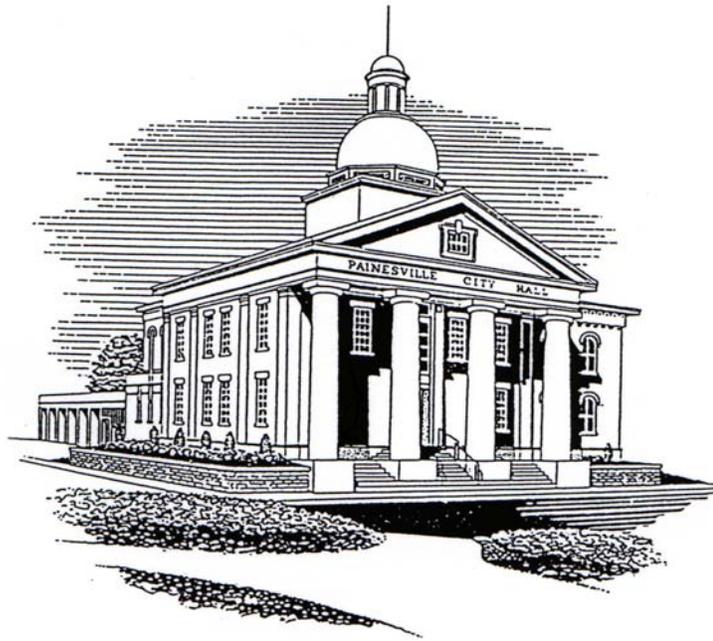


CITY OF PAINESVILLE, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2008



Mary Taylor, CPA
Auditor of State

City Council
City of Painesville
7 Richmond Street
Painesville, Ohio 44077

We have reviewed the *Independent Auditors' Report* of the City of Painesville, Lake County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 25, 2009

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Lake County, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2008

Prepared by the Finance Department

Andrew A. Unetic
Director

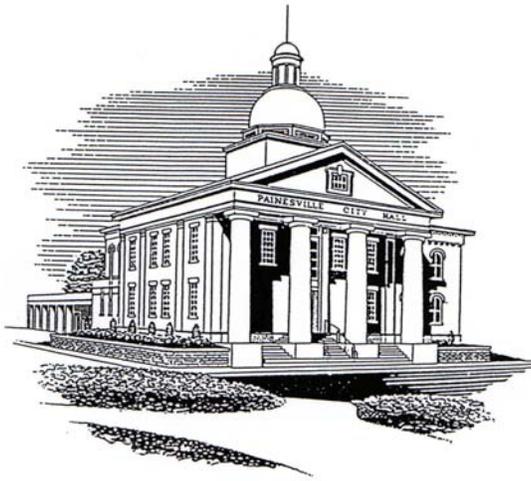


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LAKE COUNTY, OHIO

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INTRODUCTORY SECTION





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

June 29, 2009

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

We are pleased to present this Comprehensive Annual Financial Report for the City of Painesville, Ohio for the fiscal year ended December 31, 2008. The report has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

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). The City of Painesville's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

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

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

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

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

The History of the City

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

Painesville is located approximately 35 miles east of the City of Cleveland in northeastern Ohio. It is the county seat for Lake County and is the fourth largest city, based upon population, within the County. According to the 2000 Census, Painesville is the 97th largest city in the State. Some of the City's major transportation arteries include State Routes 2, 44, 84 and 86, U. S. Highway 20 and Interstate Highway I-90. Lake Erie College, a private four-year college with an enrollment of approximately 1100, is located near the center of the City.

The Management

The Council-Manager form of government is established by the Charter. The legislative power of the City is vested in a Council of seven members who are elected on a non-partisan basis for a term of four years. Four of the members are elected from wards and their current term began on January 1, 2008; the remaining members are elected At-Large and their current terms expire on December 31, 2009. The chief executive power of the City is vested in the City Manager who is appointed by the City Council. The Director of Finance and Law Director, as well as other administrative directors, are appointed by the City Manager, with the affirmation of City Council.

***Letter of Transmittal
For the Year Ended December 31, 2008***

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

Services Provided

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

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

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

The Organization

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

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

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

The Department of Finance is responsible for the accurate recording of all receipts and disbursements. The department also maintains the capital asset system. The department compiles the Annual Budget, and prepares the Comprehensive Annual Financial Report for residents, and assists the City Manager in all financial decisions.

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

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

The Community Development Department is responsible for implementing plans and programs that promote the comprehensive and orderly development of the City. The department works in conjunction with the Planning Commission and the Board of Zoning. This department is responsible for interpreting and enforcing all building codes in the City. The department issues permits and citations, conducts site inspections, and licenses all contractors. This department was reorganized in 2006 to include the engineering function. The engineering division must insure that all contractors working in Painesville meet the general engineering requirements of the City. Engineering controls the review and implementation of plans and programs relating to the City's infrastructure.

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

Basis of Accounting

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The City of Painesville is looking toward the future to enhance our newest industrial parkways, prime development areas and core downtown district. Our focus remains on growing and expanding our business base throughout our largest employers, largest energy users and key downtown office spaces.

Painesville City is a progressive and pro-business community and we have established many programs that enable us to work on business attraction, retention and expansion on a regular basis. These programs include the Synchronist program which enables us to collect valuable data on each of our largest employers to ascertain potential moves in climate and change within their industry and local operations. The Key Accounts and Direct Connections program through American Municipal Power also provides us a one to one communication point on a technical basis with these largest employers as well as our largest energy users on an annual basis. The Office of Economic Development also meets with local business owners and managers monthly to identify resources and sources to aid their future business growth.

Painesville has been awarded the TeamNeo Asset Creation Award for our innovation over the last century to developing utilities that service our residential, commercial and industrial customers with reliability and professionalism.

Some of the new and exciting things taking place at this time include the redevelopment of an 8 acre parcel in our downtown district and a new downtown master plan. These plans are a great compliment to our newest and emerging retail and development areas the new privately owned Lake Erie College Sports Bar called "The Storm Cellar" and a new personal winery located in the core of our downtown called "Your Vine or Mine".

We remain committed this coming year to developing a new Economic Development plan that will outline our future efforts in the Office of Economic Development over the next five years and further enhance our abilities to grow our local business and industrial investments.

Residential, industrial and commercial economy has slowed over the past years, as it has across the County, however new residential and industrial properties continue to be built in the City. The city school system is completing the final building in their \$90+ million new construction program. The City continues to aggressively pursue new developments. At present, the City's has hundreds of acres of land available for development.

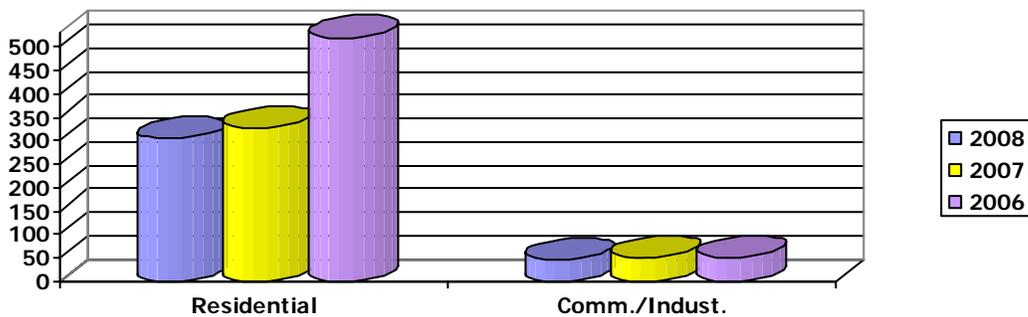
CITY OF PAINESVILLE, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2008**

The chart below provides a summary and comparison of the number of building permits issued for the last three years. The City is expecting continual interest in economic and community development in the years to come.

Comparison of Permits Issued

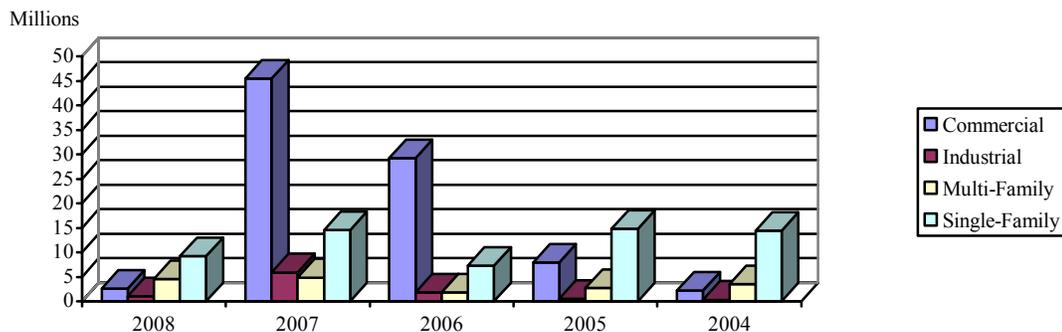
Category	2008	2007	2006
Residential	304	328	520
Commercial/Industrial	47	51	51



Building Permit Valuations

Category	2008	2007	2006	2005	2004
Commercial	\$2,583,384	\$45,481,620	\$29,260,700	\$7,937,450	\$2,169,286
Industrial	1,012,072	5,898,707	1,802,084	551,000	315,700
Multi-Family	4,590,060	4,872,420	1,800,000	2,700,000	3,515,000
Single-Family	<u>9,268,842</u>	<u>14,487,164</u>	<u>7,253,027</u>	<u>14,739,553</u>	<u>14,445,603</u>
Totals	<u>17,454,358</u>	<u>70,739,611</u>	<u>\$40,097,811</u>	<u>\$25,928,003</u>	<u>\$20,445,589</u>

Comparison of Building Permits



CITY OF PAINESVILLE, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2008**

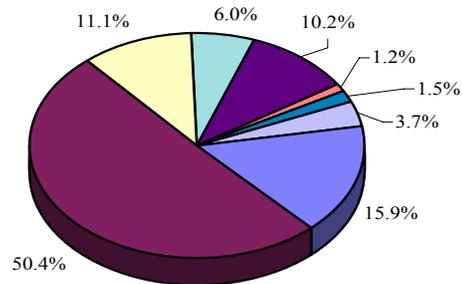
Unemployment in Lake County was lower than the state and national levels during 2008. The unemployment rate for Lake County increased by 1.4%. Listed below are the respective unemployment rates for the county, state and nation as of December 31, 2008:

Lake County	6.1%
Ohio	6.6%
United States	5.8%

Local Business

The City of Painesville has 596 businesses which employ approximately 5,428 workers in all sectors of the economy. The percentage of businesses by sector breakdown is as follows:

Sector	Businesses	Percentage of Total
Retail	95	15.9%
Service	300	50.4%
Manufacturing	66	11.1%
Construction	36	6.0%
Finance, Insurance and Real Estate	61	10.2%
Other	7	1.2%
Wholesale	9	1.5%
Government	22	3.7%
Total	596	100.00%



The largest business sector of the City is the service sector at 50.4% of all businesses in the City of Painesville. The remainder of the business composite is retail at 15.9%, Manufacturing at 11.1%, Finance, Insurance and Real Estate at 10.2%, Construction at 6.0%, Government at 3.7% and Wholesale and Others at 2.8%.

Business Retention & Expansion (BRE) is the cornerstone of our Economic Development efforts. In 2008 the Economic Development Office worked closely with existing and new companies. One such project was with Coe Manufacturing, a Brownfield Redevelopment Project. The department was able to secure a \$200,000 grant for Phase I and Phase II assessments. This allows the City to move forward in assisting Coe Manufacturing with the completion on their Phase II assessment and eventual property clean-up. The redevelopment of this site opens new opportunities for land that otherwise would sit dormant and dilapidated.

Attraction efforts of the department over the past year have been aggressive toward industry and maintaining their future plans. The primary focus of the Office of Economic Development in 2008 was business retention and downtown redevelopment. With great uncertainty in the US economy, there was great uncertainty for the effects it may create on business overall in the region. In an effort to gain perspective on the conditions within our community, our focus remained directly on two core areas, manufacturing and downtown retail/office.

***Letter of Transmittal
For the Year Ended December 31, 2008***

The Economic Development Office worked closely with seven leads on industrial investment in 2008. Of those seven leads one chose to remain with their operations in Perry, the other six are still active and still considering Painesville as their location. One is a headquarter manufacturing location. The attraction efforts of the department over the past year have been aggressive toward industry while still maintaining the strong retention and expansion programs that have been the cornerstone of growth within the City for many years.

Business Attraction, Retention & Expansion —

Listed below are new businesses, which have opened in or relocated to the City of Painesville during 2008. The City of Painesville has taken a very aggressive approach with its economic development programs and is making a concerted effort to acquaint new businesses with the advantages of locating in the City of Painesville.

2008 New Painesville Businesses

<u><i>Company Name</i></u>	<u><i>Facility</i></u>	<u><i>No. of Employees</i></u>
Contours Hair & Nails	Beauty Salon	1-4
PolyChem Corp	Manufacturing	4-8
Downtown Painesville Org	Non-Profit	1-4
El Gallo Estrada	Restaurant	1-4
Lake/Geauga Head Start	School/Service	1-4
North Coast Solution	Service	1-4
Your Vine or Mine	Retail/ Wine	1-4
The Storm Cellar	Restaurant	4-8
Chestnut Detailing	Auto Detailing	1-4
The Bird Walk	Retail	1-4
Boylan Performance	Office	1-4
Rob Reid Insurance Agency	Service	1-4
H2O Technologies	Distribution	1-4
New Business Total Employment		19 - 64

2008 Painesville Businesses Expansions / Re-Openings

<u><i>Company Name</i></u>	<u><i>Facility</i></u>	<u><i>No. of New Employees</i></u>
Lake County Port Authority	Expansion	0
Painesville Area Chamber of Commerce	Expansion	0
Papa John's Pizza	New Ownership	0
Painesville Recycling	Expansion	0
Sheet Metal Services	Relocation	0
Expansion Employment Added		0

Approximate Gained Employees 2008 **19 - 64**

***Letter of Transmittal
For the Year Ended December 31, 2008***

The business growth in the City of Painesville is a direct result of the Economic Development Office's focus on business retention, expansion and attraction. The office continues to aggressively work to attract commercial, retail and manufacturing companies into various citywide developments including a business center and a business parkway. In addition to marketing those developments the City is focusing on the Ohio Main Street Approach to economic restructuring for the downtown retail and commercial district. In 2008 we were awarded official designation as an Ohio Main Street Community and through the Downtown Painesville Organization can fulfill the revitalization programming.

Business connections and communication are also very important to the City of Painesville. This past year we have been working on new marketing initiatives with the newly formed Downtown Organization for each of our events that focus on collaboration between business and residents of the area. These efforts have been placed on the Business Networking Breakfasts, Art in the Park, Taste of Painesville, Painesville Holiday Open Houses, and the Annual Business Appreciation After-Hours. In addition, we publish a quarterly "Work For Business" newsletter which is sent to each city business. This newsletter details new projects, new businesses and other on-going community events that are focused around the Painesville Business Community. We also initiated a new marketing campaign piggy backing off the State of Ohio campaign to bring notoriety to Painesville. The campaign features a new slogan *Build your Business Love your Life* and Resource CD that is interactive, linking all incentive programs and resources to the web.

MAJOR INITIATIVES

Current Year Projects

The Citywide goals are the primary factor used in making determinations of the appropriateness of increased expenditures in any given budget year. The mission of the City of Painesville, City Council and City employees is to enhance and improve the quality of life and growth in the community by providing the highest level of service in an efficient and cost effective manner. In 2008, the City continued to uphold that mission by expanding and improving services, upgrading and constructing infrastructure, and enhancing public grounds and facilities.

During the year, vehicles were acquired by the following departments: Public Works, Utilities, Recreation and Public Lands, Electric, Water, and Water Pollution Control to enhance the overall operational effectiveness and readiness of the City. To maintain the public safety, the Police Department replaced three patrol cars and the Fire Department replaced a fire engine.

The City began to build a new road, Shamrock Boulevard, which will go from Jackson Street to the property north of the railroad. This road is needed to access the new Shamrock Business Center.

Public Works entered into its fourth year of intensive sanitary sewer maintenance program. Public Works along with the Department of Recreation maintains most City vehicles (with basic maintenance) resulting in substantial savings to the City. Public Works also continues to repair and resurface various roads throughout the City. Public Works also had a study done on the City's parking garage, to determine the most cost effective way to repair the garage.

***Letter of Transmittal
For the Year Ended December 31, 2008***

The Parks, Recreation & Public Lands Department installed a new parking lot for Recreation Park and installed a new entrance sign to the City of Painesville.

Municipal Courts upgraded their computer system and upgraded the video arraignment computer system.

The Utilities Office was remodeled.

Water Distribution began working on replacing the water lines on West Jackson Street. Water Distribution also purchased various pieces of equipment to make their operation be more efficient.

The Water Pollution Control Division was awarded a loan through the Water Pollution Control Loan for equipment upgrades at the plant in 2007. The Water Pollution Control Division continued to prepare for the major plant upgrades. The Water Pollution Control Division also purchased vector truck dump station, which will separate water from debris and grease matter.

The Electric Plant replaced the #5 boiler burner, to meet the new EPA standards. The Electric Plant also purchased a new SCADA system and upgraded the substation.

The Electric Distribution purchased new transformers for the new industrial customers. Electric Distribution also purchased various pieces of equipment to assist with the overall operation of the department.

The City also was awarded over \$8,000,000 in grants in 2007 for the acquisition and demolition of the Gristmill and Millstone Condominiums that were destroyed in the 2006 flood. In 2008, the City continued to go through the legal process of acquiring these condominiums.

Future Projects

The City has several large capital projects planned for 2009. General Fund operations are projected to have limited expenditures focusing on needed improvements to enhance operations.

In 2009 the City will acquire Millstone and Gristmill properties with Hazard Mitigation Funds. These properties will be demolished and the land will become a preservation.

In 2009 Water Distribution will have a couple of large projects replacing water mains. There will be 6,200 linear feet of water mains replaced on Jackson Street. And 2,300 linear feet of water mains will be replaced on North Saint Clair Street. The majority of the money will come from federal grant money.

In 2009 the Water Pollution Control Plant will spend over \$3,000,000 in plant upgrades, with the majority of the money coming from grants.

In 2009 the Electric Plant will purchase a new generator for the plant, and develop plans and acquire land for a second substation in the distribution system.

***Letter of Transmittal
For the Year Ended December 31, 2008***

MANAGEMENT PRACTICES

Internal Control

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

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

Budgetary System

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

The City maintains budgetary control on a cash basis by department for personal services, materials and supplies, other services and charges, utilities, other operating charges, capital outlay, debt service, and other financing uses. Estimated expenditure amounts must be encumbered prior to release of purchase orders to vendors or finalization of other contracts. Encumbrances which would exceed the available appropriation level are identified on an ongoing basis and are not approved or recorded until City Council authorizes additional appropriations or transfers. Unencumbered appropriations lapse at the end of each calendar year. As an additional control over expenditures, the City's Purchasing Policy requires that all contracts in excess of \$25,000 (changed from \$15,000 to \$25,000 beginning in October 2006) shall be authorized and directed by ordinance of City Council.

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

Accounting System

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

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

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

Debt Capacity

The City is well within statutory limitations for both voted and unvoted debt. The computation of the legal debt margins at December 31, 2008 is included in the Statistical Section of this report, along with other related computations and ratios relevant to the City's note and bonded debt. The City currently has no general obligation bonded debt supported by property taxes.

Cash Management

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

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

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

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

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

Risk Management

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

OTHER INFORMATION

Independent Audit

Under federal law, the City is required to have an audit performed every year. The accounting firm of Ciuni & Panichi, Inc. performed the 2008 audit. The independent auditors' unqualified report has been included in this report. The Administration plans to continue this audit procedure as required by law as part of the preparation of its CAFR. The annual audit and management letter submitted by the independent public accounting firm provides information to the City to enable it to maintain and strengthen the City's accounting and budgeting controls.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Painesville, Ohio for its Comprehensive Annual Financial Report for the year ended December 31, 2007. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement represents a significant accomplishment by a governmental unit.

A Certificate of Achievement is valid for a period of one year. Painesville has received a Certificate of Achievement for the last twenty-one consecutive years, fiscal years ended 1987 – 2007. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting the report to the GFOA to determine its eligibility for another certificate.

Public Disclosure

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

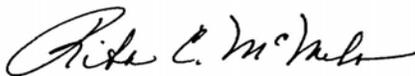
Acknowledgements

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

Special thanks are also due to Donald J. Schonhardt, President, Donald J. Schonhardt & Associates, Inc., Columbus, Ohio, and the members of his staff for their efforts in converting the City's budgetary basis accounting records to the generally accepted accounting principles (GAAP) basis. In addition, we would like to express appreciation to the firm of Ciuni & Panichi, Inc. as auditors, for their assistance and review during this project.

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

Sincerely,



Rita C. McMahon
City Manager



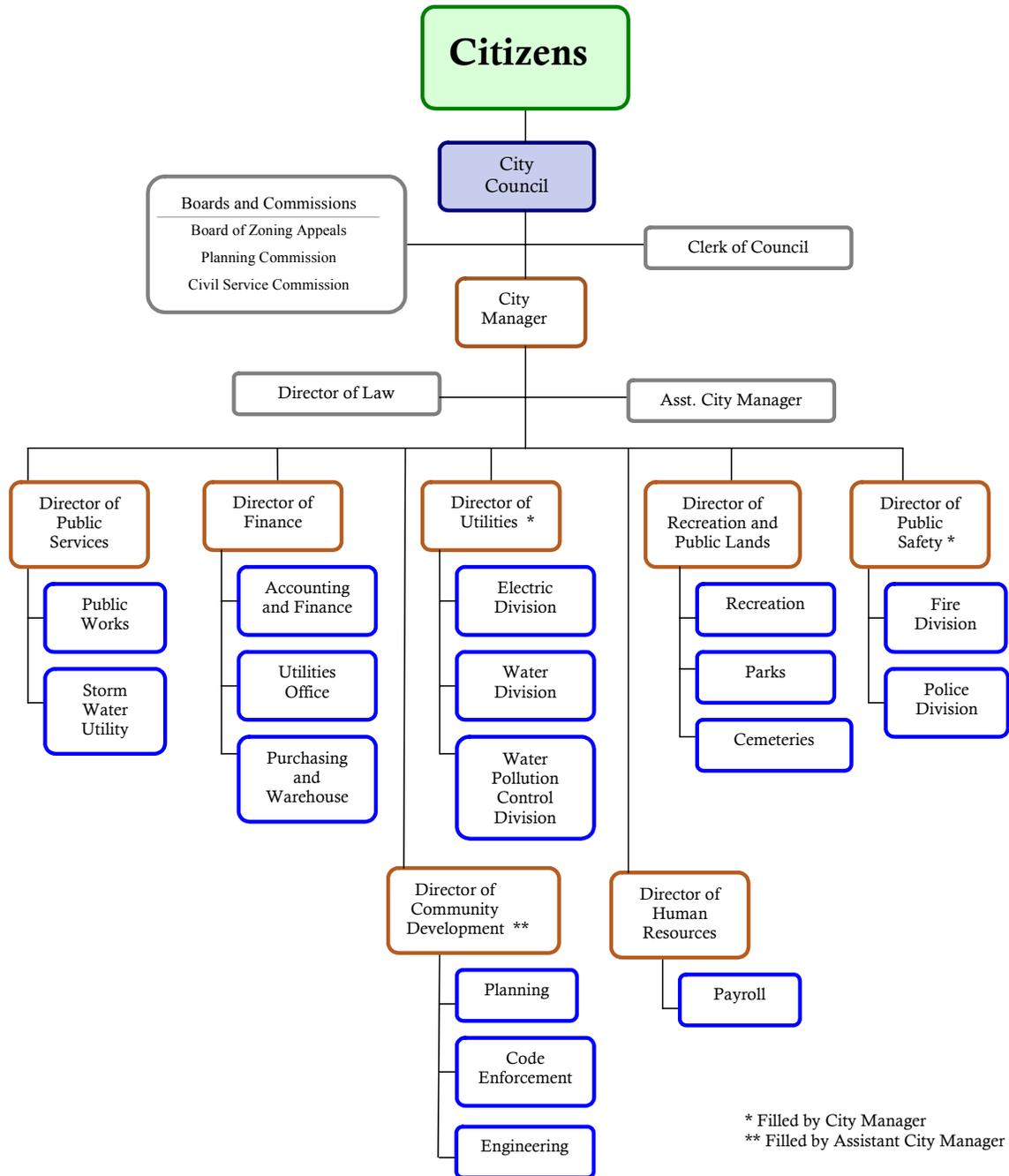
Andrew A. Unetic
Director of Finance

CITY OF PAINESVILLE, OHIO

**List of Principal Officials
For the Year Ended December 31, 2008**

Name	Title	Position	Years of Municipal/Governmental Service			
			City	Municipal/ Governmental Service	Other	Total Public Service
CITY COUNCIL						
Joseph Hada, Jr.	President (at Large)	1.0	27.5	0.0		27.5
Robert Fountain	Vice President (Ward 3)	6.0	13.0	0.0		13.0
Andrew Flock	Council Member (Ward 1)	13.5	13.5	0.0		13.5
Hal Werner	Council Member (Ward 2)	1.0	1.0	0.0		1.0
Paul W. Hach II	Council Member (Ward 4)	5.0	5.0	0.0		5.0
Abby DeLaMotte	Council Member (at Large)	19.0	19.0	26.0		30.0
Arlene L. Becks	Council Member (at Large)	7.0	7.0	0.0		7.0
Jennifer Bell	Clerk of Council	7.2	7.2	4.2		11.4
CITY ADMINISTRATION						
Rita C. McMahon	City Manager	11.5	16.5	9.5		26.0
Doug Lewis	Assistant City Manager	0.6	0.6	13.0		13.6
Andrew A. Unetic	Director of Finance	1.1	1.1	14.1		15.2
Joseph M. Gurley	Director of Law	21.0	28.3	15.3		28.3
DEPARTMENT/DIVISION HEADS						
Kevin Lynch	Service Director	4.2	4.2	20.1		24.3
Richard Lesiecki	City Engineer	1.9	1.9	8.3		10.2
Thomas A. Green, P. E.	Electric Power Superintendent	3.0	3.0	0.0		3.0
Randy Bruback	Water Pollution Control Superintendent	6.8	6.8	16.0		22.8
Mark Mlachak	Fire Chief	6.3	28.3	0.0		28.3
Gary Smith	Chief of Police	2.8	24.0	0.0		24.0
Daniel McGannon	Water Superintendent	2.5	2.5	27.0		29.5
Robert C. Baetzel	Human Resources Director	10.5	10.5	0.0		10.5
Lee Homyock	Director of Recreation and Public Lands	4.7	4.7	20.0		24.7
Russ Schaedlich	City Planner	1.6	1.6	21.5		23.1

**City Organizational Chart
For the Year Ended December 31, 2008**



*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Painesville
Ohio

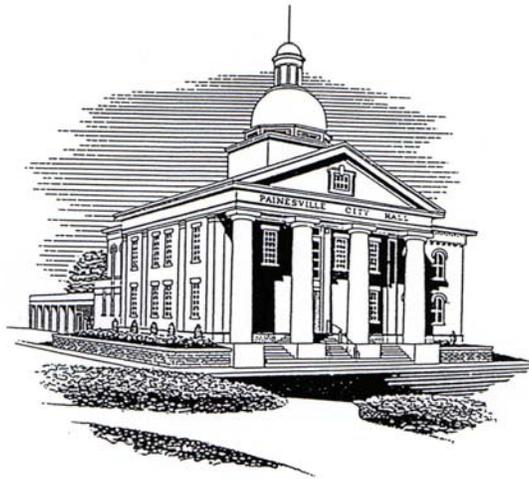
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



President

Executive Director



FINANCIAL SECTION



Independent Auditors' Report

Members of the City Council
Painesville, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Painesville, Ohio (the "City") as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Street Construction, Maintenance and Repair Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19, during the year ended December 31, 2008, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* and Statement No. 50 *Pension Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2009 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the City Council
Painesville, Ohio

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Cini & Parichi, Inc.

Cleveland, Ohio
June 29, 2009

The discussion and analysis of the City of Painesville's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2008 are as follows:

- ❑ In total, net assets increased by \$5,867,776. Net assets of governmental activities increased by \$3,269,989, which represents an 8.9% increase from 2007. Net assets of business-type activities increased by \$2,597,787, or 4.0% from 2007.
- ❑ General revenues accounted for \$13,280,002 in revenue, or 25.6% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$38,824,652, or 74.4% of total revenues of \$52,104,654.
- ❑ The City had \$16,701,689 in expenses related to governmental activities; only \$6,875,060 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,085,831 were adequate to fully provide for these programs
- ❑ Among major funds, the general fund had \$15,078,446 in revenues, including other financing sources and \$14,367,633 in expenditures, including other financing uses. The general fund's fund balance increased \$745,565.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following tables provide a comparison of the City's net assets at December 31, 2008 and 2007:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$22,331,741	\$19,337,114	\$32,042,266	\$33,133,810	\$54,374,007	\$52,470,924
Capital assets, Net	31,274,423	29,673,424	51,826,576	49,640,489	83,100,999	79,313,913
Total assets	<u>53,606,164</u>	<u>49,010,538</u>	<u>83,868,842</u>	<u>82,774,299</u>	<u>137,475,006</u>	<u>131,784,837</u>
Long-term debt outstanding	6,476,252	7,375,879	12,779,076	13,804,599	19,255,328	21,180,478
Other liabilities	6,923,686	4,698,422	4,549,777	5,027,498	11,473,463	9,725,920
Total liabilities	<u>13,399,938</u>	<u>12,074,301</u>	<u>17,328,853</u>	<u>18,832,097</u>	<u>30,728,791</u>	<u>30,906,398</u>
Net assets						
Invested in capital assets, net of related debt	23,885,884	23,806,608	38,454,848	34,892,703	62,340,732	58,699,311
Restricted	4,893,216	6,813,043	0	0	4,893,216	6,813,043
Unrestricted	<u>11,427,126</u>	<u>6,316,586</u>	<u>28,085,141</u>	<u>29,049,499</u>	<u>39,512,267</u>	<u>35,366,085</u>
Total net assets	<u>\$40,206,226</u>	<u>\$36,936,237</u>	<u>\$66,539,989</u>	<u>\$63,942,202</u>	<u>\$106,746,215</u>	<u>\$100,878,439</u>

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CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2008 and 2007:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for Services and Sales	\$2,713,706	\$2,517,650	\$31,901,981	\$31,136,298	\$34,615,687	\$33,653,948
Operating Grants and Contributions	975,160	876,146	47,611	110,973	1,022,771	987,119
Capital Grants and Contributions	3,186,194	2,856,316	0	997,376	3,186,194	3,853,692
General revenues:						
Property Taxes	819,812	896,215	0	0	819,812	896,215
Municipal Income Taxes	8,644,123	7,962,098	0	0	8,644,123	7,962,098
Other Local Taxes	8,013	8,056	0	0	8,013	8,056
Grants and Entitlements not Restricted to Specific Programs	2,181,223	1,802,287	0	0	2,181,223	1,802,287
Investment Earnings	1,380,595	1,870,044	194,171	68,392	1,574,766	1,938,436
Miscellaneous	52,065	884,813	0	0	52,065	884,813
Total revenues	19,960,891	19,673,625	32,143,763	32,313,089	52,104,654	51,986,664
Program Expenses						
General Government	3,213,592	3,453,915	0	0	3,213,592	3,453,915
Public Safety	7,800,817	7,511,624	0	0	7,800,817	7,511,624
Highways and Streets	3,380,986	3,540,017	0	0	3,380,986	3,540,017
Public Health and Welfare	630,964	613,032	0	0	630,964	613,032
Culture and Recreation	949,788	847,647	0	0	949,788	847,647
Community Environment	443,315	551,236	0	0	443,315	551,236
Interest and Fiscal Charges	282,227	329,646	0	0	282,227	329,646
Water	0	0	4,764,766	4,746,880	4,764,766	4,746,880
Sewer	0	0	3,658,566	3,183,132	3,658,566	3,183,132
Electric	0	0	20,682,416	20,600,631	20,682,416	20,600,631
Refuse	0	0	3,672	7,125	3,672	7,125
Off-Street Parking	0	0	149,133	162,707	149,133	162,707
Storm Water Utility	0	0	219,070	485,133	219,070	485,133
Community Programs	0	0	57,566	75,098	57,566	75,098
Total expenses	16,701,689	16,847,117	29,535,189	29,260,706	46,236,878	46,107,823
Excess (deficiency) before Transfers	3,259,202	2,826,508	2,608,574	3,052,333	5,867,776	5,878,841
Transfers	10,787	743,005	(10,787)	(743,005)	0	0
Total Change in Net Assets	3,269,989	3,569,513	2,597,787	2,309,328	5,867,776	5,878,841
Beginning Net Assets	36,936,237	33,366,724	63,942,202	61,632,874	100,878,439	94,999,598
Ending Net Assets	\$40,206,226	\$36,936,237	\$66,539,989	\$63,942,202	\$106,746,215	\$100,878,439

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

Governmental Activities

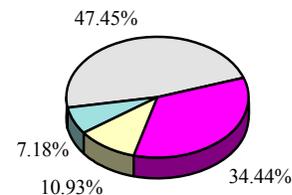
Net assets of the City's governmental activities increased by \$3,269,989. This was due to a combination of factors including an increase in income tax collections, capital contributions and controlled expenses by the City.

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

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

Taxes made up 47.45% of revenues for governmental activities for the City in fiscal year 2008. The City's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2008	Percent of Total
Taxes	\$9,471,948	47.45%
Program Revenues	6,875,060	34.44%
Shared Revenues	2,181,223	10.93%
General Other	1,432,660	7.18%
Total Revenue	\$19,960,891	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$14,104,609, which is an increase from last year's balance of \$13,000,877. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2008 and 2007:

	Fund Balance December 31, 2008	Fund Balance December 31, 2007	Increase (Decrease)
General	\$7,470,606	\$6,725,041	\$745,565
Street Construction, Maintenance and Repair	927,923	1,301,145	(373,222)
Shamrock Boulevard Road Project	(1,787,574)	164,324	(1,951,898)
Other Governmental	7,493,654	4,810,367	2,683,287
Total	\$14,104,609	\$13,000,877	\$1,103,732

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

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

	2008 Revenues	2007 Revenues	Increase (Decrease)
Property Taxes	\$522,112	\$569,493	(\$47,381)
Municipal Income Taxes	8,644,123	8,431,682	212,441
Other Local Taxes	8,013	8,056	(43)
Intergovernmental Revenues	2,173,008	1,746,340	426,668
Charges for Services	85,658	84,127	1,531
Licenses, Permits and Inspection Fees	351,944	396,526	(44,582)
Investment Earnings	1,282,510	1,852,131	(569,621)
Fines and Forfeitures	995,639	876,260	119,379
All Other Revenue	159,909	127,914	31,995
Total	<u>\$14,222,916</u>	<u>\$14,092,529</u>	<u>\$130,387</u>

General Fund revenues in 2008 increased by 1.0% when compared to 2007 revenues. Increased income tax collections and intergovernmental revenues offset decreased investment earnings to help stabilize revenues in 2008.

	2008 Expenditures	2007 Expenditures	Increase (Decrease)
General Government	\$2,645,205	\$2,847,120	(\$201,915)
Public Safety	6,918,082	6,601,514	316,568
Highways and Streets	1,116,497	1,000,448	116,049
Public Health and Welfare	133,359	131,498	1,861
Culture and Recreation	850,658	764,588	86,070
Community Environment	408,612	369,478	39,134
Debt Service:			
Principal Retirement	97,676	0	97,676
Interest and Fiscal Charges	30,044	11,000	19,044
Total	<u>\$12,200,133</u>	<u>\$11,725,646</u>	<u>\$474,487</u>

General Fund expenditures increased by \$474,487, or 4.0% from the prior year due to increases in salaries, pension plan payments and workers' compensation premiums.

Street Construction, Maintenance and Repair Fund – The fund balance decreased due to the payments of general obligation bonds.

Shamrock Boulevard Road Project Fund – The fund balance decreased due to the expenses related to the construction costs for the project.

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

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

During the course of fiscal year 2008 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$13.5 million did not change over the original budget estimates of \$13.5 million. Actual results varied significantly from the budget. Actual revenues exceeded final budgeted revenues by \$519,717. Increased wages in the City provided for higher income tax collections. The City also curtailed expenditures keeping costs \$866,853 below appropriations. The City controlled costs in all areas to achieve such a variance, the most notable savings came in salaries and benefits of City employees. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2008 the City had \$83,100,999 net of accumulated depreciation invested in land, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, and infrastructure. Of this total, \$31,274,423 was related to governmental activities and \$51,826,576 to the business-type activities. The following table shows fiscal year 2008 and 2007 balances:

	Governmental Activities		Increase (Decrease)
	2008	2007	
Land	\$4,255,035	\$4,238,035	\$17,000
Construction in Progress	3,049,782	668,401	2,381,381
Buildings and Improvements	4,341,968	4,368,703	(26,735)
Improvements other than Buildings	4,016,404	3,996,404	20,000
Machinery and Equipment	6,091,306	5,510,987	580,319
Infrastructure	24,929,303	24,929,303	0
Less: Accumulated Depreciation	(15,409,375)	(14,038,409)	(1,370,966)
Totals	\$31,274,423	\$29,673,424	\$1,600,999

	Business-Type Activities		Increase (Decrease)
	2008	2007	
Land	\$1,397,784	\$1,397,784	\$0
Construction in Progress	13,052,834	9,243,111	3,809,723
Buildings and Improvements	28,666,664	28,666,664	0
Improvements other than Buildings	39,080,136	38,832,102	248,034
Machinery and Equipment	21,381,878	21,358,049	23,829
Less: Accumulated Depreciation	(51,752,720)	(49,857,221)	(1,895,499)
Totals	\$51,826,576	\$49,640,489	\$2,186,087

***Management's Discussion and Analysis
For the Year Ended December 31, 2008***

Unaudited

The primary increases in governmental activities' capital assets occurred in construction in progress. The City is currently upgrading the heating and cooling systems in City Hall, and in the Water, Sewer, and Electric Plants. Additional information on the City's capital assets can be found in Note 9.

As of December 31, 2008, the City had contractual commitments of \$2,314,852 related to various projects throughout the City. Additional information on the City's construction commitments can be found in Note 16.

Debt

At December 31, 2008, the City had \$5,520,000 in general obligation bonds outstanding, \$635,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Governmental Activities:		
General Obligation Bonds	\$1,975,000	\$2,075,000
Construction Loan	489,012	539,365
Special Assessment Bonds	370,000	435,000
Ohio Public Works Commission Loan	107,911	25,000
Compensated Absences	1,706,703	1,591,538
Capital Leases	865,116	1,162,451
Workers' Compensation Liability	189,795	759,226
Police and Firemen's Accrued Pension	772,715	788,299
Total Governmental Activities	<u>6,476,252</u>	<u>7,375,879</u>
Business-Type Activities:		
General Obligation Bonds	\$3,545,000	\$4,035,000
Mortgage Revenue Bonds	1,956,493	2,096,194
Ohio Water Development Authority Loan	1,014,923	1,084,426
Ohio Public Works Commission Loan	568,328	630,760
Compensated Absences	1,471,448	1,465,819
Capital Leases	4,222,884	4,492,400
Total Business-Type Activities	<u>12,779,076</u>	<u>13,804,599</u>
Totals	<u>\$19,255,328</u>	<u>\$21,180,478</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2008, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The City's original 2008 budget included conservative revenue estimates, which resulted in an 8.62% increase across all funds. The General Fund receipts were projected to increase by 5.04%. In addition intergovernmental revenue, the result of grants and transfers, and utility user fees were expected to increase. City Council continued a conservative spending pattern and requested a 6% decrease in expenditures. This resulted in leaving unfilled a number of vacant positions with particular emphasis on the General Fund. Total City wide expenditures were originally budgeted at a slight increase over the previous year, with increases anticipated for revenues across all funds. General Fund expenditures were estimated to be within estimated 2008 revenues. No additional personnel were added in the final approved budget. Department requests were reduced from original submissions; certain requested capital projects and capital acquisitions were eliminated or reduced; and only those items that management and City Council determined necessary were appropriated.

City Council further identified the need to focus on only the critical and core programs that are required to provide the needed services to the community, focusing on safety forces. The result was only critical expenditures were authorized. The focus was to end the year within the revenue estimate for 2007 and hopefully increase the reserve fund. An aggressive economic development program was implemented to increase tax base to provide continual growth in the more traditional revenue sources for the General Fund operations. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

REQUESTS FOR INFORMATION

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

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
December 31, 2008**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 9,023,652	\$ 3,200,722	\$ 12,224,374
Investments	6,233,880	21,848,415	28,082,295
Receivables:			
Taxes	2,370,564	0	2,370,564
Accounts	189,067	3,363,105	3,552,172
Intergovernmental	1,862,857	47,611	1,910,468
Interest	113,485	0	113,485
Special Assessments	184,938	0	184,938
Internal Balances	197,750	(197,750)	0
Inventory of Supplies at Cost	223,034	901,634	1,124,668
Land Held for Resale	785,000	0	785,000
Prepaid Items	92,532	218,037	310,569
Investment in Joint Venture	0	1,926,571	1,926,571
Deferred Charge	0	194,950	194,950
Restricted Assets:			
Cash and Cash Equivalents	1,054,982	538,971	1,593,953
Capital Assets:			
Capital Assets Not Being Depreciated	7,304,817	14,450,618	21,755,435
Capital Assets Being Depreciated, Net	23,969,606	37,375,958	61,345,564
Total Assets	53,606,164	83,868,842	137,475,006
Liabilities:			
Accounts Payable	704,135	1,269,162	1,973,297
Accrued Wages and Benefits	849,590	594,394	1,443,984
Intergovernmental Payable	2,739	10,583	13,322
Claims Payable	410,400	0	410,400
Refundable Deposits	0	538,971	538,971
Unearned Revenue	1,030,344	0	1,030,344
Accrued Interest Payable	101,978	72,567	174,545
General Obligation Notes Payable	3,824,500	2,064,100	5,888,600
Noncurrent liabilities:			
Due within one year	902,384	1,288,941	2,191,325
Due in more than one year	5,573,868	11,490,135	17,064,003
Total Liabilities	13,399,938	17,328,853	30,728,791

CITY OF PAINESVILLE, OHIO

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	23,885,884	38,454,848	62,340,732
Restricted For:			
Capital Projects	2,902,448	0	2,902,448
Debt Service	328,601	0	328,601
Cemetery Operations:			
Nonexpendable	984,940	0	984,940
Expendable	209,599	0	209,599
Other Purposes	467,628	0	467,628
Unrestricted	11,427,126	28,085,141	39,512,267
Total Net Assets	<u>\$ 40,206,226</u>	<u>\$ 66,539,989</u>	<u>\$ 106,746,215</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Activities
For the Year Ended December 31, 2008**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
General Government	\$ 3,213,592	\$ 1,567,302	\$ 0	\$ 0
Public Safety	7,800,817	716,239	201,102	0
Highways and Streets	3,380,986	61,505	774,048	3,186,194
Public Health and Welfare	630,964	151,953	0	0
Culture and Recreation	949,788	21,280	10	0
Community Environment	443,315	195,427	0	0
Interest and Fiscal Charges	282,227	0	0	0
Total Governmental Activities	16,701,689	2,713,706	975,160	3,186,194
Business-Type Activities:				
Water	4,764,766	4,570,987	47,611	0
Sewer	3,658,566	3,451,161	0	0
Electric	20,682,416	23,331,839	0	0
Other Enterprise Funds	429,441	547,994	0	0
Total Business-Type Activities	29,535,189	31,901,981	47,611	0
Totals	\$ 46,236,878	\$ 34,615,687	\$ 1,022,771	\$ 3,186,194

General Revenues

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

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,646,290)	\$ 0	\$ (1,646,290)
(6,883,476)	0	(6,883,476)
640,761	0	640,761
(479,011)	0	(479,011)
(928,498)	0	(928,498)
(247,888)	0	(247,888)
(282,227)	0	(282,227)
<u>(9,826,629)</u>	<u>0</u>	<u>(9,826,629)</u>
0	(146,168)	(146,168)
0	(207,405)	(207,405)
0	2,649,423	2,649,423
0	118,553	118,553
0	2,414,403	2,414,403
<u>(9,826,629)</u>	<u>2,414,403</u>	<u>(7,412,226)</u>
819,812	0	819,812
8,644,123	0	8,644,123
8,013	0	8,013
2,181,223	0	2,181,223
1,380,595	194,171	1,574,766
52,065	0	52,065
10,787	(10,787)	0
<u>13,096,618</u>	<u>183,384</u>	<u>13,280,002</u>
3,269,989	2,597,787	5,867,776
<u>36,936,237</u>	<u>63,942,202</u>	<u>100,878,439</u>
<u>\$ 40,206,226</u>	<u>\$ 66,539,989</u>	<u>\$ 106,746,215</u>

CITY OF PAINESVILLE, OHIO

**Balance Sheet
Governmental Funds
December 31, 2008**

	General	Street Construction, Maintenance and Repair	Shamrock Boulevard Road Project
Assets:			
Cash and Cash Equivalents	\$ 677,357	\$ 266,831	\$ 965,097
Investments	4,494,416	1,739,464	0
Receivables:			
Taxes	1,981,705	0	0
Accounts	46,836	0	0
Intergovernmental	1,400,360	267,753	0
Interest	113,485	0	0
Special Assessments	0	0	0
Interfund Loans Receivables	300,000	0	0
Inventory of Supplies, at Cost	182,661	0	0
Land Held for Resale	785,000	0	0
Prepaid Items	89,896	0	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Total Assets	\$ 10,071,716	\$ 2,274,048	\$ 965,097
Liabilities:			
Accounts Payable	\$ 116,975	\$ 31,289	\$ 381,640
Accrued Wages and Benefits Payable	778,369	22,552	0
Intergovernmental Payable	2,425	0	0
Interfund Loans Payable	0	0	0
Deferred Revenue	1,420,464	178,502	0
Accrued Interest Payable	4,217	27,282	21,031
General Obligation Notes Payable	243,000	1,086,500	2,350,000
Compensated Absences Payable	35,660	0	0
Total Liabilities	2,601,110	1,346,125	2,752,671
Fund Balances:			
Reserved for Encumbrances	530,918	598,508	269,590
Reserved for Prepaid Items	89,896	0	0
Reserved for Supplies Inventory	182,661	0	0
Reserved for Debt Service	0	0	0
Reserved for Endowments	0	0	0
Undesignated/Unreserved (Deficit) in:			
General Fund	6,667,131	0	0
Special Revenue Funds	0	329,415	0
Capital Projects Funds	0	0	(2,057,164)
Permanent Funds	0	0	0
Total Fund Balances (Deficit)	7,470,606	927,923	(1,787,574)
Total Liabilities and Fund Balances	\$ 10,071,716	\$ 2,274,048	\$ 965,097

See accompanying notes to the basic financial statements

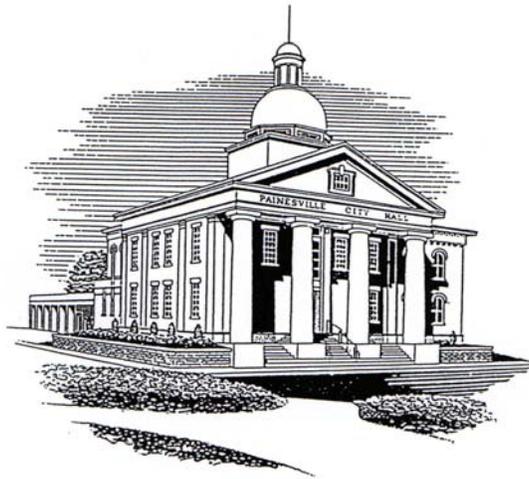
CITY OF PAINESVILLE, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 6,850,564	\$ 8,759,849
0	6,233,880
388,859	2,370,564
142,231	189,067
194,744	1,862,857
0	113,485
184,938	184,938
0	300,000
5,117	187,778
0	785,000
2,636	92,532
<u>1,054,982</u>	<u>1,054,982</u>
<u>\$ 8,824,071</u>	<u>\$ 22,134,932</u>
\$ 107,666	\$ 637,570
48,669	849,590
314	2,739
300,000	300,000
725,127	2,324,093
3,641	56,171
145,000	3,824,500
0	35,660
<u>1,330,417</u>	<u>8,030,323</u>
3,074,413	4,473,429
2,636	92,532
5,117	187,778
184,389	184,389
984,940	984,940
0	6,667,131
1,237,603	1,567,018
1,794,957	(262,207)
209,599	209,599
<u>7,493,654</u>	<u>14,104,609</u>
<u>\$ 8,824,071</u>	<u>\$ 22,134,932</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2008***

Total Governmental Fund Balances	\$ 14,104,609
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	31,274,423
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,293,749
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(169,951)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,296,604)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 40,206,226</u></u>

See accompanying notes to the basic financial statements



CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008**

	General	Street Construction, Maintenance and Repair	Shamrock Boulevard Road Project
Revenues:			
Property Taxes	\$ 522,112	\$ 0	\$ 0
Municipal Income Taxes	8,644,123	0	0
Other Local Taxes	8,013	0	0
Intergovernmental Revenues	2,173,008	563,685	0
Charges for Services	85,658	300	0
Licenses, Permits and Inspection Fees	351,944	0	0
Investment Earnings	1,282,510	14,340	2,082
Special Assessments	0	0	0
Fines and Forfeitures	995,639	0	0
All Other Revenues	159,909	8,155	0
Total Revenues	14,222,916	586,480	2,082
Expenditures:			
Current:			
General Government	2,645,205	0	0
Public Safety	6,918,082	0	0
Highways and Streets	1,116,497	1,185,098	0
Public Health and Welfare	133,359	0	0
Culture and Recreation	850,658	0	0
Community Environment	408,612	0	0
Capital Outlay	0	0	1,932,949
Debt Service:			
Principal Retirement	97,676	131,899	0
Interest & Fiscal Charges	30,044	101,677	21,031
Total Expenditures	12,200,133	1,418,674	1,953,980
Excess (Deficiency) of Revenues Over Expenditures	2,022,783	(832,194)	(1,951,898)
Other Financing Sources (Uses):			
Sale of Capital Assets	5,894	0	0
Issuance of OPWC Loans	0	97,801	0
Transfers In	849,636	361,171	0
Transfers Out	(2,167,500)	0	0
Other Financing Sources - Capital Leases	0	0	0
Total Other Financing Sources (Uses)	(1,311,970)	458,972	0
Net Change in Fund Balances	710,813	(373,222)	(1,951,898)
Fund Balances at Beginning of Year	6,725,041	1,301,145	164,324
Increase in Inventory Reserve	34,752	0	0
Fund Balances (Deficit) End of Year	\$ 7,470,606	\$ 927,923	\$ (1,787,574)

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 306,665	\$ 828,777
0	8,644,123
0	8,013
2,730,240	5,466,933
655,019	740,977
60	352,004
32,025	1,330,957
168,049	168,049
406,563	1,402,202
67,737	235,801
<u>4,366,358</u>	<u>19,177,836</u>
421,500	3,066,705
854,567	7,772,649
42,924	2,344,519
494,856	628,215
35,917	886,575
36,454	445,066
333,297	2,266,246
601,736	831,311
133,826	286,578
<u>2,955,077</u>	<u>18,527,864</u>
1,411,281	649,972
0	5,894
0	97,801
1,155,573	2,366,380
(188,093)	(2,355,593)
303,733	303,733
<u>1,271,213</u>	<u>418,215</u>
2,682,494	1,068,187
4,810,367	13,000,877
793	35,545
<u>\$ 7,493,654</u>	<u>\$ 14,104,609</u>

***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, 2008***

Net Change in Fund Balances - Total Governmental Funds \$ 1,068,187

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 1,637,212

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (36,213)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (166,916)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 445,361

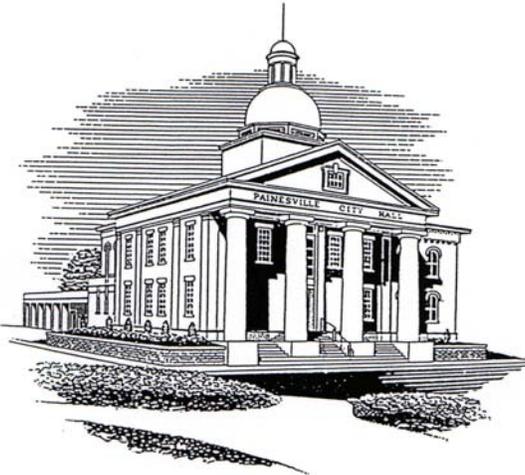
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 4,351

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 the governmental funds. (45,176)

The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 363,183

Change in Net Assets of Governmental Activities \$ 3,269,989

See accompanying notes to the basic financial statements



CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 701,186	\$ 701,186	\$ 521,072	\$ (180,114)
Municipal Income Taxes	7,965,000	7,965,000	8,683,118	718,118
Other Local Taxes	11,609	11,609	8,013	(3,596)
Intergovernmental Revenue	1,737,162	1,737,162	1,902,768	165,606
Charges for Services	64,398	64,398	87,398	23,000
Licenses, Permits and Inspection Fees	303,300	303,300	396,283	92,983
Investment Earnings	1,791,858	1,791,858	1,312,252	(479,606)
Fines and Forfeitures	823,463	823,463	975,561	152,098
All Other Revenues	127,120	127,120	158,348	31,228
Total Revenues	<u>13,525,096</u>	<u>13,525,096</u>	<u>14,044,813</u>	<u>519,717</u>
Expenditures:				
Current:				
General Government	2,605,931	2,879,999	2,578,763	301,236
Public Safety	7,600,243	7,768,185	7,371,956	396,229
Highways and Streets	1,172,504	1,289,298	1,223,239	66,059
Public Health and Welfare	149,284	153,763	137,359	16,404
Culture and Recreation	936,860	961,354	895,256	66,098
Community Environment	453,136	450,594	430,297	20,297
Debt Service:				
Principal Retirement	98,196	98,197	97,676	521
Interest and Fiscal Charges	25,936	25,936	25,927	9
Total Expenditures	<u>13,042,090</u>	<u>13,627,326</u>	<u>12,760,473</u>	<u>866,853</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	483,006	(102,230)	1,284,340	1,386,570
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	5,894	5,894
Sale of General Obligation Notes	347,000	347,000	253,000	(94,000)
Transfers In	863,142	863,142	849,636	(13,506)
Transfers Out	(2,647,500)	(2,647,500)	(2,167,500)	480,000
Advances Out	(561,925)	(561,925)	(558,900)	3,025
Total Other Financing Sources (Uses):	<u>(1,999,283)</u>	<u>(1,999,283)</u>	<u>(1,617,870)</u>	<u>381,413</u>
Net Changes in Fund Balance	(1,516,277)	(2,101,513)	(333,530)	1,767,983
Fund Balance at Beginning of Year	4,474,904	4,474,904	4,474,904	0
Prior Year Encumbrances	336,858	336,858	336,858	0
Fund Balance at End of Year	<u>\$ 3,295,485</u>	<u>\$ 2,710,249</u>	<u>\$ 4,478,232</u>	<u>\$ 1,767,983</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	\$ 475,476	\$ 475,476	\$ 566,892	\$ 91,416
Charges for Services	0	0	300	300
All Other Revenues	0	0	8,155	8,155
Total Revenues	<u>475,476</u>	<u>475,476</u>	<u>575,347</u>	<u>99,871</u>
Expenditures:				
Current:				
Highways and Streets	1,748,741	2,247,581	2,115,247	132,334
Debt Service:				
Principal Retirement	445,630	450,522	450,520	2
Interest and Fiscal Charges	85,863	85,865	85,824	41
Total Expenditures	<u>2,280,234</u>	<u>2,783,968</u>	<u>2,651,591</u>	<u>132,377</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,804,758)	(2,308,492)	(2,076,244)	232,248
Other Financing Sources (Uses):				
Issuance of OPWC Loans	97,801	97,801	97,801	0
Sale of General Obligation Notes	1,086,500	1,086,500	1,086,500	0
Premiums on Bond Issuances	0	0	4,908	4,908
Issuance of Capital Leases	0	0	111,713	111,713
Transfers In	361,171	361,171	361,171	0
Total Other Financing Sources (Uses):	<u>1,545,472</u>	<u>1,545,472</u>	<u>1,662,093</u>	<u>116,621</u>
Net Changes in Fund Balance	(259,286)	(763,020)	(414,151)	348,869
Fund Balance at Beginning of Year	1,341,601	1,341,601	1,341,601	0
Prior Year Encumbrances	432,319	432,319	432,319	0
Fund Balance at End of Year	<u>\$ 1,514,634</u>	<u>\$ 1,010,900</u>	<u>\$ 1,359,769</u>	<u>\$ 348,869</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2008**

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Other Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 187,746	\$ 392,868	\$ 1,955,229	\$ 664,879
Investments	2,294,172	2,561,091	16,993,152	0
Accounts Receivable (net of allowance for uncollectibles)	430,955	458,336	2,420,819	52,995
Intergovernmental Receivable	47,611	0	0	0
Inventory of Supplies at Cost	182,161	41,477	677,996	0
Prepaid Items	65,344	53,058	96,581	3,054
Total Current Assets	<u>3,207,989</u>	<u>3,506,830</u>	<u>22,143,777</u>	<u>720,928</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and Cash Equivalents	164,177	0	371,222	3,572
Total Restricted Assets	<u>164,177</u>	<u>0</u>	<u>371,222</u>	<u>3,572</u>
Investment in Joint Venture	0	0	1,926,571	0
Deferred Charges	26,890	0	168,060	0
Capital Assets:				
Capital Assets Not Being Depreciated	5,090,255	776,109	7,860,667	723,587
Capital Assets Being Depreciated, Net	17,685,905	7,550,249	11,105,476	1,034,328
Total Noncurrent Assets	<u>22,967,227</u>	<u>8,326,358</u>	<u>21,431,996</u>	<u>1,761,487</u>
Total Assets	<u>26,175,216</u>	<u>11,833,188</u>	<u>43,575,773</u>	<u>2,482,415</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	119,204	116,462	1,022,472	11,024
Accrued Wages and Benefits	121,881	111,983	350,153	10,377
Intergovernmental Payable	0	10,583	0	0
Claims Payable	0	0	0	0
Refundable Deposits	164,177	0	371,222	3,572
Accrued Interest Payable	57,367	5,889	975	8,336
General Obligation Notes Payable	962,100	770,000	0	332,000
Capital Leases Payable - Current	151,547	31,055	23,334	598
General Obligation Bonds Payable - Current	500,000	0	0	0
Revenue Bond Payable - Current	0	0	148,212	0
OWDA Loans Payable - Current	72,713	0	0	0
OPWC Loans Payable - Current	101,357	2,048	0	0
Compensated Absences Payable - Current	19,229	21,968	216,880	0
Total Current Liabilities	<u>2,269,575</u>	<u>1,069,988</u>	<u>2,133,248</u>	<u>365,907</u>

CITY OF PAINESVILLE, OHIO

Total	Governmental Activities - Internal Service Funds
\$ 3,200,722	\$ 263,803
21,848,415	0
3,363,105	0
47,611	0
901,634	35,256
218,037	0
<u>29,579,524</u>	<u>299,059</u>
538,971	0
<u>538,971</u>	<u>0</u>
1,926,571	0
194,950	0
14,450,618	0
<u>37,375,958</u>	<u>0</u>
<u>54,487,068</u>	<u>0</u>
<u>84,066,592</u>	<u>299,059</u>
1,269,162	66,565
594,394	0
10,583	0
0	600,195
538,971	0
72,567	0
2,064,100	0
206,534	0
500,000	0
148,212	0
72,713	0
103,405	0
258,077	0
<u>5,838,718</u>	<u>666,760</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2008**

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Other Enterprise Funds
Noncurrent Liabilities:				
Capital Leases Payable	3,540,638	277,472	196,748	1,492
General Obligation Bonds Payable	3,045,000	0	0	0
Revenue Bonds Payable	0	0	1,808,281	0
OWDA Loans Payable	942,210	0	0	0
OPWC Loans Payable	428,046	36,877	0	0
Compensated Absences Payable	312,498	275,524	606,192	19,157
Total Noncurrent Liabilities	<u>8,268,392</u>	<u>589,873</u>	<u>2,611,221</u>	<u>20,649</u>
Total Liabilities	<u>10,537,967</u>	<u>1,659,861</u>	<u>4,744,469</u>	<u>386,556</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	13,032,549	7,208,906	16,789,568	1,423,825
Unrestricted	2,604,700	2,964,421	22,041,736	672,034
Total Net Assets	<u>\$ 15,637,249</u>	<u>\$ 10,173,327</u>	<u>\$ 38,831,304</u>	<u>\$ 2,095,859</u>

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

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
4,016,350	0
3,045,000	0
1,808,281	0
942,210	0
464,923	0
<u>1,213,371</u>	<u>0</u>
11,490,135	0
<u>17,328,853</u>	<u>666,760</u>
38,454,848	0
<u>28,282,891</u>	<u>(367,701)</u>
<u>\$ 66,737,739</u>	<u>\$ (367,701)</u>
<u>(197,750)</u>	
<u>\$ 66,539,989</u>	

CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008**

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Other Enterprise Funds
Operating Revenues:				
Charges for Services	\$ 4,166,164	\$ 3,378,991	\$ 22,291,234	\$ 541,014
Other Charges for Services	143,927	34,259	198,144	4,943
Other Operating Revenues	258,292	19,148	120,766	2,029
Total Operating Revenues	4,568,383	3,432,398	22,610,144	547,986
Operating Expenses:				
Personal Services	2,020,295	1,870,160	6,148,520	162,765
Contractual Services	649,970	755,751	1,888,548	173,109
Materials and Supplies	361,596	259,989	9,149,571	20,509
Utilities	343,433	277,464	2,791,382	25,783
Depreciation	920,083	447,531	769,695	34,274
Total Operating Expenses	4,295,377	3,610,895	20,747,716	416,440
Operating Income (Loss)	273,006	(178,497)	1,862,428	131,546
Non-Operating Revenue (Expenses):				
Interest Income	32,903	20,660	140,144	464
Interest and Fiscal Charges	(421,237)	(45,577)	(23,344)	(12,616)
Gain (Loss) on Disposal of Assets	(250)	0	(36,798)	0
Loss on Investment in Joint Venture	0	0	(127,798)	0
Intergovernmental Grants	47,611	0	0	0
Other Nonoperating Revenue	2,854	18,763	758,493	8
Other Nonoperating Expense	(48,152)	(2,094)	(156,149)	(385)
Total Non-Operating Revenues (Expenses)	(386,271)	(8,248)	554,548	(12,529)
Income (Loss) Before Transfers	(113,265)	(186,745)	2,416,976	119,017
Transfers:				
Transfers In	527,362	0	1,678	241,667
Transfers Out	0	0	(831,494)	0
Total Transfers	527,362	0	(829,816)	241,667
Change in Net Assets	414,097	(186,745)	1,587,160	360,684
Net Assets Beginning of Year	15,223,152	10,360,072	37,244,144	1,735,175
Net Assets End of Year	\$ 15,637,249	\$ 10,173,327	\$ 38,831,304	\$ 2,095,859

Change in Net Assets - Total Enterprise Funds

Adjustment to reflect the consolidation of internal
service fund activities related to the enterprise funds.

Change in Net Assets - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 30,377,403	\$ 3,409,772
381,273	0
400,235	0
<u>31,158,911</u>	<u>3,409,772</u>
10,201,740	1,887,111
3,467,378	394,934
9,791,665	393,093
3,438,062	0
2,171,583	0
<u>29,070,428</u>	<u>2,675,138</u>
2,088,483	734,634
194,171	0
(502,774)	0
(37,048)	0
(127,798)	0
47,611	0
780,118	1,140
(206,780)	0
<u>147,500</u>	<u>1,140</u>
2,235,983	735,774
770,707	50,000
(831,494)	0
<u>(60,787)</u>	<u>50,000</u>
2,175,196	785,774
64,562,543	(1,153,475)
<u>\$ 66,737,739</u>	<u>\$ (367,701)</u>
\$ 2,175,196	
422,591	
<u>\$ 2,597,787</u>	

CITY OF PAINESVILLE, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Electric
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$4,705,177	\$3,441,774	\$23,267,772
Cash Receipts from Interfund Services Provided	0	0	0
Cash Payments for Goods and Services	(1,363,249)	(1,280,823)	(14,008,828)
Cash Payments to Employees	(2,083,079)	(1,844,778)	(6,132,513)
Cash Payments for Employee Medical Claims	0	0	0
Net Cash Provided (Used) by Operating Activities	1,258,849	316,173	3,126,431
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	527,362	0	1,678
Transfers Out to Other Funds	0	0	(831,494)
Net Cash Provided (Used) by Noncapital Financing Activities	527,362	0	(829,816)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds of General Obligation Notes	962,100	770,000	0
Premiums on Debt Issuances	3,624	149	0
Principal Paid on General Obligation Notes	(1,342,100)	(810,000)	0
Acquisition and Construction of Assets	(1,955,329)	(373,601)	(1,473,693)
Issuance of OPWC Loan	0	40,973	0
Principal Paid on Capital Leases	(192,999)	(35,336)	(40,557)
Principal Paid on General Obligation Bonds	(490,000)	0	0
Principal Paid on Ohio Public Works Commission Loans	(101,357)	(2,048)	0
Principal Paid on Ohio Water Development Authority Loans	(69,503)	0	0
Interest Paid on All Debt	(435,508)	(45,658)	(9,717)
Net Cash Provided (Used) for Capital and Related Financing Activities	(3,621,072)	(455,521)	(1,523,967)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Principal and Interest on Investments	14,690	971	9,548
Sale of Investments	820,595	0	0
Purchase of Investments	0	(401,656)	(3,504,054)
Net Cash Provided (Used) for Investing Activities	835,285	(400,685)	(3,494,506)
Net Increase (Decrease) in Cash and Cash Equivalents	(999,576)	(540,033)	(2,721,858)
Cash and Cash Equivalents at Beginning of Year	1,351,499	932,901	5,048,309
Cash and Cash Equivalents at End of Year	\$351,923	\$392,868	\$2,326,451
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$187,746	\$392,868	\$1,955,229
Restricted Cash and Cash Equivalents	164,177	0	371,222
Cash and Cash Equivalents at End of Year	\$351,923	\$392,868	\$2,326,451

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$550,587	\$31,965,310	\$0
0	0	3,180,252
(224,414)	(16,877,314)	(985,156)
(161,662)	(10,222,032)	(129,815)
0	0	(2,080,758)
<u>164,511</u>	<u>4,865,964</u>	<u>(15,477)</u>
241,667	770,707	50,000
0	(831,494)	0
<u>241,667</u>	<u>(60,787)</u>	<u>50,000</u>
332,000	2,064,100	0
1,499	5,272	0
(452,000)	(2,604,100)	0
(403,515)	(4,206,138)	0
0	40,973	0
(624)	(269,516)	0
0	(490,000)	0
0	(103,405)	0
0	(69,503)	0
(19,336)	(510,219)	0
<u>(541,976)</u>	<u>(6,142,536)</u>	<u>0</u>
0	25,209	0
435,996	1,256,591	0
0	(3,905,710)	0
<u>435,996</u>	<u>(2,623,910)</u>	<u>0</u>
300,198	(3,961,269)	34,523
368,253	7,700,962	229,280
<u>\$668,451</u>	<u>\$3,739,693</u>	<u>\$263,803</u>
\$664,879	\$3,200,722	\$263,803
3,572	538,971	0
<u>\$668,451</u>	<u>\$3,739,693</u>	<u>\$263,803</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Electric
<u>Reconciliation of Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$273,006	(\$178,497)	\$1,862,428
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	920,083	447,531	769,695
Miscellaneous Nonoperating Revenues	51,343	18,763	524,729
Miscellaneous Nonoperating Expenses	(34,954)	(3,562)	(156,149)
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	85,451	(28,137)	132,899
Decrease in Intergovernmental Receivable	0	18,750	0
(Increase) Decrease in Inventory	(6,191)	16,434	31,783
(Increase) Decrease in Prepaid Items	14,453	813	(2,606)
Increase (Decrease) in Accounts Payable	17,783	(3,401)	87,150
Increase (Decrease) in Accrued Wages and Benefits	(6,114)	5,109	(16,024)
Increase (Decrease) in Intergovernmental Payable	(3,786)	1,368	(3,621)
Increase (Decrease) in Compensated Absences Payable	(52,225)	21,002	35,848
Decrease in Payable to Joint Venture	0	0	(139,701)
Decrease in Claims Liability	0	0	0
Total Adjustments	985,843	494,670	1,264,003
Net Cash Provided (Used) by Operating Activities	<u>\$1,258,849</u>	<u>\$316,173</u>	<u>\$3,126,431</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2008 the Water, Sewer, Electric and Storm Water Funds had outstanding liabilities of \$24,212, \$88,299, \$54,091 and \$2,834 respectively for the purchase of certain capital assets. During 2008 the fair value of investments increased by \$22,064, \$24,631, and \$161,094 in the Water, Sewer, and Electric Funds, respectively.

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$131,546	\$2,088,483	\$734,634
34,274	2,171,583	0
290	595,125	1,140
(385)	(195,050)	0
2,311	192,524	0
0	18,750	0
0	42,026	95
730	13,390	0
(5,358)	96,174	(215,429)
98	(16,931)	0
0	(6,039)	0
1,005	5,630	0
0	(139,701)	0
<u>0</u>	<u>0</u>	<u>(535,917)</u>
<u>32,965</u>	<u>2,777,481</u>	<u>(750,111)</u>
<u>\$164,511</u>	<u>\$4,865,964</u>	<u>(\$15,477)</u>

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2008**

	Private Purpose Trust	
	Deposit Trust	Agency
Assets:		
Cash and Cash Equivalents	\$ 464,929	\$ 81,548
Total Assets	<u>464,929</u>	<u>81,548</u>
Liabilities:		
Due to Others	0	81,548
Total Liabilities	<u>0</u>	<u>81,548</u>
Net Assets:		
Unrestricted	464,929	0
Total Net Assets	<u>\$ 464,929</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Changes in Net Assets
Fiduciary Fund
For the Year Ended December 31, 2008**

	<u>Private Purpose Trust</u>
	<u>Deposit Trust</u>
Additions:	
Contributions:	
Private Donations	\$ 43,116
Total Contributions	<u>43,116</u>
Total Additions	<u>43,116</u>
Deductions:	
Administrative Expenses	<u>30,468</u>
Total Deductions	<u>30,468</u>
Change in Net Assets	12,648
Net Assets at Beginning of Year	<u>452,281</u>
Net Assets End of Year	<u>\$ 464,929</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Joint Venture with Equity Interest – The City is a participant with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2). The Omega JV-2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economics of the participants' respective municipal electric utility systems. The Omega JV-2 is managed by AMP-Ohio, which acts as the joint venture's agent. See Note 15, "Joint Venture."

B. Basis of Presentation - Fund Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

Street Construction, Maintenance, and Repair Fund – This fund is used to account for 7.5% of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City as required by the Ohio Revised Code.

Shamrock Boulevard Road Project Fund – This fund is used to account for costs associated with construction of Shamrock Boulevard.

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City uses internal service funds to account for costs associated with fuel, supplies, employee health insurance, and worker's compensation.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City's fiduciary funds are private-purpose trust funds and agency funds. The City's private-purpose trust fund accounts for various deposits held by the City. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's agency funds account for monies that flow through the Municipal Court, monies from electric license fees, and monies from the sale of property under the Land Bank Program.

C. Basis of Presentation - Financial Statements

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

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column. Interfund services provided and used are not eliminated in the process of consolidation.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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

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

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

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

D. Basis of Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

Special assessment installments, including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes which are measurable at December 31, 2008, but which are not intended to finance 2008 operations or are not expected to be received within sixty (60) days after year end, are recorded as deferred revenue as further described in Note 4.

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

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

E. Budgetary Process

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The estimated revenue amounts reported on the accompanying budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued for 2008.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Net Change in Fund Balance	
	General Fund	Street Construction, Maintenance and Repair Fund
GAAP Basis (as reported)	\$710,813	(\$373,222)
Increase (Decrease):		
Accrued Revenues at December 31, 2008 received during 2009	(2,421,922)	(89,251)
Accrued Revenues at December 31, 2007 received during 2008	2,278,979	222,497
Accrued Expenditures at December 31, 2008 paid during 2009	1,180,646	1,167,623
Accrued Expenditures at December 31, 2007 paid during 2008	(1,391,430)	(698,216)
2007 Prepays for 2008	84,757	0
2008 Prepays for 2009	(89,896)	0
2008 Adjustment to Fair Value	(43,224)	(16,729)
2007 Adjustment to Fair Value	8,064	2,944
Outstanding Encumbrances	(650,317)	(629,797)
Budget Basis	<u>(\$333,530)</u>	<u>(\$414,151)</u>

F. Cash and Cash Equivalents

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents (Continued)

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash, including the investment instrument described above, represents the balance on hand as if each fund maintained its own cash and investments account. For purposes of the statement of cash flows, the share of equity in the pooled cash and investments of the proprietary funds is considered to be a cash equivalent. See Note 3 "Cash, Cash Equivalents and Investments."

G. Investments

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

The City has invested funds in the STAR Ohio during 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2008. See Note 3, "Cash, Cash Equivalents and Investments."

H. Accounts Receivable

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

I. Inventory

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life threshold of three or more years.

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions

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

L. Compensated Absences

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

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

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

M. Long-Term Debt

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Debt (Continued)

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

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

N. Issuance Costs

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Reservations of Fund Balances

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

P. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Q. Restricted Assets

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

R. Intergovernmental Revenues

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

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

S. Pensions

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

T. Net Assets

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Estimates

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

V. Operating Revenues and Expenses

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

W. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008*

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Tax Revenues	\$37,708
Shared Revenues	926,813
Interest Revenues	57,367
Charges for Services	86,923
Special Assessment Revenue	184,938
	<hr/>
	\$1,293,749

Long-Term liabilities not reported in the funds:

General Obligation Bonds	(\$1,975,000)
Special Assessment Bonds Payable	(370,000)
OPWC Loans Payable	(107,911)
Construction Loan Payable	(489,012)
Accrued Interest on Long-Term Debt	(45,807)
Capital Leases Payable	(865,116)
Police/Firemen's Pension Accrued Liability	(772,715)
Compensated Absences Payable	(1,671,043)
	<hr/>
	(\$6,296,604)

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

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

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

Capital Outlay	\$3,147,194
Depreciation Expense	<u>(1,509,982)</u>
	\$1,637,212

Governmental revenues not reported in the funds:

Decrease in Tax Revenue	(\$8,965)
Decrease in Intergovernmental Revenue	(40,754)
Increase in Interest Revenue	49,638
Increase in Charges for Services	86,923
Decrease in Special Assessment Revenue	<u>(253,758)</u>
	(\$166,916)

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$80,721)
Increase in supplies inventory	<u>35,545</u>
	(\$45,176)

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the City into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government’s deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits (Continued)

At year end the carrying amount of the City's deposits was \$28,550,072 and the bank balance was \$29,448,429. Federal depository insurance covered \$600,000 of the bank balance and \$28,848,429 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	\$28,848,429
Total Balance	<u>\$28,848,429</u>

B. Investments

The City's investments at December 31, 2008 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3</u>
STAR Ohio	\$650,164	AAAm ¹	\$650,164	\$0
City's Debt	243,000	N/A	243,000	0
US Treasury Notes	501,484	*	501,484	0
FHLB	7,387,809	AAA ¹ /Aaa ²	2,010,950	5,376,859
FHLMC	2,031,707	AAA ¹ /Aaa ²	0	2,031,707
FFCB	1,540,259	AAA ¹ /Aaa ²	0	1,540,259
FNMA	1,542,604	AAA ¹ /Aaa ²	1,036,500	506,104
Total Investments	<u>\$13,897,027</u>		<u>\$4,442,098</u>	<u>\$9,454,929</u>

¹ Standard & Poor's

² Moody's Investor Service

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Investment Credit Risk – The City has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 11% are FNMA, 53.1% are FHLB, and 14.6% are FHLMC.

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 investment or collateral securities that are in the possession of an outside party.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$14,364,804	\$28,082,295
Certificates of Deposit (with maturities of more than 3 months)	14,835,432	(14,835,432)
STAR Ohio	<u>(650,164)</u>	<u>650,164</u>
Per GASB Statement No. 3	<u><u>\$28,550,072</u></u>	<u><u>\$13,897,027</u></u>

NOTE 4 - PROPERTY TAX

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2008 were levied after October 1, 2007 on assessed values as of January 1, 2007, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2000 and the equalization adjustment was made in 2003. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 4 - PROPERTY TAX (Continued)

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

The full tax rate for all City operations for the year ended December 31, 2008 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2008 collection was based was \$278,912,006. This amount constitutes \$261,203,250 in real property assessed value, \$1,691,350 in public utility assessed value and \$16,017,406 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Property taxes recorded as revenue in 2008 were based on a tax rate equal to .370% (3.70 mills) of assessed value.

NOTE 5 - RECEIVABLES

Receivables at December 31, 2008 consisted of taxes, interest, accounts receivable, special assessments, loans and intergovernmental receivables arising from shared revenues.

NOTE 6 - LAND HELD FOR RESALE

In December 1999, the City purchased 43.1 acres of land with the intent of resale as part of the City's economic development strategy. Additional land was purchased during 2001 for the same purpose. This land is instrumental in the development of commercial or industrial facilities to create and preserve jobs. At December 31, 2008 the City's Land Held for Resale balance was \$785,000.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2008 consist of the following individual fund receivables and payables:

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$300,000	\$0
Nonmajor Governmental Fund:		
Fire Levy Fund	0	300,000
Totals	\$300,000	\$300,000

The interfund loan balances result from the General Fund's advance of monies to the Fire Levy Fund to assist the fund's cashflow. The advance is scheduled to be repaid during the 2009 fiscal year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2008:

Fund	Transfers In	Transfers Out
Major Governmental Fund:		
General Fund	\$849,636	\$2,167,500
Street Construction, Maintenance and Repair Fund	361,171	0
Total Major Governmental Funds	<u>1,210,807</u>	<u>2,167,500</u>
Major Enterprise Funds:		
Water Fund	527,362	0
Electric Fund	1,678	831,494
Total Major Enterprise Funds	<u>529,040</u>	<u>831,494</u>
Nonmajor Governmental Funds:		
Cemeteries Fund	388,752	0
Municipal Motor Vehicle License Tax Fund	0	33,000
City Motor Vehicle License Tax Fund	0	65,000
Skate Facility Fund	0	35,772
General Bond Retirement Fund	0	54,321
Capital Equipment Reserve Fund	300,000	0
Capital Improvement Fund	376,821	0
Gristmill FMA Acquisition Fund	50,000	0
Gristmill HMPG Acquisition Fund	40,000	0
Total Nonmajor Governmental Funds	<u>1,155,573</u>	<u>188,093</u>
Nonmajor Enterprise Fund:		
Off-Street Parking Fund	241,667	0
Community Programs Fund	0	0
Total Nonmajor Enterprise Funds	<u>241,667</u>	<u>0</u>
Internal Service Funds:		
Fuel and Oil Rotary Fund	50,000	0
Total Internal Service Funds	<u>50,000</u>	<u>0</u>
Total All Funds	<u><u>\$3,187,087</u></u>	<u><u>\$3,187,087</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization. The City's transfers out were made in accordance to City ordinances as required by Ohio Revised Code.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2008:

Historical Cost:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
Capital assets not being depreciated:				
Land	\$4,238,035	\$17,000	\$0	\$4,255,035
Construction in Progress	668,401	2,409,701	(28,320)	3,049,782
Subtotal	4,906,436	2,426,701	(28,320)	7,304,817
Capital assets being depreciated:				
Buildings and Improvements	4,368,703	0	(26,735)	4,341,968
Improvements other than Buildings	3,996,404	20,000	0	4,016,404
Machinery and Equipment	5,510,987	728,813	(148,494)	6,091,306
Infrastructure	24,929,303	0	0	24,929,303
Subtotal	38,805,397	748,813	(175,229)	39,378,981
Total Cost	\$43,711,833	\$3,175,514	(\$203,549)	\$46,683,798

Accumulated Depreciation:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
Buildings and Improvements	(\$2,045,643)	(\$91,394)	\$26,735	(\$2,110,302)
Improvements other than Buildings	(631,779)	(162,051)	0	(793,830)
Machinery and Equipment	(3,258,583)	(425,560)	112,281	(3,571,862)
Infrastructure	(8,102,404)	(830,977)	0	(8,933,381)
Total Depreciation	(\$14,038,409)	(\$1,509,982) *	\$139,016	(\$15,409,375)
Net Value:	\$29,673,424			\$31,274,423

* Depreciation expenses were charged to governmental functions as follows:

General Government	\$150,655
Public Safety	178,292
Highways and Streets	1,090,072
Public Health and Welfare	17,540
Culture and Recreation	64,637
Community Environment	8,786
Total Depreciation Expense	\$1,509,982

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2008:

Historical Cost:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
<i>Capital assets not being depreciated:</i>				
Land	\$1,397,784	\$0	\$0	\$1,397,784
Construction In Progress	9,243,111	3,809,723	0	13,052,834
Subtotal	10,640,895	3,809,723	0	14,450,618
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	28,666,664	0	0	28,666,664
Infrastructure	38,832,102	248,034	0	39,080,136
Machinery and Equipment	21,358,049	317,817	(293,988)	21,381,878
Subtotal	88,856,815	565,851	(293,988)	89,128,678
Total Cost	\$99,497,710	\$4,375,574	(\$293,988)	\$103,579,296

Accumulated Depreciation:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
Buildings and Improvements	(\$16,340,107)	(\$619,203)	\$0	(\$16,959,310)
Infrastructure	(16,528,620)	(939,667)	0	(17,468,287)
Machinery and Equipment	(16,988,494)	(596,801)	260,172	(17,325,123)
Total Depreciation	(\$49,857,221)	(\$2,155,671)	\$260,172	(\$51,752,720)
<i>Net Value:</i>	\$49,640,489			\$51,826,576

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

A. Ohio Public Employees Retirement System (“OPERS”)

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2008, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2008 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2008, 7.0% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2008, 2007, and 2006 were \$754,381, \$802,964 and \$926,733, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2008, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2008, 2007, and 2006 were \$332,667, \$318,214 and \$272,359 for police and \$314,381, \$321,307 and \$279,816 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – 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 member 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 is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

The ORC 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 ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage 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 2008, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2008, 2007, and 2006 were \$754,381, \$528,899 and \$453,294, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund ("OP&F")

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment 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 is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2008, 2007, and 2006 were \$176,118, \$168,467 and \$179,641 for police and \$123,019, \$125,729 and \$133,451 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 12 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2008 was as follows:

		Balance December 31, 2007	Issued	(Retired)	Balance December 31, 2008	Amount Due Within One Year
Business-Type Activities:						
Amp-Ohio Joint Venture Agreement:						
4.600 - 4.750%	Joint Venture Agreement	\$2,517,273	\$0	(\$141,218)	\$2,376,055	\$148,212
	Joint Venture Reserve Amount	(421,079)	0	1,517	(419,562)	0
	Net Joint Venture Agreement	2,096,194	0	(139,701)	1,956,493	148,212
General Obligation Bonds:						
1.500 - 3.600%	Waterworks	2003 1,285,000	0	(240,000)	1,045,000	250,000
3.250 - 4.600%	Waterworks	1998 2,750,000	0	(250,000)	2,500,000	250,000
	Total General Obligation Bonds	4,035,000	0	(490,000)	3,545,000	500,000
Ohio Water Development Authority Loans (OWDA):						
4.618%	Safe Drinking Water	1998 1,084,426	0	(69,503)	1,014,923	72,713
	Total OWDA Loans	1,084,426	0	(69,503)	1,014,923	72,713
Ohio Public Works Commission Loan (OPWC):						
0.000%	Raw Water Pump Station Replacement	2002 300,000	0	(60,000)	240,000	60,000
0.000%	Pump Station	2005 330,760	0	(41,357)	289,403	41,357
0.000%	Mentor Ave / Jackson Street Sewer	2008 0	40,973	(2,048)	38,925	2,048
	Total OPWC Loans	630,760	40,973	(103,405)	568,328	103,405
	Capital Leases Payable	4,492,400	0	(269,516)	4,222,884	206,534
	Compensated Absences	1,465,819	1,471,448	(1,465,819)	1,471,448	258,077
	Total Business-Type Activities	\$13,804,599	\$1,512,421	(\$2,537,944)	\$12,779,076	\$1,288,941
Governmental Activities:						
General Obligation Bonds:						
4.250 - 5.000%	Waterworks	2007 \$2,075,000	\$0	(\$100,000)	\$1,975,000	\$135,000
Special Assessment Debt (with governmental commitment)						
8.000 - 8.125%	Chicago/Forest/Roosevelt Street Improvements	1988 50,000	0	(50,000)	0	0
4.75%	Renaissance Parkway	2005 385,000	0	(15,000)	370,000	15,000
	Total Special Assessment Debt (with governmental commitment)	435,000	0	(65,000)	370,000	15,000
Ohio Public Works Commission Loans (OPWC):						
0.000%	Chester Street Improvements	2008 0	97,801	(4,890)	92,911	4,890
0.000%	East Walnut Avenue Improvements Loan	2000 25,000	0	(10,000)	15,000	10,000
	Total OPWC Loans	25,000	97,801	(14,890)	107,911	14,890
	4.25% Construction Loan Payable	539,365	0	(50,353)	489,012	52,516
	Compensated Absences	1,591,538	1,706,703	(1,591,538)	1,706,703	407,350
	Workers' Compensation Liability	759,226	0	(569,431)	189,795	0
	Capital Lease Payable	1,162,451	303,733	(601,068)	865,116	261,375
	Police/Firemen's Pension Accrued Liability	788,299	0	(15,584)	772,715	16,253
	Total Governmental Activities	\$7,375,879	\$2,108,237	(\$3,007,864)	\$6,476,252	\$902,384

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 12 - LONG-TERM DEBT (Continued)

A. Defeased Debt

In December 1992, the City defeased \$5,090,000 of the 1985 Bonds through the issuance of \$6,000,000 of Electric System Mortgage Revenue Refunding Bonds (the "1992 Bonds"). In February of 2003, the City defeased \$2,205,000 of Waterworks General Revenue Bonds dated December 1, 1992 (the "1992 Waterworks Bonds") through the issuance of \$2,380,000 of Waterworks General Obligation Refunding Bonds (the "2003 Waterworks Bonds"). The net proceeds of both the 1985 and 1992 Bonds have been invested in U.S. Treasury 1992 obligations and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$1,050,000 at December 31, 2008, are not included in the City's outstanding debt since the City has satisfied its obligations through the advanced refunding.

B. Compensated Absences

City management staff and employees in each bargaining unit earn sick leave credit. Employees with at least 10 years of service are paid for one-third of their accumulated sick leave credit upon termination of employment, which may not exceed 120 days. This obligation amounted to \$1,904,358 for the City as of December 31, 2008, \$35,660 of which is reported as a liability of the General Fund.

In addition, management staff and personnel in each bargaining unit earn vacation at different rates based upon length of service. Vacation carried forward to the current year may not exceed one year's leave balance. In case of death, termination or retirement, an employee (or his estate) is paid for unused vacation up to a maximum of one year credit and two week accrual. The total obligation for accrued vacation for the City as a whole at December 31, 2008 amounted to \$1,273,793.

C. Police and Firemen's Pension Accrued Liability

The City's liability for past service costs related to the Police and Fire Pension Fund at December 31, 2008 was \$1,294,239 in principal and scheduled interest payments through the year 2035. Only the principal portion of the payments due are included in the in the government-wide statement of net assets.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 12 - LONG-TERM DEBT (Continued)

D. Capital Leases

The City has entered into agreements to lease equipment. The original cost of the equipment was \$7,511,181. Such agreements are, in substance, lease purchases (capital leases) and are classified as long-term obligations in the financial statements. The costs of these assets are included in the capital asset balances of the Governmental Activities and Water, Sewer, Electric Funds (major enterprise fund) and the Off Street Parking Fund (nonmajor enterprise fund). The capital leases payable are recorded in Governmental Activities and the Business-Type Activities in the amount of \$865,116, and \$4,222,884, respectively.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2008:

Year Ending December 31,	Governmental Activities	Business-Type Activities
2009	\$294,682	\$386,971
2010	205,363	379,796
2011	153,067	361,691
2012	73,680	337,440
2013	28,839	321,109
2014-2018	144,195	1,605,545
2019-2023	115,356	1,605,545
2024-2027	0	1,123,882
Minimum Lease Payments	1,015,182	6,121,979
Less: amount representing interest at the City's incremental borrowing rate of interest	(150,066)	(1,899,095)
Present value of minimum lease payments	<u>\$865,116</u>	<u>\$4,222,884</u>

E. Special Assessments with Governmental Commitment

The principal amount of the City's special assessment debt outstanding at December 31, 2008, \$370,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$156,873 in the Special Assessment Bond Retirement Fund at December 31, 2008 is reserved for the retirement of outstanding special assessment bonds.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 12 - LONG-TERM DEBT (Continued)

F. Ohio Water Development Authority Loan

In 1998, the City entered into an agreement with the Ohio Water Development Authority to receive loans from the Water Supply Revolving Loan Account and the Freshwater Loan Agreement in the amounts of \$1,644,613. The interest rate on the loan is 4.618% per annum. This loan is payable from water service charges. The loan can only be received by the City in increments as the project is completed. As of December 31, 2008 the City had received \$1,524,401. The City began repaying the loan in semiannual payments in 1999 based on a loan amount of \$1,664,613 to be paid through 2019. As of December 31, 2008, the loan had an outstanding balance of \$1,014,923.

G. Principal and Interest Requirements

The principal and interest requirements to retire long-term debt and Police and Fire Pension Liability obligations at December 31, 2008, are as follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2009	\$635,000	\$239,415	\$15,000	\$18,350
2010	645,000	215,802	15,000	17,638
2011	650,000	190,442	15,000	16,925
2012	615,000	164,313	15,000	16,212
2013	345,000	139,338	20,000	15,500
2014-2018	1,775,000	460,563	100,000	52,000
2019-2023	590,000	149,750	130,000	41,000
2024-2027	265,000	32,500	60,000	9,000
Totals	\$5,520,000	\$1,592,123	\$370,000	\$186,625

Years	OWDA Loans		OPWC Loans		Police/Firemen's Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$72,713	\$46,195	\$118,295	\$0	\$16,253	\$32,670
2010	76,073	42,832	113,297	0	16,950	31,972
2011	79,601	39,304	108,297	0	17,679	31,244
2012	83,302	35,604	108,297	0	18,438	30,484
2013	87,184	31,722	48,297	0	19,230	29,692
2014-2018	501,198	93,329	117,310	0	109,273	135,338
2019-2023	114,852	4,051	34,692	0	134,846	109,767
2024-2028	0	0	27,754	0	166,402	78,211
2029-2033	0	0	0	0	205,343	39,270
2034-2035	0	0	0	0	68,301	2,876
Totals	\$1,014,923	\$293,037	\$676,239	\$0	\$772,715	\$521,524

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 12 - LONG-TERM DEBT (Continued)

G. Principal and Interest Requirements (Continued)

<u>Years</u>	<u>Construction Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$52,516	\$20,231
2010	54,772	17,976
2011	57,124	15,623
2012	59,578	13,169
2013	62,137	10,610
2014-2018	202,885	15,354
Totals	<u>\$489,012</u>	<u>\$92,963</u>

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 13 - NOTES PAYABLE

The Ohio Revised Code provides that notes and renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than the principal maturities required if the bonds had been issued at the expiration of the initial five year period. Below is a summary of notes payable activity during 2008:

	Balance January 1, 2008	Issued	(Retired)	Balance December 31, 2008
General Fund				
5.00% Land Purchase Agreement	\$540,000	\$0	(\$540,000)	\$0
5.00% Land Purchase Agreement	0	243,000	0	243,000
Special Revenue Funds:				
Street Construction, Maintenance and Repair Fund:				
4.25% Street Construction and Resurfacing	330,000	0	(330,000)	0
3.25% Street Construction and Resurfacing	0	1,086,500	0	1,086,500
Fire Levy Fund:				
4.25% Motorized Equipment Acquisition	90,000	0	(90,000)	0
3.25% Motorized Equipment Acquisition	0	75,000	0	75,000
Total Special Revenue	<u>420,000</u>	<u>1,161,500</u>	<u>(420,000)</u>	<u>1,161,500</u>

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CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 13 - NOTES PAYABLE (Continued)

	Balance January 1, 2008	Issued	(Retired)	Balance December 31, 2008
Capital Projects Funds:				
Capital Improvement Fund:				
3.25% City Office Building Improvements	670,000	0	(670,000)	0
2.35% City Office Building Improvements	0	70,000	0	70,000
Industrial Park Project Fund:				
4.25% Shamrock Blvd Improvements	0	2,350,000	0	2,350,000
Total Capital Projects	<u>670,000</u>	<u>2,420,000</u>	<u>(670,000)</u>	<u>2,420,000</u>
Enterprise Funds:				
Water Fund:				
4.25% Water Treatment Plant Improvements	1,152,100	0	(1,152,100)	0
4.00% Water Treatment Plant Improvements	190,000	0	(190,000)	0
3.25% Water Treatment Plant Improvements	0	772,100	0	772,100
4.40% Water Treatment Plant Improvements	0	190,000	0	190,000
Sewer Fund:				
4.00% Wastewater Treatment Plant Improvements	810,000	0	(810,000)	0
4.40% Wastewater Treatment Plant Improvements	0	770,000	0	770,000
Storm Water Fund:				
4.25% Wastewater Treatment Plant Improvements	452,000	0	(452,000)	0
3.25% Wastewater Treatment Plant Improvements	0	332,000	0	332,000
Total Enterprise	<u>2,604,100</u>	<u>2,064,100</u>	<u>(2,604,100)</u>	<u>2,064,100</u>
Total Notes Payable	<u>\$4,234,100</u>	<u>\$5,888,600</u>	<u>(\$4,234,100)</u>	<u>\$5,888,600</u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 14 - RISK MANAGEMENT

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

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2008 the City contracted with several different insurance providers for various insurance coverages, as follows:

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

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

In 1993, the Workers' Compensation Retrospective Rating Fund was established to account for the funding of the City's workers' compensation plan. Under the plan, the City is charged by the State of Ohio for administrative fees, claims paid and premiums for individual and aggregate claim limits. All City funds are charged a premium per employee covered by the Workers' Compensation Retrospective Rating Fund based on claims experience. The City has a claims limit of \$250,000 per individual and a maximum yearly amount for all claims which varies each policy year. The claims liability of \$189,795 reported in the fund at December 31, 2008 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2007	\$659,242	\$555,417	(\$455,433)	\$759,226
2008	759,226	(230,660)	(338,771)	189,795

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 14 - RISK MANAGEMENT (Continued)

In 2000, the Employee Health Insurance Fund was created to account for the City’s self-funded employee health insurance. Under this program, the City operates with a third party administrator and under stop-loss thresholds. The actual claims are passed through the City for payment. There is protection as to the amount of claims that can be passed through to the City—both specific and aggregate stop-loss protection. Under specific stop-loss, the City pays 100% for any one individual generating claims up to the specific level of \$40,000. Any dollar amount over this specific level is paid by the re-insurance carrier. The aggregate stop-loss protects the City from having a large number of claims exceeding the expected claims level by more than 20% or 25%. Any claims over the specific level do not count toward the aggregate level. Only claims less than the specific level are applied toward the aggregate level. The claims liability of \$410,400 reported in the fund at December 31, 2008 is based on the requirements of GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2007	\$ 108,041	\$2,863,288	(\$2,594,443)	\$376,886
2008	376,886	2,315,559	(2,282,045)	410,400

NOTE 15 - JOINT VENTURE

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 15 - JOINT VENTURE (Continued)

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. 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, 2008 the City of Painesville has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net obligation for these bonds at December 31, 2008 was \$1,956,494 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$1,926,571 at December 31, 2008. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

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CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 15 - JOINT VENTURE (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2008 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

The City's liability for the bonds are disclosed below:

Years	Principal	Interest	Total Debt Service
2009	\$148,212	\$118,453	\$266,665
2010	155,539	111,042	266,582
2011	163,866	102,877	266,742
2012	172,525	94,274	266,799
2013	181,518	85,216	266,734
2014-2020	1,554,395	312,044	1,866,439
Total Gross Liability	<u>2,376,055</u>	<u>\$823,906</u>	<u>\$3,199,961</u>
Less: Amounts Held in Reserve	(419,562)		
Net Obligation	<u>\$1,956,493</u>		

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 16 – CONTRACTUAL COMMITMENTS

As of December 31, 2008, the City had the following contracts with respect to capital improvements:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
SR44 W Jackson ST Interchange	\$1,159,086	12/31/09
2007 Paving Project	262,400	03/31/09
South St. Clair Street Resurfacing	138,267	03/31/09
Shamrock Boulevard Bridge	6,976	12/31/09
Municipal Court Entrance	84,373	01/31/09
Resurfacing WPCP Drive and Parking Lot	122,000	01/31/09
WPCP Capital Improvements WRRSP	150,000	12/31/09
Tiber Creek Storm Drainage	33,782	12/31/09
Steel Ave & Grand River Avenue	185,796	12/31/09
Electric Substation Upgrade	18,560	12/31/09
Boiler Mact. Complaiance - Electric	121,809	12/31/09
Heisley Park	5,103	12/31/09
Feeder Extension-Renaissance Park	26,700	12/31/09
Total	<u>\$2,314,852</u>	

NOTE 17 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2008 of \$84,121 in the Fire Levy Fund (special revenue fund), \$1,787,574 in the Shamrock Boulevard Road Project Fund (capital projects fund), \$457,488 in the Employee Health Insurance Fund, and \$36,018 in the Workers' Compensation Retrospective Fund (internal service funds) arise from the recognition of expenditures/expenses on the modified accrual/accrual basis that are greater than expenditures/expenses recognized on the budgetary/cash basis. Deficits do not exist under the budgetary/cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 18 - CONTINGENCIES

A. Environmental Matters

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

B. Litigation

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

NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year 2008, the City has implemented GASB Statement No. 49 "Accounting and Financial Reporting for Pollution Remediation Obligations", and GASB Statement No. 50 "Pension Disclosures", and amendment of GASB Statements No. 25 and No. 27. The implementation of GASB No.'s 49 and 50 did not affect the presentation of the financial statements of the City, GASB Statement No. 50 did however change the disclosures reported in footnotes 10 and 11.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

State Highway Improvement Fund

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

Cemeteries Fund

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

Police Pension Transfer Fund

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

Fire Pension Transfer Fund

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

Law Enforcement Fund

To account for the proceeds from the confiscation of contraband.

Municipal Motor Vehicle License Tax Fund

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

Indigent Drivers Alcohol Treatment Fund

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

Enforcement and Education Fund

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

City Motor Vehicle License Tax Fund

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

(Continued)

Special Revenue Funds

Fire Levy Fund

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

Underground Storage Tank Fund

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

Probation Services Fund

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

Community Oriented Policing Services (COPS) Fast Grant Fund

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

Skate Facility Fund

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

Fire Fund

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

Emergency Medical Services (EMS) Fund

To account for revenue received from the operation of the City's Emergency Medical Services.

Municipal Court Computerization Fund

To account for monies from fines to be used to place an updated computer system in the Municipal Court.

2008 Federal Emergency Management Fund

To account for grant revenues received from FEMA to aid in the clean up of the flooding.

Brownfield Grant Fund

To account for grant revenues received from EPA for brownfields assessment, cleanup, revolving loans, and environmental job training.

(Continued)

Special Revenue Funds

Plan Review Fund

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

Zoning Application Fund

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

Columbarium Trust Fund

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

Law Enforcement Trust Fund

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

Debt Service Funds

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

General Bond Retirement Fund

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

Special Assessment Bond Retirement Fund

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

Land Acquisition Note Retirement Fund

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

Capital Projects Funds

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

Municipal Court Improvement Fund

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

Capital Equipment Reserve Fund

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

Capital Improvement Fund

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

Jackson Street Interchange Project Fund

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

Industrial Park Project Fund

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

Municipal Court Special Projects Fund

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

Millstone Acquisition Fund

To account for costs associated with the acquisition and demolition of Millstone Condominiums.

Gristmill Flood Mitigation Assistance (FMA) Acquisition Fund

To account for cost associated with the acquisition and demolition of 24 Gristmill Condominiums.

Gristmill Hazard Mitigation Grant Program (HMGP) Acquisition Fund

To account for cost associated with the acquisition and demolition of 18 Gristmill Condominiums.

Permanent Funds

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

Cemetery Trust Fund

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

Special Endowment Fund

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

Evergreen Cemetery Trust Fund

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

Riverside Cemetery Trust Fund

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

Special Endowment Trust Fund

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

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,765,184	\$ 183,817	\$ 4,762,006	\$ 139,557	\$ 6,850,564
Receivables (net of allowance for doubtful accounts):					
Taxes	313,753	75,106	0	0	388,859
Accounts	139,097	0	3,134	0	142,231
Intergovernmental	182,715	3,569	8,460	0	194,744
Special Assessments	0	184,938	0	0	184,938
Inventory of Supplies, at Cost	5,117	0	0	0	5,117
Prepaid Items	2,636	0	0	0	2,636
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	1,054,982	1,054,982
Total Assets	\$ 2,408,502	\$ 447,430	\$ 4,773,600	\$ 1,194,539	\$ 8,824,071
Liabilities:					
Accounts Payable	\$ 96,436	\$ 0	\$ 11,230	\$ 0	\$ 107,666
Accrued Wages and Benefits Payable	48,079	0	590	0	48,669
Intergovernmental Payable	314	0	0	0	314
Interfund Loans Payable	300,000	0	0	0	300,000
Deferred Revenue	462,086	263,041	0	0	725,127
Accrued Interest Payable	1,883	0	1,758	0	3,641
General Obligation Notes Payable	75,000	0	70,000	0	145,000
Total Liabilities	983,798	263,041	83,578	0	1,330,417
Fund Balances:					
Reserved for Encumbrances	179,348	0	2,895,065	0	3,074,413
Reserved for Prepaid Items	2,636	0	0	0	2,636
Reserved for Supplies Inventory	5,117	0	0	0	5,117
Reserved for Debt Service	0	184,389	0	0	184,389
Reserved for Endowments	0	0	0	984,940	984,940
Undesignated/Unreserved	1,237,603	0	1,794,957	209,599	3,242,159
Total Fund Balances	1,424,704	184,389	4,690,022	1,194,539	7,493,654
Total Liabilities and Fund Balances	\$ 2,408,502	\$ 447,430	\$ 4,773,600	\$ 1,194,539	\$ 8,824,071

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$ 248,634	\$ 58,031	\$ 0	\$ 0	\$ 306,665
Intergovernmental Revenues	444,612	13,860	2,271,768	0	2,730,240
Charges for Services	655,019	0	0	0	655,019
Licenses, Permits and Inspection Fees	60	0	0	0	60
Investment Earnings	3,964	0	13,300	14,761	32,025
Special Assessments	0	168,049	0	0	168,049
Fines and Forfeitures	252,199	0	154,364	0	406,563
All Other Revenues	55,791	0	71	11,875	67,737
Total Revenues	1,660,279	239,940	2,439,503	26,636	4,366,358
Expenditures:					
Current:					
General Government	365,765	29,300	26,435	0	421,500
Public Safety	854,567	0	0	0	854,567
Highways and Streets	37,017	0	5,907	0	42,924
Public Health and Welfare	492,041	0	0	2,815	494,856
Culture and Recreation	35,917	0	0	0	35,917
Community Environment	27,174	0	9,280	0	36,454
Capital Outlay	0	0	333,297	0	333,297
Debt Service:					
Principal Retirement	301,496	72,531	227,709	0	601,736
Interest & Fiscal Charges	29,906	64,784	39,136	0	133,826
Total Expenditures	2,143,883	166,615	641,764	2,815	2,955,077
Excess (Deficiency) of Revenues Over Expenditures	(483,604)	73,325	1,797,739	23,821	1,411,281
Other Financing Sources (Uses):					
Transfers In	388,752	0	766,821	0	1,155,573
Transfers Out	(133,772)	(54,321)	0	0	(188,093)
Other Financing Sources - Capital Leases	303,733	0	0	0	303,733
Total Other Financing Sources (Uses)	558,713	(54,321)	766,821	0	1,271,213
Net Change in Fund Balances	75,109	19,004	2,564,560	23,821	2,682,494
Fund Balances at Beginning of Year	1,348,802	165,385	2,125,462	1,170,718	4,810,367
Increase in Inventory Reserve	793	0	0	0	793
Fund Balances End of Year	\$ 1,424,704	\$ 184,389	\$ 4,690,022	\$ 1,194,539	\$ 7,493,654

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008**

	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund	Fire Pension Transfer Fund	Law Enforcement Fund
Assets:					
Cash and Cash Equivalents	\$ 76,525	\$ 251,882	\$ 13,268	\$ 13,271	\$ 17,478
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	93,799	93,799	0
Accounts	0	0	0	0	0
Intergovernmental	21,708	0	4,461	4,461	5,416
Inventory of Supplies, at Cost	0	5,117	0	0	0
Prepaid Items	0	2,486	0	0	0
Total Assets	<u>\$ 98,233</u>	<u>\$ 259,485</u>	<u>\$ 111,528</u>	<u>\$ 111,531</u>	<u>\$ 22,894</u>
Liabilities:					
Accounts Payable	\$ 0	\$ 2,232	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	23,779	0	0	0
Intergovernmental Payable	0	116	0	0	0
Interfund Loans Payable	0	0	0	0	0
Deferred Revenue	14,472	0	97,544	97,544	4,487
Accrued Interest Payable	0	0	0	0	0
General Obligation Notes Payable	0	0	0	0	0
Total Liabilities	<u>14,472</u>	<u>26,127</u>	<u>97,544</u>	<u>97,544</u>	<u>4,487</u>
Fund Balances:					
Reserved for Encumbrances	12,141	16,794	0	0	2,000
Reserved for Prepaid Items	0	2,486	0	0	0
Reserved for Supplies Inventory	0	5,117	0	0	0
Undesignated/Unreserved (Deficits)	71,620	208,961	13,984	13,987	16,407
Total Fund Balances (Deficits)	<u>83,761</u>	<u>233,358</u>	<u>13,984</u>	<u>13,987</u>	<u>18,407</u>
Total Liabilities and Fund Balances	<u>\$ 98,233</u>	<u>\$ 259,485</u>	<u>\$ 111,528</u>	<u>\$ 111,531</u>	<u>\$ 22,894</u>

CITY OF PAINESVILLE, OHIO

Municipal Motor Vehicle License Tax Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	City Motor Vehicle License Tax Fund	Fire Levy Fund	Underground Storage Tank Fund	Probation Services Fund
\$ 6,577	\$ 121,351	\$ 44,319	\$ 13,926	\$ 296,859	\$ 1,423	\$ 100,927
0	0	0	0	126,155	0	0
0	0	0	0	0	0	0
15,768	1,058	75	31,539	4,324	0	9,873
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 22,345</u>	<u>\$ 122,409</u>	<u>\$ 44,394</u>	<u>\$ 45,465</u>	<u>\$ 427,338</u>	<u>\$ 1,423</u>	<u>\$ 110,800</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,998	\$ 0	\$ 1,138
0	0	0	0	0	0	6,029
0	198	0	0	0	0	0
0	0	0	0	300,000	0	0
10,512	0	0	21,026	129,578	0	0
0	0	0	0	1,883	0	0
0	0	0	0	75,000	0	0
<u>10,512</u>	<u>198</u>	<u>0</u>	<u>21,026</u>	<u>511,459</u>	<u>0</u>	<u>7,167</u>
0	28,428	0	0	6,899	0	4,753
0	0	0	0	0	0	0
0	0	0	0	0	0	0
11,833	93,783	44,394	24,439	(91,020)	1,423	98,880
<u>11,833</u>	<u>122,211</u>	<u>44,394</u>	<u>24,439</u>	<u>(84,121)</u>	<u>1,423</u>	<u>103,633</u>
<u>\$ 22,345</u>	<u>\$ 122,409</u>	<u>\$ 44,394</u>	<u>\$ 45,465</u>	<u>\$ 427,338</u>	<u>\$ 1,423</u>	<u>\$ 110,800</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008**

	COPS Fast Grant Fund	Skate Facility Fund	Fire Fund	Emergency Medical Services Fund	Municipal Court Computerization Fund
Assets:					
Cash and Cash Equivalents	\$ 1,075	\$ 457	\$ 21,134	\$ 446,405	\$ 93,759
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	0	0	139,097	0
Intergovernmental	4,922	0	0	0	7,071
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	0	0	150	0
Total Assets	<u>\$ 5,997</u>	<u>\$ 457</u>	<u>\$ 21,134</u>	<u>\$ 585,652</u>	<u>\$ 100,830</u>
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 10,719	\$ 1,501
Accrued Wages and Benefits Payable	14	0	0	13,363	4,894
Intergovernmental Payable	0	0	0	0	0
Interfund Loans Payable	0	0	0	0	0
Deferred Revenue	0	0	0	86,923	0
Accrued Interest Payable	0	0	0	0	0
General Obligation Notes Payable	0	0	0	0	0
Total Liabilities	<u>14</u>	<u>0</u>	<u>0</u>	<u>111,005</u>	<u>6,395</u>
Fund Balances:					
Reserved for Encumbrances	0	0	886	18,353	17,851
Reserved for Prepaid Items	0	0	0	150	0
Reserved for Supplies Inventory	0	0	0	0	0
Undesignated/Unreserved (Deficits)	5,983	457	20,248	456,144	76,584
Total Fund Balances (Deficits)	<u>5,983</u>	<u>457</u>	<u>21,134</u>	<u>474,647</u>	<u>94,435</u>
Total Liabilities and Fund Balances	<u>\$ 5,997</u>	<u>\$ 457</u>	<u>\$ 21,134</u>	<u>\$ 585,652</u>	<u>\$ 100,830</u>

CITY OF PAINESVILLE, OHIO

2008 Federal Emergency Management Fund	Brownfield Grant Fund	Plan Review Fund	Zoning Application Fund	Columbarium Trust Fund	Law Enforcement Trust Fund	Total Nonmajor Special Revenue Funds
\$ 104,048	\$ 15,127	\$ 104,083	\$ 8,990	\$ 89	\$ 12,211	\$ 1,765,184
0	0	0	0	0	0	313,753
0	0	0	0	0	0	139,097
0	72,039	0	0	0	0	182,715
0	0	0	0	0	0	5,117
0	0	0	0	0	0	2,636
<u>\$ 104,048</u>	<u>\$ 87,166</u>	<u>\$ 104,083</u>	<u>\$ 8,990</u>	<u>\$ 89</u>	<u>\$ 12,211</u>	<u>\$ 2,408,502</u>
\$ 0	\$ 74,192	\$ 1,656	\$ 0	\$ 0	\$ 0	\$ 96,436
0	0	0	0	0	0	48,079
0	0	0	0	0	0	314
0	0	0	0	0	0	300,000
0	0	0	0	0	0	462,086
0	0	0	0	0	0	1,883
0	0	0	0	0	0	75,000
<u>0</u>	<u>74,192</u>	<u>1,656</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>983,798</u>
0	0	71,223	20	0	0	179,348
0	0	0	0	0	0	2,636
0	0	0	0	0	0	5,117
104,048	12,974	31,204	8,970	89	12,211	1,237,603
<u>104,048</u>	<u>12,974</u>	<u>102,427</u>	<u>8,990</u>	<u>89</u>	<u>12,211</u>	<u>1,424,704</u>
<u>\$ 104,048</u>	<u>\$ 87,166</u>	<u>\$ 104,083</u>	<u>\$ 8,990</u>	<u>\$ 89</u>	<u>\$ 12,211</u>	<u>\$ 2,408,502</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund	Fire Pension Transfer Fund	Law Enforcement Fund
Revenues:					
Property Taxes	\$ 0	\$ 0	\$ 72,354	\$ 72,353	\$ 0
Intergovernmental Revenues	53,632	0	17,324	17,324	929
Charges for Services	0	151,953	0	0	0
Licenses, Permits and Inspection Fees	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenues	0	310	0	0	11,966
Total Revenues	53,632	152,263	89,678	89,677	12,895
Expenditures:					
Current:					
General Government	0	0	985	981	0
Public Safety	0	0	85,680	85,680	11,623
Highways and Streets	33,017	0	0	0	0
Public Health and Welfare	0	492,041	0	0	0
Culture and Recreation	0	0	0	0	0
Community Environment	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0
Total Expenditures	33,017	492,041	86,665	86,661	11,623
Excess (Deficiency) of Revenues Over Expenditures	20,615	(339,778)	3,013	3,016	1,272
Other Financing Sources (Uses):					
Transfers In	0	388,752	0	0	0
Transfers Out	0	0	0	0	0
Other Financing Sources - Capital Leases	0	0	0	0	0
Total Other Financing Sources (Uses)	0	388,752	0	0	0
Net Change in Fund Balances	20,615	48,974	3,013	3,016	1,272
Fund Balances at Beginning of Year	63,146	183,591	10,971	10,971	17,135
Increase in Inventory Reserve	0	793	0	0	0
Fund Balances (Deficits) End of Year	\$ 83,761	\$ 233,358	\$ 13,984	\$ 13,987	\$ 18,407

CITY OF PAINESVILLE, OHIO

Municipal Motor Vehicle License Tax Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	City Motor Vehicle License Tax Fund	Fire Levy Fund	Underground Storage Tank Fund	Probation Services Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 103,927	\$ 0	\$ 0
33,597	0	0	67,195	16,882	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	10
0	0	0	0	3,964	0	0
0	25,378	1,298	0	0	0	127,308
0	0	0	0	268	0	0
<u>33,597</u>	<u>25,378</u>	<u>1,298</u>	<u>67,195</u>	<u>125,041</u>	<u>0</u>	<u>127,318</u>
0	23,523	0	0	1,330	0	112,229
0	0	0	0	358,557	0	0
0	0	0	0	0	4,000	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	292,490	0	0
0	0	0	0	28,984	0	0
0	23,523	0	0	681,361	4,000	112,229
33,597	1,855	1,298	67,195	(556,320)	(4,000)	15,089
0	0	0	0	0	0	0
(33,000)	0	0	(65,000)	0	0	0
0	0	0	0	303,733	0	0
<u>(33,000)</u>	<u>0</u>	<u>0</u>	<u>(65,000)</u>	<u>303,733</u>	<u>0</u>	<u>0</u>
597	1,855	1,298	2,195	(252,587)	(4,000)	15,089
11,236	120,356	43,096	22,244	168,466	5,423	88,544
0	0	0	0	0	0	0
<u>\$ 11,833</u>	<u>\$ 122,211</u>	<u>\$ 44,394</u>	<u>\$ 24,439</u>	<u>\$ (84,121)</u>	<u>\$ 1,423</u>	<u>\$ 103,633</u>

(Continued)

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008***

	COPS Fast Grant Fund	Skate Facility Fund	Fire Fund	Emergency Medical Services Fund	Municipal Court Computerization Fund
Revenues:					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	9,752	0	0	0	0
Charges for Services	0	0	0	503,066	0
Licenses, Permits and Inspection Fees	0	0	0	0	50
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	98,215
All Other Revenues	0	375	5,531	0	0
Total Revenues	9,752	375	5,531	503,066	98,265
Expenditures:					
Current:					
General Government	0	0	0	0	151,534
Public Safety	5,519	0	14,220	293,288	0
Highways and Streets	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Culture and Recreation	0	35,917	0	0	0
Community Environment	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	3,366	5,640
Interest & Fiscal Charges	0	0	0	517	405
Total Expenditures	5,519	35,917	14,220	297,171	157,579
Excess (Deficiency) of Revenues Over Expenditures	4,233	(35,542)	(8,689)	205,895	(59,314)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Other Financing Sources - Capital Leases	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	4,233	(35,542)	(8,689)	205,895	(59,314)
Fund Balances at Beginning of Year	1,750	35,999	29,823	268,752	153,749
Increase in Inventory Reserve	0	0	0	0	0
Fund Balances (Deficits) End of Year	\$ 5,983	\$ 457	\$ 21,134	\$ 474,647	\$ 94,435

CITY OF PAINESVILLE, OHIO

2008 Federal Emergency Management Fund	Brownfield Grant Fund	Plan Review Fund	Zoning Application Fund	Columbarium Trust Fund	Law Enforcement Trust Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 248,634
139,820	88,157	0	0	0	0	444,612
0	0	0	0	0	0	655,019
0	0	0	0	0	0	60
0	0	0	0	0	0	3,964
0	0	0	0	0	0	252,199
0	0	34,227	224	0	2,890	55,791
<u>139,820</u>	<u>88,157</u>	<u>34,227</u>	<u>224</u>	<u>0</u>	<u>2,890</u>	<u>1,660,279</u>
0	75,183	0	0	0	0	365,765
0	0	0	0	0	0	854,567
0	0	0	0	0	0	37,017
0	0	0	0	0	0	492,041
0	0	0	0	0	0	35,917
0	0	27,136	38	0	0	27,174
0	0	0	0	0	0	301,496
0	0	0	0	0	0	29,906
0	75,183	27,136	38	0	0	2,143,883
139,820	12,974	7,091	186	0	2,890	(483,604)
0	0	0	0	0	0	388,752
(35,772)	0	0	0	0	0	(133,772)
0	0	0	0	0	0	303,733
<u>(35,772)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>558,713</u>
104,048	12,974	7,091	186	0	2,890	75,109
0	0	95,336	8,804	89	9,321	1,348,802
0	0	0	0	0	0	793
<u>\$ 104,048</u>	<u>\$ 12,974</u>	<u>\$ 102,427</u>	<u>\$ 8,990</u>	<u>\$ 89</u>	<u>\$ 12,211</u>	<u>\$ 1,424,704</u>

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2008**

	<u>General Bond Retirement Fund</u>	<u>Special Assessment Bond Retirement Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 26,944	\$ 156,873	\$ 183,817
Receivables (net of allowance for doubtful accounts):			
Taxes	75,106	0	75,106
Intergovernmental	3,569	0	3,569
Special Assessments	0	184,938	184,938
Total Assets	<u>\$ 105,619</u>	<u>\$ 341,811</u>	<u>\$ 447,430</u>
Liabilities:			
Deferred Revenue	\$ 78,103	\$ 184,938	\$ 263,041
Total Liabilities	<u>78,103</u>	<u>184,938</u>	<u>263,041</u>
Reserved for Debt Service	<u>27,516</u>	<u>156,873</u>	<u>184,389</u>
Total Fund Balances	<u>27,516</u>	<u>156,873</u>	<u>184,389</u>
Total Liabilities and Fund Balances	<u>\$ 105,619</u>	<u>\$ 341,811</u>	<u>\$ 447,430</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2008***

	General Bond Retirement Fund	Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Property Taxes	\$ 58,031	\$ 0	\$ 58,031
Intergovernmental Revenues	13,860	0	13,860
Special Assessments	0	168,049	168,049
Total Revenues	71,891	168,049	239,940
Expenditures:			
General Government	763	28,537	29,300
Debt Service:			
Principal Retirement	0	72,531	72,531
Interest & Fiscal Charges	0	64,784	64,784
Total Expenditures	763	165,852	166,615
Excess (Deficiency) of Revenues Over Expenditures	71,128	2,197	73,325
Other Financing Sources (Uses):			
Transfers Out	(54,321)	0	(54,321)
Total Other Financing Sources (Uses)	(54,321)	0	(54,321)
Net Change in Fund Balances	16,807	2,197	19,004
Fund Balances at Beginning of Year	10,709	154,676	165,385
Fund Balances End of Year	\$ 27,516	\$ 156,873	\$ 184,389

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2008**

	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Jackson Street Interchange Project Fund	Industrial Park Project Fund
Assets:					
Cash and Cash Equivalents	\$ 31,327	\$ 686,469	\$ 830,969	\$ 134,910	\$ 50,582
Receivables (net of allowance for doubtful accounts):					
Accounts	3,134	0	0	0	0
Intergovernmental	0	0	0	0	0
Total Assets	\$ 34,461	\$ 686,469	\$ 830,969	\$ 134,910	\$ 50,582
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 6,445	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Accrued Interest Payable	0	0	1,758	0	0
General Obligation Notes Payable	0	0	70,000	0	0
Total Liabilities	0	0	78,203	0	0
Fund Balances:					
Reserved for Encumbrances	0	3,980	147,584	0	0
Undesignated/Unreserved	34,461	682,489	605,182	134,910	50,582
Total Fund Balances	34,461	686,469	752,766	134,910	50,582
Total Liabilities and Fund Balances	\$ 34,461	\$ 686,469	\$ 830,969	\$ 134,910	\$ 50,582

CITY OF PAINESVILLE, OHIO

<u>Municipal Court Special Projects Fund</u>	<u>Millstone Acquisition Fund</u>	<u>Gristmill FMA Acquisition Fund</u>	<u>Gristmill HMGP Acquisition Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 303,983	\$ 245,637	\$ 1,466,803	\$ 1,011,326	\$ 4,762,006
0	0	0	0	3,134
8,460	0	0	0	8,460
<u>\$ 312,443</u>	<u>\$ 245,637</u>	<u>\$ 1,466,803</u>	<u>\$ 1,011,326</u>	<u>\$ 4,773,600</u>
\$ 4,785	\$ 0	\$ 0	\$ 0	\$ 11,230
590	0	0	0	590
0	0	0	0	1,758
0	0	0	0	70,000
<u>5,375</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>83,578</u>
21,979	245,000	1,465,364	1,011,158	2,895,065
285,089	637	1,439	168	1,794,957
<u>307,068</u>	<u>245,637</u>	<u>1,466,803</u>	<u>1,011,326</u>	<u>4,690,022</u>
<u>\$ 312,443</u>	<u>\$ 245,637</u>	<u>\$ 1,466,803</u>	<u>\$ 1,011,326</u>	<u>\$ 4,773,600</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008***

	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Jackson Street Interchange Project Fund	Industrial Park Project Fund
Revenues:					
Intergovernmental Revenues	\$ 0	\$ 0	\$ 23,040	\$ 0	\$ 0
Investment Earnings	0	0	13,300	0	0
Fines and Forfeitures	41,784	0	0	0	0
All Other Revenues	0	0	71	0	0
Total Revenues	41,784	0	36,411	0	0
Expenditures:					
Current:					
General Government	0	0	0	0	0
Highways and Streets	0	0	225	0	0
Community Environment	0	0	0	0	0
Capital Outlay	0	160,585	115,989	0	0
Debt Service:					
Principal Retirement	48,000	173,709	0	0	6,000
Interest & Fiscal Charges	11,128	10,796	7,842	0	9,370
Total Expenditures	59,128	345,090	124,056	0	15,370
Excess (Deficiency) of Revenues Over Expenditures	(17,344)	(345,090)	(87,645)	0	(15,370)
Other Financing Sources (Uses):					
Transfers In	0	300,000	376,821	0	0
Total Other Financing Sources (Uses)	0	300,000	376,821	0	0
Net Change in Fund Balances	(17,344)	(45,090)	289,176	0	(15,370)
Fund Balances at Beginning of Year	51,805	731,559	463,590	134,910	65,952
Fund Balances End of Year	\$ 34,461	\$ 686,469	\$ 752,766	\$ 134,910	\$ 50,582

CITY OF PAINESVILLE, OHIO

Municipal Court Special Projects Fund	Millstone Acquisition Fund	Gristmill FMA Acquisition Fund	Gristmill HMGP Acquisition Fund	Total Nonmajor Capital Project Funds
\$ 0	\$ 0	\$ 1,321,740	\$ 926,988	\$ 2,271,768
0	0	0	0	13,300
112,580	0	0	0	154,364
0	0	0	0	71
<u>112,580</u>	<u>0</u>	<u>1,321,740</u>	<u>926,988</u>	<u>2,439,503</u>
26,435	0	0	0	26,435
0	0	3,233	2,449	5,907
0	4,363	1,704	3,213	9,280
56,723	0	0	0	333,297
0	0	0	0	227,709
0	0	0	0	39,136
<u>83,158</u>	<u>4,363</u>	<u>4,937</u>	<u>5,662</u>	<u>641,764</u>
29,422	(4,363)	1,316,803	921,326	1,797,739
0	0	50,000	40,000	766,821
0	0	50,000	40,000	766,821
29,422	(4,363)	1,366,803	961,326	2,564,560
277,646	250,000	100,000	50,000	2,125,462
<u>\$ 307,068</u>	<u>\$ 245,637</u>	<u>\$ 1,466,803</u>	<u>\$ 1,011,326</u>	<u>\$ 4,690,022</u>

CITY OF PAINESVILLE, OHIO

***Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2008***

	Cemetery Trust Fund	Special Endowment Fund	Evergreen Cemetery Trust Fund	Riverside Cemetery Trust Fund
Assets:				
Cash and Cash Equivalents	\$ 82,670	\$ 56,887	\$ 0	\$ 0
Restricted Assets:				
Cash and Cash Equivalents	0	0	399,167	344,629
Total Assets	<u>\$ 82,670</u>	<u>\$ 56,887</u>	<u>\$ 399,167</u>	<u>\$ 344,629</u>
Liabilities:				
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:				
Reserved for Endowments	0	0	377,852	314,312
Undesignated/Unreserved	82,670	56,887	21,315	30,317
Total Fund Balances	<u>82,670</u>	<u>56,887</u>	<u>399,167</u>	<u>344,629</u>
Total Liabilities and Fund Balances	<u>\$ 82,670</u>	<u>\$ 56,887</u>	<u>\$ 399,167</u>	<u>\$ 344,629</u>

CITY OF PAINESVILLE, OHIO

<u>Special Endowment Trust Fund</u>	<u>Total Nonmajor Permanent Funds</u>
\$ 0	\$ 139,557
<u>311,186</u>	<u>1,054,982</u>
<u>\$ 311,186</u>	<u>\$ 1,194,539</u>
<u>\$ 0</u>	<u>\$ 0</u>
292,776	984,940
<u>18,410</u>	<u>209,599</u>
<u>311,186</u>	<u>1,194,539</u>
<u>\$ 311,186</u>	<u>\$ 1,194,539</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended December 31, 2008***

	Cemetery Trust Fund	Special Endowment Fund	Evergreen Cemetery Trust Fund	Riverside Cemetery Trust Fund
Revenues:				
Investment Earnings	\$ 10,429	\$ 4,332	\$ 0	\$ 0
All Other Revenues	0	0	240	7,065
Total Revenues	<u>10,429</u>	<u>4,332</u>	<u>240</u>	<u>7,065</u>
Expenditures:				
Current:				
Public Health and Welfare	2,275	0	120	420
Total Expenditures	<u>2,275</u>	<u>0</u>	<u>120</u>	<u>420</u>
Net Change in Fund Balances	8,154	4,332	120	6,645
Fund Balances at Beginning of Year	<u>74,516</u>	<u>52,555</u>	<u>399,047</u>	<u>337,984</u>
Fund Balances End of Year	<u>\$ 82,670</u>	<u>\$ 56,887</u>	<u>\$ 399,167</u>	<u>\$ 344,629</u>

CITY OF PAINESVILLE, OHIO

<u>Special Endowment Trust Fund</u>	<u>Total Nonmajor Permanent Funds</u>
\$ 0	\$ 14,761
<u>4,570</u>	<u>11,875</u>
<u>4,570</u>	<u>26,636</u>
<u>0</u>	<u>2,815</u>
<u>0</u>	<u>2,815</u>
4,570	23,821
<u>306,616</u>	<u>1,170,718</u>
<u>\$ 311,186</u>	<u>\$ 1,194,539</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property Taxes:				
Real Estate and Public Utility	\$ 680,460	\$ 680,460	\$ 439,163	\$ (241,297)
Tangible Personal	20,726	20,726	81,909	61,183
Total Property Taxes	<u>701,186</u>	<u>701,186</u>	<u>521,072</u>	<u>(180,114)</u>
Municipal Income Tax	7,965,000	7,965,000	8,683,118	718,118
Other Local Taxes	<u>11,609</u>	<u>11,609</u>	<u>8,013</u>	<u>(3,596)</u>
Total Taxes	8,677,795	8,677,795	9,212,203	534,408
Intergovernmental Revenues:				
Local	10	10	10	0
Local Government Fund - County	1,439,286	1,439,286	1,399,479	(39,807)
Local Government Fund - State	126,000	126,000	128,947	2,947
Inheritance Tax	65,000	65,000	235,288	170,288
Property Tax Allocation	98,693	98,693	124,736	26,043
Miscellaneous Tax	<u>8,173</u>	<u>8,173</u>	<u>14,308</u>	<u>6,135</u>
Total Intergovernmental Revenues	1,737,162	1,737,162	1,902,768	165,606
Charges for Services:				
General Government	1,100	1,100	4,721	3,621
Public Safety	5,648	5,648	12,272	6,624
Highways and Streets	38,000	38,000	49,915	11,915
Culture and Recreation	18,900	18,900	18,496	(404)
Community Environment	<u>750</u>	<u>750</u>	<u>1,994</u>	<u>1,244</u>
Total Charges for Services	64,398	64,398	87,398	23,000
Licenses, Permits and Inspection Fees:				
License Fees	33,500	33,500	38,300	4,800
Permit Fees	152,500	152,500	125,127	(27,373)
Inspection Fees	10,000	10,000	11,604	1,604
Zoning Appeal Fees	18,100	18,100	15,902	(2,198)
Other Fees	<u>89,200</u>	<u>89,200</u>	<u>205,350</u>	<u>116,150</u>
Total License, Permit and Inspection Fees	303,300	303,300	396,283	92,983
Investment Earnings	1,791,858	1,791,858	1,312,252	(479,606)
Fines and Forfeitures	823,463	823,463	975,561	152,098
All Other Revenues	<u>127,120</u>	<u>127,120</u>	<u>158,348</u>	<u>31,228</u>
Total Revenues	<u>13,525,096</u>	<u>13,525,096</u>	<u>14,044,813</u>	<u>519,717</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Legislative:				
Council:				
Personal Services	10,127	10,127	10,034	93
All Other Expenditures	1,620	1,712	1,130	582
Clerk of Council:				
Personal Services	8,265	8,400	8,291	109
All Other Expenditures	3,318	3,221	2,490	731
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	236,408	236,408	226,319	10,089
All Other Expenditures	7,110	8,785	7,072	1,713
Clerk of Court:				
Personal Services	745,194	748,694	723,543	25,151
All Other Expenditures	91,042	98,246	94,940	3,306
Probation:				
Personal Services	171,567	178,440	177,405	1,035
Executive:				
City Manager:				
Personal Services	52,787	50,289	48,927	1,362
All Other Expenditures	8,555	10,911	9,579	1,332
Capital Outlay	480	480	290	190
Comm., Promotions and Public Relations Activities:				
All Other Expenditures	12,495	9,376	7,005	2,371
Information Technology:				
All Other Expenditures	25,050	61,089	60,798	291
Capital Outlay	1,500	3,000	1,499	1,501

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2008***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Human Resources:				
Personal Services	39,763	39,763	36,498	3,265
All Other Expenditures	13,340	13,886	12,774	1,112
Economic Development:				
Personal Services	20,184	20,560	20,430	130
All Other Expenditures	14,129	41,354	28,221	13,133
Finance:				
Administration:				
Personal Services	47,811	47,811	46,497	1,314
All Other Expenditures	14,210	14,688	12,291	2,397
Capital Outlay	260	260	246	14
Accounting:				
Personal Services	33,309	33,309	33,118	191
All Other Expenditures	23,697	27,818	27,048	770
Purchasing/Warehousing:				
Personal Services	24,813	25,073	24,649	424
All Other Expenditures	2,419	2,504	1,594	910
Income Tax Collection:				
All Other Expenditures	151,460	154,875	154,575	300
Law:				
Administration:				
Personal Services	29,546	30,725	30,590	135
All Other Expenditures	34,160	32,146	31,105	1,041
Engineering:				
Administration:				
Personal Services	150,303	130,325	120,933	9,392
All Other Expenditures	24,005	21,642	14,663	6,979
Capital Outlay	7,750	7,750	641	7,109

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
Personal Services	72,803	101,884	101,427	457
All Other Expenditures	226,150	231,036	223,846	7,190
Capital Outlay	0	27,113	27,113	0
Boards and Commissions:				
Civil Service Commission:				
All Other Expenditures	4,442	4,442	1,149	3,293
Miscellaneous:				
Insurance:				
All Other Expenditures	72,759	72,759	67,861	4,898
Tax Settlement Deductions:				
All Other Expenditures	19,600	17,286	13,598	3,688
Other Miscellaneous:				
Personal Services	10,000	53,000	38,174	14,826
All Other Expenditures	193,500	230,176	130,400	99,776
Capital Outlay	0	68,636	0	68,636
Total General Government	<u>2,605,931</u>	<u>2,879,999</u>	<u>2,578,763</u>	<u>301,236</u>
Public Safety:				
Police:				
Law Enforcement - Sworn Officers:				
Personal Services	3,494,197	3,602,757	3,516,583	86,174
Law Enforcement - Other:				
Personal Services	457,211	417,611	403,505	14,106
All Other Expenditures	259,210	310,798	298,289	12,509
Fire:				
Fire Fighting, Prevention and Inspection:				
Personal Services	2,572,828	2,576,868	2,341,663	235,205
All Other Expenditures	193,901	227,240	199,950	27,290

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fire Service - Other:				
Personal Services	169,369	160,139	141,846	18,293
All Other Expenditures	22,000	24,943	22,298	2,645
Police and Fire Communications:				
Control Center:				
All Other Expenditures	431,527	447,829	447,822	7
Total Public Safety	<u>7,600,243</u>	<u>7,768,185</u>	<u>7,371,956</u>	<u>396,229</u>
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	174,410	176,050	173,269	2,781
All Other Expenditures	43,506	45,268	42,387	2,881
Street Maintenance and Repair:				
All Other Expenditures	37,000	47,110	46,591	519
Sidewalks:				
All Other Expenditures	14,570	18,298	16,735	1,563
Building Maintenance:				
All Other Expenditures	63,653	66,567	61,319	5,248
Capital Outlay	11,000	12,443	12,034	409
Equipment Maintenance:				
Personal Services	132,190	132,776	131,712	1,064
All Other Expenditures	119,875	187,346	172,602	14,744
Employee Benefits:				
Personal Services	365,848	386,175	381,162	5,013
Sidewalks - Snow Removal:				
All Other Expenditures	4,200	5,425	4,507	918
Leaf/Yard Waste Removal:				
All Other Expenditures	3,620	3,786	2,950	836

(Continued)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Parking:				
Parking Meters:				
Personal Services	53,579	49,157	46,210	2,947
Other Expenditures	3,680	3,749	3,070	679
Parking Lots:				
All Other Expenditures	12,625	12,626	9,393	3,233
Traffic Signs, Markings:				
Traffic Signs, Markings, Signals:				
Personal Services	76,178	64,453	45,515	18,938
All Other Expenditures	56,570	78,069	73,783	4,286
Total Highways and Streets	<u>1,172,504</u>	<u>1,289,298</u>	<u>1,223,239</u>	<u>66,059</u>
Public Health and Welfare:				
Support of Prisoners:				
Prisoner Expense:				
All Other Expenditures	12,074	16,833	6,198	10,635
Payments to County Health Board:				
County Health District Assessments:				
All Other Expenditures	134,710	134,710	131,161	3,549
Assistance to Needy/Aged:				
Poor Relief:				
All Other Expenditures	2,500	2,220	0	2,220
Total Public Health and Welfare	<u>149,284</u>	<u>153,763</u>	<u>137,359</u>	<u>16,404</u>
Culture and Recreation:				
Parks:				
Administration:				
Personal Services	139,051	143,945	143,097	848
All Other Expenditures	14,991	15,140	9,806	5,334

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Parks Systems:				
Personal Services	377,071	342,922	303,123	39,799
All Other Expenditures	86,906	126,707	122,892	3,815
Capital Outlay	0	289	288	1
Building Maintenance:				
All Other Expenditures	23,285	25,232	24,177	1,055
Morse Avenue Community Center:				
All Other Expenditures	12,450	13,485	13,417	68
Recreation Activities:				
Personal Services	189,391	191,851	184,585	7,266
All Other Expenditures	36,215	46,283	39,418	6,865
Other Leisure Time Activities:				
Senior Citizens Center:				
All Other Expenditures	25,000	25,000	25,000	0
Community Functions:				
All Other Expenditures	32,500	30,500	29,453	1,047
Total Culture and Recreation	<u>936,860</u>	<u>961,354</u>	<u>895,256</u>	<u>66,098</u>
Community Environment:				
Community Planning and Zoning:				
Planning Commission:				
Personal Services	3,156	3,156	1,235	1,921
All Other Expenditures	2,775	2,875	1,826	1,049
Demolition:				
All Other Expenditures	11,750	3,750	2,500	1,250

(Continued)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Planning and Development:				
Personal Services	31,186	29,944	27,379	2,565
All Other Expenditures	4,740	13,671	12,215	1,456
Capital Outlay	1,400	1,508	1,508	0
Housing and Building Code Enforcement:				
Code Enforcement:				
Personal Services	365,289	351,691	345,016	6,675
All Other Expenditures	22,640	32,232	27,215	5,017
Tree Care and Weed Control:				
Tree Care:				
All Other Expenditures	3,000	2,092	1,852	240
Weed Control:				
All Other Expenditures	7,200	9,675	9,551	124
Total Community Environment	<u>453,136</u>	<u>450,594</u>	<u>430,297</u>	<u>20,297</u>
Debt Service:				
Principal Retirement	98,196	98,197	97,676	521
Interest and Fiscal Charges	25,936	25,936	25,927	9
Total Expenditures	<u>13,042,090</u>	<u>13,627,326</u>	<u>12,760,473</u>	<u>866,853</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	483,006	(102,230)	1,284,340	1,386,570
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	5,894	5,894
Sale of General Obligation Notes	347,000	347,000	253,000	(94,000)
Transfers In	863,142	863,142	849,636	(13,506)
Transfers Out	(2,647,500)	(2,647,500)	(2,167,500)	480,000
Advances Out	(561,925)	(561,925)	(558,900)	3,025
Total Other Financing Sources (Uses)	<u>(1,999,283)</u>	<u>(1,999,283)</u>	<u>(1,617,870)</u>	<u>381,413</u>
Net Change in Fund Balance	(1,516,277)	(2,101,513)	(333,530)	1,767,983
Fund Balance at Beginning of Year	4,474,904	4,474,904	4,474,904	0
Prior Year Encumbrances	336,858	336,858	336,858	0
Fund Balance at End of Year	<u>\$ 3,295,485</u>	<u>\$ 2,710,249</u>	<u>\$ 4,478,232</u>	<u>\$ 1,767,983</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Special Revenue Fund – Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 475,476	\$ 475,476	\$ 566,892	\$ 91,416
Charges for Services	0	0	300	300
All Other Revenues	0	0	8,155	8,155
Total Revenues	<u>475,476</u>	<u>475,476</u>	<u>575,347</u>	<u>99,871</u>
Expenditures:				
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	31,727	33,527	33,254	273
Street Construction and Reconstruction:				
Personal Service	325,164	342,269	336,256	6,013
Capital Outlay	1,168,000	1,500,590	1,383,112	117,478
Street Maintenance and Repair:				
All Other Expenditures	26,300	55,957	53,233	2,724
Snow and Ice Removal:				
All Other Expenditures	197,550	315,238	309,392	5,846
Debt Service:				
Principal Retirement	445,630	450,522	450,520	2
Interest Charges	85,863	85,865	85,824	41
Total Expenditures	<u>2,280,234</u>	<u>2,783,968</u>	<u>2,651,591</u>	<u>132,377</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,804,758)	(2,308,492)	(2,076,244)	232,248
Other Financing Sources (Uses):				
Issuance of OPWC Loans	97,801	97,801	97,801	0
General Obligation Notes Issued	1,086,500	1,086,500	1,086,500	0
Premiums on Debt Issuances	0	0	4,908	4,908
Issuance of Capital Leases	0	0	111,713	111,713
Transfers In	361,171	361,171	361,171	0
Total Other Financing Sources (Uses)	<u>1,545,472</u>	<u>1,545,472</u>	<u>1,662,093</u>	<u>116,621</u>
Net Changes in Fund Balance	(259,286)	(763,020)	(414,151)	348,869
Fund Balance at Beginning of Year	1,341,601	1,341,601	1,341,601	0
Prior Year Encumbrances	432,319	432,319	432,319	0
Fund Balance at End of Year	<u>\$ 1,514,634</u>	<u>\$ 1,010,900</u>	<u>\$ 1,359,769</u>	<u>\$ 348,869</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Capital Projects Fund – Shamrock Boulevard Road Project Fund
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	2,900,000	2,900,976	2,203,515	697,461
Total Expenditures	2,900,000	2,900,976	2,203,515	697,461
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,900,000)	(2,900,976)	(2,203,515)	697,461
Other Financing Sources (Uses):				
General Obligation Notes Issued	2,900,000	2,900,000	2,352,082	(547,918)
Total Other Financing Sources (Uses)	2,900,000	2,900,000	2,352,082	(547,918)
Net Change in Fund Balance	0	(976)	148,567	149,543
Fund Balance at Beginning of Year	164,324	164,324	164,324	0
Prior Year Encumbrances	976	976	976	0
Fund Balance at End of Year	\$ 165,300	\$ 164,324	\$ 313,867	\$ 149,543

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 52,000	\$ 52,000	\$ 53,893	\$ 1,893
Total Revenues	<u>52,000</u>	<u>52,000</u>	<u>53,893</u>	<u>1,893</u>
Expenditures:				
Highways and Streets:				
Public Works:				
State Highway Maintenance:				
All Other Expenditures	<u>40,000</u>	<u>45,158</u>	<u>45,158</u>	<u>0</u>
Total Expenditures	<u>40,000</u>	<u>45,158</u>	<u>45,158</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,000	6,842	8,735	1,893
Fund Balance at Beginning of Year	50,491	50,491	50,491	0
Prior Year Encumbrances	<u>5,158</u>	<u>5,158</u>	<u>5,158</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 67,649</u>	<u>\$ 62,491</u>	<u>\$ 64,384</u>	<u>\$ 1,893</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	CEMETERIES FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 148,150	\$ 148,150	\$ 151,953	\$ 3,803
Investment Earnings	8,283	8,283	0	(8,283)
All Other Revenues	0	0	310	310
Total Revenues	<u>156,433</u>	<u>156,433</u>	<u>152,263</u>	<u>(4,170)</u>
Expenditures:				
Public Health and Welfare:				
Cemeteries:				
Administration:				
Personal Services	196,965	210,801	208,862	1,939
All Other Expenditures	11,458	12,601	11,786	815
Evergreen/Riverside Cemeteries:				
Personal Services	264,787	248,455	214,631	33,824
All Other Expenditures	33,195	53,201	49,943	3,258
Building Maintenance:				
All Other Expenditures	17,535	18,379	14,143	4,236
Total Expenditures	<u>523,940</u>	<u>543,437</u>	<u>499,365</u>	<u>44,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(367,507)	(387,004)	(347,102)	39,902
Other Financing Sources (Uses):				
Transfers In	<u>380,000</u>	<u>380,000</u>	<u>388,752</u>	<u>8,752</u>
Total Other Financing Sources (Uses)	<u>380,000</u>	<u>380,000</u>	<u>388,752</u>	<u>8,752</u>
Net Change in Fund Balance	12,493	(7,004)	41,650	48,654
Fund Balance at Beginning of Year	186,049	186,049	186,049	0
Prior Year Encumbrances	5,042	5,042	5,042	0
Fund Balance at End of Year	<u>\$ 203,584</u>	<u>\$ 184,087</u>	<u>\$ 232,741</u>	<u>\$ 48,654</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

POLICE PENSION TRANSFER FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 75,711	\$ 75,711	\$ 72,209	\$ (3,502)
Intergovernmental Revenues	13,709	13,709	17,324	3,615
Total Revenues	<u>89,420</u>	<u>89,420</u>	<u>89,533</u>	<u>113</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Sworn Officer:				
Personal Services	85,680	85,680	85,680	0
All Other Expenditures	0	1,376	985	391
Total Expenditures	<u>85,680</u>	<u>87,056</u>	<u>86,665</u>	<u>391</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,740	2,364	2,868	504
Other Financing Sources (Uses):				
Sale of General Obligation Bonds	0	2,364	0	(2,364)
Total Other Financing Sources (Uses)	<u>0</u>	<u>2,364</u>	<u>0</u>	<u>(2,364)</u>
Net Changes in Fund Balance	3,740	4,728	2,868	(1,860)
Fund Balance at Beginning of Year	10,400	10,400	10,400	0
Fund Balance at End of Year	<u>\$ 14,140</u>	<u>\$ 15,128</u>	<u>\$ 13,268</u>	<u>\$ (1,860)</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 75,711	\$ 75,711	\$ 72,208	\$ (3,503)
Intergovernmental Revenues	13,709	13,709	17,324	3,615
Total Revenues	<u>89,420</u>	<u>89,420</u>	<u>89,532</u>	<u>112</u>
Expenditures:				
Public Safety:				
Fire:				
Fire Fighting, Prevention, Inspection:				
Personal Services	85,680	85,680	85,680	0
All Other Expenditures	0	1,376	981	395
Total Expenditures	<u>85,680</u>	<u>87,056</u>	<u>86,661</u>	<u>395</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,740	2,364	2,871	507
Fund Balance at Beginning of Year	10,400	10,400	10,400	0
Fund Balance at End of Year	<u>\$ 14,140</u>	<u>\$ 12,764</u>	<u>\$ 13,271</u>	<u>\$ 507</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

LAW ENFORCEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 11,400	\$ 11,400	\$ 11,966	\$ 566
Total Revenues	<u>11,400</u>	<u>11,400</u>	<u>11,966</u>	<u>566</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Other:				
All Other Expenditures	20,000	23,515	13,539	9,976
Capital Outlay	0	84	84	0
Total Expenditures	<u>20,000</u>	<u>23,599</u>	<u>13,623</u>	<u>9,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,600)	(12,199)	(1,657)	10,542
Fund Balance at Beginning of Year	13,620	13,620	13,620	0
Prior Year Encumbrances	3,515	3,515	3,515	0
Fund Balance at End of Year	<u>\$ 8,535</u>	<u>\$ 4,936</u>	<u>\$ 15,478</u>	<u>\$ 10,542</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 33,500	\$ 33,500	\$ 33,567	\$ 67
Total Revenues	<u>33,500</u>	<u>33,500</u>	<u>33,567</u>	<u>67</u>
Expenditures:				
Highways and Streets:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,500	33,500	33,567	67
Other Financing Sources (Uses):				
Transfers Out	<u>(33,000)</u>	<u>(33,000)</u>	<u>(33,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(33,000)</u>	<u>(33,000)</u>	<u>(33,000)</u>	<u>0</u>
Net Change in Fund Balance	500	500	567	67
Fund Balance at Beginning of Year	<u>6,010</u>	<u>6,010</u>	<u>6,010</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,510</u>	<u>\$ 6,510</u>	<u>\$ 6,577</u>	<u>\$ 67</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INDIGENT DRIVERS ALCOHOL TREATMENT FUND				
Revenues:				
Fines and Forfeitures	\$ 21,040	\$ 21,040	\$ 25,047	\$ 4,007
Total Revenues	<u>21,040</u>	<u>21,040</u>	<u>25,047</u>	<u>4,007</u>
Expenditures:				
General Government:				
All Other Expenditures	<u>30,000</u>	<u>59,227</u>	<u>52,900</u>	<u>6,327</u>
Total Expenditures	<u>30,000</u>	<u>59,227</u>	<u>52,900</u>	<u>6,327</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,960)	(38,187)	(27,853)	10,334
Fund Balance at Beginning of Year	91,351	91,351	91,351	0
Prior Year Encumbrances	<u>29,227</u>	<u>29,227</u>	<u>29,227</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 111,618</u>	<u>\$ 82,391</u>	<u>\$ 92,725</u>	<u>\$ 10,334</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

ENFORCEMENT AND EDUCATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Fines and Forfeitures	\$ 1,200	\$ 1,200	\$ 1,447	\$ 247
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>1,447</u>	<u>247</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	1,200	1,200	1,447	247
Fund Balance at Beginning of Year	<u>42,872</u>	<u>42,872</u>	<u>42,872</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 44,072</u>	<u>\$ 44,072</u>	<u>\$ 44,319</u>	<u>\$ 247</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 67,000	\$ 67,000	\$ 67,135	\$ 135
Total Revenues	<u>67,000</u>	<u>67,000</u>	<u>67,135</u>	<u>135</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	67,000	67,000	67,135	135
Other Financing Sources (Uses):				
Transfers Out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>0</u>
Net Change in Fund Balance	2,000	2,000	2,135	135
Fund Balance at Beginning of Year	11,791	11,791	11,791	0
Fund Balance at End of Year	<u>\$ 13,791</u>	<u>\$ 13,791</u>	<u>\$ 13,926</u>	<u>\$ 135</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	FIRE LEVY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 104,020	\$ 104,020	\$ 103,700	\$ (320)
Intergovernmental Revenues	18,567	18,567	16,882	(1,685)
Investment Earnings	0	0	3,626	3,626
All Other Revenues	200	200	268	68
Total Revenues	<u>122,787</u>	<u>122,787</u>	<u>124,476</u>	<u>1,689</u>
Expenditures:				
Public Safety:				
Fire Fighting, Prevention, Inspection:				
All Other Expenditures	0	1,740	1,330	410
Fire Service - Other:				
All Other Expenditures	49,000	46,662	44,940	1,722
Capital Outlay	320,000	320,000	319,695	305
Debt Service:				
Principal Retirement	184,230	199,137	199,137	0
Interest and Fiscal Charges	16,767	30,599	30,587	12
Total Expenditures	<u>569,997</u>	<u>598,138</u>	<u>595,689</u>	<u>2,449</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(447,210)	(475,351)	(471,213)	4,138
Other Financing Sources (Uses):				
General Obligation Notes Issued	75,000	75,000	75,000	0
Premiums on Debt Issuances	0	0	457	457
Issuance of Capital Leases	320,000	320,000	303,733	(16,267)
Total Other Financing Sources (Uses)	<u>395,000</u>	<u>395,000</u>	<u>379,190</u>	<u>(15,810)</u>
Net Changes in Fund Balance	(52,210)	(80,351)	(92,023)	(11,672)
Fund Balance at Beginning of Year	372,883	372,883	372,883	0
Prior Year Encumbrances	4,101	4,101	4,101	0
Fund Balance at End of Year	<u>\$ 324,774</u>	<u>\$ 296,633</u>	<u>\$ 284,961</u>	<u>\$ (11,672)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
All Other Expenditures	2,500	4,000	4,000	0
Total Expenditures	2,500	4,000	4,000	0
Net Change in Fund Balance	(2,500)	(4,000)	(4,000)	0
Fund Balance at Beginning of Year	5,423	5,423	5,423	0
Fund Balance at End of Year	\$ 2,923	\$ 1,423	\$ 1,423	\$ 0

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses, Permits and Inspection Fees	\$ 0	\$ 0	\$ 10	\$ 10
Fines and Forfeitures	130,000	130,000	125,469	(4,531)
Total Revenues	<u>130,000</u>	<u>130,000</u>	<u>125,479</u>	<u>(4,521)</u>
Expenditures:				
General Government:				
Probation:				
Personal Services	80,339	83,369	82,830	539
All Other Expenditures	38,100	36,694	34,456	2,238
Total Expenditures	<u>118,439</u>	<u>120,063</u>	<u>117,286</u>	<u>2,777</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,561	9,937	8,193	(1,744)
Fund Balance at Beginning of Year	85,219	85,219	85,219	0
Prior Year Encumbrances	1,624	1,624	1,624	0
Fund Balance at End of Year	<u>\$ 98,404</u>	<u>\$ 96,780</u>	<u>\$ 95,036</u>	<u>\$ (1,744)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

COPS FAST GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 4,830	\$ 4,830	\$ 0
Total Revenues	<u>0</u>	<u>4,830</u>	<u>4,830</u>	<u>0</u>
Expenditures:				
Public Safety:				
Law Enforcement-Sworn Officers:				
Personal Services	<u>0</u>	<u>1,508</u>	<u>1,506</u>	<u>2</u>
Law Enforcement-Other:				
All Other Expenditures	<u>0</u>	<u>3,999</u>	<u>3,999</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>5,507</u>	<u>5,505</u>	<u>2</u>
Net Change in Fund Balance	0	(677)	(675)	2
Fund Balance at Beginning of Year	<u>1,750</u>	<u>1,750</u>	<u>1,750</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,750</u>	<u>\$ 1,073</u>	<u>\$ 1,075</u>	<u>\$ 2</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
Revenues:				
All Other Revenues	\$ 5,000	\$ 5,000	\$ 375	\$ (4,625)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>375</u>	<u>(4,625)</u>
Expenditures:				
Culture and Recreation:				
All Other Expenditures	5,000	40,930	35,917	5,013
Total Expenditures	<u>5,000</u>	<u>40,930</u>	<u>35,917</u>	<u>5,013</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(35,930)	(35,542)	388
Fund Balance at Beginning of Year	69	69	69	0
Prior Year Encumbrances	<u>35,930</u>	<u>35,930</u>	<u>35,930</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 35,999</u>	<u>\$ 69</u>	<u>\$ 457</u>	<u>\$ 388</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	FIRE FUND			Variance with Final Budget Positive Negative
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Intergovernmental Revenues	\$ 2,500	\$ 2,500	\$ 0	\$ (2,500)
All Other Revenues	16,500	16,500	5,531	(10,969)
Total Revenues	<u>19,000</u>	<u>19,000</u>	<u>5,531</u>	<u>(13,469)</u>
Expenditures:				
Public Safety:				
All Other Expenditures	9,500	9,500	6,990	2,510
Capital Outlay	10,000	10,000	8,116	1,884
Total Expenditures	<u>19,500</u>	<u>19,500</u>	<u>15,106</u>	<u>4,394</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	(500)	(9,575)	(9,075)
Fund Balance at Beginning of Year	<u>29,823</u>	<u>29,823</u>	<u>29,823</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 29,323</u>	<u>\$ 29,323</u>	<u>\$ 20,248</u>	<u>\$ (9,075)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EMERGENCY MEDICAL SERVICES FUND				
Revenues:				
Charges for Services	\$ 330,000	\$ 330,000	\$ 450,892	\$ 120,892
Total Revenues	<u>330,000</u>	<u>330,000</u>	<u>450,892</u>	<u>120,892</u>
Expenditures:				
Public Safety:				
Personal Services	299,891	298,758	265,278	33,480
All Other Expenditures	40,305	64,553	55,738	8,815
Capital Outlay	<u>0</u>	<u>1,499</u>	<u>1,498</u>	<u>1</u>
Debt Service				
Principal Retirement	3,366	3,366	3,366	0
Interest and Fiscal Charges	<u>517</u>	<u>517</u>	<u>517</u>	<u>0</u>
Total Expenditures	<u>344,079</u>	<u>368,693</u>	<u>326,397</u>	<u>42,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,079)	(38,693)	124,495	163,188
Fund Balance at Beginning of Year	269,723	269,723	269,723	0
Prior Year Encumbrances	<u>23,115</u>	<u>23,115</u>	<u>23,115</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 278,759</u>	<u>\$ 254,145</u>	<u>\$ 417,333</u>	<u>\$ 163,188</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008***

MUNICIPAL COURT COMPUTERIZATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses, Permits and Inspection Fees	\$ 0	\$ 0	\$ 50	\$ 50
Fines and Forfeitures	95,000	95,000	98,047	3,047
Total Revenues	<u>95,000</u>	<u>95,000</u>	<u>98,097</u>	<u>3,097</u>
Expenditures:				
General Government:				
Personal Services	79,679	82,135	80,654	1,481
All Other Expenditures	38,858	42,678	38,401	4,277
Capital Outlay	<u>45,000</u>	<u>53,956</u>	<u>53,453</u>	<u>503</u>
Debt Service				
Principal Retirement	5,640	5,641	5,640	1
Interest and Fiscal Charges	<u>404</u>	<u>405</u>	<u>405</u>	<u>0</u>
Total Expenditures	<u>169,581</u>	<u>184,815</u>	<u>178,553</u>	<u>6,262</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,581)	(89,815)	(80,456)	9,359
Fund Balance at Beginning of Year	143,029	143,029	143,029	0
Prior Year Encumbrances	<u>11,834</u>	<u>11,834</u>	<u>11,834</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 80,282</u>	<u>\$ 65,048</u>	<u>\$ 74,407</u>	<u>\$ 9,359</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 52,053	\$ 139,820	\$ 87,767
Total Revenues	<u>0</u>	<u>52,053</u>	<u>139,820</u>	<u>87,767</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	52,053	139,820	87,767
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(35,772)</u>	<u>(35,772)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(35,772)</u>	<u>(35,772)</u>	<u>0</u>
Net Change in Fund Balance	0	16,281	104,048	87,767
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 16,281</u>	<u>\$ 104,048</u>	<u>\$ 87,767</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 200,000	\$ 16,118	\$ (183,882)
Total Revenues	<u>0</u>	<u>200,000</u>	<u>16,118</u>	<u>(183,882)</u>
Expenditures:				
General Government:				
All Other Expenditures	0	200,000	16,118	183,882
Total Expenditures	<u>0</u>	<u>200,000</u>	<u>16,118</u>	<u>183,882</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	PLAN REVIEW FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 210,000	\$ 210,000	\$ 34,227	\$ (175,773)
Total Revenues	<u>210,000</u>	<u>210,000</u>	<u>34,227</u>	<u>(175,773)</u>
Expenditures:				
Public Safety:				
All Other Expenditures	<u>210,000</u>	<u>294,266</u>	<u>113,160</u>	<u>181,106</u>
Total Expenditures	<u>210,000</u>	<u>294,266</u>	<u>113,160</u>	<u>181,106</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(84,266)	(78,933)	5,333
Fund Balance at Beginning of Year	25,871	25,871	25,871	0
Prior Year Encumbrances	<u>84,266</u>	<u>84,266</u>	<u>84,266</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 110,137</u>	<u>\$ 25,871</u>	<u>\$ 31,204</u>	<u>\$ 5,333</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
Revenues:				
All Other Revenues	\$ 300	\$ 300	\$ 224	\$ (76)
Total Revenues	<u>300</u>	<u>300</u>	<u>224</u>	<u>(76)</u>
Expenditures:				
Public Safety:				
All Other Expenditures	300	300	58	242
Total Expenditures	<u>300</u>	<u>300</u>	<u>58</u>	<u>242</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	166	166
Fund Balance at Beginning of Year	<u>8,804</u>	<u>8,804</u>	<u>8,804</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,804</u>	<u>\$ 8,804</u>	<u>\$ 8,970</u>	<u>\$ 166</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 1,000	\$ 0	\$ (1,000)
Total Revenues	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>(1,000)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	1,000	0	(1,000)
Fund Balance at Beginning of Year	89	89	89	0
Fund Balance at End of Year	<u>\$ 89</u>	<u>\$ 1,089</u>	<u>\$ 89</u>	<u>\$ (1,000)</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 5,000	\$ 5,000	\$ 2,890	\$ (2,110)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>2,890</u>	<u>(2,110)</u>
Expenditures:				
Public Safety:				
All Other Expenditures	4,000	4,000	0	4,000
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Net Change in Fund Balance	1,000	1,000	2,890	1,890
Fund Balance at Beginning of Year	9,321	9,321	9,321	0
Fund Balance at End of Year	<u>\$ 10,321</u>	<u>\$ 10,321</u>	<u>\$ 12,211</u>	<u>\$ 1,890</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2008**

	GENERAL BOND RETIREMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 60,625	\$ 60,625	\$ 57,916	\$ (2,709)
Intergovernmental Revenues	10,978	10,978	13,860	2,882
Total Revenues	71,603	71,603	71,776	173
Expenditures:				
General Government:				
All Other Expenditures	0	1,098	763	335
Debt Service Function:				
Debt Service:				
Principal Retirement	120,000	120,000	120,000	0
Interest and Fiscal Charges	5,100	5,100	5,086	14
Total Expenditures	125,100	126,198	125,849	349
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,497)	(54,595)	(54,073)	522
Other Financing Sources (Uses):				
General Obligation Notes Issued	70,000	70,000	70,000	0
Premiums on Debt Issuance	0	0	765	765
Total Other Financing Sources (Uses)	70,000	70,000	70,765	765
Net Change in Fund Balance	16,503	15,405	16,692	1,287
Fund Balance at Beginning of Year	10,252	10,252	10,252	0
Fund Balance at End of Year	\$ 26,755	\$ 25,657	\$ 26,944	\$ 1,287

CITY OF PAINESVILLE, OHIO

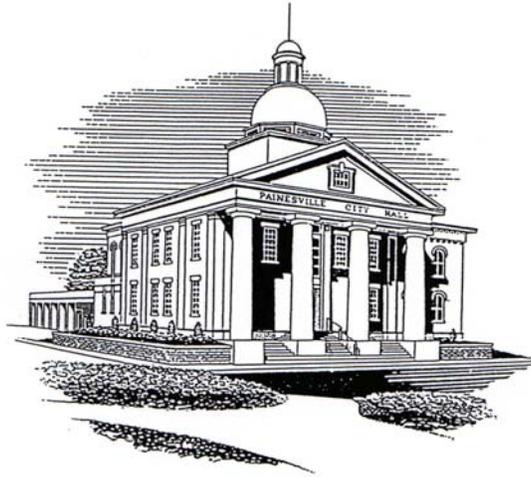
***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2008***

SPECIAL ASSESSMENT BOND RETIREMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 137,500	\$ 137,500	\$ 168,049	\$ 30,549
Total Revenues	<u>137,500</u>	<u>137,500</u>	<u>168,049</u>	<u>30,549</u>
Expenditures:				
General Government				
All Other Expenditures	12,800	31,425	28,537	2,888
Debt Service Function:				
Debt Service - Unvoted:				
Debt Service:				
Principal Retirement	78,000	76,500	72,531	3,969
Interest and Fiscal Charges	<u>63,316</u>	<u>64,816</u>	<u>64,784</u>	<u>32</u>
Total Expenditures	<u>154,116</u>	<u>172,741</u>	<u>165,852</u>	<u>6,889</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,616)	(35,241)	2,197	37,438
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(16,616)	(35,241)	2,197	37,438
Fund Balance at Beginning of Year	<u>154,676</u>	<u>154,676</u>	<u>154,676</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 138,060</u>	<u>\$ 119,435</u>	<u>\$ 156,873</u>	<u>\$ 37,438</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Advances In	562,000	562,000	558,900	(3,100)
Advances Out	(562,000)	(562,000)	(558,900)	3,100
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 43,000	\$ 43,000	\$ 41,537	\$ (1,463)
Total Revenues	<u>43,000</u>	<u>43,000</u>	<u>41,537</u>	<u>(1,463)</u>
Expenditures:				
Debt Service:				
Principal Retirement	48,000	48,000	48,000	0
Interest and Fiscal Charges	<u>11,128</u>	<u>11,128</u>	<u>11,128</u>	<u>0</u>
Total Expenditures	<u>59,128</u>	<u>59,128</u>	<u>59,128</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,128)	(16,128)	(17,591)	(1,463)
Fund Balance at Beginning of Year	<u>48,918</u>	<u>48,918</u>	<u>48,918</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 32,790</u>	<u>\$ 32,790</u>	<u>\$ 31,327</u>	<u>\$ (1,463)</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008***

CAPITAL EQUIPMENT RESERVE FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Other Miscellaneous:				
Capital Outlay	0	4,154	0	4,154
Total General Government	0	4,154	0	4,154
Public Safety:				
Police:				
Law Enforcement - Sworn Officers:				
Capital Outlay	20,000	20,000	19,976	24
Law Enforcement - Other:				
Capital Outlay	135,686	135,686	135,666	20
Total Public Safety	155,686	155,686	155,642	44
Culture and Recreation:				
Parks Systems:				
Capital Outlay	59,700	59,698	55,107	4,591
Recreation Activities:				
Capital Outlay	0	17,398	17,398	0
Total Culture and Recreation	59,700	77,096	72,505	4,591
Debt Service:				
Principal Retirement	102,669	102,671	102,670	1
Interest and Fiscal Charges	11,350	11,350	11,350	0
Total Expenditures	329,405	350,957	342,167	8,790

(Continued)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(329,405)	(350,957)	(342,167)	8,790
Other Financing Sources (Uses):				
Issuance of Capital Leases	0	0	73,802	73,802
Transfers In	100,000	100,000	300,000	200,000
Total Other Financing Sources (Uses)	100,000	100,000	373,802	273,802
Net Change in Fund Balance	(229,405)	(250,957)	31,635	282,592
Fund Balance at Beginning of Year	629,303	629,303	629,303	0
Prior Year Encumbrances	21,552	21,552	21,552	0
Fund Balance at End of Year	<u>\$ 421,450</u>	<u>\$ 399,898</u>	<u>\$ 682,490</u>	<u>\$ 282,592</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008**

CAPITAL IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 23,040	\$ 23,040
Investment Earnings	0	0	12,535	12,535
All Other Revenues	0	0	71	71
Total Revenues	<u>0</u>	<u>0</u>	<u>35,646</u>	<u>35,646</u>
Expenditures:				
General Government:				
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
Capital Outlay	0	4,867	4,867	0
Total General Government	<u>0</u>	<u>4,867</u>	<u>4,867</u>	<u>0</u>
Public Safety:				
Fire:				
Fire Fighting, Prevention and Inspection:				
Capital Outlay	75,000	96,705	92,157	4,548
Total Public Safety	<u>75,000</u>	<u>96,705</u>	<u>92,157</u>	<u>4,548</u>
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	0	3,161	225	2,936
Total Highways and Streets	<u>0</u>	<u>3,161</u>	<u>225</u>	<u>2,936</u>
Culture and Recreation:				
Recreation Activities:				
Capital Outlay	160,000	160,100	160,100	0
Total Culture and Recreation	<u>160,000</u>	<u>160,100</u>	<u>160,100</u>	<u>0</u>
Community Environment:				
Planning and Development:				
Capital Outlay	0	17,600	17,600	0
Total Community Environment	<u>0</u>	<u>17,600</u>	<u>17,600</u>	<u>0</u>
Debt Service				
Principal Retirement	550,000	550,000	550,000	0
Interest and Fiscal Charges	23,375	23,375	23,310	65
Total Expenditures	<u>808,375</u>	<u>855,808</u>	<u>848,259</u>	<u>7,549</u>

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008***

	CAPITAL IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(808,375)	(855,808)	(812,613)	43,195
Other Financing Sources (Uses):				
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>322,500</u>	<u>172,500</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>322,500</u>	<u>172,500</u>
Net Change in Fund Balance	(658,375)	(705,808)	(490,113)	215,695
Fund Balance at Beginning of Year	1,137,221	1,137,221	1,137,221	0
Prior Year Encumbrances	<u>29,833</u>	<u>29,833</u>	<u>29,833</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 508,679</u>	<u>\$ 461,246</u>	<u>\$ 676,941</u>	<u>\$ 215,695</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008**

JACKSON STREET INTERCHANGE PROJECT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 450,000	\$ 450,000	\$ 0	\$ (450,000)
Total Revenues	<u>450,000</u>	<u>450,000</u>	<u>0</u>	<u>(450,000)</u>
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	450,000	456,000	6,000	450,000
Total Expenditures	<u>450,000</u>	<u>456,000</u>	<u>6,000</u>	<u>450,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(6,000)	(6,000)	0
Fund Balance at Beginning of Year	134,910	134,910	134,910	0
Prior Year Encumbrances	6,000	6,000	6,000	0
Fund Balance at End of Year	<u>\$ 140,910</u>	<u>\$ 134,910</u>	<u>\$ 134,910</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008**

INDUSTRIAL PARK PROJECT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Debt Service:				
Principal Retirement	6,000	6,000	6,000	0
Interest and Fiscal Charges	<u>9,371</u>	<u>9,371</u>	<u>9,370</u>	<u>1</u>
Total Expenditures	<u>15,371</u>	<u>15,371</u>	<u>15,370</u>	<u>1</u>
Net Change in Fund Balance	(15,371)	(15,371)	(15,370)	1
Fund Balance at Beginning of Year	<u>65,952</u>	<u>65,952</u>	<u>65,952</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 50,581</u>	<u>\$ 50,581</u>	<u>\$ 50,582</u>	<u>\$ 1</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008**

MUNICIPAL COURT SPECIAL PROJECTS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 105,500	\$ 105,500	\$ 111,941	\$ 6,441
Total Revenues	<u>105,500</u>	<u>105,500</u>	<u>111,941</u>	<u>6,441</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	12,110	12,110	1,183	10,927
All Other Expenditures	16,400	19,008	17,356	1,652
Capital Outlay	31,000	72,560	69,451	3,109
Clerk of Court:				
Personal Services	7,698	8,698	7,679	1,019
All Other Expenditures	3,700	9,275	9,176	99
Probation:				
Total General Government	<u>70,908</u>	<u>121,651</u>	<u>104,845</u>	<u>16,806</u>
Total Expenditures	<u>70,908</u>	<u>121,651</u>	<u>104,845</u>	<u>16,806</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,592	(16,151)	7,096	23,247
Fund Balance at Beginning of Year	228,380	228,380	228,380	0
Prior Year Encumbrances	41,743	41,743	41,743	0
Fund Balance at End of Year	<u>\$ 304,715</u>	<u>\$ 253,972</u>	<u>\$ 277,219</u>	<u>\$ 23,247</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008**

MILLSTONE ACQUISITION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 3,627,205	\$ 3,627,205	\$ 0	\$ (3,627,205)
All Other Revenues	357,496	357,496	0	(357,496)
Total Revenues	<u>3,984,701</u>	<u>3,984,701</u>	<u>0</u>	<u>(3,984,701)</u>
Expenditures:				
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	3,534,000	3,534,000	0	3,534,000
Total Highways and Streets	<u>3,534,000</u>	<u>3,534,000</u>	<u>0</u>	<u>3,534,000</u>
Community Environment:				
Community Planning and Zoning:				
Planning and Development:				
All Other Expenditures	529,948	529,948	249,363	280,585
Total Community Environment	<u>529,948</u>	<u>529,948</u>	<u>249,363</u>	<u>280,585</u>
Total Expenditures	<u>4,063,948</u>	<u>4,063,948</u>	<u>249,363</u>	<u>3,814,585</u>
Net Change in Fund Balance	(79,247)	(79,247)	(249,363)	(170,116)
Fund Balance at Beginning of Year	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 170,753</u>	<u>\$ 170,753</u>	<u>\$ 637</u>	<u>\$ (170,116)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008**

GRISTMILL FMA ACQUISITION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,762,728	\$ 1,762,728	\$ 1,321,740	\$ (440,988)
All Other Revenues	482,576	482,576	0	(482,576)
Total Revenues	<u>2,245,304</u>	<u>2,245,304</u>	<u>1,321,740</u>	<u>(923,564)</u>
Expenditures:				
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	1,936,176	1,936,176	1,468,526	467,650
Total Highways and Streets	<u>1,936,176</u>	<u>1,936,176</u>	<u>1,468,526</u>	<u>467,650</u>
Community Environment:				
Community Planning and Zoning:				
Planning and Development:				
All Other Expenditures	309,200	309,200	1,775	307,425
Total Community Environment	<u>309,200</u>	<u>309,200</u>	<u>1,775</u>	<u>307,425</u>
Total Expenditures	<u>2,245,376</u>	<u>2,245,376</u>	<u>1,470,301</u>	<u>775,075</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(72)	(72)	(148,561)	(148,489)
Other Financing Sources (Uses):				
Transfers In	0	0	50,000	50,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>50,000</u>
Net Change in Fund Balance	(72)	(72)	(98,561)	(98,489)
Fund Balance at Beginning of Year	100,000	100,000	100,000	0
Fund Balance at End of Year	<u>\$ 99,928</u>	<u>\$ 99,928</u>	<u>\$ 1,439</u>	<u>\$ (98,489)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008**

GRISTMILL HMGP ACQUISITION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,739,928	\$ 1,739,928	\$ 926,988	\$ (812,940)
All Other Revenues	60,000	60,000	0	(60,000)
Total Revenues	<u>1,799,928</u>	<u>1,799,928</u>	<u>926,988</u>	<u>(872,940)</u>
Expenditures:				
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	1,560,098	1,560,098	1,013,536	546,562
Total Highways and Streets	<u>1,560,098</u>	<u>1,560,098</u>	<u>1,013,536</u>	<u>546,562</u>
Community Environment:				
Planning and Development:				
All Other Expenditures	239,830	239,830	3,284	236,546
Total Community Environment	<u>239,830</u>	<u>239,830</u>	<u>3,284</u>	<u>236,546</u>
Total Expenditures	<u>1,799,928</u>	<u>1,799,928</u>	<u>1,016,820</u>	<u>783,108</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(89,832)	(89,832)
Other Financing Sources (Uses):				
Transfers In	0	0	40,000	40,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>40,000</u>
Net Change in Fund Balance	0	0	(49,832)	(49,832)
Fund Balance at Beginning of Year	50,000	50,000	50,000	0
Fund Balance at End of Year	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 168</u>	<u>\$ (49,832)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ 10,429</u>	<u>\$ 6,929</u>
Total Revenues	<u>3,500</u>	<u>3,500</u>	<u>10,429</u>	<u>6,929</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>3,500</u>	<u>3,500</u>	<u>2,275</u>	<u>1,225</u>
Total Expenditures	<u>3,500</u>	<u>3,500</u>	<u>2,275</u>	<u>1,225</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	8,154	8,154
Fund Balance at Beginning of Year	<u>74,516</u>	<u>74,516</u>	<u>74,516</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 74,516</u>	<u>\$ 74,516</u>	<u>\$ 82,670</u>	<u>\$ 8,154</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,332</u>	<u>\$ 4,332</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>4,332</u>	<u>4,332</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	4,332	4,332
Fund Balance at Beginning of Year	<u>52,555</u>	<u>52,555</u>	<u>52,555</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 52,555</u>	<u>\$ 52,555</u>	<u>\$ 56,887</u>	<u>\$ 4,332</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2008***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 2,300</u>	<u>\$ 2,300</u>	<u>\$ 240</u>	<u>\$ (2,060)</u>
Total Revenues	<u>2,300</u>	<u>2,300</u>	<u>240</u>	<u>(2,060)</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>1,000</u>	<u>1,000</u>	<u>120</u>	<u>880</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>120</u>	<u>880</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,300	1,300	120	(1,180)
Fund Balance at Beginning of Year	<u>399,047</u>	<u>399,047</u>	<u>399,047</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 400,347</u>	<u>\$ 400,347</u>	<u>\$ 399,167</u>	<u>\$ (1,180)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2008**

RIVERSIDE CEMETERY TRUST FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
All Other Revenues	\$ 7,300	\$ 7,300	\$ 7,065	\$ (235)
Total Revenues	<u>7,300</u>	<u>7,300</u>	<u>7,065</u>	<u>(235)</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	1,000	1,000	420	580
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>420</u>	<u>580</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,300	6,300	6,645	345
Fund Balance at Beginning of Year	<u>337,984</u>	<u>337,984</u>	<u>337,984</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 344,284</u>	<u>\$ 344,284</u>	<u>\$ 344,629</u>	<u>\$ 345</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ 4,570</u>	<u>\$ 3,370</u>
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>4,570</u>	<u>3,370</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>25</u>	<u>25</u>	<u>0</u>	<u>25</u>
Total Expenditures	<u>25</u>	<u>25</u>	<u>0</u>	<u>25</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,175	1,175	4,570	3,395
Fund Balance at Beginning of Year	<u>306,616</u>	<u>306,616</u>	<u>306,616</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 307,791</u>	<u>\$ 307,791</u>	<u>\$ 311,186</u>	<u>\$ 3,395</u>

Nonmajor Enterprise Funds

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

Refuse Fund

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

Off Street Parking Fund

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

Storm Water Utility Fund

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

Community Program Fund

To account for operation of several user fee recreational programs of the City's.

CITY OF PAINESVILLE, OHIO

**Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2008**

	Refuse	Off Street Parking	Storm Water Utility	Community Programs	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 9,351	\$ 320,075	\$ 331,079	\$ 4,374	\$ 664,879
Accounts Receivable (net of allowance for uncollectibles)	0	0	52,995	0	52,995
Prepaid Items	0	3,054	0	0	3,054
Total Current Assets	<u>9,351</u>	<u>323,129</u>	<u>384,074</u>	<u>4,374</u>	<u>720,928</u>
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	0	3,572	0	0	3,572
Total restricted assets	<u>0</u>	<u>3,572</u>	<u>0</u>	<u>0</u>	<u>3,572</u>
Capital Assets:					
Capital Assets Not Being Depreciated	0	144,129	579,458	0	723,587
Capital Assets Being Depreciated, Net	0	1,034,328	0	0	1,034,328
Total Noncurrent Assets	<u>0</u>	<u>1,182,029</u>	<u>579,458</u>	<u>0</u>	<u>1,761,487</u>
Total Assets	<u>9,351</u>	<u>1,505,158</u>	<u>963,532</u>	<u>4,374</u>	<u>2,482,415</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	0	7,687	3,337	0	11,024
Accrued Wages and Benefits	0	2,870	5,690	1,817	10,377
Refundable Deposits	0	3,572	0	0	3,572
Accrued Interest Payable	0	0	8,336	0	8,336
General Obligation Notes Payable	0	0	332,000	0	332,000
Capital Leases Payable - Current	0	0	598	0	598
Total Current Liabilities	<u>0</u>	<u>14,129</u>	<u>349,961</u>	<u>1,817</u>	<u>365,907</u>
Current liabilities payable from restricted assets:					
Total current liab payable from restricted assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Noncurrent Liabilities:					
Capital Leases Payable	0	0	1,492	0	1,492
Compensated Absences Payable	0	4,642	14,515	0	19,157
Total Noncurrent Liabilities	<u>0</u>	<u>4,642</u>	<u>16,007</u>	<u>0</u>	<u>20,649</u>
Total Liabilities	<u>0</u>	<u>18,771</u>	<u>365,968</u>	<u>1,817</u>	<u>386,556</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	0	1,178,457	245,368	0	1,423,825
Unrestricted	9,351	307,930	352,196	2,557	672,034
Total Net Assets	<u>\$ 9,351</u>	<u>\$ 1,486,387</u>	<u>\$ 597,564</u>	<u>\$ 2,557</u>	<u>\$ 2,095,859</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2008**

	Refuse	Off Street Parking	Storm Water Utility	Community Programs	Total
Operating Revenues:					
Charges for Services	\$ 782	\$ 66,671	\$ 421,058	\$ 52,503	\$ 541,014
Other Charges for Services	0	0	4,943	0	4,943
Other Operating Revenues	1,882	0	126	21	2,029
Total Operating Revenues	2,664	66,671	426,127	52,524	547,986
Operating Expenses:					
Personal Services	0	52,632	94,908	15,225	162,765
Contractual Services	3,651	35,170	100,838	33,450	173,109
Materials and Supplies	21	1,274	10,708	8,506	20,509
Utilities	0	25,783	0	0	25,783
Depreciation	0	34,274	0	0	34,274
Total Operating Expenses	3,672	149,133	206,454	57,181	416,440
Operating Income (Loss)	(1,008)	(82,462)	219,673	(4,657)	131,546
Non-Operating Revenue (Expenses):					
Interest Income	0	4	460	0	464
Interest and Fiscal Charges	0	0	(12,616)	0	(12,616)
Other Nonoperating Revenue	0	0	8	0	8
Other Nonoperating Expense	0	0	0	(385)	(385)
Total Non-Operating Revenues (Expenses)	0	4	(12,148)	(385)	(12,529)
Income (Loss) Before Transfers	(1,008)	(82,458)	207,525	(5,042)	119,017
Transfers:					
Transfers-In	0	241,667	0	0	241,667
Total Transfers	0	(241,667)	0	0	(241,667)
Change in Net Assets	(1,008)	159,209	207,525	(5,042)	360,684
Net Assets Beginning of Year	10,359	1,327,178	390,039	7,599	1,735,175
Net Assets End of Year	\$ 9,351	\$ 1,486,387	\$ 597,564	\$ 2,557	\$ 2,095,859

CITY OF PAINESVILLE, OHIO

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2008**

	Refuse	Off-Street Parking	Storm Water Utility	Community Program	Total
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$2,664	\$66,953	\$428,446	\$52,524	\$550,587
Cash Payments for Goods and Services	(9,997)	(58,385)	(113,656)	(42,376)	(224,414)
Cash Payments to Employees	0	(52,665)	(93,936)	(15,061)	(161,662)
Net Cash Provided (Used) by Operating Activities	(7,333)	(44,097)	220,854	(4,913)	164,511
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In from Other Funds	0	241,667	0	0	241,667
Net Cash Provided for Noncapital Financing Activities	0	241,667	0	0	241,667
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Proceeds from General Obligation Notes	0	0	332,000	0	332,000
Principal Paid on General Obligation Notes	0	0	(452,000)	0	(452,000)
Premium on Debt Issuances	0	0	1,499	0	1,499
Acquisition and Construction of Assets	0	(25,677)	(377,838)	0	(403,515)
Principal Paid on Capital Leases	0	0	(624)	0	(624)
Interest Paid on All Debt	0	0	(19,336)	0	(19,336)
Net Cash Used by Capital and Related Financing Activities	0	(25,677)	(516,299)	0	(541,976)
<u>Cash Flows from Investing Activities:</u>					
Receipts of Principal and Interest on Investments	0	0	0	0	0
Sale of Investments	0	0	435,996	0	435,996
Net Cash Provided by Investing Activities	0	0	435,996	0	435,996
Net Increase (Decrease) in Cash and Cash Equivalents	(7,333)	171,893	140,551	(4,913)	300,198
Cash and Cash Equivalents at Beginning of Year	16,684	151,754	190,528	9,287	368,253
Cash and Cash Equivalents at End of Year	\$9,351	\$323,647	\$331,079	\$4,374	\$668,451
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	(\$1,008)	(\$82,462)	\$219,673	(\$4,657)	\$131,546
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	0	34,274	0	0	34,274
Miscellaneous Nonoperating Revenues	0	282	8	0	290
Miscellaneous Nonoperating Expenses	0	0	0	(385)	(385)
Changes in Assets and Liabilities:					
Decrease in Accounts Receivable	0	0	2,311	0	2,311
Decrease in Prepaid Items	0	730	0	0	730
Increase (Decrease) in Accounts Payable	(6,325)	3,112	(2,110)	(35)	(5,358)
Increase (Decrease) in Accrued Wages and Benefits	0	(319)	253	164	98
Increase in Compensated Absences Payable	0	286	719	0	1,005
Total Adjustments	(6,325)	38,365	1,181	(256)	32,965
Net Cash Provided (Used) by Operating Activities	(\$7,333)	(\$44,097)	\$220,854	(\$4,913)	\$164,511

Nonmajor Internal Service Funds

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

Fuel and Oil Rotary Fund

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

Supplies Rotary Fund

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

Employee Health Insurance Fund

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

Workers' Compensation Retrospective Fund

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

CITY OF PAINESVILLE, OHIO

**Combining Statement of Net Assets
Nonmajor Internal Service Funds
December 31, 2008**

	<u>Fuel and Oil Rotary</u>	<u>Supplies Rotary</u>	<u>Employee Health Insurance</u>	<u>Workers' Compensation Retrospective</u>	<u>Total</u>
Assets:					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 60,362	\$ 31,140	\$ 18,524	\$ 153,777	\$ 263,803
Inventory of Supplies at Cost	<u>0</u>	<u>35,256</u>	<u>0</u>	<u>0</u>	<u>35,256</u>
<i>Total Current Assets</i>	<u>60,362</u>	<u>66,396</u>	<u>18,524</u>	<u>153,777</u>	<u>299,059</u>
Total Assets	<u>60,362</u>	<u>66,396</u>	<u>18,524</u>	<u>153,777</u>	<u>299,059</u>
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	0	953	65,612	0	66,565
Claims Payable	<u>0</u>	<u>0</u>	<u>410,400</u>	<u>189,795</u>	<u>600,195</u>
<i>Total Current Liabilities</i>	<u>0</u>	<u>953</u>	<u>476,012</u>	<u>189,795</u>	<u>666,760</u>
Total Liabilities	<u>0</u>	<u>953</u>	<u>476,012</u>	<u>189,795</u>	<u>666,760</u>
Net Assets:					
Unrestricted	<u>60,362</u>	<u>65,443</u>	<u>(457,488)</u>	<u>(36,018)</u>	<u>(367,701)</u>
Total Net Assets	<u>\$ 60,362</u>	<u>\$ 65,443</u>	<u>\$ (457,488)</u>	<u>\$ (36,018)</u>	<u>\$ (367,701)</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Internal Service Funds
For the Year Ended December 31, 2008**

	Fuel and Oil Rotary	Supplies Rotary	Employee Health Insurance	Workers' Compensation Retrospective	Total
Operating Revenues:					
Charges for Services	\$ 339,325	\$ 45,712	\$ 2,455,304	\$ 569,431	\$ 3,409,772
Total Operating Revenues	<u>339,325</u>	<u>45,712</u>	<u>2,455,304</u>	<u>569,431</u>	<u>3,409,772</u>
Operating Expenses:					
Personal Services	0	0	1,887,111	0	1,887,111
Contractual Services	0	0	394,934	0	394,934
Materials and Supplies	348,519	44,574	0	0	393,093
Total Operating Expenses	<u>348,519</u>	<u>44,574</u>	<u>2,282,045</u>	<u>0</u>	<u>2,675,138</u>
Operating Income (Loss)	(9,194)	1,138	173,259	569,431	734,634
Nonoperating Revenue (Expenses):					
Other Nonoperating Revenue	0	0	1,140	0	1,140
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>0</u>	<u>1,140</u>	<u>0</u>	<u>1,140</u>
Income (Loss) Before Transfers	(9,194)	1,138	174,399	569,431	735,774
Transfers In	50,000	0	0	0	50,000
Change in Net Assets	40,806	1,138	174,399	569,431	785,774
Net Assets Beginning of Year	19,556	64,305	(631,887)	(605,449)	(1,153,475)
Net Assets End of Year	<u>\$ 60,362</u>	<u>\$ 65,443</u>	<u>\$ (457,488)</u>	<u>\$ (36,018)</u>	<u>\$ (367,701)</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Cash Flows
Nonmajor Internal Service Funds
For the Year Ended December 31, 2008**

	Fuel and Oil Rotary	Supplies Rotary	Employee Health Insurance	Workers' Compensation Retrospective	Total
<u>Cash Flows from Operating Activities:</u>					
Cash Receipts from Interfund Services Provided	\$339,325	\$45,712	\$2,456,444	\$338,771	\$3,180,252
Cash Payments for Goods and Services	(348,519)	(44,136)	(383,545)	(208,956)	(985,156)
Cash Payments to Employees	0	0	0	(129,815)	(129,815)
Cash Payments for Employee Medical Claims	0	0	(2,080,758)	0	(2,080,758)
Net Cash Provided (Used) by Operating Activities	(9,194)	1,576	(7,859)	0	(15,477)
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In From Other Funds	50,000	0	0	0	50,000
Net Cash Provided (Used) for Noncapital Financing Activities	50,000	0	0	0	50,000
Net Increase (Decrease) in Cash and Cash Equivalents	40,806	1,576	(7,859)	0	34,523
Cash and Cash Equivalents at Beginning of Year	19,556	29,564	26,383	153,777	229,280
Cash and Cash Equivalents at End of Year	\$60,362	\$31,140	\$18,524	\$153,777	\$263,803
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	(\$9,194)	\$1,138	\$173,259	\$569,431	\$734,634
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Miscellaneous Nonoperating Income	0	0	1,140	0	1,140
Changes in Assets and Liabilities:					
Decrease in Inventory	0	95	0	0	95
Increase (Decrease) in Accounts Payable	0	343	(215,772)	0	(215,429)
Increase (Decrease) in Claims Liability	0	0	33,514	(569,431)	(535,917)
Total Adjustments	0	438	(181,118)	(569,431)	(750,111)
Net Cash Provided (Used) by Operating Activities	(9,194)	\$1,576	(7,859)	\$0	(15,477)

Fiduciary Funds

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

Agency Funds

Municipal Court Fund

To account for funds that flow through the municipal court.

State Patrol Transfer Fund

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

Electric License Fund

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

Land Bank Fund

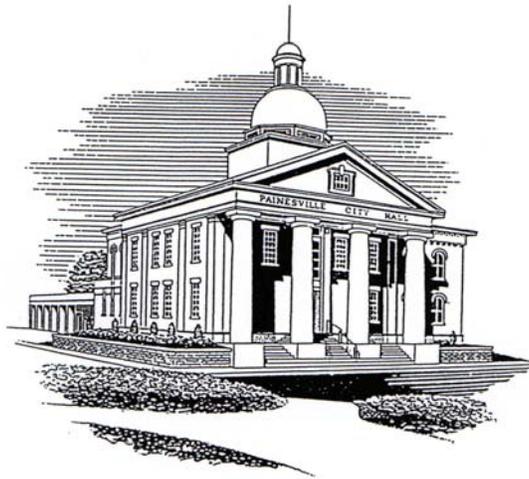
To account for the receipt of monies from the sale of property under the Land Bank Program and the disbursement to the County for back taxes.

CITY OF PAINESVILLE, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2008**

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents	\$51,115	\$3,135,715	(\$3,135,715)	\$51,115
Total Assets	<u>\$51,115</u>	<u>\$3,135,715</u>	<u>(\$3,135,715)</u>	<u>\$51,115</u>
Liabilities:				
Due to Others	\$51,115	\$3,135,715	(\$3,135,715)	\$51,115
Total Liabilities	<u>\$51,115</u>	<u>\$3,135,715</u>	<u>(\$3,135,715)</u>	<u>\$51,115</u>
<u>State Patrol Transfer</u>				
Assets:				
Cash and Cash Equivalents	\$18,284	\$68,233	(\$68,233)	\$18,284
Total Assets	<u>\$18,284</u>	<u>\$68,233</u>	<u>(\$68,233)</u>	<u>\$18,284</u>
Liabilities:				
Due to Others	\$18,284	\$68,233	(\$68,233)	\$18,284
Total Liabilities	<u>\$18,284</u>	<u>\$68,233</u>	<u>(\$68,233)</u>	<u>\$18,284</u>
<u>Electric License</u>				
Assets:				
Cash and Cash Equivalents	\$7,206	\$0	\$0	\$7,206
Total Assets	<u>\$7,206</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,206</u>
Liabilities:				
Due to Others	\$7,206	\$0	\$0	\$7,206
Total Liabilities	<u>\$7,206</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,206</u>
<u>Land Bank</u>				
Assets:				
Cash and Cash Equivalents	\$4,943	\$0	\$0	\$4,943
Total Assets	<u>\$4,943</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,943</u>
Liabilities:				
Due to Others	\$4,943	\$0	\$0	\$4,943
Total Liabilities	<u>\$4,943</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,943</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$81,548	\$3,203,948	(\$3,203,948)	\$81,548
Total Assets	<u>\$81,548</u>	<u>\$3,203,948</u>	<u>(\$3,203,948)</u>	<u>\$81,548</u>
Liabilities:				
Due to Others	\$81,548	\$3,203,948	(\$3,203,948)	\$81,548
Total Liabilities	<u>\$81,548</u>	<u>\$3,203,948</u>	<u>(\$3,203,948)</u>	<u>\$81,548</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*



CITY OF PAINESVILLE, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2008***

Capital Assets:

Land	\$4,255,035
Buildings and Improvements	4,341,968
Improvements Other than Buildings	4,016,404
Machinery and Equipment	6,091,306
Infrastructure	24,929,303
Construction in Progress	<u>3,049,782</u>
Total Capital Assets	<u><u>\$46,683,798</u></u>

Investment in Capital Assets from:

General Fund	\$7,652,812
Special Revenue Funds	5,613,279
Capital Projects Funds	31,991,204
Enterprise Funds	1,400,692
Expendable Trust Funds	13,920
Gifts	<u>11,891</u>
Total Investment in Capital Assets	<u><u>\$46,683,798</u></u>

CITY OF PAINESVILLE, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2008**

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings and Improvements</u>	<u>Improvements Other than Buildings</u>
General Government				
Judicial:				
Municipal Court	\$0	\$14,487	\$1,392,457	\$0
Executive:				
City Manager	1,646,330	0	0	0
Information Technology	0	0	0	62,346
Economic Development	0	0	0	0
Finance	0	0	47,850	0
Engineering	35,460	0	268,180	0
Buildings and Grounds	332,670	567,279	1,498,216	6,046
Total General Government	2,014,460	581,766	3,206,703	68,392
Public Safety				
Police	0	0	0	0
Fire	0	53,810	0	0
Control Center	0	0	0	0
Total Public Safety	0	53,810	0	0
Highways and Streets				
Public Works	155,501	2,369,887	121,290	3,148,978
Public Health and Welfare				
Cemeteries	506,223	0	180,000	56,500
Culture/Recreation				
Parks - Recreation	1,506,011	44,319	833,975	742,534
Community Environment				
Community Development	72,840	0	0	0
Code Enforcement	0	0	0	0
Total Community Environment	72,840	0	0	0
Total Capital Assets	\$4,255,035	\$3,049,782	\$4,341,968	\$4,016,404

CITY OF PAINESVILLE, OHIO

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$126,377	\$0	\$1,533,321
306,785	0	1,953,115
418,375	0	480,721
14,195	0	14,195
39,965	0	87,815
66,884	0	370,524
<u>23,880</u>	<u>0</u>	<u>2,428,091</u>
<u>996,461</u>	<u>0</u>	<u>6,867,782</u>
826,871	0	826,871
1,633,971	0	1,687,781
<u>54,498</u>	<u>0</u>	<u>54,498</u>
<u>2,515,340</u>	<u>0</u>	<u>2,569,150</u>
<u>2,049,132</u>	<u>24,929,303</u>	<u>32,774,091</u>
<u>183,979</u>	<u>0</u>	<u>926,702</u>
<u>256,741</u>	<u>0</u>	<u>3,383,580</u>
12,463	0	85,303
<u>77,190</u>	<u>0</u>	<u>77,190</u>
<u>89,653</u>	<u>0</u>	<u>162,493</u>
<u>\$6,091,306</u>	<u>\$24,929,303</u>	<u>\$46,683,798</u>

CITY OF PAINESVILLE, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2008**

Function and Activity	December 31, 2007	Additions	Deletions	December 31, 2008
General Government				
Judicial				
Municipal Court	\$1,494,009	\$39,312	\$0	\$1,533,321
Executive				
City Manager	1,936,115	17,000	0	1,953,115
Information Technology	311,417	169,304	0	480,721
Economic Development	14,195	0	0	14,195
Finance	87,815	0	0	87,815
Engineering	370,524	0	0	370,524
Buildings and Grounds	2,456,411	0	(28,320)	2,428,091
Total General Government	6,670,486	225,616	(28,320)	6,867,782
Public Safety				
Police	804,606	79,679	(57,414)	826,871
Fire	1,330,703	383,813	(26,735)	1,687,781
Control Center	54,498	0	0	54,498
Total Public Safety	2,189,807	463,492	(84,149)	2,569,150
Highways and Streets				
Public Works	30,380,433	2,393,658	0	32,774,091
Public Health and Welfare				
Cemeteries	960,862	0	(34,160)	926,702
Culture/Recreation				
Parks - Recreation	3,347,752	92,748	(56,920)	3,383,580
Community Environment				
Community Development	85,303	0	0	85,303
Code Enforcement	77,190	0	0	77,190
Total Community Environment	162,493	0	0	162,493
Total Capital Assets	\$43,711,833	\$3,175,514	(\$203,549)	\$46,683,798

STATISTICAL SECTION



STATISTICAL TABLES

This part of the City’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

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, the income tax and the property tax.	
Debt Capacity	S 18 – S 27
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	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 32 – S 41
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 Note:	
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 34 in 2003; schedules presenting government-wide information include information beginning in that year.	

City of Painesville

*Net Assets by Component
Last Six Years
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 (1)</u>
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$8,072,398	\$14,662,144	\$12,923,925	\$23,248,755
Restricted	2,787,638	1,902,860	2,082,124	2,756,163
Unrestricted	2,014,404	350,924	1,345,168	7,361,806
Total Governmental Activities Net Assets	<u>\$12,874,440</u>	<u>\$16,915,928</u>	<u>\$16,351,217</u>	<u>\$33,366,724</u>
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	\$23,500,627	\$31,172,045	\$32,921,887	\$33,400,614
Restricted	897,200	910,426	896,417	792,875
Unrestricted (Deficit)	27,080,610	22,083,319	24,597,934	27,439,385
Total Business-type Activities Net Assets	<u>\$51,478,437</u>	<u>\$54,165,790</u>	<u>\$58,416,238</u>	<u>\$61,632,874</u>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	\$31,573,025	\$45,834,189	\$45,845,812	\$56,649,369
Restricted	3,684,838	2,813,286	2,978,541	3,549,038
Unrestricted	29,095,014	22,434,243	25,943,102	34,801,191
Total Primary Government Net Assets	<u>\$64,352,877</u>	<u>\$71,081,718</u>	<u>\$74,767,455</u>	<u>\$94,999,598</u>

Source: Finance Director's Office

(1) Restated to include infrastructure net assets

City of Painesville

<u>2007</u>	<u>2008</u>
\$23,806,608	\$23,885,884
6,813,043	4,893,216
6,316,586	11,427,126
<u>\$36,936,237</u>	<u>\$40,206,226</u>

\$35,152,108	\$38,454,848
0	0
28,790,094	28,085,141
<u>\$63,942,202</u>	<u>\$66,539,989</u>

\$58,958,716	\$62,340,732
6,813,043	4,893,216
35,106,680	39,512,267
<u>\$100,878,439</u>	<u>\$106,746,215</u>

City of Painesville

*Changes in Net Assets
Last Six Years
(accrual basis of accounting)*

	2003	2004	2005	2006
Expenses				
Governmental Activities:				
General Government	\$3,041,680	\$3,031,283	\$2,790,590	\$2,825,835
Public Safety	7,193,890	7,823,918	6,989,395	7,585,876
Highways and Streets	1,138,633	3,182,909	2,817,057	2,870,730
Public Health and Welfare	773,593	835,694	668,013	531,090
Culture and Recreation	953,407	799,394	700,165	746,813
Community Environment	648,579	415,026	351,307	353,652
Interest and Fiscal Charges	97,872	118,717	67,711	230,802
<i>Total Governmental Activities Expenses</i>	<u>13,847,654</u>	<u>16,206,941</u>	<u>14,384,238</u>	<u>15,144,798</u>
Business-type Activities:				
Water	4,565,407	4,509,371	4,696,086	4,863,071
Sewer	3,350,651	3,897,646	3,550,942	3,340,241
Electric	14,942,089	24,437,629	18,650,228	19,568,938
Other Enterprise	378,932	511,944	682,843	766,324
<i>Total Business-type Activities Expenses</i>	<u>23,237,079</u>	<u>33,356,590</u>	<u>27,580,099</u>	<u>28,538,574</u>
<i>Total Primary Government Expenses</i>	<u>\$37,084,733</u>	<u>\$49,563,531</u>	<u>\$41,964,337</u>	<u>\$43,683,372</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$1,102,103	\$1,155,531	\$1,290,247	\$1,328,425
Public Safety	219,370	513,720	338,428	436,247
Highways and Streets	106,707	147,797	50,844	67,586
Public Health and Welfare	150,643	159,060	151,607	131,527
Culture and Recreation	67,889	75,825	78,114	21,688
Community Environment	109,444	183,300	264,293	264,180
Operating Grants and Contributions	83,677	774,687	1,324,588	831,378
Capital Grants and Contributions	112,076	162,802	429,980	735,382
<i>Total Governmental Activities Program Revenues</i>	<u>1,951,909</u>	<u>3,172,722</u>	<u>3,928,101</u>	<u>3,816,413</u>

City of Painesville

<u>2007</u>	<u>2008</u>
\$3,453,915	\$3,213,592
7,511,624	7,800,817
3,540,017	3,380,986
613,032	630,964
847,647	949,788
551,236	443,315
329,646	282,227
<u>16,847,117</u>	<u>16,701,689</u>
4,746,880	4,764,766
3,183,132	3,658,566
20,600,631	20,682,416
730,063	429,441
<u>29,260,706</u>	<u>29,535,189</u>
<u>\$46,107,823</u>	<u>\$46,236,878</u>

\$1,438,482	\$1,567,302
555,777	716,239
51,231	61,505
159,275	151,953
7,917	21,280
304,968	195,427
876,146	975,160
2,856,316	3,186,194
<u>6,250,112</u>	<u>6,875,060</u>

(continued)

City of Painesville

Changes in Net Assets Last Six Years (accrual basis of accounting)

	2003	2004	2005	2006
Business-type Activities:				
Charges for Services				
Water	4,328,180	4,513,453	4,905,365	4,654,394
Sewer	3,331,499	3,166,647	3,268,359	3,215,491
Electric	18,310,051	18,957,480	22,173,641	21,014,180
Other Enterprise	432,325	506,892	507,485	610,279
Operating Grants and Contributions	53,588	9,267	587,546	0
Capital Grants and Contributions	0	1,218,151	0	410,942
<i>Total Business-type Activities Program Revenues</i>	<u>26,455,643</u>	<u>28,371,890</u>	<u>31,442,396</u>	<u>29,905,286</u>
<i>Total Primary Government Program Revenues</i>	<u>28,407,552</u>	<u>31,544,612</u>	<u>35,370,497</u>	<u>33,721,699</u>
 Net (Expense)/Revenue				
Governmental Activities	(11,895,745)	(13,034,219)	(10,456,137)	(11,328,385)
Business-type Activities	3,218,564	(4,984,700)	3,862,297	1,366,712
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$8,677,181)</u>	<u>(\$18,018,919)</u>	<u>(\$6,593,840)</u>	<u>(\$9,961,673)</u>
 General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes	\$631,395	\$717,203	\$725,082	\$801,010
Municipal Income Taxes	7,273,781	6,702,181	7,681,884	8,039,713
Other Local Taxes	7,903	1,108	5,957	31,692
Grants and Entitlements not Restricted to Specific Programs	2,513,880	1,590,443	1,766,542	2,007,863
Investment Earnings	292,903	103,487	378,891	1,189,061
Miscellaneous	434,784	382,964	278,499	111,205
Transfers	984,729	614,276	558,853	505,320
<i>Total Governmental Activities</i>	<u>12,139,375</u>	<u>10,111,662</u>	<u>11,395,708</u>	<u>12,685,864</u>
 Business-type Activities:				
Investment Earnings	204,095	330,270	568,022	407,410
Transfers	(984,729)	(614,276)	(558,853)	(505,320)
<i>Total Business-type Activities</i>	<u>(780,634)</u>	<u>(284,006)</u>	<u>9,169</u>	<u>(97,910)</u>
<i>Total Primary Government</i>	<u>\$11,358,741</u>	<u>\$9,827,656</u>	<u>\$11,404,877</u>	<u>\$12,587,954</u>
 Change in Net Assets				
Governmental Activities	\$243,630	(\$2,922,557)	\$939,571	\$1,357,479
Business-type Activities	2,437,930	(5,268,706)	3,871,466	1,268,802
<i>Total Primary Government Change in Net Assets</i>	<u>\$2,681,560</u>	<u>(\$8,191,263)</u>	<u>\$4,811,037</u>	<u>\$2,626,281</u>

Source: Finance Director's Office

City of Painesville

<u>2007</u>	<u>2008</u>
4,838,095	4,570,987
3,237,420	3,451,161
22,505,860	23,331,839
554,923	547,994
110,973	47,611
997,376	0
<u>32,244,647</u>	<u>31,949,592</u>
<u>38,494,759</u>	<u>38,824,652</u>
(10,597,005)	(9,826,629)
<u>2,983,941</u>	<u>2,414,403</u>
<u>(\$7,613,064)</u>	<u>(\$7,412,226)</u>
\$896,215	\$819,812
7,962,098	8,644,123
8,056	8,013
1,802,287	2,181,223
1,870,044	1,380,595
884,813	52,065
743,005	10,787
<u>14,166,518</u>	<u>13,096,618</u>
68,392	194,171
<u>(743,005)</u>	<u>(10,787)</u>
<u>(674,613)</u>	<u>183,384</u>
<u>\$13,491,905</u>	<u>\$13,280,002</u>
\$3,569,513	\$3,269,989
<u>2,309,328</u>	<u>2,597,787</u>
<u>\$5,878,841</u>	<u>\$5,867,776</u>

City of Painesville

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	1999	2000	2001	2002	2003
General Fund					
Reserved	\$1,723,178	\$1,487,735	\$1,394,384	\$1,645,344	\$1,394,500
Unreserved	2,207,331	2,501,029	3,502,699	3,037,127	1,396,127
<i>Total General Fund</i>	<u>3,930,509</u>	<u>3,988,764</u>	<u>4,897,083</u>	<u>4,682,471</u>	<u>2,790,627</u>
All Other Governmental Funds					
Reserved	1,013,711	1,345,851	920,279	516,977	1,809,451
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	(88,278)	1,043,684	1,669,858	2,130,684	1,510,440
Capital Projects Funds	624,562	500,881	84,322	454,776	(102,259)
Permanent Fund	0	0	0	0	7,043
<i>Total All Other Governmental Funds</i>	<u>1,549,995</u>	<u>2,890,416</u>	<u>2,674,459</u>	<u>3,102,437</u>	<u>3,224,675</u>
<i>Total Governmental Funds</i>	<u>\$5,480,504</u>	<u>\$6,879,180</u>	<u>\$7,571,542</u>	<u>\$7,784,908</u>	<u>\$6,015,302</u>

Source: Finance Director's Office

NOTE: Years 1997-2002 Do not include Cemetery Trust Fund, Special Endowment Fund, Evergreen Cemetery Trust Fund, Riverside Cemetery Trust Fund and Special Endowment Trust Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003.

City of Painesville

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$1,457,828	\$1,201,195	\$1,133,204	\$1,301,396	\$803,475
<u>1,920,494</u>	<u>2,027,492</u>	<u>4,026,432</u>	<u>5,423,645</u>	<u>6,667,131</u>
<u>3,378,322</u>	<u>3,228,687</u>	<u>5,159,636</u>	<u>6,725,041</u>	<u>7,470,606</u>
1,633,965	2,004,446	1,653,817	1,511,911	5,119,596
1,141,244	355,394	637,926	2,370,336	1,567,018
(969,587)	(109,712)	23,236	2,207,811	(262,210)
<u>4,219</u>	<u>63,532</u>	<u>129,713</u>	<u>185,778</u>	<u>209,599</u>
<u>1,809,841</u>	<u>2,313,660</u>	<u>2,444,692</u>	<u>6,275,836</u>	<u>6,634,003</u>
<u>\$5,188,163</u>	<u>\$5,542,347</u>	<u>\$7,604,328</u>	<u>\$13,000,877</u>	<u>\$14,104,609</u>

City of Painesville

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	1999	2000	2001	2002
Revenues:				
Taxes	\$7,181,523	\$7,614,958	\$7,301,526	\$8,087,055
Intergovernmental Revenues	3,830,361	3,903,437	3,302,823	2,860,610
Charges for Services	248,725	334,241	327,915	301,580
Licenses, Permits and Inspection Fees	179,690	189,621	163,558	78,377
Investment Earnings	1,201,096	1,292,816	1,220,765	319,813
Special Assessments	69,722	58,482	57,556	64,861
Fines and Forfeitures	804,513	821,577	827,796	1,008,366
Lawsuit Settlement	0	0	0	0
All Other Revenue	120,177	278,653	149,340	211,071
Total Revenue	13,635,807	14,493,785	13,351,279	12,931,733
Expenditures:				
Current:				
General Government	2,000,784	2,137,553	2,778,315	2,758,726
Public Safety	5,281,060	5,471,391	5,994,831	6,837,365
Highways and Streets	4,322,320	2,396,435	2,371,993	2,316,349
Public Health and Welfare Services	554,676	594,196	606,275	690,005
Culture and Recreation	745,573	841,974	940,621	911,244
Community Environment	257,296	438,083	463,399	335,371
Capital Outlay	485,720	1,466,811	1,407,232	903,825
Debt Service:				
Principal Retirement	49,624	56,416	43,208	56,415
Interest and Fiscal Charges	102,595	101,184	153,707	95,465
Total Expenditures	13,799,648	13,504,043	14,759,581	14,904,765
Excess (Deficiency) of Revenues Over Expenditures	(163,841)	989,742	(1,408,302)	(1,973,032)

City of Painesville

2003	2004	2005	2006	2007	2008
\$7,868,089	\$8,284,270	\$8,389,482	\$8,417,301	\$9,323,731	\$9,480,913
2,604,091	2,793,225	3,107,173	3,805,033	2,928,630	5,466,933
449,198	592,861	598,062	529,395	658,104	740,977
178,544	333,135	348,422	354,320	396,750	352,004
247,032	144,587	431,046	1,126,218	1,922,173	1,330,957
68,358	60,743	65,099	56,858	85,079	168,049
1,020,294	1,071,977	1,104,650	1,227,721	1,283,191	1,402,202
0	0	0	0	0	0
466,930	706,710	300,778	225,135	725,957	235,801
<u>12,902,536</u>	<u>13,987,508</u>	<u>14,344,712</u>	<u>15,741,981</u>	<u>17,323,615</u>	<u>19,177,836</u>
2,907,513	2,883,102	2,657,661	2,899,758	3,241,261	3,066,705
7,003,391	7,279,219	6,848,266	7,464,913	7,164,514	7,772,649
2,994,752	2,759,535	2,800,859	2,703,721	2,420,543	2,344,519
769,675	740,072	694,291	544,005	563,578	628,215
943,098	789,511	659,993	667,236	774,225	886,575
639,638	354,156	345,801	346,486	530,400	445,066
540,850	1,296,545	882,396	298,301	497,808	2,266,246
61,416	58,208	50,000	105,778	126,569	831,311
105,895	75,477	117,237	228,653	303,355	286,578
<u>15,966,228</u>	<u>16,235,825</u>	<u>15,056,504</u>	<u>15,258,851</u>	<u>15,622,253</u>	<u>18,527,864</u>
(3,063,692)	(2,248,317)	(711,792)	483,130	1,701,362	649,972

(Continued)

City of Painesville

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	1999	2000	2001	2002
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	27,010	133,094	24,347	69,275
Other Financing Sources - Capital Leases	0	0	218,047	1,255,400
Ohio Public Works Commission Loan	0	100,000	0	0
General Obligation Notes Issued	0	0	1,163,750	0
General Obligation Bonds Issued	0	0	0	0
Premium on Debt Issuance	0	0	0	0
Construction Loans	0	0	0	0
Transfers In	1,530,516	2,036,457	2,078,255	2,557,721
Transfers Out	(1,651,785)	(1,833,949)	(1,820,100)	(1,701,454)
Total Other Financing Sources (Uses)	<u>(94,259)</u>	<u>435,602</u>	<u>1,664,299</u>	<u>2,180,942</u>
Net Change in Fund Balance	<u>(\$258,100)</u>	<u>\$1,425,344</u>	<u>\$255,997</u>	<u>\$207,910</u>
 Debt Service as a Percentage of Noncapital Expenditures	 1.11%	 1.26%	 1.50%	 1.13%

Source: Finance Director's Office

NOTE: Years 1997-2002 Do not include Cemetery Trust Fund, Special Endowment Fund, Evergreen Cemetery Trust Fund, Riverside Cemetery Trust Fund and Special Endowment Trust Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003.

City of Painesville

2003	2004	2005	2006	2007	2008
26,210	5,001	4,090	2,555	258,092	5,894
0	558,796	419,406	353,758	553,838	303,733
0	0	0	0	0	97,801
0	0	0	0	0	0
0	0	410,000	0	2,075,000	0
0	0	0	4,302	73,565	0
0	0	0	587,645	0	0
2,243,379	1,762,396	2,552,091	2,787,199	3,409,345	2,366,380
(958,650)	(873,120)	(2,307,523)	(2,171,146)	(2,666,340)	(2,355,593)
1,310,939	1,453,073	1,078,064	1,564,313	3,703,500	418,215
(\$1,752,753)	(\$795,244)	\$366,272	\$2,047,443	\$5,404,862	\$1,068,187
1.28%	0.84%	1.19%	2.23%	3.41%	7.27%

City of Painesville

*Income Tax Revenues by Source, Governmental Funds
Last Ten Years*

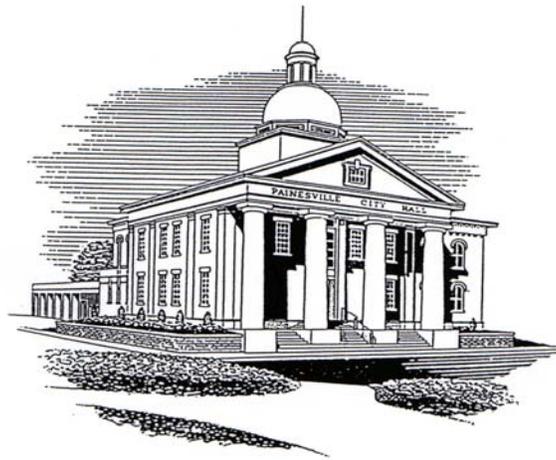
Tax year	1999	2000	2001	2002	2003
Income Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Estimated Personal Income	\$454,992	\$533,754	\$534,034	\$534,244	\$548,299
Total Tax Collected	\$6,642,671	\$6,748,897	\$7,211,472	\$7,160,210	\$7,242,174
Income Tax Receipts					
Withholding	5,428,292	5,687,491	5,953,650	5,889,168	6,070,037
Percentage	81.7%	84.3%	82.6%	82.2%	83.8%
Corporate	488,125	318,736	398,449	469,520	383,625
Percentage	7.3%	4.7%	5.5%	6.6%	5.3%
Individuals	726,254	742,670	859,373	801,522	788,512
Percentage	10.9%	11.0%	11.9%	11.2%	10.9%

Source: City Income Tax Department

Collection amounts represent only collections due in the current collection year.

City of Painesville

2004	2005	2006	2007	2008
2.00%	2.00%	2.00%	2.00%	2.00%
\$569,933	\$582,815	\$627,413	\$689,811	\$689,811
\$7,135,376	\$7,653,206	\$7,775,604	\$7,828,025	\$8,382,560
6,045,625	6,263,019	6,460,073	6,540,893	6,870,498
84.7%	81.8%	83.1%	83.6%	82.0%
365,953	576,843	588,673	548,194	788,789
5.1%	7.5%	7.6%	7.0%	9.4%
723,798	813,344	726,858	738,938	723,273
10.1%	10.6%	9.3%	9.4%	8.6%



City of Painesville

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2008				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,039	43.11%	\$12,713,265	8.27%
20,000 - 49,999	1,536	32.47%	50,637,393	32.93%
50,000 - 74,999	666	14.08%	40,549,863	26.37%
75,000 - 99,999	299	6.32%	25,552,499	16.62%
Over 100,000	190	4.02%	24,301,583	15.81%
Total	4,730	100.00%	\$153,754,603	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Painesville	\$760,038
Taxes Credited to Other Municipalities	1,171,016
	\$1,931,054

Calendar Year 1999				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,095	46.89%	\$14,802,164	11.54%
20,000 - 49,999	1,620	36.26%	55,665,751	43.40%
50,000 - 74,999	531	11.88%	35,406,526	27.61%
75,000 - 99,999	167	3.74%	14,286,229	11.14%
Over 100,000	55	1.23%	8,088,623	6.31%
Total	4,468	100.00%	\$128,249,293	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Painesville	\$671,644
Taxes Credited to Other Municipalities	1,100,037
	\$1,771,681

Source: Finance Director's Office

City of Painesville

Ratio of Outstanding Debt By Type Last Ten Years

	1999	2000	2001	2002
Governmental Activities ⁽¹⁾				
General Obligation Bonds	\$0	\$0	\$0	\$0
Special Assessment Bonds	350,000	320,000	290,000	260,000
Ohio Public Works Commission Loan Payable	65,662	139,246	126,038	99,623
Long-Term Notes Payable	0	0	1,163,750	1,163,750
Construction Loan Payable	0	0	0	0
Capital Leases	6,830	2,359	165,741	1,365,356
Business-type Activities ⁽¹⁾				
Mortgage Revenue Bonds Payable	\$4,465,000	\$3,865,000	\$6,577,674	\$5,733,097
General Obligation Bonds Payable	7,405,000	7,015,000	6,615,000	6,205,000
Ohio Water Development Authority Loan Payable	2,180,289	2,045,160	1,963,364	1,658,886
Ohio Public Works Commission Loan Payable	0	0	0	600,000
Capital Leases	0	0	0	38,300
Total Primary Government	<u>\$14,472,781</u>	<u>\$13,386,765</u>	<u>\$16,901,567</u>	<u>\$17,124,012</u>
Population ⁽²⁾				
City of Painesville	15,599	17,503	17,503	17,503
Outstanding Debt Per Capita	\$928	\$765	\$966	\$978
Income ⁽³⁾				
Personal (in thousands)	\$454,992	\$533,754	\$534,034	\$534,244
Percentage of Personal Income	3.18%	2.51%	3.16%	3.21%

Sources:

(1) Source: Finance Director's Office

(2) US Bureau of Census, Population Division

(3) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Painesville

2003	2004	2005	2006	2007	2008
\$0	\$0	\$0	\$0	\$2,075,000	\$1,975,000
225,000	185,000	555,000	500,000	435,000	370,000
73,207	55,000	45,000	35,000	25,000	107,911
100,000	100,000	100,000	0	0	0
0	0	0	587,645	539,365	489,012
1,071,252	1,253,453	1,178,895	1,096,129	1,162,451	865,116
\$5,028,857	\$4,279,954	\$3,491,056	\$2,651,829	\$2,517,273	\$2,376,055
5,960,000	5,485,000	5,005,000	4,520,000	4,035,000	3,545,000
1,333,242	1,275,148	1,214,400	1,150,870	1,084,426	1,014,923
540,000	480,000	833,474	732,117	630,760	568,328
27,645	98,084	368,603	339,731	4,492,400	4,222,884
<u>\$14,359,203</u>	<u>\$13,211,639</u>	<u>\$12,791,428</u>	<u>\$11,613,321</u>	<u>\$16,996,675</u>	<u>\$15,534,229</u>
17,503	17,503	17,503	17,503	17,503	17,503
\$820	\$755	\$731	\$664	\$971	\$888
\$548,299	\$569,933	\$582,815	\$627,413	\$689,811	\$689,811
2.62%	2.32%	2.19%	1.85%	2.46%	2.25%

City of Painesville

*Ratios of General Obligation Debt Outstanding
Last Ten Years*

Year	1999	2000	2001	2002
Population (1)	15,599	17,503	17,503	17,503
Assessed Value (2)	\$193,125,650	\$196,719,634	\$219,115,887	\$234,118,306
General Bonded Debt (3)				
General Obligation Notes	\$1,725,000	\$1,690,000	\$3,173,750	\$3,701,750
General Obligation Bonds	\$0	\$0	\$0	\$0
Resources Available to Pay Principal (4)	\$16,407	\$1,019	\$4,681	\$11,883
Net General Bonded Debt	\$1,708,593	\$1,688,981	\$3,169,069	\$3,689,867
Ratio of Net Bonded Debt to Estimated Assessed Value	0.88%	0.86%	1.45%	1.58%
Net Bonded Debt per Capita	\$109.53	\$96.50	\$181.06	\$210.81

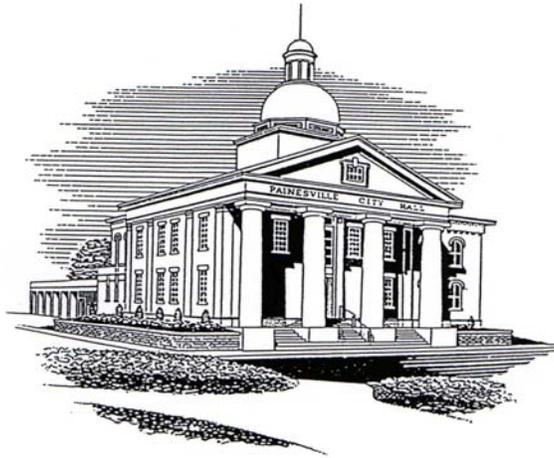
Source:

- (1) U.S. Bureau of Census of Population
- (2) Lake County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

City of Painesville

2003	2004	2005	2006	2007	2008
17,503	17,503	17,503	17,503	17,503	17,503
\$226,496,195	\$253,325,479	\$254,533,194	\$259,644,108	\$281,300,753	\$278,912,006
\$2,198,000	\$2,798,000	\$4,187,000	\$3,202,000	\$1,630,000	\$3,824,500
\$0	\$0	\$0	\$0	\$2,075,000	\$1,975,000
\$5,343	\$16,260	\$77,196	\$3,821	\$10,709	\$27,516
\$2,192,657	\$2,781,740	\$4,109,804	\$3,198,179	\$3,694,291	\$5,771,984
0.97%	1.10%	1.61%	1.23%	1.31%	2.07%
\$125.27	\$158.93	\$234.81	\$182.72	\$211.07	\$329.77

City of Painesville



City of Painesville

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2008*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Painesville</u>	<u>Amount Applicable to the City of Painesville</u>
Direct:			
City of Painesville	\$7,523,628	100.00%	\$7,523,628
Overlapping:			
Painesville City School District	29,884,193	100.00%	29,884,193
Riverside Schools	5,455,542	2.08%	113,475
Lake County	21,685,000	4.08%	884,748
Lake County Library District	8,575,000	21.49%	1,842,768
		Subtotal	<u>32,725,184</u>
		Total	<u><u>\$40,248,812</u></u>

Sources: Lake County
Painesville City School District
Painesville Township School District

City of Painesville

*Debt Limitations
Last Ten Years*

Collection Year	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$193,125,650	\$196,719,634	\$219,115,887	\$234,118,306
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	20,278,193	20,655,562	23,007,168	24,582,422
City Debt Outstanding (2)	1,725,000	1,690,000	3,173,750	3,701,750
Less: Applicable Debt Service Fund Amounts	(16,407)	(1,019)	(4,681)	(11,883)
Net Indebtedness Subject to Limitation	<u>1,708,593</u>	<u>1,688,981</u>	<u>3,169,069</u>	<u>3,689,867</u>
Overall Legal Debt Margin	<u><u>\$18,569,600</u></u>	<u><u>\$18,966,581</u></u>	<u><u>\$19,838,099</u></u>	<u><u>\$20,892,555</u></u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$193,125,650	\$196,719,634	\$219,115,887	\$234,118,306
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	10,621,911	10,819,580	12,051,374	12,876,507
City Debt Outstanding (2)	1,350,000	1,410,000	1,710,000	1,960,000
Less: Applicable Debt Service Fund Amounts	(16,407)	(1,019)	(4,681)	(11,883)
Net Indebtedness Subject to Limitation	<u>1,333,593</u>	<u>1,408,981</u>	<u>1,705,319</u>	<u>1,948,117</u>
Overall Legal Debt Margin	<u><u>\$9,288,318</u></u>	<u><u>\$9,410,599</u></u>	<u><u>\$10,346,055</u></u>	<u><u>\$10,928,390</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's / Finance Director's Office

City of Painesville

2003	2004	2005	2006	2007	2008
\$226,496,195	\$253,325,479	\$254,533,194	\$259,644,108	\$281,300,753	\$278,912,006
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
23,782,100	26,599,175	26,725,985	27,262,631	29,536,579	29,285,761
2,198,000	2,798,000	4,187,000	3,202,000	3,705,000	5,799,500
(5,343)	(16,260)	(77,196)	(3,821)	(10,709)	(27,516)
2,192,657	2,781,740	4,109,804	3,198,179	3,694,291	5,771,984
\$21,589,443	\$23,817,435	\$22,616,181	\$24,064,452	\$25,842,288	\$23,513,777
\$226,496,195	\$253,325,479	\$254,533,194	\$259,644,108	\$281,300,753	\$278,912,006
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
12,457,291	13,932,901	13,999,326	14,280,426	15,471,541	15,340,160
1,800,000	2,095,000	1,645,000	1,280,000	670,000	70,000
(5,343)	(16,260)	(77,196)	(3,821)	(10,709)	(27,516)
1,794,657	2,078,740	1,567,804	1,276,179	659,291	42,484
\$10,662,634	\$11,854,161	\$12,431,522	\$13,004,247	\$14,812,250	\$15,297,676

City of Painesville

Pledged Revenue Coverage Last Ten Years

	1999	2000	2001	2002
Revenue Bonds - Electric (1 a)				
Gross Revenues (2)	\$16,247,338	\$15,407,695	\$17,324,667	\$19,609,552
Direct Operating Expenses (3)	13,047,575	13,783,257	14,242,983	15,402,889
Net Revenue Available for Debt Service	3,199,763	1,624,438	3,081,684	4,206,663
Annual Debt Service Requirement	747,533	753,768	747,503	749,415
Coverage	4.28	2.16	4.12	5.61
Revenue Bonds - Off-Street Parking (1 b)				
Gross Revenues (2)	\$70,676	\$81,369	\$89,722	\$100,535
Direct Operating Expenses (3)	164,240	177,957	182,889	177,654
Net Revenue Available for Debt Service	(93,564)	(96,588)	(93,167)	(77,119)
Annual Debt Service Requirement	103,450	101,378	8,924	178,032
Coverage	0.00	0.00	0.00	0.00
Special Assessment Bonds (4)				
Special Assessment Collections	\$0	\$0	\$0	\$0
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
Coverage	0.00	0.00	0.00	0.00

(1) The Mortgage Revenue Bonds were issued as follows:

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

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

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

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

N/A - The Off-Street Parking Mortgage Revenue Bonds were retired in 2003.

N/A - The Electric Mortgage Revenue Bonds were retired in 2006.

(4) The special assessment bonds were issued for improvements to the Renaissance Parkway area.

City of Painesville

2003	2004	2005	2006	2007	2008
\$18,433,897	\$19,153,275	\$22,172,809	\$21,308,391	N/A	N/A
13,326,736	23,846,102	17,512,070	18,730,885	N/A	N/A
5,107,161	(4,692,827)	4,660,739	2,577,506	N/A	N/A
848,259	750,300	747,500	752,600	N/A	N/A
6.02	(6.25)	6.24	3.42	0.00	0.00
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
0.00	0.00	0.00	0.00	0.00	0.00
\$0	\$0	\$65,099	\$56,858	\$85,079	\$168,049
0	0	0	10,000	15,000	15,000
0	0	0	31,938	19,775	19,062
0.00	0.00	0.00	1.36	2.45	4.93

City of Painesville

Demographic and Economic Statistics Last Ten Years

Calendar Year	1999	2000	2001	2002
Population (1)				
City of Painesville	15,599	17,503	17,503	17,503
Lake County	215,499	227,511	227,511	227,511
Income (2) (a)				
Total Personal (in thousands)	\$454,992	\$533,754	\$534,034	\$534,244
Per Capita	29,168	30,495	30,511	30,523
Unemployment Rate (3)				
Federal	4.5%	4.2%	3.8%	4.8%
State	4.3%	4.3%	3.7%	4.3%
Lake County	4.0%	3.6%	4.2%	6.1%
Civilian Work Force Estimates (3)				
State	5,749,000	5,900,400	5,857,000	5,828,000
Lake County	124,800	126,900	127,500	125,100

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2007 for the presentation of 2008 statistics, the City is using the latest information available.

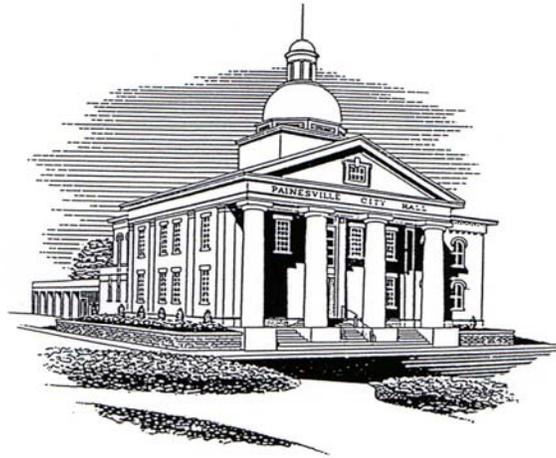
(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

City of Painesville

2003	2004	2005	2006	2007	2008
17,503	17,503	17,503	17,503	17,503	17,503
227,511	227,511	232,466	232,466	232,466	232,466
\$548,299	\$569,933	\$582,815	\$627,413	\$689,811	\$689,811
31,326	32,562	33,298	35,846	39,411	39,411
5.8%	6.0%	5.5%	5.0%	4.6%	5.8%
5.7%	6.1%	6.0%	5.9%	5.6%	6.6%
6.3%	5.4%	5.1%	4.8%	5.2%	6.1%
5,915,000	5,875,300	5,900,400	5,934,000	5,976,500	5,986,400
127,000	131,200	130,600	131,400	132,500	131,100

City of Painesville



City of Painesville

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2008		
		Number of Employees	Rank	Percentage of Total Employment
County of Lake	Government	1,295	1	23.86%
Lake Hospital System	Medical-Patient Care	1,149	2	21.17%
Fasson Div. Avery Intl. Corporation	Manufacturing	611	3	11.26%
Painesville City Schools	Education	471	4	8.68%
City of Painesville	Government	289	5	5.32%
AeroControlex Group, Inc.	Manufacturing	164	6	3.02%
Lake Erie College	Education	251	7	4.62%
Core Systems	Manufacturing	193	8	3.56%
Coe Manufacturing	Manufacturing	109	9	2.01%
SAS Rubber Co.	Manufacturing	98	10	1.81%
Total		<u>4,630</u>		
Total Employment within the City		<u><u>5,428</u></u>		
		1999		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
County of Lake	Government	1,083	1	N/A
Lake Hospital System	Hospital	831	2	N/A
Avery Dennison	Manufacturing	728	3	N/A
The City of Painesville	Government	354	4	N/A
Painesville City Schools	Education	329	5	N/A
Coe Manufacturing Company	Manufacturing	262	6	N/A
SAS Rubber	Manufacturing	167	7	N/A
Lake Erie College	Education	144	8	N/A
Fluid Regulators	Manufacturing	115	9	N/A
Bank One, Cleveland, N.A.	Financial Services	40	10	N/A
Total		<u>4,053</u>		
Total Employment within the City		<u><u>N/A</u></u>		

Sources:

2006 Harris Ohio Industrial Directory and City of Painesville

N/A - not available

City of Painesville

*Full Time Equivalent Employees by Function
Last Ten Years*

	1999	2000	2001	2002	2003
Governmental Activities					
General Government					
Finance	6.00	6.00	6.00	6.00	6.00
Judicial	22.00	23.00	23.00	22.00	22.00
Administration	29.00	29.00	29.00	28.00	28.00
Maintenance	1.00	1.00	1.00	1.00	1.00
Public Safety					
Police	42.00	42.00	42.00	41.00	40.00
Fire	28.00	28.00	28.00	28.00	28.00
Public Works					
Public Works	18.00	18.00	18.00	18.00	18.00
Public Health and Welfare					
Cemeteries	4.00	4.00	4.00	4.00	4.00
Culture and Recreation					
Parks - Recreation	10.00	8.00	8.00	8.00	8.00
Business-Type Activities					
Utilities					
Water	21.00	21.00	20.00	20.00	20.00
Sewer	18.00	18.00	18.00	18.00	18.00
Electric	61.00	61.00	61.00	61.00	61.00
Off Street Parking	4.00	4.00	4.00	4.00	4.00
<i>Total Employees</i>	<u>264.00</u>	<u>263.00</u>	<u>262.00</u>	<u>259.00</u>	<u>258.00</u>

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: Finance Director's Office

City of Painesville

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
6.00	6.00	6.00	7.00	7.00
22.00	23.00	23.00	23.00	23.00
28.00	30.00	30.00	50.00	50.00
1.00	1.00	1.00	1.00	1.00
40.00	44.00	44.00	44.00	44.00
28.00	28.00	29.00	28.00	28.00
18.00	19.00	19.00	19.00	19.00
4.00	4.00	5.00	6.00	5.00
8.00	10.00	10.00	11.00	8.00
20.00	22.00	22.00	26.00	20.00
18.00	18.00	18.00	18.00	17.00
61.00	61.00	61.00	64.00	64.00
4.00	4.00	4.00	3.00	3.00
<u>258.00</u>	<u>270.00</u>	<u>272.00</u>	<u>300.00</u>	<u>289.00</u>

City of Painesville

Operating Indicators by Function Last Ten Years

	1999	2000	2001
Governmental Activities			
General Government			
Court			
Number of Probation Cases	2,205	2,028	2,023
Number of Traffic Cases	15,311	15,299	15,218
Licenses and Permits			
Number of Building Permits - Residential	335	384	473
Number of Building Permits - Commercial & Industrial	447	48	34
Number of Building Inspections - Residentail	593	535	564
Number of Building Inspections - Commercial	501	300	260
Public Safety			
Police			
Number of Citations Issued	1,235	1,460	1,390
Number of Arrests	857	872	864
Number of Accidents	N/A	692	754
Fire			
Number of Fire Calls	117	97	114
Number of EMS Runs	1,962	1,908	1,917
Number of Inspections	486	286	486
Public Works			
Public Works			
Number of Streets Resurfaced	5	1	1
Public Health and Welfare			
Cemeteries			
Number of Burials	212	241	242
Number of Cemeteries	2	2	2
Culture and Recreation			
Parks - Recreation			
Program Attendance	N/A	N/A	N/A
Number of Park Visitations	N/A	N/A	N/A

City of Painesville

2002	2003	2004	2005	2006	2007	2008
2,234	2,228	1,990	2,029	2,048	2,096	2,084
15,605	13,107	11,263	10,471	11,510	11,319	10,892
381	403	444	451	520	328	327
36	51	47	54	51	51	96
456	601	1,386	1,686	2,094	3,391	2,179
182	193	273	243	562	2,898	2,920
2,562	1,973	1,979	1,818	2,225	2,197	2,472
1,344	1,382	1,273	1,350	1,535	1,200	1,048
783	716	700	657	645	653	637
133	151	105	146	142	152	103
1,906	1,926	1,815	1,829	1,911	2,103	2,276
664	549	643	630	782	618	639
9	3	12	7	9	8	5
260	237	227	210	219	219	214
2	2	2	2	2	2	2
N/A	N/A	7,000	7,486	6,758	6,570	6,850
N/A	N/A	95,750	100,000	90,000	93,500	100,000

(Continued)

City of Painesville

Operating Indicators by Function Last Ten Years

	1999	2000	2001
Business-Type Activities			
Water			
Number of Service Connections	8,111	8,340	8,539
Water Main Breaks	48	20	28
Daily Average Consumption (thousands of gallons)	3,400	3,697	3,882
Peak Daily Consumption (thousands of gallons)	6,000	6,000	6,000
Storage Capacity (thousands of gallons)	N/A	N/A	N/A
Sewer			
Daily Average Sewage Treatment (thousands of gallons)	2.64	2.71	2.32
Electric			
Number of Service Connections	10,816	10,854	10,977
Average Daily Generation in Kilowatt Hours	466,699	479,210	428,836
Peak Load in Kilowatts	46,000	43,300	49,900
Off Street Parking			
Number of Parking Garage Spaces	502	502	502
Number of Vogue Lot Spaces	60	60	60
Number of Sterling Lot Spaces	101	101	101
Storm Water Drainage			
Number of Billings	4,876	5,522	5,694

Source: Finance Director's Office

City of Painesville

2002	2003	2004	2005	2006	2007	2008
8,694	8,696	9,247	9,751	9,744	10,066	10,147
37	43	49	57	27	60	45
3,589	3,594	3,638	3,849	3,728	3,530	3,241
6,000	6,000	6,000	6,000	6,000	6,000	6,192
4,053	4,053	4,053	4,053	4,053	4,053	4,053
2.74	2.99	3.17	3.17	3.62	3.17	3.73
10,957	10,889	11,183	11,403	11,613	11,636	11,896
489,045	521,427	513,827	652,416	635,317	587,647	660,507
52,300	47,900	49,100	54,200	57,900	54,700	50,700
502	502	502	502	502	502	502
60	60	60	60	60	60	60
101	101	101	101	101	101	101
5,686	5,685	5,796	5,938	5,984	5,981	6,023

City of Painesville

Capital Asset Statistics by Function Last Ten Years

	1999	2000	2001	2002
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	0.95	0.95	0.95	0.95
Buildings	5	7	7	7
Public Safety				
Police				
Stations	1	1	1	1
Vehicles	13	13	16	17
Fire				
Stations	1	1	1	1
Vehicles	10	10	10	10
Public Works				
Street				
Streets (lane miles)	56	56	57	57
Street Lights	1,402	1,402	1,402	1,402
Traffic Signals	106	106	106	106
Vehicles	25	25	25	25
Culture and Recreation				
Recreation/Seniors				
Land (acres)	118.02	118.02	118.02	118.02
Buildings	1	1	1	1
Parks	10	10	10	9
Playgrounds	5	5	6	6
Tennis Courts	2	2	2	2
Baseball/Softball Diamonds	12	12	10	10
Soccer Fields	1	1	1	1

City of Painesville

2003	2004	2005	2006	2007	2008
0.95	0.95	0.95	0.95	0.95	0.95
7	7	7	7	7	7
1	1	1	1	1	1
16	16	14	14	14	16
1	1	1	1	1	1
10	11	1	11	11	11
57	58	58	58	58	58
1,402	1,444	1,474	1,504	1,550	1,571
106	106	106	106	108	116
26	26	27	27	27	27
118.02	118.02	118.02	118.02	118.02	118.02
1	1	1	1	1	1
9	10	10	10	10	10
6	6	7	7	7	7
2	2	2	2	2	2
10	9	9	9	9	9
1	1	1	1	1	1

(Continued)

City of Painesville

*Capital Asset Statistics by Function
Last Ten Years*

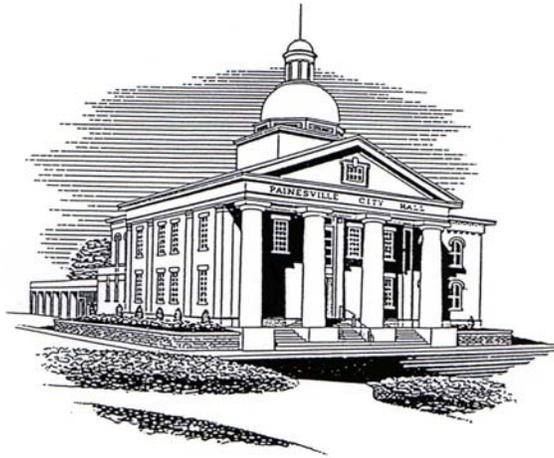
	1999	2000	2001	2002
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	104.8	104.8	119.9	108.1
Pump Stations	5	5	5	5
Number of Hydrants	1,230	1,230	1,417	1,230
Sewer				
Sewerlines (Miles)	48	48	48	48
Lift Stations	7	7	7	7
Electric				
Lines (Miles)	160	160	200	175
Refuse				
Off Street Parking				
Buildings and Improvements	1	1	1	1
Storm Water Drainage				
Storm Drains (Miles)	37	37	37	37
Number of Catch Basins	2,800	2,800	2,850	2,850
Treatment Capacity (thousands of gallons)	28,000,000	28,000,000	28,000,000	28,000,000

Source: Finance Director's Office

City of Painesville

2003	2004	2005	2006	2007	2008
124.9	127.1	128.28	128.3	131.0	131.4
5	5	5	5	5	7
1,498	1,615	1,735	1,735	1,743	1,776
48	49	49	50	50	50
7	7	7	7	7	7
200	205	205	210	215	218
1	1	1	1	1	1
37	37	37	37	37	37
2,850	2,850	2,900	2,900	2,900	2,900
28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000

City of Painesville



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

City Council
City of Painesville, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Painesville, Ohio (the “City”), as of and for the year ended December 31, 2008, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 29, 2009, wherein we noted the City adopted *GASB Statement Nos. 49 and 50*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City’s financial statements that is more than inconsequential will not be prevented or detected by the City’s internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City’s internal control.

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

Members of the City Council
City of Painesville, Ohio

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the City in a separate letter dated June 29, 2009.

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

Handwritten signature in cursive script that reads "Cusi & Parichi, Inc.".

Cleveland, Ohio
June 29, 2009



Mary Taylor, CPA
Auditor of State

CITY OF PAINESVILLE

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 8, 2009**