	<u>0</u>	<u>0</u>
9,903	(1,651)	(8,686)	1,021	(3,301)	21,442	(5,511)
12,506	11,301	110,366	38,109	19,874	26,054	6,685
0	0	0	0	0	0	0
<u>\$ 22,409</u>	<u>\$ 9,650</u>	<u>\$ 101,680</u>	<u>\$ 39,130</u>	<u>\$ 16,573</u>	<u>\$ 47,496</u>	<u>\$ 1,174</u>

(Continued)

CITY OF PAINESVILLE, OHIO

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

	Probation Services	COPS Fast Grant	Skate Facility	Fire	Federal Emergency Management
Revenues:					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	47,779	0	12,608	10,329
Charges for Services	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	91,623	0	0	0	0
All Other Revenues	0	0	245	(383)	0
Total Revenues	91,623	47,779	245	12,225	10,329
Expenditures:					
Current:					
General Government	104,862	0	0	0	0
Public Safety	0	64,358	0	10,126	10,329
Highways and Streets	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Community Environment	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest & Fiscal Charges	722	0	0	0	0
Total Expenditures	105,584	64,358	0	10,126	10,329
Excess (Deficiency) of Revenues					
Over Expenditures	(13,961)	(16,579)	245	2,099	0
Other Financing Sources (Uses):					
Transfers In	0	35,000	0	0	0
Transfers Out	0	0	0	0	0
Other Financing Sources - Capital Leases	0	0	0	0	0
Total Other Financing Sources (Uses)	0	35,000	0	0	0
Net Change in Fund Balances	(13,961)	18,421	245	2,099	0
Fund Balances (Deficits) at Beginning of Year	(16,867)	10,647	1,234	18,935	0
Decrease in Inventory Reserve	0	0	0	0	0
Fund Balances (Deficits) End of Year	\$ (30,828)	\$ 29,068	\$ 1,479	\$ 21,034	\$ 0

CITY OF PAINESVILLE, OHIO

Emergency Medical Services	Plan Review	Zoning Application	Columbarium Trust	Law Enforcement Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 222,802
0	0	0	0	0	919,663
0	0	0	0	0	159,060
0	0	0	0	0	10,262
0	0	0	0	0	114,619
0	518	3,175	0	1,992	299,598
0	518	3,175	0	1,992	1,726,004
0	0	0	0	0	135,523
5,558	0	0	0	0	522,408
0	0	0	0	0	1,361,926
0	0	0	0	0	620,823
0	0	94	0	0	94
0	0	0	0	0	18,208
0	0	0	0	0	11,163
5,558	0	94	0	0	2,670,145
(5,558)	518	3,081	0	1,992	(944,141)
0	0	0	0	0	498,000
0	0	0	0	0	(120,000)
0	0	0	0	0	(223,993)
0	0	0	0	0	601,993
(5,558)	518	3,081	0	1,992	(342,148)
0	16,883	4,181	89	1,156	1,634,796
0	0	0	0	0	(496)
<u>\$ (5,558)</u>	<u>\$ 17,401</u>	<u>\$ 7,262</u>	<u>\$ 89</u>	<u>\$ 3,148</u>	<u>\$ 1,292,152</u>

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2004**

	<u>General Bond Retirement</u>	<u>Special Assessment Bond Retirement</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 15,961	\$ 1,059	\$ 17,020
Investments	0	237,697	237,697
Receivables (net of allowance for doubtful accounts):			
Taxes	61,898	0	61,898
Intergovernmental	3,760	0	3,760
Special Assessments	0	250,566	250,566
Total Assets	<u>\$ 81,619</u>	<u>\$ 489,322</u>	<u>\$ 570,941</u>
Liabilities:			
Deferred Revenue	<u>\$ 65,359</u>	<u>\$ 250,566</u>	<u>\$ 315,925</u>
Total Liabilities	<u>65,359</u>	<u>250,566</u>	<u>315,925</u>
Reserved for Debt Service	16,260	238,756	255,016
Total Fund Balances	<u>16,260</u>	<u>238,756</u>	<u>255,016</u>
Total Liabilities and Fund Balances	<u>\$ 81,619</u>	<u>\$ 489,322</u>	<u>\$ 570,941</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2004**

	General Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Property Taxes	\$ 62,334	\$ 0	\$ 62,334
Intergovernmental Revenues	11,237	0	11,237
Investment Earnings	466	4,439	4,905
Special Assessments	0	60,743	60,743
Total Revenues	74,037	65,182	139,219
Expenditures:			
Debt Service:			
Principal Retirement	0	40,000	40,000
Interest & Fiscal Charges	0	18,000	18,000
Total Expenditures	0	58,000	58,000
Excess (Deficiency) of Revenues Over Expenditures	74,037	7,182	81,219
Other Financing Sources (Uses):			
Transfers Out	(63,120)	0	(63,120)
Total Other Financing Sources (Uses)	(63,120)	0	(63,120)
Net Change in Fund Balances	10,917	7,182	18,099
Fund Balances at Beginning of Year	5,343	231,574	236,917
Fund Balances End of Year	\$ 16,260	\$ 238,756	\$ 255,016

CITY OF PAINESVILLE, OHIO

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

	Municipal Court Improvement	Capital Equipment Reserve	Capital Improvement	Shamrock Boulevard Road Project
Assets:				
Cash and Cash Equivalents	\$ 213,073	\$ 189,195	\$ 892,120	\$ 181,204
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Intergovernmental	9,259	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	21,965	0	0
Total Assets	<u>\$ 222,332</u>	<u>\$ 211,160</u>	<u>\$ 892,120</u>	<u>\$ 181,204</u>
Liabilities:				
Accounts Payable	\$ 1,559	\$ 8,735	\$ 552,613	\$ 0
Accrued Wages and Benefits Payable	2,574	0	0	0
Accrued Interest Payable	552	0	7,783	147
General Obligation Notes Payable	300,000	0	635,000	80,000
Total Liabilities	<u>304,685</u>	<u>8,735</u>	<u>1,195,396</u>	<u>80,147</u>
Fund Balances:				
Reserved for Encumbrances	3,405	130,517	56,110	10,411
Undesignated/Unreserved	(85,758)	71,908	(359,386)	90,646
Total Fund Balances	<u>(82,353)</u>	<u>202,425</u>	<u>(303,276)</u>	<u>101,057</u>
Total Liabilities and Fund Balances	<u>\$ 222,332</u>	<u>\$ 211,160</u>	<u>\$ 892,120</u>	<u>\$ 181,204</u>

CITY OF PAINESVILLE, OHIO

Jackson Street Interchange Project	Industrial Park Project	Municipal Court Special Projects	Total Nonmajor Capital Projects Funds
\$ 5,559	\$ 724	\$ 188,748	\$ 1,670,623
0	162,471	0	162,471
72,802	0	7,345	89,406
0	0	0	21,965
<u>\$ 78,361</u>	<u>\$ 163,195</u>	<u>\$ 196,093</u>	<u>\$ 1,944,465</u>
\$ 0	\$ 0	\$ 0	\$ 562,907
0	0	0	2,574
0	1,988	0	10,470
0	1,080,000	0	2,095,000
0	1,081,988	0	2,670,951
198	42,460	0	243,101
78,163	(961,253)	196,093	(969,587)
78,361	(918,793)	196,093	(726,486)
<u>\$ 78,361</u>	<u>\$ 163,195</u>	<u>\$ 196,093</u>	<u>\$ 1,944,465</u>

CITY OF PAINESVILLE, OHIO

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

	Municipal Court Improvement	Capital Equipment Reserve	Capital Improvement	Shamrock Boulevard Road Project
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Investment Earnings	0	0	4,155	0
Fines and Forfeitures	127,731	0	0	0
All Other Revenues	0	162,325	0	0
Total Revenues	<u>127,731</u>	<u>162,325</u>	<u>4,155</u>	<u>0</u>
Expenditures:				
Current:				
General Government	109,696	2,526	0	0
Public Safety	0	5,403	0	0
Highways and Streets	0	2,112	208,288	0
Public Health and Welfare	0	2,186	0	0
Culture and Recreation	0	1,227	0	0
Community Environment	0	599	0	0
Capital Outlay	0	290,159	594,294	6,750
Debt Service:				
Interest & Fiscal Charges	5,879	0	10,553	1,567
Total Expenditures	<u>115,575</u>	<u>304,212</u>	<u>813,135</u>	<u>8,317</u>
Excess (Deficiency) of Revenues Over Expenditures	12,156	(141,887)	(808,980)	(8,317)
Other Financing Sources (Uses):				
Transfers In	0	0	63,120	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>63,120</u>	<u>0</u>
Net Change in Fund Balances	12,156	(141,887)	(745,860)	(8,317)
Fund Balances (Deficits) at Beginning of Year	<u>(94,509)</u>	<u>344,312</u>	<u>442,584</u>	<u>109,374</u>
Fund Balances (Deficits) End of Year	<u>\$ (82,353)</u>	<u>\$ 202,425</u>	<u>\$ (303,276)</u>	<u>\$ 101,057</u>

CITY OF PAINESVILLE, OHIO

Jackson Street Interchange Project	Industrial Park Project	Municipal Court Special Projects	Total Nonmajor Capital Projects Funds
\$ 72,802	\$ 0	\$ 0	\$ 72,802
0	7,785	0	11,940
0	0	101,465	229,196
0	0	0	162,325
<u>72,802</u>	<u>7,785</u>	<u>101,465</u>	<u>476,263</u>
0	0	5,767	117,989
0	0	0	5,403
0	0	0	210,400
0	0	0	2,186
0	0	0	1,227
0	0	0	599
72,802	332,540	0	1,296,545
<u>0</u>	<u>18,040</u>	<u>0</u>	<u>36,039</u>
<u>72,802</u>	<u>350,580</u>	<u>5,767</u>	<u>1,670,388</u>
0	(342,795)	95,698	(1,194,125)
<u>25,000</u>	<u>0</u>	<u>0</u>	<u>88,120</u>
<u>25,000</u>	<u>0</u>	<u>0</u>	<u>88,120</u>
25,000	(342,795)	95,698	(1,106,005)
<u>53,361</u>	<u>(575,998)</u>	<u>100,395</u>	<u>379,519</u>
<u>\$ 78,361</u>	<u>\$ (918,793)</u>	<u>\$ 196,093</u>	<u>\$ (726,486)</u>

CITY OF PAINESVILLE, OHIO

***Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2004***

	<u>Cemetery Trust</u>	<u>Special Endowment Operations</u>	<u>Evergreen Cemetery Trust</u>
Assets:			
Cash and Cash Equivalents	\$ 2,783	\$ 1,436	\$ 0
Restricted Assets:			
Cash and Cash Equivalents	<u>0</u>	<u>0</u>	<u>377,852</u>
Total Assets	<u><u>\$ 2,783</u></u>	<u><u>\$ 1,436</u></u>	<u><u>\$ 377,852</u></u>
Liabilities:			
Total Liabilities	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
Fund Balances:			
Reserved for Endowments	0	0	377,852
Undesignated/Unreserved	<u>2,783</u>	<u>1,436</u>	<u>0</u>
Total Fund Balances	<u><u>2,783</u></u>	<u><u>1,436</u></u>	<u><u>377,852</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 2,783</u></u>	<u><u>\$ 1,436</u></u>	<u><u>\$ 377,852</u></u>

CITY OF PAINESVILLE, OHIO

<u>Riverside Cemetery Trust</u>	<u>Special Endowment Trust</u>	<u>Total Nonmajor Permanent Funds</u>
\$ 0	\$ 0	\$ 4,219
314,312	292,776	984,940
<u>\$ 314,312</u>	<u>\$ 292,776</u>	<u>\$ 989,159</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
314,312	292,776	984,940
0	0	4,219
<u>314,312</u>	<u>292,776</u>	<u>989,159</u>
<u>\$ 314,312</u>	<u>\$ 292,776</u>	<u>\$ 989,159</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended December 31, 2004***

	Cemetery Trust	Special Endowment Operations	Evergreen Cemetery Trust
Revenues:			
Investment Earnings	\$ 7,393	\$ 4,599	\$ 0
All Other Revenues	<u>0</u>	<u>0</u>	<u>4,540</u>
Total Revenues	<u>7,393</u>	<u>4,599</u>	<u>4,540</u>
Expenditures:			
Current:			
Public Health and Welfare	<u>1,816</u>	<u>0</u>	<u>100</u>
Total Expenditures	<u>1,816</u>	<u>0</u>	<u>100</u>
Excess (Deficiency) of Revenues Over Expenditures	5,577	4,599	4,440
Other Financing Sources (Uses):			
Transfers Out	<u>(7,000)</u>	<u>(6,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(7,000)</u>	<u>(6,000)</u>	<u>0</u>
Net Change in Fund Balances	(1,423)	(1,401)	4,440
Fund Balances at Beginning of Year	<u>4,206</u>	<u>2,837</u>	<u>373,412</u>
Fund Balances End of Year	<u>\$ 2,783</u>	<u>\$ 1,436</u>	<u>\$ 377,852</u>

CITY OF PAINESVILLE, OHIO

<u>Riverside Cemetery Trust</u>	<u>Special Endowment Trust</u>	<u>Total Nonmajor Permanent Funds</u>
\$ 0	\$ 0	\$ 11,992
<u>7,080</u>	<u>7,140</u>	<u>18,760</u>
<u>7,080</u>	<u>7,140</u>	<u>30,752</u>
<u>120</u>	<u>0</u>	<u>2,036</u>
<u>120</u>	<u>0</u>	<u>2,036</u>
6,960	7,140	28,716
<u>0</u>	<u>0</u>	<u>(13,000)</u>
<u>0</u>	<u>0</u>	<u>(13,000)</u>
6,960	7,140	15,716
<u>307,352</u>	<u>285,636</u>	<u>973,443</u>
<u>\$ 314,312</u>	<u>\$ 292,776</u>	<u>\$ 989,159</u>

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property Taxes:				
Real Estate and Public Utility	\$ 365,870	\$ 400,000	\$ 359,075	\$ (40,925)
Tangible Personal	18,108	30,000	89,150	59,150
Total Property Taxes	<u>383,978</u>	<u>430,000</u>	<u>448,225</u>	<u>18,225</u>
Municipal Income Tax	7,155,000	7,585,000	7,307,969	(277,031)
Total Taxes	<u>7,538,978</u>	<u>8,015,000</u>	<u>7,756,194</u>	<u>(258,806)</u>
Intergovernmental Revenues:				
Local	10	10	10	0
Local Government Fund - County	1,237,145	1,237,145	1,286,764	49,619
Local Government Fund - State	120,000	120,000	121,445	1,445
Inheritance Tax	60,000	120,000	86,855	(33,145)
Property Tax Allocation	80,324	80,324	78,234	(2,090)
Miscellaneous Tax	136,588	139,588	151,675	12,087
Total Intergovernmental Revenues	<u>1,634,067</u>	<u>1,697,067</u>	<u>1,724,983</u>	<u>27,916</u>
Charges for Services:				
General Government	850	950	794	(156)
Public Safety	247,750	269,300	312,359	43,059
Highways and Streets	37,650	39,950	44,006	4,056
Culture and Recreation	66,000	84,000	75,538	(8,462)
Community Environment	0	300	1,104	804
Total Charges for Services	<u>352,250</u>	<u>394,500</u>	<u>433,801</u>	<u>39,301</u>
Licenses, Permits and Inspection Fees:				
License Fees	3,600	6,300	7,140	840
Permit Fees	51,000	125,500	145,512	20,012
Inspection Fees	10,000	10,000	10,334	334
Zoning Appeal Fees	23,500	25,500	19,210	(6,290)
Other Fees	70,000	80,500	73,627	(6,873)
Total License, Permit and Inspection Fees	<u>158,100</u>	<u>247,800</u>	<u>255,823</u>	<u>8,023</u>
Investment Earnings	206,000	240,000	136,441	(103,559)
Fines and Forfeitures	626,372	742,190	727,839	(14,351)
All Other Revenues	404,690	593,350	226,466	(366,884)
Total Revenues	<u>10,920,457</u>	<u>11,929,907</u>	<u>11,261,547</u>	<u>(668,360)</u>

(Continued)

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Legislative:				
Council:				
Personal Services	14,339	11,423	11,314	109
All Other Expenditures	2,950	2,230	1,720	510
Clerk of Council:				
Personal Services	6,647	5,381	5,010	371
All Other Expenditures	4,652	3,706	3,251	455
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	189,477	202,206	184,448	17,758
All Other Expenditures	6,816	7,054	4,758	2,296
Clerk of Court:				
Personal Services	750,365	742,785	722,483	20,302
All Other Expenditures	87,132	82,228	76,279	5,949
Probation:				
Personal Services	227,147	263,394	249,627	13,767
All Other Expenditures	2,000	2,000	1,514	486
Executive:				
City Manager:				
Personal Services	66,368	48,419	34,844	13,575
All Other Expenditures	10,189	8,336	5,024	3,312
Capital Outlay	0	0	23,150	(23,150)
Comm., Promotions and Public Relations Activities:				
All Other Expenditures	18,240	9,472	4,349	5,123
Information Technology:				
Personal Services	9,128	1,372	47	1,325
All Other Expenditures	24,830	19,702	14,438	5,264
Capital Outlay	7,500	6,000	6,038	(38)
Human Resources:				
Personal Services	46,853	37,179	35,556	1,623
All Other Expenditures	25,724	16,473	13,830	2,643
Capital Outlay	1,000	800	681	119

(Continued)

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Economic Development:				
Personal Services	27,821	22,015	20,635	1,380
All Other Expenditures	21,270	14,928	9,914	5,014
Capital Outlay	1,000	800	794	6
Finance:				
Administration:				
Personal Services	53,510	47,931	44,727	3,204
All Other Expenditures	16,860	14,225	16,070	(1,845)
Capital Outlay	0	0	8,713	(8,713)
Accounting:				
Personal Services	42,363	33,946	33,234	712
All Other Expenditures	31,490	24,923	24,314	609
Capital Outlay	3,750	3,000	2,348	652
Purchasing/Warehousing:				
Personal Services	28,601	22,316	20,927	1,389
All Other Expenditures	2,513	2,311	1,536	775
Income Tax Collection:				
All Other Expenditures	105,200	160,510	160,392	118
Law:				
Administration:				
Personal Services	62,262	80,693	76,921	3,772
All Other Expenditures	20,680	66,544	55,427	11,117
Engineering:				
Administration:				
Personal Services	153,637	133,386	127,029	6,357
All Other Expenditures	11,204	8,605	14,506	(5,901)
Capital Outlay	0	0	5,582	(5,582)
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
Personal Services	67,171	65,608	63,300	2,308
All Other Expenditures	243,281	237,670	233,320	4,350
Capital Outlay	36,000	46,002	46,002	0
Boards and Commissions:				
Civil Service Commission:				
All Other Expenditures	75	5,525	5,525	0

(Continued)

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Insurance:				
All Other Expenditures	68,773	68,773	68,541	232
Tax Settlement Deductions:				
All Other Expenditures	15,825	19,959	15,308	4,651
Other Miscellaneous:				
All Other Expenditures	252,800	239,433	111,999	127,434
Capital Outlay	159,521	159,521	92,685	66,836
Total General Government	<u>2,926,964</u>	<u>2,948,784</u>	<u>2,658,110</u>	<u>290,674</u>
Public Safety:				
Police:				
Law Enforcement - Sworn Officers:				
Personal Services	3,074,459	3,051,580	3,056,455	(4,875)
Law Enforcement - Other:				
Personal Services	528,657	504,919	454,452	50,467
All Other Expenditures	259,108	260,856	257,089	3,767
Fire:				
Fire Fighting, Prevention and Inspection:				
Personal Services	2,584,605	2,443,763	2,440,872	2,891
All Other Expenditures	200,499	158,705	164,043	(5,338)
Fire Service - Other:				
Personal Services	73,072	57,141	52,454	4,687
Police and Fire Communications:				
Control Center:				
All Other Expenditures	362,000	362,000	286,617	75,383
Total Public Safety	<u>7,082,400</u>	<u>6,838,964</u>	<u>6,711,982</u>	<u>126,982</u>
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	207,008	261,125	254,647	6,478
All Other Expenditures	49,600	39,865	38,600	1,265
Street Maintenance and Repair:				
Personal Services	0	15	0	15
All Other Expenditures	11,640	3,625	(2,538)	6,163

(Continued)

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Sidewalks:				
All Other Expenditures	12,615	5,343	10,072	(4,729)
Street Cleaning:				
All Other Expenditures	7,985	0	0	0
Storm Sewers and Drains:				
Building Maintenance:				
Personal Services	31,160	46,797	39,812	6,985
All Other Expenditures	33,571	54,846	50,803	4,043
Equipment Maintenance:				
Personal Services	125,524	171,683	168,454	3,229
All Other Expenditures	41,302	40,519	38,795	1,724
Employee Benefits:				
Personal Services	370,114	358,856	345,874	12,982
Sidewalks - Snow Removal:				
Leaf/Yard Waste Removal:				
All Other Expenditures	22,950	12,950	11,472	1,478
Parking:				
Parking Meters:				
Personal Services	72,979	77,956	76,513	1,443
Other Expenditures	5,691	4,891	4,314	577
Parking Lots:				
All Other Expenditures	15,857	13,907	13,755	152
Traffic Signs, Markings:				
Traffic Signs, Markings, Signals:				
Personal Services	121,344	116,684	113,821	2,863
All Other Expenditures	43,052	39,339	36,901	2,438
Total Highways and Streets	<u>1,176,575</u>	<u>1,248,823</u>	<u>1,201,623</u>	<u>47,200</u>
Public Health and Welfare:				
Support of Prisoners:				
Prisoner Expense:				
All Other Expenditures	7,074	6,774	5,764	1,010
Payments to County Health Board:				
County Health District Assessments:				
All Other Expenditures	112,632	111,632	98,915	12,717

(Continued)

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Assistance to Needy/Aged:				
Poor Relief:				
All Other Expenditures	2,500	500	0	500
Total Public Health and Welfare	<u>122,206</u>	<u>118,906</u>	<u>104,679</u>	<u>14,227</u>
Culture and Recreation:				
Parks:				
Administration:				
Personal Services	126,323	123,713	116,289	7,424
All Other Expenditures	2,608	2,195	1,378	817
Parks Systems:				
Personal Services	203,944	179,828	118,217	61,611
All Other Expenditures	93,135	82,980	87,412	(4,432)
Building Maintenance:				
All Other Expenditures	11,823	21,043	18,204	2,839
Morse Avenue Community Center:				
Personal Services	40,922	42,765	40,960	1,805
All Other Expenditures	21,963	21,635	14,704	6,931
Recreation Activities:				
Personal Services	315,035	277,810	206,691	71,119
All Other Expenditures	102,530	108,336	100,017	8,319
Other Leisure Time Activities:				
Senior Citizens Center:				
All Other Expenditures	25,000	25,000	25,000	0
Community Functions:				
All Other Expenditures	42,500	42,500	55,305	(12,805)
Total Culture and Recreation	<u>985,783</u>	<u>927,805</u>	<u>784,177</u>	<u>143,628</u>
Community Environment:				
Community Planning and Zoning:				
Planning Commission:				
Personal Services	2,836	1,984	1,048	936
All Other Expenditures	2,164	1,869	1,581	288
Demolition:				
All Other Expenditures	25,425	350	0	350

(Continued)

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Planning and Development:				
Personal Services	23,262	21,350	19,934	1,416
All Other Expenditures	34,578	26,572	20,871	5,701
Capital Outlay	5,500	4,400	3,334	1,066
Housing and Building Code Enforcement:				
Code Enforcement:				
Personal Services	310,966	293,638	289,306	4,332
All Other Expenditures	31,575	29,567	28,510	1,057
Tree Care and Weed Control:				
Tree Care:				
All Other Expenditures	3,900	3,000	(5,302)	8,302
Weed Control:				
All Other Expenditures	7,300	6,700	5,566	1,134
Total Community Environment	447,506	389,430	364,848	24,582
Total Expenditures	12,741,434	12,472,712	11,825,419	647,293
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,820,977)	(542,805)	(563,872)	(21,067)
Other Financing Sources (Uses):				
Sale of Capital Assets	15,000	18,000	5,001	(12,999)
Transfers In	785,965	1,197,465	1,176,276	(21,189)
Transfers Out	(430,000)	(677,000)	(677,000)	0
Advances In	685,000	1,000,000	685,000	(315,000)
Advances Out	(705,550)	(704,055)	(695,275)	8,780
Total Other Financing Sources (Uses)	350,415	834,410	494,002	(340,408)
Net Change in Fund Balance	(1,470,562)	291,605	(69,870)	(361,475)
Fund Balance at Beginning of Year	1,059,481	1,059,481	1,059,481	0
Prior Year Encumbrances	412,218	412,218	412,218	0
Fund Balance at End of Year	\$ 1,137	\$ 1,763,304	\$ 1,401,829	\$ (361,475)

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				
Revenues:				
Intergovernmental Revenues	\$ 751,000	\$ 610,000	\$ 650,650	\$ 40,650
Investment Earnings	0	1,000	3,663	2,663
All Other Revenues	84,000	102,450	92,858	(9,592)
Total Revenues	<u>835,000</u>	<u>713,450</u>	<u>747,171</u>	<u>33,721</u>
Expenditures:				
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	0	5,031	4,675	356
All Other Expenditures	0	16	15	1
Street Construction and Reconstruction:				
Personal Service	307,837	301,072	293,808	7,264
Capital Outlay	698,300	639,520	477,391	162,129
Street Maintenance and Repair:				
All Other Expenditures	40,980	74,713	69,997	4,716
Capital Outlay	54,171	54,171	53,831	340
Street Cleaning:				
All Other Expenditures	0	3,992	2,750	1,242
Snow and Ice Removal:				
All Other Expenditures	175,850	195,850	227,175	(31,325)
Capital Outlay	84,000	84,000	115,821	(31,821)
Storm Sewers and Drains:				
Debt Service:				
Principal Retirement	196,208	196,208	196,208	0
Interest Charges	5,340	5,340	2,848	2,492
Total Expenditures	<u>1,562,686</u>	<u>1,559,913</u>	<u>1,444,519</u>	<u>115,394</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(727,686)	(846,463)	(697,348)	149,115
Other Financing Sources (Uses):				
General Obligation Notes Issued	678,000	500,000	476,282	(23,718)
Transfers In	103,000	130,000	120,000	(10,000)
Total Other Financing Sources (Uses)	<u>781,000</u>	<u>630,000</u>	<u>596,282</u>	<u>(33,718)</u>
Net Changes in Fund Balance	53,314	(216,463)	(101,066)	115,397
Fund Balance at Beginning of Year	1,157,476	1,157,476	1,157,476	0
Prior Year Encumbrances	90,451	90,451	90,451	0
Fund Balance at End of Year	<u>\$ 1,301,241</u>	<u>\$ 1,031,464</u>	<u>\$ 1,146,861</u>	<u>\$ 115,397</u>

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 42,000	\$ 45,000	\$ 45,458	\$ 458
Total Revenues	<u>42,000</u>	<u>45,000</u>	<u>45,458</u>	<u>458</u>
Expenditures:				
Highways and Streets:				
Public Works:				
State Highway Maintenance:				
All Other Expenditures	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	5,000	5,458	458
Fund Balance at Beginning of Year	<u>76,535</u>	<u>76,535</u>	<u>76,535</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 78,535</u>	<u>\$ 81,535</u>	<u>\$ 81,993</u>	<u>\$ 458</u>

CITY OF PAINESVILLE, OHIO

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

	CEMETERIES FUND			Variance with Final Budget Positive Negative
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Charges for Services	\$ 146,150	\$ 154,200	\$ 159,060	\$ 4,860
Investment Earnings	0	750	608	(142)
Total Revenues	146,150	154,950	159,668	4,718
Expenditures:				
Public Health and Welfare:				
Cemeteries:				
Administration:				
Personal Services	177,534	168,158	163,935	4,223
All Other Expenditures	24,751	21,523	20,481	1,042
Evergreen/Riverside Cemeteries:				
Personal Services	368,498	335,977	330,581	5,396
All Other Expenditures	41,514	32,536	34,901	(2,365)
Capital Outlay	33,853	19,060	18,475	585
Building Maintenance:				
All Other Expenditures	14,058	12,938	12,492	446
Total Expenditures	660,208	590,192	580,865	9,327
Excess (Deficiency) of Revenues Over (Under) Expenditures	(514,058)	(435,242)	(421,197)	14,045
Other Financing Sources (Uses):				
Transfers In	342,000	367,050	343,000	(24,050)
Total Other Financing Sources (Uses)	342,000	367,050	343,000	(24,050)
Net Change in Fund Balance	(172,058)	(68,192)	(78,197)	(10,005)
Fund Balance at Beginning of Year	107,829	107,829	107,829	0
Prior Year Encumbrances	12,768	12,768	12,768	0
Fund Balance at End of Year	\$ (51,461)	\$ 52,405	\$ 42,400	\$ (10,005)

CITY OF PAINESVILLE, OHIO

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

	POLICE PENSION TRANSFER FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 54,589	\$ 62,260	\$ 62,851	\$ 591
Intergovernmental Revenues	11,740	11,740	11,237	(503)
Total Revenues	<u>66,329</u>	<u>74,000</u>	<u>74,088</u>	<u>88</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Sworn Officer:				
Personal Services	66,329	74,000	74,000	0
Total Expenditures	<u>66,329</u>	<u>74,000</u>	<u>74,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	88	88
Fund Balance at Beginning of Year	641	641	641	0
Fund Balance at End of Year	<u>\$ 641</u>	<u>\$ 641</u>	<u>\$ 729</u>	<u>\$ 88</u>

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 54,589	\$ 62,260	\$ 62,851	\$ 591
Intergovernmental Revenues	11,740	11,740	11,237	(503)
Total Revenues	<u>66,329</u>	<u>74,000</u>	<u>74,088</u>	<u>88</u>
Expenditures:				
Public Safety:				
Fire:				
Fire Fighting, Prevention, Inspection:				
Personal Services	<u>66,329</u>	<u>74,000</u>	<u>74,000</u>	<u>0</u>
Total Expenditures	<u>66,329</u>	<u>74,000</u>	<u>74,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	88	88
Fund Balance at Beginning of Year	<u>641</u>	<u>641</u>	<u>641</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 641</u>	<u>\$ 641</u>	<u>\$ 729</u>	<u>\$ 88</u>

CITY OF PAINESVILLE, OHIO

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

	LAW ENFORCEMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 1,000	\$ 25,000	\$ 25,303	\$ 303
Total Revenues	<u>1,000</u>	<u>25,000</u>	<u>25,303</u>	<u>303</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Other:				
All Other Expenditures	10,000	17,190	15,861	1,329
Total Expenditures	<u>10,000</u>	<u>17,190</u>	<u>15,861</u>	<u>1,329</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,000)	7,810	9,442	1,632
Fund Balance at Beginning of Year	12,506	12,506	12,506	0
Fund Balance at End of Year	<u>\$ 3,506</u>	<u>\$ 20,316</u>	<u>\$ 21,948</u>	<u>\$ 1,632</u>

CITY OF PAINESVILLE, OHIO

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

MUNICIPAL MOTOR VEHICLE LICENSE TAX FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 35,280	\$ 35,500	\$ 35,499	\$ (1)
Total Revenues	<u>35,280</u>	<u>35,500</u>	<u>35,499</u>	<u>(1)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,280	35,500	35,499	(1)
Other Financing Sources (Uses):				
Transfers Out	<u>(33,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(33,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>0</u>
Net Change in Fund Balance	2,280	(4,500)	(4,501)	(1)
Fund Balance at Beginning of Year	6,385	6,385	6,385	0
Fund Balance at End of Year	<u>\$ 8,665</u>	<u>\$ 1,885</u>	<u>\$ 1,884</u>	<u>\$ (1)</u>

CITY OF PAINESVILLE, OHIO

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

INDIGENT DRIVERS ALCOHOL TREATMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 17,787	\$ 22,000	\$ 22,059	\$ 59
Total Revenues	<u>17,787</u>	<u>22,000</u>	<u>22,059</u>	<u>59</u>
Expenditures:				
General Government:				
All Other Expenditures	60,000	60,000	43,850	16,150
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>43,850</u>	<u>16,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,213)	(38,000)	(21,791)	16,209
Fund Balance at Beginning of Year	95,868	95,868	95,868	0
Prior Year Encumbrances	13,850	13,850	13,850	0
Fund Balance at End of Year	<u>\$ 67,505</u>	<u>\$ 71,718</u>	<u>\$ 87,927</u>	<u>\$ 16,209</u>

CITY OF PAINESVILLE, OHIO

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

ENFORCEMENT AND EDUCATION FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 1,300	\$ 1,005	\$ 1,004	\$ (1)
Total Revenues	<u>1,300</u>	<u>1,005</u>	<u>1,004</u>	<u>(1)</u>
Expenditures:				
General Government:				
All Other Expenditures	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Expenditures	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,700)	(1,995)	1,004	2,999
Fund Balance at Beginning of Year	<u>38,066</u>	<u>38,066</u>	<u>38,066</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 36,366</u>	<u>\$ 36,071</u>	<u>\$ 39,070</u>	<u>\$ 2,999</u>

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 71,663	\$ 71,000	\$ 70,998	\$ (2)
Total Revenues	<u>71,663</u>	<u>71,000</u>	<u>70,998</u>	<u>(2)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	71,663	71,000	70,998	(2)
Other Financing Sources (Uses):				
Transfers Out	<u>(68,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(68,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>0</u>
Net Change in Fund Balance	3,663	(9,000)	(9,002)	(2)
Fund Balance at Beginning of Year	<u>10,041</u>	<u>10,041</u>	<u>10,041</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,704</u>	<u>\$ 1,041</u>	<u>\$ 1,039</u>	<u>\$ (2)</u>

CITY OF PAINESVILLE, OHIO

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

	FIRE LEVY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 96,908	\$ 99,541	\$ 98,830	\$ (711)
Intergovernmental Revenues	20,272	15,272	15,317	45
Investment Earnings	800	1,700	2,331	631
All Other Revenues	165,000	170,360	175,890	5,530
Total Revenues	<u>282,980</u>	<u>286,873</u>	<u>292,368</u>	<u>5,495</u>
Expenditures:				
Public Safety:				
Fire Fighting, Prevention, Inspection:				
Capital Outlay	19,004	19,005	61,597	(42,592)
Fire Service - Other:				
Capital Outlay	210,000	210,000	208,406	1,594
Debt Service:				
Principal Retirement	75,000	75,000	75,000	0
Interest and Fiscal Charges	2,250	2,249	1,200	1,049
Total Expenditures	<u>306,254</u>	<u>306,254</u>	<u>346,203</u>	<u>(39,949)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,274)	(19,381)	(53,835)	(34,454)
Other Financing Sources (Uses):				
General Obligation Notes Issued	75,000	85,000	85,374	374
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>85,000</u>	<u>85,374</u>	<u>374</u>
Net Changes in Fund Balance	51,726	65,619	31,539	(34,080)
Fund Balance at Beginning of Year	56,421	56,421	56,421	0
Prior Year Encumbrances	43,361	43,361	43,361	0
Fund Balance at End of Year	<u>\$ 151,508</u>	<u>\$ 165,401</u>	<u>\$ 131,321</u>	<u>\$ (34,080)</u>

CITY OF PAINESVILLE, OHIO

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

UNDERGROUND STORAGE TANK FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
All Other Expenditures	2,500	5,906	5,511	395
Total Expenditures	2,500	5,906	5,511	395
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,500)	(5,906)	(5,511)	395
Other Financing Sources (Uses):				
Transfers In	0	6,000	0	(6,000)
Total Other Financing Sources (Uses)	0	6,000	0	(6,000)
Net Change in Fund Balance	(2,500)	94	(5,511)	(5,605)
Fund Balance at Beginning of Year	6,685	6,685	6,685	0
Fund Balance at End of Year	\$ 4,185	\$ 6,779	\$ 1,174	\$ (5,605)

CITY OF PAINESVILLE, OHIO

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

	PROBATION SERVICES FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 85,000	\$ 91,800	\$ 91,799	\$ (1)
Total Revenues	<u>85,000</u>	<u>91,800</u>	<u>91,799</u>	<u>(1)</u>
Expenditures:				
General Government:				
Probation:				
Personal Services	66,521	85,223	84,299	924
All Other Expenditures	40,400	23,524	21,149	2,375
Debt Service:				
Principal Retirement	45,000	45,000	45,000	0
Interest and Fiscal Charges	1,350	1,350	720	630
Total Expenditures	<u>153,271</u>	<u>155,097</u>	<u>151,168</u>	<u>3,929</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,271)	(63,297)	(59,369)	3,928
Other Financing Sources (Uses):				
Sale of General Obligation Notes	45,000	45,000	45,000	0
Total Other Financing Sources (Uses)	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>0</u>
Net Change in Fund Balance	(23,271)	(18,297)	(14,369)	3,928
Fund Balance at Beginning of Year	24,339	24,339	24,339	0
Prior Year Encumbrances	1,966	1,966	1,966	0
Fund Balance at End of Year	<u>\$ 3,034</u>	<u>\$ 8,008</u>	<u>\$ 11,936</u>	<u>\$ 3,928</u>

CITY OF PAINESVILLE, OHIO

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

	COPS FAST GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 42,000	\$ 31,462	\$ 28,365	\$ (3,097)
Total Revenues	<u>42,000</u>	<u>31,462</u>	<u>28,365</u>	<u>(3,097)</u>
Expenditures:				
Public Safety:				
Law Enforcement-Sworn Officers:				
Personal Services	<u>58,502</u>	<u>52,074</u>	<u>51,950</u>	124
Law Enforcement-Other:				
Personal Services	14,241	14,200	12,697	1,503
Total Expenditures	<u>72,743</u>	<u>66,274</u>	<u>64,647</u>	<u>1,627</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,743)	(34,812)	(36,282)	(1,470)
Other Financing Sources (Uses):				
Transfers In	<u>25,000</u>	<u>35,000</u>	<u>35,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>35,000</u>	<u>35,000</u>	<u>0</u>
Net Change in Fund Balance	(5,743)	188	(1,282)	(1,470)
Fund Balance at Beginning of Year	2,008	2,008	2,008	0
Prior Year Encumbrances	<u>471</u>	<u>471</u>	<u>471</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (3,264)</u>	<u>\$ 2,667</u>	<u>\$ 1,197</u>	<u>\$ (1,470)</u>

CITY OF PAINESVILLE, OHIO

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

SKATE FACILITY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 0	\$ 0	\$ 245	\$ 245
Total Revenues	<u>0</u>	<u>0</u>	<u>245</u>	<u>245</u>
Expenditures:				
Culture and Recreation:				
Capital Outlay	5,000	5,000	0	5,000
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(5,000)	245	5,245
Other Financing Sources (Uses):				
Transfers In	5,000	5,000	0	(5,000)
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
Net Change in Fund Balance	0	0	245	245
Fund Balance at Beginning of Year	1,234	1,234	1,234	0
Fund Balance at End of Year	<u>\$ 1,234</u>	<u>\$ 1,234</u>	<u>\$ 1,479</u>	<u>\$ 245</u>

CITY OF PAINESVILLE, OHIO

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

	FIRE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 12,600	\$ 12,608	\$ 8
All Other Revenues	0	3,700	3,748	48
Total Revenues	0	16,300	16,356	56
Expenditures:				
Public Safety:				
All Other Expenditures	11,000	12,376	12,327	49
Total Expenditures	11,000	12,376	12,327	49
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,000)	3,924	4,029	105
Fund Balance at Beginning of Year	17,005	17,005	17,005	0
Fund Balance at End of Year	<u>\$ 6,005</u>	<u>\$ 20,929</u>	<u>\$ 21,034</u>	<u>\$ 105</u>

CITY OF PAINESVILLE, OHIO

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

FEDERAL EMERGENCY MANAGEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 10,329	\$ 10,329	\$ 0
Total Revenues	<u>0</u>	<u>10,329</u>	<u>10,329</u>	<u>0</u>
Expenditures:				
Public Safety:				
All Other Expenditures	0	10,329	10,329	0
Total Expenditures	<u>0</u>	<u>10,329</u>	<u>10,329</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF PAINESVILLE, OHIO

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

	PLAN REVIEW FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 0	\$ 520	\$ 518	\$ (2)
Total Revenues	<u>0</u>	<u>520</u>	<u>518</u>	<u>(2)</u>
Expenditures:				
Public Safety:				
All Other Expenditures	2,000	2,000	0	2,000
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000)	(1,480)	518	1,998
Fund Balance at Beginning of Year	<u>16,883</u>	<u>16,883</u>	<u>16,883</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 14,883</u></u>	<u><u>\$ 15,403</u></u>	<u><u>\$ 17,401</u></u>	<u><u>\$ 1,998</u></u>

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 3,175	\$ 3,175	\$ 0
Total Revenues	<u>0</u>	<u>3,175</u>	<u>3,175</u>	<u>0</u>
Expenditures:				
Public Safety:				
All Other Expenditures	110	110	94	16
Total Expenditures	<u>110</u>	<u>110</u>	<u>94</u>	<u>16</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(110)	3,065	3,081	16
Fund Balance at Beginning of Year	4,181	4,181	4,181	0
Fund Balance at End of Year	<u>\$ 4,071</u>	<u>\$ 7,246</u>	<u>\$ 7,262</u>	<u>\$ 16</u>

CITY OF PAINESVILLE, OHIO

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

COLUMBARIUM TRUST FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 88	\$ 0	\$ (88)
Total Revenues	<u>0</u>	<u>88</u>	<u>0</u>	<u>(88)</u>
Expenditures:				
Public Safety:				
All Other Expenditures	50	50	0	50
Total Expenditures	<u>50</u>	<u>50</u>	<u>0</u>	<u>50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50)	38	0	(38)
Fund Balance at Beginning of Year	<u>89</u>	<u>89</u>	<u>89</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 39</u></u>	<u><u>\$ 127</u></u>	<u><u>\$ 89</u></u>	<u><u>\$ (38)</u></u>

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 1,000	\$ 2,000	\$ 1,992	\$ (8)
Total Revenues	<u>1,000</u>	<u>2,000</u>	<u>1,992</u>	<u>(8)</u>
Expenditures:				
Public Safety:				
All Other Expenditures	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	0	1,992	1,992
Fund Balance at Beginning of Year	<u>1,156</u>	<u>1,156</u>	<u>1,156</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 156</u>	<u>\$ 1,156</u>	<u>\$ 3,148</u>	<u>\$ 1,992</u>

CITY OF PAINESVILLE, OHIO

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

GENERAL BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 54,589	\$ 62,260	\$ 62,851	\$ 591
Intergovernmental Revenues	11,740	11,740	11,237	(503)
Investment Earnings	15	500	466	(34)
Total Revenues	<u>66,344</u>	<u>74,500</u>	<u>74,554</u>	<u>54</u>
Expenditures:				
Debt Service Function:				
Debt Service:				
Principal Retirement	195,000	195,000	195,000	0
Interest and Fiscal Charges	<u>5,850</u>	<u>5,850</u>	<u>3,120</u>	<u>2,730</u>
Total Expenditures	<u>200,850</u>	<u>200,850</u>	<u>198,120</u>	<u>2,730</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(134,506)	(126,350)	(123,566)	2,784
Other Financing Sources (Uses):				
General Obligation Notes Issued	<u>145,000</u>	<u>135,000</u>	<u>135,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>145,000</u>	<u>135,000</u>	<u>135,000</u>	<u>0</u>
Net Change in Fund Balance	10,494	8,650	11,434	2,784
Fund Balance at Beginning of Year	<u>4,527</u>	<u>4,527</u>	<u>4,527</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,021</u>	<u>\$ 13,177</u>	<u>\$ 15,961</u>	<u>\$ 2,784</u>

CITY OF PAINESVILLE, OHIO

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

SPECIAL ASSESSMENT BOND RETIREMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,500	\$ 5,000	\$ 4,705	\$ (295)
Special Assessments	65,000	61,580	60,743	(837)
Total Revenues	<u>66,500</u>	<u>66,580</u>	<u>65,448</u>	<u>(1,132)</u>
Expenditures:				
Debt Service Function:				
Debt Service - Unvoted:				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	18,000	18,000	18,000	0
Total Expenditures	<u>58,000</u>	<u>58,000</u>	<u>58,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,500	8,580	7,448	(1,132)
Fund Balance at Beginning of Year	231,581	231,581	231,581	0
Fund Balance at End of Year	<u>\$ 240,081</u>	<u>\$ 240,161</u>	<u>\$ 239,029</u>	<u>\$ (1,132)</u>

CITY OF PAINESVILLE, OHIO

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

LAND ACQUISITION NOTE RETIREMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Advances In	705,550	705,550	695,275	(10,275)
Advances Out	(705,550)	(705,550)	(695,275)	10,275
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
MUNICIPAL COURT IMPROVEMENT FUND				
Revenues:				
Fines and Forfeitures	\$ 108,675	\$ 130,000	\$ 126,281	\$ (3,719)
Total Revenues	108,675	130,000	126,281	(3,719)
Expenditures:				
General Government:				
Clerk of Court:				
Personal Services	0	44,563	42,738	1,825
All Other Expenditures	29,421	32,221	30,954	1,267
Capital Outlay	61,381	31,960	27,851	4,109
Probation:				
Personal Services	0	11,797	10,931	866
Debt Service:				
Principal Retirement	375,000	375,000	375,000	0
Interest and Fiscal Charges	11,250	10,650	6,000	4,650
Total Expenditures	477,052	506,191	493,474	12,717
Excess (Deficiency) of Revenues Over (Under) Expenditures	(368,377)	(376,191)	(367,193)	8,998
Other Financing Sources (Uses):				
Sale of General Obligation Notes	295,000	300,000	300,000	0
Total Other Financing Sources (Uses)	295,000	300,000	300,000	0
Net Change in Fund Balance	(73,377)	(76,191)	(67,193)	8,998
Fund Balance at Beginning of Year	269,547	269,547	269,547	0
Prior Year Encumbrances	6,551	6,551	6,551	0
Fund Balance at End of Year	\$ 202,721	\$ 199,907	\$ 208,905	\$ 8,998

CITY OF PAINESVILLE, OHIO

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

CAPITAL EQUIPMENT RESERVE FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 78,700	\$ 229,000	\$ 162,325	\$ (66,675)
Total Revenues	<u>78,700</u>	<u>229,000</u>	<u>162,325</u>	<u>(66,675)</u>
Expenditures:				
General Government:				
Finance:				
Administration:				
All Other Expenditures	0	0	2,686	(2,686)
Accounting:				
Capital Outlay	0	0	3,444	(3,444)
Purchasing/Warehousing:				
All Other Expenditures	0	0	962	(962)
Engineering:				
Administration:				
Capital Outlay	0	0	5,582	(5,582)
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
All Other Expenditures	0	2,325	0	2,325
Other Miscellaneous:				
All Other Expenditures	0	0	7,146	(7,146)
Capital Outlay	108,634	108,634	78,431	30,203
Total General Government	<u>108,634</u>	<u>110,959</u>	<u>98,251</u>	<u>12,708</u>
Public Safety:				
Law Enforcement - Other:				
All Other Expenditures	0	0	1,963	(1,963)
Capital Outlay	208,080	208,080	276,096	(68,016)
Fire:				
Fire Fighting, Prevention and Inspection:				
All Other Expenditures	0	0	3,440	(3,440)
Total Public Safety	<u>208,080</u>	<u>208,080</u>	<u>281,499</u>	<u>(73,419)</u>

(Continued)

CITY OF PAINESVILLE, OHIO

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

CAPITAL EQUIPMENT RESERVE FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Highways and Streets:				
Equipment Maintenance:				
All Other Expenditures	0	0	2,186	(2,186)
Capital Outlay	25,500	25,500	11,622	13,878
Traffic Signs, Markings:				
Traffic Signs, Markings, Signals:				
All Other Expenditures	0	0	2,112	(2,112)
Total Highways and Streets	<u>25,500</u>	<u>25,500</u>	<u>15,920</u>	<u>9,580</u>
Culture and Recreation:				
Parks:				
Parks Systems:				
Capital Outlay	40,000	40,000	34,183	5,817
Recreation Activities:				
All Other Expenditures	0	0	1,227	(1,227)
Total Culture and Recreation	<u>40,000</u>	<u>40,000</u>	<u>35,410</u>	<u>4,590</u>
Community Environment:				
Community Planning and Zoning:				
Planning and Development:				
Capital Outlay	0	2,000	2,000	0
Housing and Building Code Enforcement:				
Code Enforcement:				
All Other Expenditures	0	1,200	599	601
Capital Outlay	1,200	1,200	1,195	5
Total Community Environment	<u>1,200</u>	<u>4,400</u>	<u>3,794</u>	<u>606</u>
Total Expenditures	<u>383,414</u>	<u>388,939</u>	<u>434,874</u>	<u>(45,935)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(304,714)	(159,939)	(272,549)	(112,610)
Other Financing Sources (Uses):				
Transfers In	100,000	0	0	0
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(204,714)	(159,939)	(272,549)	(112,610)
Fund Balance at Beginning of Year	322,492	322,492	322,492	0
Fund Balance at End of Year	<u>\$ 117,778</u>	<u>\$ 162,553</u>	<u>\$ 49,943</u>	<u>\$ (112,610)</u>

CITY OF PAINESVILLE, OHIO

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

	CAPITAL IMPROVEMENT FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
Capital Outlay	0	278,400	278,400	0
Total General Government	0	278,400	278,400	0
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	0	500,000	499,687	313
Total Highways and Streets	0	500,000	499,687	313
Culture and Recreation:				
Recreation Activities:				
Capital Outlay	30,000	30,000	9,947	20,053
Total Culture and Recreation	30,000	30,000	9,947	20,053
Total Expenditures	30,000	808,400	788,034	20,366
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,000)	(808,400)	(788,034)	20,366
Other Financing Sources (Uses):				
Sale of General Obligation Notes	0	505,000	504,155	(845)
Transfers Out	(50,000)	(50,000)	0	50,000
Total Other Financing Sources (Uses)	(50,000)	455,000	504,155	49,155
Net Change in Fund Balance	(80,000)	(353,400)	(283,879)	69,521
Fund Balance at Beginning of Year	629,611	629,611	629,611	0
Prior Year Encumbrances	8,323	8,323	8,323	0
Fund Balance at End of Year	<u>\$ 557,934</u>	<u>\$ 284,534</u>	<u>\$ 354,055</u>	<u>\$ 69,521</u>

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SHAMROCK BOULEVARD ROAD PROJECT FUND				
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	4,200,000	8,200	18,307	(10,107)
Debt Service:				
Principal Retirement	100,000	100,000	100,000	0
Interest and Fiscal Charges	3,000	3,000	1,600	1,400
Total Expenditures	<u>4,303,000</u>	<u>111,200</u>	<u>119,907</u>	<u>(8,707)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,303,000)	(111,200)	(119,907)	(8,707)
Other Financing Sources (Uses):				
General Obligation Notes Issued	4,200,000	80,000	80,000	0
Total Other Financing Sources (Uses)	<u>4,200,000</u>	<u>80,000</u>	<u>80,000</u>	<u>0</u>
Net Change in Fund Balance	(103,000)	(31,200)	(39,907)	(8,707)
Fund Balance at Beginning of Year	198,472	198,472	198,472	0
Prior Year Encumbrances	12,228	12,228	12,228	0
Fund Balance at End of Year	<u>\$ 107,700</u>	<u>\$ 179,500</u>	<u>\$ 170,793</u>	<u>\$ (8,707)</u>

CITY OF PAINESVILLE, OHIO

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

JACKSON STREET INTERCHANGE PROJECT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 446,000	\$ 52,300	\$ 0	\$ (52,300)
Total Revenues	<u>446,000</u>	<u>52,300</u>	<u>0</u>	<u>(52,300)</u>
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	446,000	73,000	73,000	0
Total Expenditures	<u>446,000</u>	<u>73,000</u>	<u>73,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(20,700)	(73,000)	(52,300)
Other Financing Sources (Uses):				
Transfers In	0	0	25,000	25,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>25,000</u>
Net Change in Fund Balance	0	(20,700)	(48,000)	(27,300)
Fund Balance at Beginning of Year	52,300	52,300	52,300	0
Prior Year Encumbrances	1,061	1,061	1,061	0
Fund Balance at End of Year	<u>\$ 53,361</u>	<u>\$ 32,661</u>	<u>\$ 5,361</u>	<u>\$ (27,300)</u>

CITY OF PAINESVILLE, OHIO

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

	INDUSTRIAL PARK PROJECT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 10,000	\$ 8,000	\$ 7,954	\$ (46)
Total Revenues	<u>10,000</u>	<u>8,000</u>	<u>7,954</u>	<u>(46)</u>
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	25,000	25,000	375,000	(350,000)
Debt Service:				
Principal Retirement	1,130,000	1,130,000	1,130,000	0
Interest and Fiscal Charges	<u>33,900</u>	<u>33,900</u>	<u>18,080</u>	<u>15,820</u>
Total Expenditures	<u>1,188,900</u>	<u>1,188,900</u>	<u>1,523,080</u>	<u>(334,180)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,178,900)	(1,180,900)	(1,515,126)	(334,226)
Other Financing Sources (Uses):				
General Obligation Notes Issued	<u>985,000</u>	<u>1,080,000</u>	<u>1,080,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>985,000</u>	<u>1,080,000</u>	<u>1,080,000</u>	<u>0</u>
Net Change in Fund Balance	(193,900)	(100,900)	(435,126)	(334,226)
Fund Balance at Beginning of Year	205,468	205,468	205,468	0
Prior Year Encumbrances	<u>350,580</u>	<u>350,580</u>	<u>350,580</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 362,148</u>	<u>\$ 455,148</u>	<u>\$ 120,922</u>	<u>\$ (334,226)</u>

CITY OF PAINESVILLE, OHIO

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

MUNICIPAL COURT SPECIAL PROJECTS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 67,000	\$ 100,000	\$ 99,936	\$ (64)
Total Revenues	<u>67,000</u>	<u>100,000</u>	<u>99,936</u>	<u>(64)</u>
Expenditures:				
General Government:				
Judicial Activities:				
All Other Expenditures	12,594	12,594	6,339	6,255
Clerk of Court:				
All Other Expenditures	<u>0</u>	<u>0</u>	<u>960</u>	<u>(960)</u>
Total General Government	<u>12,594</u>	<u>12,594</u>	<u>7,299</u>	<u>5,295</u>
Total Expenditures	<u>12,594</u>	<u>12,594</u>	<u>7,299</u>	<u>5,295</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	54,406	87,406	92,637	5,231
Fund Balance at Beginning of Year	94,221	94,221	94,221	0
Prior Year Encumbrances	1,890	1,890	1,890	0
Fund Balance at End of Year	<u>\$ 150,517</u>	<u>\$ 183,517</u>	<u>\$ 188,748</u>	<u>\$ 5,231</u>

CITY OF PAINESVILLE, OHIO

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

	CEMETERY TRUST OPERATIONS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Investment Earnings	\$ 8,000	\$ 7,500	\$ 7,393	\$ (107)
Total Revenues	<u>8,000</u>	<u>7,500</u>	<u>7,393</u>	<u>(107)</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>5,000</u>	<u>3,000</u>	<u>1,816</u>	<u>1,184</u>
Total Expenditures	<u>5,000</u>	<u>3,000</u>	<u>1,816</u>	<u>1,184</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,000	4,500	5,577	1,077
Other Financing Sources (Uses):				
Transfers Out	<u>(7,500)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(7,500)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>0</u>
Net Changes in Fund Balance	(4,500)	(2,500)	(1,423)	1,077
Fund Balance at Beginning of Year	4,206	4,206	4,206	0
Fund Balance at End of Year	<u>\$ (294)</u>	<u>\$ 1,706</u>	<u>\$ 2,783</u>	<u>\$ 1,077</u>

CITY OF PAINESVILLE, OHIO

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

	SPECIAL ENDOWMENT OPERATIONS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Investment Earnings	\$ 3,000	\$ 5,000	\$ 4,599	\$ (401)
Total Revenues	<u>3,000</u>	<u>5,000</u>	<u>4,599</u>	<u>(401)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,000	5,000	4,599	(401)
Other Financing Sources (Uses):				
Transfers Out	<u>(4,500)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(4,500)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>0</u>
Net Changes in Fund Balance	(1,500)	(1,000)	(1,401)	(401)
Fund Balance at Beginning of Year	<u>2,837</u>	<u>2,837</u>	<u>2,837</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,337</u>	<u>\$ 1,837</u>	<u>\$ 1,436</u>	<u>\$ (401)</u>

CITY OF PAINESVILLE, OHIO

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 2,000	\$ 4,500	\$ 4,540	\$ 40
Total Revenues	<u>2,000</u>	<u>4,500</u>	<u>4,540</u>	<u>40</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	500	500	100	400
Total Expenditures	<u>500</u>	<u>500</u>	<u>100</u>	<u>400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,500	4,000	4,440	440
Fund Balance at Beginning of Year	<u>373,412</u>	<u>373,412</u>	<u>373,412</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 374,912</u>	<u>\$ 377,412</u>	<u>\$ 377,852</u>	<u>\$ 440</u>

CITY OF PAINESVILLE, OHIO

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

RIVERSIDE CEMETERY TRUST FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
All Other Revenues	\$ 9,150	\$ 7,000	\$ 7,080	\$ 80
Total Revenues	<u>9,150</u>	<u>7,000</u>	<u>7,080</u>	<u>80</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	389	389	120	269
Total Expenditures	<u>389</u>	<u>389</u>	<u>120</u>	<u>269</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,761	6,611	6,960	349
Fund Balance at Beginning of Year	<u>307,352</u>	<u>307,352</u>	<u>307,352</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 316,113</u>	<u>\$ 313,963</u>	<u>\$ 314,312</u>	<u>\$ 349</u>

CITY OF PAINESVILLE, OHIO

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 6,500</u>	<u>\$ 7,500</u>	<u>\$ 7,140</u>	<u>\$ (360)</u>
Total Revenues	<u>6,500</u>	<u>7,500</u>	<u>7,140</u>	<u>(360)</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>100</u>	<u>100</u>	<u>0</u>	<u>100</u>
Total Expenditures	<u>100</u>	<u>100</u>	<u>0</u>	<u>100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,400	7,400	7,140	(260)
Fund Balance at Beginning of Year	<u>285,636</u>	<u>285,636</u>	<u>285,636</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 292,036</u>	<u>\$ 293,036</u>	<u>\$ 292,776</u>	<u>\$ (260)</u>

Nonmajor Enterprise Funds

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

Refuse Fund

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

Off Street Parking Fund

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

Storm Water Utility Fund

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

CITY OF PAINESVILLE, OHIO

**Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2004**

	Refuse	Off Street Parking	Storm Water Utility	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 17,260	\$ 56,221	\$ 2,682	\$ 76,163
Investments	0	0	601,912	601,912
Accounts Receivable (net of allowance for uncollectibles)	0	0	22,744	22,744
Prepaid Items	0	567	0	567
Total Current Assets	<u>17,260</u>	<u>56,788</u>	<u>627,338</u>	<u>701,386</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and Cash Equivalents	0	2,708	0	2,708
Total restricted assets	<u>0</u>	<u>2,708</u>	<u>0</u>	<u>2,708</u>
Capital Assets:				
Capital Assets Being Depreciated, Net	0	1,042,424	0	1,042,424
Total Noncurrent Assets	<u>0</u>	<u>1,045,132</u>	<u>0</u>	<u>1,045,132</u>
Total Assets	<u>17,260</u>	<u>1,101,920</u>	<u>627,338</u>	<u>1,746,518</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	0	2,286	11,276	13,562
Accrued Wages and Benefits	0	5,825	4,489	10,314
Intergovernmental Payable	0	4,138	31,508	35,646
Refundable Deposits	0	2,708	0	2,708
Accrued Interest Payable	0	0	2,411	2,411
General Obligation Notes Payable	0	0	160,000	160,000
Total Current Liabilities	<u>0</u>	<u>14,957</u>	<u>209,684</u>	<u>224,641</u>
Noncurrent Liabilities:				
Compensated Absences Payable	0	4,465	142	4,607
Total Noncurrent Liabilities	<u>0</u>	<u>4,465</u>	<u>142</u>	<u>4,607</u>
Total Liabilities	<u>0</u>	<u>19,422</u>	<u>209,826</u>	<u>229,248</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	0	1,042,424	0	1,042,424
Unrestricted	17,260	40,074	417,512	474,846
Total Net Assets	<u>\$ 17,260</u>	<u>\$ 1,082,498</u>	<u>\$ 417,512</u>	<u>\$ 1,517,270</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2004**

	Refuse	Off Street Parking	Storm Water Utility	Total Nonmajor Enterprise Funds
Operating Revenues:				
Charges for Services	\$ 70	\$ 100,637	\$ 400,485	\$ 501,192
Other Charges for Services	0	0	1,700	1,700
Other Operating Revenues	4,000	0	0	4,000
Total Operating Revenues	<u>4,070</u>	<u>100,637</u>	<u>402,185</u>	<u>506,892</u>
Operating Expenses:				
Personal Services	0	123,298	77,665	200,963
Contractual Services	45,819	62,321	93,517	201,657
Materials and Supplies	0	8,693	7,216	15,909
Utilities	0	30,629	31,508	62,137
Depreciation	0	28,867	0	28,867
Total Operating Expenses	<u>45,819</u>	<u>253,808</u>	<u>209,906</u>	<u>509,533</u>
Operating Income (Loss)	<u>(41,749)</u>	<u>(153,171)</u>	<u>192,279</u>	<u>(2,641)</u>
Non-Operating Revenue (Expenses):				
Interest Income	379	654	2,075	3,108
Interest and Fiscal Charges	0	0	(2,411)	(2,411)
Total Non-Operating Revenues (Expenses)	<u>379</u>	<u>654</u>	<u>(336)</u>	<u>697</u>
Income (Loss) Before Transfers	<u>(41,370)</u>	<u>(152,517)</u>	<u>191,943</u>	<u>(1,944)</u>
Transfers:				
Transfers-In	17,000	120,000	0	137,000
Transfers-Out	0	0	(20,000)	(20,000)
Total Transfers	<u>(17,000)</u>	<u>(120,000)</u>	<u>20,000</u>	<u>(117,000)</u>
Change in Net Assets	<u>(24,370)</u>	<u>(32,517)</u>	<u>171,943</u>	<u>115,056</u>
Net Assets Beginning of Year	41,630	1,115,015	245,569	1,402,214
Net Assets End of Year	<u>\$ 17,260</u>	<u>\$ 1,082,498</u>	<u>\$ 417,512</u>	<u>\$ 1,517,270</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2004**

	Refuse Fund	Off-Street Parking Fund	Storm Water Utility Fund	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$4,070	\$100,800	\$403,729	\$508,599
Cash Payments for Goods and Services	(46,219)	(95,742)	(92,657)	(234,618)
Cash Payments to Employees	0	(118,266)	(75,527)	(193,793)
Net Cash Provided (Used) by Operating Activities	(42,149)	(113,208)	235,545	80,188
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	17,000	120,000	0	137,000
Transfers Out to Other Funds	0	0	(20,000)	(20,000)
Net Cash Provided (Used) for Noncapital Financing Activities	17,000	120,000	(20,000)	117,000
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Proceeds from General Obligation Notes	0	0	160,000	160,000
Net Cash Provided by Capital and Related Financing Activities	0	0	160,000	160,000
<u>Cash Flows from Investing Activities:</u>				
Receipts of Principal and Interest on Investments	379	654	2,759	3,792
Purchase of Investments	0	0	(384,656)	(384,656)
Net Cash Provided (Used) by Investing Activities	379	654	(381,897)	(380,864)
Net Increase (Decrease) in Cash and Cash Equivalents	(24,770)	7,446	(6,352)	(23,676)
Cash and Cash Equivalents at Beginning of Year	42,030	51,483	9,034	102,547
Cash and Cash Equivalents at End of Year	\$17,260	\$58,929	\$2,682	\$78,871
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	(\$41,749)	(\$153,171)	\$192,279	(\$2,641)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	0	28,867	0	28,867
Miscellaneous Nonoperating Revenues	0	2,377	0	2,377
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	0	163	1,544	1,707
Increase in Prepaid Items	0	(276)	0	(276)
Increase (Decrease) in Accounts Payable	(400)	(338)	8,076	7,338
Increase in Accrued Wages and Benefits	0	567	1,996	2,563
Increase in Intergovernmental Payable	0	4,138	31,508	35,646
Increase in Compensated Absences Payable	0	4,465	142	4,607
Total Adjustments	(400)	39,963	43,266	82,829
Net Cash Provided (Used) by Operating Activities	(\$42,149)	(\$113,208)	\$235,545	\$80,188

Schedule of Noncash Investing, Capital and Financing Activities:

During 2004 the fair value of investments decreased by \$692 in the Storm Water Utility Fund.

Nonmajor Internal Service Fund

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

Fuel and Oil Rotary Fund

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

Supplies Fund

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

Employee Health Insurance Fund

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

Workers' Compensation Retrospective Fund

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

CITY OF PAINESVILLE, OHIO

**Combining Statement of Net Assets
Nonmajor Internal Service Funds
December 31, 2004**

	<u>Fuel and Oil Rotary</u>	<u>Supplies Rotary</u>	<u>Employee Health Insurance</u>	<u>Workers' Compensation Retrospective</u>	<u>Total</u>
Assets:					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 32,889	\$ 28,618	\$ 20,866	\$ 153,774	\$ 236,147
Inventory of Supplies at Cost	<u>0</u>	<u>37,515</u>	<u>0</u>	<u>0</u>	<u>37,515</u>
Total Assets	<u>32,889</u>	<u>66,133</u>	<u>20,866</u>	<u>153,774</u>	<u>273,662</u>
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	24,360	15	75,764	0	100,139
Claims Payable	<u>0</u>	<u>0</u>	<u>205,073</u>	<u>703,904</u>	<u>908,977</u>
Total Liabilities	<u>24,360</u>	<u>15</u>	<u>280,837</u>	<u>703,904</u>	<u>1,009,116</u>
Net Assets:					
Unrestricted	<u>8,529</u>	<u>66,118</u>	<u>(259,971)</u>	<u>(550,130)</u>	<u>(735,454)</u>
Total Net Assets	<u>\$ 8,529</u>	<u>\$ 66,118</u>	<u>\$ (259,971)</u>	<u>\$ (550,130)</u>	<u>\$ (735,454)</u>

CITY OF PAINESVILLE, OHIO

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

	<u>Fuel and Oil Rotary</u>	<u>Supplies Rotary</u>	<u>Employee Health Insurance</u>	<u>Workers' Compensation Retrospective</u>	<u>Total</u>
Operating Revenues:					
Charges for Services	\$ 152,822	\$ 43,176	\$ 2,473,020	\$ 335,028	\$ 3,004,046
Total Operating Revenues	<u>152,822</u>	<u>43,176</u>	<u>2,473,020</u>	<u>335,028</u>	<u>3,004,046</u>
Operating Expenses:					
Personal Services	0	0	2,196,490	0	2,196,490
Contractual Services	0	0	281,252	183,447	464,699
Materials and Supplies	<u>191,565</u>	<u>34,993</u>	<u>0</u>	<u>0</u>	<u>226,558</u>
Total Operating Expenses	<u>191,565</u>	<u>34,993</u>	<u>2,477,742</u>	<u>183,447</u>	<u>2,887,747</u>
Income (Loss) Before Transfers	(38,743)	8,183	(4,722)	151,581	116,299
Transfers In	0	0	25,000	0	25,000
Transfers Out	0	0	0	(300,000)	(300,000)
Change in Net Assets	(38,743)	8,183	20,278	(148,419)	(158,701)
Net Assets Beginning of Year	<u>47,272</u>	<u>57,935</u>	<u>(280,249)</u>	<u>(401,711)</u>	<u>(576,753)</u>
Net Assets End of Year	<u>\$ 8,529</u>	<u>\$ 66,118</u>	<u>\$ (259,971)</u>	<u>\$ (550,130)</u>	<u>\$ (735,454)</u>

CITY OF PAINESVILLE, OHIO

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

	Fuel and Oil Rotary	Supplies Rotary	Employee Health Insurance	Workers' Compensation Retrospective	Totals
Cash Flows from Operating Activities:					
Cash Receipts from Interfund Services Provided	\$155,025	\$43,176	\$2,473,020	\$335,028	\$3,006,249
Cash Payments for Goods and Services	(167,205)	(43,841)	(247,245)	0	(458,291)
Cash Payments to Employees	0	0	0	(334,413)	(334,413)
Cash Payments for Employee Medical Claims	0	0	(2,250,775)	0	(2,250,775)
Net Cash Provided (Used) by Operating Activities	(12,180)	(665)	(25,000)	615	(37,230)
Cash Flows from Noncapital Financing Activities:					
Transfers In From Other Funds	0	0	25,000	0	25,000
Transfers Out to Other Funds	0	0	0	(300,000)	(300,000)
Net Cash Provided (Used) for Noncapital Financing Activities	0	0	25,000	(300,000)	(275,000)
Net Decrease in Cash and Cash Equivalents	(12,180)	(665)	0	(299,385)	(312,230)
Cash and Cash Equivalents at Beginning of Year	45,069	29,283	20,866	453,159	548,377
Cash and Cash Equivalents at End of Year	\$32,889	\$28,618	\$20,866	\$153,774	\$236,147
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	(\$38,743)	\$8,183	(\$4,722)	\$151,581	\$116,299
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Changes in Assets and Liabilities:					
Decrease in Intergovernmental Receivable	2,203	0	0	0	2,203
Decrease in Inventory	0	1,374	0	0	1,374
Increase (Decrease) in Accounts Payable	24,360	(10,222)	75,764	0	89,902
Decrease in Claims Liability	0	0	(96,042)	(150,966)	(247,008)
Total Adjustments	26,563	(8,848)	(20,278)	(150,966)	(153,529)
Net Cash Provided (Used) by Operating Activities	(\$12,180)	(\$665)	(\$25,000)	\$615	(\$37,230)

Fiduciary Funds

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

Agency Funds

Municipal Court Fund

To account for funds that flow through the municipal court.

State Patrol Transfer Fund

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

Electric License Fund

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

Land Bank Fund

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

CITY OF PAINESVILLE, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2004**

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents	\$209,090	\$2,370,388	(\$2,542,078)	\$37,400
Total Assets	\$209,090	\$2,370,388	(\$2,542,078)	\$37,400
Liabilities:				
Due to Others	\$209,090	\$2,370,388	(\$2,542,078)	\$37,400
Total Liabilities	\$209,090	\$2,370,388	(\$2,542,078)	\$37,400
<u>State Patrol Transfer</u>				
Assets:				
Cash and Cash Equivalents	\$6,642	\$52,752	(\$52,752)	\$6,642
Total Assets	\$6,642	\$52,752	(\$52,752)	\$6,642
Liabilities:				
Due to Others	\$6,642	\$52,752	(\$52,752)	\$6,642
Total Liabilities	\$6,642	\$52,752	(\$52,752)	\$6,642
<u>Electric License</u>				
Assets:				
Cash and Cash Equivalents	\$7,206	\$0	\$0	\$7,206
Total Assets	\$7,206	\$0	\$0	\$7,206
Liabilities:				
Due to Others	\$7,206	\$0	\$0	\$7,206
Total Liabilities	\$7,206	\$0	\$0	\$7,206
<u>Land Bank</u>				
Assets:				
Cash and Cash Equivalents	\$19,943	\$0	(\$15,000)	\$4,943
Total Assets	\$19,943	\$0	(\$15,000)	\$4,943
Liabilities:				
Due to Others	\$19,943	\$0	(\$15,000)	\$4,943
Total Liabilities	\$19,943	\$0	(\$15,000)	\$4,943
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$242,881	\$2,423,140	(\$2,609,830)	\$56,191
Total Assets	\$242,881	\$2,423,140	(\$2,609,830)	\$56,191
Liabilities:				
Due to Others	\$242,881	\$2,423,140	(\$2,609,830)	\$56,191
Total Liabilities	\$242,881	\$2,423,140	(\$2,609,830)	\$56,191

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF PAINESVILLE, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2004***

Capital Assets:

Land	\$4,172,800
Buildings and Improvements	4,947,224
Improvements Other than Buildings	663,697
Machinery and Equipment	5,396,782
Infrastructure	1,367,297
Construction in Progress	1,937,858
Total General Fixed Assets	<u>\$18,485,658</u>

Investment in Capital Assets from:

General Fund	\$8,531,935
Special Revenue Funds	4,206,786
Capital Projects Funds	4,448,914
Enterprise Funds	1,271,868
Expendable Trust Funds	13,920
Gifts	12,235
Total Investment in General Fixed Assets	<u>\$18,485,658</u>

CITY OF PAINESVILLE, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2004**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Improvements Other than Buildings</u>
General Government			
Judicial:			
Municipal Court	\$0	\$1,392,456	\$0
Executive:			
City Manager	1,217,433	0	0
Economic Development	0	0	0
Finance	0	47,849	0
Engineering	35,460	268,180	49,144
Buildings and Grounds	415,510	1,484,619	0
Total General Government	<u>1,668,403</u>	<u>3,193,104</u>	<u>49,144</u>
Public Safety			
Police	0	0	0
Fire	0	0	0
Control Center	0	0	0
Total Public Safety	<u>0</u>	<u>0</u>	<u>0</u>
Highways and Streets			
Public Works	226,511	121,290	20,812
Parking	0	324,368	0
Total Highways and Streets	<u>226,511</u>	<u>445,658</u>	<u>20,812</u>
Public Health and Welfare			
Cemeteries	481,357	188,923	72,443
Culture/Recreation			
Parks - Recreation	1,525,489	1,119,539	521,298
Community Environment			
Community Development	271,040	0	0
Code Enforcement	0	0	0
Total Community Environment	<u>271,040</u>	<u>0</u>	<u>0</u>
Total Capital Assets	<u>\$4,172,800</u>	<u>\$4,947,224</u>	<u>\$663,697</u>

CITY OF PAINESVILLE, OHIO

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$116,987	\$0	\$0	\$1,509,443
93,079	0	154,118	1,464,630
14,195	0	0	14,195
236,845	0	0	284,694
90,799	0	0	443,583
301,111	0	0	2,201,240
<u>853,016</u>	<u>0</u>	<u>154,118</u>	<u>5,917,785</u>
825,639	0	43,998	869,637
1,373,729	0	0	1,373,729
0	0	0	0
<u>2,199,368</u>	<u>0</u>	<u>43,998</u>	<u>2,243,366</u>
1,753,833	1,367,297	1,651,234	5,140,977
105,754	0	0	430,122
<u>1,859,587</u>	<u>1,367,297</u>	<u>1,651,234</u>	<u>5,571,099</u>
260,252	0	0	1,002,975
133,806	0	44,825	3,344,957
90,753	0	43,683	405,476
0	0	0	0
<u>90,753</u>	<u>0</u>	<u>43,683</u>	<u>405,476</u>
<u>\$5,396,782</u>	<u>\$1,367,297</u>	<u>\$1,937,858</u>	<u>\$18,485,658</u>

CITY OF PAINESVILLE, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2004**

Function and Activity	Restated December 31, 2003	Transfers	Additions	Deletions	December 31, 2004
General Government					
Judicial					
Municipal Court	\$1,507,335	\$0	\$14,405	(\$12,297)	\$1,509,443
Executive					
City Manager	1,428,104	0	36,526	0	1,464,630
Economic Development	14,195	0	0	0	14,195
Finance	238,527	0	58,423	(12,256)	284,694
Engineering	171,398	0	272,185	0	443,583
Buildings and Grounds	2,564,521	0	0	(363,281)	2,201,240
Total General Government	5,924,080	0	381,539	(387,834)	5,917,785
Public Safety					
Police	757,936	0	114,954	(3,253)	869,637
Fire	1,380,565	0	47,079	(53,915)	1,373,729
Control Center	0	0	0	0	0
Total Public Safety	2,138,501	0	162,033	(57,168)	2,243,366
Highways and Streets					
Public Works	5,188,193	0	113,600	(160,816)	5,140,977
Parking	434,310	0	0	(4,188)	430,122
Total Highways and Streets	5,622,503	0	113,600	(165,004)	5,571,099
Public Health and Welfare					
Cemeteries	1,037,724	0	21,460	(56,209)	1,002,975
Culture/Recreation					
Parks - Recreation	3,229,003	0	129,782	(13,828)	3,344,957
Community Environment					
Community Development	329,238	0	76,238	0	405,476
Code Enforcement	24,062	0	0	(24,062)	0
Total Community Environment	353,300	0	76,238	(24,062)	405,476
Total Capital Assets	\$18,305,111	\$0	\$884,652	(\$704,105)	\$18,485,658

STATISTICAL SECTION



STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

CITY OF PAINESVILLE, OHIO

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS**

Year	General Government	Public Safety	Highways and Streets	Public Health and Welfare	Culture and Recreation	Community Environment	Debt Service	Total
1995	\$1,748,574	\$4,309,200	\$1,544,478	\$446,951	\$473,912	\$246,096	\$128,253	\$8,897,464
1996	1,703,874	4,189,794	2,157,851	490,890	544,366	240,277	117,868	9,444,920
1997	1,960,806	4,579,914	2,034,240	510,526	609,551	250,780	127,962	10,073,779
1998	1,950,541	4,672,076	1,695,777	514,971	702,249	279,138	93,624	9,908,376
1999	1,967,990	5,281,060	4,322,320	554,676	745,573	257,296	134,669	13,263,584
2000	2,118,972	5,471,391	2,396,435	594,196	841,974	438,083	151,666	12,012,717
2001	2,321,333	5,919,145	2,360,440	606,275	908,401	390,534	131,234	12,637,362
2002	2,358,232	6,802,401	2,316,349	690,005	901,394	335,371	114,756	13,518,508
2003	2,789,691	6,999,735	2,993,878	764,393	942,732	636,498	112,046	15,238,973
2004	2,765,113	7,273,816	2,549,135	735,850	788,284	353,557	97,646	14,563,401

(1) Includes General Fund, Special Revenue Funds and Debt Service Funds

CITY OF PAINESVILLE, OHIO

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS**

Year	Taxes	Inter-Governmental Revenue	Charges for Service	License Permit and Inspection Fees	Investment Earnings	Fines and Forfeitures	All Other (2)	Total
1995	\$6,632,131	\$2,124,305	\$239,467	\$210,125	\$731,112	\$648,844	\$184,350	\$10,770,334
1996	6,562,820	2,008,206	221,904	142,377	782,622	657,265	198,734	10,573,928
1997	6,480,015	2,406,303	226,022	191,120	1,026,908	699,768	364,248	11,394,384
1998	6,921,888	2,670,751	247,654	160,646	989,273	729,995	283,911	12,004,118
1999	7,181,523	3,830,361	248,725	179,690	1,201,096	700,811	177,633	13,519,839
2000	7,371,683	3,903,437	334,241	189,621	1,292,816	702,842	173,171	13,967,811
2001	7,301,526	2,948,823	327,915	163,558	1,219,328	675,402	154,813	12,791,365
2002	8,087,055	2,860,610	301,580	78,377	315,711	829,496	251,342	12,724,171
2003	7,868,089	2,604,091	449,198	178,544	221,333	834,957	515,654	12,671,866
2004	8,284,270	2,720,423	592,861	333,135	120,655	842,781	586,368	13,480,493

(1) Includes General Fund, Special Revenue Funds and Debt Service Funds

(2) Includes Special Assessments and Lawsuit Settlement

CITY OF PAINESVILLE, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS
REAL AND PUBLIC UTILITY PROPERTY ONLY
LAST TEN YEARS**

Tax Year	Collection Year	Net Tax Levy (1)	Current Collections (1)	Percent of Current Tax Collections To Net Levy	Delinquent Collections	Total Collections	Total Outstanding Delinquent Taxes	Percentage of Total Collections To Net Tax Levy
1994	1995	\$414,039	\$401,722	97.03%	\$9,970	\$411,692	\$9,085	99.43%
1995	1996	411,805	400,846	97.34%	11,947	412,793	12,639	100.24%
1996	1997	419,690	405,958	96.73%	13,786	419,744	13,326	100.01%
1997	1998	473,491	456,579	96.43%	12,310	468,889	23,245	99.03%
1998	1999	482,028	460,701	95.58%	11,388	472,089	21,130	97.94%
1999	2000	552,863	531,055	96.06%	17,636	548,691	16,538	99.25%
2000	2001	611,662	589,199	96.33%	23,021	612,220	21,717	100.09%
2001	2002	632,217	598,964	94.74%	18,699	617,663	28,837	97.70%
2002	2003	690,115	617,077	89.42%	27,241	644,318	34,478	93.36%
2003	2004	796,957	717,374	90.01%	21,619	738,993	41,364	92.73%

Source: Lake County Auditor.

(1) Neither net tax levy nor collections include state reimbursements for property tax reductions of Rollback, 2.5% reduction or Homestead exemption.

CITY OF PAINESVILLE, OHIO

**TANGIBLE PERSONAL PROPERTY TAX COLLECTED
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
1995	\$91,006
1996	100,965
1997	116,768
1998	116,106
1999	120,171
2000	134,291
2001	123,870
2002	118,251
2003	126,716
2004	157,283

Uncollected as of 12/31/04 - \$4,768

Source: Lake County Auditor.

CITY OF PAINESVILLE, OHIO

**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS**

<u>Tax Year</u>	<u>Collection Year</u>	<u>Real Property (1)</u>	<u>Tangible Personal Property (2)</u>	<u>Total Assessed Valuations</u>
1994	1995	\$121,733,660	\$35,509,086	\$157,242,746
1995	1996	122,215,230	34,492,728	156,707,958
1996	1997	125,862,610	36,964,962	162,827,572
1997	1998	145,024,530	40,245,173	185,269,703
1998	1999	146,893,740	38,593,190	185,486,930
1999	2000	149,272,580	40,701,794	189,974,374
2000	2001	170,066,980	42,553,627	212,620,607
2001	2002	185,158,360	43,194,366	228,352,726
2002	2003	186,161,600	40,334,595	226,496,195
2003	2004	215,367,560	37,957,919	253,325,479

The current assessed valuation is computed at approximately the following percentages of estimated true value: real property -35%, public utility personal property - 100% and tangible personal property - 25%.

- (1) Includes public utility real property.
- (2) Includes public utility personal property.

Source: Lake County Auditor.

For real property the estimated true values for the last ten years are computed as follows:

<u>Tax Year</u>	<u>Collection Year</u>	<u>Estimated True Values</u>
1994	1995	\$347,810,457
1995	1996	349,186,371
1996	1997	359,607,457
1997	1998	414,355,800
1998	1999	419,696,400
1999	2000	426,493,086
2000	2001	485,905,657
2001	2002	529,023,886
2002	2003	531,890,286
2003	2004	615,335,886

CITY OF PAINESVILLE, OHIO

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS**

<u>Collection Year</u>	<u>General Fund</u>	<u>Bond Retirement</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Fire Levv</u>	<u>Total City</u>	<u>County</u>	<u>School</u>	<u>Auburn Vocational</u>	<u>Lake County Financing District</u>	<u>Library</u>	<u>Total</u>
1995	2.10	0.30	0.30	0.30	0.70	3.70	14.00	75.04	1.50	4.90	1.00	100.14
1996	2.10	0.30	0.30	0.30	0.70	3.70	14.00	73.34	1.50	4.90	1.00	98.44
1997	2.10	0.30	0.30	0.30	0.70	3.70	14.00	73.09	1.50	4.90	1.00	98.19
1998	2.10	0.30	0.30	0.30	0.70	3.70	14.10	72.08	1.50	4.90	1.00	97.28
1999	2.10	0.30	0.30	0.30	0.70	3.70	15.70	77.18	1.50	4.90	1.00	103.98
2000	2.10	0.30	0.30	0.30	0.70	3.70	15.70	77.18	1.50	4.90	1.00	103.98
2001	2.10	0.30	0.30	0.30	0.70	3.70	15.70	77.15	1.50	4.90	1.00	103.95
2002	2.10	0.30	0.30	0.30	0.70	3.70	15.70	77.08	1.50	4.90	2.00	104.88
2003	2.10	0.30	0.30	0.30	0.70	3.70	15.70	77.08	1.50	4.90	1.90	104.78
2004	2.10	0.30	0.30	0.30	0.70	3.70	15.70	77.03	1.80	4.90	1.50	104.63

Sources: County Auditor, Lake County, Ohio.
County Treasurer, Lake County, Ohio.

CITY OF PAINESVILLE, OHIO

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Amount Billed	Amount Collected	Current Delinquent
1995	\$92,736	\$54,843	\$18,130
1996	96,792	70,280	8,076
1997	98,723	67,506	3,569
1998	92,860	61,649	12,729
1999	92,127	74,576	5,505
2000	93,832	53,923	47,131
2001	78,502	47,330	9,454
2002	88,679	53,258	6,884
2003	117,865	80,105	14,549
2004	54,353	47,259	14,549

Source: Lake County Auditor.

CITY OF PAINESVILLE, OHIO

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2004**

Total debt (principal amount of all outstanding bonds and notes)		\$14,564,954
Debt exempt from net indebtedness calculation:		
Special assessment bonds and notes	\$185,000	
Self-supporting bonds and notes:		
Water system	6,202,000	
Sewer system	940,000	
Stormwater system	160,000	
Electric system	2,904,954	
Mortgage revenue bonds:		
Electric system	1,375,000	
Total exempt debt		<u>11,766,954</u>
Net indebtedness (voted and unvoted) subject to 10.5% debt limitation		<u>\$2,798,000</u>
Assessed valuation of City (2003 for 2004 collection)		<u>\$253,325,479</u>
Overall debt limitation- 10.5% of assessed valuation (maximum voted and unvoted general obligation debt allowed)		
		\$26,599,175
Voted and unvoted debt subject to 10.5% debt limitation	\$2,798,000	
Less: Amount available in Debt Service Fund	(16,260)	
Net voted and unvoted debt subject to 10.5% debt limitation		<u>2,781,740</u>
Legal debt margin within 10.5% limitation		<u>\$23,817,435</u>
Unvoted debt limitation - 5.5% of assessed valuation		
		\$13,932,901
Unvoted debt subject to 5.5% debt limitation	\$2,095,000	
Less: Amount available in Debt Service Fund	(16,260)	
Net unvoted debt subject to 5.5% limitation		<u>2,078,740</u>
Legal debt margin within 5.5% limitation		<u>\$11,854,161</u>

CITY OF PAINESVILLE, OHIO

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS**

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1995	15,599 (a)	\$157,242,746	\$60,000	\$100,793	\$0	0.00%	\$0
1996	15,599 (a)	156,707,958	30,000	77,486	0	0.00%	0
1997	15,599 (a)	162,827,572	0	16,072	0	0.00%	0
1998	15,599 (a)	185,269,703	0	73,321	0	0.00%	0
1999	15,599 (a)	185,486,930	0	16,407	0	0.00%	0
2000	17,503 (b)	189,974,374	0	1,019	0	0.00%	0
2001	17,503 (b)	212,620,607	0	4,681	0	0.00%	0
2002	17,503 (b)	228,352,726	0	11,883	0	0.00%	0
2003	17,503 (b)	226,496,195	0	5,343	0	0.00%	0
2004	17,503 (b)	253,325,479	0	16,260	0	0.00%	0

- (1) (a) 1990 Population - U.S. Bureau of the Census.
(b) 2000 Population - U.S. Bureau of the Census.

(2) Lake County Auditor's Office. Values listed are for year of collections.

(3) General Obligation Bonded Debt supported by property taxes. Does not include General Obligation Debt payable from Enterprise Fund revenues or Special Assessments.

CITY OF PAINESVILLE, OHIO

**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS**

<u>Year</u>	<u>Total Bonded Debt Service (1)</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Bonded Debt Service to Total General Governmental Expenditures</u>
1995	\$35,288	\$8,897,464	0.40%
1996	33,525	9,444,920	0.35%
1997	31,798	10,073,779	0.32%
1998	0	9,908,376	0.00%
1999	0	13,263,584	0.00%
2000	0	12,012,717	0.00%
2001	0	12,637,362	0.00%
2002	0	13,518,508	0.00%
2003	0	15,238,973	0.00%
2004	0	14,563,401	0.00%

- (1) Principal and Interest on General Obligation Bonded Debt.
Does not include General Obligation Debt payable from
enterprise funds or special assessments.

CITY OF PAINESVILLE, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING
GENERAL OBLIGATION DEBT
DECEMBER 31, 2004**

<u>Jurisdiction</u>	<u>Assessed Valuation (1)</u>	<u>Net General Tax Supported Debt (2)</u>	<u>Percent Overlapping</u>	<u>Net Tax Supported Overall Debt</u>
Direct				
City of Painesville	\$253,325,479	\$3,068,000	100.00%	\$3,068,000
Overlapping Subdivisions				
Painesville City Schools	246,524,469	23,790,000	100.00%	23,790,000
Painesville Township Schools	852,001,061	7,730,000	0.79%	61,067
Lake County	6,252,395,015	13,255,000	4.05%	536,828
Lake County Library District	1,100,574,580	10,350,000	23.02%	<u>2,382,570</u>
			Subtotal	<u>26,770,465</u>
			Total	<u>\$29,838,465</u>

(1) Source: Lake County Auditor.

(2) Source: Lake County Auditor; Painesville City School Treasurer, includes general obligation notes payable, but does not include general obligation debt supported by Enterprise Revenue or Special Assessments.

CITY OF PAINESVILLE, OHIO

**REVENUE BOND COVERAGE - WATER SYSTEM BONDS (1)
LAST TEN YEARS**

Year	Gross Revenues (2)	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Annual Debt Service Requirement (4)	Coverage
1995	\$3,237,427	\$2,563,034	\$674,393	\$133,625	5.05
1996	3,037,340	2,547,577	489,763	131,200	3.73
1997	3,304,648	3,003,316	301,332	133,438	2.26
1998	3,647,272	2,871,823	775,449	0	0.00
1999	3,581,363	3,348,975	232,388	0	0.00
2000	3,378,045	3,129,235	248,810	0	0.00
2001	3,553,382	2,812,411	740,971	0	0.00
2002	4,376,326	3,393,934	982,392	0	0.00
2003	4,364,565	3,496,910	867,655	0	0.00
2004	4,494,287	3,540,960	953,327	0	0.00

(1) The Waterworks system 1st Mortgage Revenue Bonds were issued in 1972, in the amount of \$1,600,000.

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

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

(4) Annual debt service requirements include principal and interest on revenue bonds only.
It does not include the general obligation bonds reported in the Water Revenue Fund.

CITY OF PAINESVILLE, OHIO

**REVENUE BOND COVERAGE - ELECTRIC SYSTEM BONDS (1)
LAST TEN YEARS**

<u>Year</u>	<u>Gross Revenues (2)</u>	<u>Direct Operating Expenses (3)</u>	<u>Net Revenue Available For Debt Service</u>	<u>Annual Debt Service Requirement (4)</u>	<u>Coverage</u>
1995	\$14,630,288	\$12,118,293	\$2,511,995	\$752,245	3.34
1996	14,203,659	11,688,137	2,515,522	744,780	3.38
1997	13,792,894	13,088,809	704,085	749,645	0.94
1998	14,440,100	12,393,936	2,046,164	749,620	2.73
1999	16,247,338	13,047,575	3,199,763	747,533	4.28
2000	15,407,695	13,783,257	1,624,438	753,768	2.16
2001	17,324,667	14,242,983	3,081,684	747,503	4.12
2002	19,609,552	15,402,889	4,206,663	749,415	5.61
2003	18,433,897	13,326,736	5,107,161	848,259	6.02
2004	19,153,275	23,846,102	(4,692,827)	750,300	(6.25)

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

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

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

(4) Annual debt service requirements include principal and interest on revenue bonds only. It does not include the general obligation bonds reported in the Electric Revenue Fund.

CITY OF PAINESVILLE, OHIO

**REVENUE BOND COVERAGE - OFF-STREET PARKING FACILITY BONDS (1)
LAST TEN YEARS**

Year	Gross Revenues (2)	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Annual Debt Service Requirement (4)	Coverage
1995	\$131,825 (5)	\$170,700	(\$38,875)	\$125,850	0.00
1996	103,188 (5)	237,539	(134,351)	120,250	0.00
1997	76,778 (5)	210,238	(133,460)	114,650	0.00
1998	72,036 (5)	143,925	(71,889)	109,296	0.00
1999	70,676 (5)	164,240	(93,564)	103,450	0.00
2000	81,369 (5)	177,957	(96,588)	101,378	0.00
2001	89,722 (5)	182,889	(93,167)	8,924	0.00
2002	100,535 (5)	177,654	(77,119)	178,032	0.00
2003	96,877 (5)	232,209	(135,332)	0	0.00
2004	101,291 (5)	224,941	(123,650)	0	0.00

(1) The Off-Street Parking Facility 1st Mortgage Revenue bonds were issued in 1973, in the amount of \$1,600,000.

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

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

(4) Annual debt service requirements include principal and interest on revenue bonds only.

(5) The 1993 gross revenues do not reflect a \$240,000 transfer from General Fund. The 1994 gross revenues do not reflect a \$180,000 transfer from the General Fund. The 1995 gross revenues do not reflect a \$180,000 transfer from the General Fund. The 1996 gross revenues do not reflect a \$265,000 transfer from the General Fund. The 1997 gross revenues do not reflect a \$240,000 transfer from the General Fund. The 1998 gross revenues do not reflect a \$145,000 transfer from the General Fund. Gross revenues for 1999 do not reflect a \$150,000 transfer from General Fund. Gross revenues for 2000 do not reflect a \$215,000 transfer from the General Fund. Gross revenues for 2001 do not reflect a \$225,000 transfer from the General Fund. Gross revenues for 2002 do not reflect a \$255,000 transfer from the General Fund.

CITY OF PAINESVILLE, OHIO

DEMOGRAPHIC STATISTICS DECEMBER 31, 2004

Year	Income		Housing Units		
	Median Family	Per Capita	Total	Owner Occupied	Percent of Total
1960	\$6,805	\$0	4,965	3,155	63.54%
1970	10,178	3,128	5,498	3,029	55.09%
1980	19,068	6,700	6,509	3,439	52.83%
1990	29,279	11,254	6,424	3,597	55.99%
2000	34,842	15,391	6,525	3,402	52.14%

Sources: U.S. Bureau of the Census
The City of Painesville Economic Development Department

Population

The population of the City, Lake County, and the Cleveland Primary Metropolitan Statistical Area (PMSA) (which is comprised of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina Counties) for each decade from 1940 to 2000 is as follows:

Year	City	County	PMSA
1940	12,235	50,020	1,319,734
1950	14,432	75,979	1,532,574
1960	16,116	148,700	1,909,483
1970	16,536	197,200	2,063,729
1980	16,391	212,801	1,898,825
1990	15,599	215,499	2,202,069
2000	17,503	227,511	2,250,871

Employment

The following table compares estimated employment statistics for Lake County and the Cleveland-Lorain-Elyria PMSA including comparisons with unemployment rates for the State of Ohio and the United States.

Year	Employed		Unemployed		Unemployment Rate			
	County	PMSA	County	PMSA	County	PMSA	Ohio	U.S.
1994	114,300	1,022,800	6,800	62,800	5.6%	5.8%	5.5%	6.1%
1995	117,900	1,021,700	5,300	49,500	4.3%	4.5%	4.8%	5.6%
1996	117,800	1,041,300	5,500	54,000	4.4%	4.7%	4.9%	5.4%
1997	118,100	1,132,800	4,900	50,400	4.0%	4.4%	4.6%	4.9%
1998	121,500	1,091,800	4,500	44,900	3.6%	3.8%	4.3%	4.5%
1999	119,400	1,127,300	5,800	61,500	4.0%	4.2%	4.3%	4.2%
2000	121,800	1,058,402	5,600	58,772	3.5%	5.3%	3.7%	4.0%
2001	119,400	1,049,800	8,000	73,300	5.0%	6.5%	4.5%	5.4%
2002	117,500	1,040,300	7,600	72,700	6.1%	6.5%	5.7%	5.8%
2003	118,900	1,051,600	8,000	75,600	6.3%	6.7%	6.1%	6.0%
2004	118,200	1,041,600	7,800	67,900	6.2%	6.1%	6.8%	5.7%

Sources: Ohio Bureau of Employment Services.
U.S. Department of Labor, Bureau of Statistics

CITY OF PAINESVILLE, OHIO

**PROPERTY VALUES AND CONSTRUCTION PERMITS
LAST TEN YEARS**

<u>Year</u>	<u>Building Permits Issued (2)</u> <u>Number of</u> <u>Permits</u>	<u>Property</u> <u>Value</u>	<u>Assessed</u> <u>Value Real and</u> <u>Personal Property (1)</u>
1995	374	\$18,055,918	\$157,242,746
1996	532	14,595,599	156,707,958
1997	517	6,851,484	162,827,572
1998	412	15,497,310	185,269,703
1999	382	14,617,351	185,486,930
2000	432	11,530,314	189,974,374
2001	507	12,502,762	212,620,607
2002	417	5,035,338	228,352,726
2003	454	26,205,753	226,496,195
2004	491	20,445,589	253,325,429

Sources:

(1) Lake County Auditor. Value listed for year of collection.

(2) City Code Enforcement Division.

CITY OF PAINESVILLE, OHIO

**PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2004**

	<u>Taxpayer</u>	<u>Property Taxable Valuation</u>	<u>Percentage of Total Real Property Taxable Valuation</u>
1.	Avery Adhesive Products	\$5,641,300	2.62%
2.	Consolidated Investment Corporation	3,335,100	1.55%
3.	Brentwood Phase 2	2,421,510	1.12%
4.	Bank One of Northeast Ohio	2,316,510	1.08%
5.	Coe Manufacturing Company	1,681,830	0.78%
6.	Del Balso Properties LLC	1,586,360	0.74%
7.	Obron Atlantic Corp	1,450,790	0.67%
8.	Shamrock Business Center	1,138,950	0.53%
9.	Painesville Associates	1,046,070	0.49%
10.	Brentwood Ltd. Partnership	966,260	0.45%
	Sub-Total	<u>21,584,680</u>	<u>10.03%</u>
	All Others	<u>193,782,880</u>	<u>89.97%</u>
	Total	<u><u>\$215,367,560</u></u>	<u><u>100.00%</u></u>

Based on valuation of property taxes collected in 2005 .

Source: Lake County Auditor.

CITY OF PAINESVILLE, OHIO

***PRINCIPAL EMPLOYERS
DECEMBER 31, 2004***

	<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>		
			<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>
1	County of Lake	Government	1,095	181	1,276
2	Lake Hospital System	Medical-Patient Care	516	299	815
3	Fasson Division/ Avery International Corporation	Manufacturing	617	0	617
4	Painesville City Schools	Education	375	55	430
5	The City of Painesville	Government	281	19	300
6	Core Systems	Manufacturing	221	0	221
7	Lake Erie College	Education	104	77	181
8	Ohio Association Enterprises	Manufacturing	153	0	153
9	SAS Rubber Company, Subsidiary of Yokohama	Manufacturing	118	1	119
10	Cintas	Service	105	7	112

The above private and public employers have the ten largest work forces within the City:

Source: City Department of Finance.

CITY OF PAINESVILLE, OHIO

**SYNOPSIS OF INSURANCE
DECEMBER 31, 2004**

<u>Coverage</u>	<u>Carrier</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Liability Limits Aggregate</u>	<u>Deductible</u>	<u>Annual Premium</u>
Public Employee Dishonesty Forgery	Cincinnati Insurance Company	B-80-390582	9/15/04-9/15/05	\$75,000	\$0	\$2,047
Law Enforcement Professional Liability	Scottsdale/Indemnity Company	PKI001066	9/15/04-9/15/05	5,000,000	5,000	41,709
Public Officials Liability - Primary	Scottsdale/Indemnity Company	PKI001066	09/15/04-9/15/05	1,000,000	5,000/15,000	22,099
Comprehensive General Liability:	Cincinnati Insurance Company	CPP0662772	9/15/04-9/15/05			57,950
Blanket and Property				117,916,207	5,000/100,000	
Earthquake				25,000,000	5,000/100,000	
Watercrafts				Included above	100	
Valued Papers				100,000	0	
Accounts Receivable				250,000	0	
Employed Benefit				1,000,000	1,000	
Electronic Data Processing				500,000	1,000	
Blanket Business Income				1,000,000	0	
Ohio Employers Intentional Tort Liability	Cincinnati Insurance Company	CPP0662772	9/15/04-9/15/05	100,000/500,000	0	7,526
Commercial Umbrella Liability	Cincinnati Insurance Company	CPP0662772	9/15/04-9/15/05	10,000,000	0	58,150
Boiler and Machinery:	Cincinnati Insurance Company	CPP0662772	9/15/04-9/15/05		5,000/50,000	59,146
Electric Plant				25,000,000		
City Hall and Richmond Substation				1,000,000		
Other Locations				250,000		
Automobile Coverage	Cincinnati Insurance Company	CPP0662772	9/15/04-9/15/05	1,000,000	1000	Included above
Commercial General Liability (Fire)	AAIC	VFIS-TR-0001228-9/000	9/15/04-9/15/05	1,000,000	0	3,910
Commercial Umbrella	AAIC	VFIS-CU-5005986-5/000	9/15/04-9/15/05	5,000,000	0	<u>2,750</u>
					Total Premium	<u>\$255,287</u>

- \$ 20 -

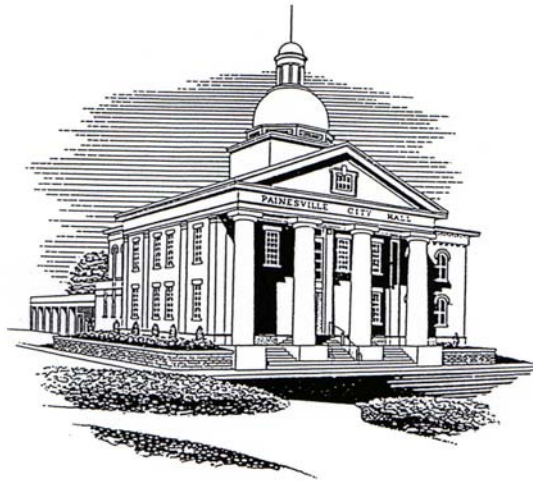
Source: City Finance Department

CITY OF PAINESVILLE, OHIO

MISCELLANEOUS STATISTICS DECEMBER 31, 2004

Date of Incorporation	1832	Water System:	
Form of Government	Council/Manager	Number of Purification Plants	1
Area (square miles)	6.69	Miles of Water Mains	127.1
Number of Employees (excluding Police and Fire)		Number of Fire Hydrants	1,615
Full-time	206	Number of Service Connections	9,247
Part-time	19	Average Daily Consumption (gallons)	4,101,093
		Maximum Daily Capacity of Plant (gallons)	7,500,000
Facilities and Services:		Sewerage System:	
Miles of Streets	58	Number of Treatment Plants	1
Number of Street Lights	1,444	Miles of Sanitary Sewers	49
		Miles of Storm Sewers	37
Police Services:		Number of Service Connections	5,805
Number of Stations	1	Average Daily Treatment (gallons)	3,090,000
Number of Police Personnel and Officers	49	Design Capacity (gallons)	6,000,000
Number of Patrol Units	16	Maximum Daily Capacity of Treatment (gallons)	28,000,000
Law Violations:		Electric System:	
Physical arrests	997	Number of Generating Plants	1
Traffic Violations	2,218	Number of Interconnections	1
Parking Violations	3,131	Plant Generating Capacity in Megawatts	53.5
		Miles of Line	205
Fire/Emergency Medical Services:		Number of Service Connections	11,183
Number of Stations	1	Average Daily Generation in Kilowatt Hours	513,827
Number of Officers and Fire Personnel	26	Peak Load in Kilowatts - 2004	49,100
Number of Calls Answered	2,828	Parking Facilities:	
Number of Inspections	643	Off-Street Parking Garages	1
		Parking Levels	7
Recreation and Culture:		Parking Spaces	543
Community Centers	1	Average Daily Cars Parked	470
Number of Parks	10	Off-Street Surface Parking Lots (Leased)	2
Park Acreage	118.02	Parking Spaces	161
Number of Ball Fields:		On-Street Parking Meters	167
Lighted	1	Education:	
Unlighted	9	Elementary Schools	5
Soccer Fields	1	Elementary School Students	1,467
Basketball Courts	2	Elementary School Instructors	75
Tennis Courts	2	Middle Schools	1
Volleyball Courts	1	Middle School Students	582
Skate Facilities	1	Middle School Instructors	45
Walking Paths	2	High Schools	1
Sledding Hill	1	High School Students	629
Fishing Pond	1	High School Instructors	55
		Colleges	1
Number of Cemeteries	2	College Students	1,056
Cemetery Acreage	84	Libraries:	
Hospitals:		Number of Libraries	1
Number of Hospitals	1	Circulation	580,238
Number of Patient Beds	168		
Number of Bassinets	37		

CITY OF PAINESVILLE, OHIO



City of Painesville, Ohio

December 31, 2004

City of Painesville, Ohio

For The Year Ended December 31, 2004

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

Members of the City Council
Painesville, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Painesville, Ohio (the "City") as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated June 13, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Members of the City Council
Painesville, Ohio

This report is intended solely for the information and use of the City Council, City Management, and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

Cuni & Parichi, Inc.

Cleveland, Ohio
June 13, 2005

City of Painesville

Schedule of Findings

December 31, 2004

1. Summary of Auditor's Results

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any material reported noncompliance at the financial statement level (GAGAS)?	No

2. Findings Related To The Financial Statements Required To Be Reported In Accordance With GAGAS

None.

3. Other Findings

None.

City of Painesville

Schedule of Prior Audit Findings

December 31, 2004

No prior audit findings noted.

City of Painesville

**4301 Warrensville Center Road
Painesville, Ohio 44128
(216) 587-6508**

Response to Findings Associated With
Audit Conducted In Accordance With
Government Auditing Standards
For The Year Ended December 31, 2004

Finding Number	Planned Correction Action	Anticipated Completion Date	Responsible Contact Person
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None.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF PAINESVILLE

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 4, 2005**