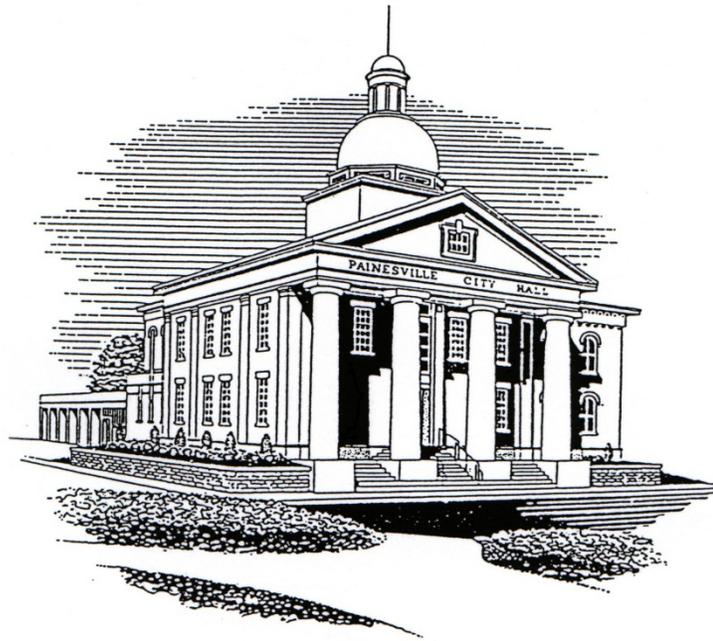


CITY OF PAINESVILLE, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Painesville, Lake County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

September 13, 2012



Lake County, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011

Prepared by the Finance Department

Andrew A. Unetic
Director



TABLE OF CONTENTS

CITY OF PAINESVILLE
LAKE COUNTY, OHIO

I

INTRODUCTORY SECTION

A Letter of Transmittalv
B List of Principal Officialsxix
C City Organizational Chartxx
D Certificate of Achievement for Excellence in Financial Reporting.....xxi

II

FINANCIAL SECTION

A Independent Auditor’s Report.....1
B Management’s Discussion and Analysis.....3
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Assets12
 Statement of Activities14
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet16
 Reconciliation of Total Governmental Fund Balances to Net Assets of
 Governmental Activities.....18
 Statement of Revenues, Expenditures and Changes in Fund Balances20
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities22
 Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis)
 General Fund24
 Street Construction, Maintenance and Repair Fund25
 Proprietary Funds:
 Statement of Net Assets.....26
 Statement of Revenues, Expenses and Changes in Fund Net Assets30
 Statement of Cash Flows34
 Fiduciary Funds:
 Statement of Net Assets.....38
 Statement of Changes in Net Assets39
 Notes to the Basic Financial Statements.....40

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	91
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	96
Combining Balance Sheet – Nonmajor Debt Service Funds.....	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds.....	101
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	104
Combining Balance Sheet – Nonmajor Permanent Funds.....	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds.....	108

Individual Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

<i>General Fund</i>	110
<i>Special Revenue Fund:</i>	
Street Construction, Maintenance and Repair Fund.....	117
<i>Capital Projects Fund:</i>	
Shamrock Boulevard Road Project Fund.....	118

Nonmajor Governmental Funds:

<i>Special Revenue Funds:</i>	
State Highway Improvement Fund.....	119
Cemeteries Fund.....	120
Police Pension Transfer Fund.....	121
Fire Pension Transfer Fund.....	122
Law Enforcement Fund.....	123
Municipal Motor Vehicle License Tax Fund.....	124
Indigent Drivers Alcohol Treatment Fund.....	125
Enforcement and Education Fund.....	126
City Motor Vehicle License Tax Fund.....	127
Fire Levy Fund.....	128
Underground Storage Tank Fund.....	129

Nonmajor Governmental Funds: (Continued)

Special Revenue Funds: (Continued)

Probation Services Fund.....	130
Community Oriented Policing Services (COPS) Fast Grant Fund.....	131
Skate Facility Fund.....	132
Fire Fund	133
Victim’s Advocate Grant Fund	134
Emergency Medical Services Fund.....	135
Municipal Court Computerization Fund	136
Shamrock Business Center TIF Fund.....	137
Brownfield Grant Fund	138
Zoning Application Fund	139
Columbarium Trust Fund	140
Law Enforcement Trust Fund.....	141

Debt Service Funds:

General Bond Retirement Fund.....	142
Special Assessment Bond Retirement Fund.....	143
Land Acquisition Note Retirement Fund	144

Capital Projects Funds:

Municipal Court Improvement Fund.....	145
Capital Equipment Reserve Fund.....	146
Capital Improvement Fund.....	148
Lake Hospital Demolition Fund	150
Jackson Street Interchange Project Fund.....	151
Industrial Park Project Fund.....	152
Municipal Court Special Projects Fund.....	153
Millstone Acquisition Fund.....	154
City Hall Fire Fund.....	155

Permanent Funds:

Cemetery Trust Fund.....	156
Special Endowment Fund.....	157
Evergreen Cemetery Trust Fund	158
Riverside Cemetery Trust Fund.....	159
Special Endowment Trust Fund	160

Nonmajor Business Type Funds:

Nonmajor Enterprise Funds:

Statement of Net Assets.....	162
Statement of Revenues, Expenses and Changes in Fund Net Assets	164
Statement of Cash Flows	166

Nonmajor Internal Service Funds:

Statement of Net Assets.....	169
Statement of Revenues, Expenses and Changes in Fund Net Assets	170
Statement of Cash Flows	171

Fiduciary Funds – Agency Funds:

Combining Statement of Changes in Assets and Liabilities	174
--	-----

III

STATISTICAL SECTION

Net Assets by Component - Last Nine Years	S 2
Changes in Net Assets - Last Nine Years	S 4
Fund Balances, Governmental Funds - Last Ten Years	S 8
Changes in Fund Balances, Governmental Funds - Last Ten Years.....	S 10
Income Tax Revenues by Source, Governmental Funds - Last Ten Years	S 14
Income Tax Collections - Current Year and Nine Years Ago.....	S 17
Ratio of Outstanding Debt By Type - Last Ten Years	S 18
Ratios of General Bonded Debt Outstanding - Last Ten Years.....	S 20
Computation of Direct and Overlapping - Debt Attributable to Governmental Activities - Current Year.....	S 23
Debt Limitations - Last Ten Years	S 24
Pledged Revenue Coverage - Last Ten Years	S 26
Demographic and Economic Statistics - Last Ten Years	S 28
Principal Employers - Current Year and Nine Years Ago.....	S 31
Full Time Equivalent Employees by Function - Last Ten Years.....	S 32
Operating Indicators by Function - Last Ten Years	S 34
Capital Asset Statistics by Function - Last Ten Years.....	S 38

INTRODUCTORY SECTION





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

June 28, 2012

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, 2011. 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, 2011***

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, 2011***

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, 2011***

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 consist 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, 2011***

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-purpose 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-purpose 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, 2011***

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. In addition, encumbrances are recorded as expenditures on the budgetary basis of accounting. A reconciliation of the results of these two methods appears in Note 1.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The primary focus of the Office of Economic Development in 2011 was business retention during the tough economic recession. With continued great uncertainty in the US economy, there was some positive feedback we began to see from local businesses in our manufacturing sector. At the same time, however, our commercial, retail and office sectors were still struggling to return to previous year's profits. In an effort to gain perspective on the conditions within our community we conducted several one-on-one company visits with our banks, large office users, large commercial operations, large non-profits, key manufacturing companies and small manufacturing companies.

Painesville City remains 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 AMP, Inc. 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 Regional Collaboration Award for our regional approach to Economic Development in the formation of the JEDD district which now enables the City to seek income tax resources through a development project in Concord Twp. The City has also been recognized for the second consecutive time as a Platinum Level RP3 Community through the American Public Power Association which demonstrates our commitment to electric reliability for our industrial users.

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 expected to begin construction in 2013.

We continue to work on 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. At present, the City has multiple in-fill development projects underway and is working on a \$1.2 million dollar Brownfield clean up site that will open 160,000 sq.ft. for future manufacturing.

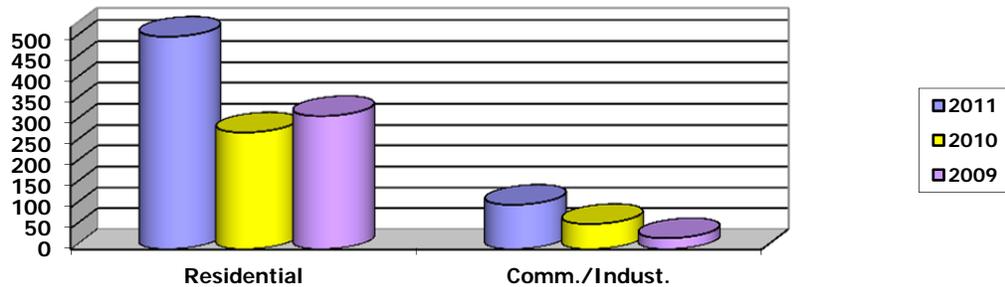
CITY OF PAINESVILLE, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2011**

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

Comparison of Permits Issued

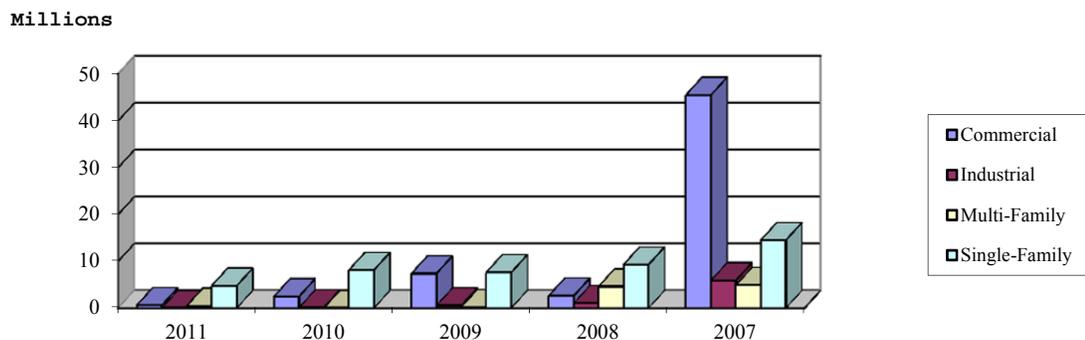
Category	2011	2010	2009
Residential	508	279	318
Commercial/Industrial	106	60	26



Building Permit Valuations

Category	2011	2010	2009	2008	2007
Commercial	\$586,151	\$2,470,333	\$7,347,800	\$2,583,384	\$45,481,620
Industrial	28,500	116,841	526,234	1,012,072	5,898,707
Multi-Family	434,355	29,000	178,000	4,590,060	4,872,420
Single-Family	4,739,217	8,112,642	7,592,010	9,268,842	14,487,164
Totals	<u>\$5,788,223</u>	<u>\$10,728,816</u>	<u>\$15,644,044</u>	<u>\$17,454,358</u>	<u>\$70,739,911</u>

Comparison of Building Permits



CITY OF PAINESVILLE, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2011***

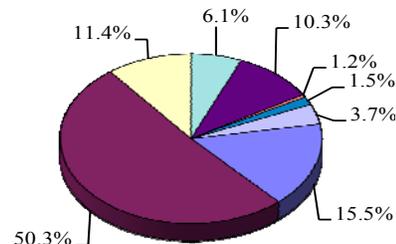
Unemployment in Lake County was lower than the state and national levels during 2011. The unemployment rate for Lake County increased 0.3% in 2011. Listed below are the respective unemployment rates for the county, state and nation as of December 31, 2011:

Lake County	8.4%
Ohio	8.6%
United States	8.5%

Local Business

The City of Painesville has 600 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	92	15.5%
Service	300	50.3%
Manufacturing	68	11.4%
Construction	36	6.1%
Finance, Insurance and Real Estate	61	10.3%
Other	7	1.2%
Wholesale	9	1.5%
Government	22	3.7%
Total	595	100.00%



The largest business sector of the City is the service sector at 50.3% of all businesses in the City of Painesville. The remainder of the business composite is Retail at 15.5%, Manufacturing at 11.4%, Finance, Insurance and Real Estate at 10.3%, Construction at 6.1 %, Government at 3.7% and Wholesale and Others at 2.7%.

The primary focus of the Office of Economic Development in 2011 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. We are now also focusing new efforts on attracting new customers, attracting new industry and business and continuing our business retention and expansion efforts.

This past year the Economic Development Office worked closely with and offered proposals on two leads on industrial investment in 2011. This continues to be a slow year for industrial land investments. So we have put much of our resources into identifying vacant properties that need environmental cleanup for revitalization to occur within them.

***Letter of Transmittal
For the Year Ended December 31, 2011***

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 worked with several to identify key energy savings and worked closely with the Lake County Port Authority to try and identify re-financing and alternative creative financing solutions 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 2011. 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.

2011 New Painesville Businesses

<i>Company Name</i>	<i>Facility</i>	<i>No. of Employees</i>
El Rinconcito	Restaurant	1-4
Jackie's Place	Restaurant	1-4
Suit Yourself	Retail	1-4
Muffler Shop Palomino	Auto Repair	1-4
Phenomenal Results Barber	Service	1-4
Scents, Arts and Novelties	Retail	1-4
Vocational Guidance Services	Service	1-4
Ashlawn Energy	Manufacturing	1-4
Bykowski Fastpitch	Service	1-4
LifeSpring Church	Church	1-4
Painesville Gallery	Retail	1-4
Painesville Stove & Pellet	Retail	1-4
Ways Custom Welding	Manufacturing	1-4
New Business Total Employment		13-52

2011 Painesville Businesses Expansions / Re-Openings

<i>Company Name</i>	<i>Facility</i>	<i>No. of New Employees</i>
Great Lakes Glasswerks	Expansion	2
AeroControlex	Expansion	41
Janco Industries	Expansion	1
Expansion Employment Added		44
Approximate Gained Employees 2011		57-96

***Letter of Transmittal
For the Year Ended December 31, 2011***

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 continues its focus 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, International Cuisine Celebration 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 continued our marketing campaign focusing on the tri-county region.

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 2011, 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 Water Pollution and Electric Departments to enhance the overall operational effectiveness and readiness of the City. To maintain the public safety, the Police Department replaced one patrol car and Fire Department purchased a chase vehicle and replaced the chassis of an ambulance.

Public Works entered into its seventh year of intensive sanitary sewer maintenance program. Public Works along with the Department of Recreation and Public Lands maintains most City vehicles (with basic maintenance) resulting in a substantial savings to the City. Public Works also continues to repair and resurface various roads throughout the City.

In 2010 the City was awarded over \$2,000,000 in grant money from the Clean Ohio Revitalization Fund for the asbestos abatement and demolition of the Lake East Hospital. The majority of this project was completed in 2011.

In 2011 the Police and Fire Departments spent over \$275,000 on new radios so the City would be in compliance with new safety requirements enforced by Lake County.

***Letter of Transmittal
For the Year Ended December 31, 2011***

In 2011 a Water Capital Improvement Fee was added to the water accounts, which will bring in an additional \$1,200,000 in water revenues annually. These revenues will be used for the Water Department's capital projects, with the majority of these monies going towards replacing waterlines. In 2011, the Water Department spent hundreds of thousands of dollars putting in new waterlines.

The Water Pollution Control Division made various improvements to the plants infrastructure as well as improving the plant's technology.

In 2011, the Electric Department had several capital projects to increase the plant's efficiency and improve the plant's technology. In 2010, the City 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. The City continued to work on this project in 2011.

Future Projects

In 2012, The City will only be doing Capital Projects that are necessary to maintain operations or if the City received grant money for the capital projects.

In 2012, the City will resurface roads and install new storm water sewers on various roads. In 2011, there was a fire in City Hall. The cost to repair City Hall will be over \$800,000 and this will be paid for with insurance proceeds.

In 2012, the City will continue to replace waterlines on at least four roads.

In 2012, the electric plant will be building a second substation which will increase the plants reliability and give the City the opportunity to increase the number of electric customers.

In 2012 the City also will have other capital projects that will improve the City's infrastructure.

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.

***Letter of Transmittal
For the Year Ended December 31, 2011***

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 eleven consecutive years.

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.

***Letter of Transmittal
For the Year Ended December 31, 2011***

The City maintains records on a budgetary basis for all fund types. After yearend 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.

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 2011 audit. The independent auditor's unqualified report has been included in this report. The Administration plans to continue this audit procedure as required by law as part of the preparation of its CAFR. The annual audit and management letter submitted by the independent public accounting firm provides information to the City to enable it to maintain and strengthen the City's accounting and budgeting controls.

Awards

A Certificate of Achievement for Excellence in Financial Reporting was awarded to the City of Painesville, Ohio for its Comprehensive Annual Financial Report for the year ended December 31, 2010. 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-four consecutive years, fiscal years ended 1987 – 2010. 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 eleven consecutive years from 2001 – 2011.

***Letter of Transmittal
For the Year Ended December 31, 2011***

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.

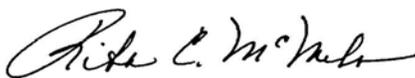
Acknowledgements

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.

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



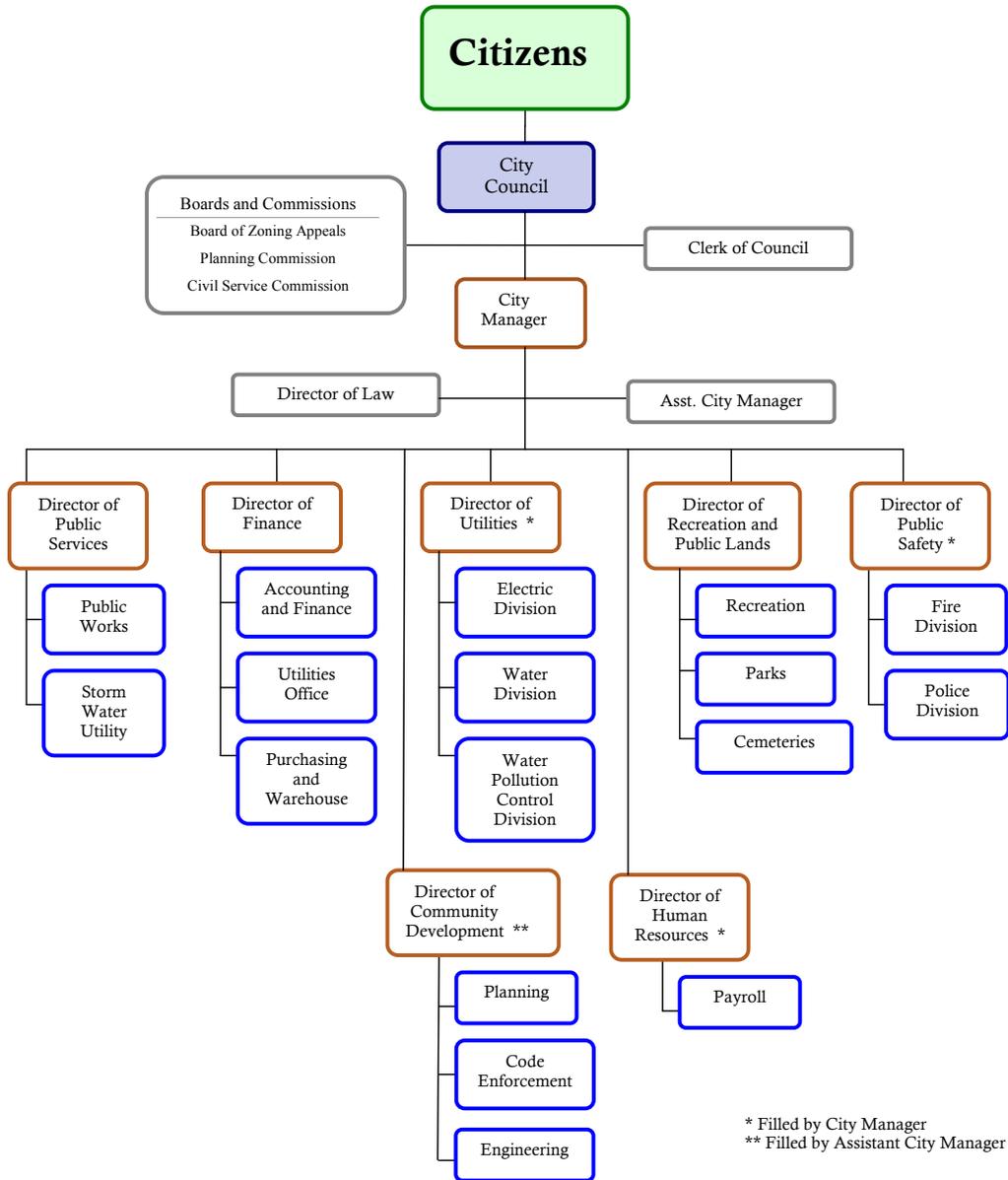
Andrew A. Unetic
Director of Finance

CITY OF PAINESVILLE, OHIO

**List of Principal Officials
For the Year Ended December 31, 2011**

Name	Title	Position	Years of Municipal/Governmental Service			Total Public Service
			City	Other Municipal/Governmental Service		
CITY COUNCIL						
Joseph Hada, Jr.	President (at Large)		4.0	30.5	0.0	30.5
Robert Fountain	Council Member (Ward 3)		9.0	16.0	0.0	16.0
Andrew Flock	Council Member (Ward 1)		16.5	16.5	0.0	16.5
Hal Werner	Council Member (Ward 2)		4.0	4.0	0.0	4.0
Paul W. Hach II	Vice President (Ward 4)		4.0	8.0	0.0	8.0
Lori DiNallo	Council Member (at Large)		2.0	2.0	1.0	3.0
Jim Fodor	Council Member (at Large)		2.0	2.0	0.0	2.0
Jennifer Bell	Clerk of Council		10.2	10.2	4.2	14.4
CITY ADMINISTRATION						
Rita C. McMahon	City Manager		14.5	19.5	9.5	29.0
Doug Lewis	Assistant City Manager		3.6	3.6	13.0	16.6
Andrew A. Unetic	Director of Finance		4.1	4.1	14.1	18.2
Joseph M. Gurley	Director of Law		24.0	31.3	15.3	46.6
DEPARTMENT/DIVISION HEADS						
Kevin Lynch	Service Director		7.2	7.2	20.1	27.3
Richard Lesiecki	City Engineer		4.9	4.9	8.3	13.2
Thomas A. Green, P.E.	Electric Power Superintendent		33.0	33.0	0.0	33.0
Randy Bruback	Water Pollution Control Superintendent		9.8	9.8	16.0	25.8
Mark Mlachak	Fire Chief		9.3	30.3	0.0	30.3
Troy Hager	Chief of Police		1.8	25.0	0.0	25.0
George Ginnis	Water Superintendent		0.7	0.7	19.9	20.6
Robert C. Baetzel	Human Resources Director		13.5	13.5	0.0	13.5
Lee Homyoock	Director of Recreation and Public Lands		7.7	7.7	20.0	27.7
Russ Schaedlich	City Planner		4.6	4.6	21.5	26.1

**City Organizational Chart
For the Year Ended December 31, 2011**



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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Painesville
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION



Independent Auditor's 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Street Construction, Maintenance and Repair Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 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 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.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 28, 2012

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, 2011. 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 2011 are as follows:

- ❑ In total, net assets increased \$4,142,116. Net assets of governmental activities increased \$944,155, which represents a 2.3% increase from 2010. Net assets of business-type activities increased \$3,197,961, or 4.6% from 2010.
- ❑ General revenues accounted for \$10,994,751 in revenue, or 20.2% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$43,392,544, or 79.8% of total revenues of \$54,387,295.
- ❑ The City had \$16,531,845 in expenses related to governmental activities; only \$5,138,265 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$11,084,260 were adequate to fully provide for these programs
- ❑ Among major funds, the general fund had \$13,189,948 in revenues, including other financing sources and \$12,625,727 in expenditures, including other financing uses. The general fund's fund balance decreased \$550,829.

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-type activities.

Fund Financial Statements

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

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

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

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, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	Restated		2011	2010	2011	2010
	2011	2010				
Current and other assets	\$16,862,783	\$16,102,919	\$35,823,067	\$34,875,214	\$52,685,850	\$50,978,133
Capital assets, Net	36,283,772	36,142,176	58,108,059	56,239,633	94,391,831	92,381,809
Total assets	<u>53,146,555</u>	<u>52,245,095</u>	<u>93,931,126</u>	<u>91,114,847</u>	<u>147,077,681</u>	<u>143,359,942</u>
Long-term debt outstanding	7,019,690	5,665,071	15,110,449	14,286,228	22,130,139	19,951,299
Other liabilities	4,773,410	6,170,724	5,593,144	6,799,047	10,366,554	12,969,771
Total liabilities	<u>11,793,100</u>	<u>11,835,795</u>	<u>20,703,593</u>	<u>21,085,275</u>	<u>32,496,693</u>	<u>32,921,070</u>
Net assets						
Invested in capital assets, net of related debt	30,387,358	29,982,485	44,350,926	41,322,460	74,738,284	71,304,945
Restricted	4,044,306	3,140,369	0	0	4,044,306	3,140,369
Unrestricted	6,921,791	7,286,446	28,876,607	28,707,112	35,798,398	35,993,558
Total net assets	<u>\$41,353,455</u>	<u>\$40,409,300</u>	<u>\$73,227,533</u>	<u>\$70,029,572</u>	<u>\$114,580,988</u>	<u>\$110,438,872</u>

This space intentionally left blank.

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal years 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,562,167	\$2,874,400	\$35,889,703	\$34,929,214	\$38,451,870	\$37,803,614
Operating Grants and Contributions	883,020	863,877	0	618,902	883,020	1,482,779
Capital Grants and Contributions	1,693,078	432,405	2,364,576	0	4,057,654	432,405
Total Program Revenues	5,138,265	4,170,682	38,254,279	35,548,116	43,392,544	39,718,798
General revenues:						
Property Taxes	1,175,475	1,168,067	0	0	1,175,475	1,168,067
Municipal Income Taxes	7,167,242	7,157,251	0	0	7,167,242	7,157,251
Other Local Taxes	6,400	13,305	0	0	6,400	13,305
Intergovernmental, Unrestricted	1,871,767	1,605,729	0	0	1,871,767	1,605,729
Investment Earnings	539,269	451,850	(89,509)	14,007	449,760	465,857
Miscellaneous	324,107	762,245	0	0	324,107	762,245
Total General Revenues	11,084,260	11,158,447	(89,509)	14,007	10,994,751	11,172,454
Total Revenues	16,222,525	15,329,129	38,164,770	35,562,123	54,387,295	50,891,252
Program Expenses						
General Government	5,319,087	4,594,616	0	0	5,319,087	4,594,616
Public Safety	7,418,708	7,029,666	0	0	7,418,708	7,029,666
Highways and Streets	1,821,320	2,158,737	0	0	1,821,320	2,158,737
Public Health and Welfare	635,108	637,876	0	0	635,108	637,876
Culture and Recreation	792,999	778,109	0	0	792,999	778,109
Community Environment	377,113	525,976	0	0	377,113	525,976
Interest and Fiscal Charges	167,510	202,221	0	0	167,510	202,221
Water	0	0	4,651,337	4,934,978	4,651,337	4,934,978
Sewer	0	0	3,700,750	4,132,446	3,700,750	4,132,446
Electric	0	0	24,798,140	24,023,809	24,798,140	24,023,809
Refuse	0	0	51,759	12,063	51,759	12,063
Off-Street Parking	0	0	133,687	145,615	133,687	145,615
Storm Water Utility	0	0	340,586	181,269	340,586	181,269
Community Programs	0	0	37,075	42,606	37,075	42,606
Total Expenses	16,531,845	15,927,201	33,713,334	33,472,786	50,245,179	49,399,987
Excess (deficiency) before Transfers	(309,320)	(598,072)	4,451,436	2,089,337	4,142,116	1,491,265
Transfers	1,253,475	752,891	(1,253,475)	(752,891)	0	0
Total Change in Net Assets	944,155	154,819	3,197,961	1,336,446	4,142,116	1,491,265
Beginning Net Assets - Restated	40,409,300	40,254,481	70,029,572	68,693,126	110,438,872	108,947,607
Ending Net Assets	\$41,353,455	\$40,409,300	\$73,227,533	\$70,029,572	\$114,580,988	\$110,438,872

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

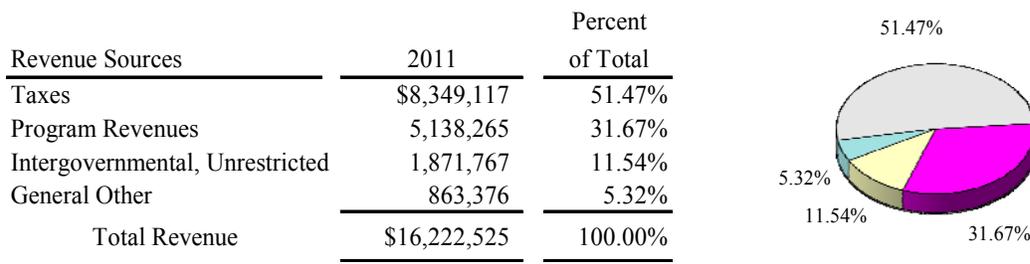
Governmental Activities

Net assets of the City's governmental activities increased \$944,155. State grant monies received from the Clean Ohio Revitalization Fund for razing of the former Lake Hospital site resulted in the increase in capital grants and contributions. Overall expenses remained consistent with the prior year.

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 51.47% of revenues for governmental activities for the City in fiscal year 2011. The City's reliance upon tax revenues is demonstrated by the following graph:



Business-Type Activities

Net assets of the business-type activities increased \$3,197,961. Increases in charges for services can be attributed to increased consumption usage in the electric department. Expenses remained consistent with the previous year. U.S. Department of Energy grants received for development of a vanadium battery at the City's electric power plant resulted in the increase in capital grants.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$10,949,891, which is an increase from last year's balance of \$8,721,337. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2011 and 2010:

	Fund Balance December 31, 2011	Restated Fund Balance December 31, 2010	Increase (Decrease)
General	\$7,146,825	\$6,595,996	\$550,829
Street Construction, Maintenance and Repair	973,488	23,594	949,894
Shamrock Boulevard Road Project	(1,763,338)	(1,735,217)	(28,121)
Other Governmental	4,592,916	3,836,964	755,952
Total	\$10,949,891	\$8,721,337	\$2,228,554

CITY OF PAINESVILLE, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

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

	2011 Revenues	2010 Revenues	Increase (Decrease)
Property Taxes	\$405,271	\$495,686	(\$90,415)
Municipal Income Taxes	7,167,242	7,157,251	9,991
Other Local Taxes	6,400	13,305	(6,905)
Intergovernmental Revenues	1,940,597	1,599,354	341,243
Charges for Services	66,485	57,322	9,163
Licenses, Permits and Inspection Fees	296,994	303,800	(6,806)
Investment Earnings	565,073	441,895	123,178
Fines and Forfeitures	914,774	869,736	45,038
All Other Revenue	377,637	717,769	(340,132)
Total	<u>\$11,740,473</u>	<u>\$11,656,118</u>	<u>\$84,355</u>

General Fund revenues in 2011 increased less than 1% when compared to 2010 revenues.

	2011 Expenditures	2010 Expenditures	Increase (Decrease)
General Government	\$3,783,661	\$3,783,708	(\$47)
Public Safety	6,218,725	6,478,996	(260,271)
Highways and Streets	794,841	772,843	21,998
Public Health and Welfare	125,190	134,134	(8,944)
Culture and Recreation	725,325	712,688	12,637
Community Environment	363,544	370,265	(6,721)
Debt Service:			
Principal Retirement	58,315	55,937	2,378
Interest and Fiscal Charges	16,126	23,982	(7,856)
Total	<u>\$12,085,727</u>	<u>\$12,332,553</u>	<u>(\$246,826)</u>

General Fund expenditures decreased \$246,826, or 2% from the prior year. A decrease in public safety can be attributed to decreases in salaries in the police and fire departments.

Street Construction, Maintenance and Repair Fund – General obligation notes payable reported in the prior year were refinanced with long term notes payable, resulting in a substantial increase in fund balance.

Shamrock Boulevard Road Project Fund – This fund continued to report a negative fund balance due to general obligation notes payable outstanding.

CITY OF PAINESVILLE, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

Water Fund – The City's Water fund revenues and expenses remained stable when compared with the prior year, resulting in an increase in fund balance of less than 5%.

Sewer Fund – The City's Sewer fund revenues and expenses remained stable when compared with the prior year, resulting in a decrease in fund balance of approximately 3%.

Electric Fund – The City's Electric Fund balance increased 7%, which can be attributed to increases in service consumption usage and U.S. Department of Energy grants received for development of a vanadium battery at the City's electric power plant.

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 2011 the City amended its General Fund budget several times, none significant.

For the General Fund, original revenue estimates, final revenue estimates, and actual budget basis revenues were not materially different. Original and final appropriations were not significantly different. The City curtailed actual budget basis expenditures keeping costs \$375,950 below final 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 2011 the City had \$94,391,831 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, \$36,283,772 was related to governmental activities and \$58,108,059 to the business-type activities. The following table shows fiscal year 2011 and 2010 balances:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	\$7,691,544	\$7,691,544	\$0
Construction in Progress	3,491,277	2,172,704	1,318,573
Buildings and Improvements	5,325,492	5,287,576	37,916
Improvements other than Buildings	8,026,470	7,702,678	323,792
Machinery and Equipment	6,422,486	6,472,290	(49,804)
Infrastructure	24,929,303	24,929,303	0
Less: Accumulated Depreciation	(19,602,800)	(18,113,919)	(1,488,881)
Totals	<u>\$36,283,772</u>	<u>\$36,142,176</u>	<u>\$141,596</u>

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2011	2010	
Land	\$1,397,784	\$1,397,784	\$0
Construction in Progress	19,415,282	17,212,739	2,202,543
Buildings and Improvements	31,580,303	31,294,058	286,245
Improvements other than Buildings	40,830,128	39,510,519	1,319,609
Machinery and Equipment	22,484,230	22,623,250	(139,020)
Less: Accumulated Depreciation	(57,599,668)	(55,798,717)	(1,800,951)
Totals	<u>\$58,108,059</u>	<u>\$56,239,633</u>	<u>\$1,868,426</u>

An increase in construction in progress in the Governmental activities capital assets can be attributed to the Lake Hospital site demolition project. The increase in construction in progress in the Business-Type activities can be attributed to development of a vanadium battery at the City's electric power plant. Additional information on the City's capital assets can be found in Note 11.

As of December 31, 2011, the City had contractual commitments of \$5,217,407 related to various projects throughout the City. Additional information on the City's construction commitments can be found in Note 19.

Debt

At December 31, 2011, the City had \$3,590,000 in general obligation bonds outstanding, \$615,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2011 and 2010:

	2011	2010
Governmental Activities:		
General Obligation Bonds	\$1,565,000	\$1,700,000
Construction Loan	324,854	381,978
Special Assessment Bonds	325,000	340,000
Ohio Public Works Commission Loan	78,241	83,131
Long Term Notes Payable	1,440,751	0
Compensated Absences	1,686,963	1,662,848
Capital Leases	280,728	414,816
Workers' Compensation Liability	596,320	342,787
Police and Firemen's Accrued Pension	721,833	739,511
Total Governmental Activities	<u>7,019,690</u>	<u>5,665,071</u>
Business-Type Activities:		
General Obligation Bonds	2,025,000	2,540,000
Mortgage Revenue Bonds	1,574,019	1,650,319
Ohio Water Development Authority Loan	4,282,382	4,281,356
Ohio Public Works Commission Loan	258,111	361,516
Long Term Notes Payable	1,754,179	0
Compensated Absences	1,675,976	1,714,199
Capital Leases	3,540,782	3,738,838
Total Business-Type Activities	<u>15,110,449</u>	<u>14,286,228</u>
Totals	<u>\$22,130,139</u>	<u>\$19,951,299</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, 2011, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

As it was with most government entities, the City of Painesville experienced continued trying economic times in 2011. 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 2011 and continued reduced revenues. The City's largest and third largest employer's Lake County and Painesville Schools continued to lay-off employees in 2011. 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 2011. The 2011 General Fund budget was reduced by 5% compared to 2010. All departments of the City reduced their operating expenses in 2011 and positions were eliminated through attrition. Only capital items that management and City Council determined necessary, or had off-setting grant revenues were appropriated. As numerous other government entities continue to do massive layoffs and cutting services in 2011, 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

**Statement of Net Assets
December 31, 2011**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 10,175,075	\$ 28,494,574	\$ 38,669,649
Investments	0	226,000	226,000
Receivables:			
Taxes	1,928,250	0	1,928,250
Accounts	218,285	3,432,552	3,650,837
Intergovernmental	1,181,348	253,957	1,435,305
Interest	63,712	0	63,712
Internal Balances	364,373	(364,373)	0
Inventory of Supplies at Cost	182,485	930,153	1,112,638
Land Held for Resale	785,000	0	785,000
Prepaid Items	75,182	255,325	330,507
Investment in Joint Venture	0	1,524,388	1,524,388
Deferred Charge	0	140,224	140,224
Deposit on Land	795,468	0	795,468
Restricted Assets:			
Cash and Cash Equivalents	1,093,605	930,267	2,023,872
Capital Assets:			
Capital Assets Not Being Depreciated	11,182,821	20,813,066	31,995,887
Capital Assets Being Depreciated, Net	25,100,951	37,294,993	62,395,944
Total Assets	53,146,555	93,931,126	147,077,681
Liabilities:			
Accounts Payable	214,094	3,900,231	4,114,325
Accrued Wages and Benefits	570,405	379,653	950,058
Intergovernmental Payable	6,086	8,155	14,241
Claims Payable	371,800	0	371,800
Retainage Payable	52,770	0	52,770
Refundable Deposits	0	930,267	930,267
Unearned Revenue	1,620,170	0	1,620,170
Accrued Interest Payable	56,245	52,178	108,423
General Obligation Notes Payable	1,881,840	322,660	2,204,500
Noncurrent liabilities:			
Due within one year	1,127,478	1,869,109	2,996,587
Due in more than one year	5,892,212	13,241,340	19,133,552
Total Liabilities	11,793,100	20,703,593	32,496,693

CITY OF PAINESVILLE, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Assets:			
Invested in Capital Assets, Net of Related Debt	30,387,358	44,350,926	74,738,284
Restricted For:			
Debt Service	293,333	0	293,333
Highways	1,253,653	0	1,253,653
Public Safety	672,905	0	672,905
Cemetery Operations:			
Nonexpendable	1,093,605	0	1,093,605
Expendable	141,557	0	141,557
Other Purposes	589,253	0	589,253
Unrestricted	6,921,791	28,876,607	35,798,398
Total Net Assets	\$ 41,353,455	\$ 73,227,533	\$ 114,580,988

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Activities
For the Year Ended December 31, 2011**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
General Government	\$ 5,319,087	\$ 1,533,460	\$ 0	\$ 0
Public Safety	7,418,708	756,827	87,577	0
Highways and Streets	1,821,320	32,842	795,433	161,189
Public Health and Welfare	635,108	119,652	0	0
Culture and Recreation	792,999	20,456	10	0
Community Environment	377,113	98,930	0	1,531,889
Interest and Fiscal Charges	167,510	0	0	0
Total Governmental Activities	16,531,845	2,562,167	883,020	1,693,078
Business-Type Activities:				
Water	4,651,337	5,489,308	0	0
Sewer	3,700,750	3,473,151	0	0
Electric	24,798,140	26,354,842	0	2,364,576
Refuse	51,759	49,737	0	0
Off Street Parking	133,687	50,347	0	0
Storm Water Utility	340,586	431,975	0	0
Community Programs	37,075	40,343	0	0
Total Business-Type Activities	33,713,334	35,889,703	0	2,364,576
Totals	\$ 50,245,179	\$ 38,451,870	\$ 883,020	\$ 4,057,654

General Revenues and Transfers

Property Taxes
Municipal Income Taxes
Other Local Taxes
Intergovernmental, Unrestricted
Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated
Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (3,785,627)	\$ 0	\$ (3,785,627)
(6,574,304)	0	(6,574,304)
(831,856)	0	(831,856)
(515,456)	0	(515,456)
(772,533)	0	(772,533)
1,253,706	0	1,253,706
(167,510)	0	(167,510)
<u>(11,393,580)</u>	<u>0</u>	<u>(11,393,580)</u>
0	837,971	837,971
0	(227,599)	(227,599)
0	3,921,278	3,921,278
0	(2,022)	(2,022)
0	(83,340)	(83,340)
0	91,389	91,389
0	3,268	3,268
<u>0</u>	<u>4,540,945</u>	<u>4,540,945</u>
<u>(11,393,580)</u>	<u>4,540,945</u>	<u>(6,852,635)</u>
1,175,475	0	1,175,475
7,167,242	0	7,167,242
6,400	0	6,400
1,871,767	0	1,871,767
539,269	(89,509)	449,760
324,107	0	324,107
<u>1,253,475</u>	<u>(1,253,475)</u>	<u>0</u>
<u>12,337,735</u>	<u>(1,342,984)</u>	<u>10,994,751</u>
944,155	3,197,961	4,142,116
<u>40,409,300</u>	<u>70,029,572</u>	<u>110,438,872</u>
<u>\$ 41,353,455</u>	<u>\$ 73,227,533</u>	<u>\$ 114,580,988</u>

CITY OF PAINESVILLE, OHIO

**Balance Sheet
Governmental Funds
December 31, 2011**

	General	Street Construction, Maintenance and Repair	Shamrock Boulevard Road Project
Assets:			
Pooled Cash and Investments	\$ 5,128,975	\$ 898,422	\$ 130,985
Receivables:			
Taxes	1,597,845	0	0
Accounts	50,737	0	0
Intergovernmental	723,606	307,780	0
Interest	63,712	0	0
Interfund Loans Receivables	260,000	0	0
Inventory of Supplies, at Cost	148,765	0	0
Land Held for Resale	785,000	0	0
Prepaid Items	62,532	0	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Total Assets	\$ 8,821,172	\$ 1,206,202	\$ 130,985
Liabilities:			
Accounts Payable	\$ 76,605	\$ 18,944	\$ 0
Accrued Wages and Benefits Payable	526,492	8,583	0
Intergovernmental Payable	0	0	0
Retainage Payable	0	0	0
Interfund Loans Payable	0	0	0
Deferred Revenue	1,071,250	205,187	0
Accrued Interest Payable	0	0	12,483
General Obligation Notes Payable	0	0	1,881,840
Total Liabilities	1,674,347	232,714	1,894,323
Fund Balances:			
Nonspendable	996,297	0	0
Restricted	0	973,488	0
Committed	0	0	0
Assigned	416,777	0	0
Unassigned (Deficit)	5,733,751	0	(1,763,338)
Total Fund Balances (Deficit)	7,146,825	973,488	(1,763,338)
Total Liabilities and Fund Balances	\$ 8,821,172	\$ 1,206,202	\$ 130,985

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 3,760,816	\$ 9,919,198
330,405	1,928,250
167,548	218,285
149,962	1,181,348
0	63,712
0	260,000
1,950	150,715
0	785,000
12,650	75,182
<u>1,093,605</u>	<u>1,093,605</u>
<u>\$ 5,516,936</u>	<u>\$ 15,675,295</u>
\$ 114,600	\$ 210,149
35,330	570,405
6,086	6,086
52,770	52,770
260,000	260,000
455,234	1,731,671
0	12,483
0	1,881,840
<u>924,020</u>	<u>4,725,404</u>
1,108,205	2,104,502
2,187,997	3,161,485
1,359,464	1,359,464
0	416,777
(62,750)	3,907,663
<u>4,592,916</u>	<u>10,949,891</u>
<u>\$ 5,516,936</u>	<u>\$ 15,675,295</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2011***

Total Governmental Fund Balances	\$ 10,949,891
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	36,283,772
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	906,969
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.	(320,045)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,467,132)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 41,353,455</u>

See accompanying notes to the basic financial statements



CITY OF PAINESVILLE, OHIO

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

	General	Street Construction, Maintenance and Repair	Shamrock Boulevard Road Project
Revenues:			
Property Taxes	\$ 405,271	\$ 0	\$ 0
Municipal Income Taxes	7,167,242	0	0
Other Local Taxes	6,400	0	0
Intergovernmental Revenues	1,940,597	781,381	0
Charges for Services	66,485	0	0
Licenses, Permits and Inspection Fees	296,994	0	0
Investment Earnings	565,073	(3,517)	0
Special Assessments	0	0	0
Fines and Forfeitures	914,774	0	0
All Other Revenues	377,637	840	0
Total Revenues	11,740,473	778,704	0
Expenditures:			
Current:			
General Government	3,783,661	0	0
Public Safety	6,218,725	0	0
Highways and Streets	794,841	725,505	0
Public Health and Welfare	125,190	0	0
Culture and Recreation	725,325	0	0
Community Environment	363,544	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	58,315	85,140	0
Interest & Fiscal Charges	16,126	48,863	28,121
Total Expenditures	12,085,727	859,508	28,121
Excess (Deficiency) of Revenues Over Expenditures	(345,254)	(80,804)	(28,121)
Other Financing Sources (Uses):			
Long Term Note Issuance	226,000	1,030,698	0
Transfers In	1,223,475	0	0
Transfers Out	(540,000)	0	0
Insurance Proceeds	0	0	0
Total Other Financing Sources (Uses)	909,475	1,030,698	0
Net Change in Fund Balances	564,221	949,894	(28,121)
Fund Balance (Deficit)			
at Beginning of Year - Restated	6,595,996	23,594	(1,735,217)
Increase (Decrease) in Inventory	(13,392)	0	0
Fund Balance (Deficit) End of Year	\$ 7,146,825	\$ 973,488	\$ (1,763,338)

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 756,173	\$ 1,161,444
0	7,167,242
0	6,400
2,606,972	5,328,950
767,737	834,222
0	296,994
928	562,484
92,547	92,547
343,031	1,257,805
61,409	439,886
<u>4,628,797</u>	<u>17,147,974</u>
873,450	4,657,111
917,026	7,135,751
824,683	2,345,029
494,606	619,796
0	725,325
0	363,544
1,101,883	1,101,883
202,647	346,102
68,313	161,423
<u>4,482,608</u>	<u>17,455,964</u>
146,189	(307,990)
184,053	1,440,751
475,000	1,698,475
(55,000)	(595,000)
5,513	5,513
<u>609,566</u>	<u>2,549,739</u>
755,755	2,241,749
3,836,964	8,721,337
197	(13,195)
<u>\$ 4,592,916</u>	<u>\$ 10,949,891</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, 2011***

Net Change in Fund Balances - Total Governmental Funds \$ 2,241,749

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. 186,935

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. (45,339)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (135,494)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. (1,076,971)

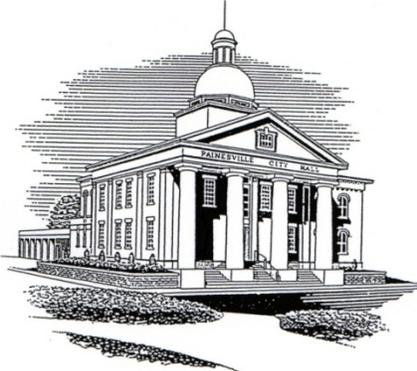
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (6,087)

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. (91,616)

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. (129,022)

Change in Net Assets of Governmental Activities \$ 944,155

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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 453,000	\$ 453,000	\$ 410,846	\$ (42,154)
Municipal Income Taxes	7,410,000	7,410,000	7,184,169	(225,831)
Other Local Taxes	10,000	10,000	6,400	(3,600)
Intergovernmental Revenue	1,571,094	1,571,094	1,954,625	383,531
Charges for Services	52,930	52,930	66,485	13,555
Licenses, Permits and Inspection Fees	305,150	305,150	293,831	(11,319)
Investment Earnings	345,000	345,000	360,019	15,019
Fines and Forfeitures	897,220	897,220	914,774	17,554
All Other Revenues	377,325	377,335	377,162	(173)
Total Revenues	<u>11,421,719</u>	<u>11,421,729</u>	<u>11,568,311</u>	<u>146,582</u>
Expenditures:				
Current:				
General Government	3,885,504	4,096,206	3,844,713	251,493
Public Safety	6,820,786	6,719,754	6,652,108	67,646
Highways and Streets	827,687	841,822	813,152	28,670
Public Health and Welfare	125,700	126,000	125,634	366
Culture and Recreation	730,032	751,719	738,220	13,499
Community Environment	392,271	385,386	372,235	13,151
Debt Service:				
Principal Retirement	65,701	59,596	58,476	1,120
Interest and Fiscal Charges	15,356	15,356	15,351	5
Total Expenditures	<u>12,863,037</u>	<u>12,995,839</u>	<u>12,619,889</u>	<u>375,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,441,318)	(1,574,110)	(1,051,578)	522,532
Other Financing Sources (Uses):				
Sale of Capital Assets	10	0	0	0
Sale of General Obligation Notes	230,000	230,000	226,000	(4,000)
Transfers In	820,000	1,400,000	1,223,475	(176,525)
Transfers Out	(345,000)	(707,200)	(540,000)	167,200
Advances In	0	20,000	20,000	0
Advances Out	(239,000)	(239,000)	(239,000)	0
Total Other Financing Sources (Uses):	<u>466,010</u>	<u>703,800</u>	<u>690,475</u>	<u>(13,325)</u>
Net Changes in Fund Balance	(975,308)	(870,310)	(361,103)	509,207
Fund Balance at Beginning of Year	4,434,932	4,434,932	4,434,932	0
Prior Year Encumbrances	371,714	371,714	371,714	0
Fund Balance at End of Year	<u>\$ 3,831,338</u>	<u>\$ 3,936,336</u>	<u>\$ 4,445,543</u>	<u>\$ 509,207</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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	\$ 615,000	\$ 615,000	\$ 685,688	\$ 70,688
All Other Revenues	0	0	840	840
Total Revenues	615,000	615,000	686,528	71,528
Expenditures:				
Current:				
Highways and Streets	900,410	943,410	929,756	13,654
Debt Service:				
Principal Retirement	1,041,107	1,041,107	1,041,106	1
Interest and Fiscal Charges	64,337	64,337	64,334	3
Total Expenditures	2,005,854	2,048,854	2,035,196	13,658
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,390,854)	(1,433,854)	(1,348,668)	85,186
Other Financing Sources (Uses):				
Sale of General Obligation Notes	1,030,698	1,030,698	1,030,698	0
Premiums on Debt Issuances	0	0	385	385
Transfers In	112,000	112,000	112,000	0
Total Other Financing Sources (Uses):	1,142,698	1,142,698	1,143,083	385
Net Changes in Fund Balance	(248,156)	(291,156)	(205,585)	85,571
Fund Balance at Beginning of Year	696,103	696,103	696,103	0
Prior Year Encumbrances	224,784	224,784	224,784	0
Fund Balance at End of Year	\$ 672,731	\$ 629,731	\$ 715,302	\$ 85,571

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
ASSETS			
Current Assets:			
Pooled Cash and Investments	\$ 2,273,520	\$ 2,903,452	\$ 22,975,499
Investments	0	0	226,000
Accounts Receivable	468,645	379,109	2,536,703
Intergovernmental Receivable	0	6,542	247,415
Inventory of Supplies at Cost	141,615	66,206	722,332
Prepaid Items	69,432	50,167	132,978
Total Current Assets	2,953,212	3,405,476	26,840,927
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	312,874	0	613,527
Total Restricted Assets	312,874	0	613,527
Investment in Joint Venture	0	0	1,524,388
Deferred Charges	14,179	0	126,045
Capital Assets:			
Capital Assets Not Being Depreciated	4,510,876	3,047,810	12,569,426
Capital Assets Being Depreciated, Net	17,387,822	7,518,058	10,294,746
Total Noncurrent Assets	22,225,751	10,565,868	25,128,132
Total Assets	25,178,963	13,971,344	51,969,059
LIABILITIES			
Current Liabilities:			
Accounts Payable	57,611	19,282	3,811,838
Accrued Wages and Benefits	77,465	76,065	220,639
Intergovernmental Payable	0	8,155	0
Claims Payable - Current	0	0	0
Refundable Deposits	312,874	0	613,527
Accrued Interest Payable	39,226	4,521	133
General Obligation Notes Payable	210,040	56,310	0
Capital Leases Payable - Current	149,034	16,934	14,495
General Obligation Bonds Payable - Current	525,000	0	0
Revenue Bond Payable - Current	0	0	172,525
OWDA Loans Payable - Current	83,302	0	0
OPWC Loans Payable - Current	101,357	2,048	0
Long Term Notes Payable - Current	67,605	104,455	0
Compensated Absences Payable - Current	93,338	107,778	382,965
Total Current Liabilities	1,716,852	395,548	5,216,122

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 342,103	\$ 28,494,574	\$ 255,877
0	226,000	0
48,095	3,432,552	0
0	253,957	0
0	930,153	31,770
2,748	255,325	0
<u>392,946</u>	<u>33,592,561</u>	<u>287,647</u>
3,866	930,267	0
<u>3,866</u>	<u>930,267</u>	<u>0</u>
0	1,524,388	0
0	140,224	0
684,954	20,813,066	0
<u>2,094,367</u>	<u>37,294,993</u>	<u>0</u>
<u>2,783,187</u>	<u>60,702,938</u>	<u>0</u>
<u>3,176,133</u>	<u>94,295,499</u>	<u>287,647</u>
11,500	3,900,231	3,945
5,484	379,653	0
0	8,155	0
0	0	603,781
3,866	930,267	0
8,298	52,178	0
56,310	322,660	0
0	180,463	0
0	525,000	0
0	172,525	0
0	83,302	0
0	103,405	0
46,600	218,660	0
1,673	585,754	0
<u>133,731</u>	<u>7,462,253</u>	<u>607,726</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
Noncurrent Liabilities:			
Capital Leases Payable	3,024,289	201,618	134,412
General Obligation Bonds Payable	1,500,000	0	0
Claims Payable	0	0	0
Revenue Bonds Payable	0	0	1,401,494
OWDA Loans Payable	703,234	3,495,846	0
OPWC Loans Payable	123,975	30,731	0
Long Term Notes Payable	730,444	299,475	0
Compensated Absences Payable	281,530	274,365	515,325
Total Noncurrent Liabilities	<u>6,363,472</u>	<u>4,302,035</u>	<u>2,051,231</u>
Total Liabilities	<u>8,080,324</u>	<u>4,697,583</u>	<u>7,267,353</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	14,680,418	6,358,451	21,141,246
Unrestricted	2,418,221	2,915,310	23,560,460
Total Net Assets	<u>\$ 17,098,639</u>	<u>\$ 9,273,761</u>	<u>\$ 44,701,706</u>

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

Net Assets of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
0	3,360,319	0
0	1,500,000	0
0	0	364,339
0	1,401,494	0
0	4,199,080	0
0	154,706	0
505,600	1,535,519	0
19,002	1,090,222	0
<u>524,602</u>	<u>13,241,340</u>	<u>364,339</u>
658,333	20,703,593	972,065
2,170,811	44,350,926	0
<u>346,989</u>	<u>29,240,980</u>	<u>(684,418)</u>
<u>\$ 2,517,800</u>	<u>\$ 73,591,906</u>	<u>\$ (684,418)</u>
	<u>(364,373)</u>	
	<u>\$ 73,227,533</u>	

CITY OF PAINESVILLE, OHIO

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

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
Operating Revenues:			
Charges for Services	\$ 4,580,780	\$ 3,404,089	\$ 25,651,594
Other Charges for Services	128,125	70,979	468,230
Other Operating Revenues	224,650	71,806	7,560
Total Operating Revenues	4,933,555	3,546,874	26,127,384
Operating Expenses:			
Personal Services	2,287,230	2,253,990	6,434,321
Contractual Services	474,104	378,460	3,133,615
Materials and Supplies	287,385	175,079	4,235,753
Utilities	355,446	334,207	9,867,105
Depreciation	916,514	508,666	778,150
Total Operating Expenses	4,320,679	3,650,402	24,448,944
Operating Income (Loss)	612,876	(103,528)	1,678,440
Non-Operating Revenue (Expenses):			
Interest Income	(7,251)	(11,601)	(70,657)
Interest and Fiscal Charges	(319,721)	(31,965)	(20,875)
Loss on Disposal of Assets	0	(73,907)	(50)
Loss on Investment in Joint Venture	0	0	(145,039)
Other Nonoperating Revenue	555,753	184	227,508
Other Nonoperating Expense	(10,937)	(18,383)	(35,388)
Total Non-Operating Revenues (Expenses)	217,844	(135,672)	(44,501)

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 512,768	\$ 34,149,231	\$ 4,275,809
10,093	677,427	0
49,541	353,557	0
<u>572,402</u>	<u>35,180,215</u>	<u>4,275,809</u>
176,557	11,152,098	3,491,724
293,292	4,279,471	806,169
15,299	4,713,516	404,832
19,120	10,575,878	0
46,630	2,249,960	0
<u>550,898</u>	<u>32,970,923</u>	<u>4,702,725</u>
21,504	2,209,292	(426,916)
0	(89,509)	0
(12,209)	(384,770)	0
0	(73,957)	0
0	(145,039)	0
0	783,445	0
0	(64,708)	0
<u>(12,209)</u>	<u>25,462</u>	<u>0</u>

(Continued)

CITY OF PAINESVILLE, OHIO

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

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
Income (Loss) Before			
Transfers and Contributions	830,720	(239,200)	1,633,939
Transfers and Contributions:			
Transfers In	0	0	0
Transfers Out	(105,000)	(60,000)	(1,138,475)
Capital Contributions	0	0	2,364,576
Total Transfers and Contributions	<u>(105,000)</u>	<u>(60,000)</u>	<u>1,226,101</u>
Change in Net Assets	725,720	(299,200)	2,860,040
Net Assets Beginning of Year	<u>16,372,919</u>	<u>9,572,961</u>	<u>41,841,666</u>
Net Assets End of Year	<u>\$ 17,098,639</u>	<u>\$ 9,273,761</u>	<u>\$ 44,701,706</u>

Change in Net Assets - Total Enterprise Funds

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

Change in Net Assets - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
9,295	2,234,754	(426,916)
50,000	50,000	150,000
0	(1,303,475)	0
0	2,364,576	0
<u>50,000</u>	<u>1,111,101</u>	<u>150,000</u>
59,295	3,345,855	(276,916)
<u>2,458,505</u>	<u>70,246,051</u>	<u>(407,502)</u>
<u>\$ 2,517,800</u>	<u>\$ 73,591,906</u>	<u>\$ (684,418)</u>
	\$ 3,345,855	
	<u>(147,894)</u>	
	<u>\$ 3,197,961</u>	

CITY OF PAINESVILLE, OHIO

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

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$5,507,909	\$3,601,539	\$26,679,505
Cash Receipts from Interfund Services Provided	0	0	0
Cash Payments for Goods and Services	(1,116,073)	(923,097)	(16,920,123)
Cash Payments to Employees	(2,249,723)	(2,253,960)	(6,500,927)
Cash Payments for Employee Medical Claims	0	0	0
Net Cash Provided (Used) by Operating Activities	2,142,113	424,482	3,258,455
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	0	0
Transfers Out to Other Funds	(105,000)	(60,000)	(1,138,475)
Advances In from Other Funds	0	0	239,000
Net Cash Provided (Used) by Noncapital Financing Activities	(105,000)	(60,000)	(899,475)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds of General Obligation Notes	1,008,089	460,240	0
Premiums on Debt Issuances	867	1,137	0
Principal Paid on General Obligation Notes	(1,102,154)	(570,310)	0
Intergovernmental Grants Received	0	0	2,117,161
Acquisition and Construction of Assets	(359,836)	(415,172)	(2,873,108)
Issuance of OWDA Loans	0	80,626	0
Principal Paid on Capital Leases	(151,535)	(23,706)	(22,815)
Principal Paid on General Obligation Bonds	(515,000)	0	0
Principal Paid on Ohio Public Works Commission Loans	(101,357)	(2,048)	0
Principal Paid on Ohio Water Development Authority Loans	(79,600)	0	0
Interest Paid on All Debt	(321,628)	(32,708)	(7,033)
Net Cash Used for Capital and Related Financing Activities	(1,622,154)	(501,941)	(785,795)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Principal and Interest on Investments	0	10	8,320
Sale of Investments	1,744,625	2,793,674	19,901,225
Net Cash Provided by Investing Activities	1,744,625	2,793,684	19,909,545
Net Increase (Decrease) in Cash and Cash Equivalents	2,159,584	2,656,225	21,482,730
Cash and Cash Equivalents at Beginning of Year	426,810	247,227	2,106,296
Cash and Cash Equivalents at End of Year	\$2,586,394	\$2,903,452	\$23,589,026
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$2,273,520	\$2,903,452	\$22,975,499
Restricted Cash and Cash Equivalents	312,874	0	613,527
Cash and Cash Equivalents at End of Year	\$2,586,394	\$2,903,452	\$23,589,026

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities
		Internal Service Funds
\$574,259	\$36,363,212	\$0
0	0	4,275,809
(317,175)	(19,276,468)	(1,234,160)
(176,402)	(11,181,012)	(171,850)
0	0	(3,001,441)
<u>80,682</u>	<u>5,905,732</u>	<u>(131,642)</u>
50,000	50,000	150,000
0	(1,303,475)	0
0	239,000	0
<u>50,000</u>	<u>(1,014,475)</u>	<u>150,000</u>
608,510	2,076,839	0
290	2,294	0
(672,680)	(2,345,144)	0
0	2,117,161	0
(237,620)	(3,885,736)	0
0	80,626	0
0	(198,056)	0
0	(515,000)	0
0	(103,405)	0
0	(79,600)	0
(14,221)	(375,590)	0
<u>(315,721)</u>	<u>(3,225,611)</u>	<u>0</u>
0	8,330	0
0	24,439,524	0
0	24,447,854	0
(185,039)	26,113,500	18,358
531,008	3,311,341	237,519
<u>\$345,969</u>	<u>\$29,424,841</u>	<u>\$255,877</u>
\$342,103	\$28,494,574	\$255,877
3,866	930,267	0
<u>\$345,969</u>	<u>\$29,424,841</u>	<u>\$255,877</u>

(Continued)

CITY OF PAINESVILLE, OHIO

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

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
<u>Reconciliation of Operating (Loss) Income to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$612,876	(\$103,528)	\$1,678,440
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	916,514	508,666	778,150
Miscellaneous Nonoperating Revenues	596,208	184	281,687
Miscellaneous Nonoperating Expenses	(10,937)	(18,383)	(35,388)
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(21,854)	50,031	270,434
Decrease in Intergovernmental Receivable	0	4,450	0
(Increase) Decrease in Inventory	3,961	(5,863)	22,399
(Increase) Decrease in Prepaid Items	(1,633)	976	(282)
Increase (Decrease) in Accounts Payable	87,869	(5,664)	406,063
Increase in Accrued Wages and Benefits	2,304	652	6,008
Decrease in Intergovernmental Payable	(78,073)	(6,402)	(252)
Increase (Decrease) in Compensated Absences Payable	34,878	(637)	(72,504)
Decrease in Payable to Joint Venture	0	0	(76,300)
Increase in Claims Liability	0	0	0
Total Adjustments	1,529,237	528,010	1,580,015
Net Cash Provided (Used) by Operating Activities	\$2,142,113	\$424,482	\$3,258,455

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2011 the Water, Electric and Other Enterprise Funds had outstanding liabilities of \$13,939, \$603,334, and \$1,750, respectively for the purchase of certain capital assets. During 2011 the fair value of investments decreased \$7,251, \$11,611, and \$83,657 in the Water, Sewer, and Electric Funds, respectively.

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities
		Internal Service Funds
\$21,504	\$2,209,292	(\$426,916)
46,630	2,249,960	0
74	878,153	0
0	(64,708)	0
1,783	300,394	0
0	4,450	0
0	20,497	2,181
1,448	509	0
9,078	497,346	(25,340)
125	9,089	0
0	(84,727)	0
40	(38,223)	0
0	(76,300)	0
0	0	318,433
59,178	3,696,440	295,274
<u>\$80,682</u>	<u>\$5,905,732</u>	<u>(\$131,642)</u>

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2011**

	Private Purpose	
	Trust	
	Deposit Trust	Agency
Assets:		
Cash and Cash Equivalents	\$ 541,193	\$ 183,315
Receivables:		
Taxes	0	35,995
Total Assets	<u>541,193</u>	<u>219,310</u>
Liabilities:		
Intergovernmental Payable	0	35,995
Due to Others	0	183,315
Total Liabilities	<u>0</u>	<u>219,310</u>
Net Assets:		
Unrestricted	541,193	0
Total Net Assets	<u>\$ 541,193</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Changes in Net Assets
Fiduciary Fund
For the Year Ended December 31, 2011**

	Private Purpose Trust
	<u>Deposit Trust</u>
Additions:	
Contributions:	
Private Donations	\$ 54,474
Total Additions	<u>54,474</u>
Deductions:	
Administrative Expenses	<u>62,766</u>
Total Deductions	<u>62,766</u>
Change in Net Assets	(8,292)
Net Assets at Beginning of Year	<u>549,485</u>
Net Assets End of Year	<u>\$ 541,193</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Basis of Presentation - Fund Accounting

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

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, 2011***

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, 2011***

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, monies from the sale of property under the Land Bank Program and deposits from contractors.

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, 2011***

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, 2011***

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, 2011, but which are not intended to finance 2011 operations or are not expected to be received within sixty (60) days after year end, are recorded as deferred revenue as further described in Note 6.

The accrual basis of accounting is utilized for reporting purposes by all 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, 2011***

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 statements reflect the amounts in the final amended official certificate of estimated resources issued for 2011.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

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.

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. 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, 2011**

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)	\$564,221	\$949,894
Increase (Decrease):		
Accrued Revenues at December 31, 2011 received during 2012	(1,624,650)	(102,593)
Accrued Revenues at December 31, 2010 received during 2011	1,683,287	108,408
Accrued Expenditures at December 31, 2011 paid during 2012	603,097	27,527
Accrued Expenditures at December 31, 2010 paid during 2011	(924,295)	(1,033,703)
2010 Prepays for 2011	54,603	0
2011 Prepays for 2012	(62,532)	0
2010 Adjustment to Fair Value	18,354	3,517
2011 Adjustment to Fair Value	(228,678)	0
Outstanding Encumbrances	(444,108)	(169,126)
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	(402)	10,491
Budget Basis	<u>(\$361,103)</u>	<u>(\$205,585)</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, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents (Continued)

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

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. Interest revenue credited to the General fund during 2011 amounted to \$565,073, which includes \$519,917 assigned from other funds.

The City has invested funds in the STAR Ohio during 2011. 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, 2011. See Note 5 "Cash and Cash Equivalents."

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

On the government-wide financial statements and in the proprietary funds, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental funds when purchased.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

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, 2011***

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, 2011**

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, Sewer 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 Storm Water Utility Fund
Long-Term Notes Payable	General Fund, Water Fund, Sewer Fund, Storm Water Utility 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, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

P. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2011.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE – RESTATEMENT OF FUND BALANCE/NET ASSETS

For 2011 the City implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”. Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions.

The application of GASB 54 resulted in changes to beginning of year balances as detailed below:

	<u>General Fund</u>	<u>Street Construction, Maintenance and Repair Fund</u>	<u>Other Governmental Funds</u>	<u>Governmental Activities</u>
Fund Balance/Net Assets at December 31, 2010	\$6,585,752	(\$16,799)	\$3,993,701	\$40,515,400
GASB 54 Fund Reclassification	10,244	40,393	(156,737)	(106,100)
Net Assets, as Restated	<u>\$6,595,996</u>	<u>\$23,594</u>	<u>\$3,836,964</u>	<u>\$40,409,300</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental 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	\$79,464
Shared Revenues	705,383
Interest Revenues	27,504
Charges for Services	94,618
	<u>\$906,969</u>

Long-Term liabilities not reported in the funds:

General Obligation Bonds	(\$1,565,000)
Special Assessment Bonds Payable	(325,000)
Long Term Notes Payable	(1,440,751)
OPWC Loans Payable	(78,241)
Construction Loan Payable	(324,854)
Accrued Interest on Long-Term Debt	(43,762)
Capital Leases Payable	(280,728)
Police/Firemen's Pension Accrued Liability	(721,833)
Compensated Absences Payable	(1,686,963)
	<u>(\$6,467,132)</u>

This space intentionally left blank.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

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

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

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

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

Capital Outlay	\$1,836,877
Depreciation Expense	(1,649,942)
	<u>\$186,935</u>

Governmental revenues not reported in the funds:

Increase in Tax Revenue	\$14,031
Decrease in Intergovernmental Revenue	(88,599)
Decrease in Interest Revenue	(23,215)
Decrease in Charges for Services	(8,562)
Decrease in Special Assessment Revenue	(29,149)
	<u>(\$135,494)</u>

Net amount of long-term debt issuance and principal payments:

Long-Term Note Issuance	(\$1,440,751)
General Obligation Bond Principal Payment	135,000
Special Assessment Bond Principal Payment	15,000
Construction Loan Principal Payment	57,124
OPWC Loan Principal Payment	4,890
Police/Firemen's Pension Liability Payment	17,678
Capital Lease Payments	134,088
	<u>(\$1,076,971)</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$78,421)
Decrease in supplies inventory	(13,195)
	<u>(\$91,616)</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 4 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Street Construction, Maintenance and Repair Fund	Shamrock Boulevard Road Project Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Supplies Inventory	\$148,765	\$0	\$0	\$1,950	\$150,715
Land Held for Resale	785,000	0	0	0	785,000
Prepaid Items	62,532	0	0	12,650	75,182
Permanent Fund Corpus	0	0	0	1,093,605	1,093,605
Total Nonspendable	996,297	0	0	1,108,205	2,104,502
Restricted:					
Street Maintenance and Repair	0	973,488	0	121,428	1,094,916
Cemetery Maintenance	0	0	0	231,037	231,037
Law Enforcement	0	0	0	95,396	95,396
Drug and Alcohol Treatment	0	0	0	162,753	162,753
Adult Probation Program	0	0	0	38,818	38,818
Court Computer Improvements	0	0	0	23,765	23,765
Infrastructure Improvements	0	0	0	664,195	664,195
Debt Retirement	0	0	0	307,975	307,975
Capital Improvements	0	0	0	542,630	542,630
Total Restricted	0	973,488	0	2,187,997	3,161,485
Committed:					
Emergency Medical Services	0	0	0	527,549	527,549
Capital Improvements	0	0	0	827,709	827,709
Other Purposes	0	0	0	4,206	4,206
Total Committed	0	0	0	1,359,464	1,359,464
Assigned:					
Other Purposes	416,777	0	0	0	416,777
Total Assigned	416,777	0	0	0	416,777
Unassigned (Deficits):					
	5,733,751	0	(1,763,338)	(62,750)	3,907,663
Total Fund Balances	\$7,146,825	\$973,488	(\$1,763,338)	\$4,592,916	\$10,949,891

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 5 - 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.

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).

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

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.

At year end the carrying amount of the City's deposits was \$10,302,968 and the bank balance was \$10,842,985. Federal depository insurance covered \$1,750,000 of the bank balance and \$9,092,985 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	<u>\$9,092,985</u>
Total Balance	<u><u>\$9,092,985</u></u>

B. Investments

The City's investments at December 31, 2011 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
STAR Ohio	\$52,528	AAAm ¹	\$52,528	\$0	\$0
City's Debt	226,000	N/A	226,000	0	0
Commercial Paper	7,494,493	AA+-A ¹ /Aa2-A3 ²	7,494,493	0	0
US Treasury Notes	8,003,171	AA+ ¹ /Aaa ²	1,435,271	6,567,900	0
FHLB	8,054,045	AA+ ¹ /Aaa ²	1,514,700	6,539,345	0
FFCB	7,510,824	AA+ ¹ /Aaa ²	2,116,232	4,587,056	807,536
Total Investments	<u>\$31,341,061</u>		<u>\$12,839,224</u>	<u>\$17,694,301</u>	<u>\$807,536</u>

¹ Standard & Poor's

² Moody's Investor Service

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

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, 24% were in Commercial Paper, 25% were United States Treasury Notes, 26% were FHLB, 24% are FFCB, and the remaining 1% 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.

NOTE 6 - PROPERTY TAX

Property taxes include amounts levied against all real estate and public utility property and located in the City. Real property taxes (other than public utility) collected during 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2006. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder 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 a 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 2006-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, 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. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 6 - 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, 2011 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2011 collections was based was \$251,049,200. This amount constitutes \$249,342,780 in real property assessed value and \$1,706,420 in public utility assessed.

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 2011 were based on a tax rate equal to .370% (3.70 mills) of assessed value.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2011 consisted of taxes, interest, accounts receivable, and intergovernmental receivables arising from shared revenues.

NOTE 8 - LAND HELD FOR RESALE

In December 1999, the City purchased 43.1 acres of land with the intent of resale as part of the City's economic development strategy. Additional land was purchased during 2001 for the same purpose. This land is instrumental in the development of commercial or industrial facilities to create and preserve jobs. At December 31, 2011 the City's Land Held for Resale balance was \$785,000.

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2011 consist of the following individual fund receivables and payables:

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$260,000	\$0
Nonmajor Governmental Fund:		
Fire Levy Fund	0	260,000
Totals	\$260,000	\$260,000

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 2012 fiscal year.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 10 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2011:

Fund	Transfers In	Transfers Out
Major Governmental Fund:		
General Fund	\$1,223,475	\$540,000
Major Enterprise Funds:		
Water Fund	0	105,000
Sewer Fund	0	60,000
Electric Fund	0	1,138,475
Total Major Enterprise Funds	<u>0</u>	<u>1,303,475</u>
Nonmajor Governmental Funds:		
Cemeteries Fund	330,000	0
Emergency Medical Services Fund	0	50,000
Capital Equipment Reserve Fund	80,000	0
Capital Improvement Fund	50,000	0
Industrial Park Project Fund	14,000	0
Municipal Court Special Projects Fund	0	5,000
City Hall Fire Fund	1,000	0
Total Nonmajor Governmental Funds	<u>475,000</u>	<u>55,000</u>
Nonmajor Enterprise Fund:		
Off-Street Parking Fund	50,000	0
Total Nonmajor Enterprise Funds	<u>50,000</u>	<u>0</u>
Internal Service Funds:		
Fuel and Oil Rotary Fund	150,000	0
Total Internal Service Funds	<u>150,000</u>	<u>0</u>
Total All Funds	<u><u>\$1,898,475</u></u>	<u><u>\$1,898,475</u></u>

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2011:

Historical Cost:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Capital assets not being depreciated:				
Land	\$7,691,544	\$0	\$0	\$7,691,544
Construction in Progress	2,172,704	1,494,916	(176,343)	3,491,277
Subtotal	9,864,248	1,494,916	(176,343)	11,182,821
Capital assets being depreciated:				
Buildings and Improvements	5,287,576	37,916	0	5,325,492
Improvements other than Buildings	7,702,678	323,792	0	8,026,470
Machinery and Equipment	6,472,290	156,596	(206,400)	6,422,486
Infrastructure	24,929,303	0	0	24,929,303
Subtotal	44,391,847	518,304	(206,400)	44,703,751
Total Cost	\$54,256,095	\$2,013,220	(\$382,743)	\$55,886,572

Accumulated Depreciation:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings and Improvements	(\$2,239,732)	(\$69,059)	\$0	(\$2,308,791)
Improvements other than Buildings	(1,138,189)	(211,530)	0	(1,349,719)
Machinery and Equipment	(4,140,540)	(538,376)	161,061	(4,517,855)
Infrastructure	(10,595,458)	(830,977)	0	(11,426,435)
Total Depreciation	(\$18,113,919)	(\$1,649,942) *	\$161,061	(\$19,602,800)
Net Value:	\$36,142,176			\$36,283,772

* Depreciation expenses were charged to governmental functions as follows:

General Government	\$162,391
Public Safety	231,492
Highways and Streets	1,167,832
Public Health and Welfare	18,254
Culture and Recreation	60,592
Community Environment	9,381
Total Depreciation Expense	\$1,649,942

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 11 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2011:

Historical Cost:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>				
Land	\$1,397,784	\$0	\$0	\$1,397,784
Construction In Progress	17,212,739	3,602,010	(1,399,467)	19,415,282
Subtotal	18,610,523	3,602,010	(1,399,467)	20,813,066
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	31,294,058	286,245	0	31,580,303
Infrastructure	39,510,519	1,319,609	0	40,830,128
Machinery and Equipment	22,623,250	383,947	(522,967)	22,484,230
Subtotal	93,427,827	1,989,801	(522,967)	94,894,661
Total Cost	\$112,038,350	\$5,591,811	(\$1,922,434)	\$115,707,727

Accumulated Depreciation:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings and Improvements	(\$18,262,087)	(\$666,277)	\$0	(\$18,928,364)
Infrastructure	(19,369,221)	(953,972)	0	(20,323,193)
Machinery and Equipment	(18,167,409)	(629,711)	449,009	(18,348,111)
Total Depreciation	(\$55,798,717)	(\$2,249,960)	\$449,009	(\$57,599,668)
<i>Net Value:</i>	\$56,239,633			\$58,108,059

NOTE 12 – DEFINED BENEFIT PENSION PLANS

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

A. Ohio Public Employees Retirement System (“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, 2011***

NOTE 12 – 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 post-employment 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 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 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. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2011. 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, 2011, 2010, and 2009 were \$1,054,411, \$1,010,264 and \$901,185, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2011 were \$6,993 made by the City and \$4,995 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 – 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 2011, 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, 2011, 2010, and 2009 were \$332,366, \$337,780 and \$332,590 for police and \$321,099, \$314,092 and \$315,745 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 13 - 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 Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 13 - 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 2011, 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 Post-Employment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. 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, 2011, 2010, and 2009 were \$421,764, \$575,945 and \$645,243, 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, 2011***

NOTE 13 - 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 post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Post-Employment 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 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). 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, 2011, 2010, and 2009 were \$175,959, \$178,825 and \$176,077 for police and \$125,647, \$122,906 and \$123,552 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, 2011**

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2011 is as follows:

		Balance December 31, 2010	Issued	(Retired)	Balance December 31, 2011	Amount Due Within One Year
Business-Type Activities:						
Amp-Ohio Joint Venture Agreement:						
4.600 - 4.750% Joint Venture Agreement		\$2,072,304	\$0	(\$163,866)	\$1,908,438	\$172,525
Joint Venture Reserve Amount		(421,985)	0	87,566	(334,419)	0
Net Joint Venture Agreement		<u>1,650,319</u>	<u>0</u>	<u>(76,300)</u>	<u>1,574,019</u>	<u>172,525</u>
General Obligation Bonds:						
1.500 - 3.600% Waterworks	2003	540,000	0	(265,000)	275,000	275,000
3.250 - 4.600% Waterworks	1998	2,000,000	0	(250,000)	1,750,000	250,000
Total General Obligation Bonds		<u>2,540,000</u>	<u>0</u>	<u>(515,000)</u>	<u>2,025,000</u>	<u>525,000</u>
Ohio Water Development Authority Loans (OWDA):						
4.618% Safe Drinking Water	1998	866,136	0	(79,600)	786,536	83,302
3.420% WPCLF WWTP Upgrades	2009	3,415,220	80,626	0	3,495,846	0
Total OWDA Loans		<u>4,281,356</u>	<u>80,626</u>	<u>(79,600)</u>	<u>4,282,382</u>	<u>83,302</u>
Ohio Public Works Commission Loan (OPWC):						
0.000% Raw Water Pump Station Replacement	2002	120,000	0	(60,000)	60,000	60,000
0.000% Pump Station	2005	206,689	0	(41,357)	165,332	41,357
0.000% Mentor Ave / Jackson Street Sewer	2008	34,827	0	(2,048)	32,779	2,048
Total OPWC Loans		<u>361,516</u>	<u>0</u>	<u>(103,405)</u>	<u>258,111</u>	<u>103,405</u>
Long-Term Notes Payable:						
1.8-6.0% Various Purpose	2011	0	1,754,179	0	1,754,179	218,660
Capital Leases Payable						
		3,738,838	0	(198,056)	3,540,782	180,463
Compensated Absences						
		1,714,199	1,675,976	(1,714,199)	1,675,976	585,754
Total Business-Type Activities		<u>\$14,286,228</u>	<u>\$3,510,781</u>	<u>(\$2,686,560)</u>	<u>\$15,110,449</u>	<u>\$1,869,109</u>
Governmental Activities:						
General Obligation Bonds:						
4.250 - 5.000% Waterworks	2007	\$1,700,000	\$0	(\$135,000)	\$1,565,000	\$90,000
Special Assessment Debt (with governmental commitment)						
4.75% Renaissance Parkway	2005	340,000	0	(15,000)	325,000	15,000
Ohio Public Works Commission Loan (OPWC):						
0.000% Chester Street Improvements	2008	83,131	0	(4,890)	78,241	4,890
Long-Term Notes Payable:						
1.800% Various Purpose	2011	0	1,440,751	0	1,440,751	250,270
4.25% Construction Loan Payable		381,978	0	(57,124)	324,854	59,578
Compensated Absences		1,662,848	1,686,963	(1,662,848)	1,686,963	396,495
Workers' Compensation Liability		342,787	596,320	(342,787)	596,320	231,981
Capital Lease Payable		414,816	0	(134,088)	280,728	60,826
Police/Firemen's Pension Accrued Liability		739,511	0	(17,678)	721,833	18,438
Total Governmental Activities		<u>\$5,665,071</u>	<u>\$3,724,034</u>	<u>(\$2,369,415)</u>	<u>\$7,019,690</u>	<u>\$1,127,478</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 14 - LONG-TERM DEBT (Continued)

A. Long Term Notes

Long term notes payable at December 31, 2011 consisted of Various Purpose Improvement Notes. All of the debt has a term of one year or less and was issued to finance improvements to City owned property and to acquire equipment. The City has been retiring a portion of the Various Purpose Improvement Notes as they mature and is issuing new notes for the remaining balance. The notes are dated March 9, 2011 and are due March 9, 2012, at an interest rate of 1.8%. Subsequent to year-end, the Various Purpose Improvement Notes, due March 9, 2012, were refinanced; therefore, these notes payable are recorded as long-term obligations.

B. Defeased Debt

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 the 1992 Bonds have been invested in U.S. Treasury 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 \$275,000 at December 31, 2011, are not included in the City's outstanding debt since the City has satisfied its obligations through the advanced refunding.

C. Compensated Absences

City management staff and employees in each bargaining unit earn sick leave credit. Employees with at least 10 years of service are paid for one-third of their accumulated sick leave credit upon termination of employment, which may not exceed 120 days. This obligation amounted to \$1,944,766 for the City as of December 31, 2011.

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, 2011 amounted to \$1,418,173.

D. 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, 2011 was \$1,147,474 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, 2011**

NOTE 14 - LONG-TERM DEBT (Continued)

E. 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 \$280,728, and \$3,540,782, 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, 2011:

Year Ending December 31,	Governmental Activities	Business-Type Activities
2012	\$72,763	\$332,248
2013	28,698	314,896
2014	28,698	314,896
2015	28,698	314,895
2016	28,698	314,895
2017-2021	143,493	1,574,480
2022-2026	23,003	1,574,480
2027	0	157,454
Minimum Lease Payments	354,051	4,898,244
Less: amount representing interest at the City's incremental borrowing rate of interest	<u>(73,323)</u>	<u>(1,357,462)</u>
Present value of minimum lease payments	<u><u>\$280,728</u></u>	<u><u>\$3,540,782</u></u>

F. Special Assessments with Governmental Commitment

The principal amount of the City's special assessment debt outstanding at December 31, 2011, \$325,000, 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 \$147,130 in the Special Assessment Bond Retirement Fund at December 31, 2011 is reserved for the retirement of outstanding special assessment bonds.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM DEBT (Continued)

G. 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, 2011 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, 2011, the loan had an outstanding balance of \$786,536.

In 2010, the City entered into an agreement with the Ohio Water Development Authority to receive loans from the WWTP Upgrades in the amounts of \$3,570,578. The interest rate on the loan is 3.42% per annum. This loan is payable from wastewater service charges. The loan can only be received by the City in increments as the project is completed. As of December 31, 2011 the City had received \$3,495,846. As of December 31, 2011 the loan has not been finalized and there is no amortization schedule for the loan, therefore no principal payments were made before year end.

H. Principal and Interest Requirements

The principal and interest requirements to retire long-term debt and Police and Fire Pension Liability obligations at December 31, 2011, are as follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
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	350,000	108,138	20,000	13,500
2016	355,000	92,325	20,000	12,500
2017-2021	1,110,000	246,112	115,000	46,750
2022-2026	405,000	69,250	115,000	14,750
2027	65,000	3,250	0	0
Totals	\$3,590,000	\$946,464	\$325,000	\$133,712

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM DEBT (Continued)

H. Principal and Interest Requirements (Continued)

Years	OWDA Loans		OPWC Loans		Police/Firemen's Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$83,302	\$35,604	\$108,295	\$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	95,531	23,374	48,296	0	20,918	28,005
2016	100,017	18,888	6,938	0	21,816	27,106
2017-2021	329,245	27,473	34,694	0	123,967	120,645
2022-2026	0	0	34,694	0	152,979	91,635
2027-2031	0	0	6,841	0	188,778	55,836
2032-2035	0	0	0	0	155,651	13,372
Totals	\$786,536	\$164,709	\$336,352	\$0	\$721,833	\$425,641

Years	Construction Loan	
	Principal	Interest
2012	\$59,578	\$13,169
2013	62,137	10,610
2014	64,805	7,941
2015	67,589	5,158
2016	70,745	2,255
Totals	\$324,854	\$39,133

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, 2011**

NOTE 15 - 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 2011:

	Balance January 1, 2011	Issued	(Retired)	Balance December 31, 2011
General Fund				
5.00% Land Purchase Agreement	\$234,320	\$0	(\$234,320)	\$0
Special Revenue Funds:				
Street Construction, Maintenance and Repair Fund:				
2.00% Street Construction and Resurfacing	955,966	0	(955,966)	0
Fire Levy Fund:				
2.00% Motorized Equipment Acquisition	207,240	0	(207,240)	0
Total Special Revenue	<u>1,163,206</u>	<u>0</u>	<u>(1,163,206)</u>	<u>0</u>

This space intentionally left blank.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 15 - NOTES PAYABLE (Continued)

	Balance January 1, 2011	Issued	(Retired)	Balance December 31, 2011
Industrial Park Project Fund:				
2.00% Shamrock Blvd Improvements	1,842,240	0	(1,842,240)	0
1.63% Shamrock Blvd Improvements	0	1,881,840	0	1,881,840
Total Capital Projects	<u>1,842,240</u>	<u>1,881,840</u>	<u>(1,842,240)</u>	<u>1,881,840</u>
Enterprise Funds:				
Water Fund:				
2.00% Water Treatment Plant Improvements	686,654	0	(686,654)	0
2.00% Water Treatment Plant Improvements	235,000	0	(235,000)	0
4.05% Water Treatment Plant Improvements	180,500	0	(180,500)	0
1.63% Water Treatment Plant Improvements	0	210,040	0	210,040
Sewer Fund:				
2.00% Wastewater Treatment Plant Improvements	73,880	0	(73,880)	0
4.05% Wastewater Treatment Plant Improvements	496,430	0	(496,430)	0
1.63% Wastewater Treatment Plant Improvements	0	56,310	0	56,310
Storm Water Fund:				
2.00% Wastewater Treatment Plant Improvements	598,800	0	(598,800)	0
2.00% Wastewater Treatment Plant Improvements	73,880	0	(73,880)	0
1.63% Wastewater Treatment Plant Improvements	0	56,310	0	56,310
Total Enterprise	<u>2,345,144</u>	<u>322,660</u>	<u>(2,345,144)</u>	<u>322,660</u>
Total Notes Payable	<u>\$5,584,910</u>	<u>\$2,204,500</u>	<u>(\$5,584,910)</u>	<u>\$2,204,500</u>

NOTE 16 – DEPOSIT ON LAND

In June and November 2011 the City placed deposits with the Lake County Sheriff's office to purchase property at 1-39 Millstone Drive and all common ground and appurtenances thereto. As of the date of the financial statements a decision had not been rendered by the Lake County Common Pleas Court and the sale has not been finalized.

An asset for Deposit on Land of \$795,468 has been recorded on the Entity Wide Statement of Net Assets. In addition, grant monies received for the purchase of the land have been recorded as unearned revenue.

CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 17 - 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 2011 the City contracted with several different insurance providers for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
Governmental Underwriters of America	Public Employee Dishonesty/ Forgery	\$1,000
Governmental Underwriters of America	Law Enforcement Professional Liability	\$5,000
Governmental Underwriters of America	Public Officials Liability	\$5,000
Governmental Underwriters of America	Comprehensive General Liability	\$0
Governmental Underwriters of America	Ohio Employers Intentional Tort Liability	\$0
Governmental Underwriters of America	Commercial Umbrella Liability	\$0
Governmental Underwriters of America	Boiler and Machinery	\$5,000 / 50,000
Governmental Underwriters of America	Automobile	\$1,000
Governmental Underwriters of America	Commercial General Liability (Fire)	\$0
Governmental Underwriters of America	Commercial Umbrella	\$0

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 \$300,000 per individual and a maximum yearly amount for all claims which varies each policy year. The claims liability of \$596,320 reported in the fund at December 31, 2011 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
2010	\$521,469	\$343,529	(\$522,211)	\$342,787
2011	342,787	425,383	(171,850)	596,320

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 17 - 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 \$75,000. 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 \$371,800 reported in the fund at December 31, 2011 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>
2010	\$416,100	\$2,603,600	(\$2,712,800)	\$306,900
2011	306,900	3,066,341	(3,001,441)	371,800

NOTE 18 - 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, 2011***

NOTE 18 - 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, 2011 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, 2011 was \$1,574,019 (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 \$1,524,388 at December 31, 2011. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

This space intentionally left blank.

CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 18 - JOINT VENTURE (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2011 are:

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

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

Years	Principal	Interest	Total Debt Service
2012	\$172,525	\$94,274	\$266,799
2013	181,518	85,216	266,734
2014	190,844	75,686	266,530
2015	200,836	65,667	266,503
2016-2020	1,162,715	170,691	1,333,406
Total Gross Liability	1,908,438	\$491,534	\$2,399,972
Less: Amounts Held in Reserve	(334,419)		
Net Obligation	<u>\$1,574,019</u>		

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 19 – CONTRACTUAL COMMITMENTS

As of December 31, 2011, the City had the following contracts with respect to capital improvements:

Project	Remaining Construction Commitment	Expected Date of Completion
Elm Street Waterline Project	\$651,000	2013
Electric Substation Upgrade	3,933,820	2013
Newell Street Railroad Crossing	85,854	2012
Vanadium Battery Building	546,733	2013
Total	\$5,217,407	

NOTE 20 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2011 of \$62,750 in the Fire Levy Fund (special revenue fund), \$364,221 in the Employee Health Insurance Fund and \$442,543 in the Worker's Compensation Retrospective Fund (internal service funds) arise from the recognition of expenditures/expenses on the modified accrual/accrual basis that are greater than expenditures/expenses recognized on the budgetary/cash basis. Deficits do not exist under the budgetary/cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

The fund deficit at December 31, 2011 of \$1,763,338 in the Shamrock Boulevard Road Project Fund (capital projects fund) is due to the recording of general obligation notes payable in the individual fund balance sheets.

NOTE 21 - CONTINGENCIES

A. 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 21 – CONTINGENCIES (Continued)

B. American Municipal Power Generating Station (AMPGS)

The City of Painesville is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The City executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

History of the AMPGS Project

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

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

As mentioned above, the AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At December 31, 2011 AMP has a regulatory asset of \$86,548,349 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery on a participant by participant basis.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 21 – CONTINGENCIES (Continued)

B. American Municipal Power Generating Station (AMPGS) (Continued)

AMP has consistently communicated with the AMPGS participants as to the risks and uncertainties with respect to the outstanding potential liability the City has as a result of the cancellation of the AMPGS Project. Meetings with AMPGS Project participants have been held as necessary to communicate any updates to both costs being incurred and ongoing litigation. At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. These memos were not invoices, but provided the participants with information which they could utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

Based on an allocation to Painesville and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2011 the City of Painesville has a potential stranded cost obligation for the AMPGS Project that has been reported as part of accounts payable. The City of Painesville does not have any payments on deposit with AMP at December 31, 2011.

NOTE 22 – SUBSEQUENT EVENT

In March 2012 the City issued \$2,510,000 of various purpose General Obligation Notes. These notes carry an interest rate of 1.55% and mature in March 2013. In March 2012 the City issued \$216,000 of Land Acquisition Notes. These notes carry an interest rate of 1.55% and mature in March 2013.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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



Nonmajor Governmental Funds

Special Revenue Funds

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

State Highway Improvement Fund

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

Cemeteries Fund

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

Police Pension Transfer Fund

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

Fire Pension Transfer Fund

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

Law Enforcement Fund

To account for the proceeds from the confiscation of contraband.

Municipal Motor Vehicle License Tax Fund

To account for County-levied motor vehicle registration fees designated for street construction, maintenance and repair. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Street Construction, Maintenance and Repair Fund on a GAAP basis.)

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.

(Continued)

Special Revenue Funds

City Motor Vehicle License Tax Fund

To account for City-levied motor vehicle registration fees designated for street construction, maintenance and repair. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Street Construction, Maintenance and Repair Fund on a GAAP basis.)

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. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Fire Fund

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

Victim's Advocate Grant Fund

To account for the Victim's Advocate Grant the Court received.

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

Brownfield Grant Fund

To account for grant revenues received from EPA for brownfield assessment, cleanup, revolving loans, and environmental job training. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Zoning Application Fund

To account for monies received and held by the City for zoning application requests. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Columbarium Trust Fund

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

Law Enforcement Trust Fund

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

Debt Service Funds

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

General Bond Retirement Fund

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

Special Assessment Bond Retirement Fund

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

Land Acquisition Note Retirement Fund

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

Capital Projects Funds

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

Municipal Court Improvement Fund

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

Capital Equipment Reserve Fund

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

Capital Improvement Fund

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

Lake Hospital Demolition Fund

To account for costs associated with the acquisition and demolition of the Lake East Hospital.

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.

City Hall Fire Fund

To account for insurance proceeds received due to a fire at City Hall.

Permanent Funds

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

Cemetery Trust Fund

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

Special Endowment Fund

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

Evergreen Cemetery Trust Fund

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

Riverside Cemetery Trust Fund

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

Special Endowment Trust Fund

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

CITY OF PAINESVILLE, OHIO

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Assets:					
Pooled Cash and Investments	\$ 1,785,261	\$ 307,975	\$ 1,526,023	\$ 141,557	\$ 3,760,816
Receivables:					
Taxes	266,654	63,751	0	0	330,405
Accounts	167,548	0	0	0	167,548
Intergovernmental	48,948	3,401	97,613	0	149,962
Inventory of Supplies, at Cost	1,950	0	0	0	1,950
Prepaid Items	7,706	0	4,944	0	12,650
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	1,093,605	1,093,605
Total Assets	\$ 2,278,067	\$ 375,127	\$ 1,628,580	\$ 1,235,162	\$ 5,516,936
Liabilities:					
Accounts Payable	\$ 31,904	\$ 0	\$ 82,696	\$ 0	\$ 114,600
Accrued Wages and Benefits Payable	34,464	0	866	0	35,330
Intergovernmental Payable	5,836	0	250	0	6,086
Retainage Payable	0	0	52,770	0	52,770
Interfund Loans Payable	260,000	0	0	0	260,000
Deferred Revenue	388,082	67,152	0	0	455,234
Total Liabilities	720,286	67,152	136,582	0	924,020
Fund Balances:					
Nonspendable	9,656	0	4,944	1,093,605	1,108,205
Restricted	1,079,120	307,975	659,345	141,557	2,187,997
Committed	531,755	0	827,709	0	1,359,464
Unassigned (Deficit)	(62,750)	0	0	0	(62,750)
Total Fund Balances (Deficit)	1,557,781	307,975	1,491,998	1,235,162	4,592,916
Total Liabilities and Fund Balances	\$ 2,278,067	\$ 375,127	\$ 1,628,580	\$ 1,235,162	\$ 5,516,936

CITY OF PAINESVILLE, OHIO

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$ 703,726	\$ 52,447	\$ 0	\$ 0	\$ 756,173
Intergovernmental Revenues	209,320	13,603	2,384,049	0	2,606,972
Charges for Services	767,737	0	0	0	767,737
Investment Earnings	(949)	0	0	1,877	928
Special Assessments	0	92,547	0	0	92,547
Fines and Forfeitures	201,032	0	141,999	0	343,031
All Other Revenues	35,017	0	13,012	13,380	61,409
Total Revenues	1,915,883	158,597	2,539,060	15,257	4,628,797
Expenditures:					
Current:					
General Government	772,855	16,892	83,703	0	873,450
Public Safety	917,026	0	0	0	917,026
Highways and Streets	27,582	0	797,101	0	824,683
Public Health and Welfare	493,484	0	0	1,122	494,606
Capital Outlay	0	0	1,101,883	0	1,101,883
Debt Service:					
Principal Retirement	65,226	38,000	99,421	0	202,647
Interest & Fiscal Charges	14,993	43,482	9,838	0	68,313
Total Expenditures	2,291,166	98,374	2,091,946	1,122	4,482,608
Excess (Deficiency) of Revenues					
Over Expenditures	(375,283)	60,223	447,114	14,135	146,189
Other Financing Sources (Uses):					
Sale of Notes	184,053	0	0	0	184,053
Transfers In	330,000	0	145,000	0	475,000
Transfers Out	(50,000)	0	(5,000)	0	(55,000)
Insurance Proceeds	0	0	5,513	0	5,513
Total Other Financing Sources (Uses)	464,053	0	145,513	0	609,566
Net Change in Fund Balances	88,770	60,223	592,627	14,135	755,755
Fund Balances at Beginning of Year - Restated	1,468,814	247,752	899,371	1,221,027	3,836,964
Increase in Inventory	197	0	0	0	197
Fund Balances End of Year	\$ 1,557,781	\$ 307,975	\$ 1,491,998	\$ 1,235,162	\$ 4,592,916

CITY OF PAINESVILLE, OHIO

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

	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund	Fire Pension Transfer Fund
Assets:				
Pooled Cash and Investments	\$ 120,236	\$ 104,096	\$ 15,588	\$ 15,631
Receivables:				
Taxes	0	0	79,689	79,689
Accounts	0	0	0	0
Intergovernmental	21,085	0	4,251	4,251
Inventory of Supplies, at Cost	0	1,950	0	0
Prepaid Items	0	2,061	0	0
Total Assets	\$ 141,321	\$ 108,107	\$ 99,528	\$ 99,571
Liabilities:				
Accounts Payable	\$ 0	\$ 1,375	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	13,330	0	0
Intergovernmental Payable	5,836	0	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	14,057	0	83,940	83,940
Total Liabilities	19,893	14,705	83,940	83,940
Fund Balances:				
Nonspendable	0	4,011	0	0
Restricted	121,428	89,391	15,588	15,631
Committed	0	0	0	0
Unassigned (Deficit)	0	0	0	0
Total Fund Balances (Deficit)	121,428	93,402	15,588	15,631
Total Liabilities and Fund Balances	\$ 141,321	\$ 108,107	\$ 99,528	\$ 99,571

CITY OF PAINESVILLE, OHIO

Law Enforcement Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	Fire Levy Fund	Underground Storage Tank Fund	Probation Services Fund
\$ 23,677	\$ 98,040	\$ 64,713	\$ 197,250	\$ 4,450	\$ 46,285
0	0	0	107,276	0	0
0	0	0	0	0	0
0	0	0	4,251	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 23,677</u>	<u>\$ 98,040</u>	<u>\$ 64,713</u>	<u>\$ 308,777</u>	<u>\$ 4,450</u>	<u>\$ 46,285</u>
\$ 240	\$ 0	\$ 0	\$ 0	\$ 244	\$ 3,860
0	0	0	0	0	3,607
0	0	0	0	0	0
0	0	0	260,000	0	0
0	0	0	111,527	0	0
<u>240</u>	<u>0</u>	<u>0</u>	<u>371,527</u>	<u>244</u>	<u>7,467</u>
0	0	0	0	0	0
23,437	98,040	64,713	0	0	38,818
0	0	0	0	4,206	0
0	0	0	(62,750)	0	0
<u>23,437</u>	<u>98,040</u>	<u>64,713</u>	<u>(62,750)</u>	<u>4,206</u>	<u>38,818</u>
<u>\$ 23,677</u>	<u>\$ 98,040</u>	<u>\$ 64,713</u>	<u>\$ 308,777</u>	<u>\$ 4,450</u>	<u>\$ 46,285</u>

(Continued)

CITY OF PAINESVILLE, OHIO

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

	COPS Fast Grant Fund	Fire Fund	Victim's Advocate Grant Fund	Emergency Medical Services Fund
Assets:				
Pooled Cash and Investments	\$ 7,820	\$ 926	\$ 1,954	\$ 475,865
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	167,548
Intergovernmental	0	0	14,895	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	5,645
Total Assets	<u>\$ 7,820</u>	<u>\$ 926</u>	<u>\$ 16,849</u>	<u>\$ 649,058</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 8,919
Accrued Wages and Benefits Payable	0	0	2,174	12,327
Intergovernmental Payable	0	0	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	0	0	0	94,618
Total Liabilities	<u>0</u>	<u>0</u>	<u>2,174</u>	<u>115,864</u>
Fund Balances:				
Nonspendable	0	0	0	5,645
Restricted	7,820	926	14,675	0
Committed	0	0	0	527,549
Unassigned (Deficit)	0	0	0	0
Total Fund Balances (Deficit)	<u>7,820</u>	<u>926</u>	<u>14,675</u>	<u>533,194</u>
Total Liabilities and Fund Balances	<u>\$ 7,820</u>	<u>\$ 926</u>	<u>\$ 16,849</u>	<u>\$ 649,058</u>

CITY OF PAINESVILLE, OHIO

Municipal Court Computerization Fund	Shamrock Business Center TIF Fund	Columbarium Trust Fund	Law Enforcement Trust Fund	Total Nonmajor Special Revenue Funds
\$ 26,791	\$ 564,746	\$ 89	\$ 17,104	\$ 1,785,261
0	0	0	0	266,654
0	0	0	0	167,548
0	0	0	215	48,948
0	0	0	0	1,950
0	0	0	0	7,706
<u>\$ 26,791</u>	<u>\$ 564,746</u>	<u>\$ 89</u>	<u>\$ 17,319</u>	<u>\$ 2,278,067</u>
\$ 0	\$ 17,266	\$ 0	\$ 0	\$ 31,904
3,026	0	0	0	34,464
0	0	0	0	5,836
0	0	0	0	260,000
0	0	0	0	388,082
<u>3,026</u>	<u>17,266</u>	<u>0</u>	<u>0</u>	<u>720,286</u>
0	0	0	0	9,656
23,765	547,480	89	17,319	1,079,120
0	0	0	0	531,755
0	0	0	0	(62,750)
<u>23,765</u>	<u>547,480</u>	<u>89</u>	<u>17,319</u>	<u>1,557,781</u>
<u>\$ 26,791</u>	<u>\$ 564,746</u>	<u>\$ 89</u>	<u>\$ 17,319</u>	<u>\$ 2,278,067</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, 2011**

	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund	Fire Pension Transfer Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 63,140	\$ 63,141
Intergovernmental Revenues	51,434	0	17,004	17,004
Charges for Services	0	119,652	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenues	0	137	0	0
Total Revenues	51,434	119,789	80,144	80,145
Expenditures:				
Current:				
General Government	0	0	933	933
Public Safety	0	0	85,000	85,000
Highways and Streets	26,857	0	0	0
Public Health and Welfare	0	493,484	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	26,857	493,484	85,933	85,933
Excess (Deficiency) of Revenues Over Expenditures	24,577	(373,695)	(5,789)	(5,788)
Other Financing Sources (Uses):				
Sale of Notes	0	0	0	0
Transfers In	0	330,000	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	330,000	0	0
Net Change in Fund Balances	24,577	(43,695)	(5,789)	(5,788)
Fund Balances (Deficit)				
at Beginning of Year - Restated	96,851	136,900	21,377	21,419
Increase in Inventory	0	197	0	0
Fund Balances (Deficit) End of Year	\$ 121,428	\$ 93,402	\$ 15,588	\$ 15,631

CITY OF PAINESVILLE, OHIO

Law Enforcement Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	Fire Levy Fund	Underground Storage Tank Fund	Probation Services Fund
\$ 0	\$ 0	\$ 0	\$ 77,508	\$ 0	\$ 0
0	0	0	18,247	0	0
0	0	0	0	0	0
0	0	0	(949)	0	0
0	8,495	15,276	0	0	101,236
10,201	0	0	0	0	0
<u>10,201</u>	<u>8,495</u>	<u>15,276</u>	<u>94,806</u>	<u>0</u>	<u>101,236</u>
0	24,249	0	1,339	0	137,749
7,587	0	0	24,786	0	0
0	0	0	0	725	0
0	0	0	0	0	0
0	0	0	60,728	0	0
0	0	0	14,827	0	0
<u>7,587</u>	<u>24,249</u>	<u>0</u>	<u>101,680</u>	<u>725</u>	<u>137,749</u>
2,614	(15,754)	15,276	(6,874)	(725)	(36,513)
0	0	0	184,053	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>184,053</u>	<u>0</u>	<u>0</u>
2,614	(15,754)	15,276	177,179	(725)	(36,513)
20,823	113,794	49,437	(239,929)	4,931	75,331
0	0	0	0	0	0
<u>\$ 23,437</u>	<u>\$ 98,040</u>	<u>\$ 64,713</u>	<u>\$ (62,750)</u>	<u>\$ 4,206</u>	<u>\$ 38,818</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, 2011**

	COPS Fast Grant Fund	Fire Fund	Victim's Advocate Grant Fund	Emergency Medical Services Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	32,340	0	56,020	0
Charges for Services	0	0	0	648,085
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenues	7,821	15,278	0	0
Total Revenues	40,161	15,278	56,020	648,085
Expenditures:				
Current:				
General Government	0	0	56,306	0
Public Safety	34,464	18,836	0	661,353
Highways and Streets	0	0	0	0
Public Health and Welfare	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	3,720
Interest & Fiscal Charges	0	0	0	160
Total Expenditures	34,464	18,836	56,306	665,233
Excess (Deficiency) of Revenues Over Expenditures	5,697	(3,558)	(286)	(17,148)
Other Financing Sources (Uses):				
Sale of Notes	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	(50,000)
Total Other Financing Sources (Uses)	0	0	0	(50,000)
Net Change in Fund Balances	5,697	(3,558)	(286)	(67,148)
Fund Balances (Deficit)				
at Beginning of Year - Restated	2,123	4,484	14,961	600,342
Increase in Inventory	0	0	0	0
Fund Balances (Deficit) End of Year	\$ 7,820	\$ 926	\$ 14,675	\$ 533,194

CITY OF PAINESVILLE, OHIO

Municipal Court Computerization Fund	Shamrock Business Center TIF Fund	Brownfield Grant Fund	Columbarium Trust Fund	Law Enforcement Trust Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 499,937	\$ 0	\$ 0	\$ 0	\$ 703,726
0	0	17,271	0	0	209,320
0	0	0	0	0	767,737
0	0	0	0	0	(949)
76,025	0	0	0	0	201,032
0	0	0	0	1,580	35,017
<u>76,025</u>	<u>499,937</u>	<u>17,271</u>	<u>0</u>	<u>1,580</u>	<u>1,915,883</u>
90,648	400,596	60,102	0	0	772,855
0	0	0	0	0	917,026
0	0	0	0	0	27,582
0	0	0	0	0	493,484
778	0	0	0	0	65,226
6	0	0	0	0	14,993
<u>91,432</u>	<u>400,596</u>	<u>60,102</u>	<u>0</u>	<u>0</u>	<u>2,291,166</u>
(15,407)	99,341	(42,831)	0	1,580	(375,283)
0	0	0	0	0	184,053
0	0	0	0	0	330,000
0	0	0	0	0	(50,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>464,053</u>
(15,407)	99,341	(42,831)	0	1,580	88,770
39,172	448,139	42,831	89	15,739	1,468,814
0	0	0	0	0	197
<u>\$ 23,765</u>	<u>\$ 547,480</u>	<u>\$ 0</u>	<u>\$ 89</u>	<u>\$ 17,319</u>	<u>\$ 1,557,781</u>

CITY OF PAINESVILLE, OHIO

***Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2011***

	General Bond Retirement Fund	Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Pooled Cash and Investments	\$ 160,845	\$ 147,130	\$ 307,975
Receivables:			
Taxes	63,751	0	63,751
Intergovernmental	3,401	0	3,401
Total Assets	<u>\$ 227,997</u>	<u>\$ 147,130</u>	<u>\$ 375,127</u>
Liabilities:			
Deferred Revenue	\$ 67,152	\$ 0	\$ 67,152
Total Liabilities	<u>67,152</u>	<u>0</u>	<u>67,152</u>
Fund Balances:			
Restricted	160,845	147,130	307,975
Total Fund Balances	<u>160,845</u>	<u>147,130</u>	<u>307,975</u>
Total Liabilities and Fund Balances	<u>\$ 227,997</u>	<u>\$ 147,130</u>	<u>\$ 375,127</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2011***

	General Bond Retirement Fund	Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Property Taxes	\$ 52,447	\$ 0	\$ 52,447
Intergovernmental Revenues	13,603	0	13,603
Special Assessments	0	92,547	92,547
Total Revenues	66,050	92,547	158,597
Expenditures:			
Current:			
General Government	746	16,146	16,892
Debt Service:			
Principal Retirement	0	38,000	38,000
Interest & Fiscal Charges	0	43,482	43,482
Total Expenditures	746	97,628	98,374
Excess (Deficiency) of Revenues Over Expenditures	65,304	(5,081)	60,223
Fund Balances at Beginning of Year	95,541	152,211	247,752
Fund Balances End of Year	\$ 160,845	\$ 147,130	\$ 307,975

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011**

	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Lake Hospital Demolition Fund
Assets:				
Pooled Cash and Investments	\$ 16,716	\$ 399,864	\$ 393,089	\$ 61,508
Receivables:				
Intergovernmental	0	0	18,567	79,046
Prepaid Items	0	0	0	0
Total Assets	<u>\$ 16,716</u>	<u>\$ 399,864</u>	<u>\$ 411,656</u>	<u>\$ 140,554</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 865	\$ 79,046
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Retainage Payable	0	0	0	52,770
Total Liabilities	<u>0</u>	<u>0</u>	<u>865</u>	<u>131,816</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	16,716	0	0	8,738
Committed	0	399,864	410,791	0
Total Fund Balances	<u>16,716</u>	<u>399,864</u>	<u>410,791</u>	<u>8,738</u>
Total Liabilities and Fund Balances	<u>\$ 16,716</u>	<u>\$ 399,864</u>	<u>\$ 411,656</u>	<u>\$ 140,554</u>

CITY OF PAINESVILLE, OHIO

Jackson Street Interchange Project Fund	Industrial Park Project Fund	Municipal Court Special Projects Fund	Millstone Acquisition Fund	City Hall Fire Fund	Total Nonmajor Capital Projects Funds
\$ 116,715	\$ 17,054	\$ 277,001	\$ 243,802	\$ 274	\$ 1,526,023
0	0	0	0	0	97,613
0	0	4,944	0	0	4,944
<u>\$ 116,715</u>	<u>\$ 17,054</u>	<u>\$ 281,945</u>	<u>\$ 243,802</u>	<u>\$ 274</u>	<u>\$ 1,628,580</u>
\$ 0	\$ 0	\$ 2,785	\$ 0	\$ 0	\$ 82,696
0	0	866	0	0	866
0	0	250	0	0	250
0	0	0	0	0	52,770
<u>0</u>	<u>0</u>	<u>3,901</u>	<u>0</u>	<u>0</u>	<u>136,582</u>
0	0	4,944	0	0	4,944
116,715	0	273,100	243,802	274	659,345
0	17,054	0	0	0	827,709
<u>116,715</u>	<u>17,054</u>	<u>278,044</u>	<u>243,802</u>	<u>274</u>	<u>1,491,998</u>
<u>\$ 116,715</u>	<u>\$ 17,054</u>	<u>\$ 281,945</u>	<u>\$ 243,802</u>	<u>\$ 274</u>	<u>\$ 1,628,580</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, 2011**

	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Lake Hospital Demolition Fund
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 18,567	\$ 1,531,889
Fines and Forfeitures	36,760	0	0	0
All Other Revenues	0	0	13,012	0
Total Revenues	36,760	0	31,579	1,531,889
Expenditures:				
Current:				
General Government	0	0	0	0
Highways and Streets	0	0	0	0
Capital Outlay	0	67,284	83,797	893,042
Debt Service:				
Principal Retirement	52,000	38,421	0	0
Interest & Fiscal Charges	2,210	1,168	0	0
Total Expenditures	54,210	106,873	83,797	893,042
Excess (Deficiency) of Revenues Over Expenditures	(17,450)	(106,873)	(52,218)	638,847
Other Financing Sources (Uses):				
Transfers In	0	80,000	50,000	0
Transfers Out	0	0	0	0
Insurance Proceeds	0	0	0	0
Total Other Financing Sources (Uses)	0	80,000	50,000	0
Net Change in Fund Balances	(17,450)	(26,873)	(2,218)	638,847
Fund Balances (Deficits) at Beginning of Year	34,166	426,737	413,009	(630,109)
Fund Balances End of Year	\$ 16,716	\$ 399,864	\$ 410,791	\$ 8,738

CITY OF PAINESVILLE, OHIO

Jackson Street Interchange Project Fund	Industrial Park Project Fund	Municipal Court Special Projects Fund	Millstone Acquisition Fund	City Hall Fire Fund	Total Nonmajor Capital Project Funds
\$ 38,125	\$ 0	\$ 0	\$ 795,468	\$ 0	\$ 2,384,049
0	0	105,239	0	0	141,999
0	0	0	0	0	13,012
<u>38,125</u>	<u>0</u>	<u>105,239</u>	<u>795,468</u>	<u>0</u>	<u>2,539,060</u>
0	0	77,464	0	6,239	83,703
0	0	0	797,101	0	797,101
24,492	0	33,268	0	0	1,101,883
0	9,000	0	0	0	99,421
0	6,460	0	0	0	9,838
<u>24,492</u>	<u>15,460</u>	<u>110,732</u>	<u>797,101</u>	<u>6,239</u>	<u>2,091,946</u>
13,633	(15,460)	(5,493)	(1,633)	(6,239)	447,114
0	14,000	0	0	1,000	145,000
0	0	(5,000)	0	0	(5,000)
0	0	0	0	5,513	5,513
<u>0</u>	<u>14,000</u>	<u>(5,000)</u>	<u>0</u>	<u>6,513</u>	<u>145,513</u>
13,633	(1,460)	(10,493)	(1,633)	274	592,627
103,082	18,514	288,537	245,435	0	899,371
<u>\$ 116,715</u>	<u>\$ 17,054</u>	<u>\$ 278,044</u>	<u>\$ 243,802</u>	<u>\$ 274</u>	<u>\$ 1,491,998</u>

CITY OF PAINESVILLE, OHIO

***Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2011***

	Cemetery Trust Fund	Special Endowment Fund	Evergreen Cemetery Trust Fund	Riverside Cemetery Trust Fund
Assets:				
Pooled Cash and Investments	\$ 82,035	\$ 59,522	\$ 0	\$ 0
Restricted Assets:				
Cash and Cash Equivalents	0	0	404,627	364,727
Total Assets	<u>\$ 82,035</u>	<u>\$ 59,522</u>	<u>\$ 404,627</u>	<u>\$ 364,727</u>
Liabilities:				
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:				
Nonspendable	0	0	404,627	364,727
Restricted	82,035	59,522	0	0
Total Fund Balances	<u>82,035</u>	<u>59,522</u>	<u>404,627</u>	<u>364,727</u>
Total Liabilities and Fund Balances	<u>\$ 82,035</u>	<u>\$ 59,522</u>	<u>\$ 404,627</u>	<u>\$ 364,727</u>

CITY OF PAINESVILLE, OHIO

<u>Special Endowment Trust Fund</u>	<u>Total Nonmajor Permanent Funds</u>
\$ 0	\$ 141,557
<u>324,251</u>	<u>1,093,605</u>
<u>\$ 324,251</u>	<u>\$ 1,235,162</u>
<u>\$ 0</u>	<u>\$ 0</u>
324,251	1,093,605
<u>0</u>	<u>141,557</u>
<u>324,251</u>	<u>1,235,162</u>
<u>\$ 324,251</u>	<u>\$ 1,235,162</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended December 31, 2011***

	Cemetery Trust Fund	Special Endowment Fund	Evergreen Cemetery Trust Fund	Riverside Cemetery Trust Fund
Revenues:				
Investment Earnings	\$ 1,327	\$ 550	\$ 0	\$ 0
All Other Revenues	0	0	1,200	5,700
Total Revenues	<u>1,327</u>	<u>550</u>	<u>1,200</u>	<u>5,700</u>
Expenditures:				
Current:				
Public Health and Welfare	1,122	0	0	0
Total Expenditures	<u>1,122</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	205	550	1,200	5,700
Fund Balances at Beginning of Year	<u>81,830</u>	<u>58,972</u>	<u>403,427</u>	<u>359,027</u>
Fund Balances End of Year	<u>\$ 82,035</u>	<u>\$ 59,522</u>	<u>\$ 404,627</u>	<u>\$ 364,727</u>

CITY OF PAINESVILLE, OHIO

<u>Special Endowment Trust Fund</u>	<u>Total Nonmajor Permanent Funds</u>
\$ 0	\$ 1,877
<u>6,480</u>	<u>13,380</u>
<u>6,480</u>	<u>15,257</u>
<u>0</u>	<u>1,122</u>
<u>0</u>	<u>1,122</u>
6,480	14,135
<u>317,771</u>	<u>1,221,027</u>
<u>\$ 324,251</u>	<u>\$ 1,235,162</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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property Taxes:				
Real Estate and Public Utility	\$ 453,000	\$ 453,000	\$ 399,708	\$ (53,292)
Tangible Personal	0	0	11,138	11,138
Total Property Taxes	453,000	453,000	410,846	(42,154)
Municipal Income Tax	7,410,000	7,410,000	7,184,169	(225,831)
Other Local Taxes	10,000	10,000	6,400	(3,600)
Total Taxes	7,873,000	7,873,000	7,601,415	(271,585)
Intergovernmental Revenues:				
Local	0	0	10	10
Local Government Fund - County	1,083,700	1,083,700	1,214,080	130,380
Local Government Fund - State	99,000	99,000	104,511	5,511
Inheritance Tax	254,194	254,194	500,371	246,177
Property Tax Allocation	120,000	120,000	122,429	2,429
Miscellaneous Tax	14,200	14,200	13,224	(976)
Total Intergovernmental Revenues	1,571,094	1,571,094	1,954,625	383,531
Charges for Services:				
General Government	250	250	2,294	2,044
Public Safety	5,180	5,180	9,843	4,663
Highways and Streets	31,500	31,500	31,973	473
Culture and Recreation	15,000	15,000	19,935	4,935
Community Environment	1,000	1,000	2,440	1,440
Total Charges for Services	52,930	52,930	66,485	13,555
Licenses, Permits and Inspection Fees:				
License Fees	30,400	30,400	33,270	2,870
Permit Fees	74,500	74,500	47,936	(26,564)
Inspection Fees	6,000	6,000	0	(6,000)
Zoning Appeal Fees	9,000	9,000	3,839	(5,161)
Other Fees	185,250	185,250	208,786	23,536
Total License, Permit and Inspection Fees	305,150	305,150	293,831	(11,319)
Investment Earnings	345,000	345,000	360,019	15,019
Fines and Forfeitures	897,220	897,220	914,774	17,554
All Other Revenues	377,325	377,335	377,162	(173)
Total Revenues	11,421,719	11,421,729	11,568,311	146,582

(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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Legislative:				
Council:				
Personal Services	1,289,661	1,541,188	1,541,013	175
All Other Expenditures	1,236	786	458	328
Clerk of Council:				
Personal Services	8,888	8,888	8,539	349
All Other Expenditures	3,375	3,035	2,362	673
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	214,011	221,011	220,864	147
Clerk of Court:				
Personal Services	562,997	535,747	532,636	3,111
All Other Expenditures	52,559	60,059	59,191	868
Probation:				
Personal Services	169,153	185,303	183,289	2,014
Executive:				
City Manager:				
Personal Services	48,439	48,889	48,143	746
All Other Expenditures	4,689	3,939	3,297	642
Comm., Promotions and Public Relations Activities:				
All Other Expenditures	4,357	3,807	3,635	172
Information Technology:				
All Other Expenditures	32,854	31,849	31,461	388
Human Resources:				
Personal Services	34,836	35,256	34,695	561
All Other Expenditures	9,512	5,992	5,229	763
Economic Development:				
Personal Services	19,347	19,547	19,274	273
All Other Expenditures	10,927	10,927	9,981	946

(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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Finance:				
Administration:				
Personal Services	44,206	44,711	44,076	635
All Other Expenditures	5,849	5,849	5,742	107
Accounting:				
Personal Services	29,929	30,259	29,815	444
All Other Expenditures	24,537	23,957	23,644	313
Purchasing/Warehousing:				
Personal Services	21,648	21,898	21,564	334
All Other Expenditures	1,683	1,683	1,421	262
Income Tax Collection:				
All Other Expenditures	205,000	212,820	212,818	2
Law:				
Administration:				
Personal Services	30,044	30,044	29,260	784
All Other Expenditures	20,841	20,041	18,426	1,615
Engineering:				
Administration:				
Personal Services	121,525	113,910	111,200	2,710
All Other Expenditures	9,401	6,761	5,981	780
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
Personal Services	56,590	57,590	56,663	927
All Other Expenditures	203,476	199,561	197,702	1,859
Boards and Commissions:				
Civil Service Commission:				
All Other Expenditures	3	3	0	3
Miscellaneous:				
Insurance:				
All Other Expenditures	32,834	32,834	30,047	2,787
Tax Settlement Deductions:				
All Other Expenditures	8,775	13,095	13,078	17
Other Miscellaneous:				
Personal Services	428,350	428,350	243,550	184,800
All Other Expenditures	173,972	136,617	95,659	40,958
Total General Government	<u>3,885,504</u>	<u>4,096,206</u>	<u>3,844,713</u>	<u>251,493</u>

(Continued)

CITY OF PAINESVILLE, OHIO

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Public Safety:				
Police:				
Law Enforcement - Sworn Officers:				
Personal Services	3,373,777	3,317,305	3,299,201	18,104
Law Enforcement - Other:				
Personal Services	357,726	356,101	349,598	6,503
All Other Expenditures	199,267	219,377	213,028	6,349
Fire:				
Fire Fighting, Prevention and Inspection:				
Personal Services	2,110,698	2,098,498	2,080,592	17,906
All Other Expenditures	152,919	146,569	131,836	14,733
Fire Service - Other:				
Personal Services	153,610	111,610	108,727	2,883
All Other Expenditures	1,678	1,678	1,678	0
Police and Fire Communications:				
Control Center:				
All Other Expenditures	471,111	468,616	467,448	1,168
Total Public Safety	<u>6,820,786</u>	<u>6,719,754</u>	<u>6,652,108</u>	<u>67,646</u>
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	162,845	162,845	157,240	5,605
All Other Expenditures	25,870	26,076	25,083	993
Street Maintenance and Repair:				
All Other Expenditures	37,000	35,094	35,022	72
Sidewalks:				
All Other Expenditures	4,375	4,375	1,000	3,375
All Other Expenditures	51,476	50,282	48,315	1,967
Equipment Maintenance:				
Personal Services	25,707	25,882	25,376	506
All Other Expenditures	117,799	137,903	135,538	2,365

(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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Employee Benefits:				
Personal Services	290,858	286,358	276,377	9,981
Sidewalks - Snow Removal:				
All Other Expenditures	2,101	2,101	1,990	111
Leaf/Yard Waste Removal:				
All Other Expenditures	1,600	1,600	936	664
Parking:				
Parking Meters:				
Other Expenditures	2,056	2,056	1,865	191
Parking Lots:				
All Other Expenditures	15,400	15,400	15,393	7
Traffic Signs, Markings:				
Traffic Signs, Markings, Signals:				
Personal Services	62,096	60,995	58,309	2,686
All Other Expenditures	28,504	30,855	30,708	147
Total Highways and Streets	<u>827,687</u>	<u>841,822</u>	<u>813,152</u>	<u>28,670</u>
Public Health and Welfare:				
Support of Prisoners:				
Prisoner Expense:				
All Other Expenditures	1,700	450	100	350
Payments to County Health Board:				
County Health District Assessments:				
All Other Expenditures	123,000	124,250	124,248	2
Assistance to Needy/Aged:				
Poor Relief:				
All Other Expenditures	1,000	1,300	1,286	14
Total Public Health and Welfare	<u>125,700</u>	<u>126,000</u>	<u>125,634</u>	<u>366</u>
Culture and Recreation:				
Parks:				
Administration:				
Personal Services	125,950	128,520	126,648	1,872
All Other Expenditures	10,867	10,792	10,213	579
Parks Systems:				
Personal Services	247,330	259,045	255,559	3,486
All Other Expenditures	67,714	74,564	73,999	565

(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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Building Maintenance:				
All Other Expenditures	15,767	16,394	16,067	327
Morse Avenue Community Center:				
All Other Expenditures	9,985	9,985	8,963	1,022
Recreation Activities:				
Personal Services	176,167	176,167	171,747	4,420
All Other Expenditures	23,608	23,608	22,380	1,228
Other Leisure Time Activities:				
Senior Citizens Center:				
All Other Expenditures	25,000	25,000	25,000	0
Community Functions:				
All Other Expenditures	27,644	27,644	27,644	0
Total Culture and Recreation	<u>730,032</u>	<u>751,719</u>	<u>738,220</u>	<u>13,499</u>
Community Environment:				
Community Planning and Zoning:				
Planning Commission:				
Personal Services	1,285	3,275	2,813	462
All Other Expenditures	1,512	3,214	3,118	96
Demolition:				
All Other Expenditures	6,540	838	326	512
Planning and Development:				
Personal Services	30,361	30,361	30,003	358
All Other Expenditures	4,122	8,622	7,414	1,208
Housing and Building Code Enforcement:				
Code Enforcement:				
Personal Services	321,371	314,871	306,866	8,005
All Other Expenditures	13,537	12,837	10,677	2,160
Weed Control:				
All Other Expenditures	13,543	11,368	11,018	350
Total Community Environment	<u>392,271</u>	<u>385,386</u>	<u>372,235</u>	<u>13,151</u>

(Continued)

CITY OF PAINESVILLE, OHIO

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Debt Service:				
Principal Retirement	65,701	59,596	58,476	1,120
Interest and Fiscal Charges	15,356	15,356	15,351	5
Total Expenditures	<u>12,863,037</u>	<u>12,995,839</u>	<u>12,619,889</u>	<u>375,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,441,318)	(1,574,110)	(1,051,578)	522,532
Other Financing Sources (Uses):				
Sale of Capital Assets	10	0	0	0
Sale of General Obligation Notes	230,000	230,000	226,000	(4,000)
Transfers In	820,000	1,400,000	1,223,475	(176,525)
Transfers Out	(345,000)	(707,200)	(540,000)	167,200
Advances In	0	20,000	20,000	0
Advances Out	(239,000)	(239,000)	(239,000)	0
Total Other Financing Sources (Uses)	<u>466,010</u>	<u>703,800</u>	<u>690,475</u>	<u>(13,325)</u>
Net Change in Fund Balance	(975,308)	(870,310)	(361,103)	509,207
Fund Balance at Beginning of Year	4,434,932	4,434,932	4,434,932	0
Prior Year Encumbrances	371,714	371,714	371,714	0
Fund Balance at End of Year	<u>\$ 3,831,338</u>	<u>\$ 3,936,336</u>	<u>\$ 4,445,543</u>	<u>\$ 509,207</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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 615,000	\$ 615,000	\$ 685,688	\$ 70,688
All Other Revenues	0	0	840	840
Total Revenues	<u>615,000</u>	<u>615,000</u>	<u>686,528</u>	<u>71,528</u>
Expenditures:				
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	111,085	88,165	87,612	553
Street Construction and Reconstruction:				
Personal Service	183,988	177,388	168,685	8,703
Capital Outlay	307,347	353,517	349,483	4,034
Street Maintenance and Repair:				
All Other Expenditures	13,777	13,777	13,448	329
Snow and Ice Removal:				
All Other Expenditures	284,213	310,563	310,528	35
Debt Service:				
Principal Retirement	1,041,107	1,041,107	1,041,106	1
Interest Charges	64,337	64,337	64,334	3
Total Expenditures	<u>2,005,854</u>	<u>2,048,854</u>	<u>2,035,196</u>	<u>13,658</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,390,854)	(1,433,854)	(1,348,668)	85,186
Other Financing Sources (Uses):				
General Obligation Notes Issued	1,030,698	1,030,698	1,030,698	0
Premiums on Debt Issuances	0	0	385	385
Transfers In	112,000	112,000	112,000	0
Total Other Financing Sources (Uses)	<u>1,142,698</u>	<u>1,142,698</u>	<u>1,143,083</u>	<u>385</u>
Net Changes in Fund Balance	(248,156)	(291,156)	(205,585)	85,571
Fund Balance at Beginning of Year	696,103	696,103	696,103	0
Prior Year Encumbrances	224,784	224,784	224,784	0
Fund Balance at End of Year	<u>\$ 672,731</u>	<u>\$ 629,731</u>	<u>\$ 715,302</u>	<u>\$ 85,571</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Capital Projects Fund – Shamrock Boulevard Road Project Fund
For the Year Ended December 31, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	1,842,240	1,842,240	1,842,240	0
Interest and Fiscal Charges	<u>55,500</u>	<u>55,500</u>	<u>31,876</u>	<u>23,624</u>
Total Expenditures	<u>1,897,740</u>	<u>1,897,740</u>	<u>1,874,116</u>	<u>23,624</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,897,740)	(1,897,740)	(1,874,116)	23,624
Other Financing Sources (Uses):				
General Obligation Notes Issued	1,842,240	1,842,240	1,881,840	39,600
Premiums on Debt Issuances	<u>0</u>	<u>0</u>	<u>2,005</u>	<u>2,005</u>
Total Other Financing Sources (Uses)	<u>1,842,240</u>	<u>1,842,240</u>	<u>1,883,845</u>	<u>41,605</u>
Net Change in Fund Balance	(55,500)	(55,500)	9,729	65,229
Fund Balance at Beginning of Year	<u>121,256</u>	<u>121,256</u>	<u>121,256</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 65,756</u>	<u>\$ 65,756</u>	<u>\$ 130,985</u>	<u>\$ 65,229</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 51,666</u>	<u>\$ 1,666</u>
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>51,666</u>	<u>1,666</u>
Expenditures:				
Highways and Streets:				
Public Works:				
State Highway Maintenance:				
All Other Expenditures	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,000	20,000	21,666	1,666
Fund Balance at Beginning of Year	<u>98,570</u>	<u>98,570</u>	<u>98,570</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 118,570</u>	<u>\$ 118,570</u>	<u>\$ 120,236</u>	<u>\$ 1,666</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, 2011***

CEMETERIES FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 108,700	\$ 108,700	\$ 119,652	\$ 10,952
All Other Revenues	0	0	137	137
Total Revenues	<u>108,700</u>	<u>108,700</u>	<u>119,789</u>	<u>11,089</u>
Expenditures:				
Public Health and Welfare:				
Cemeteries:				
Administration:				
Personal Services	269,674	286,695	275,794	10,901
All Other Expenditures	5,960	6,280	5,705	575
Evergreen/Riverside Cemeteries:				
Personal Services	177,296	176,396	171,333	5,063
All Other Expenditures	26,210	31,330	30,518	812
Building Maintenance:				
All Other Expenditures	13,458	12,709	12,487	222
Total Expenditures	<u>492,598</u>	<u>513,410</u>	<u>495,837</u>	<u>17,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(383,898)	(404,710)	(376,048)	28,662
Other Financing Sources (Uses):				
Transfers In	295,000	330,000	330,000	0
Total Other Financing Sources (Uses)	<u>295,000</u>	<u>330,000</u>	<u>330,000</u>	<u>0</u>
Net Change in Fund Balance	(88,898)	(74,710)	(46,048)	28,662
Fund Balance at Beginning of Year	143,203	143,203	143,203	0
Prior Year Encumbrances	3,576	3,576	3,576	0
Fund Balance at End of Year	<u>\$ 57,881</u>	<u>\$ 72,069</u>	<u>\$ 100,731</u>	<u>\$ 28,662</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, 2011**

POLICE PENSION TRANSFER FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 69,241	\$ 65,774	\$ 63,914	\$ (1,860)
Intergovernmental Revenues	16,000	16,000	17,004	1,004
Total Revenues	<u>85,241</u>	<u>81,774</u>	<u>80,918</u>	<u>(856)</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Sworn Officer:				
Personal Services	85,000	85,000	85,000	0
All Other Expenditures	1,000	1,000	933	67
Total Expenditures	<u>86,000</u>	<u>86,000</u>	<u>85,933</u>	<u>67</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(759)	(4,226)	(5,015)	(789)
Fund Balance at Beginning of Year	20,603	20,603	20,603	0
Fund Balance at End of Year	<u>\$ 19,844</u>	<u>\$ 16,377</u>	<u>\$ 15,588</u>	<u>\$ (789)</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, 2011**

FIRE PENSION TRANSFER FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 69,241	\$ 65,774	\$ 63,915	\$ (1,859)
Intergovernmental Revenues	16,000	16,000	17,004	1,004
Total Revenues	<u>85,241</u>	<u>81,774</u>	<u>80,919</u>	<u>(855)</u>
Expenditures:				
Public Safety:				
Fire:				
Fire Fighting, Prevention, Inspection:				
Personal Services	85,000	85,000	85,000	0
All Other Expenditures	1,000	1,000	933	67
Total Expenditures	<u>86,000</u>	<u>86,000</u>	<u>85,933</u>	<u>67</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(759)	(4,226)	(5,014)	(788)
Fund Balance at Beginning of Year	20,645	20,645	20,645	0
Fund Balance at End of Year	<u>\$ 19,886</u>	<u>\$ 16,419</u>	<u>\$ 15,631</u>	<u>\$ (788)</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 100</u>	<u>\$ 12,100</u>	<u>\$ 12,756</u>	<u>\$ 656</u>
Total Revenues	<u>100</u>	<u>12,100</u>	<u>12,756</u>	<u>656</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Other:				
All Other Expenditures	<u>12,860</u>	<u>12,860</u>	<u>9,968</u>	<u>2,892</u>
Total Expenditures	<u>12,860</u>	<u>12,860</u>	<u>9,968</u>	<u>2,892</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,760)	(760)	2,788	3,548
Fund Balance at Beginning of Year	17,908	17,908	17,908	0
Prior Year Encumbrances	<u>360</u>	<u>360</u>	<u>360</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,508</u>	<u>\$ 17,508</u>	<u>\$ 21,056</u>	<u>\$ 3,548</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 33,000	\$ 33,000	\$ 33,836	\$ 836
Total Revenues	<u>33,000</u>	<u>33,000</u>	<u>33,836</u>	<u>836</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,000	33,000	33,836	836
Other Financing Sources (Uses):				
Transfers Out	<u>(41,000)</u>	<u>(41,000)</u>	<u>(41,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(41,000)</u>	<u>(41,000)</u>	<u>(41,000)</u>	<u>0</u>
Net Change in Fund Balance	(8,000)	(8,000)	(7,164)	836
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>\$ 4,211</u>	<u>\$ 4,211</u>	<u>\$ 5,047</u>	<u>\$ 836</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 34,000	\$ 9,000	\$ 15,456	\$ 6,456
Total Revenues	<u>34,000</u>	<u>9,000</u>	<u>15,456</u>	<u>6,456</u>
Expenditures:				
General Government:				
All Other Expenditures	<u>59,317</u>	<u>59,317</u>	<u>59,317</u>	<u>0</u>
Total Expenditures	<u>59,317</u>	<u>59,317</u>	<u>59,317</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,317)	(50,317)	(43,861)	6,456
Fund Balance at Beginning of Year	89,447	89,447	89,447	0
Prior Year Encumbrances	<u>19,317</u>	<u>19,317</u>	<u>19,317</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 83,447</u>	<u>\$ 58,447</u>	<u>\$ 64,903</u>	<u>\$ 6,456</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 1,000	\$ 1,000	\$ 15,276	\$ 14,276
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>15,276</u>	<u>14,276</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	15,276	14,276
Fund Balance at Beginning of Year	<u>49,437</u>	<u>49,437</u>	<u>49,437</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 50,437</u>	<u>\$ 50,437</u>	<u>\$ 64,713</u>	<u>\$ 14,276</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 65,000	\$ 65,000	\$ 67,672	\$ 2,672
Total Revenues	<u>65,000</u>	<u>65,000</u>	<u>67,672</u>	<u>2,672</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,000	65,000	67,672	2,672
Other Financing Sources (Uses):				
Transfers Out	<u>(71,000)</u>	<u>(71,000)</u>	<u>(71,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(71,000)</u>	<u>(71,000)</u>	<u>(71,000)</u>	<u>0</u>
Net Change in Fund Balance	(6,000)	(6,000)	(3,328)	2,672
Fund Balance at Beginning of Year	<u>12,274</u>	<u>12,274</u>	<u>12,274</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,274</u>	<u>\$ 6,274</u>	<u>\$ 8,946</u>	<u>\$ 2,672</u>

CITY OF PAINESVILLE, OHIO

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

FIRE LEVY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 90,000	\$ 90,000	\$ 78,569	\$ (11,431)
Intergovernmental Revenues	17,000	17,000	18,247	1,247
Total Revenues	<u>107,000</u>	<u>107,000</u>	<u>96,816</u>	<u>(10,184)</u>
Expenditures:				
Public Safety:				
Fire Fighting, Prevention, Inspection:				
All Other Expenditures	1,500	1,500	1,339	161
Fire Service - Other:				
All Other Expenditures	10,597	10,597	2,916	7,681
Capital Outlay	22,000	22,000	21,874	126
Debt Service:				
Principal Retirement	267,970	267,970	267,968	2
Interest and Fiscal Charges	18,161	18,161	18,161	0
Total Expenditures	<u>320,228</u>	<u>320,228</u>	<u>312,258</u>	<u>7,970</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(213,228)	(213,228)	(215,442)	(2,214)
Other Financing Sources (Uses):				
General Obligation Notes Issued	208,132	208,132	184,053	(24,079)
Premiums on Debt Issuances	0	0	64	64
Advances Out	(20,000)	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	<u>188,132</u>	<u>188,132</u>	<u>164,117</u>	<u>(24,015)</u>
Net Changes in Fund Balance	(25,096)	(25,096)	(51,325)	(26,229)
Fund Balance at Beginning of Year	245,974	245,974	245,974	0
Prior Year Encumbrances	2,597	2,597	2,597	0
Fund Balance at End of Year	<u>\$ 223,475</u>	<u>\$ 223,475</u>	<u>\$ 197,246</u>	<u>\$ (26,229)</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, 2011**

UNDERGROUND STORAGE TANK FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
All Other Expenditures	1,000	1,000	1,000	0
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(1,000)	(1,000)	0
Fund Balance at Beginning of Year	4,931	4,931	4,931	0
Fund Balance at End of Year	<u>\$ 3,931</u>	<u>\$ 3,931</u>	<u>\$ 3,931</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 120,000	\$ 100,000	\$ 101,236	\$ 1,236
Total Revenues	<u>120,000</u>	<u>100,000</u>	<u>101,236</u>	<u>1,236</u>
Expenditures:				
General Government:				
Probation:				
Personal Services	116,054	116,254	113,564	2,690
All Other Expenditures	<u>44,075</u>	<u>43,875</u>	<u>35,433</u>	<u>8,442</u>
Total Expenditures	<u>160,129</u>	<u>160,129</u>	<u>148,997</u>	<u>11,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,129)	(60,129)	(47,761)	12,368
Fund Balance at Beginning of Year	73,463	73,463	73,463	0
Prior Year Encumbrances	<u>7,725</u>	<u>7,725</u>	<u>7,725</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 41,059</u>	<u>\$ 21,059</u>	<u>\$ 33,427</u>	<u>\$ 12,368</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, 2011***

COPS FAST GRANT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 20,000	\$ 33,000	\$ 33,163	\$ 163
All Other Revenues	0	7,000	7,821	821
Total Revenues	<u>20,000</u>	<u>40,000</u>	<u>40,984</u>	<u>984</u>
Expenditures:				
Public Safety:				
Law Enforcement-Sworn Officers:				
Personal Services	12,500	26,740	26,737	3
All Other Expenditures	7,500	1,840	1,840	0
Law Enforcement-Other:				
All Other Expenditures	0	6,000	6,000	0
Total Expenditures	<u>20,000</u>	<u>34,580</u>	<u>34,577</u>	<u>3</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	5,420	6,407	987
Fund Balance at Beginning of Year	1,413	1,413	1,413	0
Fund Balance at End of Year	<u>\$ 1,413</u>	<u>\$ 6,833</u>	<u>\$ 7,820</u>	<u>\$ 987</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>627</u>	<u>627</u>	<u>627</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 627</u>	<u>\$ 627</u>	<u>\$ 627</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

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

	FIRE FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
All Other Revenues	<u>\$ 5,000</u>	<u>\$ 15,000</u>	<u>\$ 15,278</u>	<u>\$ 278</u>
Total Revenues	<u>5,000</u>	<u>15,000</u>	<u>15,278</u>	<u>278</u>
Expenditures:				
Public Safety:				
All Other Expenditures	<u>7,750</u>	<u>19,034</u>	<u>18,836</u>	<u>198</u>
Total Expenditures	<u>7,750</u>	<u>19,034</u>	<u>18,836</u>	<u>198</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,750)	(4,034)	(3,558)	476
Fund Balance at Beginning of Year	4,184	4,184	4,184	0
Prior Year Encumbrances	<u>300</u>	<u>300</u>	<u>300</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,734</u>	<u>\$ 450</u>	<u>\$ 926</u>	<u>\$ 476</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 63,990</u>	<u>\$ 63,990</u>	<u>\$ 56,866</u>	<u>\$ (7,124)</u>
Total Revenues	<u>63,990</u>	<u>63,990</u>	<u>56,866</u>	<u>(7,124)</u>
Expenditures:				
General Government:				
Personal Services	<u>59,041</u>	<u>59,041</u>	<u>56,039</u>	<u>3,002</u>
Total Expenditures	<u>59,041</u>	<u>59,041</u>	<u>56,039</u>	<u>3,002</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,949	4,949	827	(4,122)
Fund Balance at Beginning of Year	<u>1,127</u>	<u>1,127</u>	<u>1,127</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,076</u>	<u>\$ 6,076</u>	<u>\$ 1,954</u>	<u>\$ (4,122)</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, 2011**

EMERGENCY MEDICAL SERVICES FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 500,000	\$ 675,000	\$ 682,000	\$ 7,000
Total Revenues	<u>500,000</u>	<u>675,000</u>	<u>682,000</u>	<u>7,000</u>
Expenditures:				
Public Safety:				
Personal Services	506,249	516,584	508,848	7,736
All Other Expenditures	129,995	117,050	113,196	3,854
Capital Outlay	83,500	81,400	81,373	27
Debt Service:				
Principal Retirement	3,721	3,721	3,720	1
Interest and Fiscal Charges	<u>160</u>	<u>160</u>	<u>160</u>	<u>0</u>
Total Expenditures	<u>723,625</u>	<u>718,915</u>	<u>707,297</u>	<u>11,618</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(223,625)	(43,915)	(25,297)	18,618
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Net Change in Fund Balance	(223,625)	(93,915)	(75,297)	18,618
Fund Balance at Beginning of Year	483,856	483,856	483,856	0
Prior Year Encumbrances	<u>29,847</u>	<u>29,847</u>	<u>29,847</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 290,078</u>	<u>\$ 419,788</u>	<u>\$ 438,406</u>	<u>\$ 18,618</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, 2011***

MUNICIPAL COURT COMPUTERIZATION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 78,500	\$ 78,500	\$ 76,025	\$ (2,475)
Total Revenues	<u>78,500</u>	<u>78,500</u>	<u>76,025</u>	<u>(2,475)</u>
Expenditures:				
General Government:				
Personal Services	89,842	91,902	90,573	1,329
All Other Expenditures	500	0	0	0
Capital Outlay	25,597	24,037	604	23,433
Debt Service:				
Principal Retirement	780	780	778	2
Interest and Fiscal Charges	<u>6</u>	<u>6</u>	<u>6</u>	<u>0</u>
Total Expenditures	<u>116,725</u>	<u>116,725</u>	<u>91,961</u>	<u>24,764</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,225)	(38,225)	(15,936)	22,289
Fund Balance at Beginning of Year	33,129	33,129	33,129	0
Prior Year Encumbrances	<u>9,598</u>	<u>9,598</u>	<u>9,598</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,502</u>	<u>\$ 4,502</u>	<u>\$ 26,791</u>	<u>\$ 22,289</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, 2011**

SHAMROCK BUSINESS CENTER TIF FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 340,000	\$ 499,000	\$ 499,937	\$ 937
Total Revenues	<u>340,000</u>	<u>499,000</u>	<u>499,937</u>	<u>937</u>
Expenditures:				
General Government:				
All Other Expenditures	3,923,652	523,652	520,923	2,729
Total Expenditures	<u>3,923,652</u>	<u>523,652</u>	<u>520,923</u>	<u>2,729</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,583,652)	(24,652)	(20,986)	3,666
Other Financing Sources (Uses):				
General Obligation Notes Issued	3,648,000	0	0	0
Total Other Financing Sources (Uses)	<u>3,648,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	64,348	(24,652)	(20,986)	3,666
Fund Balance at Beginning of Year	326,338	326,338	326,338	0
Prior Year Encumbrances	225,652	225,652	225,652	0
Fund Balance at End of Year	<u>\$ 616,338</u>	<u>\$ 527,338</u>	<u>\$ 531,004</u>	<u>\$ 3,666</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 82,000	\$ 18,840	\$ 17,271	\$ (1,569)
Total Revenues	<u>82,000</u>	<u>18,840</u>	<u>17,271</u>	<u>(1,569)</u>
Expenditures:				
General Government:				
All Other Expenditures	<u>131,736</u>	<u>71,736</u>	<u>71,236</u>	<u>500</u>
Total Expenditures	<u>131,736</u>	<u>71,736</u>	<u>71,236</u>	<u>500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,736)	(52,896)	(53,965)	(1,069)
Fund Balance at Beginning of Year	4,229	4,229	4,229	0
Prior Year Encumbrances	<u>49,736</u>	<u>49,736</u>	<u>49,736</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,229</u>	<u>\$ 1,069</u>	<u>\$ 0</u>	<u>\$ (1,069)</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 475</u>	<u>\$ 275</u>
Total Revenues	<u>200</u>	<u>200</u>	<u>475</u>	<u>275</u>
Expenditures:				
Community Environment:				
All Other Expenditures	<u>173</u>	<u>173</u>	<u>140</u>	<u>33</u>
Total Expenditures	<u>173</u>	<u>173</u>	<u>140</u>	<u>33</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	27	27	335	308
Fund Balance at Beginning of Year	9,584	9,584	9,584	0
Prior Year Encumbrances	<u>33</u>	<u>33</u>	<u>33</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,644</u>	<u>\$ 9,644</u>	<u>\$ 9,952</u>	<u>\$ 308</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 0</u>	<u>\$ (500)</u>
Total Revenues	<u>500</u>	<u>500</u>	<u>0</u>	<u>(500)</u>
Expenditures:				
Public Safety:				
All Other Expenditures	<u>500</u>	<u>500</u>	<u>0</u>	<u>500</u>
Total Expenditures	<u>500</u>	<u>500</u>	<u>0</u>	<u>500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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

***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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 1,365</u>	<u>\$ (7,635)</u>
Total Revenues	<u>9,000</u>	<u>9,000</u>	<u>1,365</u>	<u>(7,635)</u>
Expenditures:				
Public Safety:				
All Other Expenditures	<u>9,000</u>	<u>9,000</u>	<u>0</u>	<u>9,000</u>
Total Expenditures	<u>9,000</u>	<u>9,000</u>	<u>0</u>	<u>9,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>1,365</u>	<u>1,365</u>
Fund Balance at Beginning of Year	<u>15,739</u>	<u>15,739</u>	<u>15,739</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,739</u>	<u>\$ 15,739</u>	<u>\$ 17,104</u>	<u>\$ 1,365</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, 2011***

GENERAL BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 55,260	\$ 55,485	\$ 53,066	\$ (2,419)
Intergovernmental Revenues	<u>13,000</u>	<u>13,000</u>	<u>13,603</u>	<u>603</u>
Total Revenues	<u>68,260</u>	<u>68,485</u>	<u>66,669</u>	<u>(1,816)</u>
Expenditures:				
General Government:				
All Other Expenditures	<u>1,200</u>	<u>1,200</u>	<u>746</u>	<u>454</u>
Total Expenditures	<u>1,200</u>	<u>1,200</u>	<u>746</u>	<u>454</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	67,060	67,285	65,923	(1,362)
Fund Balance at Beginning of Year	<u>94,922</u>	<u>94,922</u>	<u>94,922</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 161,982</u>	<u>\$ 162,207</u>	<u>\$ 160,845</u>	<u>\$ (1,362)</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, 2011***

SPECIAL ASSESSMENT BOND RETIREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 102,000	\$ 102,000	\$ 92,547	\$ (9,453)
Total Revenues	<u>102,000</u>	<u>102,000</u>	<u>92,547</u>	<u>(9,453)</u>
Expenditures:				
General Government				
All Other Expenditures	18,400	18,400	16,146	2,254
Debt Service Function:				
Debt Service - Unvoted:				
Debt Service:				
Principal Retirement	38,000	38,000	38,000	0
Interest and Fiscal Charges	<u>43,485</u>	<u>43,485</u>	<u>43,482</u>	<u>3</u>
Total Expenditures	<u>99,885</u>	<u>99,885</u>	<u>97,628</u>	<u>2,257</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,115	2,115	(5,081)	(7,196)
Fund Balance at Beginning of Year	<u>152,211</u>	<u>152,211</u>	<u>152,211</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 154,326</u>	<u>\$ 154,326</u>	<u>\$ 147,130</u>	<u>\$ (7,196)</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Advances In	239,000	239,000	239,000	0
Advances Out	<u>(239,000)</u>	<u>(239,000)</u>	<u>(239,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

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

MUNICIPAL COURT IMPROVEMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 33,600	\$ 33,600	\$ 36,760	\$ 3,160
Total Revenues	<u>33,600</u>	<u>33,600</u>	<u>36,760</u>	<u>3,160</u>
Expenditures:				
Debt Service:				
Principal Retirement	52,000	52,000	52,000	0
Interest and Fiscal Charges	<u>2,210</u>	<u>2,210</u>	<u>2,210</u>	<u>0</u>
Total Expenditures	<u>54,210</u>	<u>54,210</u>	<u>54,210</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,610)	(20,610)	(17,450)	3,160
Fund Balance at Beginning of Year	<u>34,166</u>	<u>34,166</u>	<u>34,166</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,556</u>	<u>\$ 13,556</u>	<u>\$ 16,716</u>	<u>\$ 3,160</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, 2011**

CAPITAL EQUIPMENT RESERVE FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Executive:				
City Manager:				
Capital Outlay	141,800	141,955	129,697	12,258
Finance:				
Accounting:				
Capital Outlay	1,700	1,545	1,365	180
Total General Government	143,500	143,500	131,062	12,438
Public Safety:				
Police:				
Law Enforcement - Other:				
Capital Outlay	204,000	204,000	199,330	4,670
Total Public Safety	204,000	204,000	199,330	4,670
Community Environment:				
Community Planning and Zoning:				
Planning and Development:				
Capital Outlay	1,700	1,700	1,125	575
Total Community Environment	1,700	1,700	1,125	575
Debt Service:				
Principal Retirement	38,421	38,421	38,421	0
Interest and Fiscal Charges	1,168	1,168	1,168	0
Total Expenditures	388,789	388,789	371,106	17,683
Excess (Deficiency) of Revenues Over (Under) Expenditures	(388,789)	(388,789)	(371,106)	17,683

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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>80,000</u>	<u>80,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>80,000</u>	<u>80,000</u>	<u>0</u>
 Net Change in Fund Balance	 (388,789)	 (308,789)	 (291,106)	 17,683
 Fund Balance at Beginning of Year	 424,737	 424,737	 424,737	 0
Prior Year Encumbrances	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 37,948</u>	<u>\$ 117,948</u>	<u>\$ 135,631</u>	<u>\$ 17,683</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, 2011**

CAPITAL IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 990,000	\$ 14,000	\$ 14,212	\$ 212
All Other Revenues	0	13,000	13,012	12
Total Revenues	<u>990,000</u>	<u>27,000</u>	<u>27,224</u>	<u>224</u>
Expenditures:				
General Government:				
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
Capital Outlay	24,561	33,561	33,561	0
Total General Government	<u>24,561</u>	<u>33,561</u>	<u>33,561</u>	<u>0</u>
Public Safety:				
Fire:				
Fire Fighting, Prevention and Inspection:				
Capital Outlay	0	86,547	86,547	0
Total Public Safety	<u>0</u>	<u>86,547</u>	<u>86,547</u>	<u>0</u>
Highways and Streets:				
Parking:				
Street Maintenance and Repair:				
Capital Outlay	50,000	0	0	0
Total Highways and Streets	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Culture and Recreation:				
Parks:				
Recreation Activities:				
Capital Outlay	1,087,656	104,220	103,761	459
Total Culture and Recreation	<u>1,087,656</u>	<u>104,220</u>	<u>103,761</u>	<u>459</u>
Total Expenditures	<u>1,162,217</u>	<u>224,328</u>	<u>223,869</u>	<u>459</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(172,217)	(197,328)	(196,645)	683

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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
 Net Change in Fund Balance	 (172,217)	 (147,328)	 (146,645)	 683
Fund Balance at Beginning of Year	362,400	362,400	362,400	0
Prior Year Encumbrances	<u>42,217</u>	<u>42,217</u>	<u>42,217</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 232,400</u>	<u>\$ 257,289</u>	<u>\$ 257,972</u>	<u>\$ 683</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 2,584,750</u>	<u>\$ 1,504,000</u>	<u>\$ 1,504,373</u>	<u>\$ 373</u>
Total Revenues	<u>2,584,750</u>	<u>1,504,000</u>	<u>1,504,373</u>	<u>373</u>
Expenditures:				
Community Environment:				
Capital Outlay	<u>1,402,711</u>	<u>1,655,866</u>	<u>1,630,857</u>	<u>25,009</u>
Total Expenditures	<u>1,402,711</u>	<u>1,655,866</u>	<u>1,630,857</u>	<u>25,009</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,182,039	(151,866)	(126,484)	25,382
Fund Balance at Beginning of Year	85,250	85,250	85,250	0
Prior Year Encumbrances	<u>102,711</u>	<u>102,711</u>	<u>102,711</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,370,000</u>	<u>\$ 36,095</u>	<u>\$ 61,477</u>	<u>\$ 25,382</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, 2011**

JACKSON STREET INTERCHANGE PROJECT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 500,000	\$ 46,000	\$ 46,035	\$ 35
Total Revenues	<u>500,000</u>	<u>46,000</u>	<u>46,035</u>	<u>35</u>
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	450,000	50,000	38,341	11,659
Total Expenditures	<u>450,000</u>	<u>50,000</u>	<u>38,341</u>	<u>11,659</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	(4,000)	7,694	11,694
Fund Balance at Beginning of Year	<u>108,805</u>	<u>108,805</u>	<u>108,805</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 158,805</u>	<u>\$ 104,805</u>	<u>\$ 116,499</u>	<u>\$ 11,694</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, 2011***

INDUSTRIAL PARK PROJECT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	9,000	9,000	9,000	0
Interest and Fiscal Charges	6,460	6,460	6,460	0
Total Expenditures	15,460	15,460	15,460	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,460)	(15,460)	(15,460)	0
Other Financing Sources (Uses):				
Transfers In	0	14,000	14,000	0
Total Other Financing Sources (Uses)	0	14,000	14,000	0
Net Change in Fund Balance	(15,460)	(1,460)	(1,460)	0
Fund Balance at Beginning of Year	18,514	18,514	18,514	0
Fund Balance at End of Year	\$ 3,054	\$ 17,054	\$ 17,054	\$ 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, 2011**

MUNICIPAL COURT SPECIAL PROJECTS FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 105,000	\$ 105,000	\$ 105,239	\$ 239
Total Revenues	<u>105,000</u>	<u>105,000</u>	<u>105,239</u>	<u>239</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	5,966	8,746	7,407	1,339
All Other Expenditures	23,045	20,265	16,112	4,153
Capital Outlay	92,557	92,557	91,087	1,470
Clerk of Court:				
Personal Services	25,378	25,378	20,209	5,169
All Other Expenditures	60,605	60,605	46,851	13,754
Probation:				
Personal Services	10,618	10,618	8,966	1,652
All Other Expenditures	14,552	9,552	4,552	5,000
Total General Government	<u>232,721</u>	<u>227,721</u>	<u>195,184</u>	<u>32,537</u>
Total Expenditures	<u>232,721</u>	<u>227,721</u>	<u>195,184</u>	<u>32,537</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(127,721)	(122,721)	(89,945)	32,776
Other Financing Sources (Uses):				
Transfers Out	0	(5,000)	(5,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Net Change in Fund Balance	(127,721)	(127,721)	(94,945)	32,776
Fund Balance at Beginning of Year	235,996	235,996	235,996	0
Prior Year Encumbrances	61,530	61,530	61,530	0
Fund Balance at End of Year	<u>\$ 169,805</u>	<u>\$ 169,805</u>	<u>\$ 202,581</u>	<u>\$ 32,776</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, 2011**

MILLSTONE ACQUISITION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 3,706,452	\$ 798,948	\$ 795,468	\$ (3,480)
All Other Revenues	357,496	0	0	0
Total Revenues	<u>4,063,948</u>	<u>798,948</u>	<u>795,468</u>	<u>(3,480)</u>
Expenditures:				
Highways and Streets:				
Public Works:				
Street Construction and Reconstruction:				
Capital Outlay	4,063,948	797,160	797,159	1
Total Highways and Streets	<u>4,063,948</u>	<u>797,160</u>	<u>797,159</u>	<u>1</u>
Community Environment:				
Community Planning and Zoning:				
Planning and Development:				
All Other Expenditures	245,000	245,000	243,000	2,000
Total Community Environment	<u>245,000</u>	<u>245,000</u>	<u>243,000</u>	<u>2,000</u>
Total Expenditures	<u>4,308,948</u>	<u>1,042,160</u>	<u>1,040,159</u>	<u>2,001</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(245,000)	(243,212)	(244,691)	(1,479)
Fund Balance at Beginning of Year	435	435	435	0
Prior Year Encumbrances	245,000	245,000	245,000	0
Fund Balance at End of Year	<u>\$ 435</u>	<u>\$ 2,223</u>	<u>\$ 744</u>	<u>\$ (1,479)</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, 2011**

CITY HALL FIRE FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
All Other Expenditures	0	6,667	6,239	428
Total Expenditures	0	6,667	6,239	428
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(6,667)	(6,239)	428
Other Financing Sources (Uses):				
Insurance Proceeds	0	6,000	5,513	(487)
Transfers In	0	1,000	1,000	0
Total Other Financing Sources (Uses)	0	7,000	6,513	(487)
Net Change in Fund Balance	0	333	274	(59)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 333	\$ 274	\$ (59)

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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 1,327	\$ 327
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,327</u>	<u>327</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>3,000</u>	<u>3,000</u>	<u>1,298</u>	<u>1,702</u>
Total Expenditures	<u>3,000</u>	<u>3,000</u>	<u>1,298</u>	<u>1,702</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000)	(2,000)	29	2,029
Fund Balance at Beginning of Year	<u>81,830</u>	<u>81,830</u>	<u>81,830</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 79,830</u>	<u>\$ 79,830</u>	<u>\$ 81,859</u>	<u>\$ 2,029</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 450	\$ 450	\$ 550	\$ 100
Total Revenues	<u>450</u>	<u>450</u>	<u>550</u>	<u>100</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>1,750</u>	<u>1,750</u>	<u>0</u>	<u>1,750</u>
Total Expenditures	<u>1,750</u>	<u>1,750</u>	<u>0</u>	<u>1,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,300)	(1,300)	550	1,850
Fund Balance at Beginning of Year	<u>58,972</u>	<u>58,972</u>	<u>58,972</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 57,672</u>	<u>\$ 57,672</u>	<u>\$ 59,522</u>	<u>\$ 1,850</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,200</u>	<u>\$ 200</u>
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,200</u>	<u>200</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>750</u>	<u>750</u>	<u>0</u>	<u>750</u>
Total Expenditures	<u>750</u>	<u>750</u>	<u>0</u>	<u>750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	250	250	1,200	950
Fund Balance at Beginning of Year	<u>403,427</u>	<u>403,427</u>	<u>403,427</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 403,677</u>	<u>\$ 403,677</u>	<u>\$ 404,627</u>	<u>\$ 950</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, 2011***

RIVERSIDE CEMETERY TRUST FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 4,100	\$ 4,100	\$ 5,700	\$ 1,600
Total Revenues	<u>4,100</u>	<u>4,100</u>	<u>5,700</u>	<u>1,600</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	750	750	0	750
Total Expenditures	<u>750</u>	<u>750</u>	<u>0</u>	<u>750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,350	3,350	5,700	2,350
Fund Balance at Beginning of Year	<u>359,027</u>	<u>359,027</u>	<u>359,027</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 362,377</u>	<u>\$ 362,377</u>	<u>\$ 364,727</u>	<u>\$ 2,350</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 6,480</u>	<u>\$ 5,380</u>
Total Revenues	<u>1,100</u>	<u>1,100</u>	<u>6,480</u>	<u>5,380</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>50</u>	<u>50</u>	<u>0</u>	<u>50</u>
Total Expenditures	<u>50</u>	<u>50</u>	<u>0</u>	<u>50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,050	1,050	6,480	5,430
Fund Balance at Beginning of Year	<u>317,771</u>	<u>317,771</u>	<u>317,771</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 318,821</u>	<u>\$ 318,821</u>	<u>\$ 324,251</u>	<u>\$ 5,430</u>

Nonmajor Enterprise Funds

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

Refuse Fund

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

Off Street Parking Fund

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

Storm Water Utility Fund

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

Community Programs 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, 2011**

	Refuse Fund	Off Street Parking Fund	Storm Water Utility Fund
ASSETS			
Current Assets:			
Pooled Cash and Investments	\$ 17,148	\$ 119,198	\$ 199,440
Accounts Receivable	0	0	48,095
Prepaid Items	0	2,748	0
Total Current Assets	<u>17,148</u>	<u>121,946</u>	<u>247,535</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	0	3,866	0
Total restricted assets	<u>0</u>	<u>3,866</u>	<u>0</u>
Capital Assets:			
Capital Assets Not Being Depreciated	0	182,400	502,554
Capital Assets Being Depreciated, Net	0	1,092,670	1,001,697
Total Noncurrent Assets	<u>0</u>	<u>1,278,936</u>	<u>1,504,251</u>
Total Assets	<u>17,148</u>	<u>1,400,882</u>	<u>1,751,786</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	9,709	41	1,750
Accrued Wages and Benefits	0	1,792	3,513
Refundable Deposits	0	3,866	0
Accrued Interest Payable	0	0	8,298
General Obligation Notes Payable	0	0	56,310
Long Term Notes Payable - Current	0	0	46,600
Compensated Absences Payable - Current	0	0	1,673
Total Current Liabilities	<u>9,709</u>	<u>5,699</u>	<u>118,144</u>
Noncurrent Liabilities:			
Long Term Notes Payable	0	0	505,600
Compensated Absences Payable	0	4,334	14,668
Total Noncurrent Liabilities	<u>0</u>	<u>4,334</u>	<u>520,268</u>
Total Liabilities	<u>9,709</u>	<u>10,033</u>	<u>638,412</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	0	1,275,070	895,741
Unrestricted	7,439	115,779	217,633
Total Net Assets	<u>\$ 7,439</u>	<u>\$ 1,390,849</u>	<u>\$ 1,113,374</u>

CITY OF PAINESVILLE, OHIO

<u>Community Programs Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 6,317	\$ 342,103
0	48,095
0	2,748
<u>6,317</u>	<u>392,946</u>
0	3,866
<u>0</u>	<u>3,866</u>
0	684,954
0	2,094,367
<u>0</u>	<u>2,783,187</u>
<u>6,317</u>	<u>3,176,133</u>
0	11,500
179	5,484
0	3,866
0	8,298
0	56,310
0	46,600
0	1,673
<u>179</u>	<u>133,731</u>
0	505,600
<u>0</u>	<u>19,002</u>
<u>0</u>	<u>524,602</u>
<u>179</u>	<u>658,333</u>
0	2,170,811
6,138	346,989
<u>\$ 6,138</u>	<u>\$ 2,517,800</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, 2011**

	<u>Refuse Fund</u>	<u>Off Street Parking Fund</u>	<u>Storm Water Utility Fund</u>
Operating Revenues:			
Charges for Services	\$ 196	\$ 50,347	\$ 421,882
Other Charges for Services	0	0	10,093
Other Operating Revenues	49,541	0	0
Total Operating Revenues	<u>49,737</u>	<u>50,347</u>	<u>431,975</u>
Operating Expenses:			
Personal Services	0	60,697	102,391
Contractual Services	51,597	19,535	201,985
Materials and Supplies	162	692	11,014
Utilities	0	19,120	0
Depreciation	0	33,643	12,987
Total Operating Expenses	<u>51,759</u>	<u>133,687</u>	<u>328,377</u>
Operating Income (Loss)	(2,022)	(83,340)	103,598
Non-Operating Revenue (Expenses):			
Interest and Fiscal Charges	0	0	(12,209)
Total Non-Operating Revenues (Expenses)	<u>0</u>	<u>0</u>	<u>(12,209)</u>
Income (Loss) Before Transfers	(2,022)	(83,340)	91,389
Transfers:			
Transfers-In	0	50,000	0
Total Transfers	<u>0</u>	<u>50,000</u>	<u>0</u>
Change in Net Assets	(2,022)	(33,340)	91,389
Net Assets Beginning of Year	9,461	1,424,189	1,021,985
Net Assets End of Year	<u>\$ 7,439</u>	<u>\$ 1,390,849</u>	<u>\$ 1,113,374</u>

CITY OF PAINESVILLE, OHIO

<u>Community Programs Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 40,343	\$ 512,768
0	10,093
0	49,541
<u>40,343</u>	<u>572,402</u>
13,469	176,557
20,175	293,292
3,431	15,299
0	19,120
0	46,630
<u>37,075</u>	<u>550,898</u>
3,268	21,504
0	(12,209)
0	(12,209)
3,268	9,295
0	50,000
0	50,000
3,268	59,295
2,870	2,458,505
<u>\$ 6,138</u>	<u>\$ 2,517,800</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2011***

	Refuse Fund	Off-Street Parking Fund	Storm Water Utility Fund
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$49,737	\$50,421	\$433,758
Cash Payments for Goods and Services	(42,050)	(37,892)	(213,591)
Cash Payments to Employees	0	(60,386)	(102,378)
Net Cash Provided (Used) by Operating Activities	<u>7,687</u>	<u>(47,857)</u>	<u>117,789</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	50,000	0
Net Cash Provided for Noncapital Financing Activities	<u>0</u>	<u>50,000</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from General Obligation Notes	0	0	608,510
Premium on Debt Issuances	0	0	290
Principal Paid on General Obligation Notes	0	0	(672,680)
Acquisition and Construction of Assets	0	(34,634)	(202,986)
Interest Paid on All Debt	0	0	(14,221)
Net Cash Used by Capital and Related Financing Activities	<u>0</u>	<u>(34,634)</u>	<u>(281,087)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,687	(32,491)	(163,298)
Cash and Cash Equivalents at Beginning of Year	9,461	155,555	362,738
Cash and Cash Equivalents at End of Year	<u>\$17,148</u>	<u>\$123,064</u>	<u>\$199,440</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$17,148	\$119,198	\$199,440
Restricted Cash and Cash Equivalents	0	3,866	0
Cash and Cash Equivalents at End of Year	<u>\$17,148</u>	<u>\$123,064</u>	<u>\$199,440</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$2,022)	(\$83,340)	\$103,598
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	0	33,643	12,987
Miscellaneous Nonoperating Revenues	0	74	0
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	0	0	1,783
Decrease in Prepaid Items	0	1,448	0
Increase (Decrease) in Accounts Payable	9,709	7	(602)
Increase (Decrease) in Accrued Wages and Benefits	0	48	246
Increase (Decrease) in Compensated Absences Payable	0	263	(223)
Total Adjustments	<u>9,709</u>	<u>35,483</u>	<u>14,191</u>
Net Cash Provided (Used) by Operating Activities	<u>\$7,687</u>	<u>(\$47,857)</u>	<u>\$117,789</u>

CITY OF PAINESVILLE, OHIO

Community Programs Fund	Total Nonmajor Enterprise Funds
\$40,343	\$574,259
(23,642)	(317,175)
(13,638)	(176,402)
<u>3,063</u>	<u>80,682</u>
<u>0</u>	<u>50,000</u>
<u>0</u>	<u>50,000</u>
0	608,510
0	290
0	(672,680)
0	(237,620)
<u>0</u>	<u>(14,221)</u>
<u>0</u>	<u>(315,721)</u>
3,063	(185,039)
3,254	531,008
<u>\$6,317</u>	<u>\$345,969</u>
\$6,317	\$342,103
<u>0</u>	<u>3,866</u>
<u>\$6,317</u>	<u>\$345,969</u>
\$3,268	\$21,504
0	46,630
0	74
0	1,783
0	1,448
(36)	9,078
(169)	125
<u>0</u>	<u>40</u>
<u>(205)</u>	<u>59,178</u>
<u>\$3,063</u>	<u>\$80,682</u>

Nonmajor Internal Service Funds

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

Fuel and Oil Rotary Fund

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

Supplies Rotary Fund

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

Employee Health Insurance Fund

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

Workers' Compensation Retrospective Fund

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

CITY OF PAINESVILLE, OHIO

**Combining Statement of Net Assets
Nonmajor Internal Service Funds
December 31, 2011**

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
Assets:					
Current Assets:					
Pooled Cash and Investments	\$ 57,777	\$ 32,799	\$ 11,524	\$ 153,777	\$ 255,877
Inventory of Supplies at Cost	0	31,770	0	0	31,770
Total Assets	<u>57,777</u>	<u>64,569</u>	<u>11,524</u>	<u>153,777</u>	<u>287,647</u>
Liabilities:					
Current Liabilities:					
Accounts Payable	0	0	3,945	0	3,945
Claims Payable - Current	0	0	371,800	231,981	603,781
Total Current Liabilities	0	0	375,745	231,981	607,726
Noncurrent Liabilities:					
Claims Payable	0	0	0	364,339	364,339
Total Liabilities	<u>0</u>	<u>0</u>	<u>375,745</u>	<u>596,320</u>	<u>972,065</u>
Net Assets:					
Unrestricted	57,777	64,569	(364,221)	(442,543)	(684,418)
Total Net Assets	<u>\$ 57,777</u>	<u>\$ 64,569</u>	<u>\$ (364,221)</u>	<u>\$ (442,543)</u>	<u>\$ (684,418)</u>

CITY OF PAINESVILLE, OHIO

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

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
Operating Revenues:					
Charges for Services	\$ 256,070	\$ 38,368	\$ 3,547,397	\$ 433,974	\$ 4,275,809
Total Operating Revenues	<u>256,070</u>	<u>38,368</u>	<u>3,547,397</u>	<u>433,974</u>	<u>4,275,809</u>
Operating Expenses:					
Personal Services	0	0	3,066,341	425,383	3,491,724
Contractual Services	0	0	544,045	262,124	806,169
Materials and Supplies	366,153	38,679	0	0	404,832
Total Operating Expenses	<u>366,153</u>	<u>38,679</u>	<u>3,610,386</u>	<u>687,507</u>	<u>4,702,725</u>
Loss Before Transfers	(110,083)	(311)	(62,989)	(253,533)	(426,916)
Transfers:					
Transfers In	150,000	0	0	0	150,000
Total Transfers	<u>150,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>150,000</u>
Change in Net Assets	39,917	(311)	(62,989)	(253,533)	(276,916)
Net Assets Beginning of Year	17,860	64,880	(301,232)	(189,010)	(407,502)
Net Assets End of Year	<u>\$ 57,777</u>	<u>\$ 64,569</u>	<u>\$ (364,221)</u>	<u>\$ (442,543)</u>	<u>\$ (684,418)</u>

CITY OF PAINESVILLE, OHIO

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

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
<u>Cash Flows from Operating Activities:</u>					
Cash Receipts from Interfund Services Provided	\$256,070	\$38,368	\$3,547,397	\$433,974	\$4,275,809
Cash Payments for Goods and Services	(389,582)	(36,498)	(545,956)	(262,124)	(1,234,160)
Cash Payments to Employees	0	0	0	(171,850)	(171,850)
Cash Payments for Employee Medical Claims	0	0	(3,001,441)	0	(3,001,441)
Net Cash Provided (Used) by Operating Activities	(133,512)	1,870	0	0	(131,642)
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In From Other Funds	150,000	0	0	0	150,000
Net Cash Provided for Noncapital Financing Activities	150,000	0	0	0	150,000
Net Increase in Cash and Cash Equivalents	16,488	1,870	0	0	18,358
Cash and Cash Equivalents at Beginning of Year	41,289	30,929	11,524	153,777	237,519
Cash and Cash Equivalents at End of Year	\$57,777	\$32,799	\$11,524	\$153,777	\$255,877
<u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:</u>					
Operating Loss	(\$110,083)	(\$311)	(\$62,989)	(\$253,533)	(\$426,916)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:					
Changes in Assets and Liabilities:					
Decrease in Inventory	0	2,181	0	0	2,181
Decrease in Accounts Payable	(23,429)	0	(1,911)	0	(25,340)
Increase in Claims Liability	0	0	64,900	253,533	318,433
Total Adjustments	(23,429)	2,181	62,989	253,533	295,274
Net Cash Provided (Used) by Operating Activities	(\$133,512)	\$1,870	\$0	\$0	(\$131,642)



Fiduciary Funds

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

Agency Funds

Municipal Court Fund

To account for funds that flow through the municipal court.

State Patrol Transfer Fund

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

Electric License Fund

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

Land Bank Fund

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

Plan Review Fund

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

C.D.B.G. Fund

To account for monies designated for renovations of properties in the City.

JEDD Fund

To account for income tax revenues from University and Tri-Point hospitals as part of a Joint Economic Development District between the City and Concord Township.

CITY OF PAINESVILLE, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011**

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
Municipal Court Fund				
Assets:				
Cash and Cash Equivalents	\$81,430	\$3,383,196	(\$3,408,565)	\$56,061
Total Assets	<u>\$81,430</u>	<u>\$3,383,196</u>	<u>(\$3,408,565)</u>	<u>\$56,061</u>
Liabilities:				
Due to Others	\$81,430	\$3,383,196	(\$3,408,565)	\$56,061
Total Liabilities	<u>\$81,430</u>	<u>\$3,383,196</u>	<u>(\$3,408,565)</u>	<u>\$56,061</u>
State Patrol Transfer Fund				
Assets:				
Cash and Cash Equivalents	\$18,284	\$0	\$0	\$18,284
Total Assets	<u>\$18,284</u>	<u>\$0</u>	<u>\$0</u>	<u>\$18,284</u>
Liabilities:				
Due to Others	\$18,284	\$0	\$0	\$18,284
Total Liabilities	<u>\$18,284</u>	<u>\$0</u>	<u>\$0</u>	<u>\$18,284</u>
Electric License Fund				
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>
Land Bank Fund				
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>

(Continued)

CITY OF PAINESVILLE, OHIO

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
Plan Review Fund				
Assets:				
Cash and Cash Equivalents	\$106,100	\$12,500	(\$21,779)	\$96,821
Total Assets	<u>\$106,100</u>	<u>\$12,500</u>	<u>(\$21,779)</u>	<u>\$96,821</u>
Liabilities:				
Due to Others	\$106,100	\$12,500	(\$21,779)	\$96,821
Total Liabilities	<u>\$106,100</u>	<u>\$12,500</u>	<u>(\$21,779)</u>	<u>\$96,821</u>
C.D.B.G Fund				
Assets:				
Cash and Cash Equivalents	\$842	\$51,463	(\$52,305)	\$0
Total Assets	<u>\$842</u>	<u>\$51,463</u>	<u>(\$52,305)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$842	\$51,463	(\$52,305)	\$0
Total Liabilities	<u>\$842</u>	<u>\$51,463</u>	<u>(\$52,305)</u>	<u>\$0</u>
JEDD Fund				
Assets:				
Cash and Cash Equivalents	\$0	\$726,477	(\$726,477)	\$0
Receivables:				
Taxes	38,802	35,995	(38,802)	35,995
Total Assets	<u>\$38,802</u>	<u>\$762,472</u>	<u>(\$765,279)</u>	<u>\$35,995</u>
Liabilities:				
Intergovernmental Payable	\$38,802	\$762,472	(\$765,279)	\$35,995
Total Liabilities	<u>\$38,802</u>	<u>\$762,472</u>	<u>(\$765,279)</u>	<u>\$35,995</u>
Totals - All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$218,805	\$4,173,636	(\$4,209,126)	\$183,315
Receivables:				
Taxes	38,802	35,995	(38,802)	35,995
Total Assets	<u>\$257,607</u>	<u>\$4,209,631</u>	<u>(\$4,247,928)</u>	<u>\$219,310</u>
Liabilities:				
Intergovernmental Payable	\$38,802	\$762,472	(\$765,279)	\$35,995
Due to Others	218,805	3,447,159	(3,482,649)	183,315
Total Liabilities	<u>\$257,607</u>	<u>\$4,209,631</u>	<u>(\$4,247,928)</u>	<u>\$219,310</u>



STATISTICAL SECTION



STATISTICAL TABLES

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city’s overall financial health.

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, the income tax and the property tax.	
Debt Capacity	S 18 – S 27
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 32 – S 41
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	

City of Painesville

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

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

Source: Finance Director's Office

(1) Restated to include infrastructure net assets

City of Painesville

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$23,806,608	\$23,885,884	\$28,000,333	\$29,982,485	\$30,387,358
6,813,043	4,893,216	2,173,310	3,246,469	4,044,306
6,316,586	11,427,126	10,186,938	7,286,446	6,921,791
<u>\$36,936,237</u>	<u>\$40,206,226</u>	<u>\$40,360,581</u>	<u>\$40,515,400</u>	<u>\$41,353,455</u>
\$35,152,108	\$38,454,848	\$41,103,064	\$41,322,460	\$44,350,926
0	0	0	0	0
28,790,094	28,085,141	27,590,062	28,707,112	28,876,607
<u>\$63,942,202</u>	<u>\$66,539,989</u>	<u>\$68,693,126</u>	<u>\$70,029,572</u>	<u>\$73,227,533</u>
\$58,958,716	\$62,340,732	\$69,103,397	\$71,304,945	\$74,738,284
6,813,043	4,893,216	2,173,310	3,246,469	4,044,306
35,106,680	39,512,267	37,777,000	35,993,558	35,798,398
<u>\$100,878,439</u>	<u>\$106,746,215</u>	<u>\$109,053,707</u>	<u>\$110,544,972</u>	<u>\$114,580,988</u>

City of Painesville

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

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

City of Painesville

2007	2008	2009	2010	2011
\$3,453,915	\$3,213,592	\$4,444,947	\$4,594,616	\$5,319,087
7,511,624	7,800,817	7,687,567	7,029,666	7,418,708
3,540,017	3,380,986	3,823,054	2,158,737	1,821,320
613,032	630,964	688,623	637,876	635,108
847,647	949,788	843,945	778,109	792,999
551,236	443,315	476,715	525,976	377,113
329,646	282,227	266,284	202,221	167,510
<u>16,847,117</u>	<u>16,701,689</u>	<u>18,231,135</u>	<u>15,927,201</u>	<u>16,531,845</u>
4,746,880	4,764,766	4,683,197	4,934,978	4,651,337
3,183,132	3,658,566	3,462,406	4,132,446	3,700,750
20,600,631	20,682,416	20,517,909	24,023,809	24,798,140
730,063	429,441	507,534	381,553	563,107
<u>29,260,706</u>	<u>29,535,189</u>	<u>29,171,046</u>	<u>33,472,786</u>	<u>33,713,334</u>
<u>\$46,107,823</u>	<u>\$46,236,878</u>	<u>\$47,402,181</u>	<u>\$49,399,987</u>	<u>\$50,245,179</u>
\$1,438,482	\$1,567,302	\$1,575,108	\$1,942,968	\$1,533,460
555,777	716,239	671,145	658,667	756,827
51,231	61,505	36,694	35,895	32,842
159,275	151,953	119,891	109,421	119,652
7,917	21,280	18,112	12,372	20,456
304,968	195,427	135,666	115,077	98,930
876,146	975,160	951,327	863,877	883,020
2,856,316	3,186,194	2,494,194	432,405	1,693,078
<u>6,250,112</u>	<u>6,875,060</u>	<u>6,002,137</u>	<u>4,170,682</u>	<u>5,138,265</u>

(continued)

City of Painesville

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

	2003	2004	2005	2006
Business-type Activities:				
Charges for Services				
Water	4,328,180	4,513,453	4,905,365	4,654,394
Sewer	3,331,499	3,166,647	3,268,359	3,215,491
Electric	18,310,051	18,957,480	22,173,641	21,014,180
Other Enterprise	432,325	506,892	507,485	610,279
Operating Grants and Contributions	53,588	9,267	587,546	0
Capital Grants and Contributions	0	1,218,151	0	410,942
<i>Total Business-type Activities Program Revenues</i>	<u>26,455,643</u>	<u>28,371,890</u>	<u>31,442,396</u>	<u>29,905,286</u>
<i>Total Primary Government Program Revenues</i>	<u>28,407,552</u>	<u>31,544,612</u>	<u>35,370,497</u>	<u>33,721,699</u>
Net (Expense)/Revenue				
Governmental Activities	(11,895,745)	(13,034,219)	(10,456,137)	(11,328,385)
Business-type Activities	3,218,564	(4,984,700)	3,862,297	1,366,712
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$8,677,181)</u>	<u>(\$18,018,919)</u>	<u>(\$6,593,840)</u>	<u>(\$9,961,673)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes	\$631,395	\$717,203	\$725,082	\$801,010
Municipal Income Taxes	7,273,781	6,702,181	7,681,884	8,039,713
Other Local Taxes	7,903	1,108	5,957	31,692
Intergovernmental, Unrestricted	2,513,880	1,590,443	1,766,542	2,007,863
Investment Earnings	292,903	103,487	378,891	1,189,061
Miscellaneous	434,784	382,964	278,499	111,205
Transfers	984,729	614,276	558,853	505,320
<i>Total Governmental Activities</i>	<u>12,139,375</u>	<u>10,111,662</u>	<u>11,395,708</u>	<u>12,685,864</u>
Business-type Activities:				
Investment Earnings	204,095	330,270	568,022	407,410
Transfers	(984,729)	(614,276)	(558,853)	(505,320)
<i>Total Business-type Activities</i>	<u>(780,634)</u>	<u>(284,006)</u>	<u>9,169</u>	<u>(97,910)</u>
<i>Total Primary Government</i>	<u>\$11,358,741</u>	<u>\$9,827,656</u>	<u>\$11,404,877</u>	<u>\$12,587,954</u>
Change in Net Assets				
Governmental Activities	\$243,630	(\$2,922,557)	\$939,571	\$1,357,479
Business-type Activities	2,437,930	(5,268,706)	3,871,466	1,268,802
<i>Total Primary Government Change in Net Assets</i>	<u>\$2,681,560</u>	<u>(\$8,191,263)</u>	<u>\$4,811,037</u>	<u>\$2,626,281</u>

Source: Finance Director's Office

City of Painesville

2007	2008	2009	2010	2011
4,838,095	4,570,987	4,422,481	4,883,093	5,489,308
3,237,420	3,451,161	3,320,167	3,104,324	3,473,151
22,505,860	23,331,839	22,753,669	26,400,302	26,354,842
554,923	547,994	524,991	541,495	572,402
110,973	47,611	1,478,559	618,902	0
997,376	0	0	0	2,364,576
<u>32,244,647</u>	<u>31,949,592</u>	<u>32,499,867</u>	<u>35,548,116</u>	<u>38,254,279</u>
<u>38,494,759</u>	<u>38,824,652</u>	<u>38,502,004</u>	<u>39,718,798</u>	<u>43,392,544</u>
(10,597,005)	(9,826,629)	(12,228,998)	(11,756,519)	(11,393,580)
2,983,941	2,414,403	3,328,821	2,075,330	4,540,945
<u>(\$7,613,064)</u>	<u>(\$7,412,226)</u>	<u>(\$8,900,177)</u>	<u>(\$9,681,189)</u>	<u>(\$6,852,635)</u>
\$896,215	\$819,812	\$1,214,434	\$1,168,067	\$1,175,475
7,962,098	8,644,123	7,748,215	7,157,251	7,167,242
8,056	8,013	11,164	13,305	6,400
1,802,287	2,181,223	1,266,406	1,605,729	1,871,767
1,870,044	1,380,595	831,745	451,850	539,269
884,813	52,065	226,494	762,245	324,107
743,005	10,787	1,084,895	752,891	1,253,475
<u>14,166,518</u>	<u>13,096,618</u>	<u>12,383,353</u>	<u>11,911,338</u>	<u>12,337,735</u>
68,392	194,171	(90,789)	14,007	(89,509)
(743,005)	(10,787)	(1,084,895)	(752,891)	(1,253,475)
<u>(674,613)</u>	<u>183,384</u>	<u>(1,175,684)</u>	<u>(738,884)</u>	<u>(1,342,984)</u>
<u>\$13,491,905</u>	<u>\$13,280,002</u>	<u>\$11,207,669</u>	<u>\$11,172,454</u>	<u>\$10,994,751</u>
\$3,569,513	\$3,269,989	\$154,355	\$154,819	\$944,155
2,309,328	2,597,787	2,153,137	1,336,446	3,197,961
<u>\$5,878,841</u>	<u>\$5,867,776</u>	<u>\$2,307,492</u>	<u>\$1,491,265</u>	<u>\$4,142,116</u>

City of Painesville

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	1,645,344	1,394,500	1,457,828	1,201,195	1,133,204
Unreserved	<u>3,037,127</u>	<u>1,396,127</u>	<u>1,920,494</u>	<u>2,027,492</u>	<u>4,026,432</u>
<i>Total General Fund</i>	<u>4,682,471</u>	<u>2,790,627</u>	<u>3,378,322</u>	<u>3,228,687</u>	<u>5,159,636</u>
All Other Governmental Funds					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	516,977	1,809,451	1,633,965	2,004,446	1,653,817
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	2,130,684	1,510,440	1,141,244	355,394	637,926
Capital Projects Funds	454,776	(102,259)	(969,587)	(109,712)	23,236
Permanent Fund	<u>0</u>	<u>7,043</u>	<u>4,219</u>	<u>63,532</u>	<u>129,713</u>
<i>Total All Other Governmental Funds</i>	<u>3,102,437</u>	<u>3,224,675</u>	<u>1,809,841</u>	<u>2,313,660</u>	<u>2,444,692</u>
<i>Total Governmental Funds</i>	<u><u>\$7,784,908</u></u>	<u><u>\$6,015,302</u></u>	<u><u>\$5,188,163</u></u>	<u><u>\$5,542,347</u></u>	<u><u>\$7,604,328</u></u>

Source: Finance Director's Office

NOTE: Year 2002 does not include the Cemetery Trust Fund, Special Endowment Fund, Evergreen Cemetery Trust Fund, Riverside Cemetery Trust Fund and Special Endowment Trust Fund which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Painesville

2007	2008	2009	2010	2011
\$0	\$0	\$0	\$0	\$996,297
0	0	0	0	0
0	0	0	0	0
0	0	0	0	416,777
0	0	0	0	5,733,751
1,301,396	803,475	623,231	520,398	0
5,423,645	6,667,131	6,437,487	6,065,354	0
<u>6,725,041</u>	<u>7,470,606</u>	<u>7,060,718</u>	<u>6,585,752</u>	<u>7,146,825</u>
0	0	0	0	1,108,205
0	0	0	0	3,161,485
0	0	0	0	1,359,464
0	0	0	0	0
0	0	0	0	(1,826,088)
1,511,911	5,119,596	2,111,943	1,974,139	0
2,370,336	1,567,018	1,482,725	1,204,465	0
2,207,811	(262,210)	(431,495)	(1,173,006)	0
185,778	209,599	226,050	236,087	0
<u>6,275,836</u>	<u>6,634,003</u>	<u>3,389,223</u>	<u>2,241,685</u>	<u>3,803,066</u>
<u>\$13,000,877</u>	<u>\$14,104,609</u>	<u>\$10,449,941</u>	<u>\$8,827,437</u>	<u>\$10,949,891</u>

City of Painesville

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

	2002	2003	2004	2005
Revenues:				
Taxes	\$8,087,055	\$7,868,089	\$8,284,270	\$8,389,482
Intergovernmental Revenues	2,860,610	2,604,091	2,793,225	3,107,173
Charges for Services	301,580	449,198	592,861	598,062
Licenses, Permits and Inspection Fees	78,377	178,544	333,135	348,422
Investment Earnings	319,813	247,032	144,587	431,046
Special Assessments	64,861	68,358	60,743	65,099
Fines and Forfeitures	1,008,366	1,020,294	1,071,977	1,104,650
All Other Revenue	211,071	466,930	706,710	300,778
Total Revenue	<u>12,931,733</u>	<u>12,902,536</u>	<u>13,987,508</u>	<u>14,344,712</u>
Expenditures:				
Current:				
General Government	2,758,726	2,907,513	2,883,102	2,657,661
Public Safety	6,837,365	7,003,391	7,279,219	6,848,266
Highways and Streets	2,316,349	2,994,752	2,759,535	2,800,859
Public Health and Welfare Services	690,005	769,675	740,072	694,291
Culture and Recreation	911,244	943,098	789,511	659,993
Community Environment	335,371	639,638	354,156	345,801
Capital Outlay	903,825	540,850	1,296,545	882,396
Debt Service:				
Principal Retirement	56,415	61,416	58,208	50,000
Interest and Fiscal Charges	95,465	105,895	75,477	117,237
Total Expenditures	<u>14,904,765</u>	<u>15,966,228</u>	<u>16,235,825</u>	<u>15,056,504</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,973,032)	(3,063,692)	(2,248,317)	(711,792)

City of Painesville

2006	2007	2008	2009	2010	2011
\$8,417,301	\$9,323,731	\$9,480,913	\$8,954,176	\$8,330,535	\$8,335,086
3,805,033	2,928,630	5,466,933	3,122,006	2,860,371	5,328,950
529,395	658,104	740,977	660,330	801,465	834,222
354,320	396,750	352,004	308,161	303,800	296,994
1,126,218	1,922,173	1,330,957	846,527	442,524	562,484
56,858	85,079	168,049	104,844	89,140	92,547
1,227,721	1,283,191	1,402,202	1,341,501	1,227,158	1,257,805
225,135	725,957	235,801	396,349	1,337,779	439,886
<u>15,741,981</u>	<u>17,323,615</u>	<u>19,177,836</u>	<u>15,733,894</u>	<u>15,392,772</u>	<u>17,147,974</u>

2,899,758	3,241,261	3,066,705	4,117,937	4,515,245	4,657,111
7,464,913	7,164,514	7,772,649	7,424,843	7,178,506	7,135,751
2,703,721	2,420,543	2,344,519	2,682,268	1,880,062	2,345,029
544,005	563,578	628,215	656,218	618,599	619,796
667,236	774,225	886,575	771,982	712,688	725,325
346,486	530,400	445,066	465,922	509,372	363,544
298,301	497,808	2,266,246	3,547,668	1,702,801	1,101,883
105,778	126,569	831,311	488,042	399,072	346,102
228,653	303,355	286,578	270,945	205,692	161,423
<u>15,258,851</u>	<u>15,622,253</u>	<u>18,527,864</u>	<u>20,425,825</u>	<u>17,722,037</u>	<u>17,455,964</u>

483,130	1,701,362	649,972	(4,691,931)	(2,329,265)	(307,990)
---------	-----------	---------	-------------	-------------	-----------

(Continued)

City of Painesville

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

	2002	2003	2004	2005
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	69,275	26,210	5,001	4,090
Other Financing Sources - Capital Leases	1,255,400	0	558,796	419,406
Ohio Public Works Commission Loan	0	0	0	0
General Obligation Notes Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	410,000
Premium on Debt Issuance	0	0	0	0
Long Term Note Issuance	0	0	0	0
Insurance Proceeds	0	0	0	0
Construction Loans	0	0	0	0
Transfers In	2,557,721	2,243,379	1,762,396	2,552,091
Transfers Out	(1,701,454)	(958,650)	(873,120)	(2,307,523)
Total Other Financing Sources (Uses)	<u>2,180,942</u>	<u>1,310,939</u>	<u>1,453,073</u>	<u>1,078,064</u>
Net Change in Fund Balance	<u>\$207,910</u>	<u>(\$1,752,753)</u>	<u>(\$795,244)</u>	<u>\$366,272</u>
Debt Service as a Percentage of Noncapital Expenditures	1.13%	1.28%	0.84%	1.19%

Source: Finance Director's Office

NOTE: Year 2002 does not include the Cemetery Trust Fund, Special Endowment Fund, Evergreen Cemetery Trust Fund, Riverside Cemetery Trust Fund and Special Endowment Trust Fund which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.

City of Painesville

2006	2007	2008	2009	2010	2011
2,555	258,092	5,894	9,745	9,169	0
353,758	553,838	303,733	0	0	0
0	0	97,801	0	0	0
0	0	0	0	0	0
0	2,075,000	0	0	0	0
4,302	73,565	0	1,192	0	0
0	0	0	0	0	1,440,751
0	0	0	0	0	5,513
587,645	0	0	0	0	0
2,787,199	3,409,345	2,366,380	2,132,398	1,682,167	1,698,475
(2,171,146)	(2,666,340)	(2,355,593)	(1,097,503)	(969,276)	(595,000)
<u>1,564,313</u>	<u>3,703,500</u>	<u>418,215</u>	<u>1,045,832</u>	<u>722,060</u>	<u>2,549,739</u>
<u>\$2,047,443</u>	<u>\$5,404,862</u>	<u>\$1,068,187</u>	<u>(\$3,646,099)</u>	<u>(\$1,607,205)</u>	<u>\$2,241,749</u>
2.23%	3.41%	7.27%	4.49%	4.05%	3.25%

City of Painesville

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	2002	2003	2004	2005	2006
Income Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Estimated Personal Income	\$534,244	\$548,299	\$569,933	\$582,815	\$627,413
Total Tax Collected	\$7,160,210	\$7,242,174	\$7,135,376	\$7,653,206	\$7,775,604
Income Tax Receipts					
Withholding	5,889,168	6,070,037	6,045,625	6,263,019	6,460,073
Percentage	82.2%	83.8%	84.8%	81.9%	83.1%
Corporate	469,520	383,625	365,953	576,843	588,673
Percentage	6.6%	5.3%	5.1%	7.5%	7.6%
Individuals	801,522	788,512	723,798	813,344	726,858
Percentage	11.2%	10.9%	10.1%	10.6%	9.3%

Source: City Income Tax Department

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

City of Painesville

2007	2008	2009	2010	2011
2.00%	2.00%	2.00%	2.00%	2.00%
\$689,811	\$689,811	\$662,226	\$694,976	\$780,798
\$7,828,025	\$8,382,560	\$7,867,889	\$6,968,103	\$6,959,790
6,540,893	6,870,498	6,412,330	5,685,972	5,679,189
83.6%	82.0%	81.5%	81.6%	81.6%
548,194	788,789	629,431	634,097	633,341
7.0%	9.4%	8.0%	9.1%	9.1%
738,938	723,273	826,128	648,034	647,260
9.4%	8.6%	10.5%	9.3%	9.3%



City of Painesville

Income Tax Collections Current Year and Nine Years Ago

2011

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,135	44.26%	\$12,623,121	7.95%
20,000 - 49,999	1,494	30.96%	49,326,821	31.04%
50,000 - 74,999	654	13.55%	40,125,882	25.26%
75,000 - 99,999	318	6.59%	27,494,593	17.31%
Over 100,000	224	4.64%	29,285,374	18.44%
Total	4,825	100.00%	\$158,855,791	100.00%

Local Taxes Paid by Residents

	Tax Dollars
Taxes Paid to Painesville	\$700,405
Taxes Credited to Other Municipalities	475,708
	<u>\$1,176,113</u>

Calendar Year 2002

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,430	49.42%	\$15,135,248	11.60%
20,000 - 49,999	1,643	33.41%	54,309,732	41.63%
50,000 - 74,999	582	11.84%	35,551,975	27.25%
75,000 - 99,999	182	3.70%	15,410,928	11.81%
Over 100,000	80	1.63%	10,061,695	7.71%
Total	4,917	100.00%	\$130,469,578	100.00%

Local Taxes Paid by Residents

	Tax Dollars
Taxes Paid to Painesville	\$687,393
Taxes Credited to Other Municipalities	1,164,731
	<u>\$1,852,124</u>

Source: Finance Director's Office

City of Painesville

Ratio of Outstanding Debt By Type Last Ten Years

	2002	2003	2004	2005
Governmental Activities ⁽¹⁾				
General Obligation Bonds	\$0	\$0	\$0	\$0
Special Assessment Bonds	260,000	225,000	185,000	555,000
Ohio Public Works Commission Loan Payable	99,623	73,207	55,000	45,000
Long-Term Notes Payable	1,163,750	100,000	100,000	100,000
Construction Loan Payable	0	0	0	0
Capital Leases	1,365,356	1,071,252	1,253,453	1,178,895
Business-type Activities ⁽¹⁾				
Mortgage Revenue Bonds Payable	\$5,733,097	\$5,028,857	\$4,279,954	\$3,491,056
General Obligation Bonds Payable	6,205,000	5,960,000	5,485,000	5,005,000
Ohio Water Development Authority Loan Payable	1,658,886	1,333,242	1,275,148	1,214,400
Ohio Public Works Commission Loan Payable	600,000	540,000	480,000	833,474
Long-Term Notes Payable	0	0	0	0
Capital Leases	38,300	27,645	98,084	368,603
Total Primary Government	<u>\$17,124,012</u>	<u>\$14,359,203</u>	<u>\$13,211,639</u>	<u>\$12,791,428</u>
Population ⁽²⁾				
City of Painesville	17,503	17,503	17,503	17,503
Outstanding Debt Per Capita	\$978	\$820	\$755	\$731
Income ⁽³⁾				
Personal (in thousands)	\$534,244	\$548,299	\$569,933	\$582,815
Percentage of Personal Income	3.21%	2.62%	2.32%	2.19%

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

2006	2007	2008	2009	2010	2011
\$0	\$2,075,000	\$1,975,000	\$1,840,000	\$1,700,000	\$1,565,000
500,000	435,000	370,000	355,000	340,000	325,000
35,000	25,000	107,911	93,021	83,131	78,241
0	0	0	0	0	1,440,751
587,645	539,365	489,012	436,750	381,978	324,854
1,096,129	1,162,451	865,116	594,226	414,816	280,728
\$2,651,829	\$2,517,273	\$2,376,055	\$2,227,843	\$2,072,304	\$1,908,438
4,520,000	4,035,000	3,545,000	3,045,000	2,540,000	2,025,000
1,150,870	1,084,426	1,014,923	3,325,443	4,281,356	4,282,382
732,117	630,760	568,328	464,922	361,516	258,111
0	0	0	0	0	1,754,179
339,731	4,492,400	4,222,884	3,946,531	3,738,838	3,540,782
<u>\$11,613,321</u>	<u>\$16,996,675</u>	<u>\$15,534,229</u>	<u>\$16,328,736</u>	<u>\$15,913,939</u>	<u>\$17,783,466</u>

17,503	17,503	17,503	17,503	19,563	19,563
\$664	\$971	\$888	\$933	\$813	\$909

\$627,413	\$689,811	\$689,811	\$662,226	\$694,976	\$780,798
1.85%	2.46%	2.25%	2.47%	2.29%	2.28%

City of Painesville

Ratios of General Obligation Debt Outstanding Last Ten Years

Year	2002	2003	2004	2005
Population (1)	17,503	17,503	17,503	17,503
Assessed Value (2)	\$234,118,306	\$226,496,195	\$253,325,479	\$254,533,194
General Bonded Debt (3)				
General Obligation Notes	\$3,701,750	\$2,198,000	\$2,798,000	\$4,187,000
General Obligation Bonds	\$0	\$0	\$0	\$0
Resources Available to Pay Principal (4)	\$11,883	\$5,343	\$16,260	\$77,196
Net General Bonded Debt	\$3,689,867	\$2,192,657	\$2,781,740	\$4,109,804
Ratio of Net Bonded Debt to Estimated Assessed Value	1.58%	0.97%	1.10%	1.61%
Net Bonded Debt per Capita	\$210.81	\$125.27	\$158.93	\$234.81

Source:

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

City of Painesville

2006	2007	2008	2009	2010	2011
17,503	17,503	17,503	17,503	19,563	19,563
\$259,644,108	\$281,300,753	\$278,912,006	\$275,691,690	\$256,194,750	\$251,049,200
\$3,202,000	\$1,630,000	\$3,824,500	\$3,896,573	\$3,239,766	\$3,322,591
\$0	\$2,075,000	\$1,975,000	\$1,840,000	\$1,700,000	\$1,565,000
\$3,821	\$10,709	\$27,516	\$47,318	\$95,541	\$160,845
\$3,198,179	\$3,694,291	\$5,771,984	\$5,689,255	\$4,844,225	\$4,726,746
1.23%	1.31%	2.07%	2.06%	1.89%	1.88%
\$182.72	\$211.07	\$329.77	\$325.04	\$247.62	\$241.62



City of Painesville

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2011*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Painesville</u>	<u>Amount Applicable to the City of Painesville</u>
Direct:			
City of Painesville	\$4,887,591	100.00%	\$4,887,591
Overlapping:			
Painesville City School District	27,534,225	100.00%	27,534,225
Riverside Schools	3,980,533	3.66%	145,688
Lake County	14,930,000	3.91%	583,763
Lake County Library District	7,015,000	20.31%	<u>1,424,747</u>
		Subtotal	<u>29,688,423</u>
		Total	<u><u>\$34,576,014</u></u>

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision.

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

City of Painesville

Debt Limitations Last Ten Years

Collection Year	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total Debt				
Net Assessed Valuation	\$234,118,306	\$226,496,195	\$253,325,479	\$254,533,194
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	24,582,422	23,782,100	26,599,175	26,725,985
City Debt Outstanding (2)	3,701,750	2,198,000	2,798,000	4,187,000
Less: Applicable Debt Service Fund Amounts	<u>(11,883)</u>	<u>(5,343)</u>	<u>(16,260)</u>	<u>(77,196)</u>
Net Indebtedness Subject to Limitation	<u>3,689,867</u>	<u>2,192,657</u>	<u>2,781,740</u>	<u>4,109,804</u>
Overall Legal Debt Margin	<u><u>\$20,892,555</u></u>	<u><u>\$21,589,443</u></u>	<u><u>\$23,817,435</u></u>	<u><u>\$22,616,181</u></u>
Unvoted Debt				
Net Assessed Valuation	\$234,118,306	\$226,496,195	\$253,325,479	\$254,533,194
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	12,876,507	12,457,291	13,932,901	13,999,326
City Debt Outstanding (2)	1,960,000	1,800,000	2,095,000	1,645,000
Less: Applicable Debt Service Fund Amounts	<u>(11,883)</u>	<u>(5,343)</u>	<u>(16,260)</u>	<u>(77,196)</u>
Net Indebtedness Subject to Limitation	<u>1,948,117</u>	<u>1,794,657</u>	<u>2,078,740</u>	<u>1,567,804</u>
Overall Legal Debt Margin	<u><u>\$10,928,390</u></u>	<u><u>\$10,662,634</u></u>	<u><u>\$11,854,161</u></u>	<u><u>\$12,431,522</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

2006	2007	2008	2009	2010	2011
\$259,644,108	\$281,300,753	\$278,912,006	\$275,691,690	\$256,194,750	\$251,049,200
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
27,262,631	29,536,579	29,285,761	28,947,627	26,900,449	26,360,166
3,202,000	3,705,000	5,799,500	5,736,573	4,939,766	4,887,591
(3,821)	(10,709)	(27,516)	(47,318)	(95,541)	(160,845)
3,198,179	3,694,291	5,771,984	5,689,255	4,844,225	4,726,746
<u>\$24,064,452</u>	<u>\$25,842,288</u>	<u>\$23,513,777</u>	<u>\$23,258,372</u>	<u>\$22,056,224</u>	<u>\$21,633,420</u>
\$259,644,108	\$281,300,753	\$278,912,006	\$275,691,690	\$256,194,750	\$251,049,200
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
14,280,426	15,471,541	15,340,160	15,163,043	14,090,711	13,807,706
1,280,000	670,000	70,000	20,000	0	0
(3,821)	(10,709)	(27,516)	(47,318)	(95,541)	(160,845)
1,276,179	659,291	42,484	(27,318)	(95,541)	(160,845)
<u>\$13,004,247</u>	<u>\$14,812,250</u>	<u>\$15,297,676</u>	<u>\$15,190,361</u>	<u>\$14,186,252</u>	<u>\$13,968,551</u>

City of Painesville

Pledged Revenue Coverage Last Ten Years

	2002	2003	2004	2005
Revenue Bonds - Electric (1 a)				
Gross Revenues (2)	\$19,609,552	\$18,433,897	\$19,153,275	\$22,172,809
Direct Operating Expenses (3)	15,402,889	13,326,736	23,846,102	17,512,070
Net Revenue Available for Debt Service	4,206,663	5,107,161	(4,692,827)	4,660,739
Annual Debt Service Requirement	749,415	848,259	750,300	747,500
Coverage	5.61	6.02	(6.25)	6.24
Revenue Bonds - Off-Street Parking (1 b)				
Gross Revenues (2)	\$100,535	N/A	N/A	N/A
Direct Operating Expenses (3)	177,654	N/A	N/A	N/A
Net Revenue Available for Debt Service	(77,119)	N/A	N/A	N/A
Annual Debt Service Requirement	178,032	N/A	N/A	N/A
Coverage	0.00	0.00	0.00	0.00
Special Assessment Bonds (4)				
Special Assessment Collections	\$0	\$0	\$0	\$65,099
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
Coverage	0.00	0.00	0.00	0.00

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

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

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

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

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

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

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

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

City of Painesville

2006	2007	2008	2009	2010	2011
\$21,308,391	N/A	N/A	N/A	N/A	N/A
18,730,885	N/A	N/A	N/A	N/A	N/A
2,577,506	N/A	N/A	N/A	N/A	N/A
752,600	N/A	N/A	N/A	N/A	N/A
3.42	0.00	0.00	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
\$56,858	\$85,079	\$168,049	\$104,845	\$89,140	\$57,402
10,000	15,000	15,000	15,000	15,000	15,000
31,938	19,775	19,062	18,350	17,638	16,926
1.36	2.45	4.93	3.14	2.73	1.80

City of Painesville

Demographic and Economic Statistics Last Ten Years

Calendar Year	2002	2003	2004	2005
Population (1)				
City of Painesville	17,503	17,503	17,503	17,503
Lake County	227,511	227,511	227,511	232,466
Income (2) (a)				
Total Personal (in thousands)	\$534,244	\$548,299	\$569,933	\$582,815
Per Capita	\$30,523	\$31,326	\$32,562	\$33,298
Unemployment Rate (3)				
Federal	4.8%	5.8%	6.0%	5.5%
State	4.3%	5.7%	6.1%	6.0%
Lake County	6.1%	6.3%	5.4%	5.1%
Civilian Work Force Estimates (3)				
State	5,828,000	5,915,000	5,875,300	5,900,400
Lake County	125,100	127,000	131,200	130,600

Sources:

(1) US Bureau of Census of Population

(2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2010, for the presentation of 2011 statistics, the City is using the latest information available.

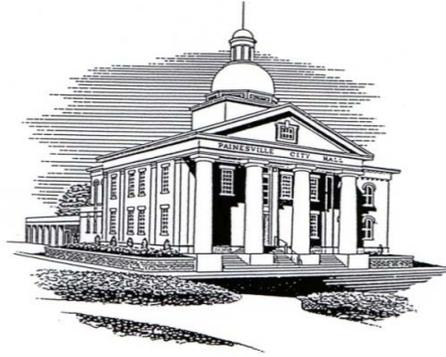
(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

City of Painesville

2006	2007	2008	2009	2010	2011
17,503	17,503	17,503	17,503	19,563	19,563
232,466	232,466	232,466	232,466	236,775	230,041
\$627,413	\$689,811	\$689,811	\$662,226	\$694,976	\$780,798
\$35,846	\$39,411	\$39,411	\$37,835	\$35,525	\$39,912
5.0%	4.6%	5.8%	9.3%	9.0%	8.5%
5.9%	5.6%	6.6%	10.2%	9.0%	8.6%
4.8%	5.2%	6.1%	8.8%	8.1%	8.4%
5,934,000	5,976,500	5,986,400	5,905,107	5,908,000	5,897,600
131,400	132,500	131,100	124,400	133,900	133,600

City of Painesville



City of Painesville

Principal Employers Current Year and Nine Years Ago

		2011		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
County of Lake	Government	917	1	5.32%
Fasson Division/Avery International Corp.	Manufacturing	527	2	3.06%
Painesville City Schools	Education	353	3	2.05%
The City of Painesville	Government	256	4	1.48%
Core Systems	Manufacturing	221	5	1.28%
Lake Erie College	Education	157	6	0.91%
Fluid Regulators, Inc.	Manufacturing	135	7	0.78%
Cintas	Service	117	8	0.68%
Eckart America	Manufacturing	108	9	0.63%
Sas Rubber Co.	Manufacturing	79	10	0.46%
		<u>2,870</u>		
Total Employment within the City		<u>17,250</u>		
		2002		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
County of Lake	Government	1,179	1	6.73%
Lake Hospital System	Medical-Patient Care	818	2	4.67%
Fasson Division/Avery International Corp.	Manufacturing	611	3	3.49%
Painesville City Schools	Education	393	4	2.24%
The City of Painesville	Government	299	5	1.71%
Core Systems	Manufacturing	222	6	1.27%
Lake Erie College	Education	176	7	1.01%
Ohio Association Enterprises	Commercial	142	8	0.81%
Sas Rubber Co.	Manufacturing	134	9	0.77%
Coe Manufacturing	Manufacturing	114	10	0.65%
		<u>4,088</u>		
Total Employment within the City		<u>17,508</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

	2002	2003	2004	2005	2006
Governmental Activities					
General Government					
Finance	6.00	6.00	6.00	6.00	6.00
Judicial	22.00	22.00	22.00	23.00	23.00
Administration	28.00	28.00	28.00	30.00	30.00
Maintenance	1.00	1.00	1.00	1.00	1.00
Public Safety					
Police	41.00	40.00	40.00	44.00	44.00
Fire	28.00	28.00	28.00	28.00	29.00
Public Works					
Public Works	18.00	18.00	18.00	19.00	19.00
Public Health and Welfare					
Cemeteries	4.00	4.00	4.00	4.00	5.00
Culture and Recreation					
Parks - Recreation	8.00	8.00	8.00	10.00	10.00
Business-Type Activities					
Utilities					
Water	20.00	20.00	20.00	22.00	22.00
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>259.00</u>	<u>258.00</u>	<u>258.00</u>	<u>270.00</u>	<u>272.00</u>

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

Source: Finance Director's Office

City of Painesville

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
7.00	7.00	7.00	7.00	7.00
23.00	23.00	23.00	20.00	19.00
50.00	50.00	48.00	47.00	47.00
1.00	1.00	1.00	1.00	1.00
44.00	44.00	45.00	43.00	42.00
28.00	28.00	28.00	28.00	27.00
19.00	19.00	17.00	17.00	16.00
6.00	5.00	5.00	5.00	5.00
11.00	8.00	7.00	7.00	7.00
26.00	20.00	20.00	21.00	20.00
18.00	17.00	17.00	17.00	17.00
64.00	64.00	64.00	64.00	62.00
3.00	3.00	2.00	1.00	1.00
<u>300.00</u>	<u>289.00</u>	<u>284.00</u>	<u>278.00</u>	<u>271.00</u>

City of Painesville

Operating Indicators by Function Last Ten Years

	2002	2003	2004
Governmental Activities			
General Government			
Court			
Number of Probation Cases	2,234	2,228	1,990
Number of Traffic Cases	15,605	13,107	11,263
Licenses and Permits			
Number of Building Permits - Residential	381	403	444
Number of Building Permits - Commercial & Industrial	36	51	47
Number of Building Inspections - Residential	456	601	1,386
Number of Building Inspections - Commercial	182	193	273
Public Safety			
Police			
Number of Citations Issued	2,562	1,973	1,979
Number of Arrests	1,344	1,382	1,273
Number of Accidents	783	716	700
Fire			
Number of Fire Calls	133	151	105
Number of EMS Runs	1,906	1,926	1,815
Number of Inspections	664	549	643
Public Works			
Public Works			
Number of Streets Resurfaced	9	3	12
Public Health and Welfare			
Cemeteries			
Number of Burials	260	237	227
Number of Cemeteries	2	2	2
Culture and Recreation			
Parks - Recreation			
Program Attendance (1)	N/A	N/A	7,000
Number of Park Visitations	N/A	N/A	95,750

City of Painesville

2005	2006	2007	2008	2009	2010	2011
2,029	2,048	2,096	2,084	2,023	1,968	1,683
10,471	11,510	11,319	10,892	9,855	9,086	8,550
451	520	328	327	340	531	508
54	51	51	96	69	132	106
1,686	2,094	3,391	2,179	1,893	1,866	2,200
243	562	2,898	2,920	2,150	954	543
1,818	2,225	2,197	2,472	1,877	2,430	1,878
1,350	1,535	1,200	1,048	1,321	1,411	1,232
657	645	653	637	561	564	579
146	142	152	103	116	119	104
1,829	1,911	2,103	2,276	2,431	2,659	2,686
630	782	618	639	718	624	625
7	9	8	5	3	7	2
210	219	219	214	215	183	197
2	2	2	2	2	2	2
7,486	6,758	6,570	6,850	7,150	40,429	39,929
100,000	90,000	93,500	100,000	109,000	139,050	135,000

(Continued)

City of Painesville

Operating Indicators by Function Last Ten Years

	2002	2003	2004
Business-Type Activities			
Water			
Number of Service Connections	8,694	8,696	9,247
Water Main Breaks	37	43	49
Daily Average Consumption (thousands of gallons)	3,589	3,594	3,638
Peak Daily Consumption (thousands of gallons)	6,000	6,000	6,000
Storage Capacity (thousands of gallons)	4,053	4,053	4,053
Sewer			
Daily Average Sewage Treatment (thousands of gallons)	2.74	2.99	3.17
Electric			
Number of Service Connections	10,957	10,889	11,183
Average Daily Generation in Kilowatt Hours	489,045	521,427	513,827
Peak Load in Kilowatts	52,300	47,900	49,100
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	5,686	5,685	5,796

(1) Beginning in 2010, program attendance data includes special events.

City of Painesville

2005	2006	2007	2008	2009	2010	2011
9,751	9,744	10,066	10,147	10,184	10,254	10,316
57	27	60	45	42	55	34
3,849	3,728	3,530	3,241	3,485	3,590	3,440
6,000	6,000	6,000	6,192	5,573	4,667	5,208
4,053	4,053	4,053	4,053	4,053	4,053	4,053
3.17	3.62	3.17	3.73	3.03	2.75	4.11
11,403	11,613	11,636	11,896	12,056	12,041	12,038
652,416	635,317	587,647	660,507	315,577	252,084	247,814
54,200	57,900	54,700	50,700	55,200	54,000	55,500
502	502	502	502	502	502	502
60	60	60	60	60	60	60
101	101	101	101	101	101	101
5,938	5,984	5,981	6,023	6,046	6,095	6,095

City of Painesville

Capital Asset Statistics by Function Last Ten Years

	2002	2003	2004	2005
Governmental Activities				
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	17	16	16	14
Fire				
Stations	1	1	1	1
Vehicles	10	10	11	1
Public Works				
Street				
Streets (lane miles)	57	57	58	58
Street Lights	1,402	1,402	1,444	1,474
Traffic Signals	106	106	106	106
Vehicles	25	26	26	27
Culture and Recreation				
Recreation/Seniors				
Land (acres)	118.02	118.02	118.02	118.02
Buildings	1	1	1	1
Parks	9	9	10	10
Playgrounds	6	6	6	7
Tennis Courts	2	2	2	2
Baseball/Softball Diamonds	10	10	9	9
Soccer Fields	1	1	1	1

City of Painesville

2006	2007	2008	2009	2010	2011
0.95 7	0.95 7	0.95 7	0.95 7	0.95 7	0.95 7
1 14	1 14	1 16	1 16	1 18	1 18
1 11	1 11	1 11	1 12	1 13	1 13
58 1,504 106 27	58 1,550 108 27	58 1,571 116 27	58 1,571 116 28	58 1,571 116 28	59 1,571 116 28
118.02 1 10 7 2 9 1	118.02 1 10 7 2 9 1	118.02 1 10 7 2 9 1	125.32 1 14 7 2 9 1	125.32 1 14 8 2 9 1	125.32 1 14 8 2 9 1

(Continued)

City of Painesville

*Capital Asset Statistics by Function
Last Ten Years*

Business-Type Activities	2002	2003	2004	2005
Utilities				
Water				
Waterlines (Miles)	108.1	124.9	127.1	128.28
Pump Stations	5	5	5	5
Number of Hydrants	1,230	1,498	1,615	1,735
Sewer				
Sewer lines (Miles)	48	48	49	49
Lift Stations	7	7	7	7
Electric				
Lines (Miles)	175	200	205	205
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	2,850	2,850	2,850	2,900
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

2006	2007	2008	2009	2010	2011
128.3	131.0	131.4	132.3	132.6	132.7
5	5	7	7	7	7
1,735	1,743	1,776	1,797	1,803	1,805
50	50	50	50	50	50
7	7	7	7	7	7
210	215	218	220	220	220
1	1	1	1	1	1
37	37	37	37	37	38
2,900	2,900	2,900	2,900	2,900	2,902
28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000

City of Painesville



City of Painesville, Ohio

**Single Audit Reports
For the Year Ended December 31, 2011**

City of Painesville, Ohio

For The Year Ended December 31, 2011

Table of Contents

<u>Title</u>	<u>Page</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3-4
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards	6
Schedule of Findings OMB Circular A-133 Section .505	7
Schedule of Prior Audit Findings OMB Circular A-133 Section .315(b)	8

**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, 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, 2011, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 28, 2012, wherein we noted the City adopted *GASB Statement No. 54* as disclosed in Note 2. 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

Management of the City is responsible for establishing and maintaining effective 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.

Members of the City Council
City of Painesville, Ohio

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 28, 2012.

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 28, 2012

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

Members of the City Council
City of Painesville, Ohio

Compliance

We have audited the City of Painesville, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2011. The City's major federal programs are 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

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

Members of the City Council
City of Painesville, Ohio

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 28, 2012, which contained unqualified opinions on those financial statements, wherein we noted the City adopted GASB No. 54 as disclosed in Note 2. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying 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 schedule of expenditures of federal awards 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 & Paricki, Inc.

Cleveland, Ohio
June 28, 2012

City of Painesville, Ohio

Schedule of Expenditures of Federal Awards

For The Year Ended December 31, 2011

<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	\$ 2,982	\$ 427
Edward Byrne Memorial Justice Assistance Grant	16.751	<u>33,163</u>	<u>33,004</u>
Total U.S. Department of Justice		36,145	33,431
U.S. Environmental Protection Agency:			
Brownfields Training, Research, and Technical Assistance Grants	66.814	17,271	71,236
U.S. Department of Homeland Security:			
Passed through Ohio Emergency Management Agency:			
Hazard Mitigation Grant	97.039	795,469	796,942
U.S. Department of Energy			
ARRA – Painesville Municipal Power Vanadium Redox Battery Demonstration Program	84.122	2,117,161	2,117,161
U.S. Department of Transportation			
Passed through the Ohio Department of Transportation			
Transportation for Livable Communities Initiative	N/A	<u>14,212</u>	<u>-</u>
Total Federal Assistance		\$ <u>2,980,258</u>	\$ <u>3,018,770</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, 2011

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

For the Year Ended December 31, 2011

1. Summary of Auditor's Results

(d)(I)(I)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weaknesses 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)?	No
(d)(I)(iii)	Was there any material noncompliance reported 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 significant deficiencies in internal control 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(a)?	No
(d)(I)(vii)	Major Programs	<ul style="list-style-type: none">• CFDA # 84.122, ARRA Painesville Municipal Power Vanadium Redox Battery Demonstration Program
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

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

None.

3. Findings for Federal Awards

None.

City of Painesville, Ohio

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

For the Year Ended December 31, 2011

The December 31, 2010 audit reported no audit findings.



Dave Yost • 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 25, 2012**