

Don L. Robart, Mayor

Comprehensive Annual Financial Report

for the year ended December 31, 2011

CITY OF CUYAHOGA FALLS, OHIO

Cover Picture:

Nestled on over 120 acres of rolling hills and woodlands, you'll find the home of one of the finest public golf courses in Northeast Ohio. The course was designed by nationally renowned architect Arthur Hills (Longaberger, Crystal Downs). Hills used the unique landscape of the area to offer golfers a challenge unlike any other in the area. Tree lined fairways, meticulously placed bunkers and occasional water combine to add personality and character to this 18 hole, par 71, 6,396 yard course. Celebrating 20 years as the City's municipal golf course, Brookledge also boasts recent new improvements like automated irrigation, beautifully sculpted sand bunkers and new cart paths. Naturalized areas (tall grass) add to the beauty and the challenge of Brookledge.

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

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Parks and Recreation Department

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Western Reserve Printing

Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2011



City of Cuyahoga Falls, Ohio

Don L. Robart, Mayor

Issued by the Department of Finance

Joseph F. Brodzinski, Finance Director



Printed on Recycled Paper

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City of Cuyahoga Falls, Ohio

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INTRODUCTORY SECTION



CITY OF CUYAHOGA FALLS
DEPARTMENT OF FINANCE

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Joseph F. Brodzinski
Finance Director

Scott K. Fitzsimmons
Deputy Finance Director

June 30, 2012

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, 2011, 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, 2011, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The Independent Auditor's Report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

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

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

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

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

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

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

The City is not subject to swift or erratic economic downturns because of its diversified income tax base, in which no single employer dominates the local economy. During 2011, ten major employers in the City collectively accounted for approximately 21 percent of the \$18,423,570 withholding taxes remitted to the City.

The 2010 Census reports that the median income for families who live in Cuyahoga Falls is slightly higher than other nationwide averages. The following is a comparative breakout of those medians.

<u>Census Population</u>	<u>Median Income</u>
City of Cuyahoga Falls	\$47,071
County	\$47,926
State	\$47,358
National	\$49,445

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

The City experienced an accelerated pace of growth and development throughout the community. Much of this successful development can be attributed to the merger. New building and redevelopment permit valuation, a reliable indicator of a community's condition, averaged approximately \$36 million over the last five years.

Future Economic Outlook

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

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

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

Through the City's continued effort working with Stark Enterprises and their stellar reputation, the City's efforts have paid dividends for the community. The project has grown from a 279,000 square foot effort to approximately 390,000 square foot project today. The two major anchor tenants are a brand new Giant Eagle Supermarket along with a Menards Superstore. The project will be taken down in one phase instead of two phases.

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

Since the project has grown in size, the school district is projected to receive \$348,000 per year while the TIF is in effect, which is 124 percent more than the old center. The developer plans to invest over \$58 million in the center. Completion is expected in 2014 bringing in almost 500 new jobs to the area.

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

The Mayor, his administration, and the City Council are keenly aware of national and local economic conditions. As the national and regional economies started downturns in 2008, the City's administration was prepared. Weekly meetings are held with senior cabinet to discuss all the ways the City can continue to provide value to the residents and businesses of the community without generating a deficit for the community to handle. All personnel vacancies are discussed and in many cases job functions adjusted to eliminate any current need to immediately replace the leaving personnel. In 2009, the City negotiated with all of its unions and through Council for non-bargaining personnel for various concessions to slow expenditure growth. The City will not increase taxes to its businesses or residents so that government can continue to grow. Changes made in 2009 and 2010 had the anticipated positive impact on the City's financial position. These changes were necessary due to anticipated changes in the State of Ohio's new bi-annual budget, which went into effect July 1, 2011.

City of Cuyahoga Falls, Ohio

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

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

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

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

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

As a result of the moving of the Municipal Court, the City realized positive cash flow from court operations of \$123,000 in 2009, \$150,000 in 2010, and \$289,736 in 2011. 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 2012 with ground breaking in the spring of 2012.

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.

The City has been in the process for several years of working on revitalizing its South Front Street area. Part of this process involved the extension of Prospect Avenue and the completion of the new High Bridge Glens Park. In 2012, the completion of the new Watermark Building will be complete. This new four-story mixed-use \$8,000,000 building will consist of 40 senior apartments, 12 market rate condominiums and approximately 9,500 square feet of retail space on the first floor.

Several entrepreneurs are eyeing existing buildings in the area, while the Community Improvement Corporation purchased a parcel to create future parking for the MetroParks trailhead.

FINANCIAL INFORMATION

The City's six unions have contracts that expire December 31, 2013. Each one of those contracts has economic re-openers at the end 2012.

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 2012, the City is paying down almost \$1.0 million in outstanding balances.

LONG TERM FINANCIAL PLANNING

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cuyahoga Falls for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. 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

City of Cuyahoga Falls, Ohio

Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 27 consecutive years (fiscal years ended 1984-2010). 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, 2010

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.



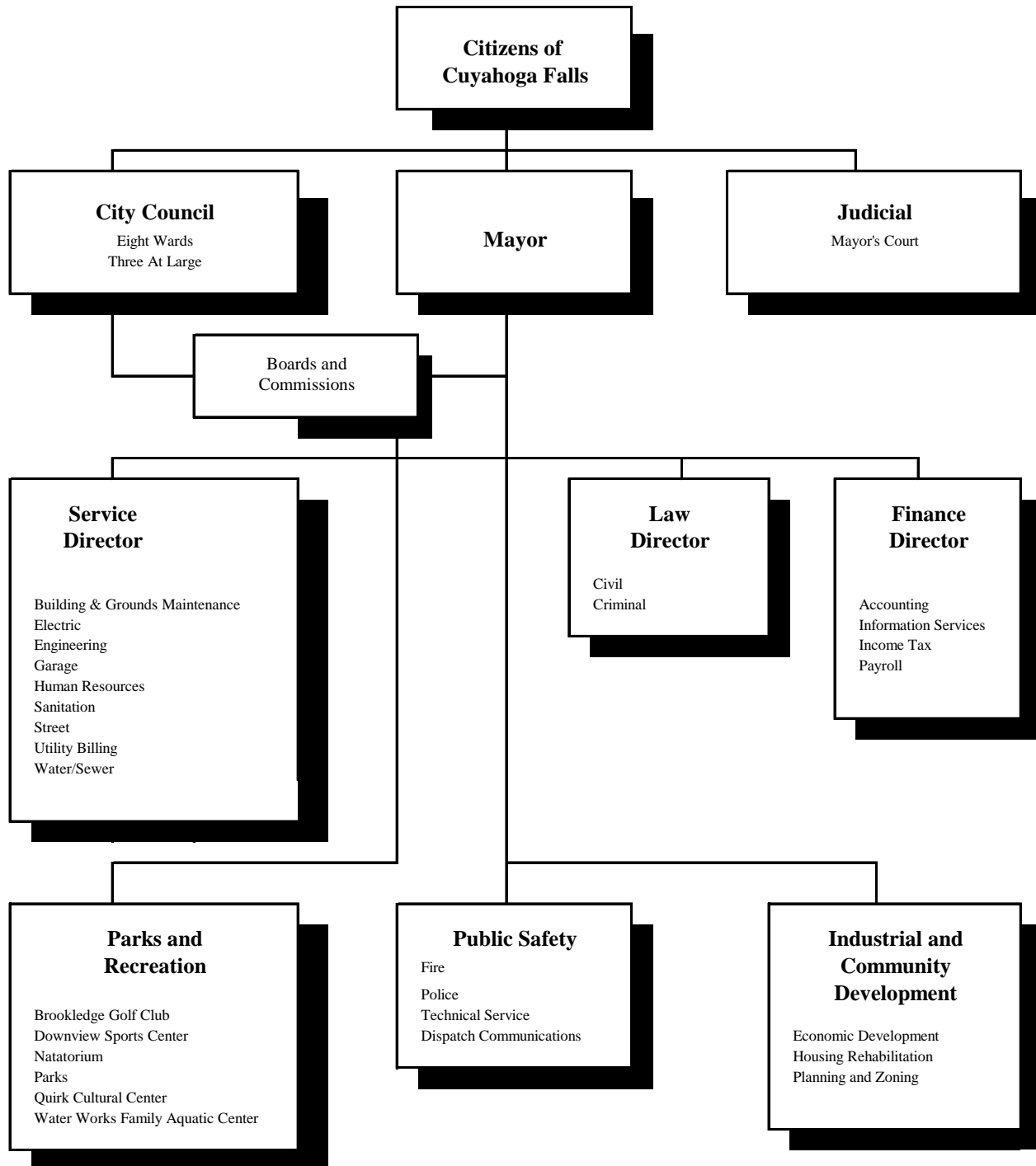
Linda C. Danison

President

Jeffrey R. Emer

Executive Director

Organizational Chart



City Officials

Mayor Don L. Robart

Cabinet of the Mayor:

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

At Large Council:

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 12/31/11)
Don S. Walters.....Ward 6
Jerry L. James.....Ward 7
Terry L. Mader.....Ward 8

FINANCIAL SECTION



Independent Auditor's Report

Members of the City Council
Cuyahoga Falls, Ohio

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, 2011, 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, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Municipal Income Tax Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 18, during the year ended December 31, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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City of Cuyahoga Falls, Ohio

Members of the City Council
Cuyahoga Falls, Ohio

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Cinni & Panichi, Inc.

Cleveland, Ohio
June 29, 2012

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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, 2011. 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 \$288,681,247. Of this amount, \$142,522,132 was attributable to Governmental Activities and \$146,159,115 was from Business-type Activities.
- Total liabilities of the City of Cuyahoga Falls were \$92,938,841. Governmental Activities accounted for \$36,352,926, while Business-type Activities represented \$56,585,915 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-two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Municipal Income Tax Special Revenue Fund, and Capital Projects Fund, which are considered to be major funds. Data from the other nineteen funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewage and disposal, water, electric, sanitation, leisure time operations and storm drainage utility. Internal Service Funds are an accounting device used to accumulate and allocate costs internally to the City's various functions. The City uses Internal Service Funds to account for its vehicle maintenance, office and custodial supplies purchase and distribution, 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 – 93 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 94-142 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

City of Cuyahoga Falls, Ohio - Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other Assets	\$ 53,598,811	\$ 55,625,527	\$ 37,145,065	\$ 37,389,427	\$ 90,743,876	\$ 93,014,954
Capital Assets	88,923,321	87,384,832	109,014,050	109,480,552	197,937,371	196,865,384
Total Assets	142,522,132	143,010,359	146,159,115	146,869,979	288,681,247	289,880,338
Liabilities						
Current and other liabilities	24,388,247	28,462,751	17,675,745	17,849,015	42,063,992	46,311,766
Long term liabilities outstanding	11,964,679	12,557,853	38,910,170	42,487,812	50,874,849	55,045,665
Total Liabilities	36,352,926	41,020,604	56,585,915	60,336,827	92,938,841	101,357,431
Net Assets						
Invested in capital assets, net of related debt	81,516,344	77,734,747	63,255,627	59,152,090	144,771,971	136,886,837
Restricted	11,870,590	10,713,662	-	-	11,870,590	10,713,662
Permanent Fund Purpose	227,586	225,240	-	-	227,586	225,240
Unrestricted	12,554,686	13,316,106	26,317,573	27,381,062	38,872,259	40,697,168
Total net assets	\$ 106,169,206	\$ 101,989,755	\$ 89,573,200	\$ 86,533,152	\$ 195,742,406	\$ 188,522,907

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 \$195,742,406 at the close of the most recent fiscal year.

The largest portion of the City's net assets (74 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 \$38,872,259 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 \$7.219 million in 2011. Net assets for governmental activities increased \$4.179 million and net assets for business-type activities increased \$3.040 million.

The net assets increase for governmental activities is due to the fact that overall revenue decreased by \$2.531 million in 2011 compared to 2010, overall expense decreased by \$2.036 million, with most of the decrease in expenses attributed to Community Environment at \$1.522 million. The Water Fund net revenue was \$1.308 million in 2011.

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 2010 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			
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 7,339,735	\$ 6,681,398	\$ 61,687,275	\$ 62,940,921	\$ 69,027,010	\$ 69,622,319
Operating grants and contributions	2,957,809	3,298,304	178,586	113,418	3,136,395	3,411,722
Capital grants and contributions	3,438,815	4,136,462	-	-	3,438,815	4,136,462
General revenues:						
Property and other local taxes	10,797,204	11,240,935	-	-	10,797,204	11,240,935
Income taxes	18,712,659	19,421,019	-	-	18,712,659	19,421,019
Grants and entitlements not						
restricted to specific programs	4,028,813	4,955,712	-	-	4,028,813	4,955,712
Other	299,015	371,222	-	141	299,015	371,363
Total Revenues	47,574,050	50,105,052	61,865,861	63,054,480	109,439,911	113,159,532
Expenses						
Security of persons and property	20,176,824	20,486,414	-	-	20,176,824	20,486,414
Leisure time activities	2,582,822	2,412,432	-	-	2,582,822	2,412,432
Community environment	2,698,449	4,220,657	-	-	2,698,449	4,220,657
Street maintenance	7,635,326	8,110,272	-	-	7,635,326	8,110,272
General government	7,809,403	7,648,904	-	-	7,809,403	7,648,904
Interest and fiscal charges	364,645	425,181	-	-	364,645	425,181
Sewage and disposal	-	-	6,480,165	5,497,927	6,480,165	5,497,927
Water	-	-	4,215,863	4,266,999	4,215,863	4,266,999
Electric	-	-	38,945,071	38,965,035	38,945,071	38,965,035
Sanitation	-	-	3,635,573	3,081,240	3,635,573	3,081,240
Leisure time activities	-	-	6,551,561	6,328,933	6,551,561	6,328,933
Storm Drainage Utility	-	-	1,124,710	951,755	1,124,710	951,755
Total Expenses	41,267,469	43,303,860	60,952,943	59,091,889	102,220,412	102,395,749
Increase in net assets before transfers	6,306,581	6,801,192	912,918	3,962,591	7,219,499	10,763,783
Transfers	(2,127,130)	(2,056,701)	2,127,130	2,056,701	-	-
Changes in net assets	4,179,451	4,744,491	3,040,048	6,019,292	7,219,499	10,763,783
Net assets-beginning	101,989,755	97,245,264	86,533,152	80,513,860	188,522,907	177,759,124
Net assets-ending	\$ 106,169,206	\$ 101,989,755	\$ 89,573,200	\$ 86,533,152	\$ 195,742,406	\$ 188,522,907

Governmental activities. Governmental activities increased the City's net assets by \$4.179 million. Key elements of the changes in net assets are as follows:

- ❖ Charges for services revenue increased by \$658,337 or 9.9 percent.
- ❖ Security of persons and property expenses decreased \$309,590 or 1.5 percent.
- ❖ Street maintenance expenses decreased \$474,946 or 5.8 percent.
- ❖ Community environment expense decreased \$1,522,208 or 36 percent.

The increase in charges for services is a result of net cash basis revenues being \$665,873 higher in 2011 compared to 2010. Specifically, Mayor's Court revenue went up \$154,161, EMS transport fees increased by \$225,773, and an increase of \$323,700 due to stale unclaimed monies being moved to the General Fund and classified as refunds.

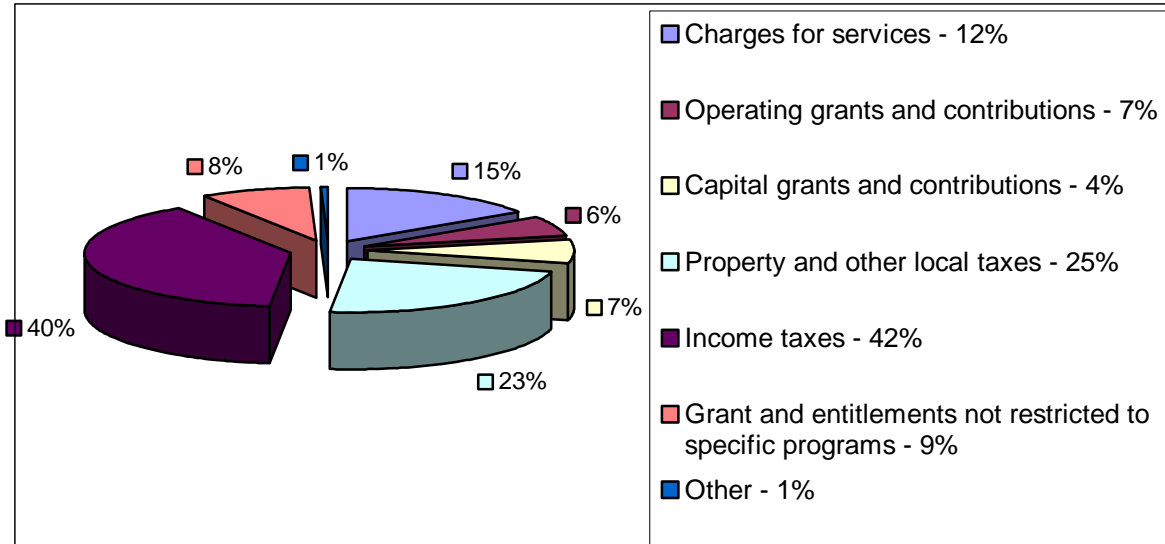
The decrease in security of persons and property expenses in 2011 is due to continued cost containment measures with reduced costs through attrition specifically within the Police Department.

The decrease in street maintenance expenses is due to the reclassification of the City's paving program, which is not capitalized and accounts for \$355,000 of the decrease. The remaining decrease is due to the reversing of prepaid items and inventory from 2010 versus 2011 and accounts for \$115,000.

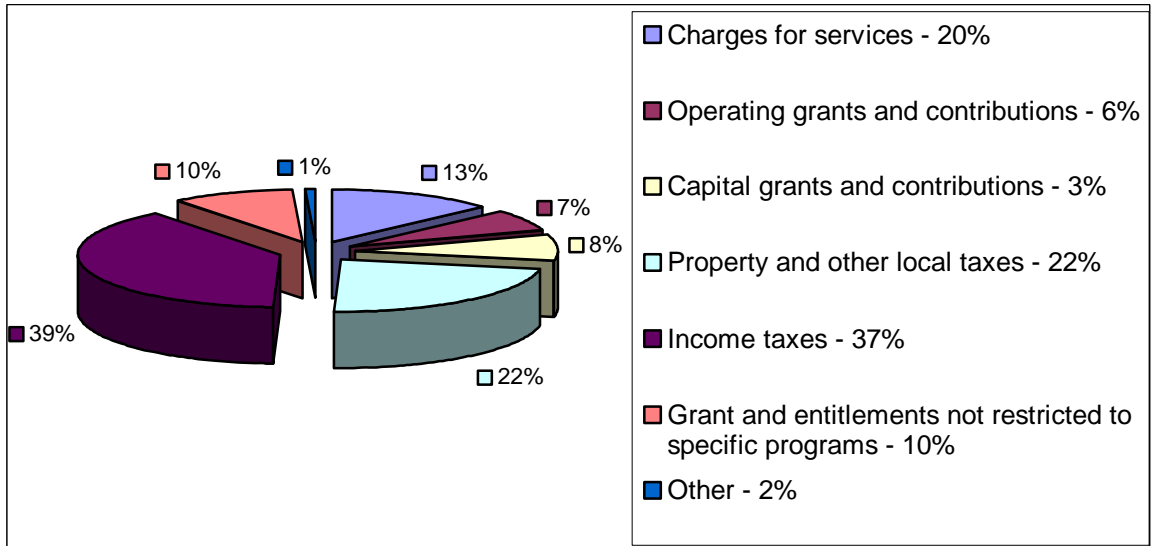
Community environment expenses decreased by 36 percent in 2011 is primarily due to the prior year reclassification of professional services associated with the Buckeye Mixed-Use Redevelopment Project – Site remediation, which is not owned by the City.

City of Cuyahoga Falls, Ohio

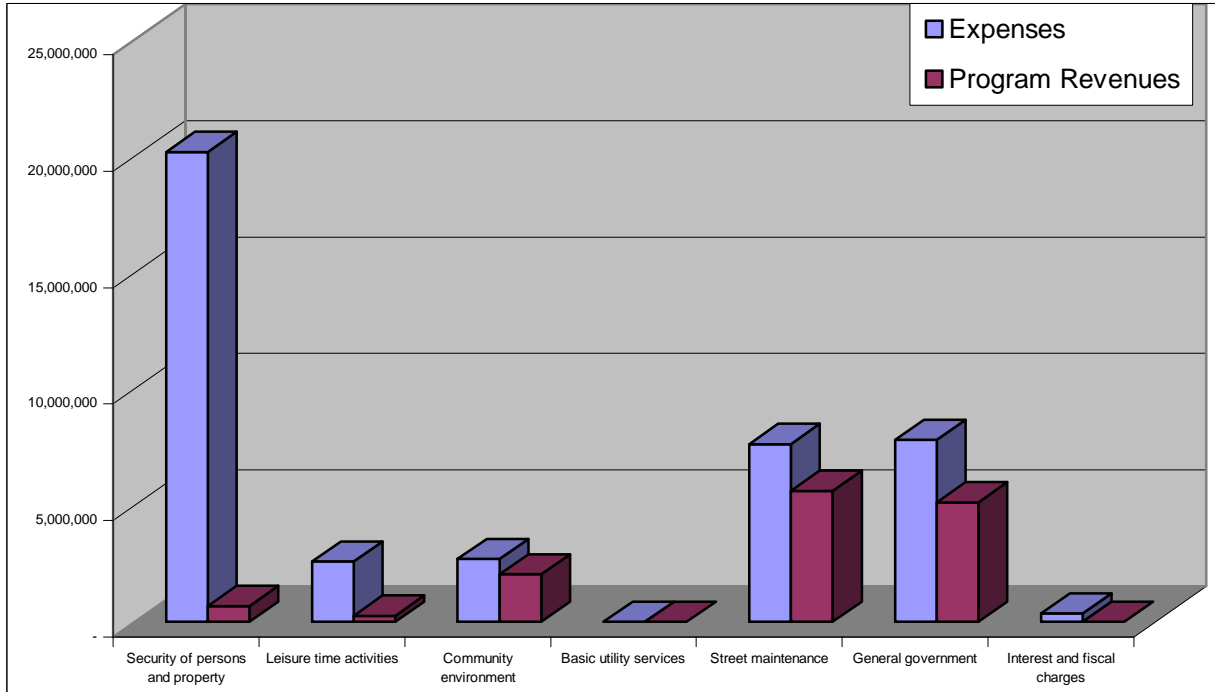
2011 Revenues by Source – Governmental Activities



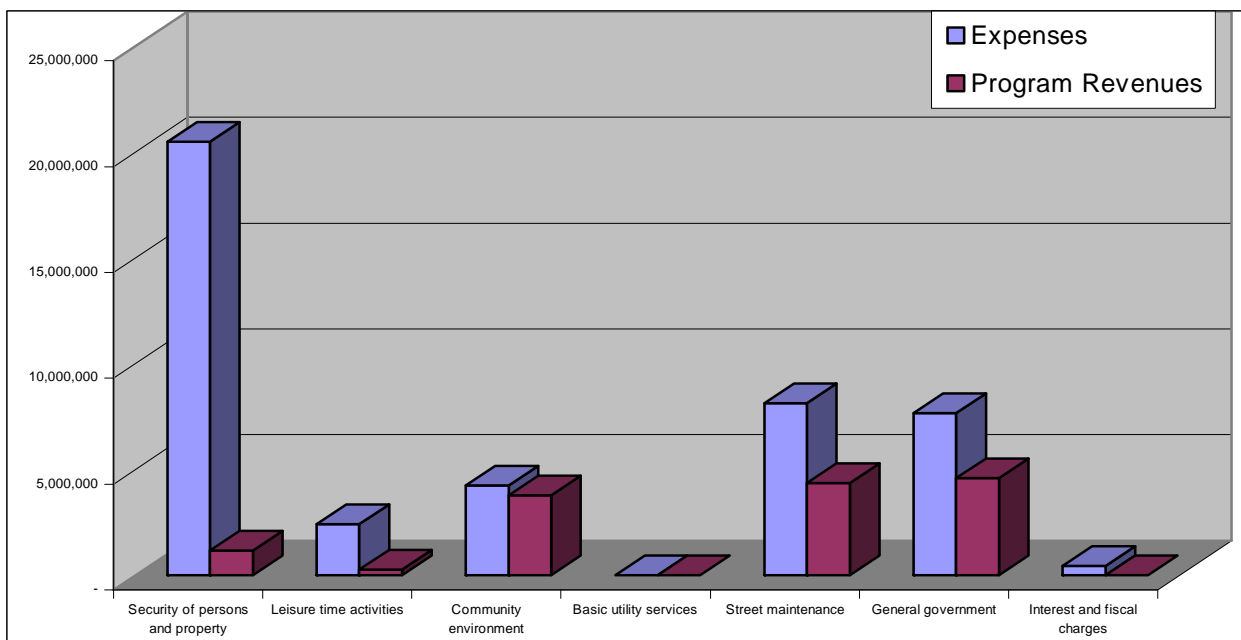
2010 Revenues by Source – Governmental Activities



2011 Expenses and Program Revenues – Governmental Activities



2010 Expenses and Program Revenues – Governmental Activities

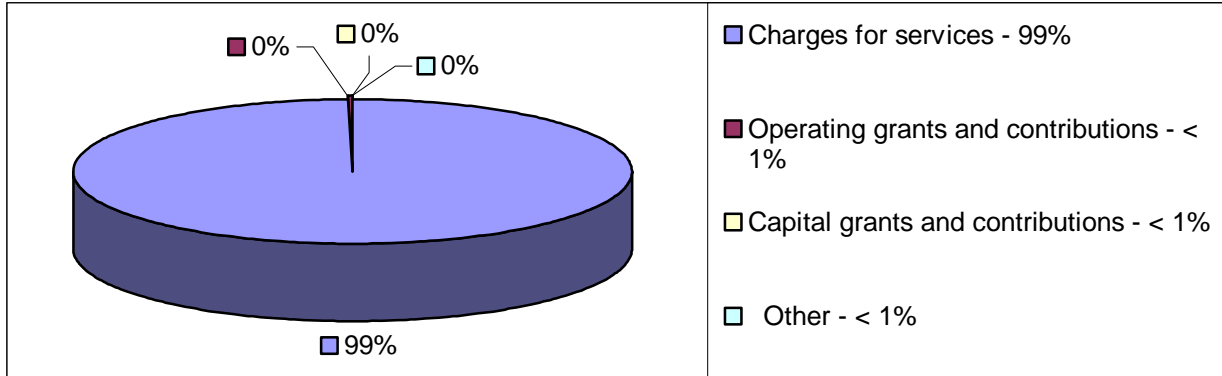


City of Cuyahoga Falls, Ohio

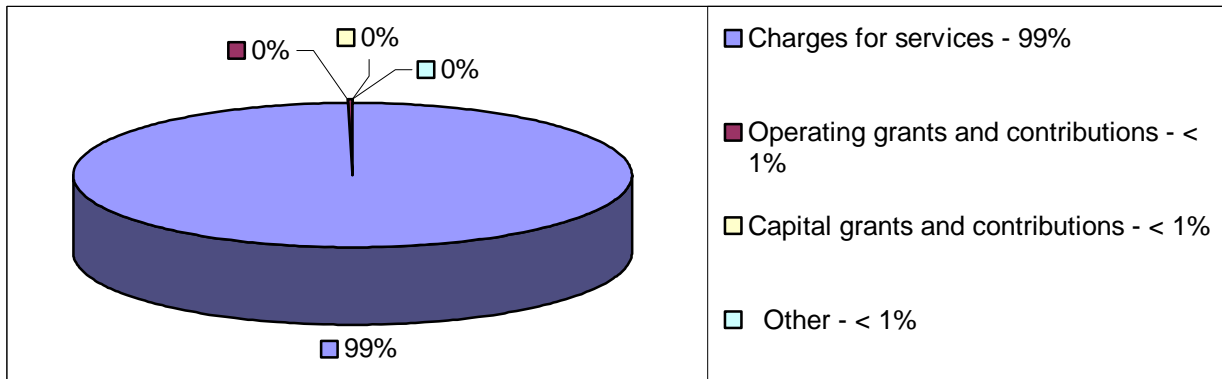
Business-type activities: Business-type activity net assets increased by \$3.040 million. Key elements of changes in net assets are as follows:

- ❖ Charges for services decreased by \$1.254 million, while three of the six components exceeded 2010 by \$525,504 (sewage and disposal \$93,928, water \$377,531, and sanitation \$54,045). However, electric charges for services decreased by \$1,717,081 directly resulting in the overall combined decrease.
- ❖ Expenses overall increased \$1.861 million compared to 2010. Expenses in sewage and disposal, sanitation, and leisure time activities increased \$982,238, \$554,333, and \$222,628, respectively. Sewage and disposal expenses increased due to increased sewer treatment costs from a catch up of charges from Summit County by \$1.09 million. Sanitation expenses increased in material and supplies by \$533,669 on a cash basis compared to 2010 due to the purchase of recycle carts for our residents. Leisure time activities increased by \$163,144 on a cash basis within personal services due to the hiring of a new manager and increased workers compensation costs. Materials and supplies increased by \$46,633 compared to 2010.

2011 Revenue by Source – Business-type Activities

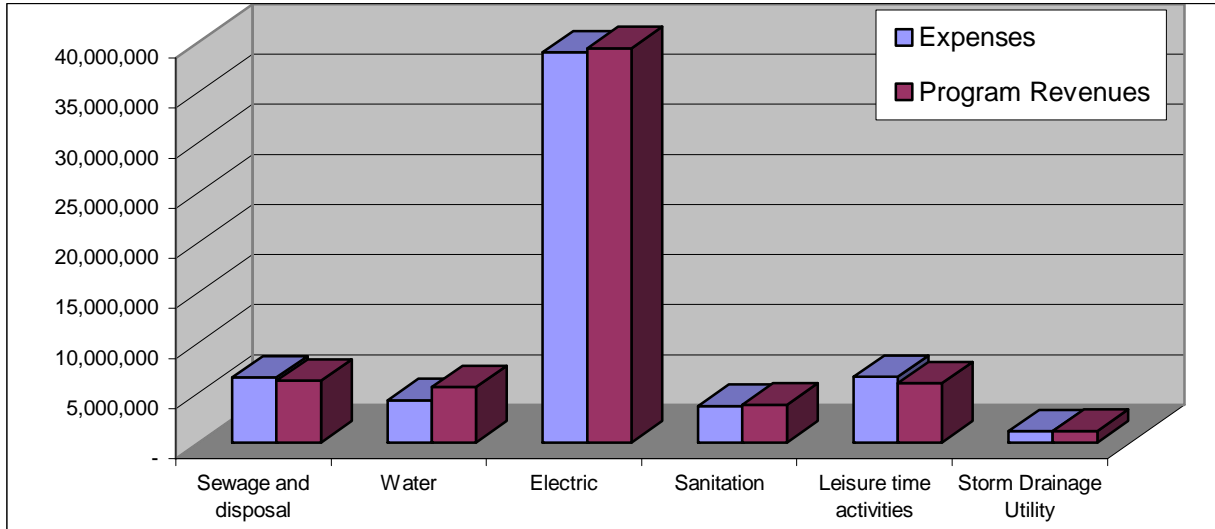


2010 Revenue by Source – Business-type Activities

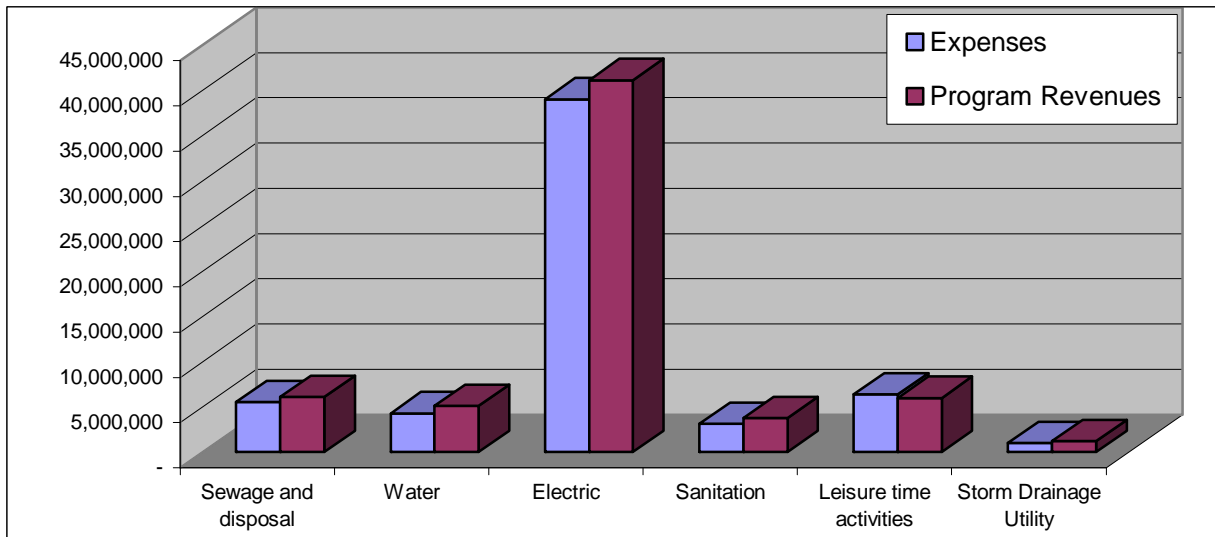


City of Cuyahoga Falls, Ohio

2011 Expenses and Program Revenues – Business-type Activities



2010 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, 2011, the City's governmental funds reported combined ending fund balances of \$21.373 million, which represents an increase of \$2.473 million in comparison with the prior year. Approximately \$13.8 million of this amount constitutes *nonspendable fund balance*, which includes amounts that cannot be spent because they are either (a) not in a spendable form, such as inventories, prepaid amounts, or property acquired for resale, or (b) legally or contractually required to be maintained intact, such as cemetery perpetual care. The next largest fund balance classification comprising of approximately \$4.174 million is *restricted fund balance*, which is legally restricted for use based on constraints externally imposed, typically through grant agreements, State statute and debt covenants.

The General Fund is the chief operating fund of the City. At December 31, 2011, *unassigned fund* balance of the general fund was \$7.785 million, while total fund balance was \$9.148 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (including transfers out). Unassigned fund balance represents 25 percent of total general fund expenditures (including transfers out), while total fund balance represents 30 percent of the same amount.

The fund balance of the City's General Fund increased by \$1.048 million during 2011. Key factors contributing to this increase are as follows:

- ❖ Revenues (including transfers in) were \$1,076 million greater than expenditures (including transfers out).
- ❖ Expenditures (including transfers out) decreased by \$699,150 or 2.2 percent.
- ❖ Security of persons and property expenditures decreased \$923,505 in 2011 from 2010. 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.

The fund balance of the City's Capital Projects Fund increased by \$1.111 million during 2011. Although, the fund balance experience a positive increase in 2011, it was less than the increase of \$2.152 million in 2010, therefore, total revenue decreased \$521,801, expenditures increased \$169,151, and net transfers decreased \$351,330.

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 \$2.449 million, \$2.348 million, \$19.988 million, \$1.454 million, \$982,927, and \$656,187 for the Sewage and Disposal, Water, Electric, Sanitation, Leisure Time, and Storm Drainage Utility Funds, respectively.

The Water Fund and Leisure Time Fund unrestricted net assets increased \$1.005 million and \$1.463 million, respectively, from 2010 to 2011.

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.

City of Cuyahoga Falls, Ohio

It should be noted that the Sanitation Fund has again seen an improvement in unrestricted net assets, with an increase of \$173,679 from 2010 to 2011 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 \$406,800 less than the original budget. The total original appropriations, including those for transfers out, were \$32,088,320, while the final appropriations were \$31,681,520. Final appropriations in 2011 were \$925,177 or 2.8 percent less than 2010, 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, 2011, amounts to \$197.937 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 2011 was \$1,071,987, which amounted to less than one percent.

City of Cuyahoga Falls Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 8,730,810	\$ 8,700,219	\$ 3,367,204	\$ 3,367,204	\$ 12,098,014	\$ 12,067,423
Construction in Progress	6,920,494	4,578,448	2,911,537	709,249	9,832,031	5,287,697
Buildings	17,483,385	17,565,259	29,890,190	30,523,694	47,373,575	48,088,953
Improvements	1,264,287	909,186	69,068,745	71,203,539	70,333,032	72,112,725
Machinery and Equipment	8,035,887	8,413,139	3,776,374	3,676,866	11,812,261	12,090,005
Infrastructure	46,488,458	47,218,581	-	-	46,488,458	47,218,581
Total	\$ 88,923,321	\$ 87,384,832	\$ 109,014,050	\$ 109,480,552	\$ 197,937,371	\$ 196,865,384

Major capital asset events during 2011 were as follows:

The City was engaged in numerous road construction projects during 2011, which included concrete street reconstruction of Remington Road and Timber Brook Cul-de-sac. These projects totaled \$375,460 and \$44,302, respectively. Additionally, the Portage Trail and Northampton Road intersection construction, which was previously in construction in progress last year, was completed with a final cost of \$243,021.

Other additional road construction costs for 2011 that are on-going for the City include: Howe Avenue and Main Street - \$856,151, Bath Road to Steels Corners - \$397,286 and Chart Road \$1,427,394.

The City has also invested in upgrading its information systems, which 'virtualized' several computer servers spread across various departments. This project was undertaken in 2011 at a cost of \$144,683. This change in technology improves the information system City-wide.

The City increased its Security of Persons (Fire and Police) fleet \$773,741. This included the purchase of a new fire engine, ambulance and several police vehicles.

City of Cuyahoga Falls, Ohio

The Electric Department continued working toward completion of the new Substation #4 on State Road. This substation is replacing the old Substation #4 which was previously within the State Road Shopping Center property. A total of \$2,399,726 in construction costs for the new substation was added during 2011. This project is projected to be complete in 2012.

The City's Sanitation Department disposed of several aged garbage trucks totaling \$678,347, while at the same time acquiring two new efficient garbage trucks totaling \$375,900.

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

Assets Held for Resale. The City purchased property known as the State Road Shopping Center in August 2008 with the intent to resell the land for development. The property is approximately 26 acres of land that included over 350,000 square feet of buildings. This redevelopment project known as "Portage Crossing" is being developed by Stark Enterprises. As of December 31, 2011, an amount of \$12,643,666 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. As of December 31, 2011, an amount of \$232,251 is recorded as assets held for resale in the Capital Projects Fund and Community Development Block Grant Special Revenue Fund in the amount of \$178,476 and \$53,775, respectively.

Long-term debt. At December 31, 2011, the City had \$43.458 million of long-term bonds and capital leases outstanding. The special assessment bonds issued by the City, which are also general obligation bonds were paid off in December 2011.

City of Cuyahoga Falls						
General Obligation Bonds and Capital Leases Outstanding						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
G. O. bonds	\$ 4,422,716	\$ 5,283,547	\$ 23,160,409	\$ 24,786,232	\$ 27,583,125	\$ 30,069,779
Capital leases	1,662,121	1,972,798	14,213,016	15,672,230	15,875,137	17,645,028
Total	\$ 6,084,837	\$ 7,256,345	\$ 37,373,425	\$ 40,458,462	\$ 43,458,262	\$ 47,714,807

On October 18, 2011, the City issued Various Purpose Refunding Bonds in the amount of \$3,180,000 (par value) with an interest rate of 1.50 – 3.00 percent to advance refund the remaining portion of the 2001 various purpose improvement general obligation bonds. The bonds refunding the 2001 issue mature on December 1, 2021. These bonds were issued at a premium of \$62,903 and include a City contribution of \$73,406, underwriter's discount of \$27,030 and issuance costs of \$70,873 for net proceeds of \$3,218,406. The net proceeds were used to purchase U.S. Government State and Local Government Series Securities that were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for the debt service payments. The advance refunding met the requirement of an in substance debt defeasance and the advance refunded bonds were removed from the City's government-wide financial statements. As a result of the advance refunding the City reduced its total debt service requirements by \$416,341, which resulted in an economic gain of \$374,293. The above noted Various Purpose Refunding Bonds are being paid from business-type activities.

No new leases were entered into in 2011.

More detailed information regarding the City's long-term debt activity is available in Note 13 on pages 79-81.

City of Cuyahoga Falls, Ohio

Economic Factors and Next Year's Budget

The City of Cuyahoga Falls' elected and appointed officials consider many factors through a lengthy budget process. The economic state of the State and Nation obviously have a direct impact on municipalities. The City prioritizes each department's basic mission. A system was put in place to review each job position when it became vacant through retirement or separation. We started looking at ways to combine departments and functions. A good example would be the combining of the Street Department and the Sanitation Department. Synergy is formed between the work force for more efficiency and monies are saved with only one superintendent instead of two. Other combinations included merging the Technical Services Department, Information Services, and Regional Dispatching. The State of Ohio passed their latest biennial budget on June 30, 2011. The State's budget included substantial revenue losses to municipalities in the form of local government revenue, commercial activity tax revenue and the elimination of state estate taxes of which municipalities receive 80%. These losses have been taken into account and the three-year forecast has been adjusted. Union agreements have been modified, reflecting no raises through 2013. The City's plan is to be able to forecast far enough into the future to have the ability and time to handle any financial situation that may occur.

The 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 the upcoming Supreme Court ruling on healthcare and what impacts it may have on the City. The administration is also developing a more aggressive wellness program for its employees with the goal of reducing overall healthcare costs.

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

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Statement of Net Assets
December 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CIC of Cuyahoga Falls
Assets				
Equity in pooled cash and cash equivalents	\$ 16,670,837	\$ 20,593,816	\$ 37,264,653	\$ -
Cash and cash equivalents - restricted accounts	236,310	-	236,310	630,242
Accounts receivable (net of allowance for uncollectibles)	843,246	7,069,958	7,913,204	17,331
Loans receivable	2,047,028	-	2,047,028	25,829
Taxes receivable	13,696,848	-	13,696,848	-
Special assessments receivable	403,774	238,106	641,880	-
Accrued interest receivable	31,533	-	31,533	-
Due from other governments	3,553,564	53,854	3,607,418	-
Inventory of supplies	1,043,213	4,288,387	5,331,600	-
Prepaid items	131,062	113,818	244,880	300
Internal balances	1,811,095	(1,811,095)	-	-
Deferred charges	254,384	404,019	658,403	-
Investment in joint venture	-	6,194,202	6,194,202	-
Assets held for resale	12,875,917	-	12,875,917	137,500
Nondepreciable capital assets	15,651,304	6,278,741	21,930,045	-
Depreciable capital assets	73,272,017	102,735,309	176,007,326	-
Total assets	142,522,132	146,159,115	288,681,247	811,202
Liabilities				
Accounts payable	488,323	2,664,868	3,153,191	-
Accrued salaries, wages and benefits	668,656	268,652	937,308	-
Accrued interest payable	60,338	75,946	136,284	-
Due to other governments	449,771	1,530,618	1,980,389	-
Unearned revenue	9,592,482	23,536	9,616,018	2,934
Deposit held and due to others	-	1,067,021	1,067,021	-
Notes payable	9,900,000	8,385,000	18,285,000	-
Current portion of:				
Accrued compensated absences	1,208,521	413,983	1,622,504	-
Claims and judgments payable	901,191	-	901,191	-
Capital leases	322,251	1,522,835	1,845,086	-
Bonds payable	796,714	1,723,286	2,520,000	-
Long-term portion of:				
Accrued compensated absences	5,175,656	1,636,561	6,812,217	-
Claims and judgments payable	641,073	-	641,073	-
Other post-employment benefit obligation	1,182,078	-	1,182,078	-
Capital leases	1,339,870	12,690,181	14,030,051	-
Payable to Joint Venture	-	3,146,305	3,146,305	-
Bonds payable	3,626,002	21,437,123	25,063,125	-
Total liabilities	36,352,926	56,585,915	92,938,841	2,934
Net Assets				
Invested in capital assets, net of related debt	81,516,344	63,255,627	144,771,971	-
Restricted for:				
Capital projects	9,728,552	-	9,728,552	-
Debt service	4,209	-	4,209	-
Special revenue - Community Development Block Grant	2,132,329	-	2,132,329	-
Special revenue - FEMA Public Assistance	5,500	-	5,500	-
CIC - Community Development	-	-	-	622,949
Permanent fund purpose:				
Nonexpendable - Cemetery Perpetual Care	227,586	-	227,586	-
Unrestricted	12,554,686	26,317,573	38,872,259	185,319
Total net assets	\$ 106,169,206	\$ 89,573,200	\$195,742,406	\$ 808,268

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Activities For the Year Ended December 31, 2011

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	\$ 20,176,824	\$ 450,004	\$ 22,000	\$ 209,009
Leisure time activities	2,582,822	258,260	-	-
Community environment	2,698,449	467,296	896,296	672,090
Street maintenance	7,635,326	1,028,191	2,039,513	2,557,716
General government	7,809,403	5,135,984	-	-
Interest and fiscal charges	364,645	-	-	-
Total governmental activities	41,267,469	7,339,735	2,957,809	3,438,815
Business-type activities:				
Sewage and disposal	6,480,165	6,172,519	-	-
Water	4,215,863	5,401,541	122,379	-
Electric	38,945,071	39,341,257	8,392	-
Sanitation	3,635,573	3,716,577	47,815	-
Leisure time activities	6,551,561	5,910,168	-	-
Storm Drainage Utility	1,124,710	1,145,213	-	-
Total business-type activities	60,952,943	61,687,275	178,586	-
Total primary government	\$ 102,220,412	\$ 69,027,010	\$ 3,136,395	\$ 3,438,815
Component Unit - CIC of Cuyahoga Falls	\$ 26,179	\$ 26,231	\$ -	\$ -
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 Activities	Business-type Activities	Total	CIC of Cuyahoga Falls
\$ (19,495,811)	\$ -	\$ (19,495,811)	\$ -
(2,324,562)	-	(2,324,562)	-
(662,767)	-	(662,767)	-
(2,009,906)	-	(2,009,906)	-
(2,673,419)	-	(2,673,419)	-
(364,645)	-	(364,645)	-
(27,531,110)	-	(27,531,110)	-
-	(307,646)	(307,646)	-
-	1,308,057	1,308,057	-
-	404,578	404,578	-
-	128,819	128,819	-
-	(641,393)	(641,393)	-
-	20,503	20,503	-
-	912,918	912,918	-
(27,531,110)	912,918	(26,618,192)	-
-	-	-	52
9,965,744	-	9,965,744	-
831,460	-	831,460	-
11,727,223	-	11,727,223	-
1,497,013	-	1,497,013	-
5,488,423	-	5,488,423	-
4,028,813	-	4,028,813	-
-	-	-	-
299,015	-	299,015	4,598
(2,127,130)	2,127,130	-	-
31,710,561	2,127,130	33,837,691	4,598
4,179,451	3,040,048	7,219,499	4,650
101,989,755	86,533,152	188,522,907	803,618
\$ 106,169,206	\$ 89,573,200	\$ 195,742,406	\$ 808,268

City of Cuyahoga Falls, Ohio

Balance Sheet - Governmental Funds December 31, 2011

	General	Municipal Income Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 7,398,141	\$ 261,164	\$ 3,343,338	\$ 1,566,965	\$ 12,569,608
Cash and cash equivalents - restricted	-	-	-	236,310	236,310
Receivables					
Taxes	9,570,653	3,574,043	-	552,152	13,696,848
Accounts					
(net of allowance for uncollectibles)	18,030	-	580,484	243,730	842,244
Loans	94,208	-	-	1,952,820	2,047,028
Special assessments	-	-	383,586	20,188	403,774
Accrued interest	-	-	-	31,533	31,533
Due from other funds	1,620,243	-	649,809	377,241	2,647,293
Due from other governments	1,777,749	43,004	730,552	1,002,259	3,553,564
Inventory of supplies	89,940	1,250	-	442,614	533,804
Prepaid items	104,267	312	-	21,756	126,335
Assets held for resale	-	-	12,822,142	53,775	12,875,917
Advances to other funds	-	-	-	214,316	214,316
Total assets	\$ 20,673,231	\$ 3,879,773	\$ 18,509,911	\$ 6,715,659	\$ 49,778,574
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 34,050	\$ -	\$ 298,937	\$ 144,845	\$ 477,832
Accrued salaries, wages and benefits	606,216	7,991	-	54,500	668,707
Accrued interest payable	-	-	48,548	-	48,548
Deferred revenue	10,657,423	1,636,483	989,915	1,257,205	14,541,026
Due to other funds	187,161	2,215,748	5,301	12,629	2,420,839
Due to other governments	39,947	1,228	6,177	87,065	134,417
Advances from other funds	-	-	214,316	-	214,316
General obligation notes payable	-	-	9,900,000	-	9,900,000
Total liabilities	11,524,797	3,861,450	11,463,194	1,556,244	28,405,685
Fund Balances					
Nonspendable	194,207	1,562	12,822,142	744,890	13,762,801
Restricted	94,208	16,761	-	4,062,911	4,173,880
Committed	-	-	241,156	351,614	592,770
Assigned	1,074,608	-	795,506	-	1,870,114
Unassigned	7,785,411	-	(6,812,087)	-	973,324
Total fund balances	9,148,434	18,323	7,046,717	5,159,415	21,372,889
Total liabilities and fund balances	\$ 20,673,231	\$ 3,879,773	\$ 18,509,911	\$ 6,715,659	\$ 49,778,574

See accompanying notes to the basic financial statements

**Reconciliation of Total Governmental Fund Balances to Net Assets of
Governmental Activities
December 31, 2011**

Total Governmental Fund Balances \$ 21,372,889

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	\$ 15,629,344	
Depreciable capital assets	<u>73,017,453</u>	88,646,797

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

Investment earnings	22,512	
Property taxes	530,323	
Grants and entitlements	1,857,407	
Income tax	1,636,483	
Special assessments	404,242	
Charges for services	<u>497,577</u>	4,948,544

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: 3,067,221

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

Accrued interest payable	(11,790)	
Deferred charges related to debt issuance	254,384	
Unamortized bond premium	(185,260)	
Accrued compensated absences	(6,024,002)	
Capital leases	(1,662,121)	
Bonds Payable	<u>(4,237,456)</u>	(11,866,245)

Total Governmental Activities Net Assets \$ 106,169,206

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2011

	General	Municipal Income Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 9,628,458	\$ -	\$ -	\$ 584,630	\$ 10,213,088
Municipal income taxes	-	18,672,207	-	-	18,672,207
Other local taxes	246,642	-	-	241,677	488,319
State levied shared taxes	4,413,462	-	-	2,322,574	6,736,036
Intergovernmental	113,169	-	2,998,845	802,478	3,914,492
Charges for services	3,495,461	-	1,555,159	1,965	5,052,585
Fees, licenses and permits	119,167	-	-	709,124	828,291
Interest earnings	-	-	500	310,236	310,736
Fines and forfeitures	288,085	-	-	54,456	342,541
Special assessments	-	-	160,581	107,267	267,848
Other	631,500	147	287,306	398,279	1,317,232
Total revenues	18,935,944	18,672,354	5,002,391	5,532,686	48,143,375
Expenditures					
Current					
Security of persons and property	16,522,770	-	-	2,228,215	18,750,985
Leisure time activities	2,078,908	-	-	135,417	2,214,325
Community environment	1,199,054	-	-	1,406,664	2,605,718
Street maintenance	-	-	-	3,751,166	3,751,166
General government	5,884,750	1,019,767	-	37,154	6,941,671
Capital outlay	-	-	7,784,729	215,000	7,999,729
Debt Service					
Principal	-	-	310,677	827,577	1,138,254
Interest	-	-	232,496	167,578	400,074
Total expenditures	25,685,482	1,019,767	8,327,902	8,768,771	43,801,922
Excess (deficiency) of revenues					
Over (under) expenditures	(6,749,538)	17,652,587	(3,325,511)	(3,236,085)	4,341,453
Other Financing Sources (Uses)					
Transfers in	12,977,349	-	5,176,401	4,471,106	22,624,856
Transfers out	(5,151,217)	(17,648,826)	(740,037)	(1,093,500)	(24,633,580)
Total other financing sources (uses)	7,826,132	(17,648,826)	4,436,364	3,377,606	(2,008,724)
Net change in fund balances	1,076,594	3,761	1,110,853	141,521	2,332,729
Fund balance at beginning of year	8,100,551	14,590	5,935,864	4,848,599	18,899,604
Change in nonspendable inventory	(31,209)	(65)	-	169,152	137,878
Change in nonspendable prepaid items	2,498	37	-	143	2,678
Fund balance at end of year	\$ 9,148,434	\$ 18,323	\$ 7,046,717	\$ 5,159,415	\$ 21,372,889

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, 2011**

Net Change in Fund Balances - Total Governmental Funds **\$ 2,332,729**

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

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

Capital additions	\$ 5,480,060	
Current year depreciation	<u>(3,790,507)</u>	1,689,553

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. (93,343)

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. 140,556

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

Investment earnings	(22,608)	
Property taxes	94,502	
Grants and entitlements	(320,480)	
Income tax	40,453	
Special assessments	(158,842)	
Charges for services	<u>39,060</u>	(327,915)

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. 1,138,254

In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due. 2,175

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. 33,254

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. (54,635)

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. 87,302

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. (768,479)

Changes in Net Assets of Governmental Activities		<u><u>\$ 4,179,451</u></u>
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See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 10,194,181	\$ 9,628,693	\$ 9,628,458	\$ (235)
Other local taxes	256,000	256,000	253,061	(2,939)
State levied shared taxes	4,460,369	4,664,210	4,667,532	3,322
Intergovernmental	162,059	162,059	123,922	(38,137)
Charges for services	3,469,701	3,519,701	3,492,861	(26,840)
Fees, licenses, and permits	62,115	62,115	119,701	57,586
Fines and forfeitures	189,725	269,725	289,259	19,534
Other	529,740	579,740	635,202	55,462
Total revenues	19,323,890	19,142,243	19,209,996	67,753
Expenditures				
Current				
Security of persons and property	17,294,934	16,822,334	16,630,146	192,188
Leisure time activities	2,257,009	2,182,009	2,074,690	107,319
Community environment	1,481,441	1,436,441	1,339,511	96,930
General government	6,082,986	6,059,586	5,884,374	175,212
Total expenditures	27,116,370	26,500,370	25,928,721	571,649
Excess (deficiency) of revenues over (under) expenditures	(7,792,480)	(7,358,127)	(6,718,725)	639,402
Other Financing Sources (Uses)				
Transfers in	12,705,172	12,940,990	12,912,282	(28,708)
Transfers out	(4,971,950)	(5,181,150)	(5,151,217)	29,933
Total other financing sources (uses)	7,733,222	7,759,840	7,761,065	1,225
Net change in fund balances	(59,258)	401,713	1,042,340	640,627
Fund balance at beginning of year	6,197,210	6,197,210	6,197,210	-
Prior year encumbrances appropriated	55,075	55,075	55,075	-
Fund balance at end of year	\$ 6,193,027	\$ 6,653,998	\$ 7,294,625	\$ 640,627

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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal income taxes	\$ 18,248,200	\$ 18,483,200	\$ 18,603,387	\$ 120,187
Other	-	-	147	147
Total revenues	<u>18,248,200</u>	<u>18,483,200</u>	<u>18,603,534</u>	<u>120,334</u>
Expenditures				
Current				
General government	1,089,156	1,089,156	1,035,342	53,814
Total expenditures	<u>1,089,156</u>	<u>1,089,156</u>	<u>1,035,342</u>	<u>53,814</u>
Excess (deficiency) of revenues over (under) expenditures	17,159,044	17,394,044	17,568,192	174,148
Other Financing Sources (Uses)				
Transfers out	(17,160,000)	(17,545,001)	(17,545,001)	-
Total other financing sources (uses)	<u>(17,160,000)</u>	<u>(17,545,001)</u>	<u>(17,545,001)</u>	<u>-</u>
Net change in fund balances	(956)	(150,957)	23,191	174,148
Fund balance at beginning of year	208,212	208,212	208,212	-
Prior year encumbrances appropriated	13,000	13,000	13,000	-
Fund balance at end of year	<u>\$ 220,256</u>	<u>\$ 70,255</u>	<u>\$ 244,403</u>	<u>\$ 174,148</u>

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Net Assets - Proprietary Funds December 31, 2011

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Assets							
Current Assets							
Equity in pooled cash and cash equivalents	\$ 3,557,402	\$ 1,676,671	\$11,633,002	\$1,732,139	\$ 1,657,188	\$ 337,414	\$20,593,816
Receivables							
Accounts							
(net of allowance for uncollectibles)	935,927	671,553	5,157,619	205,037	2,779	97,043	7,069,958
Special assessments	-	7,966	-	-	-	230,140	238,106
Due from other funds	31,208	-	827,563	21,629	-	18,541	898,941
Due from other governments	53,854	-	-	-	-	-	53,854
Inventory of supplies	53,573	507,374	3,558,725	80,239	88,476	-	4,288,387
Prepaid items	13,292	13,616	35,779	8,687	42,046	398	113,818
Deferred charges	21,853	128,548	-	-	253,618	-	404,019
Unamortized bond discount	9,094	45,578	-	-	21,444	-	76,116
Investment in joint venture	-	-	6,194,202	-	-	-	6,194,202
Advances to other funds	-	-	255,000	-	-	-	255,000
Total current assets	<u>4,676,203</u>	<u>3,051,306</u>	<u>27,661,890</u>	<u>2,047,731</u>	<u>2,065,551</u>	<u>683,536</u>	<u>40,186,217</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	1,018,032	703,644	119,962	35,533,915	11,700	37,889,010
Improvements other than buildings	29,559,254	28,279,832	40,110,997	257,499	4,771,786	9,199,885	112,179,253
Equipment	1,468,170	1,597,539	4,868,231	2,218,914	683,517	324,930	11,161,301
CIP	-	125,353	2,528,275	-	15,175	242,734	2,911,537
Less: Accumulated depreciation	<u>(10,365,252)</u>	<u>(12,217,348)</u>	<u>(23,831,798)</u>	<u>(1,554,726)</u>	<u>(8,951,609)</u>	<u>(1,573,522)</u>	<u>(58,494,255)</u>
Total noncurrent assets	<u>21,257,388</u>	<u>18,939,013</u>	<u>24,875,239</u>	<u>1,194,430</u>	<u>33,816,191</u>	<u>8,931,789</u>	<u>109,014,050</u>
Total assets	<u>25,933,591</u>	<u>21,990,319</u>	<u>52,537,129</u>	<u>3,242,161</u>	<u>35,881,742</u>	<u>9,615,325</u>	<u>149,200,267</u>
Liabilities							
Current Liabilities							
Accounts payable	12,887	17,508	2,536,994	60,908	27,148	9,423	2,664,868
Accrued salaries, wages and benefits	22,529	43,078	99,305	31,819	68,351	3,570	268,652
Accrued compensated absences	54,522	87,378	173,725	68,194	30,164	-	413,983
Accrued interest payable	5,098	14,079	-	-	56,769	-	75,946
Deferred revenue	-	-	-	-	23,536	-	23,536
Due to other funds	168,848	202,552	7,306	143,923	626,599	107	1,149,335
Due to other governments	1,492,077	6,588	15,080	4,831	10,496	1,546	1,530,618
Deposits held and due to others	-	5,290	1,061,731	-	-	-	1,067,021
Claims and judgments payable	-	-	-	-	-	-	-
Capital lease obligations	464,001	306,685	728,951	23,198	-	-	1,522,835
Advances from other funds	85,000	-	-	-	-	-	85,000
General obligation notes payable	-	85,000	-	-	8,300,000	-	8,385,000
General obligation bonds payable	271,000	683,000	-	-	769,286	-	1,723,286
Total current liabilities	<u>2,575,962</u>	<u>1,451,158</u>	<u>4,623,092</u>	<u>332,873</u>	<u>9,912,349</u>	<u>14,646</u>	<u>18,910,080</u>
Noncurrent Liabilities							
Accrued compensated absences	207,549	280,947	633,047	284,198	218,117	12,703	1,636,561
Claims and judgments payable	-	-	-	-	-	-	-
Other post-employment benefit obligation	-	-	-	-	-	-	-
Capital lease obligations	3,866,640	2,555,682	6,074,543	193,316	-	-	12,690,181
Advances from other funds	170,000	-	-	-	-	-	170,000
Payable to joint venture	-	-	3,146,305	-	-	-	3,146,305
Unamortized bond premium	98,385	208,858	-	-	276,731	-	583,974
General obligation bonds payable	1,636,000	5,389,000	-	-	13,904,265	-	20,929,265
Total noncurrent liabilities	<u>5,978,574</u>	<u>8,434,487</u>	<u>9,853,895</u>	<u>477,514</u>	<u>14,399,113</u>	<u>12,703</u>	<u>39,156,286</u>
Total liabilities	<u>8,554,536</u>	<u>9,885,645</u>	<u>14,476,987</u>	<u>810,387</u>	<u>24,311,462</u>	<u>27,349</u>	<u>58,066,366</u>
Net Assets							
Invested in capital assets, net of							
related debt	14,930,456	9,756,368	18,071,745	977,916	10,587,353	8,931,789	63,255,627
Unrestricted	2,448,599	2,348,306	19,988,397	1,453,858	982,927	656,187	27,878,274
Total net assets	<u>\$ 17,379,055</u>	<u>\$12,104,674</u>	<u>\$38,060,142</u>	<u>\$2,431,774</u>	<u>\$11,570,280</u>	<u>\$9,587,976</u>	<u>\$91,133,901</u>
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(1,560,701)
Total net assets of business-type activities							<u>\$89,573,200</u>

See accompanying notes to the basic financial statements

Statement of Net Assets - Proprietary Funds
December 31, 2011

(Continued)

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 4,101,229
Receivables	
Accounts	
(net of allowance for uncollectibles)	1,002
Special assessments	-
Due from other funds	28,072
Due from other governments	-
Inventory of supplies	509,409
Prepaid items	4,727
Deferred charges	-
Unamortized bond discount	-
Investment in joint venture	-
Advances to other funds	-
Total current assets	<u>4,644,439</u>
Noncurrent Assets	
Capital Assets	
Land	21,960
Buildings	238,816
Improvements other than buildings	260,029
Equipment	1,246,376
CIP	-
Less: Accumulated depreciation	<u>(1,490,657)</u>
Total noncurrent assets	<u>276,524</u>
Total assets	<u>4,920,963</u>
Liabilities	
Current Liabilities	
Accounts payable	10,491
Accrued salaries, wages and benefits	31,717
Accrued compensated absences	87,999
Accrued interest payable	-
Deferred revenue	-
Due to other funds	4,132
Due to other governments	315,354
Deposits held and due to others	-
Claims and judgments payable	901,191
Capital lease obligations	-
Advances from other funds	-
General obligation notes payable	-
General obligation bonds payable	-
Total current liabilities	<u>1,350,884</u>
Noncurrent Liabilities	
Accrued compensated absences	240,408
Claims and judgments payable	641,073
Other post-employment benefit obligation	1,182,078
Capital lease obligations	-
Advances from other funds	-
Payable to joint venture	-
Unamortized bond premium	-
General obligation bonds payable	-
Total noncurrent liabilities	<u>2,063,559</u>
Total liabilities	<u>3,414,443</u>
Net Assets	
Invested in capital assets, net of related debt	276,524
Unrestricted	1,229,996
Total net assets	<u>\$ 1,506,520</u>

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Operating Revenues							
Charges for services	\$ 6,073,970	\$ 5,129,091	\$ 39,017,406	\$ 3,495,923	\$ 5,436,978	\$ 1,102,379	\$ 60,255,747
Other	157,088	272,450	706,318	243,034	473,190	68,072	1,920,152
Total operating revenues	<u>6,231,058</u>	<u>5,401,541</u>	<u>39,723,724</u>	<u>3,738,957</u>	<u>5,910,168</u>	<u>1,170,451</u>	<u>62,175,899</u>
Operating Expenses							
Personal services	588,118	1,120,971	2,877,524	847,438	2,323,703	380,442	8,138,196
Fringe benefits	249,794	454,686	1,061,558	315,925	620,316	165,334	2,867,613
Purchased power	-	-	25,754,102	-	-	-	25,754,102
Materials and supplies	29,084	235,406	4,785,726	631,096	173,609	21,157	5,876,078
Utilities	32,532	286,539	91,194	16,745	247,022	120	674,152
Contractual services	3,720,431	156,985	223,037	810,571	41,079	169,636	5,121,739
Internal charges	503,192	532,464	1,534,707	449,906	564,012	29,909	3,614,190
Other	245,153	395,792	816,482	310,128	975,548	123,588	2,866,691
Depreciation	847,268	961,919	1,362,789	240,428	952,332	216,170	4,580,906
Total Operating Expenses	<u>6,215,572</u>	<u>4,144,762</u>	<u>38,507,119</u>	<u>3,622,237</u>	<u>5,897,621</u>	<u>1,106,356</u>	<u>59,493,667</u>
Net income (loss) from operations	<u>15,486</u>	<u>1,256,779</u>	<u>1,216,605</u>	<u>116,720</u>	<u>12,547</u>	<u>64,095</u>	<u>2,682,232</u>
Nonoperating Revenues (Expenses)							
Interest revenue	-	-	-	-	-	-	-
Interest expense	(261,476)	(377,140)	(327,087)	(10,409)	(688,729)	-	(1,664,841)
Gain from disposal of capital assets	(902)	2,895	3,084	19,553	3,425	-	28,055
Grants	-	122,379	8,392	47,815	-	-	178,586
Total nonoperating revenues (expenses)	<u>(262,378)</u>	<u>(251,866)</u>	<u>(315,611)</u>	<u>56,959</u>	<u>(685,304)</u>	<u>-</u>	<u>(1,458,200)</u>
Income (loss) before contributions and transfers	<u>(246,892)</u>	<u>1,004,913</u>	<u>900,994</u>	<u>173,679</u>	<u>(672,757)</u>	<u>64,095</u>	<u>1,224,032</u>
Capital Contributions	-	-	-	-	118,406	-	118,406
Transfers in	-	-	1,762,567	-	2,017,450	-	3,780,017
Transfers out	-	-	(1,771,293)	-	-	-	(1,771,293)
Changes in net assets	<u>(246,892)</u>	<u>1,004,913</u>	<u>892,268</u>	<u>173,679</u>	<u>1,463,099</u>	<u>64,095</u>	<u>3,351,162</u>
Total net assets - beginning	17,625,947	11,099,761	37,167,874	2,258,095	10,107,181	9,523,881	
Total net assets - ending	<u>\$17,379,055</u>	<u>\$12,104,674</u>	<u>\$ 38,060,142</u>	<u>\$ 2,431,774</u>	<u>\$11,570,280</u>	<u>\$ 9,587,976</u>	
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(311,114)
Change in net assets of business-type activities							<u>\$ 3,040,048</u>

See accompanying notes to the basic financial statements

**Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds
For the Year Ended December 31, 2011**

(Continued)

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for services	\$ 9,756,344
Other	126,275
Total operating revenues	<u>9,882,619</u>
Operating Expenses	
Personal services	1,785,639
Fringe benefits	7,190,062
Purchased power	-
Materials and supplies	1,238,977
Utilities	17,841
Contractual services	104,436
Internal charges	245,875
Other	335,348
Depreciation	65,352
Total Operating Expenses	<u>10,983,530</u>
Net income (loss) from operations	<u>(1,100,911)</u>
Nonoperating Revenues (Expenses)	
Interest revenue	10,887
Interest expense	-
Gain from disposal of capital assets	2,800
Grants	-
Total nonoperating revenues (expenses)	<u>13,687</u>
Income (loss) before contributions and transfers	<u>(1,087,224)</u>
Capital Contributions	7,631
Transfers in	-
Transfers out	-
Changes in net assets	<u>(1,079,593)</u>
Total net assets - beginning	2,586,113
Total net assets - ending	<u>\$ 1,506,520</u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2011

	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	\$ 6,250,240	\$5,329,150	\$40,854,021	\$ 3,734,970	\$ 5,928,055	\$1,143,464	\$ 63,239,900
Cash payments to employees for services	(586,606)	(1,117,716)	(2,867,764)	(844,407)	(2,310,455)	(379,452)	(8,106,400)
Cash payments to employees for benefits	(241,031)	(439,961)	(1,067,732)	(326,010)	(567,804)	(162,904)	(2,805,442)
Cash payments to suppliers for goods and services	(3,510,004)	(1,690,463)	(33,732,993)	(2,226,096)	(2,028,967)	(349,291)	(43,537,814)
Net cash provided by (used in) operating activities	1,912,599	2,081,010	3,185,532	338,457	1,020,829	251,817	8,790,244
Cash Flows From Non-Capital							
Financing Activities							
Grant proceeds	-	148,668	8,392	47,815	-	-	204,875
Transfers in	-	-	1,762,567	-	2,017,450	-	3,780,017
Transfers out	-	-	(1,771,293)	-	-	-	(1,771,293)
Advances in	-	-	85,000	-	-	-	85,000
Advances out	(85,000)	-	-	-	-	-	(85,000)
Net cash provided by (used in) non-capital financing activities	(85,000)	148,668	84,666	47,815	2,017,450	-	2,213,599
Cash Flows From Capital and Related							
Financing Activities							
Acquisition of capital assets	(108,624)	(347,426)	(2,610,533)	(441,047)	(87,834)	(350,720)	(3,946,184)
Proceeds from the sale of capital assets	648	6,710	1,534	19,553	5,250	-	33,695
Bond/note proceeds	-	85,000	-	-	8,300,000	-	8,385,000
Refunding bonds issued	-	3,180,000	-	-	-	-	3,180,000
Net premium on various purpose bonds / notes	-	36,252	-	-	37,018	-	73,270
Refunding other sources	-	73,406	-	-	-	-	73,406
Payment to refunded bond escrow agent	-	(3,218,406)	-	-	-	-	(3,218,406)
Refunding bond issuance cost	-	(70,873)	-	-	-	-	(70,873)
Debt service							
Principal	(709,616)	(1,097,872)	(698,497)	(22,229)	(10,445,423)	-	(12,973,637)
Interest	(274,673)	(397,016)	(327,087)	(10,409)	(757,123)	-	(1,766,308)
Net cash provided by (used in) capital and related financing activities	(1,092,265)	(1,750,225)	(3,634,583)	(454,132)	(2,948,112)	(350,720)	(10,230,037)
Cash Flows from Investing Activities							
Interest revenue	-	-	-	-	-	-	-
Sale of investments	34,988	14,843	148,746	22,317	19,428	5,410	245,732
Net cash provided by investing activities	34,988	14,843	148,746	22,317	19,428	5,410	245,732
Net increase (decrease) in cash and cash equivalents	770,322	494,296	(215,639)	(45,543)	109,595	(93,493)	1,019,538
Cash and cash equivalents at Beginning of Year	2,787,080	1,182,375	11,848,641	1,777,682	1,547,593	430,907	19,574,278
Cash and cash equivalents at end of year	\$ 3,557,402	\$1,676,671	\$11,633,002	\$ 1,732,139	\$ 1,657,188	\$ 337,414	\$ 20,593,816

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2011**

(Continued)

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Cash received from customers	\$ 9,854,648
Cash payments to employees for services	(1,781,851)
Cash payments to employees for benefits	(6,684,836)
Cash payments to suppliers for goods and services	(2,003,417)
Net cash provided by (used in) operating activities	(615,456)
Cash Flows From Non-Capital Financing Activities	
Grant proceeds	-
Transfers in	-
Transfers out	-
Advances in	-
Advances out	-
Net cash provided by (used in) non-capital financing activities	-
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	-
Proceeds from the sale of capital assets	2,800
Bond/note proceeds	-
Refunding bonds issued	-
Net premium on various purpose bonds / notes	-
Payment to refunded bond escrow agent	-
Refunding bond issuance cost	-
Debt service	-
Principal	-
Interest	-
Net cash provided by (used in) capital and related financing activities	2,800
Cash Flows from Investing Activities	
Interest revenue	10,887
Sale of investments	58,308
Net cash provided by investing activities	69,195
Net increase (decrease) in cash and cash equivalents	(543,461)
Cash and cash equivalents at Beginning of Year	4,644,690
Cash and cash equivalents at end of year	<u>\$ 4,101,229</u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2011

(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)	\$ 15,486	\$1,256,779	\$ 1,216,605	\$ 116,720	\$ 12,547	\$ 64,095	\$ 2,682,232
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	847,268	961,919	1,362,789	240,428	952,332	216,170	4,580,906
Amortization expense	3,122	70,688	-	-	34,573	-	108,383
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:							
Receivables	20,884	(73,173)	618,221	(1,810)	1,180	(26,365)	538,937
Due from other funds	(2,027)	-	12,706	(2,177)	-	(622)	7,880
Due from other governments	325	-	-	-	-	-	325
Inventory of supplies	1,820	(150,451)	61,993	(5,534)	(20,149)	-	(112,321)
Prepaid items	(708)	6,155	(945)	(432)	(2,470)	5	1,605
Investment in joint ventures	-	-	(149,264)	-	-	-	(149,264)
Accounts payable							
- net of items affecting capital assets	10,218	(1,275)	(58,945)	(885)	(35,875)	(5,881)	(92,643)
Accrued salaries, wages and benefits	9,365	16,183	(1,075)	(8,474)	61,669	3,161	80,829
Due to other funds	(1,736)	(6,370)	3,498	156	(1,537)	107	(5,882)
Due to other governments	1,008,582	505	1,767	465	2,040	1,147	1,014,506
Deposits held and due to others	-	50	118,182	-	-	-	118,232
Other post-employment benefit obligation	-	-	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	16,519	-	16,519
Total adjustments	1,897,113	824,231	1,968,927	221,737	1,008,282	187,722	6,108,012
Net cash provided by (used in) operating activities	\$ 1,912,599	\$2,081,010	\$ 3,185,532	\$ 338,457	\$ 1,020,829	\$ 251,817	\$ 8,790,244

During 2011 the Leisure Time Fund received contributions in the form of capital assets in the amounts of \$118,406 from the Capital Projects Fund.

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2011**

(Continued)

	<u>Governmental Activities - Internal Service Funds</u>
Reconciliation of Operating Income	
(Loss) to Net cash provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ (1,100,911)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	65,352
Amortization expense	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:	
Receivables	101
Due from other funds	(28,072)
Due from other governments	-
Inventory of supplies	(499)
Prepaid items	1,345
Investment in joint ventures	-
Accounts payable	
- net of items affecting capital assets	(59,288)
Accrued salaries, wages and benefits	43,972
Due to other funds	263
Due to other governments	15,366
Deposits held and due to others	-
Other post-employment benefit obligation	279,097
Claims and judgments payable	167,818
Deferred revenue	-
Total adjustments	<u>485,455</u>
Net cash provided by (used in) operating activities	<u>\$ (615,456)</u>

City of Cuyahoga Falls, Ohio

Statement of Assets and Liabilities - Fiduciary Funds December 31, 2011

	<u>Agency Funds</u>
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 1,741,386
Due from other governments	172,533
Total assets	<u>\$ 1,913,919</u>
Liabilities	
Current Liabilities	
Due to other governments	\$ 1,404,043
Deposits held and due to others	509,876
Total liabilities	<u>\$ 1,913,919</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, 2011

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

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Net 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.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Contributions of Capital

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

Interfund Activity

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

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

Extraordinary and special Items

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

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	
	General Fund	Municipal Income Tax Fund
GAAP Basis	\$ 1,076,594	\$ 3,761
Increase (decrease) due to:		
Change in receivables and other assets not recognized on a budget basis	824,894	(109,273)
Change in liabilities not recognized on a budget basis	(755,632)	145,464
Encumbrances	<u>(103,516)</u>	<u>(16,761)</u>
Budget Basis	<u>\$ 1,042,340</u>	<u>\$ 23,191</u>

NOTE 4 - RECEIVABLES

Receivables at December 31, 2011, consisted primarily of municipal income taxes, property taxes and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for utilities and EMS Transport services provided). Utility accounts receivable and EMS Transport fees receivable billed to customers prior to year end are recorded net of an allowance for doubtful accounts, based on management’s estimate.

Property Taxes

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

Tangible personal property taxes (for tangible property other than public utility property) attach as a lien and are levied on January 1 of the current calendar year. Tax collections for the current year are therefore based upon assessed values as of January 1 of the current year. The tangible personal property tax is being phased out.

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

City of Cuyahoga Falls, Ohio

NOTE 4 – RECEIVABLES (CONTINUED)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Cuyahoga Falls. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The amounts of \$9,570,653 and \$552,152 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, 2011.

The assessed values of real public utility and tangible personal property upon which 2011 property tax receipts were based are as follows:

<u>Property Types</u>	<u>Valuation</u>
Real Property – 2010 Tax Valuation	\$ 1,029,935,070
Public Utility Property – 2009 Tax Valuation	6,922,010
Total Valuation	\$ 1,036,857,080

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 2011 was \$18,672,207. The amount of \$3,574,043 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, 2011.

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

NOTE 4 – RECEIVABLES (CONTINUED)

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government and Local Government Revenue	
Assistance	\$ 902,180
Estate Tax	399,927
Municipal Income Tax	43,004
Homestead and Rollback	473,202
Gasoline and Excise Tax	528,082
Motor Vehicle License Fees	155,918
Permissive Motor Vehicle License Tax	35,907
EMS Transport Fees	121,034
In Lieu of Public Site	241,156
Highway Distribution	254,062
Liquor Permits	4,489
Clean Ohio Revitalization Fund	28,871
Enhanced 9-1-1 Wireless Distribution	21,945
Federal Grants	306,262
Other Agencies	37,525
Total Governmental Activities	<u>\$ 3,553,564</u>
Business-type Activities	
Utilities Charges	\$ 53,854

NOTE 5 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

During 2011, the City believes it has complied with the revisions of these statutes pertaining to the types of investments held and institutions in which deposits were made. The City was also in compliance with the provisions of the statutes concerning security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

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

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

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

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

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

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end the carrying amount of the City's deposits was \$31,217,349 and the bank balance was \$32,019,643. Of the bank balance \$10,666,805 was covered by Federal depository insurance and \$21,352,838 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or Federal Reserve, but not in the City's name. The City has petty cash on hand of \$10,285 as of December 31, 2011.

At year-end, the carrying amount of the Community Improvement Corporation of Cuyahoga Falls, a component unit, deposits was \$630,243 and the bank balance was \$630,243. Information regarding the collateralization of the Community Improvement Corporation of Cuyahoga Falls can be obtained from the corporation's independent audit report.

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Investments are reported at fair value. As of December 31, 2011 the City had the following investments:

	Custodial Credit Risk Category	Fair Value	Credit Rating		
				<1	>1
Repurchase Agreements:					
Federal National Mortgage Association	Category 3	\$ 4,185,076	AAA*	\$ 4,185,076	
Federal Home Loan Mortgage	Category 3	3,839,924	AAA*	3,839,924	
Total		\$ 8,025,000		\$ 8,025,000	\$ -

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

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments.

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.

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, 2011.

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Federal National Mortgage Association	52.15%
Federal Home Loan Mortgage	47.85%

City of Cuyahoga Falls, Ohio

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	<u>Balance 1/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2011</u>
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 8,700,219	\$ 30,591	\$ -	\$ 8,730,810
Construction In Progress	4,578,448	3,064,980	(722,934)	6,920,494
<i>Total Capital Assets Not Being Depreciated</i>	13,278,667	3,095,571	(722,934)	15,651,304
<i>Capital Assets Being Depreciated</i>				
Buildings	27,304,236	604,985	-	27,909,221
Improvements	1,328,967	406,462	-	1,735,429
Machinery and Equipment	27,849,556	1,632,592	(2,575,123)	26,907,025
Infrastructure				
Roads	53,635,775	753,338	-	54,389,113
Traffic Signals	209,489	-	-	209,489
Bridges	10,641,083	15,097	-	10,656,180
<i>Total Capital Assets Being Depreciated</i>	120,969,106	3,412,474	(2,575,123)	121,806,457
<i>Less Accumulated Depreciation</i>				
Buildings	(9,738,977)	(686,859)	-	(10,425,836)
Improvements	(419,781)	(51,361)	-	(471,142)
Machinery and Equipment	(19,436,417)	(2,103,187)	2,668,466	(18,871,138)
Infrastructure				
Roads	(15,819,507)	(1,276,237)	-	(17,095,744)
Traffic Signals	(52,327)	(19,901)	-	(72,228)
Bridges	(1,395,932)	(202,420)	-	(1,598,352)
<i>Total Accumulated Depreciation</i>	(46,862,941)	(4,339,965)	2,668,466	(48,534,440)
<i>Total Capital Assets Being Depreciated, Net</i>	74,106,165	(927,491)	93,343	73,272,017
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 87,384,832</u>	<u>\$ 2,168,080</u>	<u>\$ (629,591)</u>	<u>\$ 88,923,321</u>
*Depreciation expense was charged to governmental functions as follows:				
General Government				298,897
Security of Persons and Property				1,117,819
Community Environment				203,474
Leisure Time Activities				270,631
Street Maintenance				1,899,686
Garage				2,240
Information Services				63,112
Total				\$ 3,855,859
Accumulated Depreciation from Transfers Between Departments				\$ 291,026
Accumulated Depreciation from Asset Reinstated				\$ 193,080
Grand Total				<u>\$ 4,339,965</u>

*Note: Twelve pieces of equipment were transferred between departments with their applicable accumulated depreciation into the following functions: Leisure \$167,406 (five), Community Environment \$83,660 (four), General Government \$27,854 (two), and Internal Service Fund \$12,106 (one) Security of Persons reinstated one piece of equipment with \$193,080 accumulated depreciation.

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	<u>Balance 1/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2011</u>
Business -type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 3,367,204	\$ -	\$ -	\$ 3,367,204
Construction In Progress	709,249	3,036,313	(834,025)	2,911,537.00
<i>Total Capital Assets Not Being Depreciated</i>	4,076,453	3,036,313	(834,025)	6,278,741
<i>Capital Assets Being Depreciated</i>				
Buildings	37,712,097	176,913	-	37,889,010
Improvements	111,310,122	900,267	(31,136)	112,179,253
Machinery and Equipment	11,646,306	867,038	(1,352,043)	11,161,301
<i>Total Capital Assets Being Depreciated</i>	160,668,525	1,944,218	(1,383,179)	161,229,564
<i>Less Accumulated Depreciation</i>				
Buildings	(7,188,403)	(810,417)	-	(7,998,820)
Improvements	(40,106,583)	(3,003,925)	-	(43,110,508)
Machinery and Equipment	(7,969,440)	(891,668)	1,476,181	(7,384,927)
<i>Total Accumulated Depreciation</i>	(55,264,426)	(4,706,010)	- 1,476,181	(58,494,255)
<i>Total Capital Assets Being Depreciated, Net</i>	105,404,099	(2,761,792)	93,002	102,735,309
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 109,480,552</u>	<u>\$ 274,521</u>	<u>\$ (741,023)</u>	<u>\$ 109,014,050</u>

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

Sewage and Disposal	\$ 847,268
Water	961,919
Electric	1,362,789
Sanitation	240,428
Leisure Time	952,332
Storm Drainage	216,170
Total	\$ 4,580,906
Accumulated Depreciation from Transfers Between Departments	125,104
Grand Total	<u>\$ 4,706,010</u>

*Note: One vehicle was transferred into the Sewer Department from General Government with corresponding accumulated depreciation of \$93,689. Another vehicle was transferred into the Electric Department from the Sewer Department with corresponding accumulated depreciation of \$13,947. Then a vehicle was transferred into the Utility Billing Department from the Sewer Department with corresponding accumulated depreciation of \$17,468.

City of Cuyahoga Falls, Ohio

NOTE 7 - PENSION PLANS

Ohio Public Employees Retirement System

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. The 2011 member contribution rates were 10.0 percent of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.0% and 11.6%, respectively. For state and local employers, the 2011 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, 2011, 2010, and 2009 were, \$2,367,132, \$2,423,879 and \$2,668,805 respectively; 84.9 percent has been contributed for 2011, 85.4 percent for 2010 and 100 percent for 2009. Contributions to the Member-Directed Plan for 2011 were \$32,602 made by the City and \$23,287.46 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.

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 \$908,086 and \$1,255,091, respectively for the year ended December 31, 2011, \$975,614 and \$1,253,837 for the year ended December 31, 2010, and \$1,101,570 and \$1,296,683 for the year ended December 31, 2009. For 2011, 77.10 percent for police and 76.70 percent for firefighters, respectively, has been contributed. The full amount has been contributed for 2009 and 2010.

NOTE 8 – POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

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

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB 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 visiting <https://www.opers.org/investments/cafr.shtml>, writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during the calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is

City of Cuyahoga Falls, Ohio

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries, to pay a portion of health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's annual contributions for 2011 used to fund post-employment benefits were \$849,631.

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 for state and local employers increased on January 1 of each year from 2006-2008. Rates for law and public safety employers increased over a six-year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or 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 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, 2011, 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).

NOTE 8 – POST-EMPLOYMENT 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, 2011, 2010, and 2009 that were used to fund post-employment benefits were \$314,337 for police and \$352,994 for fire, \$337,713 for police and \$352,642 for fire, and \$381,313 for police and \$364,692 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:

<u>Cash-out Limits</u>	<u>Employee Class</u>	<u>Affiliation</u>
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 -	Gold (OPBA)*
	Police Captains/Chief -	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.

City of Cuyahoga Falls, Ohio

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.

D. Contingent Liabilities

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

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

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

AMP Board of Trustees, as of December 31, 2011 the City of Cuyahoga Falls has a potential stranded cost obligation of \$8,177,762 for the AMPGS Project.

AMP has rolled over a portion of the Meigs County facility cost into the Fremont Energy Center ("Fremont"), a natural gas generating station under construction, that AMP purchased in 2011. The City will receive a credit of \$2,420,575 for being a participant in both projects. The City's remaining share of the AMPGS costs is scheduled to be paid to AMP from operation funds over a period of 15 years beginning in April 2012.

To date, there has been no determination of the final costs for AMPGS participants. AMP is pursuing legal claims against the construction contractor. On May 8, 2012 AMP received an opinion from the U.S. District Court, which among other things, determined that it was plausible that the contractor acted wantonly and the court denied the contractor's motion to dismiss to the extent that the contractor sought to limit its potential liability of \$500,000. This opinion and order does not provide a reasonable basis for estimating recovery of a specific dollar amount either through award or settlement regarding this litigation. Therefore, no current expense has been recorded in the City's financial statements.

NOTE 11 - CAPITAL LEASES

The City's lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date for governmental activities and business-type activities in the Statement of Net Assets. The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<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>(1,019,556)</u>	<u>(1,605,740)</u>
Total	\$ <u>1,800,803</u>	\$ <u>15,296,786</u>

NOTE 11 - CAPITAL LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
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	295,086	2,142,522
2017-19	324,000	6,427,567
Total	1,890,535	17,140,177
Less: Amount representing interest	<u>(228,414)</u>	<u>(2,927,161)</u>
Present value of minimum lease payments	<u>\$ 1,662,121</u>	<u>\$ 14,213,016</u>

City of Cuyahoga Falls, Ohio

NOTE 12 - SHORT-TERM OBLIGATIONS

A summary of the changes in the City's short-term obligations for the year ended December 31, 2011, was as follows:

General Obligation Bond Anticipation Notes	Balance January 1, 2011	Issued	Retired	Balance December 31, 2011
<u>Governmental Activities:</u>				
Capital Projects Fund Obligations:				
1.25% Various Purpose Notes, due 12/08/11	\$ 2,150,000	\$ 0	\$ 2,150,000	\$ 0
1.00% Various Purpose Notes, due 12/06/12	0	1,300,000	0	1,300,000
2.00% Taxable Land Acquisition and Improvement Note, due 8/18/11	9,600,000	0	9,600,000	0
1.50% Taxable Land Acquisition and Improvement Note, due 8/16/12	0	8,600,000	0	8,600,000
Total Governmental Activities	\$ <u>11,750,000</u>	\$ <u>9,900,000</u>	\$ <u>11,750,000</u>	\$ <u>9,900,000</u>
<u>Business-type Activities:</u>				
Leisure Time Fund Obligations:				
1.25% Various Purpose Notes, due 12/08/11	9,700,000	0	9,700,000	0
1.00% Various Purpose Notes, due 12/06/12	0	8,300,000	0	8,300,000
Water Fund Obligations				
1.25% Various Purpose Notes, due 12/08/11	170,000	0	170,000	0
1.00% Various Purpose Notes, due 12/06/12	0	85,000	0	85,000
Total Business-Type Activities	<u>9,870,000</u>	<u>8,385,000</u>	<u>9,870,000</u>	<u>8,385,000</u>
Grand Total	\$ <u>21,620,000</u>	\$ <u>18,285,000</u>	\$ <u>21,620,000</u>	\$ <u>18,285,000</u>

On August 17, 2011 the City issued a Taxable Land Acquisition and Improvement Note in the amount of \$8,600,000 for the purpose of revitalizing the State Road Redevelopment Area by acquiring, clearing and improving certain properties in that area.

On December 7, 2011, the City issued notes in the amount of \$9,685,000 in anticipation of the issuance of bonds, for the following purposes: Constructing and a community recreation center, improving the City's Brookledge Golf Course, 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, improving State Road between Graham Road and Steels Corners Road, and paying for a portion of the costs of constructing a State Route 8 interchange at Seasons Road.

NOTE 13 - LONG-TERM OBLIGATIONS

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

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<u>Business-type Activities:</u>				
Enterprise Fund Obligations				
<u>Bonds Payable</u>				
1995 Recreation Facilities*	3/01/1995	12/01/2012	4.4%-6.0%	\$ 3,426,217
1997 Sewer Improvement**	8/01/1997	12/01/2011	3.8%-5.25%	2,329,412
1997 Water Improvement**	8/01/1997	12/01/2011	3.8%-5.25%	2,070,588
1998 Sewer Improvement**	12/01/1998	12/01/2018	3.05%-4.70%	2,415,000
1998 Water Improvement**	12/01/1998	12/01/2018	3.05%-4.70%	4,925,000
2001 Water Improvement***	8/01/2001	12/01/2011	3.25%-4.55%	5,175,000
2004 Recreation Improvement	4/08/2004	12/01/2024	2.00%-5.00%	8,000,000
2004 Various Purpose Refunding (Recreation)	4/08/2004	12/01/2015	2.00%-4.00%	2,407,037
2009 Various Purpose Refunding (Recreation)	10/14/2009	12/01/2037	2.00%-5.00%	8,040,000
2009 Various Purpose Refunding (1997)	10/14/2009	12/01/2017	2.00%-5.00%	2,177,000
2009 Various Purpose Refunding (1998)	10/14/2009	12/01/2018	2.00%-5.00%	3,895,000
2011 Various Purpose Refunding (2001 Water)	10/18/2011	12/01/2021	1.50%-3.00%	3,180,000
<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.

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

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, 2011, was as follows:

	Balance January 1, 2011	Issued 2011	Retired 2011	Balance December 31, 2011	Amount Due Within One Year
Business-type Activities:					
Enterprise Fund Obligations					
<u>Bonds Payable</u>					
2001 Water Improvement	\$ 3,389,998	\$ 0	\$ 3,389,998	\$ 0	\$ 0
2004 Various Purpose Refunding (Recreation)	1,238,974	0	230,423	1,008,551	239,286
2004 Recreation Improvement	6,140,000	0	335,000	5,805,000	345,000
2009 Various Purpose Refunding (1997 Sewer)	1,017,000	0	134,000	883,000	137,000
2009 Various Purpose Refunding (1998 Sewer)	1,155,000	0	131,000	1,024,000	134,000
2009 Various Purpose Refunding (1997 Water)	918,000	0	121,000	797,000	124,000
2009 Various Purpose Refunding (1998 Water)	2,363,000	0	268,000	2,095,000	274,000
2009 Various Purpose Refunding (Recreation)	8,040,000	0	180,000	7,860,000	185,000
2011 Various Purpose Refunding (2001 Water)	0	3,180,000	0	3,180,000	285,000
Unamortized Bond Discount	(60,416)	(27,030)	(11,330)	(76,116)	0
Unamortized Bond Premium	584,676	100,300	101,002	583,974	0
Total Business-type Activities Bonds Payable	<u>24,786,232</u>	<u>3,253,270</u>	<u>4,879,093</u>	<u>23,160,409</u>	<u>1,723,286</u>
<u>Other Obligations</u>					
Capital Lease Obligations	15,672,230	0	1,459,214	14,213,016	1,522,835
Compensated absences (Note 9)	2,001,511	171,372	122,339	2,050,544	413,983
Total Business-type Activities	<u>\$ 42,459,973</u>	<u>\$ 3,424,642</u>	<u>\$ 6,460,646</u>	<u>\$ 39,423,969</u>	<u>\$ 3,660,104</u>
Governmental Activities:					
<u>Bonds Payable</u>					
Special Assessment General Obligation Bonds:					
1991 Street Improvement	\$ 2,000	\$ 0	\$ 2,000	\$ 0	\$ 0
2001 Street Improvement	50,000	0	50,000	0	0
	<u>52,000</u>	<u>0</u>	<u>52,000</u>	<u>0</u>	<u>0</u>
Other General Obligation Bonds:					
2004 Various Purpose Refunding	2,256,033	0	419,577	1,836,456	435,714
2009 Various Purpose Refunding ('97 Rec)	2,265,000	0	300,000	1,965,000	304,000
2009 Various Purpose Refunding ('98 Rec)	492,000	0	56,000	436,000	57,000
Unamortized Bond Premium	218,514	37,532	70,786	185,260	0
	<u>5,231,547</u>	<u>37,532</u>	<u>846,363</u>	<u>4,422,716</u>	<u>796,714</u>
Total Governmental Activities Bonds Payable	<u>5,283,547</u>	<u>37,532</u>	<u>898,363</u>	<u>4,422,716</u>	<u>796,714</u>
<u>Other Obligations</u>					
Capital Lease Obligations (Note 11)	1,972,798	0	310,677	1,662,121	322,251
Compensated absences, (Note 9)	6,516,917	655,893	788,633	6,384,177	1,208,521
Claims and Judgments Payable	1,374,446	5,299,047	5,131,229	1,542,264	901,191
Total Governmental Activities Other Obligations	<u>9,864,161</u>	<u>5,954,940</u>	<u>6,230,539</u>	<u>9,588,562</u>	<u>2,431,963</u>
Total Governmental Activities	<u>\$ 15,147,708</u>	<u>\$ 5,992,472</u>	<u>\$ 7,128,902</u>	<u>\$ 14,011,278</u>	<u>\$ 3,228,677</u>

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Defeased Debt

On October 18, 2011, the City issued Various Purpose Refunding Bonds in the amount of \$3,180,000 (par value) with an interest rate of 1.50 – 3.00 percent to advance refund the remaining portion of the 2001 various purpose improvement general obligation bonds. The bonds refunding the 2001 issue mature on December 1, 2021. These bonds were issued at a premium of \$62,903 and include a City contribution of \$73,406, underwriter’s discount of \$27,030 and issuance costs of \$70,873 for net proceeds of \$3,218,406. The net proceeds were used to purchase U.S. Government State and Local Government Series Securities that were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for the debt service payments. The advance refunding met the requirement of an in substance debt defeasance and the advance refunded bonds were removed from the City’s government-wide financial statements. As a result of the advance refunding the City reduced its total debt service requirements by \$416,341, which resulted in an economic gain of \$374,293. The above noted Various Purpose Refunding Bonds are being paid from business-type activities.

As of December 31, 2011, the City’s legal debt margin (the ability to issue additional amounts of general obligation bonded debt without a vote of the electors) was \$52,799,248. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2011 (excluding capital leases) are as follows:

Year	Enterprise Fund Obligations		Other General Obligations	
	Principal	Interest	Principal	Interest
2012	\$ 1,723,286	\$ 842,424	\$ 796,714	\$ 141,480
2013	1,777,148	788,206	822,852	117,507
2014	1,824,238	741,289	845,762	93,148
2015	1,880,873	690,565	874,127	66,548
2016	1,674,000	626,310	406,000	34,003
2017-2021	6,418,000	2,268,625	492,001	0
2022-2026	3,075,000	1,246,844	0	0
2027-2031	1,710,000	773,431	0	0
2032-2036	2,095,000	383,475	0	0
2037	475,006	20,781	0	0
Total	\$ 22,652,551	\$ 8,381,950	\$ 4,237,456	\$ 452,686

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

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

City of Cuyahoga Falls, Ohio

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			\$ 2,774,200	\$ 1,762,567	\$ 614,450	\$ 5,151,217
Municipal Income Tax Fund	\$ 11,060,519	\$ 5,176,401	1,411,906			17,648,826
Capital Projects Fund	140,037				600,000	740,037
Nonmajor Governmental Funds	5,500		285,000		803,000	1,093,500
Electric Fund	1,771,293					1,771,293
Total	\$ 12,977,349	\$ 5,176,401	\$ 4,471,106	\$ 1,762,567	\$ 2,017,450	\$ 26,404,873

A. Transfers

As of December 31, 2011, interfund transfers were as follows:

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

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

The Capital Projects Fund transfer to the Leisure Time fund was made as reimbursement for debt service payments related to the community wing of the Natatorium, which is used in part for general government functions. The transfer to the General Fund represents ten percent of the proceeds after payment of expenses related to the collection of fees for medical transport services, per City Council Ordinance 69-2010.

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

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, 2011 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	\$ 1,620,243	\$ 187,161	\$ 0	\$ 0
Special Revenue Funds:				
Municipal Income Tax	0	2,215,748	0	0
Street Construction, Maintenance and Repair	0	8,649	0	0
Recreation Levy	377,241	3,913	0	0
Community Development Block Grant	<u>0</u>	<u>67</u>	<u>0</u>	<u>0</u>
	<u>377,241</u>	<u>2,228,377</u>	<u>0</u>	<u>0</u>
Capital Projects Funds				
Capital Projects	649,809	5,301	0	214,316
Capital Improvement Reserve	<u>0</u>	<u>0</u>	<u>214,316</u>	<u>0</u>
	<u>649,809</u>	<u>5,301</u>	<u>214,316</u>	<u>214,316</u>
Total Governmental Funds:	<u>2,647,293</u>	<u>2,420,839</u>	<u>214,316</u>	<u>214,316</u>
<u>Proprietary Funds</u>				
Enterprise Funds:				
Sewage and Disposal	31,208	168,848	0	255,000
Water	0	202,552	0	0
Electric	827,563	7,306	255,000	0
Sanitation	21,629	143,923	0	0
Leisure Time	0	626,599	0	0
Storm Drainage Utility	<u>18,541</u>	<u>107</u>	<u>0</u>	<u>0</u>
	<u>898,941</u>	<u>1,149,335</u>	<u>255,000</u>	<u>255,000</u>
Internal Service Funds:				
Garage	0	3,659	0	0
Information Services	0	473	0	0
Workers' Compensation	<u>28,072</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>28,072</u>	<u>4,132</u>	<u>0</u>	<u>0</u>
Total Proprietary Funds	<u>927,013</u>	<u>1,153,467</u>	<u>255,000</u>	<u>255,000</u>
Total All Funds	<u>\$ 3,574,306</u>	<u>\$ 3,574,306</u>	<u>\$ 469,316</u>	<u>\$ 469,316</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>
2012	\$ 214,316	\$ 85,000	\$ 299,316
2012-2014	<u>0</u>	<u>170,000</u>	<u>170,000</u>
	<u>\$ 214,316</u>	<u>\$ 255,000</u>	<u>\$ 469,316</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 January 1, 2011 through December 31, 2011, the City has purchased specific stop-loss coverage of \$225,000 per person. Aggregate stop-loss coverage was eliminated on June 1, 2010.

The Self-Insurance Fund generates revenues by charging an actuarially determined premium to each fund based on the number of full-time employees and COBRA participants enrolled for health-care coverage. The Self-Insurance Fund pays all claims, stop-loss coverage and administrative fees for health-care coverage. A liability, in the amount of \$336,336 has been recorded to reflect the outstanding claims as of December 31, 2011. 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, 2011, the City completed its nineteenth 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 \$2,606,642. 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 2011, the retrospective rating minimum premium paid by the City was \$295,703 and the total medical and other expenses paid was \$572,070 for a total of \$867,773.

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.

	2009		2010		2011	
	Workers'		Workers'		Workers'	
	Self-Insurance	Compensation	Self-Insurance	Compensation	Self-Insurance	Compensation
Unpaid claims-January 1	\$ 381,320	\$ 333,049	\$ 261,556	\$ 453,907	\$ 344,129	\$ 1,030,317
Incurred claims (including IBNRs)	3,653,039	346,778	3,531,061	750,541	4,551,366	747,681
Claim payments made during the year	(3,772,803)	(225,920)	(3,448,488)	(174,131)	(4,559,159)	(572,070)
Unpaid claims-December 31	\$ 261,556	\$ 453,907	\$ 344,129	\$ 1,030,317	\$ 336,336	\$ 1,205,928

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 \$97,825 at December 31, 2011. Complete financial statements for OMEGA JV-1 can be obtained from AMP-Ohio or from the City’s Finance Director.

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

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

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

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

City of Cuyahoga Falls, Ohio

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2011 the City of Cuyahoga Falls has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership bases. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2011, the outstanding debt was \$23,633,931. The City's net obligation for this amount at December 31, 2011 was \$2,249,951. The City's net investment in OMEGA JV2 was \$2,177,697 at December 31, 2011. 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, 2011 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

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

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

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$1,770,543 at December 31, 2011. 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, 2011 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

City of Cuyahoga Falls, Ohio

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share ("Step Up Power").

OMEGA JV6 is managed by American Municipal Power, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. The City's net obligation for these bonds at December 31, 2011 was \$896,354 (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 \$2,148,137 at December 31, 2011. 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, 2011, the City had the following significant commitments with respect to projects requiring capital expenditures:

<u>Capital Project</u>	2011 Remaining Construction <u>Contract</u>	Expected Date of Completion
Substation #4 Equipment and Construction	\$ 674,403	2012
Portage Crossing CORF	471,064	2012
South Front Street Redevelopment CORF	405,980	2012
Buckeye Sports Center CORF	383,390	2012
Mud Run Gun Club COAF	12,397	2012
Portage Trail COAF	<u>6,504</u>	2012
Total Capital Projects	<u>\$ 1,953,738</u>	

NOTE 18 – FUND BALANCES

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

NOTE 18 – FUND BALANCES (CONTINUED)

Fund Balances	General Fund	Municipal Income Tax	Capital Projects	Other Governmental Funds	Total
<i>Nonspendable</i>					
Inventory of supplies	\$ 89,940	\$ 1,250	\$ -	\$ 442,614	\$ 533,804
Prepaid items	104,267	312	-	21,756	126,335
Assets held for resale	-	-	12,822,142	53,775	12,875,917
Cemetery perpetual care	-	-	-	226,745	226,745
<i>Total nonspendable</i>	<u>194,207</u>	<u>1,562</u>	<u>12,822,142</u>	<u>744,890</u>	<u>13,762,801</u>
<i>Restricted for</i>					
Development federal programs	94,208	-	-	2,117,565	2,211,773
Income tax externally imposed by voters	-	16,761	-	-	16,761
Debt service reserves	-	-	-	9,565	9,565
Streets and highways	-	-	-	775,099	775,099
Police pension	-	-	-	40,338	40,338
Fire pension	-	-	-	27,685	27,685
Parks and recreation improvements	-	-	-	776,887	776,887
Enterprise zone / community reinvestment area	-	-	-	23,263	23,263
Other law enforcement	-	-	-	287,009	287,009
federal emergency management	-	-	-	5,500	5,500
<i>Total restricted</i>	<u>94,208</u>	<u>16,761</u>	<u>-</u>	<u>4,062,911</u>	<u>4,173,880</u>
<i>Committed to</i>					
In lieu of public site subdivision regulations	-	-	241,156	-	241,156
Interest earnings distribution	-	-	-	350,061	350,061
Urban renewal area	-	-	-	1,553	1,553
<i>Total committed</i>	<u>-</u>	<u>-</u>	<u>241,156</u>	<u>351,614</u>	<u>592,770</u>
<i>Assigned to</i>					
Outstanding encumbrances	101,738	-	795,506	-	897,244
Fiscal year 2012 appropriations	972,870	-	-	-	972,870
<i>Total assigned</i>	<u>1,074,608</u>	<u>-</u>	<u>795,506</u>	<u>-</u>	<u>1,870,114</u>
Unassigned (deficit)	7,785,411	-	(6,812,087)	-	973,324
Total fund balances	<u><u>\$ 9,148,434</u></u>	<u><u>\$ 18,323</u></u>	<u><u>\$ 7,046,717</u></u>	<u><u>\$ 5,159,415</u></u>	<u><u>\$ 21,372,889</u></u>

City of Cuyahoga Falls, Ohio

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, 2011, the cumulative balance for the State Road Shopping Center and Portage Trail COAF, were \$12,643,666 and \$232,251, respectively. A fund balance reserve, in the amount of \$12,822,142 and \$53,775 was created in the Capital Projects and Community Development Block Grant Special Revenue Funds, respectively, presented in the governmental fund financial statements.

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, 2011, the City contributed \$448,388 to the 157 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

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, 2012 is \$2,858.88 for retirees who have single or family coverage level. The reimbursement is increased 5.0% per year.

Police Officers. The 2012 annual subsidy amounts for police officers are as follows:

	<u>Premium Reimbursement</u>		<u>Co-pay and Deductible</u>
	<u><65</u>	<u>65+</u>	<u>All ages</u>
Retiree	\$1,668.00	\$1,492.08	\$400
Spouse	\$2,514.84	\$2,637.72	N/A*

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

Firefighters. The 2012 annual subsidy amounts for firefighters are as follows:

	<u>Premium Reimbursement</u>		<u>Co-pay and Deductible</u>
	<u><65</u>	<u>65+</u>	<u>All ages</u>
Firefighters who retired prior to 2006			
Retiree	\$2,872.68	\$2,415.60	Unlimited
Spouse	\$6,373.80	\$3,753.84	

Firefighters who retired on/after 2006

Retiree	\$1,668.00	\$1,668.00	\$700
Spouse	\$2,514.84	\$2,514.84	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, 2011, the annual required contribution (ARC) was \$ 727,485 and the City's annual employer contribution for pay-as-you-go cost was \$448,388, leaving an adjusted Net OPEB Obligation of \$1,182,078 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.

City of Cuyahoga Falls, Ohio

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2011, was as follows:

As of	Actuarial Value of Planned Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
Dec 31, 2011	0	10,305,074	\$ 10,305,074	0.0%	\$ 27,941,664	36.9%
Dec 31, 2010	0	10,305,074	10,305,074	0.0%	28,935,743	35.6%
Dec 31, 2009	0	9,067,845	9,067,845	0.0%	32,238,892	28.1%

Actuarial Methods and Assumptions

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

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

In the December 31, 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, a projected payroll growth rate of 3% and a health care 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 Required Contribution (ARC)	Interest on Net OPEB	Adjustment to the ARC	Annual OPEB Cost	Employer Contributions	Other Adjustments	% of Annual OPEB Cost Contributed
Dec 31, 2011	727,485	26,117	(24,737)	\$ 728,865	448,388	-	61.5%
Dec 31, 2010	727,485	26,117	(24,737)	728,865	395,111	(11,154)	54.2
Dec 31, 2009	680,157	N/A	N/A	680,157	392,761	-	57.7

NOTE 21 - CHANGES IN ACCOUNTING PRINCIPALS

For 2011, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and GASB Statement No. 59, “Financial Instruments Omnibus”.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in a change in total fund balance but only the reclassification of fund balance on the City’s financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments by updating and improving existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of this statement did not result in any change in the City’s financial statements.

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Property taxes	\$ 10,194,181	\$ 9,628,693	\$ 9,628,458	\$ (235)
Other local taxes	256,000	256,000	253,061	(2,939)
State levied shared taxes	4,460,369	4,664,210	4,667,532	3,322
Intergovernmental	162,059	162,059	123,922	(38,137)
Charges for services	3,469,701	3,519,701	3,492,861	(26,840)
Fees, licenses, and permits	62,115	62,115	119,701	57,586
Fines and forfeitures	189,725	269,725	289,259	19,534
Other	529,740	579,740	635,202	55,462
Total Revenues	19,323,890	19,142,243	19,209,996	67,753
Expenditures				
Current				
Security of persons and property				
Building				
Personal services	39,426	46,426	45,930	496
Other operations	211,236	19,236	12,316	6,920
Total - Building	250,662	65,662	58,246	7,416
Police				
Personal services	6,534,742	6,334,742	6,311,354	23,388
Other operations	1,158,212	1,158,212	1,089,673	68,539
Capital outlay	84,000	84,000	82,609	1,391
Total - Police	7,776,954	7,576,954	7,483,636	93,318
Fire				
Personal services	6,743,564	6,663,564	6,651,461	12,103
Other operations	759,120	759,120	724,165	34,955
Total - Fire	7,502,684	7,422,684	7,375,626	47,058
Technical services				
Personal services	380,876	380,876	365,806	15,070
Other operations	160,755	150,755	121,663	29,092
Total - Technical services	541,631	531,631	487,469	44,162
Communications				
Personal services	1,003,440	1,003,440	1,003,415	25
Other operations	219,563	221,963	221,754	209
Total - Technical services	1,223,003	1,225,403	1,225,169	234
Total - Security of persons and property	17,294,934	16,822,334	16,630,146	192,188
Leisure time activities				
Parks & recreation				
Personal services	1,504,703	1,504,703	1,447,536	57,167
Other operations	752,306	677,306	627,154	50,152
Total - Leisure time activities	2,257,009	2,182,009	2,074,690	107,319

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended December 31, 2011**

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Riverfront Centre District				
Personal services	\$ 307,681	\$ 307,681	\$ 296,323	\$ 11,358
Other operations	280,639	280,639	249,766	30,873
Total - Riverfront Centre District	588,320	588,320	546,089	42,231
Community / economic development				
Personal services	650,976	605,976	594,560	11,416
Other operations	242,129	242,129	198,862	43,267
Total - Community / economic development	893,105	848,105	793,422	54,683
Community gardens				
Other operations	16	16	-	16
Total - Community environment	1,481,441	1,436,441	1,339,511	96,930
General government				
General administration				
Other operations	838,252	838,252	779,710	58,542
Total - General administration	838,252	838,252	779,710	58,542
Council				
Personal services	253,201	253,201	252,731	470
Other operations	2,641	5,141	4,165	976
Total - Council	255,842	258,342	256,896	1,446
Mayor				
Personal services	223,398	223,398	221,625	1,773
Other operations	18,305	18,305	17,743	562
Total - Mayor	241,703	241,703	239,368	2,335
Mayor's Court				
Personal services	109,488	124,488	124,349	139
Other operations	34,119	34,119	30,571	3,548
Total - Mayor's Court	143,607	158,607	154,920	3,687
Finance director				
Personal services	688,827	678,827	670,525	8,302
Other operations	123,300	123,300	102,063	21,237
Total - Finance director	812,127	802,127	772,588	29,539
Law director				
Personal services	744,225	768,716	759,985	8,731
Other operations	172,720	118,229	104,611	13,618
Total - Law director	916,945	886,945	864,596	22,349
Service director				
Personal services	310,860	303,860	296,456	7,404
Other operations	22,924	22,924	19,211	3,713
Total - Service director	333,784	326,784	315,667	11,117
Civil service commission				
Personal services	12,795	12,795	12,792	3
Other operations	14,575	14,575	12,067	2,508
Total - Civil service commission	27,370	27,370	24,859	2,511

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government (continued)				
Engineering				
Personal services	\$ 944,092	\$ 944,092	\$ 941,405	\$ 2,687
Other operations	95,792	95,792	80,206	15,586
Total - Engineering	1,039,884	1,039,884	1,021,611	18,273
Human resources / records				
Personal services	325,207	331,307	331,252	55
Other operations	25,300	25,300	17,268	8,032
Total - Human resources / records	350,507	356,607	348,520	8,087
Building and grounds maintenance				
Personal services	770,905	770,905	761,041	9,864
Other operations	352,060	352,060	344,598	7,462
Total - Building and grounds maintenance	1,122,965	1,122,965	1,105,639	17,326
Total - General government	6,082,986	6,059,586	5,884,374	175,212
Total Expenditures	27,116,370	26,500,370	25,928,721	571,649
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(7,792,480)	(7,358,127)	(6,718,725)	639,402
Other Financing Sources (Uses)				
Transfers in	12,705,172	12,940,990	12,912,282	(28,708)
Transfers out	(4,971,950)	(5,181,150)	(5,151,217)	29,933
Total Other Financing Sources (Uses)	7,733,222	7,759,840	7,761,065	1,225
Net change in fund balances	(59,258)	401,713	1,042,340	640,627
Fund Balance at Beginning of Year	6,197,210	6,197,210	6,197,210	-
Prior year encumbrances appropriated	55,075	55,075	55,075	-
Fund Balance at End of Year	\$ 6,193,027	\$ 6,653,998	\$ 7,294,625	\$ 640,627

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal income taxes	\$ 18,248,200	\$ 18,483,200	\$ 18,603,387	\$ 120,187
Other	-	-	147	147
Total revenues	<u>18,248,200</u>	<u>18,483,200</u>	<u>18,603,534</u>	<u>120,334</u>
Expenditures				
Current				
General government				
Personal services	325,452	325,452	312,907	12,545
Other operations	763,704	763,704	722,435	41,269
Total expenditures	<u>1,089,156</u>	<u>1,089,156</u>	<u>1,035,342</u>	<u>53,814</u>
Excess (deficiency) of revenues over (under) expenditures	17,159,044	17,394,044	17,568,192	174,148
Other Financing Sources (Uses)				
Transfers out	(17,160,000)	(17,545,001)	(17,545,001)	-
Total other financing sources (uses)	<u>(17,160,000)</u>	<u>(17,545,001)</u>	<u>(17,545,001)</u>	<u>-</u>
Net change in fund balances	(956)	(150,957)	23,191	174,148
Fund balance at beginning of year	208,212	208,212	208,212	-
Prior year encumbrances appropriated	13,000	13,000	13,000	-
Fund balance at end of year	<u>\$ 220,256</u>	<u>\$ 70,255</u>	<u>\$ 244,403</u>	<u>\$ 174,148</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 5,503,578	\$ 2,503,578	\$ 2,243,079	\$ (260,499)
Charges for services	1,450,000	1,450,000	1,591,836	141,836
Interest earnings	-	-	500	500
Special assessments	135,527	135,527	159,522	23,995
Other	4,227,152	727,152	490,404	(236,748)
Total revenues	11,316,257	4,816,257	4,485,341	(330,916)
Expenditures				
Current				
Capital outlay	17,257,491	9,257,491	9,013,522	243,969
Debt service				
Principal	12,795,697	12,795,697	12,660,677	135,020
Interest	309,188	309,188	294,187	15,001
Total expenditures	30,362,376	22,362,376	21,968,386	393,990
Excess (deficiency) of revenues over (under) expenditures	(19,046,119)	(17,546,119)	(17,483,045)	63,074
Other Financing Sources (Uses)				
Bond/note proceeds	12,400,000	9,400,000	9,937,532	537,532
Transfers in	5,033,028	5,145,948	5,145,949	1
Transfers out	(140,000)	(140,038)	(140,037)	1
Total other financing sources (uses)	17,293,028	14,405,910	14,943,444	537,534
Net change in fund balances	(1,753,091)	(3,140,209)	(2,539,601)	600,608
Fund balance at beginning of year	4,037,639	4,037,639	4,037,639	-
Prior year encumbrances appropriated	1,004,963	1,004,963	1,004,963	-
Fund balance at end of year	\$ 3,289,511	\$ 1,902,393	\$ 2,503,001	\$ 600,608

Nonmajor Governmental Funds

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

Nonmajor Governmental Funds (Continued)

Enforcement and Education	To account for proceeds realized from fines to pay only those costs incurred in enforcing Section 4511.19 of the Ohio Revised Code or a substantially similar municipal ordinance and in educating the public of laws governing the operation of a motor vehicle and the dangers of operation of a motor vehicle while under the influence of alcohol and other information relating to the operation of a motor vehicle and the consumption of alcoholic beverages.
Municipal Motor Vehicle License Tax	Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of certain streets within the City.
Federal Law Enforcement	To account for the subsidy received by the Police Department for its efforts pertaining to (1) complex investigations/prosecutions by the City's Police/Law Departments; (2) provision of technical training or expertise of a law enforcement nature for Police Department members; (3) provision of matching funds to obtain federal grants; and (4) for such other law enforcement purposes that are deemed appropriate.
FEMA Public Assistance	To account for FEMA Public Assistance Grant Funding relating to storm damage.
Law Enforcement Assistance	To account for the reimbursement of professional training costs for law enforcement officers.
Debt Service Fund	To account for the accumulation of resources for and payment of general obligation principal, interest, and related expenditures.
Capital Improvement Reserve	To account for interest income which must be used to fund capital projects in accordance with local law and to account for interfund charges for the use of City-owned oil and gas wells.
Cemetery Perpetual Care Permanent Fund	To account for monies received for the perpetual care of cemetery lots. The amounts received are held as a permanent fund, and the interest received on the invested monies is available for care of the cemetery lots.

City of Cuyahoga Falls, Ohio

**Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2011**

	<u>Nonmajor Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Improvement Reserve Fund</u>	<u>Cemetery Perpetual Care Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 1,411,558	\$ -	\$ 155,407	\$ -	\$ 1,566,965
Cash and cash equivalents - restricted	-	9,565	-	226,745	236,310
Receivables					
Taxes	552,152	-	-	-	552,152
Accounts					
(net of allowance for uncollectibles)	241,480	-	2,250	-	243,730
Loans	1,952,820	-	-	-	1,952,820
Special assessments	-	-	20,188	-	20,188
Accrued interest	-	-	30,692	841	31,533
Due from other funds	377,241	-	-	-	377,241
Due from other governments	1,002,259	-	-	-	1,002,259
Inventory of supplies	442,614	-	-	-	442,614
Prepaid items	21,756	-	-	-	21,756
Assets held for resale	53,775	-	-	-	53,775
Advances to other funds	-	-	214,316	-	214,316
Total assets	\$ 6,055,655	\$ 9,565	\$ 422,853	\$ 227,586	\$ 6,715,659
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 113,912	\$ -	\$ 30,933	\$ -	\$ 144,845
Accrued salaries, wages and benefits	54,500	-	-	-	54,500
Deferred revenue	1,214,505	-	41,859	841	1,257,205
Due to other funds	12,629	-	-	-	12,629
Due to other governments	87,065	-	-	-	87,065
Total liabilities	1,482,611	-	72,792	841	1,556,244
Fund Balances					
Nonspendable	518,145	-	-	226,745	744,890
Restricted	4,053,346	9,565	-	-	4,062,911
Committed	1,553	-	350,061	-	351,614
Total fund balances	4,573,044	9,565	350,061	226,745	5,159,415
Total liabilities and fund balances	\$ 6,055,655	\$ 9,565	\$ 422,853	\$ 227,586	\$ 6,715,659

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvement Reserve Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Property taxes	\$ 584,630	\$ -	\$ -	\$ -	\$ 584,630
Other local taxes	241,677	-	-	-	241,677
State levied shared taxes	2,322,574	-	-	-	2,322,574
Intergovernmental	802,478	-	-	-	802,478
Charges for services	-	-	-	1,965	1,965
Fees, licenses and permits	709,124	-	-	-	709,124
Interest earnings	221	1,537	307,230	1,248	310,236
Fines and forfeitures	54,456	-	-	-	54,456
Special assessments	-	2,633	104,634	-	107,267
Other	353,045	-	45,234	-	398,279
Total revenues	<u>5,068,205</u>	<u>4,170</u>	<u>457,098</u>	<u>3,213</u>	<u>5,532,686</u>
Expenditures					
Current					
Security of persons and property	2,228,215	-	-	-	2,228,215
Leisure time activities	135,417	-	-	-	135,417
Community environment	1,406,664	-	-	-	1,406,664
Street maintenance	3,751,166	-	-	-	3,751,166
General government	-	101	35,736	1,317	37,154
Capital outlay	215,000	-	-	-	215,000
Debt Service					
Principal	356,000	471,577	-	-	827,577
Interest	84,324	83,254	-	-	167,578
Total expenditures	<u>8,176,786</u>	<u>554,932</u>	<u>35,736</u>	<u>1,317</u>	<u>8,768,771</u>
Excess (deficiency) of revenues over (under) expenditures					
	<u>(3,108,581)</u>	<u>(550,762)</u>	<u>421,362</u>	<u>1,896</u>	<u>(3,236,085)</u>
Other Financing Sources (Uses)					
Transfers in	3,916,106	555,000	-	-	4,471,106
Transfers out	<u>(808,500)</u>	<u>-</u>	<u>(285,000)</u>	<u>-</u>	<u>(1,093,500)</u>
Total other financing sources (uses)	<u>3,107,606</u>	<u>555,000</u>	<u>(285,000)</u>	<u>-</u>	<u>3,377,606</u>
Net change in fund balances	(975)	4,238	136,362	1,896	141,521
Fund balance at beginning of year	4,404,724	5,327	213,699	224,849	4,848,599
Change in reserve for inventory	169,152	-	-	-	169,152
Change in reserve for prepaid items	143	-	-	-	143
Fund balance at end of year	<u>\$ 4,573,044</u>	<u>\$ 9,565</u>	<u>\$ 350,061</u>	<u>\$ 226,745</u>	<u>\$ 5,159,415</u>

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2011

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension	Recreation Levy
Assets					
Equity in pooled cash and cash equivalents	\$ 2,071	\$ 262,179	\$ 73,335	\$ 72,174	\$ 403,626
Receivables					
Taxes	-	-	276,076	276,076	-
Accounts					
(net of allowance for uncollectibles)	-	237,480	-	-	-
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	377,241
Due from other governments	70,607	867,455	13,090	13,090	-
Inventory of supplies	-	442,614	-	-	-
Prepaid items	-	21,756	-	-	-
Assets held for resale	-	-	-	-	-
Total assets	<u>\$ 72,678</u>	<u>\$ 1,831,484</u>	<u>\$ 362,501</u>	<u>\$ 361,340</u>	<u>\$ 780,867</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 3,514	\$ -	\$ -	\$ -
Accrued salaries, wages and benefits	-	52,264	-	-	-
Deferred revenue	47,693	584,848	288,982	288,982	-
Due to other funds	-	8,649	-	-	3,913
Due to other governments	-	7,918	33,181	44,673	67
Total liabilities	<u>47,693</u>	<u>657,193</u>	<u>322,163</u>	<u>333,655</u>	<u>3,980</u>
Fund Balances					
Nonspendable	-	464,370	-	-	-
Restricted	24,985	709,921	40,338	27,685	776,887
Committed	-	-	-	-	-
Total fund balances	<u>24,985</u>	<u>1,174,291</u>	<u>40,338</u>	<u>27,685</u>	<u>776,887</u>
Total liabilities and fund balances	<u>\$ 72,678</u>	<u>\$ 1,831,484</u>	<u>\$ 362,501</u>	<u>\$ 361,340</u>	<u>\$ 780,867</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2011

(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	\$ 1,553	\$ 278,253	\$ 22,013	\$ 74,213
Receivables					
Taxes	-	-	-	-	-
Accounts (net of allowance for uncollectibles)	-	-	-	4,000	-
Loans	-	-	1,952,820	-	-
Due from other funds	-	-	-	-	-
Due from other governments	35,907	-	380	1,250	10
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	-	-	-
Assets held for resale	-	-	53,775	-	-
Total assets	<u>\$ 35,909</u>	<u>\$ 1,553</u>	<u>\$ 2,285,228</u>	<u>\$ 27,263</u>	<u>\$ 74,223</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 110,359	\$ -	\$ 39
Accrued salaries, wages and benefits	-	-	2,236	-	-
Deferred revenue	-	-	-	4,000	-
Due to other funds	-	-	67	-	-
Due to other governments	-	-	1,226	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>113,888</u>	<u>4,000</u>	<u>39</u>
Fund Balances					
Nonspendable	-	-	53,775	-	-
Restricted	35,909	-	2,117,565	23,263	74,184
Committed	-	1,553	-	-	-
Total fund balances	<u>35,909</u>	<u>1,553</u>	<u>2,171,340</u>	<u>23,263</u>	<u>74,184</u>
Total liabilities and fund balances	<u>\$ 35,909</u>	<u>\$ 1,553</u>	<u>\$ 2,285,228</u>	<u>\$ 27,263</u>	<u>\$ 74,223</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2011

(Continued)

	Law Enforcement Trust	Enforcement and Education	Municipal Motor Vehicle License Tax	Federal Law Enforcement	FEMA Public Assistance
ASSETS					
Equity in pooled cash and cash equivalents	\$ 123,719	\$ 6,420	\$ 4,284	\$ 67,971	\$ 5,500
Receivables					
Taxes	-	-	-	-	-
Accounts					
(net of allowance for uncollectibles)	-	-	-	-	-
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	10	460	-	-	-
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	-	-	-
Assets held for resale	-	-	-	-	-
Total assets	<u>\$ 123,729</u>	<u>\$ 6,880</u>	<u>\$ 4,284</u>	<u>\$ 67,971</u>	<u>\$ 5,500</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries, wages and benefits	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	123,729	6,880	4,284	67,971	5,500
Committed	-	-	-	-	-
Total fund balances	<u>123,729</u>	<u>6,880</u>	<u>4,284</u>	<u>67,971</u>	<u>5,500</u>
Total liabilities and fund balances	<u>\$ 123,729</u>	<u>\$ 6,880</u>	<u>\$ 4,284</u>	<u>\$ 67,971</u>	<u>\$ 5,500</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2011

(Continued)

	Law Enforcement Assistance	Total Nonmajor Special Revenue Funds
ASSETS		
Equity in pooled cash and cash equivalents	\$ 14,245	\$ 1,411,558
Receivables		
Taxes	-	552,152
Accounts		
(net of allowance for uncollectibles)	-	241,480
Loans	-	1,952,820
Due from other funds	-	377,241
Due from other governments	-	1,002,259
Inventory of supplies	-	442,614
Prepaid items	-	21,756
Assets held for resale	-	53,775
Total assets	<u>\$ 14,245</u>	<u>\$ 6,055,655</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ 113,912
Accrued salaries, wages and benefits	-	54,500
Deferred revenue	-	1,214,505
Due to other funds	-	12,629
Due to other governments	-	87,065
Total liabilities	<u>-</u>	<u>1,482,611</u>
Fund Balances		
Nonspendable	-	518,145
Restricted	14,245	4,053,346
Committed	-	1,553
Total fund balances	<u>14,245</u>	<u>4,573,044</u>
Total liabilities and fund balances	<u>\$ 14,245</u>	<u>\$ 6,055,655</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension	Recreation Levy
Revenues					
Property taxes	\$ -	\$ -	\$ 292,315	\$ 292,315	\$ -
Other local taxes	-	241,205	236	236	-
State levied shared taxes	144,448	1,781,529	36,801	36,801	-
Intergovernmental	-	-	-	-	-
Fees, licenses, and permits	-	706,124	-	-	-
Interest earnings	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Other	-	17,783	-	-	-
Total revenues	<u>144,448</u>	<u>2,746,641</u>	<u>329,352</u>	<u>329,352</u>	<u>-</u>
Expenditures					
Current					
Security of persons and property	-	-	920,354	1,267,164	-
Leisure time activities	-	-	-	-	135,417
Community environment	-	-	-	-	-
Street maintenance	147,000	3,495,166	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	356,000
Interest	-	-	-	-	84,324
Total expenditures	<u>147,000</u>	<u>3,495,166</u>	<u>920,354</u>	<u>1,267,164</u>	<u>575,741</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,552)</u>	<u>(748,525)</u>	<u>(591,002)</u>	<u>(937,812)</u>	<u>(575,741)</u>
Other Financing Sources (Uses)					
Transfers in	-	970,000	590,000	944,200	1,411,906
Transfers out	-	-	-	-	(803,000)
Total other financing sources (uses)	<u>-</u>	<u>970,000</u>	<u>590,000</u>	<u>944,200</u>	<u>608,906</u>
Net change in fund balances	(2,552)	221,475	(1,002)	6,388	33,165
Fund balance at beginning of year	27,537	783,521	41,340	21,297	743,722
Change in nonspendable inventory	-	169,152	-	-	-
Change in nonspendable prepaid items	-	143	-	-	-
Fund balance at end of year	<u>\$ 24,985</u>	<u>\$ 1,174,291</u>	<u>\$ 40,338</u>	<u>\$ 27,685</u>	<u>\$ 776,887</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, 2011

(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	214,667	-	-	-	-
Intergovernmental	-	-	792,328	-	-
Fees, licenses, and permits	-	-	-	3,000	-
Interest earnings	-	-	221	-	-
Fines and forfeitures	-	-	-	-	22,332
Other	-	1	330,019	-	-
Total revenues	<u>214,667</u>	<u>1</u>	<u>1,122,568</u>	<u>3,000</u>	<u>22,332</u>
Expenditures					
Current					
Security of persons and property	-	-	-	-	5,279
Leisure time activities	-	-	-	-	-
Community environment	-	1,245	1,401,217	4,202	-
Street maintenance	-	-	-	-	-
Capital outlay	215,000	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>215,000</u>	<u>1,245</u>	<u>1,401,217</u>	<u>4,202</u>	<u>5,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(333)</u>	<u>(1,244)</u>	<u>(278,649)</u>	<u>(1,202)</u>	<u>17,053</u>
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	(333)	(1,244)	(278,649)	(1,202)	17,053
Fund balance at beginning of year	36,242	2,797	2,449,989	24,465	57,131
Change in nonspendable inventory	-	-	-	-	-
Change in nonspendable prepaid items	-	-	-	-	-
Fund balance at end of year	<u>\$ 35,909</u>	<u>\$ 1,553</u>	<u>\$ 2,171,340</u>	<u>\$ 23,263</u>	<u>\$ 74,184</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

(Continued)

	<u>Law Enforcement Trust</u>	<u>Enforcement and Education</u>	<u>Municipal Motor Vehicle License Tax</u>	<u>Federal Law Enforcement</u>	<u>FEMA Public Assistance</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-
State levied shared taxes	-	-	108,328	-	-
Intergovernmental	-	-	-	10,150	-
Fees, licenses, and permits	-	-	-	-	-
Interest earnings	-	-	-	-	-
Fines and forfeitures	25,984	6,140	-	-	-
Other	1,447	3,795	-	-	-
Total revenues	<u>27,431</u>	<u>9,935</u>	<u>108,328</u>	<u>10,150</u>	<u>-</u>
Expenditures					
Current					
Security of persons and property	4,426	27,399	-	-	-
Leisure time activities	-	-	-	-	-
Community environment	-	-	-	-	-
Street maintenance	-	-	109,000	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>4,426</u>	<u>27,399</u>	<u>109,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,005</u>	<u>(17,464)</u>	<u>(672)</u>	<u>10,150</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(5,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,500)</u>
Net change in fund balances	23,005	(17,464)	(672)	10,150	(5,500)
Fund balance at beginning of year	100,724	24,344	4,956	57,821	11,000
Change in nonspendable inventory	-	-	-	-	-
Change in nonspendable prepaid items	-	-	-	-	-
Fund balance at end of year	<u>\$ 123,729</u>	<u>\$ 6,880</u>	<u>\$ 4,284</u>	<u>\$ 67,971</u>	<u>\$ 5,500</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, 2011

(Continued)

	Law Enforcement Assistance	Total Nonmajor Special Revenue
Revenues		
Property taxes	\$ -	\$ 584,630
Other local taxes	-	241,677
State levied shared taxes	-	2,322,574
Intergovernmental	-	802,478
Fees, licenses, and permits	-	709,124
Interest earnings	-	221
Fines and forfeitures	-	54,456
Other	-	353,045
Total revenues	<u>-</u>	<u>5,068,205</u>
Expenditures		
Current		
Security of persons and property	3,593	2,228,215
Leisure time activities	-	135,417
Community environment	-	1,406,664
Street maintenance	-	3,751,166
Capital outlay		215,000
Debt service		
Principal	-	356,000
Interest	-	84,324
Total expenditures	<u>3,593</u>	<u>8,176,786</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,593)</u>	<u>(3,108,581)</u>
Other Financing Sources (Uses)		
Transfers in	-	3,916,106
Transfers out	-	(808,500)
Total other financing sources (uses)	<u>-</u>	<u>3,107,606</u>
Net change in fund balances	(3,593)	(975)
Fund balance at beginning of year	17,838	4,404,724
Change in nonspendable inventory	-	169,152
Change in nonspendable prepaid items	-	143
Fund balance at end of year	<u>\$ 14,245</u>	<u>\$ 4,573,044</u>

**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, 2011**

	<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	\$ 147,000	\$ 148,700	\$ 145,264	\$ (3,436)
Total revenues	147,000	148,700	145,264	(3,436)
Expenditures				
Current				
Street maintenance				
Other operations	147,000	147,000	147,000	-
Total expenditures	147,000	147,000	147,000	-
Net change in fund balances	-	1,700	(1,736)	(3,436)
Fund balance at beginning of year	3,807	3,807	3,807	-
Fund balance at end of year	<u>\$ 3,807</u>	<u>\$ 5,507</u>	<u>\$ 2,071</u>	<u>\$ (3,436)</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other local taxes	\$ 220,000	\$ 230,000	\$ 237,014	\$ 7,014
State levied shared taxes	1,816,500	1,816,500	1,791,596	(24,904)
Fees, licenses, and permits	650,000	690,000	691,173	1,173
Other	4,500	14,500	35,973	21,473
Total revenues	2,691,000	2,751,000	2,755,756	4,756
Expenditures				
Current				
Street maintenance				
Personal services	1,893,641	1,873,641	1,816,344	57,297
Other operations	1,517,035	1,787,035	1,706,523	80,512
Total expenditures	3,410,676	3,660,676	3,522,867	137,809
Excess (deficiency) of revenues over (under) expenditures				
	(719,676)	(909,676)	(767,111)	142,565
Other Financing Sources (Uses)				
Transfers in	700,000	970,000	970,000	-
Total other financing sources (uses)	700,000	970,000	970,000	-
Net change in fund balances	(19,676)	60,324	202,889	142,565
Fund balance at beginning of year	20,076	20,076	20,076	-
Prior year encumbrances appropriated	28,707	28,707	28,707	-
Fund balance at end of year	\$ 29,107	\$ 109,107	\$ 251,672	\$ 142,565

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 294,096	\$ 292,323	\$ 292,315	\$ (8)
Other local taxes	265	265	210	(55)
State levied shared taxes	36,891	36,815	36,801	(14)
Total revenues	331,252	329,403	329,326	(77)
Expenditures				
Current				
Security of persons and property				
Personal services	942,524	940,074	911,704	28,370
Other operations	5,500	7,950	7,901	49
Total expenditures	948,024	948,024	919,605	28,419
Excess (deficiency) of revenues over (under) expenditures	(616,772)	(618,621)	(590,279)	28,342
Other Financing Sources (Uses)				
Transfers in	625,000	590,000	590,000	-
Total other financing sources (uses)	625,000	590,000	590,000	-
Net change in fund balances	8,228	(28,621)	(279)	28,342
Fund balance at beginning of year	73,614	73,614	73,614	-
Fund balance at end of year	\$ 81,842	\$ 44,993	\$ 73,335	\$ 28,342

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 294,096	\$ 292,323	\$ 292,315	\$ (8)
Other local taxes	265	265	210	(55)
State levied shared taxes	36,891	36,815	36,801	(14)
Total revenues	331,252	329,403	329,326	(77)
Expenditures				
Current				
Security of persons and property				
Personal services	1,277,182	1,274,732	1,255,093	19,639
Other operations	5,500	7,950	7,680	270
Total expenditures	1,282,682	1,282,682	1,262,773	19,909
Excess (deficiency) of revenues over (under) expenditures	(951,430)	(953,279)	(933,447)	19,832
Other Financing Sources (Uses)				
Transfers in	970,000	944,200	944,200	-
Total other financing sources (uses)	970,000	944,200	944,200	-
Net change in fund balances	18,570	(9,079)	10,753	19,832
Fund balance at beginning of year	61,421	61,421	61,421	-
Fund balance at end of year	\$ 79,991	\$ 52,342	\$ 72,174	\$ 19,832

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current				
Leisure time activities				
Other operations	100,399	89,399	81,027	8,372
Capital outlay	50,000	61,000	60,895	105
Total - leisure time activities	150,399	150,399	141,922	8,477
Debt service				
Principal	356,000	356,000	356,000	-
Interest	84,324	84,324	84,324	-
Total expenditures	590,723	590,723	582,246	8,477
Excess (deficiency) of revenues over (under) expenditures	(590,723)	(590,723)	(582,246)	8,477
Other Financing Sources (Uses)				
Transfers in	1,372,800	1,403,600	1,403,600	-
Transfers out	(803,000)	(803,000)	(803,000)	-
Total other financing sources (uses)	569,800	600,600	600,600	-
Net change in fund balances	(20,923)	9,877	18,354	8,477
Fund balance at beginning of year	365,845	365,845	365,845	-
Prior year encumbrances appropriated	12,478	12,478	12,478	-
Fund balance at end of year	\$ 357,400	\$ 388,200	\$ 396,677	\$ 8,477

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 200,000	\$ 215,000	\$ 215,000	\$ -
Total revenues	200,000	215,000	215,000	-
Expenditures				
Current				
Capital outlay	200,000	215,000	215,000	-
Total expenditures	200,000	215,000	215,000	-
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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other	\$ -	\$ -	\$ 1	\$ 1
Total Revenues	-	-	1	1
Expenditures				
Current				
Community environment				
Other operations	1,547	1,547	(5)	1,552
Total expenditures	1,547	1,547	(5)	1,552
Net change in fund balances	(1,547)	(1,547)	6	1,553
Fund balance at beginning of year	1,547	1,547	1,547	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,553</u>	<u>\$ 1,553</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,783,118	\$ 908,118	\$ 791,948	\$ (116,170)
Interest earnings	-	-	221	221
Other	563,279	188,279	395,115	206,836
Total revenues	3,346,397	1,096,397	1,187,284	90,887
Expenditures				
Current				
Community environment				
Personal services	90,130	87,820	86,019	1,801
Other operations	2,576,740	1,058,850	1,051,493	7,357
Capital outlay	776,857	442,457	442,452	5
Total expenditures	3,443,727	1,589,127	1,579,964	9,163
Excess (deficiency) of revenues over (under) expenditures	(97,330)	(492,730)	(392,680)	100,050
Net change in fund balances	(97,330)	(492,730)	(392,680)	100,050
Fund balance at beginning of year	436,368	436,368	436,368	-
Prior year encumbrances appropriated	140,652	140,652	140,652	-
Fund balance at end of year	\$ 479,690	\$ 84,290	\$ 184,340	\$ 100,050

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, licenses, and permits	\$ 3,200	\$ 2,750	\$ 2,750	\$ -
Total revenues	3,200	2,750	2,750	-
Expenditures				
Current				
Community environment				
Other operations	9,450	9,450	4,202	5,248
Capital outlay	2,000	2,000	1,791	209
Total expenditures	11,450	11,450	5,993	5,457
Net change in fund balances	(8,250)	(8,700)	(3,243)	5,457
Fund balance at beginning of year	23,256	23,256	23,256	-
Fund balance at end of year	<u>\$ 17,006</u>	<u>\$ 16,556</u>	<u>\$ 22,013</u>	<u>\$ 5,457</u>

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 10,000	\$ 25,000	\$ 25,978	\$ 978
Total revenues	10,000	25,000	25,978	978
Expenditures				
Current				
Security of persons and property				
Other operations	9,483	9,483	5,440	4,043
Total expenditures	9,483	9,483	5,440	4,043
Net change in fund balances	517	15,517	20,538	5,021
Fund balance at beginning of year	53,475	53,475	53,475	-
Fund balance at end of year	\$ 53,992	\$ 68,992	\$ 74,013	\$ 5,021

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 15,000	\$ 25,600	\$ 26,174	\$ 574
Total revenues	15,000	27,000	27,621	621
Expenditures				
Current				
Security of persons and property				
Other operations	4,500	5,000	4,426	574
Total expenditures	4,500	5,000	4,426	574
Excess (deficiency) of revenues over (under) expenditures	10,500	22,000	23,195	1,195
Net change in fund balances	10,500	22,000	23,195	1,195
Fund balance at beginning of year	100,524	100,524	100,524	-
Fund balance at end of year	<u>\$ 111,024</u>	<u>\$ 122,524</u>	<u>\$ 123,719</u>	<u>\$ 1,195</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Enforcement and Education Fund For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 5,800	\$ 6,050	\$ 6,085	\$ 35
Other	3,000	4,550	4,575	25
Total revenues	8,800	10,600	10,660	60
Expenditures				
Current				
Security of persons and property				
Other operations	-	-	27,399	(27,399)
Total expenditures	28,000	28,000	27,399	601
Net change in fund balances	(19,200)	(17,400)	(16,739)	661
Fund balance at beginning of year	23,159	23,159	23,159	-
Fund balance at end of year	\$ 3,959	\$ 5,759	\$ 6,420	\$ 661

**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, 2011**

	<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	\$ 109,000	\$ 109,000	\$ 108,328	\$ (672)
Total revenues	109,000	109,000	108,328	(672)
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	-	-	(672)	(672)
Fund balance at beginning of year	4,956	4,956	4,956	-
Fund balance at end of year	<u>\$ 4,956</u>	<u>\$ 4,956</u>	<u>\$ 4,284</u>	<u>\$ (672)</u>

City of Cuyahoga Falls, Ohio

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 10,040	\$ 10,040	\$ 10,150	\$ 110
Total revenues	10,040	10,040	10,150	110
Expenditures				
Current				
Security of persons and property				
Other operations	2,891	2,891	-	2,891
Total expenditures	2,891	2,891	-	2,891
Net change in fund balances	7,149	7,149	10,150	3,001
Fund balance at beginning of year	57,821	57,821	57,821	-
Fund balance at end of year	\$ 64,970	\$ 64,970	\$ 67,971	\$ 3,001

**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, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other Financing Sources (Uses)				
Transfers out	\$ (11,000)	\$ (11,000)	\$ (5,500)	\$ 5,500
Total other financing sources (uses)	(11,000)	(11,000)	(5,500)	5,500
Net change in fund balances	(11,000)	(11,000)	(5,500)	5,500
Fund balance at beginning of year	11,000	11,000	11,000	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,500</u>	<u>\$ 5,500</u>

City of Cuyahoga Falls, Ohio

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,700	\$ -	\$ -	-
Total revenues	1,700	-	-	-
Expenditures				
Current				
Security of persons and property				
Other operations	7,000	7,000	3,593	3,407
Total expenditures	7,000	7,000	3,593	3,407
Net change in fund balances	(5,300)	(7,000)	(3,593)	3,407
Fund balance at beginning of year	17,838	17,838	17,838	-
Fund balance at end of year	\$ 12,538	\$ 10,838	\$ 14,245	\$ 3,407

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	\$ 1,750	\$ 1,750	\$ 1,537	\$ (213)
Special Assessments	2,774	2,774	2,633	(141)
Total revenues	4,524	4,524	4,170	(354)
Expenditures				
Current				
General government				
Other operations	3,635	3,635	101	3,534
Total - general government	3,635	3,635	101	3,534
Debt service				
Principal	471,577	471,577	471,577	-
Interest	83,254	83,254	83,254	-
Total expenditures	558,466	558,466	554,932	3,534
Excess (deficiency) of revenues over (under) expenditures	(553,942)	(553,942)	(550,762)	3,180
Other Financing Sources (Uses)				
Transfers in	555,000	555,000	555,000	-
Total other financing sources (uses)	555,000	555,000	555,000	-
Net change in fund balances	1,058	1,058	4,238	3,180
Fund balance at beginning of year	5,327	5,327	5,327	-
Fund balance at end of year	\$ 6,385	\$ 6,385	\$ 9,565	\$ 3,180

City of Cuyahoga Falls, Ohio

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Interest earnings	\$ 175,000	\$ 296,500	\$ 302,724	\$ 6,224
Special assessments	105,000	105,000	104,634	(366)
Other	35,000	46,500	46,811	311
Total revenues	315,000	448,000	454,169	6,169
Expenditures				
Current				
General government				
Other operations	37,500	37,500	33,911	3,589
Total expenditures	37,500	37,500	33,911	3,589
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	277,500	410,500	420,258	9,758
Other Financing Sources (Uses)				
Transfers out	(285,000)	(285,000)	(285,000)	-
Total other financing sources (uses)	(285,000)	(285,000)	(285,000)	-
Net change in fund balances	(7,500)	125,500	135,258	9,758
Fund balance at beginning of year	20,149	20,149	20,149	-
Fund balance at end of year	\$ 12,649	\$ 145,649	\$ 155,407	\$ 9,758

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.

City of Cuyahoga Falls, Ohio

Combining Statement of Net Assets - Governmental Activities Internal Service Funds December 31, 2011

	<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	\$ 5,252	\$ 7,400	\$ 4,972	\$ 2,501,164
Receivables				
Accounts				
(net of allowance for uncollectibles)	497	-	-	505
Due from other funds	-	-	-	-
Inventory of supplies	503,500	5,909	-	-
Prepaid items	2,368	-	979	1,380
Total current assets	<u>511,617</u>	<u>13,309</u>	<u>5,951</u>	<u>2,503,049</u>
Noncurrent Assets				
Capital Assets				
Land	21,960	-	-	-
Buildings	105,958	-	132,858	-
Improvements other than buildings	260,029	-	-	-
Equipment	293,526	-	952,850	-
Less: Accumulated depreciation	(622,229)	-	(868,428)	-
Total noncurrent assets	<u>59,244</u>	<u>-</u>	<u>217,280</u>	<u>-</u>
Total assets	<u>570,861</u>	<u>13,309</u>	<u>223,231</u>	<u>2,503,049</u>
Liabilities				
Current Liabilities				
Accounts payable	10,491	-	-	-
Accrued salaries, wages and benefits	15,965	-	15,752	-
Accrued compensated absences	87,999	-	-	-
Due to other funds	3,659	-	473	-
Due to other governments	2,435	-	2,430	-
Claims and judgments payable	-	-	-	336,336
Total current liabilities	<u>120,549</u>	<u>-</u>	<u>18,655</u>	<u>336,336</u>
Noncurrent Liabilities				
Accrued compensated absences	50,319	-	190,089	-
Claims and judgments payable	-	-	-	-
Other post-employment benefit obligation	-	-	-	1,182,078
Total Noncurrent Liabilities	<u>50,319</u>	<u>-</u>	<u>190,089</u>	<u>1,182,078</u>
Total liabilities	<u>170,868</u>	<u>-</u>	<u>208,744</u>	<u>1,518,414</u>
Net Assets				
Invested in capital assets, net of related debt	59,244	-	217,280	-
Unrestricted	340,749	13,309	(202,793)	984,635
Total net assets	<u>\$ 399,993</u>	<u>\$ 13,309</u>	<u>\$ 14,487</u>	<u>\$ 984,635</u>

Combining Statement of Net Assets - Governmental Activities Internal Service Funds
December 31, 2011

(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	\$ 1,581,160	\$ 1,281	\$ 4,101,229
Receivables			
Accounts			
(net of allowance for uncollectibles)	-	-	1,002
Due from other funds	28,072	-	28,072
Inventory of supplies	-	-	509,409
Prepaid items	-	-	4,727
Total current assets	<u>1,609,232</u>	<u>1,281</u>	<u>4,644,439</u>
Noncurrent Assets			
Capital Assets			
Land	-	-	21,960
Buildings	-	-	238,816
Improvements other than buildings	-	-	260,029
Equipment	-	-	1,246,376
Less: Accumulated depreciation	-	-	(1,490,657)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>276,524</u>
Total assets	<u>1,609,232</u>	<u>1,281</u>	<u>4,920,963</u>
Liabilities			
Current Liabilities			
Accounts payable	-	-	10,491
Accrued salaries, wages and benefits	-	-	31,717
Accrued compensated absences	-	-	87,999
Due to other funds	-	-	4,132
Due to other governments	310,489	-	315,354
Claims and judgments payable	564,855	-	901,191
Total current liabilities	<u>875,344</u>	<u>-</u>	<u>1,350,884</u>
Noncurrent Liabilities			
Accrued compensated absences	-	-	240,408
Claims and judgments payable	641,073	-	641,073
Other post-employment benefit obligation	-	-	1,182,078
Total Noncurrent Liabilities	<u>641,073</u>	<u>-</u>	<u>2,063,559</u>
Total liabilities	<u>1,516,417</u>	<u>-</u>	<u>3,414,443</u>
Net Assets			
Invested in capital assets, net of related debt	-	-	276,524
Unrestricted	92,815	1,281	1,229,996
Total net assets	<u>\$ 92,815</u>	<u>\$ 1,281</u>	<u>\$ 1,506,520</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, 2011

	Garage	Office Supply	Information Services	Self- Insurance
Operating revenues				
Charges for services	\$ 2,266,419	\$ 40,671	\$ 786,496	\$ 4,933,345
Other	1,859	-	202	109,906
Total operating revenues	<u>2,268,278</u>	<u>40,671</u>	<u>786,698</u>	<u>5,043,251</u>
Operating Expenses				
Personal services	438,852	-	435,816	-
Fringe benefits	169,581	-	198,732	5,763,579
Materials and supplies	1,173,472	50,197	15,308	-
Utilities	15,030	-	2,811	-
Contractual services	13,130	-	43,196	22,520
Internal charges	181,904	-	63,971	-
Other	236,761	-	75,714	21,070
Depreciation	2,240	-	63,112	-
Total operating expenses	<u>2,230,970</u>	<u>50,197</u>	<u>898,660</u>	<u>5,807,169</u>
Net income (loss) from operations	<u>37,308</u>	<u>(9,526)</u>	<u>(111,962)</u>	<u>(763,918)</u>
Nonoperating Revenues (Expenses)				
Interest revenue	-	-	-	-
Gain from disposal of capital assets	2,800	-	-	-
Total nonoperating revenues (expenses)	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>40,108</u>	<u>(9,526)</u>	<u>(111,962)</u>	<u>(763,918)</u>
Capital Contributions	7,631	-	-	-
Changes in net assets	<u>47,739</u>	<u>(9,526)</u>	<u>(111,962)</u>	<u>(763,918)</u>
Total net assets - beginning	352,254	22,835	126,449	1,748,553
Total net assets - ending	<u>\$ 399,993</u>	<u>\$ 13,309</u>	<u>\$ 14,487</u>	<u>\$ 984,635</u>

**Combining Statement of Revenues, Expenses and Changes in Net Assets -
Governmental Activities Internal Service Funds
For the Year Ended December 31, 2011**

(Continued)

	<u>Workers' Compensation</u>	<u>Compensated Absences</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 824,413	\$ 905,000	\$ 9,756,344
Other	14,308	-	126,275
Total operating revenues	<u>838,721</u>	<u>905,000</u>	<u>9,882,619</u>
Operating Expenses			
Personal services	-	910,971	1,785,639
Fringe benefits	1,058,170	-	7,190,062
Materials and supplies	-	-	1,238,977
Utilities	-	-	17,841
Contractual services	25,590	-	104,436
Internal charges	-	-	245,875
Other	1,803	-	335,348
Depreciation	-	-	65,352
Total operating expenses	<u>1,085,563</u>	<u>910,971</u>	<u>10,983,530</u>
Net income (loss) from operations	<u>(246,842)</u>	<u>(5,971)</u>	<u>(1,100,911)</u>
Nonoperating Revenues (Expenses)			
Interest revenue	10,887	-	10,887
Gain from disposal of capital assets	-	-	2,800
Total nonoperating revenues (expenses)	<u>10,887</u>	<u>-</u>	<u>13,687</u>
Income (loss) before contributions and transfers	<u>(235,955)</u>	<u>(5,971)</u>	<u>(1,087,224)</u>
Capital Contributions	-	-	7,631
Changes in net assets	<u>(235,955)</u>	<u>(5,971)</u>	<u>(1,079,593)</u>
Total net assets - beginning	328,770	7,252	2,586,113
Total net assets - ending	<u>\$ 92,815</u>	<u>\$ 1,281</u>	<u>\$ 1,506,520</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds For the Year Ended December 31, 2011

	<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	\$ 2,267,781	\$ 40,671	\$ 786,698	\$ 5,043,849
Cash payments to employees for services	(437,099)	-	(433,781)	-
Cash payments to employees for benefits	(174,895)	-	(151,702)	(5,490,466)
Cash payments to suppliers for goods and services	<u>(1,689,786)</u>	<u>(41,677)</u>	<u>(200,971)</u>	<u>(43,590)</u>
Net cash provided (used in) by operating activities	(33,999)	(1,006)	244	(490,207)
Cash Flows From Capital and Related Financing Activities				
Proceeds from the sale of capital assets	<u>2,800</u>	-	-	-
Net cash used in capital and related financing activities	2,800	-	-	-
Cash Flows From Investing Activities				
Interest revenue	-	-	-	-
Sale 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	(30,747)	(902)	303	(453,120)
Cash and cash equivalents at beginning of year	<u>35,999</u>	<u>8,302</u>	<u>4,669</u>	<u>2,954,284</u>
Cash and cash equivalents at end of year	<u>\$ 5,252</u>	<u>\$ 7,400</u>	<u>\$ 4,972</u>	<u>\$ 2,501,164</u>

**Combining Statement of Cash Flows - Governmental Activities Internal Service Funds
For the Year Ended December 31, 2011**

(Continued)

	<u>Workers' Compensation</u>	<u>Compensated Absences</u>	<u>Totals</u>
Cash Flows From Operating Activities			
Activities			
Cash received from customers	\$ 810,649	\$ 905,000	\$ 9,854,648
Cash payments to employees for services	-	(910,971)	(1,781,851)
Cash payments to employees for benefits	(867,773)	-	(6,684,836)
Cash payments to suppliers for goods and services	(27,393)	-	(2,003,417)
Net cash provided (used in) by operating activities	(84,517)	(5,971)	(615,456)
Cash Flows From Capital and Related Financing Activities			
Proceeds from the sale of capital assets	-	-	2,800
Net cash used in capital and related financing activities	-	-	2,800
Cash Flows From Investing Activities			
Interest revenue	10,887	-	10,887
Sale of investments	20,516	90	58,308
Net cash used in investing activities	31,403	90	69,195
Net increase (decrease) in cash and cash equivalents	(53,114)	(5,881)	(543,461)
Cash and cash equivalents at beginning of year	1,634,274	7,162	4,644,690
Cash and cash equivalents at end of year	<u>\$ 1,581,160</u>	<u>\$ 1,281</u>	<u>\$ 4,101,229</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued) For the Year Ended December 31, 2011

	<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)	\$ 37,308	\$ (9,526)	\$ (111,962)	\$ (763,918)
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:				
Depreciation	2,240	-	63,112	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:				
Receivables	(497)	-	-	598
Due from other funds	-	-	-	-
Inventory of supplies	(9,019)	8,520	-	-
Prepaid items	(493)	-	29	1,809
Accounts payable				
- net of items affecting capital assets	(59,288)	-	-	-
Accrued salaries, wages and benefits	(4,306)	-	48,278	-
Due to other funds	(210)	-	473	-
Due to other governments	266	-	314	-
Other post-employment benefit obligation	-	-	-	279,097
Claims payable	-	-	-	(7,793)
Total adjustments	<u>(71,307)</u>	<u>8,520</u>	<u>112,206</u>	<u>273,711</u>
Net cash provided by (used in) operating activities	<u>\$ (33,999)</u>	<u>\$ (1,006)</u>	<u>\$ 244</u>	<u>\$ (490,207)</u>

During 2011 the Garage Fund received a contribution in the form of a capital asset in the amount of \$7,631 from the Capital Projects Fund.

**Combining Statement of Cash Flows - Governmental Activities Internal Service Funds
For the Year Ended December 31, 2011**

(Continued)

	<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)	\$ (246,842)	\$ (5,971)	\$ (1,100,911)
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:			
Depreciation	-	-	65,352
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Receivables	-	-	101
Due from other funds	(28,072)	-	(28,072)
Inventory of supplies	-	-	(499)
Prepaid items	-	-	1,345
Accounts payable			
- net of items affecting capital assets	-	-	(59,288)
Accrued salaries, wages and benefits	-	-	43,972
Due to other funds	-	-	263
Due to other governments	14,786	-	15,366
Other post-employment benefit obligation	-	-	279,097
Claims payable	175,611	-	167,818
Total adjustments	<u>162,325</u>	<u>-</u>	<u>485,455</u>
Net cash provided by (used in) operating activities	<u>\$ (84,517)</u>	<u>\$ (5,971)</u>	<u>\$ (615,456)</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.

**Combining Statement of Assets and Liabilities - Fiduciary Funds
December 31, 2011**

	<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	\$ 480,093	\$ 210,428	\$ 990,090	\$ 60,775	\$ 1,741,386
Due from other governments	-	-	172,533	-	172,533
Total assets	<u>\$ 480,093</u>	<u>\$ 210,428</u>	<u>\$ 1,162,623</u>	<u>\$ 60,775</u>	<u>\$ 1,913,919</u>
Liabilities					
Current Liabilities					
Due to other governments	\$ 241,156	\$ -	\$ 1,102,112	\$ 60,775	\$ 1,404,043
Deposits held and due to others	238,937	210,428	60,511	-	509,876
Total liabilities	<u>\$ 480,093</u>	<u>\$ 210,428</u>	<u>\$ 1,162,623</u>	<u>\$ 60,775</u>	<u>\$ 1,913,919</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Changes in Assets and Liabilities - Fiduciary For the Year Ended December 31, 2011

	Agency Funds				Totals
	Guarantee Deposits	Unclaimed Monies	Employee Withholding	State Cases Fines and Forfeitures	
Assets					
Balance January 1, 2011	\$ 1,011,206	\$ 166,649	\$ 1,740,610	\$ 22,681	\$ 2,941,146
Additions	130,238	44,644	17,199,570	281,671	17,656,123
Deletions	(661,351)	(865)	(17,777,557)	(243,577)	(18,683,350)
Balance December 31, 2011	<u>\$ 480,093</u>	<u>\$ 210,428</u>	<u>\$ 1,162,623</u>	<u>\$ 60,775</u>	<u>\$ 1,913,919</u>
Liabilities					
Balance January 1, 2011	\$ 1,011,206	\$ 166,649	\$ 1,740,610	\$ 22,681	\$ 2,941,146
Additions	130,238	44,644	17,199,570	281,671	17,656,123
Deletions	(661,351)	(865)	(17,777,557)	(243,577)	(18,683,350)
Balance December 31, 2011	<u>\$ 480,093</u>	<u>\$ 210,428</u>	<u>\$ 1,162,623</u>	<u>\$ 60,775</u>	<u>\$ 1,913,919</u>

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STATISTICAL SECTION

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
Financial Trends	146 - 155
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	156 - 161
These schedules contain information to help the reader assess the City’s most significant local revenue, the property tax and the municipal income tax.	
Debt Capacity	162 - 168
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
Economic and Demographic Information	169 - 170
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	171 - 173
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

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

City of Cuyahoga Falls, Ohio

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

	2011	2010	2009	2008	2007
Government activities					
Invested in capital assets,					
net of related debt	\$ 81,516,344	\$ 77,734,747	\$ 78,407,401	\$ 74,834,451	\$ 72,851,175
Restricted:					
Capital projects	9,728,552	8,287,795	6,260,920	8,757,570	7,666,526
Debt service	4,209	1,310	5,846	109,044	187,018
Special revenue	2,137,829	2,424,557	5,960,254	7,237,562	7,717,100
Permanent fund purpose:					
Nonexpendable - Cemetery					
Perpetual Care	227,586	225,240	221,674	219,104	211,778
Unrestricted	12,554,686	13,316,106	6,389,169	8,315,681	6,880,274
Total governmental activities net assets	106,169,206	101,989,755	97,245,264	99,473,412	95,513,871
Business-type activities					
Invested in capital assets,					
net of related debt	63,255,627	59,152,090	57,049,158	54,994,967	52,366,850
Unrestricted	26,317,573	27,381,062	23,464,702	23,217,163	23,613,766
Total business-type activities net assets	89,573,200	86,533,152	80,513,860	78,212,130	75,980,616
Primary government					
Invested in capital assets,					
net of related debt	144,771,971	136,886,837	135,456,559	129,829,418	125,218,025
Restricted	12,098,176	10,938,902	12,448,694	16,323,280	15,782,422
Unrestricted	38,872,259	40,697,168	29,853,871	31,532,844	30,494,040
Total primary government net assets	\$ 195,742,406	\$ 188,522,907	\$ 177,759,124	\$ 177,685,542	\$ 171,494,487

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

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

	2011	2010	2009	2008	2007
Program revenue					
Governmental activities:					
Charges for services:					
Security of persons and property	\$ 450,004	\$ 841,421	\$ 825,083	\$ 930,710	\$ 1,023,881
Leisure time activities	258,260	257,082	268,330	279,860	250,371
Community environment	467,296	244,959	286,740	513,776	279,550
Basic utility services	-	-	-	-	-
Street maintenance	1,028,191	752,876	802,949	839,217	687,752
General government	5,135,984	4,585,060	3,393,691	7,968,738	7,733,297
Total charges for services	7,339,735	6,681,398	5,576,793	10,532,301	9,974,851
Operating grants & contributions:					
Security of persons and property	\$ 22,000	103,795	21,614	71,412	19,000
Community environment	896,296	1,117,721	1,088,129	775,617	703,273
Street maintenance	2,039,513	2,076,788	2,036,360	2,131,732	2,054,855
General government	-	-	169,851	50,209	402,570
Total operating grants & contributions	2,957,809	3,298,304	3,315,954	3,028,970	3,179,698
Capital grants & contributions:					
Security of persons and property	\$ 209,009	202,401	167,086	73,618	187,906
Leisure time activities	-	-	-	-	-
Community environment	672,090	2,414,054	1,505,326	989,980	961,320
Basic utility services	-	-	-	-	-
Street maintenance	2,557,716	1,520,007	267,799	695,309	5,147,437
General government	-	-	-	30,000	-
Total capital grants & contributions	3,438,815	4,136,462	1,940,211	1,788,907	6,296,663
Total governmental activities program revenue	13,736,359	14,116,164	10,832,958	15,350,178	19,451,212
Business-type activity:					
Charges for service:					
Sewage and disposal	6,172,519	6,078,591	5,471,829	6,268,389	6,717,068
Water	5,401,541	5,024,010	4,858,853	5,125,578	4,850,997
Electric	39,341,257	41,058,338	36,663,940	34,032,741	35,463,844
Sanitation	3,716,577	3,662,532	3,603,540	3,781,680	3,918,962
Leisure time activities	5,910,168	5,952,524	5,770,797	5,881,339	5,700,915
Storm Drainage Utility	1,145,213	1,164,926	1,121,483	1,135,860	1,165,099
Total charges for services	61,687,275	62,940,921	57,490,442	56,225,587	57,816,885
Operating Grants & Contributions:					
Sewage and disposal	-	-	22,994	-	-
Water	122,379	35,892	-	217	-
Electric	8,392	28,669	-	7,217	-
Sanitation	47,815	48,857	43,633	52,870	50,515
Total operating grants & contributions	178,586	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	61,865,861	63,054,339	57,834,123	56,497,125	64,808,915
Total primary government program revenue	\$ 75,602,220	\$ 77,170,503	\$ 68,667,081	\$ 71,847,303	\$ 84,260,127

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

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

(Continued)

	2011	2010	2009	2008	2007
Expenses					
Governmental activities:					
Security of persons and property	\$ 20,176,824	\$ 20,486,414	\$ 23,430,589	\$ 20,885,650	\$ 21,077,044
Leisure time activities	2,582,822	2,412,432	2,644,714	2,811,353	2,693,863
Community environment	2,698,449	4,220,657	2,425,183	1,927,929	1,634,740
Basic utility services	-	-	-	-	-
Street maintenance	7,635,326	8,110,272	6,936,730	8,417,596	6,786,311
General government	7,809,403	7,648,904	9,098,070	11,286,008	10,875,233
Interest and fiscal charges	364,645	425,181	751,598	673,816	562,128
Total governmental activities expenses	41,267,469	43,303,860	45,286,884	46,002,352	43,629,319
Business-type activity:					
Sewage and disposal	6,480,165	5,497,927	5,190,156	5,445,620	5,440,729
Water	4,215,863	4,266,999	4,552,145	4,773,648	4,608,542
Electric	38,945,071	38,965,035	37,217,341	35,185,035	32,683,194
Sanitation	3,635,573	3,081,240	3,258,406	3,542,028	3,686,234
Leisure time activities	6,551,561	6,328,933	6,604,706	6,611,629	6,630,226
Storm Drainage Utility	1,124,710	951,755	789,037	427,802	309,254
Total business-type activities expenses	60,952,943	59,091,889	57,611,791	55,985,762	53,358,179
Total primary government program expenses	102,220,412	102,395,749	102,898,675	101,988,114	96,987,498
Net (expense)/revenue					
Governmental activity	(27,531,110)	(29,187,696)	(34,453,926)	(30,652,174)	(24,178,107)
Business-type activity	912,918	3,962,450	222,332	511,363	11,450,736
Total primary government net expense	\$ (26,618,192)	\$ (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	9,965,744	10,429,421	10,414,278	10,440,198	10,465,304
Special revenue	831,460	811,514	796,234	824,016	833,685
Income tax levied for:					
General purposes	11,727,223	12,171,153	11,623,452	11,765,637	11,684,711
Special revenue	1,497,013	1,553,682	1,483,767	1,501,916	1,491,586
Capital projects	5,488,423	5,696,184	5,439,858	5,506,400	5,468,528
Grants and entitlements not restricted to specific programs	4,028,813	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	299,015	272,491	488,939	1,177,816	2,158,091
Transfers	(2,127,130)	(2,056,701)	(2,071,532)	(1,678,831)	(1,836,301)
Total governmental activities	31,710,561	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	2,127,130	2,056,701	2,071,532	1,678,831	1,836,301
Total Business-type activity	2,127,130	2,056,842	2,079,398	1,720,151	1,836,301
Total primary government general revenue and other changes in net assets	33,837,691	35,989,029	34,305,176	36,331,866	37,543,081
Change in net assets					
Governmental Activities	4,179,451	4,744,491	(2,228,148)	3,959,541	11,528,673
Business Type Activities	3,040,048	6,019,292	2,301,730	2,231,514	13,287,037
Total primary government change in net assets	\$ 7,219,499	\$ 10,763,783	\$ 73,582	\$ 6,191,055	\$ 24,815,710

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

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

	2011	2010	2009	2008	2007
General Fund					
Nonspendable	\$ 194,207	\$ 222,918	\$ -	\$ -	\$ -
Restricted	94,208	-	-	-	-
Assigned	1,074,608	47,921	-	-	-
Unassigned	7,785,411	7,829,712	-	-	-
Reserved	-	-	342,641	444,478	442,794
Unreserved	-	-	6,280,496	7,599,834	6,465,868
Total General Fund	9,148,434	8,100,551	6,623,137	8,044,312	6,908,662
All Other Governmental Funds					
Nonspendable	13,568,594	12,721,630			
Restricted	4,079,672	4,125,179			
Committed	592,770	457,652			
Assigned	795,506	689,041			
Unassigned	(6,812,087)	(7,194,449)			
Reserved	-	-	15,367,539	15,005,000	3,674,630
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	-	-	1,756,810	3,474,129	3,808,651
Capital Projects Funds	-	-	(8,546,288)	(8,009,938)	1,480,417
Undesignated	-	-	-	-	-
Total All Other Governmental Funds	12,224,455	10,799,053	8,578,061	10,469,191	8,963,698
Total Governmental Funds	\$ 21,372,889	\$ 18,899,604	\$ 15,201,198	\$ 18,513,503	\$ 15,872,360

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

City of Cuyahoga Falls, Ohio

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

(Continued)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund					
Reserved	425,783	\$ 490,748	\$742,987	\$ 493,073	\$ 419,288
Unreserved	4,676,968	5,024,223	5,306,478	5,196,479	4,610,566
Total General Fund	<u>5,102,751</u>	<u>5,514,971</u>	<u>6,049,465</u>	<u>5,689,552</u>	<u>5,029,854</u>
All Other Governmental Funds					
Reserved	4,187,560	6,726,749	5,862,997	7,730,943	7,036,971
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	4,073,889	2,921,274	2,879,045	-	1,697,196
Capital Projects Funds	(220,613)	(1,499,858)	(2,444,092)	-	576,786
Undesignated	-	-	-	(1,426,752)	-
Total All Other Governmental Funds	<u>8,040,836</u>	<u>8,148,165</u>	<u>6,297,950</u>	<u>6,304,191</u>	<u>9,310,953</u>
Total Governmental Funds	<u>\$ 13,143,587</u>	<u>\$ 13,663,136</u>	<u>\$ 12,347,415</u>	<u>\$ 11,993,743</u>	<u>\$ 14,340,807</u>

City of Cuyahoga Falls, Ohio

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

	2011	2010	2009	2008	2007
Revenues					
Property taxes	\$ 10,213,088	\$ 10,686,762	\$ 10,712,398	\$ 10,757,164	\$ 10,879,771
Municipal income taxes	18,672,207	19,370,713	18,231,291	18,753,883	18,484,497
Other local taxes	488,319	480,317	840,228	560,210	390,387
State levied shared taxes	6,736,036	7,125,346	6,235,084	7,355,239	7,225,524
Intergovernmental	3,914,492	5,035,728	3,002,006	2,214,516	2,925,454
Charges for services	5,052,585	4,945,171	5,463,154	7,837,010	7,133,862
Fees, licenses, and permits	828,291	1,022,270	1,050,543	1,835,432	2,156,317
Interest earnings	310,736	237,865	497,505	1,051,158	2,054,768
Fines and forfeitures	342,541	325,243	225,377	303,492	421,121
Special assessments	267,848	255,811	345,121	364,614	289,373
Other	1,317,232	662,765	577,768	936,910	776,244
Total revenues	\$ 48,143,375	\$ 50,147,991	\$ 47,180,475	\$ 51,969,628	\$ 52,737,318
Expenditures					
Current					
Security of persons and property	\$ 18,750,985	\$ 19,798,139	\$ 22,414,019	\$ 20,770,690	\$ 19,989,704
Leisure time activities	2,214,325	2,100,748	2,324,009	2,253,973	2,204,179
Community environment	2,605,718	2,422,133	2,597,303	1,888,483	2,205,502
Street maintenance	3,751,166	3,629,866	4,007,068	4,128,506	4,110,655
General government	6,941,671	6,797,451	8,169,113	10,950,142	10,504,859
Capital outlay	7,999,729	7,808,944	7,020,469	6,127,721	9,124,330
Debt service					
Principal	1,138,254	1,289,820	1,443,696	1,533,985	1,304,266
Interest	400,074	471,807	762,215	670,189	590,418
Total expenditures	\$ 43,801,922	\$ 44,318,908	\$ 48,737,892	\$ 48,323,689	\$ 50,033,913
Excess (deficiency) of revenues					
over (under) expenditures	\$ 4,341,453	\$ 5,829,083	\$ (1,557,417)	\$ 3,645,939	\$ 2,703,405
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	-	2,466,544
Transfers in	22,624,856	23,240,546	22,675,964	22,777,318	23,204,680
Transfers out	(24,633,580)	(25,247,635)	(24,747,496)	(24,223,202)	(25,040,981)
Total other financing sources (uses)	(2,008,724)	(2,007,089)	(1,808,017)	(905,687)	630,243
Net change in fund balance	\$ 2,332,729	\$ 3,821,994	\$ (3,365,434)	\$ 2,740,252	\$ 3,333,648
Debt service as a percentage of noncapital					
expenditures	4.0%	4.3%	5.1%	5.1%	4.5%

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

(Continued)

	2006*	2005	2004	2003	2002
Revenues					
Property taxes	\$ 10,870,777	\$ 10,028,515	\$ 9,936,391	\$ 9,568,965	\$ 8,770,443
Municipal income taxes	17,672,779	16,908,814	18,454,257	16,732,040	16,740,777
Other local taxes	141,586	138,864	239,972	245,331	164,012
State levied shared taxes	7,034,265	6,983,147	6,850,014	6,369,187	6,138,255
Intergovernmental	1,481,952	1,565,036	2,864,296	3,189,056	2,381,899
Charges for services	7,176,699	7,854,459	6,877,348	6,613,544	6,720,028
Fees, licenses, and permits	1,711,914	1,249,654	1,116,812	1,071,256	916,423
Interest earnings	1,762,970	1,547,004	365,308	656,629	974,023
Fines and forfeitures	368,506	441,608	393,252	353,640	443,491
Special assessments	306,689	312,840	358,450	262,204	261,172
Other	686,386	748,311	725,771	1,415,459	679,249
Total revenues	\$ 49,214,523	\$ 47,778,252	\$ 48,181,871	\$ 46,477,311	\$ 44,189,772
Expenditures					
Current					
Security of persons and property	\$ 21,125,740	\$ 20,017,544	\$ 19,063,751	\$ 18,122,227	\$ 18,269,597
Leisure time activities	2,360,444	2,745,067	3,055,510	2,943,074	2,551,463
Community environment	1,787,134	1,996,878	1,423,880	1,080,107	979,129
Street maintenance	3,779,794	4,478,915	4,374,161	4,297,980	3,647,130
General government	9,533,684	9,392,345	8,957,972	8,779,774	8,848,607
Capital outlay	8,903,056	5,139,395	8,650,586	11,477,250	12,785,685
Debt service					
Principal	970,431	998,006	969,599	846,300	881,660
Interest	704,293	687,090	619,404	688,237	691,267
Total expenditures	\$ 49,164,576	\$ 45,455,240	\$ 47,114,863	\$ 48,234,949	\$ 48,654,538
Excess (deficiency) of revenues over (under) expenditures	\$ 49,947	\$ 2,323,012	\$ 1,067,008	\$ (1,757,638)	\$ (4,464,766)
Other financing sources (uses)					
Bond/Note proceeds	-	-	4,382,963	-	-
Premium on various purpose refunding bonds	-	-	49,654	-	-
Payment to bond escrow account	-	-	(4,355,330)	-	-
Refunding bond issuance cost	-	-	(68,002)	-	-
Capital lease	768,740	-	-	-	227,851
Transfers in	22,548,956	22,441,447	24,043,778	22,035,165	21,441,142
Transfers out	(23,948,548)	(23,625,520)	(24,773,723)	(22,834,189)	(22,215,294)
Total other financing sources (uses)	(630,852)	(1,184,073)	(720,660)	(799,024)	(546,301)
Net change in fund balance	\$ (580,905)	\$ 1,138,939	\$ 346,348	\$ (2,556,662)	\$ (5,011,067)
Debt service as a percentage of noncapital expenditures	4.1%	4.2%	4.1%	4.2%	4.4%

* restated.

City of Cuyahoga Falls, Ohio

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

Collection Year	Real Property			Tangible Personal Property			
	Assessed Value		Estimated Actual Value	Public Utility		General Business	
	Residential/Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2011	\$ 764,081,830	\$ 265,853,240	\$ 2,942,671,629	\$ 6,922,010	\$ 7,865,920	\$ -	\$ -
2010	761,306,820	252,733,190	2,897,257,171	6,701,350	7,615,170	979,800	3,919,200
2009	759,030,430	257,923,860	2,905,583,686	6,457,810	7,338,420	1,978,649	7,914,596
2008	770,666,300	231,161,090	2,862,363,971	6,365,790	7,233,852	24,320,362	97,281,448
2007	755,457,020	229,254,980	2,813,462,857	12,525,300	14,233,295	44,666,313	178,665,252
2006	745,753,380	232,176,180	2,794,084,457	13,559,720	15,408,773	60,925,920	243,703,680
2005	689,316,530	224,896,090	2,612,036,057	16,099,970	18,295,420	82,276,185	329,104,740
2004	681,739,120	224,036,150	2,587,929,343	16,295,660	18,517,795	79,630,460	318,521,840
2003	678,655,350	221,984,610	2,573,257,029	17,072,190	19,400,216	85,154,613	340,618,452
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

Total				
Collection Year	Assessed Value	Estimated Actual Value	Ratio	Tax Rate (per \$1,000 of Assessed Value)
2011	\$ 1,036,857,080	\$ 2,950,537,549	35.14%	\$ 11.00
2010	1,021,721,160	2,908,791,542	35.13%	11.00
2009	1,025,390,749	2,920,836,702	35.11%	11.00
2008	1,032,513,542	2,966,879,272	34.80%	11.00
2007	1,041,903,613	3,006,361,405	34.66%	11.00
2006	1,052,415,200	3,053,196,910	34.47%	11.00
2005	1,012,588,775	2,959,436,217	34.22%	11.00
2004	1,001,701,390	2,924,968,978	34.25%	11.00
2003	1,002,866,763	2,933,275,697	34.19%	11.00
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
Property Tax Rates - Direct and Overlapping Governments
(per \$1,000 of Assessed Value)
Last Ten Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Unvoted Millage										
Operating	\$ 10.4	\$ 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	\$ 69.88	\$ 69.78	\$ 69.87	\$ 69.88	\$ 70.00	\$ 62.00	\$ 62.00	\$ 61.96	\$ 57.23
Residential/Agricultural Real	41.1139	34.6521	34.5665	34.5715	34.0468	34.4061	28.4952	28.4944	28.3896	26.2353
Commercial/Industrial and Public Utility Real	46.8903	41.0287	40.9014	40.5960	41.6074	40.5120	33.5913	33.3647	33.1205	31.1405
General Business and Public Utility Personal	69.8800	69.8800	69.7800	69.8700	69.8800	70.0000	62.0000	62.0000	61.9600	57.2300
Summit County	14.1600	14.1600	14.1600	14.1600	14.5700	13.0700	13.0700	13.0700	13.0700	13.0700
Residential/Agricultural Real	14.0793	14.0201	14.0192	14.0174	12.0570	9.7591	10.3625	10.3883	10.3740	11.3338
Commercial/Industrial and Public Utility Real	14.1443	13.6240	13.6449	13.4948	12.8620	10.7717	11.0857	11.0729	10.9781	11.8607
General Business and Public Utility Personal	14.1600	14.1600	14.1600	14.1600	14.5700	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	1.3000	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	1.9000	1.2993	1.3000	1.3000	1.2955	1.2955	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	1.9000	1.2618	1.2608	1.2467	1.3000	1.3000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	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 2011 and 2002

<u>Name of Taxpayer</u>	<u>2011</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Green Cross General Hospital	\$ 9,772,400	0.95%
Newpart Limited Partnership	5,621,830	0.55%
Yorkshire Woods Apartments LTD	4,976,520	0.48%
Riverside Community Urban Redevelopment	4,563,790	0.44%
Niederst Portage Towers LLC & Wynn	3,752,440	0.36%
Plaza Chapel Hill	2,963,170	0.29%
Heslop, Inc.	2,726,060	0.26%
Sams Real Estate Business Trust	2,575,050	0.25%
Dayton Hudson Corporation	2,409,090	0.24%
Niederst Wyoga Lake LLC	2,337,260	0.23%
Totals	<u>\$ 41,697,610</u>	<u>4.05%</u>
Total Assessed Valuation	<u>\$ 1,029,935,070</u>	

<u>Name of Taxpayer</u>	<u>2002</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Newport Limited Partnership	\$ 7,945,370	0.99%
Yorkshire Woods Apartments	7,040,240	0.88%
Portage Towers Apartments	4,564,580	0.57%
State Road Associates	4,305,000	0.54%
Heslop, Inc.	3,991,720	0.50%
HD Development of Maryland, Inc.	3,824,790	0.48%
Brookledge II	3,370,630	0.42%
Plaza Chapel Hill, Co.	3,296,580	0.41%
Dayton Hudson Corporation	2,615,270	0.33%
Commercial Net Lease Realty Inc.	2,610,840	0.33%
Totals	<u>\$ 43,565,020</u>	<u>5.43%</u>
Total Assessed Valuation	<u>\$ 801,736,360</u>	

Source: Summit County Fiscal Office

(1) The amounts presented represent the assessed values upon which 2011 and 2002 collections were based.

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2011	\$ 11,405,477	\$ 10,856,794	95.2%	\$ 400,743	\$ 11,257,537	98.7%	\$ 908,284	8.0%
2010	11,231,439	10,775,300	95.9%	321,773	11,097,073	98.8%	730,635	6.5%
2009	11,257,584	10,807,318	96.0%	294,572	11,101,890	98.6%	607,847	5.4%
2008	11,115,759	10,783,277	97.0%	339,869	11,123,146	100.1%	441,761	4.0%
2007	10,969,717	10,543,768	96.1%	342,686	10,886,454	99.2%	510,428	4.7%
2006	10,906,413	10,555,764	96.8%	245,597	10,801,361	99.0%	435,846	4.0%
2005	10,236,024	9,912,456	96.8%	288,092	10,200,548	99.7%	427,563	4.2%
2004	10,142,306	9,783,327	96.5%	324,156	10,107,483	99.7%	481,059	4.7%
2003	10,094,685	9,679,219	95.9%	281,225	9,960,444	98.7%	558,517	5.5%
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

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
2011	2.00%	\$ 18,423,570	\$ 13,928,426	76%	\$ 2,158,632	12%	\$ 2,336,512	13%
2010	2.00%	\$ 19,244,149	\$ 14,877,452	77%	\$ 2,025,820	11%	\$ 2,340,877	12%
2009	2.00%	18,146,139	13,350,667	74%	2,393,797	13%	2,401,675	13%
2008	2.00%	18,720,525	13,990,210	75%	2,197,352	12%	2,532,963	14%
2007	2.00%	18,643,599	14,102,614	76%	2,050,006	11%	2,490,979	13%
2006	2.00%	17,655,291	13,161,626	75%	1,998,464	11%	2,495,201	14%
2005	2.00%	17,811,319	13,697,101	77%	1,666,171	9%	2,448,047	14%
2004	2.00%	17,220,977	13,037,352	76%	1,656,599	10%	2,527,026	15%
2003	2.00%	16,595,417	12,578,908	76%	1,426,314	9%	2,590,195	16%
2002	2.00%	16,812,477	12,211,514	73%	1,538,885	9%	3,062,078	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 2011 and 2002**

Tax Year 2011

Taxpayers	Municipal Income Tax Withholding	Percent Of Income Tax Collections
Go Jo Industries	\$ 621,563	3.37%
Associated Materials LLC	606,703	3.29%
City of Cuyahoga Falls	549,690	2.98%
Summa Western Reserve Hospital	539,578	2.93%
Cuyahoga Falls Board of Education	533,292	2.89%
Americhem Inc.	262,141	1.42%
Woodridge Local School District	226,550	1.23%
Summit County Board of Education	189,428	1.03%
Summa Health System Hospitals	179,618	0.97%
Manufacturers Group	172,433	0.94%
Total	\$ 3,880,996	21.05%
Total Municipal Income Tax Collection	\$ 18,423,570.00	

Tax Year 2002

Taxpayers	Municipal Income Tax Withholding	Percent Of Income Tax Collections
City of Cuyahoga Falls	\$ 555,292	4.58%
Associated Materials, Inc.	540,006	4.45%
Cuyahoga Falls Board of Education	463,125	3.82%
Cuyahoga Falls General Hospital	416,176	3.43%
Go Jo Industries, Inc.	302,011	2.49%
Americhem, Inc.	271,210	2.24%
Pechiney Plastic Packaging	183,936	1.52%
Manufacturers Group International	159,162	1.31%
Woodridge Local School District	157,260	1.30%
Schwebel Baking Company	131,040	1.09%
Total	\$ 3,179,218	26.23%
Total Municipal Income Tax Collection	\$ 12,134,222	

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

City of Cuyahoga Falls, Ohio

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Total Personal Income	Percentage of Personal Income	Population (1)	Per Capita	
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	General Obligation Bonds	OPWC Loans	Notes Payable						
2011	\$ 4,237,456	\$ -	\$ 9,900,000	\$ 22,652,551	\$ -	\$ 8,385,000	\$ 45,175,007	\$ 1,227,000,224	3.68%	49,652	f	\$ 910
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	f	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	e	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	e	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	d	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	c	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	c	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	b	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	b	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	a	857

Sources:

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

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

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

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property (2)	Gross Bonded Debt Outstanding (3)			Ratio of Total Bonded Debt to Estimated True Value of Taxable Property	Total Bonded Debt per Capita
			Governmental Activities	Business-type Activities	Total Primary Government		
2011	49,652 f	\$ 2,950,537,549	\$ 4,237,456	\$ 22,652,551	\$ 26,890,007	0.91%	\$ 542
2010	49,652 f	2,908,791,542	5,013,033	24,261,972	29,275,005	1.01%	590
2009	51,090 e	2,920,836,702	5,945,700	26,019,454	31,965,154	1.09%	626
2008	51,090 e	2,966,879,272	6,958,319	19,896,985	26,855,304	0.91%	526
2007	51,002 d	3,006,361,405	7,825,394	21,797,196	29,622,590	0.99%	581
2006	50,494 c	3,053,196,910	8,657,164	23,616,369	32,273,533	1.06%	639
2005	50,494 c	2,959,436,217	9,466,081	25,373,273	34,839,354	1.18%	690
2004	50,375 b	2,924,968,978	10,232,398	27,056,437	37,288,835	1.27%	740
2003	50,375 b	2,933,275,697	10,551,301	20,160,676	30,711,977	1.05%	610
2002	50,272 a	2,649,677,798	11,209,467	21,513,249	32,722,716	1.23%	651

Sources:

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

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

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

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

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

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

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

(2) Summit County Fiscal Office

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

City of Cuyahoga Falls, Ohio

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 108,869,993	\$ 107,280,722	\$ 107,666,029	\$ 108,413,922	\$ 109,399,879
Net debt within 10.5 % limitations	<u>4,227,891</u>	<u>5,008,006</u>	<u>5,936,842</u>	<u>6,938,515</u>	<u>7,805,008</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 104,642,102</u>	<u>\$ 102,272,716</u>	<u>\$ 101,729,187</u>	<u>\$ 101,475,407</u>	<u>\$ 101,594,871</u>
Total net debt applicable to the limit as a percentage of debt limit	3.88%	4.67%	5.51%	6.40%	7.13%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 57,027,139	\$ 56,194,664	\$ 56,396,491	\$ 56,788,245	\$ 57,304,699
Net debt within 5.5% limitations	<u>4,227,891</u>	<u>5,008,006</u>	<u>5,936,842</u>	<u>6,938,515</u>	<u>7,805,008</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 52,799,248</u>	<u>\$ 51,186,658</u>	<u>\$ 50,459,649</u>	<u>\$ 49,849,730</u>	<u>\$ 49,499,691</u>
Total net debt applicable to the limit as a percentage of debt limit	7.41%	8.91%	10.53%	12.22%	13.62%

Legal Debt Margin Calculation for Fiscal Year 2011

	<u>Unvoted Margin Within 5.5%</u>	<u>Overall Margin Within 10.5%</u>
Assessed property value	<u>\$ 1,036,857,080</u>	<u>\$ 1,036,857,080</u>
Overall debt limitation (% of assessed valuation)	\$ 57,027,139	\$ 108,869,993
Gross indebtedness	26,890,007	26,890,007
Less:		
(Self-supporting as defined in O.R.C. 133.05)		
General sewer and sanitary improvements	(1,907,000)	(1,907,000)
Water utility	(6,072,000)	(6,072,000)
Recreation facilities	(14,673,551)	(14,673,551)
Debt Service Fund Balance	(9,565)	(9,565)
Net debt within limitations	<u>\$ 4,227,891</u>	<u>\$ 4,227,891</u>
Legal debt margin within limitations	<u>\$ 52,799,248</u>	<u>\$ 104,642,102</u>

Source: City's Financial Records

City of Cuyahoga Falls, Ohio

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 110,503,596	\$ 106,321,821	\$ 105,456,447	\$ 104,720,974	\$ 94,817,192
Net debt within 10.5 % limitations	<u>8,634,075</u>	<u>9,399,996</u>	<u>10,176,113</u>	<u>18,745,045</u>	<u>15,455,805</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 101,869,521</u>	<u>\$ 96,921,825</u>	<u>\$ 95,280,334</u>	<u>\$ 85,975,929</u>	<u>\$ 79,361,387</u>
Total net debt applicable to the limit as a percentage of debt limit	7.81%	8.84%	9.65%	17.90%	16.30%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 57,882,836	\$ 55,692,383	\$ 55,239,091	\$ 54,853,844	\$ 49,666,148
Net debt within 5.5% limitations	<u>8,634,075</u>	<u>9,399,996</u>	<u>10,176,113</u>	<u>18,745,045</u>	<u>15,455,805</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 49,248,761</u>	<u>\$ 46,292,387</u>	<u>\$ 45,062,978</u>	<u>\$ 36,108,799</u>	<u>\$ 34,210,343</u>
Total net debt applicable to the limit as a percentage of debt limit	14.92%	16.88%	18.42%	34.17%	31.12%

City of Cuyahoga Falls, Ohio

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

SEWAGE AND DISPOSAL FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2011	6,231,058	6,215,572	15,486	265,000	66,472	331,472	0.05

WATER FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2011	5,401,541	4,144,762	1,256,779	634,000	262,280	896,280	1.40

ELECTRIC FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2011	39,723,724	38,507,119	1,216,605	-	-	-	-

Notes: Debt Service requirements are reported on a cash basis.

Operating revenues and expenses are reported on a GAAP basis.

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

(Continued)

LEISURE TIME FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2011	5,910,168	5,897,621	12,547	745,423	635,873	1,381,296	0.01

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, 2011

<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	\$ 4,237,456	100.00%	\$ 4,237,456
Capital Leases	1,662,121	100.00%	1,662,121
General Obligation Notes	9,900,000	100.00%	9,900,000
Total Direct Debt	15,799,577		15,799,577
Overlapping			
School Districts			
Cuyahoga Falls City	3,585,000	89.39%	3,204,632
Woodridge Local	10,105,000	59.15%	5,977,108
Hudson City	7,105,000	2.11%	149,916
Revere Local	5,659,880	0.77%	43,581
County			
Summit County	51,525,000	8.26%	4,255,965
Other Units			
Akron Metro Regional Transit Authority	300,000	8.26%	24,780
Akron-Summit County Library District	39,065,000	3.45%	1,347,743
Total Overlapping Debt	117,344,880		15,003,723
Total	\$ 133,144,457		\$ 30,803,300

Source: Summit County Fiscal Office

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

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

Fiscal Year	Population (1)		Total Personal Income (5)	Median Family Income (1)	Per Capita Income (1)	Unemployment Rate (3)		City Square Miles (4)	Average Sales Price of Residential Property (2)	Median Age (1)
						Summit County	State of Ohio			
2011	49,652	f	\$ 1,227,000,224	\$ 47,071	\$ 24,712	7.4%	7.6%	27.8	\$ 124,634	39.4
2010	49,652	f	1,119,652,600	52,372	22,550	7.3%	10.0%	27.8	127,338	37.2
2009	51,090	e	1,152,079,500	52,372	22,550	9.8%	10.2%	27.8	129,051	37.2
2008	51,090	e	1,152,079,500	52,372	22,550	6.1%	6.5%	27.8	139,477	37.2
2007	51,002	d	1,150,095,100	52,372	22,550	5.4%	5.6%	27.8	133,734	37.2
2006	50,494	c	1,138,639,700	52,372	22,550	5.3%	5.5%	27.8	132,287	37.2
2005	50,494	c	1,138,639,700	52,372	22,550	5.7%	5.9%	27.8	131,737	37.2
2004	50,375	b	1,135,956,250	52,372	22,550	6.1%	6.2%	27.8	130,443	37.2
2003	50,375	b	1,135,956,250	52,372	22,550	6.2%	6.2%	27.8	121,763	37.2
2002	50,272	a	1,133,633,600	52,372	22,550	6.0%	5.7%	27.8	119,344	37.2

Sources:

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

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

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

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

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

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

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

(2) Summit County Fiscal Office

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

(4) City Records

(5) Computation of per capita income multiplied by population

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Principal Employers 2010 and Ten Years Ago (1)

2010

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Cuyahoga Falls Board of Education	Education	930	3.68%
City of Cuyahoga Falls	Government	914	3.61%
Summa Health System Hospitals	Hospital	895	3.54%
Summa Western Reserve Hospitals	Hospital	753	2.98%
B T L Payroll	Payroll Services	518	2.05%
GMRI	Restaurant	505	2.00%
Associated Materials	Manufacturer	488	1.93%
Woodridge Local School District	Education	478	1.88%
Go Jo Industries Inc.	Manufacturer	362	1.43%
The Fred. W. Albrecht Company	Grocer	344	1.36%
Total		6,187	24.46%
Total Employment Within the City		25,300	

2001

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
City of Cuyahoga Falls	Government	1,139	7.47%
Cuyahoga Falls Board of Education	Education	1,025	6.73%
Cuyahoga Falls General Hospital	Hospital	1,006	6.60%
Adecco NA, LLC	Employment Services	940	6.17%
Go Jo	Manufacturer	709	4.65%
B T L Payroll	Payroll Services	596	3.91%
Associated Materials	Manufacturer	536	3.52%
GMRI	Restaurant	477	3.13%
Target	Retail	403	2.64%
Woodridge Local Schools	Education	386	2.52%
Total		7,217	47.34%
Total Employment Within the City		15,238	

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

(1) 2011 information is not available.

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police										
Vehicles	41	42	49	47	47	44	53	53	52	32
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Vehicles	29	28	28	28	27	31	28	31	27	28
Stations	5	5	5	5	5	5	4	4	4	4
Highways and Streets										
Streets(miles)	232.26*	232.19*	232.19*	232.19*	232.19*	231.28*	282	281	279	278
Streetslights	5,627	5,624	5,618	5,587	5,595	5,683	5,647	5,550	5,361	5,057
Traffic Signals	78	78	81	78	76	76	77	77	77	76
Vehicles	52	52	52	53	47	58	54	62	59	67
Recreation										
Number of Parks	24	24	24	24	24	24	24	24	24	24
Vehicles	39	41	40	40	38	39	41	43	41	42
Number of Tennis Courts	8	17	17	17	16	16	16	16	16	16
Number of Baseball Diamonds	35	35	35	35	35	35	35	35	35	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	12	5	5	5	5	3	3
Water										
Water Mains (miles)	200	200	200	200	200	200	207	200	200	200
Fire Hydrants	2,111	2,111	2,325	2,325	2,257	2,257	2,207	2,207	2,208	2,207
Vehicles	20	19	21	21	20	18	21	19	20	21
Sewer										
Sanitary Sewer Lines (miles)	152	152	152	152	160	160	160	152	152	152
Storm Sewer Lines (miles)	160	151	151	151	157	157	157	150	86	86
Vehicles	13	13	20	11	11	13	11	12	12	11
Electric										
Substations	12	13	13	13	13	13	12	12	12	12
Miles of Service Lines	313	310	309	307	306	256	256	249	244	244
Vehicles	27	27	27	27	27	27	29	28	27	26
Sanitation										
Vehicles	18	26	25	26	24	26	27	30	28	31
Number of Routes	6	6	6	6	8	9	9	9**	10	10
Parking Facilities										
City Lots and Decks	14	14	14	16	16	17	16	16	16	16
Square Feet	312,467	312,467	312,467	360,686	360,686	389,236	387,236	387,236	377,636	377,636
Spaces	1,312	1,312	1,312	1,998	1,998	2,054	2,048	2,048	1,706	1,706
Recreation Lots	25	25	25	22	22	22	22	22	21	20
Square Feet	644,237	644,237	644,237	361,980	361,980	361,980	361,980	361,980	331,680	292,080
Spaces	1,955	1,955	1,955	1,886	1,886	1,886	1,886	1,886	1,468	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, Ohio

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

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government										
Council	6	6	6	6	6	6	6	6	6	6
Mayor	2	2	2	2	3	3	3	2	2	2.5
Mayor's Court	2.5	2	1.5	0	0	0	0	0	0	0
Finance	8.5	8.5	8.5	8.5	9	8.5	9.5	9	8	8
Law Director	8	8	8.5	9.5	8	8	9.5	9.5	9.5	8
Service Director	4	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Municipal Court	0	0	0	24	25	25	19.5	21.5	18	20.5
Clerk of Courts	0	0	0	23	23.5	22.5	22.5	21.5	20	20
Civil Service	1.5	1.5	1.5	1.5	1.5	2	2	2	2	1.5
Engineering	11	11	11	11	10	10	10	12	12	12
HR	4	4	4	3	4	4	4	4	4.5	5
Print Shop	0	0	1	1	0.5	1	1	1	1	1
Building & Grounds	12	11.5	12	12	11	11	12	14	16	14.5
Income Tax	5	5	5	5	5	6	6	6.5	6.5	8
Information Services	8	7	8.5	8.5	9	8	9	7.5	7.5	7
Security of Persons & Property										
Building	0	4.5	7	7	8	8	8	6	6	5
Police	76	84	93	109.5	112.5	118	123	120.5	115	125.5
Crossing Guards	3	4	4.5	5.5	7	10.5	15.5	16	17.5	18
Fire	76.5	83	83	84.5	85	85	87	88	85	88
Technical Services	4	5	6	5	5	6	6	6.5	6.5	6.5
Communications	15	14	14.5	0	0	0	0	0	0	0
Community Environment										
Community Development	13	13	14	14	14	15.5	17	15.5	10.5	10.5
Leisure Time										
Parks & Recreation	136.5	141	142	137	128.5	124.5	132.5	133.5	112.5	107
Transportation										
Streets	29	32	32	33	34	35	35	35.5	41.5	38.5
Storm Water	3	3	2	1	1	1	1	0	0	0
Sewage and Disposal	12	12	12.5	15	15	13	16.5	15	19	13.5
Water	22	17	25.5	27	26	29.5	26.5	27	28	26.5
Electric	45	45	48	51	54	57.5	58.5	58	60	54.5
Sanitation	14.5	14.5	18	18.5	20	24.5	25.5	28	27.5	32
Garage	8	8	9	9	8	9.5	9.5	10	10	10

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

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

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

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

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police										
Policepersons and Officers	71	76	83	83	89	93	96	94	91	97
Total Calls	29,657	27,838	29,249	44,836	36,343	38,872	39,497	38,442	39,762	41,907
Criminal Charges	366	419	340	309	433	723	771	644	689	503
Traffic Citations	8,538	6,528	6,103	5,555	9,350	6,321	8,257	7,030	6,890	9,453
Fire										
Firefighters and Officers	77	79	79	81	79	81	82	84	80	83
Total Calls	7,789	7,789	7,903	7,883	7,604	7,713	7,551	7,177	7,147	7,190
Inspections	910	1,069	1,775	1,770	1,793	1,560	1,637	1,621	1,471	1,535
Smoke Detectors Installed	587	221	110	534	671	439	611	4,197	1,008	869
Highways and Streets										
Potholes repaired	11,773	7,591	10,409	9,773	4,692	4,559	14,306	8,624	N/A	N/A
Rock Salt Used(Tons)	8,085	12,401	9,125	13,315	12,142	11,012	8,310	22,500	21,000	24,000
Senior Snow Watch Participants	0*	1,265	1,315	1,337	1,284	1,411	1,370	1,342	1,242	1,195
Leaf Program(Cubic Yards\)	11,520	10,433	14,680	13,360	15,360	12,130	12,400	12,720	12,660	12,720
Recreation										
Brookledge-Number of Rounds	34,732	35,789	35,960	36,725	37,054	38,919	39,013	N/A	N/A	N/A
Waterworks-Daily Admissions	82,014	88,588	72,753	76,212	67,665	69,377	75,277	71,039	N/A	N/A
Natatorium-Daily Admissions	711,104	713,997	739,122	777,588	771,184	789,237	783,086	N/A	N/A	N/A
Water										
Average Daily Pumped (Gallons)	5,965,000	6,469,000	6,910,000	6,972,000	6,400,000	5,739,000	6,362,000	5,893,000	6,256,000	6,203,000
Water Main Breaks	83	97	111	84	116	62	100	103	102	72
New Water Taps	44	31	104	104	174	199	262	232	138	168
Sewer										
Average Daily Sewage Transportation (Gallons)	5,300,000	4,141,641	4,559,195	4,898,000	5,600,000	5,246,679	5,546,725	5,831,514	4,648,749	4,593,238
Sanitary Sewers Cleaned (Feet)	114,904	92,707	74,167	76,961	73,650	84,601	65,943	89,958	89,307	146,588
Storm Sewers Cleaned (Feet)	658	1,450	1,320	4,497	2,299	4,915	3,160	2,008	2,484	-
Electric										
Average Daily Consumption (in KWH)	1,281,885	1,291,895	1,218,272	1,277,561	1,179,000	1,248,528	1,274,495	1,202,878	1,163,259	1,188,107
Light Bulbs Issued	4,880	5,528	5,474	6,050	6,249	6,082	6,645	6,678	9,651	8,084
Green Energy Participants	207	234	236	263	287	180	192	202	N/A	N/A
Sanitation										
Refuse Collected (tons/year)	16,096	16,687	16,710	16,254	19,018	19,361	19,624	20,522	21,727	20,973
Recyclables collected (tons/year)	3,355	3,237	3,145	3,362	3,966	3,293	3,136	3,005	3,302	3,224
Yardwaste Collected (tons/year)	2,439	2,154	1,708	767	1,451	2,235	1,769	2,416	2,042	2,206
Building										
Residential Building Permits Issued	0**	2,806	1,943	1,433	1,235	1,410	1,554	1,624	1,776	1,669
Commercial Building Permits Issued	0**	413	508	303	652	353	259	187	205	164
Miscellaneous Building Permits Issued	0**	568	1,561	2,071	2,230	3,200	2,939	5,069	3,702	3,096

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

* Senior Snow Watch Program ended in 2011.

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

Source: City records