

Comprehensive Annual Financial Report

for the year ended December 31, 2010



Don L. Robart, Mayor

CITY OF CUYAHOGA FALLS, OHIO



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Cuyahoga Falls, Summit County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

December 21, 2011

Cover Picture:

Pictured on the front cover is the City of Cuyahoga Falls Municipal Building, built in 1952.

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

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Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2010



City of Cuyahoga Falls, Ohio

Don L. Robart, Mayor

Issued by the Department of Finance

Joseph F. Brodzinski, Finance Director



Printed on Recycled Paper

Table of Contents

	Page
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal.....	2
GFOA Certificate of Achievement.....	9
Organizational Chart.....	10
List of Elected and Appointed Officials.....	11
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report.....	13
Managements Discussion and Analysis.....	16
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets.....	33
Statement of Activities.....	34
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds.....	36
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	37
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	39
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	40
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis) – Municipal Income Tax Fund.....	41
Statement of Net Assets – Proprietary Funds.....	42
Statements of Revenues, Expenses, and Changes in Net Assets – Proprietary Fund.....	44
Statement of Cash Flow - Proprietary Funds.....	46
Statement of Assets and Liabilities – Fiduciary Funds.....	50
Notes to the Financial Statements.....	51
Combining Statements and Individual Fund Statements:	
Major Governmental Funds: Descriptions.....	91
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	
General Fund.....	92
Municipal Income Tax Fund.....	95
Capital Projects Fund.....	96
Nonmajor Governmental Funds: Description.....	97
Combining Balance Sheet – Nonmajor Governmental Funds.....	99

Table of Contents

	Page
Combining Statements and Individual Fund Statements (Continued):	
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	100
Combining Balance Sheet - Nonmajor Special Revenue Funds	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	105
Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis)	
State Highway Improvement Fund	109
Street Construction, Maintenance, and Repair Fund	110
Police Pension Fund	111
Fire Pension Fund	112
Recreation Levy Fund.....	113
Permissive Tax Fund	114
Community and Economic Development Fund.....	115
Community Development Block Grant Fund.....	116
Enterprise Zone/Community Reinvestment Area Fund.....	117
Drug Law Enforcement Fund	118
Law Enforcement Trust Fund	119
Indigent Drivers Alcohol Treatment Fund.....	120
Enforcement and Education Fund.....	121
Municipal Motor Vehicle License Tax Fund.....	122
Federal Law Enforcement Fund	123
FEMA Public Assistance Fund.....	124
Law Enforcement Assistance Fund	125
Debt Service Fund	126
Capital Improvement Reserve Fund	127
Internal Service Funds: Descriptions.....	128
Combining Statement of Net Assets – Governmental Activities Internal Service Funds	129
Combining Statement of Revenues, Expenses, and Changes in Net Assets Governmental Activities Internal Service Funds.....	131
Combining Statement of Cash Flows – Governmental Activities Internal Service Funds.....	133
Fiduciary Funds - Agency Funds: Descriptions	137
Combining Statement of Assets and Liabilities – Fiduciary Funds	138
Combining Statement of Changes in Assets and Liabilities – Fiduciary Funds	139

City of Cuyahoga Falls, Ohio

Table of Contents

	Page
<u>STATISTICAL SECTION</u>	
Net Assets By Component.....	143
Changes in Net Asset.....	145
Fund Balances, Governmental Funds	149
Changes in Fund Balances, Governmental Funds	151
Assessed Valuation and Estimated Actual Values of Taxable Property	153
Property Tax Rates-Direct and Overlapping Governments	154
Principal Taxpayers – Real Estate Tax	155
Property Tax Levies and Collections.....	156
Income Tax Revenue Base and Collections.....	157
Ten Largest Municipal Income Tax Withholding Accounts.....	158
Ratios of Outstanding Debt to Total Personal Income and Debt Per Capita	159
Ratio of General Obligation Bonded Debt to Estimated True Value of Taxable Property & Bonded Debt.....	160
Legal Debt Margin Information.....	161
Pledged Revenue Coverage	163
Computation of Direct and Overlapping Debt.....	165
Demographic and Economic Statistics	166
Principal Employers	167
Capital Assets Statistics By Function/Program	168
Full-Time Equivalent City Governmental Employees by Function/Program.....	169
Operating Indicators by Function/Program	170

INTRODUCTORY SECTION



**CITY OF CUYAHOGA FALLS
DEPARTMENT OF FINANCE**

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

*Telephone (330) 971-8230
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Joseph F. Brodzinski
Finance Director

Scott K. Fitzsimmons
Deputy Finance Director

June 30, 2011

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

The Comprehensive Annual Financial Report (CAFR) for the City of Cuyahoga Falls, Ohio (the “City”) for the year ended December 31, 2010, is hereby submitted. The responsibility for both the accuracy of the data and the completeness and fairness of presentation including all disclosures, rests with the City’s management. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner, which fairly presents the financial position and results of operations of the various funds of the City. All disclosures necessary to gain an understanding of the City's financial activities have been included.

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

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

City of Cuyahoga Falls, Ohio

In accordance with Ohio law, each public office is required to have an independent audit at least once every two years unless an annual audit is required pursuant to The Single Audit Act of 1984. These audits are conducted by either the Auditor of the State, or if the Auditor permits, an independent public accounting firm. The current year audit was completed by Ciuni & Panichi, Inc. a C & P Advisors company. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2010, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The Independent Auditor's Report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

The City was incorporated as a village in 1868 and organized as a city after the 1920 census. The City is located in Summit County in northeastern Ohio, approximately 30 miles south of the City of Cleveland and lies on the northern border of the City of Akron. The City currently occupies a land area of 27.8 square miles and serves a population of 49,652 based on 2010 census figures.

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

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

City of Cuyahoga Falls, Ohio

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

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

LOCAL ECONOMY

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

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

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

The City is not subject to swift or erratic economic downturns because of its diversified income tax base, in which no single employer dominates the local economy. During 2010, ten major employers in the City collectively accounted for approximately 27 percent of the \$19,244,149 withholding taxes remitted to the City.

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

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

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

City of Cuyahoga Falls, Ohio

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

Future Economic Outlook

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

The continued economic recession has had a substantial impact on every aspect of our resident's lives. Families are constantly trying to do more with less searching for low or no cost activities for their families and the Falls River Square District delivers quality entertainment and fun at practically no charge. All events are sponsored with free admission and free parking! Conservative pricing, coupled with excellent customer service and a first-class venue, has created tremendous value and a positive response from the community. The Pavilion and stage area are very popular venues for weddings, rehearsal dinners and receptions and 2010 resulted in 26 wedding events in the center of our downtown. Pavilion rental kept pace with the prior year and accounted for 245 special events in 2010. In addition to private events and community festivals, the Falls River Square District also plays host to many popular events including the award-winning Riverfront Cruise-In. Designated the #1 car cruise for the northeast Ohio/western Pennsylvania area by "Cruisin Times" magazine, the Falls Car Cruise attracted hundreds of visitors on a weekly basis. In the City's continuing commitment to offer free entertainment and activities for families, the summer movie series, "Flicks on the Falls," returned in 2010.

The south Front Street corridor has been a focus for redevelopment efforts since the City successfully applied for and secured a matching grant in 2003 to purchase the former Prospect Mold & Die building. Since that time, enormous strides have been made. As set forth in the Farr Redevelopment Plan and over \$ 3,000,000 grant dollars later, this riverfront corridor now features the new High Bridge Glens Park, four+ acres of cleaned soil and groundwater, and in 2010, the groundbreaking of the \$ 8,000,000 Watermark building. This four-story mixed-use building will consist of 40 senior apartments, 12 market rate condominiums and approximately 9,500 square feet of retail space on the first floor. Completion of the building is projected to occur in the Fall of 2011. Additionally, this project will create 20 full time and 28 part time jobs and provide the community with retail choices not yet available in this area of town.

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

The Mayor, his administration, and the City Council are keenly aware of national and local economic conditions. As the national and regional economies started downturns in 2008, the City's administration was prepared. Weekly meetings are held with senior cabinet to discuss all the ways the City can continue to provide value to the residents and businesses of the community without generating a deficit for the community to handle. All personnel vacancies are discussed and in many cases job functions adjusted to eliminate any current need to immediately replace the leaving personnel. In 2009 the City negotiated with all of its unions and through Council for non-bargaining personnel for various concessions to slow expenditure growth. The City will not increase taxes to its businesses or residents so that government can continue to grow. Changes made in 2009 and 2010 had the anticipated positive impact on the City's financial position. These changes were necessary due to anticipated changes in the State of Ohio's new bi-annual budget, which is due for passage June 30, 2011.

During this next bi-annual budget process for the State of Ohio, the State is faced with an almost \$8 billion deficit. The State will fix a significant portion of their deficit by reducing monies currently sent to local governments. The City's General Fund is in a better position to deal with future loss of revenue due to the various changes made of the last several years giving the economy a longer period of time to turn around with minimal impact to city services.

City of Cuyahoga Falls, Ohio

The City continuously evergreens a three year forecast for its General Fund. This allows the administration to anticipate future financial pitfalls and adjust current operations mitigating future issues.

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

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

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

The City has used this opportunity to create a Mayor's Court to dispense justice at a reasonable rate. The entire City will benefit from the additional revenue generated from this mayor's court as the funds will be used to supplement the police services of the City and provide new services like a K-9 unit. The court operations move to the City of Stow provided this opportunity because when Cuyahoga Falls housed the Court, expenditures exceeded revenue each year.

As a result of the moving of the Municipal Court, the City realized positive cash flow from court operations of \$123,000 in 2009 and \$150,000 in 2010. This is a huge change when compared to the results of the previous five years when the City lost \$424,000 from court operations.

MAJOR INITIATIVES

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

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

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

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

With a new interchange built off of Route 8 and a new hospital planning to be the first big development area, the three communities are working together to develop this area into a medical corridor. The cities will share income

tax and property tax revenue equally within the zone. This project is another example of a regional approach in confronting a situation. The old mindset was a city competing with neighboring cities for business in which each City offered as much as possible to motivate a business to build. The true winner within this model was the Western Reserve Hospital Partners looking to build a new hospital farther north within Summit County. In the end, the business will benefit, as well as, the residents of all three communities with additional tax dollars being available to continue to provide services. Private financing should be in place in the second half of 2011 with ground breaking later in 2011.

The cities of Hudson, Stow, and Cuyahoga continued to iron out all details on the JEDZ area in 2010 working in conjunction with the group of doctors from Western Reserve Hospital Partners. Plans are for all three cities to take the completed JEDZ agreement through their respective councils in 2011. Current plans include a new 100-bed hospital and attached medical building. The cities plan on sharing property taxes and income taxes on the whole 99 acres.

2010 was a year of diligent progress on the 25-acre parcel located on a major retail corridor in our community. City Council approved the legislation to proceed with the sale of the former State Road Shopping Center property on February 8, 2010. During 2010, we continued to effectively use our \$ 2,000,000 from CORF (Clean Ohio Revitalization Fund) for the demolition and environmental remediation of the former State Road Shopping Center buildings. In 2009, the building foundations were removed, the basements were backfilled and the site was seeded to prevent erosion. The City also entered into contracts for the design and engineering of infrastructure improvements to both Portage Trail and State Road. Additionally, a \$ 30,000 traffic impact study was commissioned by the developer and completed in May. On May 3, 2010, a Compensation Agreement was approved by the Cuyahoga Falls City School District and the City of Cuyahoga Falls. The approved agreement will provide the school district with approximately \$ 245,963 annually, which will be significantly more than the amount the school district received when the property was privately owned (\$ 65,763 annually). Moreover, at the end of the term of the agreement, the school district is estimated to begin receiving over \$ 596,000 annually. On the retail side, the Stark Enterprises development team promoted the new Marketplace at Portage Crossing throughout the year at three ICSC conferences including Las Vegas, Chicago and New York. The reception from future retailers was deemed excellent and leases are currently in the works. Approximately 85% of the site is very close to final leases with announcements expensed before Labor Day. This is a result of not only the aggressive marketing on the part of the developer, but also the hopeful turn in the economy encouraging the retail build-out for the 2011/2012 timeframe. Mr. Robert Stark anticipates a groundbreaking to take place in late 2011 to early 2012. The project has grown from its originally planned 259,000 square feet to over 380,000 square feet! The plan's proposal still includes a grocery store anchor, one or two additional big box retail establishments, restaurants and other neighborhood center retail services. However, the fact that the project has grown in size will also ultimately result in a higher number of jobs, increased income taxes and increased real estate taxes that will generate higher levels of return to the City and school district than originally presented. Portage Crossing promises to be a "bright horizon" for the revitalization of the State Road/Portage Trail area and will certainly set a new tone for retail opportunities along those corridors.

FINANCIAL INFORMATION

Five of the City's six unions have contracts that expire December 31, 2013. Each of those contracts has economic re-openers at the end of 2011 and 2012. The AFSCME contract runs through 2011.

The City's Capital Project Fund has issued various notes for numerous infrastructure projects over the last several years. The administration, along with the assistance of City Council, created a plan to pay down on the notes each year to save the cost of long-term interest borrowing. In 2011, the City is paying down almost \$1.9 million in outstanding balances.

LONG TERM FINANCIAL PLANNING

The City currently prepares a five-year capital improvement plan. This plan helps the City prepare and adjust for major infrastructure projects and maximize potential State and Federal grant assistance. Various other major operations within the City are also being viewed over two, three, and five-year views. Preparing for the future is a

City of Cuyahoga Falls, Ohio

key ingredient to financial stability while maintaining important public services. This five-year approach is being expanded to all major funds within the City.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cuyahoga Falls for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2009. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 26 consecutive years (fiscal years ended 1984-2009). We believe our current report continues to conform to the Certificate of Achievement program requirements and are therefore submitting it to the GFOA. Receipt of these awards is an outstanding sign of the City's active effort to anticipate and provide for the needs of its citizens.

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

Respectfully submitted,



Joseph F. Brodzinski
Finance Director

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Cuyahoga Falls
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

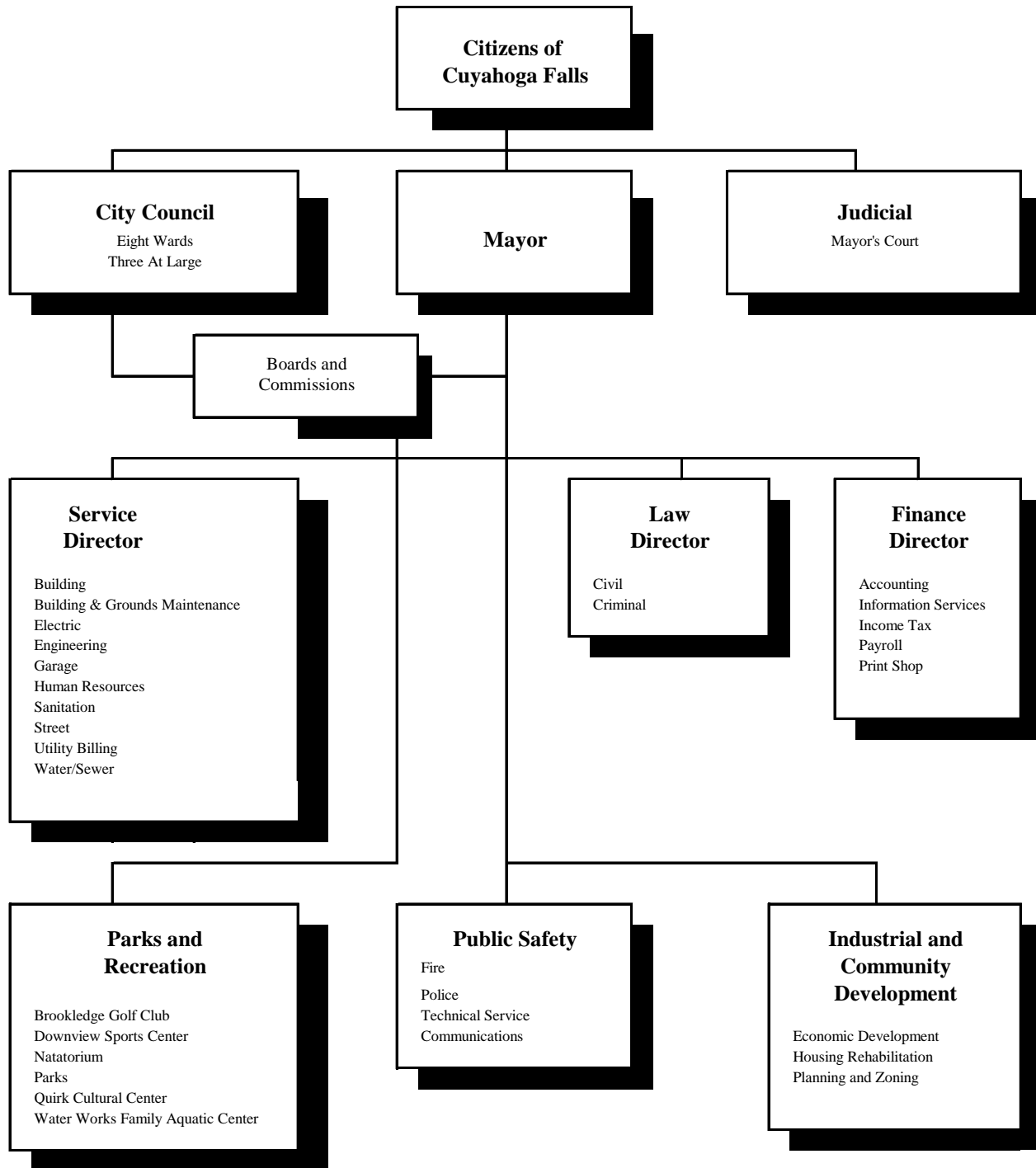
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Organizational Chart



City Officials

Mayor Don L. Robart

Cabinet of the Mayor:

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

At Large Council:

Kathy A. Hummel
Carol A. Klinger
Jeffrey G. Iula

Ward Council:

Vincent J. Rubino..... Ward 1
Mary Ellen Pyke.....Ward 2
Ken E. Barnhart.....Ward 3
Mark A. Ihasz.....Ward 4
Diana M. Colavecchio...Ward 5 (Council Pres. at 12/31/10)
Don S. Walters.....Ward 6
Jerry L. James.....Ward 7
Terry L. Mader.....Ward 8

FINANCIAL SECTION



Independent Auditors' Report

Members of the City Council
Cuyahoga Falls, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Ohio (the "City"), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Municipal Income Tax Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 18, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The management's discussion and analysis information on pages 16 through 31 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, 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 and schedules 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.

Cimini & Panichi, Inc.

Cleveland, Ohio
June 30, 2011

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City of Cuyahoga Falls, Ohio

Management's Discussion and Analysis

As management of the City of Cuyahoga Falls, Ohio (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 2 of this report.

FINANCIAL HIGHLIGHTS

- This is the City of Cuyahoga Falls eighth publication of a Comprehensive Annual Financial Report (CAFR) under the new GASB 34 reporting model. Comparisons to prior financials are offered for this discussion and analysis.
- Total assets of the City of Cuyahoga Falls were \$289,880,338. Of this amount, \$143,010,359 was attributable to Governmental Activities and \$146,869,979 was from Business-type Activities.
- Total liabilities of the City of Cuyahoga Falls were \$101,357,431. Governmental Activities accounted for \$41,020,604, while Business-type Activities represented \$60,336,827 of the total.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

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

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

Fund financial statements

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

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

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

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

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

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

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

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

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

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

City of Cuyahoga Falls, Ohio

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51 – 89 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 90-139 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

City of Cuyahoga Falls, Ohio - Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other Assets	\$ 55,625,527	\$ 50,142,476	\$ 37,389,427	\$ 37,591,904	\$ 93,014,954	\$ 87,734,380
Capital Assets	87,384,832	88,528,077	109,480,552	108,015,807	196,865,384	196,543,884
Total Assets	143,010,359	138,670,553	146,869,979	145,607,711	289,880,338	284,278,264
Liabilities						
Current and other liabilities	28,462,751	28,701,432	17,849,015	19,689,824	46,311,766	48,391,256
Long term liabilities outstanding	12,557,853	12,723,857	42,487,812	45,404,027	55,045,665	58,127,884
Total Liabilities	41,020,604	41,425,289	60,336,827	65,093,851	101,357,431	106,519,140
Net Assets						
Invested in capital assets, net of related debt	77,734,747	78,407,401	59,152,090	57,049,158	136,886,837	135,456,559
Restricted	10,713,662	12,227,020	-	-	10,713,662	12,227,020
Permanent Fund Purpose	225,240	221,674	-	-	225,240	221,674
Unrestricted	13,316,106	6,389,169	27,381,062	23,464,702	40,697,168	29,853,871
Total net assets	\$ 101,989,755	\$ 97,245,264	\$ 86,533,152	\$ 80,513,860	\$ 188,522,907	\$ 177,759,124

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$188,522,907 at the close of the most recent fiscal year.

The largest portion of the City's net assets (73 percent) reflects its investments in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Additionally, six percent of the City's net assets represent resources that have been restricted on how they may be used. Another portion of the City's net assets (less than one percent) represents the Cemetery Perpetual Care Permanent Fund, which used to be a non-expendable trust fund. The remaining balance of unrestricted net assets \$40,697,168 may be used to meet the government's on-going obligations to its citizens and creditors.

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

City of Cuyahoga Falls, Ohio

Overall, net assets of the City increased by \$10.764 million in 2010. Net assets for governmental activities increased \$4.745 million and net assets for business-type activities increased \$6.019 million.

The net assets increase for governmental activities is due to an increase in various revenue sources such as charges for services, capital grants and contributions and grants and entitlements not restricted to specific programs coupled with expenses such as security of persons and property and general government being lower in 2010. For business-type activities, all the City's utilities operations (sewage and disposal, water, electric, sanitation and storm drainage) had net revenue for 2010.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year. This table contains the 2009 fiscal year figures for comparison purposes.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio - Changes in Net Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 6,681,398	\$ 5,576,793	\$ 62,940,921	\$ 57,490,442	\$ 69,622,319	\$ 63,067,235
Operating grants and contributions	3,298,304	3,315,954	113,418	66,627	3,411,722	3,382,581
Capital grants and contributions	4,136,462	1,940,211	-	277,054	4,136,462	2,217,265
General revenues:						
Property and other local taxes	11,240,935	11,210,512	-	-	11,240,935	11,210,512
Income taxes	19,421,019	18,547,077	-	-	19,421,019	18,547,077
Grants and entitlements not						
restricted to specific programs	4,955,712	4,130,199	-	-	4,955,712	4,130,199
Other	371,222	409,522	141	7,866	371,363	417,388
Total Revenues	50,105,052	45,130,268	63,054,480	57,841,989	113,159,532	102,972,257
Expenses						
Security of persons and property	20,486,414	23,430,589	-	-	20,486,414	23,430,589
Leisure time activities	2,412,432	2,644,714	-	-	2,412,432	2,644,714
Community environment	4,220,657	2,425,183	-	-	4,220,657	2,425,183
Street maintenance	8,110,272	6,936,730	-	-	8,110,272	6,936,730
General government	7,648,904	9,098,070	-	-	7,648,904	9,098,070
Interest and fiscal charges	425,181	751,598	-	-	425,181	751,598
Sewage and disposal	-	-	5,497,927	5,190,156	5,497,927	5,190,156
Water	-	-	4,266,999	4,552,145	4,266,999	4,552,145
Electric	-	-	38,965,035	37,217,341	38,965,035	37,217,341
Sanitation	-	-	3,081,240	3,258,406	3,081,240	3,258,406
Leisure time activities	-	-	6,328,933	6,604,706	6,328,933	6,604,706
Storm Drainage Utility	-	-	951,755	789,037	951,755	789,037
Total Expenses	43,303,860	45,286,884	59,091,889	57,611,791	102,395,749	102,898,675
Increase in net assets before transfers	6,801,192	(156,616)	3,962,591	230,198	10,763,783	73,582
Transfers	(2,056,701)	(2,071,532)	2,056,701	2,071,532	-	-
Changes in net assets	4,744,491	(2,228,148)	6,019,292	2,301,730	10,763,783	73,582
Net assets-beginning	97,245,264	99,473,412	80,513,860	78,212,130	177,759,124	177,685,542
Net assets-ending	\$101,989,755	\$ 97,245,264	\$ 86,533,152	\$ 80,513,860	\$188,522,907	\$ 177,759,124

Governmental activities. Governmental activities increased the City's net assets by \$4.745 million. Key elements of the changes in net assets are as follows:

- ❖ Charges for services revenue increased by \$1,104,605 or 20 percent.
- ❖ Capital grants and contributions increased by \$2,196,251 or 113 percent.
- ❖ Grants and entitlements not restricted to specific programs increased by \$825,513 or 20 percent.
- ❖ Security of persons and property expenses decreased \$2,944,175 or 13 percent.
- ❖ General government expenses decreased \$1,449,166 or 16 percent.

The increase in charges for services is a result of net cash basis revenues (revenue received in a fiscal year, less reversing entries recognized in the prior period) in 2010 being \$982,214 higher than 2009. Specifically, the accrual for EMS transport fees recognized in 2008 and reversed in 2009 was significantly higher than the accrual for 2009, reversed in 2010, due to the accrual of EMS collections in 2009 being significantly written down, thus increasing the revenue in 2010.

The increase in capital grants and contributions revenue in 2010 is primarily due to revenue accrued at year-end being significantly higher than in 2009. For capital grants and contributions – community environment, accrued revenue for 2010 relating to the Buckeye Mixed Use Redevelopment Project, being funded by State of Ohio Clean Ohio Revitalization Fund (CORF) was \$1,123,708. Furthermore, an amount of \$81,470 was accrued at December 31, 2010 for the former Mud Run Gun Club property being funded by State of Ohio Clean Assistance Fund (COAF).

For capital grants and contributions – street maintenance, revenue and accruals from grants relating to the rebuilding of Chart Road from the Ohio Public Works Commission in an amount of \$75,461 and various road widening and /or resurfacing projects funded under the Federal Highway Planning and Construction Grant, passed through the State of Ohio Department of Transportation, in an amount of \$857,228 far exceeded that of the prior year.

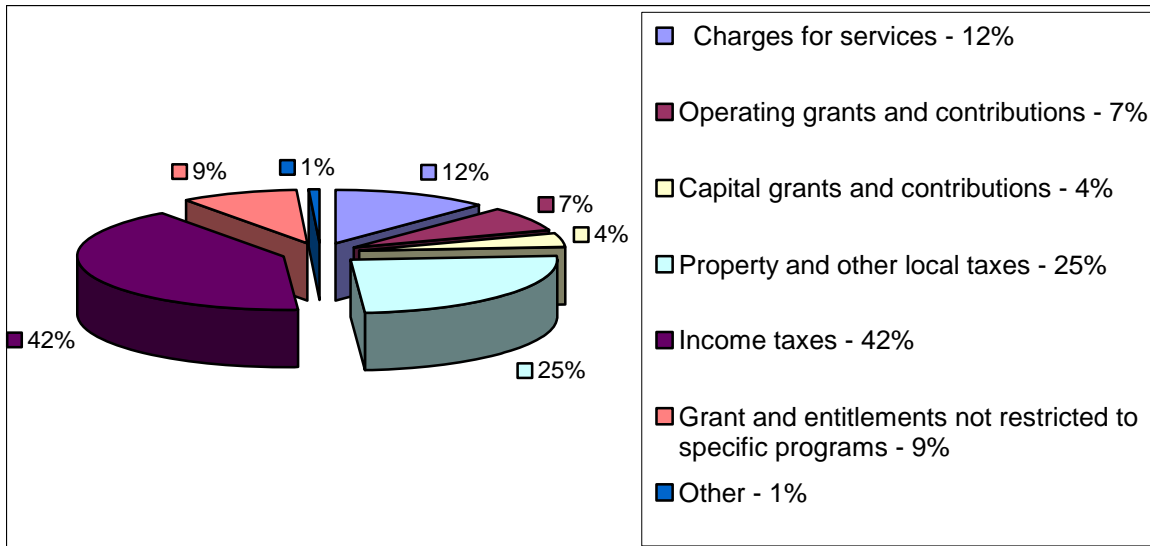
The increase in grants and entitlements not restricted to specific programs is a result of net cash basis revenues (revenue received in a fiscal year, less reversing entries recognized in the prior period) being higher in 2010 than 2009, coupled with the current year accrual for inheritance tax being significantly higher than that of 2009 based on information provided by the Summit County, Ohio. Net cash basis revenues and the inheritance tax accrual were \$334,815 and 437,924 higher, respectively.

The decrease in security of persons and property expenses in 2010 is attributable to personal services costs for payroll and fringe benefits for most departments under this classification; Building, Police, Fire, Technical Services being less than 2009 based on continued cost containment measures, with the exception of Communications, which increased slightly. Additionally in 2009, the City remitted \$989,932 to the City of Stow for court related special revenue fund balances classified as security of persons and property associated with the relocation of the Municipal Court to Stow, Ohio. Only 2010 payments incorrectly received by the State of Ohio for Indigent Drivers Alcohol Treatment in the amount of \$28,711 had to be remitted to Stow for a decrease of \$961,221.

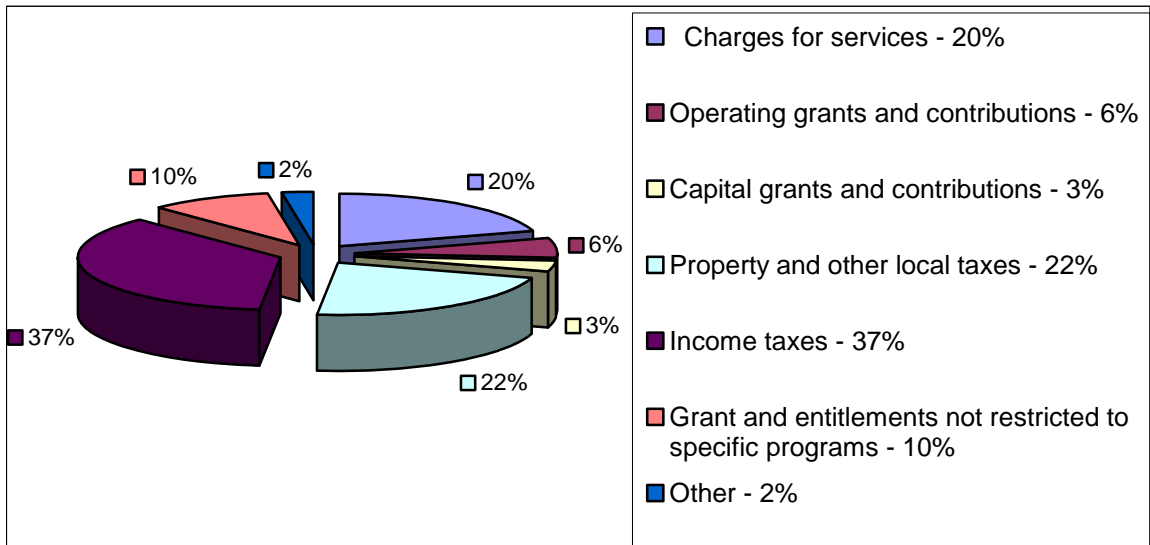
Similar to the decrease in security of persons and property expenses from 2009 to 2010, general government expenses in 2010 attributable to personal services costs for payroll and fringe benefits for the majority of departments under this classification; were less than 2009 based on continued cost containment measures applied across the board. In addition, in 2009 the City remitted \$874,566 to the City of Stow for court related special revenue fund balances classified as general government associated with the relocation of the Municipal Court to Stow, Ohio. No payments related to the classification were made to the City of Stow in 2010.

City of Cuyahoga Falls, Ohio

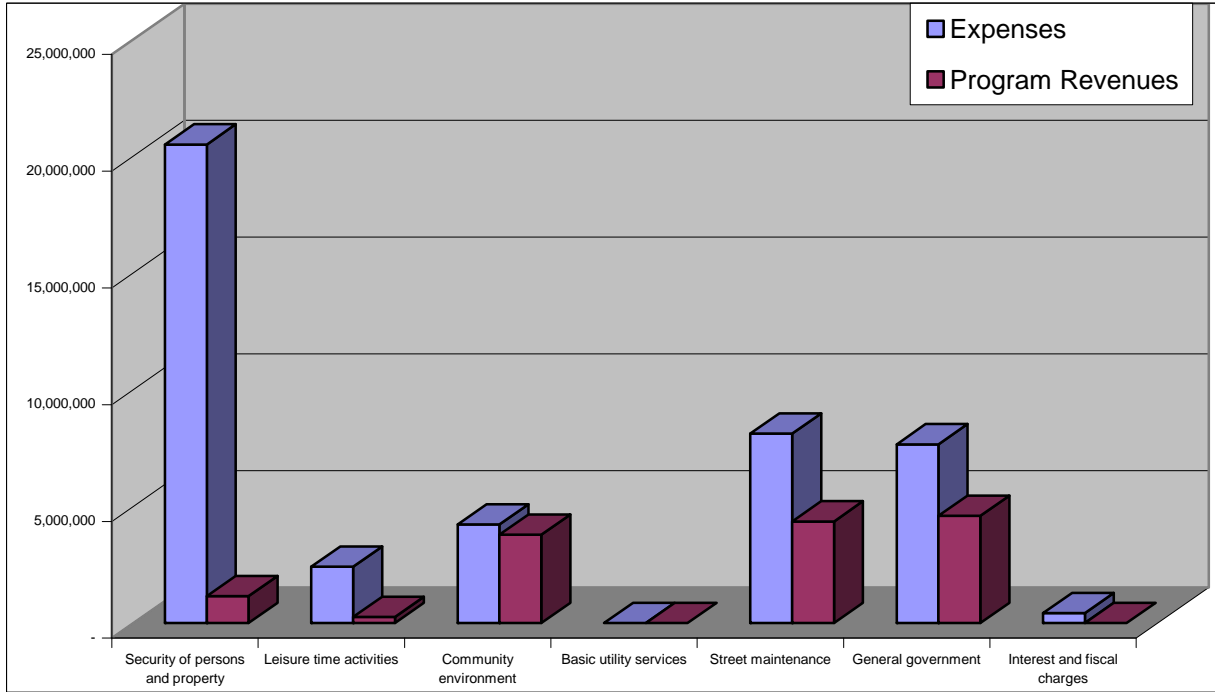
2010 Revenues by Source – Governmental Activities



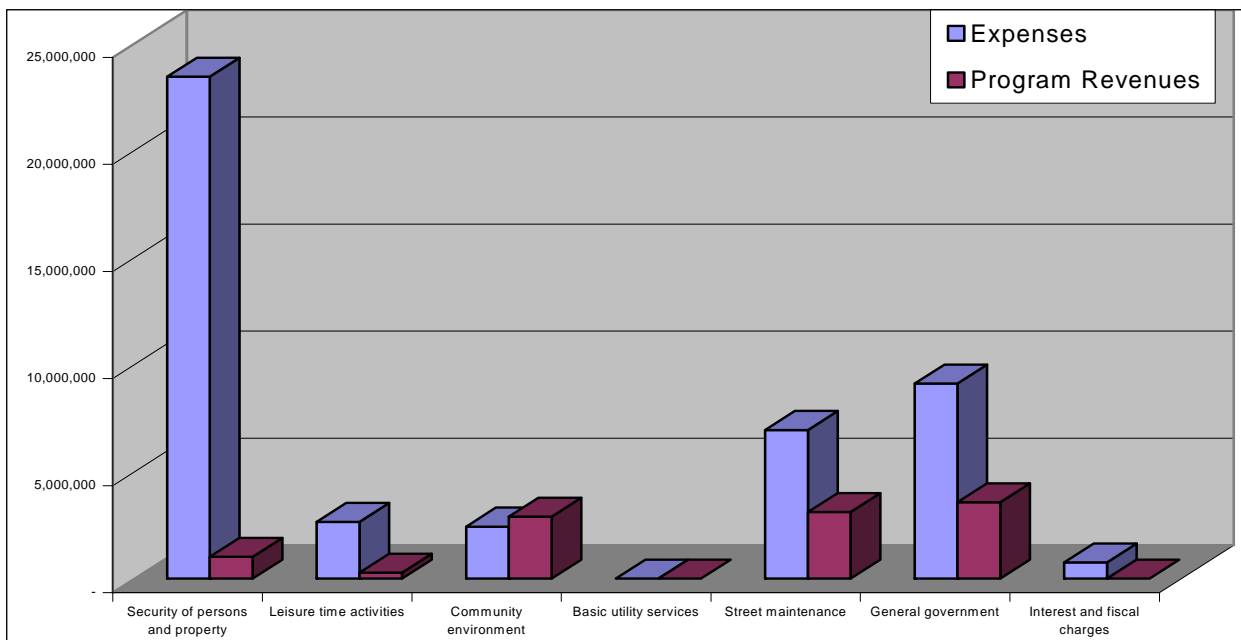
2009 Revenues by Source – Governmental Activities



2010 Expenses and Program Revenues – Governmental Activities



2009 Expenses and Program Revenues – Governmental Activities



City of Cuyahoga Falls, Ohio

Business-type activities: Business-type activity net assets increased by \$6.019 million. Key elements of changes in net assets are as follows:

- ❖ Charges for services for all components exceeded 2009 by \$5,450,479 (Sewage and disposal \$606,762, Water \$165,157, Electric \$4,394,398, Sanitation \$58,992, Leisure time activities \$181,727 and Storm drainage utility \$43,443), contributing to the increase in net assets.

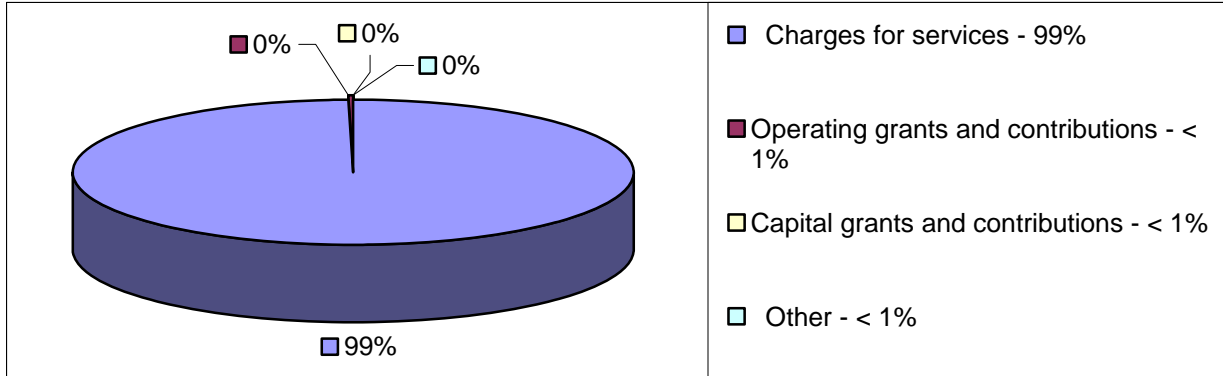
The increase in charges for services is a result of net cash basis revenues (revenue received in a fiscal year, less reversing entries recognized in the prior period) in 2010 being higher than 2009, as follow:

Sewer and Disposal	\$ 518,329
Water	\$ 147,693
Electric	\$6,930,271
Sanitation	\$ 32,549
Leisure time	\$ 178,704

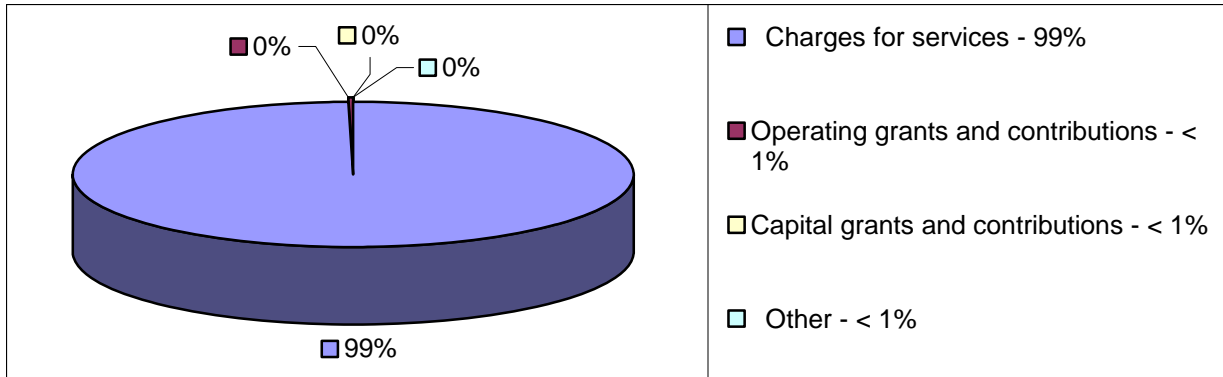
Electric operations had a decrease in accounts receivable at year-end in the amount of \$2,408,730, due to the completion of the J Aron purchased power recapture, which ended in November 2010.

- ❖ Expenses in Water, Sanitation and Leisure Time Activities were less in 2010 by \$285,146, \$177,166 and \$275,773, respectively, further contributing to the increase in net assets. Conversely, expenses in Sewage in Disposal, Electric and Storm Drainage Utilities increased \$307,771, \$1,747,694 and \$162,718, respectively. However, these increases in operations were more than offset by increases in charges for services supporting each function. As an example, the electric purchased power expense increased \$1,386,962, sewage disposal costs with Akron and Summit County systems increased \$90,913 and storm drainage additional personal services costs increased \$47,322 from allocation of ditch and leaf remediation programs.

2010 Revenue by Source – Business-type Activities

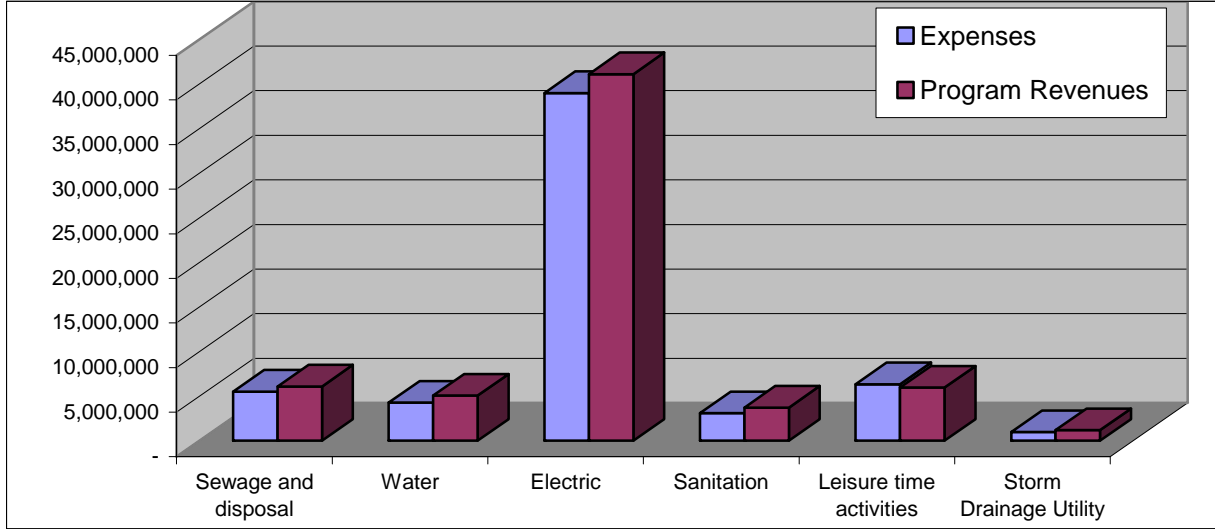


2009 Revenue by Source – Business-type Activities

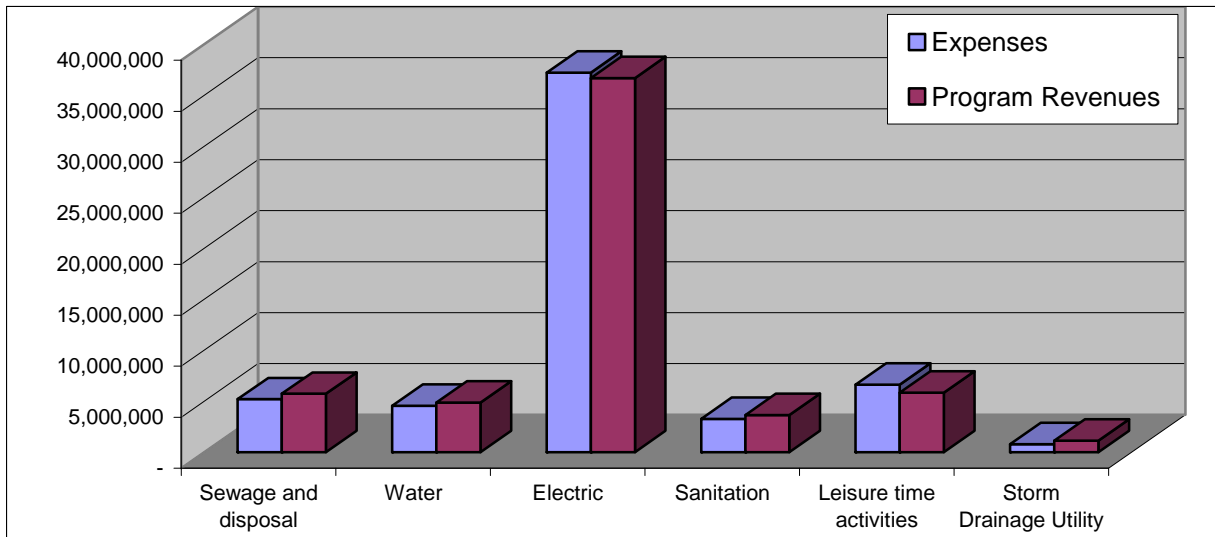


City of Cuyahoga Falls, Ohio

2010 Expenses and Program Revenues – Business-type Activities



2009 Expenses and Program Revenues – Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of December 31, 2010, the City's governmental funds reported combined ending fund balances of \$18.900 million, which represents an increase of \$3.699 million in comparison with the prior year. Approximately \$2.876 million of this amount constitutes *unreserved deficit fund balance*. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period and for non-current loans receivable and other various reservations. The largest fund balance reserve is for assets held for resale in the Capital Projects Fund in the amount of \$12.200 million.

The general fund is the chief operating fund of the City. At December 31, 2010, unreserved fund balance of the general fund was \$7.830 million, while total fund balance was \$8.101 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures (including transfers out). Unreserved fund balance represents 25 percent of total general fund expenditures (including transfers out), while total fund balance represents 26 percent of the same amount.

The fund balance of the City's General Fund increased by \$1.477 million during 2010. Key factors contributing to this increase are as follows:

- ❖ Total revenues (including transfers in) increased by \$1,008,722. This increase is primarily attributed to the increase in transfers in from 2009 to 2010 associated with the distribution of municipal income taxes, in the amount of \$734,845. In addition, state levied shared taxes in 2010 increased \$199,609.
- ❖ Expenditures (including transfers out) decreased by \$1,881,786 or 5 percent.
- ❖ Security of persons and property expenditures decreased \$1,495,507 in 2010 from 2009. The main reason is the decrease in expenses attributable to personal services costs for payroll and fringe benefits as discussed previously in governmental activities section of this analysis.
- ❖ General government expenditures decreased \$1,002,759 in 2010 from 2009. This decrease is attributable to personal services costs for payroll and fringe benefits being reduced by continued cost containment measures applied across the board.

The fund balance of the City's Capital Projects Fund increased by \$2.152 million during 2010. Key factors contributing to this increase are as follows:

- ❖ Total revenues (including transfers in) increased by \$2,278,000. This is due in part by grants relating to the rebuilding of Chart Road from the Ohio Public Works Commission in an amount of \$75,461 and various road widening and /or resurfacing projects funded under the Federal Highway Planning and Construction Grant, passed through the State of Ohio Department of Transportation, in an amount of \$857,228 received for 2010 as well as an increase in intergovernmental accrued revenue at year-end relating to the Buckeye Mixed Use Redevelopment Project, being funded by State of Ohio Clean Ohio Revitalization Fund (CORF) in the amount of \$1,123,708 and Mud Run Gun Club property being funded by State of Ohio Clean Assistance Fund (COAF) in the amount of \$81,470. In addition, the Fund experienced an increase in transfers in from 2009 to 2010 associated with the distribution of municipal income taxes, in the amount of \$343,912.

City of Cuyahoga Falls, Ohio

The fund balance of other nonmajor governmental funds increased by \$65,229 in 2010 from \$4,783,370 in 2009 to \$4,848,599 in 2010. The fund with the most significant increases in fund balance was the Recreation Levy Fund \$137,795.

- ❖ This increase is primarily attributed to the increase in transfers in from 2009 to 2010 associated with the distribution of municipal income taxes, in the amount of \$93,806 and a reduction of operational expenses in an amount of \$81,154 (\$47,217 cash basis).

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

Unrestricted net assets at the end of the year amounted to \$2.650 million, \$1.626 million, \$21.176 million, \$1.503 million, \$947,447, and \$729,034 for the Sewage and Disposal, Water, Electric, Sanitation, Leisure Time, and Storm Drainage Utility Funds, respectively.

The Electric Fund unrestricted net assets increased \$2.591 million from 2009 to 2010.

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

It should be noted that the Sanitation Fund has again seen an improvement in unrestricted net assets, with an increase of \$708,004 from 2009 to 2010 due to the cost saving measures of continuing to standardize refuse containers, which has reduced the number of personnel per route with an ultimate goal of full automation in the future.

General Fund Budgetary Highlights

The final amended General Fund budget had total appropriation of approximately \$270,927 less than the original budget. The total original appropriations, including those for transfers out, were \$32,877,624, while the final appropriations were \$32,606,697. Final appropriations in 2010 were \$1,778,099 or 5.17 percent less than 2009, primarily due to the City administration's continued effort to contain government spending. The variance between the final budget and actual results were not significant enough for analysis.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2010, amounts to \$196.865 million (net of accumulated depreciation). This investment in capital assets include land, buildings, improvements, machinery and equipment, as well as, infrastructure (from 1980 to current), including roads, sidewalks, bridges, curbs and gutters. The total increase in the City's investment in capital assets for 2010 was \$321,500, which amounted to less than one percent.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 8,700,219	\$ 8,686,553	\$ 3,367,204	\$ 3,359,319	\$ 12,067,423	\$ 12,045,872
Construction in Progress	4,578,448	5,745,766	709,249	14,578,559	5,287,697	20,324,325
Buildings	17,565,259	18,144,172	30,523,694	31,337,747	48,088,953	49,481,919
Improvements	909,186	790,785	71,203,539	54,942,963	72,112,725	55,733,748
Machinery and Equipment	8,413,139	8,732,395	3,676,866	3,797,219	12,090,005	12,529,614
Infrastructure	47,218,581	46,428,406	-	-	47,218,581	46,428,406
Total	\$ 87,384,832	\$ 88,528,077	\$ 109,480,552	\$ 108,015,807	\$ 196,865,384	\$ 196,543,884

Major capital asset events during 2010 were as follows:

- The City placed the fixed base automated meter reading (AMR) installation, lighting retrofits and building envelope improvements project in operation in 2010 after deeming the project complete. This project was a component of construction in progress in 2009 in an amount of \$13,838,674, and has been recorded as improvements in 2010 to governmental activities and Business-type activities in an amount of \$115,267 and \$16,902,526, respectively.
- The other major project that was transferred out of construction in progress and placed in operation was the completed High Glens Park project for \$1,960,030.
- Major road projects for the City during 2010 included the reconstruction of 18th Street for \$160,983. Other additional road construction costs for 2010 that are on-going for the City into the next year include: Howe Avenue and Main Street - \$465,664, Bath Road to Steels Corners - \$282,415 and Chart Road - \$279,861.
- Part of the City's upgrades in machinery and equipment included additional snow removal equipment for the Street Department. In total, \$323,627 in snowplows and equipment was added to the City's fleet.

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

Assets Held for Resale. During 2010, a portion of the land that was purchased for the South Front Street Redevelopment project and being held for resale in the amount of \$391,302 was sold for \$400,500, while the remaining portion purchased was redeveloped and remains under the City's ownership.

The City also purchased property known as the State Road Shopping Center in August 2008 with the intent to resell the land for development. The property is approximately 26 acres of land that included over 350,000 square feet of buildings. The City sent out requests for proposal nationally with the goal of turning this property into a viable revenue producer for years to come. In 2009 the City selected a developer for the project. As of December 31, 2010 an amount of \$12,093,171 is recorded as assets held for resale in the Capital Projects Fund.

The City purchased and demolished a dilapidated property on Portage Trail in 2010, which is being improved with the assistance of the State of Ohio Clean Ohio Assistance Fund (COAF) and held for resale. The total expense recognized in 2010 was \$106,945.

City of Cuyahoga Falls, Ohio

Long-term debt. At December 31, 2010, the City had \$47.715 million of long-term bonds and capital leases outstanding. All special assessment bonds issued by the City are also general obligation bonds (\$52,000 in governmental activities) and are included herein.

City of Cuyahoga Falls General Obligation Bonds and Capital Leases Outstanding						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
G. O. bonds	\$ 5,283,547	\$ 6,311,292	\$ 24,786,232	\$ 26,610,828	\$ 30,069,779	\$ 32,922,120
Capital leases	1,972,798	2,704,089	15,672,230	16,477,596	17,645,028	19,181,685
Total	\$ 7,256,345	\$ 9,015,381	\$ 40,458,462	\$ 43,088,424	\$ 47,714,807	\$ 52,103,805

The City entered into a lease agreement in 2008 for water and electric meter replacement and fixed base automated meter reading (AMR) installation, lighting retrofits and building envelope improvements in the amount of \$17,017,793. This project was completed in 2010 and included in improvements other than buildings in the City's capital assets for governmental activities and business-type activities, respectively. The City's lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date for governmental activities and business-type activities in the Statement of Net Assets. Upon completion of the project in 2010, the original capital lease liability and related capital asset recording by fund was revised based on the estimated savings plan from which the liabilities were recorded. Since, no lease payments were made prior to 2010 and the related assets were not placed in operation until 2010, prior period restatement was not necessary.

No new leases were entered into in 2010.

Economic Factors and Next Year's Budget

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

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

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

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

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

Request for Information

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

BASIC FINANCIAL STATEMENTS

Statement of Net Assets
December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CIC of Cuyahoga Falls
Assets				
Equity in pooled cash and cash equivalents	\$ 17,463,143	\$ 19,574,278	\$ 37,037,421	\$ -
Cash and cash equivalents - restricted accounts	212,537	-	212,537	737,329
Investments	219,188	245,732	464,920	-
Investments - restricted	17,623	-	17,623	-
Accounts receivable (net of allowance for uncollectibles)	1,031,978	7,632,827	8,664,805	-
Loans receivable	1,959,295	-	1,959,295	62,122
Taxes receivable	13,871,024	-	13,871,024	-
Special assessments receivable	563,084	217,989	781,073	-
Accrued interest receivable	49,651	-	49,651	3,912
Due from other governments	5,196,321	80,468	5,276,789	-
Inventory of supplies	904,836	4,176,066	5,080,902	-
Prepaid items	129,729	115,423	245,152	255
Internal balances	1,497,983	(1,497,983)	-	-
Deferred charges	309,019	441,529	750,548	-
Investment in joint venture	-	6,403,098	6,403,098	-
Assets held for resale	12,200,116	-	12,200,116	-
Nondepreciable capital assets	13,278,667	4,076,453	17,355,120	-
Depreciable capital assets	74,106,165	105,404,099	179,510,264	-
Total assets	143,010,359	146,869,979	289,880,338	803,618
Liabilities				
Accounts payable	2,088,011	2,705,872	4,793,883	-
Accrued salaries, wages and benefits	651,293	236,856	888,149	-
Accrued interest payable	86,672	87,743	174,415	-
Due to other governments	421,750	516,112	937,862	-
Unearned revenue	9,972,189	7,017	9,979,206	-
Deposit held and due to others	-	948,789	948,789	-
Notes payable	11,750,000	9,870,000	21,620,000	-
Current portion of:				
Accrued compensated absences	1,438,409	372,989	1,811,398	-
Claims and judgments payable	916,172	-	916,172	-
Capital leases	310,678	1,459,214	1,769,892	-
Bonds payable	827,577	1,644,423	2,472,000	-
Long-term portion of:				
Accrued compensated absences	5,078,508	1,628,522	6,707,030	-
Claims and judgments payable	458,274	-	458,274	-
Other post-employment benefit obligation	902,981	-	902,981	-
Capital leases	1,662,120	14,213,016	15,875,136	-
Payable to Joint Venture	-	3,504,465	3,504,465	-
Bonds payable	4,455,970	23,141,809	27,597,779	-
Total liabilities	41,020,604	60,336,827	101,357,431	-
Net Assets				
Invested in capital assets, net of related debt	77,734,747	59,152,090	136,886,837	-
Restricted for:				
Capital projects	8,287,795	-	8,287,795	-
Debt service	1,310	-	1,310	-
Special revenue - Community Development Block Grant	2,413,557	-	2,413,557	-
Special revenue - FEMA Public Assistance	11,000	-	11,000	628,150
Permanent fund purpose:				
Nonexpendable - Cemetery Perpetual Care	225,240	-	225,240	-
Unrestricted	13,316,106	27,381,062	40,697,168	175,468
Total net assets	\$ 101,989,755	\$ 86,533,152	\$188,522,907	\$ 803,618

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Activities For the Year Ended December 31, 2010

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Security of persons and property	\$ 20,486,414	\$ 841,421	\$ 103,795	\$ 202,401
Leisure time activities	2,412,432	257,082	-	-
Community environment	4,220,657	244,959	1,117,721	2,414,054
Street maintenance	8,110,272	752,876	2,076,788	1,520,007
General government	7,648,904	4,585,060	-	-
Interest and fiscal charges	425,181	-	-	-
Total governmental activities	43,303,860	6,681,398	3,298,304	4,136,462
Business-type activities:				
Sewage and disposal	5,497,927	6,078,591	-	-
Water	4,266,999	5,024,010	35,892	-
Electric	38,965,035	41,058,338	28,669	-
Sanitation	3,081,240	3,662,532	48,857	-
Leisure time activities	6,328,933	5,952,524	-	-
Storm Drainage Utility	951,755	1,164,926	-	-
Total business-type activities	59,091,889	62,940,921	113,418	-
Total primary government	\$ 102,395,749	\$ 69,622,319	\$ 3,411,722	\$ 4,136,462
Component Unit - CIC of Cuyahoga Falls	\$ 52,807	\$ 9,920	\$ -	\$ -
General revenues:				
Property and other local taxes levied for:				
General purposes				
Special revenue				
Income tax levied for:				
General purposes				
Special revenue				
Capital projects				
Grants and entitlements not restricted to specific programs				
Gain on sale of capital assets				
Investment earnings				
Transfers				
Total general revenue and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

(Continued)

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental	Business-type	Total	CIC of	
Activities	Activities		Cuyahoga Falls	
\$ (19,338,797)	\$ -	\$ (19,338,797)	\$ -	
(2,155,350)	-	(2,155,350)	-	
(443,923)	-	(443,923)	-	
(3,760,601)	-	(3,760,601)	-	
(3,063,844)	-	(3,063,844)	-	
(425,181)	-	(425,181)	-	
<u>(29,187,696)</u>	<u>-</u>	<u>(29,187,696)</u>	<u>-</u>	
-	580,664	580,664	-	
-	792,903	792,903	-	
-	2,121,972	2,121,972	-	
-	630,149	630,149	-	
-	(376,409)	(376,409)	-	
-	213,171	213,171	-	
-	3,962,450	3,962,450	-	
<u>\$ (29,187,696)</u>	<u>\$ 3,962,450</u>	<u>\$ (25,225,246)</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,887)</u>	
10,429,421	-	10,429,421	-	
811,514	-	811,514	-	
12,171,153	-	12,171,153	-	
1,553,682	-	1,553,682	-	
5,696,184	-	5,696,184	-	
4,955,712	-	4,955,712	-	
98,731	-	98,731	-	
272,491	141	272,632	6,149	
<u>(2,056,701)</u>	<u>2,056,701</u>	<u>-</u>	<u>-</u>	
<u>33,932,187</u>	<u>2,056,842</u>	<u>35,989,029</u>	<u>6,149</u>	
4,744,491	6,019,292	10,763,783	(36,738)	
97,245,264	80,513,860	177,759,124	840,356	
<u>\$ 101,989,755</u>	<u>\$ 86,533,152</u>	<u>\$ 188,522,907</u>	<u>\$ 803,618</u>	

City of Cuyahoga Falls, Ohio

Balance Sheet - Governmental Funds December 31, 2010

	General	Municipal Income Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 6,178,057	\$ 218,469	\$ 4,980,083	\$ 1,441,844	\$ 12,818,453
Investments	77,517	2,743	62,519	18,101	160,880
Cash and cash equivalents - restricted	-	-	-	212,537	212,537
Investments - restricted accounts	-	-	-	17,623	17,623
Receivables					
Taxes	9,840,112	3,463,014	-	567,898	13,871,024
Accounts					
(net of allowance for uncollectibles)	26,471	-	761,299	243,105	1,030,875
Loans	-	-	-	1,959,295	1,959,295
Special assessments	3,162	-	429,918	130,004	563,084
Accrued interest	-	-	-	49,651	49,651
Due from other funds	1,555,176	-	619,357	368,935	2,543,468
Due from other governments	2,477,567	44,760	1,654,525	1,019,469	5,196,321
Inventory of supplies	121,149	1,315	-	273,462	395,926
Prepaid items	101,769	275	-	21,613	123,657
Assets held for resale	-	-	12,200,116	-	12,200,116
Advances to other funds	-	-	-	214,316	214,316
Total assets	\$ 20,380,980	\$ 3,730,576	\$ 20,707,817	\$ 6,537,853	\$ 51,357,226
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 48,905	\$ -	\$ 1,848,935	\$ 120,392	\$ 2,018,232
Accrued salaries, wages and benefits	665,604	7,166	-	67,984	740,754
Accrued interest payable	-	-	72,707	-	72,707
Deferred revenue	11,366,443	1,596,030	879,935	1,406,240	15,248,648
Due to other funds	161,826	2,111,684	6,060	11,633	2,291,203
Due to other governments	37,651	1,106	-	83,005	121,762
Advances from other funds	-	-	214,316	-	214,316
General obligation notes payable	-	-	11,750,000	-	11,750,000
Total liabilities	12,280,429	3,715,986	14,771,953	1,689,254	32,457,622
Fund Balances					
Reserved for encumbrances	47,921	13,000	689,041	150,583	900,545
Reserved for prepaid items	101,769	275	-	21,613	123,657
Reserved for advances	-	-	-	214,316	214,316
Reserved for inventory of supplies	121,149	1,315	-	273,462	395,926
Reserved for loans receivable	-	-	-	1,959,295	1,959,295
Reserved for debt service	-	-	-	5,327	5,327
Reserved for cemetery perpetual care	-	-	-	224,849	224,849
Reserved for assets held for resale	-	-	12,200,116	-	12,200,116
Unreserved - undesignated					
General fund	7,829,712	-	-	-	7,829,712
Special revenue funds	-	-	-	1,999,771	1,999,771
Capital Projects funds	-	-	(6,953,293)	(617)	(6,953,910)
Total fund balances	8,100,551	14,590	5,935,864	4,848,599	18,899,604
Total liabilities and fund balances	\$ 20,380,980	\$ 3,730,576	\$ 20,707,817	\$ 6,537,853	\$ 51,357,226

See accompanying notes to the basic financial statements

**Reconciliation of Total Governmental Fund Balances to Net Assets of
Governmental Activities
December 31, 2010**

Total Governmental Fund Balances \$ 18,899,604

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

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

Nondepreciable capital assets	\$ 13,256,707	
Depreciable capital assets	<u>73,793,880</u>	87,050,587

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

Investment earnings	45,120	
Property taxes	435,821	
Grants and entitlements	2,177,887	
Income tax	1,596,030	
Special assessments	563,084	
Charges for services	<u>458,517</u>	5,276,459

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

Internal service fund net assets are: 3,835,700

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

Accrued interest payable	(13,965)	
Deferred charges related to debt issuance	309,019	
Unamortized bond premium	(218,514)	
Accrued compensated absences	(6,111,304)	
Capital leases	(1,972,798)	
Bonds Payable	<u>(5,065,033)</u>	(13,072,595)

Total Governmental Activities Net Assets \$ 101,989,755

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2010

	General	Municipal Income Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 10,104,436	\$ -	\$ -	\$ 582,326	\$ 10,686,762
Municipal income taxes	-	19,370,713	-	-	19,370,713
Other local taxes	255,081	-	-	225,236	480,317
State levied shared taxes	4,759,088	-	-	2,366,258	7,125,346
Intergovernmental	97,241	-	3,887,246	1,051,241	5,035,728
Charges for services	3,527,113	-	1,414,573	3,485	4,945,171
Fees, licenses and permits	351,355	-	-	670,915	1,022,270
Interest earnings	-	-	-	237,865	237,865
Fines and forfeitures	200,492	-	-	124,751	325,243
Special assessments	-	-	146,826	108,985	255,811
Other	295,402	155	74,547	292,661	662,765
Total revenues	<u>19,590,208</u>	<u>19,370,868</u>	<u>5,523,192</u>	<u>5,663,723</u>	<u>50,147,991</u>
Expenditures					
Current					
Security of persons and property	17,446,275	-	-	2,351,864	19,798,139
Leisure time activities	2,036,439	-	-	64,309	2,100,748
Community environment	1,228,223	-	-	1,193,910	2,422,133
Street maintenance	-	-	-	3,629,866	3,629,866
General government	5,758,696	1,001,802	-	36,953	6,797,451
Capital outlay	-	-	7,591,944	217,000	7,808,944
Debt Service					
Principal	-	-	305,153	984,667	1,289,820
Interest	-	-	261,654	210,153	471,807
Total expenditures	<u>26,469,633</u>	<u>1,001,802</u>	<u>8,158,751</u>	<u>8,688,722</u>	<u>44,318,908</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>(6,879,425)</u>	<u>18,369,066</u>	<u>(2,635,559)</u>	<u>(3,024,999)</u>	<u>5,829,083</u>
Other Financing Sources (Uses)					
Transfers in	13,432,458	-	5,387,694	4,420,394	23,240,546
Transfers out	<u>(5,066,216)</u>	<u>(18,366,300)</u>	<u>(600,000)</u>	<u>(1,215,119)</u>	<u>(25,247,635)</u>
Total other financing sources (uses)	<u>8,366,242</u>	<u>(18,366,300)</u>	<u>4,787,694</u>	<u>3,205,275</u>	<u>(2,007,089)</u>
Net change in fund balances	1,486,817	2,766	2,152,135	180,276	3,821,994
Fund balance at beginning of year	6,623,137	10,962	3,783,729	4,783,370	15,201,198
Change in reserve for inventory	(6,691)	840	-	(115,034)	(120,885)
Change in reserve for prepaid items	(2,712)	22	-	(13)	(2,703)
Fund balance at end of year	<u>\$ 8,100,551</u>	<u>\$ 14,590</u>	<u>\$ 5,935,864</u>	<u>\$ 4,848,599</u>	<u>\$ 18,899,604</u>

See accompanying notes to the basic financial statements

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2010

Net Change in Fund Balances - Total Governmental Funds \$ 3,821,994

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

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

Capital additions	\$ 2,690,595	
Current year depreciation	<u>(3,738,924)</u>	(1,048,329)

In the statement of activities, only the loss on the disposal of assets is reported, whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets. (27,435)

Governmental funds report expenditures for inventory of supplies and prepaid items when purchased. However, in the statement of activities, they are reported as an expense when consumed. (123,588)

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

Investment earnings	20,168	
Property taxes	72,452	
Grants and entitlements	14,872	
Income tax	50,306	
Special assessments	(161,317)	
Charges for services	<u>136,613</u>	133,094

Issuance of long term debt provides current resources to governmental funds, but has no effect on net asset. In addition, repayment of bond principal and capital lease payments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,289,820

Revision of capital lease in governmental funds decreased long-term liabilities in the statement of net assets. 426,138

In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due. 3,548

Premiums on bonds issued are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. 43,078

Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. (73,897)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 484,152

Internal service funds are used by the City to account for the financing of goods or services provided by one department to other City departments or agencies, generally on a cost reimbursement basis. The revenues (expenses) of the internal service funds are allocated among the governmental activities. (184,084)

Changes in Net Assets of Governmental Activities \$ 4,744,491

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 10,180,113	\$ 10,104,436	\$ 10,104,436	\$ -
Other local taxes	209,000	256,013	256,164	151
State levied shared taxes	4,480,771	4,576,511	4,392,810	(183,701)
Intergovernmental	69,400	69,400	86,488	17,088
Charges for services	3,454,856	3,454,856	3,527,922	73,066
Fees, licenses, and permits	398,950	398,950	356,803	(42,147)
Fines and forfeitures	153,000	158,846	198,452	39,606
Other	250,170	250,170	285,369	35,199
Total revenues	19,196,260	19,269,182	19,208,444	(60,738)
Expenditures				
Current				
Security of persons and property	18,219,043	17,929,047	17,441,674	487,373
Leisure time activities	2,210,857	2,185,855	2,045,002	140,853
Community environment	1,382,439	1,424,442	1,270,213	154,229
General government	6,063,335	5,979,314	5,744,826	234,488
Total expenditures	27,875,674	27,518,658	26,501,715	1,016,943
Excess (deficiency) of revenues over (under) expenditures	(8,679,414)	(8,249,476)	(7,293,271)	956,205
Other Financing Sources (Uses)				
Transfers in	12,372,014	13,502,228	13,482,406	(19,822)
Transfers out	(5,001,950)	(5,088,039)	(5,066,216)	21,823
Total other financing sources (uses)	7,370,064	8,414,189	8,416,190	2,001
Net change in fund balances	(1,309,350)	164,713	1,122,919	958,206
Fund balance at beginning of year	4,923,141	4,923,141	4,923,141	-
Prior year encumbrances appropriated	151,150	151,150	151,150	-
Fund balance at end of year	\$ 3,764,941	\$ 5,239,004	\$ 6,197,210	\$ 958,206

See accompanying notes to the basic financial statements

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Income Tax Fund
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal income taxes	\$ 17,802,914	\$ 19,292,914	\$ 19,399,669	\$ 106,755
Other	-	-	155	155
Total revenues	17,802,914	19,292,914	19,399,824	106,910
Expenditures				
Current				
General government	947,734	1,035,734	1,017,775	17,959
Total expenditures	947,734	1,035,734	1,017,775	17,959
Excess (deficiency) of revenues over (under) expenditures				
	16,855,180	18,257,180	18,382,049	124,869
Other Financing Sources (Uses)				
Transfers out	(16,850,000)	(18,446,001)	(18,446,000)	1
Total other financing sources (uses)	(16,850,000)	(18,446,001)	(18,446,000)	1
Net change in fund balances	5,180	(188,821)	(63,951)	124,870
Fund balance at beginning of year	257,517	257,517	257,517	-
Prior year encumbrances appropriated	14,646	14,646	14,646	-
Fund balance at end of year	\$ 277,343	\$ 83,342	\$ 208,212	\$ 124,870

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Net Assets - Proprietary Funds December 31, 2010

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Assets							
Current Assets							
Equity in pooled cash and cash equivalents	\$ 2,787,080	\$ 1,182,375	\$11,848,641	\$1,777,682	\$ 1,547,593	\$ 430,907	\$19,574,278
Investments	34,988	14,843	148,746	22,317	19,428	5,410	245,732
Receivables							
Accounts							
(net of allowance for uncollectibles)	956,811	595,830	5,775,840	203,227	3,959	97,160	7,632,827
Special assessments	-	14,331	-	-	-	203,658	217,989
Due from other funds	29,181	-	840,269	19,452	-	17,919	906,821
Due from other governments	54,179	26,289	-	-	-	-	80,468
Inventory of supplies	55,393	356,923	3,620,718	74,705	68,327	-	4,176,066
Prepaid items	12,584	19,771	34,834	8,255	39,576	403	115,423
Deferred charges	24,975	128,363	-	-	288,191	-	441,529
Unamortized bond discount	10,393	27,754	-	-	22,269	-	60,416
Investment in joint venture	-	-	6,403,098	-	-	-	6,403,098
Advances to other funds	-	-	340,000	-	-	-	340,000
Total current assets	<u>3,965,584</u>	<u>2,366,479</u>	<u>29,012,146</u>	<u>2,105,638</u>	<u>1,989,343</u>	<u>755,457</u>	<u>40,194,647</u>
Noncurrent Assets							
Capital Assets							
Land	93,459	135,605	495,890	152,781	1,763,407	726,062	3,367,204
Buildings	501,757	937,048	703,644	119,962	35,437,986	11,700	37,712,097
Improvements other than buildings	29,353,552	28,025,827	39,986,692	257,499	4,771,786	8,914,766	111,310,122
Equipment	1,457,740	1,600,276	5,017,015	2,476,136	787,796	307,343	11,646,306
CIP	155,902	225,432	135,587	-	-	192,328	709,249
Less: Accumulated depreciation	<u>(9,536,784)</u>	<u>(11,313,343)</u>	<u>(22,844,915)</u>	<u>(2,012,567)</u>	<u>(8,199,465)</u>	<u>(1,357,352)</u>	<u>(55,264,426)</u>
Total noncurrent assets	<u>22,025,626</u>	<u>19,610,845</u>	<u>23,493,913</u>	<u>993,811</u>	<u>34,561,510</u>	<u>8,794,847</u>	<u>109,480,552</u>
Total assets	<u>25,991,210</u>	<u>21,977,324</u>	<u>52,506,059</u>	<u>3,099,449</u>	<u>36,550,853</u>	<u>9,550,304</u>	<u>149,675,199</u>
Liabilities							
Current Liabilities							
Accounts payable	30,713	76,122	2,463,907	61,793	60,425	12,912	2,705,872
Accrued salaries, wages and benefits	21,017	39,823	89,545	28,788	55,103	2,580	236,856
Accrued compensated absences	48,815	56,639	182,111	85,424	-	-	372,989
Accrued interest payable	5,539	21,574	-	-	60,630	-	87,743
Deferred revenue	-	-	-	-	7,017	-	7,017
Due to other funds	170,584	208,922	3,808	143,767	628,136	-	1,155,217
Due to other governments	483,495	6,083	13,313	4,366	8,456	399	516,112
Deposits held and due to others	-	5,240	943,549	-	-	-	948,789
Claims and judgments payable	-	-	-	-	-	-	-
Capital lease obligations	444,616	293,872	698,497	22,229	-	-	1,459,214
Advances from other funds	85,000	-	-	-	-	-	85,000
General obligation notes payable	-	170,000	-	-	9,700,000	-	9,870,000
General obligation bonds payable	265,000	634,000	-	-	745,423	-	1,644,423
Total current liabilities	<u>1,554,779</u>	<u>1,512,275</u>	<u>4,394,730</u>	<u>346,367</u>	<u>11,265,190</u>	<u>15,891</u>	<u>19,089,232</u>
Noncurrent Liabilities							
Accrued compensated absences	205,403	298,758	635,496	278,473	199,860	10,532	1,628,522
Claims and judgments payable	-	-	-	-	-	-	-
Other post-employment benefit obligation	-	-	-	-	-	-	-
Capital lease obligations	4,330,641	2,862,367	6,803,494	216,514	-	-	14,213,016
Advances from other funds	255,000	-	-	-	-	-	255,000
Payable to joint venture	-	-	3,504,465	-	-	-	3,504,465
Unamortized bond premium	112,440	167,165	-	-	305,071	-	584,676
General obligation bonds payable	1,907,000	6,036,998	-	-	14,673,551	-	22,617,549
Total noncurrent liabilities	<u>6,810,484</u>	<u>9,365,288</u>	<u>10,943,455</u>	<u>494,987</u>	<u>15,178,482</u>	<u>10,532</u>	<u>42,803,228</u>
Total liabilities	<u>8,365,263</u>	<u>10,877,563</u>	<u>15,338,185</u>	<u>841,354</u>	<u>26,443,672</u>	<u>26,423</u>	<u>61,892,460</u>
Net Assets							
Invested in capital assets, net of related debt	14,976,322	9,474,197	15,991,922	755,068	9,159,734	8,794,847	59,152,090
Unrestricted	2,649,625	1,625,564	21,175,952	1,503,027	947,447	729,034	28,630,649
Total net assets	<u>\$ 17,625,947</u>	<u>\$11,099,761</u>	<u>\$37,167,874</u>	<u>\$2,258,095</u>	<u>\$10,107,181</u>	<u>\$9,523,881</u>	<u>\$87,782,739</u>
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(1,249,587)
Total net assets of business-type activities							<u>\$86,533,152</u>

See accompanying notes to the basic financial statements

Statement of Net Assets - Proprietary Funds
December 31, 2010

(Continued)

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 4,644,690
Investments	58,308
Receivables	
Accounts	
(net of allowance for uncollectibles)	1,103
Special assessments	-
Due from other funds	-
Due from other governments	-
Inventory of supplies	508,910
Prepaid items	6,072
Deferred charges	-
Unamortized bond discount	-
Investment in joint venture	-
Advances to other funds	-
Total current assets	<u>5,219,083</u>
Noncurrent Assets	
Capital Assets	
Land	21,960
Buildings	238,816
Improvements other than buildings	260,029
Equipment	1,316,021
CIP	-
Less: Accumulated depreciation	<u>(1,502,581)</u>
Total noncurrent assets	<u>334,245</u>
Total assets	<u>5,553,328</u>
Liabilities	
Current Liabilities	
Accounts payable	69,779
Accrued salaries, wages and benefits	27,929
Accrued compensated absences	99,658
Accrued interest payable	-
Deferred revenue	-
Due to other funds	3,869
Due to other governments	299,988
Deposits held and due to others	-
Claims and judgments payable	916,172
Capital lease obligations	-
Advances from other funds	-
General obligation notes payable	-
General obligation bonds payable	-
Total current liabilities	<u>1,417,395</u>
Noncurrent Liabilities	
Accrued compensated absences	188,565
Claims and judgments payable	458,274
Other post-employment benefit obligation	902,981
Capital lease obligations	-
Advances from other funds	-
Payable to joint venture	-
Unamortized bond premium	-
General obligation bonds payable	-
Total noncurrent liabilities	<u>1,549,820</u>
Total liabilities	<u>2,967,215</u>
Net Assets	
Invested in capital assets, net of related debt	334,245
Unrestricted	2,251,868
Total net assets	<u>\$ 2,586,113</u>

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Operating Revenues							
Charges for services	\$ 6,014,634	\$ 4,655,577	\$ 34,902,838	\$ 3,504,425	\$ 5,452,706	\$ 1,110,650	\$ 55,640,830
Other	137,315	368,433	6,658,451	182,040	499,818	76,658	7,922,715
Total operating revenues	<u>6,151,949</u>	<u>5,024,010</u>	<u>41,561,289</u>	<u>3,686,465</u>	<u>5,952,524</u>	<u>1,187,308</u>	<u>63,563,545</u>
Operating Expenses							
Personal services	647,246	1,175,319	2,856,712	903,996	2,245,229	314,372	8,142,874
Fringe benefits	239,421	366,230	906,381	285,910	482,348	126,208	2,406,498
Purchased power	-	-	26,065,450	-	-	-	26,065,450
Materials and supplies	15,731	300,412	4,392,591	118,377	171,768	39,786	5,038,665
Utilities	31,979	327,062	71,139	15,986	311,921	30	758,117
Contractual services	2,654,024	239,959	201,591	792,586	47,513	161,959	4,097,632
Internal charges	482,941	591,710	1,701,640	405,735	534,059	54,375	3,770,460
Other	235,550	293,059	940,287	300,306	946,229	81,904	2,797,335
Depreciation	863,795	992,586	1,365,818	225,720	940,816	192,472	4,581,207
Total Operating Expenses	<u>5,170,687</u>	<u>4,286,337</u>	<u>38,501,609</u>	<u>3,048,616</u>	<u>5,679,883</u>	<u>971,106</u>	<u>57,658,238</u>
Net income (loss) from operations	<u>981,262</u>	<u>737,673</u>	<u>3,059,680</u>	<u>637,849</u>	<u>272,641</u>	<u>216,202</u>	<u>5,905,307</u>
Nonoperating Revenues (Expenses)							
Interest revenue	43	28	68	2	-	-	141
Interest expense	(344,456)	(451,594)	(454,566)	(13,878)	(715,903)	-	(1,980,397)
Gain from disposal of capital assets	-	4,515	-	-	6,600	5,000	16,115
Grants	-	35,892	28,669	48,857	-	-	113,418
Total nonoperating revenues (expenses)	<u>(344,413)</u>	<u>(411,159)</u>	<u>(425,829)</u>	<u>34,981</u>	<u>(709,303)</u>	<u>5,000</u>	<u>(1,850,723)</u>
Income (loss) before contributions and transfers	<u>636,849</u>	<u>326,514</u>	<u>2,633,851</u>	<u>672,830</u>	<u>(436,662)</u>	<u>221,202</u>	<u>4,054,584</u>
Capital Contributions	-	-	-	-	49,612	-	49,612
Transfers in	-	-	1,900,677	-	2,017,450	-	3,918,127
Transfers out	(859)	-	(1,910,179)	-	-	-	(1,911,038)
Changes in net assets	<u>635,990</u>	<u>326,514</u>	<u>2,624,349</u>	<u>672,830</u>	<u>1,630,400</u>	<u>221,202</u>	<u>6,111,285</u>
Total net assets - beginning	<u>16,989,957</u>	<u>10,773,247</u>	<u>34,543,525</u>	<u>1,585,265</u>	<u>8,476,781</u>	<u>9,302,679</u>	
Total net assets - ending	<u>\$17,625,947</u>	<u>\$11,099,761</u>	<u>\$ 37,167,874</u>	<u>\$ 2,258,095</u>	<u>\$10,107,181</u>	<u>\$ 9,523,881</u>	
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(91,993)
Change in net assets of business-type activities							<u>\$ 6,019,292</u>

See accompanying notes to the basic financial statements

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds (Continued)
For the Year Ended December 31, 2010

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for services	\$ 9,459,509
Other	111,839
Total operating revenues	9,571,348
Operating Expenses	
Personal services	1,935,796
Fringe benefits	6,119,196
Purchased power	-
Materials and supplies	998,179
Utilities	18,414
Contractual services	136,319
Internal charges	234,001
Other	355,107
Depreciation	67,481
Total Operating Expenses	9,864,493
Net income (loss) from operations	(293,145)
Nonoperating Revenues (Expenses)	
Interest revenue	14,458
Interest expense	-
Gain from disposal of capital assets	2,035
Grants	575
Total nonoperating revenues (expenses)	17,068
Income (loss) before contributions and transfers	(276,077)
Capital Contributions	-
Transfers in	-
Transfers out	-
Changes in net assets	(276,077)
Total net assets - beginning	2,862,190
Total net assets - ending	\$ 2,586,113

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Cash Flows From Operating Activities							
Cash received from customers	\$ 6,075,913	\$ 5,007,410	\$44,530,273	\$ 3,665,458	\$ 5,952,910	\$ 1,141,272	\$ 66,373,236
Cash payments to employees for services	(650,702)	(1,181,466)	(2,858,548)	(910,447)	(2,241,498)	(315,573)	(8,158,234)
Cash payments to employees for benefits	(242,879)	(433,950)	(998,943)	(331,297)	(473,617)	(130,837)	(2,611,523)
Cash payments to suppliers for goods and services	(3,521,899)	(1,817,439)	(33,863,553)	(1,674,977)	(1,983,263)	(392,030)	(43,253,161)
Net cash provided by operating activities	1,660,433	1,574,555	6,809,229	748,737	1,254,532	302,832	12,350,318
Cash Flows From Non-Capital Financing Activities							
Grant proceeds	-	9,603	28,669	48,857	-	-	87,129
Transfers in	-	-	1,900,677	-	2,017,450	-	3,918,127
Transfers out	(859)	-	(1,910,179)	-	-	-	(1,911,038)
Advances in	-	-	85,000	-	-	-	85,000
Advances out	(85,000)	-	-	-	-	-	(85,000)
Net cash provided by (used in) non-capital financing activities	(85,859)	9,603	104,167	48,857	2,017,450	-	2,094,218
Cash Flows From Capital and Related Financing Activities							
Acquisition of capital assets	(1,755,075)	(947,407)	(1,946,999)	(366,031)	(49,919)	(703,255)	(5,768,686)
Proceeds from escrow Agent	993,136	661,375	1,464,795	49,241	-	-	3,168,547
Proceeds from the sale of capital assets	-	-	-	-	-	-	-
Bond/note proceeds	-	170,792	-	-	9,745,202	-	9,915,994
Debt service							
Principal	(626,234)	(851,013)	(949,497)	(18,760)	(11,548,333)	-	(13,993,837)
Interest	(358,409)	(471,580)	(456,246)	(13,878)	(802,076)	-	(2,102,189)
Net cash provided by (used in) capital and related financing activities	(1,746,582)	(1,437,833)	(1,887,947)	(349,428)	(2,655,126)	(703,255)	(8,780,171)
Cash Flows from Investing Activities							
Interest revenue	13,535	8,946	21,264	677	-	-	44,422
Purchase of investments	(34,988)	(14,843)	(148,746)	(22,317)	(19,428)	(5,410)	(245,732)
Net cash provided by (used in) investing activities	(21,453)	(5,897)	(127,482)	(21,640)	(19,428)	(5,410)	(201,310)
Net increase (decrease) in cash and cash equivalents	(193,461)	140,428	4,897,967	426,526	597,428	(405,833)	5,463,055
Cash and cash equivalents at Beginning of Year	2,980,541	1,041,947	6,950,674	1,351,156	950,165	836,740	14,111,223
Cash and cash equivalents at end of year	\$ 2,787,080	\$ 1,182,375	\$11,848,641	\$ 1,777,682	\$ 1,547,593	\$ 430,907	\$ 19,574,278

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2010**

(Continued)

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Cash received from customers	\$ 9,573,551
Cash payments to employees for services	(1,937,892)
Cash payments to employees for benefits	(5,241,081)
Cash payments to suppliers for goods and services	<u>(1,776,025)</u>
Net cash provided by operating activities	618,553
Cash Flows From Non-Capital Financing Activities	
Grant proceeds	575
Transfers in	-
Transfers out	-
Advances in	-
Advances out	<u>-</u>
Net cash provided by (used in) non-capital financing activities	575
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	-
Proceeds from escrow Agent	-
Proceeds from the sale of capital assets	2,035
Bond/note proceeds	-
Debt service	-
Principal	-
Interest	<u>-</u>
Net cash provided by (used in) capital and related financing activities	2,035
Cash Flows from Investing Activities	
Interest revenue	14,458
Purchase of investments	<u>(58,308)</u>
Net cash provided by (used in) investing activities	<u>(43,850)</u>
Net increase (decrease) in cash and cash equivalents	577,313
Cash and cash equivalents at Beginning of Year	<u>4,067,377</u>
Cash and cash equivalents at end of year	<u>\$ 4,644,690</u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2010

(Continued)

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Reconciliation of Operating Income							
(Loss) to Net cash provided by (Used in) Operating Activities							
Operating Income (Loss)	\$ 981,262	\$ 737,673	\$ 3,059,680	\$ 637,849	\$ 272,641	\$ 216,202	\$ 5,905,307
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	863,795	992,586	1,365,818	225,720	940,816	192,472	4,581,207
Amortization expense	3,122	13,230	4,851	-	46,098	-	67,301
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:							
Escrow Agent Account	994,263	662,120	1,466,566	49,297	-	-	3,172,246
Receivables	(75,811)	(16,694)	2,408,730	(21,720)	2,712	(40,932)	2,256,285
Due from other funds	7,412	-	78,510	713	-	(5,104)	81,531
Due from other governments	(7,637)	-	49	-	-	-	(7,588)
Inventory of supplies	(20,015)	20,070	181,943	(26,849)	(1,922)	-	153,227
Prepaid items	1,104	(1,418)	1,210	487	129	(184)	1,328
Investment in joint ventures	-	-	(323,829)	-	-	-	(323,829)
Accounts payable							
- net of items affecting capital assets	(979,530)	(651,896)	(1,450,088)	(65,800)	(8,678)	(53,792)	(3,209,784)
Accrued salaries, wages and benefits	(6,421)	(72,996)	(93,965)	(50,889)	11,890	(5,646)	(218,027)
Due to other funds	713	(78,421)	(81)	879	(7,400)	-	(84,310)
Due to other governments	(101,824)	(28,339)	(435)	(950)	572	(184)	(131,160)
Deposits held and due to others	-	(1,360)	110,270	-	-	-	108,910
Other post-employment benefit obligation	-	-	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	(2,326)	-	(2,326)
Total adjustments	679,171	836,882	3,749,549	110,888	981,891	86,630	6,445,011
Net cash provided by (used in) operating activities	\$ 1,660,433	\$ 1,574,555	\$ 6,809,229	\$ 748,737	\$ 1,254,532	\$ 302,832	\$ 12,350,318

During 2010 the Leisure Time Fund received contributions in the form of capital assets in the amounts of \$49,612 from the Capital Projects Fund. In addition, an amount of \$227,654 is related to the accounts payable for the acquisition of capital assets.

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

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2010**

(Continued)

	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income	
(Loss) to Net cash provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ (293,145)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	67,481
Amortization expense	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:	
Escrow Agent Account	
Receivables	1,693
Due from other funds	-
Due from other governments	510
Inventory of supplies	(19,159)
Prepaid items	18,691
Investment in joint ventures	-
Accounts payable	
- net of items affecting capital assets	(16,108)
Accrued salaries, wages and benefits	(25,605)
Due to other funds	758
Due to other governments	(98,146)
Deposits held and due to others	-
Other post-employment benefit obligation	322,600
Claims and judgments payable	658,983
Deferred revenue	-
Total adjustments	911,698
Net cash provided by (used in) operating activities	\$ 618,553

City of Cuyahoga Falls, Ohio

Statement of Assets and Liabilities - Fiduciary Funds December 31, 2010

	<u>Agency Funds</u>
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 2,744,812
Investments	34,457
Due from other governments	161,877
Total assets	<u>\$ 2,941,146</u>
Liabilities	
Current Liabilities	
Due to other governments	\$ 1,949,095
Deposits held and due to others	992,051
Total liabilities	<u>\$ 2,941,146</u>

See accompanying notes to the basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

City of Cuyahoga Falls, Ohio

Notes to the Financial Statements December 31, 2010

NOTE 1 – REPORTING ENTITY

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies guidance issued on or before November 30, 1989 by the Financial Accounting Standards Board (“FASB”) which established the FASB Accounting Standards Codification (“ASC”) as the single source of authoritative accounting principles generally accepted in the United States of America, to its governmental and business type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB codification, issued after November 30, 1989, to its business type activities and enterprise funds. The more significant of the City’s accounting policies are described below.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund

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

Municipal Income Tax Fund

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

Capital Projects Fund

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

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

Proprietary Fund Types

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

Enterprise Funds

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

Sewage and Disposal Fund

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

Water Fund

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

Electric Fund

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

Sanitation Fund

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

Leisure Time Fund

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

Storm Drainage Utility Fund

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internal Service Funds

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

Fiduciary Funds

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

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

Budgetary Data

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Budget

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

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

Estimated Resources

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

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

Appropriations

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

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

The amounts reported as the original budgeted amounts reflect the original Appropriation Ordinance. The amounts reported as the final budgeted amounts represent the final Appropriation Ordinance, including all amendments and modifications passed by City Council in December 2010.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lapsing of Appropriations

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

Encumbrances

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

Equity in Pooled Cash and Cash Equivalents and Investments

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

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

Inventory of Supplies

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

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

Prepaid items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items. On the government-wide and proprietary fund statements, prepaid items are recorded using the consumption method by recording a current asset for the prepaid amount and reflecting the expense in the year in which services are consumed. On the fund financial statements, the actual payment for these services is recorded as an expenditure when purchased. Reported prepaid items are equally offset by a fund balance reserve, which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

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

Interfund Balances

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

Compensated Absences

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

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

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

Net Assets

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

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

Grants and Intergovernmental Revenues

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

Operating Revenues and Expenses

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Contributions of Capital

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

Interfund Activity

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

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

Extraordinary and special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2010.

Estimates

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

City of Cuyahoga Falls, Ohio

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

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

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

	Net Change in Fund Balance	
	<u>General Fund</u>	<u>Municipal Income Tax Fund</u>
GAAP Basis	\$1,486,817	\$ 2,766
Increase (decrease) due to:		
Change in receivables and other assets not recognized on a budget basis	(484,445)	(21,349)
Change in liabilities not recognized on a budget basis	175,622	(32,368)
Encumbrances	<u>(55,075)</u>	<u>(13,000)</u>
Budget Basis	<u>\$ 1,122,919</u>	<u>\$ (63,951)</u>

NOTE 4 - RECEIVABLES

Receivables at December 31, 2010, consisted primarily of municipal income taxes, property taxes and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for utilities and EMS Transport services provided). Utility accounts receivable and EMS Transport fees receivable billed to customers prior to year end are recorded net of an allowance for doubtful accounts, based on management's estimate.

Property Taxes

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

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

NOTE 4 – RECEIVABLES (CONTINUED)

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Cuyahoga Falls. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The amounts of \$9,840,112 and \$567,898 have been recorded in the balance sheet of the governmental funds for the General Fund and other governmental funds (Police and Fire Pension Funds) as taxes receivable to reflect property taxes receivable as of December 31, 2010.

The assessed values of real public utility and tangible personal property upon which 2010 property tax receipts were based are as follows:

Property Types	Valuation
Real Property – 2009 Tax Valuation	\$ 1,014,040,010
Public Utility Property – 2008 Tax Valuation	6,701,350
Tangible Personal Property – 2010 Tax Valuation	979,800
Total Valuation	\$ 1,021,721,160

Income Taxes

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

Municipal income tax revenue for 2010 was \$19,370,713. The amount of \$3,463,014 has been recorded in the Municipal Income Tax Special Revenue Fund as taxes receivable (net of refunds) to reflect income taxes receivable recorded as of December 31, 2010.

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

City of Cuyahoga Falls, Ohio

NOTE 4 – RECEIVABLES (CONTINUED)

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government and Local Government Revenue	
Assistance	\$ 1,234,219
Estate Tax	621,264
Municipal Income Tax	44,760
Homestead and Rollback	628,081
Gasoline and Excise Tax	530,548
Motor Vehicle License Fees	155,136
Permissive Motor Vehicle License Tax	36,240
EMS Transport Fees	127,718
In Lieu of Public Site	241,156
Highway Distribution	254,565
Liquor Permits	7,386
Clean Ohio Revitalization Fund	1,258,576
Enhanced 9-1-1 Wireless Distribution	21,237
Federal Grants	13,181
Other Agencies	22,254
Total Governmental Activities	<u>\$ 5,196,321</u>
<u>Business-type Activities</u>	
Utilities Charges	\$ 54,179
Ohio Public Works Commission	26,289
	<u>\$ 80,468</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

During 2010, the City believes it has complied with the revisions of these statutes pertaining to the types of investments held and institutions in which deposits were made. The City was also in compliance with the provisions of the statutes concerning security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

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

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

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

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

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

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

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

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end the carrying amount of the City's deposits was \$29,894,770 and the bank balance was \$31,022,019. Of the bank balance \$8,359,780 was covered by Federal depository insurance and \$22,662,239 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or Federal Reserve, but not in the City's name. The City has petty cash on hand of \$9,785 as of December 31, 2010.

At year-end, the carrying amount of the Community Improvement Corporation of Cuyahoga Falls, a component unit, deposits was \$737,329 and the bank balance was \$737,329. Information regarding the collateralization of the Community Improvement Corporation of Cuyahoga Falls can be obtained from the corporation's independent audit report.

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Investments are reported at fair value. As of December 31, 2010 the City had the following investments:

	Custodial Credit Risk Category	Fair Value	Credit Rating		
				<1	>1
Repurchase Agreements:					
Federal National Mortgage Association	Category 3	\$ 7,090,425	AAA*	\$ 7,090,425	
Federal Home Loan Mortgage	Category 3	3,009,575	AAA*	3,009,575	
US Treasury Notes	Category 3	15,000	AAA*	15,000	
US Agency Securities	Category 3	500,000	AAA*		\$ 500,000
Manuscript Bond	Category 1	2,000	**	2,000	
Total		\$ 10,617,000		\$ 10,117,000	\$ 500,000

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

** Manuscript Bond is Unrated

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent more invested in the securities of a single issuer. The City's investment policy places a limit on the amount it may invest in the state of Ohio Treasurer's Investment Pool (STAROhio), of no more than 25% of total investments. The following is the City's risk allocation on deposit and investment as of December 31, 2010.

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Federal National Mortgage Association	66.78%
Federal Home Loan Mortgage	28.35%
US Treasury Notes	.14%
US Agency Securities	4.71%
Manuscript Bond	.02%

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

	<u>Balance 1/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2010</u>
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 8,686,553	\$ 13,666	\$ -	\$ 8,700,219
Construction In Progress	<u>5,745,766</u>	<u>907,979</u>	<u>(2,075,297)</u>	<u>4,578,448</u>
<i>Total Capital Assets Not Being Depreciated</i>	14,432,319	921,645	(2,075,297)	13,278,667
<i>Capital Assets Being Depreciated</i>				
Buildings	27,210,091	94,145	-	27,304,236
Improvements	1,162,497	166,470	-	1,328,967
Machinery and Equipment	27,232,637	1,339,469	(722,550)	27,849,556
Infrastructure				
Roads	53,474,791	160,984	-	53,635,775
Traffic Signals	162,514	46,975	-	209,489
Bridges	<u>8,604,879</u>	<u>2,036,204</u>	<u>-</u>	<u>10,641,083</u>
<i>Total Capital Assets Being Depreciated</i>	117,847,409	3,844,247	(722,550)	120,969,106
<i>Less Accumulated Depreciation</i>				
Buildings	(9,065,919)	(673,058)	-	(9,738,977)
Improvements	(371,712)	(48,069)	-	(419,781)
Machinery and Equipment	(18,500,242)	(1,631,290)	695,115	(19,436,417)
Infrastructure				
Roads	(14,549,162)	(1,270,345)	-	(15,819,507)
Traffic Signals	(35,401)	(16,926)	-	(52,327)
Bridges	<u>(1,229,215)</u>	<u>(166,717)</u>	<u>-</u>	<u>(1,395,932)</u>
<i>Total Accumulated Depreciation</i>	<u>(43,751,651)</u>	<u>(3,806,405)</u>	<u>695,115</u>	<u>(46,862,941)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>74,095,758</u>	<u>37,842</u>	<u>(27,435)</u>	<u>74,106,165</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 88,528,077</u>	<u>\$ 959,487</u>	<u>\$ (2,102,732)</u>	<u>\$ 87,384,832</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 280,221
Security of Persons and Property	1,125,885
Community Environment	205,766
Leisure Time Activities	254,552
Street Maintenance	1,872,500
Garage	4,369
Information Services	<u>63,112</u>
Total	<u>\$ 3,806,405</u>

City of Cuyahoga Falls, Ohio

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	<u>Balance 1/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2010</u>
Business -type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 3,359,319	\$ 7,885	\$ -	\$ 3,367,204
Construction In Progress	<u>14,578,559</u>	<u>5,147,858</u>	<u>(19,017,168)</u>	<u>709,249</u>
<i>Total Capital Assets Not Being Depreciated</i>	17,937,878	5,155,743	(19,017,168)	4,076,453
<i>Capital Assets Being Depreciated</i>				
Buildings	37,712,097	-	-	37,712,097
Improvements	92,067,476	19,242,646	-	111,310,122
Machinery and Equipment	<u>11,222,826</u>	<u>664,731</u>	<u>(241,251)</u>	<u>11,646,306</u>
<i>Total Capital Assets Being Depreciated</i>	141,002,399	19,907,377	(241,251)	160,668,525
<i>Less Accumulated Depreciation</i>				
Buildings	(6,374,350)	(814,053)	-	(7,188,403)
Improvements	(37,124,513)	(2,982,070)	-	(40,106,583)
Machinery and Equipment	<u>(7,425,607)</u>	<u>(785,084)</u>	<u>241,251</u>	<u>(7,969,440)</u>
<i>Total Accumulated Depreciation</i>	<u>(50,924,470)</u>	<u>(4,581,207)</u>	<u>241,251</u>	<u>(55,264,426)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>90,077,929</u>	<u>15,326,170</u>	<u>-</u>	<u>105,404,099</u>
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 108,015,807</u>	<u>\$ 20,481,913</u>	<u>\$ (19,017,168)</u>	<u>\$ 109,480,552</u>

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

Sewage and Disposal	\$ 863,795
Water	992,587
Electric	1,365,816
Sanitation	225,721
Leisure Time	940,816
Storm Drainage	<u>192,472</u>
Total	<u>\$ 4,581,207</u>

NOTE 7 - PENSION PLANS

Ohio Public Employees Retirement System

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. The 2010 member contribution rates were 10.0 percent of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 1.5% and 11.1%, respectively. For local government employers, the 2010 employer contribution rate was 14.00 percent of covered payroll.

The City's required contributions for pension obligations to all of the plans for the years ended December 31, 2010, 2009, and 2008 were, \$2,423,879, \$2,668,805, and \$1,660,886 respectively; 85.4 percent has been contributed for 2010, 100 percent for 2009 and 100 percent for 2008. Contributions to the Member-Directed Plan for 2010 were \$28,383 made by the City and \$20,274 made by the plan members. In 2007, the City elected to participate in the Deferred Employer Liabilities Program. The deferred payment program begins with the fourth quarter 2007 employer retirement liabilities, and spreads the due date for each month of the quarter over a three-year period. The City paid the October 2007 liability in 2008, the November 2007 liability was paid in 2009, and the December 2007 liability was paid January 2011.

Ohio Police and Fire Pension Fund

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

City of Cuyahoga Falls, Ohio

NOTE 7 - PENSION PLANS (CONTINUED)

Police and firefighters are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent and 24 percent respectively for police officers and firefighters, 12.75 percent and 17.25 percent was the portion that was used to fund pension benefits, respectively. The City's contributions for pension obligations to OP&F for police and firefighters were \$975,614 and \$1,253,837, respectively for the year ended December 31, 2010, \$1,101,570 and \$1,296,683 for the year ended December 31, 2009, and \$924,258 and \$1,237,338 for the year ended December 31, 2008. For 2010, 77.20 percent for police and 75.5 percent for firefighters, respectively, has been contributed. The full amount has been contributed for 2008 and 2009.

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description: Ohio Public Employee Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment benefit (OPEB) as described in GASB Statement 45.

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

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

Funding Policy: The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 17.87%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish

NOTE 8 - POSTEMPLOYMENT BENEFITS (CONTINUED)

rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's annual contributions for 2010 used to fund post-employment benefits were \$813,442.

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

Ohio Police and Fire Pension Fund

Plan Description: The City of Cuyahoga Falls contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

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

Funding Policy: The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is an authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

City of Cuyahoga Falls, Ohio

NOTE 8 - POSTEMPLOYMENT BENEFITS (CONTINUED)

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's annual contributions for December 31, 2010, 2009, and 2008 that were used to fund post-employment benefits were \$337,713 for police and \$352,642 for fire, \$381,313 for police and \$364,692 for fire, and \$362,197 for police and \$356,287 for fire, respectively.

NOTE 9 - COMPENSATED ABSENCES

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

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

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

* OPBA: Ohio Patrolman's Benevolent Association

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

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

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

NOTE 9 - COMPENSATED ABSENCES (CONTINUED)

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Federal and State Grants

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

C. Insurance Coverage

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

NOTE 11 - CAPITAL LEASES

The City entered into a lease agreement in 2008 for water and electric meter replacement and fixed base automated meter reading (AMR) installation, lighting retrofits and building envelope improvements in the amount of \$17,017,793. This project was completed in 2010 and included in improvements other than buildings in the City’s capital assets for governmental activities and business-type activities, respectively. The City’s lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date for governmental activities and business-type activities in the Statement of Net Assets. Upon completion of the project in 2010, the original capital lease liability and related capital asset recording by fund was revised based on the estimated savings plan from which the liabilities were recorded. Since, no lease payments were made prior to 2010 and the related assets were not placed in operation until 2010, prior period restatement was not necessary.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment (Dispatch Center Equipment)	\$ 2,441,577	
Equipment (In Car Video / Mobile Data Terminals)	263,515	
Improvements other than buildings	<u>115,267</u>	\$ <u>16,902,526</u>
Less: Accumulated Depreciation	<u>(732,063)</u>	<u>(802,875)</u>
Total	\$ <u>2,088,296</u>	\$ <u>16,099,651</u>

City of Cuyahoga Falls, Ohio

NOTE 11 - CAPITAL LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2010, were as follows:

	Governmental Activities	Business-type Activities
2011	\$ 385,990	\$ 2,142,522
2012	386,191	2,142,522
2013	295,086	2,142,522
2014	295,086	2,142,522
2015	295,086	2,142,522
2016-19	619,086	8,570,089
Total	2,276,525	19,282,699
Less: Amount representing interest	(303,727)	(3,610,469)
Present value of minimum lease payments	<u>\$ 1,972,798</u>	<u>\$ 15,672,230</u>

NOTE 12 - SHORT-TERM OBLIGATIONS

A summary of the changes in the City's short-term obligations for the year ended December 31, 2010, was as follows:

	Balance January 1, 2010	Issued	Retired	Balance December 31, 2010
General Obligation Bond Anticipation Notes				
<u>Governmental Activities:</u>				
Capital Projects Fund Obligations:				
1.00% Various Purpose Notes, due 12/09/10	\$ 1,350,000	\$ 0	\$ 1,350,000	\$ 0
1.25% Various Purpose Notes, due 12/08/11	0	2,150,000	0	2,150,000
2.125% Taxable Land Acquisition and Improvement Note, due 8/19/10	10,600,000	0	10,600,000	0
2.00% Taxable Land Acquisition and Improvement Note, due 8/18/11	0	9,600,000	0	9,600,000
Total Governmental Activities	<u>\$ 11,950,000</u>	<u>\$ 11,750,000</u>	<u>\$ 11,950,000</u>	<u>\$ 11,750,000</u>
<u>Business-type Activities:</u>				
Leisure Time Fund Obligations:				
1.00% Various Purpose Notes, due 12/09/10	\$ 11,000,000	\$ 0	\$ 11,000,000	\$ 0
1.25% Various Purpose Notes, due 12/08/11	0	9,700,000	0	9,700,000
Water Fund Obligations				
1.25% Various Purpose Notes, due 12/08/11	0	170,000	0	170,000
Total Business-Type Activities	<u>11,000,000</u>	<u>9,870,000</u>	<u>11,000,000</u>	<u>9,870,000</u>
Grand Total	<u>\$ 22,950,000</u>	<u>\$ 21,620,000</u>	<u>\$ 22,950,000</u>	<u>\$ 21,620,000</u>

On August 18, 2010 the City issued a Taxable Land Acquisition and Improvement Note in the amount of \$9,600,000 for the purpose of revitalizing the State Road Redevelopment Area by acquiring, clearing and improving certain properties in that area.

NOTE 12 - SHORT-TERM OBLIGATIONS (CONTINUED)

On December 8, 2010, the City issued notes in the amount of \$12,020,000 in anticipation of the issuance of bonds, for the following purposes: constructing a public festival site to be known as Falls River Square, improving Front Street from State Route 8 to Oakpark Boulevard, Hudson Drive from Front Street to State Route 8, and Bailey Road in and around its intersection with Front Street, constructing and a community recreation center, improving the City's Brookledge Golf Course and improving the City's water system by replacing the waterline in Taft avenue and replacing the dehumidification units at the City's Water Treatment Plant.

NOTE 13 - LONG-TERM OBLIGATIONS

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

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

Notes:

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

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

City of Cuyahoga Falls, Ohio

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of the changes in the City's long-term obligations for the year ended December 31, 2010, was as follows:

	Balance January 1, 2010	Issued	Retired 2010	Balance December 31, 2010	Amount Due Within One Year
Business-type Activities:					
Enterprise Fund Obligations					
Bonds Payable					
1995 Electric Refunding Issue	\$ 355,149	\$ 0	\$ 355,149 ¹	\$ 0	\$ 0
2001 Water Improvement	3,624,998	0	235,000	3,389,998	245,000
2004 Various Purpose Refunding (Recreation)	1,462,307	0	223,333	1,238,974	230,423
2004 Recreation Improvement	6,465,000	0	325,000	6,140,000	335,000
2009 Various Purpose Refunding (1997 Sewer)	1,144,000	0	127,000	1,017,000	134,000
2009 Various Purpose Refunding (1998 Sewer)	1,279,000	0	124,000	1,155,000	131,000
2009 Various Purpose Refunding (1997 Water)	1,033,000	0	115,000	918,000	121,000
2009 Various Purpose Refunding (1998 Water)	2,616,000	0	253,000	2,363,000	268,000
2009 Various Purpose Refunding (Recreation)	8,040,000	0	0	8,040,000	180,000
Unamortized Bond Discount	(65,786)	0	(5,370)	(60,416)	0
Unamortized Bond Premium	657,160	0	72,484	584,676	0
Total Business-type Activities Bonds Payable	<u>26,610,828</u>	<u>0</u>	<u>1,824,596</u>	<u>24,786,232</u>	<u>1,644,423</u>
Other Obligations					
Capital Lease Obligations	16,477,596	426,138 ²	1,231,504	15,672,230	1,459,214
Compensated absences (Note 9)	2,204,178	61,097	263,764	2,001,511	372,989
Total Business-type Activities	<u>\$ 45,292,602</u>	<u>\$ 487,235</u>	<u>\$ 3,319,864</u>	<u>\$ 42,459,973</u>	<u>\$ 3,476,626</u>
Governmental Activities:					
Bonds Payable					
Special Assessment General Obligation Bonds:					
1991 Street Improvement	\$ 4,000	\$ 0	\$ 2,000	\$ 2,000	\$ 2,000
2001 Street Improvement	100,000	0	50,000	50,000	50,000
	<u>104,000</u>	<u>0</u>	<u>52,000</u>	<u>52,000</u>	<u>52,000</u>
Other General Obligation Bonds:					
1995 Various Purpose Refunding Issue	190,000	0	190,000	0	0
2004 Various Purpose Refunding	2,662,700	0	406,667	2,256,033	419,577
2009 Various Purpose Refunding ('97 Rec)	2,548,000	0	283,000	2,265,000	300,000
2009 Various Purpose Refunding ('98 Rec)	545,000	0	53,000	492,000	56,000
Unamortized Bond Premium	261,592	0	43,078	218,514	0
	<u>6,207,292</u>	<u>0</u>	<u>975,745</u>	<u>5,231,547</u>	<u>775,577</u>
Total Governmental Activities Bonds Payable	<u>6,311,292</u>	<u>0</u>	<u>1,027,745</u>	<u>5,283,547</u>	<u>827,577</u>
Other Obligations					
Capital Lease Obligations (Note 11)	2,704,089	(426,138) ²	305,153	1,972,798	310,678
Compensated absences, (Note 9)	6,941,948	344,882	769,913	6,516,917	1,438,409
Claims and Judgments Payable	715,463	4,281,602	3,622,619	1,374,446	916,172
Total Governmental Activities Other Obligations	<u>10,361,500</u>	<u>4,200,346</u>	<u>4,697,685</u>	<u>9,864,161</u>	<u>2,665,259</u>
Total Governmental Activities	<u>\$ 16,672,792</u>	<u>\$ 4,200,346</u>	<u>\$ 5,725,430</u>	<u>\$ 15,147,708</u>	<u>\$ 3,492,836</u>

¹This amount represents principal payment of \$360,000 less amortization expense of \$4,851.

²Long-term lease payment schedule revised in 2010. See Note 9.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

As of December 31, 2010, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt without a vote of the electors) was \$51,186,658. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2010 (excluding capital leases) are as follows:

Year	Enterprise Fund Obligations		Special Assessment Bonds		Other General Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,644,423	\$ 959,624	\$ 52,000	\$ 2,195	\$ 775,577	\$ 165,384
2012	1,693,286	913,632	0	0	796,714	141,480
2013	1,742,148	862,343	0	0	822,852	117,507
2014	1,794,238	808,399	0	0	845,762	93,148
2015	1,860,873	750,013	0	0	874,127	66,547
2016-2020	7,027,000	2,702,432	0	0	898,001	54,191
2021-2025	3,915,000	1,425,440	0	0	0	0
2026-2030	1,645,000	840,119	0	0	0	0
2031-2035	2,010,000	469,444	0	0	0	0
2036-2037	930,004	61,469	0	0	0	0
Total	\$ 24,261,972	\$ 9,792,915	\$ 52,000	\$ 2,195	\$ 5,013,033	\$ 638,257

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

The amount of \$2,909 of special assessments receivable recorded in the Debt Service Fund includes \$135 of delinquent special assessments. Although the obligations of the enterprise funds are general obligations of the City, the practice has been to have the debt serviced by the revenues derived from the operations of the respective funds.

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

NOTE 14 - INTERFUND TRANSFERS AND BALANCES

Transfers Out	Transfers In					Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Electric Fund	Leisure Time Fund	
General Fund			\$ 2,551,089	\$ 1,900,677	\$ 614,450	\$ 5,066,216
Municipal Income Tax Fund	\$ 11,510,160	\$ 5,386,835	1,469,305			18,366,300
Capital Projects Fund					600,000	600,000
Nonmajor Governmental Funds	12,119		400,000		803,000	1,215,119
Sewer Fund		859				859
Electric Fund	1,910,179					1,910,179
Total	\$ 13,432,458	\$ 5,387,694	\$ 4,420,394	\$ 1,900,677	\$ 2,017,450	\$ 27,158,673

City of Cuyahoga Falls, Ohio

NOTE 14 - INTERFUND TRANSFERS AND BALANCES (Continued)

A. Transfers

As of December 31, 2010, interfund transfers were as follows:

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

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

The Capital Projects Fund transfer to the Leisure Time fund was made as reimbursement for debt service payments related to the community wing of the Natatorium, which is used in part for general government functions.

The Nonmajor Funds transfer to other Nonmajor funds were made to provide additional resources to the Debt Service Fund from the Capital Improvement Reserve Fund. The Nonmajor Governmental Funds transfer to the Leisure Time Fund was made to provide additional resources from the Recreation Levy Special Revenue Fund. The Nonmajor Funds transfer to the General Fund from the FEMA Public Assistance Fund was made to reimburse the fund for expenses related to the City’s Wireless Emergency Notification System (WENS). The monies were initially received as a FEMA Hazard Mitigation Program Federal Grant and were recorded in the FEMA Public Assistance Fund.

NOTE 14 - INTERFUND TRANSFERS AND BALANCES (CONTINUED)

B. Balances

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

Interfund balances, including advances, at December 31, 2010 are as follows:

	Due from Other Funds	Due to Other Funds	Advances to Other Funds	Advances from Other Funds
<u>Government Funds</u>				
General Fund	\$ 1,553,176	\$ 161,826	\$ 0	\$ 0
Special Revenue Funds:				
Municipal Income Tax	0	2,111,684	0	0
Street Construction, Maintenance and Repair	0	8,097	0	0
Recreation Levy	<u>368,935</u>	<u>3,536</u>	<u>0</u>	<u>0</u>
	<u>368,935</u>	<u>2,123,317</u>	<u>0</u>	<u>0</u>
Capital Projects Funds				
Capital Projects	619,357	6,060	0	214,316
Capital Improvement Reserve	<u>0</u>	<u>0</u>	<u>214,316</u>	<u>0</u>
	<u>619,357</u>	<u>6,060</u>	<u>214,316</u>	<u>214,316</u>
Total Governmental Funds:	<u>2,543,468</u>	<u>2,291,203</u>	<u>214,316</u>	<u>214,316</u>
<u>Proprietary Funds</u>				
Enterprise Funds:				
Sewage and Disposal	29,181	170,584	0	340,000
Water	0	208,922	0	0
Electric	840,269	3,808	340,000	0
Sanitation	19,452	143,767	0	0
Leisure Time	0	628,136	0	0
Storm Drainage Utility	<u>17,919</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>906,821</u>	<u>1,155,217</u>	<u>340,000</u>	<u>340,000</u>
Internal Service Funds:				
Garage	<u>0</u>	<u>3,869</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>3,869</u>	<u>0</u>	<u>0</u>
Total Proprietary Funds	<u>906,821</u>	<u>1,159,086</u>	<u>340,000</u>	<u>340,000</u>
Total All Funds	<u>3,450,289</u>	<u>3,450,289</u>	<u>554,316</u>	<u>554,316</u>

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

<u>Year</u>	<u>Capital Projects</u>	<u>Sewage and Disposal</u>	<u>Total</u>
2011	\$ 214,316	\$ 85,000	\$ 299,316
2011-2014	<u>0</u>	<u>255,000</u>	<u>255,000</u>
	<u>\$ 214,316</u>	<u>\$ 340,000</u>	<u>\$ 554,316</u>

City of Cuyahoga Falls, Ohio

NOTE 15 - RISK MANAGEMENT

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

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

A. Self -Insurance Internal Service Fund

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

The Self-Insurance Fund generates revenues by charging an actuarially determined premium to each fund based on the number of full-time employees and COBRA participants enrolled for health-care coverage. The Self-Insurance Fund pays all claims, stop-loss coverage and administrative fees for health-care coverage. A liability, in the amount of \$344,129 has been recorded to reflect the outstanding claims as of December 31, 2010. Most health insurance claims are presented for payment to the City within several months after occurrence.

B. Workers' Compensation Internal Service Fund

As of December 31, 2010, the City completed its eighteenth consecutive year of participation with the Ohio Bureau of Workers' Compensation (BWC) Retrospective Rating Plan. This Plan requires the City to pay to the BWC only 27 to 32 percent of the experience rated premium, in addition to BWC administrative assessments and DWRP costs, as our minimum premium charge. In exchange, the City accepts a maximum individual claim liability between \$300,000 and \$400,000 and an aggregate claims liability of \$2,649,441. In addition, the BWC bills for all claim related medical and other expenses on an annual basis, for a period of ten years. At the tenth year, the BWC actuarially determines the expected future cost (reserve) of all active ten-year old claims and bills the City. The BWC then assumes all future liability for those claims. Active management of each claim, from inception, offers the City the opportunity to reduce the cost of each claim, thereby reducing the City's cost. For 2010, the retrospective rating minimum premium paid by the City was \$393,563 and the total medical and other expenses paid was \$174,131 for a total of \$567,694.

NOTE 15 - RISK MANAGEMENT (CONTINUED)

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

	2008		2009		2010	
	Workers'		Workers'		Workers'	
	Self-Insurance	Compensation	Self-Insurance	Compensation	Self-Insurance	Compensation
Unpaid claims-January 1	\$ 420,219	\$ 826,176	\$ 381,320	\$ 333,049	\$ 261,556	\$ 453,907
Incurred claims (including IBNRs)	3,838,713	(152,804)	3,653,039	346,778	3,531,061	750,541
Claim payments made during the year	(3,877,612)	(340,323)	(3,772,803)	(225,920)	(3,448,488)	(174,131)
Unpaid claims-December 31	<u>\$ 381,320</u>	<u>\$ 333,049</u>	<u>\$ 261,556</u>	<u>\$ 453,907</u>	<u>\$ 344,129</u>	<u>\$ 1,030,317</u>

NOTE 16 - INVESTMENTS IN JOINT VENTURES

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

The City's Electric Enterprise Fund participates in a joint venture agreement with 20 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV1) for the purpose of providing electric power and energy to its participants on a cooperative basis. The electric generating facilities of OMEGA JV1, known as the Engle Units, are located in the City. Title to these six diesel-powered generating units was transferred to the 21 municipal electric systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a non-profit trade association and wholesale power supplier for most of Ohio's 85 municipal electric systems. Each member has a contract, which provides for AMP-Ohio to purchase the right to each participant's share of power and energy that is made available through the joint venture contract. The City's net investment and its share of the operating results of OMEGA JV-1 are reported in the City's statement of net assets as "investment in joint ventures". The city's equity interest in OMEGA JV-1 was \$99,668 at December 31, 2010. Complete financial statements for OMEGA JV-1 can be obtained from AMP-Ohio or from the City's Finance Director.

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and

City of Cuyahoga Falls, Ohio

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2010 the City of Cuyahoga Falls has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership bases. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net obligation for these bonds at December 31, 2010 was \$2,359,016 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$2,385,479 at December 31, 2010. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2010 Cuyahoga Falls has met their debt coverage obligation.

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

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

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

The City’s net investment and its share of operating results of OMEGA JV5 are reported in the City’s electric fund (an enterprise fund). The City’s net investment to date in OMEGA JV5 was \$1,800,852 at December 31, 2010. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor’s website at www.auditor.state.oh.us.

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

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant’s System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant’s Project Share and to Financing Participant’s respective obligations first by credit against the Financing Participant’s respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2010 Cuyahoga Falls has met their debt coverage obligation.

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

City of Cuyahoga Falls, Ohio

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

OMEGA JV6 is managed by American Municipal Power, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. The City's net obligation for these bonds at December 31, 2010 was \$1,145,449 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected).

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$2,117,099 at December 31, 2010. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

NOTE 17 – CONSTRUCTION COMMITMENTS

As of December 31, 2010, the City had the following significant commitments with respect to projects requiring capital expenditures:

<u>Capital Project</u>	2010 Remaining Construction <u>Contract</u>	Expected Date of <u>Completion</u>
State Road Improvements (Graham –Steels)	\$ 346,835	2011
Substation #4 Equipment and Construction	978,303	2011
Portage Crossing CORF	477,385	2011
South Front Street Redevelopment CORF	615,041	2011
Buckeye Sports Center CORF	1,782,980	2011
Mud Run Gun Club COAF	136,105	2011
Portage Trail COAF	<u>89,144</u>	2011
Total Capital Projects	<u>\$ 4,425,793</u>	

NOTE 18 – CHANGES IN ACCOUNTING PRINCIPALS

For 2010, the City has implemented Governmental Accounting Standards Board ("GASB") Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 provides guidance on accounting and financial reporting requirements for intangible assets. The City has no intangible assets and thus, the implementation of this Statement has no impact on the City's financial statements or disclosures.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The City has no derivatives and thus, the implementation of this Statement has no impact on the City's financial statements or disclosures.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The City did not file for Chapter 9 bankruptcy and thus, the implementation of this Statement has no impact on the City's financial statements or disclosures.

NOTE 19 – ASSETS HELD FOR RESALE

Assets held for resale represents two properties purchased by the City, which will be resold for development purposes. As of December 31, 2010, the cumulative balance for the State Road Shopping Center and expenditures on a new project relating to the Portage Trail COAF, were \$12,093,171 and \$106,945, respectively. A fund balance reserve, in the amount of \$12,200,116, was created in the Capital Projects fund and presented in the governmental fund financial statements. The South Front Street property in the amount of \$391,302 included in assets held for resale at December 31, 2009 was sold in 2010 for \$400,500, for a gain of \$9,198.

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

Benefits Provided

The City provides post-employment health care and life insurance benefits to its retirees having a minimum of 12 years of continuous full-time service with the City immediately before the date of retirement. The City has historically funded its retiree health care benefits on a pay-as-you-go basis. For the year ended December 31, 2010, the City contributed \$395,111 to the 160 retirees and/or family members receiving benefits. Eligibility and description of benefits are as follows:

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

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

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

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

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

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

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

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

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

For eligible retirees of employees, the City reimburses:

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

City of Cuyahoga Falls, Ohio

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

General Employees. Retired general employees receive one reimbursement amount that will cover both reimbursements regardless of coverage level. This benefit is payable until the younger of the retiree or spouse turns 65. This benefit will continue to a surviving spouse of retired or active employee eligible to retire until the date the benefit would have ceased. The annual reimbursement amount effective January 1, 2011 is \$2,722.74 for retirees who have single or family coverage level. The reimbursement is increased 5.0% per year.

Police Officers. The 2011 annual subsidy amounts for police officers are as follows:

	Premium Reimbursement		Co-pay and Deductible
	<65	65+	All ages
Retiree	\$1,588.56	\$1,421.04	\$400
Spouse	\$2,395.08	\$2,512.08	N/A*

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

Firefighters. The 2011 annual subsidy amounts for firefighters are as follows:

	Premium Reimbursement		Co-pay and Deductible
	<65	65+	All ages
Firefighters who retired prior to 2006			
Retiree	\$2,755.32	\$2,305.20	Unlimited
Spouse	\$6,125.88	\$3,601.08	

Firefighters who retired on/after 2006

Retiree	\$1,588.56	\$1,588.56	\$700
Spouse	\$2,395.08	\$2,395.08	N/A*

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

Annual OPEB Costs and Net OPEB Obligation

The City had an actuarial valuation performed for the plan as of December 31, 2010 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC). As of December 31, 2010, the annual required contribution (ARC) was \$ 727,485 and the City's annual employer contribution for pay-as-you-go cost was \$395,111, leaving an adjusted Net OPEB Obligation of \$902,981 as of the end of the year. This liability is recorded in the Self Insurance Internal Service Fund statement as well as within governmental activities in the City's Statement of Net Assets.

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2010, was as follows:

Actuarial Accrued Liability (AAL)	\$10,305,074
Actuarial Value of Plan Assets	\$ 0
Unfunded Actuarial Accrued Liability (UAAL)	\$10,305,074
Funded Ratio (Actuarial Value of Plan Assets/AAL)	\$ 0
UAAL as a percentage of covered payroll	35.61%

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

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

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

In the December 31, 2010 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a discount rate of 4.5% unfunded, 8% fully-funded and a healthcare cost trend rate of 5%. The actuarial value of assets was zero. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of pay over thirty years based on an open group.

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

As of	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
Dec 31, 2010	\$ 728,865	54.2%	\$ 902,981
Dec 31, 2009	680,157	57.7	580,381
Dec 31, 2008	680,157	56.9	292,985

The table below presents information that reflects the funded status and funding progress of the defined benefit plan for the most recent valuation period and the two preceding years.

FYE	Employer Contributions	Annual Required Contribution (ARC)	% of ARC Contributed
	A	B	C = A / B
Dec 31, 2010	\$ 395,111	\$ 727,485	54.3%
Dec 31, 2009	392,761	680,157	57.7
Dec 31, 2008	387,172	680,157	56.9

COMBINING STATEMENTS AND INDIVIDUAL FUND STATEMENTS

Major Governmental Funds

General Fund

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

Municipal Income Tax

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

Capital Projects

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

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 10,180,113	\$ 10,104,436	\$ 10,104,436	\$ -
Other local taxes	209,000	256,013	256,164	151
State levied shared taxes	4,480,771	4,576,511	4,392,810	(183,701)
Intergovernmental	69,400	69,400	86,488	17,088
Charges for services	3,454,856	3,454,856	3,527,922	73,066
Fees, licenses, and permits	398,950	398,950	356,803	(42,147)
Fines and forfeitures	153,000	158,846	198,452	39,606
Other	250,170	250,170	285,369	35,199
Total Revenues	19,196,260	19,269,182	19,208,444	(60,738)
Expenditures				
Current				
Security of persons and property				
Building				
Personal services	512,922	502,922	429,234	73,688
Other operations	76,016	86,016	82,731	3,285
Total - Building	588,938	588,938	511,965	76,973
Police				
Personal services	7,059,271	6,909,271	6,767,228	142,043
Other operations	1,139,619	1,089,621	1,013,763	75,858
Capital outlay	88,500	88,500	85,271	3,229
Total - Police	8,287,390	8,087,392	7,866,262	221,130
Fire				
Personal services	6,669,237	6,569,237	6,523,884	45,353
Other operations	858,630	853,131	783,066	70,065
Capital outlay	-	5,500	5,485	15
Total - Fire	7,527,867	7,427,868	7,312,435	115,433
Technical services				
Personal services	483,542	483,542	453,813	29,729
Other operations	157,941	157,942	132,826	25,116
Total - Technical services	641,483	641,484	586,639	54,845
Communications				
Personal services	945,020	957,820	957,744	76
Other operations	221,345	218,545	203,954	14,591
Total - Technical services	1,166,365	1,176,365	1,161,698	14,667
Police reserve				
Other operations	7,000	7,000	2,675	4,325
Total - Police reserve	7,000	7,000	2,675	4,325
Total - Security of persons and property	18,219,043	17,929,047	17,441,674	487,373
Leisure time activities				
Parks & recreation				
Personal services	1,437,160	1,412,160	1,386,616	25,544
Other operations	773,697	773,695	658,386	115,309
Total - Leisure time activities	2,210,857	2,185,855	2,045,002	140,853

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended December 31, 2010**

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Riverfront Centre District				
Personal services	\$ 285,414	\$ 289,114	\$ 289,034	\$ 80
Other operations	282,446	278,748	224,169	54,579
Total - Riverfront Centre District	567,860	567,862	513,203	54,659
Community / economic development				
Personal services	719,846	719,846	652,953	66,893
Other operations	94,733	136,734	104,057	32,677
Total - Community / economic development	814,579	856,580	757,010	99,570
Total - Community environment	1,382,439	1,424,442	1,270,213	154,229
General government				
General administration				
Other operations	823,068	823,068	788,722	34,346
Total - General administration	823,068	823,068	788,722	34,346
Council				
Personal services	239,546	239,546	239,521	25
Other operations	1,652	1,752	1,691	61
Total - Council	241,198	241,298	241,212	86
Mayor				
Personal services	211,974	212,074	212,046	28
Other operations	15,549	18,049	18,041	8
Total - Mayor	227,523	230,123	230,087	36
Mayor's Court				
Personal services	101,620	101,620	97,819	3,801
Other operations	41,670	41,670	40,606	1,064
Total - Mayor's Court	143,290	143,290	138,425	4,865
Finance director				
Personal services	657,677	642,677	618,841	23,836
Other operations	122,731	122,732	103,184	19,548
Total - Finance director	780,408	765,409	722,025	43,384
Law director				
Personal services	744,225	744,225	735,935	8,290
Other operations	214,922	139,922	120,466	19,456
Total - Law director	959,147	884,147	856,401	27,746
Service director				
Personal services	295,251	295,251	292,898	2,353
Other operations	22,595	22,595	18,336	4,259
Total - Service director	317,846	317,846	311,234	6,612
Municipal court				
Personal services	-	2,280	2,276	4
Total - Municipal court	-	2,280	2,276	4
Civil service commission				
Personal services	12,183	12,683	12,469	214
Other operations	14,560	14,060	9,917	4,143
Total - Civil service commission	26,743	26,743	22,386	4,357

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2010

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government (continued)				
Engineering				
Personal services	\$ 905,288	\$ 905,288	\$ 904,089	\$ 1,199
Other operations	95,891	95,890	84,013	11,877
Total - Engineering	1,001,179	1,001,178	988,102	13,076
Human resources / records				
Personal services	302,802	301,002	300,536	466
Other operations	24,215	27,014	26,973	41
Total - Human resources / records	327,017	328,016	327,509	507
Print shop				
Personal services	8,545	8,545	7,629	916
Other operations	72,396	72,395	59,978	12,417
Total - Print shop	80,941	80,940	67,607	13,333
Building and grounds maintenance				
Personal services	752,956	752,956	736,046	16,910
Other operations	382,019	382,020	312,794	69,226
Total - Building and grounds maintenance	1,134,975	1,134,976	1,048,840	86,136
Total - General government	6,063,335	5,979,314	5,744,826	234,488
Total Expenditures	27,875,674	27,518,658	26,501,715	1,016,943
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(8,679,414)	(8,249,476)	(7,293,271)	956,205
Other Financing Sources (Uses)				
Transfers in	12,372,014	13,502,228	13,482,406	(19,822)
Transfers out	(5,001,950)	(5,088,039)	(5,066,216)	21,823
Total Other Financing Sources (Uses)	7,370,064	8,414,189	8,416,190	2,001
Net change in fund balances	(1,309,350)	164,713	1,122,919	958,206
Fund Balance at Beginning of Year	4,923,141	4,923,141	4,923,141	-
Prior year encumbrances appropriated	151,150	151,150	151,150	-
Fund Balance at End of Year	\$ 3,764,941	\$ 5,239,004	\$ 6,197,210	\$ 958,206

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Income Tax Fund
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal income taxes	\$ 17,802,914	\$ 19,292,914	\$ 19,399,669	\$ 106,755
Other	-	-	155	155
Total revenues	<u>17,802,914</u>	<u>19,292,914</u>	<u>19,399,824</u>	<u>106,910</u>
Expenditures				
Current				
General government				
Personal services	313,575	313,375	299,116	14,259
Other operations	634,159	722,359	718,659	3,700
Total expenditures	<u>947,734</u>	<u>1,035,734</u>	<u>1,017,775</u>	<u>17,959</u>
Excess (deficiency) of revenues over (under) expenditures	16,855,180	18,257,180	18,382,049	124,869
Other Financing Sources (Uses)				
Transfers out	(16,850,000)	(18,446,001)	(18,446,000)	1
Total other financing sources (uses)	<u>(16,850,000)</u>	<u>(18,446,001)</u>	<u>(18,446,000)</u>	<u>1</u>
Net change in fund balances	5,180	(188,821)	(63,951)	124,870
Fund balance at beginning of year	257,517	257,517	257,517	-
Prior year encumbrances appropriated	14,646	14,646	14,646	-
Fund balance at end of year	<u>\$ 277,343</u>	<u>\$ 83,342</u>	<u>\$ 208,212</u>	<u>\$ 124,870</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,453,030	\$ 1,828,030	\$ 1,715,874	\$ (112,156)
Charges for services	1,550,000	1,350,000	1,378,277	28,277
Interest earnings	-	-	300	300
Special assessments	135,527	135,527	146,826	11,299
Other	4,213,500	263,500	296,128	32,628
Total revenues	8,352,057	3,577,057	3,537,405	(39,652)
Expenditures				
Current				
Capital outlay	15,325,034	10,054,158	6,580,423	3,473,735
Debt service				
Principal	12,286,200	12,886,200	12,855,153	31,047
Interest	356,072	356,072	319,585	36,487
Total expenditures	27,967,306	23,296,430	19,755,161	3,541,269
Excess (deficiency) of revenues over (under) expenditures	(19,615,249)	(19,719,373)	(16,217,756)	3,501,617
Other Financing Sources (Uses)				
Bond/note proceeds	13,175,000	11,750,000	11,797,747	47,747
Transfers in	4,942,105	5,411,071	5,411,071	-
Total other financing sources (uses)	18,117,105	17,161,071	17,208,818	47,747
Net change in fund balances	(1,498,144)	(2,558,302)	991,062	3,549,364
Fund balance at beginning of year	2,565,360	2,565,360	2,565,360	-
Prior year encumbrances appropriated	481,217	481,217	481,217	-
Fund balance at end of year	\$ 1,548,433	\$ 488,275	\$ 4,037,639	\$ 3,549,364

Nonmajor Governmental Funds

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

Nonmajor Governmental Funds (Continued)

Indigent Drivers Alcohol Treatment

To account for proceeds realized from fines to pay the cost of an alcohol and drug addiction treatment program attended by an offender who is ordered to attend such a program by a county or municipal court judge and who is determined by such county or municipal court judge not to have the means to pay for his attendance at such program.

Enforcement and Education

To account for proceeds realized from fines to pay only those costs incurred in enforcing Section 4511.19 of the Ohio Revised Code or a substantially similar municipal ordinance and in educating the public of laws governing the operation of a motor vehicle and the dangers of operation of a motor vehicle while under the influence of alcohol and other information relating to the operation of a motor vehicle and the consumption of alcoholic beverages.

Municipal Motor Vehicle License Tax

Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of certain streets within the City.

Federal Law Enforcement

To account for the subsidy received by the Police Department for its efforts pertaining to (1) complex investigations/prosecutions by the City's Police/Law Departments; (2) provision of technical training or expertise of a law enforcement nature for Police Department members; (3) provision of matching funds to obtain federal grants; and (4) for such other law enforcement purposes that are deemed appropriate.

FEMA Public Assistance

To account for FEMA Public Assistance Grant Funding relating to storm damage.

Law Enforcement Assistance

To account for the reimbursement of professional training costs for law enforcement officers.

Debt Service Fund

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

Capital Improvement Reserve

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

Cemetery Perpetual Care Permanent Fund

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

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvement Reserve Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 1,421,945	\$ -	\$ 19,899	\$ -	\$ 1,441,844
Investments	17,851	-	250	-	18,101
Cash and cash equivalents - restricted	-	3,286	-	209,251	212,537
Investments - restricted accounts	-	2,041	-	15,582	17,623
Receivables					
Taxes	567,898	-	-	-	567,898
Accounts					
(net of allowance for uncollectibles)	239,278	-	3,827	-	243,105
Loans	1,959,295	-	-	-	1,959,295
Special assessments	-	2,909	127,095	-	130,004
Accrued interest	-	12	49,232	407	49,651
Due from other funds	368,935	-	-	-	368,935
Due from other governments	1,019,469	-	-	-	1,019,469
Inventory of supplies	273,462	-	-	-	273,462
Prepaid items	21,613	-	-	-	21,613
Advances to other funds	-	-	214,316	-	214,316
Total assets	\$ 5,889,746	\$ 8,248	\$ 414,619	\$ 225,240	\$ 6,537,853
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 91,284	\$ -	\$ 29,108	\$ -	\$ 120,392
Accrued salaries, wages and benefits	67,984	-	-	-	67,984
Deferred revenue	1,231,116	2,921	171,812	391	1,406,240
Due to other funds	11,633	-	-	-	11,633
Due to other governments	83,005	-	-	-	83,005
Total liabilities	1,485,022	2,921	200,920	391	1,689,254
Fund Balances					
Reserved for encumbrances	150,389	-	-	-	150,389
Reserved for prepaid items	21,613	-	-	-	21,613
Reserved for advances	-	-	214,316	-	214,316
Reserved for inventory of supplies	273,462	-	-	-	273,462
Reserved for loans receivable	1,959,295	-	-	-	1,959,295
Reserved for debt service	-	5,327	-	-	5,327
Reserved for cemetery perpetual care	-	-	-	224,849	224,849
Unreserved - undesignated	1,999,965	-	(617)	-	1,999,348
Total fund balances	4,404,724	5,327	213,699	224,849	4,848,599
Total liabilities and fund balances	\$ 5,889,746	\$ 8,248	\$ 414,619	\$ 225,240	\$ 6,537,853

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2010

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvement Reserve Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Property taxes	\$ 582,326	\$ -	\$ -	\$ -	\$ 582,326
Other local taxes	225,236	-	-	-	225,236
State levied shared taxes	2,366,258	-	-	-	2,366,258
Intergovernmental	1,051,241	-	-	-	1,051,241
Charges for services	-	-	-	3,485	3,485
Fees, licenses and permits	670,915	-	-	-	670,915
Interest earnings	82	1,773	235,139	871	237,865
Fines and forfeitures	124,751	-	-	-	124,751
Special assessments	-	2,695	106,290	-	108,985
Other	249,969	-	42,692	-	292,661
Total revenues	5,270,778	4,468	384,121	4,356	5,663,723
Expenditures					
Current					
Security of persons and property	2,351,864	-	-	-	2,351,864
Leisure time activities	64,309	-	-	-	64,309
Community environment	1,193,910	-	-	-	1,193,910
Street maintenance	3,629,866	-	-	-	3,629,866
General government	-	2,110	33,938	905	36,953
Capital outlay	217,000	-	-	-	217,000
Debt Service					
Principal	336,000	648,667	-	-	984,667
Interest	102,931	107,222	-	-	210,153
Total expenditures	7,895,880	757,999	33,938	905	8,688,722
Excess (deficiency) of revenues over (under) expenditures					
	(2,625,102)	(753,531)	350,183	3,451	(3,024,999)
Other Financing Sources (Uses)					
Transfers in	3,670,394	750,000	-	-	4,420,394
Transfers out	(815,119)	-	(400,000)	-	(1,215,119)
Total other financing sources (uses)	2,855,275	750,000	(400,000)	-	3,205,275
Net change in fund balances	230,173	(3,531)	(49,817)	3,451	180,276
Fund balance at beginning of year	4,289,598	8,858	263,516	221,398	4,783,370
Change in reserve for inventory	(115,034)	-	-	-	(115,034)
Change in reserve for prepaid items	(13)	-	-	-	(13)
Fund balance at end of year	\$ 4,404,724	\$ 5,327	\$ 213,699	\$ 224,849	\$ 4,848,599

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2010

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension	Recreation Levy
Assets					
Equity in pooled cash and cash equivalents	\$ 3,760	\$ 48,178	\$ 72,701	\$ 60,659	\$ 373,632
Investments	47	605	913	762	4,691
Receivables					
Taxes	-	-	283,949	283,949	-
Accounts					
(net of allowance for uncollectibles)	-	236,528	-	-	-
Loans					
Due from other funds	-	-	-	-	368,935
Due from other governments	70,518	873,094	17,288	17,288	-
Inventory of supplies	-	273,462	-	-	-
Prepaid items	-	21,613	-	-	-
	<u>74,325</u>	<u>1,453,480</u>	<u>374,851</u>	<u>362,658</u>	<u>747,258</u>
Total assets	\$ 74,325	\$ 1,453,480	\$ 374,851	\$ 362,658	\$ 747,258
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 5,352	\$ -	\$ -	\$ -
Accrued salaries, wages and benefits	-	66,091	-	-	-
Deferred revenue	46,788	580,420	301,079	301,079	-
Due to other funds	-	8,097	-	-	3,536
Due to other governments	-	9,999	32,432	40,282	-
Total liabilities	<u>46,788</u>	<u>669,959</u>	<u>333,511</u>	<u>341,361</u>	<u>3,536</u>
Fund Balances					
Reserved for encumbrances	-	28,491	-	-	12,478
Reserved for prepaid items	-	21,613	-	-	-
Reserved for inventory of supplies	-	273,462	-	-	-
Reserved for loans receivable	-	-	-	-	-
Unreserved - undesignated	<u>27,537</u>	<u>459,955</u>	<u>41,340</u>	<u>21,297</u>	<u>731,244</u>
Total fund balances	<u>27,537</u>	<u>783,521</u>	<u>41,340</u>	<u>21,297</u>	<u>743,722</u>
	<u>74,325</u>	<u>1,453,480</u>	<u>374,851</u>	<u>362,658</u>	<u>747,258</u>
Total liabilities and fund balances	\$ 74,325	\$ 1,453,480	\$ 374,851	\$ 362,658	\$ 747,258

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2010

(Continued)

	Permissive Tax	Community and Economic Development	Community Development Block Grant	Enterprise Zone / Community Reinvestment Area	Drug Law Enforcement
Assets					
Equity in pooled cash and cash equivalents	\$ 2	\$ 2,762	\$ 569,866	\$ 24,943	\$ 52,812
Investments	-	35	7,154	313	663
Receivables					
Taxes	-	-	-	-	-
Accounts					
(net of allowance for uncollectibles)	-	-	-	2,750	-
Loans					
Due from other funds	-	-	1,959,295	-	-
Due from other governments	36,240	-	-	-	3,656
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 36,242	\$ 2,797	\$ 2,536,315	\$ 28,006	\$ 57,131
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 84,141	\$ 1,791	\$ -
Accrued salaries, wages and benefits	-	-	1,893	-	-
Deferred revenue	-	-	-	1,750	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	292	-	-
Total liabilities	-	-	86,326	3,541	-
Fund Balances					
Reserved for encumbrances	-	1,250	108,364	-	-
Reserved for prepaid items	-	-	-	-	-
Reserved for inventory of supplies	-	-	-	-	-
Reserved for loans receivable	-	-	1,959,295	-	-
Unreserved - undesignated	36,242	1,547	382,330	24,465	57,131
Total fund balances	36,242	2,797	2,449,989	24,465	57,131
Total liabilities and fund balances	\$ 36,242	\$ 2,797	\$ 2,536,315	\$ 28,006	\$ 57,131

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2010

(Continued)

	<u>Law Enforcement Trust</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>Enforcement and Education</u>	<u>Municipal Motor Vehicle License Tax</u>	<u>Federal Law Enforcement</u>
ASSETS					
Equity in pooled cash and cash equivalents	\$ 99,278	\$ -	\$ 22,872	\$ 4,895	\$ 57,104
Investments	1,246	-	287	61	717
Receivables					
Taxes	-	-	-	-	-
Accounts (net of allowance for uncollectibles)	-	-	-	-	-
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	200	-	1,185	-	-
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 100,724</u>	<u>\$ -</u>	<u>\$ 24,344</u>	<u>\$ 4,956</u>	<u>\$ 57,821</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries, wages and benefits	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Reserved for encumbrances	-	-	-	-	-
Reserved for prepaid items	-	-	-	-	-
Reserved for inventory of supplies	-	-	-	-	-
Reserved for loans receivable	-	-	-	-	-
Unreserved - undesignated	100,724	-	24,344	4,956	57,821
Total fund balances	<u>100,724</u>	<u>-</u>	<u>24,344</u>	<u>4,956</u>	<u>57,821</u>
Total liabilities and fund balances	<u>\$ 100,724</u>	<u>\$ -</u>	<u>\$ 24,344</u>	<u>\$ 4,956</u>	<u>\$ 57,821</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2010

(Continued)

	FEMA Public Assistance	Law Enforcement Assistance	Total Nonmajor Special Revenue Funds
ASSETS			
Equity in pooled cash and cash equivalents	\$ 10,864	\$ 17,617	\$ 1,421,945
Investments	136	221	17,851
Receivables			
Taxes	-	-	567,898
Accounts (net of allowance for uncollectibles)	-	-	239,278
Loans	-	-	1,959,295
Due from other funds	-	-	368,935
Due from other governments	-	-	1,019,469
Inventory of supplies	-	-	273,462
Prepaid items	-	-	21,613
	<u>11,000</u>	<u>17,838</u>	<u>5,889,746</u>
Total assets	\$ 11,000	\$ 17,838	\$ 5,889,746
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 91,284
Accrued salaries, wages and benefits	-	-	67,984
Deferred revenue	-	-	1,231,116
Due to other funds	-	-	11,633
Due to other governments	-	-	83,005
Total liabilities	<u>-</u>	<u>-</u>	<u>1,485,022</u>
Fund Balances			
Reserved for encumbrances	-	-	150,583
Reserved for prepaid items	-	-	21,613
Reserved for inventory of supplies	-	-	273,462
Reserved for loans receivable	-	-	1,959,295
Unreserved - undesignated	11,000	17,838	1,999,771
Total fund balances	<u>11,000</u>	<u>17,838</u>	<u>4,404,724</u>
	<u>11,000</u>	<u>17,838</u>	<u>5,889,746</u>
Total liabilities and fund balances	\$ 11,000	\$ 17,838	\$ 5,889,746

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension	Recreation Levy
Revenues					
Property taxes	\$ -	\$ -	\$ 291,163	\$ 291,163	\$ -
Other local taxes	-	224,818	209	209	-
State levied shared taxes	147,620	1,820,663	36,804	36,804	-
Intergovernmental	-	-	-	-	-
Fees, licenses, and permits	-	668,031	-	-	-
Interest earnings	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Other	-	24,376	-	-	734
Total revenues	<u>147,620</u>	<u>2,737,888</u>	<u>328,176</u>	<u>328,176</u>	<u>734</u>
Expenditures					
Current					
Security of persons and property	-	-	979,964	1,259,592	-
Leisure time activities	-	-	-	-	64,309
Community environment	-	-	-	-	-
Street maintenance	145,999	3,374,867	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	336,000
Interest	-	-	-	-	102,931
Total expenditures	<u>145,999</u>	<u>3,374,867</u>	<u>979,964</u>	<u>1,259,592</u>	<u>503,240</u>
Excess (deficiency) of revenues over (under) expenditures	1,621	(636,979)	(651,788)	(931,416)	(502,506)
Other Financing Sources (Uses)					
Transfers in	-	610,000	655,413	935,676	1,469,305
Transfers out	-	-	-	-	(803,000)
Total other financing sources (uses)	<u>-</u>	<u>610,000</u>	<u>655,413</u>	<u>935,676</u>	<u>666,305</u>
Net change in fund balances	1,621	(26,979)	3,625	4,260	163,799
Fund balance at beginning of year	25,916	925,547	37,715	17,037	579,923
Change in reserve for inventory	-	(115,034)	-	-	-
Change in reserve for prepaid items	-	(13)	-	-	-
Fund balance at end of year	<u>\$ 27,537</u>	<u>\$ 783,521</u>	<u>\$ 41,340</u>	<u>\$ 21,297</u>	<u>\$ 743,722</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2010

(Continued)

	Permissive Tax	Community and Economic Development	Community Development Block Grant	Enterprise Zone / Community Reinvestment Area	Drug Law Enforcement
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-
State levied shared taxes	215,902	-	-	-	-
Intergovernmental	-	-	1,000,590	-	-
Fees, licenses, and permits	-	-	-	2,884	-
Interest earnings	-	-	82	-	-
Fines and forfeitures	-	-	-	-	54,697
Other	-	-	211,981	9,348	-
Total revenues	<u>215,902</u>	<u>-</u>	<u>1,212,653</u>	<u>12,232</u>	<u>54,697</u>
Expenditures					
Current					
Security of persons and property	-	-	-	-	4,799
Leisure time activities	-	-	-	-	-
Community environment	-	-	1,187,212	6,698	-
Street maintenance	-	-	-	-	-
Capital outlay	217,000	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>217,000</u>	<u>-</u>	<u>1,187,212</u>	<u>6,698</u>	<u>4,799</u>
Excess (deficiency) of revenues over (under) expenditures	(1,098)	-	25,441	5,534	49,898
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,098)	-	25,441	5,534	49,898
Fund balance at beginning of year	37,340	2,797	2,424,548	18,931	7,233
Change in reserve for inventory	-	-	-	-	-
Change in reserve for prepaid items	-	-	-	-	-
Fund balance at end of year	<u>\$ 36,242</u>	<u>\$ 2,797</u>	<u>\$ 2,449,989</u>	<u>\$ 24,465</u>	<u>\$ 57,131</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

(Continued)

	Law Enforcement Trust	Indigent Drivers Alcohol Treatment	Enforcement and Education	Municipal Motor Vehicle License Tax	Federal Law Enforcement
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-
State levied shared taxes	-	-	-	108,465	-
Intergovernmental	26,403	-	-	-	22,528
Fees, licenses, and permits	-	-	-	-	-
Interest earnings	-	-	-	-	-
Fines and forfeitures	35,718	28,771	5,565	-	-
Other	-	-	3,530	-	-
Total revenues	<u>62,121</u>	<u>28,771</u>	<u>9,095</u>	<u>108,465</u>	<u>22,528</u>
Expenditures					
Current					
Security of persons and property	48,479	28,771	78	-	29,159
Leisure time activities	-	-	-	-	-
Community environment	-	-	-	-	-
Street maintenance	-	-	-	109,000	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>48,479</u>	<u>28,771</u>	<u>78</u>	<u>109,000</u>	<u>29,159</u>
Excess (deficiency) of revenues over (under) expenditures	13,642	-	9,017	(535)	(6,631)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13,642	-	9,017	(535)	(6,631)
Fund balance at beginning of year	87,082	-	15,327	5,491	64,452
Change in reserve for inventory	-	-	-	-	-
Change in reserve for prepaid items	-	-	-	-	-
Fund balance at end of year	<u>\$ 100,724</u>	<u>\$ -</u>	<u>\$ 24,344</u>	<u>\$ 4,956</u>	<u>\$ 57,821</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2010

(Continued)

	FEMA Public Assistance	Law Enforcement Assistance	Total Nonmajor Special Revenue
Revenues			
Property taxes	\$ -	\$ -	\$ 582,326
Other local taxes	-	-	225,236
State levied shared taxes	-	-	2,366,258
Intergovernmental	-	1,720	1,051,241
Fees, licenses, and permits	-	-	670,915
Interest earnings	-	-	82
Fines and forfeitures	-	-	124,751
Other	-	-	249,969
Total revenues	-	1,720	5,270,778
Expenditures			
Current			
Security of persons and property	-	1,022	2,351,864
Leisure time activities	-	-	64,309
Community environment	-	-	1,193,910
Street maintenance	-	-	3,629,866
Capital outlay	-	-	217,000
Debt service			
Principal	-	-	336,000
Interest	-	-	102,931
Total expenditures	-	1,022	7,895,880
Excess (deficiency) of revenues over (under) expenditures	-	698	(2,625,102)
Other Financing Sources (Uses)			
Transfers in	-	-	3,670,394
Transfers out	(12,119)	-	(815,119)
Total other financing sources (uses)	(12,119)	-	2,855,275
Net change in fund balances	(12,119)	698	230,173
Fund balance at beginning of year	23,119	17,140	4,289,598
Change in reserve for inventory	-	-	(115,034)
Change in reserve for prepaid items	-	-	(13)
Fund balance at end of year	\$ 11,000	\$ 17,838	\$ 4,404,724

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - State Highway Improvement Fund
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State levied shared taxes	\$ 146,000	\$ 147,400	\$ 147,458	\$ 58
Total revenues	146,000	147,400	147,458	58
Expenditures				
Current				
Street maintenance				
Other operations	146,000	146,000	145,999	1
Total expenditures	146,000	146,000	145,999	1
Net change in fund balances	-	1,400	1,459	59
Fund balance at beginning of year	2,348	2,348	2,348	-
Fund balance at end of year	<u>\$ 2,348</u>	<u>\$ 3,748</u>	<u>\$ 3,807</u>	<u>\$ 59</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Street Construction, Maintenance and Repair Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Other local taxes	\$ 210,000	\$ 260,000	\$ 222,442	\$ (37,558)
State levied shared taxes	1,802,000	1,858,500	1,818,651	(39,849)
Fees, licenses, and permits	610,000	700,000	663,930	(36,070)
Other	3,500	7,000	6,295	(705)
Total revenues	2,625,500	2,825,500	2,711,318	(114,182)
Expenditures				
Current				
Street maintenance				
Personal services	1,962,203	1,962,203	1,832,318	129,885
Other operations	1,545,966	1,585,970	1,585,245	725
Total expenditures	3,508,169	3,548,173	3,417,563	130,610
Excess (deficiency) of revenues				
over (under) expenditures	(882,669)	(722,673)	(706,245)	16,428
Other Financing Sources (Uses)				
Transfers in	780,000	610,000	610,000	-
Total other financing sources (uses)	780,000	610,000	610,000	-
Net change in fund balances	(102,669)	(112,673)	(96,245)	16,428
Fund balance at beginning of year	29,821	29,821	29,821	-
Prior year encumbrances appropriated	86,500	86,500	86,500	-
Fund balance at end of year	\$ 13,652	\$ 3,648	\$ 20,076	\$ 16,428

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Police Pension Fund
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 293,627	\$ 291,163	\$ 291,163	\$ -
Other local taxes	143	267	267	-
State levied shared taxes	37,088	36,804	36,804	-
Total revenues	<u>330,858</u>	<u>328,234</u>	<u>328,234</u>	<u>-</u>
Expenditures				
Current				
Security of persons and property				
Personal services	1,042,899	982,012	975,612	6,400
Other operations	5,500	6,800	6,717	83
Total expenditures	<u>1,048,399</u>	<u>988,812</u>	<u>982,329</u>	<u>6,483</u>
Excess (deficiency) of revenues over (under) expenditures	(717,541)	(660,578)	(654,095)	6,483
Other Financing Sources (Uses)				
Transfers in	715,000	655,413	655,413	-
Total other financing sources (uses)	<u>715,000</u>	<u>655,413</u>	<u>655,413</u>	<u>-</u>
Net change in fund balances	(2,541)	(5,165)	1,318	6,483
Fund balance at beginning of year	72,296	72,296	72,296	-
Fund balance at end of year	<u>\$ 69,755</u>	<u>\$ 67,131</u>	<u>\$ 73,614</u>	<u>\$ 6,483</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Pension Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 293,627	\$ 291,163	\$ 291,163	\$ -
Other local taxes	143	267	267	-
State levied shared taxes	37,088	36,804	36,804	-
Total revenues	330,858	328,234	328,234	-
Expenditures				
Current				
Security of persons and property				
Personal services	1,291,960	1,256,436	1,253,834	2,602
Other operations	5,500	6,700	6,695	5
Total expenditures	1,297,460	1,263,136	1,260,529	2,607
Excess (deficiency) of revenues over (under) expenditures	(966,602)	(934,902)	(932,295)	2,607
Other Financing Sources (Uses)				
Transfers in	970,000	935,676	935,676	-
Total other financing sources (uses)	970,000	935,676	935,676	-
Net change in fund balances	3,398	774	3,381	2,607
Fund balance at beginning of year	58,040	58,040	58,040	-
Fund balance at end of year	\$ 61,438	\$ 58,814	\$ 61,421	\$ 2,607

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Recreation Levy Fund
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other	\$ -	\$ -	\$ 734	\$ 734
Total revenues	-	-	734	734
Expenditures				
Current				
Leisure time activities				
Other operations	98,811	98,811	83,875	14,936
Capital outlay	15,380	15,380	15,380	-
Total - leisure time activities	114,191	114,191	99,255	14,936
Debt service				
Principal	336,000	336,000	336,000	-
Interest	102,931	102,931	102,931	-
Total expenditures	553,122	553,122	538,186	14,936
Excess (deficiency) of revenues over (under) expenditures	(553,122)	(553,122)	(537,452)	15,670
Other Financing Sources (Uses)				
Transfers in	1,348,000	1,475,680	1,475,680	-
Transfers out	(803,000)	(803,000)	(803,000)	-
Total other financing sources (uses)	545,000	672,680	672,680	-
Net change in fund balances	(8,122)	119,558	135,228	15,670
Fund balance at beginning of year	206,495	206,495	206,495	-
Prior year encumbrances appropriated	24,122	24,122	24,122	-
Fund balance at end of year	\$ 222,495	\$ 350,175	\$ 365,845	\$ 15,670

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Permissive Tax Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 200,000	\$ 217,000	\$ 217,000	\$ -
Total revenues	200,000	217,000	217,000	-
Expenditures				
Current				
Capital outlay	200,000	217,000	217,000	-
Total expenditures	200,000	217,000	217,000	-
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	2	2	2	-
Fund balance at end of year	\$ 2	\$ 2	\$ 2	\$ -

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis) - Community and Economic
 Development Fund
 For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Community environment				
Other operations	2,404	2,404	1,250	1,154
Total expenditures	2,404	2,404	1,250	1,154
Net change in fund balances	(2,404)	(2,404)	(1,250)	1,154
Fund balance at beginning of year	2,797	2,797	2,797	-
Fund balance at end of year	<u>\$ 393</u>	<u>\$ 393</u>	<u>\$ 1,547</u>	<u>\$ 1,154</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Community Development Block Grant Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,859,154	\$ 1,237,154	\$ 1,000,590	\$ (236,564)
Interest earnings	-	-	82	82
Other	71,051	71,051	311,123	240,072
Total revenues	1,930,205	1,308,205	1,311,795	3,590
Expenditures				
Current				
Community environment				
Personal services	78,987	79,037	79,017	20
Other operations	1,384,198	1,260,397	1,259,841	556
Capital outlay	517,271	76,271	75,641	630
Total expenditures	1,980,456	1,415,705	1,414,499	1,206
Excess (deficiency) of revenues over (under) expenditures	(50,251)	(107,500)	(102,704)	4,796
Net change in fund balances	(50,251)	(107,500)	(102,704)	4,796
Fund balance at beginning of year	481,546	481,546	481,546	-
Prior year encumbrances appropriated	57,526	57,526	57,526	-
Fund balance at end of year	\$ 488,821	\$ 431,572	\$ 436,368	\$ 4,796

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Zone/Community
 Reinvestment Area Fund
 For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, licenses, and permits	\$ 3,000	\$ 4,000	\$ 4,384	\$ 384
Other	-	3,500	9,348	5,848
Total revenues	3,000	7,500	13,732	6,232
Expenditures				
Current				
Community environment				
Other operations	8,870	6,870	4,907	1,963
Capital outlay	-	2,000	2,000	-
Total expenditures	8,870	8,870	6,907	1,963
Net change in fund balances	(5,870)	(1,370)	6,825	8,195
Fund balance at beginning of year	16,431	16,431	16,431	-
Fund balance at end of year	\$ 10,561	\$ 15,061	\$ 23,256	\$ 8,195

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Drug Law Enforcement Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 9,000	\$ 51,000	\$ 51,997	\$ 997
Total revenues	9,000	51,000	51,997	997
Expenditures				
Current				
Security of persons and property				
Other operations	12,000	12,000	4,806	7,194
Total expenditures	12,000	12,000	4,806	7,194
Net change in fund balances	(3,000)	39,000	47,191	8,191
Fund balance at beginning of year	6,284	6,284	6,284	-
Fund balance at end of year	\$ 3,284	\$ 45,284	\$ 53,475	\$ 8,191

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Trust Fund
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 26,000	\$ 26,403	\$ -
Fines and forfeitures	12,000	35,000	35,518	518
Total revenues	12,000	61,000	61,921	518
Expenditures				
Current				
Security of persons and property				
Other operations	23,000	17,000	9,104	7,896
Capital outlay	34,360	40,360	39,375	985
Total expenditures	57,360	57,360	48,479	8,881
Excess (deficiency) of revenues				
over (under) expenditures	(45,360)	3,640	13,442	9,399
Net change in fund balances	(45,360)	3,640	13,442	9,399
Fund balance at beginning of year	52,722	52,722	52,722	-
Prior year encumbrances appropriated	34,360	34,360	34,360	-
Fund balance at end of year	<u>\$ 41,722</u>	<u>\$ 90,722</u>	<u>\$ 100,524</u>	<u>\$ 9,399</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Indigent Drivers Alcohol Treatment Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ -	\$ 28,772	\$ 28,771	\$ (1)
Total revenues	-	28,772	28,771	(1)
Expenditures				
Current				
Security of persons and property				
Other operations	-	28,772	28,771	1
Total expenditures	-	28,772	28,771	1
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Enforcement and Education Fund
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 4,900	\$ 4,900	\$ 5,470	\$ 570
Other	4,000	4,000	3,165	(835)
Total revenues	8,900	8,900	8,635	(265)
Expenditures				
Current				
Security of persons and property				
Other operations	7,000	7,000	78	6,922
Total expenditures	7,000	7,000	78	6,922
Net change in fund balances	1,900	1,900	8,557	6,657
Fund balance at beginning of year	7,602	7,602	7,602	-
Prior year encumbrances appropriated	7,000	7,000	7,000	-
Fund balance at end of year	\$ 16,502	\$ 16,502	\$ 23,159	\$ 6,657

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Motor Vehicle License Tax Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 109,000	\$ 109,000	\$ 108,465	\$ (535)
Total revenues	109,000	109,000	108,465	(535)
Expenditures				
Current				
Street maintenance				
Other operations	109,000	109,000	109,000	-
Total expenditures	109,000	109,000	109,000	-
Net change in fund balances	-	-	(535)	(535)
Fund balance at beginning of year	5,491	5,491	5,491	-
Fund balance at end of year	\$ 5,491	\$ 5,491	\$ 4,956	\$ (535)

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Federal Law Enforcement Fund
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 27,882	\$ 22,582	\$ 22,528	\$ (54)
Total revenues	27,882	22,582	22,528	(54)
Expenditures				
Current				
Security of persons and property				
Other operations	36,610	36,610	29,159	7,451
Total expenditures	36,610	36,610	29,159	7,451
Net change in fund balances	(8,728)	(14,028)	(6,631)	7,397
Fund balance at beginning of year	64,452	64,452	64,452	-
Fund balance at end of year	<u>\$ 55,724</u>	<u>\$ 50,424</u>	<u>\$ 57,821</u>	<u>\$ 7,397</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - FEMA Public Assistance Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Transfers out	\$ (12,119)	\$ (12,119)	\$ (12,119)	\$ -
Total other financing sources (uses)	(12,119)	(12,119)	(12,119)	-
Net change in fund balances	(12,119)	(12,119)	(12,119)	-
Fund balance at beginning of year	23,119	23,119	23,119	-
Fund balance at end of year	\$ 11,000	\$ 11,000	\$ 11,000	\$ -

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Assistance Fund
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 1,684	\$ 1,684	\$ 1,720	36
Total revenues	1,684	1,684	1,720	36
Expenditures				
Current				
Security of persons and property				
Other operations	8,022	8,022	1,022	7,000
Total expenditures	8,022	8,022	1,022	7,000
Net change in fund balances	(6,338)	(6,338)	698	7,036
Fund balance at beginning of year	16,118	16,118	16,118	-
Prior year encumbrances appropriated	1,022	1,022	1,022	-
Fund balance at end of year	<u>\$ 10,802</u>	<u>\$ 10,802</u>	<u>\$ 17,838</u>	<u>\$ 7,036</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	\$ 3,000	\$ 300	\$ 1,773	\$ 1,473
Special Assessments	2,774	2,774	2,695	(79)
Total revenues	5,774	3,074	4,468	1,394
Expenditures				
Current				
General government				
Other operations	3,635	3,635	2,110	1,525
Total - general government	3,635	3,635	2,110	1,525
Debt service				
Principal	648,667	648,667	648,667	-
Interest	107,223	107,223	107,222	1
Total expenditures	759,525	759,525	757,999	1,526
Excess (deficiency) of revenues over (under) expenditures	(753,751)	(756,451)	(753,531)	2,920
Other Financing Sources (Uses)				
Transfers in	751,000	750,000	750,000	-
Total other financing sources (uses)	751,000	750,000	750,000	-
Net change in fund balances	(2,751)	(6,451)	(3,531)	2,920
Fund balance at beginning of year	8,858	8,858	8,858	-
Fund balance at end of year	\$ 6,107	\$ 2,407	\$ 5,327	\$ 2,920

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Capital Improvement Reserve Fund
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest earnings	\$ 424,087	\$ 294,087	\$ 259,302	\$ (34,785)
Special assessments	103,873	103,873	106,290	2,417
Other	21,126	21,126	41,391	20,265
Total revenues	<u>549,086</u>	<u>419,086</u>	<u>406,983</u>	<u>(12,103)</u>
Expenditures				
Current				
General government				
Other operations	37,500	37,500	35,567	1,933
Total expenditures	<u>37,500</u>	<u>37,500</u>	<u>35,567</u>	<u>1,933</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	511,586	381,586	371,416	(10,170)
Other Financing Sources (Uses)				
Transfers out	(531,000)	(400,000)	(400,000)	-
Total other financing sources (uses)	<u>(531,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Net change in fund balances	(19,414)	(18,414)	(28,584)	(10,170)
Fund balance at beginning of year	48,733	48,733	48,733	-
Fund balance at end of year	<u>\$ 29,319</u>	<u>\$ 30,319</u>	<u>\$ 20,149</u>	<u>\$ (10,170)</u>

Internal Service Funds

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

**Combining Statement of Net Assets - Governmental Activities Internal Service Funds
December 31, 2010**

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self Insurance</u>
Assets				
Current Assets				
Equity in pooled cash and cash equivalents	\$ 35,999	\$ 8,302	\$ 4,669	\$ 2,954,284
Investments	452	104	59	37,087
Receivables				
Accounts				
(net of allowance for uncollectibles)	-	-	-	1,103
Inventory of supplies	494,481	14,429	-	-
Prepaid items	1,875	-	1,008	3,189
Total current assets	<u>532,807</u>	<u>22,835</u>	<u>5,736</u>	<u>2,995,663</u>
Noncurrent Assets				
Capital Assets				
Land	21,960	-	-	-
Buildings	105,958	-	132,858	-
Improvements other than buildings	260,029	-	-	-
Equipment	324,211	-	991,810	-
Less: Accumulated depreciation	(658,305)	-	(844,276)	-
Total noncurrent assets	<u>53,853</u>	<u>-</u>	<u>280,392</u>	<u>-</u>
Total assets	<u>586,660</u>	<u>22,835</u>	<u>286,128</u>	<u>2,995,663</u>
Liabilities				
Current Liabilities				
Accounts payable	69,779	-	-	-
Accrued salaries, wages and benefits	14,212	-	13,717	-
Accrued compensated absences	99,658	-	-	-
Due to other funds	3,869	-	-	-
Due to other governments	2,169	-	2,116	-
Claims and judgments payable	-	-	-	344,129
Total current liabilities	<u>189,687</u>	<u>-</u>	<u>15,833</u>	<u>344,129</u>
Noncurrent Liabilities				
Accrued compensated absences	44,719	-	143,846	-
Claims and judgments payable	-	-	-	-
Other post-employment benefit obligation	-	-	-	902,981
Total Noncurrent Liabilities	<u>44,719</u>	<u>-</u>	<u>143,846</u>	<u>902,981</u>
Total liabilities	<u>234,406</u>	<u>-</u>	<u>159,679</u>	<u>1,247,110</u>
Net Assets				
Invested in capital assets, net of related debt	53,853	-	280,392	-
Unrestricted	298,401	22,835	(153,943)	1,748,553
Total net assets	<u>\$ 352,254</u>	<u>\$ 22,835</u>	<u>\$ 126,449</u>	<u>\$ 1,748,553</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Net Assets - Governmental Activities Internal Service Funds December 31, 2010

(Continued)

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Total</u>
Assets			
Current Assets			
Equity in pooled cash and cash equivalents	\$ 1,634,274	\$ 7,162	\$ 4,644,690
Investments	20,516	90	58,308
Receivables			
Accounts			
(net of allowance for uncollectibles)	-	-	1,103
Inventory of supplies	-	-	508,910
Prepaid items	-	-	6,072
Total current assets	<u>1,654,790</u>	<u>7,252</u>	<u>5,219,083</u>
Noncurrent Assets			
Capital Assets			
Land	-	-	21,960
Buildings	-	-	238,816
Improvements other than buildings	-	-	260,029
Equipment	-	-	1,316,021
Less: Accumulated depreciation	-	-	(1,502,581)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>334,245</u>
Total assets	<u>1,654,790</u>	<u>7,252</u>	<u>5,553,328</u>
Liabilities			
Current Liabilities			
Accounts payable	-	-	69,779
Accrued salaries, wages and benefits	-	-	27,929
Accrued compensated absences	-	-	99,658
Due to other funds	-	-	3,869
Due to other governments	295,703	-	299,988
Claims and judgments payable	572,043	-	916,172
Total current liabilities	<u>867,746</u>	<u>-</u>	<u>1,417,395</u>
Noncurrent Liabilities			
Accrued compensated absences	-	-	188,565
Claims and judgments payable	458,274	-	458,274
Other post-employment benefit obligation	-	-	902,981
Total Noncurrent Liabilities	<u>458,274</u>	<u>-</u>	<u>1,549,820</u>
Total liabilities	<u>1,326,020</u>	<u>-</u>	<u>2,967,215</u>
Net Assets			
Invested in capital assets, net of related debt	-	-	334,245
Unrestricted	328,770	7,252	2,251,868
Total net assets	<u>\$ 328,770</u>	<u>\$ 7,252</u>	<u>\$ 2,586,113</u>

**Combining Statement of Revenues, Expenses and Changes in Net Assets -
Governmental Activities Internal Service Funds
For the Year Ended December 31, 2010**

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
Operating revenues				
Charges for services	\$ 1,977,750	\$ 35,573	\$ 761,521	\$ 5,644,661
Other	548	-	503	95,046
Total operating revenues	<u>1,978,298</u>	<u>35,573</u>	<u>762,024</u>	<u>5,739,707</u>
Operating Expenses				
Personal services	467,109	-	435,010	-
Fringe benefits	160,009	-	126,552	4,786,391
Materials and supplies	956,347	41,035	797	-
Utilities	15,193	-	3,221	-
Contractual services	19,569	-	67,256	26,614
Internal charges	168,867	-	65,134	-
Other	276,121	-	50,622	25,289
Depreciation	4,369	-	63,112	-
Total operating expenses	<u>2,067,584</u>	<u>41,035</u>	<u>811,704</u>	<u>4,838,294</u>
Net income (loss) from operations	<u>(89,286)</u>	<u>(5,462)</u>	<u>(49,680)</u>	<u>901,413</u>
Nonoperating Revenues (Expenses)				
Interest revenue	-	-	-	-
Gain from disposal of capital assets	-	-	2,035	-
Grants	-	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>2,035</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(89,286)</u>	<u>(5,462)</u>	<u>(47,645)</u>	<u>901,413</u>
Changes in net assets	<u>(89,286)</u>	<u>(5,462)</u>	<u>(47,645)</u>	<u>901,413</u>
Total net assets - beginning	441,540	28,297	174,094	847,140
Total net assets - ending	<u>\$ 352,254</u>	<u>\$ 22,835</u>	<u>\$ 126,449</u>	<u>\$ 1,748,553</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenses and Changes in Net Assets - Governmental Activities Internal Service Funds For the Year Ended December 31, 2010

(Continued)

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ -	\$ 1,040,004	\$ 9,459,509
Other	15,742	-	111,839
Total operating revenues	<u>15,742</u>	<u>1,040,004</u>	<u>9,571,348</u>
Operating Expenses			
Personal services	-	1,033,677	1,935,796
Fringe benefits	1,046,244	-	6,119,196
Materials and supplies	-	-	998,179
Utilities	-	-	18,414
Contractual services	22,880	-	136,319
Internal charges	-	-	234,001
Other	3,075	-	355,107
Depreciation	-	-	67,481
Total operating expenses	<u>1,072,199</u>	<u>1,033,677</u>	<u>9,864,493</u>
Net income (loss) from operations	<u>(1,056,457)</u>	<u>6,327</u>	<u>(293,145)</u>
Nonoperating Revenues (Expenses)			
Interest revenue	14,458	-	14,458
Gain from disposal of capital assets	-	-	2,035
Grants	575	-	575
Total nonoperating revenues (expenses)	<u>15,033</u>	<u>-</u>	<u>17,068</u>
Income (loss) before contributions and transfers	<u>(1,041,424)</u>	<u>6,327</u>	<u>(276,077)</u>
Changes in net assets	<u>(1,041,424)</u>	<u>6,327</u>	<u>(276,077)</u>
Total net assets - beginning	1,370,194	925	2,862,190
Total net assets - ending	<u>\$ 328,770</u>	<u>\$ 7,252</u>	<u>\$ 2,586,113</u>

City of Cuyahoga Falls, Ohio

**Combining Statement of Cash Flows - Governmental Activities Internal Service Funds
For the Year Ended December 31, 2010**

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
Cash Flows From Operating Activities				
Activities				
Cash received from customers	\$ 1,978,298	\$ 35,573	\$ 762,024	\$ 5,741,910
Cash payments to employees for services	(467,596)	-	(436,619)	-
Cash payments to employees for benefits	(167,294)	-	(143,062)	(4,363,031)
Cash payments to suppliers for goods and services	<u>(1,473,394)</u>	<u>(37,199)</u>	<u>(187,574)</u>	<u>(51,903)</u>
Net cash provided (used in) by operating activities	(129,986)	(1,626)	(5,231)	1,326,976
Cash Flows From Non-Capital				
Financing Activities				
Grant proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and				
Related Financing Activities				
Proceeds from the sale of capital assets	<u>-</u>	<u>-</u>	<u>2,035</u>	<u>-</u>
Cash Flows From Investing Activities				
Interest revenue	-	-	-	-
Purchase of investments	<u>(452)</u>	<u>(104)</u>	<u>(59)</u>	<u>(37,087)</u>
Net cash used in investing activities	<u>(452)</u>	<u>(104)</u>	<u>(59)</u>	<u>(37,087)</u>
Net increase (decrease) in cash and cash equivalents	(130,438)	(1,730)	(3,255)	1,289,889
Cash and cash equivalents at beginning of year	<u>166,437</u>	<u>10,032</u>	<u>7,924</u>	<u>1,664,395</u>
Cash and cash equivalents at end of year	<u>\$ 35,999</u>	<u>\$ 8,302</u>	<u>\$ 4,669</u>	<u>\$ 2,954,284</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued) For the Year Ended December 31, 2010

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Totals</u>
Cash Flows From Operating Activities			
Activities			
Cash received from customers	\$ 15,742	\$ 1,040,004	\$ 9,573,551
Cash payments to employees for services	-	(1,033,677)	(1,937,892)
Cash payments to employees for benefits	(567,694)	-	(5,241,081)
Cash payments to suppliers for goods and services	<u>(25,955)</u>	<u>-</u>	<u>(1,776,025)</u>
Net cash provided (used in) by operating activities	(577,907)	6,327	618,553
Cash Flows From Non-Capital			
Financing Activities			
Grant proceeds	<u>575</u>	<u>-</u>	<u>575</u>
Cash Flows From Capital and			
Related Financing Activities			
Proceeds from the sale of capital assets	<u>-</u>	<u>-</u>	<u>2,035</u>
Cash Flows From Investing Activities			
Interest revenue	14,458	-	14,458
Purchase of investments	<u>(20,516)</u>	<u>(90)</u>	<u>(58,308)</u>
Net cash used in investing activities	<u>(6,058)</u>	<u>(90)</u>	<u>(43,850)</u>
Net increase (decrease) in cash and cash equivalents	(583,390)	6,237	577,313
Cash and cash equivalents at beginning of year	<u>2,217,664</u>	<u>925</u>	<u>4,067,377</u>
Cash and cash equivalents at end of year	<u>\$ 1,634,274</u>	<u>\$ 7,162</u>	<u>\$ 4,644,690</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Fund (Continued)
For the Year Ended December 31, 2010

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:				
Operating income (loss)	\$ (89,286)	\$ (5,462)	\$ (49,680)	\$ 901,413
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:				
Depreciation	4,369	-	63,112	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:				
Receivables	-	-	-	1,693
Due from other governments	-	-	-	510
Inventory of supplies	(23,781)	4,622	-	-
Prepaid items	553	-	(49)	18,187
Accounts payable				
- net of items affecting capital assets	(14,827)	(786)	(495)	-
Accrued salaries, wages and benefits	(7,695)	-	(17,910)	-
Due to other funds	758	-	-	-
Due to other governments	(77)	-	(209)	-
Other post-employment benefit obligation	-	-	-	322,600
Claims payable	-	-	-	82,573
Total adjustments	<u>(40,700)</u>	<u>3,836</u>	<u>44,449</u>	<u>425,563</u>
Net cash provided by (used in) operating activities	<u>\$ (129,986)</u>	<u>\$ (1,626)</u>	<u>\$ (5,231)</u>	<u>\$ 1,326,976</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued) For the Year Ended December 31, 2010

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:			
Operating income (loss)	\$ (1,056,457)	\$ 6,327	\$ (293,145)
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:			
Depreciation	-	-	67,481
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Receivables	-	-	1,693
Due from other governments	-	-	510
Inventory of supplies	-	-	(19,159)
Prepaid items	-	-	18,691
Accounts payable			
- net of items affecting capital assets	-	-	(16,108)
Accrued salaries, wages and benefits	-	-	(25,605)
Due to other funds	-	-	758
Due to other governments	(97,860)	-	(98,146)
Other post-employment benefit obligation	-	-	322,600
Claims payable	576,410	-	658,983
Total adjustments	<u>478,550</u>	<u>-</u>	<u>911,698</u>
Net cash provided by (used in) operating activities	<u>\$ (577,907)</u>	<u>\$ 6,327</u>	<u>\$ 618,553</u>

Fiduciary Funds – Agency Funds

Agency Funds

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

Guarantee Deposits

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

Unclaimed Monies

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

Employee Withholding

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

State Cases-Fines and Forfeitures

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

City of Cuyahoga Falls, Ohio

Combining Statement of Assets and Liabilities - Fiduciary Funds December 31, 2010

	<u>Agency Funds</u>				<u>Totals</u>
	<u>Guarantee Deposits</u>	<u>Unclaimed Monies</u>	<u>Employee Withholding</u>	<u>State Cases Fines and Forfeitures</u>	
Assets					
Current Assets					
Equity in pooled cash and cash equivalents	\$ 998,669	\$ 164,583	\$ 1,559,160	\$ 22,400	\$2,744,812
Investments	12,537	2,066	19,573	281	34,457
Due from other governments	-	-	161,877	-	161,877
Total assets	<u>\$1,011,206</u>	<u>\$ 166,649</u>	<u>\$ 1,740,610</u>	<u>\$ 22,681</u>	<u>\$2,941,146</u>
Liabilities					
Current Liabilities					
Due to other governments	\$ 241,156	\$ -	\$ 1,685,258	\$ 22,681	\$1,949,095
Deposits held and due to others	770,050	166,649	55,352	-	992,051
Total liabilities	<u>\$1,011,206</u>	<u>\$ 166,649</u>	<u>\$ 1,740,610</u>	<u>\$ 22,681</u>	<u>\$2,941,146</u>

**Combining Statement of Changes in Assets and Liabilities - Fiduciary
December 31, 2010**

	<u>Agency Funds</u>				<u>Totals</u>
	<u>Guarantee Deposits</u>	<u>Unclaimed Monies</u>	<u>Employee Withholding</u>	<u>State Cases Fines and Forfeitures</u>	
Assets					
Balance January 1, 2010	\$ 1,012,490	\$ 166,337	\$ 1,962,383	\$ 13,467	\$ 3,154,677
Additions	102,272	312	16,812,592	181,989	17,097,165
Deletions	(103,556)	-	(17,034,365)	(172,775)	(17,310,696)
Balance December 31, 2010	<u>\$ 1,011,206</u>	<u>\$ 166,649</u>	<u>\$ 1,740,610</u>	<u>\$ 22,681</u>	<u>\$ 2,941,146</u>
Liabilities					
Balance January 1, 2010	\$ 1,012,490	\$ 166,337	\$ 1,962,383	\$ 13,467	\$ 3,154,677
Additions	102,272	312	16,812,592	181,989	17,097,165
Deletions	(103,556)	-	(17,034,365)	(172,775)	(17,310,696)
Balance December 31, 2010	<u>\$ 1,011,206</u>	<u>\$ 166,649</u>	<u>\$ 1,740,610</u>	<u>\$ 22,681</u>	<u>\$ 2,941,146</u>

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STATISTICAL SECTION

City of Cuyahoga Falls, Ohio

Statistical Section

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

Contents	Pages
<i>Financial Trends</i>	143 - 152
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	153 - 158
These schedules contain information to help the reader assess the City's most significant local revenue, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	159 - 165
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	166 - 167
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	168 - 170
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Government activities				
Invested in capital assets,				
net of related debt	\$ 77,734,747	\$ 78,407,401	\$ 74,834,451	\$ 72,851,175
Restricted:				
Capital projects	8,287,795	6,260,920	8,757,570	7,666,526
Debt service	1,310	5,846	109,044	187,018
Special revenue	2,424,557	5,960,254	7,237,562	7,717,100
Permanent fund purpose:				
Nonexpendable - Cemetery				
Perpetual Care	225,240	221,674	219,104	211,778
Unrestricted	13,316,106	6,389,169	8,315,681	6,880,274
Total governmental activities net assets	101,989,755	97,245,264	99,473,412	95,513,871
Business-type activities				
Invested in capital assets,				
net of related debt	59,152,090	57,049,158	54,994,967	52,366,850
Unrestricted	27,381,062	23,464,702	23,217,163	23,613,766
Total business-type activities net assets	86,533,152	80,513,860	78,212,130	75,980,616
Primary government				
Invested in capital assets,				
net of related debt	136,886,837	135,456,559	129,829,418	125,218,025
Restricted	10,938,902	12,448,694	16,323,280	15,782,422
Unrestricted	40,697,168	29,853,871	31,532,844	30,494,040
Total primary government net assets	\$ 188,522,907	\$ 177,759,124	\$ 177,685,542	\$ 171,494,487

City of Cuyahoga Falls, Ohio

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

(Continued)

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

* restated

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

	2010	2009	2008	2007
Program revenue				
Governmental activities:				
Charges for services:				
Security of persons and property	\$ 841,421	\$ 825,083	\$ 930,710	\$ 1,023,881
Leisure time activities	257,082	268,330	279,860	250,371
Community environment	244,959	286,740	513,776	279,550
Basic utility services	-	-	-	-
Street maintenance	752,876	802,949	839,217	687,752
General government	4,585,060	3,393,691	7,968,738	7,733,297
Total charges for services	6,681,398	5,576,793	10,532,301	9,974,851
Operating grants & contributions:				
Security of persons and property	103,795	21,614	71,412	19,000
Community environment	1,117,721	1,088,129	775,617	703,273
Street maintenance	2,076,788	2,036,360	2,131,732	2,054,855
General government	-	169,851	50,209	402,570
Total operating grants & contributions	3,298,304	3,315,954	3,028,970	3,179,698
Capital grants & contributions:				
Security of persons and property	202,401	167,086	73,618	187,906
Leisure time activities	-	-	-	-
Community environment	2,414,054	1,505,326	989,980	961,320
Basic utility services	-	-	-	-
Street maintenance	1,520,007	267,799	695,309	5,147,437
General government	-	-	30,000	-
Total capital grants & contributions	4,136,462	1,940,211	1,788,907	6,296,663
Total governmental activities program revenue	14,116,164	10,832,958	15,350,178	19,451,212
Business-type activity:				
Charges for service:				
Sewage and disposal	6,078,591	5,471,829	6,268,389	6,717,068
Water	5,024,010	4,858,853	5,125,578	4,850,997
Electric	41,058,338	36,663,940	34,032,741	35,463,844
Sanitation	3,662,532	3,603,540	3,781,680	3,918,962
Leisure time activities	5,952,524	5,770,797	5,881,339	5,700,915
Storm Drainage Utility	1,164,926	1,121,483	1,135,860	1,165,099
Total charges for services	62,940,921	57,490,442	56,225,587	57,816,885
Operating Grants & Contributions:				
Sewage and disposal	-	22,994	-	-
Water	35,892	-	217	-
Electric	28,669	-	7,217	-
Sanitation	48,857	43,633	52,870	50,515
Total operating grants & contributions	113,418	66,627	60,304	50,515
Capital grants & contributions:				
Sewage and disposal	-	227,287	-	2,759,859
Water	-	-	-	1,790,259
Electric	-	-	-	435,852
Leisure time activities	-	49,767	210,320	45,348
Storm Drainage Utility	-	-	914	1,910,197
Total capital grants & contributions	-	277,054	211,234	6,941,515
Total business-type activities	63,054,339	57,834,123	56,497,125	64,808,915
Total primary government program revenue	\$ 77,170,503	\$ 68,667,081	\$ 71,847,303	\$ 84,260,127

City of Cuyahoga Falls, Ohio

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

(Continued)

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

* restated

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

(Continued)

	2010	2009	2008	2007
Expenses				
Governmental activities:				
Security of persons and property	\$ 20,486,414	\$ 23,430,589	\$ 20,885,650	\$ 21,077,044
Leisure time activities	2,412,432	2,644,714	2,811,353	2,693,863
Community environment	4,220,657	2,425,183	1,927,929	1,634,740
Basic utility services	-	-	-	-
Street maintenance	8,110,272	6,936,730	8,417,596	6,786,311
General government	7,648,904	9,098,070	11,286,008	10,875,233
Interest and fiscal charges	425,181	751,598	673,816	562,128
Total governmental activities expenses	43,303,860	45,286,884	46,002,352	43,629,319
Business-type activity:				
Sewage and disposal	5,497,927	5,190,156	5,445,620	5,440,729
Water	4,266,999	4,552,145	4,773,648	4,608,542
Electric	38,965,035	37,217,341	35,185,035	32,683,194
Sanitation	3,081,240	3,258,406	3,542,028	3,686,234
Leisure time activities	6,328,933	6,604,706	6,611,629	6,630,226
Storm Drainage Utility	951,755	789,037	427,802	309,254
Total business-type activities expenses	59,091,889	57,611,791	55,985,762	53,358,179
Total primary government program expenses	102,395,749	102,898,675	101,988,114	96,987,498
Net (expense)/revenue				
Governmental activity	(29,187,696)	(34,453,926)	(30,652,174)	(24,178,107)
Business-type activity	3,962,450	222,332	511,363	11,450,736
Total primary government net expense	\$ (25,225,246)	\$ (34,231,594)	\$ (30,140,811)	\$ (12,727,371)
General revenues and other changes in net assets				
Governmental activities				
Property and other local taxes Levied for:				
General purposes	\$ 10,429,421	\$ 10,414,278	\$ 10,440,198	\$ 10,465,304
Special revenue	811,514	796,234	824,016	833,685
Income tax levied for:				
General purposes	12,171,153	11,623,452	11,765,637	11,684,711
Special revenue	1,553,682	1,483,767	1,501,916	1,491,586
Capital projects	5,696,184	5,439,858	5,506,400	5,468,528
Grants and entitlements not restricted to specific programs	4,955,712	4,130,199	5,020,191	5,324,452
Gain or (loss) on sale of capital assets	98,731	(79,417)	54,372	116,724
Investment earnings	272,491	488,939	1,177,816	2,158,091
Transfers	(2,056,701)	(2,071,532)	(1,678,831)	(1,836,301)
Total governmental activities	33,932,187	32,225,778	34,611,715	35,706,780
Business-type activity				
Gain or (loss) on sale of capital assets	-	-	-	-
Investment earnings	141	7,866	41,320	-
Transfers	2,056,701	2,071,532	1,678,831	1,836,301
Total Business-type activity	2,056,842	2,079,398	1,720,151	1,836,301
Total primary government general revenue and other changes in net assets	35,989,029	34,305,176	36,331,866	37,543,081
Change in net assets				
Governmental Activities	4,744,491	(2,228,148)	3,959,541	11,528,673
Business Type Activities	6,019,292	2,301,730	2,231,514	13,287,037
Total primary government change in net assets	\$ 10,763,783	\$ 73,582	\$ 6,191,055	\$ 24,815,710

City of Cuyahoga Falls, Ohio

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

(Continued)

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

* restated

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund					
Reserved	\$ 270,839	\$ 342,641	\$ 444,478	\$ 442,794	\$ 425,783
Unreserved	7,829,712	6,280,496	7,599,834	6,465,868	4,676,968
Total General Fund	<u>8,100,551</u>	<u>6,623,137</u>	<u>8,044,312</u>	<u>6,908,662</u>	<u>5,102,751</u>
All Other Governmental Funds					
Reserved	15,753,192	15,367,539	15,005,000	3,674,630	4,187,560
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	1,999,771	1,756,810	3,474,129	3,808,651	4,073,889
Capital Projects Funds	(6,953,910)	(8,546,288)	(8,009,938)	1,480,417	(220,613)
Undesignated	-	-	-	-	-
Total All Other Governmental Funds	<u>10,799,053</u>	<u>8,578,061</u>	<u>10,469,191</u>	<u>8,963,698</u>	<u>8,040,836</u>
Total Governmental Funds	<u>\$ 18,899,604</u>	<u>\$ 15,201,198</u>	<u>\$ 18,513,503</u>	<u>\$ 15,872,360</u>	<u>\$ 13,143,587</u>

City of Cuyahoga Falls, Ohio

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

(Continued)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Fund					
Reserved	\$ 490,748	\$742,987	\$ 493,073	\$ 419,288	\$ 446,273
Unreserved	5,024,223	5,306,478	5,196,479	4,610,566	5,694,929
Total General Fund	<u>5,514,971</u>	<u>6,049,465</u>	<u>5,689,552</u>	<u>5,029,854</u>	<u>6,141,202</u>
All Other Governmental Funds					
Reserved	6,726,749	5,862,997	7,730,943	7,036,971	8,127,151
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	2,921,274	2,879,045	-	1,697,196	2,053,877
Capital Projects Funds	(1,499,858)	(2,444,092)	-	576,786	3,621,741
Undesignated	-	-	(1,426,752)	-	-
Total All Other Governmental Funds	<u>8,148,165</u>	<u>6,297,950</u>	<u>6,304,191</u>	<u>9,310,953</u>	<u>13,802,769</u>
Total Governmental Funds	<u>\$ 13,663,136</u>	<u>\$ 12,347,415</u>	<u>\$ 11,993,743</u>	<u>\$ 14,340,807</u>	<u>\$ 19,943,971</u>

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

	2010	2009	2008	2007	2006*
Revenues					
Property taxes	\$ 10,686,762	\$ 10,712,398	\$ 10,757,164	\$ 10,879,771	\$ 10,870,777
Municipal income taxes	19,370,713	18,231,291	18,753,883	18,484,497	17,672,779
Other local taxes	480,317	840,228	560,210	390,387	141,586
State levied shared taxes	7,125,346	6,235,084	7,355,239	7,225,524	7,034,265
Intergovernmental	5,035,728	3,002,006	2,214,516	2,925,454	1,481,952
Charges for services	4,945,171	5,463,154	7,837,010	7,133,862	7,176,699
Fees, licenses, and permits	1,022,270	1,050,543	1,835,432	2,156,317	1,711,914
Interest earnings	237,865	497,505	1,051,158	2,054,768	1,762,970
Fines and forfeitures	325,243	225,377	303,492	421,121	368,506
Special assessments	255,811	345,121	364,614	289,373	306,689
Other	662,765	577,768	936,910	776,244	686,386
Total revenues	\$ 50,147,991	\$ 47,180,475	\$ 51,969,628	\$ 52,737,318	\$ 49,214,523
Expenditures					
Current					
Security of persons and property	\$ 19,798,139	\$ 22,414,019	\$ 20,770,690	\$ 19,989,704	\$ 21,125,740
Leisure time activities	2,100,748	2,324,009	2,253,973	2,204,179	2,360,444
Community environment	2,422,133	2,597,303	1,888,483	2,205,502	1,787,134
Street maintenance	3,629,866	4,007,068	4,128,506	4,110,655	3,779,794
General government	6,797,451	8,169,113	10,950,142	10,504,859	9,533,684
Capital outlay	7,808,944	7,020,469	6,127,721	9,124,330	8,903,056
Debt service					
Principal	1,289,820	1,443,696	1,533,985	1,304,266	970,431
Interest	471,807	762,215	670,189	590,418	704,293
Total expenditures	\$ 44,318,908	\$ 48,737,892	\$ 48,323,689	\$ 50,033,913	\$ 49,164,576
Excess (deficiency) of revenues					
over (under) expenditures	\$ 5,829,083	\$ (1,557,417)	\$ 3,645,939	\$ 2,703,405	\$ 49,947
Other financing sources (uses)					
Bond Note proceeds	-	3,093,000	-	-	-
Premium on various purpose refunding bonds	-	166,722	-	-	-
Payment to bond escrow account	-	(3,215,098)	-	-	-
Refunding bond issuance cost	-	(44,624)	-	-	-
Capital lease	-	263,515	540,197	2,466,544	768,740
Transfers in	23,240,546	22,675,964	22,777,318	23,204,680	22,548,956
Transfers out	(25,247,635)	(24,747,496)	(24,223,202)	(25,040,981)	(23,948,548)
Total other financing sources (uses)	(2,007,089)	(1,808,017)	(905,687)	630,243	(630,852)
Net change in fund balance	\$ 3,821,994	\$ (3,365,434)	\$ 2,740,252	\$ 3,333,648	\$ (580,905)
Debt service as a percentage of noncapital					
expenditures	4.3%	5.1%	5.1%	4.5%	4.1%

* restated

City of Cuyahoga Falls, Ohio

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

(Continued)

	2005	2004	2003	2002	2001
Revenues					
Property taxes	\$ 10,028,515	\$ 9,936,391	\$ 9,568,965	\$ 8,770,443	\$ 9,087,091
Municipal income taxes	16,908,814	18,454,257	16,732,040	16,740,777	16,191,625
Other local taxes	138,864	239,972	245,331	164,012	293,502
State levied shared taxes	6,983,147	6,850,014	6,369,187	6,138,255	6,590,819
Intergovernmental	1,565,036	2,864,296	3,189,056	2,381,899	2,821,042
Charges for services	7,854,459	6,877,348	6,613,544	6,720,028	6,664,641
Fees, licenses, and permits	1,249,654	1,116,812	1,071,256	916,423	1,064,874
Interest earnings	1,547,004	365,308	656,629	974,023	2,634,886
Fines and forfeitures	441,608	393,252	353,640	443,491	446,737
Special assessments	312,840	358,450	262,204	261,172	640,975
Other	748,311	725,771	1,415,459	679,249	372,271
Total revenues	\$ 47,778,252	\$ 48,181,871	\$ 46,477,311	\$ 44,189,772	\$ 46,808,463
Expenditures					
Current					
Security of persons and property	\$ 20,017,544	\$ 19,063,751	\$ 18,122,227	\$ 18,269,597	\$ 16,849,176
Leisure time activities	2,745,067	3,055,510	2,943,074	2,551,463	2,299,180
Community environment	1,996,878	1,423,880	1,080,107	979,129	1,025,487
Street maintenance	4,478,915	4,374,161	4,297,980	3,647,130	3,382,595
General government	9,392,345	8,957,972	8,779,774	8,848,607	8,643,427
Capital outlay	5,139,395	8,650,586	11,477,250	12,785,685	10,212,506
Debt service					
Principal	998,006	969,599	846,300	881,660	1,203,935
Interest	687,090	619,404	688,237	691,267	775,513
Total expenditures	\$ 45,455,240	\$ 47,114,863	\$ 48,234,949	\$ 48,654,538	\$ 44,391,819
Excess (deficiency) of revenues over (under) expenditures	\$ 2,323,012	\$ 1,067,008	\$ (1,757,638)	\$ (4,464,766)	\$ 2,416,644
Other financing sources (uses)					
Bond/Note proceeds	-	4,382,963	-	-	425,701
Premium on various purpose refunding bonds	-	49,654	-	-	-
Payment to bond escrow account	-	(4,355,330)	-	-	-
Refunding bond issuance cost	-	(68,002)	-	-	-
Capital lease	-	-	-	227,851	-
Transfers in	22,441,447	24,043,778	22,035,165	21,441,142	20,285,026
Transfers out	(23,625,520)	(24,773,723)	(22,834,189)	(22,215,294)	(21,054,546)
Total other financing sources (uses)	(1,184,073)	(720,660)	(799,024)	(546,301)	(343,819)
Net change in fund balance	\$ 1,138,939	\$ 346,348	\$ (2,556,662)	\$ (5,011,067)	\$ 2,072,825
Debt service as a percentage of noncapital expenditures	4.2%	4.1%	4.2%	4.4%	5.8%

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

Collection Year	Real Property			Tangible Personal Property			
	Assessed Value		Estimated Actual Value	Public Utility		General Business	
	Residential/Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2010	\$ 761,306,820	\$ 252,733,190	\$2,897,257,171	\$ 6,701,350	\$ 7,615,170	\$ 979,800	\$ 3,919,200
2009	759,030,430	257,923,860	2,905,583,686	6,457,810	7,338,420	1,978,649	7,914,596
2008	770,666,300	231,161,090	2,862,363,971	6,365,790	7,233,852	24,320,362	97,281,448
2007	755,457,020	229,254,980	2,813,462,857	12,525,300	14,233,295	44,666,313	178,665,252
2006	745,753,380	232,176,180	2,794,084,457	13,559,720	15,408,773	60,925,920	243,703,680
2005	689,316,530	224,896,090	2,612,036,057	16,099,970	18,295,420	82,276,185	329,104,740
2004	681,739,120	224,036,150	2,587,929,343	16,295,660	18,517,795	79,630,460	318,521,840
2003	678,655,350	221,984,610	2,573,257,029	17,072,190	19,400,216	85,154,613	340,618,452
2002	602,296,730	199,471,360	2,290,765,971	16,098,170	18,293,375	85,154,613	340,618,452
2001	593,378,980	191,387,940	2,242,094,943	20,564,700	23,368,977	88,901,960	355,607,840

Collection Year	Total			Tax Rate (per \$1,000 of Assessed Value)
	Assessed Value	Estimated Actual Value	Ratio	
2010	\$1,021,721,160	\$ 2,908,791,542	35.13%	\$ 11.00
2009	1,025,390,749	2,920,836,702	35.11%	11.00
2008	1,032,513,542	2,966,879,272	34.80%	11.00
2007	1,041,903,613	3,006,361,405	34.66%	11.00
2006	1,052,415,200	3,053,196,910	34.47%	11.00
2005	1,012,588,775	2,959,436,217	34.22%	11.00
2004	1,001,701,390	2,924,968,978	34.25%	11.00
2003	1,002,866,763	2,933,275,697	34.19%	11.00
2002	903,020,873	2,649,677,798	34.08%	11.00
2001	894,233,580	2,621,071,760	34.12%	11.00

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

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

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

Source: Summit County Fiscal Office

City of Cuyahoga Falls, Ohio

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Unvoted Millage										
Operating	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000
Voted Millage										
1989 Parks & Recreation Operating	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Voted Millage	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Voted Millage by Type of Property										
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Millage	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00
Overlapping Rates by Taxing District										
City School District	\$ 69.88	\$ 69.78	\$ 69.87	\$ 69.88	\$ 70.00	\$ 62.00	\$ 62.00	\$ 61.96	\$ 57.23	\$ 57.23
Residential/Agricultural Real	34.6521	34.5665	34.5715	34.0468	34.4061	28.4952	28.4944	28.3896	26.2353	26.2337
Commercial/Industrial and Public Utility Real	41.0287	40.9014	40.5960	41.6074	40.5120	33.5913	33.3647	33.1205	31.1405	31.1083
General Business and Public Utility Personal	69.8800	69.7800	69.8700	69.8800	70.0000	62.0000	62.0000	61.9600	57.2300	57.2300
Summit County	14.1600	14.1600	14.1600	14.5700	13.0700	13.0700	13.0700	13.0700	13.0700	13.0700
Residential/Agricultural Real	14.0201	14.0192	14.0174	12.0570	9.7591	10.3625	10.3883	10.3740	11.3338	11.3552
Commercial/Industrial and Public Utility Real	13.6240	13.6449	13.4948	12.8620	10.7717	11.0857	11.0729	10.9781	11.8607	11.9487
General Business and Public Utility Personal	14.1600	14.1600	14.1600	14.5700	13.0700	13.0700	13.0700	13.0700	13.0700	13.0700
Special Taxing Districts-Cuyahoga Falls Library	1.3000	1.3000	1.3000	1.3000	1.3000	0.0000	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	1.2993	1.3000	1.3000	1.2955	1.2955	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	1.2618	1.2608	1.2467	1.3000	1.3000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	1.3000	1.3000	1.3000	1.3000	1.3000	0.0000	0.0000	0.0000	0.0000	0.0000

Source: Summit County Fiscal Office and Ohio Department of Taxation

Note:

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

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

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

City of Cuyahoga Falls, Ohio

**City of Cuyahoga Falls, Ohio
Principal Taxpayers - Real Estate Tax
2010 and 2001**

<u>Name of Taxpayer</u>	<u>2010</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Newpart Limited Partnership	\$ 6,448,700	0.64%
Yorkshire Woods Apartments LTD	5,687,520	0.56%
Riverside Community Urban Redevelopment	5,249,650	0.52%
Niederst Portage Towers LLC & Wynn	4,374,490	0.43%
Plaza Chapel Hill	3,500,320	0.35%
Heslop Inc.	3,167,790	0.31%
Sams Real Estate Business Trust	2,905,630	0.29%
Dayton Hudson Corporation	2,770,580	0.27%
Niederst Wyoga Lke, LLC	2,734,750	0.28%
Inland Western Cuyahoga Falls LLC	2,691,240	0.27%
Totals	\$ 39,530,670	3.92%
Total Assessed Valuation	\$ 1,014,040,010	

<u>Name of Taxpayer</u>	<u>2001</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Newpart LP	\$ 7,087,530	0.90%
Yorkshire Woods Apartments	6,304,260	0.80%
State Road Associates	4,575,360	0.58%
Portage Towers	3,711,310	0.47%
Heslop, Inc.	3,626,560	0.46%
Plaza Chapel Hill	3,129,410	0.40%
Dayton Hudson Corporation	2,998,090	0.38%
HD Development of Maryland, Inc.	2,899,360	0.37%
Brookledge II	2,891,450	0.37%
Commercial Net Lease Realty Inc.	2,359,230	0.30%
Totals	\$ 39,582,560	5.03%
Total Assessed Valuation	\$ 784,766,920	

Source: Summit County Fiscal Office

(1) The amounts presented represent the assessed values upon which 2010 and 2001 collections were based.

City of Cuyahoga Falls, Ohio

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2010	\$ 11,231,439	\$ 10,775,300	95.9%	\$ 321,773	\$ 11,097,073	98.8%	\$ 730,635	6.5%
2009	11,257,584	10,807,318	96.0%	294,572	11,101,890	98.6%	607,847	5.4%
2008	11,115,759	10,783,277	97.0%	339,869	11,123,146	100.1%	441,761	4.0%
2007	10,969,717	10,543,768	96.1%	342,686	10,886,454	99.2%	510,428	4.7%
2006	10,906,413	10,555,764	96.8%	245,597	10,801,361	99.0%	435,846	4.0%
2005	10,236,024	9,912,456	96.8%	288,092	10,200,548	99.7%	427,563	4.2%
2004	10,142,306	9,783,327	96.5%	324,156	10,107,483	99.7%	481,059	4.7%
2003	10,094,685	9,679,219	95.9%	281,225	9,960,444	98.7%	558,517	5.5%
2002	8,996,444	8,702,236	96.7%	263,613	8,965,849	99.7%	420,818	4.7%
2001	8,879,828	8,337,458	93.9%	227,633	8,565,091	96.5%	629,025	7.1%

Source: Summit County Fiscal Officer

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

Tax Year	Tax Rate	Total Tax Collected (2)	Taxes From Withholding	Percentage of Taxes From Withholding	Taxes From Net Profits	Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
2010	2.00%	\$ 19,244,149	\$ 14,877,452	77%	\$ 2,025,820	11%	\$ 2,340,877	12%
2009	2.00%	18,146,139	13,350,667	74%	2,393,797	13%	2,401,675	13%
2008	2.00%	18,720,525	13,990,210	75%	2,197,352	12%	2,532,963	13%
2007	2.00%	18,643,599	14,102,614	76%	2,050,006	11%	2,490,979	13%
2006	2.00%	17,655,291	13,161,626	75%	1,998,464	11%	2,495,201	14%
2005	2.00%	17,811,319	13,697,101	77%	1,666,171	9%	2,448,047	14%
2004	2.00%	17,220,977	13,037,352	76%	1,656,599	10%	2,527,026	15%
2003	2.00%	16,595,417	12,578,908	76%	1,426,314	9%	2,590,195	16%
2002	2.00%	16,812,477	12,211,514	73%	1,538,885	9%	3,062,078	18%
2001	2.00%	16,137,823	11,871,684	74%	1,340,874	8%	2,925,265	18%

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

Source: The City's Income Tax Department

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Ten Largest Municipal Income Tax Withholding Accounts Tax Years 2010 and 2001

Tax Year 2010

Taxpayers	Municipal Income Tax Withholding	Percent Of Income Tax Collections
Associated Materials LLC	\$ 1,780,243	9.25%
Go Jo Industries Inc.	701,810	3.65%
City of Cuyahoga Falls	569,450	2.96%
Cuyahoga Falls Board of Education	545,609	2.84%
Summa Health System Hospitals	427,043	2.22%
Summa Western Reserve Hospital	254,277	1.32%
Woodridge Local School District	232,582	1.21%
Americhem Inc.	231,238	1.20%
Koosharem Corporation	213,570	1.11%
Summit County Board of Education	174,673	0.91%
Total	\$ 5,130,495	26.67%
Total Municipal Income Tax Collection	\$ 19,244,149.00	

Tax Year 2001

Taxpayers	Municipal Income Tax Withholding	Percent Of Income Tax Collections
City of Cuyahoga Falls	\$ 536,211	4.52%
Cuyahoga Falls General Hospital	481,814	4.06%
Cuyahoga Falls Board of Education	450,255	3.79%
Go Jo Industries	429,148	3.61%
Associated Materials LLC	298,230	2.51%
Americhem	267,356	2.25%
Manufacturer's Group	195,448	1.65%
JPS Packaging	188,201	1.59%
Woodridge Local School District	149,267	1.26%
Ultra Forge Inc	122,207	1.04%
Total	\$ 3,118,137	26.28%
Total Municipal Income Tax Collection	\$ 11,871,684	

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

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Total Personal Income	Percentage of Personal Income	Population (1)	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	General Obligation Bonds	OPWC Loans	Notes Payable					
2010	\$ 5,013,033	\$ 52,000	\$ 11,750,000	\$ 24,261,972	\$ -	\$ 9,870,000	\$ 50,947,005	\$ 1,119,652,600	4.55%	49,652 g	\$ 1,026
2009	5,945,700	104,000	11,950,000	26,019,454	-	11,000,000	55,019,154	1,152,079,500	4.78%	51,090 f	1,077
2008	6,958,319	151,000	13,300,000	19,896,985	-	19,300,000	59,606,304	1,152,079,500	5.17%	51,090 f	1,167
2007	7,825,394	287,024	3,150,000	21,797,196	-	20,800,000	53,859,614	1,150,095,100	4.68%	51,002 e	1,056
2006	8,657,164	419,390	4,650,000	23,616,369	-	21,300,000	58,642,923	1,138,639,700	5.15%	50,494 d	1,161
2005	9,466,081	541,878	6,700,000	25,373,273	-	21,300,000	63,381,232	1,138,639,700	5.57%	50,494 d	1,255
2004	10,232,398	660,707	7,400,000	27,056,437	-	18,300,000	63,649,542	1,135,956,250	5.60%	50,375 c	1,264
2003	10,551,301	775,878	8,250,000	20,160,676	-	18,300,000	58,037,855	1,135,956,250	5.11%	50,375 c	1,152
2002	11,209,467	886,171	4,300,000	21,400,527	8,134	5,300,000	43,104,299	1,133,633,600	3.80%	50,272 b	857
2001	11,849,796	985,244	750,000	22,534,435	24,042	-	36,143,517	1,113,383,700	3.25%	49,374 a	732

Sources:

- (1) U. S. Bureau of Census, Census of Population
 - (a) 2000 Federal Census
 - (b) On July 1, 2002 an appeal was granted by the U.S. Census Bureau making the population of the City 50,272.
 - (c) July 1, 2003 U.S. Census Bureau Estimate
 - (d) July 1, 2005 U.S. Census Bureau Estimate
 - (e) July 1, 2007 U.S. Census Bureau Estimate
 - (f) July 1, 2008 U.S. Census Bureau Estimate
 - (g) 2010 U.S. Census Bureau only released population figures at time of report preparation

City of Cuyahoga Falls, Ohio

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

Fiscal Year	Population (1)		Estimated Actual Value of Taxable Property (2)	Gross Bonded Debt Outstanding (3)	Ratio of Bonded Debt to Estimated True Value of Taxable Property	Bonded Debt per Capita
2010	49,652	g	\$ 2,920,836,702	\$ 5,945,700	0.20%	\$ 120
2009	51,090	f	2,920,836,702	5,945,700	0.20%	116
2008	51,090	f	2,966,879,272	6,958,319	0.23%	136
2007	51,002	e	3,006,361,405	7,825,394	0.26%	153
2006	50,494	d	3,053,196,910	8,657,164	0.28%	171
2005	50,494	d	2,959,436,217	9,466,081	0.32%	187
2004	50,375	c	2,924,968,978	10,232,398	0.35%	203
2003	50,375	c	2,933,275,697	10,551,301	0.36%	209
2002	50,272	c	2,649,677,798	11,209,467	0.42%	223
2001	49,374	a	2,621,071,760	11,849,796	0.45%	240

Sources:

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

(a) 2000 Federal Census

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

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

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

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

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

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

(2) Summit County Auditor's Office

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 107,280,722	\$ 107,666,029	\$ 108,413,922	\$ 109,399,879	\$ 110,503,596
Net debt within 10.5 % limitations	<u>5,008,006</u>	<u>5,936,842</u>	<u>6,938,515</u>	<u>7,805,008</u>	<u>8,634,075</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 102,272,716</u>	<u>\$ 101,729,187</u>	<u>\$ 101,475,407</u>	<u>\$ 101,594,871</u>	<u>\$ 101,869,521</u>
Total net debt applicable to the limit as a percentage of debt limit	4.67%	5.51%	6.40%	7.13%	7.81%
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Unvoted debt limitation (5.5% of assessed valuation)	\$ 56,194,664	\$ 56,396,491	\$ 56,788,245	\$ 57,304,699	\$ 57,882,836
Net debt within 5.5% limitations	<u>5,008,006</u>	<u>5,936,842</u>	<u>6,938,515</u>	<u>7,805,008</u>	<u>8,634,075</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 51,186,658</u>	<u>\$ 50,459,649</u>	<u>\$ 49,849,730</u>	<u>\$ 49,499,691</u>	<u>\$ 49,248,761</u>
Total net debt applicable to the limit as a percentage of debt limit	8.91%	10.53%	12.22%	13.62%	14.92%

Legal Debt Margin Calculation for Fiscal Year 2010

	Unvoted Margin <u>Within 5.5%</u>	Overall Margin <u>Within 10.5%</u>
Assessed property value	<u>\$ 1,021,721,160</u>	<u>\$ 1,021,721,160</u>
Overall debt limitation (% of assessed valuation)	\$ 56,194,664	\$ 107,280,722
Gross indebtedness	29,327,305	29,327,305
Less:		
(Self-supporting as defined in O.R.C. 133.05)		
General sewer and sanitary improvements	(2,172,000)	(2,172,000)
Water utility	(6,670,998)	(6,670,998)
Electric utility	-	-
Recreation facilities	(15,418,974)	(15,418,974)
Special assessment bonds	(52,000)	(52,000)
Debt Service Fund Balance	(5,327)	(5,327)
Net debt within limitations	<u>\$ 5,008,006</u>	<u>\$ 5,008,006</u>
Legal debt margin within limitations	<u>\$ 51,186,658</u>	<u>\$ 102,272,716</u>

Source: City's Financial Records

City of Cuyahoga Falls, Ohio

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 106,321,821	\$ 105,456,447	\$ 104,720,974	\$ 94,817,192	\$ 93,436,998
Net debt within 10.5 % limitations	<u>9,399,996</u>	<u>10,176,113</u>	<u>18,745,045</u>	<u>15,455,805</u>	<u>12,417,536</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 96,921,825</u>	<u>\$ 95,280,334</u>	<u>\$ 85,975,929</u>	<u>\$ 79,361,387</u>	<u>\$ 81,019,462</u>
Total net debt applicable to the limit as a percentage of debt limit	8.84%	9.65%	17.90%	16.30%	13.29%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 55,692,383	\$ 55,239,091	\$ 54,853,844	\$ 49,666,148	\$ 48,943,190
Net debt within 5.5% limitations	<u>9,399,996</u>	<u>10,176,113</u>	<u>18,745,045</u>	<u>15,455,805</u>	<u>12,417,536</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 46,292,387</u>	<u>\$ 45,062,978</u>	<u>\$ 36,108,799</u>	<u>\$ 34,210,343</u>	<u>\$ 36,525,654</u>
Total net debt applicable to the limit as a percentage of debt limit	16.88%	18.42%	34.17%	31.12%	25.37%

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

SEWAGE AND DISPOSAL FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	\$ 4,839,820	\$ 3,611,191	\$ 1,228,629	\$ 172,206	\$ 197,977	\$ 370,183	3.32
2002	4,695,348	4,070,424	624,924	177,532	191,273	368,805	1.69
2003	4,428,348	4,489,359	(61,011)	193,655	184,352	378,007	(0.16)
2004	5,396,730	5,375,636	21,094	191,843	176,734	368,577	0.06
2005	6,513,205	5,287,553	1,225,652	199,833	168,778	368,611	3.33
2006	6,677,822	5,074,626	1,603,196	210,485	160,392	370,877	4.32
2007	6,808,212	5,289,152	1,519,060	216,807	151,455	368,262	4.12
2008	6,343,298	5,289,153	1,054,145	228,903	142,132	371,035	2.84
2009	5,557,006	5,090,043	466,963	237,888	132,182	370,070	1.26
2010	6,151,949	5,170,687	981,262	251,000	80,826	331,826	2.96

WATER FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	\$ 4,373,731	\$ 3,662,806	\$ 710,925	\$ 254,374	\$ 285,208	\$ 539,582	1.32
2002	4,436,677	3,513,802	922,875	382,430	575,935	958,365	0.96
2003	4,215,436	3,566,424	649,012	459,514	485,973	945,487	0.69
2004	4,689,048	4,277,133	411,915	471,794	469,242	941,036	0.44
2005	5,091,414	4,831,739	259,675	488,877	450,342	939,219	0.28
2006	5,165,054	4,555,303	609,751	509,989	430,554	940,543	0.65
2007	4,850,997	4,736,833	114,164	527,269	409,756	937,025	0.12
2008	5,125,578	4,829,768	295,810	556,324	388,926	945,250	0.31
2009	4,858,853	4,655,041	203,812	577,633	366,518	944,151	0.22
2010	5,024,010	4,286,337	737,673	603,000	288,110	891,110	0.83

ELECTRIC FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	\$ 28,414,021	\$ 23,208,864	\$ 5,205,157	\$ 225,000	\$ 149,213	\$ 374,213	13.91
2002	28,587,331	23,260,776	5,326,555	240,000	138,525	378,525	14.07
2003	26,724,133	24,056,906	2,667,227	250,000	126,885	376,885	7.08
2004	27,654,847	26,756,251	898,596	265,000	114,510	379,510	2.37
2005	31,988,594	34,824,876	(2,836,282)	275,000	101,128	376,128	(7.54)
2006	35,623,778	32,112,410	3,511,368	290,000	87,240	377,240	9.31
2007	36,012,851	32,629,764	3,383,087	305,000	72,305	377,305	8.97
2008	34,530,801	35,093,438	(562,637)	320,000	56,140	376,140	(1.50)
2009	37,185,232	37,137,166	48,066	340,000	38,860	378,860	0.13
2010	41,561,289	38,501,609	3,059,680	360,000	20,160	380,160	8.05

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

City of Cuyahoga Falls, Ohio

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

(Continued)

LEISURE TIME FUND								
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage	
				Principal	Interest	Total		
2001	\$ 3,148,347	\$ 3,717,006	\$ (568,659)	\$ 322,196	\$ 256,870	\$ 579,066	(0.98)	
2002	3,273,884	3,957,204	(683,320)	342,636	241,178	583,814	(1.17)	
2003	2,953,458	3,918,127	(964,669)	353,506	224,156	577,662	(1.67)	
2004	3,675,022	4,839,131	(1,164,109)	437,755	333,646	771,401	(1.51)	
2005	5,054,198	5,707,055	(652,857)	724,305	450,488	1,174,793	(0.56)	
2006	5,427,157	5,822,693	(395,536)	755,120	423,455	1,178,575	(0.34)	
2007	5,700,915	5,628,460	72,455	778,787	400,431	1,179,218	0.06	
2008	5,881,339	5,692,931	188,408	803,674	376,184	1,179,858	0.16	
2009	5,770,797	6,071,321	(300,524)	538,016	349,408	887,424	(0.34)	
2010	5,952,524	5,679,883	272,641	548,333	335,957	884,290	0.31	

Notes: Debt Service requirements are reported on a cash basis

Operating revenues and expenses are reported on a GAAP basis.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2010

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Applicable to City</u>
Direct - City of Cuyahoga Falls			
General Obligation Bonds	\$ 5,013,033	100.00%	\$ 5,013,033
Special Assessment Bonds	52,000	100.00%	52,000
Capital Leases	1,972,798	100.00%	1,972,798
General Obligation Notes	11,750,000	100.00%	11,750,000
Total Direct Debt	18,787,831		18,787,831
Overlapping			
School Districts			
Cuyahoga Falls City	4,010,000	89.39%	3,584,539
Woodridge Local	11,200,000	59.14%	6,623,680
Hudson City	8,439,964	2.11%	178,083
Revere Local	6,754,880	0.77%	52,013
County			
Summit County	29,585,000	8.26%	2,443,721
Other Units			
Akron Metro Regional Transit Authority	395,000	8.26%	32,627
Akron-Summit County Library District	44,065,000	3.45%	1,520,243
Total Overlapping Debt	104,449,844		14,434,905
Total	\$ 123,237,675		\$ 33,222,736

Source: Summit County Fiscal Office

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

City of Cuyahoga Falls, Ohio

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

Fiscal Year	Population (1)	Total Personal Income (5)	Median Family Income (1)	Per Capita Income (1)	Unemployment Rate (3)		City Square Miles (4)	Average Sales Price of Residential Property (2)	Median Age (1)
					Summit County	State of Ohio			
2010	\$ 49,652 g	\$ 1,119,652,600	\$ 52,372	\$ 22,550	7.30%	10.0%	27.8	\$ 127,338	37.2
2009	51,090 f	1,152,079,500	52,372	22,550	9.8%	10.2%	27.8	129,051	37.2
2008	51,090 f	1,152,079,500	52,372	22,550	6.1%	6.5%	27.8	139,477	37.2
2007	51,002 e	1,150,095,100	52,372	22,550	5.4%	5.6%	27.8	133,734	37.2
2006	50,494 d	1,138,639,700	52,372	22,550	5.3%	5.5%	27.8	132,287	37.2
2005	50,494 d	1,138,639,700	52,372	22,550	5.7%	5.9%	27.8	131,737	37.2
2004	50,375 c	1,135,956,250	52,372	22,550	6.1%	6.2%	27.8	130,443	37.2
2003	50,375 c	1,135,956,250	52,372	22,550	6.2%	6.2%	27.8	121,763	37.2
2002	50,272 b	1,133,633,600	52,372	22,550	6.0%	5.7%	27.8	119,344	37.2
2001	49,374 a	1,113,383,700	52,372	22,550	4.6%	4.1%	27.8	115,375	37.2

Sources:

- (1) U. S. Bureau of Census, Census of Population
 - (a) 2000 Federal Census
 - (b) On July 1, 2002 an appeal was granted by the U.S. Census Bureau making the population of the City 50,272.
 - (c) July 1, 2003 U.S. Census Bureau Estimate
 - (d) July 1, 2005 U.S. Census Bureau Estimate
 - (e) July 1, 2007 U.S. Census Bureau Estimate
 - (f) July 1, 2008 U.S. Census Bureau Estimate
 - (g) 2010 U.S. Census Bureau only released population figures at time of report preparation
- (2) Summit County Fiscal Office
- (3) Ohio Bureau of Employment Services; U.S. Department of Labor, Bureau of Labor Statistics
- (4) City Records
- (5) Computation of per capita income multiplied by population

City of Cuyahoga Falls, Ohio

**City of Cuyahoga Falls, Ohio
Principal Employers
2009 and Ten Years Ago (1)**

2009

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Koosharem Corporation	Employment Services	\$ 1,603	6.29%
Go Jo Industries Inc	Manufacturer	1,205	4.73%
Summa Health System Hospitals	Hospital	1,026	4.03%
Cuyahoga Falls Board of Education	Education	930	3.65%
City of Cuyahoga Falls	Government	914	3.59%
B T L Payroll	Payroll Services	532	2.09%
GMRI	Restaurant	474	1.86%
Woodridge Local School District	Education	449	1.75%
Associated Materials	Manufacturer	428	1.68%
The Fred. W. Albrecht Company	Grocer	361	1.42%
Total		\$ 7,922	31.09%
Total Employment Within the City		\$ 25,467	

2000

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
City of Cuyahoga Falls	Government	\$ 1,120	7.35%
Cuyahoga Falls General Hospital	Hospital	1,085	7.12%
Cuyahoga Falls Board of Education	Education	1,034	6.79%
Go Jo Industries Inc	Manufacturer	927	6.08%
Holland Oil Company	Retail	596	3.91%
HJR Investments	Employment Services	501	3.29%
B T L Payroll	Payroll Services	494	3.24%
Olsten Staffing Services	Employment Services	439	2.88%
Associated Materials	Manufacturer	417	2.74%
Sheraton Suites	Hotel	412	2.69%
Total		\$ 7,025	46.09%
Total Employment Within the City		\$ 15,238	

Source: City Financial Records and estimate for Total Employment within the City
(1) 2010 information is not available

City of Cuyahoga Falls, Ohio

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police										
Vehicles	42	49	47	47	44	53	53	52	32	50
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Vehicles	28	28	28	27	31	28	31	27	28	27
Stations	5	5	5	5	5	4	4	4	4	4
Highways and Streets										
Streets(miles)	232.19*	232.19*	232.19*	232.19*	231.28*	282	281	279	278	278
Streetslights	5,624	5,618	5,587	5,595	5,683	5,647	5,550	5,361	5,057	5,046
Traffic Signals	78	81	78	76	76	77	77	77	76	77
Vehicles	52	52	53	47	58	54	62	59	67	59
Recreation										
Number of Parks	24	24	24	24	24	24	24	24	24	24
Vehicles	41	40	40	38	39	41	43	41	42	39
Number of Tennis Courts	17	17	17	16	16	16	16	16	16	16
Number of Baseball Diamonds	35	35	35	35	35	35	35	35	32	32
Recreation Center	1	1	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Acres of City Parks	507	507	507	507	507	507	507	507	507	507
Swimming Pools	12	12	12	5	5	5	5	3	3	3
Water										
Water Mains (miles)	200	200	200	200	200	207	200	200	200	20
Fire Hydrants	2111	2,325	2,325	2,257	2,257	2,207	2,207	2,208	2,207	2,138
Vehicles	19	21	21	20	18	21	19	20	21	20
Sewer										
Sanitary Sewer Lines (miles)	152	152	152	160	160	160	152	152	152	152
Storm Sewer Lines (miles)	151	151	151	157	157	157	150	86	86	85
Vehicles	13	20	11	11	13	11	12	12	11	13
Electric										
Substations	13	13	13	13	13	12	12	12	12	12
Miles of Service Lines	310.12	308.76	306.73	305.72	256	256	249	244	244	244
Vehicles	27	27	27	27	27	29	28	27	26	29
Sanitation										
Vehicles	26	25	26	24	26	27	30	28	31	29
Number of Routes	6	6	6	8	9	9	9**	10	10	10
Parking Facilities										
City Lots and Decks	14	14	16	16	17	16	16	16	16	12
Square Feet	312,467	312,467	360,686	360,686	389,236	387,236	387,236	377,636	377,636	314,536
Spaces	1,312	1,312	1,998	1,998	2,054	2,048	2,048	1,706	1,706	1,507
Recreation Lots	25	25	22	22	22	22	22	21	20	20
Square Feet	644,237	644,237	361,980	361,980	361,980	361,980	361,980	331,680	292,080	292,080
Spaces	1,955	1,955	1,886	1,886	1,886	1,886	1,886	1,468	1,317	1,317

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

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

Source: City Departments

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

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government										
Council	6	6	6	6	6	6	6	6	6	6
Mayor	2	2	2	3	3	3	2	2	2.5	2
Mayor's Court	2	1.5	0	0	0	0	0	0	0	0
Finance	8.5	8.5	8.5	9	8.5	9.5	9	8	8	7.5
Law Director	8	8.5	9.5	8	8	9.5	9.5	9.5	8	9
Service Director	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Municipal Court	0	0	24	25	25	19.5	21.5	18	20.5	19
Clerk of Courts	0	0	23	23.5	22.5	22.5	21.5	20	20	20.5
Civil Service	1.5	1.5	1.5	1.5	2	2	2	2	1.5	2
Engineering	11	11	11	10	10	10	12	12	12	11
HR	4	4	3	4	4	4	4	4.5	5	4.5
Print Shop	0	1	1	0.5	1	1	1	1	1	0.5
Building & Grounds	11.5	12	12	11	11	12	14	16	14.5	16
Income Tax	5	5	5	5	6	6	6.5	6.5	8	7.5
Information Services	7	8.5	8.5	9	8	9	7.5	7.5	7	8
Security of Persons & Property										
Building	4.5	7	7	8	8	8	6	6	5	5
Police	84	93	109.5	112.5	118	123	120.5	115	125.5	119
Crossing Guards	4	4.5	5.5	7	10.5	15.5	16	17.5	18	18.5
Fire	83	83	84.5	85	85	87	88	85	88	86
Technical Services	5	6	5	5	6	6	6.5	6.5	6.5	6.5
Communications	14	14.5	0	0	0	0	0	0	0	0
Community Environment										
Community Development	13	14	14	14	15.5	17	15.5	10.5	10.5	9.5
Leisure Time										
Parks & Recreation	141	142	137	128.5	124.5	132.5	133.5	112.5	107	106
Transportation										
Streets	32	32	33	34	35	35	35.5	41.5	38.5	36.5
Storm Water	3	2	1	1	1	1	0	0	0	0
Sewage and Disposal	12	12.5	15	15	13	16.5	15	19	13.5	15.5
Water	17	25.5	27	26	29.5	26.5	27	28	26.5	26
Electric	45	48	51	54	57.5	58.5	58	60	54.5	57.5
Sanitation	14.5	18	18.5	20	24.5	25.5	28	27.5	32	31.5
Garage	8	9	9	8	9.5	9.5	10	10	10	9.5

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

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

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

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

City of Cuyahoga Falls, Ohio

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police										
Policepersons and Officers	76	83	83	89	93	96	94	91	97	98
Total Calls	27,838	29,249	44,836	36,343	38,872	39,497	38,442	39,762	41,907	40,643
Criminal Charges	419	340	309	433	723	771	644	689	503	468
Traffic Citations	6,528	6,103	5,555	9,350	6,321	8,257	7,030	6,890	9,453	8,544
Fire										
Firefighters and Officers	79	79	81	79	81	82	84	80	83	84
Total Calls	7,789	7,903	7,883	7,604	7,713	7,551	7,177	7,147	7,190	6,948
Inspections	1,069	1,775	1,770	1,793	1,560	1,637	1,621	1,471	1,535	1,534
Smoke Detectors Installed	221	110	534	671	439	611	4,197	1,008	869	866
Highways and Streets										
Potholes repaired	7,591	10,409	9,773	4,692	4,559	14,306	8,624	N/A	N/A	N/A
Rock Salt Used(Tons)	12,401	9,125	13,315	12,142	11,012	8,310	22,500	21,000	24,000	11,300
Senior Snow Watch Participants	1,265	1,315	1,337	1,284	1,411	1,370	1,342	1,242	1,195	1,250
Leaf Program(Cubic Yards)	10,433	14,680	13,360	15,360	12,130	12,400	12,720	12,660	12,720	13,310
Recreation										
Brookledge-Number of Rounds	35,789	35,960	36,725	37,054	38,919	39,013	N/A	N/A	N/A	N/A
Waterworks-Daily Admissions	88,588	72,753	76,212	67,665	69,377	75,277	71,039	N/A	N/A	N/A
Natatorium-Daily Admissions	713,997	739,122	777,588	771,184	789,237	783,086	N/A	N/A	N/A	N/A
Water										
Average Daily Pumped (Gallons)	6,469,000	6,910,000	6,972,000	6,400,000	5,739,000	6,362,000	5,893,000	6,256,000	6,203,000	6,203,022
Water Main Breaks	97	111	84	116	62	100	103	102	72	79
New Water Taps	31	104	104	174	199	262	232	138	168	142
Sewer										
Average Daily Sewage Transportation (Gallons)	4,141,641	4,559,195	4,898,000	5,600,000	5,246,679	5,546,725	5,831,514	4,648,749	4,593,238	4,319,082
Sanitary Sewers Cleaned (Feet)	92,707	74,167	76,961	73,650	84,601	65,943	89,958	89,307	146,588	71,660
Storm Sewers Cleaned (Feet)	1,450	1,320	4,497	2,299	4,915	3,160	2,008	2,484	-	2,900
Electric										
Average Daily Consumption (in KWH)	1,291,895	1,218,272	1,277,561	1,179,000	1,248,528	1,274,495	1,202,878	1,163,259	1,188,107	1,117,879
Light Bulbs Issued	5,528	5,474	6,050	6,249	6,082	6,645	6,678	9,651	8,084	8,216
Green Energy Participants	234	236	263	287	180	192	202	N/A	N/A	N/A
Sanitation										
Refuse Collected (tons/year)	16,687	16,710	16,254	19,018	19,361	19,624	20,522	21,727	20,973	21,427
Recyclables collected (tons/year)	3,237	3,145	3,362	3,966	3,293	3,136	3,005	3,302	3,224	3,160
Yardwaste Collected (tons/year)	2,154	1,708	767	1,451	2,235	1,769	2,416	2,042	2,206	2,188
Building										
Residential Building Permits Issued	2,806	1,943	1,433	1,235	1,410	1,554	1,624	1,776	1,669	1,649
Commercial Building Permits Issued	413	508	303	652	353	259	187	205	164	163
Miscellaneous Building Permits Issued	568	1,561	2,071	2,230	3,200	2,939	5,069	3,702	3,096	2,858

Note: N/A indicates that data is not available

Source: City records.

City of Cuyahoga Falls, Ohio

**Single Audit Reports
December 31, 2010**

City of Cuyahoga Falls, Ohio

For The Year Ended December 31, 2010

Table of Contents

<u>Title</u>	<u>Page</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3-5
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings OMB Circular A-133 Section .505	8
Schedule of Prior Audit Findings OMB Circular A-133 Section .315(b).....	9

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

Honorable Mayor and
Members of City Council
City of Cuyahoga Falls

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Ohio (the “City”) as of and for the year ended December 31, 2010, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 30, 2011, wherein we noted the City adopted *GASB Statement Nos. 51, 53, and 58*, as disclosed in Note 18. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the City in a separate letter dated June 30, 2011.

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

Cini & Parichi, Inc.

Cleveland, Ohio
June 30, 2011

Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Honorable Mayor and
Members of City Council
City of Cuyahoga Falls

Compliance

We have audited the City of Cuyahoga Falls, Ohio (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Honorable Mayor and
Members of City Council
Cuyahoga Falls, Ohio

Internal Control over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2010, and have issued our report thereon dated June 30, 2011, wherein we noted the City adopted *GASB Statement Nos. 51, 53, and 58*, as disclosed in Note 18. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Honorable Mayor and
Members of City Council
Cuyahoga Falls, Ohio

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

Cini & Paricki, Inc.

Cleveland, Ohio
June 30, 2011

City of Cuyahoga Falls

Schedule of Expenditures of Federal Awards

For the year ended December 31, 2010

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Passed-Through the State of Ohio:			
Neighborhood Stabilization Program	14.228	DEV01-HCPL266019 DEV01-HCPL2GW	\$ 523,260
Direct payment to the City:			
Community Development Block Grant	14.218		724,739
Community Development Block Grant- ARRA	14.218		<u>7,200</u>
Total U.S. Department of Housing and Urban Development			<u>1,255,199</u>
U.S. Department of Justice:			
Passed-Through the City of Akron:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0406	11,385
Edward Byrne Memorial Formula Grant Program - ARRA	16.579	2009-SB-B9-0513	46,793
Direct payment to the City:			
Bullet Proof Vest Partnership	16.607	IB0804338	2,713
Edward Byrne Memorial Justice Assistance Grant	16.738	2007-DJ-BX-0603	<u>10,753</u>
Total U.S. Department of Justice			<u>71,644</u>
U.S. Department of Transportation:			
Passed-Through the Ohio Department of Transportation:			
Highway Planning and Construction	20.205	PID 78416	427,500
Highway Planning and Construction	20.205	PID 84989	82,800
Highway Planning and Construction	20.205	PID 84991	288,732
Highway Planning and Construction	20.205	PID 84992	206,166
Highway Planning and Construction	20.205	PID 84993	<u>279,530</u>
Total U.S. Department of Transportation			<u>1,284,728</u>
U.S. Department of Energy:			
Direct payment to the City:			
Energy Efficiency and Conservation Block Grant (EECBG)	81.128	DE-SC0001560	<u>59,837</u>
Total U.S. Department of Energy			<u>59,837</u>
U.S. Department of Homeland Security:			
Direct payment to the City:			
Assistance to Firefighters Grant	97.044	EMW-2008-FO-11209	43,440
Fire Prevention and Safety Grant	97.044	EMW-2008-FP-01901	<u>50,400</u>
Total U.S. Department of Homeland Security			<u>93,840</u>
Total Federal Financial Assistance			<u>\$ 2,765,248</u>

The accompanying notes are an integral part of this schedule

City of Cuyahoga Falls

Notes to the Schedule of Expenditures of Federal Awards

December 31, 2010

Note 1: Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of the City's federal award programs. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Federal financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies are included on this schedule.

Note 2: Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and has been reconciled to the program's federal financial reports. The following is a reconciliation from the cash basis to the accrual basis at December 31, 2010.

	Direct Program Expenditures
<u>Department of Housing and Urban Development</u>	
Cash Basis	\$ 1,273,840
Accrual Adjustment	<u>(18,641)</u>
Department of Housing and Urban Development - Accrual Basis	<u>\$ 1,255,199</u>

Note 3: Revolving Loans

The City of Cuyahoga Falls uses Federal funds received in the current and prior years to issue revolving loans. These loans are issued to qualified single family homeowners and are to be repaid to the City in monthly installments. Principal and interest received on these loans are used to issue new loans. The principal outstanding at December 31, 2010 was \$1,269,838.

City of Cuyahoga Falls

Schedule Of Findings
OMB Circular A-133 Section .505

December 31, 2010

1. Summary of Auditors' Results

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Was there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510(a)?	No
(d)(1)(vii)	Major Programs	Neighborhood Stabilization Program - CFDA # 14.228; Highway Planning and Construction - CFDA # 20.205; Edward Byrne Memorial Formula Grant Program ARRA- CFDA # 16.579; Edward Byrne Memorial Justice Assistance Grant - CFDA # 16.738
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

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

None noted.

3. Findings For Federal Awards

None noted.

City of Cuyahoga Falls

Schedule of Prior Year Findings

December 31, 2010

Finding No.	Finding Summary	Fully Corrected	Explanation
2009-01	Audit adjustment made to properly report accounts receivable at 12/31/09 The lack of controls over financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data at year-end.	Yes	The City properly reported accounts receivable at 12/31/10.

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Dave Yost • Auditor of State

CITY OF CUYAHOGA FALLS

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 3, 2012**