

CITY OF CUYAHOGA FALLS, OHIO

SINGLE AUDIT REPORT

DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Cuyahoga Falls, Summit County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 23, 2008

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**CITY OF CUYAHOGA FALLS, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007**

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*Certified Public Accountants
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Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**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**

To Members of City Council
City of Cuyahoga Falls, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the City of Cuyahoga Falls, Ohio's basic financial statements and have issued our report thereon dated July 30, 2008, wherein we noted that the City restated December 31, 2006 net assets and fund balances in the governmental and business-type activities and the Storm Drainage Utility Fund due to reclassification of a governmental fund to an enterprise fund, and retroactively reporting general infrastructure assets in the governmental activities, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Cuyahoga Falls, Ohio'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 of Cuyahoga Falls, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Cuyahoga Falls, Ohio's internal control over financial reporting.

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

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

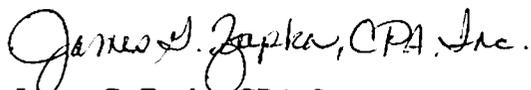
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

Compliance and Other Matters

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

We noted certain matters that we have reported to the management of the City of Cuyahoga Falls, Ohio, in a separate letter dated July 30, 2008.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.



James G. Zupka, CPA, Inc.
Certified Public Accountants

July 30, 2008

JAMES G. ZUPKA, C.P.A., INC.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To Members of City Council
City of Cuyahoga Falls, Ohio

Compliance

We have audited the compliance of the City of Cuyahoga Falls, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The City of Cuyahoga Falls, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Cuyahoga Falls, Ohio's management. Our responsibility is to express an opinion on the City of Cuyahoga Falls, Ohio'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 of Cuyahoga Falls, Ohio'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 of Cuyahoga Falls, Ohio's compliance with those requirements.

In our opinion, the City of Cuyahoga Falls, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the City of Cuyahoga Falls, Ohio, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Cuyahoga Falls, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 of Cuyahoga Falls, Ohio's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Ohio, as of and for the year ended December 31, 2007, and have issued our report thereon dated July 30, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Cuyahoga Falls, Ohio's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, members of the City Council, others within the entity, 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.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 30, 2008

**CITY OF CUYAHOGA FALLS, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>United States Department of Housing and Urban Development</u>			
<i>Direct Payment to the City</i>			
Community Development Block Grant	14.218		<u>\$ 1,068,913</u>
Total United States Department of Housing and Urban Development			<u>1,068,913</u>
<u>United States Department of Homeland Security</u>			
<i>Passed through Summit County, Ohio</i>			
Akron/Summit Domestic Preparedness Task Force 06 Funding	97.073	2006-GE-T6-0051	125,000
<i>Passed through the State of Ohio</i>			
FEMA Hazard Mitigation Program	97.039	FEMA-DR1519.6R-OH	<u>348,291</u>
Total United States Department of Homeland Security			<u>473,291</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,542,204</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF CUYAHOGA FALLS, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards of the City of Cuyahoga Falls, Ohio, presents the activity of all Federal financial assistance programs of the City. The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies are included on this schedule.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and has been reconciled to the program's federal financial reports. The following is a reconciliation by grant from the cash basis to the accrual basis at December 31, 2007.

	<u>Direct Program Expenditures</u>
<u>Department of Housing and Urban Development</u>	
Cash Basis	\$ 1,048,932
Accrual Adjustment	<u>19,981</u>
Department of Housing and Urban Development - Accrual Basis	<u>\$ 1,068,913</u>
 <u>Department of Homeland Security</u>	
Cash Basis	\$ 473,291
Accrual Adjustment	<u>0</u>
Department of Homeland Security - Accrual Basis	<u>\$ 473,291</u>

NOTE 3: REVOLVING LOANS

The City of Cuyahoga Falls uses Federal funds received in the current and prior years to issue revolving loans. These loans are issued to qualified single family homeowners and are to be repaid to the City in monthly installments. Principal and interest received on these loans are used to issue new loans. The principal outstanding at December 31, 2007 was \$1,544,419.

**CITY OF CUYAHOGA FALLS, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 DECEMBER 31, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

2007(i)	Type of Financial Statement Opinion	Unqualified
2007(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2007(ii)	Were there any other significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2007(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
2007(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2007(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2007(v)	Type of Major Programs' Compliance Opinions	Unqualified
2007(vi)	Are there any reportable findings under .510?	No
2007(vii)	Major Programs (list):	
	FEMA Hazard Mitigation Program - CFDA #97.039	
	Akron/Summit Domestic Preparedness Task Force 06 Funding - CFDA #97.073	
2007(viii)	Dollar Threshold: A/B Programs	Type A: \$300,000 Type B: All Others
2007(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

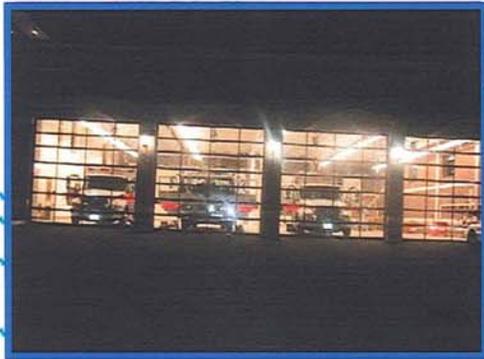
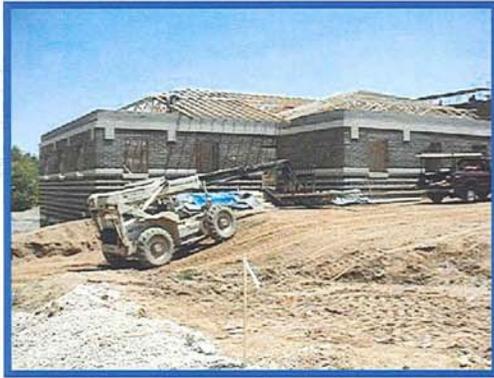
None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**CITY OF CUYAHOGA FALLS, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007**

The prior audit report, as of December 31, 2006, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



Comprehensive Annual Financial Report

Don L. Robart, Mayor

for the year ended December 31, 2007



CITY OF CUYAHOGA FALLS, OHIO

Cover Pictures:

In 2004, land was purchased on Wyoga Lake Road to build a fifth fire station, public safety training site and citywide communications center. Extensive study was conducted over the past several years to ensure that this undertaking would enhance the ability of the Cuyahoga Falls Fire Department to improve response times and provide the best emergency services to the citizens of Cuyahoga Falls. The members of the Cuyahoga Falls Fire Department worked with Mayor Robart and members of the administration to design this State of the Art facility. Fire Station #5 is a 23,000 square foot facility. The upper level features four drive-through bays, various training props incorporated within the structure, Fire Department Response Center, Public Safety Communications Center, and living quarters. The lower level of the building houses the Fire and Police Training Divisions, which features an 80-seat, state of the art classroom/meeting room and men's and women's shower/locker area. Construction of Station # 5 was completed at 3497 Wyoga Lake Road with property behind the station on which to build a public safety- training center for Fire and Police in the near future.

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

Sue A. Abrusci

Jennifer M. Evans

Scott K. Fitzsimmons

Sarah M. Harr

Laura K. Jarvis

Paul D. Novelli

Tracy R. Reimbold

Kimberly S. Shingleton

Sandra R. Stroup

***Photography Compliments of:
Cuyahoga Falls Fire Department
Engineering Department***

***Cover Layout and Printing Provided by:
Western Reserve Printing***

Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2007



City of Cuyahoga Falls, Ohio

Don L. Robart, Mayor

Issued by the Department of Finance

Joseph F. Brodzinski, Finance Director



Printed on Recycled Paper

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City of Cuyahoga Falls, Ohio

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INTRODUCTORY SECTION



**CITY OF CUYAHOGA FALLS
DEPARTMENT OF FINANCE**

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

Scott K. Fitzsimmons
Deputy Finance Director

July 30, 2008

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

The Comprehensive Annual Financial Report (CAFR) for the City of Cuyahoga Falls, Ohio (the “City”) for the year ended December 31, 2007, is hereby submitted. The responsibility for both the accuracy of the data and the completeness and fairness of presentation including all disclosures, rests with the City’s management. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner, which fairly presents the financial position and results of operations of the various funds of the City. All disclosures necessary to gain an understanding of the City's financial activities have been included.

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

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

In accordance with Ohio law, each public office is required to have an independent audit at least once every two years unless an annual audit is required pursuant to The Single Audit Act of 1984. These audits are conducted by either the Auditor of the State, or if the Auditor permits, an independent public accounting firm. The current year audit was completed by James G. Zupka, CPA, Inc. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2007, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The Independent Auditor's Report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

The City was incorporated as a village in 1868 and organized as a city after the 1920 census. The City is located in Summit County in northeastern Ohio, approximately 30 miles south of the City of Cleveland and lies on the northern border of the City of Akron. The City currently occupies a land area of 27.8 square miles and serves a population of 49,374 based on 2000 census figures. An appeal was granted on July 1, 2002 by the U.S. Census Bureau establishing 50,272 as the population of the City of Cuyahoga Falls. As of 7/1/07, the Census Bureau published a population estimate of 51,008.

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

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

City of Cuyahoga Falls, Ohio

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

The City is home to the Cuyahoga Falls Municipal Court, which serves 16 communities in the northeastern part of Summit County. The Municipal Court employs two Judges and a Clerk of Courts, all of whom are elected for a six-year term by the voters of the 16 communities.

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

LOCAL ECONOMY

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

The 2000 census population of the City placed it as the second largest city in Summit County and the twentieth largest in the State of Ohio. In January 1986, the City merged with Northampton Township. This merger between Northampton Township and the City was the first merger of its type in the State. The merger increased the City's population by more than 16 percent and tripled the City's total land area.

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

The City is not subject to swift or erratic economic downturns because of its diversified income tax base, in which no single employer dominates the local economy. During 2007, ten major employers in the City collectively accounted for approximately 27 percent of the \$14,102,614 withholding taxes remitted to the City.

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

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

The 1986 merger between the City and Northampton Township (now Ward 8) has become a win-win situation for both parties. Due to increased land availability, the City has realized many new opportunities for industrial, commercial, and residential development. This growth continues to be stimulated by the expansion of water and

sewer lines into Ward 8. At the same time, the residents of Ward 8 are benefiting by receiving city-based services, which should ultimately have had a positive impact on current property values.

The City is experiencing an accelerated pace of growth and development throughout the community. Much of this successful development can be attributed to the merger. New building and redevelopment permit valuation, a reliable indicator of a community's condition, averaged \$53,581,000 over the last three years.

Future Economic Outlook

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

The City analyzed its dispatch operations and determined that there was some excess capacity, which would allow the City to add dispatching services for Munroe Falls and the Village of Silver Lake. The City formed this regional dispatch center to provide excellent safety service at a reduced rate compared to the cost these two communities paid in prior years. The additional income received by Cuyahoga Falls will be used to help offset the City's costs of providing dispatch services. This resulted in a win-win for the taxpayers of Cuyahoga Falls, as well as, the taxpayers of the other two communities.

On January 14, 2008, the City of Cuyahoga Falls passed legislation to provide dispatching services for the City of Munroe Falls for an annual charge of \$53,823. The City began providing dispatching services to Munroe Falls starting on March 10, 2008.

On January 14, 2008 Cuyahoga Falls City Council also passed the legislation to provide dispatching and emergency medical services to the Village of Silver Lake. Silver Lake will pay \$30,000 annually for dispatching services and \$157,369 annually for emergency medical services. These rates, as well as, the rates in Munroe Falls increase by three percent annually. The City of Cuyahoga Falls Fire Department, the finest in the area, have responsibility for the approximate 200 annual calls and will provide an equal or better response time compared to their experiences of previous contracts. Cuyahoga Falls strongly believes in a regional concept and with the additional space available, continues discussions with other municipalities about the regional approach towards dispatching.

Falls River Square, a permanent festival site, has become the premiere gathering spot for our community festivals, concerts, and outdoor activities. Falls River Square includes open space for festivals, an interactive water fountain for adolescent summer frolic, and an amphitheater for various activities from the Spring through the Fall. Activities on the site do not stop when the weather gets cold. Falls River Square includes a pavilion and an outdoor ice skating rink. The pavilion is booked throughout the year and its fireplace is a great way to warm up after skating on the rink, which is larger than the rink at Rockefeller Square in New York. Attendance from 2007 into 2008 continues to increase from the Friday night events to the various festivals.

In conjunction with Falls River Square, the City used a U.S. EPA Brownfield Grant on the South Front Street Corridor. The project included public outreach, and Phase I and Phase II environmental assessments, along with corridor planning. This corridor was originally developed for industrial purposes and was once utilized as a major source of power along the Cuyahoga River. The Grant along with other future budgeted monies is allowing the City the unique opportunity to begin an extensive revitalization project along this corridor.

On July 25, 2007 the City of Cuyahoga Falls was a successful recipient of a grant from the State's Clean Ohio Revitalization Funds also known as CORF. The Development Department applied for a grant to further the redevelopment efforts in the South Front Street area. The grant, in the amount of \$ 2,381,440, will be used to conduct environmental assessments, acquisition and demolition of properties, soil and water remediation, and asbestos removal. These actions will lead to the development of new residential and retail projects in association with a master plan completed in 2005 by Farr & Associates of Chicago, Illinois.

City of Cuyahoga Falls, Ohio

As a part of the grant application, additional funds were also committed by a local developer who, in the first phase of redevelopment, will be constructing a mixed-use project consisting of approximately 122 units residential units and 18,000 square feet of new retail space. In order to properly prepare the properties, approximately 9,500 tons of soil will be removed and ground water will be chemically treated. Historical uses in the Front Street corridor area included wire manufacturers, foundries, and milling companies, which resulted in impacted soil and groundwater. Not only will this project correct these negative environmental issues, but it will also provide for new housing that will be located adjacent to the beautiful Gorge and the Cuyahoga River.

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

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

The City of Cuyahoga Falls has, in principal, formed a Joint Economic Development Zone (JEDZ) with the cities of Stow and Hudson. The three cities have been working with a physicians group and Summa Health Systems to entice them to build a new medical corridor in the area. The cities will share income tax and property tax revenue equally within the zone. This project is another example of a regional approach in confronting a situation. The old mindset was a city competing with neighboring cities for business with each City offering as much as possible to motivate a business to build. The true winner in this model was the business looking to build or relocate. In the JEDZ, the three communities will come together and discuss what benefits each of the three cities. In the end the business will benefit, as well as, the residents of all three communities with additional tax dollars being available to provide services.

MAJOR INITIATIVES

In 2004, the City created a storm drainage utility funded with a \$2.00 per month charge for residents and \$2.00 per 3,000 square feet of impervious area. The Fund is expected to bring in approximately \$700,000 per year and will be used to protect public and private infrastructure from future flooding. This Fund also works in conjunction with other City legislation allowing voluntary storm water inspections within the City. These free and voluntary inspections are available to all homeowners and those interested in purchasing property in the City. The program was established and designed to determine if clean water is entering the sanitary sewer system through private property infiltration and inflow. A thorough evaluation of downspouts, drains, sump pumps, discharge points and laterals are included in the inspection. If problems are discovered, an assessment process is available to assist property owners remedy their problem. Early in 2007, the rate was adjusted from \$2.00 per month to \$3.00 per month. The additional revenue will be used for more storm water mitigation projects. Three years into this initiative shows the positive impact it has had within the City. There have been 1,137 inspections to date with 489 infiltration problems corrected or in the process of correction. The increase in the monthly fee has allowed monies to be available to combine local dollars with FEMA funds to purchase, demolish, and create a Rain Garden in a low

lying area within the City. The Rain Garden collects runoff and the water dissipates through the garden's specially chosen and placed plants. This is an example of a green solution to a surface water problem and may be duplicated in other areas of the City if appropriate.

The Information Services Department continues to keep pace with technology to improve City services. The City's award winning eGovernment program, Cuyahoga Falls Online, was implemented in 2005 and has been a tremendous success. The program provides centralized online access to City services. Residents can view Utility Bill information and pay online, sign up and pay for Parks and Recreation classes, golf tee times and facility reservations, prepare City income taxes and renew contractor licenses. In 2007, 30 percent of our residents have used the online utility billing program to pay their bill at least one time. Consistently, almost fifteen percent of our residents pay their monthly bills online. Other online services include Building Permits, Code Enforcement and Police records. The City of Cuyahoga Falls is committed to the use of technology to better serve our residents and businesses. I invite you to visit the City's website at www.cityofcf.com to learn more about our programs.

The City is in the process of purchasing approximately 26 acres on a major road within the City. The City does not believe this former retail area has been maintained to its standards. After acquiring the land, requests for proposals will be sent out to local, regional, and national developers with the goal of turning this property into a viable revenue producer for years to come. The City is in the process of working with a national developer on various ways to further move the City forward in a positive direction. Plans include residential, retail and educational components. City officials and members of its Community Improvement Corporation have worked with a consulting firm to develop a master plan. Cleveland State University is also in the process of completing an economic impact study. Another study has been commissioned to track spending patterns through credit card transactions.

FINANCIAL INFORMATION

All six of the City's union contracts expire in 2008. The City is in the process of negotiations with the various unions. To date, the City has settled with the Fire Union. All contracts, once settled will be in effect through 2010.

The City's Capital Project Fund has issued various notes for numerous infrastructure projects over the last several years. The administration, along with the assistance of City Council, created a plan to pay down on the notes each year to save the cost of long-term interest borrowing. In 2008, the City is paying down almost \$1 million in outstanding balances.

LONG TERM FINANCIAL PLANNING

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cuyahoga Falls for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

City of Cuyahoga Falls, Ohio

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 23 consecutive years (fiscal years ended 1984-2006). We believe our current report continues to conform to the Certificate of Achievement program requirements and are therefore submitting it to the GFOA. Receipt of these awards is an outstanding sign of the City's active effort to anticipate and provide for the needs of its citizens.

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

Respectfully submitted,



Joseph F. Brodzinski
Finance Director

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Cuyahoga Falls
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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.



Oliver S. Cox

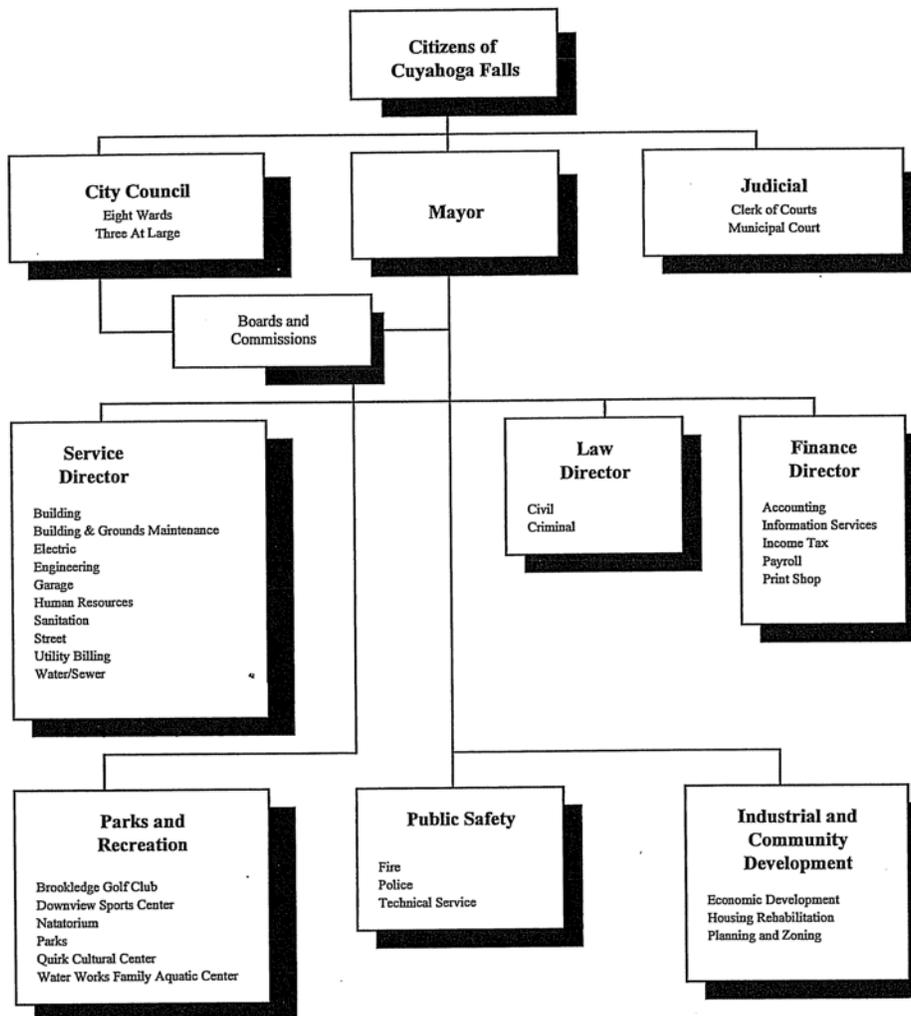
President

Jeffrey R. Enos

Executive Director

City of Cuyahoga Falls, Ohio

Organizational Chart



City Officials

Mayor Don L. Robart

Cabinet of the Mayor:

Valerie Wax Carr.....Service Director
Joseph F. Brodzinski....Finance Director
Virgil E. Arrington.....Law Director
Susan L. Truby.....Community Development
Director

Municipal Court:

Kim R. Hoover.....Judge
Lisa Coates.....Judge
Lisa Zeno Carano.....Clerk of Courts

At Large Council:

Carol Klinger
Tim Gorbach
Kathy Hummel

Ward Council:

Debbie Ritzinger..... Ward 1
Mary Ellen Pyke.....Ward 2
Ken Barnhart.....Ward 3
Doug Flinn.....Ward 4
Diana Colavecchio.....Ward 5
Don Walters.....Ward 6 (Council Pres. at 12/31/07)
Jerry James.....Ward 7
Terry Mader.....Ward 8

FINANCIAL SECTION

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

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(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To Members of City Council
City of Cuyahoga Falls, Ohio

The Honorable Mary Taylor
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Ohio, as of and for the year ended December 31, 2007, 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 of Cuyahoga Falls, Ohio'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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Ohio, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Municipal Income Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19, the City restated December 31, 2006, net assets and fund balances in the governmental and business-type activities and the Storm Drainage Utility Fund due to the reclassification of a governmental fund to an enterprise fund, and retroactively reported general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

City of Cuyahoga Falls, Ohio

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2008, on our consideration of the City of Cuyahoga Falls, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 16 through 29 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

July 30, 2008

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City of Cuyahoga Falls, Ohio

Management's Discussion and Analysis

As management of the City of Cuyahoga Falls, Ohio (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 2 of this report.

FINANCIAL HIGHLIGHTS

- This is the City of Cuyahoga Falls fifth publication of a Comprehensive Annual Financial Report (CAFR) under the new GASB 34 reporting model. Comparisons to prior financials are offered for this discussion and analysis.
- Total assets of the City of Cuyahoga Falls were \$260,588,271. Of this amount, \$130,451,943 was attributable to Governmental Activities and \$130,136,328 was from Business-type Activities.
- Total liabilities of the City of Cuyahoga Falls were \$89,093,784. Governmental Activities accounted for \$34,938,072, while Business-type Activities represented \$54,155,712 of the total.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include security of persons and property, leisure time activities, community environment, street maintenance and general government. The business-type activities of the City include sanitary sewage and disposal, water treatment and distribution, electric distribution, refuse and recycling collection service and leisure time activities including an outdoor family aquatic center, an indoor natatorium, a municipal golf course, a civic cultural center and a sports center facility which offers batting cages, a driving range, skate park and a miniature golf course. In addition, for 2007, the Storm Drainage Utility Fund was reclassified from a Capital Projects Fund to an Enterprise Fund, due to a change in the Fund's pricing policy to focus more on cost recovery.

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

The government-wide financial statements can be found on pages 31-33 of this report.

Fund financial statements

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 34-39 of this report.

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

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

For reporting purposes in 2006 the City's Storm Drainage Utility Fund was reported as a governmental fund and has been reclassified in 2007 as an enterprise fund. This change was made due to the fee structure of the fund.

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

The basic proprietary fund financial statements can be found on pages 40-47 of this report.

City of Cuyahoga Falls, Ohio

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 48 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 50-85 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 87-139 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

City of Cuyahoga Falls, Ohio - Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other Assets	\$ 43,724,307	\$ 42,879,326	\$ 35,276,065	\$ 31,588,610	\$ 79,000,372	\$ 74,467,936
Capital Assets	86,727,636	77,932,716	94,860,263	87,647,993	181,587,899	165,580,709
Total Assets	130,451,943	120,812,042	130,136,328	119,236,603	260,588,271	240,048,645
Liabilities						
Current and other liabilities	15,525,621	17,587,660	24,804,990	24,950,573	40,330,611	42,538,233
Long term liabilities outstanding	19,412,451	19,239,184	29,350,722	31,592,451	48,763,173	50,831,635
Total Liabilities	34,938,072	36,826,844	54,155,712	56,543,024	89,093,784	93,369,868
Net Assets						
Invested in capital assets, net of related debt	72,851,175	63,756,095	52,366,850	42,747,830	125,218,025	106,503,925
Restricted	15,570,644	15,627,874	-	-	15,570,644	15,627,874
Permanent Fund Purpose	211,778	206,323	-	-	211,778	206,323
Unrestricted	6,880,274	4,394,906	23,613,766	19,945,749	30,494,040	24,340,655
Total net assets, as restated	\$ 95,513,871	\$ 83,985,198	\$ 75,980,616	\$ 62,693,579	\$ 171,494,487	\$ 146,678,777

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$171,494,487 at the close of the most recent fiscal year.

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

Additionally, 9 percent of the City's net assets represent resources that have been restricted on how they may be used. Another portion of the City's net assets (less than 1 percent) represents the Cemetery Perpetual Care Permanent Fund, which used to be a non-expendable trust fund. The remaining balance of unrestricted net assets \$30,494,040 may be used to meet the government's on-going obligations to its citizens and creditors.

City of Cuyahoga Falls, Ohio

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

Overall, net assets of the City increased by \$24.816 million in 2007. Net assets for governmental activities increased \$11.529 million and net assets for business-type activities increased \$13.287 million. A main contributing factor for net assets increasing for Governmental Activities is due to private developer contributions in the form of capital assets recognized in 2007. In addition, capital grants and contributions relating to community environment also significantly increased in 2007 due to grants received from the Community Development Department relating to Industrial Park Infrastructure improvements.

The increase in net assets for business-type activities is due to private developer contributions in the form of capital assets recognized in 2007. Unrestricted net assets also increased due to the pay-down of \$500,000 in short-term notes with the City's Sewer Fund and the increase in net income associated with the Storm Drainage Utility Fund.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year. This table contains the 2007 fiscal year figures for comparison purposes.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio - Changes in Net Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	\$ 9,974,851	\$ 9,544,124	\$ 57,816,885	\$ 56,818,648	\$ 67,791,736	\$ 66,362,772
Operating grants and contributions	3,179,698	2,967,768	50,515	47,900	3,230,213	3,015,668
Capital grants and contributions	6,296,663	947,698	6,941,515	111,851	13,238,178	1,059,549
General revenues:						
Property and other local taxes	11,298,989	11,042,478	-	-	11,298,989	11,042,478
Income taxes	18,644,825	17,684,288	-	-	18,644,825	17,684,288
Grants and entitlements not						
restricted to specific programs	5,324,452	4,571,615	-	-	5,324,452	4,571,615
Other	2,274,815	2,075,111	-	-	2,274,815	2,075,111
Total Revenues	56,994,293	48,833,082	64,808,915	56,978,399	121,803,208	105,811,481
Expenses						
Security of persons and property	21,077,044	22,964,331	-	-	21,077,044	22,964,331
Leisure time activities	2,693,863	2,582,070	-	-	2,693,863	2,582,070
Community environment	1,634,740	1,619,169	-	-	1,634,740	1,619,169
Basic utility services	-	20,035	-	-	-	20,035
Street maintenance	6,786,311	6,775,417	-	-	6,786,311	6,775,417
General government	10,875,233	10,153,078	-	-	10,875,233	10,153,078
Interest and fiscal charges	562,128	634,318	-	-	562,128	634,318
Sewage and disposal	-	-	5,440,729	5,262,109	5,440,729	5,262,109
Water	-	-	4,608,542	4,505,282	4,608,542	4,505,282
Electric	-	-	32,683,194	32,211,414	32,683,194	32,211,414
Sanitation	-	-	3,686,234	3,835,257	3,686,234	3,835,257
Leisure time activities	-	-	6,630,226	6,804,244	6,630,226	6,804,244
Storm Drainage Utility	-	-	309,254	337,388	309,254	337,388
Total Expenses	43,629,319	44,748,418	53,358,179	52,955,694	96,987,498	97,704,112
Increase in net assets before transfers	13,364,974	4,084,664	11,450,736	4,022,705	24,815,710	8,107,369
Transfers	(1,836,301)	(1,399,592)	1,836,301	1,399,592	-	-
Changes in net assets	11,528,673	2,685,072	13,287,037	5,422,297	24,815,710	8,107,369
Net assets-beginning, as restated	83,985,198	81,300,126	62,693,579	57,271,282	146,678,777	138,571,408
Net assets-ending	\$ 95,513,871	\$ 83,985,198	\$ 75,980,616	\$ 62,693,579	\$ 171,494,487	\$ 146,678,777

City of Cuyahoga Falls, Ohio

Governmental activities. Governmental activities increased the City's net assets by \$11.529 million. Key elements of the changes in net assets are as follows:

- ❖ Security of Persons and Property expenditures decreased by \$1.887 million or 8 percent.
- ❖ Capital Grants and Contributions increased by 5.349 million or 564 percent.
- ❖ Special Revenue Other Local Taxes increased by \$238,000 or 40 percent.
- ❖ Income Tax Revenue increased by \$961,000 or 5 percent.

The decrease in governmental expenditures is a direct result of the City recognizing changes in the overall economy and making budgetary reductions wherever possible.

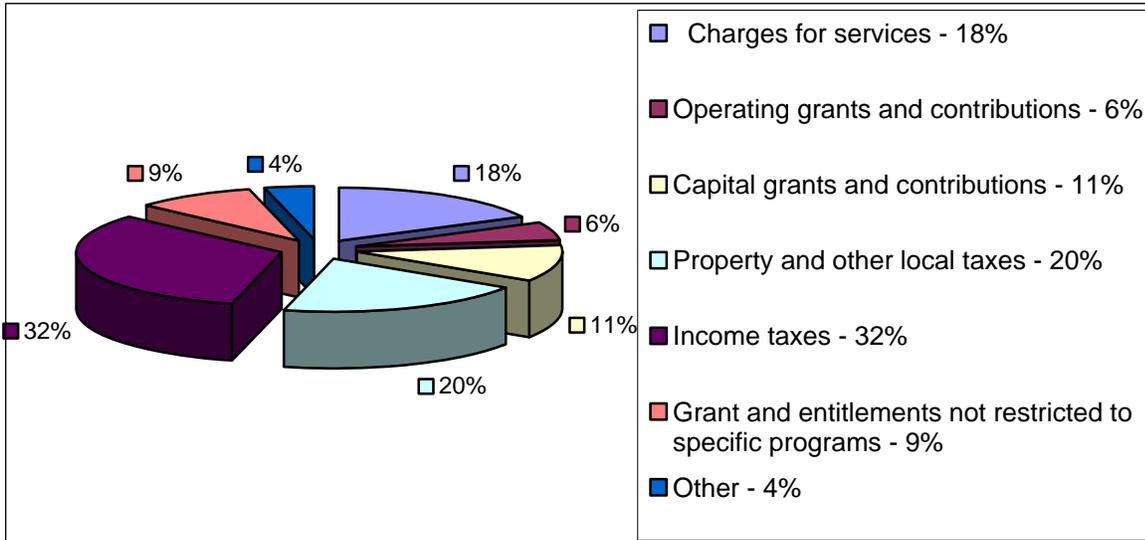
The increase in capital grants and contributions is due to the procurement of two grants for the purpose of creating a road within an industrial park to further future economic development and to clean up property environmentally for resale. The increase within the street maintenance section comes from private developer contributions in the form of roads for residential development.

Other local taxes increased with special revenue funds due to the implementation of a local hotel/motel bed tax being instituted and placed with in the street fund.

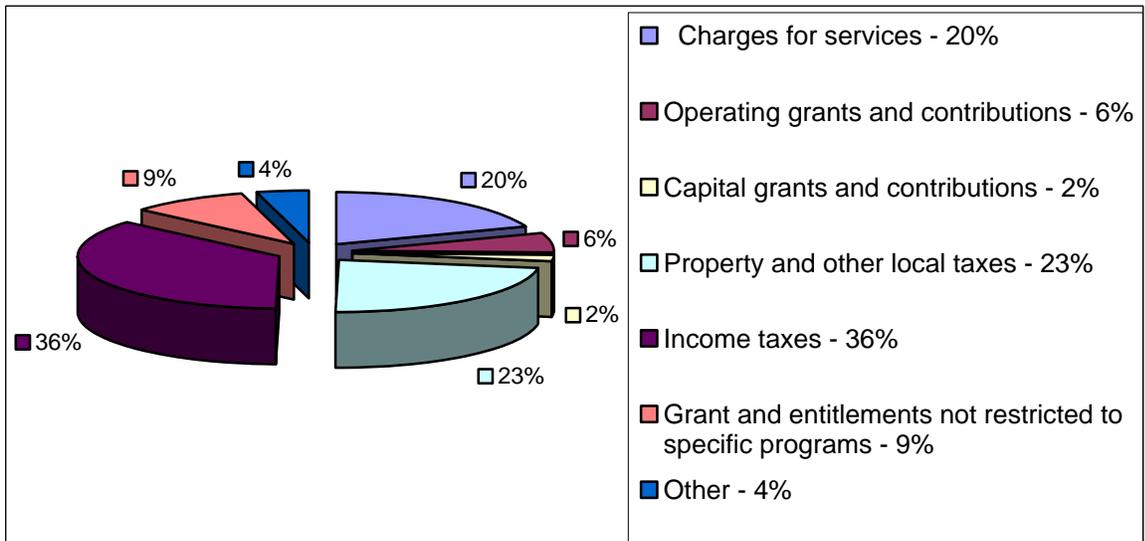
The increase in income tax revenue is due to the effects of accrual accounting with its receivable recognized in the available periods and corresponding reversing entries combined with increases within income tax collections.

City of Cuyahoga Falls, Ohio

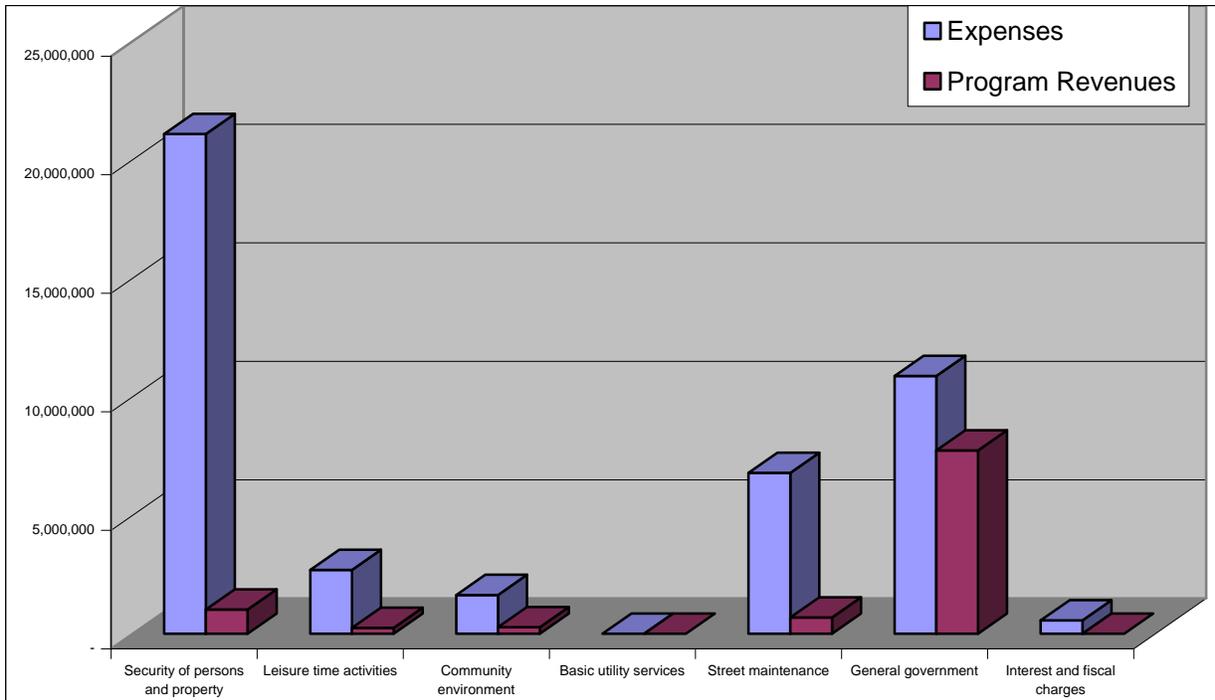
2007 Revenues by Source – Governmental Activities



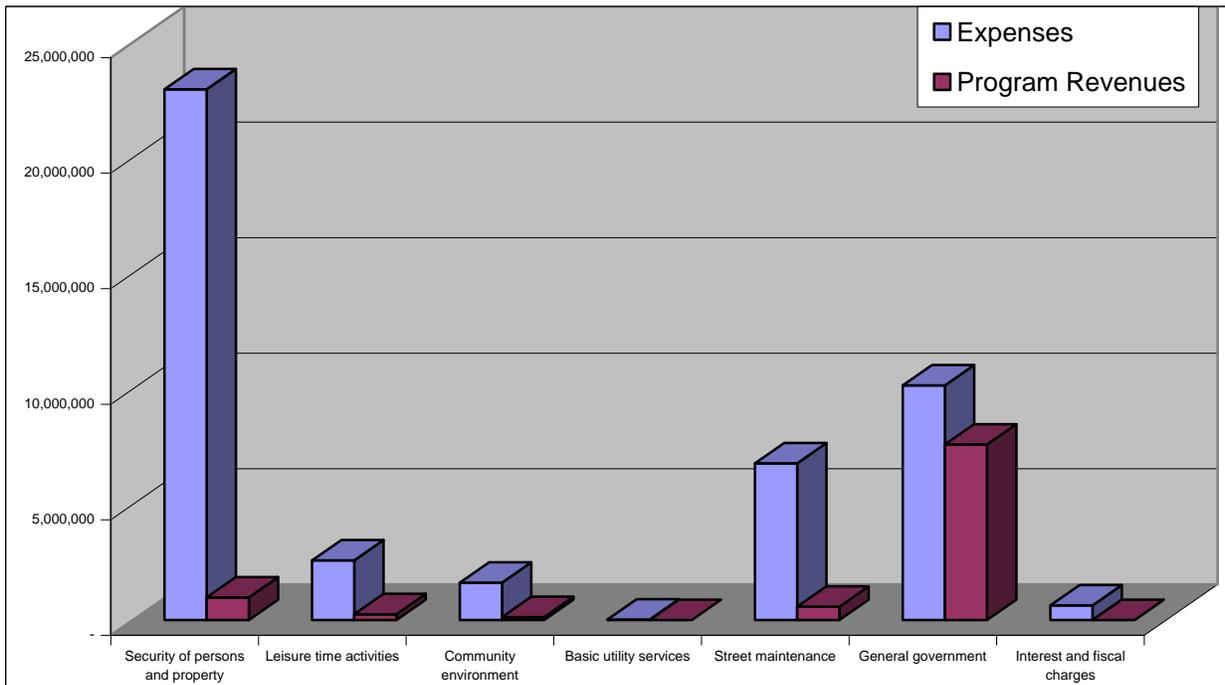
2006 Revenues by Source – Governmental Activities



2007 Expenses and Program Revenues – Governmental Activities



2006 Expenses and Program Revenues – Governmental Activities



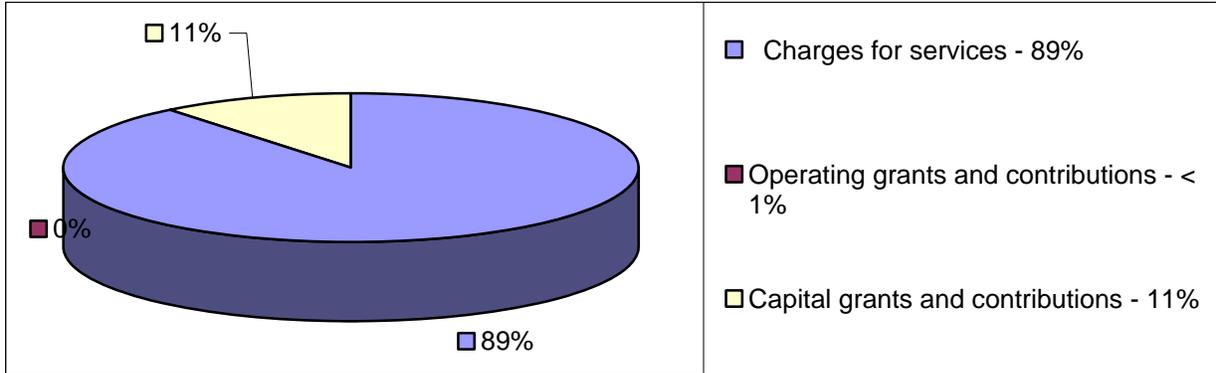
City of Cuyahoga Falls, Ohio

Business-type activities: Business-type activity net assets increased by \$13.287 million. Key elements of changes in net assets are as follows.

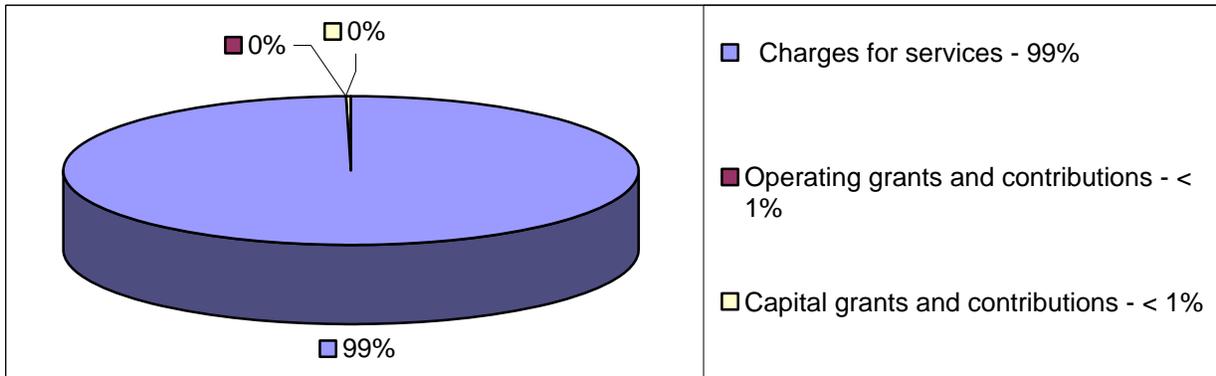
- ❖ Charges for services increased by almost \$1 million or 2 percent.
- ❖ Capital Grants and Contributions increased by \$6.83 million from \$111,851.
- ❖ Transfers increased \$436,709 primarily due to the transfer of FEMA Hazard Mitigation Grant Program revenue from the FEMA Public Assistance Special Revenue Fund to the Storm Drainage Utility Fund for property purchases associated with the City's Rain Garden Project.

Capital Grants and Contributions increased due to private developer contributions in the form of sewer and water lines and storm sewers within residential developments.

2007 Revenue by Source – Business-type Activities

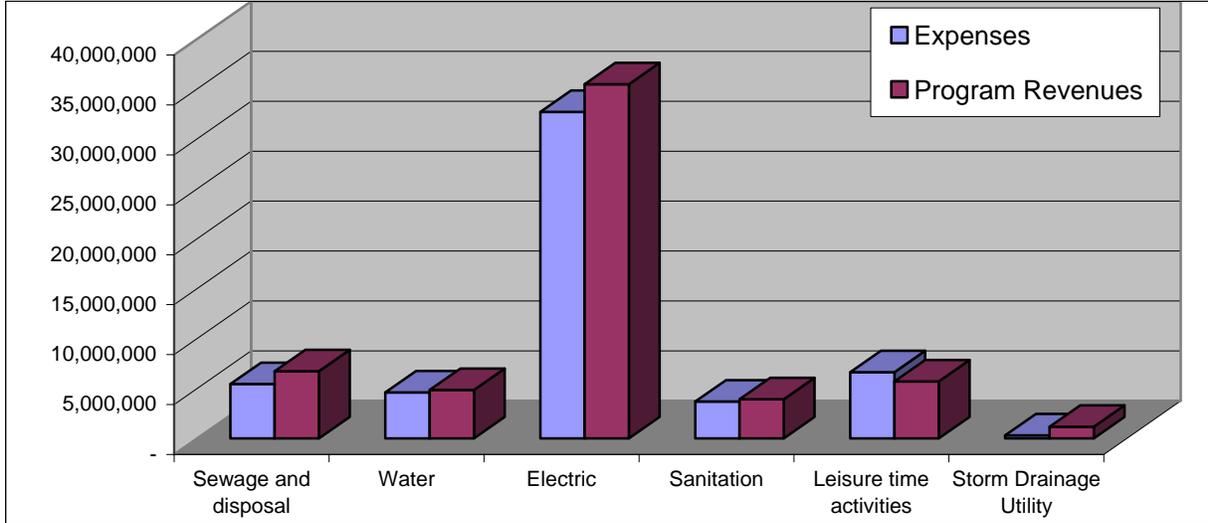


2006 Revenue by Source – Business-type Activities

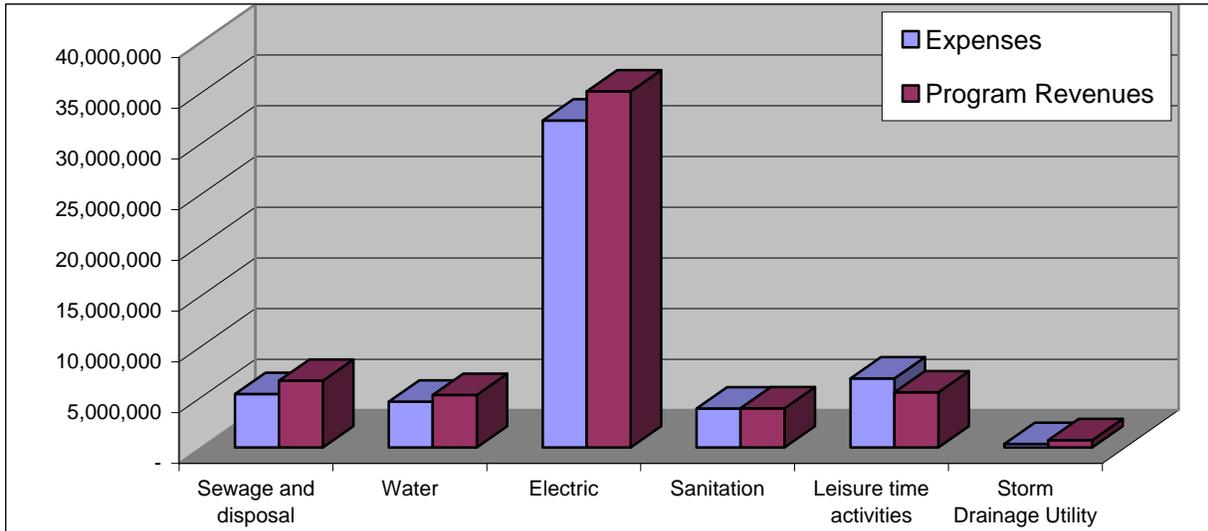


City of Cuyahoga Falls, Ohio

2007 Expenses and Program Revenues – Business-type Activities



2006 Expenses and Program Revenues – Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of December 31, 2007, the City's governmental funds reported combined ending fund balances of \$15.872 million, which represents an increase of \$3.309 million in comparison with the prior year. Approximately \$11.755 million of this amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period and for non-current loans receivable and other various reservations.

The general fund is the chief operating fund of the City. At December 31, 2007, unreserved fund balance of the general fund was \$6.466 million, while total fund balance was \$6.909 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures (including transfers out). Unreserved fund balance represents 19.3 percent of total general fund expenditures (including transfers out), while total fund balance represents 20.6 percent of the same amount.

The fund balance of the City's General Fund increased by \$1.806 million during 2007. Key factors contributing to this increase are as follows:

- ❖ Total revenues (including transfers in) increased by \$1,067,046. This increase is attributed to mainly an increase in state levied shared taxes and the transfer in from the Municipal Income Tax Fund for income tax allocation in 2007 compared to 2006.
- ❖ Expenditures (including transfers out) decreased by \$1,152,186 or 3.3 percent. Security of persons and property decreased by \$1,011,574 due to retirements within the police, fire, and technical services departments.

The fund balance of the Capital Projects Fund increased by \$1,528,330 in 2007 from negative \$593,526 in 2006 to \$934,804 in 2007. Revenue increased in 2007 mainly due to the following reasons. The City procured two grants for the purpose of creating a road within an industrial park to further future economic develop and to clean up property environmentally for resale which increased intergovernmental revenue. Capital leases also increased in 2007 due to the City entering into a capital lease for the purpose of establishing a new regional dispatch center resulting in new Motorola radio equipment.

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

Unrestricted net assets at the end of the year amounted to \$2.227 million, \$1.688 million, \$19.729 million, \$69,133, (\$93,518), and \$.990 million for the Sewage and Disposal, Water, Electric, Sanitation, Leisure Time, and Storm Drainage Utility Funds, respectively. The Sanitation Fund had negative unrestricted net assets in 2006. The cost saving measures continue to standardize refuse containers, which has reduced the number of personnel per route with an ultimate goal of full automation in the future. Revenue generation also increased slightly in 2007. The negative unrestricted net assets in the Leisure Time Fund decreased by \$395,000 in 2007. The main reasons for the decrease in negative fund balance is due to the increase in charges for services assisted by rate increases in certain categories at the Natatorium and the golf course. Utility charges were less in 2007, as was, contractual services.

City of Cuyahoga Falls, Ohio

General Fund Budgetary Highlights

The final amended General Fund budget had total appropriation of approximately \$150,000 less than the original budget. The total original appropriations, including those for transfers out, were \$35.712 million, while the final appropriations were \$35.562 million. Final appropriations in 2007 were less than 2006 as the City's administration continues to monitor economic factors that affect the City on a daily basis. The variance between the final budget and actual results were not significant enough for analysis.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2007, amounts to \$181.6 million (net of accumulated depreciation). This investment in capital assets include land, buildings, improvements, machinery and equipment, as well as, infrastructure (from 1980 to current), including roads, sidewalks, bridges, curbs and gutters. The total increase in the City's investment in capital assets for 2007 was 9.67% (a 11.29 percent increase for governmental activities and a 8.23 percent increase for business-type activities).

City of Cuyahoga Falls Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2007	2006*	2007	2006*	2007	2006*
Land	\$ 8,670,964	\$ 8,339,308	\$ 3,131,596	\$ 2,599,752	\$ 11,802,560	\$ 10,939,060
Construction in Progress	3,383,797	1,324,434	1,332,269	1,264,760	4,716,066	2,589,194
Buildings	19,569,736	19,946,471	32,941,533	33,808,076	52,511,269	53,754,547
Improvements	713,527	304,100	53,898,418	46,581,505	54,611,945	46,885,605
Machinery and Equipment	7,352,284	6,940,916	3,556,447	3,393,900	10,908,731	10,334,816
Infrastructure	47,037,328	41,077,487	-	-	47,037,328	41,077,487
Total	<u>\$ 86,727,636</u>	<u>\$ 77,932,716</u>	<u>\$ 94,860,263</u>	<u>\$ 87,647,993</u>	<u>\$ 181,587,899</u>	<u>\$ 165,580,709</u>

* restated

Major capital asset events during 2007 were as follows:

- The restatement of prior year balances in relation to the implementation of the final phase of GASB Statement No. 34 with regard to retroactive recognition of governmental infrastructure capital assets for roads and bridges amounted to \$21.91 million and \$4.53 million, respectively.
- Private developer contributions in the form of capital assets for roads recognized in 2007 accounted for an increase of \$7.28 million. In addition, contributions in the form of capital assets relating to sewer, water, electric and storm drainage infrastructure increased 2.76 million, 1.790 million, .436 million and 1.910 million, respectively.
- The Electric Department finalized the construction of a new substation, Substation #13. In addition, they finished a major reconstruction of Substation 2. The combined capital expenditures in these projects exceeded \$3,500,000.
- The City has begun work on the Chart Road Reconstruction Project. Issue II monies have been approved for this project and will provide a major contribution. The capital investment in this project is expected to be \$1.4 million.

City of Cuyahoga Falls, Ohio

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

Long-term debt. At December 31, 2007, the City had \$32.8 million of long-term bonds and capital leases outstanding. All special assessment bonds issued by the City are also general obligation bonds (\$287,024 in governmental activities) and are included herein.

City of Cuyahoga Falls General Obligation Bonds and Capital Leases Outstanding						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
G. O. bonds	\$ 8,112,418	\$ 9,076,554	\$ 21,797,196	\$ 23,616,369	\$ 29,909,614	\$ 32,692,923
Capital leases	2,936,495	810,081	-	107,922	2,936,495	918,003
Total	\$ 11,048,913	\$ 9,886,635	\$ 21,797,196	\$ 23,724,291	\$ 32,846,109	\$ 33,610,926

The City did not issue any general obligation bonds in 2007. The City entered into lease agreements in 2007 for Dispatching Center Equipment and Mobile Data Terminals, in the amount of \$2,338,700 and \$127,844, respectively, as more fully described in Note 11 to the Financial Statements.

Economic Factors and Next Year's Budget

The City of Cuyahoga Falls' elected and appointed officials consider many factors through a lengthy budget process. The main concerns for the 2008 budget process continue to revolve around increasing healthcare costs. The City has experienced a 73 percent increase in healthcare related costs from 2000 to 2006 on a cash basis. The increase since the end of 2003 to 2006 has been at a slower rate of increase at 24 percent. The City continues to attack the rising healthcare costs on two fronts. 2008 is a contract negotiation year for all of the City's unions. The City is and will continue to ask for concessions on healthcare. The City has settled with the Fire Union and the contract did include additional concessions on healthcare. Emphasis has been placed on employment retention receiving a higher importance than some healthcare benefits. The City enjoyed working with the Fire Union and appreciates their recognition of rising healthcare costs. The City hopes to use the Fire Union's contract as a model for all other contracts. The other front that continues to be monitored is our network provider. The City has a substantial pool of eligible members when shopping for healthcare coverage. We will continue to monitor the market to provide our employees with the best options on healthcare at the best rate possible.

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

Request for Information

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

BASIC FINANCIAL STATEMENTS

Statement of Net Assets
December 31, 2007

	<u>Primary Government</u>		<u>Total</u>	<u>Component Unit</u>
	<u>Governmental</u>	<u>Business-type</u>		<u>CIC of</u>
	<u>Activities</u>	<u>Activities</u>		<u>Cuyahoga Falls</u>
Assets				
Equity in pooled cash and cash equivalents	\$ 17,324,557	\$ 17,951,190	\$ 35,275,747	\$ -
Cash and cash equivalents - restricted accounts	128,556	-	128,556	854,936
Cash and cash equivalents - escrow agent	513,780	-	513,780	-
Investments - restricted	103,000	-	103,000	-
Accounts receivable (net of allowance for uncollectibles)	1,537,940	6,690,564	8,228,504	-
Loans receivable	1,850,646	-	1,850,646	63,460
Taxes receivable	13,519,621	-	13,519,621	-
Special assessments receivable	1,167,590	132,466	1,300,056	-
Accrued interest receivable	55,966	-	55,966	2,720
Due from other governments	4,745,560	49,442	4,795,002	-
Inventory of supplies	1,049,738	4,285,652	5,335,390	-
Prepaid items	150,234	106,317	256,551	-
Internal balances	1,205,797	(1,205,797)	-	-
Deferred charges	371,322	456,578	827,900	-
Unamortized bond discount	-	51,782	51,782	-
Investment in joint venture	-	6,757,871	6,757,871	-
Nondepreciable capital assets	12,054,761	4,463,865	16,518,626	-
Depreciable capital assets	74,672,875	90,396,398	165,069,273	-
Total assets	130,451,943	130,136,328	260,588,271	921,116
Liabilities				
Accounts payable	1,243,178	2,755,985	3,999,163	-
Accrued salaries, wages and benefits	549,608	193,303	742,911	-
Accrued interest payable	34,933	120,885	155,818	-
Due to other governments	461,853	473,577	935,430	-
Unearned revenue	10,086,049	17,556	10,103,605	-
Deposit held and due to others	-	443,684	443,684	-
Notes payable	3,150,000	20,800,000	23,950,000	-
Current portion of:				
Accrued compensated absences	2,944,822	846,810	3,791,632	-
Claims and judgments payable	760,542	-	760,542	-
Capital leases	490,231	-	490,231	-
Bonds payable	1,003,099	1,900,211	2,903,310	-
Long-term portion of:				
Accrued compensated absences	4,123,451	1,449,554	5,573,005	-
Claims and judgments payable	485,853	-	485,853	-
Capital leases	2,446,264	-	2,446,264	-
Payable to Joint Venture	-	4,852,585	4,852,585	-
Unamortized bond premium	48,870	404,577	453,447	-
Bonds payable	7,109,319	19,896,985	27,006,304	-
Total liabilities	34,938,072	54,155,712	89,093,784	-
Net Assets				
Invested in capital assets, net of related debt	72,851,175	52,366,850	125,218,025	-
Restricted for:				
Capital projects	7,666,526	-	7,666,526	-
Debt service	187,018	-	187,018	-
Special revenue	7,717,100	-	7,717,100	-
Other purposes	-	-	-	549,136
Permanent fund purpose:				
Nonexpendable - Cemetery Perpetual Care	211,778	-	211,778	-
Unrestricted	6,880,274	23,613,766	30,494,040	371,980
Total net assets	\$ 95,513,871	\$ 75,980,616	\$171,494,487	\$ 921,116

City of Cuyahoga Falls, Ohio

Statement of Activities For the Year Ended December 31, 2007

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Security of persons and property	21,077,044	1,023,881	19,000	187,906
Leisure time activities	2,693,863	250,371	-	-
Community environment	1,634,740	279,550	703,273	961,320
Street maintenance	6,786,311	687,752	2,054,855	5,147,437
General government	10,875,233	7,733,297	402,570	-
Interest and fiscal charges	562,128	-	-	-
Total governmental activities	43,629,319	9,974,851	3,179,698	6,296,663
Business-type activities:				
Sewage and disposal	5,440,729	6,717,068	-	2,759,859
Water	4,608,542	4,850,997	-	1,790,259
Electric	32,683,194	35,463,844	-	435,852
Sanitation	3,686,234	3,918,962	50,515	-
Leisure time activities	6,630,226	5,700,915	-	45,348
Storm Drainage Utility	309,254	1,165,099	-	1,910,197
Total business-type activities	53,358,179	57,816,885	50,515	6,941,515
Total primary government	96,987,498	67,791,736	3,230,213	13,238,178
Component Unit - CIC of Cuyahoga Falls	177,393	3,800	-	-
General revenues:				
Property and other local taxes levied for:				
General purposes				
Special revenue				
Income tax levied for:				
General purposes				
Special revenue				
Capital projects				
Grants and entitlements not restricted to specific programs				
Gain on sale of capital assets				
Investment earnings				
Transfers				
Total general revenue and transfers				
Change in net assets				
Net assets - beginning, as restated				
Net assets - ending				

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

(Continued)

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	CIC of Cuyahoga Falls
(19,846,257)	-	(19,846,257)	-
(2,443,492)	-	(2,443,492)	-
309,403	-	309,403	-
1,103,733	-	1,103,733	-
(2,739,366)	-	(2,739,366)	-
(562,128)	-	(562,128)	-
(24,178,107)	-	(24,178,107)	-
-	4,036,198	4,036,198	-
-	2,032,714	2,032,714	-
-	3,216,502	3,216,502	-
-	283,243	283,243	-
-	(883,963)	(883,963)	-
-	2,766,042	2,766,042	-
-	11,450,736	11,450,736	-
(24,178,107)	11,450,736	(12,727,371)	-
-	-	-	(173,593)
10,465,304	-	10,465,304	-
833,685	-	833,685	78,561
11,684,711	-	11,684,711	-
1,491,586	-	1,491,586	-
5,468,528	-	5,468,528	-
5,324,452	-	5,324,452	-
116,724	-	116,724	-
2,158,091	-	2,158,091	21,514
(1,836,301)	1,836,301	-	-
35,706,780	1,836,301	37,543,081	100,075
11,528,673	13,287,037	24,815,710	(73,518)
83,985,198	62,693,579	146,678,777	994,634
95,513,871	75,980,616	171,494,487	921,116

City of Cuyahoga Falls, Ohio

Balance Sheet - Governmental Funds December 31, 2007

	<u>General</u>	<u>Municipal Income Tax</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 4,737,890	\$ 150,581	\$ 3,470,082	\$ 4,569,660	\$ 12,928,213
Cash and cash equivalents - restricted	-	-	-	128,556	128,556
Cash and cash equivalents - escrow agent	-	-	513,780	-	513,780
Investments - restricted accounts	-	-	-	103,000	103,000
Receivables					
Taxes	9,850,462	3,100,863	-	568,296	13,519,621
Accounts					
(net of allowance for uncollectibles)	15,927	-	1,326,533	195,480	1,537,940
Loans	-	-	-	1,850,646	1,850,646
Special assessments	-	-	549,688	617,902	1,167,590
Accrued interest	-	-	-	55,966	55,966
Due from other funds	1,531,443	-	608,250	366,054	2,505,747
Due from other governments	3,232,839	52,985	357,600	1,075,489	4,718,913
Inventory of supplies	127,373	-	-	436,820	564,193
Prepaid items	104,381	162	-	20,415	124,958
Advances to other funds	-	-	-	214,316	214,316
Total assets	19,600,315	3,304,591	6,825,933	10,202,600	39,933,439
Liabilities and Fund Balances					
Liabilities					
Accounts payable	119,938	135	757,281	205,212	1,082,566
Accrued salaries, wages and benefits	473,343	4,471	-	52,413	530,227
Deferred revenue	11,891,882	1,209,869	1,756,226	1,845,428	16,703,405
Due to other funds	173,119	2,073,813	13,306	23,237	2,283,475
Due to other governments	33,371	690	-	63,029	97,090
Advances from other funds	-	-	214,316	-	214,316
General obligation notes payable	-	-	3,150,000	-	3,150,000
Total liabilities	12,691,653	3,288,978	5,891,129	2,189,319	24,061,079
Fund Balances					
Reserved for encumbrances	211,040	17,279	617,266	286,070	1,131,655
Reserved for prepaid items	104,381	162	-	20,415	124,958
Reserved for advances	-	-	-	214,316	214,316
Reserved for inventory of supplies	127,373	-	-	436,820	564,193
Reserved for loans receivable	-	-	-	1,850,646	1,850,646
Reserved for debt service	-	-	-	20,386	20,386
Reserved for cemetery perpetual care	-	-	-	211,270	211,270
Unreserved - undesignated					
General fund	6,465,868	-	-	-	6,465,868
Special revenue funds	-	(1,828)	-	3,810,479	3,808,651
Capital Projects funds	-	-	317,538	1,162,879	1,480,417
Total fund balances	6,908,662	15,613	934,804	8,013,281	15,872,360
Total liabilities and fund balances	\$ 19,600,315	\$ 3,304,591	\$ 6,825,933	\$ 10,202,600	\$ 39,933,439

See accompanying notes to the basic financial statements

**Reconciliation of Total Governmental Fund Balances to Net Assets of
Governmental Activities
December 31, 2007**

Total Governmental Fund Balances \$ 15,872,360

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

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

Nondepreciable capital assets	12,032,801	
Depreciable capital assets	74,132,559	86,165,360

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

Investment earnings	16,523	
Property taxes	332,709	
Grants and entitlements	2,328,317	
Income tax	1,209,869	
Special assessments	1,167,590	
Charges for services	1,562,348	6,617,356

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

Internal service fund net assets are: 4,416,863

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

Accrued interest payable	(34,933)	
Deferred charges related to debt issuance	371,322	
Unamortized bond premium	(48,870)	
Accrued compensated absences	(6,796,674)	
Capital leases	(2,936,495)	
Bonds Payable	(8,112,418)	(17,558,068)

Total Governmental Activities Net Assets \$ 95,513,871

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2007

	General	Municipal Income Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 10,286,329	\$ -	\$ -	\$ 593,442	\$ 10,879,771
Municipal income taxes	-	18,484,497	-	-	18,484,497
Other local taxes	151,669	-	-	238,718	390,387
State levied shared taxes	4,906,529	-	-	2,318,995	7,225,524
Intergovernmental	19,000	-	1,799,062	1,107,392	2,925,454
Charges for services	5,661,374	-	1,314,373	158,115	7,133,862
Fees, licenses and permits	619,159	-	-	1,537,158	2,156,317
Interest earnings	-	-	-	2,054,768	2,054,768
Fines and forfeitures	331,131	-	-	89,990	421,121
Special assessments	355	-	104,575	184,443	289,373
Other	409,417	68	183,350	183,409	776,244
Total revenues	22,384,963	18,484,565	3,401,360	8,466,430	52,737,318
Expenditures					
Current					
Security of persons and property	17,544,970	-	-	2,444,734	19,989,704
Leisure time activities	2,117,415	-	-	86,764	2,204,179
Community environment	1,208,830	-	-	996,672	2,205,502
Street maintenance	-	-	-	4,110,655	4,110,655
General government	8,469,184	858,371	-	1,177,304	10,504,859
Capital outlay	-	-	8,909,730	214,600	9,124,330
Debt Service					
Principal	-	-	340,130	964,136	1,304,266
Interest	-	-	209,477	380,941	590,418
Total expenditures	29,340,399	858,371	9,459,337	10,375,806	50,033,913
Excess (deficiency) of revenues					
Over (under) expenditures	(6,955,436)	17,626,194	(6,057,977)	(1,909,376)	2,703,405
Other Financing Sources (Uses)					
Capital lease	-	-	2,466,544	-	2,466,544
Transfers in	12,944,822	-	5,169,763	5,090,095	23,204,680
Transfers out	(4,168,823)	(17,626,194)	(50,000)	(3,195,964)	(25,040,981)
Total other financing sources (uses)	8,775,999	(17,626,194)	7,586,307	1,894,131	630,243
Net change in fund balances	1,820,563	-	1,528,330	(15,245)	3,333,648
Fund balance (deficit) at beginning of year, as restated	5,102,751	16,195	(593,526)	8,037,982	12,563,402
Change in reserve for inventory	(3,882)	(563)	-	(7,230)	(11,675)
Change in reserve for prepaid items	(10,770)	(19)	-	(2,226)	(13,015)
Fund balance at end of year	\$ 6,908,662	\$ 15,613	\$ 934,804	\$ 8,013,281	\$ 15,872,360

See accompanying notes to the basic financial statements

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2007

Net Change in Fund Balances - Total Governmental Funds \$ 3,333,648

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

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

Capital additions	8,260,303	
Current year depreciation	<u>(3,479,610)</u>	
		4,780,693

In the statement of activities, only the loss on the disposal of assets is reported, whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets. (86,146)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 4,220,778

Governmental funds report expenditures for inventory of supplies and prepaid items when purchased. However, in the statement of activities, they are reported as an expense when consumed. (24,690)

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

Investment earnings	(71,993)	
Property taxes	27,948	
Grants and entitlements	368,536	
Income tax	160,260	
Special assessments	(227,968)	
Charges for services	<u>168,625</u>	
		425,408

Repayment of bond principal and capital lease payments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,304,266

Issuance of capital lease in governmental funds increased long-term liabilities in the statement of net assets. (2,466,544)

In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due. 4,943

Premiums on bonds issued are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. 10,589

Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. (48,152)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 63,886

Internal service funds are used by the City to account for the financing of goods or services provided by one department to other City departments or agencies, generally on a cost reimbursement basis. The revenues (expenses) of the internal service funds are allocated among the governmental activities. 9,994

Changes in Net Assets of Governmental Activities \$ 11,528,673

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 10,306,529	\$ 10,306,529	\$ 10,286,329	\$ (20,200)
Other local taxes	156,000	156,000	148,605	(7,395)
State levied shared taxes	4,446,572	4,480,572	4,852,444	371,872
Intergovernmental	29,000	29,000	19,000	(10,000)
Charges for services	5,870,650	5,860,650	5,677,802	(182,848)
Fees, licenses, and permits	546,900	546,900	619,169	72,269
Fines and forfeitures	288,500	288,500	333,725	45,225
Special assessments	-	-	355	355
Other	246,985	246,985	422,964	175,979
Total revenues	21,891,136	21,915,136	22,360,393	445,257
Expenditures				
Current				
Security of persons and property	18,709,503	18,615,503	18,142,872	472,631
Leisure time activities	2,258,782	2,258,782	2,182,622	76,160
Community environment	1,497,481	1,522,481	1,310,577	211,904
General government	9,089,352	8,958,812	8,630,080	328,732
Total expenditures	31,555,118	31,355,578	30,266,151	1,089,427
Excess (deficiency) of revenues over (under) expenditures	(9,663,982)	(9,440,442)	(7,905,758)	1,534,684
Other Financing Sources (Uses)				
Transfers in	12,363,234	13,042,862	13,091,348	48,486
Transfers out	(4,156,784)	(4,206,784)	(4,175,693)	31,091
Total other financing sources (uses)	8,206,450	8,836,078	8,915,655	79,577
Net change in fund balances	(1,457,532)	(604,364)	1,009,897	1,614,261
Fund balance at beginning of year	3,156,245	3,156,245	3,156,245	-
Prior year encumbrances appropriated	256,245	256,245	256,245	-
Fund balance at end of year	\$ 1,954,958	\$ 2,808,126	\$ 4,422,387	\$ 1,614,261

See accompanying notes to the basic financial statements

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Income Tax Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal income taxes	\$ 17,780,329	\$ 18,630,329	\$ 18,656,602	\$ 26,273
Other	-	-	68	68
Total revenues	<u>17,780,329</u>	<u>18,630,329</u>	<u>18,656,670</u>	<u>26,341</u>
Expenditures				
Current				
General government	<u>1,036,914</u>	<u>991,914</u>	<u>886,274</u>	<u>105,640</u>
Total expenditures	<u>1,036,914</u>	<u>991,914</u>	<u>886,274</u>	<u>105,640</u>
Excess (deficiency) of revenues over (under) expenditures	16,743,415	17,638,415	17,770,396	131,981
Other Financing Sources (Uses)				
Transfers out	<u>(16,775,545)</u>	<u>(17,860,000)</u>	<u>(17,860,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(16,775,545)</u>	<u>(17,860,000)</u>	<u>(17,860,000)</u>	<u>-</u>
Net change in fund balances	(32,130)	(221,585)	(89,604)	131,981
Fund balance at beginning of year	215,626	215,626	215,626	-
Prior year encumbrances appropriated	7,161	7,161	7,161	-
Fund balance at end of year	<u>\$ 190,657</u>	<u>\$ 1,202</u>	<u>\$ 133,183</u>	<u>\$ 131,981</u>

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Net Assets - Proprietary Funds December 31, 2007

	Business-type Activities - Enterprise Funds						
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	Total
Assets							
Current Assets							
Equity in pooled cash and cash equivalents	\$ 2,938,473	\$ 1,517,747	\$11,119,808	\$ 761,901	\$ 815,396	\$ 797,865	\$17,951,190
Receivables							
Accounts							
(net of allowance for uncollectibles)	914,041	590,885	4,950,650	151,566	909	82,513	6,690,564
Special assessments	-	34,609	-	-	-	97,857	132,466
Due from other funds	22,386	-	897,403	45,853	-	29,205	994,847
Due from other governments	48,386	-	25	747	284	-	49,442
Inventory of supplies	26,131	400,547	3,729,716	57,589	71,669	-	4,285,652
Prepaid items	12,193	18,481	34,923	10,001	30,450	269	106,317
Deferred charges	9,213	94,306	-	-	353,059	-	456,578
Unamortized bond discount	14,290	37,492	-	-	-	-	51,782
Investment in joint venture	-	-	6,757,871	-	-	-	6,757,871
Advances to other funds	-	-	795,000	-	-	-	795,000
Total current assets	<u>3,985,113</u>	<u>2,694,067</u>	<u>28,285,396</u>	<u>1,027,657</u>	<u>1,271,767</u>	<u>1,007,709</u>	<u>38,271,709</u>
Noncurrent Assets							
Capital Assets							
Land	93,459	135,605	495,890	152,781	1,763,407	490,454	3,131,596
Buildings	488,915	923,588	703,644	114,340	35,437,986	11,700	37,680,173
Improvements other than buildings	22,657,454	23,816,292	29,639,141	-	3,496,447	7,404,015	87,013,349
Equipment	1,373,399	1,422,248	4,526,525	2,547,503	701,432	19,471	10,590,578
CIP	167,244	162,664	937,752	4,965	-	59,644	1,332,269
Less: Accumulated depreciation	(7,622,980)	(8,808,421)	(19,989,193)	(2,068,741)	(5,542,737)	(855,630)	(44,887,702)
Total noncurrent assets	<u>17,157,491</u>	<u>17,651,976</u>	<u>16,313,759</u>	<u>750,848</u>	<u>35,856,535</u>	<u>7,129,654</u>	<u>94,860,263</u>
Total assets	<u>21,142,604</u>	<u>20,346,043</u>	<u>44,599,155</u>	<u>1,778,505</u>	<u>37,128,302</u>	<u>8,137,363</u>	<u>133,131,972</u>
Liabilities							
Current Liabilities							
Accounts payable	210,284	68,747	2,178,667	225,037	67,137	6,113	2,755,985
Accrued salaries, wages and benefits	19,452	37,227	72,381	26,744	36,443	1,056	193,303
Accrued compensated absences	100,864	178,059	407,647	101,950	55,326	2,964	846,810
Accrued interest payable	13,601	32,411	4,678	-	70,195	-	120,885
Deferred revenue	-	-	-	-	17,556	-	17,556
Due to other funds	170,155	262,887	2,963	144,125	624,427	-	1,204,557
Due to other governments	447,481	5,599	10,712	4,029	5,593	163	473,577
Deposits held and due to others	-	12,479	431,205	-	-	-	443,684
Claims and judgments payable	-	-	-	-	-	-	-
Advances from other funds	85,000	-	-	100,000	-	-	185,000
General obligation notes payable	900,000	-	-	-	19,900,000	-	20,800,000
General obligation bonds payable	228,903	556,324	315,149	-	799,835	-	1,900,211
Total current liabilities	<u>2,175,740</u>	<u>1,153,733</u>	<u>3,423,402</u>	<u>601,885</u>	<u>21,576,512</u>	<u>10,296</u>	<u>28,941,568</u>
Noncurrent Liabilities							
Accrued compensated absences	177,796	276,651	595,402	256,639	135,549	7,517	1,449,554
Claims and judgments payable	-	-	-	-	-	-	-
Advances from other funds	510,000	-	-	100,000	-	-	610,000
Payable to joint venture	-	-	4,852,585	-	-	-	4,852,585
Unamortized bond premium	3,645	-	-	-	400,932	-	404,577
General obligation bonds payable	2,764,776	7,976,588	690,298	-	8,465,323	-	19,896,985
Total noncurrent liabilities	<u>3,456,217</u>	<u>8,253,239</u>	<u>6,138,285</u>	<u>356,639</u>	<u>9,001,804</u>	<u>7,517</u>	<u>27,213,701</u>
Total liabilities	<u>5,631,957</u>	<u>9,406,972</u>	<u>9,561,687</u>	<u>958,524</u>	<u>30,578,316</u>	<u>17,813</u>	<u>56,155,269</u>
Net Assets							
Invested in capital assets, net of related debt	13,283,670	9,250,862	15,308,312	750,848	6,643,504	7,129,654	52,366,850
Unrestricted	2,226,977	1,688,209	19,729,156	69,133	(93,518)	989,896	24,609,853
Total net assets	<u>\$ 15,510,647</u>	<u>\$10,939,071</u>	<u>\$35,037,468</u>	<u>\$ 819,981</u>	<u>\$6,549,986</u>	<u>\$8,119,550</u>	<u>\$76,976,703</u>
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(996,087)
Total net assets of business-type activities							<u>\$75,980,616</u>

See accompanying notes to the basic financial statements

Statement of Net Assets - Proprietary Funds
December 31, 2007

(Continued)

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 4,396,344
Receivables	
Accounts	
(net of allowance for uncollectibles)	-
Special assessments	-
Due from other funds	-
Due from other governments	26,647
Inventory of supplies	485,545
Prepaid items	25,276
Deferred charges	-
Unamortized bond discount	-
Investment in joint venture	-
Advances to other funds	-
Total current assets	<u>4,933,812</u>
Noncurrent Assets	
Capital Assets	
Land	21,960
Buildings	238,816
Improvements other than buildings	260,029
Equipment	1,293,410
CIP	-
Less: Accumulated depreciation	<u>(1,251,939)</u>
Total noncurrent assets	<u>562,276</u>
Total assets	<u><u>5,496,088</u></u>
Liabilities	
Current Liabilities	
Accounts payable	160,612
Accrued salaries, wages and benefits	19,381
Accrued compensated absences	102,732
Accrued interest payable	-
Deferred revenue	-
Due to other funds	12,562
Due to other governments	364,763
Deposits held and due to others	-
Claims and judgments payable	760,542
Advances from other funds	-
General obligation notes payable	-
General obligation bonds payable	-
Total current liabilities	<u>1,420,592</u>
Noncurrent Liabilities	
Accrued compensated absences	168,867
Claims and judgments payable	485,853
Advances from other funds	-
Payable to joint venture	-
Unamortized bond premium	-
General obligation bonds payable	-
Total noncurrent liabilities	<u>654,720</u>
Total liabilities	<u>2,075,312</u>
Net Assets	
Invested in capital assets, net of related debt	562,276
Unrestricted	2,858,500
Total net assets	<u><u>\$ 3,420,776</u></u>

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Operating Revenues							
Charges for services	\$ 6,743,155	\$ 4,701,166	\$34,647,109	\$ 3,852,224	\$ 5,195,264	\$ 1,125,065	\$56,263,983
Other	65,057	149,831	1,365,742	98,974	505,651	44,878	2,230,133
Total operating revenues	<u>6,808,212</u>	<u>4,850,997</u>	<u>36,012,851</u>	<u>3,951,198</u>	<u>5,700,915</u>	<u>1,169,943</u>	<u>58,494,116</u>
Operating Expenses							
Personal services	822,444	1,503,230	3,228,531	1,076,550	2,184,811	47,136	8,862,702
Fringe benefits	271,428	483,904	947,165	345,978	463,384	22,263	2,534,122
Purchased power	-	-	20,241,498	-	-	-	20,241,498
Materials and supplies	41,296	354,605	4,434,974	407,258	177,972	903	5,417,008
Utilities	32,344	355,865	59,545	30,365	423,136	-	901,255
Contractual services	2,630,393	185,521	83,096	875,432	23,315	54,975	3,852,732
Internal charges	732,715	858,723	1,832,140	536,489	603,045	22,606	4,585,718
Other	180,823	207,462	935,739	235,304	847,963	28,717	2,436,008
Depreciation	577,709	787,523	867,076	192,649	904,834	133,274	3,463,065
Total Operating Expenses	<u>5,289,152</u>	<u>4,736,833</u>	<u>32,629,764</u>	<u>3,700,025</u>	<u>5,628,460</u>	<u>309,874</u>	<u>52,294,108</u>
Net income (loss) from operations	<u>1,519,060</u>	<u>114,164</u>	<u>3,383,087</u>	<u>251,173</u>	<u>72,455</u>	<u>860,069</u>	<u>6,200,008</u>
Nonoperating Revenues (Expenses)							
Interest revenue	-	-	-	-	-	-	-
Interest expense	(203,584)	(411,267)	(70,958)	-	(1,101,180)	-	(1,786,989)
Gain from disposal of capital assets	21,691	13,372	373	4,192	-	-	39,628
Grants	-	-	-	50,515	-	-	50,515
Total nonoperating revenues (expenses)	<u>(181,893)</u>	<u>(397,895)</u>	<u>(70,585)</u>	<u>54,707</u>	<u>(1,101,180)</u>	<u>-</u>	<u>(1,696,846)</u>
Income (loss) before contributions and transfers	<u>1,337,167</u>	<u>(283,731)</u>	<u>3,312,502</u>	<u>305,880</u>	<u>(1,028,725)</u>	<u>860,069</u>	<u>4,503,162</u>
Capital Contributions	2,759,859	1,790,259	435,852	-	45,348	1,910,197	6,941,515
Transfers in	-	15,391	1,840,639	-	1,423,184	405,573	3,684,787
Transfers out	-	-	(1,848,486)	-	-	-	(1,848,486)
Changes in net assets	<u>4,097,026</u>	<u>1,521,919</u>	<u>3,740,507</u>	<u>305,880</u>	<u>439,807</u>	<u>3,175,839</u>	<u>13,280,978</u>
Total net assets - beginning, restated	11,413,621	9,417,152	31,296,961	514,101	6,110,179	4,943,711	
Total net assets - ending	<u>\$15,510,647</u>	<u>\$10,939,071</u>	<u>\$35,037,468</u>	<u>\$ 819,981</u>	<u>\$ 6,549,986</u>	<u>\$ 8,119,550</u>	
Adjustment to consolidate the internal service fund activities related to enterprise funds.							6,059
Change in net assets of business-type activities							<u>\$13,287,037</u>

See accompanying notes to the basic financial statements

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds (Continued)
For the Year Ended December 31, 2007

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for services	\$ 8,310,480
Other	162,578
Total operating revenues	8,473,058
Operating Expenses	
Personal services	1,579,140
Fringe benefits	5,063,200
Purchased power	-
Materials and supplies	1,110,023
Utilities	19,299
Contractual services	124,060
Internal charges	175,748
Other	422,919
Depreciation	128,287
Total Operating Expenses	8,622,676
Net income (loss) from operations	(149,618)
Nonoperating Revenues (Expenses)	
Interest revenue	175,316
Interest expense	-
Gain from disposal of capital assets	7,825
Grants	-
Total nonoperating revenues (expenses)	183,141
Income (loss) before contributions	33,523
Capital Contributions	-
Transfers in	-
Transfers out	-
Changes in net assets	33,523
Total net assets - beginning, restated	3,387,253
Total net assets - ending	\$ 3,420,776

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Cash Flows From Operating Activities							
Cash received from customers	\$ 6,721,239	\$ 4,970,608	\$ 36,254,279	\$ 3,920,801	\$ 5,679,869	\$ 1,100,593	\$ 58,647,389
Cash payments to employees for services	(818,466)	(1,495,017)	(3,222,089)	(1,074,255)	(2,177,747)	(46,941)	(8,834,515)
Cash payments to employees for benefits	(287,569)	(519,021)	(1,098,265)	(379,253)	(460,039)	(19,554)	(2,763,701)
Cash payments to suppliers for goods and services	(3,687,712)	(2,006,767)	(28,707,984)	(2,034,207)	(2,017,394)	(48,753)	(38,502,817)
Net cash provided by operating activities	1,927,492	949,803	3,225,941	433,086	1,024,689	985,345	8,546,356
Cash Flows From Non-Capital							
Financing Activities							
Grant proceeds	-	-	-	50,515	-	-	50,515
Transfers in	-	15,391	1,840,639	-	1,423,184	405,573	3,684,787
Transfers out	-	-	(1,848,486)	-	-	-	(1,848,486)
Advances in	-	-	185,000	-	-	-	185,000
Advances out	(85,000)	-	-	(100,000)	-	-	(185,000)
Net cash provided by non-capital financing activities	(85,000)	15,391	177,153	(49,485)	1,423,184	405,573	1,886,816
Cash Flows From Capital and Related							
Financing Activities							
Acquisition of capital assets	(622,887)	(483,263)	(1,173,204)	(83,469)	(141,948)	(1,114,059)	(3,618,830)
Proceeds from the sale of capital assets	181	3,192	373	3,515	-	-	7,261
Bond/note proceeds	901,848	-	-	-	19,940,864	-	20,842,712
Debt service							
Principal	(1,616,807)	(527,269)	(305,000)	-	(20,786,709)	-	(23,235,785)
Interest	(207,455)	(409,756)	(72,305)	-	(1,199,998)	-	(1,889,514)
Net cash used in capital and related financing activities	(1,545,120)	(1,417,096)	(1,550,136)	(79,954)	(2,187,791)	(1,114,059)	(7,894,156)
Cash Flows from Investing Activities							
Interest revenue	-	-	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	297,372	(451,902)	1,852,958	303,647	260,082	276,859	2,539,016
Cash and cash equivalents at Beginning of Year	2,641,101	1,969,649	9,266,850	458,254	555,314	521,006	15,412,174
Cash and cash equivalents at end of year	\$ 2,938,473	\$ 1,517,747	\$ 11,119,808	\$ 761,901	\$ 815,396	\$ 797,865	\$ 17,951,190

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2007**

(Continued)

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Cash received from customers	\$ 9,492,616
Cash payments to employees for services	(1,576,499)
Cash payments to employees for benefits	(5,951,917)
Cash payments to suppliers for goods and services	<u>(1,789,320)</u>
Net cash provided by operating activities	174,880
Cash Flows From Non-Capital Financing Activities	
Grant proceeds	-
Transfers in	-
Transfers out	-
Advances in	-
Advances out	<u>-</u>
Net cash provided by non-capital financing activities	-
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	(173,132)
Proceeds from the sale of capital assets	7,825
Bond/note proceeds	-
Debt service	-
Principal	-
Interest	<u>-</u>
Net cash used in capital and related financing activities	(165,307)
Cash Flows from Investing Activities	
Interest revenue	<u>175,316</u>
Net cash provided by investing activities	<u>175,316</u>
Net increase (decrease) in cash and cash equivalents	184,889
Cash and cash equivalents at Beginning of Year	<u>4,211,455</u>
Cash and cash equivalents at end of year	<u>\$ 4,396,344</u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2007

(Continued)

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Reconciliation of Operating Income to							
Net Cash Provided By Operating							
Activities							
Operating Income (Loss)	\$ 1,519,060	\$ 114,164	\$ 3,383,087	\$ 251,173	\$ 72,455	\$ 860,069	\$ 6,200,008
Adjustments to reconcile operating							
income (loss) to net cash provided by							
operating activities:							
Depreciation	577,709	787,523	867,076	192,649	904,834	133,274	3,463,065
Amortization expense	3,327	7,031	4,851	-	72,990	-	88,199
Decrease (increase) in operating assets and							
increase (decrease) in operating liabilities:							
Receivables	(75,643)	114,041	(104,509)	(8,850)	1,978	(60,965)	(133,948)
Due from other funds	8,818	-	27,599	(22,635)	-	(8,385)	5,397
Due from other governments	(20,148)	160	(4)	411	50	-	(19,531)
Inventory of supplies	17,848	(26,899)	(1,199,332)	(15,130)	(19,905)	-	(1,243,418)
Prepaid items	964	1,346	3,569	918	3,284	(269)	9,812
Investment in joint ventures	-	-	165,746	-	-	-	165,746
Accounts payable							
- net of items affecting capital asset:	(28,289)	6,845	8,678	66,202	1,894	60,867	116,197
Accrued salaries, wages and benefits	17,614	22,913	(31,222)	13,973	32,504	2,873	58,655
Due to other funds	(31,064)	(77,339)	(114,254)	(45,782)	(23,446)	(2,150)	(294,035)
Due to other governments	(62,704)	698	(226)	157	1,125	31	(60,919)
Deposits held and due to others	-	(680)	214,882	-	-	-	214,202
Claims and judgments payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	(23,074)	-	(23,074)
Total adjustments	408,432	835,639	(157,146)	181,913	952,234	125,276	2,346,348
Net cash provided by							
operating activities	\$ 1,927,492	\$ 949,803	\$ 3,225,941	\$ 433,086	\$ 1,024,689	\$ 985,345	\$ 8,546,356

During 2007 the Sewage and Disposal, Water, Electric and Storm Drainage Utility Enterprise Funds received contributions in the form of capital assets from private developers in the amount of \$2,759,859, \$1,790,259, \$435,852 and \$1,910,197, respectively. In addition, the Leisure Time Enterprise Fund received contributions in the form of capital assets from the Capital Projects Fund in the amount of \$45,348.

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2007**

(Continued)

	<u>Governmental Activities - Internal Service Funds</u>
Reconciliation of Operating Income to	
Net Cash Provided By Operating	
Activities	
Operating Income (Loss)	\$ (149,618)
Adjustments to reconcile operating	
income (loss) to net cash provided by	
operating activities:	
Depreciation	128,287
Amortization expense	-
Decrease (increase) in operating assets and	
increase (decrease) in operating liabilities:	
Receivables	43,917
Due from other funds	987,992
Due from other governments	(26,647)
Inventory of supplies	13,066
Prepaid items	(8,516)
Investment in joint ventures	-
Accounts payable	
- net of items affecting capital assets	11,339
Accrued salaries, wages and benefits	34,914
Due to other funds	(20,900)
Due to other governments	107,855
Deposits held and due to others	-
Claims and judgments payable	(946,809)
Deferred revenue	-
Total adjustments	<u>324,498</u>
Net cash provided by	
operating activities	<u>\$ 174,880</u>

City of Cuyahoga Falls, Ohio

Statement of Assets and Liabilities - Fiduciary Funds December 31, 2007

	<u>Agency Funds</u>
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 3,313,483
Cash and cash equivalents - restricted accounts	511,589
Due from other governments	<u>126,988</u>
Total assets	3,952,060
Liabilities	
Current Liabilities	
Due to other governments	2,281,254
Deposits held and due to others	<u>1,670,806</u>
Total liabilities	<u><u>3,952,060</u></u>

See accompanying notes to the basic financial statements

**NOTES TO THE FINANCIAL
STATEMENTS**

City of Cuyahoga Falls, Ohio

Notes to the Financial Statements December 31, 2007

NOTE 1 – REPORTING ENTITY

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cuyahoga Falls have been prepared in conformity with generally accepted accounting principals (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The City applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected to follow GASB guidance for business-type activities and enterprise funds rather than FASB guidance issued after November 30, 1989. The more significant of the City’s accounting policies are described below.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund

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

Municipal Income Tax Fund

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

Capital Projects Fund

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

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

Proprietary Fund Types

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

Enterprise Funds

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

Sewage and Disposal Fund

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

Water Fund

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

Electric Fund

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

Sanitation Fund

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

Leisure Time Fund

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

Storm Drainage Utility Fund

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internal Service Funds

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

Fiduciary Funds

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

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

Budgetary Data

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Budget

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

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

Estimated Resources

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

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

Appropriations

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

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

The amounts reported as the original budgeted amounts reflect the original Appropriation Ordinance. The amounts reported as the final budgeted amounts represent the final Appropriation Ordinance, including all amendments and modifications passed by City Council in December 2007.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lapsing of Appropriations

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

Encumbrances

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

Equity in Pooled Cash and Cash Equivalents and Investments

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

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

Inventory of Supplies

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

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

Prepaid items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items. On the government-wide and proprietary fund statements, prepaid items are recorded using the consumption method by recording a current asset for the prepaid amount and reflecting the expense in the year in which services are consumed. On the fund financial statements, the actual payment for these services is recorded as an expenditure when purchased. Reported prepaid items are equally offset by a fund balance reserve, which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

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

Interfund Balances

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

Compensated Absences

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

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

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

Net Assets

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

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

Grants and Intergovernmental Revenues

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

Operating Revenues and Expenses

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Contributions of Capital

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

Interfund Activity

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

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

Extraordinary and special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2007.

Estimates

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

City of Cuyahoga Falls, Ohio

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

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

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

	Net Change in Fund Balance	
	<u>General Fund</u>	<u>Municipal Income Tax Fund</u>
GAAP Basis	\$ 1,820,563	\$ 0
Increase (decrease) due to:		
Change in receivables and other assets not recognized on a budget basis	54,326	11,845
Change in liabilities not recognized on a budget basis	(558,838)	(84,051)
Encumbrances	<u>(306,154)</u>	<u>(17,398)</u>
Budget Basis	<u>\$ 1,009,897</u>	<u>\$ (89,604)</u>

NOTE 4 - RECEIVABLES

Receivables at December 31, 2007, consisted primarily of municipal income taxes, property taxes and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for utilities and EMS Transport services provided). Utility accounts receivable and EMS Transport fees receivable billed to customers prior to year end are recorded net of an allowance for doubtful accounts, based on management's estimate.

Property Taxes

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

Tangible personal property taxes (for tangible property other than public utility property) attach as a lien and are levied on January 1 of the current calendar year. Tax collections for the current year are therefore based upon assessed values as of January 1 of the current year. The tangible personal property tax is being phased out. The assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

NOTE 4 – RECEIVABLES (CONTINUED)

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Cuyahoga Falls. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The amounts of \$9,850,462 and \$568,296 have been recorded in the balance sheet of the governmental funds for the General Fund and other governmental funds (Police and Fire Pension Funds) as taxes receivable to reflect property taxes receivable as of December 31, 2007.

The assessed values of real public utility and tangible personal property upon which 2007 property tax receipts were based are as follows:

Property Types	Valuation
Real Property – 2006 Tax Valuation	\$ 984,712,000
Public Utility Property – 2005 Tax Valuation	12,525,300
Tangible Personal Property – 2007 Tax Valuation	44,666,313
Total Valuation	\$ 1,041,903,613

Income Taxes

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

Municipal income tax revenue for 2007 was \$18,484,497. The amount of \$3,100,863 has been recorded in the Municipal Income Tax Special Revenue Fund as taxes receivable (net of refunds) to reflect income taxes receivable recorded as of December 31, 2007.

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

City of Cuyahoga Falls, Ohio

NOTE 4 – RECEIVABLES (CONTINUED)

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government and Local Government Revenue	
Assistance	\$ 1,434,257
Estate Tax	666,817
Municipal Income Tax	52,985
Homestead and Rollback	635,802
Gasoline and Excise Tax	495,025
Motor Vehicle License Fees	159,209
Permissive Motor Vehicle License Tax	35,456
EMS Transport Fees	108,317
In Lieu of Public Site	241,156
Other Court Communities	351,460
Highway Distribution	273,786
Liquor Permits	8,850
Municipal Court	231,884
Off Road Fuel Tax Reimbursement	1,390
Other Agencies	49,166
Total Governmental Activities	<u>\$ 4,745,560</u>
<u>Business-type Activities</u>	
Utilities Charges	\$ 48,355
Off Road Fuel Tax Reimbursement	1,087
	<u>\$ 49,442</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

During 2007, the City believes it has complied with the revisions of these statutes pertaining to the types of investments held and institutions in which deposits were made. The City was also in compliance with the provisions of the statutes concerning security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

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

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

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

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

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

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

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

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end the carrying amount of the City's deposits was \$37,654,375 and the bank balance was \$38,039,658. Of the bank balance \$237,217 was covered by Federal depository insurance and \$37,802,441 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or Federal Reserve, but not in the City's name. As of December 31, 2007, the City had \$513,780 of unspent capital lease proceeds held in escrow. See note 11 for further details.

At year-end, the carrying amount of the Community Improvement Corporation of Cuyahoga Falls, a component unit, deposits was \$ 854,936 and the bank balance was \$ 854,936. Information regarding the collateralization of the Community Improvement Corporation of Cuyahoga Falls can be obtained from the corporation's independent audit report.

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Investments are reported at fair value. As of December 31, 2007, the City had the following investments:

	Fair Value	Credit Rating (*)	Investment Maturities (In Years)		
			<1	1-2	>2
Repurchase Agreements					
Federal Home Loan Mortgage Bond	\$ 1,470,000	AAA	\$ 1,470,000		
Federal Home Loan Mortgage Bond	105,000	AAA	105,000		
US Treasury Bills	30,000		30,000		
US Treasury Notes	65,000		40,000	25,000	
Manuscript Bond	8,000				8,000
Total	\$ 1,678,000		\$ 1,645,000	\$ 25,000	\$ 8,000

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

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent more invested in the securities of a single issuer. The City's investment policy places no limit on the amount it may invest in any one issuer. The following is the City's risk allocation on deposit and investment as of December 31, 2007:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Federal Home Loan Mortgage Bond	93.86%
US Treasury Bills	1.79%
US Treasury Notes	3.87%
Manuscript Bond	.48%

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance 1/1/2007 As Restated	Additions	Deletions	Balance 12/31/2007
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 8,339,308	\$ 331,656	\$ -	\$ 8,670,964
Construction In Progress	1,324,434	4,793,148	(2,733,785)	3,383,797
<i>Total Capital Assets Not Being Depreciated</i>	9,663,742	5,124,804	(2,733,785)	12,054,761
<i>Capital Assets Being Depreciated</i>				
Buildings	27,248,773	343,894	-	27,592,667
Improvements	578,128	426,149	-	1,004,277
Machinery and Equipment	22,078,062	2,043,199	(1,082,280)	23,038,981
Infrastructure				
Roads	44,049,991	7,284,702	-	51,334,693
Traffic Signals	16,530	-	-	16,530
Bridges	8,604,879	-	-	8,604,879
<i>Total Capital Assets Being Depreciated</i>	102,576,363	10,097,944	(1,082,280)	111,592,027
<i>Less Accumulated Depreciation</i>				
Buildings	(7,302,302)	(720,629)	-	(8,022,931)
Improvements	(274,028)	(16,722)	-	(290,750)
Machinery and Equipment	(15,137,146)	(1,545,685)	996,134	(15,686,697)
Infrastructure				
Roads	(10,850,760)	(1,159,798)	-	(12,010,558)
Traffic Signals	(4,416)	(1,570)	-	(5,986)
Bridges	(738,737)	(163,493)	-	(902,230)
<i>Total Accumulated Depreciation</i>	(34,307,389)	(3,607,897)	996,134	(36,919,152)
<i>Total Capital Assets Being Depreciated, Net</i>	68,268,974	6,490,047	(86,146)	74,672,875
<i>Governmental Activities Capital Assets, Net</i>	\$ 77,932,716	\$ 11,614,851	\$ (2,819,931)	\$ 86,727,636

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 337,615
Security of Persons and Property	986,267
Community Environment	192,664
Leisure Time Activities	254,632
Street Maintenance	1,708,432
Garage	14,080
Information Services	114,207
Total	\$ 3,607,897

City of Cuyahoga Falls, Ohio

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Balance 1/1/2007 As Restated	Additions	Deletions	Balance 12/31/2007
Business -type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 2,599,752	\$ 531,844	\$ -	\$ 3,131,596
Construction In Progress	1,264,760	2,014,771	(1,947,262)	1,332,269
<i>Total Capital Assets Not Being Depreciated</i>	3,864,512	2,546,615	(1,947,262)	4,463,865
<i>Capital Assets Being Depreciated</i>				
Buildings	37,763,005	12,245	(95,077)	37,680,173
Improvements	77,774,705	9,238,645	-	87,013,350
Machinery and Equipment	10,012,797	912,243	(334,463)	10,590,577
<i>Total Capital Assets Being Depreciated</i>	125,550,507	10,163,133	(429,540)	135,284,100
<i>Less Accumulated Depreciation</i>				
Buildings	(3,954,929)	(821,187)	37,476	(4,738,640)
Improvements	(31,193,200)	(1,921,732)	-	(33,114,932)
Machinery and Equipment	(6,618,897)	(720,146)	304,913	(7,034,130)
<i>Total Accumulated Depreciation</i>	(41,767,026)	(3,463,065)	342,389	(44,887,702)
<i>Total Capital Assets Being Depreciated, Net</i>	83,783,481	6,700,068	(87,151)	90,396,398
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 87,647,993</u>	<u>\$ 9,246,683</u>	<u>\$ (2,034,413)</u>	<u>\$ 94,860,263</u>
*Depreciation expense was charged to business-type activities as follows:				
Sewage and Disposal				\$ 577,709
Water				787,523
Electric				867,076
Sanitation				192,649
Leisure Time				904,834
Storm Drainage				133,274
Total				<u>\$ 3,463,065</u>

NOTE 7 - PENSION PLANS

Ohio Public Employees Retirement System

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. The 2007 member contribution rates were 9.5 percent for members in state, local classifications, and 9.75 percent for public safety classifications. For local government employments, the 2007 employer contribution rate was 13.85 percent of covered payroll, 8.85 percent was the portion that was used to fund pension benefits from January 1 through June 30, 2007 and 7.85 percent from July 1 through December 31, 2007.

The City's required contributions for pension obligations to all of the plans for the years ended December 31, 2007, 2006, and 2005 were \$1,703,163, \$1,831,402, and \$1,923,116, respectively; 77.30 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the Member-Directed Plan for 2007 were \$32,336 made by the City and \$22,180 made by the plan members.

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police and 24 percent for firefighters, 12.75 percent and 17.25 was the portion that was used to fund pension benefits, respectively. The City's contributions for pension obligations to OP&F for police and firefighters were \$701,681 and \$918,495, respectively for the year ended December 31, 2007, \$641,134 and \$ 876,333 for the year ended December 31, 2006, and \$604,062 and \$841,263 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005; 76.79 percent for police and 76.88 percent for firefighters, respectively, have been contributed for 2007.

City of Cuyahoga Falls, Ohio

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to its participants age-and- service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government units, the 2007 employer contribution rate was 13.85 percent of covered payroll, 5.0 percent was the portion that was used to fund health care from January 1 through June 30, 2007 and 6.0 percent from July 1 through December 31, 2007.

Benefits are advance-funded using the individual entry age actuarial cost method of valuation. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases over and above the 4.00 percent base increase. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 percent to 5 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

At December 31, 2007, the number of active contributing participants in the Traditional Pension and Combined Plans totaled 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. The City's annual contributions for 2007 used to fund post-employment benefits were \$1,121,469. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2006 (the latest information available) was \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Board of Trustees adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008 which will allow additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to 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. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a two-thirds basis.

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the

NOTE 8 - POSTEMPLOYMENT BENEFITS (CONTINUED)

OP&F's Board of Trustees to provide health care coverage and states that health care costs paid from the OP&F funds shall be included in the employer's contribution rate. Health care funding and accounting are on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent in 2006 and 6.75 percent in 2007 of covered payroll was applied to the post-employment health care program. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, the date of the last actuarial valuation available was 14,120 for police and 10,563 for firefighters.

The City's annual contributions for 2007 that were used to fund post-employment benefits were \$371,478 for police and \$359,411 for fire. OP&F's total health care expenses for the year ended December 31, 2006, the date of the last actuarial valuation available was \$120,373,722, which was net of member contributions of \$58,532,848.

NOTE 9 - COMPENSATED ABSENCES

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

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

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

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

City of Cuyahoga Falls, Ohio

NOTE 9 - COMPENSATED ABSENCES (CONTINUED)

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

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

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Federal and State Grants

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

C. Insurance Coverage

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

NOTE 11 - CAPITAL LEASES

In addition to existing agreements to lease equipment, the City entered into lease agreements in 2007 for Dispatching Center Equipment and Mobile Data Terminals, in the amount of \$2,338,700 and \$127,844, respectively. The Dispatching Center Equipment Project was not completed by December 31, 2007, therefore, \$513,780 was held in escrow and is reflected as such on the City's Statement of Net Assets. In addition, the amount of \$1,824,920 "started and completed" by the year-end was included in construction in progress in the City's Governmental Activities Capital Assets, therefore, this asset value is not shown in the equipment total below. The City's lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date for governmental activities and business-type activities in the Statement of Net Assets.

NOTE 11 - CAPITAL LEASES (CONTINUED)

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Equipment	\$ 896,584
Less: Accumulated Depreciation	<u>(85,304)</u>
Total	<u>\$ 829,417</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2007, were as follows:

	<u>Governmental Activities</u>
2008	\$ 555,459
2009	600,445
2010	325,615
2011	280,629
2012	280,629
2013-2017	<u>1,403,145</u>
Total	3,445,922
Less: Amount representing interest	<u>(509,427)</u>
Present value of minimum lease payments	<u>\$ 2,936,495</u>

NOTE 12 - SHORT-TERM OBLIGATIONS

A summary of the changes in the City's short-term obligations for the year ended December 31, 2007, was as follows:

	Balance January 1, 2007	Issued	Retired	Balance December 31, 2007
General Obligation Bond Anticipation Notes				
<u>Governmental Activities:</u>				
Capital Projects Fund Obligations:				
4.00% Various Purpose Notes, due 12/13/07	4,650,000	0	4,650,000	0
3.75% Various Purpose Notes, due 12/11/08	<u>0</u>	<u>3,150,000</u>	<u>0</u>	<u>3,150,000</u>
Total Governmental Activities	<u>4,650,000</u>	<u>3,150,000</u>	<u>4,650,000</u>	<u>3,150,000</u>
<u>Business-type Activities:</u>				
Leisure Time Fund Obligations:				
4.00% Various Purpose Notes, due 12/13/07	19,900,000	0	19,900,000	0
3.75% Various Purpose Notes, due 12/11/08	0	19,900,000	0	19,900,000
Sewage and Disposal Fund Obligations				
4.00% Various Purpose Notes, due 12/13/07	1,400,000	0	1,400,000	0
3.75% Various Purpose Notes, due 12/11/08	<u>0</u>	<u>900,000</u>	<u>0</u>	<u>900,000</u>
Total Business-Type Activities	<u>21,300,000</u>	<u>20,800,000</u>	<u>21,300,000</u>	<u>20,800,000</u>
Grand Total	<u>\$ 25,950,000</u>	<u>\$ 23,950,000</u>	<u>\$ 25,950,000</u>	<u>\$ 23,950,000</u>

City of Cuyahoga Falls, Ohio

NOTE 12 - SHORT-TERM OBLIGATIONS (CONTINUED)

On December 12, 2007, the City issued notes in the amount of \$23,950,000 in anticipation of the issuance of bonds, for the following purposes: improving State Road from the south corporation line to Portage Trail; constructing and equipping a community recreation center, constructing a public festival site to be known as Falls River Square, improving Front Street from State Route 8 to Oakpark Boulevard, constructing sanitary sewer lines in Kellybrook Drive and Antoinette Drive and constructing sanitary sewer lines in Munroe Falls Avenue as part of the Second Street and Vincent Street combined sewer separation project.

NOTE 13 - LONG-TERM OBLIGATIONS

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

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<u>Business-type Activities:</u>				
Enterprise Fund Obligations				
<u>Bonds Payable</u>				
1995 Recreation Refunding Issue	5/15/1995	12/01/2008	4.0%-5.6%	\$ 2,325,000
1995 Electric Refunding Issue	5/15/1995	12/01/2010	4.0%-5.6%	3,225,000
1995 Recreation Facilities**	3/01/1995	12/01/2012	4.4%-6.0%	3,426,217
1997 Sewer Improvement	8/01/1997	12/01/2011	3.8%-5.25%	2,329,412
1997 Water Improvement	8/01/1997	12/01/2011	3.8%-5.25%	2,070,588
1998 Sewer Improvement	12/01/1998	12/01/2018	3.05%-4.70%	2,415,000
1998 Water Improvement	12/01/1998	12/01/2018	3.05%-4.70%	4,925,000
2001 Water Improvement	8/01/2001	12/01/2011	3.25%-4.55%	5,175,000
2004 Recreation Improvement	4/08/2004	12/01/2024	2.00%-5.00%	8,000,000
2004 Various Purpose Refunding (Recreation)	4/08/2004	12/01/2015	2.00%-4.00%	2,407,037
<u>Governmental Activities:</u>				
<u>Bonds Payable</u>				
Special Assessment General Obligation Bonds:				
1991 Street Improvement	8/1/1991	12/01/2011	6.50%	\$ 533,451
1995 Street & Sewer Refunding Issue	5/15/1995	12/01/2008	4.00%-5.60%	750,000
2001 Street Improvement	12/28/2001	12/01/2011	3.25%-4.55%	425,000
Other General Obligation Bonds:				
1995 Various Purpose Refunding Issue	5/15/1995	12/01/2010	4.00%-5.60%	\$ 1,915,000
1995 Various Purpose Improvement	3/01/1995	12/01/2012	4.40%-6.00%	6,238,783
1997 Various Purpose Improvement	8/01/1997	12/01/2011	3.8%-5.25%	5,150,000
1998 Various Purpose Improvement	12/01/1998	12/01/2018	3.05%-4.70%	1,025,000
2004 Various Purpose Refunding	4/08/2004	12/01/2015	2.00%-4.00%	4,382,963

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

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of the changes in the City's long-term obligations for the year ended December 31, 2007, was as follows:

	<u>Balance January 1, 2007</u>	<u>Issued</u>	<u>Retired 2007</u>	<u>Balance December 31, 2007</u>	<u>Amount Due Within One Year</u>
Business-type Activities:					
Enterprise Fund Obligations					
<u>Bonds Payable</u>					
1995 Recreation Refunding Issue	\$ 532,936	\$ 0	\$ 260,795 ¹	\$ 272,141	\$ 272,141
1995 Electric Refunding Issue	1,305,596	0	300,149 ²	1,005,447	315,149
1997 Sewer Improvement	1,540,338	0	108,543	1,431,795	113,422
1997 Water Improvement	1,369,189	0	96,483	1,272,706	100,819
1998 Sewer Improvement	1,670,148	0	108,264	1,561,884	115,481
1998 Water Improvement	3,405,992	0	220,786	3,185,206	235,505
2001 Water Improvement	4,285,000	0	210,000	4,075,000	220,000
2004 Various Purpose Refunding (Recreation)	2,102,170	0	209,153	1,893,017	212,694
2004 Recreation Improvement	7,405,000	0	305,000	7,100,000	315,000
Total Business-type Activities Bonds Payable	<u>23,616,369</u>	<u>0</u>	<u>1,819,173</u>	<u>21,797,196</u>	<u>1,900,211</u>
<u>Other Obligations</u>					
Capital Lease Obligations	107,922	0	107,922	0	0
Compensated absences (Note 9)	2,258,093	936,673	898,402	2,296,364	846,810
Total Business-type Activities	<u>25,982,384</u>	<u>936,673</u>	<u>2,825,497</u>	<u>24,093,560</u>	<u>2,747,021</u>
Governmental Activities:					
<u>Bonds Payable</u>					
Special Assessment General Obligation Bonds:					
1991 Street Improvement	\$ 10,000	\$ 0	\$ 2,000	\$ 8,000	\$ 2,000
1995 Street & Sewer Refunding Issue	174,390	0	85,366	89,024	89,024
2001 Street Improvement	235,000	0	45,000	190,000	45,000
	419,390	0	132,366	287,024	136,024
Other General Obligation Bonds:					
1995 Various Purpose Refunding Issue	715,000	0	165,000	550,000	180,000
1997 Various Purpose Improvement	3,405,471	0	239,974	3,165,497	250,759
1998 Various Purpose Improvement	708,862	0	45,950	662,912	49,014
2004 Various Purpose Refunding	3,827,831	0	380,846	3,446,985	387,302
	8,657,164	0	831,770	7,825,394	867,075
Total Governmental Activities Bonds Payable	<u>9,076,554</u>	<u>0</u>	<u>964,136</u>	<u>8,112,418</u>	<u>1,003,099</u>
<u>Other Obligations</u>					
Capital Lease Obligations (Note 11)	810,081	2,466,544	340,130	2,936,495	490,231
Compensated absences, (Note 9)	7,107,689	3,185,449	3,224,865	7,068,273	2,944,822
Claims and Judgments Payable	2,193,204	3,359,963	4,306,772	1,246,395	760,542
Total Governmental Activities Other Obligations	<u>10,110,974</u>	<u>9,011,956</u>	<u>7,871,767</u>	<u>11,251,163</u>	<u>4,195,595</u>
Total Governmental Activities	<u>\$ 19,187,528</u>	<u>\$ 9,011,956</u>	<u>\$ 8,835,903</u>	<u>\$ 19,363,581</u>	<u>\$ 5,198,694</u>

¹This amount represents principal payment of \$ 264,634 less amortization expense of \$3,839.

²This amount represents principal payment of \$305,000 less amortization expense of \$4,851.

City of Cuyahoga Falls, Ohio

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

As of December 31, 2007, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt without a vote of the electors) was \$49,499,691. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2007 (excluding capital leases) are as follows:

Year	Enterprise Fund Obligations		Special Assessment Bonds		Other General Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	1,900,211	963,382	136,024	12,880	867,075	348,993
2009	1,688,686	886,968	47,000	6,240	891,464	300,353
2010	1,750,767	820,148	52,000	4,340	924,383	265,652
2011	1,447,389	748,219	52,000	2,195	762,612	228,029
2012	1,507,622	689,987	0	0	797,379	194,503
2013-2017	7,986,654	2,459,266	0	0	3,508,348	452,932
2018-2022	4,375,867	862,231	0	0	74,133	3,485
2023-2024	1,140,000	86,249	0	0	0	0
Total	\$ 21,797,196	\$ 7,516,450	\$ 287,024	\$ 25,655	\$ 7,825,394	\$ 1,793,947

All general obligation bonds and notes issued by the City are backed by its full faith and credit. This includes the general property taxing power permitted within the tax limitation of the City Charter. In addition, special assessments have been levied to pay the debt service of the special assessment bonds. In the event of a default by a benefited property owner, the City would be responsible for paying the special assessment obligation. The amount of \$179,419 of special assessments receivable recorded in the Debt Service Fund does not represent any delinquent special assessments. Although the obligations of the enterprise funds are general obligations of the City, the practice has been to have the debt serviced by the revenues derived from the operations of the respective funds.

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

NOTE 14 - INTERFUND TRANSFERS AND BALANCES

A. Transfers

As of December 31, 2007, interfund transfers were as follows:

Transfers Out	Transfers In							Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water Fund	Electric Fund	Leisure Time Fund	Storm Drainage Utility Fund	
General Fund			\$ 1,655,000		\$ 1,840,639	\$ 673,184		\$ 4,168,823
Municipal Income Tax Fund	\$ 11,046,336	\$ 5,169,763	\$ 1,410,095					\$ 17,626,194
Capital Projects Fund	\$ 50,000							\$ 50,000
Nonmajor Governmental Funds			\$ 2,025,000	\$ 15,391		\$ 750,000	\$ 405,573	\$ 3,195,964
Electric Fund	\$ 1,848,486							\$ 1,848,486
Total	\$ 12,944,822	\$ 5,169,763	\$ 5,090,095	\$ 15,391	\$ 1,840,639	\$ 1,423,184	\$ 405,573	\$ 26,889,467

NOTE 14 - INTERFUND TRANSFERS AND BALANCES (CONTINUED)

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

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

The Capital Projects Fund transfer to the General Fund represents operational projects in the Community Development Department. The projects revolve around economic development and job creation and retention. Economic development is a high priority within the city and monies have been made available within the Capital Projects Fund. Monies are then transferred with the approval of City Council to be spent by the Community Development Department in the General Fund.

The Nonmajor Funds transfer to other Nonmajor funds were made to provide additional resources to the Street Construction, Maintenance and Repair Special Revenue Fund and the Debt Service Fund from the Capital Improvement Reserve Fund. The Nonmajor Governmental Funds transfer to the Leisure Time Fund was made to provide additional resources from the Recreation Levy Special Revenue Fund. The Nonmajor Funds transfer to the Storm Drainage Utility Fund from the FEMA Public Assistance Fund was made to reimburse the fund for property purchases made for the Rain Garden Project. The monies were initially received as a FEMA Hazard Mitigation Program Federal Grant and were recorded in the FEMA Public Assistance Fund. The transfer to the Water Fund represents a reimbursement for expenses paid that were related to a Community Development Block Grant Project.

City of Cuyahoga Falls, Ohio

NOTE 14 - INTERFUND TRANSFERS AND BALANCES (CONTINUED)

B. Balances

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

Interfund balances, including advances, at December 31, 2007 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
<u>Governmental Funds</u>				
General Fund	\$ 1,531,443	\$ 173,119	\$ 0	\$ 0
Special Revenue Funds:				
Municipal Income Tax	0	2,073,813	0	0
Street Construction, Maintenance and Repair	0	8,563	0	0
Recreation Levy	365,904	14,674	0	0
CDBG	0	0	0	0
Probation	0	0	0	0
Suspended License Intervention Program	0	0	0	0
	<u>365,904</u>	<u>2,097,050</u>	<u>0</u>	<u>0</u>
Capital Projects Funds:				
Capital Projects	608,250	13,306	0	214,316
Capital Improvement Reserve	0	0	214,316	0
	<u>608,250</u>	<u>13,306</u>	<u>214,316</u>	<u>214,316</u>
Permanent Fund:				
Cemetery Perpetual Care	150	0	0	0
	<u>150</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Governmental Funds	<u>2,505,747</u>	<u>2,283,475</u>	<u>214,316</u>	<u>214,316</u>
<u>Proprietary Funds</u>				
Enterprise Funds:				
Sewage and Disposal	22,386	170,155	0	595,000
Water	0	262,887	0	0
Electric	897,403	2,963	795,000	0
Sanitation	45,853	144,125	0	200,000
Leisure Time	0	624,427	0	0
Storm Drainage Utility	29,205	0	0	0
	<u>994,847</u>	<u>1,204,557</u>	<u>795,000</u>	<u>795,000</u>
Internal Service Funds:				
Garage	0	12,562	0	0
Self-Insurance	0	0	0	0
Information Services	0	0	0	0
	<u>0</u>	<u>12,562</u>	<u>0</u>	<u>0</u>
Total Proprietary Funds	<u>994,847</u>	<u>1,217,119</u>	<u>795,000</u>	<u>795,000</u>
Total All Funds	<u>\$ 3,500,594</u>	<u>\$ 3,500,594</u>	<u>\$ 1,009,316</u>	<u>\$ 1,009,316</u>

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

Year	Capital Projects	Enterprise		Total
		Sewage and Disposal	Sanitation	
2008	\$ 214,316	\$ 85,000	\$ 100,000	\$ 399,316
*2009-2014	0	510,000	100,000	610,000
	<u>\$ 214,316</u>	<u>\$ 595,000</u>	<u>\$ 200,000</u>	<u>\$ 1,009,316</u>

NOTE 15 - RISK MANAGEMENT

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

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

A. Self -Insurance Internal Service Fund

On April 1, 2007, the City changed healthcare coverage to Medical Mutual of Ohio (MMO). Claims are fully paid by the City for full-time employees through the City's Self-Insurance Internal Service Fund, which provides funding for health-care coverage. MMO reviews all claims in accordance with the Summary Plan Description and claims are then paid by the Self-Insurance Fund. For the fiscal coverage year April 1, 2007 through March 31, 2008, the City has purchased specific stop-loss coverage of \$175,000 per person and aggregate stop-loss coverage of \$3,080,854.

The Self-Insurance Fund generates revenues by charging an actuarially determined premium to each fund based on the number of full-time employees enrolled for health-care coverage. The Self-Insurance Fund pays all claims, stop-loss coverage and administrative fees for health-care coverage. A liability, in the amount of \$420,219 has been recorded to reflect the outstanding claims as of December 31, 2007. Most health insurance claims are presented for payment to the City within several months after occurrence.

B. Workers' Compensation Internal Service Fund

As of December 31, 2007, the City completed its fifteenth consecutive year of participation with the Ohio Bureau of Workers' Compensation (BWC) Retrospective Rating Plan. This Plan requires the City to pay to the BWC only 27 to 32 percent of the experience rated premium, in addition to BWC administrative assessments and DWRP costs, as our minimum premium charge. In exchange, the City accepts a maximum individual claim liability between \$300,000 and \$400,000 and an aggregate claims liability of \$1,902,046. In addition, the BWC bills for all claim related medical and other expenses on an annual basis, for a period of ten years. At the tenth year, the BWC actuarially determines the expected future cost (reserve) of all active ten-year old claims and bills the City. The BWC then assumes all future liability for those claims. Active management of each claim, from inception, offers the City the opportunity to reduce the cost of each claim, thereby reducing the City's cost. For 2007, the retrospective rating minimum premium due from the City is \$250,539 and the total medical and other expenses paid is \$259,824, for a total of \$510,362. That is a savings \$249,182 from 2006 and a savings of \$417,560 over the experience rated premium of \$927,922.

City of Cuyahoga Falls, Ohio

NOTE 15 - RISK MANAGEMENT (CONTINUED)

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

	2005		2006		2007	
	Workers'		Workers'		Workers'	
	Self-Insurance	Compensation	Self-Insurance	Compensation	Self-Insurance	Compensation
Unpaid claims-January 1	\$ 693,801	\$ 1,426,570	\$ 1,070,223	\$ 1,148,336	\$ 1,225,977	\$ 967,227
Incurred claims (including IBNRs)	5,221,363	111,660	5,271,497	201,067	3,241,190	118,773
Claim payments made during the year	(4,844,941)	(389,894)	(5,115,743)	(382,176)	(4,046,948)	(259,824)
Unpaid claims-December 31	\$ 1,070,223	\$ 1,148,336	\$ 1,225,977	\$ 967,227	\$ 420,219	\$ 826,176

NOTE 16 - INVESTMENTS IN JOINT VENTURES

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

The City's Electric Enterprise Fund participates in a joint venture agreement with 20 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV1) for the purpose of providing electric power and energy to its participants on a cooperative basis. The electric generating facilities of OMEGA JV1, known as the Engle Units, are located in the City. Title to these six diesel-powered generating units was transferred to the 21 municipal electric systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a non-profit trade association and wholesale power supplier for most of Ohio's 85 municipal electric systems. Each member has a contract, which provides for AMP-Ohio to purchase the right to each participant's share of power and energy that is made available through the joint venture contract. The City's net investment and its share of the operating results of OMEGA JV-1 are reported in the City's statement of net assets as "investment in joint ventures". The city's equity interest in OMEGA JV-1 was \$125,889 at December 31, 2007. Complete financial statements for OMEGA JV-1 can be obtained from AMP-Ohio or from the City's Finance Director.

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

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

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

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

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007 the City of Cuyahoga Falls has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net obligation for these bonds at December 31, 2007 was \$2,996,363 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$2,935,531 at December 31, 2007. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us

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

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007 Cuyahoga Falls has met their debt coverage obligation.

City of Cuyahoga Falls, Ohio

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

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

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$1,491,879 at December 31, 2007. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

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

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007 Cuyahoga Falls has met their debt coverage obligation.

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

OMEGA JV6 is managed by American Municipal Power-Ohio, Inc., which acts as the joint venture’s agent. On July 30, 2004 AMP-Ohio issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The net proceeds of the bond issues were used to construct the OMEGA JV6 project. The City’s net obligation for these bonds at December 31, 2007 was \$1,856,222 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected).

The City’s net investment and its share of operating results of OMEGA JV6 are reported in the City’s electric fund (an enterprise fund). The City’s net investment to date in OMEGA JV6 was \$2,204,572 at December 31, 2007. Complete financial statements for OMEGA JV6 may be obtained from AMP-Ohio or from the State Auditor’s website at www.auditor.state.oh.us.

NOTE 17 – ACCOUNTABILITY AND COMPLIANCE

Total Appropriations vs. Expenditures Plus Encumbrances

Ohio Revised Code Sections 5705.41 (B) and (D) prohibit a subdivision or taxing unit from making an expenditure plus encumbrances unless it has been appropriated. Budgetary expenditures as enacted by the City may not exceed appropriations at the legal level of control for all funds.

As of December 31, 2007, the following fund had expenditures plus encumbrances in excess of final appropriations:

	Final Appropriations	Expenditures Plus Encumbrances	Excess
<u>General Fund</u>			
Fire:			
Other Operations	\$ 791,771	\$ 793,716	\$ 1,945
General Administration:			
Other Operations	\$ 788,768	\$ 791,294	\$ 2,526
Council:			
Other Operations	\$ 5,314	\$ 5,760	\$ 446
Mayor:			
Other Operations	\$ 21,483	\$ 22,409	\$ 926
Clerk of Courts:			
Other Operations	\$ 112,071	\$ 121,372	\$ 9,301
<u>Debt Service Fund</u>			
Debt Service			
Interest	\$ 176,415	\$ 176,673	\$ 258

City of Cuyahoga Falls, Ohio

NOTE 18 – CONSTRUCTION COMMITMENTS

As of December 31, 2007, the City had the following significant commitments with respect to projects requiring capital expenditures:

<u>Capital Project</u>	2007 Remaining Construction <u>Contract</u>	Expected Date of <u>Completion</u>
Electric Line Expansion into Ward 8	\$ 878,483	2008
Radio Systems for Dispatch Center	<u>513,780</u>	2008
Total Capital Projects	<u>\$ 1,392,263</u>	

NOTE 19 – CHANGES IN ACCOUNTING PRINCIPALS AND RESTATEMENT OF PRIOR YEAR BALANCES

A. Change in Accounting Principals

For fiscal year 2007, the City has implemented GASB Statement No. 48, “*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.*”

GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. The Statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the City.

B. Restatement of Prior Year’s Balance

Prior to 2007, GASB Statement No. 34 has allowed entities to defer reporting of infrastructure for four years. During 2007, the City was required to report historical costs for, at a minimum, all of its infrastructure added after 1980. Prior to this, the City was showing only additions of infrastructure from 2003 through 2006.

A restatement of net assets is necessary to convert the Storm Drainage Utility Fund from governmental activities to business-type activities. In 2007, the Storm Drainage Utility Fund’s pricing policies of the activity changed to focus more on charges for services to recover its costs, including capital costs.

City of Cuyahoga Falls, Ohio

NOTE 19 – CHANGES IN ACCOUNTING PRINCIPALS AND RESTATEMENT OF PRIOR YEAR BALANCES (CONTINUED)

The retroactive reporting of infrastructure and the conversion of the Storm Drainage Utility Fund from governmental activities to business-type activities had the following effect on the City’s net assets.

	Governmental Activities	Business-Type Activities
Net Assets December 31, 2006, as previously reported	\$ 59,486,760	\$ 57,749,868
Net Historical Value of the City’s Infrastructure	26,442,288	2,982,391
Conversion of Storm Drainage Utility Fund	(1,961,320)	1,961,320
Internal Balances eliminated from Governmental Activities due to conversion	17,470	
Net Assets, December 31, 2006, as restated	\$ 83,985,198	\$ 62,693,579

A restatement of fund balances and fund net assets is necessary to reflect the conversion of the Storm Drainage Utility Fund to an enterprise fund (as mentioned above).

The conversion had the following effect on the City’s governmental fund balances and enterprise fund net assets:

	Other Governmental Funds	Enterprise Fund- Storm Drainage Utility
Fund Equity, December 31, 2006, as previously reported	\$ 8,618,167	\$ -
Conversion of Storm Drainage Utility Fund	(580,185)	580,185
Inclusion of Capital Assets recorded as part of Governmental Activities in 2006		1,329,072
Inclusion of Compensated Absences Liability Recorded as part of Governmental Activities in 2006		(7,803)
Change in Deferred Revenue to Special Assessments Revenue due conversion		59,866
Net Historical Value of the City’s Storm Drainage Infrastructure		2,982,391
Fund Equity, December 31, 2006, as restated	\$ 8,037,982	\$ 4,943,711

**COMBINING STATEMENTS AND
INDIVIDUAL FUND STATEMENTS**

Major Governmental Funds

General Fund

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

Municipal Income Tax

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

Capital Projects

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

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 10,306,529	\$ 10,306,529	\$ 10,286,329	\$ (20,200)
Other local taxes	156,000	156,000	148,605	(7,395)
State levied shared taxes	4,446,572	4,480,572	4,852,444	371,872
Intergovernmental	29,000	29,000	19,000	(10,000)
Charges for services	5,870,650	5,860,650	5,677,802	(182,848)
Fees, licenses, and permits	546,900	546,900	619,169	72,269
Fines and forfeitures	288,500	288,500	333,725	45,225
Special assessments	-	-	355	355
Other	246,985	246,985	422,964	175,979
Total Revenues	21,891,136	21,915,136	22,360,393	445,257
Expenditures				
Current				
Security of persons and property				
Building				
Personal services	525,342	525,342	520,808	4,534
Other operations	82,315	88,315	82,430	5,885
Total - Building	607,657	613,657	603,238	10,419
Police				
Personal services	8,647,668	8,487,668	8,325,566	162,102
Other operations	1,395,260	1,422,260	1,284,325	137,935
Capital outlay	-	33,000	33,000	-
Total - Police	10,042,928	9,942,928	9,642,891	300,037
Fire				
Personal services	6,724,130	6,650,130	6,525,222	124,908
Other operations	717,771	791,771	793,716	(1,945)
Total - Fire	7,441,901	7,441,901	7,318,938	122,963
Technical services				
Personal services	496,984	486,984	453,568	33,416
Other operations	113,253	123,253	117,461	5,792
Total - Technical services	610,237	610,237	571,029	39,208
Police reserve				
Other operations	5,000	5,000	4,996	4
Total - Police reserve	5,000	5,000	4,996	4
DARE program				
Other operations	1,780	1,780	1,780	-
Total - DARE program	1,780	1,780	1,780	-
Total - Security of persons and property	18,709,503	18,615,503	18,142,872	472,631
Leisure time activities				
Parks & recreation				
Personal services	1,611,019	1,471,019	1,434,960	36,059
Other operations	647,763	787,763	747,662	40,101
Total - Leisure time activities	2,258,782	2,258,782	2,182,622	76,160

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended December 31, 2007**

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Riverfront Centre District				
Personal services	\$ 286,658	\$ 293,000	\$ 280,031	\$ 12,969
Other operations	265,890	279,048	247,391	31,657
Capital outlay	-	5,500	5,500	-
Total - Riverfront Centre District	552,548	577,548	532,922	44,626
Community / economic development				
Personal services	752,920	746,920	604,493	142,427
Other operations	192,013	198,013	173,162	24,851
Total - Community / economic development	944,933	944,933	777,655	167,278
Total - Community environment	1,497,481	1,522,481	1,310,577	211,904
General government				
General administration				
Other operations	778,768	788,768	791,294	(2,526)
Total - General administration	778,768	788,768	791,294	(2,526)
Council				
Personal services	222,194	222,194	221,998	196
Other operations	3,254	5,314	5,760	(446)
Total - Council	225,448	227,508	227,758	(250)
Mayor				
Personal services	195,188	197,088	197,079	9
Other operations	20,983	21,483	22,409	(926)
Total - Mayor	216,171	218,571	219,488	(917)
Finance director				
Personal services	664,127	668,247	668,243	4
Other operations	201,604	201,484	195,146	6,338
Total - Finance director	865,731	869,731	863,389	6,342
Law director				
Personal services	776,243	715,243	704,816	10,427
Other operations	299,341	299,341	199,621	99,720
Total - Law director	1,075,584	1,014,584	904,437	110,147
Service director				
Personal services	280,330	280,330	275,670	4,660
Other operations	33,124	33,124	30,691	2,433
Total - Service director	313,454	313,454	306,361	7,093
Municipal court				
Personal services	1,447,086	1,367,086	1,317,730	49,356
Other operations	102,345	102,345	70,251	32,094
Total - Municipal court	1,549,431	1,469,431	1,387,981	81,450
Clerk of courts				
Personal services	1,246,906	1,262,888	1,238,181	24,707
Other operations	138,053	112,071	121,372	(9,301)
Total - Clerk of courts	1,384,959	1,374,959	1,359,553	15,406

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2007

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government (continued)				
Civil service commission				
Personal services	\$ 12,453	\$ 13,153	\$ 13,145	\$ 8
Other operations	23,493	22,793	4,908	17,885
Total - Civil service commission	35,946	35,946	18,053	17,893
Engineering				
Personal services	922,994	922,994	893,507	29,487
Other operations	114,719	114,719	111,603	3,116
Total - Engineering	1,037,713	1,037,713	1,005,110	32,603
Human resources / records				
Personal services	295,954	295,954	288,075	7,879
Other operations	28,162	30,162	29,369	793
Total - Human resources / records	324,116	326,116	317,444	8,672
Print shop				
Personal services	23,983	23,983	13,941	10,042
Other operations	72,760	72,760	69,137	3,623
Total - Print shop	96,743	96,743	83,078	13,665
Building and grounds maintenance				
Personal services	794,148	734,148	726,663	7,485
Other operations	387,935	451,140	419,471	31,669
Capital outlay	3,205	-	-	-
Total - Building and grounds maintenance	1,185,288	1,185,288	1,146,134	39,154
Total - General government	9,089,352	8,958,812	8,630,080	328,732
Total Expenditures	31,555,118	31,355,578	30,266,151	1,089,427
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(9,663,982)	(9,440,442)	(7,905,758)	1,534,684
Other Financing Sources (Uses)				
Transfers in	12,363,234	13,042,862	13,091,348	48,486
Transfers out	(4,156,784)	(4,206,784)	(4,175,693)	31,091
Total Other Financing Sources (Uses)	8,206,450	8,836,078	8,915,655	79,577
Net change in fund balances	(1,457,532)	(604,364)	1,009,897	1,614,261
Fund Balance at Beginning of Year	3,156,245	3,156,245	3,156,245	-
Prior year encumbrances appropriated	256,245	256,245	256,245	-
Fund Balance at End of Year	\$ 1,954,958	\$ 2,808,126	\$ 4,422,387	\$ 1,614,261

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Income Tax Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal income taxes	\$ 17,780,329	\$ 18,630,329	\$ 18,656,602	\$ 26,273
Other	-	-	68	68
Total revenues	<u>17,780,329</u>	<u>18,630,329</u>	<u>18,656,670</u>	<u>26,341</u>
Expenditures				
Current				
General government				
Personal services	383,646	383,646	327,135	56,511
Other operations	653,268	608,268	559,139	49,129
Total expenditures	<u>1,036,914</u>	<u>991,914</u>	<u>886,274</u>	<u>105,640</u>
Excess (deficiency) of revenues over (under) expenditures	16,743,415	17,638,415	17,770,396	131,981
Other Financing Sources (Uses)				
Transfers out	(16,775,545)	(17,860,000)	(17,860,000)	-
Total other financing sources (uses)	<u>(16,775,545)</u>	<u>(17,860,000)</u>	<u>(17,860,000)</u>	<u>-</u>
Net change in fund balances	(32,130)	(221,585)	(89,604)	131,981
Fund balance at beginning of year	215,626	215,626	215,626	-
Prior year encumbrances appropriated	7,161	7,161	7,161	-
Fund balance at end of year	<u>\$ 190,657</u>	<u>\$ 1,202</u>	<u>\$ 133,183</u>	<u>\$ 131,981</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects Fund For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 848,000	\$ 1,008,000	\$ 1,330,645	\$ 322,645
Charges for services	1,335,000	1,210,000	1,310,471	100,471
Special assessments	98,846	98,846	104,575	5,729
Other	108,000	83,000	104,839	21,839
Total revenues	2,389,846	2,399,846	2,850,530	450,684
Expenditures				
Current				
Capital outlay	9,251,725	8,870,725	8,414,682	456,043
Debt service				
Principal	4,947,709	4,945,709	4,945,708	1
Interest	208,914	208,914	208,914	-
Total expenditures	14,408,348	14,025,348	13,569,304	456,044
Excess (deficiency) of revenues over (under) expenditures				
	(12,018,502)	(11,625,502)	(10,718,774)	906,728
Other Financing Sources (Uses)				
Bond/note proceeds	4,100,000	3,600,000	3,156,469	(443,531)
Capital lease proceeds	-	150,000	592,231	442,231
Transfers in	4,935,267	5,238,338	5,238,338	-
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	8,985,267	8,938,338	8,937,038	(1,300)
Net change in fund balances	(3,033,235)	(2,687,164)	(1,781,736)	905,428
Fund balance at beginning of year	2,273,818	2,273,818	2,273,818	-
Prior year encumbrances appropriated	1,629,928	1,629,928	1,629,928	-
Fund balance at end of year	\$ 870,511	\$ 1,216,582	\$ 2,122,010	\$ 905,428

Nonmajor Governmental Funds

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

Nonmajor Governmental Funds (Continued)

Suspended License Intervention Program	To account for fees received from individuals who are charged with certain driver's license violations that come before the Municipal Court to offset the cost of services to educate these violators in complying with applicable laws.
Drug Law Enforcement	To account for fines received by the City that are restricted under the Ohio Revised Code to subsidize law enforcement efforts that pertain to drug offenses.
Law Enforcement Trust	To account for proceeds from the sale of contraband that are restricted to subsidizing law enforcement efforts.
Indigent Drivers Alcohol Treatment	To account for proceeds realized from fines to pay the cost of an alcohol and drug addiction treatment program attended by an offender who is ordered to attend such a program by a county or municipal court judge and who is determined by such county or municipal court judge not to have the means to pay for his attendance at such program.
Enforcement and Education	To account for proceeds realized from fines to pay only those costs incurred in enforcing Section 4511.19 of the Ohio Revised Code or a substantially similar municipal ordinance and in educating the public of laws governing the operation of a motor vehicle and the dangers of operation of a motor vehicle while under the influence of alcohol and other information relating to the operation of a motor vehicle and the consumption of alcoholic beverages.
Municipal Motor Vehicle License Tax	Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of certain streets within the City.
Court Computer	To account for the portion of court costs received by the City for the computerization and use of Computerized Legal Research for the operations of the Cuyahoga Falls Municipal Court.
Federal Law Enforcement	To account for the subsidy received by the Police Department for its efforts pertaining to (1) complex investigations/prosecutions by the City's Police/Law Departments; (2) provision of technical training or expertise of a law enforcement nature for Police Department members; (3) provision of matching funds to obtain federal grants; and (4) for such other law enforcement purposes that are deemed appropriate.
FEMA Public Assistance	To account for FEMA Public Assistance Grant Funding relating to storm damage.
Debt Service Fund	To account for the accumulation of resources for and payment of general obligation principal, interest, and related expenditures.

Nonmajor Governmental Funds (Continued)

Capital Improvement Reserve

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

Cemetery Perpetual Care Permanent Fund

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

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Governmental Funds December 31, 2007

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvement Reserve Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 3,420,536	\$ -	\$ 1,149,124	\$ -	\$ 4,569,660
Cash and cash equivalents - restricted	-	12,386	-	116,170	128,556
Investments - restricted accounts	-	8,000	-	95,000	103,000
Receivables					
Taxes	568,296	-	-	-	568,296
Accounts					
(net of allowance for uncollectibles)	195,056	-	424	-	195,480
Loans	1,850,646	-	-	-	1,850,646
Special assessments	-	179,419	438,483	-	617,902
Accrued interest	-	48	55,460	458	55,966
Due from other funds	365,904	-	-	150	366,054
Due from other governments	1,074,855	-	634	-	1,075,489
Inventory of supplies	436,820	-	-	-	436,820
Prepaid items	20,415	-	-	-	20,415
Advances to other funds	-	-	214,316	-	214,316
Total assets	7,932,528	199,853	1,858,441	211,778	10,202,600
Liabilities and Fund Balances					
Liabilities					
Accounts payable	178,416	-	26,796	-	205,212
Accrued salaries, wages and benefits	52,413	-	-	-	52,413
Deferred revenue	1,211,003	179,467	454,450	508	1,845,428
Due to other funds	23,237	-	-	-	23,237
Due to other governments	63,029	-	-	-	63,029
Total liabilities	1,528,098	179,467	481,246	508	2,189,319
Fund Balances					
Reserved for encumbrances	286,070	-	-	-	286,070
Reserved for prepaid items	20,415	-	-	-	20,415
Reserved for advances	-	-	214,316	-	214,316
Reserved for inventory of supplies	436,820	-	-	-	436,820
Reserved for loans receivable	1,850,646	-	-	-	1,850,646
Reserved for debt service	-	20,386	-	-	20,386
Reserved for cemetery perpetual care	-	-	-	211,270	211,270
Unreserved - undesignated	3,810,479	-	1,162,879	-	4,973,358
Total fund balances	6,404,430	20,386	1,377,195	211,270	8,013,281
Total liabilities and fund balances	\$ 7,932,528	\$ 199,853	\$ 1,858,441	\$ 211,778	\$ 10,202,600

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended December 31, 2007**

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvement Reserve Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Property taxes	\$ 593,442	\$ -	\$ -	\$ -	\$ 593,442
Other local taxes	238,718	-	-	-	238,718
State levied shared taxes	2,318,995	-	-	-	2,318,995
Intergovernmental	1,107,392	-	-	-	1,107,392
Charges for services	152,800	-	-	5,315	158,115
Fees, licenses and permits	1,537,158	-	-	-	1,537,158
Interest earnings	3,254	16,545	2,025,480	9,489	2,054,768
Fines and forfeitures	89,990	-	-	-	89,990
Special assessments	-	85,637	98,806	-	184,443
Other	142,932	-	40,477	-	183,409
Total revenues	6,184,681	102,182	2,164,763	14,804	8,466,430
Expenditures					
Current					
Security of persons and property	2,444,734	-	-	-	2,444,734
Leisure time activities	86,764	-	-	-	86,764
Community environment	996,672	-	-	-	996,672
Street maintenance	4,110,655	-	-	-	4,110,655
General government	1,141,075	-	26,861	9,368	1,177,304
Capital outlay	214,600	-	-	-	214,600
Debt Service					
Principal	285,924	678,212	-	-	964,136
Interest	204,268	176,673	-	-	380,941
Total expenditures	9,484,692	854,885	26,861	9,368	10,375,806
Excess (deficiency) of revenues over (under) expenditures					
	(3,300,011)	(752,703)	2,137,902	5,436	(1,909,376)
Other Financing Sources (Uses)					
Transfers in	4,340,095	750,000	-	-	5,090,095
Transfers out	(1,170,964)	-	(2,025,000)	-	(3,195,964)
Total other financing sources (uses)	3,169,131	750,000	(2,025,000)	-	1,894,131
Net change in fund balances	(130,880)	(2,703)	112,902	5,436	(15,245)
Fund balance at beginning of year	6,544,766	23,089	1,264,293	205,834	8,037,982
Change in reserve for inventory	(7,230)	-	-	-	(7,230)
Change in reserve for prepaid items	(2,226)	-	-	-	(2,226)
Fund balance at end of year	\$ 6,404,430	\$ 20,386	\$ 1,377,195	\$ 211,270	\$ 8,013,281

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2007

(Continued)

	<u>State Highway Improvement</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Recreation Levy</u>	<u>Permissive Tax</u>
Assets						
Equity in pooled cash and cash equivalents	\$ 3,178	\$ 487,319	\$ 65,199	\$ 30,839	\$ 147,170	\$ 2
Receivables						
Taxes	-	-	284,148	284,148	-	-
Accounts						
(net of allowance for uncollectibles)	-	193,894	-	-	-	-
Loans	-	-	-	-	-	-
Due from other funds	-	-	-	-	365,904	-
Due from other governments	69,602	859,330	17,454	17,454	-	35,456
Inventory of supplies	-	436,820	-	-	-	-
Prepaid items	-	20,383	-	-	-	-
Total assets	<u>72,780</u>	<u>1,997,746</u>	<u>366,801</u>	<u>332,441</u>	<u>513,074</u>	<u>35,458</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	-	67,254	-	-	-	-
Accrued salaries, wages and benefits	-	51,203	-	-	-	-
Deferred revenue	45,603	562,422	301,489	301,489	-	-
Due to other funds	-	8,563	-	-	14,674	-
Due to other governments	-	7,735	24,427	30,681	-	-
Total liabilities	<u>45,603</u>	<u>697,177</u>	<u>325,916</u>	<u>332,170</u>	<u>14,674</u>	<u>-</u>
Fund Balances						
Reserved for encumbrances	-	88,584	-	-	3,735	-
Reserved for prepaid items	-	20,383	-	-	-	-
Reserved for inventory of supplies	-	436,820	-	-	-	-
Reserved for loans receivable	-	-	-	-	-	-
Unreserved - undesignated	27,177	754,782	40,885	271	494,665	35,458
Total fund balances	<u>27,177</u>	<u>1,300,569</u>	<u>40,885</u>	<u>271</u>	<u>498,400</u>	<u>35,458</u>
Total liabilities and fund balances	<u>\$ 72,780</u>	<u>\$ 1,997,746</u>	<u>\$ 366,801</u>	<u>\$ 332,441</u>	<u>\$ 513,074</u>	<u>\$ 35,458</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2007

(Continued)

	<u>Court Special Projects</u>	<u>Community and Economic Development</u>	<u>Community Development Block Grant</u>	<u>Probation</u>	<u>Enterprise Zone / Community Reinvestment Area</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 811,074	\$ 2,405	\$ 312,273	\$ 189,409	\$ 13,876
Receivables					
Taxes	-	-	-	-	-
Accounts					
(net of allowance for uncollectibles)	-	-	-	-	1,162
Loans	-	-	1,850,646	-	-
Due from other funds	-	-	-	-	-
Due from other governments	50,534	-	-	7,097	450
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	32	-	-
Total assets	<u>861,608</u>	<u>2,405</u>	<u>2,162,951</u>	<u>196,506</u>	<u>15,488</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	-	-	86,938	-	-
Accrued salaries, wages and benefits	-	-	1,210	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	186	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>88,334</u>	<u>-</u>	<u>-</u>
Fund Balances					
Reserved for encumbrances	-	-	185,904	3,018	100
Reserved for prepaid items	-	-	32	-	-
Reserved for inventory of supplies	-	-	-	-	-
Reserved for loans receivable	-	-	1,850,646	-	-
Unreserved - undesignated	861,608	2,405	38,035	193,488	15,388
Total fund balances	<u>861,608</u>	<u>2,405</u>	<u>2,074,617</u>	<u>196,506</u>	<u>15,488</u>
Total liabilities and fund balances	<u>\$ 861,608</u>	<u>\$ 2,405</u>	<u>\$ 2,162,951</u>	<u>\$ 196,506</u>	<u>\$ 15,488</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2007

(Continued)

	Suspended License Intervention Program	Drug Law Enforcement	Law Enforcement Trust	Indigent Drivers Alcohol Treatment	Enforcement and Education
ASSETS					
Equity in pooled cash and cash equivalents	\$ 42,178	\$ 56,775	\$ 80,450	\$ 699,896	\$ 47,882
Receivables					
Taxes	-	-	-	-	-
Accounts					
(net of allowance for uncollectibles)	-	-	-	-	-
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	1,026	4,411	1,235	885
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	42,178	57,801	84,861	701,131	48,767
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	-	3,176	-	3,739	-
Accrued salaries, wages and benefits	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Total liabilities	-	3,176	-	3,739	-
Fund Balances					
Reserved for encumbrances	-	1,549	-	-	-
Reserved for prepaid items	-	-	-	-	-
Reserved for inventory of supplies	-	-	-	-	-
Reserved for loans receivable	-	-	-	-	-
Unreserved - undesignated	42,178	53,076	84,861	697,392	48,767
Total fund balances	42,178	54,625	84,861	697,392	48,767
Total liabilities and fund balances	\$ 42,178	\$ 57,801	\$ 84,861	\$ 701,131	\$ 48,767

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2007

(Continued)

	<u>Municipal Motor Vehicle License Tax</u>	<u>Court Computer</u>	<u>Federal Law Enforcement</u>	<u>FEMA Public Assistance</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS					
Equity in pooled cash and cash equivalents	\$ 7,086	\$ 339,865	\$ 68,367	\$ 15,293	\$ 3,420,536
Receivables					
Taxes	-	-	-	-	568,296
Accounts					
(net of allowance for uncollectibles)	-	-	-	-	195,056
Loans	-	-	-	-	1,850,646
Due from other funds	-	-	-	-	365,904
Due from other governments	-	9,921	-	-	1,074,855
Inventory of supplies	-	-	-	-	436,820
Prepaid items	-	-	-	-	20,415
Total assets	<u>7,086</u>	<u>349,786</u>	<u>68,367</u>	<u>15,293</u>	<u>7,932,528</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	-	17,309	-	-	178,416
Accrued salaries, wages and benefits	-	-	-	-	52,413
Deferred revenue	-	-	-	-	1,211,003
Due to other funds	-	-	-	-	23,237
Due to other governments	-	-	-	-	63,029
Total liabilities	<u>-</u>	<u>17,309</u>	<u>-</u>	<u>-</u>	<u>1,528,098</u>
Fund Balances					
Reserved for encumbrances	-	3,180	-	-	286,070
Reserved for prepaid items	-	-	-	-	20,415
Reserved for inventory of supplies	-	-	-	-	436,820
Reserved for loans receivable	-	-	-	-	1,850,646
Unreserved - undesignated	7,086	329,297	68,367	15,293	3,810,479
Total fund balances	<u>7,086</u>	<u>332,477</u>	<u>68,367</u>	<u>15,293</u>	<u>6,404,430</u>
Total liabilities and fund balances	<u>\$ 7,086</u>	<u>\$ 349,786</u>	<u>\$ 68,367</u>	<u>\$ 15,293</u>	<u>\$ 7,932,528</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2007

(Continued)

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension	Recreation Levy	Permissive Tax
Revenues						
Property taxes	\$ -	\$ -	\$ 296,721	\$ 296,721	\$ -	\$ -
Other local taxes	-	238,492	113	113	-	-
State levied shared taxes	145,815	1,802,015	29,015	29,015	-	213,870
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fees, licenses, and permits	-	565,825	-	-	-	-
Interest earnings	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Other	-	17,866	-	-	81	-
Total revenues	<u>145,815</u>	<u>2,624,198</u>	<u>325,849</u>	<u>325,849</u>	<u>81</u>	<u>213,870</u>
Expenditures						
Current						
Security of persons and property	-	-	1,066,797	1,285,576	-	-
Leisure time activities	-	-	-	-	86,764	-
Community environment	-	-	-	-	-	-
Street maintenance	177,145	3,794,695	-	-	-	-
General government	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	214,600
Debt service						
Principal	-	-	-	-	285,924	-
Interest	-	-	-	-	204,268	-
Total expenditures	<u>177,145</u>	<u>3,794,695</u>	<u>1,066,797</u>	<u>1,285,576</u>	<u>576,956</u>	<u>214,600</u>
Excess (deficiency) of revenues over (under) expenditures	(31,330)	(1,170,497)	(740,948)	(959,727)	(576,875)	(730)
Other Financing Sources (Uses)						
Transfers in	-	1,275,000	710,000	945,000	1,410,095	-
Transfers out	-	-	-	-	(750,000)	-
Total other financing sources (uses)	<u>-</u>	<u>1,275,000</u>	<u>710,000</u>	<u>945,000</u>	<u>660,095</u>	<u>-</u>
Net change in fund balances	(31,330)	104,503	(30,948)	(14,727)	83,220	(730)
Fund balance at beginning of year	58,507	1,205,519	71,833	14,998	415,180	36,188
Change in reserve for inventory	-	(7,230)	-	-	-	-
Change in reserve for prepaid items	-	(2,223)	-	-	-	-
Fund balance at end of year	<u>\$ 27,177</u>	<u>\$ 1,300,569</u>	<u>\$ 40,885</u>	<u>\$ 271</u>	<u>\$ 498,400</u>	<u>\$ 35,458</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	<u>Court Special Projects</u>	<u>Community and Economic Development</u>	<u>Community Development Block Grant</u>	<u>Probation</u>	<u>Enterprise Zone / Community Reinvestment Area</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-
State levied shared taxes	-	-	-	-	-
Intergovernmental	-	-	703,273	-	-
Charges for services	-	-	-	-	-
Fees, licenses, and permits	833,881	-	-	133,491	3,435
Interest earnings	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Other	-	2	105,898	-	2,112
Total revenues	<u>833,881</u>	<u>2</u>	<u>809,171</u>	<u>133,491</u>	<u>5,547</u>
Expenditures					
Current					
Security of persons and property	-	-	-	46,427	-
Leisure time activities	-	-	-	-	-
Community environment	-	-	994,635	-	2,037
Street maintenance	-	-	-	-	-
General government	1,054,846	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>1,054,846</u>	<u>-</u>	<u>994,635</u>	<u>46,427</u>	<u>2,037</u>
Excess (deficiency) of revenues over (under) expenditures	(220,965)	2	(185,464)	87,064	3,510
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(15,391)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(15,391)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(220,965)	2	(200,855)	87,064	3,510
Fund balance at beginning of year	1,082,573	2,403	2,275,475	109,442	11,978
Change in reserve for inventory	-	-	-	-	-
Change in reserve for prepaid items	-	-	(3)	-	-
Fund balance at end of year	<u>\$ 861,608</u>	<u>\$ 2,405</u>	<u>\$ 2,074,617</u>	<u>\$ 196,506</u>	<u>\$ 15,488</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2007

(Continued)

	Suspended License Intervention Program	Drug Law Enforcement	Law Enforcement Trust	Indigent Drivers Alcohol Treatment	Enforcement and Education
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-
State levied shared taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, licenses, and permits	-	526	-	-	-
Interest earnings	-	-	-	-	-
Fines and forfeitures	-	13,047	13,608	55,681	7,654
Other	-	13,228	-	-	3,745
Total revenues	-	26,801	13,608	55,681	11,399
Expenditures					
Current					
Security of persons and property	-	26,731	3,577	3,739	1,866
Leisure time activities	-	-	-	-	-
Community environment	-	-	-	-	-
Street maintenance	-	-	-	-	-
General government	1,500	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	1,500	26,731	3,577	3,739	1,866
Excess (deficiency) of revenues over (under) expenditures	(1,500)	70	10,031	51,942	9,533
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	(1,500)	70	10,031	51,942	9,533
Fund balance at beginning of year	43,678	54,555	74,830	645,450	39,234
Change in reserve for inventory	-	-	-	-	-
Change in reserve for prepaid items	-	-	-	-	-
Fund balance at end of year	\$ 42,178	\$ 54,625	\$ 84,861	\$ 697,392	\$ 48,767

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

(Continued)

	<u>Municipal Motor Vehicle License Tax</u>	<u>Court Computer</u>	<u>Federal Law Enforcement</u>	<u>FEMA Public Assistance</u>	<u>Total Nonmajor Special Revenue</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 593,442
Other local taxes	-	-	-	-	238,718
State levied shared taxes	99,265	-	-	-	2,318,995
Intergovernmental	-	-	-	404,119	1,107,392
Charges for services	-	152,800	-	-	152,800
Fees, licenses, and permits	-	-	-	-	1,537,158
Interest earnings	-	-	3,254	-	3,254
Fines and forfeitures	-	-	-	-	89,990
Other	-	-	-	-	142,932
Total revenues	<u>99,265</u>	<u>152,800</u>	<u>3,254</u>	<u>404,119</u>	<u>6,184,681</u>
Expenditures					
Current					
Security of persons and property	-	-	1,880	8,141	2,444,734
Leisure time activities	-	-	-	-	86,764
Community environment	-	-	-	-	996,672
Street maintenance	138,815	-	-	-	4,110,655
General government	-	84,729	-	-	1,141,075
Capital outlay	-	-	-	-	214,600
Debt service					
Principal	-	-	-	-	285,924
Interest	-	-	-	-	204,268
Total expenditures	<u>138,815</u>	<u>84,729</u>	<u>1,880</u>	<u>8,141</u>	<u>9,484,692</u>
Excess (deficiency) of revenues over (under) expenditures	(39,550)	68,071	1,374	395,978	(3,300,011)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	4,340,095
Transfers out	-	-	-	(405,573)	(1,170,964)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(405,573)</u>	<u>3,169,131</u>
Net change in fund balances	(39,550)	68,071	1,374	(9,595)	(130,880)
Fund balance at beginning of year	46,636	264,406	66,993	24,888	6,544,766
Change in reserve for inventory	-	-	-	-	(7,230)
Change in reserve for prepaid items	-	-	-	-	(2,226)
Fund balance at end of year	<u>\$ 7,086</u>	<u>\$ 332,477</u>	<u>\$ 68,367</u>	<u>\$ 15,293</u>	<u>\$ 6,404,430</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - State Highway Improvement Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 146,750	\$ 146,750	\$ 145,980	\$ (770)
Total revenues	146,750	146,750	145,980	(770)
Expenditures				
Current				
Street maintenance				
Other operations	204,429	204,429	204,429	-
Total expenditures	204,429	204,429	204,429	-
Net change in fund balances	(57,679)	(57,679)	(58,449)	(770)
Fund balance at beginning of year	17,198	17,198	17,198	-
Prior year encumbrances appropriated	44,429	44,429	44,429	-
Fund balance at end of year	\$ 3,948	\$ 3,948	\$ 3,178	\$ (770)

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Street Construction, Maintenance and
Repair Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local taxes	170,000	170,000	183,598	13,598
State levied shared taxes	1,829,000	1,829,000	1,804,052	(24,948)
Fees, licenses, and permits	510,000	547,625	546,751	(874)
Other	2,000	2,000	16,110	14,110
Total revenues	<u>2,511,000</u>	<u>2,548,625</u>	<u>2,550,511</u>	<u>1,886</u>
Expenditures				
Current				
Street maintenance				
Personal services	2,413,830	2,403,830	2,336,073	67,757
Other operations	1,614,134	1,624,134	1,623,958	176
Total expenditures	<u>4,027,964</u>	<u>4,027,964</u>	<u>3,960,031</u>	<u>67,933</u>
Excess (deficiency) of revenues				
over (under) expenditures	(1,516,964)	(1,479,339)	(1,409,520)	69,819
Other Financing Sources (Uses)				
Transfers in	1,275,000	1,275,000	1,275,000	-
Total other financing sources (uses)	<u>1,275,000</u>	<u>1,275,000</u>	<u>1,275,000</u>	<u>-</u>
Net change in fund balances	(241,964)	(204,339)	(134,520)	69,819
Fund balance at beginning of year	378,328	378,328	378,328	-
Prior year encumbrances appropriated	98,804	98,804	98,804	-
Fund balance at end of year	<u>\$ 235,168</u>	<u>\$ 272,793</u>	<u>\$ 342,612</u>	<u>\$ 69,819</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Police Pension Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 297,303	\$ 297,303	\$ 296,721	\$ (582)
Other local taxes	148	148	115	(33)
State levied shared taxes	29,079	29,079	29,015	(64)
Total revenues	326,530	326,530	325,851	(679)
Expenditures				
Current				
Security of persons and property				
Personal services	1,135,224	1,135,074	1,073,645	61,429
Other operations	4,200	4,350	4,337	13
Total expenditures	1,139,424	1,139,424	1,077,982	61,442
Excess (deficiency) of revenues over (under) expenditures	(812,894)	(812,894)	(752,131)	60,763
Other Financing Sources (Uses)				
Transfers in	725,000	710,000	710,000	-
Total other financing sources (uses)	725,000	710,000	710,000	-
Net change in fund balances	(87,894)	(102,894)	(42,131)	60,763
Fund balance at beginning of year	107,330	107,330	107,330	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 19,436	\$ 4,436	\$ 65,199	\$ 60,763

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Fire Pension Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 297,303	\$ 297,303	\$ 296,721	\$ (582)
Other local taxes	148	148	115	(33)
State levied shared taxes	29,079	29,079	29,015	(64)
Total revenues	<u>326,530</u>	<u>326,530</u>	<u>325,851</u>	<u>(679)</u>
Expenditures				
Current				
Security of persons and property				
Personal services	1,319,531	1,319,381	1,277,902	41,479
Other operations	4,200	4,350	4,337	13
Total expenditures	<u>1,323,731</u>	<u>1,323,731</u>	<u>1,282,239</u>	<u>41,492</u>
Excess (deficiency) of revenues over (under) expenditures	(997,201)	(997,201)	(956,388)	40,813
Other Financing Sources (Uses)				
Transfers in	960,000	955,000	945,000	(10,000)
Total other financing sources (uses)	<u>960,000</u>	<u>955,000</u>	<u>945,000</u>	<u>(10,000)</u>
Net change in fund balances	(37,201)	(42,201)	(11,388)	30,813
Fund balance at beginning of year	42,227	42,227	42,227	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 5,026</u>	<u>\$ 26</u>	<u>\$ 30,839</u>	<u>\$ 30,813</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Recreation Levy Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	-	-	81	81
Total revenues	-	-	81	81
Expenditures				
Current				
Leisure time activities				
Other operations	103,916	103,916	90,972	12,944
Total - leisure time activities	103,916	103,916	90,972	12,944
Debt service				
Principal	285,925	285,925	285,924	1
Interest	204,269	204,269	204,268	1
Total expenditures	594,110	594,110	581,164	12,946
Excess (deficiency) of revenues over (under) expenditures	(594,110)	(594,110)	(581,083)	13,027
Other Financing Sources (Uses)				
Transfers in	1,342,044	1,428,800	1,428,800	-
Transfers out	(750,000)	(750,000)	(750,000)	-
Total other financing sources (uses)	592,044	678,800	678,800	-
Net change in fund balances	(2,066)	84,690	97,717	13,027
Fund balance at beginning of year	36,207	36,207	36,207	-
Prior year encumbrances appropriated	9,511	9,511	9,511	-
Fund balance at end of year	\$ 43,652	\$ 130,408	\$ 143,435	\$ 13,027

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Permissive Tax Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State levied shared taxes	\$ 220,000	\$ 214,600	\$ 214,600	\$ -
Total revenues	220,000	214,600	214,600	-
Expenditures				
Current				
Capital outlay	220,000	214,600	214,600	-
Total expenditures	220,000	214,600	214,600	-
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	2	2	2	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Court Special Projects Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, licenses, and permits	\$ 600,000	\$ 824,500	\$ 824,664	\$ 164
Total revenues	600,000	824,500	824,664	164
Expenditures				
Current				
General government				
Other operations	403,000	353,000	5,698	347,302
Capital outlay	1,000,000	1,050,000	1,049,148	852
Total expenditures	1,403,000	1,403,000	1,054,846	348,154
Net change in fund balances	(803,000)	(578,500)	(230,182)	348,318
Fund balance at beginning of year	1,041,256	1,041,256	1,041,256	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 238,256	\$ 462,756	\$ 811,074	\$ 348,318

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Community and Economic
Development Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other	\$ -	\$ -	\$ 2	\$ 2
Total Revenues	-	-	2	2
Expenditures				
Current				
Community environment				
Other operations	2,401	2,401	-	2,401
Total expenditures	2,401	2,401	-	2,401
Net change in fund balances	(2,401)	(2,401)	2	2,403
Fund balance at beginning of year	2,403	2,403	2,403	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2,405</u>	<u>\$ 2,403</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Community Development Block Grant Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,609,680	\$ 884,680	\$ 770,889	(113,791)
Other	65,559	65,559	170,527	104,968
Total revenues	1,675,239	950,239	941,416	(8,823)
Expenditures				
Current				
Community environment				
Personal services	73,069	74,350	74,132	218
Other operations	764,625	423,168	351,079	72,089
Capital outlay	845,000	848,650	848,647	3
Total expenditures	1,682,694	1,346,168	1,273,858	72,310
Excess (deficiency) of revenues over (under) expenditures				
	(7,455)	(395,929)	(332,442)	63,487
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(15,392)	(15,391)	1
Total other financing sources (uses)	-	(15,392)	(15,391)	1
Net change in fund balances				
	(7,455)	(411,321)	(347,833)	63,488
Fund balance at beginning of year	344,364	344,364	344,364	-
Prior year encumbrances appropriated	75,425	75,425	75,425	-
Fund balance at end of year	\$ 412,334	\$ 8,468	\$ 71,956	\$ 63,488

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Probation Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, licenses, and permits	\$ 195,000	\$ 135,000	\$ 135,383	\$ 383
Total revenues	195,000	135,000	135,383	383
Expenditures				
Current				
Security of persons and property				
Other operations	125,699	85,699	55,573	30,126
Total expenditures	125,699	85,699	55,573	30,126
Net change in fund balances	69,301	49,301	79,810	30,509
Fund balance at beginning of year	106,581	106,581	106,581	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 175,882</u>	<u>\$ 155,882</u>	<u>\$ 186,391</u>	<u>\$ 30,509</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Zone/Community Reinvestment Area Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, licenses, and permits	\$ 3,000	\$ 3,500	\$ 3,435	\$ (65)
Other	-	500	1,000	500
Total revenues	3,000	4,000	4,435	435
Expenditures				
Current				
Community environment				
Other operations	2,600	2,600	2,244	356
Total expenditures	2,600	2,600	2,244	356
Net change in fund balances	400	1,400	2,191	791
Fund balance at beginning of year	11,585	11,585	11,585	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 11,985	\$ 12,985	\$ 13,776	\$ 791

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis) - Suspended License Intervention
 Program Fund
 For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, licenses, and permits	\$ 40,000	\$ -	\$ -	\$ -
Total revenues	40,000	-	-	-
Expenditures				
Current				
General government				
Other operations	46,677	6,677	1,500	5,177
Capital outlay	30,000	-	-	-
Total expenditures	<u>76,677</u>	<u>6,677</u>	<u>1,500</u>	<u>5,177</u>
Net change in fund balances	(36,677)	(6,677)	(1,500)	5,177
Fund balance at beginning of year	43,678	43,678	43,678	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 7,001</u>	<u>\$ 37,001</u>	<u>\$ 42,178</u>	<u>\$ 5,177</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Drug Law Enforcement Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 14,512	\$ (488)
Other	-	-	13,228	13,228
Total revenues	15,000	15,000	27,740	12,740
Expenditures				
Current				
Security of persons and property				
Other operations	20,450	29,650	28,296	1,354
Capital outlay	19,000	9,800	-	9,800
Total expenditures	39,450	39,450	28,296	11,154
Net change in fund balances	(24,450)	(24,450)	(556)	23,894
Fund balance at beginning of year	51,906	51,906	51,906	-
Prior year encumbrances appropriated	700	700	700	-
Fund balance at end of year	\$ 28,156	\$ 28,156	\$ 52,050	\$ 23,894

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Trust Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 12,000	\$ 16,000	\$ 16,044	\$ 44
Total revenues	12,000	16,000	16,044	44
Expenditures				
Current				
Security of persons and property				
Other operations	13,900	8,900	3,577	5,323
Total expenditures	13,900	8,900	3,577	5,323
Net change in fund balances	(1,900)	7,100	12,467	5,367
Fund balance at beginning of year	67,583	67,583	67,583	-
Prior year encumbrances appropriated	400	400	400	-
Fund balance at end of year	<u>\$ 66,083</u>	<u>\$ 75,083</u>	<u>\$ 80,450</u>	<u>\$ 5,367</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Indigent Drivers Alcohol Treatment Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 52,800	\$ 56,800	\$ 55,956	\$ (844)
Total revenues	52,800	56,800	55,956	(844)
Expenditures				
Current				
Security of persons and property				
Other operations	689,495	9,495	-	9,495
Total expenditures	689,495	9,495	-	9,495
Net change in fund balances	(636,695)	47,305	55,956	8,651
Fund balance at beginning of year	643,940	643,940	643,940	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 7,245	\$ 691,245	\$ 699,896	\$ 8,651

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Enforcement and Education Fund
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 7,000	\$ 7,000	\$ 8,024	\$ 1,024
Other	5,000	5,000	3,410	(1,590)
Total revenues	12,000	12,000	11,434	(566)
Expenditures				
Current				
Security of persons and property				
Other operations	20,000	10,000	1,866	8,134
Total expenditures	20,000	10,000	1,866	8,134
Net change in fund balances	(8,000)	2,000	9,568	7,568
Fund balance at beginning of year	38,314	38,314	38,314	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 30,314	\$ 40,314	\$ 47,882	\$ 7,568

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Motor Vehicle License Tax Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 107,500	\$ 128,162	\$ 128,162	\$ -
Total revenues	107,500	128,162	128,162	-
Expenditures				
Current				
Street maintenance				
Other operations	143,679	164,179	157,679	6,500
Total expenditures	143,679	164,179	157,679	6,500
Net change in fund balances	(36,179)	(36,017)	(29,517)	6,500
Fund balance at beginning of year	424	424	424	-
Prior year encumbrances appropriated	36,179	36,179	36,179	-
Fund balance at end of year	\$ 424	\$ 586	\$ 7,086	\$ 6,500

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Court Computer Fund
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 158,700	\$ 153,700	\$ 153,661	\$ (39)
Total revenues	158,700	153,700	153,661	(39)
Expenditures				
Current				
General government				
Other operations	225,791	225,791	72,548	153,243
Capital outlay	150,000	50,000	1,318	48,682
Total expenditures	375,791	275,791	73,866	201,925
Net change in fund balances	(217,091)	(122,091)	79,795	201,886
Fund balance at beginning of year	256,890	256,890	256,890	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 39,799	\$ 134,799	\$ 336,685	\$ 201,886

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Federal Law Enforcement Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	-	-	3,254	3,254
Total revenues	-	-	3,254	3,254
Expenditures				
Current				
Security of persons and property				
Other operations	3,672	3,672	1,880	1,792
Total expenditures	3,672	3,672	1,880	1,792
Net change in fund balances	(3,672)	(3,672)	1,374	5,046
Fund balance at beginning of year	66,821	66,821	66,821	-
Prior year encumbrances appropriated	172	172	172	-
Fund balance at end of year	\$ 63,321	\$ 63,321	\$ 68,367	\$ 5,046

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - FEMA Public Assistance Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 405,573	\$ 405,573	\$ -
Total revenues	-	405,573	405,573	-
Expenditures				
Current				
Security of persons and property				
Other operations	-	10,000	8,141	1,859
Total expenditures	-	10,000	8,141	1,859
Excess (deficiency) of revenues over (under) expenditures	-	395,573	397,432	(1,859)
Other Financing Sources (Uses)				
Transfers out	-	(405,573)	(405,573)	-
Total other financing sources (uses)	-	(405,573)	(405,573)	-
Net change in fund balances	-	(10,000)	(8,141)	(1,859)
Fund balance at beginning of year	23,434	23,434	23,434	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 23,434</u>	<u>\$ 13,434</u>	<u>\$ 15,293</u>	<u>\$ (1,859)</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	\$ 8,437	\$ 8,437	\$ 16,545	\$ 8,108
Special Assessments	85,774	85,774	85,637	(137)
Total revenues	94,211	94,211	102,182	7,971
Expenditures				
Current				
General government				
Other operations	500	500	-	500
Total - general government	500	500	-	500
Debt service				
Principal	678,213	678,213	678,212	1
Interest	176,415	176,415	176,673	(258)
Total expenditures	855,128	855,128	854,885	243
Excess (deficiency) of revenues over (under) expenditures	(760,917)	(760,917)	(752,703)	8,214
Other Financing Sources (Uses)				
Transfers in	750,000	750,000	750,000	-
Total other financing sources (uses)	750,000	750,000	750,000	-
Net change in fund balances	(10,917)	(10,917)	(2,703)	8,214
Fund balance at beginning of year	23,089	23,089	23,089	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 12,172	\$ 12,172	\$ 20,386	\$ 8,214

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Capital Improvement Reserve Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest earnings	\$ 1,350,000	\$ 1,482,500	\$ 2,086,650	\$ 604,150
Special assessments	103,874	103,874	98,806	(5,068)
Other	67,000	67,000	41,897	(25,103)
Total revenues	<u>1,520,874</u>	<u>1,653,374</u>	<u>2,227,353</u>	<u>573,979</u>
Expenditures				
Current				
General government				
Other operations	32,000	32,000	25,053	6,947
Total expenditures	<u>32,000</u>	<u>32,000</u>	<u>25,053</u>	<u>6,947</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,488,874	1,621,374	2,202,300	580,926
Other Financing Sources (Uses)				
Transfers out	(2,025,000)	(2,025,000)	(2,025,000)	-
Total other financing sources (uses)	<u>(2,025,000)</u>	<u>(2,025,000)</u>	<u>(2,025,000)</u>	<u>-</u>
Net change in fund balances	(536,126)	(403,626)	177,300	580,926
Fund balance at beginning of year	971,824	971,824	971,824	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 435,698</u>	<u>\$ 568,198</u>	<u>\$ 1,149,124</u>	<u>\$ 580,926</u>

Internal Service Funds

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

**Combining Statement of Net Assets - Governmental Activities Internal Service Funds
December 31, 2007**

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self Insurance</u>
Assets				
Current Assets				
Equity in pooled cash and cash equivalents	\$ 260,189	\$ 8,247	\$ 7,656	\$ 649,340
Receivables				
Accounts				
(net of allowance for uncollectibles)	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	1	-	-	26,646
Inventory of supplies	483,951	1,594	-	-
Prepaid items	1,931	-	915	22,430
Total current assets	<u>746,072</u>	<u>9,841</u>	<u>8,571</u>	<u>698,416</u>
Noncurrent Assets				
Capital Assets				
Land	21,960	-	-	-
Buildings	105,958	-	132,858	-
Improvements other than buildings	260,029	-	-	-
Equipment	238,801	-	1,054,609	-
Less: Accumulated depreciation	(552,639)	-	(699,300)	-
Total noncurrent assets	<u>74,109</u>	<u>-</u>	<u>488,167</u>	<u>-</u>
Total assets	<u><u>820,181</u></u>	<u><u>9,841</u></u>	<u><u>496,738</u></u>	<u><u>698,416</u></u>
Liabilities				
Current Liabilities				
Accounts payable	151,569	1,320	2,030	-
Accrued salaries, wages and benefits	9,133	-	10,248	-
Accrued compensated absences	53,082	-	49,650	-
Due to other funds	12,562	-	-	-
Due to other governments	1,393	-	1,555	-
Claims and judgments payable	-	-	-	420,219
Total current liabilities	<u>227,739</u>	<u>1,320</u>	<u>63,483</u>	<u>420,219</u>
Noncurrent Liabilities				
Accrued compensated absences	82,883	-	85,984	-
Claims and judgments payable	-	-	-	-
Total Noncurrent Liabilities	<u>82,883</u>	<u>-</u>	<u>85,984</u>	<u>-</u>
Total liabilities	<u><u>310,622</u></u>	<u><u>1,320</u></u>	<u><u>149,467</u></u>	<u><u>420,219</u></u>
Net Assets				
Invested in capital assets, net of related debt	74,109	-	488,167	-
Unrestricted	435,450	8,521	(140,896)	278,197
Total net assets	<u><u>509,559</u></u>	<u><u>8,521</u></u>	<u><u>347,271</u></u>	<u><u>278,197</u></u>

City of Cuyahoga Falls, Ohio

Combining Statement of Net Assets - Governmental Activities Internal Service Funds December 31, 2007

(Continued)

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Total</u>
Assets			
Current Assets			
Equity in pooled cash and cash equivalents	\$ 3,465,524	\$ 5,388	\$ 4,396,344
Receivables			
Accounts			
(net of allowance for uncollectibles)	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	26,647
Inventory of supplies	-	-	485,545
Prepaid items	-	-	25,276
Total current assets	<u>3,465,524</u>	<u>5,388</u>	<u>4,933,812</u>
Noncurrent Assets			
Capital Assets			
Land	-	-	21,960
Buildings	-	-	238,816
Improvements other than buildings	-	-	260,029
Equipment	-	-	1,293,410
Less: Accumulated depreciation	-	-	(1,251,939)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>562,276</u>
Total assets	<u><u>3,465,524</u></u>	<u><u>5,388</u></u>	<u><u>5,496,088</u></u>
Liabilities			
Current Liabilities			
Accounts payable	5,693	-	160,612
Accrued salaries, wages and benefits	-	-	19,381
Accrued compensated absences	-	-	102,732
Due to other funds	-	-	12,562
Due to other governments	361,815	-	364,763
Claims and judgments payable	340,323	-	760,542
Total current liabilities	<u>707,831</u>	<u>-</u>	<u>1,420,592</u>
Noncurrent Liabilities			
Accrued compensated absences	-	-	168,867
Claims and judgments payable	485,853	-	485,853
Total Noncurrent Liabilities	<u>485,853</u>	<u>-</u>	<u>654,720</u>
Total liabilities	<u><u>1,193,684</u></u>	<u><u>-</u></u>	<u><u>2,075,312</u></u>
Net Assets			
Invested in capital assets, net of related debt	-	-	562,276
Unrestricted	<u>2,271,840</u>	<u>5,388</u>	<u>2,858,500</u>
Total net assets	<u><u>2,271,840</u></u>	<u><u>5,388</u></u>	<u><u>3,420,776</u></u>

**Combining Statement of Revenues, Expenses and Changes in Net Assets -
Governmental Activities Internal Service Funds
For the Year Ended December 31, 2007**

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
Operating revenues				
Charges for services	\$ 2,094,370	\$ 62,302	\$ 972,248	\$ 4,501,560
Other	18,683	67	58	133,075
Total operating revenues	<u>2,113,053</u>	<u>62,369</u>	<u>972,306</u>	<u>4,634,635</u>
Operating Expenses				
Personal services	445,985	-	457,353	-
Fringe benefits	141,536	-	150,822	4,294,087
Materials and supplies	1,034,413	66,239	9,371	-
Utilities	12,850	-	6,449	-
Contractual services	17,662	-	27,508	54,389
Internal charges	136,263	334	39,151	-
Other	252,369	-	125,078	7,962
Depreciation	14,080	-	114,207	-
Total operating expenses	<u>2,055,158</u>	<u>66,573</u>	<u>929,939</u>	<u>4,356,438</u>
Net income (loss) from operations	<u>57,895</u>	<u>(4,204)</u>	<u>42,367</u>	<u>278,197</u>
Nonoperating Revenues (Expenses)				
Interest revenue	-	-	-	-
Gain from disposal of capital assets	6,975	-	850	-
Total nonoperating revenues (expenses)	<u>6,975</u>	<u>-</u>	<u>850</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>64,870</u>	<u>(4,204)</u>	<u>43,217</u>	<u>278,197</u>
Changes in net assets	<u>64,870</u>	<u>(4,204)</u>	<u>43,217</u>	<u>278,197</u>
Total net assets - beginning	444,689	12,725	304,054	-
Total net assets - ending	<u>\$ 509,559</u>	<u>\$ 8,521</u>	<u>\$ 347,271</u>	<u>\$ 278,197</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenses and Changes in Net Assets - Governmental Activities Internal Service Funds For the Year Ended December 31, 2007

(Continued)

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ -	\$ 680,000	\$ 8,310,480
Other	10,695	-	162,578
Total operating revenues	<u>10,695</u>	<u>680,000</u>	<u>8,473,058</u>
Operating Expenses			
Personal services	-	675,802	1,579,140
Fringe benefits	476,755	-	5,063,200
Materials and supplies	-	-	1,110,023
Utilities	-	-	19,299
Contractual services	24,501	-	124,060
Internal charges	-	-	175,748
Other	37,510	-	422,919
Depreciation	-	-	128,287
Total operating expenses	<u>538,766</u>	<u>675,802</u>	<u>8,622,676</u>
Net income (loss) from operations	<u>(528,071)</u>	<u>4,198</u>	<u>(149,618)</u>
Nonoperating Revenues (Expenses)			
Interest revenue	175,316	-	175,316
Gain from disposal of capital assets	-	-	7,825
Total nonoperating revenues (expenses)	<u>175,316</u>	<u>-</u>	<u>183,141</u>
Income (loss) before contributions and transfers	<u>(352,755)</u>	<u>4,198</u>	<u>33,523</u>
Changes in net assets	<u>(352,755)</u>	<u>4,198</u>	<u>33,523</u>
Total net assets - beginning	2,624,595	1,190	3,387,253
Total net assets - ending	<u>\$ 2,271,840</u>	<u>\$ 5,388</u>	<u>\$ 3,420,776</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds For the Year Ended December 31, 2007

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
Cash Flows From Operating Activities				
Activities				
Cash received from customers	\$ 2,127,348	\$ 62,369	\$ 972,306	\$ 5,639,898
Cash payments to employees for services	(445,487)	-	(455,210)	-
Cash payments to employees for benefits	(149,251)	-	(135,598)	(5,156,705)
Cash payments to suppliers for goods and services	<u>(1,374,531)</u>	<u>(70,507)</u>	<u>(208,753)</u>	<u>(74,391)</u>
Net cash provided by operating activities	158,079	(8,138)	172,745	408,802
Cash Flows From Capital and Related Financing Activities				
Acquisition of capital assets	(394)	-	(172,738)	-
Proceeds from the sale of capital assets	6,975	-	850	-
Net cash used in capital and related financing activities	6,581	-	(171,888)	-
Cash Flows From Investing Activities				
Interest revenue	-	-	-	-
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	164,660	(8,138)	857	408,802
Cash and cash equivalents at beginning of year	<u>95,529</u>	<u>16,385</u>	<u>6,799</u>	<u>240,538</u>
Cash and cash equivalents at end of year	<u>\$ 260,189</u>	<u>\$ 8,247</u>	<u>\$ 7,656</u>	<u>\$ 649,340</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued) For the Year Ended December 31, 2007

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Totals</u>
Cash Flows From Operating Activities			
Activities			
Cash received from customers	\$ 10,695	\$ 680,000	\$ 9,492,616
Cash payments to employees for services	-	(675,802)	(1,576,499)
Cash payments to employees for benefits	(510,363)	-	(5,951,917)
Cash payments to suppliers for goods and services	(61,138)	-	(1,789,320)
Net cash provided by operating activities	(560,806)	4,198	174,880
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	-	(173,132)
Proceeds from the sale of capital assets	-	-	7,825
Net cash used in capital and related financing activities	-	-	(165,307)
Cash Flows From Investing Activities			
Interest revenue	175,316	-	175,316
Net cash provided (used) by investing activities	175,316	-	175,316
Net increase (decrease) in cash and cash equivalents	(385,490)	4,198	184,889
Cash and cash equivalents at beginning of year	3,851,014	1,190	4,211,455
Cash and cash equivalents at end of year	<u>\$ 3,465,524</u>	<u>\$ 5,388</u>	<u>\$ 4,396,344</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Fund: (Continued) For the Year Ended December 31, 2007

	<u>Garage</u>	<u>Office Supply</u>	<u>Information Services</u>	<u>Self- Insurance</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:				
Operating income (loss)	\$ 57,895	\$ (4,204)	\$ 42,367	\$ 278,197
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:				
Depreciation	14,080	-	114,207	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:				
Receivables	-	-	-	43,917
Due from other funds	-	-	-	987,992
Due from other governments	(1)	-	-	(26,646)
Inventory of supplies	13,035	31	-	-
Prepaid items	706	-	109	(9,331)
Accounts payable				
- net of items affecting capital assets	75,305	(3,965)	(1,305)	(59,569)
Accrued salaries, wages and benefits	7,551	-	27,363	-
Due to other funds	(10,578)	-	(10,322)	-
Due to other governments	86	-	326	-
Claims payable	-	-	-	(805,758)
Total adjustments	<u>100,184</u>	<u>(3,934)</u>	<u>130,378</u>	<u>130,605</u>
Net cash provided operating activities	<u>\$ 158,079</u>	<u>\$ (8,138)</u>	<u>\$ 172,745</u>	<u>\$ 408,802</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds (Continued) For the Year Ended December 31, 2007

	<u>Workers'</u> <u>Compensation</u>	<u>Compensated</u> <u>Absences</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:			
Operating income (loss)	\$ (528,071)	\$ 4,198	\$ (149,618)
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:			
Depreciation	-	-	128,287
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Receivables	-	-	43,917
Due from other funds	-	-	987,992
Due from other governments	-	-	(26,647)
Inventory of supplies	-	-	13,066
Prepaid items	-	-	(8,516)
Accounts payable			
- net of items affecting capital assets	873	-	11,339
Accrued salaries, wages and benefits	-	-	34,914
Due to other funds	-	-	(20,900)
Due to other governments	107,443	-	107,855
Claims payable	(141,051)	-	(946,809)
Total adjustments	<u>(32,735)</u>	<u>-</u>	<u>324,498</u>
Net cash provided operating activities	<u>\$ (560,806)</u>	<u>\$ 4,198</u>	<u>\$ 174,880</u>

Fiduciary Funds – Agency Funds

Agency Funds	Trust and agency funds are established to account for assets received and held by the City acting in the capacity of an agent or custodian.
Treasury	To account for the employer's portion of costs for pension plans and Medicare.
Guarantee Deposits	To account for funds received from a contractor, developer or individual to ensure compliance with the ordinances of the City. Upon satisfactory completion of the project, the deposit is returned to the individual, developer or contractor.
Unclaimed Monies	To account for monies held by the City and Municipal Court pending identification of the individual or organization entitled to the money.
Employee Withholding	To account for amounts withheld from the payroll of the City's employees.
State Cases-Fines and Forfeitures	To account for the portion of Municipal Court fines and forfeitures forwarded to the City, which must be remitted to the County Law Library Association.
Municipal Court	To account for fines and fees collected by the Cuyahoga Falls Municipal Court, which are required to be disbursed to various parties.

City of Cuyahoga Falls, Ohio

Combining Statement of Assets and Liabilities - Fiduciary Funds December 31, 2007

	<u>Agency Funds</u>						
	<u>Treasury</u>	<u>Guarantee Deposits</u>	<u>Unclaimed Monies</u>	<u>Employee Withholding</u>	<u>State Cases Fines and Forfeitures</u>	<u>Municipal Court</u>	<u>Totals</u>
Assets							
Current Assets							
Equity in pooled cash							
and cash equivalents	\$ 1,220,406	\$ 1,544,568	\$ 163,335	\$ 382,808	\$ 2,366	\$ -	\$ 3,313,483
Cash and cash							
equivalents - restricted	-	-	-	-	-	511,589	511,589
Due from other governments	126,105	-	-	-	883	-	126,988
Total assets	<u>\$ 1,346,511</u>	<u>\$ 1,544,568</u>	<u>\$ 163,335</u>	<u>\$ 382,808</u>	<u>\$ 3,249</u>	<u>\$ 511,589</u>	<u>\$ 3,952,060</u>
Liabilities							
Current Liabilities							
Due to other governments	1,346,511	241,156	-	324,563	3,249	365,775	2,281,254
Deposits held and due to others	-	1,303,412	163,335	58,245	-	145,814	1,670,806
Total liabilities	<u>\$ 1,346,511</u>	<u>\$ 1,544,568</u>	<u>\$ 163,335</u>	<u>\$ 382,808</u>	<u>\$ 3,249</u>	<u>\$ 511,589</u>	<u>\$ 3,952,060</u>

**Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds
For the Year Ended December 31, 2007**

	<u>Agency Funds</u>						<u>Totals</u>
	<u>Treasury</u>	<u>Guarantee Deposits</u>	<u>Unclaimed Monies</u>	<u>Employee Withholding</u>	<u>State Cases Fines and Forfeitures</u>	<u>Municipal Court</u>	
Assets							
Balance January 1, 2007	\$ 1,555,651	\$ 1,577,828	\$ 107,039	\$ 504,077	\$ 8,591	\$ 521,389	\$ 4,274,575
Additions	5,521,144	582,364	56,348	11,237,868	13,995	7,755,407	25,167,126
Deletions	(5,730,284)	(615,624)	(52)	(11,359,137)	(19,337)	(7,765,207)	(25,489,641)
Balance December 31, 2007	<u>\$ 1,346,511</u>	<u>\$ 1,544,568</u>	<u>\$ 163,335</u>	<u>\$ 382,808</u>	<u>\$ 3,249</u>	<u>\$ 511,589</u>	<u>\$ 3,952,060</u>
Liabilities							
Balance January 1, 2007	1,555,651	1,577,828	107,039	504,077	8,591	521,389	4,274,575
Additions	5,521,144	582,364	56,348	11,237,868	13,995	7,755,407	25,167,126
Deletions	(5,730,284)	(615,624)	(52)	(11,359,137)	(19,337)	(7,765,207)	(25,489,641)
Balance December 31, 2007	<u>\$ 1,346,511</u>	<u>\$ 1,544,568</u>	<u>\$ 163,335</u>	<u>\$ 382,808</u>	<u>\$ 3,249</u>	<u>\$ 511,589</u>	<u>\$ 3,952,060</u>

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STATISTICAL SECTION

City of Cuyahoga Falls, Ohio

Statistical Section

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

Contents	Pages
<i>Financial Trends</i>	143 - 150
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	151 - 156
These schedules contain information to help the reader assess the City’s most significant local revenue, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	157 - 163
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	164 - 165
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<i>Operating Information</i>	166 - 168
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

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

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

	<u>2007</u>	<u>2006*</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Government activities					
Invested in capital assets,					
net of related debt	\$ 72,851,175	\$ 63,756,095	\$ 38,207,868	\$ 35,151,575	\$ 30,640,601
Restricted:					
Capital projects	7,666,526	7,652,709	4,765,286	5,095,610	4,117,322
Debt service	187,018	273,777	404,311	482,412	546,970
Special revenue	7,717,100	7,701,388	6,374,529	6,379,774	5,398,226
Permanent fund purpose:					
Nonexpendable - Cemetery Perpetual					
Care	211,778	206,323	206,449	191,864	184,222
Unrestricted	6,880,274	4,394,906	5,502,764	6,528,533	7,952,344
Total Governmental activities net assets	95,513,871	83,985,198	55,461,207	53,829,768	48,839,685
Business-type activities					
Invested in capital assets,					
net of related debt	52,366,850	42,747,830	35,582,143	34,362,869	30,900,161
Unrestricted	23,613,766	19,945,749	17,179,978	21,390,836	31,543,195
Total business-type activities net assets	75,980,616	62,693,579	52,762,121	55,753,705	62,443,356
Primary government					
Invested in capital assets,					
net of related debt	125,218,025	106,503,925	73,790,011	69,514,444	61,540,762
Restricted	15,782,422	15,834,197	11,750,575	12,149,660	10,246,740
Unrestricted	30,494,040	24,340,655	22,682,742	27,919,369	39,495,539
Total primary government net assets	\$ 171,494,487	\$ 146,678,777	\$ 108,223,328	\$ 109,583,473	\$ 111,283,041

* restated

City of Cuyahoga Falls, Ohio

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

	2007	2006*	2005	2004	2003
Program revenue					
<i>Governmental activities:</i>					
Charges for services:					
Security of persons and property	\$ 1,023,881	\$ 978,736	\$ 684,768	\$ 645,102	\$ 547,208
Leisure time activities	250,371	255,650	239,984	193,635	184,405
Community environment	279,550	130,823	167,069	176,127	34,171
Basic utility services	-	-	709,400	347,960	-
Street maintenance	687,752	582,229	539,573	520,780	638,256
General government	7,733,297	7,596,686	7,560,416	7,520,335	7,104,580
Total charges for services	9,974,851	9,544,124	9,901,210	9,403,939	8,508,620
Operating grants & contributions:					
Security of persons and property	19,000	25,022	55,525	46,009	213,395
Community environment	703,273	697,364	795,079	34,028	-
Street maintenance	2,054,855	2,210,818	1,852,241	1,860,521	1,443,996
General government	402,570	34,564	-	159,891	177,677
Total operating grants & contributions	3,179,698	2,967,768	2,702,845	2,100,449	1,835,068
Capital grants & contributions:					
Security of persons and property	187,906	333,676	85,120	162,000	-
Leisure time activities	-	-	-	-	127,424
Basic utility services	961,320	-	5,346	-	-
Street maintenance	5,147,437	614,022	991,656	2,628,907	3,811,062
General government	-	-	-	-	250,000
Total capital grants & contributions	6,296,663	947,698	1,082,122	2,790,907	4,188,486
<i>Total governmental activities program revenue</i>	<u>19,451,212</u>	<u>13,459,590</u>	<u>13,686,177</u>	<u>14,295,295</u>	<u>14,532,174</u>
<i>Business-type activity:</i>					
Charges for service:					
Sewage and disposal	6,717,068	6,571,563	6,403,396	5,330,292	4,340,885
Water	4,850,997	5,165,054	5,091,414	4,689,048	4,215,436
Electric	35,463,844	35,085,559	31,513,528	27,223,637	26,452,239
Sanitation	3,918,962	3,853,452	3,876,815	3,831,498	3,424,697
Leisure time activities	5,700,915	5,427,157	5,054,198	3,675,022	2,953,458
Storm Drainage Utility	1,165,099	715,863	-	-	-
Total charges for services	57,816,885	56,818,648	51,939,351	44,749,497	41,386,715
Operating Grants & Contributions:					
Electric	-	-	-	-	15,000
Sanitation	50,515	47,900	106,872	58,329	22,500
Total operating grants & contributions	50,515	47,900	106,872	58,329	37,500
Capital grants & contributions:					
Sewage and disposal	2,759,859	17,531	-	-	-
Water	1,790,259	-	-	-	-
Electric	435,852	-	-	-	-
Leisure time activities	45,348	38,245	54,391	541,805	281,660
Storm Drainage Utility	1,910,197	56,075	-	-	-
Total capital grants & contributions	6,941,515	111,851	54,391	541,805	281,660
<i>Total business-type activities</i>	<u>64,808,915</u>	<u>56,978,399</u>	<u>52,100,614</u>	<u>45,349,631</u>	<u>41,705,875</u>
Total primary government program revenue	<u>\$ 84,260,127</u>	<u>\$ 70,437,989</u>	<u>\$ 65,786,791</u>	<u>\$ 59,644,926</u>	<u>\$ 56,238,049</u>

* restated

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

(Continued)

	2007	2006*	2005	2004	2003
Expenses					
<i>Governmental activities:</i>					
Security of persons and property	21,077,044	22,964,331	21,496,125	20,192,572	19,216,910
Leisure time activities	2,693,863	2,582,070	2,760,272	3,314,284	2,775,912
Community environment	1,634,740	1,619,169	1,779,710	1,769,864	1,142,020
Basic utility services	-	20,035	234,855	373,625	-
Street maintenance	6,786,311	6,775,417	6,785,927	5,652,789	5,754,567
General government	10,875,233	10,153,078	10,302,655	9,702,519	9,420,819
Interest and fiscal charges	562,128	634,318	628,253	610,705	688,220
Total governmental activities expenses	43,629,319	44,748,418	43,987,797	41,616,358	38,998,448
<i>Business-type activity:</i>					
Sewage and disposal	5,440,729	5,262,109	5,502,949	5,573,901	4,689,987
Water	4,608,542	4,505,282	4,922,686	4,396,443	3,853,979
Electric	32,683,194	32,211,414	35,265,345	26,996,163	24,295,652
Sanitation	3,686,234	3,835,257	3,876,126	4,239,813	3,531,060
Leisure time activities	6,630,226	6,804,244	6,709,165	5,379,234	4,156,511
Storm Drainage Utility	309,254	337,388	-	-	-
Total business-type activities expenses	53,358,179	52,955,694	56,276,271	46,585,554	40,527,189
Total primary government program expenses	96,987,498	97,704,112	100,264,068	88,201,912	79,525,637
Net (expense)/revenue					
Governmental activity	(24,178,107)	(31,288,828)	(30,301,620)	(27,321,063)	(24,466,274)
Business-type activity	11,450,736	4,022,705	(4,175,657)	(1,235,923)	1,178,686
Total primary government net expense	\$ (12,727,371)	\$ (27,266,123)	\$ (34,477,277)	\$ (28,556,986)	\$ (23,287,588)
General revenues and other changes in net assets					
<i>Governmental activities</i>					
Property and other local taxes Levied for:					
General purposes	\$ 10,465,304	\$ 10,446,887	\$ 9,614,843	\$ 9,598,065	\$ 9,590,043
Special revenue	833,685	595,591	546,928	540,227	539,402
Income tax levied for:					
General purposes	11,684,711	11,082,744	10,660,150	11,522,505	10,476,451
Special revenue	1,491,586	1,414,743	1,360,797	1,470,156	1,337,347
Capital projects	5,468,528	5,186,801	4,989,241	5,389,618	4,903,052
Grants and entitlements not restricted to specific programs	5,324,452	4,571,615	4,891,355	4,872,500	4,615,712
Gain or (loss) on sale of capital assets	116,724	31,310	-	(742,563)	635,606
Investment earnings	2,158,091	2,043,801	1,053,818	390,583	684,416
Transfers	(1,836,301)	(1,399,592)	(1,184,073)	(729,945)	(799,024)
Total governmental activities	35,706,780	33,973,900	31,933,059	32,311,146	31,983,005
<i>Business-type activity</i>					
Gain or (loss) on sale of capital assets	-	-	-	(2,415,036)	16,755
Transfers	1,836,301	1,399,592	1,184,073	729,945	799,024
Total Business-type activity	1,836,301	1,399,592	1,184,073	(1,685,091)	815,779
Total primary government general revenue and other changes in net assets	37,543,081	35,373,492	33,117,132	30,626,055	32,798,784
Change in net assets					
Governmental Activities	11,528,673	2,685,072	1,631,439	4,990,083	7,516,731
Business Type Activities	13,287,037	5,422,297	(2,991,584)	(2,921,014)	1,994,465
Total primary government change in net assets	\$ 24,815,710	\$ 8,107,369	\$ (1,360,145)	\$ 2,069,069	\$ 9,511,196

* restated

City of Cuyahoga Falls, Ohio

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund					
Reserved	\$ 442,794	\$ 425,783	\$ 490,748	\$ 742,987	\$ 493,073
Unreserved	6,465,868	4,676,968	5,024,223	5,306,478	5,196,479
Total General Fund	<u>6,908,662</u>	<u>5,102,751</u>	<u>5,514,971</u>	<u>6,049,465</u>	<u>5,689,552</u>
All Other Governmental Funds					
Reserved	3,674,630	4,187,560	6,726,749	5,862,997	7,730,943
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	3,808,651	4,073,889	2,921,274	2,879,045	-
Capital Projects Funds	1,480,417	(220,613)	(1,499,858)	(2,444,092)	-
Undesignated		-	-	-	(1,426,752)
Total All Other Governmental Funds	<u>8,963,698</u>	<u>8,040,836</u>	<u>8,148,165</u>	<u>6,297,950</u>	<u>6,304,191</u>
Total Governmental Funds	<u>\$ 15,872,360</u>	<u>\$ 13,143,587</u>	<u>\$ 13,663,136</u>	<u>\$ 12,347,415</u>	<u>\$ 11,993,743</u>

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

(Continued)

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General Fund					
Reserved	\$ 419,288	\$ 446,273	\$ 416,840	\$ 380,535	\$ 367,179
Unreserved	4,610,566	5,694,929	4,433,064	4,894,841	3,208,792
Total General Fund	<u>5,029,854</u>	<u>6,141,202</u>	<u>4,849,904</u>	<u>5,275,376</u>	<u>3,575,971</u>
All Other Governmental Funds					
Reserved	7,036,971	8,127,151	7,247,628	6,171,244	6,828,374
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	1,697,196	2,053,877	1,653,808	1,757,834	2,070,118
Capital Projects Funds	576,786	3,621,741	2,931,300	2,434,966	1,725,757
Undesignated	-	-	-	-	-
Total All Other Governmental Funds	<u>9,310,953</u>	<u>13,802,769</u>	<u>11,832,736</u>	<u>10,364,044</u>	<u>10,624,249</u>
Total Governmental Funds	<u>\$ 14,340,807</u>	<u>\$ 19,943,971</u>	<u>\$ 16,682,640</u>	<u>\$ 15,639,420</u>	<u>\$ 14,200,220</u>

City of Cuyahoga Falls, Ohio

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

	2007	2006*	2005	2004	2003
Revenues					
Property taxes	10,879,771	10,870,777	\$ 10,028,515	\$ 9,936,391	\$ 9,568,965
Municipal income taxes	18,484,497	17,672,779	16,908,814	18,454,257	16,732,040
Other local taxes	390,387	141,586	138,864	239,972	245,331
State levied shared taxes	7,225,524	7,034,265	6,983,147	6,850,014	6,369,187
Intergovernmental	2,925,454	1,481,952	1,565,036	2,864,296	3,189,056
Charges for services	7,133,862	7,176,699	7,854,459	6,877,348	6,613,544
Fees, licenses, and permits	2,156,317	1,711,914	1,249,654	1,116,812	1,071,256
Interest earnings	2,054,768	1,762,970	1,547,004	365,308	656,629
Fines and forfeitures	421,121	368,506	441,608	393,252	353,640
Special assessments	289,373	306,689	312,840	358,450	262,204
Other	776,244	686,386	748,311	725,771	1,415,459
Total revenues	52,737,318	49,214,523	\$ 47,778,252	\$ 48,181,871	\$ 46,477,311
Expenditures					
Current					
Security of persons and property	19,989,704	21,125,740	\$ 20,017,544	\$ 19,063,751	\$ 18,122,227
Leisure time activities	2,204,179	2,360,444	2,745,067	3,055,510	2,943,074
Community environment	2,205,502	1,787,134	1,996,878	1,423,880	1,080,107
Street maintenance	4,110,655	3,779,794	4,478,915	4,374,161	4,297,980
General government	10,504,859	9,533,684	9,392,345	8,957,972	8,779,774
Capital outlay	9,124,330	8,903,056	5,139,395	8,650,586	11,477,250
Debt service					
Principal	1,304,266	970,431	998,006	969,599	846,300
Interest	590,418	704,293	687,090	619,404	688,237
Total expenditures	50,033,913	49,164,576	\$ 45,455,240	\$ 47,114,863	\$ 48,234,949
Excess (deficiency) of revenues over (under) expenditures	\$ 2,703,405	\$ 49,947	\$ 2,323,012	\$ 1,067,008	\$ (1,757,638)
Other financing sources (uses)					
Bond Note proceeds	-	-	-	4,382,963	-
Premium on various purpose refunding bonds	-	-	-	49,654	-
Payment to bond escrow account	-	-	-	(4,355,330)	-
Refunding bond issuance cost	-	-	-	(68,002)	-
Capital lease	2,466,544	768,740	-	-	-
Transfers in	23,204,680	22,548,956	22,441,447	24,043,778	22,035,165
Transfers out	(25,040,981)	(23,948,548)	(23,625,520)	(24,773,723)	(22,834,189)
Total other financing sources (uses)	630,243	(630,852)	(1,184,073)	(720,660)	(799,024)
Net change in fund balance	\$ 3,333,648	\$ (580,905)	\$ 1,138,939	\$ 346,348	\$ (2,556,662)
Debt service as a percentage of noncapital expenditures					
	4.5%	4.1%	4.2%	4.1%	4.2%

* restated

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

(Continued)

	2002	2001	2000	1999	1998
Revenues					
Property taxes	\$ 8,770,443	\$ 9,087,091	\$ 8,567,797	\$ 7,714,820	\$ 8,031,254
Municipal income taxes	16,740,777	16,191,625	15,820,981	16,156,494	14,500,651
Other local taxes	164,012	293,502	199,866	194,272	298,904
State levied shared taxes	6,138,255	6,590,819	6,549,177	6,131,671	6,060,321
Intergovernmental	2,381,899	2,821,042	748,440	1,360,746	268,258
Charges for services	6,720,028	6,664,641	6,255,286	5,567,613	4,486,240
Fees, licenses, and permits	916,423	1,064,874	871,507	856,187	806,471
Interest earnings	974,023	2,634,886	2,445,416	1,521,632	1,694,422
Fines and forfeitures	443,491	446,737	455,627	385,094	462,875
Special assessments	261,172	640,975	947,264	219,473	230,496
Other	679,249	372,271	313,143	326,587	782,317
Total revenues	\$ 44,189,772	\$ 46,808,463	\$ 43,174,504	\$ 40,434,589	\$ 37,622,209
Expenditures					
Current					
Security of persons and property	\$ 18,269,597	\$ 16,849,176	\$ 16,410,061	\$ 15,251,595	\$ 14,117,870
Leisure time activities	2,551,463	2,299,180	2,051,907	1,914,306	1,861,194
Community environment	979,129	1,025,487	954,197	835,905	983,711
Street maintenance	3,647,130	3,382,595	3,252,985	3,371,078	2,762,226
General government	8,848,607	8,643,427	7,512,854	7,130,996	6,918,540
Capital outlay	12,785,685	10,212,506	8,603,181	7,453,286	11,100,828
Debt service					
Principal	881,660	1,203,935	1,720,660	1,488,706	1,127,844
Interest	691,267	775,513	868,776	830,977	928,230
Total expenditures	\$ 48,654,538	\$ 44,391,819	\$ 41,374,621	\$ 38,276,849	\$ 39,800,443
Excess (deficiency) of revenues					
over (under) expenditures	\$ (4,464,766)	\$ 2,416,644	\$ 1,799,883	\$ 2,157,740	\$ (2,178,234)
Other financing sources (uses)					
Bond/Note proceeds	-	425,701	-	-	1,010,024
Premium on various purpose refunding bonds	-	-	-	-	-
Payment to bond escrow account	-	-	-	-	-
Refunding bond issuance cost	-	-	-	-	-
Capital lease	227,851	-	-	-	981,007
Transfers in	21,441,142	20,285,026	20,743,573	19,026,320	19,960,882
Transfers out	(22,215,294)	(21,054,546)	(21,501,883)	(19,713,950)	(20,590,582)
Total other financing sources (uses)	(546,301)	(343,819)	(758,310)	(687,630)	1,361,331
Net change in fund balance	\$ (5,011,067)	\$ 2,072,825	\$ 1,041,573	\$ 1,470,110	\$ (816,903)
Debt service as a percentage of noncapital					
expenditures	4.4%	5.8%	7.9%	7.5%	7.2%

City of Cuyahoga Falls, Ohio

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

Collection Year	Real Property			Tangible Personal Property			
	Assessed Value		Estimated Actual Value	Public Utility		General Business	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2007	755,457,020	229,254,980	2,813,462,857	12,525,300	14,233,295	44,666,313	178,665,252
2006	745,753,380	232,176,180	2,794,084,457	13,559,720	15,408,773	60,925,920	243,703,680
2005	689,316,530	224,896,090	2,612,036,057	16,099,970	18,295,420	82,276,185	329,104,740
2004	681,739,120	224,036,150	2,587,929,343	16,295,660	18,517,795	79,630,460	318,521,840
2003	678,655,350	221,984,610	2,573,257,029	17,072,190	19,400,216	85,154,613	340,618,452
2002	602,296,730	199,471,360	2,290,765,971	16,098,170	18,293,375	85,154,613	340,618,452
2001	593,378,980	191,387,940	2,242,094,943	20,564,700	23,368,977	88,901,960	355,607,840
2000	582,793,210	186,644,910	2,198,270,057	23,881,700	27,138,295	84,544,555	338,178,220
1999	512,712,720	174,556,020	1,963,500,400	23,682,270	26,911,670	82,647,099	330,588,396
1998	506,579,470	163,779,270	1,915,195,743	23,844,190	27,095,670	78,015,398	312,061,592

Collection Year	Total			Tax Rate (per \$1,000 of Assessed Value)
	Assessed Value	Estimated Actual Value	Ratio	
2007	1,041,903,613	3,006,361,405	34.66%	\$ 11.00
2006	1,052,415,200	3,053,196,910	34.47%	\$ 11.00
2005	1,012,588,775	2,959,436,217	34.22%	\$ 11.00
2004	1,001,701,390	2,924,968,978	34.25%	\$ 11.00
2003	1,002,866,763	2,933,275,697	34.19%	\$ 11.00
2002	903,020,873	2,649,677,798	34.08%	\$ 11.00
2001	894,233,580	2,621,071,760	34.12%	\$ 11.00
2000	877,864,375	2,563,586,572	34.24%	\$ 11.00
1999	793,598,109	2,321,000,466	34.19%	\$ 11.00
1998	772,218,328	2,254,353,005	34.25%	\$ 12.00

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

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

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

Source: Summit County Fiscal Office

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Unvoted Millage										
Operating	10.400	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	11.0000									
Voted Millage										
1989 Parks & Recreation Operating	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.5656
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.7475
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000
Total Voted Millage	0.0000	1.0000								
Total Voted Millage by Type of Property										
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.5656
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.7475
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000
Total Millage	11.0000	12.0000								
Overlapping Rates by Taxing District										
City School District	69.8800	70.0000	62.0000	62.0000	61.9600	57.2300	57.2300	57.6300	57.8700	53.8300
Residential/Agricultural Real	34.0468	34.4061	28.4952	28.4944	28.3896	26.2353	26.2337	26.6148	29.5173	25.4822
Commercial/Industrial and Public Utility Real	41.6074	40.5120	33.5913	33.3647	33.1205	31.1405	31.1083	31.0994	33.5742	29.9130
General Business and Public Utility Personal	69.8800	70.0000	62.0000	62.0000	61.9600	57.2300	57.2300	57.6300	57.8700	53.8300
Summit County	14.2600	13.0700	13.0700	13.0700	13.0700	13.0700	13.0700	12.2700	12.2700	11.6500
Residential/Agricultural Real	12.0570	9.7591	10.3625	10.3883	10.3740	11.3338	11.3552	9.6652	10.4116	8.8805
Commercial/Industrial and Public Utility Real	12.8620	10.7717	11.0857	11.0729	10.9781	11.8607	11.9487	10.8513	11.3362	10.5567
General Business and Public Utility Personal	14.2600	13.0700	13.0700	13.0700	13.0700	13.0700	13.0700	12.2700	12.2700	11.6500
Special Taxing Districts-Cuyahoga Falls Library	1.3000	1.3000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	1.2955	1.2955	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	1.3000	1.3000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	1.3000	1.3000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Source: Summit County Fiscal Office and Ohio Department of Taxation

Note:

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

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

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

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Principal Taxpayers - Real Estate Tax 2007 and 1998

<u>Name of Taxpayer</u>	<u>2007</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Riverside Comm. Urban Redevelopment	\$ 4,915,410	0.50%
Yorkshire Woods Apartments LTD	4,893,470	0.50%
Niederst Portage Towers LLC & Wynn	4,150,610	0.42%
Newpart Limited Partnership	3,450,780	0.35%
Plaza Chapel Hill, Co.	3,425,530	0.35%
Dayton Hudson Corporation	2,705,760	0.27%
Sams Real Estate Business Trust	2,632,720	0.27%
Inland Western Cuyahoga Falls LLC	2,174,980	0.22%
HD Development of Maryland	1,889,960	0.20%
GoJo Industries, Inc.	1,786,950	0.18%
Totals	\$ 32,026,170	3.25%
Total Assessed Valuation	\$ 984,712,000	

<u>Name of Taxpayer</u>	<u>1998</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Dayton Hudson Corp. and Best Buy	\$ 7,621,530	1.14%
Newpart LP	6,488,740	0.97%
State Road Associates	4,199,850	0.63%
Plaza Chapel Hill Co.	3,485,480	0.52%
Heslop, Inc.	3,420,910	0.51%
Portage Towers	3,407,250	0.51%
Yorkshire Woods Apartments	2,815,560	0.42%
532 Investment Co.	2,390,280	0.36%
Chateau Investment Co.	2,356,900	0.35%
Damar Limited Partnership	1,979,780	0.30%
Totals	\$ 38,166,280	5.69%
Total Assessed Valuation	\$ 670,358,740	

Source: Summit County Fiscal Office

(1) The amounts presented represent the assessed values upon which 2006 and 1997 collections were based.

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2007	10,969,717	10,543,768	96.1%	342,686	10,886,454	99.2%	510,428	4.7%
2006	10,906,413	10,555,764	96.8%	245,597	10,801,361	99.0%	435,846	4.0%
2005	10,236,024	9,912,456	96.8%	288,092	10,200,548	99.7%	427,563	4.2%
2004	10,142,306	9,783,327	96.5%	324,156	10,107,483	99.7%	481,059	4.7%
2003	10,094,685	9,679,219	95.9%	281,225	9,960,444	98.7%	558,517	5.5%
2002	8,996,444	8,702,236	96.7%	263,613	8,965,849	99.7%	420,818	4.7%
2001	8,879,828	8,337,458	93.9%	227,633	8,565,091	96.5%	629,025	7.1%
2000	8,736,019	8,479,687	97.1%	201,625	8,681,312	99.4%	335,465	3.8%
1999	7,762,075	7,552,558	97.3%	204,918	7,757,476	99.9%	281,338	3.6%
1998	8,054,733	7,826,491	97.2%	184,898	8,011,389	99.5%	348,509	4.3%

Source: Summit County Fiscal Officer

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Income Tax Revenue Base and Collections Last Nine Years (1)

Tax Year	Tax Rate	Total Tax Collected (2)	Taxes From Withholding	Percentage of Taxes From Withholding	Taxes From Net Profits	Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
2007	2.00%	18,643,599	14,102,614	76%	2,050,006	11%	2,490,979	13%
2006	2.00%	17,655,291	13,161,626	75%	1,998,464	11%	2,495,201	14%
2005	2.00%	17,811,319	13,697,101	77%	1,666,171	9%	2,448,047	14%
2004	2.00%	17,220,977	13,037,352	76%	1,656,599	10%	2,527,026	15%
2003	2.00%	16,595,417	12,578,908	76%	1,426,314	9%	2,590,195	16%
2002	2.00%	16,812,477	12,211,514	73%	1,538,885	9%	3,062,078	18%
2001	2.00%	16,137,823	11,871,684	74%	1,340,874	8%	2,925,265	18%
2000	2.00%	15,952,003	11,827,038	74%	1,649,986	10%	2,474,979	16%
1999	2.00%	15,990,366	11,378,940	71%	2,075,142	13%	2,536,284	16%

(1) Information prior to 1999 is not available.

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

Source: The City's Income Tax Department

City of Cuyahoga Falls, Ohio

**City of Cuyahoga Falls, Ohio
Ten Largest Municipal Income Tax Withholding Accounts
Tax Years 2007 and 1997**

Tax Year 2007

Taxpayers	Municipal Income Tax Withholding	Percent Of Income Tax Collections
Summa Health System Hospitals	\$ 643,409	4.56%
City of Cuyahoga Falls	\$ 635,161	4.50%
GoJo Industries Inc.	\$ 532,109	3.77%
Associated Materials Inc.	\$ 516,775	3.66%
Cuyahoga Falls Board of Education	\$ 500,119	3.55%
Americhem Inc.	\$ 246,462	1.75%
Woodridge Local School District	\$ 196,825	1.40%
Manufacturers Group	\$ 185,110	1.31%
Summit County Auditor	\$ 160,196	1.14%
Summit County Board of Education	\$ 155,212	1.10%
Total	\$ 3,771,378	26.74%
Total Municipal Income Tax Collection	\$ 14,102,614.00	

Tax Year 1997

Taxpayers	Municipal Income Tax Withholding	Percent Of Income Tax Collections
Cuyahoga Falls General Hospital	\$ 450,614	4.39%
GoJo Industries	437,244	4.26%
Cuyahoga Falls Board of Education	400,133	3.90%
City of Cuyahoga Falls	395,962	3.86%
Alside	243,130	2.37%
Americhem	210,158	2.05%
SGS Tool Co.	192,282	1.87%
Jaite Packaging	157,452	1.54%
Prospect-Akromold	145,031	1.41%
Woodridge Local School District	120,869	1.19%
Total	2,752,875	26.84%
Total Municipal Income Tax Collection	\$ 10,256,890	

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

City of Cuyahoga Falls, Ohio

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Total Personal Income	Percentage of Personal Income	Population (1)	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	General Obligation Bonds	OPWC Loans	Notes Payable					
2007	7,825,394	287,024	3,150,000	21,797,196	-	20,800,000	53,859,614	1,150,230,400	4.68%	51,008 e	1,056
2006	8,657,164	419,390	4,650,000	23,616,369	-	21,300,000	58,642,923	1,141,661,400	5.14%	50,628 d	1,158
2005	9,466,081	541,878	6,700,000	25,373,273	-	21,300,000	63,381,232	1,138,639,700	5.57%	50,494 d	1,255
2004	10,232,398	660,707	7,400,000	27,056,437	-	18,300,000	63,649,542	1,135,956,250	5.60%	50,375 d	1,264
2003	10,551,301	775,878	8,250,000	20,160,676	-	18,300,000	58,037,855	1,135,956,250	5.11%	50,375 d	1,152
2002	11,209,467	886,171	4,300,000	21,400,527	8,134	5,300,000	43,104,299	1,133,633,600	3.80%	50,272 c	857
2001	11,849,796	985,244	750,000	22,534,435	24,042	-	36,143,517	1,113,383,700	3.25%	49,374 b	732
2000	12,473,824	676,439	1,735,000	18,324,521	39,483	4,775,000	38,024,267	1,113,383,700	3.42%	49,374 b	770
1999	13,077,319	789,195	1,735,000	19,242,579	54,471	675,000	35,573,564	1,330,020,450	2.67%	48,950 a	727
1998	13,650,127	899,512	-	20,078,287	69,020	-	34,696,946	1,276,273,350	2.72%	48,950 a	709

Sources:

- (1) U. S. Bureau of Census, Census of Population
 - (a) 1990 Federal Census
 - (b) 2000 Federal Census
 - (c) On July 1, 2002 an appeal was granted by the U.S. Census Bureau making the population of the City 50,272.
 - (d) U.S. Census Bureau
 - (e) July 1, 2008 U.S. Census Bureau Estimate

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

<u>Fiscal Year</u>	<u>Population (1)</u>		<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Gross Bonded Debt Outstanding (3)</u>	<u>Ratio of Bonded Debt to Estimated True Value of Taxable Property</u>	<u>Bonded Debt per Capita</u>
2007	51,008	d	3,006,361,405	7,825,394	0.26%	\$ 153
2006	50,628	d	3,053,196,910	8,657,164	0.28%	\$ 171
2005	50,494	d	2,959,436,217	9,466,081	0.32%	187
2004	50,375	d	2,924,968,978	10,232,398	0.35%	203
2003	50,375	d	2,933,275,697	10,551,301	0.36%	209
2002	50,272	c	2,649,677,798	11,209,467	0.42%	223
2001	49,374	b	2,621,071,760	11,849,796	0.45%	240
2000	49,374	b	2,563,586,572	12,473,824	0.49%	253
1999	48,950	a	2,321,000,466	13,077,319	0.56%	267
1998	48,950	a	2,254,353,005	13,650,127	0.61%	279

Sources:

- (1) U. S. Bureau of Census, Census of Population
 - (a) 1990 Federal Census
 - (b) 2000 Federal Census
 - (c) On July 1, 2002 an appeal was granted by the U.S. Census Bureau making the population of the City 50,272.
 - (d) U.S. Census Bureau
- (2) Summit County Auditor's Office
- (3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

City of Cuyahoga Falls, Ohio

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 109,399,879	\$ 110,503,596	\$ 106,321,821	\$ 105,456,447	\$ 104,720,974
Net debt within 10.5 % limitations	<u>7,805,008</u>	<u>8,634,075</u>	<u>9,399,996</u>	<u>10,176,113</u>	<u>18,745,045</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 101,594,871</u>	<u>\$ 101,869,521</u>	<u>\$ 96,921,825</u>	<u>\$ 95,280,334</u>	<u>\$ 85,975,929</u>
Total net debt applicable to the limit as a percentage of debt limit	7.13%	7.81%	8.84%	9.65%	17.90%
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Unvoted debt limitation (5.5% of assessed valuation)	\$ 57,304,699	\$ 57,882,836	\$ 55,692,383	\$ 55,239,091	\$ 54,853,844
Net debt within 5.5% limitations	<u>7,805,008</u>	<u>8,634,075</u>	<u>9,399,996</u>	<u>10,176,113</u>	<u>18,745,045</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 49,499,691</u>	<u>\$ 49,248,761</u>	<u>\$ 46,292,387</u>	<u>\$ 45,062,978</u>	<u>\$ 36,108,799</u>
Total net debt applicable to the limit as a percentage of debt limit	13.62%	14.92%	16.88%	18.42%	34.17%

Legal Debt Margin Calculation for Fiscal Year 2007

	<u>Unvoted Margin Within 5.5%</u>	<u>Overall Margin Within 10.5%</u>
Assessed property value	<u>\$ 1,041,903,613</u>	<u>\$ 1,041,903,613</u>
Overall debt limitation (% of assessed valuation)	\$ 57,304,699	\$ 109,399,879
Gross indebtedness	29,909,614	29,909,614
Less:		
(Self-supporting as defined in O.R.C. 133.05)		
General sewer and sanitary improvements	(2,993,679)	(2,993,679)
Water utility	(8,532,912)	(8,532,912)
Electric utility	(1,005,447)	(1,005,447)
Recreation facilities	(9,265,158)	(9,265,158)
Special assessment bonds	(287,024)	(287,024)
Debt Service Fund Balance	(20,386)	(20,386)
Net debt within limitations	<u>\$ 7,805,008</u>	<u>\$ 7,805,008</u>
Legal debt margin within limitations	<u>\$ 49,499,691</u>	<u>\$ 101,594,871</u>

Source: City's Financial Records

City of Cuyahoga Falls, Ohio

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

(Continued)

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 94,817,192	\$ 93,436,998	\$ 92,171,181	\$ 83,323,223	\$ 81,078,700
Net debt within 10.5 % limitations	<u>15,455,805</u>	<u>12,417,536</u>	<u>12,277,640</u>	<u>12,892,280</u>	<u>13,359,441</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 79,361,387</u>	<u>\$ 81,019,462</u>	<u>\$ 79,893,541</u>	<u>\$ 70,430,943</u>	<u>\$ 67,719,259</u>
Total net debt applicable to the limit as a percentage of debt limit	16.30%	13.29%	13.32%	15.47%	16.48%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 49,666,148	\$ 48,943,190	\$ 48,280,143	\$ 43,645,498	\$ 42,469,795
Net debt within 5.5% limitations	<u>15,455,805</u>	<u>12,417,536</u>	<u>12,277,640</u>	<u>12,892,280</u>	<u>13,359,441</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 34,210,343</u>	<u>\$ 36,525,654</u>	<u>\$ 36,002,503</u>	<u>\$ 30,753,218</u>	<u>\$ 29,110,354</u>
Total net debt applicable to the limit as a percentage of debt limit	31.12%	25.37%	25.43%	29.54%	31.46%

City of Cuyahoga Falls, Ohio

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

SEWAGE AND DISPOSAL FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	4,275,018	3,812,478	462,540	74,395	149,578	223,973	2.07
1999	5,405,172	4,198,092	1,207,080	159,114	209,657	368,771	3.27
2000	4,111,896	4,018,328	93,568	162,997	204,074	367,071	0.25
2001	4,839,820	3,611,191	1,228,629	172,206	197,977	370,183	3.32
2002	4,695,348	4,070,424	624,924	177,532	191,273	368,805	1.69
2003	4,428,348	4,489,359	(61,011)	193,655	184,352	378,007	(0.16)
2004	5,396,730	5,375,636	21,094	191,843	176,734	368,577	0.06
2005	6,513,205	5,287,553	1,225,652	199,833	168,778	368,611	3.33
2006	6,677,822	5,074,626	1,603,196	210,485	160,392	370,877	4.32
2007	6,808,212	5,289,152	1,519,060	216,807	151,455	368,262	4.12

WATER FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	3,573,260	3,042,858	530,402	66,129	132,957	199,086	2.66
1999	5,099,136	3,284,575	1,814,561	236,094	301,752	537,846	3.37
2000	3,551,060	3,363,585	187,475	241,206	293,902	535,108	0.35
2001	4,373,731	3,662,806	710,925	254,374	285,208	539,582	1.32
2002	4,436,677	3,513,802	922,875	382,430	575,935	958,365	0.96
2003	4,215,436	3,566,424	649,012	459,514	485,973	945,487	0.69
2004	4,689,048	4,277,133	411,915	471,794	469,242	941,036	0.44
2005	5,091,414	4,831,739	259,675	488,877	450,342	939,219	0.28
2006	5,165,054	4,555,303	609,751	509,989	430,554	940,543	0.65
2007	4,850,997	4,736,833	114,164	527,269	409,756	937,025	0.12

ELECTRIC FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	25,026,429	21,152,014	3,874,415	190,000	188,125	378,125	10.25
1999	27,091,588	22,522,038	4,569,550	205,000	174,190	379,190	12.05
2000	26,699,348	22,378,133	4,321,215	215,000	159,210	374,210	11.55
2001	28,414,021	23,208,864	5,205,157	225,000	149,213	374,213	13.91
2002	28,587,331	23,260,776	5,326,555	240,000	138,525	378,525	14.07
2003	26,724,133	24,056,906	2,667,227	250,000	126,885	376,885	7.08
2004	27,654,847	26,756,251	898,596	265,000	114,510	379,510	2.37
2005	31,988,594	34,824,876	(2,836,282)	275,000	101,128	376,128	(7.54)
2006	35,623,778	32,112,410	3,511,368	290,000	87,240	377,240	9.31
2006	36,012,851	32,629,764	3,383,087	305,000	72,305	377,305	8.97

Notes:

Debt Service requirements are reported on a cash basis.

Operating revenues and expenses are reported on a GAAP basis.

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

(Continued)

LEISURE TIME FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	3,007,942	3,208,048	(200,106)	281,788	301,922	583,710	(0.34)
1999	3,127,357	3,282,275	(154,918)	294,667	285,355	580,022	(0.27)
2000	3,094,058	3,649,682	(555,624)	307,545	271,538	579,083	(0.96)
2001	3,148,347	3,717,006	(568,659)	322,196	256,870	579,066	(0.98)
2002	3,273,884	3,957,204	(683,320)	342,636	241,178	583,814	(1.17)
2003	2,953,458	3,918,127	(964,669)	353,506	224,156	577,662	(1.67)
2004	3,675,022	4,839,131	(1,164,109)	437,755	333,646	771,401	(1.51)
2005	5,054,198	5,707,055	(652,857)	724,305	450,488	1,174,793	(0.56)
2006	5,427,157	5,822,693	(395,536)	755,120	423,455	1,178,575	(0.34)
2007	5,700,915	5,628,460	72,455	778,787	400,431	1,179,218	0.06

Notes:

Debt Service requirements are reported on a cash basis.

Operating revenues and expenses are reported on a GAAP basis.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Computation of Direct and Overlapping Governmental Activities Debt December 31, 2007

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Applicable to City</u>
Direct - City of Cuyahoga Falls			
General Obligation Bonds	\$ 7,825,394	100.00%	\$ 7,825,394
Special Assessment Bonds	287,024	100.00%	287,024
Capital Leases	2,936,495	100.00%	2,936,495
General Obligation Notes	3,150,000	100.00%	3,150,000
Total Direct Debt	14,198,913		14,198,913
Overlapping			
School Districts			
Cuyahoga Falls City	5,319,000	89.97%	4,785,504
Woodridge Local	14,095,000	59.89%	8,441,496
Stow-Munroe Falls City	430,000	0.06%	258
Hudson City	10,402,134	0.76%	79,056
Revere Local	9,724,201	0.88%	85,573
County			
Summit County	49,245,000	8.18%	4,028,241
Other Units			
Akron Metro Regional Transit Authority	650,000	8.18%	53,170
Akron-Summit County Library District	53,825,000	3.53%	1,900,023
Total Overlapping Debt	143,690,335		19,373,320
Total	\$ 157,889,248		\$ 33,572,233

Source: Summit County Fiscal Office

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

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

Fiscal Year	Population (1)	Total Personal Income (5)	Median Family Income (1)	Per Capita Income (1)	Unemployment Rate (3)		City Square Miles (4)	Average Sales Price of Residential Property (2)	Median Age (1)
					Summit County	State of Ohio			
2007	51,008 e	\$ 1,150,230,400	\$ 52,372	\$ 22,550	5.4%	5.6%	27.8	\$ 133,706	37.2
2006	50,628 d	\$ 1,141,661,400	\$ 52,372	\$ 22,550	5.3%	5.5%	27.8	\$ 131,927	37.2
2005	50,494 d	\$ 1,138,639,700	\$ 52,372	\$ 22,550	5.7%	5.9%	27.8	\$ 133,416	37.2
2004	50,375 d	\$ 1,135,956,250	\$ 52,372	\$ 22,550	6.1%	6.2%	27.8	\$ 130,443	37.2
2003	50,375 d	\$ 1,135,956,250	\$ 52,372	\$ 22,550	6.2%	6.2%	27.8	\$ 121,763	37.2
2002	50,272 c	\$ 1,133,633,600	\$ 52,372	\$ 22,550	6.0%	5.7%	27.8	\$ 119,344	37.2
2001	49,374 b	\$ 1,113,383,700	\$ 52,372	\$ 22,550	4.6%	4.1%	27.8	\$ 115,375	37.2
2000	49,374 b	\$ 1,113,383,700	\$ 52,372	\$ 22,550	4.2%	4.0%	27.8	\$ 112,257	37.2
1999	48,950 a	\$ 1,330,020,450	\$ 52,372	\$ 27,171	4.1%	4.3%	27.8	\$ 109,780	37.2
1998	48,950 a	\$ 1,276,273,350	\$ 36,740	\$ 26,073	4.3%	4.3%	27.8	\$ 104,300	37.2

Sources:

- (1) U. S. Bureau of Census, Census of Population
 - (a) 1990 Federal Census
 - (b) 2000 Federal Census
 - (c) On July 1, 2002 an appeal was granted by the U.S. Census Bureau making the population of the City 50,272.
 - (d) July 1, 2005 U.S. Census Bureau Estimate
 - (e) July 1, 2008 U.S. Census Bureau Estimate
- (2) Summit County Fiscal Office
- (3) Ohio Bureau of Employment Services; U.S. Department of Labor, Bureau of Labor Statistics
- (4) City Records
- (5) Computation of per capita income multiplied by population

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Principal Employers 2006 and Seven Years Ago (1) (2)

2006

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
NE Ohio Development Special Co	Employment Services	1,436	5.64%
Adecco USA Inc	Employment Services	1,274	5.00%
City of Cuyahoga Falls	Government	1,085	4.26%
Cuyahoga Falls Board of Education	Education	990	3.89%
Summa Health System Hospitals	Hospital	959	3.77%
Go Jo Industries	Manufacturer	789	3.10%
GMRI	Restaurant	675	2.65%
B T L Payroll	Payroll Services	601	2.35%
J & Y Enterprises Inc	Employment Services	579	2.27%
Associated Materials Inc	Manufacturer	574	2.25%
Total		8,962	35.19%
Total Employment Within the City		25,467	

1999

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
City of Cuyahoga Falls	Government	1,190	7.81%
Cuyahoga Falls General Hospital	Hospital	1,059	6.95%
Cuyahoga Falls Board of Education	Education	1,021	6.70%
Go Jo Industries Inc	Manufacturer	877	5.76%
Holland Oil Company	Retail	682	4.48%
HJR Investments Inc	Employment Services	660	4.33%
B T L Payroll	Payroll Services	611	4.01%
Olsten Staffing Services	Employment Services	554	3.64%
Associated Materials	Manufacturer	494	3.24%
Sheraton Suites Cuyahoga Falls	Hotel	456	2.98%
Total		7,604	49.90%
Total Employment Within the City		15,238	

Source: City Financial Records and estimate for Total Employment within the City

(1) 2007 information is not available

(2) Information Prior to 1999 is not available

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police										
Vehicles	47	44	53	53	52	32	50	49	55	52
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Vehicles	27	31	28	31	27	28	27	26	26	25
Stations	5	5	4	4	4	4	4	4	4	4
Highways and Streets										
Streets(miles)	232.19*	231.28*	282	281	279	278	278	285	285	273
Streetslights	5595	5,683	5,647	5,550	5,361	5,057	5,046	5,045	5,203	4,936
Traffic Signals	76	76	77	77	77	76	77	77	87	76
Vehicles	47	58	54	62	59	67	59	59	65	61
Recreation										
Number of Parks	24	24	24	24	24	24	24	24	24	24
Vehicles	38	39	41	43	41	42	39	40	37	35
Number of Tennis Courts	16	16	16	16	16	16	16	16	16	16
Number of Baseball Diamonds	35	35	35	35	35	32	32	30	26	26
Recreation Center	1	1	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Acres of City Parks	507	507	507	507	507	507	507	510	510	507
Swimming Pools	5	5	5	5	3	3	3	2	2	2
Water										
Water Mains (miles)	200	200	207	200	200	200	20	197	192	192
Fire Hydrants	2257	2,257	2,207	2,207	2,208	2,207	2,138	2,146	2,107	2,030
Vehicles	20	18	21	19	20	21	20	21	26	25
Sewer										
Sanitary Sewer Lines (miles)	160	160	160	152	152	152	152	152	136	136
Storm Sewer Lines (miles)	157	157	157	150	86	86	85	85	83	83
Vehicles	11	13	11	12	12	11	13	12	21	19
Electric										
Substations	13	13	12	12	12	12	12	12	12	12
Miles of Service Lines	305.72	256	256	249	244	244	244	252	250	250
Vehicles	27	27	29	28	27	26	29	26	36	34
Sanitation										
Vehicles	24	26	27	30	28	31	29	26	30	30
Number of Routes	8	9	9	9**	10	10	10	10	10	10
Parking Facilities										
City Lots and Decks	16	17	16	16	16	16	12	11	11	11
Square Feet	360,686	389,236	387,236	387,236	377,636	377,636	314,536	296,536	296,536	296,536
Spaces	1,998	2,054	2,048	2,048	1,706	1,706	1,507	1,468	1,468	1,468
Recreation Lots	22	22	22	22	21	20	20	22	22	20
Square Feet	361,980	361,980	361,980	361,980	331,680	292,080	292,080	337,080	337,080	292,080
Spaces	1,886	1,886	1,886	1,886	1,468	1,317	1,317	1,412	1,412	1,187

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

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

City of Cuyahoga Falls, Ohio

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

Function/Program	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government										
Council	6	6	6	6	6	6	6	6	6	6
Mayor	3	3	3	2	2	2.5	2	2	2	2
Finance	9	8.5	9.5	9	8	8	7.5	8	8	8.5
Law Director	8	8	9.5	9.5	9.5	8	9	8	8.5	9
Service Director	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4
Municipal Court	25	25	19.5	21.5	18	20.5	19	16	15.5	17
Clerk of Courts	23.5	22.5	22.5	21.5	20	20	20.5	20	19.5	19.5
Civil Service	1.5	2	2	2	2	1.5	2	2	2	1
Engineering	11	11	11	12	12	12	11	12	12.5	11.5
HR	4	4	4	4	4.5	5	4.5	4.5	5	4.5
Print Shop	0.5	1	1	1	1	1	0.5	0.5	1	1
Building & Grounds	11	11	12	14	16	14.5	16	15	15	15
Income Tax	5	6	6	6.5	6.5	8	7.5	6	7	7
Security of Persons & Property										
Building	8	8	8	6	6	5	5	5	5	5
Police	112.5	118	123	120.5	115	125.5	119	120	112	112
Crossing Guards	7	10.5	15.5	16	17.5	18	18.5	20.5	18	18
Fire	85	85	87	88	85	88	86	86	88	82
Technical Services	5	6	6	6.5	6.5	6.5	6.5	4.5	7	7
Community Environment										
Community Development	14	15.5	17	15.5	10.5	10.5	9.5	10.5	10.5	10.5
Leisure Time										
Parks & Recreation	128.5	124.5	132.5	133.5	112.5	107	106	94.5	88.5	89.5
Transportation										
Streets	34	35	35	35.5	41.5	38.5	36.5	35.5	34	35.5
Sewage and Disposal	15	13	16.5	15	19	13.5	15.5	16.5	16	15.5
Water	26	29.5	26.5	27	28	26.5	26	27.5	26	29
Electric	54	57.5	58.5	58	60	54.5	57.5	57.5	55.5	56.5
Sanitation	20	24.5	25.5	28	27.5	32	31.5	29.5	31	36.5
Garage	8	9.5	9.5	10	10	10	9.5	9	9.5	9.5

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

Source: Sick Leave accrual Hours register from last pay of each year indicated.

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police										
Policepersons and Officers	89	93	96	94	91	97	98	92	85	87
Total Calls	36,343	38,872	39,497	38,442	39,762	41,907	40,643	39,727	37,944	38,832
Criminal Charges	433	723	771	644	689	503	468	515	575	565
Traffic Citations	9,350	6,321	8,257	7,030	6,890	9,453	8,544	6,916	6,989	8,840
Fire										
Firefighters and Officers	79	81	82	84	80	83	84	82	84	78
Total Calls	7,604	7,713	7,551	7,177	7,147	7,190	6,948	6,391	6,382	5,905
Inspections	1,793	1,560	1,637	1,621	1,471	1,535	1,534	1,604	N/A	N/A
Smoke Detectors Installed	671	439	611	4,197	1,008	869	866	1,348	N/A	N/A
Highways and Streets										
Potholes repaired	4,692	4,559	14,306	8,624	N/A	N/A	N/A	N/A	N/A	N/A
Rock Salt Used(Tons)	12,142	11,012	8,310	22,500	21,000	24,000	11,300	16,233	13,300	14,300
Senior Snow Watch Participants	1,284	1,411	1,370	1,342	1,242	1,195	1,250	382	191	N/A
Leaf Program(Cubic Yards)	15,360	12,130	12,400	12,720	12,660	12,720	13,310	12,040	13,040	13,960
Recreation										
Brookledge-Number of Rounds	37,054	38,919	39,013	N/A						
Waterworks-Daily Admissions	67,665	69,377	75,277	71,039	N/A	N/A	N/A	N/A	N/A	N/A
Natorium-Daily Admissions	771,184	789,237	783,086	N/A						
Water										
Average Daily Pumped (Gallons)	6,400,000	5,739,000	6,362,000	5,893,000	6,256,000	6,203,000	6,203,022	6,190,000	6,395,518	6,496,411
Water Main Breaks	116	62	100	103	102	72	79	79	89	43
New Water Taps	174	199	262	232	138	168	142	142	188	131
Sewer										
Average Daily Sewage Transportation (Gallons)	5,600,000	5,246,679	5,546,725	5,831,514	4,648,749	4,593,238	4,319,082	4,320,000	4,372,240	4,322,476
Sanitary Sewers Cleaned (Feet)	73,650	84,601	65,943	89,958	89,307	146,588	71,660	71,660	67,818	81,240
Storm Sewers Cleaned (Feet)	2,299	4,915	3,160	2,008	2,484	-	2,900	2,900	1,330	1,200
Electric										
Average Daily Consumption (in KWH)	1,179,000	1,248,528	1,274,495	1,202,878	1,163,259	1,188,107	1,117,879	1,120,868	1,119,273	1,080,837
Light Bulbs Issued	6,249	6,082	6,645	6,678	9,651	8,084	8,216	10,780	10,216	9,681
Green Energy Participants	287	180	192	202	N/A	N/A	N/A	N/A	N/A	N/A
Sanitation										
Refuse Collected (tons/year)	19,018	19,361	19,624	20,522	21,727	20,973	21,427	21,969	20,866	21,408
Recyclables collected (tons/year)	3,966	3,293	3,136	3,005	3,302	3,224	3,160	3,799	3,752	3,912
Yardwaste Collected (tons/year)	1,451	2,235	1,769	2,416	2,042	2,206	2,188	2,061	1,865	2,025
Building										
Residential Building Permits Issued	1,235	1,410	1,554	1,624	1,776	1,669	1,649	1,729	1,860	1,821
Commercial Building Permits Issued	652	353	259	187	205	164	163	186	245	205
Miscellaneous Building Permits Issued	2,230	3,200	2,939	5,069	3,702	3,096	2,858	3,201	3,540	3,415

Note: N/A indicates that data is not available

Source: City records.



Mary Taylor, CPA
Auditor of State

CITY OF CUYAHOGA FALLS

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 7, 2008**