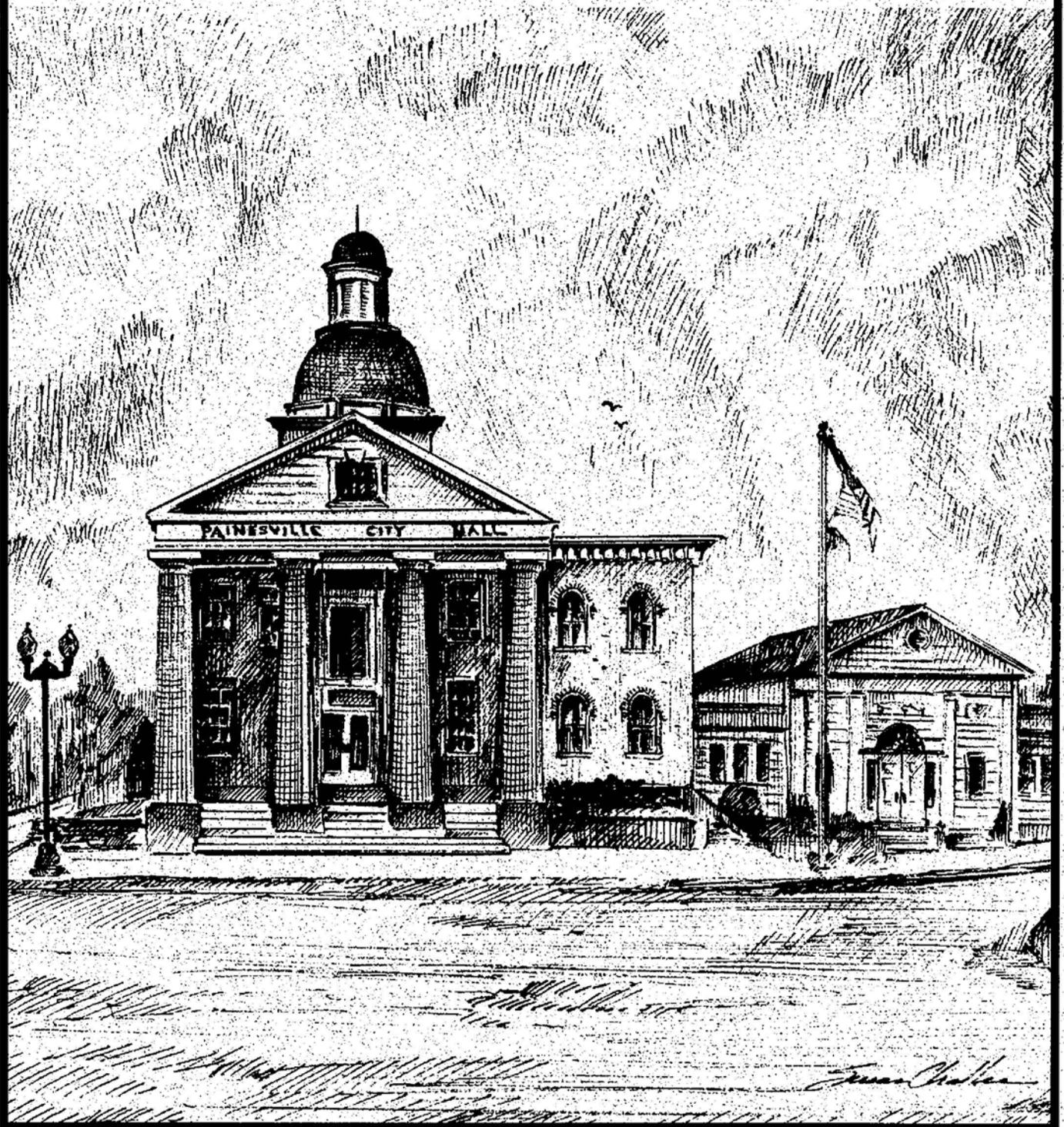


# *The City of Painesville, Ohio*

*Comprehensive Annual Financial Report  
for the Year Ended December 31, 2009*







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, 2009 through December 31, 2009. 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

September 2, 2010



*Lake County, Ohio*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2009

*Prepared by the Finance Department*

Andrew A. Unetic  
Director

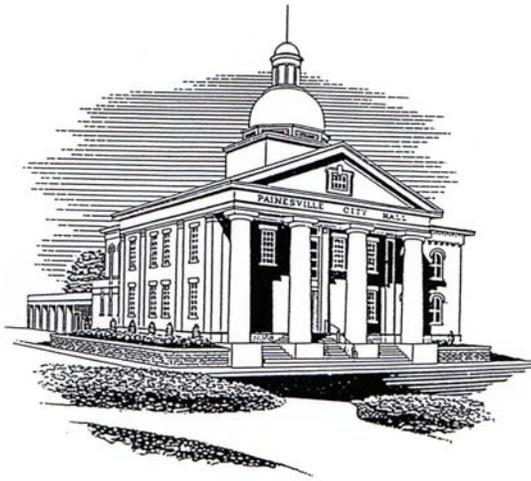


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LAKE COUNTY, OHIO

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## *INTRODUCTORY SECTION*

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7 Richmond Street • P.O. Box 601 • Painesville, Ohio 44077 • 440.352.9301 • [www.painesville.com](http://www.painesville.com)

June 29, 2010

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, 2009. 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, 2009***

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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, 2013. 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, 2009***

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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, 2009***

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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, 2009***

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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.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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

**ECONOMIC CONDITION AND OUTLOOK**

**Local Economy**

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 new downtown Streetscape Plan which is nearing completion.

This past year we completed our 2010 – 2015 Economic Development Strategic Plan designed to enhance our abilities to grow our local businesses here within the community to further new private 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 has completed the final building in their \$90+ million new construction program. The City continues to aggressively pursue new developments. At present, the City has hundreds of acres of land available for development for which we are seeking funding to gain access into these development areas through the State of Ohio's Job Ready Sites Program.

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.

**CITY OF PAINESVILLE, OHIO**

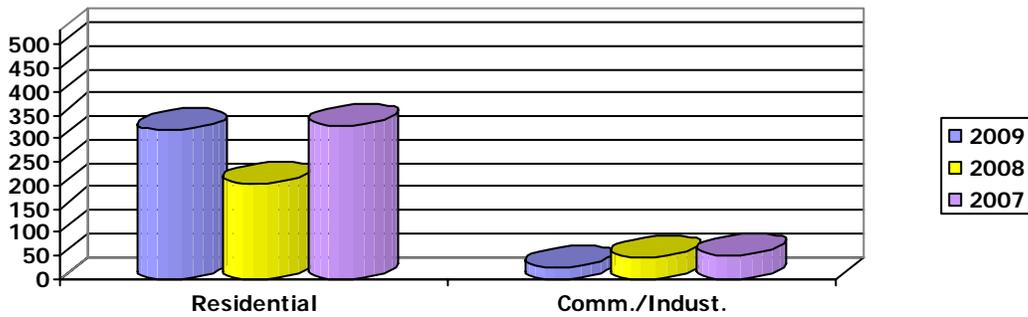
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**Letter of Transmittal  
For the Year Ended December 31, 2009**

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Comparison of Permits Issued

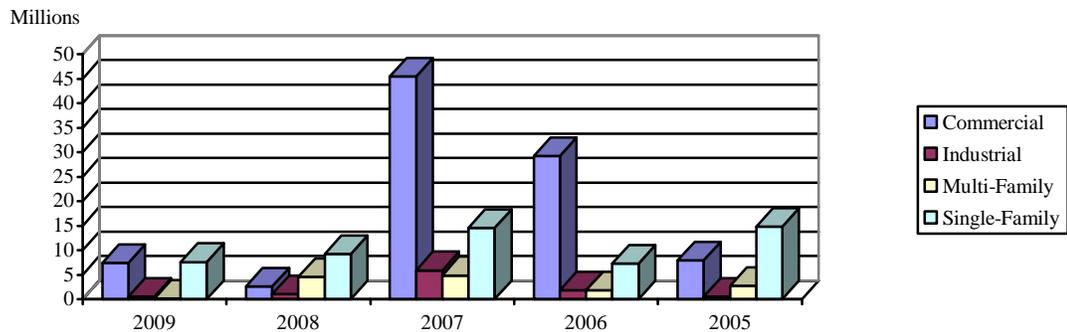
Category	2009	2008	2007
Residential	318	204	328
Commercial/Industrial	26	47	51



Building Permit Valuations

Category	2009	2008	2007	2006	2005
Commercial	\$7,347,800	\$2,583,384	\$45,481,620	\$29,260,700	\$7,937,450
Industrial	526,234	1,012,072	5,898,707	1,802,084	551,000
Multi-Family	178,000	4,590,060	4,872,420	1,800,000	2,700,000
Single-Family	<u>7,592,010</u>	<u>9,268,842</u>	<u>14,487,164</u>	<u>7,253,027</u>	<u>14,739,553</u>
Totals	<u>\$15,644,044</u>	<u>\$17,454,358</u>	<u>\$70,739,911</u>	<u>\$40,115,811</u>	<u>\$25,928,003</u>

Comparison of Building Permits



**CITY OF PAINESVILLE, OHIO**

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**Letter of Transmittal  
For the Year Ended December 31, 2009**

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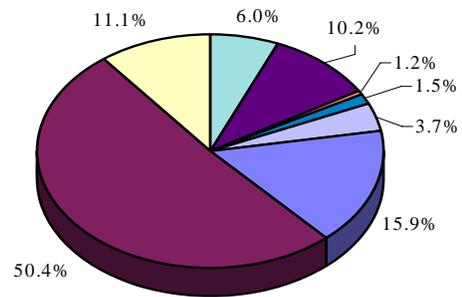
Unemployment in Lake County was lower than the state and national levels during 2009. The unemployment rate for Lake County increased by 2.2% in 2009. Listed below are the respective unemployment rates for the county, state and nation as of December 31, 2009:

Lake County	8.8%
Ohio	10.2%
United States	9.3%

**Local Business**

The City of Painesville has 596 businesses which employ approximately 6,529 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%
<b>Total</b>	<b>596</b>	<b>100.00%</b>



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 2.7%.

The primary focus of the Office of Economic Development in 2009 was business retention and downtown redevelopment. With continued 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 we have been conducting business surveys with our banks, mortgage companies, large office users, large commercial operations and large non-profits. From these surveys we have found that businesses in those markets are relatively positive about their futures. In the next 2-3 years they expect to be making new investments and in a position to hire new employees. Those companies directly tied to the housing market are still uncertain about their prospective future and how long their recovery will take.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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This past year the Economic Development Office worked closely with three leads on industrial investment in 2009. Of the three leads, one company is expecting to close on a location in the 2nd quarter of 2010. One lead found that the economic downturn led them to reconsider their expansion. The other is still looking at potential locations and expects to come to a decision by summer of 2010. One is a headquarter manufacturing location, the other is headquartered in California but has an existing location in Willoughby and the third is headquartered in Ashtabula County. All three of these inquiries were looking for existing buildings that were on the market.

The retention efforts of the department over the past year have been aggressive towards our existing industry and helping them determine where potential opportunities and cost saving measures could be obtained. We also worked with many of our industries, the Ohio Department of Development and the Lake County Port Authority to try and secure financing on new equipment that would enable them to gain new work contracts replacing customers they may have lost due to the economic downturn.

**Business Attraction, Retention & Expansion —**

Listed below are new businesses, which have opened in or relocated to the City of Painesville during 2009. 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.

**2009 New Painesville Businesses**

<b><i>Company Name</i></b>	<b><i>Facility</i></b>	<b><i>No. of Employees</i></b>
Art Infusions	Retail/ Art Studio	1-4
Bank Street Bed & Breakfast	Bed & Breakfast	1-4
Global Wine Selections	On-line Wine Distributor	1-4
Heritage Ohio Home Healthcare Service		1-4
Jalapeno Loco	Restaurant	8-12
LBL Printing	Service	8-12
New Directions for Living	Service	1-4
Soto's Insurance Agency	Service	1-4
Serilla Record & Candy Shop	Retail/ Recording Studio	1-4
Imaging Systems & Services	Manufacturing	1-4
MANUVIS	Service	4-8
Digital Imaging Systems	Retail/Printing Service	1-4
Dylan, Iosue and Associates	Service	1-4
Verizon Wireless	Retail/ Cell Phone Service	1-4
Yvonne's Sweet Shop	Retail/Candy Store	1-4
Attorney Christopher Tucci	Service	1-4
RDP Motorsports	Manufacturing	8-12
<b>New Business Total Employment</b>		<b>41-96</b>

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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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.

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 2009, 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 an ambulance and purchased a new technical rescue vehicle.

Public Works entered into its fifth 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 purchased a new sewer camera which will save the City money due to the fact the City will not have to rent a sewer camera every time the sewer lines get backed up.

In 2009 the City spent over \$3,000,000 to acquire the Gristmill condominium properties that were destroyed in the 2006 flood. These properties were acquired with Hazard Mitigation and FMA Funds. They were demolished and the land will become a preservation area.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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

In 2009 Water Distribution had a couple of large projects replacing water mains. The City spent over \$1,000,000 replacing 6,200 linear feet of water mains on Jackson Street. The City also replaced 2,300 linear feet of water mains on North Saint Clair Street. Grant money paid for the majority of these expenses.

The Water Pollution Control Division was awarded a loan through the Water Pollution Control Loan for equipment upgrades at the plant. In 2009 the Water Pollution Control Plant spent over \$2,200,000 in plant upgrades and making the plant more automated.

In 2009 the Electric Plant purchased a new generator for the plant, to be used for black start and behind the meter capacity. 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.

Various storm sewers throughout the City were also replaced in 2009.

**Future Projects**

The City will have several exciting projects going on in 2010.

The Parks, Recreation & Public Lands Department will do repairs on the City Hall roof. The City also will purchase three parcels of land from the Painesville City Schools that will be turned into parks.

The City received a grant from Clean Ohio Revitalization Fund for over \$3 million, which will allow the City to demolish the former Lake East Hospital. This will allow the City to begin the revitalization of the City's downtown area.

The City also received a grant from the Department of Energy for over \$3.7 million, which will allow the City's electric plant along with another company to research a Vanadium Battery Project, which is a new technology for storing electricity.

In 2010 the City also will have numerous other capital projects that will improve the City's infrastructure.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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**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. On an annual basis, the individual departments perform an inventory of their assets. These inventories are given to the Finance Department to assure accuracy and accountability. An independent appraisal is also 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 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 nine consecutive years.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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**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, 2009 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, 2009***

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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.

**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 2009 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.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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**Awards**

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, 2008. 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-two consecutive years, fiscal years ended 1987 – 2008. 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.

The Government Finance Officers Association of the United States and Canada (GFOA) also awarded the City with the Distinguished Budget Presentation Award. The GFOA established the Distinguished Budget Presentation Awards Program to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting and then to recognize individual governments that succeed in achieving that goal. The City of Painesville has received this award for nine consecutive years from 2001 – 2009.

**Public Disclosure**

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

**Acknowledgements**

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

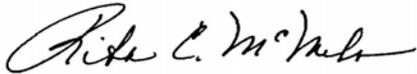
Special thanks are also due to Donald J. Schonhardt, President, Donald J. Schonhardt & Associates, Inc., Columbus, Ohio, and the members of his staff for their efforts in converting the City's budgetary basis accounting records to the generally accepted accounting principles (GAAP) basis. In addition,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

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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

Sincerely,



Rita C. McMahon  
City Manager



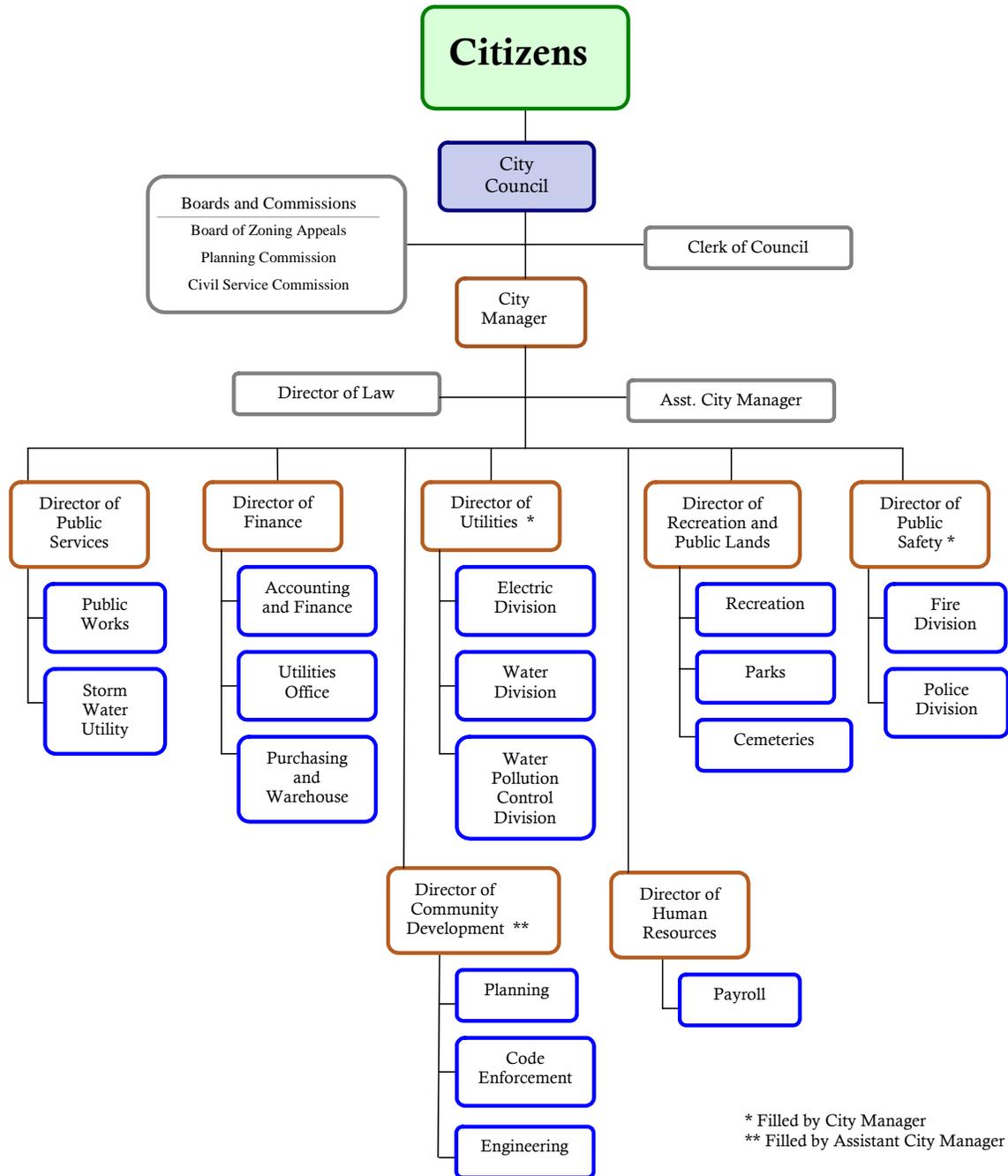
Andrew A. Unetic  
Director of Finance

**CITY OF PAINESVILLE, OHIO**

**List of Principal Officials  
For the Year Ended December 31, 2009**

Name	Title	Position	Years of Municipal/Governmental Service			Total Public Service
			City	Municipal/ Governmental Service	Other	
<b>CITY COUNCIL</b>						
Joseph Hada, Jr.	President (at Large)	2.0	28.5	0.0		28.5
Robert Fountain	Vice President (Ward 3)	7.0	14.0	0.0		14.0
Andrew Flock	Council Member (Ward 1)	14.5	14.5	0.0		14.5
Hal Werner	Council Member (Ward 2)	2.0	2.0	0.0		2.0
Paul W. Hach II	Council Member (Ward 4)	6.0	6.0	0.0		6.0
Abby DelaMotte	Council Member (at Large)	20.0	20.0	27.0		31.0
Arlene L. Becks	Council Member (at Large)	8.0	8.0	0.0		8.0
Jennifer Bell	Clerk of Council	8.2	8.2	4.2		12.4
<b>CITY ADMINISTRATION</b>						
Rita C. McMahon	City Manager	12.5	17.5	9.5		27.0
Doug Lewis	Assistant City Manager	1.6	1.6	13.0		14.6
Andrew A. Unetic	Director of Finance	2.1	2.1	14.1		16.2
Joseph M. Gurley	Director of Law	22.0	29.3	15.3		29.3
<b>DEPARTMENT/DIVISION HEADS</b>						
Kevin Lynch	Service Director	5.2	5.2	20.1		25.3
Richard Lesiecki	City Engineer	2.9	2.9	8.3		11.2
Thomas A. Green, P.E.	Electric Power Superintendent	4.0	4.0	0.0		4.0
Randy Bruback	Water Pollution Control Superintendent	7.8	7.8	16.0		23.8
Mark Mlachak	Fire Chief	7.3	29.3	0.0		29.3
Gary Smith	Chief of Police	3.8	25.0	0.0		25.0
Daniel McGannon	Water Superintendent	3.5	3.5	28.0		30.5
Robert C. Baetzel	Human Resources Director	11.5	11.5	0.0		11.5
Lee Homyoock	Director of Recreation and Public Lands	5.7	5.7	20.0		25.7
Russ Schaedlich	City Planner	2.6	2.6	21.5		24.1

**City Organizational Chart  
For the Year Ended December 31, 2009**



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, 2008

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.

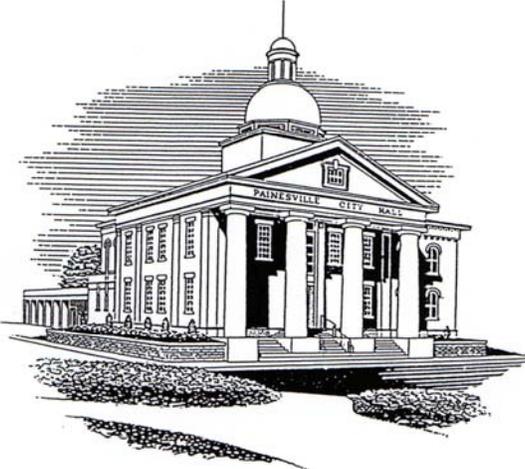


A stylized, handwritten signature in black ink.

President

A stylized, handwritten signature in black ink.

Executive Director



## *FINANCIAL SECTION*

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## 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, 2009, 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, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2010 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Cini & Parichi, Inc.*

Cleveland, Ohio  
June 29, 2010

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, 2009. 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 2009 are as follows:

- ❑ In total, net assets increased by \$2,307,492. Net assets of governmental activities increased by \$154,355, which represents a 0.3% increase from 2008. Net assets of business-type activities increased by \$2,153,137, or 3.2% from 2008.
- ❑ General revenues accounted for \$11,207,669 in revenue, or 22.5% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$38,502,004, or 77.5% of total revenues of \$49,709,673.
- ❑ The City had \$18,231,135 in expenses related to governmental activities; only \$6,002,137 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,383,353 were adequate to fully provide for these programs
- ❑ Among major funds, the general fund had \$12,858,680 in revenues, including other financing sources and \$13,260,521 in expenditures, including other financing uses. The general fund's fund balance decreased \$409,888.

## **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.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

**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, 2009 and 2008:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$18,336,456	\$22,331,741	\$32,547,219	\$32,042,266	\$50,883,675	\$54,374,007
Capital assets, Net	34,975,553	31,274,423	56,087,953	51,826,576	91,063,506	83,100,999
Total assets	<u>53,312,009</u>	<u>53,606,164</u>	<u>88,635,172</u>	<u>83,868,842</u>	<u>141,947,181</u>	<u>137,475,006</u>
Long-term debt outstanding	6,337,472	6,476,252	14,212,456	12,779,076	20,549,928	19,255,328
Other liabilities	6,613,956	6,923,686	5,729,590	4,549,777	12,343,546	11,473,463
Total liabilities	<u>12,951,428</u>	<u>13,399,938</u>	<u>19,942,046</u>	<u>17,328,853</u>	<u>32,893,474</u>	<u>30,728,791</u>
Net assets						
Invested in capital assets, net of related debt	28,000,333	23,885,884	41,103,064	38,454,848	69,103,397	62,340,732
Restricted	2,173,310	4,893,216	0	0	2,173,310	4,893,216
Unrestricted	10,186,938	11,427,126	27,590,062	28,085,141	37,777,000	39,512,267
Total net assets	<u>\$40,360,581</u>	<u>\$40,206,226</u>	<u>\$68,693,126</u>	<u>\$66,539,989</u>	<u>\$109,053,707</u>	<u>\$106,746,215</u>

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**CITY OF PAINESVILLE, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

**Unaudited**

**Changes in Net Assets** – The following table shows the changes in net assets for the fiscal year 2009 and 2008:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program revenues:						
Charges for Services and Sales	\$2,556,616	\$2,713,706	\$31,021,308	\$31,901,981	\$33,577,924	\$34,615,687
Operating Grants and Contributions	951,327	975,160	1,478,559	47,611	2,429,886	1,022,771
Capital Grants and Contributions	2,494,194	3,186,194	0	0	2,494,194	3,186,194
General revenues:						
Property Taxes	1,214,434	819,812	0	0	1,214,434	819,812
Municipal Income Taxes	7,748,215	8,644,123	0	0	7,748,215	8,644,123
Other Local Taxes	11,164	8,013	0	0	11,164	8,013
Grants and Entitlements not Restricted to Specific Programs	1,266,406	2,181,223	0	0	1,266,406	2,181,223
Investment Earnings	831,745	1,380,595	(90,789)	194,171	740,956	1,574,766
Miscellaneous	226,494	52,065	0	0	226,494	52,065
<b>Total revenues</b>	<b>17,300,595</b>	<b>19,960,891</b>	<b>32,409,078</b>	<b>32,143,763</b>	<b>49,709,673</b>	<b>52,104,654</b>
<b>Program Expenses</b>						
General Government	4,444,947	3,213,592	0	0	4,444,947	3,213,592
Public Safety	7,687,567	7,800,817	0	0	7,687,567	7,800,817
Highways and Streets	3,823,054	3,380,986	0	0	3,823,054	3,380,986
Public Health and Welfare	688,623	630,964	0	0	688,623	630,964
Culture and Recreation	843,945	949,788	0	0	843,945	949,788
Community Environment	476,715	443,315	0	0	476,715	443,315
Interest and Fiscal Charges	266,284	282,227	0	0	266,284	282,227
Water	0	0	4,683,197	4,764,766	4,683,197	4,764,766
Sewer	0	0	3,462,406	3,658,566	3,462,406	3,658,566
Electric	0	0	20,517,909	20,682,416	20,517,909	20,682,416
Refuse	0	0	3,580	3,672	3,580	3,672
Off-Street Parking	0	0	193,782	149,133	193,782	149,133
Storm Water Utility	0	0	272,151	219,070	272,151	219,070
Community Programs	0	0	38,021	57,566	38,021	57,566
<b>Total expenses</b>	<b>18,231,135</b>	<b>16,701,689</b>	<b>29,171,046</b>	<b>29,535,189</b>	<b>47,402,181</b>	<b>46,236,878</b>
Excess (deficiency) before Transfers	(930,540)	3,259,202	3,238,032	2,608,574	2,307,492	5,867,776
Transfers	1,084,895	10,787	(1,084,895)	(10,787)	0	0
<b>Total Change in Net Assets</b>	<b>154,355</b>	<b>3,269,989</b>	<b>2,153,137</b>	<b>2,597,787</b>	<b>2,307,492</b>	<b>5,867,776</b>
Beginning Net Assets	40,206,226	36,936,237	66,539,989	63,942,202	106,746,215	100,878,439
<b>Ending Net Assets</b>	<b>\$40,360,581</b>	<b>\$40,206,226</b>	<b>\$68,693,126</b>	<b>\$66,539,989</b>	<b>\$109,053,707</b>	<b>\$106,746,215</b>

**CITY OF PAINESVILLE, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

**Unaudited**

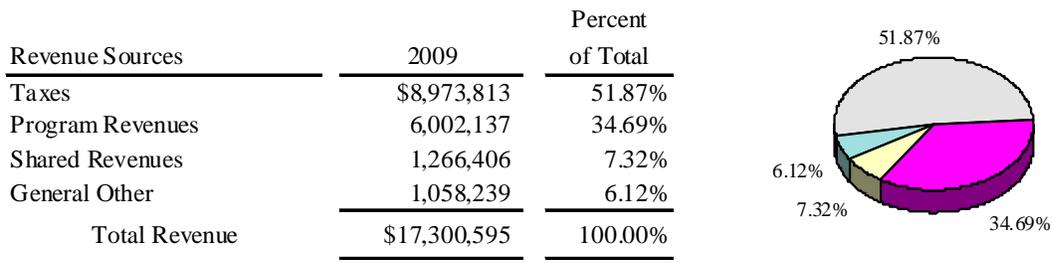
**Governmental Activities**

Net assets of the City's governmental activities increased by \$154,355. An increase in property tax collections, and controlled expenses by the City were able to offset decreases in the other revenue sources due to the current economic downturn.

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 51.87% of revenues for governmental activities for the City in fiscal year 2009. The City's reliance upon tax revenues is demonstrated by the following graph:



**Business-Type Activities**

Net assets of the business-type activities increased by \$2,153,137. A slight increase in revenues was aided by the City's ability to limit expenses during 2009.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$10,449,941, which is a decrease from last year's balance of \$14,104,609. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2009 and 2008:

	Fund Balance December 31, 2009	Fund Balance December 31, 2008	Increase (Decrease)
General	\$7,060,718	\$7,470,606	(\$409,888)
Street Construction, Maintenance and Repair	274,992	927,923	(652,931)
Shamrock Boulevard Road Project	(1,702,676)	(1,787,574)	84,898
Other Governmental	4,816,907	7,493,654	(2,676,747)
<b>Total</b>	<b>\$10,449,941</b>	<b>\$14,104,609</b>	<b>(\$3,654,668)</b>

**CITY OF PAINESVILLE, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

**Unaudited**

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

	2009 Revenues	2008 Revenues	Increase (Decrease)
Property Taxes	\$524,379	\$522,112	\$2,267
Municipal Income Taxes	7,748,215	8,644,123	(895,908)
Other Local Taxes	11,164	8,013	3,151
Intergovernmental Revenues	1,374,171	2,173,008	(798,837)
Charges for Services	62,786	85,658	(22,872)
Licenses, Permits and Inspection Fees	308,161	351,944	(43,783)
Investment Earnings	851,732	1,282,510	(430,778)
Fines and Forfeitures	960,770	995,639	(34,869)
All Other Revenue	156,588	159,909	(3,321)
Total	<u>\$11,997,966</u>	<u>\$14,222,916</u>	<u>(\$2,224,950)</u>

General Fund revenues in 2009 decreased by 15.6% when compared to 2008 revenues. Decreased income tax collections and investment earnings from the recession, along with decreased grants monies caused a significant decrease in revenues for the year.

	2009 Expenditures	2008 Expenditures	Increase (Decrease)
General Government	\$3,577,989	\$2,645,205	\$932,784
Public Safety	6,532,525	6,918,082	(385,557)
Highways and Streets	909,921	1,116,497	(206,576)
Public Health and Welfare	129,209	133,359	(4,150)
Culture and Recreation	771,393	850,658	(79,265)
Community Environment	381,821	408,612	(26,791)
Debt Service:			
Principal Retirement	99,519	97,676	1,843
Interest and Fiscal Charges	38,744	30,044	8,700
Total	<u>\$12,441,121</u>	<u>\$12,200,133</u>	<u>\$240,988</u>

General Fund expenditures increased by \$240,988, or 2.0% 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 increased due to the lower interest payments.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2009***

***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 2009 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$12.7 million did not change over the original budget estimates of \$12.7 million. Actual revenues were below final budgeted revenues by \$66,788. The City also curtailed expenditures keeping costs \$1,109,341 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 2009 the City had \$91,063,506 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, \$34,975,553 was related to governmental activities and \$56,087,953 to the business-type activities. The following table shows fiscal year 2009 and 2008 balances:

	Governmental Activities		Increase (Decrease)
	2009	2008	
Land	\$4,418,434	\$4,255,035	\$163,399
Construction in Progress	4,571,525	3,049,782	1,521,743
Buildings and Improvements	5,046,761	4,341,968	704,793
Improvements other than Buildings	6,266,870	4,016,404	2,250,466
Machinery and Equipment	6,334,073	6,091,306	242,767
Infrastructure	24,929,303	24,929,303	0
Less: Accumulated Depreciation	(16,591,413)	(15,409,375)	(1,182,038)
Totals	<u>\$34,975,553</u>	<u>\$31,274,423</u>	<u>\$3,701,130</u>

	Business-Type Activities		Increase (Decrease)
	2009	2008	
Land	\$1,397,784	\$1,397,784	\$0
Construction in Progress	16,416,626	13,052,834	3,363,792
Buildings and Improvements	31,008,527	28,666,664	2,341,863
Improvements other than Buildings	39,379,316	39,080,136	299,180
Machinery and Equipment	21,656,212	21,381,878	274,334
Less: Accumulated Depreciation	(53,770,512)	(51,752,720)	(2,017,792)
Totals	<u>\$56,087,953</u>	<u>\$51,826,576</u>	<u>\$4,261,377</u>

**CITY OF PAINESVILLE, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

**Unaudited**

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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, 2009, the City had contractual commitments of \$1,428,314 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, 2009, the City had \$4,885,000 in general obligation bonds outstanding, \$645,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Governmental Activities:		
General Obligation Bonds	\$1,840,000	\$1,975,000
Construction Loan	436,750	489,012
Special Assessment Bonds	355,000	370,000
Ohio Public Works Commission Loan	93,021	107,911
Compensated Absences	1,740,544	1,706,703
Capital Leases	594,226	865,116
Workers' Compensation Liability	521,469	189,795
Police and Firemen's Accrued Pension	<u>756,462</u>	<u>772,715</u>
Total Governmental Activities	6,337,472	6,476,252
Business-Type Activities:		
General Obligation Bonds	\$3,045,000	\$3,545,000
Mortgage Revenue Bonds	1,810,716	1,956,493
Ohio Water Development Authority Loan	3,325,443	1,014,923
Ohio Public Works Commission Loan	464,922	568,328
Compensated Absences	1,619,844	1,471,448
Capital Leases	<u>3,946,531</u>	<u>4,222,884</u>
Total Business-Type Activities	14,212,456	12,779,076
Totals	<u>\$20,549,928</u>	<u>\$19,255,328</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, 2009, 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**

As it was with most government entities, the City of Painesville experienced some trying economic times in 2009. However thanks to the long term planning that was provided by the City Manager and City Council, the City had built up adequate fund balance reserves in anticipation of the continued poor economy in 2009 and the reduced revenues. At the end of 2009 one of the City's largest employers, Lake East Hospital, moved out of the City. Thanks to the creative thinking of the City Manager and the City Council, some of these lost revenues were offset with the creation of a Joint Economic Development District with a local township.

City Council continued a conservative spending pattern in 2009. 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. The City had some large capital projects that were done in 2009, however the City did receive several large grants for these capital projects. As numerous other government entities were doing massive layoffs and cutting service in 2009, the City of Painesville maintained our workforce and did not cut services. 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**

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**Statement of Net Assets**  
**December 31, 2009**

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 5,141,002	\$ 660,348	\$ 5,801,350
Investments	6,967,593	23,819,647	30,787,240
Receivables:			
Taxes	1,870,173	0	1,870,173
Accounts	358,681	3,605,094	3,963,775
Intergovernmental	1,313,421	946,316	2,259,737
Interest	94,487	0	94,487
Special Assessments	90,148	0	90,148
Internal Balances	342,408	(342,408)	0
Inventory of Supplies at Cost	213,739	943,293	1,157,032
Land Held for Resale	785,000	0	785,000
Prepaid Items	91,482	228,641	320,123
Investment in Joint Venture	0	1,800,126	1,800,126
Deferred Charge	0	176,545	176,545
Restricted Assets:			
Cash and Cash Equivalents	1,068,322	709,617	1,777,939
Capital Assets:			
Capital Assets Not Being Depreciated	8,989,959	17,814,410	26,804,369
Capital Assets Being Depreciated, Net	<u>25,985,594</u>	<u>38,273,543</u>	<u>64,259,137</u>
<b>Total Assets</b>	<u>53,312,009</u>	<u>88,635,172</u>	<u>141,947,181</u>
<b>Liabilities:</b>			
Accounts Payable	580,200	1,919,325	2,499,525
Accrued Wages and Benefits	879,678	603,838	1,483,516
Intergovernmental Payable	2,527	16,701	19,228
Claims Payable	416,100	0	416,100
Refundable Deposits	0	709,617	709,617
Unearned Revenue	738,094	0	738,094
Accrued Interest Payable	100,784	87,832	188,616
General Obligation Notes Payable	3,896,573	2,392,277	6,288,850
Noncurrent liabilities:			
Due within one year	982,038	1,535,074	2,517,112
Due in more than one year	<u>5,355,434</u>	<u>12,677,382</u>	<u>18,032,816</u>
<b>Total Liabilities</b>	<u>12,951,428</u>	<u>19,942,046</u>	<u>32,893,474</u>

**CITY OF PAINESVILLE, OHIO**

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	28,000,333	41,103,064	69,103,397
Restricted For:			
Capital Projects	282,590	0	282,590
Debt Service	267,721	0	267,721
Cemetery Operations:			
Nonexpendable	984,940		984,940
Expendable	61,898		61,898
Other Purposes	576,161	0	576,161
Unrestricted (Deficit)	10,186,938	27,590,062	37,777,000
<b>Total Net Assets</b>	<u>\$ 40,360,581</u>	<u>\$ 68,693,126</u>	<u>\$ 109,053,707</u>

See accompanying notes to the basic financial statements

**CITY OF PAINESVILLE, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2009**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Current:				
General Government	\$ 4,444,947	\$ 1,575,108	\$ 0	\$ 0
Public Safety	7,687,567	671,145	62,473	0
Highways and Streets	3,823,054	36,694	888,844	2,494,194
Public Health and Welfare	688,623	119,891	0	0
Culture and Recreation	843,945	18,112	10	0
Community Environment	476,715	135,666	0	0
Interest and Fiscal Charges	266,284	0	0	0
<b>Total Governmental Activities</b>	<b>18,231,135</b>	<b>2,556,616</b>	<b>951,327</b>	<b>2,494,194</b>
<b>Business-Type Activities:</b>				
Water	4,683,197	4,422,481	936,309	0
Sewer	3,462,406	3,320,167	537,250	0
Electric	20,517,909	22,753,669	0	0
Other Enterprise Funds	507,534	524,991	5,000	0
<b>Total Business-Type Activities</b>	<b>29,171,046</b>	<b>31,021,308</b>	<b>1,478,559</b>	<b>0</b>
<b>Totals</b>	<b>\$ 47,402,181</b>	<b>\$ 33,577,924</b>	<b>\$ 2,429,886</b>	<b>\$ 2,494,194</b>

**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**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,869,839)	\$ 0	\$ (2,869,839)
(6,953,949)	0	(6,953,949)
(403,322)	0	(403,322)
(568,732)	0	(568,732)
(825,823)	0	(825,823)
(341,049)	0	(341,049)
(266,284)	0	(266,284)
<u>(12,228,998)</u>	<u>0</u>	<u>(12,228,998)</u>
0	675,593	675,593
0	395,011	395,011
0	2,235,760	2,235,760
0	22,457	22,457
<u>0</u>	<u>3,328,821</u>	<u>3,328,821</u>
<u>(12,228,998)</u>	<u>3,328,821</u>	<u>(8,900,177)</u>
1,214,434	0	1,214,434
7,748,215	0	7,748,215
11,164	0	11,164
1,266,406	0	1,266,406
831,745	(90,789)	740,956
226,494	0	226,494
<u>1,084,895</u>	<u>(1,084,895)</u>	<u>0</u>
<u>12,383,353</u>	<u>(1,175,684)</u>	<u>11,207,669</u>
154,355	2,153,137	2,307,492
<u>40,206,226</u>	<u>66,539,989</u>	<u>106,746,215</u>
<u>\$ 40,360,581</u>	<u>\$ 68,693,126</u>	<u>\$ 109,053,707</u>

**CITY OF PAINESVILLE, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2009**

	General Fund	Street Construction, Maintenance and Repair Fund	Shamrock Boulevard Road Project Fund
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 16,781	\$ 4,341	\$ 753,159
Investments	5,332,968	1,379,523	0
Receivables:			
Taxes	1,580,360	0	0
Accounts	76,638	0	0
Intergovernmental	795,865	345,601	0
Interest	94,487	0	0
Special Assessments	0	0	0
Interfund Loans Receivables	300,000	0	0
Inventory of Supplies, at Cost	174,614	0	0
Land Held for Resale	785,000	0	0
Prepaid Items	78,116	0	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
<b>Total Assets</b>	<b>\$ 9,234,829</b>	<b>\$ 1,729,465</b>	<b>\$ 753,159</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 78,068	\$ 214,062	\$ 26,253
Accrued Wages and Benefits Payable	793,178	24,179	0
Intergovernmental Payable	1,090	265	0
Interfund Loans Payable	0	0	0
Deferred Revenue	1,057,419	178,502	0
Accrued Interest Payable	4,006	16,232	35,582
General Obligation Notes Payable	240,350	1,021,233	2,394,000
<b>Total Liabilities</b>	<b>2,174,111</b>	<b>1,454,473</b>	<b>2,455,835</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	370,501	77,584	0
Reserved for Prepaid Items	78,116	0	0
Reserved for Supplies Inventory	174,614	0	0
Reserved for Debt Service	0	0	0
Reserved for Endowments	0	0	0
Undesignated/Unreserved in:			
General Fund	6,437,487	0	0
Special Revenue Funds	0	197,408	0
Capital Projects Funds	0	0	(1,702,676)
Permanent Funds	0	0	0
<b>Total Fund Balances (Deficit)</b>	<b>7,060,718</b>	<b>274,992</b>	<b>(1,702,676)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,234,829</b>	<b>\$ 1,729,465</b>	<b>\$ 753,159</b>

See accompanying notes to the basic financial statements

**CITY OF PAINESVILLE, OHIO**

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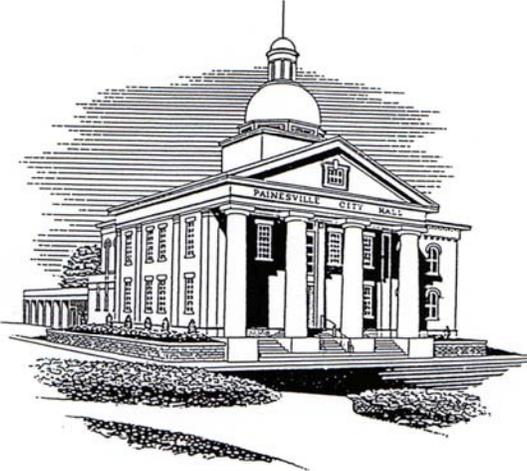
Other Governmental Funds	Total Governmental Funds
\$ 4,119,960	\$ 4,894,241
255,102	6,967,593
289,813	1,870,173
282,043	358,681
171,955	1,313,421
0	94,487
90,148	90,148
0	300,000
4,595	179,209
0	785,000
13,366	91,482
<u>1,068,322</u>	<u>1,068,322</u>
<u>\$ 6,295,304</u>	<u>\$ 18,012,757</u>
\$ 261,817	\$ 580,200
62,321	879,678
1,172	2,527
300,000	300,000
608,279	1,844,200
3,818	59,638
240,990	3,896,573
<u>1,478,397</u>	<u>7,562,816</u>
822,547	1,270,632
13,366	91,482
4,595	179,209
208,911	208,911
984,940	984,940
0	6,437,487
1,285,317	1,482,725
1,271,181	(431,495)
226,050	226,050
<u>4,816,907</u>	<u>10,449,941</u>
<u>\$ 6,295,304</u>	<u>\$ 18,012,757</u>

***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2009***

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<b>Total Governmental Fund Balances</b>	\$ 10,449,941
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	34,975,553
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,106,106
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.	(313,870)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,857,149)</u>
<b><i>Net Assets of Governmental Activities</i></b>	<b><u><u>\$ 40,360,581</u></u></b>

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, 2009**

	General Fund	Street Construction, Maintenance and Repair Fund	Shamrock Boulevard Road Project Fund
<b>Revenues:</b>			
Property Taxes	\$ 524,379	\$ 0	\$ 0
Municipal Income Taxes	7,748,215	0	0
Other Local Taxes	11,164	0	0
Intergovernmental Revenues	1,374,171	757,906	0
Charges for Services	62,786	0	0
Licenses, Permits and Inspection Fees	308,161	0	0
Investment Earnings	851,732	(11,198)	0
Special Assessments	0	0	0
Fines and Forfeitures	960,770	0	0
All Other Revenues	156,588	3,399	0
<b>Total Revenues</b>	<b>11,997,966</b>	<b>750,107</b>	<b>0</b>
<b>Expenditures:</b>			
Current:			
General Government	3,577,989	0	0
Public Safety	6,532,525	0	0
Highways and Streets	909,921	1,495,139	0
Public Health and Welfare	129,209	0	0
Culture and Recreation	771,393	0	0
Community Environment	381,821	0	0
Capital Outlay	0	0	299,479
Debt Service:			
Principal Retirement	99,519	134,715	0
Interest & Fiscal Charges	38,744	71,122	69,623
<b>Total Expenditures</b>	<b>12,441,121</b>	<b>1,700,976</b>	<b>369,102</b>
Excess (Deficiency) of Revenues Over Expenditures	(443,155)	(950,869)	(369,102)
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	7,965	0	0
Premiums on Debt Issuances	0	757	0
Transfers In	852,749	297,181	454,000
Transfers Out	(819,400)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>41,314</b>	<b>297,938</b>	<b>454,000</b>
Net Change in Fund Balances	(401,841)	(652,931)	84,898
<b>Fund Balances at Beginning of Year</b>	<b>7,470,606</b>	<b>927,923</b>	<b>(1,787,574)</b>
Increase (Decrease) in Inventory Reserve	(8,047)	0	0
<b>Fund Balances End of Year</b>	<b>\$ 7,060,718</b>	<b>\$ 274,992</b>	<b>\$ (1,702,676)</b>

See accompanying notes to the basic financial statements

**CITY OF PAINESVILLE, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 670,418	\$ 1,194,797
0	7,748,215
0	11,164
989,929	3,122,006
597,544	660,330
0	308,161
5,993	846,527
104,844	104,844
380,731	1,341,501
236,362	396,349
<u>2,985,821</u>	<u>15,733,894</u>
539,948	4,117,937
892,318	7,424,843
277,208	2,682,268
527,009	656,218
589	771,982
84,101	465,922
3,248,189	3,547,668
253,808	488,042
91,456	270,945
<u>5,914,626</u>	<u>20,425,825</u>
(2,928,805)	(4,691,931)
1,780	9,745
435	1,192
528,468	2,132,398
(278,103)	(1,097,503)
<u>252,580</u>	<u>1,045,832</u>
(2,676,225)	(3,646,099)
7,493,654	14,104,609
(522)	(8,569)
<u>\$ 4,816,907</u>	<u>\$ 10,449,941</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, 2009***

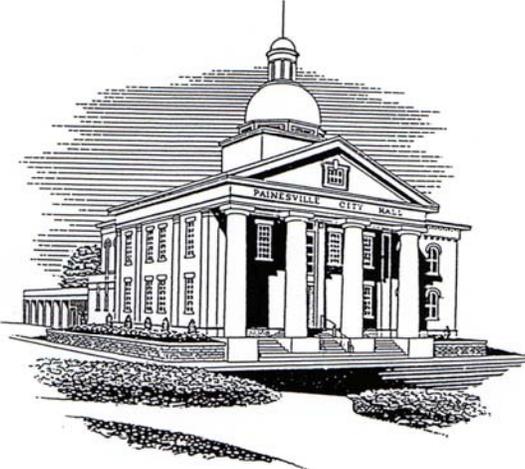
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**Net Change in Fund Balances - Total Governmental Funds** \$ (3,646,099)

***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.	3,728,840
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.	(27,710)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(187,643)
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.	504,295
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	4,661
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.	(78,070)
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.	<u>(143,919)</u>
<b><i>Change in Net Assets of Governmental Activities</i></b>	<b><u><u>\$ 154,355</u></u></b>

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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 445,091	\$ 445,091	\$ 523,897	\$ 78,806
Municipal Income Taxes	8,185,000	8,185,000	7,976,800	(208,200)
Other Local Taxes	7,500	7,500	11,164	3,664
Intergovernmental Revenue	1,617,556	1,617,556	1,763,333	145,777
Charges for Services	61,460	61,460	62,786	1,326
Licenses, Permits and Inspection Fees	303,150	303,150	309,787	6,637
Investment Earnings	1,000,430	1,000,430	876,598	(123,832)
Fines and Forfeitures	909,350	909,350	966,385	57,035
All Other Revenues	189,050	189,050	161,049	(28,001)
Total Revenues	<u>12,718,587</u>	<u>12,718,587</u>	<u>12,651,799</u>	<u>(66,788)</u>
<b>Expenditures:</b>				
Current:				
General Government	3,929,389	4,025,700	3,674,940	350,760
Public Safety	7,418,720	7,360,499	6,911,364	449,135
Highways and Streets	1,160,045	1,119,081	925,934	193,147
Public Health and Welfare	156,651	156,651	133,209	23,442
Culture and Recreation	816,490	829,777	780,154	49,623
Community Environment	422,820	418,159	376,228	41,931
Debt Service:				
Principal Retirement	100,354	100,354	99,519	835
Interest and Fiscal Charges	21,731	21,833	21,365	468
Total Expenditures	<u>14,026,200</u>	<u>14,032,054</u>	<u>12,922,713</u>	<u>1,109,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,307,613)	(1,313,467)	(270,914)	1,042,553
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	2,000	2,000	7,965	5,965
Sale of General Obligation Notes	240,350	240,350	240,350	0
Transfers In	1,020,000	1,020,000	852,749	(167,251)
Transfers Out	(526,250)	(906,250)	(819,400)	86,850
Advances Out	(260,600)	(260,600)	(260,590)	10
Total Other Financing Sources (Uses):	<u>475,500</u>	<u>95,500</u>	<u>21,074</u>	<u>(74,426)</u>
Net Changes in Fund Balance	(832,113)	(1,217,967)	(249,840)	968,127
Fund Balance at Beginning of Year	4,478,232	4,478,232	4,478,232	0
Prior Year Encumbrances	650,317	650,317	650,317	0
Fund Balance at End of Year	<u>\$ 4,296,436</u>	<u>\$ 3,910,582</u>	<u>\$ 4,878,709</u>	<u>\$ 968,127</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenue	\$ 640,000	\$ 640,000	\$ 680,058	\$ 40,058
All Other Revenues	0	0	3,399	3,399
Total Revenues	<u>640,000</u>	<u>640,000</u>	<u>683,457</u>	<u>43,457</u>
<b>Expenditures:</b>				
Current:				
Highways and Streets	1,694,942	1,707,765	1,602,384	105,381
Debt Service:				
Principal Retirement	1,212,472	1,221,229	1,221,215	14
Interest and Fiscal Charges	103,757	82,176	82,172	4
Total Expenditures	<u>3,011,171</u>	<u>3,011,170</u>	<u>2,905,771</u>	<u>105,399</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,371,171)	(2,371,170)	(2,222,314)	148,856
<b>Other Financing Sources (Uses):</b>				
Sale of General Obligation Notes	1,021,235	1,021,235	1,021,233	(2)
Premiums on Bond Issuances	0	0	757	757
Transfers In	92,000	92,000	297,181	205,181
Total Other Financing Sources (Uses):	<u>1,113,235</u>	<u>1,113,235</u>	<u>1,319,171</u>	<u>205,936</u>
Net Changes in Fund Balance	(1,257,936)	(1,257,935)	(903,143)	354,792
Fund Balance at Beginning of Year	1,359,769	1,359,769	1,359,769	0
Prior Year Encumbrances	629,797	629,797	629,797	0
Fund Balance at End of Year	<u>\$ 731,630</u>	<u>\$ 731,631</u>	<u>\$ 1,086,423</u>	<u>\$ 354,792</u>

See accompanying notes to the basic financial statements

**CITY OF PAINESVILLE, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2009**

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Other Enterprise Funds
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 5,439	\$ 10,586	\$ 58,169	\$ 586,154
Investments	1,728,431	3,364,245	18,726,971	0
Accounts Receivable (net of allowance for uncollectibles)	430,583	407,544	2,713,881	53,086
Intergovernmental Receivable	409,066	537,250	0	0
Inventory of Supplies at Cost	182,039	39,103	722,151	0
Prepaid Items	69,676	53,037	102,845	3,083
Total Current Assets	2,825,234	4,411,765	22,324,017	642,323
Noncurrent Assets:				
Restricted Assets:				
Cash and Cash Equivalents	227,959	0	477,948	3,710
Total Restricted Assets	227,959	0	477,948	3,710
Investment in Joint Venture	0	0	1,800,126	0
Deferred Charges	22,490	0	154,055	0
Capital Assets:				
Capital Assets Not Being Depreciated	4,360,213	3,514,910	9,218,176	721,111
Capital Assets Being Depreciated, Net	18,867,119	7,340,020	10,769,021	1,297,383
Total Noncurrent Assets	23,477,781	10,854,930	22,419,326	2,022,204
Total Assets	26,303,015	15,266,695	44,743,343	2,664,527
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	142,977	667,816	1,107,552	980
Accrued Wages and Benefits	120,222	112,802	359,506	11,308
Intergovernmental Payable	0	16,701	0	0
Claims Payable	0	0	0	0
Refundable Deposits	227,959	0	477,948	3,710
Accrued Interest Payable	50,011	30,948	552	6,321
General Obligation Notes Payable	1,169,377	819,500	0	403,400
Capital Leases Payable - Current	159,979	23,939	23,774	0
General Obligation Bonds Payable - Current	505,000	0	0	0
Revenue Bond Payable - Current	0	0	155,539	0
OWDA Loans Payable - Current	76,073	0	0	0
OPWC Loans Payable - Current	101,358	2,048	0	0
Compensated Absences Payable - Current	42,359	38,873	405,116	1,016
Total Current Liabilities	2,595,315	1,712,627	2,529,987	426,735

**CITY OF PAINESVILLE, OHIO**

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<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 660,348	\$ 246,761
23,819,647	0
3,605,094	0
946,316	0
943,293	34,530
<u>228,641</u>	<u>0</u>
<u>30,203,339</u>	<u>281,291</u>
<u>709,617</u>	<u>0</u>
<u>709,617</u>	<u>0</u>
1,800,126	0
176,545	0
17,814,410	0
<u>38,273,543</u>	<u>0</u>
<u>58,774,241</u>	<u>0</u>
<u>88,977,580</u>	<u>281,291</u>
1,919,325	0
603,838	0
16,701	0
0	937,569
709,617	0
87,832	0
2,392,277	0
207,692	0
505,000	0
155,539	0
76,073	0
103,406	0
<u>487,364</u>	<u>0</u>
<u>7,264,664</u>	<u>937,569</u>

(Continued)

**CITY OF PAINESVILLE, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2009**

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Other Enterprise Funds
Noncurrent Liabilities:				
Capital Leases Payable	3,324,859	242,258	171,722	0
General Obligation Bonds Payable	2,540,000	0	0	0
Revenue Bonds Payable	0	0	1,655,177	0
OWDA Loans Payable	866,137	2,383,233	0	0
OPWC Loans Payable	326,688	34,828	0	0
Compensated Absences Payable	333,996	285,902	493,352	19,230
Total Noncurrent Liabilities	7,391,680	2,946,221	2,320,251	19,230
<b>Total Liabilities</b>	<b>9,986,995</b>	<b>4,658,848</b>	<b>4,850,238</b>	<b>445,965</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	14,157,861	7,349,124	17,980,985	1,615,094
Unrestricted	2,158,159	3,258,723	21,912,120	603,468
Total Net Assets	<u>\$ 16,316,020</u>	<u>\$ 10,607,847</u>	<u>\$ 39,893,105</u>	<u>\$ 2,218,562</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**

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<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
3,738,839	0
2,540,000	0
1,655,177	0
3,249,370	0
361,516	0
<u>1,132,480</u>	<u>0</u>
<u>12,677,382</u>	<u>0</u>
<u>19,942,046</u>	<u>937,569</u>
41,103,064	0
<u>27,932,470</u>	<u>(656,278)</u>
<u>\$ 69,035,534</u>	<u>\$ (656,278)</u>
<u>(342,408)</u>	
<u>\$ 68,693,126</u>	

**CITY OF PAINESVILLE, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2009**

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Other Enterprise Funds
<b>Operating Revenues:</b>				
Charges for Services	\$ 4,071,547	\$ 3,232,955	\$ 22,015,723	\$ 513,715
Other Charges for Services	131,147	68,039	353,695	9,778
Other Operating Revenues	214,797	16,957	79,043	1,362
<b>Total Operating Revenues</b>	<b>4,417,491</b>	<b>3,317,951</b>	<b>22,448,461</b>	<b>524,855</b>
<b>Operating Expenses:</b>				
Personal Services	2,145,389	1,988,305	6,064,221	172,189
Contractual Services	629,034	595,857	2,544,771	245,850
Materials and Supplies	298,349	70,615	4,361,140	21,433
Utilities	304,928	286,285	6,460,029	25,877
Depreciation	912,668	448,504	767,604	32,783
<b>Total Operating Expenses</b>	<b>4,290,368</b>	<b>3,389,566</b>	<b>20,197,765</b>	<b>498,132</b>
<b>Operating Income (Loss)</b>	<b>127,123</b>	<b>(71,615)</b>	<b>2,250,696</b>	<b>26,723</b>
<b>Non-Operating Revenue (Expenses):</b>				
Interest Income	(13,280)	(8,395)	(69,360)	246
Interest and Fiscal Charges	(385,799)	(70,938)	(22,516)	(9,289)
Gain (Loss) on Disposal of Assets	1,089	0	(47,426)	0
Loss on Investment in Joint Venture	0	0	(126,445)	0
Intergovernmental Grants	936,309	537,250	0	5,000
Other Nonoperating Revenue	3,901	2,216	352,634	136
Other Nonoperating Expense	(7,030)	(1,902)	(26,525)	(113)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>535,190</b>	<b>458,231</b>	<b>60,362</b>	<b>(4,020)</b>
<b>Income (Loss) Before Transfers</b>	<b>662,313</b>	<b>386,616</b>	<b>2,311,058</b>	<b>22,703</b>
<b>Transfers:</b>				
Transfers In	21,958	52,904	0	100,000
Transfers Out	(5,500)	(5,000)	(1,249,257)	0
<b>Total Transfers</b>	<b>16,458</b>	<b>47,904</b>	<b>(1,249,257)</b>	<b>100,000</b>
<b>Change in Net Assets</b>	<b>678,771</b>	<b>434,520</b>	<b>1,061,801</b>	<b>122,703</b>
Net Assets Beginning of Year	15,637,249	10,173,327	38,831,304	2,095,859
<b>Net Assets End of Year</b>	<b>\$ 16,316,020</b>	<b>\$ 10,607,847</b>	<b>\$ 39,893,105</b>	<b>\$ 2,218,562</b>

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**

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<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 29,833,940	\$ 3,352,246
562,659	0
312,159	0
<u>30,708,758</u>	<u>3,352,246</u>
10,370,104	2,726,275
4,015,512	698,189
4,751,537	266,359
7,077,119	0
2,161,559	0
<u>28,375,831</u>	<u>3,690,823</u>
2,332,927	(338,577)
(90,789)	0
(488,542)	0
(46,337)	0
(126,445)	0
1,478,559	0
358,887	0
(35,570)	0
<u>1,049,763</u>	<u>0</u>
3,382,690	(338,577)
174,862	50,000
(1,259,757)	0
<u>(1,084,895)</u>	<u>50,000</u>
2,297,795	(288,577)
<u>66,737,739</u>	<u>(367,701)</u>
<u>\$ 69,035,534</u>	<u>\$ (656,278)</u>
\$ 2,297,795	
(144,658)	
<u>\$ 2,153,137</u>	

**CITY OF PAINESVILLE, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2009**

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$4,485,546	\$3,370,959	\$22,612,109
Cash Receipts from Interfund Services Provided	0	0	0
Cash Payments for Goods and Services	(1,295,460)	(929,887)	(13,454,504)
Cash Payments to Employees	(2,102,378)	(1,960,098)	(5,978,675)
Cash Payments for Employee Medical Claims	0	0	0
Net Cash Provided (Used) by Operating Activities	1,087,708	480,974	3,178,930
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	574,854	0	0
Transfers In from Other Funds	21,958	52,904	0
Transfers Out to Other Funds	(5,500)	(5,000)	(1,489,607)
Net Cash Provided (Used) by Noncapital Financing Activities	591,312	47,904	(1,489,607)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds of General Obligation Notes	1,169,377	819,500	0
Premiums on Debt Issuances	1,258	2,708	0
Principal Paid on General Obligation Notes	(962,100)	(770,000)	0
Sales of Capital Assets	1,189	0	0
Acquisition and Construction of Assets	(1,288,300)	(2,442,086)	(1,885,958)
Issuance of OPWC Loan	0	2,383,233	0
Principal Paid on Capital Leases	(207,347)	(42,330)	(24,586)
Principal Paid on General Obligation Bonds	(500,000)	0	0
Principal Paid on Ohio Public Works Commission Loans	(101,357)	(2,049)	0
Principal Paid on Ohio Water Development Authority Loans	(72,713)	0	0
Interest Paid on All Debt	(388,755)	(45,879)	(8,934)
Net Cash Provided (Used) for Capital and Related Financing Activities	(2,348,748)	(96,903)	(1,919,478)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Principal and Interest on Investments	596	40	26
Sale of Investments	550,607	0	260,590
Purchase of Investments	0	(814,297)	(1,820,795)
Net Cash Provided (Used) for Investing Activities	551,203	(814,257)	(1,560,179)
Net Increase (Decrease) in Cash and Cash Equivalents	(118,525)	(382,282)	(1,790,334)
Cash and Cash Equivalents at Beginning of Year	351,923	392,868	2,326,451
Cash and Cash Equivalents at End of Year	\$233,398	\$10,586	\$536,117
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$5,439	\$10,586	\$58,169
Restricted Cash and Cash Equivalents	227,959	0	477,948
Cash and Cash Equivalents at End of Year	\$233,398	\$10,586	\$536,117

**CITY OF PAINESVILLE, OHIO**

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Other Enterprise Funds	Total Enterprise Funds	Governmental Activities
		Internal Service Funds
\$525,038	\$30,993,652	\$0
0	0	3,352,246
(296,715)	(15,976,566)	(1,012,265)
(170,159)	(10,211,310)	(176,590)
0	0	(2,230,433)
<u>58,164</u>	<u>4,805,776</u>	<u>(67,042)</u>
5,000	579,854	0
100,000	174,862	50,000
0	(1,500,107)	0
<u>105,000</u>	<u>(745,391)</u>	<u>50,000</u>
403,400	2,392,277	0
246	4,212	0
(332,000)	(2,064,100)	0
0	1,189	0
(300,003)	(5,916,347)	0
0	2,383,233	0
(2,090)	(276,353)	0
0	(500,000)	0
0	(103,406)	0
0	(72,713)	0
(11,304)	(454,872)	0
<u>(241,751)</u>	<u>(4,606,880)</u>	<u>0</u>
0	662	0
0	811,197	0
0	(2,635,092)	0
<u>0</u>	<u>(1,823,233)</u>	<u>0</u>
(78,587)	(2,369,728)	(17,042)
668,451	3,739,693	263,803
<u>\$589,864</u>	<u>\$1,369,965</u>	<u>\$246,761</u>
\$586,154	\$660,348	\$246,761
3,710	709,617	0
<u>\$589,864</u>	<u>\$1,369,965</u>	<u>\$246,761</u>

(Continued)

**CITY OF PAINESVILLE, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2009**

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
<u>Reconciliation of Operating (Loss) Income to Net Cash</u>			
Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 127,123	(\$71,615)	\$ 2,250,696
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	912,668	448,504	767,604
Miscellaneous Nonoperating Revenues	67,683	2,216	456,710
Miscellaneous Nonoperating Expenses	(20,228)	(1,902)	(26,525)
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	372	50,792	(293,062)
Increase in Intergovernmental Receivable	0	0	0
(Increase) Decrease in Inventory	122	2,374	(44,155)
Increase in Prepaid Items	(4,332)	21	(6,264)
Increase in Accounts Payable	(38,669)	33,065	134,954
Increase in Accrued Wages and Benefits	(1,659)	819	9,353
Increase in Intergovernmental Payable	0	(10,583)	0
Increase in Compensated Absences Payable	44,628	27,283	75,396
Decrease in Payable to Joint Venture	0	0	(145,777)
Decrease in Claims Liability	0	0	0
Total Adjustments	960,585	552,589	928,234
Net Cash Provided (Used) by Operating Activities	<u>\$1,087,708</u>	<u>\$480,974</u>	<u>\$3,178,930</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2009 the Water and Sewer Funds had outstanding liabilities of \$98,317, and \$455,799 respectively for the purchase of certain capital assets. During 2009 the fair value of investments increased by \$6,930, \$13,488, and \$74,118 in the Water, Sewer, and Electric Funds, respectively.

See accompanying notes to the basic financial statements

**CITY OF PAINESVILLE, OHIO**

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Other Enterprise Funds	Total Enterprise Funds	Governmental Activities
		Internal Service Funds
\$26,723	\$2,332,927	(\$338,577)
32,783	2,161,559	0
400	527,009	0
(113)	(48,768)	0
(217)	(242,115)	0
0	0	0
0	(41,659)	726
(29)	(10,604)	0
(3,403)	125,947	(66,565)
931	9,444	0
0	(10,583)	0
1,089	148,396	0
0	(145,777)	0
0	0	337,374
31,441	2,472,849	271,535
\$58,164	\$4,805,776	(\$67,042)

**CITY OF PAINESVILLE, OHIO**

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**Statement of Net Assets  
Fiduciary Funds  
December 31, 2009**

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	Private Purpose Trust	
	Deposit Trust	Agency
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 509,748	\$ 68,537
<b>Total Assets</b>	<u>509,748</u>	<u>68,537</u>
<b>Liabilities:</b>		
Accounts Payable	1,094	0
Intergovernmental Payable	1,011	0
Due to Others	<u>0</u>	<u>68,537</u>
<b>Total Liabilities</b>	<u>2,105</u>	<u>68,537</u>
Unrestricted	<u>507,643</u>	<u>0</u>
<b>Total Net Assets</b>	<u>\$ 507,643</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

**CITY OF PAINESVILLE, OHIO**

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***Statement of Changes in Net Assets  
Fiduciary Fund  
For the Year Ended December 31, 2009***

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	<u>Private Purpose Trust</u> <u>Deposit Trust</u>
<b>Additions:</b>	
Contributions:	
Private Donations	\$ 111,862
Total Additions	<u>111,862</u>
<b>Deductions:</b>	
Administrative Expenses	<u>69,148</u>
Total Deductions	<u>69,148</u>
Change in Net Assets	42,714
Net Assets at Beginning of Year	<u>464,929</u>
Net Assets End of Year	<u>\$ 507,643</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**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, 2009***

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**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, 2009***

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**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, 2009***

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**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, 2009***

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**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, 2009, but which are not intended to finance 2009 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, 2009***

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**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 2009.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**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, 2009**

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**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)	(\$401,841)	(\$652,931)
Increase (Decrease):		
Accrued Revenues at December 31, 2009 received during 2010	(1,789,931)	(167,099)
Accrued Revenues at December 31, 2008 received during 2009	2,421,922	89,251
Accrued Expenditures at December 31, 2009 paid during 2010	1,116,692	1,275,971
Accrued Expenditures at December 31, 2008 paid during 2009	(1,180,646)	(1,167,623)
2008 Prepays for 2009	89,896	0
2009 Prepays for 2010	(78,116)	0
2009 Adjustment to Fair Value	(21,382)	(5,531)
2008 Adjustment to Fair Value	43,224	16,729
Outstanding Encumbrances	(449,658)	(291,910)
Budget Basis	<u>(\$249,840)</u>	<u>(\$903,143)</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, 2009***

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**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 2009. 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, 2009. 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, 2009***

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**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, 2009***

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**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, 2009**

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**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, 2009***

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**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, 2009, 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, 2009***

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**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 2009.

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*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009*

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**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	\$57,345
Shared Revenues	752,342
Interest Revenues	41,393
Charges for Services	164,878
Special Assessment Revenue	90,148
	<hr/>
	\$1,106,106

*Long-Term liabilities not reported in the funds:*

General Obligation Bonds	(\$1,840,000)
Special Assessment Bonds Payable	(355,000)
OPWC Loans Payable	(93,021)
Construction Loan Payable	(436,750)
Accrued Interest on Long-Term Debt	(41,146)
Capital Leases Payable	(594,226)
Police/Firemen's Pension Accrued Liability	(756,462)
Compensated Absences Payable	(1,740,544)
	<hr/>
	(\$5,857,149)

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**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	\$5,309,389
Depreciation Expense	(1,580,549)
	<u>\$3,728,840</u>

*Governmental revenues not reported in the funds:*

Decrease in Tax Revenue	\$19,637
Decrease in Intergovernmental Revenue	(174,471)
Increase in Interest Revenue	(15,974)
Increase in Charges for Services	77,955
Decrease in Special Assessment Revenue	(94,790)
	<u>(\$187,643)</u>

*Expenses not requiring the use of current financial resources:*

Increase in Compensated Absences Payable	(\$69,501)
Increase in supplies inventory	(8,569)
	<u>(\$78,070)</u>

**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, 2009***

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**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, 2009**

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**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

**A. Deposits (Continued)**

At year end the carrying amount of the City's deposits was \$21,225,970 and the bank balance was \$21,698,337. Federal depository insurance covered \$1,250,000 of the bank balance and \$20,448,337 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	\$20,448,337
Total Balance	<u><u>\$20,448,337</u></u>

**B. Investments**

The City's investments at December 31, 2009 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
STAR Ohio	\$52,439	AAA <sup>m</sup> <sup>1</sup>	\$52,439	\$0
City's Debt	240,350	N/A	240,350	0
FHLB	9,469,711	AAA <sup>1</sup> /Aaa <sup>2</sup>	5,562,245	3,907,466
FHLMC	1,002,392	AAA <sup>1</sup> /Aaa <sup>2</sup>	1,002,392	0
FFCB	6,953,952	AAA <sup>1</sup> /Aaa <sup>2</sup>	1,007,813	5,946,139
Total Investments	<u><u>\$17,718,844</u></u>		<u><u>\$7,865,239</u></u>	<u><u>\$9,853,605</u></u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> 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, 53.4% are FHLB, and 39.2% are FHLMC, and the remaining 7.4% were in other investments.

*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, 2009**

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**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	\$8,157,574	\$30,787,240
Certificates of Deposit (with maturities of more than 3 months)	13,120,835	(13,120,835)
STAR Ohio	<u>(52,439)</u>	<u>52,439</u>
Per GASB Statement No. 3	<u><u>\$21,225,970</u></u>	<u><u>\$17,718,844</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 2009 were levied after October 1, 2008 on assessed values as of January 1, 2008, 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 2006 and the equalization adjustment was made in 2009. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2012, the City will be fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

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, 2009**

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**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, 2009 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2009 collection was based was \$275,691,690. This amount constitutes \$273,271,590 in real property assessed value, \$1,703,480 in public utility assessed value and \$716,620 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 2009 were based on a tax rate equal to .370% (3.70 mills) of assessed value.

**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2009 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, 2009 the City's Land Held for Resale balance was \$785,000.

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at December 31, 2009 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 2010 fiscal year.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2009:

Fund	Transfers In	Transfers Out
Major Governmental Fund:		
General Fund	\$852,749	\$819,400
Street Construction, Maintenance and Repair Fund	297,181	0
Shamrock Boulevard Road Project Fund	454,000	0
Total Major Governmental Funds	1,603,930	819,400
Major Enterprise Funds:		
Water Fund	21,958	5,500
Sewer Fund	52,904	5,000
Electric Fund	0	1,249,257
Total Major Enterprise Funds	74,862	1,259,757
Nonmajor Governmental Funds:		
Cemeteries Fund	382,693	0
Municipal Motor Vehicle License Tax Fund	0	30,000
City Motor Vehicle License Tax Fund	0	62,000
Fire Levy Fund	1,185	0
Underground Storage Tank Fund	3,750	0
Probation Services Fund	5,000	0
Municipal Court Computerization Fund	3,785	0
FEMA Fund	0	104,048
General Bond Retirement Fund	0	52,055
Municipal Court Improvement Fund	30,000	0
Capital Equipment Reserve Fund	25,000	0
Capital Improvement Fund	77,055	0
Municipal Court Special Projects Fund	0	30,000
Total Nonmajor Governmental Funds	528,468	278,103
Nonmajor Enterprise Fund:		
Off-Street Parking Fund	100,000	0
Total Nonmajor Enterprise Funds	100,000	0
Internal Service Funds:		
Fuel and Oil Rotary Fund	50,000	0
Total Internal Service Funds	50,000	0
Total All Funds	\$2,357,260	\$2,357,260

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, 2009**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2009:

**Historical Cost:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
<b>Capital assets not being depreciated:</b>				
Land	\$4,255,035	\$163,399	\$0	\$4,418,434
Construction in Progress	3,049,782	3,560,683	(2,038,940)	4,571,525
Subtotal	7,304,817	3,724,082	(2,038,940)	8,989,959
<b>Capital assets being depreciated:</b>				
Buildings and Improvements	4,341,968	704,793	0	5,046,761
Improvements other than Buildings	4,016,404	2,250,466	0	6,266,870
Machinery and Equipment	6,091,306	668,988	(426,221)	6,334,073
Infrastructure	24,929,303	0	0	24,929,303
Subtotal	39,378,981	3,624,247	(426,221)	42,577,007
Total Cost	\$46,683,798	\$7,348,329	(\$2,465,161)	\$51,566,966

**Accumulated Depreciation:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Buildings and Improvements	(\$2,110,302)	(\$62,294)	\$0	(\$2,172,596)
Improvements other than Buildings	(793,830)	(164,831)	0	(958,661)
Machinery and Equipment	(3,571,862)	(522,447)	398,511	(3,695,798)
Infrastructure	(8,933,381)	(830,977)	0	(9,764,358)
Total Depreciation	(\$15,409,375)	(\$1,580,549) *	\$398,511	(\$16,591,413)
<b>Net Value:</b>	\$31,274,423			\$34,975,553

\* Depreciation expenses were charged to governmental functions as follows:

General Government	\$157,225
Public Safety	209,515
Highways and Streets	1,122,283
Public Health and Welfare	17,898
Culture and Recreation	63,799
Community Environment	9,829
Total Depreciation Expense	\$1,580,549

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**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, 2009:

*Historical Cost:*

Class	December 31, 2008	Additions	Deletions	December 31, 2009
<i>Capital assets not being depreciated:</i>				
Land	\$1,397,784	\$0	\$0	\$1,397,784
Construction In Progress	13,052,834	6,007,386	(2,643,594)	16,416,626
Subtotal	14,450,618	6,007,386	(2,643,594)	17,814,410
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	28,666,664	2,341,863	0	31,008,527
Infrastructure	39,080,136	299,180	0	39,379,316
Machinery and Equipment	21,381,878	465,628	(191,294)	21,656,212
Subtotal	89,128,678	3,106,671	(191,294)	92,044,055
Total Cost	\$103,579,296	\$9,114,057	(\$2,834,888)	\$109,858,465

*Accumulated Depreciation:*

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Buildings and Improvements	(\$16,959,310)	(\$892,873)	\$0	(\$17,852,183)
Infrastructure	(17,468,287)	(724,519)	0	(18,192,806)
Machinery and Equipment	(17,325,123)	(544,167)	143,767	(17,725,523)
Total Depreciation	(\$51,752,720)	(\$2,161,559)	\$143,767	(\$53,770,512)
<i>Net Value:</i>	\$51,826,576			\$56,087,953

**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.”

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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 2009, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2009 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 2009, from January 1 through March 31, 2009 7.0% of annual covered salary was the portion used to fund pension obligations, and from April 1 through December 31, 2009 8.5% 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, 2009, 2008, and 2007 were \$901,185, \$754,381 and \$802,964, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2009 were \$6,267 made by the City and \$4,477 made by the plan members.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**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 2009, 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, 2009, 2008, and 2007 were \$332,590, \$332,667 and \$318,214 for police and \$315,745, \$314,381 and \$321,307 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, 2009***

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**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 2009, 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 2009, the employer contribution allocated to the health care plan was 7.0% of covered payroll from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. 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, 2009, 2008, and 2007 were \$645,243, \$754,381 and \$528,899, 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, 2009***

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**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 2009, 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, 2009, 2008, and 2007 were \$176,077, \$176,118 and \$168,467 for police and \$123,552, \$123,019 and \$125,729 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, 2009**

**NOTE 12 - LONG-TERM DEBT**

Long-term debt of the City at December 31, 2009 was as follows:

		Balance December 31, 2008	Issued	(Retired)	Balance December 31, 2009	Amount Due Within One Year
<b>Business-Type Activities:</b>						
Amp-Ohio Joint Venture Agreement:						
4.600 - 4.750% Joint Venture Agreement		\$2,376,055	\$0	(\$148,212)	\$2,227,843	\$155,539
Joint Venture Reserve Amount		(419,562)	0	2,435	(417,127)	0
Net Joint Venture Agreement		1,956,493	0	(145,777)	1,810,716	155,539
General Obligation Bonds:						
1.500 - 3.600% Waterworks	2003	1,045,000	0	(250,000)	795,000	255,000
3.250 - 4.600% Waterworks	1998	2,500,000	0	(250,000)	2,250,000	250,000
Total General Obligation Bonds		3,545,000	0	(500,000)	3,045,000	505,000
Ohio Water Development Authority Loans (OWDA):						
4.618% Safe Drinking Water	1998	1,014,923	0	(72,713)	942,210	76,073
3.420% WPCLF WWTP Upgrades	2009	0	2,383,233	0	2,383,233	0
Total OWDA Loans		1,014,923	2,383,233	(72,713)	3,325,443	76,073
Ohio Public Works Commission Loan (OPWC):						
0.000% Raw Water Pump Station Replacement	2002	240,000	0	(60,000)	180,000	60,000
0.000% Pump Station	2005	289,403	0	(41,358)	248,045	41,358
0.000% Mentor Ave / Jackson Street Sewer	2008	38,925	0	(2,048)	36,877	2,048
Total OPWC Loans		568,328	0	(103,406)	464,922	103,406
Capital Leases Payable		4,222,884	0	(276,353)	3,946,531	207,692
Compensated Absences		1,471,448	1,619,844	(1,471,448)	1,619,844	487,364
Total Business-Type Activities		\$12,779,076	\$4,003,077	(\$2,569,697)	\$14,212,456	\$1,535,074
<b>Governmental Activities:</b>						
General Obligation Bonds:						
4.250 - 5.000% Waterworks	2007	\$1,975,000	\$0	(\$135,000)	\$1,840,000	\$140,000
Special Assessment Debt (with governmental commitment)						
4.75% Renaissance Parkway	2005	370,000	0	(15,000)	355,000	15,000
Total Special Assessment Debt (with governmental commitment)		370,000	0	(15,000)	355,000	15,000
Ohio Public Works Commission Loans (OPWC):						
0.000% Chester Street Improvements	2008	92,911	0	(4,890)	88,021	4,890
0.000% East Walnut Avenue Improvements Loan	2000	15,000	0	(10,000)	5,000	5,000
Total OPWC Loans		107,911	0	(14,890)	93,021	9,890
4.25% Construction Loan Payable		489,012	0	(52,262)	436,750	54,772
Compensated Absences		1,706,703	1,740,544	(1,706,703)	1,740,544	487,795
Workers' Compensation Liability		189,795	331,674	0	521,469	78,220
Capital Lease Payable		865,116	0	(270,890)	594,226	179,410
Police/Firemen's Pension Accrued Liability		772,715	0	(16,253)	756,462	16,951
Total Governmental Activities		\$6,476,252	\$2,072,218	(\$2,210,998)	\$6,337,472	\$982,038

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**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 \$1,045,000 at December 31, 2009, 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 \$2,307,009 for the City as of December 31, 2009.

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, 2009 amounted to \$1,053,379.

**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, 2009 was \$1,245,316 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, 2009**

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**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 \$594,226, and \$3,946,531, 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, 2009:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2010	\$202,179	\$376,182
2011	150,392	357,991
2012	72,763	332,248
2013	28,698	314,896
2014	28,698	314,896
2015-2019	143,492	1,574,478
2020-2024	80,400	1,574,489
2025-2027	0	787,236
Minimum Lease Payments	706,622	5,632,416
Less: amount representing interest at the City's incremental borrowing rate of interest	(112,396)	(1,685,885)
Present value of minimum lease payments	<u>\$594,226</u>	<u>\$3,946,531</u>

**E. Special Assessments with Governmental Commitment**

The principal amount of the City's special assessment debt outstanding at December 31, 2009, \$355,000, 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 \$161,593 in the Special Assessment Bond Retirement Fund at December 31, 2009 is reserved for the retirement of outstanding special assessment bonds.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**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, 2009 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, 2009, the loan had an outstanding balance of \$942,210.

In 2009, the City entered into an agreement with the Ohio Water Development Authority to receive loans from the WWTP Upgrades in the amounts of \$3,422,790. The interest rate on the loan is 3.42% 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, 2009 the City had received \$2,383,233. As of December 31, 2009 the loan has not been finalized and there is no amortization schedule for the loan, therefore no principal payments were made before year end.

**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, 2009, are as follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
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	345,000	123,738	20,000	14,500
2015-2019	1,550,000	379,575	105,000	57,500
2020-2024	540,000	120,250	135,000	28,500
2025-2027	195,000	19,250	30,000	1,500
Totals	<u>\$4,885,000</u>	<u>\$1,352,708</u>	<u>\$355,000</u>	<u>\$168,275</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 12 - LONG-TERM DEBT (Continued)**

**G. Principal and Interest Requirements (Continued)**

Years	OWDA Loans		OPWC Loans		Police/Firemen's Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$76,073	\$42,832	\$113,296	\$0	\$16,951	\$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	91,257	27,648	48,297	0	20,056	28,866
2015-2019	524,793	69,732	76,050	0	113,967	130,645
2020-2024	0	0	34,694	0	140,638	103,975
2025-2029	0	0	20,715	0	173,549	71,064
2030-2034	0	0	0	0	214,162	30,450
2035	0	0	0	0	21,792	462
Totals	\$942,210	\$246,842	\$557,943	\$0	\$756,462	\$488,854

Years	Construction Loan	
	Principal	Interest
2010	\$54,772	\$17,976
2011	57,124	15,623
2012	59,578	13,169
2013	62,137	10,610
2014	64,805	7,941
2015-2018	138,334	7,413
Totals	\$436,750	\$72,732

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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**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 2009:

	Balance January 1, 2009	Issued	(Retired)	Balance December 31, 2009
<b>General Fund</b>				
5.00% Land Purchase Agreement	\$243,000	\$0	(\$243,000)	\$0
5.00% Land Purchase Agreement	0	240,350	0	240,350
<b>Special Revenue Funds:</b>				
<b>Street Construction, Maintenance and Repair Fund:</b>				
3.25% Street Construction and Resurfacing	1,086,500	0	(1,086,500)	0
3.25% Street Construction and Resurfacing	0	1,021,233	0	1,021,233
<b>Fire Levy Fund:</b>				
3.25% Motorized Equipment Acquisition	75,000	0	(75,000)	0
3.25% Motorized Equipment Acquisition	0	220,990	0	220,990
Total Special Revenue	<u>1,161,500</u>	<u>1,242,223</u>	<u>(1,161,500)</u>	<u>1,242,223</u>

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**CITY OF PAINESVILLE, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 13 - NOTES PAYABLE (Continued)**

	Balance January 1, 2009	Issued	(Retired)	Balance December 31, 2009
<b>Capital Projects Funds:</b>				
<b>Capital Improvement Fund:</b>				
3.25% City Office Building Improvements	70,000	0	(70,000)	0
2.05% City Office Building Improvements	0	20,000	0	20,000
<b>Industrial Park Project Fund:</b>				
2.35% Shamrock Blvd Improvements	2,350,000	0	(2,350,000)	0
3.88% Shamrock Blvd Improvements	0	2,394,000	0	2,394,000
Total Capital Projects	<u>2,420,000</u>	<u>2,414,000</u>	<u>(2,420,000)</u>	<u>2,414,000</u>
<b>Enterprise Funds:</b>				
<b>Water Fund:</b>				
3.25% Water Treatment Plant Improvements	772,100	0	(772,100)	0
4.40% Water Treatment Plant Improvements	190,000	0	(190,000)	0
2.05% Water Treatment Plant Improvements	0	729,377	0	729,377
3.88% Water Treatment Plant Improvements	0	190,000	0	190,000
3.88% Water Treatment Plant Improvements	0	250,000	0	250,000
<b>Sewer Fund:</b>				
4.40% Wastewater Treatment Plant Improvements	770,000	0	(770,000)	0
3.88% Wastewater Treatment Plant Improvements	0	731,500	0	731,500
3.88% Wastewater Treatment Plant Improvements	0	88,000	0	88,000
<b>Storm Water Fund:</b>				
3.25% Wastewater Treatment Plant Improvements	332,000	0	(332,000)	0
2.05% Wastewater Treatment Plant Improvements	0	315,400	0	315,400
3.88% Wastewater Treatment Plant Improvements	0	88,000	0	88,000
Total Enterprise	<u>2,064,100</u>	<u>2,392,277</u>	<u>(2,064,100)</u>	<u>2,392,277</u>
Total Notes Payable	<u>\$5,888,600</u>	<u>\$6,288,850</u>	<u>(\$5,888,600)</u>	<u>\$6,288,850</u>

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**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 2009 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 \$521,469 reported in the fund at December 31, 2009 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
2008	\$759,226	(\$230,660)	(\$338,771)	\$189,795
2009	189,795	756,994	(425,320)	521,469

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**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 \$416,100 reported in the fund at December 31, 2009 is based on the requirements of GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2008	\$376,886	\$2,315,559	(\$2,282,045)	\$410,400
2009	410,400	2,636,901	(2,631,201)	416,100

**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 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, 2009***

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**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, 2009 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, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net obligation for these bonds at December 31, 2009 was \$1,810,716 (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 \$1,800,126 at December 31, 2009. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://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, 2009**

**NOTE 15 - JOINT VENTURE (Continued)**

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2009 are:

<b>Municipality</b>	<b>Percent Ownership</b>	<b>Kw Entitlement</b>	<b>Municipality</b>	<b>Percent Ownership</b>	<b>Kw Entitlement</b>
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	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	95.20%	127,640		4.80%	6,441
			<b>Grand Total</b>	<b><u>100.00%</u></b>	<b><u>134,081</u></b>

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

<b>Years</b>	<b>Principal</b>	<b>Interest</b>
2010	\$155,539	\$111,042
2011	163,866	102,877
2012	172,525	94,274
2013	181,518	85,216
2014	190,844	75,686
2015-2020	<u>1,363,551</u>	<u>236,358</u>
Total Gross Liability	2,227,843	<u>\$705,453</u>
Less: Amounts Held in Reserve	<u>(417,127)</u>	
Net Obligation	<u>\$1,810,716</u>	

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 16 – CONTRACTUAL COMMITMENTS**

As of December 31, 2009, the City had the following contracts with respect to capital improvements:

Project	Remaining Construction Commitment	Expected Date of Completion
WPCP WPCLP Program	\$865,488	12/31/10
Mentor Ave Sanitary Sewer Project	22,000	12/31/10
North Ave Storm Water Improvements	186,297	12/31/10
Lexington St. Storm Water Improvements	25,000	12/31/10
Electric Substation Upgrade	257,722	12/31/10
Boiler Mact Compliance	56,057	12/31/10
Street Light Revamping Project	15,750	12/31/10
Total	\$1,428,314	

**NOTE 17 - COMPLIANCE AND ACCOUNTABILITY**

*Deficit Fund Equities* - The fund deficits at December 31, 2009 of \$267,547 in the Fire Levy Fund, \$3,944 in the COPS Fast Grant Fund (special revenue funds), \$1,702,676 in the Shamrock Boulevard Road Project Fund (capital projects fund), \$82 in the Community Programs Fund (enterprise fund), \$367,692 in the Worker’s Compensation Retrospective Fund and \$397,576 in the Employee Health Insurance 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.

**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.

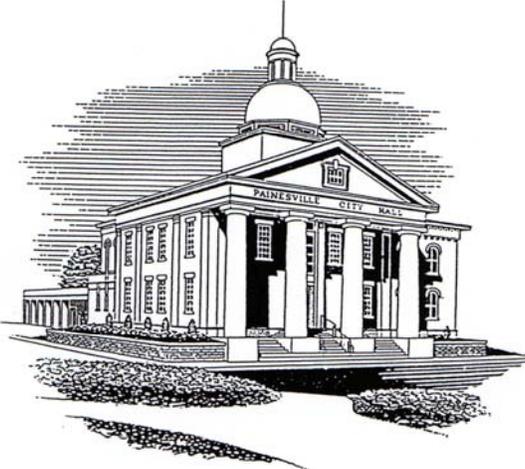
**B. Litigation**

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.

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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*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***

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***Special Revenue Funds***

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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***

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**Fire Levy Fund**

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

**Underground Storage Tank Fund**

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

**Probation Services Fund**

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

**Community Oriented Policing Services (COPS) Fast Grant Fund**

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

**Skate Facility Fund**

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

**Fire Fund**

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

**Federal Emergency Management Agency (FEMA) Fund**

To account for grant revenues received from FEMA to aid in the clean up of the flooding. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Emergency Medical Services (EMS) Fund**

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

**Municipal Court Computerization Fund**

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

**Shamrock Business Center TIF Fund**

To account for resources used for the Shamrock Business Center Project.

(Continued)

***Special Revenue Funds***

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**Brownfield Grant Fund**

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

**Plan Review Fund**

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

**Zoning Application Fund**

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

**Columbarium Trust Fund**

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

**Law Enforcement Trust Fund**

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

***Debt Service Funds***

---

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

**General Bond Retirement Fund**

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

**Special Assessment Bond Retirement Fund**

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

**Land Acquisition Note Retirement Fund**

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

***Capital Projects Funds***

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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***

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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, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 1,587,739	\$ 208,285	\$ 2,181,268	\$ 142,668	\$ 4,119,960
Investments	255,102	0	0	0	255,102
Receivables (net of allowance for doubtful accounts):					
Taxes	232,647	57,166	0	0	289,813
Accounts	282,043	0	0	0	282,043
Intergovernmental	105,272	3,339	63,344	0	171,955
Special Assessments	0	90,148	0	0	90,148
Inventory of Supplies, at Cost	4,595	0	0	0	4,595
Prepaid Items	2,954	0	10,412	0	13,366
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	1,068,322	1,068,322
<b>Total Assets</b>	<u>\$ 2,470,352</u>	<u>\$ 358,938</u>	<u>\$ 2,255,024</u>	<u>\$ 1,210,990</u>	<u>\$ 6,295,304</u>
<b>Liabilities:</b>					
Accounts Payable	\$ 13,899	\$ 0	\$ 247,918	\$ 0	\$ 261,817
Accrued Wages and Benefits Payable	61,971	0	350	0	62,321
Intergovernmental Payable	0	0	1,172	0	1,172
Interfund Loans Payable	300,000	0	0	0	300,000
Deferred Revenue	458,252	150,027	0	0	608,279
Accrued Interest Payable	3,500	0	318	0	3,818
General Obligation Notes Payable	220,990	0	20,000	0	240,990
<b>Total Liabilities</b>	<u>1,058,612</u>	<u>150,027</u>	<u>269,758</u>	<u>0</u>	<u>1,478,397</u>
<b>Fund Balances:</b>					
Reserved for Encumbrances	118,874	0	703,673	0	822,547
Reserved for Prepaid Items	2,954	0	10,412	0	13,366
Reserved for Supplies Inventory	4,595	0	0	0	4,595
Reserved for Debt Service	0	208,911	0	0	208,911
Reserved for Endowments	0	0	0	984,940	984,940
Undesignated/Unreserved	1,285,317	0	1,271,181	226,050	2,782,548
<b>Total Fund Balances</b>	<u>1,411,740</u>	<u>208,911</u>	<u>1,985,266</u>	<u>1,210,990</u>	<u>4,816,907</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,470,352</u>	<u>\$ 358,938</u>	<u>\$ 2,255,024</u>	<u>\$ 1,210,990</u>	<u>\$ 6,295,304</u>

**CITY OF PAINESVILLE, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 612,118	\$ 58,300	\$ 0	\$ 0	\$ 670,418
Intergovernmental Revenues	234,032	14,351	741,546	0	989,929
Charges for Services	597,544	0	0	0	597,544
Investment Earnings	1,034	0	0	4,959	5,993
Special Assessments	0	104,844	0	0	104,844
Fines and Forfeitures	234,845	0	145,886	0	380,731
All Other Revenues	22,345	0	200,197	13,820	236,362
<b>Total Revenues</b>	<b>1,701,918</b>	<b>177,495</b>	<b>1,087,629</b>	<b>18,779</b>	<b>2,985,821</b>
<b>Expenditures:</b>					
Current:					
General Government	336,098	18,183	185,667	0	539,948
Public Safety	892,318	0	0	0	892,318
Highways and Streets	37,129	0	240,079	0	277,208
Public Health and Welfare	524,681	0	0	2,328	527,009
Culture and Recreation	0	0	589	0	589
Community Environment	22,922	0	61,179	0	84,101
Capital Outlay	0	0	3,248,189	0	3,248,189
Debt Service:					
Principal Retirement	79,606	36,000	138,202	0	253,808
Interest & Fiscal Charges	23,927	46,735	20,794	0	91,456
<b>Total Expenditures</b>	<b>1,916,681</b>	<b>100,918</b>	<b>3,894,699</b>	<b>2,328</b>	<b>5,914,626</b>
Excess (Deficiency) of Revenues Over Expenditures	(214,763)	76,577	(2,807,070)	16,451	(2,928,805)
<b>Other Financing Sources (Uses):</b>					
Sale of Capital Assets	1,780	0	0	0	1,780
Premiums on Debt Issuances	176	0	259	0	435
Transfers In	396,413	0	132,055	0	528,468
Transfers Out	(196,048)	(52,055)	(30,000)	0	(278,103)
<b>Total Other Financing Sources (Uses)</b>	<b>202,321</b>	<b>(52,055)</b>	<b>102,314</b>	<b>0</b>	<b>252,580</b>
Net Change in Fund Balances	(12,442)	24,522	(2,704,756)	16,451	(2,676,225)
<b>Fund Balances at Beginning of Year</b>	<b>1,424,704</b>	<b>184,389</b>	<b>4,690,022</b>	<b>1,194,539</b>	<b>7,493,654</b>
Increase (Decrease) in Inventory Reserve	(522)	0	0	0	(522)
<b>Fund Balances End of Year</b>	<b>\$ 1,411,740</b>	<b>\$ 208,911</b>	<b>\$ 1,985,266</b>	<b>\$ 1,210,990</b>	<b>\$ 4,816,907</b>

**CITY OF PAINESVILLE, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2009**

	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund	Fire Pension Transfer Fund
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 91,027	\$ 236,986	\$ 15,771	\$ 15,791
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	71,459	71,459
Accounts	0	0	0	0
Intergovernmental	21,708	0	4,173	4,173
Inventory of Supplies, at Cost	0	4,595	0	0
Prepaid Items	0	2,804	0	0
<b>Total Assets</b>	<u>\$ 112,735</u>	<u>\$ 244,385</u>	<u>\$ 91,403</u>	<u>\$ 91,423</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 4,494	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	29,132	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	14,472	0	74,849	74,849
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<u>14,472</u>	<u>33,626</u>	<u>74,849</u>	<u>74,849</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	15,013	1,133	0	0
Reserved for Prepaid Items	0	2,804	0	0
Reserved for Supplies Inventory	0	4,595	0	0
Undesignated/Unreserved (Deficit)	83,250	202,227	16,554	16,574
<b>Total Fund Balances (Deficit)</b>	<u>98,263</u>	<u>210,759</u>	<u>16,554</u>	<u>16,574</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 112,735</u>	<u>\$ 244,385</u>	<u>\$ 91,403</u>	<u>\$ 91,423</u>

**CITY OF PAINESVILLE, OHIO**

Law Enforcement Fund	Municipal Motor Vehicle License Tax Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	City Motor Vehicle License Tax Fund	Fire Levy Fund
\$ 23,628	\$ 9,912	\$ 119,694	\$ 45,673	\$ 18,596	\$ 803
0	0	0	0	0	255,102
0	0	0	0	0	89,729
0	0	0	0	0	0
5,416	15,768	1,819	110	31,539	4,488
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 29,044</u>	<u>\$ 25,680</u>	<u>\$ 121,513</u>	<u>\$ 45,783</u>	<u>\$ 50,135</u>	<u>\$ 350,122</u>
\$ 263	\$ 0	\$ 401	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	300,000
4,487	10,512	0	0	21,026	93,179
0	0	0	0	0	3,500
0	0	0	0	0	220,990
<u>4,750</u>	<u>10,512</u>	<u>401</u>	<u>0</u>	<u>21,026</u>	<u>617,669</u>
5,998	0	20,381	0	0	4,296
0	0	0	0	0	0
0	0	0	0	0	0
18,296	15,168	100,731	45,783	29,109	(271,843)
<u>24,294</u>	<u>15,168</u>	<u>121,112</u>	<u>45,783</u>	<u>29,109</u>	<u>(267,547)</u>
<u>\$ 29,044</u>	<u>\$ 25,680</u>	<u>\$ 121,513</u>	<u>\$ 45,783</u>	<u>\$ 50,135</u>	<u>\$ 350,122</u>

(Continued)

**CITY OF PAINESVILLE, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2009**

	Underground Storage Tank Fund	Probation Services Fund	COPS Fast Grant Fund	Skate Facility Fund
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 5,173	\$ 97,405	\$ 1,159	\$ 577
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	9,442	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
<b>Total Assets</b>	<b>\$ 5,173</b>	<b>\$ 106,847</b>	<b>\$ 1,159</b>	<b>\$ 577</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 1,236	\$ 195	\$ 0
Accrued Wages and Benefits Payable	0	6,354	4,908	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>7,590</b>	<b>5,103</b>	<b>0</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	250	3,768	0	0
Reserved for Prepaid Items	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Undesignated/Unreserved (Deficit)	4,923	95,489	(3,944)	577
<b>Total Fund Balances (Deficit)</b>	<b>5,173</b>	<b>99,257</b>	<b>(3,944)</b>	<b>577</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,173</b>	<b>\$ 106,847</b>	<b>\$ 1,159</b>	<b>\$ 577</b>

**CITY OF PAINESVILLE, OHIO**

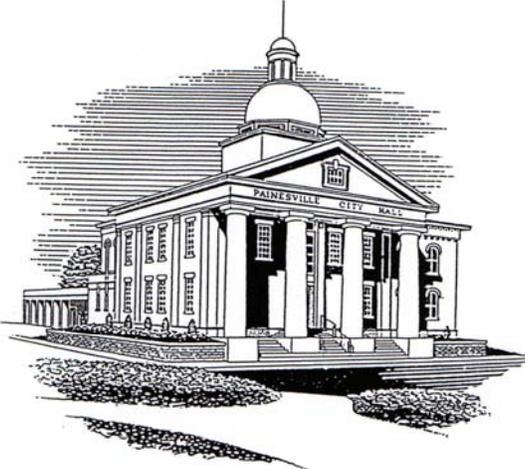
<u>Fire Fund</u>	<u>Emergency Medical Services Fund</u>	<u>Municipal Court Computerization Fund</u>	<u>Shamrock Business Center TIF Fund</u>	<u>Brownfield Grant Fund</u>	<u>Plan Review Fund</u>
\$ 13,118	\$ 379,979	\$ 74,537	\$ 327,337	\$ 4,229	\$ 82,370
0	0	0	0	0	0
0	0	0	0	0	0
0	282,043	0	0	0	0
0	0	6,636	0	0	0
0	0	0	0	0	0
0	150	0	0	0	0
<u>\$ 13,118</u>	<u>\$ 662,172</u>	<u>\$ 81,173</u>	<u>\$ 327,337</u>	<u>\$ 4,229</u>	<u>\$ 82,370</u>
\$ 0	\$ 3,393	\$ 1,158	\$ 0	\$ 0	\$ 2,754
0	15,545	6,032	0	0	0
0	0	0	0	0	0
0	164,878	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>183,816</u>	<u>7,190</u>	<u>0</u>	<u>0</u>	<u>2,754</u>
5,237	22,439	19,632	0	0	20,511
0	150	0	0	0	0
0	0	0	0	0	0
<u>7,881</u>	<u>455,767</u>	<u>54,351</u>	<u>327,337</u>	<u>4,229</u>	<u>59,105</u>
<u>13,118</u>	<u>478,356</u>	<u>73,983</u>	<u>327,337</u>	<u>4,229</u>	<u>79,616</u>
<u>\$ 13,118</u>	<u>\$ 662,172</u>	<u>\$ 81,173</u>	<u>\$ 327,337</u>	<u>\$ 4,229</u>	<u>\$ 82,370</u>

(Continued)

**CITY OF PAINESVILLE, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2009**

	Zoning Application Fund	Columbarium Trust Fund	Law Enforcement Trust Fund	Total Nonmajor Special Revenue Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 9,335	\$ 89	\$ 14,550	\$ 1,587,739
Investments	0	0	0	255,102
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	232,647
Accounts	0	0	0	282,043
Intergovernmental	0	0	0	105,272
Inventory of Supplies, at Cost	0	0	0	4,595
Prepaid Items	0	0	0	2,954
<b>Total Assets</b>	<u>\$ 9,335</u>	<u>\$ 89</u>	<u>\$ 14,550</u>	<u>\$ 2,470,352</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 5	\$ 0	\$ 0	\$ 13,899
Accrued Wages and Benefits Payable	0	0	0	61,971
Interfund Loans Payable	0	0	0	300,000
Deferred Revenue	0	0	0	458,252
Accrued Interest Payable	0	0	0	3,500
General Obligation Notes Payable	0	0	0	220,990
<b>Total Liabilities</b>	<u>5</u>	<u>0</u>	<u>0</u>	<u>1,058,612</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	216	0	0	118,874
Reserved for Prepaid Items	0	0	0	2,954
Reserved for Supplies Inventory	0	0	0	4,595
Undesignated/Unreserved (Deficit)	9,114	89	14,550	1,285,317
<b>Total Fund Balances (Deficit)</b>	<u>9,330</u>	<u>89</u>	<u>14,550</u>	<u>1,411,740</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 9,335</u>	<u>\$ 89</u>	<u>\$ 14,550</u>	<u>\$ 2,470,352</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, 2009**

	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund	Fire Pension Transfer Fund
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 72,782	\$ 72,782
Intergovernmental Revenues	51,631	0	17,938	17,938
Charges for Services	0	119,891	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenues	0	20	0	0
<b>Total Revenues</b>	<b>51,631</b>	<b>119,911</b>	<b>90,720</b>	<b>90,720</b>
<b>Expenditures:</b>				
Current:				
General Government	0	0	1,019	1,002
Public Safety	0	0	87,131	87,131
Highways and Streets	37,129	0	0	0
Public Health and Welfare	0	524,681	0	0
Community Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>37,129</b>	<b>524,681</b>	<b>88,150</b>	<b>88,133</b>
Excess (Deficiency) of Revenues Over Expenditures	14,502	(404,770)	2,570	2,587
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	0
Premiums on Debt Issuances	0	0	0	0
Transfers In	0	382,693	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>382,693</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	14,502	(22,077)	2,570	2,587
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>83,761</b>	<b>233,358</b>	<b>13,984</b>	<b>13,987</b>
Increase (Decrease) in Inventory Reserve	0	(522)	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 98,263</b>	<b>\$ 210,759</b>	<b>\$ 16,554</b>	<b>\$ 16,574</b>

**CITY OF PAINESVILLE, OHIO**

Law Enforcement Fund	Municipal Motor Vehicle License Tax Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	City Motor Vehicle License Tax Fund	Fire Levy Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 102,846
929	33,335	0	0	66,670	17,389
0	0	0	0	0	0
0	0	0	0	0	1,034
0	0	31,682	1,389	0	0
14,225	0	0	0	0	0
<u>15,154</u>	<u>33,335</u>	<u>31,682</u>	<u>1,389</u>	<u>66,670</u>	<u>121,269</u>
0	0	32,781	0	0	1,332
9,267	0	0	0	0	209,983
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	73,225
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,296</u>
<u>9,267</u>	<u>0</u>	<u>32,781</u>	<u>0</u>	<u>0</u>	<u>307,836</u>
5,887	33,335	(1,099)	1,389	66,670	(186,567)
0	0	0	0	0	1,780
0	0	0	0	0	176
0	0	0	0	0	1,185
<u>0</u>	<u>(30,000)</u>	<u>0</u>	<u>0</u>	<u>(62,000)</u>	<u>0</u>
<u>0</u>	<u>(30,000)</u>	<u>0</u>	<u>0</u>	<u>(62,000)</u>	<u>3,141</u>
5,887	3,335	(1,099)	1,389	4,670	(183,426)
18,407	11,833	122,211	44,394	24,439	(84,121)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 24,294</u>	<u>\$ 15,168</u>	<u>\$ 121,112</u>	<u>\$ 45,783</u>	<u>\$ 29,109</u>	<u>\$ (267,547)</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, 2009**

	Underground Storage Tank Fund	Probation Services Fund	COPS Fast Grant Fund	Skate Facility Fund
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	5,608	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	113,961	0	0
All Other Revenues	0	0	0	120
<b>Total Revenues</b>	<b>0</b>	<b>113,961</b>	<b>5,608</b>	<b>120</b>
<b>Expenditures:</b>				
Current:				
General Government	0	123,337	0	0
Public Safety	0	0	15,535	0
Highways and Streets	0	0	0	0
Public Health and Welfare	0	0	0	0
Community Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>0</b>	<b>123,337</b>	<b>15,535</b>	<b>0</b>
Excess (Deficiency) of Revenues Over Expenditures	0	(9,376)	(9,927)	120
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	0
Premiums on Debt Issuances	0	0	0	0
Transfers In	3,750	5,000	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>3,750</b>	<b>5,000</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	3,750	(4,376)	(9,927)	120
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>1,423</b>	<b>103,633</b>	<b>5,983</b>	<b>457</b>
Increase (Decrease) in Inventory Reserve	0	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 5,173</b>	<b>\$ 99,257</b>	<b>\$ (3,944)</b>	<b>\$ 577</b>

**CITY OF PAINESVILLE, OHIO**

<u>Fire Fund</u>	<u>FEMA Fund</u>	<u>Emergency Medical Services Fund</u>	<u>Municipal Court Computerization Fund</u>	<u>Shamrock Business Center TIF Fund</u>	<u>Brownfield Grant Fund</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 363,708	\$ 0
0	0	0	0	0	22,594
0	0	477,653	0	0	0
0	0	0	0	0	0
0	0	0	87,813	0	0
5,190	0	0	0	0	0
<u>5,190</u>	<u>0</u>	<u>477,653</u>	<u>87,813</u>	<u>363,708</u>	<u>22,594</u>
0	0	0	108,917	36,371	31,339
13,206	0	470,065	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	3,478	2,903	0	0
0	0	401	230	0	0
<u>13,206</u>	<u>0</u>	<u>473,944</u>	<u>112,050</u>	<u>36,371</u>	<u>31,339</u>
(8,016)	0	3,709	(24,237)	327,337	(8,745)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	3,785	0	0
0	(104,048)	0	0	0	0
<u>0</u>	<u>(104,048)</u>	<u>0</u>	<u>3,785</u>	<u>0</u>	<u>0</u>
(8,016)	(104,048)	3,709	(20,452)	327,337	(8,745)
21,134	104,048	474,647	94,435	0	12,974
0	0	0	0	0	0
<u>\$ 13,118</u>	<u>\$ 0</u>	<u>\$ 478,356</u>	<u>\$ 73,983</u>	<u>\$ 327,337</u>	<u>\$ 4,229</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, 2009***

	Plan Review Fund	Zoning Application Fund	Columbarium Trust Fund	Law Enforcement Trust Fund
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenues	0	451	0	2,339
<b>Total Revenues</b>	<b>0</b>	<b>451</b>	<b>0</b>	<b>2,339</b>
<b>Expenditures:</b>				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Highways and Streets	0	0	0	0
Public Health and Welfare	0	0	0	0
Community Environment	22,811	111	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>22,811</b>	<b>111</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues Over Expenditures	(22,811)	340	0	2,339
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	0
Premiums on Debt Issuances	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	(22,811)	340	0	2,339
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>102,427</b>	<b>8,990</b>	<b>89</b>	<b>12,211</b>
Increase (Decrease) in Inventory Reserve	0	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 79,616</b>	<b>\$ 9,330</b>	<b>\$ 89</b>	<b>\$ 14,550</b>

**CITY OF PAINESVILLE, OHIO**

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Total Nonmajor  
Special Revenue  
Funds

\$	612,118
	234,032
	597,544
	1,034
	234,845
	22,345
	<u>1,701,918</u>
	336,098
	892,318
	37,129
	524,681
	22,922
	79,606
	23,927
	<u>1,916,681</u>
	(214,763)
	1,780
	176
	396,413
	<u>(196,048)</u>
	<u>202,321</u>
	(12,442)
	1,424,704
	<u>(522)</u>
\$	<u><u>1,411,740</u></u>

**CITY OF PAINESVILLE, OHIO**

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**Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2009**

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	<u>General Bond Retirement Fund</u>	<u>Special Assessment Bond Retirement Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 46,692	\$ 161,593	\$ 208,285
Receivables (net of allowance for doubtful accounts):			
Taxes	57,166	0	57,166
Intergovernmental	3,339	0	3,339
Special Assessments	0	90,148	90,148
<b>Total Assets</b>	<u>\$ 107,197</u>	<u>\$ 251,741</u>	<u>\$ 358,938</u>
<b>Liabilities:</b>			
Deferred Revenue	\$ 59,879	\$ 90,148	\$ 150,027
<b>Total Liabilities</b>	<u>59,879</u>	<u>90,148</u>	<u>150,027</u>
<b>Fund Balances:</b>			
Reserved for Debt Service	47,318	161,593	208,911
<b>Total Fund Balances</b>	<u>47,318</u>	<u>161,593</u>	<u>208,911</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 107,197</u>	<u>\$ 251,741</u>	<u>\$ 358,938</u>

**CITY OF PAINESVILLE, OHIO**

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***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2009***

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	General Bond Retirement Fund	Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
<b>Revenues:</b>			
Property Taxes	\$ 58,300	\$ 0	\$ 58,300
Intergovernmental Revenues	14,351	0	14,351
Special Assessments	0	104,844	104,844
<b>Total Revenues</b>	<u>72,651</u>	<u>104,844</u>	<u>177,495</u>
<b>Expenditures:</b>			
General Government	794	17,389	18,183
Debt Service:			
Principal Retirement	0	36,000	36,000
Interest & Fiscal Charges	0	46,735	46,735
<b>Total Expenditures</b>	<u>794</u>	<u>100,124</u>	<u>100,918</u>
Excess (Deficiency) of Revenues Over Expenditures	71,857	4,720	76,577
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(52,055)	0	(52,055)
<b>Total Other Financing Sources (Uses)</b>	<u>(52,055)</u>	<u>0</u>	<u>(52,055)</u>
Net Change in Fund Balances	19,802	4,720	24,522
<b>Fund Balances at Beginning of Year</b>	<u>27,516</u>	<u>156,873</u>	<u>184,389</u>
<b>Fund Balances End of Year</b>	<u>\$ 47,318</u>	<u>\$ 161,593</u>	<u>\$ 208,911</u>

**CITY OF PAINESVILLE, OHIO**

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**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2009**

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	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Jackson Street Interchange Project Fund
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 37,177	\$ 377,554	\$ 701,228	\$ 116,715
Receivables (net of allowance for doubtful accounts):				
Intergovernmental	2,985	0	52,365	0
Prepaid Items	0	0	10,412	0
<b>Total Assets</b>	<u>\$ 40,162</u>	<u>\$ 377,554</u>	<u>\$ 764,005</u>	<u>\$ 116,715</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 16,619	\$ 2,380	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Accrued Interest Payable	0	0	318	0
General Obligation Notes Payable	0	0	20,000	0
<b>Total Liabilities</b>	<u>0</u>	<u>16,619</u>	<u>22,698</u>	<u>0</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	5,576	429,221	0
Reserved for Prepaid Items	0	0	10,412	0
Undesignated/Unreserved	40,162	355,359	301,674	116,715
<b>Total Fund Balances</b>	<u>40,162</u>	<u>360,935</u>	<u>741,307</u>	<u>116,715</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 40,162</u>	<u>\$ 377,554</u>	<u>\$ 764,005</u>	<u>\$ 116,715</u>

**CITY OF PAINESVILLE, OHIO**

<u>Industrial Park Project Fund</u>	<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>
\$ 34,357	\$ 325,793	\$ 245,487	\$ 210,859	\$ 132,098	\$ 2,181,268
0	7,994	0	0	0	63,344
0	0	0	0	0	10,412
<u>\$ 34,357</u>	<u>\$ 333,787</u>	<u>\$ 245,487</u>	<u>\$ 210,859</u>	<u>\$ 132,098</u>	<u>\$ 2,255,024</u>
\$ 0	\$ 1,028	\$ 0	\$ 163,622	\$ 64,269	\$ 247,918
0	350	0	0	0	350
0	1,172	0	0	0	1,172
0	0	0	0	0	318
0	0	0	0	0	20,000
<u>0</u>	<u>2,550</u>	<u>0</u>	<u>163,622</u>	<u>64,269</u>	<u>269,758</u>
0	19,809	245,000	4,067	0	703,673
0	0	0	0	0	10,412
<u>34,357</u>	<u>311,428</u>	<u>487</u>	<u>43,170</u>	<u>67,829</u>	<u>1,271,181</u>
<u>34,357</u>	<u>331,237</u>	<u>245,487</u>	<u>47,237</u>	<u>67,829</u>	<u>1,985,266</u>
<u>\$ 34,357</u>	<u>\$ 333,787</u>	<u>\$ 245,487</u>	<u>\$ 210,859</u>	<u>\$ 132,098</u>	<u>\$ 2,255,024</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, 2009**

	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Jackson Street Interchange Project Fund
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 52,365	\$ 0
Fines and Forfeitures	37,543	0	0	0
All Other Revenues	0	0	0	0
<b>Total Revenues</b>	<b>37,543</b>	<b>0</b>	<b>52,365</b>	<b>0</b>
<b>Expenditures:</b>				
Current:				
General Government	0	0	0	0
Highways and Streets	0	149,555	0	0
Culture and Recreation	0	589	0	0
Community Environment	0	0	0	0
Capital Outlay	0	120,335	140,264	18,195
Debt Service:				
Principal Retirement	55,000	74,202	0	0
Interest & Fiscal Charges	6,842	5,853	874	0
<b>Total Expenditures</b>	<b>61,842</b>	<b>350,534</b>	<b>141,138</b>	<b>18,195</b>
Excess (Deficiency) of Revenues Over Expenditures	(24,299)	(350,534)	(88,773)	(18,195)
<b>Other Financing Sources (Uses):</b>				
Premiums on Debt Issuances	0	0	259	0
Transfers In	30,000	25,000	77,055	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>30,000</b>	<b>25,000</b>	<b>77,314</b>	<b>0</b>
Net Change in Fund Balances	5,701	(325,534)	(11,459)	(18,195)
<b>Fund Balances at Beginning of Year</b>	<b>34,461</b>	<b>686,469</b>	<b>752,766</b>	<b>134,910</b>
<b>Fund Balances End of Year</b>	<b>\$ 40,162</b>	<b>\$ 360,935</b>	<b>\$ 741,307</b>	<b>\$ 116,715</b>

**CITY OF PAINESVILLE, OHIO**

<u>Industrial Park Project Fund</u>	<u>Municipal Court Special Fund</u>	<u>Millstone Acquisition Fund</u>	<u>Gristmill FMA Acquisition Fund</u>	<u>Gristmill HMGP Acquisition Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ 0	\$ 0	\$ 0	\$ 375,744	\$ 313,437	\$ 741,546
0	108,343	0	0	0	145,886
0	0	0	138,751	61,446	200,197
<u>0</u>	<u>108,343</u>	<u>0</u>	<u>514,495</u>	<u>374,883</u>	<u>1,087,629</u>
0	24,453	0	161,214	0	185,667
0	0	150	74,662	15,712	240,079
0	0	0	0	0	589
0	0	0	0	61,179	61,179
0	29,721	0	1,698,185	1,241,489	3,248,189
9,000	0	0	0	0	138,202
7,225	0	0	0	0	20,794
<u>16,225</u>	<u>54,174</u>	<u>150</u>	<u>1,934,061</u>	<u>1,318,380</u>	<u>3,894,699</u>
(16,225)	54,169	(150)	(1,419,566)	(943,497)	(2,807,070)
0	0	0	0	0	259
0	0	0	0	0	132,055
0	(30,000)	0	0	0	(30,000)
<u>0</u>	<u>(30,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>102,314</u>
(16,225)	24,169	(150)	(1,419,566)	(943,497)	(2,704,756)
50,582	307,068	245,637	1,466,803	1,011,326	4,690,022
<u>\$ 34,357</u>	<u>\$ 331,237</u>	<u>\$ 245,487</u>	<u>\$ 47,237</u>	<u>\$ 67,829</u>	<u>\$ 1,985,266</u>

**CITY OF PAINESVILLE, OHIO**

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***Combining Balance Sheet  
Nonmajor Permanent Funds  
December 31, 2009***

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	Cemetery Trust Fund	Special Endowment Fund	Evergreen Cemetery Trust Fund	Riverside Cemetery Trust Fund
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 84,324	\$ 58,344	\$ 0	\$ 0
Restricted Assets:				
Cash and Cash Equivalents	0	0	402,407	352,344
<b>Total Assets</b>	<u>\$ 84,324</u>	<u>\$ 58,344</u>	<u>\$ 402,407</u>	<u>\$ 352,344</u>
<b>Liabilities:</b>				
<b>Total Liabilities</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>Fund Balances:</b>				
Reserved for Endowments	0	0	377,852	314,312
Undesignated/Unreserved	84,324	58,344	24,555	38,032
<b>Total Fund Balances</b>	<u>84,324</u>	<u>58,344</u>	<u>402,407</u>	<u>352,344</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 84,324</u>	<u>\$ 58,344</u>	<u>\$ 402,407</u>	<u>\$ 352,344</u>

**CITY OF PAINESVILLE, OHIO**

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<u>Special Endowment Trust Fund</u>	<u>Total Nonmajor Permanent Funds</u>
\$ 0	\$ 142,668
<u>313,571</u>	<u>1,068,322</u>
<u>\$ 313,571</u>	<u>\$ 1,210,990</u>
\$ 0	\$ 0
292,776	984,940
<u>20,795</u>	<u>226,050</u>
<u>313,571</u>	<u>1,210,990</u>
<u>\$ 313,571</u>	<u>\$ 1,210,990</u>

**CITY OF PAINESVILLE, OHIO**

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***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Permanent Funds  
For the Year Ended December 31, 2009***

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	Cemetery Trust Fund	Special Endowment Fund	Evergreen Cemetery Trust Fund	Riverside Cemetery Trust Fund
<b>Revenues:</b>				
Investment Earnings	\$ 3,502	\$ 1,457	\$ 0	\$ 0
All Other Revenues	0	0	3,240	8,195
<b>Total Revenues</b>	<u>3,502</u>	<u>1,457</u>	<u>3,240</u>	<u>8,195</u>
<b>Expenditures:</b>				
Current:				
Public Health and Welfare	1,848	0	0	480
<b>Total Expenditures</b>	<u>1,848</u>	<u>0</u>	<u>0</u>	<u>480</u>
Excess (Deficiency) of Revenues Over Expenditures	1,654	1,457	3,240	7,715
<b>Fund Balances at Beginning of Year</b>	<u>82,670</u>	<u>56,887</u>	<u>399,167</u>	<u>344,629</u>
<b>Fund Balances End of Year</b>	<u>\$ 84,324</u>	<u>\$ 58,344</u>	<u>\$ 402,407</u>	<u>\$ 352,344</u>

**CITY OF PAINESVILLE, OHIO**

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<u>Special Endowment Trust Fund</u>	<u>Total Nonmajor Permanent Funds</u>
\$ 0	\$ 4,959
<u>2,385</u>	<u>13,820</u>
<u>2,385</u>	<u>18,779</u>
<u>0</u>	<u>2,328</u>
<u>0</u>	<u>2,328</u>
2,385	16,451
<u>311,186</u>	<u>1,194,539</u>
<u>\$ 313,571</u>	<u>\$ 1,210,990</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property Taxes:				
Real Estate and Public Utility	\$ 445,091	\$ 445,091	\$ 447,550	\$ 2,459
Tangible Personal	0	0	76,347	76,347
Total Property Taxes	445,091	445,091	523,897	78,806
Municipal Income Tax	8,185,000	8,185,000	7,976,800	(208,200)
Other Local Taxes	7,500	7,500	11,164	3,664
Total Taxes	8,637,591	8,637,591	8,511,861	(125,730)
Intergovernmental Revenues:				
Local	0	0	15,722	15,722
Local Government Fund - County	1,275,356	1,275,356	1,205,970	(69,386)
Local Government Fund - State	132,500	132,500	107,219	(25,281)
Inheritance Tax	75,000	75,000	289,745	214,745
Property Tax Allocation	125,000	125,000	129,157	4,157
Miscellaneous Tax	9,700	9,700	15,520	5,820
Total Intergovernmental Revenues	1,617,556	1,617,556	1,763,333	145,777
Charges for Services:				
General Government	1,200	1,200	706	(494)
Public Safety	10,210	10,210	10,635	425
Highways and Streets	35,000	35,000	33,020	(1,980)
Culture and Recreation	14,300	14,300	17,264	2,964
Community Environment	750	750	1,161	411
Total Charges for Services	61,460	61,460	62,786	1,326
Licenses, Permits and Inspection Fees:				
License Fees	30,400	30,400	32,160	1,760
Permit Fees	91,400	91,400	79,563	(11,837)
Inspection Fees	5,000	5,000	13,500	8,500
Zoning Appeal Fees	11,000	11,000	9,282	(1,718)
Other Fees	165,350	165,350	175,282	9,932
Total License, Permit and Inspection Fees	303,150	303,150	309,787	6,637
Investment Earnings	1,000,430	1,000,430	876,598	(123,832)
Fines and Forfeitures	909,350	909,350	966,385	57,035
All Other Revenues	189,050	189,050	161,049	(28,001)
Total Revenues	12,718,587	12,718,587	12,651,799	(66,788)

(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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures:</b>				
General Government:				
Legislative:				
Council:				
Personal Services	1,316,859	1,393,850	1,325,110	68,740
All Other Expenditures	1,799	1,776	1,190	586
Clerk of Council:				
Personal Services	8,771	8,908	8,147	761
All Other Expenditures	3,450	3,450	2,716	734
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	219,052	225,905	217,707	8,198
All Other Expenditures	8,028	6,384	4,629	1,755
Clerk of Court:				
Personal Services	603,856	595,066	569,240	25,826
All Other Expenditures	110,873	106,871	91,570	15,301
Probation:				
Personal Services	151,406	155,203	150,333	4,870
Executive:				
City Manager:				
Personal Services	47,044	50,700	48,886	1,814
All Other Expenditures	9,110	9,009	7,357	1,652
Comm., Promotions and Public Relations Activities:				
All Other Expenditures	8,273	8,273	7,103	1,170
Information Technology:				
All Other Expenditures	40,925	35,925	34,612	1,313

(Continued)

**CITY OF PAINESVILLE, OHIO**

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***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, 2009***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Human Resources:				
Personal Services	33,178	33,675	32,549	1,126
All Other Expenditures	14,003	9,002	7,880	1,122
Economic Development:				
Personal Services	18,729	19,330	18,822	508
All Other Expenditures	23,228	20,228	16,914	3,314
Finance:				
Administration:				
Personal Services	40,960	42,516	41,018	1,498
All Other Expenditures	12,301	10,010	8,323	1,687
Accounting:				
Personal Services	27,610	28,191	27,400	791
All Other Expenditures	28,433	27,280	24,601	2,679
Purchasing/Warehousing:				
Personal Services	20,860	21,489	20,621	868
All Other Expenditures	2,281	1,988	1,431	557
Income Tax Collection:				
All Other Expenditures	165,670	212,530	207,860	4,670
Law:				
Administration:				
Personal Services	28,911	29,366	28,108	1,258
All Other Expenditures	63,823	63,823	61,314	2,509
Engineering:				
Administration:				
Personal Services	140,577	135,802	124,803	10,999
All Other Expenditures	21,008	21,009	14,082	6,927

(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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
Personal Services	56,916	58,517	55,137	3,380
All Other Expenditures	237,509	230,611	221,638	8,973
Boards and Commissions:				
Civil Service Commission:				
All Other Expenditures	12,206	4,206	3,003	1,203
Miscellaneous:				
Insurance:				
All Other Expenditures	48,871	48,871	48,871	0
Tax Settlement Deductions:				
All Other Expenditures	22,700	21,916	21,279	637
Other Miscellaneous:				
Personal Services	60,000	60,000	0	60,000
All Other Expenditures	320,169	324,020	220,686	103,334
Total General Government	<u>3,929,389</u>	<u>4,025,700</u>	<u>3,674,940</u>	<u>350,760</u>
Public Safety:				
Police:				
Law Enforcement - Sworn Officers:				
Personal Services	3,353,645	3,359,506	3,228,355	131,151
Law Enforcement - Other:				
Personal Services	393,862	350,300	322,305	27,995
All Other Expenditures	308,514	292,945	234,621	58,324
Fire:				
Fire Fighting, Prevention and Inspection:				
Personal Services	2,428,468	2,420,667	2,242,596	178,071
All Other Expenditures	259,041	259,040	221,001	38,039

(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, 2009***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fire Service - Other:				
Personal Services	179,374	182,225	173,371	8,854
All Other Expenditures	37,382	37,382	32,113	5,269
Police and Fire Communications:				
Control Center:				
All Other Expenditures	458,434	458,434	457,002	1,432
Total Public Safety	<u>7,418,720</u>	<u>7,360,499</u>	<u>6,911,364</u>	<u>449,135</u>
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	151,058	153,315	146,711	6,604
All Other Expenditures	54,764	54,765	39,255	15,510
Street Maintenance and Repair:				
All Other Expenditures	39,606	39,606	36,917	2,689
Sidewalks:				
All Other Expenditures	26,603	26,603	7,948	18,655
Building Maintenance:				
All Other Expenditures	71,920	71,817	59,057	12,760
Equipment Maintenance:				
Personal Services	116,510	119,434	115,732	3,702
All Other Expenditures	180,344	174,464	104,129	70,335
Employee Benefits:				
Personal Services	319,732	329,339	307,732	21,607
Sidewalks - Snow Removal:				
All Other Expenditures	7,700	7,700	7,160	540
Leaf/Yard Waste Removal:				
All Other Expenditures	5,514	5,514	2,077	3,437

(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, 2009***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Parking:				
Parking Meters:				
Personal Services	49,153	1,053	14	1,039
Other Expenditures	3,889	3,889	2,560	1,329
Parking Lots:				
All Other Expenditures	11,725	11,725	9,408	2,317
Traffic Signs, Markings:				
Traffic Signs, Markings, Signals:				
Personal Services	55,968	56,114	51,548	4,566
All Other Expenditures	65,559	63,743	35,686	28,057
Total Highways and Streets	<u>1,160,045</u>	<u>1,119,081</u>	<u>925,934</u>	<u>193,147</u>
Public Health and Welfare:				
Support of Prisoners:				
Prisoner Expense:				
All Other Expenditures	16,074	16,074	4,000	12,074
Payments to County Health Board:				
County Health District Assessments:				
All Other Expenditures	138,077	138,077	129,209	8,868
Assistance to Needy/Aged:				
Poor Relief:				
All Other Expenditures	2,500	2,500	0	2,500
Total Public Health and Welfare	<u>156,651</u>	<u>156,651</u>	<u>133,209</u>	<u>23,442</u>
Culture and Recreation:				
Parks:				
Administration:				
Personal Services	125,966	127,395	121,531	5,864
All Other Expenditures	10,734	10,659	10,119	540
Parks Systems:				
Personal Services	293,068	300,787	283,218	17,569
All Other Expenditures	90,969	90,969	85,452	5,517

(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, 2009***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Building Maintenance:				
All Other Expenditures	19,159	20,976	18,508	2,468
Morse Avenue Community Center:				
All Other Expenditures	13,400	13,401	11,429	1,972
Recreation Activities:				
Personal Services	165,046	167,642	161,230	6,412
All Other Expenditures	35,648	35,448	32,772	2,676
Other Leisure Time Activities:				
Senior Citizens Center:				
All Other Expenditures	25,000	25,000	25,000	0
Community Functions:				
All Other Expenditures	37,500	37,500	30,895	6,605
Total Culture and Recreation	<u>816,490</u>	<u>829,777</u>	<u>780,154</u>	<u>49,623</u>
Community Environment:				
Community Planning and Zoning:				
Planning Commission:				
Personal Services	3,451	3,451	1,570	1,881
All Other Expenditures	2,585	2,585	1,078	1,507
Demolition:				
All Other Expenditures	7,750	7,150	0	7,150
Planning and Development:				
Personal Services	32,992	33,408	30,572	2,836
All Other Expenditures	11,371	6,077	4,199	1,878
Housing and Building Code Enforcement:				
Code Enforcement:				
Personal Services	326,195	324,526	307,792	16,734
All Other Expenditures	23,807	23,807	17,507	6,300

(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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Tree Care and Weed Control:				
Tree Care:				
All Other Expenditures	3,267	3,267	25	3,242
Weed Control:				
All Other Expenditures	11,402	13,888	13,485	403
Total Community Environment	<u>422,820</u>	<u>418,159</u>	<u>376,228</u>	<u>41,931</u>
Debt Service:				
Principal Retirement	100,354	100,354	99,519	835
Interest and Fiscal Charges	21,731	21,833	21,365	468
Total Expenditures	<u>14,026,200</u>	<u>14,032,054</u>	<u>12,922,713</u>	<u>1,109,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,307,613)	(1,313,467)	(270,914)	1,042,553
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	2,000	2,000	7,965	5,965
Sale of General Obligation Notes	240,350	240,350	240,350	0
Transfers In	1,020,000	1,020,000	852,749	(167,251)
Transfers Out	(526,250)	(906,250)	(819,400)	86,850
Advances Out	(260,600)	(260,600)	(260,590)	10
Total Other Financing Sources (Uses)	<u>475,500</u>	<u>95,500</u>	<u>21,074</u>	<u>(74,426)</u>
Net Change in Fund Balance	(832,113)	(1,217,967)	(249,840)	968,127
Fund Balance at Beginning of Year	4,478,232	4,478,232	4,478,232	0
Prior Year Encumbrances	650,317	650,317	650,317	0
Fund Balance at End of Year	<u>\$ 4,296,436</u>	<u>\$ 3,910,582</u>	<u>\$ 4,878,709</u>	<u>\$ 968,127</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 640,000	\$ 640,000	\$ 680,058	\$ 40,058
All Other Revenues	0	0	3,399	3,399
Total Revenues	640,000	640,000	683,457	43,457
<b>Expenditures:</b>				
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	94,455	122,638	116,901	5,737
Street Construction and Reconstruction:				
Personal Service	284,399	285,793	271,720	14,073
Capital Outlay	945,174	948,274	870,739	77,535
Street Maintenance and Repair:				
All Other Expenditures	53,732	50,332	45,035	5,297
Snow and Ice Removal:				
All Other Expenditures	317,182	300,728	297,989	2,739
Debt Service:				
Principal Retirement	1,212,472	1,221,229	1,221,215	14
Interest Charges	103,757	82,176	82,172	4
Total Expenditures	3,011,171	3,011,170	2,905,771	105,399
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,371,171)	(2,371,170)	(2,222,314)	148,856
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	1,021,235	1,021,235	1,021,233	(2)
Premiums on Debt Issuances	0	0	757	757
Transfers In	92,000	92,000	297,181	205,181
Total Other Financing Sources (Uses)	1,113,235	1,113,235	1,319,171	205,936
Net Changes in Fund Balance	(1,257,936)	(1,257,935)	(903,143)	354,792
Fund Balance at Beginning of Year	1,359,769	1,359,769	1,359,769	0
Prior Year Encumbrances	629,797	629,797	629,797	0
Fund Balance at End of Year	\$ 731,630	\$ 731,631	\$ 1,086,423	\$ 354,792

**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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	5,651,230	5,651,230	654,866	4,996,364
Debt Service:				
Principal Retirement	2,352,082	2,352,082	2,350,000	2,082
Interest and Fiscal Charges	55,275	55,275	55,072	203
Total Expenditures	<u>8,058,587</u>	<u>8,058,587</u>	<u>3,059,938</u>	<u>4,998,649</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,058,587)	(8,058,587)	(3,059,938)	4,998,649
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	8,350,000	8,350,000	2,394,000	(5,956,000)
Transfers In	0	0	454,000	454,000
Total Other Financing Sources (Uses)	<u>8,350,000</u>	<u>8,350,000</u>	<u>2,848,000</u>	<u>(5,502,000)</u>
Net Change in Fund Balance	291,413	291,413	(211,938)	(503,351)
Fund Balance at Beginning of Year	313,867	313,867	313,867	0
Prior Year Encumbrances	651,230	651,230	651,230	0
Fund Balance at End of Year	<u>\$ 1,256,510</u>	<u>\$ 1,256,510</u>	<u>\$ 753,159</u>	<u>\$ (503,351)</u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 44,960	\$ 44,960	\$ 51,631	\$ 6,671
Total Revenues	<u>44,960</u>	<u>44,960</u>	<u>51,631</u>	<u>6,671</u>
<b>Expenditures:</b>				
Highways and Streets:				
State Highway Maintenance:				
All Other Expenditures	<u>52,141</u>	<u>52,142</u>	<u>52,142</u>	<u>0</u>
Total Expenditures	<u>52,141</u>	<u>52,142</u>	<u>52,142</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,181)	(7,182)	(511)	6,671
Fund Balance at Beginning of Year	64,384	64,384	64,384	0
Prior Year Encumbrances	<u>12,141</u>	<u>12,141</u>	<u>12,141</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 69,344</u>	<u>\$ 69,343</u>	<u>\$ 76,014</u>	<u>\$ 6,671</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, 2009**

	CEMETERIES FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Charges for Services	\$ 153,700	\$ 153,700	\$ 119,891	\$ (33,809)
All Other Revenues	0	0	20	20
Total Revenues	<u>153,700</u>	<u>153,700</u>	<u>119,911</u>	<u>(33,789)</u>
<b>Expenditures:</b>				
Public Health and Welfare:				
Cemeteries:				
Administration:				
Personal Services	263,383	300,967	282,629	18,338
All Other Expenditures	18,239	9,849	8,917	932
Evergreen/Riverside Cemeteries:				
Personal Services	203,481	193,601	183,028	10,573
All Other Expenditures	36,656	35,431	34,940	491
Building Maintenance:				
All Other Expenditures	16,022	14,934	13,612	1,322
Total Expenditures	<u>537,781</u>	<u>554,782</u>	<u>523,126</u>	<u>31,656</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(384,081)	(401,082)	(403,215)	(2,133)
<b>Other Financing Sources (Uses):</b>				
Transfers In	365,000	365,000	382,693	17,693
Total Other Financing Sources (Uses)	<u>365,000</u>	<u>365,000</u>	<u>382,693</u>	<u>17,693</u>
Net Change in Fund Balance	(19,081)	(36,082)	(20,522)	15,560
Fund Balance at Beginning of Year	232,741	232,741	232,741	0
Prior Year Encumbrances	19,141	19,141	19,141	0
Fund Balance at End of Year	<u>\$ 232,801</u>	<u>\$ 215,800</u>	<u>\$ 231,360</u>	<u>\$ 15,560</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, 2009***

<b>POLICE PENSION TRANSFER FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$ 72,606	\$ 72,606	\$ 72,715	\$ 109
Intergovernmental Revenues	18,250	18,250	17,938	(312)
Total Revenues	<u>90,856</u>	<u>90,856</u>	<u>90,653</u>	<u>(203)</u>
<b>Expenditures:</b>				
Public Safety:				
Police:				
Law-Enforcement-Sworn Officer:				
Personal Services	87,131	87,131	87,131	0
All Other Expenditures	1,200	1,200	1,019	181
Total Expenditures	<u>88,331</u>	<u>88,331</u>	<u>88,150</u>	<u>181</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,525	2,525	2,503	(22)
<b>Other Financing Sources (Uses):</b>				
Sale of General Obligation Bonds	2,525	2,525	0	(2,525)
Total Other Financing Sources (Uses)	<u>2,525</u>	<u>2,525</u>	<u>0</u>	<u>(2,525)</u>
Net Changes in Fund Balance	5,050	5,050	2,503	(2,547)
Fund Balance at Beginning of Year	13,268	13,268	13,268	0
Fund Balance at End of Year	<u>\$ 18,318</u>	<u>\$ 18,318</u>	<u>\$ 15,771</u>	<u>\$ (2,547)</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, 2009**

<b>FIRE PENSION TRANSFER FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$ 72,606	\$ 72,606	\$ 72,715	\$ 109
Intergovernmental Revenues	18,250	18,250	17,938	(312)
Total Revenues	<u>90,856</u>	<u>90,856</u>	<u>90,653</u>	<u>(203)</u>
<b>Expenditures:</b>				
Public Safety:				
Fire:				
Fire Fighting, Prevention, Inspection:				
Personal Services	87,131	87,131	87,131	0
All Other Expenditures	1,200	1,200	1,002	198
Total Expenditures	<u>88,331</u>	<u>88,331</u>	<u>88,133</u>	<u>198</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,525	2,525	2,520	(5)
Fund Balance at Beginning of Year	13,271	13,271	13,271	0
Fund Balance at End of Year	<u>\$ 15,796</u>	<u>\$ 15,796</u>	<u>\$ 15,791</u>	<u>\$ (5)</u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 20,000	\$ 20,000	\$ 15,154	\$ (4,846)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>15,154</u>	<u>(4,846)</u>
<b>Expenditures:</b>				
Public Safety:				
Police:				
Law-Enforcement-Other:				
All Other Expenditures	22,000	22,000	15,264	6,736
Total Expenditures	<u>22,000</u>	<u>22,000</u>	<u>15,264</u>	<u>6,736</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000)	(2,000)	(110)	1,890
Fund Balance at Beginning of Year	15,478	15,478	15,478	0
Prior Year Encumbrances	2,000	2,000	2,000	0
Fund Balance at End of Year	<u>\$ 15,478</u>	<u>\$ 15,478</u>	<u>\$ 17,368</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 Special Revenue Funds  
For the Year Ended December 31, 2009***

<b>MUNICIPAL MOTOR VEHICLE LICENSE TAX FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 31,000	\$ 31,000	\$ 33,335	\$ 2,335
Total Revenues	<u>31,000</u>	<u>31,000</u>	<u>33,335</u>	<u>2,335</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,000	31,000	33,335	2,335
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>0</u>
Net Change in Fund Balance	1,000	1,000	3,335	2,335
Fund Balance at Beginning of Year	<u>6,577</u>	<u>6,577</u>	<u>6,577</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,577</u>	<u>\$ 7,577</u>	<u>\$ 9,912</u>	<u>\$ 2,335</u>

**CITY OF PAINESVILLE, OHIO**

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***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, 2009***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 24,000	\$ 24,000	\$ 30,921	\$ 6,921
Total Revenues	<u>24,000</u>	<u>24,000</u>	<u>30,921</u>	<u>6,921</u>
<b>Expenditures:</b>				
General Government:				
All Other Expenditures	<u>58,626</u>	<u>58,626</u>	<u>53,360</u>	<u>5,266</u>
Total Expenditures	<u>58,626</u>	<u>58,626</u>	<u>53,360</u>	<u>5,266</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,626)	(34,626)	(22,439)	12,187
Fund Balance at Beginning of Year	92,725	92,725	92,725	0
Prior Year Encumbrances	<u>28,626</u>	<u>28,626</u>	<u>28,626</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 86,725</u>	<u>\$ 86,725</u>	<u>\$ 98,912</u>	<u>\$ 12,187</u>

**CITY OF PAINESVILLE, OHIO**

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***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, 2009***

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<b>ENFORCEMENT AND EDUCATION FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 1,200	\$ 1,200	\$ 1,354	\$ 154
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>1,354</u>	<u>154</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,200	1,200	1,354	154
Fund Balance at Beginning of Year	<u>44,319</u>	<u>44,319</u>	<u>44,319</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 45,519</u>	<u>\$ 45,519</u>	<u>\$ 45,673</u>	<u>\$ 154</u>

**CITY OF PAINESVILLE, OHIO**

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***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, 2009***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 64,000	\$ 64,000	\$ 66,670	\$ 2,670
Total Revenues	<u>64,000</u>	<u>64,000</u>	<u>66,670</u>	<u>2,670</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,000	64,000	66,670	2,670
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(62,000)</u>	<u>(62,000)</u>	<u>(62,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(62,000)</u>	<u>(62,000)</u>	<u>(62,000)</u>	<u>0</u>
Net Change in Fund Balance	2,000	2,000	4,670	2,670
Fund Balance at Beginning of Year	13,926	13,926	13,926	0
Fund Balance at End of Year	<u>\$ 15,926</u>	<u>\$ 15,926</u>	<u>\$ 18,596</u>	<u>\$ 2,670</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, 2009**

	<b>FIRE LEVY FUND</b>			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$ 102,853	\$ 102,853	\$ 102,709	\$ (144)
Intergovernmental Revenues	17,750	17,750	17,389	(361)
Investment Earnings	0	0	11	11
Total Revenues	<u>120,603</u>	<u>120,603</u>	<u>120,109</u>	<u>(494)</u>
<b>Expenditures:</b>				
Public Safety:				
Fire Fighting, Prevention, Inspection:				
All Other Expenditures	1,950	1,332	1,332	0
Fire Service - Other:				
All Other Expenditures	28,194	28,195	26,891	1,304
Capital Outlay	195,332	194,000	192,386	1,614
Debt Service:				
Principal Retirement	177,870	181,737	148,225	33,512
Interest and Fiscal Charges	34,367	26,450	21,679	4,771
Total Expenditures	<u>437,713</u>	<u>431,714</u>	<u>390,513</u>	<u>41,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(317,110)	(311,111)	(270,404)	40,707
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	1,780	1,780
General Obligation Notes Issued	221,250	221,250	220,990	(260)
Premiums on Debt Issuances	0	0	176	176
Transfers In	1,185	1,185	1,185	0
Total Other Financing Sources (Uses)	<u>222,435</u>	<u>222,435</u>	<u>224,131</u>	<u>1,696</u>
Net Changes in Fund Balance	(94,675)	(88,676)	(46,273)	42,403
Fund Balance at Beginning of Year	284,961	284,961	284,961	0
Prior Year Encumbrances	11,898	11,898	11,898	0
Fund Balance at End of Year	<u>\$ 202,184</u>	<u>\$ 208,183</u>	<u>\$ 250,586</u>	<u>\$ 42,403</u>

**CITY OF PAINESVILLE, OHIO**

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***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, 2009***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Highways and Streets:				
All Other Expenditures	1,000	1,000	250	750
Total Expenditures	1,000	1,000	250	750
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(1,000)	(250)	750
<b>Other Financing Sources (Uses):</b>				
Transfers In	3,750	3,750	3,750	0
Total Other Financing Sources (Uses)	3,750	3,750	3,750	0
Net Change in Fund Balance	2,750	2,750	3,500	750
Fund Balance at Beginning of Year	1,423	1,423	1,423	0
Fund Balance at End of Year	\$ 4,173	\$ 4,173	\$ 4,923	\$ 750

**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, 2009***

<b>PROBATION SERVICES FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 120,000	\$ 120,000	\$ 114,392	\$ (5,608)
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>114,392</u>	<u>(5,608)</u>
<b>Expenditures:</b>				
General Government:				
Probation:				
Personal Services	90,102	94,800	92,914	1,886
All Other Expenditures	<u>42,584</u>	<u>39,836</u>	<u>35,004</u>	<u>4,832</u>
Total Expenditures	<u>132,686</u>	<u>134,636</u>	<u>127,918</u>	<u>6,718</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,686)	(14,636)	(13,526)	1,110
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>
Net Change in Fund Balance	(12,686)	(14,636)	(8,526)	6,110
Fund Balance at Beginning of Year	95,036	95,036	95,036	0
Prior Year Encumbrances	5,891	5,891	5,891	0
Fund Balance at End of Year	<u>\$ 88,241</u>	<u>\$ 86,291</u>	<u>\$ 92,401</u>	<u>\$ 6,110</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, 2009***

COPS FAST GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 40,000	\$ 40,000	\$ 10,530	\$ (29,470)
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>10,530</u>	<u>(29,470)</u>
<b>Expenditures:</b>				
Public Safety:				
Law Enforcement-Sworn Officers:				
Personal Services	<u>37,635</u>	<u>36,560</u>	<u>7,006</u>	<u>29,554</u>
Law Enforcement-Other:				
All Other Expenditures	<u>3,440</u>	<u>3,440</u>	<u>3,440</u>	<u>0</u>
Total Expenditures	<u>41,075</u>	<u>40,000</u>	<u>10,446</u>	<u>29,554</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,075)	0	84	84
Fund Balance at Beginning of Year	<u>1,075</u>	<u>1,075</u>	<u>1,075</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 1,075</u>	<u>\$ 1,159</u>	<u>\$ 84</u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 5,000	\$ 5,000	\$ 120	\$ (4,880)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>120</u>	<u>(4,880)</u>
<b>Expenditures:</b>				
Culture and Recreation:				
All Other Expenditures	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	120	120
Fund Balance at Beginning of Year	<u>457</u>	<u>457</u>	<u>457</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 457</u>	<u>\$ 457</u>	<u>\$ 577</u>	<u>\$ 120</u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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	FIRE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 2,500	\$ 2,500	\$ 0	\$ (2,500)
All Other Revenues	9,000	9,000	5,190	(3,810)
Total Revenues	<u>11,500</u>	<u>11,500</u>	<u>5,190</u>	<u>(6,310)</u>
<b>Expenditures:</b>				
Public Safety:				
All Other Expenditures	<u>19,086</u>	<u>19,086</u>	<u>18,443</u>	<u>643</u>
Total Expenditures	<u>19,086</u>	<u>19,086</u>	<u>18,443</u>	<u>643</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,586)	(7,586)	(13,253)	(5,667)
Fund Balance at Beginning of Year	20,248	20,248	20,248	0
Prior Year Encumbrances	<u>886</u>	<u>886</u>	<u>886</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,548</u>	<u>\$ 13,548</u>	<u>\$ 7,881</u>	<u>\$ (5,667)</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, 2009**

<b>FEDERAL EMERGENCY MANAGEMENT AGENCY FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Public Safety:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0	(104,048)	(104,048)	0
Total Other Financing Sources (Uses)	0	(104,048)	(104,048)	0
Net Change in Fund Balance	0	(104,048)	(104,048)	0
Fund Balance at Beginning of Year	104,048	104,048	104,048	0
Fund Balance at End of Year	\$ 104,048	\$ 0	\$ 0	\$ 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, 2009**

	EMERGENCY MEDICAL SERVICES FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Charges for Services	\$ 485,000	\$ 485,000	\$ 412,662	\$ (72,338)
Total Revenues	<u>485,000</u>	<u>485,000</u>	<u>412,662</u>	<u>(72,338)</u>
<b>Expenditures:</b>				
Public Safety:				
Personal Services	314,962	320,668	278,611	42,057
All Other Expenditures	66,269	60,563	54,366	6,197
Capital Outlay	<u>171,000</u>	<u>171,000</u>	<u>168,064</u>	<u>2,936</u>
Debt Service				
Principal Retirement	3,480	3,480	3,478	2
Interest and Fiscal Charges	<u>402</u>	<u>402</u>	<u>401</u>	<u>1</u>
Total Expenditures	<u>556,113</u>	<u>556,113</u>	<u>504,920</u>	<u>51,193</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,113)	(71,113)	(92,258)	(21,145)
Fund Balance at Beginning of Year	417,333	417,333	417,333	0
Prior Year Encumbrances	<u>29,072</u>	<u>29,072</u>	<u>29,072</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 375,292</u>	<u>\$ 375,292</u>	<u>\$ 354,147</u>	<u>\$ (21,145)</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, 2009***

**MUNICIPAL COURT COMPUTERIZATION FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 93,000	\$ 93,000	\$ 88,248	\$ (4,752)
Total Revenues	<u>93,000</u>	<u>93,000</u>	<u>88,248</u>	<u>(4,752)</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	82,449	88,025	81,196	6,829
All Other Expenditures	45,611	40,034	26,600	13,434
Capital Outlay	<u>22,792</u>	<u>22,792</u>	<u>21,117</u>	<u>1,675</u>
Debt Service				
Principal Retirement	2,903	2,903	2,903	0
Interest and Fiscal Charges	<u>230</u>	<u>230</u>	<u>230</u>	<u>0</u>
Total Expenditures	<u>153,985</u>	<u>153,984</u>	<u>132,046</u>	<u>21,938</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,985)	(60,984)	(43,798)	17,186
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>0</u>	<u>0</u>	<u>3,785</u>	<u>3,785</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>3,785</u>	<u>3,785</u>
Net Change in Fund Balance	(60,985)	(60,984)	(40,013)	20,971
Fund Balance at Beginning of Year	74,407	74,407	74,407	0
Prior Year Encumbrances	<u>19,352</u>	<u>19,352</u>	<u>19,352</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 32,774</u></u>	<u><u>\$ 32,775</u></u>	<u><u>\$ 53,746</u></u>	<u><u>\$ 20,971</u></u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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<b>SHAMROCK BUSINESS CENTER TIF FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$ 363,707	\$ 363,707	\$ 363,708	\$ 1
Total Revenues	<u>363,707</u>	<u>363,707</u>	<u>363,708</u>	<u>1</u>
<b>Expenditures:</b>				
General Government:				
All Other Expenditures	0	36,371	36,371	0
Total Expenditures	<u>0</u>	<u>36,371</u>	<u>36,371</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	363,707	327,336	327,337	1
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 363,707</u>	<u>\$ 327,336</u>	<u>\$ 327,337</u>	<u>\$ 1</u>

**CITY OF PAINESVILLE, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

<b>BROWNFIELD GRANT FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 195,000	\$ 195,000	\$ 94,633	\$ (100,367)
Total Revenues	<u>195,000</u>	<u>195,000</u>	<u>94,633</u>	<u>(100,367)</u>
<b>Expenditures:</b>				
General Government:				
All Other Expenditures	210,127	210,127	105,531	104,596
Total Expenditures	<u>210,127</u>	<u>210,127</u>	<u>105,531</u>	<u>104,596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,127)	(15,127)	(10,898)	4,229
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	15,127	15,127	15,127	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,229</u>	<u>\$ 4,229</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, 2009**

	PLAN REVIEW FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
All Other Revenues	\$ 70,000	\$ 70,000	\$ 0	\$ (70,000)
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>0</u>	<u>(70,000)</u>
<b>Expenditures:</b>				
Public Safety:				
All Other Expenditures	70,000	70,000	44,978	25,022
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>44,978</u>	<u>25,022</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(44,978)	(44,978)
Fund Balance at Beginning of Year	31,204	31,204	31,204	0
Prior Year Encumbrances	72,879	72,879	72,879	0
Fund Balance at End of Year	<u>\$ 104,083</u>	<u>\$ 104,083</u>	<u>\$ 59,105</u>	<u>\$ (44,978)</u>

**CITY OF PAINESVILLE, OHIO**

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***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, 2009***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 400	\$ 400	\$ 451	\$ 51
Total Revenues	<u>400</u>	<u>400</u>	<u>451</u>	<u>51</u>
<b>Expenditures:</b>				
Public Safety:				
All Other Expenditures	<u>400</u>	<u>400</u>	<u>327</u>	<u>73</u>
Total Expenditures	<u>400</u>	<u>400</u>	<u>327</u>	<u>73</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	124	124
Fund Balance at Beginning of Year	8,970	8,970	8,970	0
Prior Year Encumbrances	<u>20</u>	<u>20</u>	<u>20</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,990</u>	<u>\$ 8,990</u>	<u>\$ 9,114</u>	<u>\$ 124</u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 0	\$ (1,000)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>(1,000)</u>
<b>Expenditures:</b>				
Public Safety:				
All Other Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>89</u>	<u>89</u>	<u>89</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 89</u>	<u>\$ 89</u>	<u>\$ 89</u>	<u>\$ 0</u>

**CITY OF PAINESVILLE, OHIO**

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***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, 2009***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 5,000	\$ 5,000	\$ 2,339	\$ (2,661)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>2,339</u>	<u>(2,661)</u>
<b>Expenditures:</b>				
Public Safety:				
All Other Expenditures	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	2,339	1,339
Fund Balance at Beginning of Year	<u>12,211</u>	<u>12,211</u>	<u>12,211</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,211</u>	<u>\$ 13,211</u>	<u>\$ 14,550</u>	<u>\$ 1,339</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, 2009**

	GENERAL BOND RETIREMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$ 63,152	\$ 63,152	\$ 58,246	\$ (4,906)
Intergovernmental Revenues	14,600	14,600	14,351	(249)
Total Revenues	<u>77,752</u>	<u>77,752</u>	<u>72,597</u>	<u>(5,155)</u>
<b>Expenditures:</b>				
General Government:				
All Other Expenditures	0	795	794	1
Debt Service Function:				
Debt Service:				
Principal Retirement	70,000	70,000	70,000	0
Interest and Fiscal Charges	<u>2,280</u>	<u>2,325</u>	<u>2,314</u>	<u>11</u>
Total Expenditures	<u>72,280</u>	<u>73,120</u>	<u>73,108</u>	<u>12</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,472	4,632	(511)	(5,143)
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	61,500	61,500	20,241	(41,259)
Premiums on Debt Issuance	<u>0</u>	<u>0</u>	<u>18</u>	<u>18</u>
Total Other Financing Sources (Uses)	<u>61,500</u>	<u>61,500</u>	<u>20,259</u>	<u>(41,241)</u>
Net Change in Fund Balance	66,972	66,132	19,748	(46,384)
Fund Balance at Beginning of Year	<u>26,944</u>	<u>26,944</u>	<u>26,944</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 93,916</u>	<u>\$ 93,076</u>	<u>\$ 46,692</u>	<u>\$ (46,384)</u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Special Assessments	\$ 217,000	\$ 217,000	\$ 104,844	\$ (112,156)
Total Revenues	<u>217,000</u>	<u>217,000</u>	<u>104,844</u>	<u>(112,156)</u>
<b>Expenditures:</b>				
General Government				
All Other Expenditures	20,000	20,000	17,389	2,611
Debt Service Function:				
Debt Service - Unvoted:				
Debt Service:				
Principal Retirement	36,000	36,000	36,000	0
Interest and Fiscal Charges	<u>46,736</u>	<u>46,736</u>	<u>46,735</u>	<u>1</u>
Total Expenditures	<u>102,736</u>	<u>102,736</u>	<u>100,124</u>	<u>2,612</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	114,264	114,264	4,720	(109,544)
Fund Balance at Beginning of Year	<u>156,873</u>	<u>156,873</u>	<u>156,873</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 271,137</u>	<u>\$ 271,137</u>	<u>\$ 161,593</u>	<u>\$ (109,544)</u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
<b>Other Financing Sources (Uses):</b>				
Advances In	260,600	260,600	260,590	(10)
Advances Out	(260,600)	(260,600)	(260,590)	10
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, 2009***

	MUNICIPAL COURT IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 40,000	\$ 40,000	\$ 37,692	\$ (2,308)
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>37,692</u>	<u>(2,308)</u>
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	55,000	55,000	55,000	0
Interest and Fiscal Charges	<u>6,843</u>	<u>6,843</u>	<u>6,842</u>	<u>1</u>
Total Expenditures	<u>61,843</u>	<u>61,843</u>	<u>61,842</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,843)	(21,843)	(24,150)	(2,307)
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>0</u>	<u>0</u>	<u>30,000</u>	<u>30,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>30,000</u>	<u>30,000</u>
Net Change in Fund Balance	(21,843)	(21,843)	5,850	27,693
Fund Balance at Beginning of Year	<u>31,327</u>	<u>31,327</u>	<u>31,327</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,484</u>	<u>\$ 9,484</u>	<u>\$ 37,177</u>	<u>\$ 27,693</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, 2009**

CAPITAL EQUIPMENT RESERVE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
General Government:				
Accounting:				
Capital Outlay	2,262	2,262	2,178	84
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
All Other Expenditures	1,000	1,000	0	1,000
Total General Government	3,262	3,262	2,178	1,084
Public Safety:				
Police:				
Law Enforcement - Sworn Officers:				
Capital Outlay	10,000	10,000	10,000	0
Law Enforcement - Other:				
Capital Outlay	159	159	0	159
Total Public Safety	10,159	10,159	10,000	159
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	197,293	197,293	191,465	5,828
Equipment Maintenance:				
Capital Outlay	45,000	45,000	38,772	6,228
Total Highways and Streets	242,293	242,293	230,237	12,056
Culture and Recreation:				
Recreation Activities:				
All Other Expenditures	590	590	589	1
Capital Outlay	4,410	4,410	0	4,410
Total Culture and Recreation	5,000	5,000	589	4,411
Planning and Development:				
Capital Outlay	30,000	30,000	27,141	2,859

(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, 2009***

<b>CAPITAL EQUIPMENT RESERVE FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Housing and Building Code Enforcement:				
Code Enforcement:				
Capital Outlay	7,000	7,000	5,910	1,090
Total Community Environment	37,000	37,000	33,051	3,949
Debt Service:				
Principal Retirement	90,399	90,399	74,202	16,197
Interest and Fiscal Charges	8,033	8,033	5,853	2,180
Total Expenditures	396,146	396,146	356,110	40,036
Excess (Deficiency) of Revenues Over (Under) Expenditures	(396,146)	(396,146)	(356,110)	40,036
<b>Other Financing Sources (Uses):</b>				
Transfers In	25,000	25,000	25,000	0
Total Other Financing Sources (Uses)	25,000	25,000	25,000	0
Net Change in Fund Balance	(371,146)	(371,146)	(331,110)	40,036
Fund Balance at Beginning of Year	682,490	682,490	682,490	0
Prior Year Encumbrances	3,979	3,979	3,979	0
Fund Balance at End of Year	<u>\$ 315,323</u>	<u>\$ 315,323</u>	<u>\$ 355,359</u>	<u>\$ 40,036</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, 2009**

<b>CAPITAL IMPROVEMENT FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 1,105,000	\$ 1,105,000	\$ 0	\$ (1,105,000)
Total Revenues	<u>1,105,000</u>	<u>1,105,000</u>	<u>0</u>	<u>(1,105,000)</u>
<b>Expenditures:</b>				
General Government:				
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
Capital Outlay	50,000	50,000	50,000	0
Total General Government	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Public Safety:				
Fire:				
Fire Fighting, Prevention and Inspection:				
Capital Outlay	38,347	38,347	36,445	1,902
Total Public Safety	<u>38,347</u>	<u>38,347</u>	<u>36,445</u>	<u>1,902</u>
Culture and Recreation:				
Recreation Activities:				
Capital Outlay	1,190,681	1,190,681	406,397	784,284
Total Culture and Recreation	<u>1,190,681</u>	<u>1,190,681</u>	<u>406,397</u>	<u>784,284</u>
Community Environment:				
Community Planning and Zoning:				
Planning and Development:				
Capital Outlay	93,500	93,500	93,500	0
Total Community Environment	<u>93,500</u>	<u>93,500</u>	<u>93,500</u>	<u>0</u>
Total Expenditures	<u>1,372,528</u>	<u>1,372,528</u>	<u>586,342</u>	<u>786,186</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(267,528)	(267,528)	(586,342)	(318,814)

(Continued)

**CITY OF PAINESVILLE, OHIO**

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***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, 2009***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Other Financing Sources (Uses):</b>				
Transfers In	25,000	25,000	25,000	0
Total Other Financing Sources (Uses)	25,000	25,000	25,000	0
Net Change in Fund Balance	(242,528)	(242,528)	(561,342)	(318,814)
Fund Balance at Beginning of Year	676,941	676,941	676,941	0
Prior Year Encumbrances	154,028	154,028	154,028	0
Fund Balance at End of Year	<u>\$ 588,441</u>	<u>\$ 588,441</u>	<u>\$ 269,627</u>	<u>\$ (318,814)</u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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<b>JACKSON STREET INTERCHANGE PROJECT FUND</b>				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 450,000	\$ 450,000	\$ 0	\$ (450,000)
Total Revenues	450,000	450,000	0	(450,000)
<b>Expenditures:</b>				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	450,000	450,000	18,195	431,805
Total Expenditures	450,000	450,000	18,195	431,805
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(18,195)	(18,195)
Fund Balance at Beginning of Year	134,910	134,910	134,910	0
Fund Balance at End of Year	\$ 134,910	\$ 134,910	\$ 116,715	\$ (18,195)

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	9,000	9,000	9,000	0
Interest and Fiscal Charges	7,225	7,225	7,225	0
Total Expenditures	16,225	16,225	16,225	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,225)	(16,225)	(16,225)	0
Fund Balance at Beginning of Year	50,582	50,582	50,582	0
Fund Balance at End of Year	\$ 34,357	\$ 34,357	\$ 34,357	\$ 0

**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, 2009**

**MUNICIPAL COURT SPECIAL PROJECTS FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 115,000	\$ 115,000	\$ 108,809	\$ (6,191)
Total Revenues	<u>115,000</u>	<u>115,000</u>	<u>108,809</u>	<u>(6,191)</u>
<b>Expenditures:</b>				
General Government:				
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	11,638	11,638	1,797	9,841
All Other Expenditures	22,906	22,906	8,856	14,050
Capital Outlay	42,728	42,728	39,948	2,780
Clerk of Court:				
Personal Services	15,126	15,126	5,345	9,781
All Other Expenditures	23,665	23,665	12,867	10,798
Probation:				
Personal Services	875	875	195	680
All Other Expenditures	10,000	10,000	10,000	0
Total General Government	<u>126,938</u>	<u>126,938</u>	<u>79,008</u>	<u>47,930</u>
Total Expenditures	<u>126,938</u>	<u>126,938</u>	<u>79,008</u>	<u>47,930</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,938)	(11,938)	29,801	41,739
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0	(30,000)	(30,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>0</u>
Net Change in Fund Balance	(11,938)	(41,938)	(199)	41,739
Fund Balance at Beginning of Year	277,219	277,219	277,219	0
Prior Year Encumbrances	26,764	26,764	26,764	0
Fund Balance at End of Year	<u>\$ 292,045</u>	<u>\$ 262,045</u>	<u>\$ 303,784</u>	<u>\$ 41,739</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, 2009***

<b>MILLSTONE ACQUISITION FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
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>
<b>Expenditures:</b>				
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	3,534,000	3,534,000	150	3,533,850
Total Highways and Streets	<u>3,534,000</u>	<u>3,534,000</u>	<u>150</u>	<u>3,533,850</u>
Community Environment:				
Planning and Development:				
All Other Expenditures	245,000	245,000	245,000	0
Total Community Environment	<u>245,000</u>	<u>245,000</u>	<u>245,000</u>	<u>0</u>
Total Expenditures	<u>3,779,000</u>	<u>3,779,000</u>	<u>245,150</u>	<u>3,533,850</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	205,701	205,701	(245,150)	(450,851)
Fund Balance at Beginning of Year	637	637	637	0
Prior Year Encumbrances	245,000	245,000	245,000	0
Fund Balance at End of Year	<u>\$ 451,338</u>	<u>\$ 451,338</u>	<u>\$ 487</u>	<u>\$ (450,851)</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, 2009**

	GRISTMILL FMA ACQUISITION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 346,450	\$ 346,450	\$ 375,744	\$ 29,294
All Other Revenues	168,045	168,045	138,751	(29,294)
Total Revenues	<u>514,495</u>	<u>514,495</u>	<u>514,495</u>	<u>0</u>
<b>Expenditures:</b>				
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	<u>1,662,198</u>	<u>1,777,208</u>	<u>1,776,914</u>	<u>294</u>
Total Highways and Streets	<u>1,662,198</u>	<u>1,777,208</u>	<u>1,776,914</u>	<u>294</u>
Community Environment:				
Planning and Development:				
All Other Expenditures	<u>71</u>	<u>71</u>	<u>0</u>	<u>71</u>
Total Community Environment	<u>71</u>	<u>71</u>	<u>0</u>	<u>71</u>
Total Expenditures	<u>1,662,269</u>	<u>1,777,279</u>	<u>1,776,914</u>	<u>365</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,147,774)	(1,262,784)	(1,262,419)	365
Fund Balance at Beginning of Year	1,439	1,439	1,439	0
Prior Year Encumbrances	<u>1,465,364</u>	<u>1,465,364</u>	<u>1,465,364</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 319,029</u>	<u>\$ 204,019</u>	<u>\$ 204,384</u>	<u>\$ 365</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, 2009**

	GRISTMILL HMGP ACQUISITION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 314,883	\$ 314,883	\$ 313,437	\$ (1,446)
All Other Revenues	60,000	60,000	61,446	1,446
Total Revenues	<u>374,883</u>	<u>374,883</u>	<u>374,883</u>	<u>0</u>
<b>Expenditures:</b>				
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	1,199,817	1,257,706	1,257,201	505
Total Highways and Streets	<u>1,199,817</u>	<u>1,257,706</u>	<u>1,257,201</u>	<u>505</u>
Community Environment:				
Planning and Development:				
All Other Expenditures	71	71	0	71
Total Community Environment	<u>71</u>	<u>71</u>	<u>0</u>	<u>71</u>
Total Expenditures	<u>1,199,888</u>	<u>1,257,777</u>	<u>1,257,201</u>	<u>576</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(825,005)	(882,894)	(882,318)	576
Fund Balance at Beginning of Year	168	168	168	0
Prior Year Encumbrances	1,011,158	1,011,158	1,011,158	0
Fund Balance at End of Year	<u>\$ 186,321</u>	<u>\$ 128,432</u>	<u>\$ 129,008</u>	<u>\$ 576</u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 5,000	\$ 5,000	\$ 3,502	\$ (1,498)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>3,502</u>	<u>(1,498)</u>
<b>Expenditures:</b>				
Public Health and Welfare:				
All Other Expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,870</u>	<u>3,130</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,870</u>	<u>3,130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,632	1,632
Fund Balance at Beginning of Year	<u>82,670</u>	<u>82,670</u>	<u>82,670</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 82,670</u>	<u>\$ 82,670</u>	<u>\$ 84,302</u>	<u>\$ 1,632</u>

**CITY OF PAINESVILLE, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Funds  
For the Year Ended December 31, 2009**

	SPECIAL ENDOWMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Investment Earnings	\$ 2,000	\$ 2,000	\$ 1,457	\$ (543)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,457</u>	<u>(543)</u>
<b>Expenditures:</b>				
Public Health and Welfare:				
All Other Expenditures	2,000	2,000	0	2,000
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,457	1,457
Fund Balance at Beginning of Year	<u>56,887</u>	<u>56,887</u>	<u>56,887</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 56,887</u></u>	<u><u>\$ 56,887</u></u>	<u><u>\$ 58,344</u></u>	<u><u>\$ 1,457</u></u>

**CITY OF PAINESVILLE, OHIO**

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***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, 2009***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 1,500	\$ 1,500	\$ 3,240	\$ 1,740
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>3,240</u>	<u>1,740</u>
<b>Expenditures:</b>				
Public Health and Welfare:				
All Other Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	500	500	3,240	2,740
Fund Balance at Beginning of Year	<u>399,167</u>	<u>399,167</u>	<u>399,167</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 399,667</u>	<u>\$ 399,667</u>	<u>\$ 402,407</u>	<u>\$ 2,740</u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 3,850	\$ 3,850	\$ 8,195	\$ 4,345
Total Revenues	<u>3,850</u>	<u>3,850</u>	<u>8,195</u>	<u>4,345</u>
<b>Expenditures:</b>				
Public Health and Welfare:				
All Other Expenditures	<u>1,000</u>	<u>1,000</u>	<u>480</u>	<u>520</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>480</u>	<u>520</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,850	2,850	7,715	4,865
Fund Balance at Beginning of Year	<u>344,629</u>	<u>344,629</u>	<u>344,629</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 347,479</u>	<u>\$ 347,479</u>	<u>\$ 352,344</u>	<u>\$ 4,865</u>

**CITY OF PAINESVILLE, OHIO**

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**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, 2009**

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<b>SPECIAL ENDOWMENT TRUST FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
All Other Revenues	\$ 1,300	\$ 1,300	\$ 2,385	\$ 1,085
Total Revenues	<u>1,300</u>	<u>1,300</u>	<u>2,385</u>	<u>1,085</u>
<b>Expenditures:</b>				
Public Health and Welfare:				
All Other Expenditures	25	25	0	25
Total Expenditures	<u>25</u>	<u>25</u>	<u>0</u>	<u>25</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,275	1,275	2,385	1,110
Fund Balance at Beginning of Year	311,186	311,186	311,186	0
Fund Balance at End of Year	<u>\$ 312,461</u>	<u>\$ 312,461</u>	<u>\$ 313,571</u>	<u>\$ 1,110</u>

***Nonmajor Enterprise Funds***

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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, 2009**

	Refuse Fund	Off Street Parking Fund	Storm Water Utility Fund	Community Programs Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 7,879	\$ 243,650	\$ 334,205	\$ 420	\$ 586,154
Accounts Receivable (net of allowance for uncollectibles)	0	0	53,086	0	53,086
Prepaid Items	0	3,083	0	0	3,083
Total Current Assets	<u>7,879</u>	<u>246,733</u>	<u>387,291</u>	<u>420</u>	<u>642,323</u>
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	0	3,710	0	0	3,710
Total restricted assets	<u>0</u>	<u>3,710</u>	<u>0</u>	<u>0</u>	<u>3,710</u>
Capital Assets:					
Capital Assets Not Being Depreciated	0	182,400	538,711	0	721,111
Capital Assets Being Depreciated, Net	0	1,026,702	270,681	0	1,297,383
Total Noncurrent Assets	<u>0</u>	<u>1,212,812</u>	<u>809,392</u>	<u>0</u>	<u>2,022,204</u>
Total Assets	<u>7,879</u>	<u>1,459,545</u>	<u>1,196,683</u>	<u>420</u>	<u>2,664,527</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	0	480	500	0	980
Accrued Wages and Benefits	0	3,296	7,510	502	11,308
Refundable Deposits	0	3,710	0	0	3,710
Accrued Interest Payable	0	0	6,321	0	6,321
General Obligation Notes Payable	0	0	403,400	0	403,400
Compensated Absences Payable - Current	0	0	1,016	0	1,016
Total Current Liabilities	<u>0</u>	<u>7,486</u>	<u>418,747</u>	<u>502</u>	<u>426,735</u>
Noncurrent Liabilities:					
Compensated Absences Payable	0	4,668	14,562	0	19,230
Total Noncurrent Liabilities	<u>0</u>	<u>4,668</u>	<u>14,562</u>	<u>0</u>	<u>19,230</u>
<b>Total Liabilities</b>	<u>0</u>	<u>12,154</u>	<u>433,309</u>	<u>502</u>	<u>445,965</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	0	1,209,102	405,992	0	1,615,094
Unrestricted	7,879	238,289	357,382	(82)	603,468
Total Net Assets	<u>\$ 7,879</u>	<u>\$ 1,447,391</u>	<u>\$ 763,374</u>	<u>\$ (82)</u>	<u>\$ 2,218,562</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, 2009**

	Refuse Fund	Off Street Parking Fund	Storm Water Utility Fund	Community Programs Fund	Total Nonmajor Enterprise Funds
<b>Operating Revenues:</b>					
Charges for Services	\$ 559	\$ 54,786	\$ 422,888	\$ 35,482	\$ 513,715
Other Charges for Services	0	0	9,778	0	9,778
Other Operating Revenues	1,349	0	0	13	1,362
<b>Total Operating Revenues</b>	<b>1,908</b>	<b>54,786</b>	<b>432,666</b>	<b>35,495</b>	<b>524,855</b>
<b>Operating Expenses:</b>					
Personal Services	0	56,456	102,923	12,810	172,189
Contractual Services	3,380	71,116	149,576	21,778	245,850
Materials and Supplies	0	7,550	10,450	3,433	21,433
Utilities	0	25,877	0	0	25,877
Depreciation	0	32,783	0	0	32,783
<b>Total Operating Expenses</b>	<b>3,380</b>	<b>193,782</b>	<b>262,949</b>	<b>38,021</b>	<b>498,132</b>
<b>Operating Income (Loss)</b>	<b>(1,472)</b>	<b>(138,996)</b>	<b>169,717</b>	<b>(2,526)</b>	<b>26,723</b>
<b>Non-Operating Revenue (Expenses):</b>					
Interest Income	0	0	246	0	246
Interest and Fiscal Charges	0	0	(9,289)	0	(9,289)
Intergovernmental Grants	0	0	5,000	0	5,000
Other Nonoperating Revenue	0	0	136	0	136
Other Nonoperating Expense	0	0	0	(113)	(113)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>0</b>	<b>0</b>	<b>(3,907)</b>	<b>(113)</b>	<b>(4,020)</b>
<b>Income (Loss) Before Transfers</b>	<b>(1,472)</b>	<b>(138,996)</b>	<b>165,810</b>	<b>(2,639)</b>	<b>22,703</b>
<b>Transfers:</b>					
Transfers-In	0	100,000	0	0	100,000
<b>Total Transfers</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>100,000</b>
<b>Change in Net Assets</b>	<b>(1,472)</b>	<b>(38,996)</b>	<b>165,810</b>	<b>(2,639)</b>	<b>122,703</b>
Net Assets Beginning of Year	9,351	1,486,387	597,564	2,557	2,095,859
<b>Net Assets End of Year</b>	<b>\$ 7,879</b>	<b>\$ 1,447,391</b>	<b>\$ 763,374</b>	<b>\$ (82)</b>	<b>\$ 2,218,562</b>

**CITY OF PAINESVILLE, OHIO**

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended December 31, 2009**

	Refuse Fund	Off-Street Parking Fund	Storm Water Utility Fund	Community Program Fund	Total Nonmajor Enterprise Funds
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$1,908	\$54,924	\$432,711	\$35,495	\$525,038
Cash Payments for Goods and Services	(3,380)	(107,622)	(160,389)	(25,324)	(296,715)
Cash Payments to Employees	0	(56,004)	(100,030)	(14,125)	(170,159)
Net Cash Provided (Used) by Operating Activities	(1,472)	(108,702)	172,292	(3,954)	58,164
<b>Cash Flows from Noncapital Financing Activities:</b>					
Operating Grants Received	0	0	5,000	0	5,000
Transfers In from Other Funds	0	100,000	0	0	100,000
Net Cash Provided for Noncapital Financing Activities	0	100,000	5,000	0	105,000
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Proceeds from General Obligation Notes	0	0	403,400	0	403,400
Premium on Debt Issuances	0	0	246	0	246
Principal Paid on General Obligation Notes	0	0	(332,000)	0	(332,000)
Acquisition and Construction of Assets	0	(67,585)	(232,418)	0	(300,003)
Principal Paid on Capital Leases	0	0	(2,090)	0	(2,090)
Interest Paid on All Debt	0	0	(11,304)	0	(11,304)
Net Cash Used by Capital and Related Financing Activities	0	(67,585)	(174,166)	0	(241,751)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,472)	(76,287)	3,126	(3,954)	(78,587)
Cash and Cash Equivalents at Beginning of Year	9,351	323,647	331,079	4,374	668,451
Cash and Cash Equivalents at End of Year	\$7,879	\$247,360	\$334,205	\$420	\$589,864
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	(\$1,472)	(\$138,996)	\$169,717	(\$2,526)	\$26,723
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	0	32,783	0	0	32,783
Miscellaneous Nonoperating Revenues	0	138	262	0	400
Miscellaneous Nonoperating Expenses	0	0	0	(113)	(113)
Changes in Assets and Liabilities:					
Decrease in Accounts Receivable	0	0	(217)	0	(217)
Increase in Prepaid Items	0	(29)	0	0	(29)
Increase (Decrease) in Accounts Payable	0	(3,050)	(353)	0	(3,403)
Increase in Accrued Wages and Benefits	0	426	1,820	(1,315)	931
Increase in Compensated Absences Payable	0	26	1,063	0	1,089
Total Adjustments	0	30,294	2,575	(1,428)	31,441
Net Cash Provided (Used) by Operating Activities	(\$1,472)	(\$108,702)	\$172,292	(\$3,954)	\$58,164

***Nonmajor Internal Service Funds***

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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**

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**Combining Statement of Net Assets  
Nonmajor Internal Service Funds  
December 31, 2009**

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	<u>Fuel and Oil Rotary Fund</u>	<u>Supplies Rotary Fund</u>	<u>Employee Health Insurance Fund</u>	<u>Workers' Compensation Retrospective Fund</u>	<u>Total</u>
<b>Assets:</b>					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 44,879	\$ 29,581	\$ 18,524	\$ 153,777	\$ 246,761
Inventory of Supplies at Cost	<u>0</u>	<u>34,530</u>	<u>0</u>	<u>0</u>	<u>34,530</u>
<i>Total Current Assets</i>	<u>44,879</u>	<u>64,111</u>	<u>18,524</u>	<u>153,777</u>	<u>281,291</u>
<b>Total Assets</b>	<u>44,879</u>	<u>64,111</u>	<u>18,524</u>	<u>153,777</u>	<u>281,291</u>
<b>Liabilities:</b>					
<i>Current Liabilities:</i>					
Claims Payable	<u>0</u>	<u>0</u>	<u>416,100</u>	<u>521,469</u>	<u>937,569</u>
<i>Total Current Liabilities</i>	<u>0</u>	<u>0</u>	<u>416,100</u>	<u>521,469</u>	<u>937,569</u>
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>416,100</u>	<u>521,469</u>	<u>937,569</u>
<b>Net Assets:</b>					
Unrestricted	<u>44,879</u>	<u>64,111</u>	<u>(397,576)</u>	<u>(367,692)</u>	<u>(656,278)</u>
<b>Total Net Assets</b>	<u>\$ 44,879</u>	<u>\$ 64,111</u>	<u>\$ (397,576)</u>	<u>\$ (367,692)</u>	<u>\$ (656,278)</u>

**CITY OF PAINESVILLE, OHIO**

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**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Nonmajor Internal Service Funds  
For the Year Ended December 31, 2009**

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	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
<b>Operating Revenues:</b>					
Charges for Services	\$ 155,710	\$ 43,834	\$ 2,691,113	\$ 461,589	\$ 3,352,246
<b>Total Operating Revenues</b>	<u>155,710</u>	<u>43,834</u>	<u>2,691,113</u>	<u>461,589</u>	<u>3,352,246</u>
<b>Operating Expenses:</b>					
Personal Services	0	0	2,181,742	544,533	2,726,275
Contractual Services	0	0	449,459	248,730	698,189
Materials and Supplies	221,193	45,166	0	0	266,359
<b>Total Operating Expenses</b>	<u>221,193</u>	<u>45,166</u>	<u>2,631,201</u>	<u>793,263</u>	<u>3,690,823</u>
Operating Income (Loss)	(65,483)	(1,332)	59,912	(331,674)	(338,577)
Transfers In	50,000	0	0	0	50,000
Change in Net Assets	(15,483)	(1,332)	59,912	(331,674)	(288,577)
Net Assets Beginning of Year	60,362	65,443	(457,488)	(36,018)	(367,701)
Net Assets End of Year	<u>\$ 44,879</u>	<u>\$ 64,111</u>	<u>\$ (397,576)</u>	<u>\$ (367,692)</u>	<u>\$ (656,278)</u>

**CITY OF PAINESVILLE, OHIO**

**Combining Statement of Cash Flows  
Nonmajor Internal Service Funds  
For the Year Ended December 31, 2009**

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total Nonmajor Internal Service Funds
<b><u>Cash Flows from Operating Activities:</u></b>					
Cash Receipts from Interfund Services Provided	\$155,710	\$43,834	\$2,691,113	\$461,589	\$3,352,246
Cash Payments for Goods and Services	(221,193)	(45,393)	(460,680)	(284,999)	(1,012,265)
Cash Payments to Employees	0	0	0	(176,590)	(176,590)
Cash Payments for Employee Medical Claims	0	0	(2,230,433)	0	(2,230,433)
Net Cash Used by Operating Activities	(65,483)	(1,559)	0	0	(67,042)
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>					
Transfers In From Other Funds	50,000	0	0	0	50,000
Net Cash Provided for Noncapital Financing Activities	50,000	0	0	0	50,000
Net Decrease in Cash and Cash Equivalents	(15,483)	(1,559)	0	0	(17,042)
Cash and Cash Equivalents at Beginning of Year	60,362	31,140	18,524	153,777	263,803
Cash and Cash Equivalents at End of Year	\$44,879	\$29,581	\$18,524	\$153,777	\$246,761
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u></b>					
Operating Income (Loss)	(\$65,483)	(\$1,332)	\$59,912	(\$331,674)	(\$338,577)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Changes in Assets and Liabilities:					
Increase in Inventory	0	726	0	0	726
Increase (Decrease) in Accounts Payable	0	(953)	(65,612)	0	(66,565)
Increase in Claims Liability	0	0	5,700	331,674	337,374
Total Adjustments	0	(227)	(59,912)	331,674	271,535
Net Cash Provided (Used) by Operating Activities	(\$65,483)	(\$1,559)	\$0	\$0	(\$67,042)

***Fiduciary Funds***

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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***

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**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.

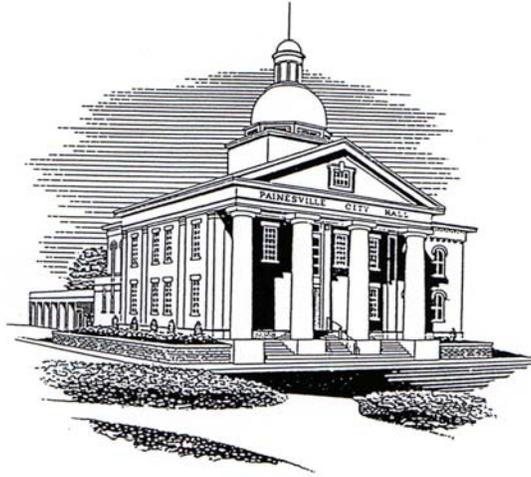
**CITY OF PAINESVILLE, OHIO**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2009**

	Balance January 1, 2009	Additions	Deductions	Balance December 31, 2009
<b>Municipal Court</b>				
Assets:				
Cash and Cash Equivalents	\$51,115	\$0	(\$13,011)	\$38,104
Total Assets	<u>\$51,115</u>	<u>\$0</u>	<u>(\$13,011)</u>	<u>\$38,104</u>
Liabilities:				
Due to Others	\$51,115	\$0	(\$13,011)	\$38,104
Total Liabilities	<u>\$51,115</u>	<u>\$0</u>	<u>(\$13,011)</u>	<u>\$38,104</u>
<b>State Patrol Transfer</b>				
Assets:				
Cash and Cash Equivalents	\$18,284	\$76,429	(\$76,429)	\$18,284
Total Assets	<u>\$18,284</u>	<u>\$76,429</u>	<u>(\$76,429)</u>	<u>\$18,284</u>
Liabilities:				
Due to Others	\$18,284	\$76,429	(\$76,429)	\$18,284
Total Liabilities	<u>\$18,284</u>	<u>\$76,429</u>	<u>(\$76,429)</u>	<u>\$18,284</u>
<b>Electric License</b>				
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>
<b>Land Bank</b>				
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>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and Cash Equivalents	\$81,548	\$76,429	(\$89,440)	\$68,537
Total Assets	<u>\$81,548</u>	<u>\$76,429</u>	<u>(\$89,440)</u>	<u>\$68,537</u>
Liabilities:				
Due to Others	\$81,548	\$76,429	(\$89,440)	\$68,537
Total Liabilities	<u>\$81,548</u>	<u>\$76,429</u>	<u>(\$89,440)</u>	<u>\$68,537</u>

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

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***CITY OF PAINESVILLE, OHIO***

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2009***

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Capital Assets:

Land	\$4,418,434
Buildings and Improvements	5,046,761
Improvements Other than Buildings	6,266,870
Machinery and Equipment	6,334,073
Infrastructure	24,929,303
Construction in Progress	<u>4,571,525</u>
Total Capital Assets	<u><u>\$51,566,966</u></u>

Investment in Capital Assets from:

General Fund	\$7,671,623
Special Revenue Funds	6,748,681
Capital Projects Funds	35,694,510
Enterprise Funds	1,426,341
Expendable Trust Funds	13,920
Gifts	<u>11,891</u>
Total Investment in Capital Assets	<u><u>\$51,566,966</u></u>

**CITY OF PAINESVILLE, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2009**

<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	\$0	\$1,406,944	\$0
Executive:				
City Manager	1,809,729	0	0	0
Information Technology	0	0	0	62,346
Economic Development	0	0	0	0
Finance	0	16,619	47,850	0
Engineering	35,460	0	268,180	0
Buildings and Grounds	332,670	0	2,065,495	6,046
Total General Government	<u>2,177,859</u>	<u>16,619</u>	<u>3,788,469</u>	<u>68,392</u>
Public Safety				
Police	0	0	0	0
Fire	0	23,239	53,810	0
Control Center	0	0	0	0
Total Public Safety	<u>0</u>	<u>23,239</u>	<u>53,810</u>	<u>0</u>
Highways and Streets				
Public Works	<u>155,501</u>	<u>1,648,808</u>	<u>121,290</u>	<u>5,355,125</u>
Public Health and Welfare				
Cemeteries	<u>506,223</u>	<u>0</u>	<u>180,000</u>	<u>56,500</u>
Culture/Recreation				
Parks - Recreation	<u>1,506,011</u>	<u>2,882,859</u>	<u>903,192</u>	<u>786,853</u>
Community Environment				
Community Development	72,840	0	0	0
Code Enforcement	0	0	0	0
Total Community Environment	<u>72,840</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets	<u>\$4,418,434</u>	<u>\$4,571,525</u>	<u>\$5,046,761</u>	<u>\$6,266,870</u>

**CITY OF PAINESVILLE, OHIO**

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<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$152,853	\$0	\$1,559,797
289,785	0	2,099,514
442,222	0	504,568
14,195	0	14,195
46,834	0	111,303
74,194	0	377,834
23,880	0	2,428,091
<u>1,043,963</u>	<u>0</u>	<u>7,095,302</u>
677,861	0	677,861
1,966,750	0	2,043,799
54,498	0	54,498
<u>2,699,109</u>	<u>0</u>	<u>2,776,158</u>
<u>2,034,893</u>	<u>24,929,303</u>	<u>34,244,920</u>
<u>179,145</u>	<u>0</u>	<u>921,868</u>
<u>275,731</u>	<u>0</u>	<u>6,354,646</u>
12,463	0	85,303
88,769	0	88,769
<u>101,232</u>	<u>0</u>	<u>174,072</u>
<u>\$6,334,073</u>	<u>\$24,929,303</u>	<u>\$51,566,966</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, 2009**

Function and Activity	December 31, 2008	Additions	Deletions	December 31, 2009
General Government				
Judicial				
Municipal Court	\$1,533,321	\$26,476	\$0	\$1,559,797
Executive				
City Manager	1,953,115	163,399	(17,000)	2,099,514
Information Technology	480,721	23,847	0	504,568
Economic Development	14,195	0	0	14,195
Finance	87,815	23,488	0	111,303
Engineering	370,524	7,310	0	377,834
Buildings and Grounds	2,428,091	0	0	2,428,091
Total General Government	6,867,782	244,520	(17,000)	7,095,302
Public Safety				
Police	826,871	165,943	(314,953)	677,861
Fire	1,687,781	356,018	0	2,043,799
Control Center	54,498	0	0	54,498
Total Public Safety	2,569,150	521,961	(314,953)	2,776,158
Highways and Streets				
Public Works	32,774,091	3,555,569	(2,084,740)	34,244,920
Public Health and Welfare				
Cemeteries	926,702	28,072	(32,906)	921,868
Culture/Recreation				
Parks - Recreation	3,383,580	2,971,066	0	6,354,646
Community Environment				
Community Development	85,303	0	0	85,303
Code Enforcement	77,190	27,141	(15,562)	88,769
Total Community Environment	162,493	27,141	(15,562)	174,072
Total Capital Assets	\$46,683,798	\$7,348,329	(\$2,465,161)	\$51,566,966

## *STATISTICAL SECTION*

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## ***STATISTICAL TABLES***

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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***

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<b>Financial Trends</b>	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
<b>Revenue Capacity</b>	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.	
<b>Debt Capacity</b>	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.	
<b>Economic and Demographic Information</b>	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.	
<b>Operating Information</b>	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.	
<b>Sources Note:</b>	
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 Seven Years  
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 (1)</u>
<b>Governmental Activities:</b>				
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>
<b>Business-type Activities:</b>				
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>
<b>Primary Government:</b>				
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*

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<u>2007</u>	<u>2008</u>	<u>2009</u>
\$23,806,608	\$23,885,884	\$28,000,333
6,813,043	4,893,216	2,173,310
6,316,586	11,427,126	10,186,938
<u>\$36,936,237</u>	<u>\$40,206,226</u>	<u>\$40,360,581</u>
\$35,152,108	\$38,454,848	\$41,103,064
0	0	0
28,790,094	28,085,141	27,590,062
<u>\$63,942,202</u>	<u>\$66,539,989</u>	<u>\$68,693,126</u>
\$58,958,716	\$62,340,732	\$69,103,397
6,813,043	4,893,216	2,173,310
35,106,680	39,512,267	37,777,000
<u>\$100,878,439</u>	<u>\$106,746,215</u>	<u>\$109,053,707</u>

## City of Painesville

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

	2003	2004	2005	2006
<b>Expenses</b>				
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>
<b>Program Revenues</b>				
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*

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<u>2007</u>	<u>2008</u>	<u>2009</u>
\$3,453,915	\$3,213,592	\$4,444,947
7,511,624	7,800,817	7,687,567
3,540,017	3,380,986	3,823,054
613,032	630,964	688,623
847,647	949,788	843,945
551,236	443,315	476,715
329,646	282,227	266,284
<u>16,847,117</u>	<u>16,701,689</u>	<u>18,231,135</u>
4,746,880	4,764,766	4,683,197
3,183,132	3,658,566	3,462,406
20,600,631	20,682,416	20,517,909
730,063	429,441	507,534
<u>29,260,706</u>	<u>29,535,189</u>	<u>29,171,046</u>
<u>\$46,107,823</u>	<u>\$46,236,878</u>	<u>\$47,402,181</u>

\$1,438,482	\$1,567,302	\$1,575,108
555,777	716,239	671,145
51,231	61,505	36,694
159,275	151,953	119,891
7,917	21,280	18,112
304,968	195,427	135,666
876,146	975,160	951,327
2,856,316	3,186,194	2,494,194
<u>6,250,112</u>	<u>6,875,060</u>	<u>6,002,137</u>

(continued)

## City of Painesville

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

	2003	2004	2005	2006
<b>Business-type Activities:</b>				
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>
<b>Net (Expense)/Revenue</b>				
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><u>(\$8,677,181)</u></u>	<u><u>(\$18,018,919)</u></u>	<u><u>(\$6,593,840)</u></u>	<u><u>(\$9,961,673)</u></u>
<b>General Revenues and Other Changes in Net Assets</b>				
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><u>\$11,358,741</u></u>	<u><u>\$9,827,656</u></u>	<u><u>\$11,404,877</u></u>	<u><u>\$12,587,954</u></u>
<b>Change in Net Assets</b>				
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><u>\$2,681,560</u></u>	<u><u>(\$8,191,263)</u></u>	<u><u>\$4,811,037</u></u>	<u><u>\$2,626,281</u></u>

Source: Finance Director's Office

*City of Painesville*

2007	2008	2009
4,838,095	4,570,987	4,422,481
3,237,420	3,451,161	3,320,167
22,505,860	23,331,839	22,753,669
554,923	547,994	524,991
110,973	47,611	1,478,559
997,376	0	0
<u>32,244,647</u>	<u>31,949,592</u>	<u>32,499,867</u>
<u>38,494,759</u>	<u>38,824,652</u>	<u>38,502,004</u>
(10,597,005)	(9,826,629)	(12,228,998)
2,983,941	2,414,403	3,328,821
<u>(\$7,613,064)</u>	<u>(\$7,412,226)</u>	<u>(\$8,900,177)</u>
\$896,215	\$819,812	\$1,214,434
7,962,098	8,644,123	7,748,215
8,056	8,013	11,164
1,802,287	2,181,223	1,266,406
1,870,044	1,380,595	831,745
884,813	52,065	226,494
743,005	10,787	1,084,895
<u>14,166,518</u>	<u>13,096,618</u>	<u>12,383,353</u>
68,392	194,171	(90,789)
(743,005)	(10,787)	(1,084,895)
<u>(674,613)</u>	<u>183,384</u>	<u>(1,175,684)</u>
<u>\$13,491,905</u>	<u>\$13,280,002</u>	<u>\$11,207,669</u>
\$3,569,513	\$3,269,989	\$154,355
2,309,328	2,597,787	2,153,137
<u>\$5,878,841</u>	<u>\$5,867,776</u>	<u>\$2,307,492</u>

## *City of Painesville*

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund					
Reserved	\$1,487,735	\$1,394,384	\$1,645,344	\$1,394,500	\$1,457,828
Unreserved	<u>2,501,029</u>	<u>3,502,699</u>	<u>3,037,127</u>	<u>1,396,127</u>	<u>1,920,494</u>
<i>Total General Fund</i>	<u>3,988,764</u>	<u>4,897,083</u>	<u>4,682,471</u>	<u>2,790,627</u>	<u>3,378,322</u>
All Other Governmental Funds					
Reserved	1,345,851	920,279	516,977	1,809,451	1,633,965
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	1,043,684	1,669,858	2,130,684	1,510,440	1,141,244
Capital Projects Funds	500,881	84,322	454,776	(102,259)	(969,587)
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,043</u>	<u>4,219</u>
<i>Total All Other Governmental Funds</i>	<u>2,890,416</u>	<u>2,674,459</u>	<u>3,102,437</u>	<u>3,224,675</u>	<u>1,809,841</u>
<i>Total Governmental Funds</i>	<u>\$6,879,180</u>	<u>\$7,571,542</u>	<u>\$7,784,908</u>	<u>\$6,015,302</u>	<u>\$5,188,163</u>

Source: Finance Director's Office

NOTE: Years 2000-2002 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*

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<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$1,201,195	\$1,133,204	\$1,301,396	\$803,475	\$623,231
<u>2,027,492</u>	<u>4,026,432</u>	<u>5,423,645</u>	<u>6,667,131</u>	<u>6,437,487</u>
<u>3,228,687</u>	<u>5,159,636</u>	<u>6,725,041</u>	<u>7,470,606</u>	<u>7,060,718</u>
2,004,446	1,653,817	1,511,911	5,119,596	2,111,943
355,394	637,926	2,370,336	1,567,018	1,482,725
(109,712)	23,236	2,207,811	(262,210)	(431,495)
<u>63,532</u>	<u>129,713</u>	<u>185,778</u>	<u>209,599</u>	<u>226,050</u>
<u>2,313,660</u>	<u>2,444,692</u>	<u>6,275,836</u>	<u>6,634,003</u>	<u>3,389,223</u>
<u>\$5,542,347</u>	<u>\$7,604,328</u>	<u>\$13,000,877</u>	<u>\$14,104,609</u>	<u>\$10,449,941</u>

## City of Painesville

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

	2000	2001	2002	2003
<b>Revenues:</b>				
Taxes	\$7,614,958	\$7,301,526	\$8,087,055	\$7,868,089
Intergovernmental Revenues	3,903,437	3,302,823	2,860,610	2,604,091
Charges for Services	334,241	327,915	301,580	449,198
Licenses, Permits and Inspection Fees	189,621	163,558	78,377	178,544
Investment Earnings	1,292,816	1,220,765	319,813	247,032
Special Assessments	58,482	57,556	64,861	68,358
Fines and Forfeitures	821,577	827,796	1,008,366	1,020,294
All Other Revenue	278,653	149,340	211,071	466,930
<b>Total Revenue</b>	<b>14,493,785</b>	<b>13,351,279</b>	<b>12,931,733</b>	<b>12,902,536</b>
<b>Expenditures:</b>				
Current:				
General Government	2,137,553	2,778,315	2,758,726	2,907,513
Public Safety	5,471,391	5,994,831	6,837,365	7,003,391
Highways and Streets	2,396,435	2,371,993	2,316,349	2,994,752
Public Health and Welfare Services	594,196	606,275	690,005	769,675
Culture and Recreation	841,974	940,621	911,244	943,098
Community Environment	438,083	463,399	335,371	639,638
Capital Outlay	1,466,811	1,407,232	903,825	540,850
Debt Service:				
Principal Retirement	56,416	43,208	56,415	61,416
Interest and Fiscal Charges	101,184	153,707	95,465	105,895
<b>Total Expenditures</b>	<b>13,504,043</b>	<b>14,759,581</b>	<b>14,904,765</b>	<b>15,966,228</b>
Excess (Deficiency) of Revenues Over Expenditures	989,742	(1,408,302)	(1,973,032)	(3,063,692)

*City of Painesville*

2004	2005	2006	2007	2008	2009
\$8,284,270	\$8,389,482	\$8,417,301	\$9,323,731	\$9,480,913	\$8,954,176
2,793,225	3,107,173	3,805,033	2,928,630	5,466,933	3,122,006
592,861	598,062	529,395	658,104	740,977	660,330
333,135	348,422	354,320	396,750	352,004	308,161
144,587	431,046	1,126,218	1,922,173	1,330,957	846,527
60,743	65,099	56,858	85,079	168,049	104,844
1,071,977	1,104,650	1,227,721	1,283,191	1,402,202	1,341,501
706,710	300,778	225,135	725,957	235,801	396,349
<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>	<u>15,733,894</u>
2,883,102	2,657,661	2,899,758	3,241,261	3,066,705	4,117,937
7,279,219	6,848,266	7,464,913	7,164,514	7,772,649	7,424,843
2,759,535	2,800,859	2,703,721	2,420,543	2,344,519	2,682,268
740,072	694,291	544,005	563,578	628,215	656,218
789,511	659,993	667,236	774,225	886,575	771,982
354,156	345,801	346,486	530,400	445,066	465,922
1,296,545	882,396	298,301	497,808	2,266,246	3,547,668
58,208	50,000	105,778	126,569	831,311	488,042
75,477	117,237	228,653	303,355	286,578	270,945
<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>	<u>20,425,825</u>
(2,248,317)	(711,792)	483,130	1,701,362	649,972	(4,691,931)

(Continued)

## *City of Painesville*

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

	2000	2001	2002	2003
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	133,094	24,347	69,275	26,210
Other Financing Sources - Capital Leases	0	218,047	1,255,400	0
Ohio Public Works Commission Loan	100,000	0	0	0
General Obligation Notes Issued	0	1,163,750	0	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	2,036,457	2,078,255	2,557,721	2,243,379
Transfers Out	(1,833,949)	(1,820,100)	(1,701,454)	(958,650)
<b>Total Other Financing Sources (Uses)</b>	<u>435,602</u>	<u>1,664,299</u>	<u>2,180,942</u>	<u>1,310,939</u>
<b>Net Change in Fund Balance</b>	<u>\$1,425,344</u>	<u>\$255,997</u>	<u>\$207,910</u>	<u>(\$1,752,753)</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 1.26%	 1.50%	 1.13%	 1.28%

Source: Finance Director's Office

NOTE: Years 2000-2002 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*

2004	2005	2006	2007	2008	2009
5,001	4,090	2,555	258,092	5,894	9,745
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	1,192
0	0	587,645	0	0	0
1,762,396	2,552,091	2,787,199	3,409,345	2,366,380	2,132,398
(873,120)	(2,307,523)	(2,171,146)	(2,666,340)	(2,355,593)	(1,097,503)
1,453,073	1,078,064	1,564,313	3,703,500	418,215	1,045,832
(\$795,244)	\$366,272	\$2,047,443	\$5,404,862	\$1,068,187	(\$3,646,099)
0.84%	1.19%	2.23%	3.41%	7.27%	4.49%

## *City of Painesville*

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

<b>Tax year</b>	2000	2001	2002	2003	2004
Income Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Estimated Personal Income	\$533,754	\$534,034	\$534,244	\$548,299	\$569,933
Total Tax Collected	\$6,748,897	\$7,211,472	\$7,160,210	\$7,242,174	\$7,135,376
Income Tax Receipts					
Withholding	5,687,491	5,953,650	5,889,168	6,070,037	6,045,625
Percentage	84.3%	82.6%	82.2%	83.8%	84.7%
Corporate	318,736	398,449	469,520	383,625	365,953
Percentage	4.7%	5.5%	6.6%	5.3%	5.1%
Individuals	742,670	859,373	801,522	788,512	723,798
Percentage	11.0%	11.9%	11.2%	10.9%	10.1%

Source: City Income Tax Department

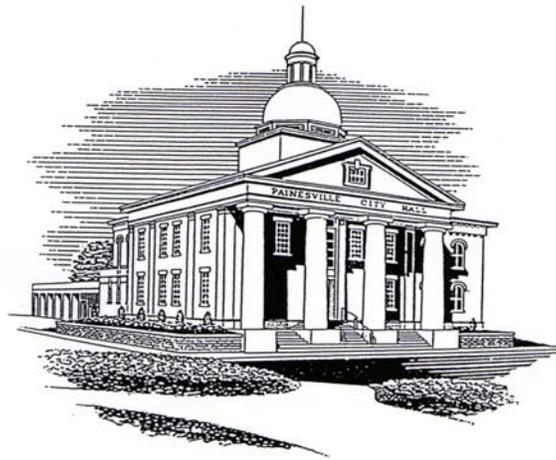
Collection amounts represent only collections due in the current collection year.

*City of Painesville*

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2005	2006	2007	2008	2009
2.00%	2.00%	2.00%	2.00%	2.00%
\$582,815	\$627,413	\$689,811	\$689,811	\$662,226
\$7,653,206	\$7,775,604	\$7,828,025	\$8,382,560	\$7,867,889
6,263,019	6,460,073	6,540,893	6,870,498	6,412,330
81.8%	83.1%	83.6%	82.0%	81.5%
576,843	588,673	548,194	788,789	629,431
7.5%	7.6%	7.0%	9.4%	8.0%
813,344	726,858	738,938	723,273	826,128
10.6%	9.3%	9.4%	8.6%	10.5%



## City of Painesville

### Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2009				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,891	41.62%	\$11,415,917	7.38%
20,000 - 49,999	1,474	32.45%	49,085,380	31.71%
50,000 - 74,999	656	14.44%	40,011,833	25.86%
75,000 - 99,999	314	6.91%	26,942,051	17.41%
Over 100,000	208	4.58%	27,298,302	17.64%
Total	4,543	100.00%	\$154,753,483	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Painesville	\$763,209
Taxes Credited to Other Municipalities	453,481
	\$1,216,690

Calendar Year 2000				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,232	47.98%	\$14,950,186	11.52%
20,000 - 49,999	1,630	35.04%	56,222,409	43.33%
50,000 - 74,999	553	11.89%	35,760,591	27.56%
75,000 - 99,999	175	3.76%	14,571,954	11.23%
Over 100,000	62	1.33%	8,250,395	6.36%
Total	4,652	100.00%	\$129,755,534	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Painesville	\$678,360
Taxes Credited to Other Municipalities	1,105,537
	\$1,783,898

Source: Finance Director's Office

## *City of Painesville*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	2000	2001	2002	2003
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds	\$0	\$0	\$0	\$0
Special Assessment Bonds	320,000	290,000	260,000	225,000
Ohio Public Works Commission Loan Payable	139,246	126,038	99,623	73,207
Long-Term Notes Payable	0	1,163,750	1,163,750	100,000
Construction Loan Payable	0	0	0	0
Capital Leases	2,359	165,741	1,365,356	1,071,252
<b>Business-type Activities</b> <sup>(1)</sup>				
Mortgage Revenue Bonds Payable	\$3,865,000	\$6,577,674	\$5,733,097	\$5,028,857
General Obligation Bonds Payable	7,015,000	6,615,000	6,205,000	5,960,000
Ohio Water Development Authority Loan Payable	2,045,160	1,963,364	1,658,886	1,333,242
Ohio Public Works Commission Loan Payable	0	0	600,000	540,000
Capital Leases	0	0	38,300	27,645
Total Primary Government	<u>\$13,386,765</u>	<u>\$16,901,567</u>	<u>\$17,124,012</u>	<u>\$14,359,203</u>
<b>Population</b> <sup>(2)</sup>				
City of Painesville	17,503	17,503	17,503	17,503
Outstanding Debt Per Capita	\$765	\$966	\$978	\$820
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	\$533,754	\$534,034	\$534,244	\$548,299
Percentage of Personal Income	2.51%	3.16%	3.21%	2.62%

**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*

2004	2005	2006	2007	2008	2009
\$0	\$0	\$0	\$2,075,000	\$1,975,000	\$1,840,000
185,000	555,000	500,000	435,000	370,000	355,000
55,000	45,000	35,000	25,000	107,911	93,021
100,000	100,000	0	0	0	0
0	0	587,645	539,365	489,012	436,750
1,253,453	1,178,895	1,096,129	1,162,451	865,116	594,226
\$4,279,954	\$3,491,056	\$2,651,829	\$2,517,273	\$2,376,055	\$2,227,843
5,485,000	5,005,000	4,520,000	4,035,000	3,545,000	3,045,000
1,275,148	1,214,400	1,150,870	1,084,426	1,014,923	3,325,443
480,000	833,474	732,117	630,760	568,328	464,922
98,084	368,603	339,731	4,492,400	4,222,884	3,946,531
<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>	<u>\$16,328,736</u>
17,503	17,503	17,503	17,503	17,503	17,503
\$755	\$731	\$664	\$971	\$888	\$933
\$569,933	\$582,815	\$627,413	\$689,811	\$689,811	\$662,226
2.32%	2.19%	1.85%	2.46%	2.25%	2.47%

**City of Painesville**

*Ratios of General Obligation Debt Outstanding  
Last Ten Years*

Year	2000	2001	2002	2003
<b>Population</b> (1)	17,503	17,503	17,503	17,503
<b>Assessed Value</b> (2)	\$196,719,634	\$219,115,887	\$234,118,306	\$226,496,195
<b>General Bonded Debt</b> (3)				
General Obligation Notes	\$1,690,000	\$3,173,750	\$3,701,750	\$2,198,000
General Obligation Bonds	\$0	\$0	\$0	\$0
<b>Resources Available to Pay Principal</b> (4)	\$1,019	\$4,681	\$11,883	\$5,343
<b>Net General Bonded Debt</b>	\$1,688,981	\$3,169,069	\$3,689,867	\$2,192,657
<b>Ratio of Net Bonded Debt to Estimated Assessed Value</b>	0.86%	1.45%	1.58%	0.97%
<b>Net Bonded Debt per Capita</b>	\$96.50	\$181.06	\$210.81	\$125.27

**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*

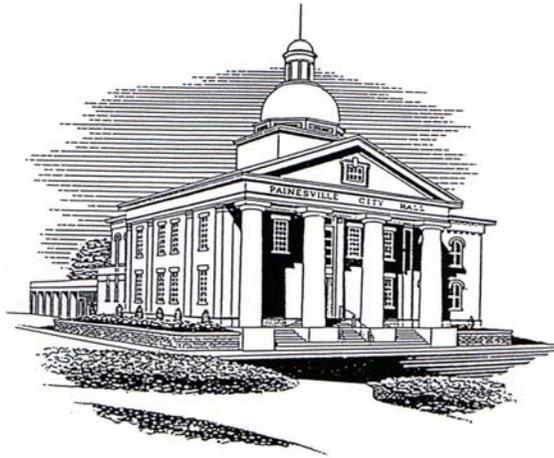
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2004	2005	2006	2007	2008	2009
17,503	17,503	17,503	17,503	17,503	17,503
\$253,325,479	\$254,533,194	\$259,644,108	\$281,300,753	\$278,912,006	\$275,691,690
\$2,798,000	\$4,187,000	\$3,202,000	\$1,630,000	\$3,824,500	\$3,896,573
\$0	\$0	\$0	\$2,075,000	\$1,975,000	\$1,840,000
\$16,260	\$77,196	\$3,821	\$10,709	\$27,516	\$47,318
\$2,781,740	\$4,109,804	\$3,198,179	\$3,694,291	\$5,771,984	\$5,689,255
1.10%	1.61%	1.23%	1.31%	2.07%	2.06%
\$158.93	\$234.81	\$182.72	\$211.07	\$329.77	\$325.04

*City of Painesville*

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## *City of Painesville*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2009*

<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>
<b>Direct:</b>			
City of Painesville	\$5,736,573	100.00%	\$5,736,573
<b>Overlapping:</b>			
Painesville City School District	29,267,807	100.00%	29,267,807
Riverside Schools	5,344,525	3.63%	194,006
Lake County	18,992,000	4.06%	771,075
Lake County Library District	8,475,000	21.49%	1,821,278
		Subtotal	<u>32,054,166</u>
		Total	<u><u>\$37,790,739</u></u>

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

**City of Painesville**

*Debt Limitations  
Last Ten Years*

<b>Collection Year</b>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$196,719,634	\$219,115,887	\$234,118,306	\$226,496,195
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	20,655,562	23,007,168	24,582,422	23,782,100
City Debt Outstanding (2)	1,690,000	3,173,750	3,701,750	2,198,000
Less: Applicable Debt Service Fund Amounts	<u>(1,019)</u>	<u>(4,681)</u>	<u>(11,883)</u>	<u>(5,343)</u>
Net Indebtedness Subject to Limitation	<u>1,688,981</u>	<u>3,169,069</u>	<u>3,689,867</u>	<u>2,192,657</u>
Overall Legal Debt Margin	<u><u>\$18,966,581</u></u>	<u><u>\$19,838,099</u></u>	<u><u>\$20,892,555</u></u>	<u><u>\$21,589,443</u></u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$196,719,634	\$219,115,887	\$234,118,306	\$226,496,195
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	10,819,580	12,051,374	12,876,507	12,457,291
City Debt Outstanding (2)	1,410,000	1,710,000	1,960,000	1,800,000
Less: Applicable Debt Service Fund Amounts	<u>(1,019)</u>	<u>(4,681)</u>	<u>(11,883)</u>	<u>(5,343)</u>
Net Indebtedness Subject to Limitation	<u>1,408,981</u>	<u>1,705,319</u>	<u>1,948,117</u>	<u>1,794,657</u>
Overall Legal Debt Margin	<u><u>\$9,410,599</u></u>	<u><u>\$10,346,055</u></u>	<u><u>\$10,928,390</u></u>	<u><u>\$10,662,634</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*

2004	2005	2006	2007	2008	2009
\$253,325,479	\$254,533,194	\$259,644,108	\$281,300,753	\$278,912,006	\$275,691,690
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
26,599,175	26,725,985	27,262,631	29,536,579	29,285,761	28,947,627
2,798,000	4,187,000	3,202,000	3,705,000	5,799,500	5,736,573
(16,260)	(77,196)	(3,821)	(10,709)	(27,516)	(47,318)
2,781,740	4,109,804	3,198,179	3,694,291	5,771,984	5,689,255
<u>\$23,817,435</u>	<u>\$22,616,181</u>	<u>\$24,064,452</u>	<u>\$25,842,288</u>	<u>\$23,513,777</u>	<u>\$23,258,372</u>
\$253,325,479	\$254,533,194	\$259,644,108	\$281,300,753	\$278,912,006	\$275,691,690
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
13,932,901	13,999,326	14,280,426	15,471,541	15,340,160	15,163,043
2,095,000	1,645,000	1,280,000	670,000	70,000	20,000
(16,260)	(77,196)	(3,821)	(10,709)	(27,516)	(47,318)
2,078,740	1,567,804	1,276,179	659,291	42,484	(27,318)
<u>\$11,854,161</u>	<u>\$12,431,522</u>	<u>\$13,004,247</u>	<u>\$14,812,250</u>	<u>\$15,297,676</u>	<u>\$15,190,361</u>

**City of Painesville**

*Pledged Revenue Coverage  
Last Ten Years*

	2000	2001	2002	2003
<b>Revenue Bonds - Electric (1 a)</b>				
Gross Revenues (2)	\$15,407,695	\$17,324,667	\$19,609,552	\$18,433,897
Direct Operating Expenses (3)	13,783,257	14,242,983	15,402,889	13,326,736
Net Revenue Available for Debt Service	1,624,438	3,081,684	4,206,663	5,107,161
Annual Debt Service Requirement	753,768	747,503	749,415	848,259
Coverage	2.16	4.12	5.61	6.02
<b>Revenue Bonds - Off-Street Parking (1 b)</b>				
Gross Revenues (2)	\$81,369	\$89,722	\$100,535	N/A
Direct Operating Expenses (3)	177,957	182,889	177,654	N/A
Net Revenue Available for Debt Service	(96,588)	(93,167)	(77,119)	N/A
Annual Debt Service Requirement	101,378	8,924	178,032	N/A
Coverage	0.00	0.00	0.00	0.00
<b>Special Assessment Bonds (4)</b>				
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 Electrict 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*

2004	2005	2006	2007	2008	2009
\$19,153,275	\$22,172,809	\$21,308,391	N/A	N/A	N/A
23,846,102	17,512,070	18,730,885	N/A	N/A	N/A
(4,692,827)	4,660,739	2,577,506	N/A	N/A	N/A
750,300	747,500	752,600	N/A	N/A	N/A
(6.25)	6.24	3.42	0.00	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	\$65,099	\$56,858	\$85,079	\$168,049	\$104,845
0	0	10,000	15,000	15,000	15,000
0	0	31,938	19,775	19,062	18,350
0.00	0.00	1.36	2.45	4.93	3.14

# City of Painesville

## Demographic and Economic Statistics Last Ten Years

Calendar Year	2000	2001	2002	2003
<b>Population</b> (1)				
City of Painesville	17,503	17,503	17,503	17,503
Lake County	227,511	227,511	227,511	227,511
<b>Income</b> (2) (a)				
Total Personal (in thousands)	\$533,754	\$534,034	\$534,244	\$548,299
Per Capita	30,495	30,511	30,523	31,326
<b>Unemployment Rate</b> (3)				
Federal	4.2%	3.8%	4.8%	5.8%
State	4.3%	3.7%	4.3%	5.7%
Lake County	3.6%	4.2%	6.1%	6.3%
<b>Civilian Work Force Estimates</b> (3)				
State	5,900,400	5,857,000	5,828,000	5,915,000
Lake County	126,900	127,500	125,100	127,000

### Sources:

(1) US Bureau of Census of Population

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

for the presentation of 2009 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

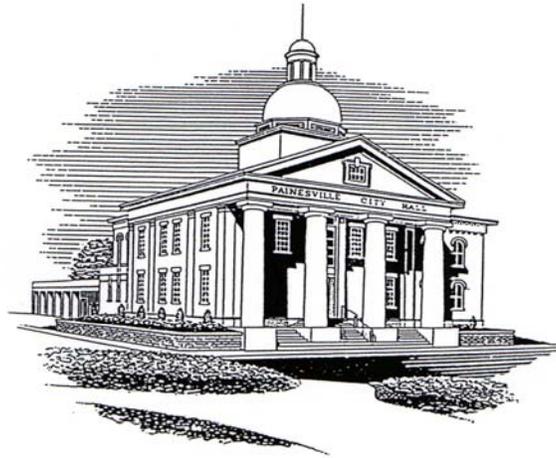
*City of Painesville*

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2004	2005	2006	2007	2008	2009
17,503	17,503	17,503	17,503	17,503	17,503
227,511	232,466	232,466	232,466	232,466	232,466
\$569,933	\$582,815	\$627,413	\$689,811	\$689,811	\$662,226
32,562	33,298	35,846	39,411	39,411	37,835
6.0%	5.5%	5.0%	4.6%	5.8%	9.3%
6.1%	6.0%	5.9%	5.6%	6.6%	10.2%
5.4%	5.1%	4.8%	5.2%	6.1%	8.8%
5,875,300	5,900,400	5,934,000	5,976,500	5,986,400	5,905,107
131,200	130,600	131,400	132,500	131,100	124,400



## *City of Painesville*

### *Principal Employers Current Year and Nine Years Ago*

Employer	Nature of Business	2009		
		Number of Employees	Rank	Percentage of Total Employment
County of Lake	Government	1,048	1	N/A
Lake Hospital System	Medical-Patient Care	878	2	N/A
Fasson Div. Avery Intl. Corporation	Manufacturing	611	3	N/A
Painesville City Schools	Education	426	4	N/A
City of Painesville	Government	273	5	N/A
AeroControlex Group, Inc.	Manufacturing	152	6	N/A
Lake Erie College	Education	155	7	N/A
Core Systems	Manufacturing	216	8	N/A
Coe Manufacturing	Manufacturing	109	9	N/A
SAS Rubber Co.	Manufacturing	85	10	N/A
Total		<u>3,953</u>		

Employer	Nature of Business	2000		
		Number of Employees	Rank	Percentage of Total Employment
County of Lake	Government	1,096	1	N/A
Lake Hospital System	Hospital	843	2	N/A
Avery Dennison	Manufacturing	732	3	N/A
The City of Painesville	Government	354	4	N/A
Painesville City Schools	Education	336	5	N/A
Coe Manufacturing Company	Manufacturing	263	6	N/A
SAS Rubber	Manufacturing	168	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>4,091</u>		

**Sources:**

Compiled by City of Painesville Finance Dept.

N/A - not available

## *City of Painesville*

### *Full Time Equivalent Employees by Function Last Ten Years*

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Governmental Activities</b>					
General Government					
Finance	6.00	6.00	6.00	6.00	6.00
Judicial	23.00	23.00	22.00	22.00	22.00
Administration	29.00	29.00	28.00	28.00	28.00
Maintenance	1.00	1.00	1.00	1.00	1.00
Public Safety					
Police	42.00	42.00	41.00	40.00	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	8.00	8.00	8.00	8.00	8.00
<b>Business-Type Activities</b>					
Utilities					
Water	21.00	20.00	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>263.00</u>	<u>262.00</u>	<u>259.00</u>	<u>258.00</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*

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<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
6.00	6.00	7.00	7.00	7.00
23.00	23.00	23.00	23.00	23.00
30.00	30.00	50.00	50.00	48.00
1.00	1.00	1.00	1.00	0.00
44.00	44.00	44.00	44.00	45.00
28.00	29.00	28.00	28.00	28.00
19.00	19.00	19.00	19.00	17.00
4.00	5.00	6.00	5.00	5.00
10.00	10.00	11.00	8.00	7.00
22.00	22.00	26.00	20.00	20.00
18.00	18.00	18.00	17.00	17.00
61.00	61.00	64.00	64.00	64.00
4.00	4.00	3.00	3.00	2.00
<u>270.00</u>	<u>272.00</u>	<u>300.00</u>	<u>289.00</u>	<u>283.00</u>

## *City of Painesville*

### *Operating Indicators by Function Last Ten Years*

	2000	2001	2002
<b>Governmental Activities</b>			
General Government			
Court			
Number of Probation Cases	2,028	2,023	2,234
Number of Traffic Cases	15,299	15,218	15,605
Licenses and Permits			
Number of Building Permits - Residential	384	473	381
Number of Building Permits - Commercial & Industrial	48	34	36
Number of Building Inspections - Residential	535	564	456
Number of Building Inspections - Commercial	300	260	182
Public Safety			
Police			
Number of Citations Issued	1,460	1,390	2,562
Number of Arrests	872	864	1,344
Number of Accidents	692	754	783
Fire			
Number of Fire Calls	97	114	133
Number of EMS Runs	1,908	1,917	1,906
Number of Inspections	286	486	664
Public Works			
Public Works			
Number of Streets Resurfaced	1	1	9
Public Health and Welfare			
Cemeteries			
Number of Burials	241	242	260
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*

2003	2004	2005	2006	2007	2008	2009
2,228	1,990	2,029	2,048	2,096	2,084	2,023
13,107	11,263	10,471	11,510	11,319	10,892	9,855
403	444	451	520	328	327	340
51	47	54	51	51	96	69
601	1,386	1,686	2,094	3,391	2,179	1,893
193	273	243	562	2,898	2,920	2,150
1,973	1,979	1,818	2,225	2,197	2,472	1,877
1,382	1,273	1,350	1,535	1,200	1,048	1,321
716	700	657	645	653	637	561
151	105	146	142	152	103	116
1,926	1,815	1,829	1,911	2,103	2,276	2,431
549	643	630	782	618	639	718
3	12	7	9	8	5	3
237	227	210	219	219	214	215
2	2	2	2	2	2	2
N/A	7,000	7,486	6,758	6,570	6,850	7,150
N/A	95,750	100,000	90,000	93,500	100,000	109,000

(Continued)

*City of Painesville*

*Operating Indicators by Function  
Last Ten Years*

	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Business-Type Activities</b>			
Water			
Number of Service Connections	8,340	8,539	8,694
Water Main Breaks	20	28	37
Daily Average Consumption (thousands of gallons)	3,697	3,882	3,589
Peak Daily Consumption (thousands of gallons)	6,000	6,000	6,000
Storage Capacity (thousands of gallons)	N/A	N/A	4,053
Sewer			
Daily Average Sewage Treatment (thousands of gallons)	2.71	2.32	2.74
Electric			
Number of Service Connections	10,854	10,977	10,957
Average Daily Generation in Kilowatt Hours	479,210	428,836	489,045
Peak Load in Kilowatts	43,300	49,900	52,300
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	5,522	5,694	5,686

Source: Finance Director's Office

*City of Painesville*

2003	2004	2005	2006	2007	2008	2009
8,696	9,247	9,751	9,744	10,066	10,147	10,184
43	49	57	27	60	45	42
3,594	3,638	3,849	3,728	3,530	3,241	3,485
6,000	6,000	6,000	6,000	6,000	6,192	5,573
4,053	4,053	4,053	4,053	4,053	4,053	4,053
2.99	3.17	3.17	3.62	3.17	3.73	3.03
10,889	11,183	11,403	11,613	11,636	11,896	12,056
521,427	513,827	652,416	635,317	587,647	660,507	315,577
47,900	49,100	54,200	57,900	54,700	50,700	55,200
502	502	502	502	502	502	502
60	60	60	60	60	60	60
101	101	101	101	101	101	101
5,685	5,796	5,938	5,984	5,981	6,023	6,046

## *City of Painesville*

### *Capital Asset Statistics by Function Last Ten Years*

	2000	2001	2002	2003
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (acres)	0.95	0.95	0.95	0.95
Buildings	7	7	7	7
Public Safety				
Police				
Stations	1	1	1	1
Vehicles	13	16	17	16
Fire				
Stations	1	1	1	1
Vehicles	10	10	10	10
Public Works				
Street				
Streets (lane miles)	56	57	57	57
Street Lights	1,402	1,402	1,402	1,402
Traffic Signals	106	106	106	106
Vehicles	25	25	25	26
Culture and Recreation				
Recreation/Seniors				
Land (acres)	118.02	118.02	118.02	118.02
Buildings	1	1	1	1
Parks	10	10	9	9
Playgrounds	5	6	6	6
Tennis Courts	2	2	2	2
Baseball/Softball Diamonds	12	10	10	10
Soccer Fields	1	1	1	1

*City of Painesville*

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2004	2005	2006	2007	2008	2009
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	14	14	14	16	16
1	1	1	1	1	1
11	1	11	11	11	12
58	58	58	58	58	58
1,444	1,474	1,504	1,550	1,571	1,571
106	106	106	108	116	116
26	27	27	27	27	28
118.02	118.02	118.02	118.02	118.02	125.32
1	1	1	1	1	1
10	10	10	10	10	14
6	7	7	7	7	0
2	2	2	2	2	2
9	9	9	9	9	9
1	1	1	1	1	1

(Continued)

# City of Painesville

## Capital Asset Statistics by Function Last Ten Years

	2000	2001	2002	2003
<b>Business-Type Activities</b>				
Utilities				
Water				
Waterlines (Miles)	104.8	119.9	108.1	124.9
Pump Stations	5	5	5	5
Number of Hydrants	1,230	1,417	1,230	1,498
Sewer				
Sewerlines (Miles)	48	48	48	48
Lift Stations	7	7	7	7
Electric				
Lines (Miles)	160	200	175	200
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	2,850	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*

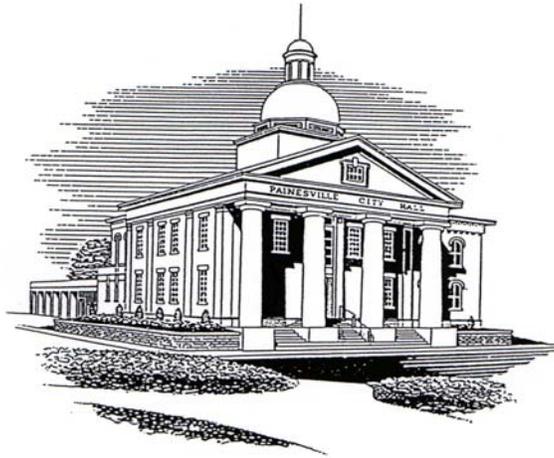
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2004	2005	2006	2007	2008	2009
127.1	128.28	128.3	131.0	131.4	132.3
5	5	5	5	7	7
1,615	1,735	1,735	1,743	1,776	1,797
49	49	50	50	50	50
7	7	7	7	7	7
205	205	210	215	218	220
1	1	1	1	1	1
37	37	37	37	37	37
2,850	2,900	2,900	2,900	2,900	2,900
28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000

*City of Painesville*

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# **City of Painesville, Ohio**

**Single Audit Reports  
For the Year Ended December 31, 2009**

# City of Painesville, Ohio

For The Year Ended December 31, 2009

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**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***

Members of the City Council  
City of Painesville, Ohio

We have audited the financial statements of the governmental activities, 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, 2009, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting: 2009-1. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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*.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response, and accordingly, we express no opinion on it.

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

*Cini & Parichi, Inc.*

Cleveland, Ohio  
June 29, 2010

**Report on Compliance with Requirements Applicable to  
Each Major Program and on Internal Control over  
Compliance in Accordance with OMB Circular A-133**

Members of the City Council  
City of Painesville, Ohio

**Compliance**

We have audited the compliance of the City of Painesville, Ohio (the “City”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The City’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City’s management. Our responsibility is to express an opinion on the City’s compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

**Internal Control over Compliance**

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

Members of the City Council  
City of Painesville, Ohio

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

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

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2009 and have issued our report thereon dated June 29, 2010, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

*Cini & Parichi, Inc.*

Cleveland, Ohio  
June 29, 2010

**City of Painesville, Ohio**

**Schedule of Expenditures of Federal Awards**

**For The Year Ended December 31, 2009**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Federal Cash Receipts</u>	<u>Federal Cash Disbursements</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607	\$ 2,433	\$ 1,217
Edward Byrne Memorial Justice Assistance Grant	16.751	<u>10,529</u>	<u>10,445</u>
Total U.S. Department of Justice		<u>12,962</u>	<u>11,662</u>
U.S. Environmental Protection Agency:			
Brownfields Training, Research, and Technical Assistance Grants	66.814	<u>94,633</u>	<u>105,531</u>
U.S. Department of Homeland Security:			
Passed through Ohio Emergency Management Agency:			
Flood Mitigation Assistance	97.029	225,744	1,390,466
Hazard Mitigation Grant	97.039	<u>255,183</u>	<u>912,381</u>
Total U.S. Department of Homeland Security		<u>480,927</u>	<u>2,302,847</u>
U.S. Army Corps of Engineers:			
Section 594 Program Grant	N/A	<u>326,668</u>	<u>674,766</u>
Total Federal Assistance		\$ <u>915,190</u>	\$ <u>3,094,806</u>

The accompanying notes are an integral part of this schedule

# City of Painesville, Ohio

## Notes to the Schedule of Expenditures of Federal Awards

### For The Year Ended December 31, 2009

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#### **Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Painesville, Ohio, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### **Note 2: Matching Requirements**

Certain federal programs require that the City contribute non-federal (matching) funds to support the federally funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the accompanying Schedule.

N/A – Not applicable

# City of Painesville, Ohio

## Schedule of Findings

OMB Circular A-133, Section .505

December 31, 2009

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### 1. Summary of Auditors' Results

(d)(I)(I)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(I)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	<ul style="list-style-type: none"> <li>• CFDA # 97.029, Flood Mitigation Assistance</li> <li>• CFDA #97.039, Hazard Mitigation Grant</li> <li>• Section 594 Program Grant</li> </ul>
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

# City of Painesville, Ohio

## Schedule of Findings

### OMB Circular A-133, Section .505 (continued)

**December 31, 2009**

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## 2. Findings Related to the Financial Statements Required To Be Reported In Accordance With GAGAS

### 2009-1 – Significant Deficiency

Sound financial reporting is the responsibility of the City Auditor and the City Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The lack of controls over posting financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

The following audit adjustments were made to the financial statements:

1. Adjusted accounts payable to actual at 12/31/09.
2. Adjusted claims payable to actual at 12/31/09.
3. Adjusted accrued compensated absences to actual at 12/31/09.

We recommend the City adopts policies and procedures for controls over year-end financial reporting to help ensure the information accurately reflects the activity of the City thereby increasing the reliability of the financial data at year-end. Although the City has contracted a third party to perform their GAAP Conversion, the City's management needs to review the statements to be sure that all items are being properly recorded.

**Officials' Response:** Historically the City hasn't had material adjustments to the accounts payable and compensated absences amounts in prior financial reporting periods, which led the City to believe current policies and controls were adequate.

The City prepares its workpapers to complete the report in a timely manner, in order to do so the City utilizes a 60 day period to perform accrual data collection. While the period of availability is a term associated with revenue accruals (as discussed in footnote 1 D), the same period has been used for the past twenty plus years by the City to gather payable data in order to prepare the report in a timely manner.

In the period between completion of the payables ledger and the time the audit field work was completed, outstanding bills were received by the City. While some of these bills might be material to the accounts payable line itself, overall effect on the positioning of the fund balance of governmental funds and enterprise activities was immaterial, changing by only 1.02% and 0.7% respectively. In order to prevent this from happening again the City will reevaluate payables and compensated absences shortly before the audit field work is to begin.

As required by Ohio Revised Code 5705.13 the claims liability at year end for the Worker's Compensation Retrospective fund is reserved by the City based upon a Worker's Compensation Retrospective Rating Review as of March 31, 2010. The audit firm felt the reserve in the report was inaccurate and needed to be adjusted. The City feels it acted appropriately relying on a professional opinion to make this accrual, and if anything, this matter is a difference in professional judgment and in no way reflects the City's controls and policies, as the City was acting in accordance with the law.

**City of Painesville, Ohio**

**Schedule of Findings**

**OMB Circular A-133, Section .505 (continued)**

**December 31, 2009**

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**3. Findings for Federal Awards**

None.

**City of Painesville, Ohio**

**Schedule of Prior Audit Findings  
OMB Circular A-133, Section .315(b)**

**December 31, 2009**

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The December 31, 2008, audit reported no audit findings.

**City of Painesville**

**7 Richmond Street  
Painesville, Ohio 44077  
(440) 392-5796**

**Response to Findings Associated with Audit Conducted  
in Accordance with *Government Auditing Standards*  
For the Year Ended December 31, 2009**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2009-1	The City will create and implement a policy for approving and recording journal entries relating to the financial reporting process.	12/31/10	Andy Unetic, Finance Director





**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 16, 2010**