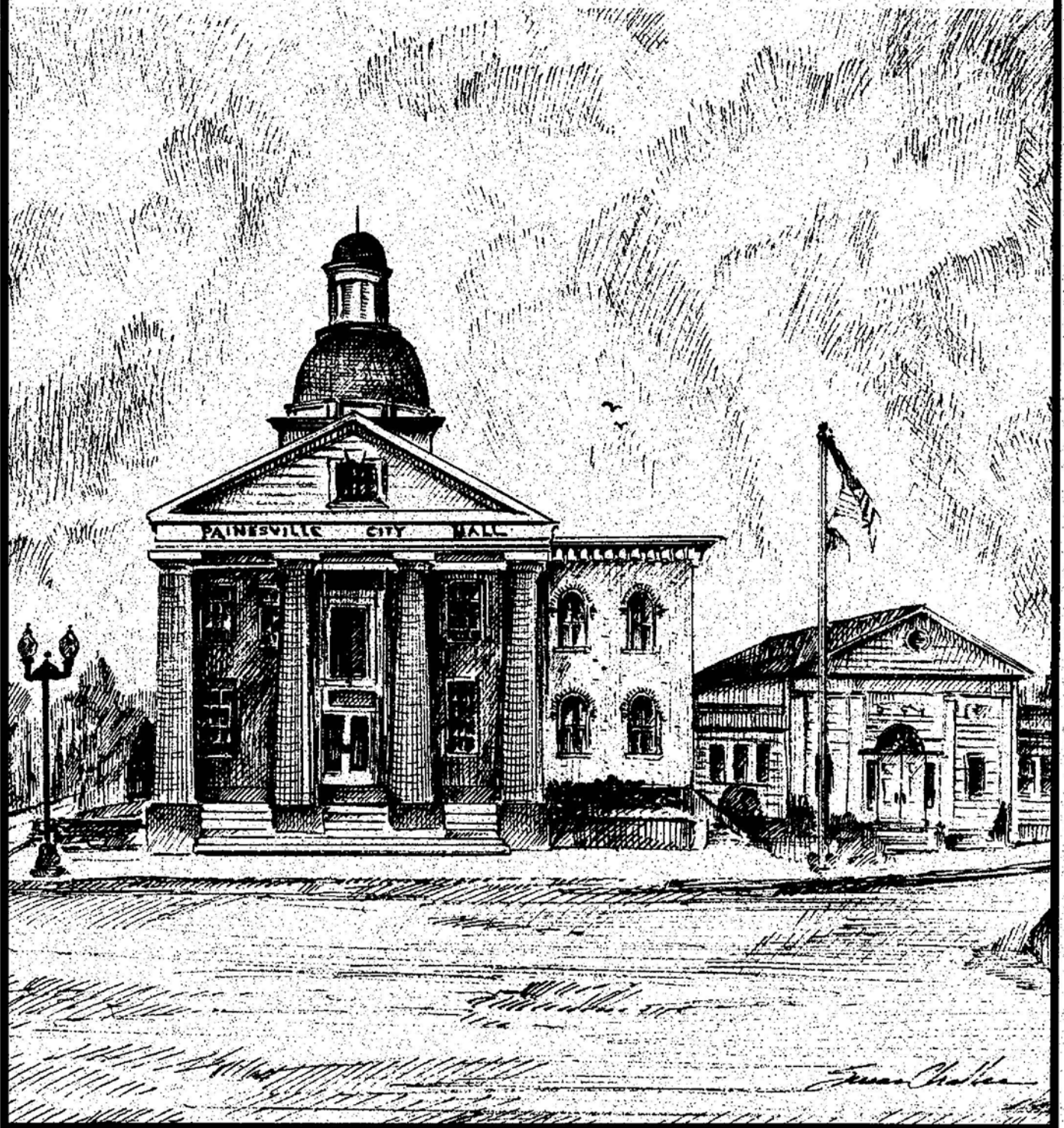


The City of Painesville, Ohio

*Comprehensive Annual Financial Report
for the Year Ended December 31, 2010*





Dave Yost • Auditor of State

Honorable City Manager and
Members of Council
City of Painesville
7 Richmond Street
P. O. Box 601
Painesville, Ohio 44077

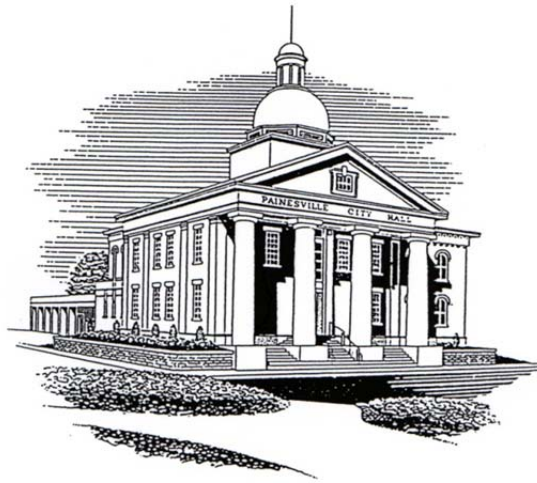
We have reviewed the *Independent Auditors' Report* of the City of Painesville, Lake County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 25, 2011



Lake County, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2010

Prepared by the Finance Department

Andrew A. Unetic
Director

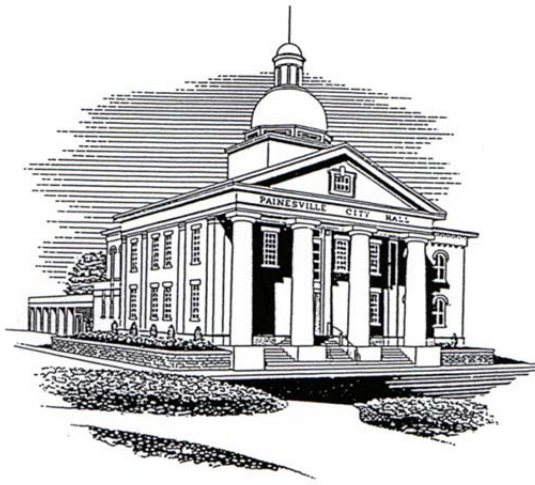


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LAKE COUNTY, OHIO

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INTRODUCTORY SECTION





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

June 30, 2011

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

We are pleased to present this Comprehensive Annual Financial Report for the City of Painesville, Ohio for the fiscal year ended December 31, 2010. The report has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City of Painesville's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity

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

***Letter of Transmittal
For the Year Ended December 31, 2010***

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

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

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

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

The History of the City

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

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

The Management

The Council-Manager form of government is established by the Charter. The legislative power of the City is vested in a Council of seven members who are elected on a non-partisan basis for a term of four years. Four of the members are elected from wards and their current term began on January 1, 2008; the remaining members are elected At-Large and their current terms expire on December 31, 2013. The chief executive power of the City is vested in the City Manager who is appointed by the City Council. The Director of Finance and Law Director, as well as other administrative directors, are appointed by the City Manager, with the affirmation of City Council.

***Letter of Transmittal
For the Year Ended December 31, 2010***

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

Services Provided

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

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

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

The Organization

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

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

***Letter of Transmittal
For the Year Ended December 31, 2010***

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

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2010***

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

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

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

Basis of Accounting

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

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

***Letter of Transmittal
For the Year Ended December 31, 2010***

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

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The primary focus of the Office of Economic Development in 2010 was business retention during the tough economic recession. With continued great uncertainty in the US economy, there was great impact that hit local businesses in all sectors manufacturing, commercial, retail and office. In an effort to gain perspective on the conditions within our community we conducted business surveys with our banks, mortgage companies, large office users, large commercial operations, large non-profits, key manufacturing companies and small manufacturing companies.

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

Painesville has been awarded the TeamNeo Asset Creation Award for our innovation over the last century to developing utilities that service our residential, commercial and industrial customers with reliability and professionalism. The City has also been recognized as a Platinum Level RP3 Community through the American Public Power Association which demonstrates our commitment to electric reliability for our industrial users.

Some of the new and exciting things taking place at this time include the redevelopment of an 8 acre parcel in our downtown district and a new downtown master plan. These plans are a great compliment to our new downtown Streetscape Plan which is nearing completion.

This past year we completed our 2010 – 2015 Economic Development Strategic Plan designed to enhance our abilities to grow our local businesses here within the community to further new private investments.

Residential, industrial and commercial economy has slowed over the past years, as it has across the County, however new residential and industrial properties continue to be built in the City. The city school system has completed the final building in their \$90+ million new construction program. The City continues to aggressively pursue new developments. At present, the City has multiple in-fill development projects that it is working on to identify grant funding sources for clean up and redevelopment.

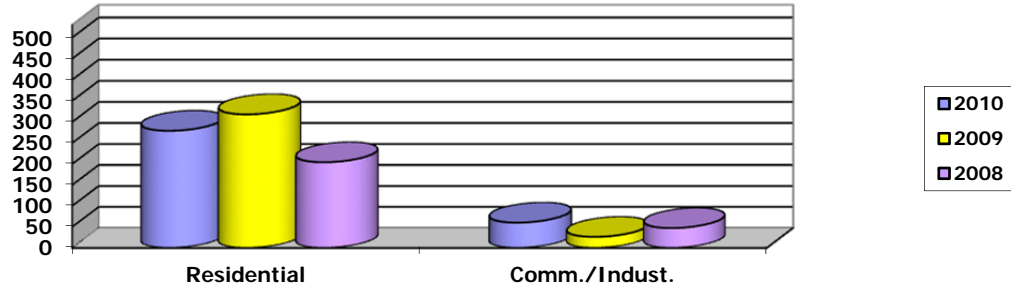
The chart below provides a summary and comparison of the number of building permits issued for the last three years. The City is expecting continual interest in economic and community development in the years to come.

CITY OF PAINESVILLE, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2010**

Comparison of Permits Issued

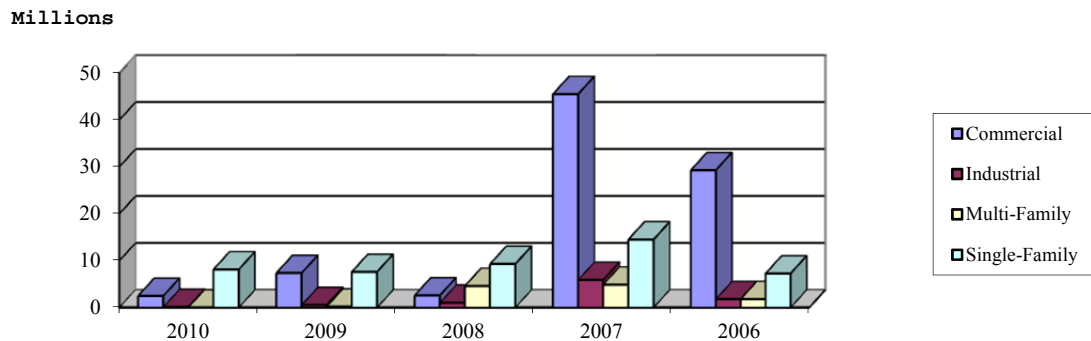
Category	2010	2009	2008	2007
Residential	279	318	204	328
Commercial/Industrial	60	26	47	51



Building Permit Valuations

Category	2010	2009	2008	2007	2006
Commercial	\$2,470,333	\$7,347,800	\$2,583,384	\$45,481,620	\$29,260,700
Industrial	116,841	526,234	1,012,072	5,898,707	1,802,084
Multi-Family	29,000	178,000	4,590,060	4,872,420	1,800,000
Single-Family	<u>8,112,642</u>	<u>7,592,010</u>	<u>9,268,842</u>	<u>14,487,164</u>	<u>7,253,027</u>
Totals	<u>\$10,728,816</u>	<u>\$15,644,044</u>	<u>\$17,454,358</u>	<u>\$70,739,911</u>	<u>\$40,115,811</u>

Comparison of Building Permits



CITY OF PAINESVILLE, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2010***

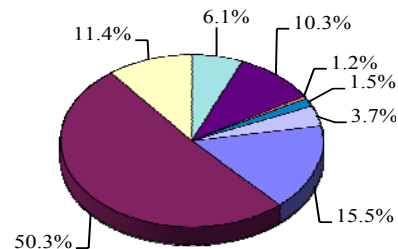
Unemployment in Lake County was lower than the state and national levels during 2010. The unemployment rate for Lake County decreased by .7% in 2010. Listed below are the respective unemployment rates for the county, state and nation as of December 31, 2010:

Lake County	8.1%
Ohio	9.0%
United States	9.0%

Local Business

The City of Painesville has 600 businesses which employ approximately 6,529 workers in all sectors of the economy. The percentage of businesses by sector breakdown is as follows:

Sector	Businesses	Percentage of Total
Retail	92	15.5%
Service	300	50.3%
Manufacturing	68	11.4%
Construction	36	6.1%
Finance, Insurance and Real Estate	61	10.3%
Other	7	1.2%
Wholesale	9	1.5%
Government	22	3.7%
Total	595	100.00%



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

The primary focus of the Office of Economic Development in 2010 was business retention and downtown redevelopment. With continued great uncertainty in the US economy, there was great uncertainty for the effects it may create on business overall in the region. We are now also focusing new efforts on attracting new customers, attracting new industry and business and continuing our business retention and expansion efforts.

This past year Economic Development Office worked closely with and offered proposals on two leads on industrial investment in 2010. This was the slowest year for industrial land investments in the last five years. Of those two leads one company is an existing company who made some expansion in 2010 but is projecting additional expansion into the coming year. We believe that both of those businesses were considering a build because of municipal electric rates and the attractiveness of the land costs which would help them meet their long-term growth needs.

CITY OF PAINESVILLE, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2010**

The retention efforts of the department over the past year have been aggressive towards our existing industry and helping them determine where potential opportunities and cost saving measures could be obtained. We worked with several to identify key energy savings and worked closely with the Lake County Port Authority to try and identify re-financing and alternative creative financing solutions on new equipment that would enable them to gain new work contracts replacing customers they may have lost due to the economic downturn.

Business Attraction, Retention & Expansion

Listed below are new businesses, which have opened in or relocated to the City of Painesville during 2010. The City of Painesville has taken a very aggressive approach with its economic development programs and is making a concerted effort to acquaint new businesses with the advantages of locating in the City of Painesville.

2010 New Painesville Businesses

<u>Company Name</u>	<u>Facility</u>	<u>No. of Employees</u>
K& D Tackle	Bait & Tackle Shop	1-4
Loro Technologies	Computer Services	1-4
Virtec Enterprises	Engineering Consultant	1-4
Borinquen	Restaurant	1-4
Creationes Martha	Baptismal Retail	1-4
National Alliance of Mental Ill	Non-Profit	4-8
New Directions for Living	Service	1-4
Ava Lane Salon	Hair Salon	1-4
Bada Bing Pizza	Restaurant	4-8
Providence Home Health Care	Home Health Provider	4-8
Hanover Marine	Manufacturing	40-60
Allstate Insurance Agency	Insurance	1-4
Los Tres Gallos	Restaurant	1-4
El Rinconcito	Restaurant	1-4
Jackie's Place	Restaurant	1-4
New Business Total Employment		63--128

2010 Painesville Businesses Expansions / Re-Openings

<u>Company Name</u>	<u>Facility</u>	<u>No. of New Employees</u>
Yvonne's Sweet Shop	Expansion	4
Crossroads	Expansion	0
MBG Plastics	Expansion	4
Expansion Employment Added		8

Approximate Gained Employees 2010

71—136

***Letter of Transmittal
For the Year Ended December 31, 2010***

The business growth in the City of Painesville is a direct result of the Economic Development Office's focus on business retention, expansion and attraction. The office continues to aggressively work to attract commercial, retail and manufacturing companies into various citywide developments including a business center and a business parkway. In addition to marketing those developments the City is focusing on the Ohio Main Street Approach to economic restructuring for the downtown retail and commercial district.

Business connections and communication are also very important to the City of Painesville. This past year we have been working on new marketing initiatives with the newly formed Downtown Organization for each of our events that focus on collaboration between business and residents of the area. These efforts have been placed on the Business Networking Breakfasts, Art in the Park, Taste of Painesville, International Cuisine Celebration and the Annual Business Appreciation After-Hours. In addition, we publish a quarterly "Work For Business" newsletter which is sent to each city business. This newsletter details new projects, new businesses and other on-going community events that are focused around the Painesville Business Community. We also initiated a new marketing campaign focusing on the tri-county region.

MAJOR INITIATIVES

Current Year Projects

The Citywide goals are the primary factor used in making determinations of the appropriateness of increased expenditures in any given budget year. The mission of the City of Painesville, City Council and City employees is to enhance and improve the quality of life and growth in the community by providing the highest level of service in an efficient and cost effective manner. In 2010, the City continued to uphold that mission by expanding and improving services, upgrading and constructing infrastructure, and enhancing public grounds and facilities.

During the year, vehicles were acquired by the following departments: Engineering, Recreation and Public Lands, Electric, and Water to enhance the overall operational effectiveness and readiness of the City. To maintain the public safety, the Police Department replaced two patrol cars.

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

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

In 2010 Water Distribution spent \$175,000 to replace 1,000 lineal feet of water lines. Water Distribution also spent \$150,000 for a tanker truck to haul sludge to the Waste Water Treatment Plant. The tanker truck will save the City thousands of dollars a year, due to the fact that the City will no longer have to pay someone to haul the sludge for the Water Division.

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

***Letter of Transmittal
For the Year Ended December 31, 2010***

In 2010 the Electric Department purchased two 350 KW generators for additional generation capacity. The Electric Department also had several improvements for infrastructure and technology.

Future Projects

In 2011, The City will only be doing Capital Projects that are necessary to maintain operations or if the City received grant money for the capital projects.

The City has received grant money to acquire and demolish the Millstone properties that were destroyed in the 2006 flood. The City also has received grant monies to turn the Gristmill and Millstone areas into a nature preserve.

In 2011, the former Lake East Hospital will be continued to demolished, which also is being done with grant money.

In 2011, the Electric Department has been budgeted \$6,000,000 for building a new substation.

In 2010, the City received a grant from the Department of Energy for over \$3.7 million, which will allow the City's electric plant, along with another company, to research a Vanadium Battery Project, which is a new technology for storing electricity. The City will continue to work on this project in 2011.

In 2011 the City also will have other capital projects that will improve the City's infrastructure.

MANAGEMENT PRACTICES

Internal Control

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

The Finance Department is committed to strengthening internal controls to assure the safeguarding of assets and to provide reasonable assurance that all financial transactions are properly recorded. A capital asset software system allows for detailed reporting and analysis. On an annual basis, the individual departments perform an inventory of their assets. These inventories are given to the Finance Department to assure accuracy and accountability. An independent appraisal is also done periodically to value and insure the existence of capital assets within the City.

***Letter of Transmittal
For the Year Ended December 31, 2010***

Budgetary System

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

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

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

Accounting System

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2010***

OTHER INFORMATION

Independent Audit

Under federal law, the City is required to have an audit performed every year. The accounting firm of Ciuni & Panichi, Inc. performed the 2010 audit. The independent auditors' unqualified report has been included in this report. The Administration plans to continue this audit procedure as required by law as part of the preparation of its CAFR. The annual audit and management letter submitted by the independent public accounting firm provides information to the City to enable it to maintain and strengthen the City's accounting and budgeting controls.

Awards

Certificate of Achievement for Excellence in Financial Reporting to the City of Painesville, Ohio for its Comprehensive Annual Financial Report for the year ended December 31, 2009. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement represents a significant accomplishment by a governmental unit.

A Certificate of Achievement is valid for a period of one year. Painesville has received a Certificate of Achievement for the last twenty-three consecutive years, fiscal years ended 1987 – 2009. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting the report to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) also awarded the City with the Distinguished Budget Presentation Award. The GFOA established the Distinguished Budget Presentation Awards Program to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting and then to recognize individual governments that succeed in achieving that goal. The City of Painesville has received this award for ten consecutive years from 2001 – 2010.

Public Disclosure

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

***Letter of Transmittal
For the Year Ended December 31, 2010***

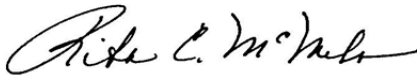
Acknowledgements

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

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

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

Sincerely,



Rita C. McMahon
City Manager



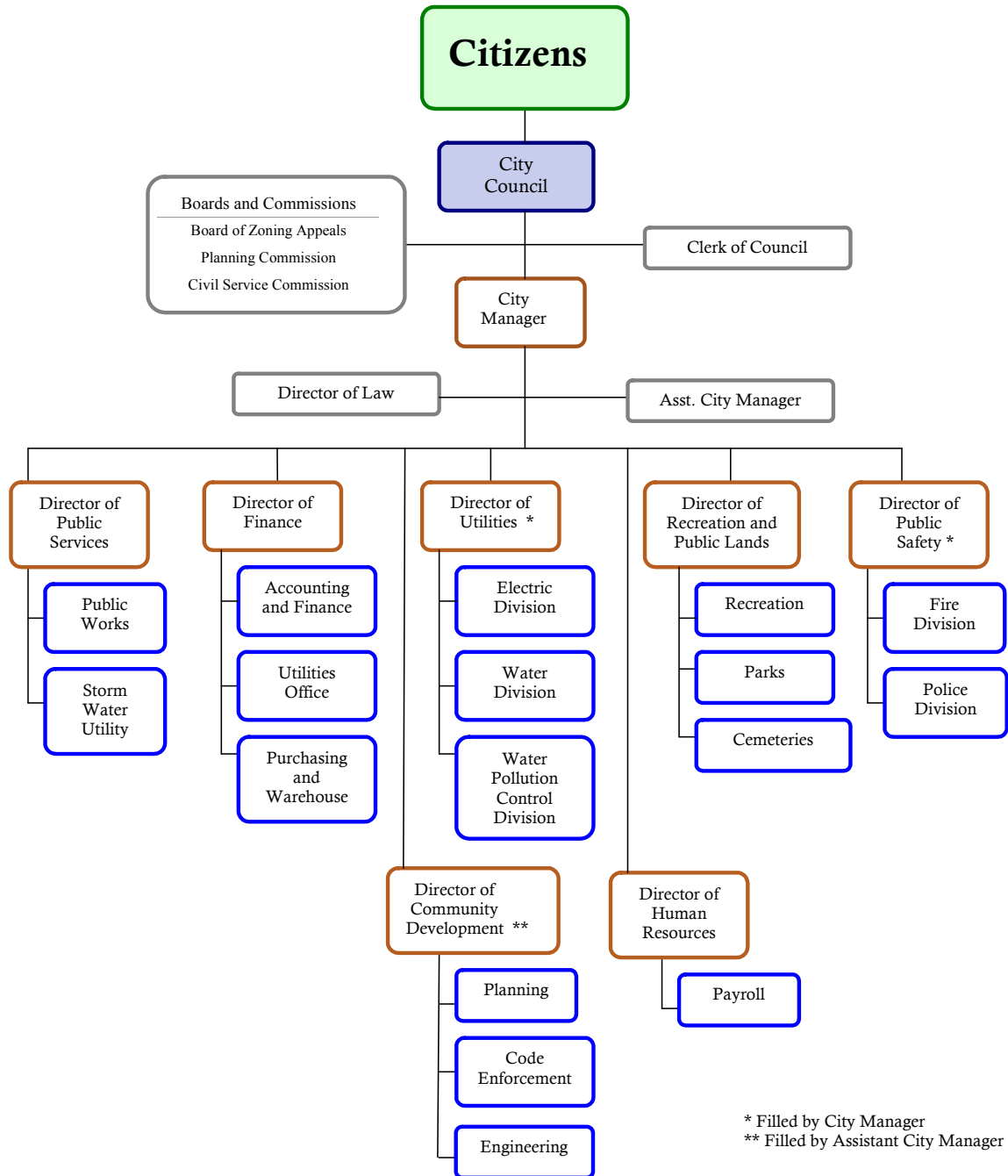
Andrew A. Unetic
Director of Finance

CITY OF PAINESVILLE, OHIO

**List of Principal Officials
For the Year Ended December 31, 2010**

Name	Title	Position	Years of Municipal/Governmental Service			Total Public Service
			City	Other Municipal/Governmental Service		
CITY COUNCIL						
Joseph Hada, Jr.	President (at Large)	3.0	29.5	0.0		29.5
Robert Fountain	Council Member (Ward 3)	8.0	15.0	0.0		15.0
Andrew Flock	Council Member (Ward 1)	15.5	15.5	0.0		15.5
Hal Werner	Council Member (Ward 2)	3.0	3.0	0.0		3.0
Paul W. Hach II	Vice President (Ward 4)	3.0	7.0	0.0		7.0
Lori DiNallo	Council Member (at Large)	1.0	1.0	1.0		1.0
Jim Fodor	Council Member (at Large)	1.0	1.0	0.0		1.0
Jennifer Bell	Clerk of Council	9.2	9.2	4.2		13.4
CITY ADMINISTRATION						
Rita C. McMahon	City Manager	13.5	18.5	9.5		28.0
Doug Lewis	Assistant City Manager	2.6	2.6	13.0		15.6
Andrew A. Unetic	Director of Finance	3.1	3.1	14.1		17.2
Joseph M. Gurley	Director of Law	23.0	30.3	15.3		30.3
DEPARTMENT/DIVISION HEADS						
Kevin Lynch	Service Director	6.2	6.2	20.1		26.3
Richard Lesiecki	City Engineer	3.9	3.9	8.3		12.2
Thomas A. Green, P.E.	Electric Power Superintendent	32.0	32.0	0.0		32.0
Randy Bruback	Water Pollution Control Superintendent	8.8	8.8	16.0		24.8
Mark Mlachak	Fire Chief	8.3	29.3	0.0		30.3
Troy Hager	Chief of Police	0.8	24.0	0.0		24.0
Daniel McGannon	Water Superintendent	4.5	4.5	28.0		31.5
Robert C. Baetzel	Human Resources Director	12.5	12.5	0.0		12.5
Lee Homyoock	Director of Recreation and Public Lands	6.7	6.7	20.0		26.7
Russ Schaedlich	City Planner	3.6	3.6	21.5		25.1

**City Organizational Chart
For the Year Ended December 31, 2010**



* Filled by City Manager
** Filled by Assistant City Manager

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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Painesville
Ohio

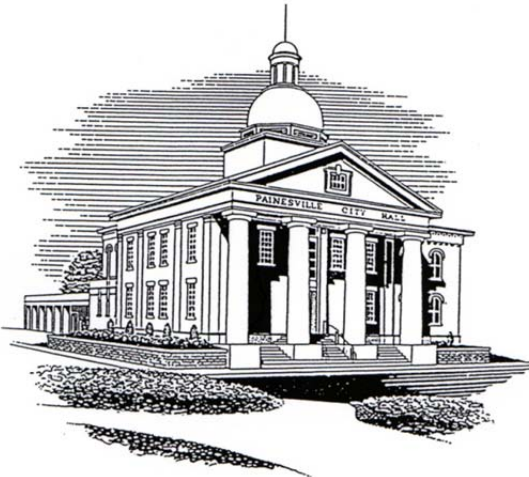
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President

Executive Director



FINANCIAL SECTION



Independent Auditors' Report

Members of the City Council
Painesville, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Painesville, Ohio (the "City"), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Street Construction, Maintenance and Repair Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the City Council
Painesville, Ohio

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

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

Cini & Parichi, Inc.

Cleveland, Ohio
June 30, 2011

The discussion and analysis of the City of Painesville's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2010 are as follows:

- ❑ In total, net assets increased \$1,491,265. Net assets of governmental activities increased \$154,819, which represents a 0.4% increase from 2009. Net assets of business-type activities increased \$1,336,446, or 1.9% from 2009.
- ❑ General revenues accounted for \$11,172,454 in revenue, or 22.0% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$39,718,798, or 78.0% of total revenues of \$50,891,252.
- ❑ The City had \$15,927,201 in expenses related to governmental activities; only \$4,170,682 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$11,158,447 were adequate to fully provide for these programs
- ❑ Among major funds, the general fund had \$12,575,044 in revenues, including other financing sources and \$13,037,553 in expenditures, including other financing uses. The general fund's fund balance decreased \$474,966.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following tables provide a comparison of the City's net assets at December 31, 2010 and 2009:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$16,209,019	\$18,336,456	\$34,875,214	\$32,547,219	\$51,084,233	\$50,883,675
Capital assets, Net	36,142,176	34,975,553	56,239,633	56,087,953	92,381,809	91,063,506
Total assets	<u>52,351,195</u>	<u>53,312,009</u>	<u>91,114,847</u>	<u>88,635,172</u>	<u>143,466,042</u>	<u>141,947,181</u>
Long-term debt outstanding	5,665,071	6,337,472	14,286,228	14,212,456	19,951,299	20,549,928
Other liabilities	6,170,724	6,613,956	6,799,047	5,729,590	12,969,771	12,343,546
Total liabilities	<u>11,835,795</u>	<u>12,951,428</u>	<u>21,085,275</u>	<u>19,942,046</u>	<u>32,921,070</u>	<u>32,893,474</u>
Net assets						
Invested in capital assets, net of related debt	29,982,485	28,000,333	41,322,460	41,103,064	71,304,945	69,103,397
Restricted	3,246,469	3,575,630	0	0	3,246,469	3,575,630
Unrestricted	7,286,446	8,784,618	28,707,112	27,590,062	35,993,558	36,374,680
Total net assets	<u>\$40,515,400</u>	<u>\$40,360,581</u>	<u>\$70,029,572</u>	<u>\$68,693,126</u>	<u>\$110,544,972</u>	<u>\$109,053,707</u>

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CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2010 and 2009:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,874,400	\$2,556,616	\$34,929,214	\$31,021,308	\$37,803,614	\$33,577,924
Operating Grants and Contributions	863,877	951,327	618,902	1,478,559	1,482,779	2,429,886
Capital Grants and Contributions	432,405	2,494,194	0	0	432,405	2,494,194
Total Program Revenues	4,170,682	6,002,137	35,548,116	32,499,867	39,718,798	38,502,004
General revenues:						
Property Taxes	1,168,067	1,214,434	0	0	1,168,067	1,214,434
Municipal Income Taxes	7,157,251	7,748,215	0	0	7,157,251	7,748,215
Other Local Taxes	13,305	11,164	0	0	13,305	11,164
Grants and Entitlements not Restricted to Specific Programs	1,605,729	1,266,406	0	0	1,605,729	1,266,406
Investment Earnings	451,850	831,745	14,007	(90,789)	465,857	740,956
Miscellaneous	762,245	226,494	0	0	762,245	226,494
Total General Revenues	11,158,447	11,298,458	14,007	(90,789)	11,172,454	11,207,669
Total Revenues	15,329,129	17,300,595	35,562,123	32,409,078	50,891,252	49,709,673
Program Expenses						
General Government	4,594,616	4,444,947	0	0	4,594,616	4,444,947
Public Safety	7,029,666	7,687,567	0	0	7,029,666	7,687,567
Highways and Streets	2,158,737	3,823,054	0	0	2,158,737	3,823,054
Public Health and Welfare	637,876	688,623	0	0	637,876	688,623
Culture and Recreation	778,109	843,945	0	0	778,109	843,945
Community Environment	525,976	476,715	0	0	525,976	476,715
Interest and Fiscal Charges	202,221	266,284	0	0	202,221	266,284
Water	0	0	4,934,978	4,683,197	4,934,978	4,683,197
Sewer	0	0	4,132,446	3,462,406	4,132,446	3,462,406
Electric	0	0	24,023,809	20,517,909	24,023,809	20,517,909
Refuse	0	0	12,063	3,580	12,063	3,580
Off-Street Parking	0	0	145,615	193,782	145,615	193,782
Storm Water Utility	0	0	181,269	272,151	181,269	272,151
Community Programs	0	0	42,606	38,021	42,606	38,021
Total Expenses	15,927,201	18,231,135	33,472,786	29,171,046	49,399,987	47,402,181
Excess (deficiency) before Transfers	(598,072)	(930,540)	2,089,337	3,238,032	1,491,265	2,307,492
Transfers	752,891	1,084,895	(752,891)	(1,084,895)	0	0
Total Change in Net Assets	154,819	154,355	1,336,446	2,153,137	1,491,265	2,307,492
Beginning Net Assets	40,360,581	40,206,226	68,693,126	66,539,989	109,053,707	106,746,215
Ending Net Assets	\$40,515,400	\$40,360,581	\$70,029,572	\$68,693,126	\$110,544,972	\$109,053,707

***Management's Discussion and Analysis
For the Year Ended December 31, 2010***

Unaudited

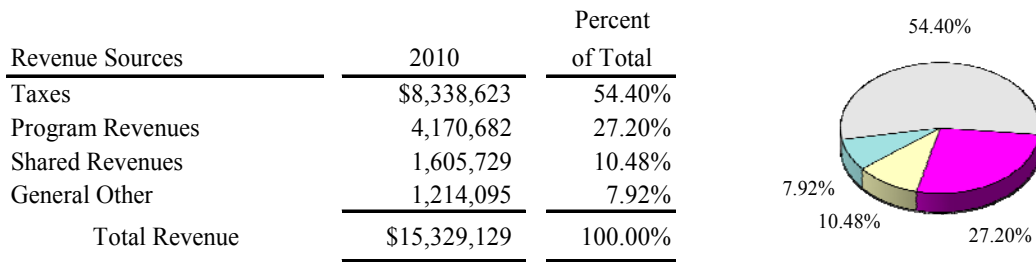
Governmental Activities

Net assets of the City's governmental activities increased \$154,819. The most significant changes were decreases in capital grants and contributions and expenses for highways and streets, which can both be attributed to infrastructure grants received in the prior fiscal year.

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

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

Taxes made up 54.40% of revenues for governmental activities for the City in fiscal year 2010. The City's reliance upon tax revenues is demonstrated by the following graph:



Business-Type Activities

Net assets of the business-type activities increased \$1,336,446. An increase in charges for services in the electric department resulted in a substantial increase in revenues. Electricity consumption increased by over 5.6 million Kwh from 2009, which was the result of increased air conditioning use caused by warmer summer weather.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$8,827,437, which is a decrease from last year's balance of \$10,449,941. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2010 and 2009:

	Fund Balance December 31, 2010	Fund Balance December 31, 2009	Increase (Decrease)
General	\$6,585,752	\$7,060,718	(\$474,966)
Street Construction, Maintenance and Repair	(16,799)	274,992	(291,791)
Shamrock Boulevard Road Project	(1,735,217)	(1,702,676)	(32,541)
Other Governmental	3,993,701	4,816,907	(823,206)
Total	\$8,827,437	\$10,449,941	(\$1,622,504)

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Unaudited

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

	2010 Revenues	2009 Revenues	Increase (Decrease)
Property Taxes	\$495,686	\$524,379	(\$28,693)
Municipal Income Taxes	7,157,251	7,748,215	(590,964)
Other Local Taxes	13,305	11,164	2,141
Intergovernmental Revenues	1,599,354	1,374,171	225,183
Charges for Services	57,322	62,786	(5,464)
Licenses, Permits and Inspection Fees	303,800	308,161	(4,361)
Investment Earnings	441,895	851,732	(409,837)
Fines and Forfeitures	869,736	960,770	(91,034)
All Other Revenue	717,769	156,588	561,181
Total	<u>\$11,656,118</u>	<u>\$11,997,966</u>	<u>(\$341,848)</u>

General Fund revenues in 2010 decreased 3% when compared to 2009 revenues. Decreased income tax collections and investment earnings can be attributed to poor economic conditions while health insurance reimbursements resulted in the increase in all other revenue.

	2010 Expenditures	2009 Expenditures	Increase (Decrease)
General Government	\$3,783,708	\$3,577,989	\$205,719
Public Safety	6,478,996	6,532,525	(53,529)
Highways and Streets	772,843	909,921	(137,078)
Public Health and Welfare	134,134	129,209	4,925
Culture and Recreation	712,688	771,393	(58,705)
Community Environment	370,265	381,821	(11,556)
Debt Service:			
Principal Retirement	55,937	99,519	(43,582)
Interest and Fiscal Charges	23,982	38,744	(14,762)
Total	<u>\$12,332,553</u>	<u>\$12,441,121</u>	<u>(\$108,568)</u>

General Fund expenditures decreased \$108,568, or less than 1% from the prior year. Increases in hospitalization and health care costs resulted in the increase in general government. The payment of salaries for mechanics was shifted to other funds, resulting in a decrease in expenditures for highways and streets.

Street Construction, Maintenance and Repair Fund – The percentage of street department salaries paid for out of the Street Construction, Maintenance and Repair Fund decreased from 40% to 25%, however, expenditures continued to outpace revenues, resulting in a decrease in fund balance.

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

CITY OF PAINESVILLE, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2010***

Unaudited

Water Fund – The City's Water fund revenues and expenses remained stable when compared with the prior year, resulting in an increase in fund balance of less than 1%.

Sewer Fund – Increases in salaries and health care costs within the sewer department contributed to a decrease in end of year net assets of nearly 10%.

Electric Fund – In 2010, electricity consumption increased by over 5.6 million Kwh from 2009, which was the result of increased air conditioning use caused by warmer summer weather. This increase in revenues resulted in an increase in net assets of approximately 5%.

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

During the course of fiscal year 2010 the City amended its General Fund budget several times, none significant.

For the General Fund, original revenue estimates, final revenue estimates, and actual budget basis revenues were not materially different. Original and final appropriations were not significantly different. The City curtailed actual budget basis expenditures keeping costs \$715,203 below final appropriations. The City controlled costs in all areas to achieve such a variance, the most notable savings came in salaries and benefits of City employees. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2010 the City had \$92,381,809 net of accumulated depreciation invested in land, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, and infrastructure. Of this total, \$36,142,176 was related to governmental activities and \$56,239,633 to the business-type activities. The following table shows fiscal year 2010 and 2009 balances:

	Governmental Activities		Increase (Decrease)
	2010	2009	
Land	\$7,691,544	\$4,418,434	\$3,273,110
Construction in Progress	2,172,704	4,571,525	(2,398,821)
Buildings and Improvements	5,287,576	5,046,761	240,815
Improvements other than Buildings	7,702,678	6,266,870	1,435,808
Machinery and Equipment	6,472,290	6,334,073	138,217
Infrastructure	24,929,303	24,929,303	0
Less: Accumulated Depreciation	(18,113,919)	(16,591,413)	(1,522,506)
Totals	<u>\$36,142,176</u>	<u>\$34,975,553</u>	<u>\$1,166,623</u>

CITY OF PAINESVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2010	2009	
Land	\$1,397,784	\$1,397,784	\$0
Construction in Progress	17,212,739	16,416,626	796,113
Buildings and Improvements	31,294,058	31,008,527	285,531
Improvements other than Buildings	39,510,519	39,379,316	131,203
Machinery and Equipment	22,623,250	21,656,212	967,038
Less: Accumulated Depreciation	(55,798,717)	(53,770,512)	(2,028,205)
Totals	<u>\$56,239,633</u>	<u>\$56,087,953</u>	<u>\$151,680</u>

The primary increase in governmental activities' capital assets occurred in land. The City received grant money and purchased the Gristmill Condominium property that was destroyed in the flood of 2006. This property will be turned into a nature preserve. Additional information on the City's capital assets can be found in Note 9.

As of December 31, 2010, the City had contractual commitments of \$3,595,061 related to various projects throughout the City. Additional information on the City's construction commitments can be found in Note 16.

Debt

At December 31, 2010, the City had \$4,240,000 in general obligation bonds outstanding, \$650,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2010 and 2009:

	2010	2009
Governmental Activities:		
General Obligation Bonds	\$1,700,000	\$1,840,000
Construction Loan	381,978	436,750
Special Assessment Bonds	340,000	355,000
Ohio Public Works Commission Loan	83,131	93,021
Compensated Absences	1,662,848	1,740,544
Capital Leases	414,816	594,226
Workers' Compensation Liability	342,787	521,469
Police and Firemen's Accrued Pension	739,511	756,462
Total Governmental Activities	<u>5,665,071</u>	<u>6,337,472</u>
Business-Type Activities:		
General Obligation Bonds	2,540,000	3,045,000
Mortgage Revenue Bonds	1,650,319	1,810,716
Ohio Water Development Authority Loan	4,281,356	3,325,443
Ohio Public Works Commission Loan	361,516	464,922
Compensated Absences	1,714,199	1,619,844
Capital Leases	3,738,838	3,946,531
Total Business-Type Activities	<u>14,286,228</u>	<u>14,212,456</u>
Totals	<u>\$19,951,299</u>	<u>\$20,549,928</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2010, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

As it was with most government entities, the City of Painesville experienced continued trying economic times in 2010. However thanks to the long term planning that was provided by the City Manager and City Council, the City had built up adequate fund balance reserves in anticipation of the continued poor economy in 2010 and continued reduced revenues. 2010 was the first full year without Lake East Hospital, which moved out of the City at the end of 2009. Thanks to the creative thinking of the City Manager and the City Council, some of these lost revenues were offset with the creation of a Joint Economic Development District with a local township.

City Council continued a conservative spending pattern in 2010. The 2010 Budget was reduced by 11% compared to 2009. All departments of the City reduced their operating expenses in 2010 and positions were eliminated through attrition. Only capital items that management and City Council determined necessary were appropriated, one of the main capital projects was purchasing the Gristmill Condominium properties that were destroyed in the 2006 flood. These properties were purchased with grant monies and will be turned into a nature preserve. As numerous other government entities continue to do massive layoffs and cutting services in 2010, the City of Painesville maintained our workforce and did not cut services. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

REQUESTS FOR INFORMATION

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

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
December 31, 2010**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,831,584	\$ 2,475,782	\$ 7,307,366
Investments	5,513,062	25,002,363	30,515,425
Receivables:			
Taxes	1,865,947	0	1,865,947
Accounts	257,599	3,732,946	3,990,545
Intergovernmental	1,277,031	10,992	1,288,023
Interest	92,197	0	92,197
Special Assessments	29,149	0	29,149
Internal Balances	216,479	(216,479)	0
Inventory of Supplies at Cost	197,861	950,650	1,148,511
Land Held for Resale	785,000	0	785,000
Prepaid Items	62,885	255,834	318,719
Investment in Joint Venture	0	1,669,427	1,669,427
Deferred Charge	0	158,140	158,140
Restricted Assets:			
Cash and Cash Equivalents	1,080,225	835,559	1,915,784
Capital Assets:			
Capital Assets Not Being Depreciated	9,864,248	18,610,523	28,474,771
Capital Assets Being Depreciated, Net	26,277,928	37,629,110	63,907,038
Total Assets	52,351,195	91,114,847	143,466,042
Liabilities:			
Accounts Payable	1,194,052	3,096,278	4,290,330
Accrued Wages and Benefits	603,567	370,564	974,131
Intergovernmental Payable	1,570	92,882	94,452
Claims Payable	306,900	0	306,900
Refundable Deposits	0	835,559	835,559
Unearned Revenue	750,700	0	750,700
Accrued Interest Payable	74,169	58,620	132,789
General Obligation Notes Payable	3,239,766	2,345,144	5,584,910
Noncurrent liabilities:			
Due within one year	1,006,721	1,768,027	2,774,748
Due in more than one year	4,658,350	12,518,201	17,176,551
Total Liabilities	11,835,795	21,085,275	32,921,070

CITY OF PAINESVILLE, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Assets:			
Invested in Capital Assets, Net of Related Debt	29,982,485	41,322,460	71,304,945
Restricted For:			
Debt Service	247,143	0	247,143
Highways	299,457	0	299,457
Public Safety	780,171	0	780,171
Cemetery Operations:			
Nonexpendable	984,940	0	984,940
Expendable	236,087	0	236,087
Other Purposes	698,671	0	698,671
Unrestricted	7,286,446	28,707,112	35,993,558
Total Net Assets	\$ 40,515,400	\$ 70,029,572	\$ 110,544,972

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Activities
For the Year Ended December 31, 2010**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
General Government	\$ 4,594,616	\$ 1,942,968	\$ 0	\$ 0
Public Safety	7,029,666	658,667	61,703	0
Highways and Streets	2,158,737	35,895	802,164	380,875
Public Health and Welfare	637,876	109,421	0	0
Culture and Recreation	778,109	12,372	10	0
Community Environment	525,976	115,077	0	51,530
Interest and Fiscal Charges	202,221	0	0	0
Total Governmental Activities	15,927,201	2,874,400	863,877	432,405
Business-Type Activities:				
Water	4,934,978	4,883,093	115,263	0
Sewer	4,132,446	3,104,324	0	0
Electric	24,023,809	26,400,302	503,639	0
Refuse	12,063	13,645	0	0
Off Street Parking	145,615	42,413	0	0
Storm Water Utility	181,269	439,879	0	0
Community Programs	42,606	45,558	0	0
Total Business-Type Activities	33,472,786	34,929,214	618,902	0
Totals	\$ 49,399,987	\$ 37,803,614	\$ 1,482,779	\$ 432,405

General Revenues and Transfers

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

Change in Net Assets

Net Assets Beginning of Year
Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,651,648)	\$ 0	\$ (2,651,648)
(6,309,296)	0	(6,309,296)
(939,803)	0	(939,803)
(528,455)	0	(528,455)
(765,727)	0	(765,727)
(359,369)	0	(359,369)
<u>(202,221)</u>	<u>0</u>	<u>(202,221)</u>
<u>(11,756,519)</u>	<u>0</u>	<u>(11,756,519)</u>
0	63,378	63,378
0	(1,028,122)	(1,028,122)
0	2,880,132	2,880,132
0	1,582	1,582
0	(103,202)	(103,202)
0	258,610	258,610
0	2,952	2,952
<u>0</u>	<u>2,075,330</u>	<u>2,075,330</u>
<u>(11,756,519)</u>	<u>2,075,330</u>	<u>(9,681,189)</u>
1,168,067	0	1,168,067
7,157,251	0	7,157,251
13,305	0	13,305
1,605,729	0	1,605,729
451,850	14,007	465,857
762,245	0	762,245
<u>752,891</u>	<u>(752,891)</u>	<u>0</u>
<u>11,911,338</u>	<u>(738,884)</u>	<u>11,172,454</u>
154,819	1,336,446	1,491,265
<u>40,360,581</u>	<u>68,693,126</u>	<u>109,053,707</u>
<u>\$ 40,515,400</u>	<u>\$ 70,029,572</u>	<u>\$ 110,544,972</u>

CITY OF PAINESVILLE, OHIO

**Balance Sheet
Governmental Funds
December 31, 2010**

	General	Street Construction, Maintenance and Repair	Shamrock Boulevard Road Project
Assets:			
Cash and Cash Equivalents	\$ 390,784	\$ 74,869	\$ 121,256
Investments	4,434,216	849,535	0
Receivables:			
Taxes	1,565,157	0	0
Accounts	47,574	0	0
Intergovernmental	819,879	271,584	0
Interest	92,197	0	0
Special Assessments	0	0	0
Interfund Loans Receivables	280,000	0	0
Inventory of Supplies, at Cost	162,157	0	0
Land Held for Resale	785,000	0	0
Prepaid Items	54,603	0	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Total Assets	\$ 8,631,567	\$ 1,195,988	\$ 121,256
Liabilities:			
Accounts Payable	\$ 72,590	\$ 54,496	\$ 0
Accrued Wages and Benefits Payable	558,179	8,155	0
Intergovernmental Payable	995	0	0
Interfund Loans Payable	0	0	0
Deferred Revenue	1,121,520	179,084	0
Accrued Interest Payable	3,905	15,086	14,233
General Obligation Notes Payable	234,320	955,966	1,842,240
Compensated Absences Payable	54,306	0	0
Total Liabilities	2,045,815	1,212,787	1,856,473

CITY OF PAINESVILLE, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,007,156	\$ 4,594,065
229,311	5,513,062
300,790	1,865,947
210,025	257,599
185,568	1,277,031
0	92,197
29,149	29,149
0	280,000
1,753	163,910
0	785,000
8,282	62,885
<u>1,080,225</u>	<u>1,080,225</u>
<u>\$ 6,052,259</u>	<u>\$ 16,001,070</u>
\$ 1,037,681	\$ 1,164,767
37,233	603,567
575	1,570
280,000	280,000
492,559	1,793,163
3,270	36,494
207,240	3,239,766
0	54,306
<u>2,058,558</u>	<u>7,173,633</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Balance Sheet
Governmental Funds
December 31, 2010**

	General	Street Construction, Maintenance and Repair	Shamrock Boulevard Road Project
Fund Balances:			
Reserved for Encumbrances	303,638	187,716	0
Reserved for Prepaid Items	54,603	0	0
Reserved for Supplies Inventory	162,157	0	0
Reserved for Debt Service	0	0	0
Reserved for Endowments	0	0	0
Undesignated/Unreserved in:			
General Fund	6,065,354	0	0
Special Revenue Funds	0	(204,515)	0
Capital Projects Funds	0	0	(1,735,217)
Permanent Funds	0	0	0
Total Fund Balances	<u>6,585,752</u>	<u>(16,799)</u>	<u>(1,735,217)</u>
Total Liabilities and Fund Balances	<u>\$ 8,631,567</u>	<u>\$ 1,195,988</u>	<u>\$ 121,256</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

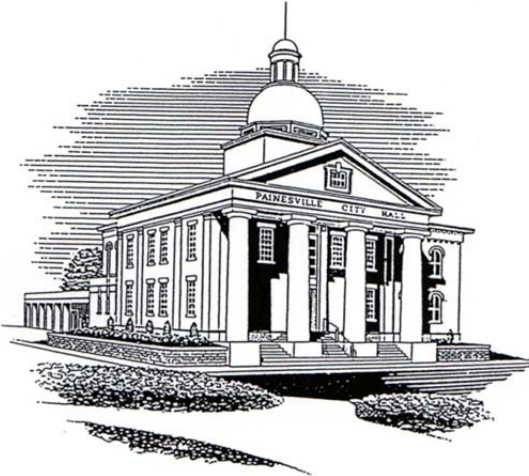
<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
543,696	1,035,050
8,282	62,885
1,753	163,910
247,752	247,752
984,940	984,940
0	6,065,354
1,408,980	1,204,465
562,211	(1,173,006)
236,087	236,087
<u>3,993,701</u>	<u>8,827,437</u>
<u>\$ 6,052,259</u>	<u>\$ 16,001,070</u>

CITY OF PAINESVILLE, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2010***

Total Governmental Fund Balances	\$ 8,827,437
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	36,142,176
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,042,463
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(191,023)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,305,653)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 40,515,400</u>

See accompanying notes to the basic financial statements



CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010**

	General	Street Construction, Maintenance and Repair	Shamrock Boulevard Road Project
Revenues:			
Property Taxes	\$ 495,686	\$ 0	\$ 0
Municipal Income Taxes	7,157,251	0	0
Other Local Taxes	13,305	0	0
Intergovernmental Revenues	1,599,354	799,085	0
Charges for Services	57,322	0	0
Licenses, Permits and Inspection Fees	303,800	0	0
Investment Earnings	441,895	(2,014)	0
Special Assessments	0	0	0
Fines and Forfeitures	869,736	0	0
All Other Revenues	717,769	0	0
Total Revenues	11,656,118	797,071	0
Expenditures:			
Current:			
General Government	3,783,708	0	0
Public Safety	6,478,996	0	0
Highways and Streets	772,843	1,011,733	0
Public Health and Welfare	134,134	0	0
Culture and Recreation	712,688	0	0
Community Environment	370,265	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	55,937	116,073	0
Interest & Fiscal Charges	23,982	68,056	32,541
Total Expenditures	12,332,553	1,195,862	32,541
Excess (Deficiency) of Revenues			
Over Expenditures	(676,435)	(398,791)	(32,541)
Other Financing Sources (Uses):			
Sale of Capital Assets	9,169	0	0
Transfers In	909,757	107,000	0
Transfers Out	(705,000)	0	0
Total Other Financing Sources (Uses)	213,926	107,000	0
Net Change in Fund Balances	(462,509)	(291,791)	(32,541)
Fund Balance at Beginning of Year	7,060,718	274,992	(1,702,676)
Decrease in Inventory Reserve	(12,457)	0	0
Fund Balance End of Year	\$ 6,585,752	\$ (16,799)	\$ (1,735,217)

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 664,293	\$ 1,159,979
0	7,157,251
0	13,305
461,932	2,860,371
744,143	801,465
0	303,800
2,643	442,524
89,140	89,140
357,422	1,227,158
620,010	1,337,779
<u>2,939,583</u>	<u>15,392,772</u>
731,537	4,515,245
699,510	7,178,506
95,486	1,880,062
484,465	618,599
0	712,688
139,107	509,372
1,702,801	1,702,801
227,062	399,072
81,113	205,692
<u>4,161,081</u>	<u>17,722,037</u>
(1,221,498)	(2,329,265)
0	9,169
665,410	1,682,167
<u>(264,276)</u>	<u>(969,276)</u>
<u>401,134</u>	<u>722,060</u>
(820,364)	(1,607,205)
4,816,907	10,449,941
<u>(2,842)</u>	<u>(15,299)</u>
<u>\$ 3,993,701</u>	<u>\$ 8,827,437</u>

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2010***

Net Change in Fund Balances - Total Governmental Funds \$ (1,607,205)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 1,170,565

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (3,942)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (63,643)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 416,023

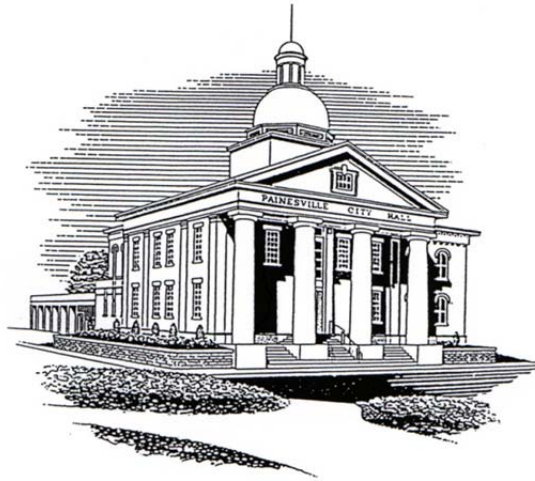
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 3,471

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 116,703

The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 122,847

Change in Net Assets of Governmental Activities \$ 154,819

See accompanying notes to the basic financial statements



CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 433,400	\$ 433,400	\$ 495,745	\$ 62,345
Municipal Income Taxes	7,113,152	7,175,000	7,182,110	7,110
Other Local Taxes	10,000	10,000	13,305	3,305
Intergovernmental Revenue	1,484,566	1,484,566	1,574,572	90,006
Charges for Services	63,625	63,625	57,322	(6,303)
Licenses, Permits and Inspection Fees	317,250	317,250	302,169	(15,081)
Investment Earnings	490,000	490,000	456,539	(33,461)
Fines and Forfeitures	962,900	962,900	946,259	(16,641)
All Other Revenues	400,582	402,167	391,769	(10,398)
Total Revenues	<u>11,275,475</u>	<u>11,338,908</u>	<u>11,419,790</u>	<u>80,882</u>
Expenditures:				
Current:				
General Government	3,981,035	4,036,796	3,870,695	166,101
Public Safety	7,255,579	7,252,224	6,836,772	415,452
Highways and Streets	875,660	875,549	810,799	64,750
Public Health and Welfare	144,735	144,735	133,295	11,440
Culture and Recreation	777,586	777,586	745,892	31,694
Community Environment	413,791	413,691	389,648	24,043
Debt Service:				
Principal Retirement	64,293	57,625	55,937	1,688
Interest and Fiscal Charges	18,007	18,108	18,073	35
Total Expenditures	<u>13,530,686</u>	<u>13,576,314</u>	<u>12,861,111</u>	<u>715,203</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,255,211)	(2,237,406)	(1,441,321)	796,085
Other Financing Sources (Uses):				
Sale of Capital Assets	2,000	2,000	9,169	7,169
Sale of General Obligation Notes	235,350	235,350	234,320	(1,030)
Transfers In	800,000	1,222,567	1,235,757	13,190
Transfers Out	(750,631)	(705,000)	(705,000)	0
Advances In	0	20,000	20,000	0
Advances Out	(246,360)	(246,360)	(246,360)	0
Total Other Financing Sources (Uses):	<u>40,359</u>	<u>528,557</u>	<u>547,886</u>	<u>19,329</u>
Net Changes in Fund Balance	(2,214,852)	(1,708,849)	(893,435)	815,414
Fund Balance at Beginning of Year	4,878,709	4,878,709	4,878,709	0
Prior Year Encumbrances	449,658	449,658	449,658	0
Fund Balance at End of Year	<u>\$ 3,113,515</u>	<u>\$ 3,619,518</u>	<u>\$ 4,434,932</u>	<u>\$ 815,414</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	\$ 872,700	\$ 872,700	\$ 873,684	\$ 984
Total Revenues	<u>872,700</u>	<u>872,700</u>	<u>873,684</u>	<u>984</u>
Expenditures:				
Current:				
Highways and Streets	1,543,655	1,543,655	1,412,372	131,283
Debt Service:				
Principal Retirement	1,137,257	1,137,308	1,137,306	2
Interest and Fiscal Charges	70,204	70,153	69,499	654
Total Expenditures	<u>2,751,116</u>	<u>2,751,116</u>	<u>2,619,177</u>	<u>131,939</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,878,416)	(1,878,416)	(1,745,493)	132,923
Other Financing Sources (Uses):				
Sale of General Obligation Notes	955,966	955,966	955,966	0
Premiums on Bond Issuances	0	0	297	297
Transfers In	107,000	107,000	107,000	0
Total Other Financing Sources (Uses):	<u>1,062,966</u>	<u>1,062,966</u>	<u>1,063,263</u>	<u>297</u>
Net Changes in Fund Balance	(815,450)	(815,450)	(682,230)	133,220
Fund Balance at Beginning of Year	1,086,423	1,086,423	1,086,423	0
Prior Year Encumbrances	291,910	291,910	291,910	0
Fund Balance at End of Year	<u>\$ 562,883</u>	<u>\$ 562,883</u>	<u>\$ 696,103</u>	<u>\$ 133,220</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2010**

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Other Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 154,391	\$ 247,227	\$ 1,546,948	\$ 527,216
Investments	1,751,876	2,805,285	20,445,202	0
Accounts Receivable	446,791	429,140	2,807,137	49,878
Intergovernmental Receivable	0	10,992	0	0
Inventory of Supplies at Cost	145,576	60,343	744,731	0
Prepaid Items	67,799	51,143	132,696	4,196
Total Current Assets	<u>2,566,433</u>	<u>3,604,130</u>	<u>25,676,714</u>	<u>581,290</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and Cash Equivalents	272,419	0	559,348	3,792
Total Restricted Assets	<u>272,419</u>	<u>0</u>	<u>559,348</u>	<u>3,792</u>
Investment in Joint Venture	0	0	1,669,427	0
Deferred Charges	18,090	0	140,050	0
Capital Assets:				
Capital Assets Not Being Depreciated	4,448,674	3,042,044	9,888,268	1,231,537
Capital Assets Being Depreciated, Net	18,072,374	7,813,830	10,366,202	1,376,704
Total Noncurrent Assets	<u>22,811,557</u>	<u>10,855,874</u>	<u>22,623,295</u>	<u>2,612,033</u>
Total Assets	<u>25,377,990</u>	<u>14,460,004</u>	<u>48,300,009</u>	<u>3,193,323</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	35,414	147,551	2,890,981	22,332
Accrued Wages and Benefits	75,161	75,413	214,631	5,359
Intergovernmental Payable	78,073	14,557	252	0
Claims Payable - Current	0	0	0	0
Refundable Deposits	272,419	0	559,348	3,792
Accrued Interest Payable	44,177	4,127	296	10,020
General Obligation Notes Payable	1,102,154	570,310	0	672,680
Capital Leases Payable - Current	151,535	23,706	22,815	0
General Obligation Bonds Payable - Current	515,000	0	0	0
Revenue Bond Payable - Current	0	0	163,866	0
OWDA Loans Payable - Current	79,600	0	0	0
OPWC Loans Payable - Current	101,357	2,048	0	0
Compensated Absences Payable - Current	74,723	111,048	520,798	1,531
Total Current Liabilities	<u>2,529,613</u>	<u>948,760</u>	<u>4,372,987</u>	<u>715,714</u>

CITY OF PAINESVILLE, OHIO

		Governmental Activities -	
		Internal Service Funds	
Total			Funds
\$ 2,475,782	\$	237,519	
25,002,363		0	
3,732,946		0	
10,992		0	
950,650		33,951	
255,834		0	
<u>32,428,567</u>		<u>271,470</u>	
835,559		0	
<u>835,559</u>		<u>0</u>	
1,669,427		0	
158,140		0	
18,610,523		0	
<u>37,629,110</u>		<u>0</u>	
58,902,759		0	
<u>91,331,326</u>		<u>271,470</u>	
3,096,278		29,285	
370,564		0	
92,882		0	
0		477,837	
835,559		0	
58,620		0	
2,345,144		0	
198,056		0	
515,000		0	
163,866		0	
79,600		0	
103,405		0	
708,100		0	
<u>8,567,074</u>		<u>507,122</u>	

(Continued)

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2010**

	Business-Type Activities			
	Enterprise Funds			Other Enterprise Funds
	Water	Sewer	Electric	
Noncurrent Liabilities:				
Capital Leases Payable	3,173,323	218,552	148,907	0
General Obligation Bonds Payable	2,025,000	0	0	0
Claims Payable	0	0	0	0
Revenue Bonds Payable	0	0	1,486,453	0
OWDA Loans Payable	786,536	3,415,220	0	0
OPWC Loans Payable	225,332	32,779	0	0
Compensated Absences Payable	265,267	271,732	449,996	19,104
Total Noncurrent Liabilities	6,475,458	3,938,283	2,085,356	19,104
Total Liabilities	9,005,071	4,887,043	6,458,343	734,818
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	14,361,211	6,593,259	18,432,429	1,935,561
Unrestricted	2,011,708	2,979,702	23,409,237	522,944
Total Net Assets	<u>\$ 16,372,919</u>	<u>\$ 9,572,961</u>	<u>\$ 41,841,666</u>	<u>\$ 2,458,505</u>

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

Net Assets of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

	Governmental Activities -	
Total	Internal Service Funds	
3,540,782	0	
2,025,000	0	
0	171,850	
1,486,453	0	
4,201,756	0	
258,111	0	
<u>1,006,099</u>	<u>0</u>	
12,518,201	171,850	
<u>21,085,275</u>	<u>678,972</u>	
41,322,460	0	
<u>28,923,591</u>	<u>(407,502)</u>	
<u>\$ 70,246,051</u>	<u>\$ (407,502)</u>	
(216,479)		
<u>\$ 70,029,572</u>		

CITY OF PAINESVILLE, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010**

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Other Enterprise Funds
Operating Revenues:				
Charges for Services	\$ 4,517,041	\$ 2,998,448	\$ 25,136,748	\$ 527,693
Other Charges for Services	146,179	72,118	434,620	9,946
Other Operating Revenues	219,748	38,234	84,254	1,600
Total Operating Revenues	4,882,968	3,108,800	25,655,622	539,239
Operating Expenses:				
Personal Services	2,274,318	2,355,643	6,827,539	173,328
Contractual Services	561,316	711,598	3,986,650	97,923
Materials and Supplies	436,897	211,305	3,915,956	20,420
Utilities	341,679	352,488	8,487,347	25,794
Depreciation	922,977	480,360	774,166	51,882
Total Operating Expenses	4,537,187	4,111,394	23,991,658	369,347
Operating Income (Loss)	345,781	(1,002,594)	1,663,964	169,892
Non-Operating Revenue (Expenses):				
Interest Income	321	(1,864)	15,549	1
Interest and Fiscal Charges	(352,375)	(14,348)	(18,649)	(12,121)
Gain (Loss) on Disposal of Assets	0	(9,211)	(31,183)	0
Loss on Investment in Joint Venture	0	0	(130,699)	0
Intergovernmental Grants	115,263	0	503,639	0
Other Nonoperating Revenue	125	4,735	775,863	2,256
Other Nonoperating Expense	(45,416)	(6,704)	(8,732)	(85)
Total Non-Operating Revenues (Expenses)	(282,082)	(27,392)	1,105,788	(9,949)
Income (Loss) Before Transfers	63,699	(1,029,986)	2,769,752	159,943
Transfers:				
Transfers In	0	0	0	80,000
Transfers Out	(6,800)	(4,900)	(821,191)	0
Total Transfers	(6,800)	(4,900)	(821,191)	80,000
Change in Net Assets	56,899	(1,034,886)	1,948,561	239,943
Net Assets Beginning of Year	16,316,020	10,607,847	39,893,105	2,218,562
Net Assets End of Year	\$ 16,372,919	\$ 9,572,961	\$ 41,841,666	\$ 2,458,505

Change in Net Assets - Total Enterprise Funds

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

Change in Net Assets - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

		Governmental Activities -	
		Internal Service Funds	
Total		Total	
\$ 33,179,930		\$ 4,014,138	
662,863		0	
343,836		0	
<u>34,186,629</u>		<u>4,014,138</u>	
11,630,828		2,705,201	
5,357,487		745,783	
4,584,578		354,378	
9,207,308		0	
2,229,385		0	
<u>33,009,586</u>		<u>3,805,362</u>	
1,177,043		208,776	
14,007		0	
(397,493)		0	
(40,394)		0	
(130,699)		0	
618,902		0	
782,979		0	
(60,937)		0	
<u>786,365</u>		<u>0</u>	
1,963,408		208,776	
80,000		40,000	
(832,891)		0	
<u>(752,891)</u>		<u>40,000</u>	
1,210,517		248,776	
69,035,534		(656,278)	
<u>\$ 70,246,051</u>		<u>\$ (407,502)</u>	
\$ 1,210,517			
125,929			
<u>\$ 1,336,446</u>			

CITY OF PAINESVILLE, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$4,911,420	\$3,380,947	\$26,413,699
Cash Receipts from Interfund Services Provided	0	0	0
Cash Payments for Goods and Services	(1,416,250)	(1,206,716)	(15,151,585)
Cash Payments to Employees	(2,295,786)	(2,261,677)	(6,660,758)
Cash Payments for Employee Medical Claims	0	0	0
Net Cash Provided (Used) by Operating Activities	1,199,384	(87,446)	4,601,356
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	524,329	0	503,639
Transfers In from Other Funds	0	0	0
Transfers Out to Other Funds	(6,800)	(4,900)	(821,191)
Advances In from Other Funds	0	0	246,360
Net Cash Provided (Used) by Noncapital Financing Activities	517,529	(4,900)	(71,192)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds of General Obligation Notes	1,102,154	570,310	0
Premiums on Debt Issuances	413	280	0
Principal Paid on General Obligation Notes	(1,169,377)	(819,500)	0
Sales of Capital Assets	0	651	250
Acquisition and Construction of Assets	(236,934)	(944,400)	(988,549)
Issuance of OPWC Loan	0	1,031,987	0
Principal Paid on Capital Leases	(159,980)	(23,939)	(23,774)
Principal Paid on General Obligation Bonds	(505,000)	0	0
Principal Paid on Ohio Public Works Commission Loans	(101,357)	(2,049)	0
Principal Paid on Ohio Water Development Authority Loans	(76,074)	0	0
Interest Paid on All Debt	(354,222)	(41,449)	(4,900)
Net Cash Used for Capital and Related Financing Activities	(1,500,377)	(228,109)	(1,016,973)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Principal and Interest on Investments	0	13	0
Sale of Investments	0	557,083	0
Purchase of Investments	(23,124)	0	(1,943,012)
Net Cash Provided (Used) for Investing Activities	(23,124)	557,096	(1,943,012)
Net Increase (Decrease) in Cash and Cash Equivalents	193,412	236,641	1,570,179
Cash and Cash Equivalents at Beginning of Year	233,398	10,586	536,117
Cash and Cash Equivalents at End of Year	\$426,810	\$247,227	\$2,106,296
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$154,391	\$247,227	\$1,546,948
Restricted Cash and Cash Equivalents	272,419	0	559,348
Cash and Cash Equivalents at End of Year	\$426,810	\$247,227	\$2,106,296

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities
		Internal Service Funds
\$544,785	\$35,250,851	\$0
0	0	4,014,138
(145,293)	(17,919,844)	(1,070,465)
(178,888)	(11,397,109)	(280,115)
0	0	(2,712,800)
<u>220,604</u>	<u>5,933,898</u>	<u>(49,242)</u>
0	1,027,968	0
80,000	80,000	40,000
0	(832,891)	0
0	246,360	0
<u>80,000</u>	<u>521,437</u>	<u>40,000</u>
672,680	2,345,144	0
225	918	0
(403,400)	(2,392,277)	0
0	901	0
(620,319)	(2,790,202)	0
0	1,031,987	0
0	(207,693)	0
0	(505,000)	0
0	(103,406)	0
0	(76,074)	0
(8,647)	(409,218)	0
<u>(359,461)</u>	<u>(3,104,920)</u>	<u>0</u>
1	14	0
0	557,083	0
0	(1,966,136)	0
<u>1</u>	<u>(1,409,039)</u>	<u>0</u>
(58,856)	1,941,376	(9,242)
589,864	1,369,965	246,761
<u>\$531,008</u>	<u>\$3,311,341</u>	<u>\$237,519</u>
\$527,216	\$2,475,782	\$237,519
3,792	835,559	0
<u>\$531,008</u>	<u>\$3,311,341</u>	<u>\$237,519</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
<u>Reconciliation of Operating (Loss) Income to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$345,781	(\$1,002,594)	\$1,663,964
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	922,977	480,360	774,166
Miscellaneous Nonoperating Revenues	44,660	4,735	851,333
Miscellaneous Nonoperating Expenses	(45,491)	(6,704)	(8,832)
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(16,208)	(21,596)	(93,256)
Decrease in Intergovernmental Receivable	0	526,258	0
(Increase) Decrease in Inventory	36,463	(21,240)	(22,580)
(Increase) Decrease in Prepaid Items	1,877	1,894	(29,851)
Increase (Decrease) in Accounts Payable	(87,322)	(67,031)	1,699,106
Decrease in Accrued Wages and Benefits	(45,061)	(37,389)	(144,875)
Increase (Decrease) in Intergovernmental Payable	78,073	(2,144)	252
Increase (Decrease) in Compensated Absences Payable	(36,365)	58,005	72,326
Decrease in Payable to Joint Venture	0	0	(160,397)
Decrease in Claims Liability	0	0	0
Total Adjustments	853,603	915,148	2,937,392
Net Cash Provided (Used) by Operating Activities	\$1,199,384	(\$87,446)	\$4,601,356

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2010 the Water, Sewer, Electric and Other Enterprise Funds had outstanding liabilities of \$79,611, \$122,605, \$88,540, and \$21,660, respectively for the purchase of certain capital assets.

During 2010 the fair value of investments increased \$7,251, \$11,611, and \$83,657 in the Water, Sewer, and Electric Funds, respectively.

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities
		Internal Service Funds
\$169,892	\$1,177,043	\$208,776
51,882	2,229,385	0
2,338	903,066	0
(85)	(61,112)	0
3,208	(127,852)	0
0	526,258	0
0	(7,357)	579
(1,113)	(27,193)	0
42	1,544,795	29,285
(5,949)	(233,274)	0
0	76,181	0
389	94,355	0
0	(160,397)	0
0	0	(287,882)
50,712	4,756,855	(258,018)
<u>\$220,604</u>	<u>\$5,933,898</u>	<u>(\$49,242)</u>

CITY OF PAINESVILLE, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2010**

	Private Purpose Trust	
	Deposit Trust	Agency
Assets:		
Cash and Cash Equivalents	\$ 549,508	\$ 112,705
Receivables:		
Taxes	<u>0</u>	<u>38,802</u>
Total Assets	<u>549,508</u>	<u>151,507</u>
Liabilities:		
Intergovernmental Payable	23	38,802
Due to Others	<u>0</u>	<u>112,705</u>
Total Liabilities	<u>23</u>	<u>151,507</u>
Unrestricted	<u>549,485</u>	<u>0</u>
Total Net Assets	<u>\$ 549,485</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Changes in Net Assets
Fiduciary Fund
For the Year Ended December 31, 2010**

	Private Purpose Trust
	Deposit Trust
Additions:	
Contributions:	
Private Donations	\$ 70,626
Total Contributions	70,626
Total Additions	70,626
Deductions:	
Administrative Expenses	28,784
Total Deductions	28,784
Change in Net Assets	41,842
Net Assets at Beginning of Year	507,643
Net Assets End of Year	\$ 549,485

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Basis of Presentation - Fund Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fiduciary Funds

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

C. Basis of Presentation - Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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

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

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

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

D. Basis of Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

Special assessment installments, including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes which are measurable at December 31, 2010, but which are not intended to finance 2010 operations or are not expected to be received within sixty (60) days after year end, are recorded as deferred revenue as further described in Note 4.

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

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

E. Budgetary Process

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The estimated revenue amounts reported on the accompanying budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued for 2010.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Net Change in Fund Balance	
	General Fund	Street Construction, Maintenance and Repair Fund
GAAP Basis (as reported)	(\$462,509)	(\$291,791)
Increase (Decrease):		
Accrued Revenues at December 31, 2010 received during 2011	(1,683,287)	(92,500)
Accrued Revenues at December 31, 2009 received during 2010	1,789,931	167,099
Accrued Expenditures at December 31, 2010 paid during 2011	924,295	1,033,703
Accrued Expenditures at December 31, 2009 paid during 2010	(1,116,692)	(1,275,971)
2009 Prepaids for 2010	78,116	0
2010 Prepaids for 2011	(54,603)	0
2010 Adjustment to Fair Value	(18,354)	(3,517)
2009 Adjustment to Fair Value	21,382	5,531
Outstanding Encumbrances	(371,714)	(224,784)
Budget Basis	<u>(\$893,435)</u>	<u>(\$682,230)</u>

F. Cash and Cash Equivalents

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents (Continued)

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

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the City Charter. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. Interest revenue credited to the General fund during 2010 amounted to \$441,895, which includes \$388,865 assigned from other funds.

The City has invested funds in the STAR Ohio during 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2010. See Note 3, "Cash, Cash Equivalents and Investments."

H. Accounts Receivable

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

I. Inventory

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

The reservations for inventory in the balance sheet of the governmental funds indicate that a portion of the fund balance is not available for future expenditures.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions

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

L. Compensated Absences

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

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

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

M. Long-Term Debt

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Debt (Continued)

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

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

N. Issuance Costs

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Reservations of Fund Balances

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

P. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Q. Restricted Assets

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

R. Intergovernmental Revenues

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

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

S. Pensions

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

T. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Estimates

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

V. Operating Revenues and Expenses

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

W. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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

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

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

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

Tax Revenues	\$65,433
Shared Revenues	793,982
Interest Revenues	50,719
Charges for Services	103,180
Special Assessment Revenue	29,149
	<hr/>
	\$1,042,463

Long-Term liabilities not reported in the funds:

General Obligation Bonds	(\$1,700,000)
Special Assessment Bonds Payable	(340,000)
OPWC Loans Payable	(83,131)
Construction Loan Payable	(381,978)
Accrued Interest on Long-Term Debt	(37,675)
Capital Leases Payable	(414,816)
Police/Firemen's Pension Accrued Liability	(739,511)
Compensated Absences Payable	(1,608,542)
	<hr/>
	(\$5,305,653)

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

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

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

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

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

Capital Outlay	\$2,790,008
Depreciation Expense	<u>(1,619,443)</u>
	\$1,170,565

Governmental revenues not reported in the funds:

Increase in Tax Revenue	\$8,088
Increase in Intergovernmental Revenue	41,640
Increase in Interest Revenue	9,326
Decrease in Charges for Services	(61,698)
Decrease in Special Assessment Revenue	<u>(60,999)</u>
	(\$63,643)

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$132,002
Decrease in supplies inventory	<u>(15,299)</u>
	\$116,703

NOTE 3 - CASH AND CASH EQUIVALENTS

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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

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

A. Deposits

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits (Continued)

At year end the carrying amount of the City's deposits was \$13,582,868 and the bank balance was \$14,340,123. Federal depository insurance covered \$1,159,853 of the bank balance and \$13,180,270 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	\$13,180,270
Total Balance	<u><u>\$13,180,270</u></u>

B. Investments

The City's investments at December 31, 2010 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
STAR Ohio	\$52,495	AAAm ¹	\$52,495	\$0
City's Debt	234,320	N/A	234,320	0
US Treasury Notes	6,224,478	AAA ¹ /Aaa ²	1,006,563	5,217,915
FHLB	10,235,273	AAA ¹ /Aaa ²	1,708,793	8,526,480
FFCB	10,071,354	AAA ¹ /Aaa ²	1,005,455	9,065,899
Total Investments	<u><u>\$26,817,920</u></u>		<u><u>\$4,007,626</u></u>	<u><u>\$22,810,294</u></u>

¹ Standard & Poor's

² Moody's Investor Service

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

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 23% were United States Treasury Notes, 38% were FHLB, 38% are FFCB, and the remaining 1% were in other investments.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$9,885,363	\$30,515,425
Certificates of Deposit (with maturities of more than 3 months)	3,750,000	(3,750,000)
STAR Ohio	<u>(52,495)</u>	<u>52,495</u>
Per GASB Statement No. 3	<u>\$13,582,868</u>	<u>\$26,817,920</u>

NOTE 4 - PROPERTY TAX

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2010 were levied after October 1, 2009 on assessed values as of January 1, 2009, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2006 and the equalization adjustment was made in 2009. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

Tangible personal property tax revenues received in 2010 (other than public utility property) represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on values as of January 1, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. House Bill No. 66 was to hold governments harmless by replacing a portion of the revenue lost due to the phasing out of the tax. In years 2006-2009, the lost revenue was fully reimbursed. In years 2010-2018, the lost revenue will not be reimbursed.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 4 - PROPERTY TAX (Continued)

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

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

The full tax rate for all City operations for the year ended December 31, 2010 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2010 collection was based was \$256,194,750. This amount constitutes \$254,161,070 in real property assessed value, \$1,675,370 in public utility assessed value and \$358,310 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Property taxes recorded as revenue in 2010 were based on a tax rate equal to .370% (3.70 mills) of assessed value.

NOTE 5 - RECEIVABLES

Receivables at December 31, 2010 consisted of taxes, interest, accounts receivable, special assessments, loans and intergovernmental receivables arising from shared revenues.

NOTE 6 - LAND HELD FOR RESALE

In December 1999, the City purchased 43.1 acres of land with the intent of resale as part of the City's economic development strategy. Additional land was purchased during 2001 for the same purpose. This land is instrumental in the development of commercial or industrial facilities to create and preserve jobs. At December 31, 2010 the City's Land Held for Resale balance was \$785,000.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2010 consist of the following individual fund receivables and payables:

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$280,000	\$0
Nonmajor Governmental Fund:		
Fire Levy Fund	0	280,000
Totals	\$280,000	\$280,000

The interfund loan balances result from the General Fund's advance of monies to the Fire Levy Fund to assist the fund's cashflow. The advance is scheduled to be repaid during the 2011 fiscal year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2010:

Fund	Transfers In	Transfers Out
Major Governmental Fund:		
General Fund	\$909,757	\$705,000
Street Construction, Maintenance and Repair Fund	107,000	0
Total Major Governmental Funds	1,016,757	705,000
Major Enterprise Funds:		
Water Fund	0	6,800
Sewer Fund	0	4,900
Electric Fund	0	821,191
Total Major Enterprise Funds	0	832,891
Nonmajor Governmental Funds:		
Cemeteries Fund	300,000	0
Municipal Motor Vehicle License Tax Fund	0	32,000
City Motor Vehicle License Tax Fund	0	75,000
General Bond Retirement Fund	0	20,410
Municipal Court Improvement Fund	20,000	0
Capital Equipment Reserve Fund	325,000	0
Capital Improvement Fund	20,410	0
Municipal Court Special Projects Fund	0	20,300
Gristmill FMA Acquisition Fund	0	47,237
Gristmill HMPG Acquisition Fund	0	69,329
Total Nonmajor Governmental Funds	665,410	264,276
Nonmajor Enterprise Fund:		
Off-Street Parking Fund	80,000	0
Total Nonmajor Enterprise Funds	80,000	0
Internal Service Funds:		
Fuel and Oil Rotary Fund	40,000	0
Total Internal Service Funds	40,000	0
Total All Funds	\$1,802,167	\$1,802,167

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2010:

Historical Cost:

Class	December 31, 2009	Additions	Deletions	December 31, 2010
Capital assets not being depreciated:				
Land	\$4,418,434	\$3,273,110	\$0	\$7,691,544
Construction in Progress	4,571,525	1,812,732	(4,211,553)	2,172,704
Subtotal	8,989,959	5,085,842	(4,211,553)	9,864,248
Capital assets being depreciated:				
Buildings and Improvements	5,046,761	240,815	0	5,287,576
Improvements other than Buildings	6,266,870	1,435,808	0	7,702,678
Machinery and Equipment	6,334,073	239,096	(100,879)	6,472,290
Infrastructure	24,929,303	0	0	24,929,303
Subtotal	42,577,007	1,915,719	(100,879)	44,391,847
Total Cost	\$51,566,966	\$7,001,561	(\$4,312,432)	\$54,256,095

Accumulated Depreciation:

Class	December 31, 2009	Additions	Deletions	December 31, 2010
Buildings and Improvements	(\$2,172,596)	(\$67,136)	\$0	(\$2,239,732)
Improvements other than Buildings	(958,661)	(179,528)	0	(1,138,189)
Machinery and Equipment	(3,695,798)	(541,679)	96,937	(4,140,540)
Infrastructure	(9,764,358)	(831,100)	0	(10,595,458)
Total Depreciation	(\$16,591,413)	(\$1,619,443) *	\$96,937	(\$18,113,919)
Net Value:	\$34,975,553			\$36,142,176

* Depreciation expenses were charged to governmental functions as follows:

General Government	\$155,687
Public Safety	231,132
Highways and Streets	1,142,794
Public Health and Welfare	18,255
Culture and Recreation	60,704
Community Environment	10,871
Total Depreciation Expense	\$1,619,443

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2010:

Historical Cost:

Class	December 31, 2009	Additions	Deletions	December 31, 2010
<i>Capital assets not being depreciated:</i>				
Land	\$1,397,784	\$0	\$0	\$1,397,784
Construction In Progress	16,416,626	1,858,055	(1,061,942)	17,212,739
Subtotal	17,814,410	1,858,055	(1,061,942)	18,610,523
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	31,008,527	285,531	0	31,294,058
Infrastructure	39,379,316	131,203	0	39,510,519
Machinery and Equipment	21,656,212	1,209,510	(242,472)	22,623,250
Subtotal	92,044,055	1,626,244	(242,472)	93,427,827
Total Cost	\$109,858,465	\$3,484,299	(\$1,304,414)	\$112,038,350

Accumulated Depreciation:

Class	December 31, 2009	Additions	Deletions	December 31, 2010
Buildings and Improvements	(\$17,597,254)	(\$664,833)	\$0	(\$18,262,087)
Infrastructure	(18,413,164)	(956,057)	0	(19,369,221)
Machinery and Equipment	(17,760,094)	(608,493)	201,178	(18,167,409)
Total Depreciation	(\$53,770,512)	(\$2,229,383)	\$201,178	(\$55,798,717)
<i>Net Value:</i>	\$56,087,953			\$56,239,633

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2010, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2010 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 8.5% from January 1 through February 28, 2010 and 9.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 9.27% from January 1 through February 28, 2010, and 9.77% from March 1 through December 31, 2010. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$1,010,264, \$901,185 and \$754,381, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2010 were \$7,598 made by the City and \$5,427 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2010, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2010, 2009, and 2008 were \$337,780, \$332,590 and \$332,667 for police and \$314,092, \$315,745 and \$314,381 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2010, 2009, and 2008 were \$575,945, \$645,243 and \$754,381, respectively, which were equal to the required contributions for each year.

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

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

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2010, 2009, and 2008 were \$178,825, \$176,077 and \$176,118 for police and \$122,906, \$123,552 and \$123,019 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 12 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2010 was as follows:

		Balance December 31, 2009	Issued	(Retired)	Balance December 31, 2010	Amount Due Within One Year
Business-Type Activities:						
Amp-Ohio Joint Venture Agreement:						
4.600 - 4.750% Joint Venture Agreement		\$2,227,843	\$0	(\$155,539)	\$2,072,304	\$163,866
Joint Venture Reserve Amount		(417,127)	0	(4,858)	(421,985)	0
Net Joint Venture Agreement		<u>1,810,716</u>	<u>0</u>	<u>(160,397)</u>	<u>1,650,319</u>	<u>163,866</u>
General Obligation Bonds:						
1.500 - 3.600% Waterworks	2003	795,000	0	(255,000)	540,000	265,000
3.250 - 4.600% Waterworks	1998	2,250,000	0	(250,000)	2,000,000	250,000
Total General Obligation Bonds		<u>3,045,000</u>	<u>0</u>	<u>(505,000)</u>	<u>2,540,000</u>	<u>515,000</u>
Ohio Water Development Authority Loans (OWDA):						
4.618% Safe Drinking Water	1998	942,210	0	(76,074)	866,136	79,600
3.420% WPCLF WWTP Upgrades	2009	2,383,233	1,031,987	0	3,415,220	0
Total OWDA Loans		<u>3,325,443</u>	<u>1,031,987</u>	<u>(76,074)</u>	<u>4,281,356</u>	<u>79,600</u>
Ohio Public Works Commission Loan (OPWC):						
0.000% Raw Water Pump Station Replacement	2002	180,000	0	(60,000)	120,000	60,000
0.000% Pump Station	2005	248,045	0	(41,356)	206,689	41,357
0.000% Mentor Ave / Jackson Street Sewer	2008	36,877	0	(2,050)	34,827	2,048
Total OPWC Loans		<u>464,922</u>	<u>0</u>	<u>(103,406)</u>	<u>361,516</u>	<u>103,405</u>
Capital Leases Payable		3,946,531	0	(207,693)	3,738,838	198,056
Compensated Absences		1,619,844	1,714,199	(1,619,844)	1,714,199	708,100
Total Business-Type Activities		<u>\$14,212,456</u>	<u>\$2,746,186</u>	<u>(\$2,672,414)</u>	<u>\$14,286,228</u>	<u>\$1,768,027</u>
Governmental Activities:						
General Obligation Bonds:						
4.250 - 5.000% Waterworks	2007	\$1,840,000	\$0	(\$140,000)	\$1,700,000	\$135,000
Special Assessment Debt (with governmental commitment)						
4.75% Renaissance Parkway	2005	355,000	0	(15,000)	340,000	15,000
Total Special Assessment Debt (with governmental commitment)		<u>355,000</u>	<u>0</u>	<u>(15,000)</u>	<u>340,000</u>	<u>15,000</u>
Ohio Public Works Commission Loans (OPWC):						
0.000% Chester Street Improvements	2008	88,021	0	(4,890)	83,131	4,890
0.000% East Walnut Avenue Improvements Loan	2000	5,000	0	(5,000)	0	0
Total OPWC Loans		<u>93,021</u>	<u>0</u>	<u>(9,890)</u>	<u>83,131</u>	<u>4,890</u>
4.25% Construction Loan Payable		436,750	0	(54,772)	381,978	57,124
Compensated Absences		1,740,544	1,662,848	(1,740,544)	1,662,848	471,091
Workers' Compensation Liability		521,469	0	(178,682)	342,787	171,850
Capital Lease Payable		594,226	0	(179,410)	414,816	134,088
Police/Firemen's Pension Accrued Liability		756,462	0	(16,951)	739,511	17,678
Total Governmental Activities		<u>\$6,337,472</u>	<u>\$1,662,848</u>	<u>(\$2,335,249)</u>	<u>\$5,665,071</u>	<u>\$1,006,721</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 12 - LONG-TERM DEBT (Continued)

A. Defeased Debt

In February of 2003, the City defeased \$2,205,000 of Waterworks General Revenue Bonds dated December 1, 1992 (the "1992 Waterworks Bonds") through the issuance of \$2,380,000 of Waterworks General Obligation Refunding Bonds (the "2003 Waterworks Bonds"). The net proceeds of the 1992 Bonds have been invested in U.S. Treasury obligations and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$540,000 at December 31, 2010, are not included in the City's outstanding debt since the City has satisfied its obligations through the advanced refunding.

B. Compensated Absences

City management staff and employees in each bargaining unit earn sick leave credit. Employees with at least 10 years of service are paid for one-third of their accumulated sick leave credit upon termination of employment, which may not exceed 120 days. This obligation amounted to \$1,971,739 for the City as of December 31, 2010.

In addition, management staff and personnel in each bargaining unit earn vacation at different rates based upon length of service. Vacation carried forward to the current year may not exceed one year's leave balance. In case of death, termination or retirement, an employee (or his estate) is paid for unused vacation up to a maximum of one year credit and two week accrual. The total obligation for accrued vacation for the City as a whole at December 31, 2010 amounted to \$1,405,308.

C. Police and Firemen's Pension Accrued Liability

The City's liability for past service costs related to the Police and Fire Pension Fund at December 31, 2010 was \$1,196,396 in principal and scheduled interest payments through the year 2035. Only the principal portion of the payments due are included in the in the government-wide statement of net assets.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 12 - LONG-TERM DEBT (Continued)

D. Capital Leases

The City has entered into agreements to lease equipment. The original cost of the equipment was \$7,511,181. Such agreements are, in substance, lease purchases (capital leases) and are classified as long-term obligations in the financial statements. The costs of these assets are included in the capital asset balances of the Governmental Activities and Water, Sewer, Electric Funds (major enterprise fund) and the Off Street Parking Fund (nonmajor enterprise fund). The capital leases payable are recorded in Governmental Activities and the Business-Type Activities in the amount of \$414,816, and \$3,738,838, respectively.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2010:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2011	\$150,392	\$357,991
2012	72,763	332,248
2013	28,698	314,896
2014	28,698	314,896
2015	28,698	314,895
2016-2020	143,492	1,574,489
2021-2025	51,702	1,574,477
2026-2027	0	472,343
Minimum Lease Payments	504,443	5,256,235
Less: amount representing interest at the City's incremental borrowing rate of interest	(89,627)	(1,517,397)
Present value of minimum lease payments	<u>\$414,816</u>	<u>\$3,738,838</u>

E. Special Assessments with Governmental Commitment

The principal amount of the City's special assessment debt outstanding at December 31, 2010, \$340,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$152,211 in the Special Assessment Bond Retirement Fund at December 31, 2010 is reserved for the retirement of outstanding special assessment bonds.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 12 - LONG-TERM DEBT (Continued)

F. Ohio Water Development Authority Loan

In 1998, the City entered into an agreement with the Ohio Water Development Authority to receive loans from the Water Supply Revolving Loan Account and the Freshwater Loan Agreement in the amounts of \$1,644,613. The interest rate on the loan is 4.618% per annum. This loan is payable from water service charges. The loan can only be received by the City in increments as the project is completed. As of December 31, 2010 the City had received \$1,524,401. The City began repaying the loan in semiannual payments in 1999 based on a loan amount of \$1,664,613 to be paid through 2019. As of December 31, 2010, the loan had an outstanding balance of \$866,136.

In 2010, the City entered into an agreement with the Ohio Water Development Authority to receive loans from the WWTP Upgrades in the amounts of \$3,422,790. The interest rate on the loan is 3.42% per annum. This loan is payable from wastewater service charges. The loan can only be received by the City in increments as the project is completed. As of December 31, 2010 the City had received \$3,415,220. As of December 31, 2010 the loan has not been finalized and there is no amortization schedule for the loan, therefore no principal payments were made before year end.

G. Principal and Interest Requirements

The principal and interest requirements to retire long-term debt and Police and Fire Pension Liability obligations at December 31, 2010, are as follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2011	\$650,000	\$190,442	\$15,000	\$16,925
2012	615,000	164,313	15,000	16,212
2013	345,000	139,338	20,000	15,500
2014	345,000	123,736	20,000	14,500
2015	350,000	108,136	20,000	13,500
2016-2020	1,330,000	308,184	110,000	52,250
2021-2025	480,000	93,250	140,000	21,750
2026-2027	125,000	9,500	0	0
Totals	<u>\$4,240,000</u>	<u>\$1,136,899</u>	<u>\$340,000</u>	<u>\$150,637</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 12 - LONG-TERM DEBT (Continued)

G. Principal and Interest Requirements (Continued)

Years	OWDA Loans		OPWC Loans		Police/Firemen's Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$79,600	\$39,304	\$108,295	\$0	\$17,678	\$31,244
2012	83,302	35,604	108,295	0	18,438	30,484
2013	87,184	31,722	48,297	0	19,230	29,692
2014	91,257	27,648	48,297	0	20,056	28,866
2015	95,532	23,374	48,296	0	20,918	28,005
2016-2020	429,261	46,362	34,694	0	118,862	125,750
2021-2025	0	0	34,694	0	146,678	97,935
2026-2030	0	0	13,779	0	181,004	63,610
2031-2035	0	0	0	0	196,647	21,299
Totals	<u>\$866,136</u>	<u>\$204,014</u>	<u>\$444,647</u>	<u>\$0</u>	<u>\$739,511</u>	<u>\$456,885</u>

Years	Construction Loan	
	Principal	Interest
2011	\$57,124	\$15,623
2012	59,578	13,169
2013	62,137	10,610
2014	64,805	7,941
2015	67,589	5,158
2016	70,745	2,255
Totals	<u>\$381,978</u>	<u>\$54,756</u>

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 13 - NOTES PAYABLE

The Ohio Revised Code provides that notes and renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than the principal maturities required if the bonds had been issued at the expiration of the initial five year period. Below is a summary of notes payable activity during 2010:

	Balance January 1, 2010	Issued	(Retired)	Balance December 31, 2010
General Fund				
5.00% Land Purchase Agreement	\$240,350	\$0	(\$240,350)	\$0
5.00% Land Purchase Agreement	0	234,320	0	234,320
Special Revenue Funds:				
Street Construction, Maintenance and Repair Fund:				
2.05% Street Construction and Resurfacing	1,021,233	0	(1,021,233)	0
2.00% Street Construction and Resurfacing	0	955,966	0	955,966
Fire Levy Fund:				
2.05% Motorized Equipment Acquisition	220,990	0	(220,990)	0
2.00% Motorized Equipment Acquisition	0	207,240	0	207,240
Total Special Revenue	<u>1,242,223</u>	<u>1,163,206</u>	<u>(1,242,223)</u>	<u>1,163,206</u>

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CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 13 - NOTES PAYABLE (Continued)

	Balance January 1, 2010	Issued	(Retired)	Balance December 31, 2010
Capital Projects Funds:				
Capital Improvement Fund:				
2.05% City Office Building Improvements	20,000	0	(20,000)	0
Industrial Park Project Fund:				
3.88% Shamrock Blvd Improvements	2,394,000	0	(2,394,000)	0
2.00% Shamrock Blvd Improvements	0	1,842,240	0	1,842,240
Total Capital Projects	<u>2,414,000</u>	<u>1,842,240</u>	<u>(2,414,000)</u>	<u>1,842,240</u>
Enterprise Funds:				
Water Fund:				
2.05% Water Treatment Plant Improvements	729,377	0	(729,377)	0
3.88% Water Treatment Plant Improvements	190,000	0	(190,000)	0
3.88% Water Treatment Plant Improvements	250,000	0	(250,000)	0
2.00% Water Treatment Plant Improvements	0	686,654	0	686,654
2.00% Water Treatment Plant Improvements	0	235,000	0	235,000
4.05% Water Treatment Plant Improvements	0	180,500	0	180,500
Sewer Fund:				
3.88% Wastewater Treatment Plant Improvements	731,500	0	(731,500)	0
3.88% Wastewater Treatment Plant Improvements	88,000	0	(88,000)	0
2.00% Wastewater Treatment Plant Improvements	0	73,880	0	73,880
4.05% Wastewater Treatment Plant Improvements	0	496,430	0	496,430
Storm Water Fund:				
2.05% Wastewater Treatment Plant Improvements	315,400	0	(315,400)	0
3.88% Wastewater Treatment Plant Improvements	88,000	0	(88,000)	0
2.00% Wastewater Treatment Plant Improvements	0	598,800	0	598,800
2.00% Wastewater Treatment Plant Improvements	0	73,880	0	73,880
Total Enterprise	<u>2,392,277</u>	<u>2,345,144</u>	<u>(2,392,277)</u>	<u>2,345,144</u>
Total Notes Payable	<u>\$6,288,850</u>	<u>\$5,584,910</u>	<u>(\$6,288,850)</u>	<u>\$5,584,910</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 14 - RISK MANAGEMENT

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

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2010 the City contracted with several different insurance providers for various insurance coverages, as follows:

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

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

In 1993, the Workers' Compensation Retrospective Rating Fund was established to account for the funding of the City's workers' compensation plan. Under the plan, the City is charged by the State of Ohio for administrative fees, claims paid and premiums for individual and aggregate claim limits. All City funds are charged a premium per employee covered by the Workers' Compensation Retrospective Rating Fund based on claims experience. The City has a claims limit of \$250,000 per individual and a maximum yearly amount for all claims which varies each policy year. The claims liability of \$342,787 reported in the fund at December 31, 2010 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2009	\$189,795	\$756,994	(\$425,320)	\$521,469
2010	521,469	343,529	(522,211)	342,787

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 14 - RISK MANAGEMENT (Continued)

In 2000, the Employee Health Insurance Fund was created to account for the City’s self-funded employee health insurance. Under this program, the City operates with a third party administrator and under stop-loss thresholds. The actual claims are passed through the City for payment. There is protection as to the amount of claims that can be passed through to the City—both specific and aggregate stop-loss protection. Under specific stop-loss, the City pays 100% for any one individual generating claims up to the specific level of \$40,000. Any dollar amount over this specific level is paid by the re-insurance carrier. The aggregate stop-loss protects the City from having a large number of claims exceeding the expected claims level by more than 20% or 25%. Any claims over the specific level do not count toward the aggregate level. Only claims less than the specific level are applied toward the aggregate level. The claims liability of \$306,900 reported in the fund at December 31, 2010 is based on the requirements of GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2009	\$410,400	\$2,636,901	(\$2,631,201)	\$416,100
2010	416,100	2,603,600	(2,712,800)	306,900

NOTE 15 - JOINT VENTURE

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 15 - JOINT VENTURE (Continued)

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2010 the City of Painesville has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net obligation for these bonds at December 31, 2010 was \$1,650,319 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$1,669,427 at December 31, 2010. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 15 - JOINT VENTURE (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2010 are:

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

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

Years	Principal	Interest	Total Debt Service
2011	\$163,866	\$102,876	\$266,742
2012	172,525	94,273	266,798
2013	181,517	85,216	266,733
2014	190,843	75,686	266,529
2015	200,836	65,667	266,503
2016-2020	1,162,717	170,691	1,333,408
Total Gross Liability	2,072,304	\$594,409	\$2,666,713
Less: Amounts Held in Reserve	(421,985)		
Net Obligation	<u>\$1,650,319</u>		

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 16 – CONTRACTUAL COMMITMENTS

As of December 31, 2010, the City had the following contracts with respect to capital improvements:

Project	Remaining Construction Commitment	Expected Date of Completion
State Route 44 West Jackson Street Interchange	\$1,582,981	2012
Brookstone Boulevard and Shamrock Extension	225,652	2012
Lake Hospital Demolition	1,472,711	2011
Electric Substation Upgrade	183,794	2011
North Avenue Storm Water Improvements	72,657	2011
Lexington Street Storm Water Improvements	57,266	2011
Total	\$3,595,061	

NOTE 17 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2010 of \$239,929 in the Fire Levy Fund (special revenue fund), \$630,109 in the Lake Hospital Demolition Fund (capital projects fund), \$301,232 in the Employee Health Insurance Fund and \$189,010 in the Worker's Compensation Retrospective Fund (internal service funds) arise from the recognition of expenditures/expenses on the modified accrual/accrual basis that are greater than expenditures/expenses recognized on the budgetary/cash basis. Deficits do not exist under the budgetary/cash basis of accounting. Transfers are provided when cash is required, not when accruals occur. The fund deficits at December 31, 2010 of \$16,799 in the Street Construction, Maintenance and Repair Fund (special revenue fund) and \$1,735,217 in the Shamrock Boulevard Road Project Fund (capital projects fund) is due to the recording of general obligation notes payable in the individual fund balance sheets.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 18 - CONTINGENCIES

A. Environmental Matters

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

B. Litigation

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

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

State Highway Improvement Fund

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

Cemeteries Fund

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

Police Pension Transfer Fund

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

Fire Pension Transfer Fund

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

Law Enforcement Fund

To account for the proceeds from the confiscation of contraband.

Municipal Motor Vehicle License Tax Fund

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

Indigent Drivers Alcohol Treatment Fund

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

Enforcement and Education Fund

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

City Motor Vehicle License Tax Fund

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

(Continued)

Special Revenue Funds

Fire Levy Fund

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

Underground Storage Tank Fund

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

Probation Services Fund

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

Community Oriented Policing Services (COPS) Fast Grant Fund

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

Skate Facility Fund

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

Fire Fund

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

Victim's Advocate Grant Fund

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

Emergency Medical Services (EMS) Fund

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

Municipal Court Computerization Fund

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

Shamrock Business Center TIF Fund

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

(Continued)

Special Revenue Funds

Brownfield Grant Fund

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

Plan Review Fund

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

Zoning Application Fund

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

Columbarium Trust Fund

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

Law Enforcement Trust Fund

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

Debt Service Funds

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

General Bond Retirement Fund

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

Special Assessment Bond Retirement Fund

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

Land Acquisition Note Retirement Fund

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

Capital Projects Funds

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

Municipal Court Improvement Fund

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

Capital Equipment Reserve Fund

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

Capital Improvement Fund

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

Lake Hospital Demolition Fund

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

Jackson Street Interchange Project Fund

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

Industrial Park Project Fund

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

Municipal Court Special Projects Fund

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

Millstone Acquisition Fund

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

Gristmill Flood Mitigation Assistance (FMA) Acquisition Fund

To account for cost associated with the acquisition and demolition of 24 Gristmill Condominiums. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Gristmill Hazard Mitigation Grant Program (HMGP) Acquisition Fund

To account for cost associated with the acquisition and demolition of 18 Gristmill Condominiums. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Permanent Funds

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

Cemetery Trust Fund

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

Special Endowment Fund

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

Evergreen Cemetery Trust Fund

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

Riverside Cemetery Trust Fund

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

Special Endowment Trust Fund

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

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,895,460	\$ 247,133	\$ 1,723,761	\$ 140,802	\$ 4,007,156
Investments	229,311	0	0	0	229,311
Receivables:					
Taxes	242,629	58,161	0	0	300,790
Accounts	210,025	0	0	0	210,025
Intergovernmental	108,541	3,375	73,652	0	185,568
Special Assessments	0	29,149	0	0	29,149
Inventory of Supplies, at Cost	1,753	0	0	0	1,753
Prepaid Items	8,204	0	78	0	8,282
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	1,080,225	1,080,225
Total Assets	\$ 2,695,923	\$ 337,818	\$ 1,797,491	\$ 1,221,027	\$ 6,052,259
Liabilities:					
Accounts Payable	\$ 141,359	\$ 0	\$ 896,322	\$ 0	\$ 1,037,681
Accrued Wages and Benefits Payable	36,010	0	1,223	0	37,233
Intergovernmental Payable	0	0	575	0	575
Interfund Loans Payable	280,000	0	0	0	280,000
Deferred Revenue	402,493	90,066	0	0	492,559
Accrued Interest Payable	3,270	0	0	0	3,270
General Obligation Notes Payable	207,240	0	0	0	207,240
Total Liabilities	1,070,372	90,066	898,120	0	2,058,558
Fund Balances:					
Reserved for Encumbrances	206,614	0	337,082	0	543,696
Reserved for Prepaid Items	8,204	0	78	0	8,282
Reserved for Supplies Inventory	1,753	0	0	0	1,753
Reserved for Debt Service	0	247,752	0	0	247,752
Reserved for Endowments	0	0	0	984,940	984,940
Undesignated/Unreserved	1,408,980	0	562,211	236,087	2,207,278
Total Fund Balances	1,625,551	247,752	899,371	1,221,027	3,993,701
Total Liabilities and Fund Balances	\$ 2,695,923	\$ 337,818	\$ 1,797,491	\$ 1,221,027	\$ 6,052,259

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$ 609,059	\$ 55,234	\$ 0	\$ 0	\$ 664,293
Intergovernmental Revenues	324,826	13,531	123,575	0	461,932
Charges for Services	744,143	0	0	0	744,143
Investment Earnings	(74)	606	0	2,111	2,643
Special Assessments	0	89,140	0	0	89,140
Fines and Forfeitures	222,894	0	134,528	0	357,422
All Other Revenues	71,260	0	536,797	11,953	620,010
Total Revenues	1,972,108	158,511	794,900	14,064	2,939,583
Expenditures:					
Current:					
General Government	598,770	17,130	115,637	0	731,537
Public Safety	699,510	0	0	0	699,510
Highways and Streets	54,234	0	41,252	0	95,486
Public Health and Welfare	480,438	0	0	4,027	484,465
Community Environment	25,804	0	113,303	0	139,107
Capital Outlay	0	0	1,702,801	0	1,702,801
Debt Service:					
Principal Retirement	68,551	37,000	121,511	0	227,062
Interest & Fiscal Charges	21,148	45,130	14,835	0	81,113
Total Expenditures	1,948,455	99,260	2,109,339	4,027	4,161,081
Excess (Deficiency) of Revenues Over Expenditures	23,653	59,251	(1,314,439)	10,037	(1,221,498)
Other Financing Sources (Uses):					
Transfers In	300,000	0	365,410	0	665,410
Transfers Out	(107,000)	(20,410)	(136,866)	0	(264,276)
Total Other Financing Sources (Uses)	193,000	(20,410)	228,544	0	401,134
Net Change in Fund Balances	216,653	38,841	(1,085,895)	10,037	(820,364)
Fund Balances at Beginning of Year	1,411,740	208,911	1,985,266	1,210,990	4,816,907
Decrease in Inventory Reserve	(2,842)	0	0	0	(2,842)
Fund Balances End of Year	\$ 1,625,551	\$ 247,752	\$ 899,371	\$ 1,221,027	\$ 3,993,701

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010**

	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund	Fire Pension Transfer Fund
Assets:				
Cash and Cash Equivalents	\$ 98,570	\$ 146,779	\$ 20,603	\$ 20,645
Investments	0	0	0	0
Receivables:				
Taxes	0	0	72,451	72,451
Accounts	0	0	0	0
Intergovernmental	21,780	0	4,219	4,219
Inventory of Supplies, at Cost	0	1,753	0	0
Prepaid Items	0	2,213	0	0
Total Assets	\$ 120,350	\$ 150,745	\$ 97,273	\$ 97,315
Liabilities:				
Accounts Payable	\$ 8,979	\$ 534	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	13,311	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	14,520	0	75,896	75,896
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	23,499	13,845	75,896	75,896
Fund Balances:				
Reserved for Encumbrances	0	3,042	0	0
Reserved for Prepaid Items	0	2,213	0	0
Reserved for Supplies Inventory	0	1,753	0	0
Undesignated/Unreserved	96,851	129,892	21,377	21,419
Total Fund Balances	96,851	136,900	21,377	21,419
Total Liabilities and Fund Balances	\$ 120,350	\$ 150,745	\$ 97,273	\$ 97,315

CITY OF PAINESVILLE, OHIO

Law Enforcement Fund	Municipal Motor Vehicle License Tax Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	City Motor Vehicle License Tax Fund	Fire Levy Fund	Underground Storage Tank Fund
\$ 18,268	\$ 12,211	\$ 108,764	\$ 49,437	\$ 12,274	\$ 20,209	\$ 4,931
0	0	0	0	0	229,311	0
0	0	0	0	0	97,727	0
0	0	0	0	0	0	0
2,555	15,903	6,961	0	31,821	4,519	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 20,823</u>	<u>\$ 28,114</u>	<u>\$ 115,725</u>	<u>\$ 49,437</u>	<u>\$ 44,095</u>	<u>\$ 351,766</u>	<u>\$ 4,931</u>
\$ 0	\$ 0	\$ 1,931	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	280,000	0
0	10,602	0	0	21,214	101,185	0
0	0	0	0	0	3,270	0
0	0	0	0	0	207,240	0
<u>0</u>	<u>10,602</u>	<u>1,931</u>	<u>0</u>	<u>21,214</u>	<u>591,695</u>	<u>0</u>
360	0	17,386	0	0	2,597	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
20,463	17,512	96,408	49,437	22,881	(242,526)	4,931
<u>20,823</u>	<u>17,512</u>	<u>113,794</u>	<u>49,437</u>	<u>22,881</u>	<u>(239,929)</u>	<u>4,931</u>
<u>\$ 20,823</u>	<u>\$ 28,114</u>	<u>\$ 115,725</u>	<u>\$ 49,437</u>	<u>\$ 44,095</u>	<u>\$ 351,766</u>	<u>\$ 4,931</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010**

	Probation Services Fund	COPS Fast Grant Fund	Skate Facility Fund	Fire Fund
Assets:				
Cash and Cash Equivalents	\$ 81,188	\$ 1,413	\$ 627	\$ 4,484
Investments	0	0	0	0
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	823	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 81,188	\$ 2,236	\$ 627	\$ 4,484
Liabilities:				
Accounts Payable	\$ 2,166	\$ 113	\$ 0	\$ 0
Accrued Wages and Benefits Payable	3,691	0	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	5,857	113	0	0
Fund Balances:				
Reserved for Encumbrances	5,560	0	0	187
Reserved for Prepaid Items	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Undesignated/Unreserved	69,771	2,123	627	4,297
Total Fund Balances	75,331	2,123	627	4,484
Total Liabilities and Fund Balances	\$ 81,188	\$ 2,236	\$ 627	\$ 4,484

CITY OF PAINESVILLE, OHIO

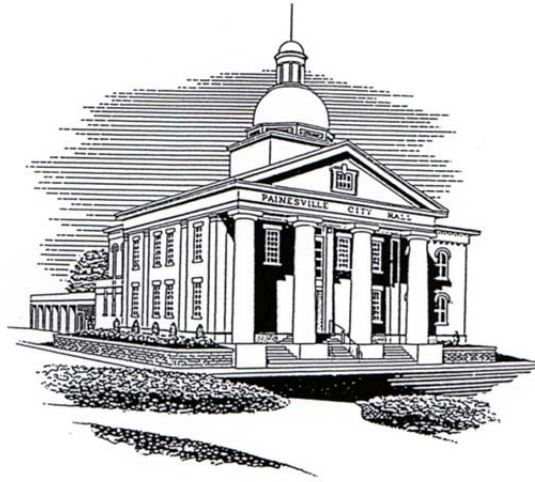
Victim's Advocate Grant Fund	Emergency Medical Services Fund	Municipal Court Computerization Fund	Shamrock Business Center TIF Fund	Brownfield Grant Fund	Plan Review Fund	Zoning Application Fund
\$ 1,127	\$ 513,703	\$ 42,727	\$ 551,990	\$ 53,965	\$ 106,100	\$ 9,617
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	210,025	0	0	0	0	0
15,741	0	0	0	0	0	0
0	0	0	0	0	0	0
0	5,991	0	0	0	0	0
<u>\$ 16,868</u>	<u>\$ 729,719</u>	<u>\$ 42,727</u>	<u>\$ 551,990</u>	<u>\$ 53,965</u>	<u>\$ 106,100</u>	<u>\$ 9,617</u>
\$ 0	\$ 12,238	\$ 413	\$ 103,851	\$ 11,134	\$ 0	\$ 0
1,907	13,959	3,142	0	0	0	0
0	0	0	0	0	0	0
0	103,180	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>1,907</u>	<u>129,377</u>	<u>3,555</u>	<u>103,851</u>	<u>11,134</u>	<u>0</u>	<u>0</u>
0	17,608	9,185	101,287	38,602	10,767	33
0	5,991	0	0	0	0	0
0	0	0	0	0	0	0
<u>14,961</u>	<u>576,743</u>	<u>29,987</u>	<u>346,852</u>	<u>4,229</u>	<u>95,333</u>	<u>9,584</u>
<u>14,961</u>	<u>600,342</u>	<u>39,172</u>	<u>448,139</u>	<u>42,831</u>	<u>106,100</u>	<u>9,617</u>
<u>\$ 16,868</u>	<u>\$ 729,719</u>	<u>\$ 42,727</u>	<u>\$ 551,990</u>	<u>\$ 53,965</u>	<u>\$ 106,100</u>	<u>\$ 9,617</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010**

	Columbarium Trust Fund	Law Enforcement Trust Fund	Total Nonmajor Special Revenue Funds
Assets:			
Cash and Cash Equivalents	\$ 89	\$ 15,739	\$ 1,895,460
Investments	0	0	229,311
Receivables:			
Taxes	0	0	242,629
Accounts	0	0	210,025
Intergovernmental	0	0	108,541
Inventory of Supplies, at Cost	0	0	1,753
Prepaid Items	0	0	8,204
Total Assets	<u>\$ 89</u>	<u>\$ 15,739</u>	<u>\$ 2,695,923</u>
Liabilities:			
Accounts Payable	\$ 0	\$ 0	\$ 141,359
Accrued Wages and Benefits Payable	0	0	36,010
Interfund Loans Payable	0	0	280,000
Deferred Revenue	0	0	402,493
Accrued Interest Payable	0	0	3,270
General Obligation Notes Payable	0	0	207,240
Total Liabilities	<u>0</u>	<u>0</u>	<u>1,070,372</u>
Fund Balances:			
Reserved for Encumbrances	0	0	206,614
Reserved for Prepaid Items	0	0	8,204
Reserved for Supplies Inventory	0	0	1,753
Undesignated/Unreserved	89	15,739	1,408,980
Total Fund Balances	<u>89</u>	<u>15,739</u>	<u>1,625,551</u>
Total Liabilities and Fund Balances	<u>\$ 89</u>	<u>\$ 15,739</u>	<u>\$ 2,695,923</u>



CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund	Fire Pension Transfer Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 68,855	\$ 68,856
Intergovernmental Revenues	52,580	0	16,913	16,913
Charges for Services	0	109,421	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenues	0	0	0	0
Total Revenues	52,580	109,421	85,768	85,769
Expenditures:				
Current:				
General Government	0	0	945	924
Public Safety	0	0	80,000	80,000
Highways and Streets	53,992	0	0	0
Public Health and Welfare	0	480,438	0	0
Community Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	53,992	480,438	80,945	80,924
Excess (Deficiency) of Revenues Over Expenditures	(1,412)	(371,017)	4,823	4,845
Other Financing Sources (Uses):				
Transfers In	0	300,000	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	300,000	0	0
Net Change in Fund Balances	(1,412)	(71,017)	4,823	4,845
Fund Balances (Deficit) at Beginning of Year	98,263	210,759	16,554	16,574
Decrease in Inventory Reserve	0	(2,842)	0	0
Fund Balances (Deficit) End of Year	\$ 96,851	\$ 136,900	\$ 21,377	\$ 21,419

CITY OF PAINESVILLE, OHIO

Law Enforcement Fund	Municipal Motor Vehicle License Tax Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	City Motor Vehicle License Tax Fund	Fire Levy Fund	Underground Storage Tank Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 103,493	\$ 0
2,252	34,344	0	0	68,772	18,188	0
0	0	0	0	0	0	0
0	0	0	0	0	(74)	0
0	0	35,677	3,654	0	0	0
0	0	0	0	0	0	0
<u>2,252</u>	<u>34,344</u>	<u>35,677</u>	<u>3,654</u>	<u>68,772</u>	<u>121,607</u>	<u>0</u>
0	0	42,995	0	0	1,308	0
5,723	0	0	0	0	9,994	0
0	0	0	0	0	0	242
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	61,927	0
0	0	0	0	0	20,760	0
<u>5,723</u>	<u>0</u>	<u>42,995</u>	<u>0</u>	<u>0</u>	<u>93,989</u>	<u>242</u>
(3,471)	34,344	(7,318)	3,654	68,772	27,618	(242)
0	0	0	0	0	0	0
0	(32,000)	0	0	(75,000)	0	0
0	(32,000)	0	0	(75,000)	0	0
(3,471)	2,344	(7,318)	3,654	(6,228)	27,618	(242)
24,294	15,168	121,112	45,783	29,109	(267,547)	5,173
0	0	0	0	0	0	0
<u>\$ 20,823</u>	<u>\$ 17,512</u>	<u>\$ 113,794</u>	<u>\$ 49,437</u>	<u>\$ 22,881</u>	<u>\$ (239,929)</u>	<u>\$ 4,931</u>

(Continued)

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

	Probation Services Fund	COPS Fast Grant Fund	Skate Facility Fund	Fire Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	11,924	0	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	107,133	0	0	0
All Other Revenues	0	0	50	446
Total Revenues	<u>107,133</u>	<u>11,924</u>	<u>50</u>	<u>446</u>
Expenditures:				
Current:				
General Government	131,059	0	0	0
Public Safety	0	5,857	0	9,080
Highways and Streets	0	0	0	0
Public Health and Welfare	0	0	0	0
Community Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	<u>131,059</u>	<u>5,857</u>	<u>0</u>	<u>9,080</u>
Excess (Deficiency) of Revenues Over Expenditures	(23,926)	6,067	50	(8,634)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(23,926)	6,067	50	(8,634)
Fund Balances (Deficit) at Beginning of Year	99,257	(3,944)	577	13,118
Decrease in Inventory Reserve	0	0	0	0
Fund Balances (Deficit) End of Year	<u>\$ 75,331</u>	<u>\$ 2,123</u>	<u>\$ 627</u>	<u>\$ 4,484</u>

CITY OF PAINESVILLE, OHIO

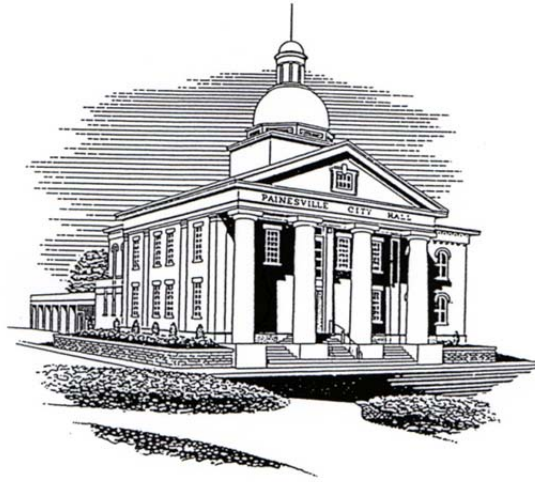
Victim's Advocate Grant Fund	Emergency Medical Services Fund	Municipal Court Computerization Fund	Shamrock Business Center TIF Fund	Brownfield Grant Fund	Plan Review Fund	Zoning Application Fund
\$ 0	\$ 0	\$ 0	\$ 367,855	\$ 0	\$ 0	\$ 0
30,975	0	0	0	71,965	0	0
0	634,722	0	0	0	0	0
0	0	0	0	0	0	0
0	0	76,430	0	0	0	0
17,000	0	0	0	0	52,250	325
<u>47,975</u>	<u>634,722</u>	<u>76,430</u>	<u>367,855</u>	<u>71,965</u>	<u>52,250</u>	<u>325</u>
33,014	0	108,109	247,053	33,363	0	0
0	508,856	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	25,766	38
0	3,597	3,027	0	0	0	0
0	283	105	0	0	0	0
<u>33,014</u>	<u>512,736</u>	<u>111,241</u>	<u>247,053</u>	<u>33,363</u>	<u>25,766</u>	<u>38</u>
14,961	121,986	(34,811)	120,802	38,602	26,484	287
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
14,961	121,986	(34,811)	120,802	38,602	26,484	287
0	478,356	73,983	327,337	4,229	79,616	9,330
0	0	0	0	0	0	0
<u>\$ 14,961</u>	<u>\$ 600,342</u>	<u>\$ 39,172</u>	<u>\$ 448,139</u>	<u>\$ 42,831</u>	<u>\$ 106,100</u>	<u>\$ 9,617</u>

(Continued)

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

	Columbarium Trust Fund	Law Enforcement Trust Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Property Taxes	\$ 0	\$ 0	\$ 609,059
Intergovernmental Revenues	0	0	324,826
Charges for Services	0	0	744,143
Investment Earnings	0	0	(74)
Fines and Forfeitures	0	0	222,894
All Other Revenues	0	1,189	71,260
Total Revenues	<u>0</u>	<u>1,189</u>	<u>1,972,108</u>
Expenditures:			
Current:			
General Government	0	0	598,770
Public Safety	0	0	699,510
Highways and Streets	0	0	54,234
Public Health and Welfare	0	0	480,438
Community Environment	0	0	25,804
Debt Service:			
Principal Retirement	0	0	68,551
Interest & Fiscal Charges	0	0	21,148
Total Expenditures	<u>0</u>	<u>0</u>	<u>1,948,455</u>
Excess (Deficiency) of Revenues Over Expenditures	0	1,189	23,653
Other Financing Sources (Uses):			
Transfers In	0	0	300,000
Transfers Out	0	0	(107,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>193,000</u>
Net Change in Fund Balances	0	1,189	216,653
Fund Balances (Deficit) at Beginning of Year	89	14,550	1,411,740
Decrease in Inventory Reserve	0	0	(2,842)
Fund Balances (Deficit) End of Year	<u>\$ 89</u>	<u>\$ 15,739</u>	<u>\$ 1,625,551</u>



CITY OF PAINESVILLE, OHIO

***Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2010***

	General Bond Retirement Fund	Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 94,922	\$ 152,211	\$ 247,133
Receivables:			
Taxes	58,161	0	58,161
Intergovernmental	3,375	0	3,375
Special Assessments	0	29,149	29,149
Total Assets	<u>\$ 156,458</u>	<u>\$ 181,360</u>	<u>\$ 337,818</u>
Liabilities:			
Deferred Revenue	\$ 60,917	\$ 29,149	\$ 90,066
Total Liabilities	<u>60,917</u>	<u>29,149</u>	<u>90,066</u>
Fund Balances:			
Reserved for Debt Service	<u>95,541</u>	<u>152,211</u>	<u>247,752</u>
Total Fund Balances	<u>95,541</u>	<u>152,211</u>	<u>247,752</u>
Total Liabilities and Fund Balances	<u>\$ 156,458</u>	<u>\$ 181,360</u>	<u>\$ 337,818</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2010***

	General Bond Retirement Fund	Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Property Taxes	\$ 55,234	\$ 0	\$ 55,234
Intergovernmental Revenues	13,531	0	13,531
Investment Earnings	606	0	606
Special Assessments	0	89,140	89,140
Total Revenues	<u>69,371</u>	<u>89,140</u>	<u>158,511</u>
Expenditures:			
General Government	738	16,392	17,130
Debt Service:			
Principal Retirement	0	37,000	37,000
Interest & Fiscal Charges	0	45,130	45,130
Total Expenditures	<u>738</u>	<u>98,522</u>	<u>99,260</u>
Excess (Deficiency) of Revenues Over Expenditures	68,633	(9,382)	59,251
Other Financing Sources (Uses):			
Transfers Out	(20,410)	0	(20,410)
Total Other Financing Sources (Uses)	<u>(20,410)</u>	<u>0</u>	<u>(20,410)</u>
Net Change in Fund Balances	48,223	(9,382)	38,841
Fund Balances at Beginning of Year	<u>47,318</u>	<u>161,593</u>	<u>208,911</u>
Fund Balances End of Year	<u>\$ 95,541</u>	<u>\$ 152,211</u>	<u>\$ 247,752</u>

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010**

	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Lake Hospital Demolition Fund
Assets:				
Cash and Cash Equivalents	\$ 34,166	\$ 426,737	\$ 404,617	\$ 187,961
Receivables:				
Intergovernmental	0	0	14,212	51,530
Prepaid Items	0	0	0	0
Total Assets	<u>\$ 34,166</u>	<u>\$ 426,737</u>	<u>\$ 418,829</u>	<u>\$ 239,491</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 5,820	\$ 869,600
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>5,820</u>	<u>869,600</u>
Fund Balances:				
Reserved for Encumbrances	0	2,000	36,397	0
Reserved for Prepaid Items	0	0	0	0
Undesignated/Unreserved	34,166	424,737	376,612	(630,109)
Total Fund Balances	<u>34,166</u>	<u>426,737</u>	<u>413,009</u>	<u>(630,109)</u>
Total Liabilities and Fund Balances	<u>\$ 34,166</u>	<u>\$ 426,737</u>	<u>\$ 418,829</u>	<u>\$ 239,491</u>

CITY OF PAINESVILLE, OHIO

Jackson Street Interchange Project Fund	Industrial Park Project Fund	Municipal Court Special Projects Fund	Millstone Acquisition Fund	Total Nonmajor Capital Projects Funds
\$ 108,805	\$ 18,514	\$ 297,526	\$ 245,435	\$ 1,723,761
7,910	0	0	0	73,652
0	0	78	0	78
<u>\$ 116,715</u>	<u>\$ 18,514</u>	<u>\$ 297,604</u>	<u>\$ 245,435</u>	<u>\$ 1,797,491</u>
\$ 13,633	\$ 0	\$ 7,269	\$ 0	\$ 896,322
0	0	1,223	0	1,223
0	0	575	0	575
<u>13,633</u>	<u>0</u>	<u>9,067</u>	<u>0</u>	<u>898,120</u>
0	0	53,685	245,000	337,082
0	0	78	0	78
<u>103,082</u>	<u>18,514</u>	<u>234,774</u>	<u>435</u>	<u>562,211</u>
<u>103,082</u>	<u>18,514</u>	<u>288,537</u>	<u>245,435</u>	<u>899,371</u>
<u>\$ 116,715</u>	<u>\$ 18,514</u>	<u>\$ 297,604</u>	<u>\$ 245,435</u>	<u>\$ 1,797,491</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010**

	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Lake Hospital Demolition Fund
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 62,635	\$ 51,530
Fines and Forfeitures	32,509	0	0	0
All Other Revenues	0	0	123,000	413,797
Total Revenues	32,509	0	185,635	465,327
Expenditures:				
Current:				
General Government	0	0	0	0
Highways and Streets	0	41,200	0	0
Community Environment	0	0	0	113,303
Capital Outlay	0	156,092	534,251	982,133
Debt Service:				
Principal Retirement	54,000	58,511	0	0
Interest & Fiscal Charges	4,505	3,395	92	0
Total Expenditures	58,505	259,198	534,343	1,095,436
Excess (Deficiency) of Revenues Over Expenditures	(25,996)	(259,198)	(348,708)	(630,109)
Other Financing Sources (Uses):				
Transfers In	20,000	325,000	20,410	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	20,000	325,000	20,410	0
Net Change in Fund Balances	(5,996)	65,802	(328,298)	(630,109)
Fund Balances at Beginning of Year	40,162	360,935	741,307	0
Fund Balances (Deficits) End of Year	\$ 34,166	\$ 426,737	\$ 413,009	\$ (630,109)

CITY OF PAINESVILLE, OHIO

Jackson Street Interchange Project Fund	Industrial Park Project Fund	Municipal Court Special Projects Fund	Millstone Acquisition Fund	Gristmill FMA Acquisition Fund	Gristmill HMGP Acquisition Fund	Total Nonmajor Capital Project Funds
\$ 7,910	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,500	\$ 123,575
0	0	102,019	0	0	0	134,528
0	0	0	0	0	0	536,797
<u>7,910</u>	<u>0</u>	<u>102,019</u>	<u>0</u>	<u>0</u>	<u>1,500</u>	<u>794,900</u>
0	0	115,637	0	0	0	115,637
0	0	0	52	0	0	41,252
0	0	0	0	0	0	113,303
21,543	0	8,782	0	0	0	1,702,801
0	9,000	0	0	0	0	121,511
0	6,843	0	0	0	0	14,835
<u>21,543</u>	<u>15,843</u>	<u>124,419</u>	<u>52</u>	<u>0</u>	<u>0</u>	<u>2,109,339</u>
(13,633)	(15,843)	(22,400)	(52)	0	1,500	(1,314,439)
0	0	0	0	0	0	365,410
0	0	(20,300)	0	(47,237)	(69,329)	(136,866)
0	0	(20,300)	0	(47,237)	(69,329)	228,544
(13,633)	(15,843)	(42,700)	(52)	(47,237)	(67,829)	(1,085,895)
116,715	34,357	331,237	245,487	47,237	67,829	1,985,266
<u>\$ 103,082</u>	<u>\$ 18,514</u>	<u>\$ 288,537</u>	<u>\$ 245,435</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 899,371</u>

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2010**

	Cemetery Trust Fund	Special Endowment Fund	Evergreen Cemetery Trust Fund	Riverside Cemetery Trust Fund
Assets:				
Cash and Cash Equivalents	\$ 81,830	\$ 58,972	\$ 0	\$ 0
Restricted Assets:				
Cash and Cash Equivalents	0	0	403,427	359,027
Total Assets	<u>\$ 81,830</u>	<u>\$ 58,972</u>	<u>\$ 403,427</u>	<u>\$ 359,027</u>
Liabilities:				
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:				
Reserved for Endowments	0	0	377,852	314,312
Undesignated/Unreserved	81,830	58,972	25,575	44,715
Total Fund Balances	<u>81,830</u>	<u>58,972</u>	<u>403,427</u>	<u>359,027</u>
Total Liabilities and Fund Balances	<u>\$ 81,830</u>	<u>\$ 58,972</u>	<u>\$ 403,427</u>	<u>\$ 359,027</u>

CITY OF PAINESVILLE, OHIO

<u>Special Endowment Trust Fund</u>	<u>Total Nonmajor Permanent Funds</u>
\$ 0	\$ 140,802
<u>317,771</u>	<u>1,080,225</u>
<u>\$ 317,771</u>	<u>\$ 1,221,027</u>
<u>\$ 0</u>	<u>\$ 0</u>
292,776	984,940
<u>24,995</u>	<u>236,087</u>
<u>317,771</u>	<u>1,221,027</u>
<u>\$ 317,771</u>	<u>\$ 1,221,027</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended December 31, 2010***

	Cemetery Trust Fund	Special Endowment Fund	Evergreen Cemetery Trust Fund	Riverside Cemetery Trust Fund
Revenues:				
Investment Earnings	\$ 1,483	\$ 628	\$ 0	\$ 0
All Other Revenues	0	0	1,020	6,683
Total Revenues	<u>1,483</u>	<u>628</u>	<u>1,020</u>	<u>6,683</u>
Expenditures:				
Current:				
Public Health and Welfare	<u>3,977</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>3,977</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,494)	628	1,020	6,683
Fund Balances at Beginning of Year	<u>84,324</u>	<u>58,344</u>	<u>402,407</u>	<u>352,344</u>
Fund Balances End of Year	<u>\$ 81,830</u>	<u>\$ 58,972</u>	<u>\$ 403,427</u>	<u>\$ 359,027</u>

CITY OF PAINESVILLE, OHIO

Special Endowment Trust Fund	Total Nonmajor Permanent Funds
\$ 0	\$ 2,111
<u>4,250</u>	<u>11,953</u>
<u>4,250</u>	<u>14,064</u>
<u>50</u>	<u>4,027</u>
<u>50</u>	<u>4,027</u>
4,200	10,037
<u>313,571</u>	<u>1,210,990</u>
<u>\$ 317,771</u>	<u>\$ 1,221,027</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property Taxes:				
Real Estate and Public Utility	\$ 433,400	\$ 433,400	\$ 417,987	\$ (15,413)
Tangible Personal	0	0	77,758	77,758
Total Property Taxes	<u>433,400</u>	<u>433,400</u>	<u>495,745</u>	<u>62,345</u>
Municipal Income Tax	7,113,152	7,175,000	7,182,110	7,110
Other Local Taxes	10,000	10,000	13,305	3,305
Total Taxes	<u>7,556,552</u>	<u>7,618,400</u>	<u>7,691,160</u>	<u>72,760</u>
Intergovernmental Revenues:				
Local	0	0	10	10
Local Government Fund - County	1,105,944	1,105,944	1,218,154	112,210
Local Government Fund - State	98,181	98,181	108,653	10,472
Inheritance Tax	150,000	150,000	109,063	(40,937)
Property Tax Allocation	116,241	116,241	121,777	5,536
Miscellaneous Tax	14,200	14,200	16,915	2,715
Total Intergovernmental Revenues	<u>1,484,566</u>	<u>1,484,566</u>	<u>1,574,572</u>	<u>90,006</u>
Charges for Services:				
General Government	400	400	861	461
Public Safety	11,425	11,425	8,252	(3,173)
Highways and Streets	35,800	35,800	33,443	(2,357)
Culture and Recreation	15,000	15,000	11,642	(3,358)
Community Environment	1,000	1,000	3,124	2,124
Total Charges for Services	<u>63,625</u>	<u>63,625</u>	<u>57,322</u>	<u>(6,303)</u>
Licenses, Permits and Inspection Fees:				
License Fees	25,400	25,400	27,580	2,180
Permit Fees	74,500	74,500	67,865	(6,635)
Inspection Fees	8,000	8,000	3,606	(4,394)
Zoning Appeal Fees	9,000	9,000	12,902	3,902
Other Fees	200,350	200,350	190,216	(10,134)
Total License, Permit and Inspection Fees	<u>317,250</u>	<u>317,250</u>	<u>302,169</u>	<u>(15,081)</u>
Investment Earnings	490,000	490,000	456,539	(33,461)
Fines and Forfeitures	962,900	962,900	946,259	(16,641)
All Other Revenues	400,582	402,167	391,769	(10,398)
Total Revenues	<u>11,275,475</u>	<u>11,338,908</u>	<u>11,419,790</u>	<u>80,882</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Legislative:				
Council:				
Personal Services	1,645,497	1,645,097	1,568,284	76,813
All Other Expenditures	1,540	1,389	1,064	325
Clerk of Council:				
Personal Services	8,941	8,941	8,486	455
All Other Expenditures	3,048	3,047	2,660	387
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	213,403	216,503	211,631	4,872
All Other Expenditures	350	350	254	96
Clerk of Court:				
Personal Services	612,796	610,796	601,082	9,714
All Other Expenditures	60,978	55,878	52,894	2,984
Probation:				
Personal Services	168,114	168,114	165,596	2,518
Executive:				
City Manager:				
Personal Services	49,261	50,511	49,639	872
All Other Expenditures	5,518	4,268	3,365	903
Comm., Promotions and Public Relations Activities:				
All Other Expenditures	7,669	7,019	4,266	2,753
Information Technology:				
All Other Expenditures	37,716	32,266	31,748	518
Human Resources:				
Personal Services	35,546	35,631	34,706	925
All Other Expenditures	11,455	11,370	6,500	4,870
Economic Development:				
Personal Services	20,194	20,194	19,879	315
All Other Expenditures	12,406	12,406	9,649	2,757

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Finance:				
Administration:				
Personal Services	43,483	45,559	44,676	883
All Other Expenditures	8,578	6,502	5,956	546
Accounting:				
Personal Services	30,004	30,252	29,767	485
All Other Expenditures	24,895	24,647	24,470	177
Purchasing/Warehousing:				
Personal Services	22,046	22,216	21,848	368
All Other Expenditures	1,638	1,468	1,267	201
Income Tax Collection:				
All Other Expenditures	165,000	197,925	197,799	126
Law:				
Administration:				
Personal Services	31,265	31,265	29,641	1,624
All Other Expenditures	28,081	24,381	21,715	2,666
Engineering:				
Administration:				
Personal Services	123,514	123,514	120,271	3,243
All Other Expenditures	14,146	13,146	9,826	3,320
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
Personal Services	58,367	58,367	56,759	1,608
All Other Expenditures	218,563	208,840	206,044	2,796
Boards and Commissions:				
Civil Service Commission:				
All Other Expenditures	8,900	8,900	7,752	1,148
Miscellaneous:				
Insurance:				
All Other Expenditures	31,895	26,325	26,167	158
Tax Settlement Deductions:				
All Other Expenditures	19,130	16,230	15,127	1,103
Other Miscellaneous:				
Personal Services	97,000	142,631	142,630	1
All Other Expenditures	160,098	170,848	137,277	33,571
Total General Government	<u>3,981,035</u>	<u>4,036,796</u>	<u>3,870,695</u>	<u>166,101</u>

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Safety:				
Police:				
Law Enforcement - Sworn Officers:				
Personal Services	3,527,936	3,527,936	3,366,515	161,421
Law Enforcement - Other:				
Personal Services	362,337	362,337	345,445	16,892
All Other Expenditures	254,239	250,884	218,963	31,921
Fire:				
Fire Fighting, Prevention and Inspection:				
Personal Services	2,264,209	2,264,209	2,111,389	152,820
All Other Expenditures	193,499	193,499	152,729	40,770
Fire Service - Other:				
Personal Services	182,505	182,505	173,044	9,461
All Other Expenditures	9,035	9,035	8,790	245
Police and Fire Communications:				
Control Center:				
All Other Expenditures	461,819	461,819	459,897	1,922
Total Public Safety	<u>7,255,579</u>	<u>7,252,224</u>	<u>6,836,772</u>	<u>415,452</u>
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	164,625	164,625	159,778	4,847
All Other Expenditures	28,463	28,463	24,024	4,439
Street Maintenance and Repair:				
All Other Expenditures	42,022	42,022	37,549	4,473
Sidewalks:				
All Other Expenditures	5,384	5,383	3,662	1,721
Building Maintenance:				
All Other Expenditures	59,125	59,015	51,241	7,774
Equipment Maintenance:				
Personal Services	25,603	26,723	25,795	928
All Other Expenditures	129,844	125,724	110,899	14,825

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Employee Benefits:				
Personal Services	299,696	302,696	293,797	8,899
Sidewalks - Snow Removal:				
All Other Expenditures	2,520	2,520	1,101	1,419
Leaf/Yard Waste Removal:				
All Other Expenditures	1,950	1,950	654	1,296
Parking:				
Parking Meters:				
Other Expenditures	2,916	2,916	1,366	1,550
Parking Lots:				
All Other Expenditures	16,125	16,125	16,055	70
Traffic Signs, Markings:				
Traffic Signs, Markings, Signals:				
Personal Services	63,456	63,456	55,398	8,058
All Other Expenditures	33,931	33,931	29,480	4,451
Total Highways and Streets	<u>875,660</u>	<u>875,549</u>	<u>810,799</u>	<u>64,750</u>
Public Health and Welfare:				
Support of Prisoners:				
Prisoner Expense:				
All Other Expenditures	10,075	10,075	625	9,450
Payments to County Health Board:				
County Health District Assessments:				
All Other Expenditures	133,660	133,100	131,111	1,989
Assistance to Needy/Aged:				
Poor Relief:				
All Other Expenditures	1,000	1,560	1,559	1
Total Public Health and Welfare	<u>144,735</u>	<u>144,735</u>	<u>133,295</u>	<u>11,440</u>
Culture and Recreation:				
Parks:				
Administration:				
Personal Services	131,510	131,510	129,536	1,974
All Other Expenditures	10,230	10,230	9,211	1,019
Parks Systems:				
Personal Services	276,775	276,775	261,825	14,950
All Other Expenditures	76,964	76,964	70,667	6,297

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Building Maintenance:				
All Other Expenditures	16,823	17,673	17,367	306
Morse Avenue Community Center:				
All Other Expenditures	10,810	9,960	8,081	1,879
Recreation Activities:				
Personal Services	173,063	173,713	170,892	2,821
All Other Expenditures	28,722	28,072	25,624	2,448
Other Leisure Time Activities:				
Senior Citizens Center:				
All Other Expenditures	25,000	25,000	25,000	0
Community Functions:				
All Other Expenditures	27,689	27,689	27,689	0
Total Culture and Recreation	<u>777,586</u>	<u>777,586</u>	<u>745,892</u>	<u>31,694</u>
Community Environment:				
Community Planning and Zoning:				
Planning Commission:				
Personal Services	1,548	1,648	1,374	274
All Other Expenditures	1,738	1,638	1,241	397
Demolition:				
All Other Expenditures	6,360	6,360	4,050	2,310
Planning and Development:				
Personal Services	30,502	32,742	31,873	869
All Other Expenditures	15,588	13,348	3,180	10,168
Housing and Building Code Enforcement:				
Code Enforcement:				
Personal Services	326,620	328,045	321,801	6,244
All Other Expenditures	16,040	14,615	11,868	2,747
Tree Care and Weed Control:				
Tree Care:				
All Other Expenditures	1,025	1,025	0	1,025
Weed Control:				
All Other Expenditures	14,370	14,270	14,261	9
Total Community Environment	<u>413,791</u>	<u>413,691</u>	<u>389,648</u>	<u>24,043</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Debt Service:				
Principal Retirement	64,293	57,625	55,937	1,688
Interest and Fiscal Charges	18,007	18,108	18,073	35
Total Expenditures	<u>13,530,686</u>	<u>13,576,314</u>	<u>12,861,111</u>	<u>715,203</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,255,211)	(2,237,406)	(1,441,321)	796,085
Other Financing Sources (Uses):				
Sale of Capital Assets	2,000	2,000	9,169	7,169
Sale of General Obligation Notes	235,350	235,350	234,320	(1,030)
Transfers In	800,000	1,222,567	1,235,757	13,190
Transfers Out	(750,631)	(705,000)	(705,000)	0
Advances In	0	20,000	20,000	0
Advances Out	(246,360)	(246,360)	(246,360)	0
Total Other Financing Sources (Uses)	<u>40,359</u>	<u>528,557</u>	<u>547,886</u>	<u>19,329</u>
Net Change in Fund Balance	(2,214,852)	(1,708,849)	(893,435)	815,414
Fund Balance at Beginning of Year	4,878,709	4,878,709	4,878,709	0
Prior Year Encumbrances	449,658	449,658	449,658	0
Fund Balance at End of Year	<u>\$ 3,113,515</u>	<u>\$ 3,619,518</u>	<u>\$ 4,434,932</u>	<u>\$ 815,414</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Special Revenue Fund – Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 872,700	\$ 872,700	\$ 873,684	\$ 984
Total Revenues	872,700	872,700	873,684	984
Expenditures:				
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	122,553	123,543	104,030	19,513
Street Construction and Reconstruction:				
Personal Service	187,384	193,884	187,714	6,170
Capital Outlay	905,957	905,957	803,010	102,947
Street Maintenance and Repair:				
All Other Expenditures	24,414	23,424	22,139	1,285
Snow and Ice Removal:				
All Other Expenditures	303,347	296,847	295,479	1,368
Debt Service:				
Principal Retirement	1,137,257	1,137,308	1,137,306	2
Interest Charges	70,204	70,153	69,499	654
Total Expenditures	2,751,116	2,751,116	2,619,177	131,939
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,878,416)	(1,878,416)	(1,745,493)	132,923
Other Financing Sources (Uses):				
General Obligation Notes Issued	955,966	955,966	955,966	0
Premiums on Debt Issuances	0	0	297	297
Transfers In	107,000	107,000	107,000	0
Total Other Financing Sources (Uses)	1,062,966	1,062,966	1,063,263	297
Net Changes in Fund Balance	(815,450)	(815,450)	(682,230)	133,220
Fund Balance at Beginning of Year	1,086,423	1,086,423	1,086,423	0
Prior Year Encumbrances	291,910	291,910	291,910	0
Fund Balance at End of Year	\$ 562,883	\$ 562,883	\$ 696,103	\$ 133,220

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Capital Projects Fund – Shamrock Boulevard Road Project Fund
For the Year Ended December 31, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	0	26,254	26,253	1
Debt Service:				
Principal Retirement	2,394,000	2,394,000	2,394,000	0
Interest and Fiscal Charges	56,260	56,260	54,851	1,409
Total Expenditures	<u>2,450,260</u>	<u>2,476,514</u>	<u>2,475,104</u>	<u>1,410</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,450,260)	(2,476,514)	(2,475,104)	1,410
Other Financing Sources (Uses):				
General Obligation Notes Issued	2,394,000	1,844,000	1,842,240	(1,760)
Premiums on Debt Issuances	0	0	961	961
Total Other Financing Sources (Uses)	<u>2,394,000</u>	<u>1,844,000</u>	<u>1,843,201</u>	<u>(799)</u>
Net Change in Fund Balance	(56,260)	(632,514)	(631,903)	611
Fund Balance at Beginning of Year	753,159	753,159	753,159	0
Fund Balance at End of Year	<u>\$ 696,899</u>	<u>\$ 120,645</u>	<u>\$ 121,256</u>	<u>\$ 611</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

STATE HIGHWAY IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 51,000	\$ 51,000	\$ 52,556	\$ 1,556
Total Revenues	<u>51,000</u>	<u>51,000</u>	<u>52,556</u>	<u>1,556</u>
Expenditures:				
Highways and Streets:				
Public Works:				
State Highway Maintenance:				
All Other Expenditures	45,013	45,013	45,013	0
Total Expenditures	<u>45,013</u>	<u>45,013</u>	<u>45,013</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,987	5,987	7,543	1,556
Fund Balance at Beginning of Year	76,014	76,014	76,014	0
Prior Year Encumbrances	15,013	15,013	15,013	0
Fund Balance at End of Year	<u>\$ 97,014</u>	<u>\$ 97,014</u>	<u>\$ 98,570</u>	<u>\$ 1,556</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

CEMETERIES FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 123,050	\$ 123,050	\$ 109,421	\$ (13,629)
Total Revenues	<u>123,050</u>	<u>123,050</u>	<u>109,421</u>	<u>(13,629)</u>
Expenditures:				
Public Health and Welfare:				
Cemeteries:				
Administration:				
Personal Services	268,721	281,856	278,962	2,894
All Other Expenditures	7,118	7,118	6,478	640
Evergreen/Riverside Cemeteries:				
Personal Services	197,392	188,232	176,201	12,031
All Other Expenditures	32,878	31,083	29,998	1,085
Building Maintenance:				
All Other Expenditures	13,998	11,818	11,565	253
Total Expenditures	<u>520,107</u>	<u>520,107</u>	<u>503,204</u>	<u>16,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(397,057)	(397,057)	(393,783)	3,274
Other Financing Sources (Uses):				
Transfers In	300,000	300,000	300,000	0
Total Other Financing Sources (Uses)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
Net Change in Fund Balance	(97,057)	(97,057)	(93,783)	3,274
Fund Balance at Beginning of Year	231,360	231,360	231,360	0
Prior Year Encumbrances	5,626	5,626	5,626	0
Fund Balance at End of Year	<u>\$ 139,929</u>	<u>\$ 139,929</u>	<u>\$ 143,203</u>	<u>\$ 3,274</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

POLICE PENSION TRANSFER FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 69,201	\$ 69,201	\$ 68,864	\$ (337)
Intergovernmental Revenues	16,144	16,144	16,913	769
Total Revenues	<u>85,345</u>	<u>85,345</u>	<u>85,777</u>	<u>432</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Sworn Officer:				
Personal Services	80,000	80,000	80,000	0
All Other Expenditures	1,400	1,400	945	455
Total Expenditures	<u>81,400</u>	<u>81,400</u>	<u>80,945</u>	<u>455</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,945	3,945	4,832	887
Fund Balance at Beginning of Year	15,771	15,771	15,771	0
Fund Balance at End of Year	<u>\$ 19,716</u>	<u>\$ 19,716</u>	<u>\$ 20,603</u>	<u>\$ 887</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

FIRE PENSION TRANSFER FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 69,201	\$ 69,201	\$ 68,865	\$ (336)
Intergovernmental Revenues	16,144	16,144	16,913	769
Total Revenues	<u>85,345</u>	<u>85,345</u>	<u>85,778</u>	<u>433</u>
Expenditures:				
Public Safety:				
Fire:				
Fire Fighting, Prevention, Inspection:				
Personal Services	80,000	80,000	80,000	0
All Other Expenditures	1,400	1,400	924	476
Total Expenditures	<u>81,400</u>	<u>81,400</u>	<u>80,924</u>	<u>476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,945	3,945	4,854	909
Fund Balance at Beginning of Year	15,791	15,791	15,791	0
Fund Balance at End of Year	<u>\$ 19,736</u>	<u>\$ 19,736</u>	<u>\$ 20,645</u>	<u>\$ 909</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 20,000	\$ 20,000	\$ 626	\$ (19,374)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>626</u>	<u>(19,374)</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Other:				
All Other Expenditures	26,260	26,260	6,346	19,914
Total Expenditures	<u>26,260</u>	<u>26,260</u>	<u>6,346</u>	<u>19,914</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,260)	(6,260)	(5,720)	540
Fund Balance at Beginning of Year	17,368	17,368	17,368	0
Prior Year Encumbrances	6,260	6,260	6,260	0
Fund Balance at End of Year	<u>\$ 17,368</u>	<u>\$ 17,368</u>	<u>\$ 17,908</u>	<u>\$ 540</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 33,000	\$ 33,000	\$ 34,299	\$ 1,299
Total Revenues	33,000	33,000	34,299	1,299
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,000	33,000	34,299	1,299
Other Financing Sources (Uses):				
Transfers Out	(32,000)	(32,000)	(32,000)	0
Total Other Financing Sources (Uses)	(32,000)	(32,000)	(32,000)	0
Net Change in Fund Balance	1,000	1,000	2,299	1,299
Fund Balance at Beginning of Year	9,912	9,912	9,912	0
Fund Balance at End of Year	\$ 10,912	\$ 10,912	\$ 12,211	\$ 1,299

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 24,000	\$ 24,000	\$ 30,535	\$ 6,535
Total Revenues	<u>24,000</u>	<u>24,000</u>	<u>30,535</u>	<u>6,535</u>
Expenditures:				
General Government:				
All Other Expenditures	60,782	60,782	60,782	0
Total Expenditures	<u>60,782</u>	<u>60,782</u>	<u>60,782</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,782)	(36,782)	(30,247)	6,535
Fund Balance at Beginning of Year	98,912	98,912	98,912	0
Prior Year Encumbrances	20,782	20,782	20,782	0
Fund Balance at End of Year	<u>\$ 82,912</u>	<u>\$ 82,912</u>	<u>\$ 89,447</u>	<u>\$ 6,535</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

ENFORCEMENT AND EDUCATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Fines and Forfeitures	\$ 1,300	\$ 1,300	\$ 3,764	\$ 2,464
Total Revenues	<u>1,300</u>	<u>1,300</u>	<u>3,764</u>	<u>2,464</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,300	1,300	3,764	2,464
Fund Balance at Beginning of Year	<u>45,673</u>	<u>45,673</u>	<u>45,673</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 46,973</u>	<u>\$ 46,973</u>	<u>\$ 49,437</u>	<u>\$ 2,464</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 65,000	\$ 65,000	\$ 68,678	\$ 3,678
Total Revenues	<u>65,000</u>	<u>65,000</u>	<u>68,678</u>	<u>3,678</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,000	65,000	68,678	3,678
Other Financing Sources (Uses):				
Transfers Out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>0</u>
Net Change in Fund Balance	(10,000)	(10,000)	(6,322)	3,678
Fund Balance at Beginning of Year	<u>18,596</u>	<u>18,596</u>	<u>18,596</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,596</u>	<u>\$ 8,596</u>	<u>\$ 12,274</u>	<u>\$ 3,678</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	FIRE LEVY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 106,285	\$ 106,285	\$ 103,470	\$ (2,815)
Intergovernmental Revenues	15,650	15,650	18,188	2,538
Total Revenues	<u>121,935</u>	<u>121,935</u>	<u>121,658</u>	<u>(277)</u>
Expenditures:				
Public Safety:				
Fire Fighting, Prevention, Inspection:				
All Other Expenditures	2,000	2,000	1,308	692
Fire Service - Other:				
All Other Expenditures	14,109	14,109	9,091	5,018
Capital Outlay	4,000	4,000	3,500	500
Debt Service:				
Principal Retirement	282,918	282,918	282,917	1
Interest and Fiscal Charges	21,052	21,052	21,051	1
Total Expenditures	<u>324,079</u>	<u>324,079</u>	<u>317,867</u>	<u>6,212</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(202,144)	(202,144)	(196,209)	5,935
Other Financing Sources (Uses):				
General Obligation Notes Issued	207,240	207,240	207,240	0
Premiums on Debt Issuances	0	0	61	61
Transfers Out	0	0	0	0
Advances Out	(20,000)	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	<u>187,240</u>	<u>187,240</u>	<u>187,301</u>	<u>61</u>
Net Changes in Fund Balance	(14,904)	(14,904)	(8,908)	5,996
Fund Balance at Beginning of Year	250,586	250,586	250,586	0
Prior Year Encumbrances	4,296	4,296	4,296	0
Fund Balance at End of Year	<u>\$ 239,978</u>	<u>\$ 239,978</u>	<u>\$ 245,974</u>	<u>\$ 5,996</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

UNDERGROUND STORAGE TANK FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
All Other Expenditures	1,750	1,750	242	1,508
Total Expenditures	1,750	1,750	242	1,508
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,750)	(1,750)	(242)	1,508
Fund Balance at Beginning of Year	4,923	4,923	4,923	0
Prior Year Encumbrances	250	250	250	0
Fund Balance at End of Year	<u>\$ 3,423</u>	<u>\$ 3,423</u>	<u>\$ 4,931</u>	<u>\$ 1,508</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 120,000	\$ 120,000	\$ 116,575	\$ (3,425)
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>116,575</u>	<u>(3,425)</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Probation:				
Personal Services	96,029	108,049	106,436	1,613
All Other Expenditures	<u>44,204</u>	<u>37,939</u>	<u>34,081</u>	<u>3,858</u>
Total Expenditures	<u>140,233</u>	<u>145,988</u>	<u>140,517</u>	<u>5,471</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,233)	(25,988)	(23,942)	2,046
Fund Balance at Beginning of Year	92,401	92,401	92,401	0
Prior Year Encumbrances	<u>5,004</u>	<u>5,004</u>	<u>5,004</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 77,172</u>	<u>\$ 71,417</u>	<u>\$ 73,463</u>	<u>\$ 2,046</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

COPS FAST GRANT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 20,000	\$ 20,000	\$ 11,101	\$ (8,899)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>11,101</u>	<u>(8,899)</u>
Expenditures:				
Public Safety:				
Law Enforcement-Sworn Officers:				
Personal Services	12,500	12,500	10,652	1,848
All Other Expenditures	<u>7,500</u>	<u>7,500</u>	<u>195</u>	<u>7,305</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>10,847</u>	<u>9,153</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	254	254
Fund Balance at Beginning of Year	<u>1,159</u>	<u>1,159</u>	<u>1,159</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,159</u>	<u>\$ 1,159</u>	<u>\$ 1,413</u>	<u>\$ 254</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 0	\$ 50	\$ 50
Total Revenues	<u>0</u>	<u>0</u>	<u>50</u>	<u>50</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	50	50
Fund Balance at Beginning of Year	<u>577</u>	<u>577</u>	<u>577</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 577</u>	<u>\$ 577</u>	<u>\$ 627</u>	<u>\$ 50</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	FIRE FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 4,500	\$ 0	\$ 0	\$ 0
All Other Revenues	<u>10,000</u>	<u>6,000</u>	<u>446</u>	<u>(5,554)</u>
Total Revenues	<u>14,500</u>	<u>6,000</u>	<u>446</u>	<u>(5,554)</u>
Expenditures:				
Public Safety:				
All Other Expenditures	<u>17,237</u>	<u>17,237</u>	<u>9,380</u>	<u>7,857</u>
Total Expenditures	<u>17,237</u>	<u>17,237</u>	<u>9,380</u>	<u>7,857</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,737)	(11,237)	(8,934)	2,303
Fund Balance at Beginning of Year	7,881	7,881	7,881	0
Prior Year Encumbrances	<u>5,237</u>	<u>5,237</u>	<u>5,237</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,381</u>	<u>\$ 1,881</u>	<u>\$ 4,184</u>	<u>\$ 2,303</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 24,097	\$ 15,234	\$ (8,863)
Total Revenues	0	24,097	15,234	(8,863)
Expenditures:				
General Government:				
Personal Services	0	31,971	31,107	864
Total Expenditures	0	31,971	31,107	864
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(7,874)	(15,873)	(7,999)
Other Financing Sources (Uses):				
Transfers In	0	17,000	17,000	0
Total Other Financing Sources (Uses)	0	17,000	17,000	0
Net Changes in Fund Balance	0	9,126	1,127	(7,999)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 9,126	\$ 1,127	\$ (7,999)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

EMERGENCY MEDICAL SERVICES FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 490,000	\$ 600,000	\$ 645,042	\$ 45,042
Total Revenues	<u>490,000</u>	<u>600,000</u>	<u>645,042</u>	<u>45,042</u>
Expenditures:				
Public Safety:				
Personal Services	452,254	460,278	441,131	19,147
All Other Expenditures	105,021	97,596	93,257	4,339
Capital Outlay	1,500	2,900	2,897	3
Debt Service:				
Principal Retirement	3,597	3,598	3,597	1
Interest and Fiscal Charges	283	283	283	0
Total Expenditures	<u>562,655</u>	<u>564,655</u>	<u>541,165</u>	<u>23,490</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(72,655)	35,345	103,877	68,532
Fund Balance at Beginning of Year	354,147	354,147	354,147	0
Prior Year Encumbrances	25,832	25,832	25,832	0
Fund Balance at End of Year	<u>\$ 307,324</u>	<u>\$ 415,324</u>	<u>\$ 483,856</u>	<u>\$ 68,532</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MUNICIPAL COURT COMPUTERIZATION FUND				
Revenues:				
Fines and Forfeitures	\$ 87,000	\$ 87,000	\$ 83,066	\$ (3,934)
Total Revenues	<u>87,000</u>	<u>87,000</u>	<u>83,066</u>	<u>(3,934)</u>
Expenditures:				
General Government:				
Personal Services	86,462	91,710	90,311	1,399
All Other Expenditures	2,649	2,150	1,390	760
Capital Outlay	34,642	29,892	29,641	251
Debt Service:				
Principal Retirement	3,030	3,028	3,027	1
Interest and Fiscal Charges	<u>103</u>	<u>106</u>	<u>105</u>	<u>1</u>
Total Expenditures	<u>126,886</u>	<u>126,886</u>	<u>124,474</u>	<u>2,412</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,886)	(39,886)	(41,408)	(1,522)
Fund Balance at Beginning of Year	53,746	53,746	53,746	0
Prior Year Encumbrances	<u>20,791</u>	<u>20,791</u>	<u>20,791</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 34,651</u>	<u>\$ 34,651</u>	<u>\$ 33,129</u>	<u>\$ (1,522)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 180,000	\$ 367,850	\$ 367,855	\$ 5
Total Revenues	180,000	367,850	367,855	5
Expenditures:				
General Government:				
All Other Expenditures	33,000	382,899	368,854	14,045
Total Expenditures	33,000	382,899	368,854	14,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	147,000	(15,049)	(999)	14,050
Fund Balance at Beginning of Year	327,337	327,337	327,337	0
Fund Balance at End of Year	\$ 474,337	\$ 312,288	\$ 326,338	\$ 14,050

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 97,000	\$ 97,000	\$ 71,965	\$ (25,035)
Total Revenues	97,000	97,000	71,965	(25,035)
Expenditures:				
General Government:				
All Other Expenditures	97,000	97,000	71,965	25,035
Total Expenditures	97,000	97,000	71,965	25,035
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	4,229	4,229	4,229	0
Fund Balance at End of Year	\$ 4,229	\$ 4,229	\$ 4,229	\$ 0

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

PLAN REVIEW FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 34,000	\$ 52,250	\$ 18,250
Total Revenues	<u>0</u>	<u>34,000</u>	<u>52,250</u>	<u>18,250</u>
Expenditures:				
Community Environment:				
All Other Expenditures	23,265	58,265	39,287	18,978
Total Expenditures	<u>23,265</u>	<u>58,265</u>	<u>39,287</u>	<u>18,978</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,265)	(24,265)	12,963	37,228
Fund Balance at Beginning of Year	59,105	59,105	59,105	0
Prior Year Encumbrances	<u>23,265</u>	<u>23,265</u>	<u>23,265</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 59,105</u>	<u>\$ 58,105</u>	<u>\$ 95,333</u>	<u>\$ 37,228</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 200	\$ 200	\$ 325	\$ 125
Total Revenues	<u>200</u>	<u>200</u>	<u>325</u>	<u>125</u>
Expenditures:				
Community Environment:				
All Other Expenditures	<u>421</u>	<u>421</u>	<u>76</u>	<u>345</u>
Total Expenditures	<u>421</u>	<u>421</u>	<u>76</u>	<u>345</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221)	(221)	249	470
Fund Balance at Beginning of Year	9,114	9,114	9,114	0
Prior Year Encumbrances	<u>221</u>	<u>221</u>	<u>221</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,114</u>	<u>\$ 9,114</u>	<u>\$ 9,584</u>	<u>\$ 470</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

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

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 9,000	\$ 9,000	\$ 1,189	\$ (7,811)
Total Revenues	<u>9,000</u>	<u>9,000</u>	<u>1,189</u>	<u>(7,811)</u>
Expenditures:				
Public Safety:				
All Other Expenditures	<u>9,000</u>	<u>9,000</u>	<u>0</u>	<u>9,000</u>
Total Expenditures	<u>9,000</u>	<u>9,000</u>	<u>0</u>	<u>9,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,189	1,189
Fund Balance at Beginning of Year	<u>14,550</u>	<u>14,550</u>	<u>14,550</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,550</u>	<u>\$ 14,550</u>	<u>\$ 15,739</u>	<u>\$ 1,189</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2010***

GENERAL BOND RETIREMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 55,428	\$ 55,428	\$ 55,241	\$ (187)
Intergovernmental Revenues	12,915	12,915	13,531	616
Total Revenues	<u>68,343</u>	<u>68,343</u>	<u>68,772</u>	<u>429</u>
Expenditures:				
General Government:				
All Other Expenditures	1,300	1,300	738	562
Debt Service Function:				
Debt Service:				
Principal Retirement	20,000	20,000	20,000	0
Interest and Fiscal Charges	410	410	410	0
Total Expenditures	<u>21,710</u>	<u>21,710</u>	<u>21,148</u>	<u>562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,633	46,633	47,624	991
Other Financing Sources (Uses):				
Premiums on Debt Issuance	0	0	606	606
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>606</u>	<u>606</u>
Net Change in Fund Balance	46,633	46,633	48,230	1,597
Fund Balance at Beginning of Year	<u>46,692</u>	<u>46,692</u>	<u>46,692</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 93,325</u>	<u>\$ 93,325</u>	<u>\$ 94,922</u>	<u>\$ 1,597</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2010**

SPECIAL ASSESSMENT BOND RETIREMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 148,000	\$ 93,000	\$ 89,140	\$ (3,860)
Total Revenues	<u>148,000</u>	<u>93,000</u>	<u>89,140</u>	<u>(3,860)</u>
Expenditures:				
General Government				
All Other Expenditures	20,800	20,800	16,392	4,408
Debt Service Function:				
Debt Service - Unvoted:				
Debt Service:				
Principal Retirement	37,000	37,000	37,000	0
Interest and Fiscal Charges	<u>45,131</u>	<u>45,131</u>	<u>45,130</u>	<u>1</u>
Total Expenditures	<u>102,931</u>	<u>102,931</u>	<u>98,522</u>	<u>4,409</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,069	(9,931)	(9,382)	549
Fund Balance at Beginning of Year	<u>161,593</u>	<u>161,593</u>	<u>161,593</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 206,662</u>	<u>\$ 151,662</u>	<u>\$ 152,211</u>	<u>\$ 549</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2010**

LAND ACQUISITION NOTE RETIREMENT FUND

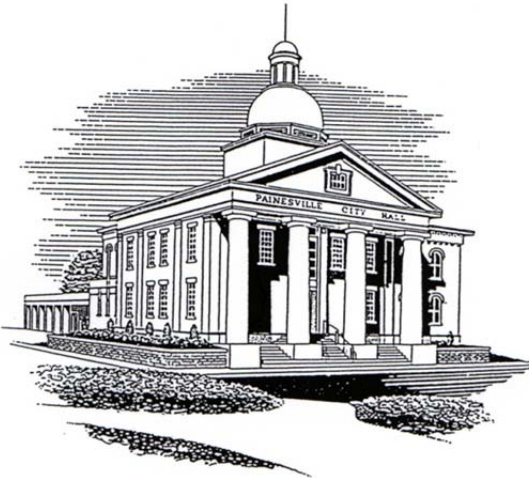
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Advances In	246,360	246,360	246,360	0
Advances Out	<u>(246,360)</u>	<u>(246,360)</u>	<u>(246,360)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010**

MUNICIPAL COURT IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 39,000	\$ 39,000	\$ 35,494	\$ (3,506)
Total Revenues	<u>39,000</u>	<u>39,000</u>	<u>35,494</u>	<u>(3,506)</u>
Expenditures:				
Debt Service:				
Principal Retirement	54,000	54,000	54,000	0
Interest and Fiscal Charges	<u>4,505</u>	<u>4,505</u>	<u>4,505</u>	<u>0</u>
Total Expenditures	<u>58,505</u>	<u>58,505</u>	<u>58,505</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,505)	(19,505)	(23,011)	(3,506)
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Net Change in Fund Balance	(19,505)	495	(3,011)	(3,506)
Fund Balance at Beginning of Year	<u>37,177</u>	<u>37,177</u>	<u>37,177</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,672</u>	<u>\$ 37,672</u>	<u>\$ 34,166</u>	<u>\$ (3,506)</u>



CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010**

CAPITAL EQUIPMENT RESERVE FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Finance:				
Accounting:				
Capital Outlay	1,400	1,489	1,489	0
Engineering:				
Administration:				
Capital Outlay	15,000	12,835	12,835	0
Total General Government	16,400	14,324	14,324	0
Public Safety:				
Police:				
Law Enforcement - Other:				
Capital Outlay	109,000	112,879	112,878	1
Total Public Safety	109,000	112,879	112,878	1
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	57,195	57,195	57,195	0
Equipment Maintenance:				
Capital Outlay	28,000	27,324	27,323	1
Total Highways and Streets	85,195	84,519	84,518	1
Community Environment:				
Community Planning and Zoning:				
Planning and Development:				
Capital Outlay	4,200	4,200	4,191	9
Total Community Environment	4,200	4,200	4,191	9

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CAPITAL EQUIPMENT RESERVE FUND				
Debt Service:				
Principal Retirement	58,579	58,512	58,511	1
Interest and Fiscal Charges	3,328	3,396	3,395	1
Total Expenditures	<u>276,702</u>	<u>277,830</u>	<u>277,817</u>	<u>13</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(276,702)	(277,830)	(277,817)	13
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>325,000</u>	<u>325,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>325,000</u>	<u>325,000</u>	<u>0</u>
Net Change in Fund Balance	(276,702)	47,170	47,183	13
Fund Balance at Beginning of Year	355,359	355,359	355,359	0
Prior Year Encumbrances	<u>22,195</u>	<u>22,195</u>	<u>22,195</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 100,852</u>	<u>\$ 424,724</u>	<u>\$ 424,737</u>	<u>\$ 13</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010**

CAPITAL IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 1,027,000	\$ 1,027,000	\$ 100,788	\$ (926,212)
All Other Revenues	0	0	123,000	123,000
Total Revenues	<u>1,027,000</u>	<u>1,027,000</u>	<u>223,788</u>	<u>(803,212)</u>
Expenditures:				
General Government:				
Public Lands and Buildings:				
Building Operations Maintenance and Repair:				
Capital Outlay	225,000	225,000	223,932	1,068
Total General Government	<u>225,000</u>	<u>225,000</u>	<u>223,932</u>	<u>1,068</u>
Public Safety:				
Fire:				
Fire Fighting, Prevention and Inspection:				
Capital Outlay	13,206	13,206	13,205	1
Total Public Safety	<u>13,206</u>	<u>13,206</u>	<u>13,205</u>	<u>1</u>
Culture and Recreation:				
Recreation Activities:				
Capital Outlay	1,307,218	1,307,218	259,302	1,047,916
Total Culture and Recreation	<u>1,307,218</u>	<u>1,307,218</u>	<u>259,302</u>	<u>1,047,916</u>
Community Environment:				
Community Planning and Zoning:				
Planning and Development:				
Capital Outlay	66,177	66,177	66,177	0
Total Community Environment	<u>66,177</u>	<u>66,177</u>	<u>66,177</u>	<u>0</u>
Total Expenditures	<u>1,611,601</u>	<u>1,611,601</u>	<u>562,616</u>	<u>1,048,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(584,601)	(584,601)	(338,828)	245,773
Fund Balance at Beginning of Year	269,627	269,627	269,627	0
Prior Year Encumbrances	431,601	431,601	431,601	0
Fund Balance at End of Year	<u>\$ 116,627</u>	<u>\$ 116,627</u>	<u>\$ 362,400</u>	<u>\$ 245,773</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010***

LAKE HOSPITAL DEMOLITION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 2,395,000	\$ 2,395,000	\$ 0	\$ (2,395,000)
All Other Revenues	625,000	625,000	413,797	(211,203)
Total Revenues	<u>3,020,000</u>	<u>3,020,000</u>	<u>413,797</u>	<u>(2,606,203)</u>
Expenditures:				
Community Environment:				
All Other Expenditures	0	113,306	113,303	3
Capital Outlay	3,020,000	2,906,694	215,244	2,691,450
Total Expenditures	<u>3,020,000</u>	<u>3,020,000</u>	<u>328,547</u>	<u>2,691,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	85,250	85,250
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 85,250</u>	<u>\$ 85,250</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 450,000	\$ 450,000	\$ 0	\$ (450,000)
Total Revenues	<u>450,000</u>	<u>450,000</u>	<u>0</u>	<u>(450,000)</u>
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	<u>450,000</u>	<u>450,000</u>	<u>7,910</u>	<u>442,090</u>
Total Expenditures	<u>450,000</u>	<u>450,000</u>	<u>7,910</u>	<u>442,090</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(7,910)	(7,910)
Fund Balance at Beginning of Year	<u>116,715</u>	<u>116,715</u>	<u>116,715</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 116,715</u>	<u>\$ 116,715</u>	<u>\$ 108,805</u>	<u>\$ (7,910)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	9,000	9,000	9,000	0
Interest and Fiscal Charges	6,843	6,843	6,843	0
Total Expenditures	15,843	15,843	15,843	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,843)	(15,843)	(15,843)	0
Fund Balance at Beginning of Year	34,357	34,357	34,357	0
Fund Balance at End of Year	\$ 18,514	\$ 18,514	\$ 18,514	\$ 0

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010**

MUNICIPAL COURT SPECIAL PROJECTS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 100,000	\$ 100,000	\$ 110,013	\$ 10,013
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>110,013</u>	<u>10,013</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	23,553	23,553	20,886	2,667
All Other Expenditures	20,792	21,792	12,974	8,818
Capital Outlay	74,227	68,227	60,339	7,888
Clerk of Court:				
Personal Services	4,897	14,929	13,793	1,136
All Other Expenditures	83,670	78,638	43,605	35,033
Probation:				
Personal Services	1,196	1,196	249	947
All Other Expenditures	20,000	20,000	10,664	9,336
Total General Government	<u>228,335</u>	<u>228,335</u>	<u>162,510</u>	<u>65,825</u>
Total Expenditures	<u>228,335</u>	<u>228,335</u>	<u>162,510</u>	<u>65,825</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(128,335)	(128,335)	(52,497)	75,838
Other Financing Sources (Uses):				
Transfers Out	0	(37,300)	(37,300)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(37,300)</u>	<u>(37,300)</u>	<u>0</u>
Net Change in Fund Balance	(128,335)	(165,635)	(89,797)	75,838
Fund Balance at Beginning of Year	303,784	303,784	303,784	0
Prior Year Encumbrances	22,009	22,009	22,009	0
Fund Balance at End of Year	<u>\$ 197,458</u>	<u>\$ 160,158</u>	<u>\$ 235,996</u>	<u>\$ 75,838</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010**

MILLSTONE ACQUISITION FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 3,706,452	\$ 3,706,452	\$ 0	\$ (3,706,452)
All Other Revenues	357,496	357,496	0	(357,496)
Total Revenues	<u>4,063,948</u>	<u>4,063,948</u>	<u>0</u>	<u>(4,063,948)</u>
Expenditures:				
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	4,063,948	4,063,948	52	4,063,896
Total Highways and Streets	<u>4,063,948</u>	<u>4,063,948</u>	<u>52</u>	<u>4,063,896</u>
Community Environment:				
Planning and Development:				
All Other Expenditures	245,000	245,000	245,000	0
Total Community Environment	<u>245,000</u>	<u>245,000</u>	<u>245,000</u>	<u>0</u>
Total Expenditures	<u>4,308,948</u>	<u>4,308,948</u>	<u>245,052</u>	<u>4,063,896</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(245,000)	(245,000)	(245,052)	(52)
Fund Balance at Beginning of Year	487	487	487	0
Prior Year Encumbrances	245,000	245,000	245,000	0
Fund Balance at End of Year	<u>\$ 487</u>	<u>\$ 487</u>	<u>\$ 435</u>	<u>\$ (52)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010**

GRISTMILL FMA ACQUISITION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	6,475	2,408	2,408	0
Total Highways and Streets	6,475	2,408	2,408	0
Community Environment:				
Planning and Development:				
All Other Expenditures	0	161,214	161,214	0
Total Community Environment	0	161,214	161,214	0
Total Expenditures	6,475	163,622	163,622	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,475)	(163,622)	(163,622)	0
Other Financing Sources (Uses):				
Transfers Out	0	(47,237)	(47,237)	0
Total Other Financing Sources (Uses)	0	(47,237)	(47,237)	0
Net Change in Fund Balance	(6,475)	(210,859)	(210,859)	0
Fund Balance at Beginning of Year	204,384	204,384	204,384	0
Prior Year Encumbrances	6,475	6,475	6,475	0
Fund Balance at End of Year	\$ 204,384	\$ 0	\$ 0	\$ 0

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010**

GRISTMILL HMGP ACQUISITION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 1,500	\$ 1,500	\$ 0
Total Revenues	<u>0</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
Expenditures:				
Highways and Streets:				
Street Construction and Reconstruction:				
Capital Outlay	3,090	3,090	3,090	0
Total Highways and Streets	<u>3,090</u>	<u>3,090</u>	<u>3,090</u>	<u>0</u>
Community Environment:				
Planning and Development:				
All Other Expenditures	0	61,179	61,179	0
Total Community Environment	<u>0</u>	<u>61,179</u>	<u>61,179</u>	<u>0</u>
Total Expenditures	<u>3,090</u>	<u>64,269</u>	<u>64,269</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,090)	(62,769)	(62,769)	0
Other Financing Sources (Uses):				
Transfers Out	0	(69,329)	(69,329)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(69,329)</u>	<u>(69,329)</u>	<u>0</u>
Net Change in Fund Balance	(3,090)	(132,098)	(132,098)	0
Fund Balance at Beginning of Year	129,008	129,008	129,008	0
Prior Year Encumbrances	3,090	3,090	3,090	0
Fund Balance at End of Year	<u>\$ 129,008</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CEMETERY TRUST FUND				
Revenues:				
Investment Earnings	\$ 3,500	\$ 3,500	\$ 1,483	\$ (2,017)
Total Revenues	<u>3,500</u>	<u>3,500</u>	<u>1,483</u>	<u>(2,017)</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>3,522</u>	<u>6,047</u>	<u>3,977</u>	<u>2,070</u>
Total Expenditures	<u>3,522</u>	<u>6,047</u>	<u>3,977</u>	<u>2,070</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22)	(2,547)	(2,494)	53
Fund Balance at Beginning of Year	84,302	84,302	84,302	0
Prior Year Encumbrances	<u>22</u>	<u>22</u>	<u>22</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 84,302</u>	<u>\$ 81,777</u>	<u>\$ 81,830</u>	<u>\$ 53</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,750	\$ 1,750	\$ 628	\$ (1,122)
Total Revenues	<u>1,750</u>	<u>1,750</u>	<u>628</u>	<u>(1,122)</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>1,750</u>	<u>1,750</u>	<u>0</u>	<u>1,750</u>
Total Expenditures	<u>1,750</u>	<u>1,750</u>	<u>0</u>	<u>1,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	628	628
Fund Balance at Beginning of Year	<u>58,344</u>	<u>58,344</u>	<u>58,344</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 58,344</u>	<u>\$ 58,344</u>	<u>\$ 58,972</u>	<u>\$ 628</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 1,000	\$ 1,000	\$ 1,020	\$ 20
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,020</u>	<u>20</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,020	1,020
Fund Balance at Beginning of Year	<u>402,407</u>	<u>402,407</u>	<u>402,407</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 402,407</u>	<u>\$ 402,407</u>	<u>\$ 403,427</u>	<u>\$ 1,020</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 4,250	\$ 4,250	\$ 6,683	\$ 2,433
Total Revenues	<u>4,250</u>	<u>4,250</u>	<u>6,683</u>	<u>2,433</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,250	3,250	6,683	3,433
Fund Balance at Beginning of Year	<u>352,344</u>	<u>352,344</u>	<u>352,344</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 355,594</u>	<u>\$ 355,594</u>	<u>\$ 359,027</u>	<u>\$ 3,433</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 1,300	\$ 1,300	\$ 4,250	\$ 2,950
Total Revenues	<u>1,300</u>	<u>1,300</u>	<u>4,250</u>	<u>2,950</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>25</u>	<u>50</u>	<u>50</u>	<u>0</u>
Total Expenditures	<u>25</u>	<u>50</u>	<u>50</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,275	1,250	4,200	2,950
Fund Balance at Beginning of Year	<u>313,571</u>	<u>313,571</u>	<u>313,571</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 314,846</u>	<u>\$ 314,821</u>	<u>\$ 317,771</u>	<u>\$ 2,950</u>

Nonmajor Enterprise Funds

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

Refuse Fund

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

Off Street Parking Fund

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

Storm Water Utility Fund

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

Community Program Fund

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

CITY OF PAINESVILLE, OHIO

**Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2010**

	Refuse Fund	Off Street Parking Fund	Storm Water Utility Fund
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 9,461	\$ 151,763	\$ 362,738
Accounts Receivable	0	0	49,878
Prepaid Items	0	4,196	0
Total Current Assets	<u>9,461</u>	<u>155,959</u>	<u>412,616</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	0	3,792	0
Total restricted assets	<u>0</u>	<u>3,792</u>	<u>0</u>
Capital Assets:			
Capital Assets Not Being Depreciated	0	280,732	950,805
Capital Assets Being Depreciated, Net	0	993,347	383,357
Total Noncurrent Assets	<u>0</u>	<u>1,277,871</u>	<u>1,334,162</u>
Total Assets	<u>9,461</u>	<u>1,433,830</u>	<u>1,746,778</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	0	34	22,262
Accrued Wages and Benefits	0	1,744	3,267
Refundable Deposits	0	3,792	0
Accrued Interest Payable	0	0	10,020
General Obligation Notes Payable	0	0	672,680
Compensated Absences Payable - Current	0	0	1,531
Total Current Liabilities	<u>0</u>	<u>5,570</u>	<u>709,760</u>
Noncurrent Liabilities:			
Compensated Absences Payable	0	4,071	15,033
Total Noncurrent Liabilities	<u>0</u>	<u>4,071</u>	<u>15,033</u>
Total Liabilities	<u>0</u>	<u>9,641</u>	<u>724,793</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	0	1,274,079	661,482
Unrestricted	9,461	150,110	360,503
Total Net Assets	<u>\$ 9,461</u>	<u>\$ 1,424,189</u>	<u>\$ 1,021,985</u>

CITY OF PAINESVILLE, OHIO

<u>Community Programs Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 3,254	\$ 527,216
0	49,878
0	4,196
<u>3,254</u>	<u>581,290</u>
0	3,792
<u>0</u>	<u>3,792</u>
0	1,231,537
<u>0</u>	<u>1,376,704</u>
<u>0</u>	<u>2,612,033</u>
<u>3,254</u>	<u>3,193,323</u>
36	22,332
348	5,359
0	3,792
0	10,020
0	672,680
<u>0</u>	<u>1,531</u>
<u>384</u>	<u>715,714</u>
0	19,104
<u>0</u>	<u>19,104</u>
<u>384</u>	<u>734,818</u>
0	1,935,561
<u>2,870</u>	<u>522,944</u>
<u>\$ 2,870</u>	<u>\$ 2,458,505</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2010**

	Refuse Fund	Off Street Parking Fund	Storm Water Utility Fund
Operating Revenues:			
Charges for Services	\$ 12,053	\$ 41,813	\$ 428,277
Other Charges for Services	0	0	9,946
Other Operating Revenues	1,592	0	0
Total Operating Revenues	<u>13,645</u>	<u>41,813</u>	<u>438,223</u>
Operating Expenses:			
Personal Services	0	54,882	104,807
Contractual Services	12,063	30,443	32,010
Materials and Supplies	0	1,141	13,804
Utilities	0	25,794	0
Depreciation	0	33,355	18,527
Total Operating Expenses	<u>12,063</u>	<u>145,615</u>	<u>169,148</u>
Operating Income (Loss)	1,582	(103,802)	269,075
Non-Operating Revenue (Expenses):			
Interest Income	0	0	1
Interest and Fiscal Charges	0	0	(12,121)
Other Nonoperating Revenue	0	600	1,656
Other Nonoperating Expense	0	0	0
Total Non-Operating Revenues (Expenses)	<u>0</u>	<u>600</u>	<u>(10,464)</u>
Income (Loss) Before Transfers	1,582	(103,202)	258,611
Transfers:			
Transfers-In	0	80,000	0
Total Transfers	<u>0</u>	<u>80,000</u>	<u>0</u>
Change in Net Assets	1,582	(23,202)	258,611
Net Assets Beginning of Year	7,879	1,447,391	763,374
Net Assets End of Year	<u>\$ 9,461</u>	<u>\$ 1,424,189</u>	<u>\$ 1,021,985</u>

CITY OF PAINESVILLE, OHIO

<u>Community Programs Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 45,550	\$ 527,693
0	9,946
8	1,600
<u>45,558</u>	<u>539,239</u>
13,639	173,328
23,407	97,923
5,475	20,420
0	25,794
0	51,882
<u>42,521</u>	<u>369,347</u>
3,037	169,892
0	1
0	(12,121)
0	2,256
<u>(85)</u>	<u>(85)</u>
<u>(85)</u>	<u>(9,949)</u>
2,952	159,943
0	80,000
<u>0</u>	<u>80,000</u>
2,952	239,943
<u>(82)</u>	<u>2,218,562</u>
<u>\$ 2,870</u>	<u>\$ 2,458,505</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2010***

	Refuse Fund	Off-Street Parking Fund	Storm Water Utility Fund
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$13,645	\$42,495	\$443,087
Cash Payments for Goods and Services	(12,063)	(58,937)	(45,362)
Cash Payments to Employees	0	(57,031)	(108,064)
Net Cash Provided (Used) by Operating Activities	<u>1,582</u>	<u>(73,473)</u>	<u>289,661</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	80,000	0
Net Cash Provided for Noncapital Financing Activities	<u>0</u>	<u>80,000</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from General Obligation Notes	0	0	672,680
Premium on Debt Issuances	0	0	225
Principal Paid on General Obligation Notes	0	0	(403,400)
Acquisition and Construction of Assets	0	(98,332)	(521,987)
Interest Paid on All Debt	0	0	(8,647)
Net Cash Used by Capital and Related Financing Activities	<u>0</u>	<u>(98,332)</u>	<u>(261,129)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Principal and Interest on Investments	0	0	1
Net Cash Provided by Investing Activities	<u>0</u>	<u>0</u>	<u>1</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,582	(91,805)	28,533
Cash and Cash Equivalents at Beginning of Year	<u>7,879</u>	<u>247,360</u>	<u>334,205</u>
Cash and Cash Equivalents at End of Year	<u>\$9,461</u>	<u>\$155,555</u>	<u>\$362,738</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$9,461	\$151,763	\$362,738
Restricted Cash and Cash Equivalents	0	3,792	0
Cash and Cash Equivalents at End of Year	<u>\$9,461</u>	<u>\$155,555</u>	<u>\$362,738</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$1,582	(\$103,802)	\$269,075
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	0	33,355	18,527
Miscellaneous Nonoperating Revenues	0	682	1,656
Miscellaneous Nonoperating Expenses	0	0	0
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	0	0	3,208
Increase in Prepaid Items	0	(1,113)	0
Increase (Decrease) in Accounts Payable	0	(446)	452
Decrease in Accrued Wages and Benefits	0	(1,552)	(4,243)
Increase (Decrease) in Compensated Absences Payable	0	(597)	986
Total Adjustments	<u>0</u>	<u>30,329</u>	<u>20,586</u>
Net Cash Provided (Used) by Operating Activities	<u>\$1,582</u>	<u>(\$73,473)</u>	<u>\$289,661</u>

CITY OF PAINESVILLE, OHIO

Community Program Fund	Total Nonmajor Enterprise Funds
\$45,558	\$544,785
(28,931)	(145,293)
(13,793)	(178,888)
<u>2,834</u>	<u>220,604</u>
<u>0</u>	<u>80,000</u>
<u>0</u>	<u>80,000</u>
0	672,680
0	225
0	(403,400)
0	(620,319)
<u>0</u>	<u>(8,647)</u>
<u>0</u>	<u>(359,461)</u>
<u>0</u>	<u>1</u>
<u>0</u>	<u>1</u>
2,834	(58,856)
420	589,864
<u>\$3,254</u>	<u>\$531,008</u>
<u>\$3,254</u>	<u>527,216</u>
<u>0</u>	<u>3,792</u>
<u>\$3,254</u>	<u>\$531,008</u>
\$3,037	\$169,892
0	51,882
0	2,338
(85)	(85)
0	3,208
0	(1,113)
36	42
(154)	(5,949)
<u>0</u>	<u>389</u>
<u>(203)</u>	<u>50,712</u>
<u>\$2,834</u>	<u>\$220,604</u>

Nonmajor Internal Service Funds

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

Fuel and Oil Rotary Fund

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

Supplies Rotary Fund

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

Employee Health Insurance Fund

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

Workers' Compensation Retrospective Fund

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

CITY OF PAINESVILLE, OHIO

**Combining Statement of Net Assets
Nonmajor Internal Service Funds
December 31, 2010**

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
Assets:					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 41,289	\$ 30,929	\$ 11,524	\$ 153,777	\$ 237,519
Inventory of Supplies at Cost	0	33,951	0	0	33,951
Total Assets	<u>41,289</u>	<u>64,880</u>	<u>11,524</u>	<u>153,777</u>	<u>271,470</u>
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	23,429	0	5,856	0	29,285
Claims Payable - Current	0	0	306,900	170,937	477,837
<i>Total Current Liabilities</i>	<u>23,429</u>	<u>0</u>	<u>312,756</u>	<u>170,937</u>	<u>507,122</u>
<i>Long Term Liabilities:</i>					
Claims Payable	0	0	0	171,850	171,850
Total Liabilities	<u>23,429</u>	<u>0</u>	<u>312,756</u>	<u>342,787</u>	<u>678,972</u>
Net Assets:					
Unrestricted	17,860	64,880	(301,232)	(189,010)	(407,502)
Total Net Assets	<u>\$ 17,860</u>	<u>\$ 64,880</u>	<u>\$ (301,232)</u>	<u>\$ (189,010)</u>	<u>\$ (407,502)</u>

CITY OF PAINESVILLE, OHIO

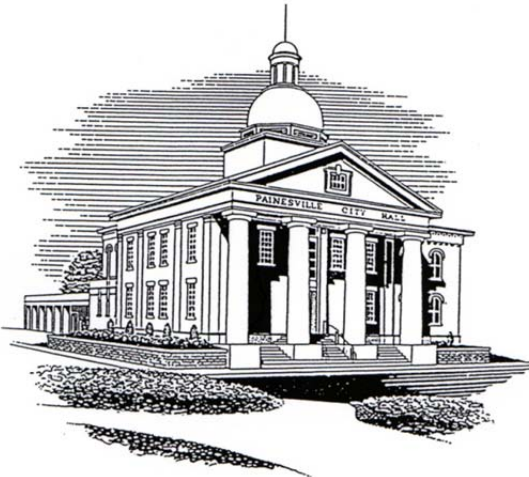
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Internal Service Funds
For the Year Ended December 31, 2010**

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
Operating Revenues:					
Charges for Services	\$ 250,574	\$ 37,554	\$ 3,203,799	\$ 522,211	\$ 4,014,138
Total Operating Revenues	<u>250,574</u>	<u>37,554</u>	<u>3,203,799</u>	<u>522,211</u>	<u>4,014,138</u>
Operating Expenses:					
Personal Services	0	0	2,603,768	101,433	2,705,201
Contractual Services	0	0	503,687	242,096	745,783
Materials and Supplies	317,593	36,785	0	0	354,378
Total Operating Expenses	<u>317,593</u>	<u>36,785</u>	<u>3,107,455</u>	<u>343,529</u>	<u>3,805,362</u>
Income (Loss) Before Transfers	(67,019)	769	96,344	178,682	208,776
Transfers In	40,000	0	0	0	40,000
Change in Net Assets	(27,019)	769	96,344	178,682	248,776
Net Assets Beginning of Year	44,879	64,111	(397,576)	(367,692)	(656,278)
Net Assets End of Year	<u>\$ 17,860</u>	<u>\$ 64,880</u>	<u>\$ (301,232)</u>	<u>\$ (189,010)</u>	<u>\$ (407,502)</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Cash Flows
Nonmajor Internal Service Funds
For the Year Ended December 31, 2010**

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
<u>Cash Flows from Operating Activities:</u>					
Cash Receipts from Interfund Services Provided	\$250,574	\$37,554	\$3,203,799	\$522,211	\$4,014,138
Cash Payments for Goods and Services	(294,164)	(36,206)	(497,999)	(242,096)	(1,070,465)
Cash Payments to Employees	0	0	0	(280,115)	(280,115)
Cash Payments for Employee Medical Claims	0	0	(2,712,800)	0	(2,712,800)
Net Cash Provided (Used) by Operating Activities	(43,590)	1,348	(7,000)	0	(49,242)
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In From Other Funds	40,000	0	0	0	40,000
Net Cash Provided for Noncapital Financing Activities	40,000	0	0	0	40,000
Net Increase (Decrease) in Cash and Cash Equivalents	(3,590)	1,348	(7,000)	0	(9,242)
Cash and Cash Equivalents at Beginning of Year	44,879	29,581	18,524	153,777	246,761
Cash and Cash Equivalents at End of Year	\$41,289	\$30,929	\$11,524	\$153,777	\$237,519
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	(\$67,019)	\$769	\$96,344	\$178,682	\$208,776
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Changes in Assets and Liabilities:					
Decrease in Inventory	0	579	0	0	579
Increase in Accounts Payable	23,429	0	5,856	0	29,285
Decrease in Claims Liability	0	0	(109,200)	(178,682)	(287,882)
Total Adjustments	23,429	579	(103,344)	(178,682)	(258,018)
Net Cash Provided (Used) by Operating Activities	(\$43,590)	\$1,348	(\$7,000)	\$0	(\$49,242)



Fiduciary Funds

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

Agency Funds

Municipal Court Fund

To account for funds that flow through the municipal court.

State Patrol Transfer Fund

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

Electric License Fund

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

Land Bank Fund

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

C.D.B.G. Fund

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

JEDD Fund

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

CITY OF PAINESVILLE, OHIO

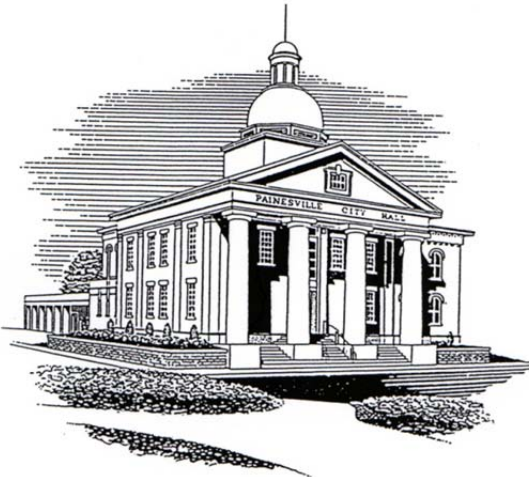
**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2010**

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
Municipal Court				
Assets:				
Cash and Cash Equivalents	\$38,104	\$3,384,741	(\$3,341,415)	\$81,430
Total Assets	<u>\$38,104</u>	<u>\$3,384,741</u>	<u>(\$3,341,415)</u>	<u>\$81,430</u>
Liabilities:				
Due to Others	\$38,104	\$3,384,741	(\$3,341,415)	\$81,430
Total Liabilities	<u>\$38,104</u>	<u>\$3,384,741</u>	<u>(\$3,341,415)</u>	<u>\$81,430</u>
State Patrol Transfer				
Assets:				
Cash and Cash Equivalents	\$18,284	\$69,071	(\$69,071)	\$18,284
Total Assets	<u>\$18,284</u>	<u>\$69,071</u>	<u>(\$69,071)</u>	<u>\$18,284</u>
Liabilities:				
Due to Others	\$18,284	\$69,071	(\$69,071)	\$18,284
Total Liabilities	<u>\$18,284</u>	<u>\$69,071</u>	<u>(\$69,071)</u>	<u>\$18,284</u>
Electric License				
Assets:				
Cash and Cash Equivalents	\$7,206	\$0	\$0	\$7,206
Total Assets	<u>\$7,206</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,206</u>
Liabilities:				
Due to Others	\$7,206	\$0	\$0	\$7,206
Total Liabilities	<u>\$7,206</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,206</u>
Land Bank				
Assets:				
Cash and Cash Equivalents	\$4,943	\$0	\$0	\$4,943
Total Assets	<u>\$4,943</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,943</u>
Liabilities:				
Due to Others	\$4,943	\$0	\$0	\$4,943
Total Liabilities	<u>\$4,943</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,943</u>

(Continued)

CITY OF PAINESVILLE, OHIO

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
C.D.B.G Fund				
Assets:				
Cash and Cash Equivalents	\$0	\$72,400	(\$71,558)	\$842
Total Assets	<u>\$0</u>	<u>\$72,400</u>	<u>(\$71,558)</u>	<u>\$842</u>
Liabilities:				
Due to Others	\$0	\$72,400	(\$71,558)	\$842
Total Liabilities	<u>\$0</u>	<u>\$72,400</u>	<u>(\$71,558)</u>	<u>\$842</u>
JEDD Fund				
Assets:				
Cash and Cash Equivalents	\$0	\$656,192	(\$656,192)	\$0
Receivables:				
Taxes	0	38,802	0	38,802
Total Assets	<u>\$0</u>	<u>\$694,994</u>	<u>(\$656,192)</u>	<u>\$38,802</u>
Liabilities:				
Intergovernmental Payable	\$0	\$694,994	(\$656,192)	\$38,802
Total Liabilities	<u>\$0</u>	<u>\$694,994</u>	<u>(\$656,192)</u>	<u>\$38,802</u>
Totals - All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$68,537	\$4,182,404	(\$4,138,236)	\$112,705
Receivables:				
Taxes	0	38,802	0	38,802
Total Assets	<u>\$68,537</u>	<u>\$4,221,206</u>	<u>(\$4,138,236)</u>	<u>\$151,507</u>
Liabilities:				
Intergovernmental Payable	\$0	\$694,994	(\$656,192)	\$38,802
Due to Others	68,537	3,526,212	(3,482,044)	112,705
Total Liabilities	<u>\$68,537</u>	<u>\$4,221,206</u>	<u>(\$4,138,236)</u>	<u>\$151,507</u>



STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

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

City of Painesville

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

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

Source: Finance Director's Office

(1) Restated to include infrastructure net assets

City of Painesville

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

City of Painesville

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

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

City of Painesville

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

(continued)

City of Painesville

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

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

Source: Finance Director's Office

City of Painesville

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

City of Painesville

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund					
Reserved	\$1,394,384	\$1,645,344	\$1,394,500	\$1,457,828	\$1,201,195
Unreserved	<u>3,502,699</u>	<u>3,037,127</u>	<u>1,396,127</u>	<u>1,920,494</u>	<u>2,027,492</u>
<i>Total General Fund</i>	<u>4,897,083</u>	<u>4,682,471</u>	<u>2,790,627</u>	<u>3,378,322</u>	<u>3,228,687</u>
All Other Governmental Funds					
Reserved	920,279	516,977	1,809,451	1,633,965	2,004,446
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	1,669,858	2,130,684	1,510,440	1,141,244	355,394
Capital Projects Funds	84,322	454,776	(102,259)	(969,587)	(109,712)
Permanent Fund	<u>0</u>	<u>0</u>	<u>7,043</u>	<u>4,219</u>	<u>63,532</u>
<i>Total All Other Governmental Funds</i>	<u>2,674,459</u>	<u>3,102,437</u>	<u>3,224,675</u>	<u>1,809,841</u>	<u>2,313,660</u>
<i>Total Governmental Funds</i>	<u>\$7,571,542</u>	<u>\$7,784,908</u>	<u>\$6,015,302</u>	<u>\$5,188,163</u>	<u>\$5,542,347</u>

Source: Finance Director's Office

NOTE: Years 2001-2002 Do not include Cemetery Trust Fund, Special Endowment Fund, Evergreen Cemetery Trust Fund, Riverside Cemetery Trust Fund and Special Endowment Trust Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003.

City of Painesville

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$1,133,204	\$1,301,396	\$803,475	\$623,231	\$520,398
<u>4,026,432</u>	<u>5,423,645</u>	<u>6,667,131</u>	<u>6,437,487</u>	<u>6,065,354</u>
<u>5,159,636</u>	<u>6,725,041</u>	<u>7,470,606</u>	<u>7,060,718</u>	<u>6,585,752</u>
1,653,817	1,511,911	5,119,596	2,111,943	1,974,139
637,926	2,370,336	1,567,018	1,482,725	1,204,465
23,236	2,207,811	(262,210)	(431,495)	(1,173,006)
<u>129,713</u>	<u>185,778</u>	<u>209,599</u>	<u>226,050</u>	<u>236,087</u>
<u>2,444,692</u>	<u>6,275,836</u>	<u>6,634,003</u>	<u>3,389,223</u>	<u>2,241,685</u>
<u>\$7,604,328</u>	<u>\$13,000,877</u>	<u>\$14,104,609</u>	<u>\$10,449,941</u>	<u>\$8,827,437</u>

City of Painesville

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

	2001	2002	2003	2004
Revenues:				
Taxes	\$7,301,526	\$8,087,055	\$7,868,089	\$8,284,270
Intergovernmental Revenues	3,302,823	2,860,610	2,604,091	2,793,225
Charges for Services	327,915	301,580	449,198	592,861
Licenses, Permits and Inspection Fees	163,558	78,377	178,544	333,135
Investment Earnings	1,220,765	319,813	247,032	144,587
Special Assessments	57,556	64,861	68,358	60,743
Fines and Forfeitures	827,796	1,008,366	1,020,294	1,071,977
All Other Revenue	149,340	211,071	466,930	706,710
Total Revenue	13,351,279	12,931,733	12,902,536	13,987,508
Expenditures:				
Current:				
General Government	2,778,315	2,758,726	2,907,513	2,883,102
Public Safety	5,994,831	6,837,365	7,003,391	7,279,219
Highways and Streets	2,371,993	2,316,349	2,994,752	2,759,535
Public Health and Welfare Services	606,275	690,005	769,675	740,072
Culture and Recreation	940,621	911,244	943,098	789,511
Community Environment	463,399	335,371	639,638	354,156
Capital Outlay	1,407,232	903,825	540,850	1,296,545
Debt Service:				
Principal Retirement	43,208	56,415	61,416	58,208
Interest and Fiscal Charges	153,707	95,465	105,895	75,477
Total Expenditures	14,759,581	14,904,765	15,966,228	16,235,825
Excess (Deficiency) of Revenues Over Expenditures	(1,408,302)	(1,973,032)	(3,063,692)	(2,248,317)

City of Painesville

2005	2006	2007	2008	2009	2010
\$8,389,482	\$8,417,301	\$9,323,731	\$9,480,913	\$8,954,176	\$8,330,535
3,107,173	3,805,033	2,928,630	5,466,933	3,122,006	2,860,371
598,062	529,395	658,104	740,977	660,330	801,465
348,422	354,320	396,750	352,004	308,161	303,800
431,046	1,126,218	1,922,173	1,330,957	846,527	442,524
65,099	56,858	85,079	168,049	104,844	89,140
1,104,650	1,227,721	1,283,191	1,402,202	1,341,501	1,227,158
300,778	225,135	725,957	235,801	396,349	1,337,779
<u>14,344,712</u>	<u>15,741,981</u>	<u>17,323,615</u>	<u>19,177,836</u>	<u>15,733,894</u>	<u>15,392,772</u>
2,657,661	2,899,758	3,241,261	3,066,705	4,117,937	4,515,245
6,848,266	7,464,913	7,164,514	7,772,649	7,424,843	7,178,506
2,800,859	2,703,721	2,420,543	2,344,519	2,682,268	1,880,062
694,291	544,005	563,578	628,215	656,218	618,599
659,993	667,236	774,225	886,575	771,982	712,688
345,801	346,486	530,400	445,066	465,922	509,372
882,396	298,301	497,808	2,266,246	3,547,668	1,702,801
50,000	105,778	126,569	831,311	488,042	399,072
117,237	228,653	303,355	286,578	270,945	205,692
<u>15,056,504</u>	<u>15,258,851</u>	<u>15,622,253</u>	<u>18,527,864</u>	<u>20,425,825</u>	<u>17,722,037</u>
(711,792)	483,130	1,701,362	649,972	(4,691,931)	(2,329,265)

(Continued)

City of Painesville

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

	2001	2002	2003	2004
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	24,347	69,275	26,210	5,001
Other Financing Sources - Capital Leases	218,047	1,255,400	0	558,796
Ohio Public Works Commission Loan	0	0	0	0
General Obligation Notes Issued	1,163,750	0	0	0
General Obligation Bonds Issued	0	0	0	0
Premium on Debt Issuance	0	0	0	0
Construction Loans	0	0	0	0
Transfers In	2,078,255	2,557,721	2,243,379	1,762,396
Transfers Out	(1,820,100)	(1,701,454)	(958,650)	(873,120)
Total Other Financing Sources (Uses)	<u>1,664,299</u>	<u>2,180,942</u>	<u>1,310,939</u>	<u>1,453,073</u>
Net Change in Fund Balance	<u>\$255,997</u>	<u>\$207,910</u>	<u>(\$1,752,753)</u>	<u>(\$795,244)</u>
 Debt Service as a Percentage of Noncapital Expenditures	 1.50%	 1.13%	 1.28%	 0.84%

Source: Finance Director's Office

NOTE: Years 2001-2002 Do not include Cemetery Trust Fund, Special Endowment Fund, Evergreen Cemetery Trust Fund, Riverside Cemetery Trust Fund and Special Endowment Trust Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003.

City of Painesville

2005	2006	2007	2008	2009	2010
4,090	2,555	258,092	5,894	9,745	9,169
419,406	353,758	553,838	303,733	0	0
0	0	0	97,801	0	0
0	0	0	0	0	0
410,000	0	2,075,000	0	0	0
0	4,302	73,565	0	1,192	0
0	587,645	0	0	0	0
2,552,091	2,787,199	3,409,345	2,366,380	2,132,398	1,682,167
(2,307,523)	(2,171,146)	(2,666,340)	(2,355,593)	(1,097,503)	(969,276)
1,078,064	1,564,313	3,703,500	418,215	1,045,832	722,060
\$366,272	\$2,047,443	\$5,404,862	\$1,068,187	(\$3,646,099)	(\$1,607,205)
1.19%	2.23%	3.41%	7.27%	4.49%	4.05%

City of Painesville

Income Tax Revenues by Source, Governmental Funds Last Ten Years

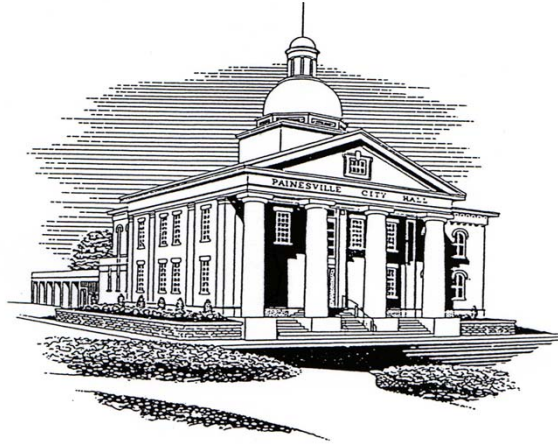
Tax year	2001	2002	2003	2004	2005
Income Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Estimated Personal Income	\$534,034	\$534,244	\$548,299	\$569,933	\$582,815
Total Tax Collected	\$7,211,472	\$7,160,210	\$7,242,174	\$7,135,376	\$7,653,206
Income Tax Receipts					
Withholding	5,953,650	5,889,168	6,070,037	6,045,625	6,263,019
Percentage	82.6%	82.2%	83.8%	84.8%	81.9%
Corporate	398,449	469,520	383,625	365,953	576,843
Percentage	5.5%	6.6%	5.3%	5.1%	7.5%
Individuals	859,373	801,522	788,512	723,798	813,344
Percentage	11.9%	11.2%	10.9%	10.1%	10.6%

Source: City Income Tax Department

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

City of Painesville

2006	2007	2008	2009	2010
2.00%	2.00%	2.00%	2.00%	2.00%
\$627,413	\$689,811	\$689,811	\$662,226	\$621,794
\$7,775,604	\$7,828,025	\$8,382,560	\$7,867,889	\$6,968,103
6,460,073	6,540,893	6,870,498	6,412,330	5,685,972
83.1%	83.6%	82.0%	81.5%	81.6%
588,673	548,194	788,789	629,431	634,097
7.6%	7.0%	9.4%	8.0%	9.1%
726,858	738,938	723,273	826,128	648,034
9.3%	9.4%	8.6%	10.5%	9.3%



City of Painesville

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2010				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,027	44.14%	\$12,128,980	8.11%
20,000 - 49,999	1,469	31.99%	49,230,897	32.92%
50,000 - 74,999	622	13.55%	38,014,609	25.42%
75,000 - 99,999	280	6.10%	24,072,955	16.10%
Over 100,000	194	4.22%	26,113,328	17.45%
Total	4,592	100.00%	\$149,560,769	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Painesville	\$686,573
Taxes Credited to Other Municipalities	417,666
	\$1,104,239

Calendar Year 2001				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,430	49.42%	\$15,135,248	11.60%
20,000 - 49,999	1,643	33.41%	54,309,732	41.63%
50,000 - 74,999	582	11.84%	35,551,975	27.25%
75,000 - 99,999	182	3.70%	15,410,928	11.81%
Over 100,000	80	1.63%	10,061,695	7.71%
Total	4,917	100.00%	\$130,469,577	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Painesville	\$687,393
Taxes Credited to Other Municipalities	1,164,731
	\$1,852,124

Source: Finance Director's Office

City of Painesville

Ratio of Outstanding Debt By Type Last Ten Years

	2001	2002	2003	2004
Governmental Activities ⁽¹⁾				
General Obligation Bonds	\$0	\$0	\$0	\$0
Special Assessment Bonds	290,000	260,000	225,000	185,000
Ohio Public Works Commission Loan Payable	126,038	99,623	73,207	55,000
Long-Term Notes Payable	1,163,750	1,163,750	100,000	100,000
Construction Loan Payable	0	0	0	0
Capital Leases	165,741	1,365,356	1,071,252	1,253,453
Business-type Activities ⁽¹⁾				
Mortgage Revenue Bonds Payable	\$6,577,674	\$5,733,097	\$5,028,857	\$4,279,954
General Obligation Bonds Payable	6,615,000	6,205,000	5,960,000	5,485,000
Ohio Water Development Authority Loan Payable	1,963,364	1,658,886	1,333,242	1,275,148
Ohio Public Works Commission Loan Payable	0	600,000	540,000	480,000
Capital Leases	0	38,300	27,645	98,084
Total Primary Government	<u>\$16,901,567</u>	<u>\$17,124,012</u>	<u>\$14,359,203</u>	<u>\$13,211,639</u>
Population ⁽²⁾				
City of Painesville	17,503	17,503	17,503	17,503
Outstanding Debt Per Capita	\$966	\$978	\$820	\$755
Income ⁽³⁾				
Personal (in thousands)	\$534,034	\$534,244	\$548,299	\$569,933
Percentage of Personal Income	3.16%	3.21%	2.62%	2.32%

Sources:

- (1) Source: Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Painesville

2005	2006	2007	2008	2009	2010
\$0	\$0	\$2,075,000	\$1,975,000	\$1,840,000	\$1,700,000
555,000	500,000	435,000	370,000	355,000	340,000
45,000	35,000	25,000	107,911	93,021	83,131
100,000	0	0	0	0	0
0	587,645	539,365	489,012	436,750	381,978
1,178,895	1,096,129	1,162,451	865,116	594,226	414,816
\$3,491,056	\$2,651,829	\$2,517,273	\$2,376,055	\$2,227,843	\$2,072,304
5,005,000	4,520,000	4,035,000	3,545,000	3,045,000	2,540,000
1,214,400	1,150,870	1,084,426	1,014,923	3,325,443	4,281,356
833,474	732,117	630,760	568,328	464,922	361,516
368,603	339,731	4,492,400	4,222,884	3,946,531	3,738,838
<u>\$12,791,428</u>	<u>\$11,613,321</u>	<u>\$16,996,675</u>	<u>\$15,534,229</u>	<u>\$16,328,736</u>	<u>\$15,913,939</u>

17,503	17,503	17,503	17,503	17,503	19,563
\$731	\$664	\$971	\$888	\$933	\$813

\$582,815	\$627,413	\$689,811	\$689,811	\$662,226	\$621,794
2.19%	1.85%	2.46%	2.25%	2.47%	2.56%

City of Painesville

Ratios of General Obligation Debt Outstanding Last Ten Years

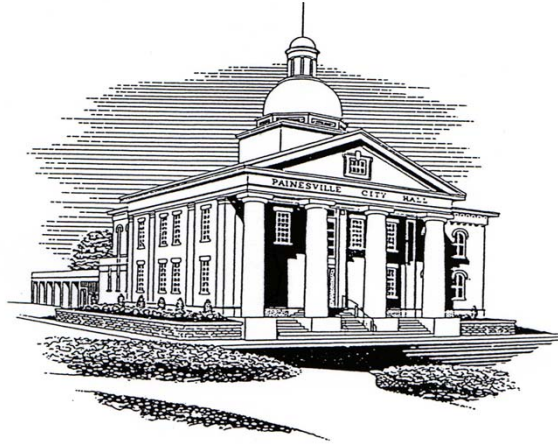
Year	2001	2002	2003	2004
Population (1)	17,503	17,503	17,503	17,503
Assessed Value (2)	\$219,115,887	\$234,118,306	\$226,496,195	\$253,325,479
General Bonded Debt (3)				
General Obligation Notes	\$3,173,750	\$3,701,750	\$2,198,000	\$2,798,000
General Obligation Bonds	\$0	\$0	\$0	\$0
Resources Available to Pay Principal (4)	\$4,681	\$11,883	\$5,343	\$16,260
Net General Bonded Debt	\$3,169,069	\$3,689,867	\$2,192,657	\$2,781,740
Ratio of Net Bonded Debt to Estimated Assessed Value	1.45%	1.58%	0.97%	1.10%
Net Bonded Debt per Capita	\$181.06	\$210.81	\$125.27	\$158.93

Source:

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

City of Painesville

2005	2006	2007	2008	2009	2010
17,503	17,503	17,503	17,503	17,503	19,563
\$254,533,194	\$259,644,108	\$281,300,753	\$278,912,006	\$275,691,690	\$256,194,750
\$4,187,000	\$3,202,000	\$1,630,000	\$3,824,500	\$3,896,573	\$3,239,766
\$0	\$0	\$2,075,000	\$1,975,000	\$1,840,000	\$1,700,000
\$77,196	\$3,821	\$10,709	\$27,516	\$47,318	\$95,541
\$4,109,804	\$3,198,179	\$3,694,291	\$5,771,984	\$5,689,255	\$4,844,225
1.61%	1.23%	1.31%	2.07%	2.06%	1.89%
\$234.81	\$182.72	\$211.07	\$329.77	\$325.04	\$247.62



City of Painesville

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2010*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Painesville</u>	<u>Amount Applicable to the City of Painesville</u>
Direct:			
City of Painesville	\$4,939,766	100.00%	\$4,939,766
Overlapping:			
Painesville City School District	28,424,523	100.00%	28,424,523
Riverside Schools	4,040,533	3.66%	147,884
Lake County	16,425,000	4.04%	663,570
Lake County Library District	8,375,000	21.22%	<u>1,777,175</u>
		Subtotal	<u>31,013,152</u>
		Total	<u><u>\$35,952,918</u></u>

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

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

City of Painesville

Debt Limitations Last Ten Years

Collection Year	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Total Debt				
Net Assessed Valuation	\$219,115,887	\$234,118,306	\$226,496,195	\$253,325,479
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	23,007,168	24,582,422	23,782,100	26,599,175
City Debt Outstanding (2)	3,173,750	3,701,750	2,198,000	2,798,000
Less: Applicable Debt Service Fund Amounts	<u>(4,681)</u>	<u>(11,883)</u>	<u>(5,343)</u>	<u>(16,260)</u>
Net Indebtedness Subject to Limitation	<u>3,169,069</u>	<u>3,689,867</u>	<u>2,192,657</u>	<u>2,781,740</u>
Overall Legal Debt Margin	<u><u>\$19,838,099</u></u>	<u><u>\$20,892,555</u></u>	<u><u>\$21,589,443</u></u>	<u><u>\$23,817,435</u></u>
Unvoted Debt				
Net Assessed Valuation	\$219,115,887	\$234,118,306	\$226,496,195	\$253,325,479
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	12,051,374	12,876,507	12,457,291	13,932,901
City Debt Outstanding (2)	1,710,000	1,960,000	1,800,000	2,095,000
Less: Applicable Debt Service Fund Amounts	<u>(4,681)</u>	<u>(11,883)</u>	<u>(5,343)</u>	<u>(16,260)</u>
Net Indebtedness Subject to Limitation	<u>1,705,319</u>	<u>1,948,117</u>	<u>1,794,657</u>	<u>2,078,740</u>
Overall Legal Debt Margin	<u><u>\$10,346,055</u></u>	<u><u>\$10,928,390</u></u>	<u><u>\$10,662,634</u></u>	<u><u>\$11,854,161</u></u>

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

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

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

City of Painesville

2005	2006	2007	2008	2009	2010
\$254,533,194	\$259,644,108	\$281,300,753	\$278,912,006	\$275,691,690	\$256,194,750
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
26,725,985	27,262,631	29,536,579	29,285,761	28,947,627	26,900,449
4,187,000	3,202,000	3,705,000	5,799,500	5,736,573	4,939,766
(77,196)	(3,821)	(10,709)	(27,516)	(47,318)	(95,541)
4,109,804	3,198,179	3,694,291	5,771,984	5,689,255	4,844,225
<u>\$22,616,181</u>	<u>\$24,064,452</u>	<u>\$25,842,288</u>	<u>\$23,513,777</u>	<u>\$23,258,372</u>	<u>\$22,056,224</u>
\$254,533,194	\$259,644,108	\$281,300,753	\$278,912,006	\$275,691,690	\$256,194,750
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
13,999,326	14,280,426	15,471,541	15,340,160	15,163,043	14,090,711
1,645,000	1,280,000	670,000	70,000	20,000	0
(77,196)	(3,821)	(10,709)	(27,516)	(47,318)	(95,541)
1,567,804	1,276,179	659,291	42,484	(27,318)	(95,541)
<u>\$12,431,522</u>	<u>\$13,004,247</u>	<u>\$14,812,250</u>	<u>\$15,297,676</u>	<u>\$15,190,361</u>	<u>\$14,186,252</u>

City of Painesville

Pledged Revenue Coverage Last Ten Years

	2001	2002	2003	2004
Revenue Bonds - Electric (1 a)				
Gross Revenues (2)	\$17,324,667	\$19,609,552	\$18,433,897	\$19,153,275
Direct Operating Expenses (3)	14,242,983	15,402,889	13,326,736	23,846,102
Net Revenue Available for Debt Service	3,081,684	4,206,663	5,107,161	(4,692,827)
Annual Debt Service Requirement	747,503	749,415	848,259	750,300
Coverage	4.12	5.61	6.02	(6.25)
Revenue Bonds - Off-Street Parking (1 b)				
Gross Revenues (2)	\$89,722	\$100,535	N/A	N/A
Direct Operating Expenses (3)	182,889	177,654	N/A	N/A
Net Revenue Available for Debt Service	(93,167)	(77,119)	N/A	N/A
Annual Debt Service Requirement	8,924	178,032	N/A	N/A
Coverage	0.00	0.00	0.00	0.00
Special Assessment Bonds (4)				
Special Assessment Collections	\$0	\$0	\$0	\$0
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
Coverage	0.00	0.00	0.00	0.00

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

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

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

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

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

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

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

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

City of Painesville

2005	2006	2007	2008	2009	2010
\$22,172,809	\$21,308,391	N/A	N/A	N/A	N/A
17,512,070	18,730,885	N/A	N/A	N/A	N/A
4,660,739	2,577,506	N/A	N/A	N/A	N/A
747,500	752,600	N/A	N/A	N/A	N/A
6.24	3.42	0.00	0.00	0.00	0.00
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
0.00	0.00	0.00	0.00	0.00	0.00
\$65,099	\$56,858	\$85,079	\$168,049	\$104,845	\$89,140
0	10,000	15,000	15,000	15,000	15,000
0	31,938	19,775	19,062	18,350	17,638
0.00	1.36	2.45	4.93	3.14	2.73

City of Painesville

Demographic and Economic Statistics Last Ten Years

Calendar Year	2001	2002	2003	2004
Population (1)				
City of Painesville	17,503	17,503	17,503	17,503
Lake County	227,511	227,511	227,511	227,511
Income (2) (a)				
Total Personal (in thousands)	\$534,034	\$534,244	\$548,299	\$569,933
Per Capita	30,511	30,523	31,326	32,562
Unemployment Rate (3)				
Federal	3.8%	4.8%	5.8%	6.0%
State	3.7%	4.3%	5.7%	6.1%
Lake County	4.2%	6.1%	6.3%	5.4%
Civilian Work Force Estimates (3)				
State	5,857,000	5,828,000	5,915,000	5,875,300
Lake County	127,500	125,100	127,000	131,200

Sources:

(1) US Bureau of Census of Population

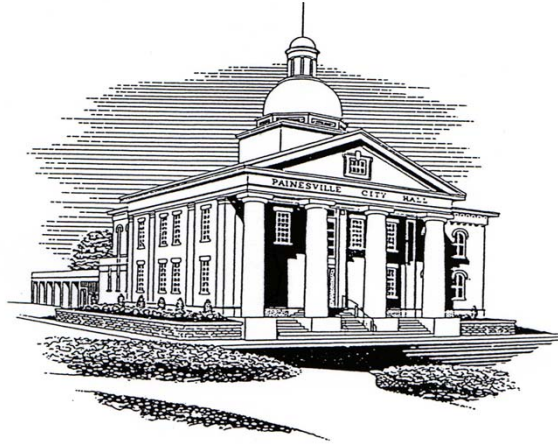
(2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2009, for the presentation of 2010 statistics, the City is using the latest information available.

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

(3) State Department of Labor Statistics

City of Painesville

2005	2006	2007	2008	2009	2010
17,503	17,503	17,503	17,503	17,503	19,563
232,466	232,466	232,466	232,466	232,466	236,775
\$582,815	\$627,413	\$689,811	\$689,811	\$662,226	\$621,794
33,298	35,846	39,411	39,411	37,835	35,525
5.5%	5.0%	4.6%	5.8%	9.3%	9.0%
6.0%	5.9%	5.6%	6.6%	10.2%	9.0%
5.1%	4.8%	5.2%	6.1%	8.8%	8.1%
5,900,400	5,934,000	5,976,500	5,986,400	5,905,107	5,908,000
130,600	131,400	132,500	131,100	124,400	133,900



City of Painesville

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2010		
		Number of Employees	Rank	Percentage of Total Employment
County of Lake	Government	1,264	1	0.07
Fasson Division/Avery Intern'l Corp.	Manufacturing	600	2	0.03
Painesville City Schools	Education	450	3	0.03
The City of Painesville	Government	284	4	0.02
Lake Erie College	Education	275	5	0.02
Core Systems	Manufacturing	243	6	0.01
AeroControlex Group, Inc.	Manufacturing	155	7	0.01
Cintas	Service	119	8	0.01
Eckart America	Manufacturing	109	9	0.01
SAS Rubber Div. Mohawk Rubber Co.	Manufacturing	87	10	0.01
		<u>3,586</u>		
Total Employment within the City		<u>17,351</u>		

Employer	Nature of Business	2001		
		Number of Employees	Rank	Percentage of Total Employment
County of Lake	Government	1,317	1	0.08
Lake Hospital System	Medical-Patient Care	770	2	0.04
Fasson Division/Avery Intern'l Corp.	Manufacturing	620	3	0.04
Painesville City Schools	Education	373	4	0.02
The City of Painesville	Government	291	5	0.02
The Coe Manufacturing Company	Manufacturing	189	6	0.01
Lake Erie College	Education	173	7	0.01
Ohio Association Enterprises	Commercial	153	8	0.01
SAS Rubber Div. Mohawk Rubber Co.	Manufacturing	135	9	0.01
Fluid Regulators Corporation	Manufacturing	108	10	0.01
Total		<u>4,129</u>		
Total Employment within the City		<u>17,503</u>		

Sources:

Compiled by City of Painesville Finance Dept.
N/A - not available

City of Painesville

Full Time Equivalent Employees by Function Last Ten Years

	2001	2002	2003	2004	2005
Governmental Activities					
General Government					
Finance	6.00	6.00	6.00	6.00	6.00
Judicial	23.00	22.00	22.00	22.00	23.00
Administration	29.00	28.00	28.00	28.00	30.00
Maintenance	1.00	1.00	1.00	1.00	1.00
Public Safety					
Police	42.00	41.00	40.00	40.00	44.00
Fire	28.00	28.00	28.00	28.00	28.00
Public Works					
Public Works	18.00	18.00	18.00	18.00	19.00
Public Health and Welfare					
Cemeteries	4.00	4.00	4.00	4.00	4.00
Culture and Recreation					
Parks - Recreation	8.00	8.00	8.00	8.00	10.00
Business-Type Activities					
Utilities					
Water	20.00	20.00	20.00	20.00	22.00
Sewer	18.00	18.00	18.00	18.00	18.00
Electric	61.00	61.00	61.00	61.00	61.00
Off Street Parking	4.00	4.00	4.00	4.00	4.00
<i>Total Employees</i>	<u>262.00</u>	<u>259.00</u>	<u>258.00</u>	<u>258.00</u>	<u>270.00</u>

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

Source: Finance Director's Office

City of Painesville

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
6.00	7.00	7.00	7.00	7.00
23.00	23.00	23.00	23.00	20.00
30.00	50.00	50.00	48.00	47.00
1.00	1.00	1.00	1.00	1.00
44.00	44.00	44.00	45.00	43.00
29.00	28.00	28.00	28.00	28.00
19.00	19.00	19.00	17.00	17.00
5.00	6.00	5.00	5.00	5.00
10.00	11.00	8.00	7.00	7.00
22.00	26.00	20.00	20.00	21.00
18.00	18.00	17.00	17.00	17.00
61.00	64.00	64.00	64.00	64.00
4.00	3.00	3.00	2.00	1.00
<u>272.00</u>	<u>300.00</u>	<u>289.00</u>	<u>284.00</u>	<u>278.00</u>

City of Painesville

Operating Indicators by Function Last Ten Years

	2001	2002	2003
Governmental Activities			
General Government			
Court			
Number of Probation Cases	2,023	2,234	2,228
Number of Traffic Cases	15,218	15,605	13,107
Licenses and Permits			
Number of Building Permits - Residential	473	381	403
Number of Building Permits - Commercial & Industrial	34	36	51
Number of Building Inspections - Residential	564	456	601
Number of Building Inspections - Commercial	260	182	193
Public Safety			
Police			
Number of Citations Issued	1,390	2,562	1,973
Number of Arrests	864	1,344	1,382
Number of Accidents	754	783	716
Fire			
Number of Fire Calls	114	133	151
Number of EMS Runs	1,917	1,906	1,926
Number of Inspections	486	664	549
Public Works			
Public Works			
Number of Streets Resurfaced	1	9	3
Public Health and Welfare			
Cemeteries			
Number of Burials	242	260	237
Number of Cemeteries	2	2	2
Culture and Recreation			
Parks - Recreation			
Program Attendance (1)	N/A	N/A	N/A
Number of Park Visitations	N/A	N/A	N/A

City of Painesville

2004	2005	2006	2007	2008	2009	2010
1,990	2,029	2,048	2,096	2,084	2,023	1,968
11,263	10,471	11,510	11,319	10,892	9,855	9,086
444	451	520	328	327	340	531
47	54	51	51	96	69	132
1,386	1,686	2,094	3,391	2,179	1,893	1,866
273	243	562	2,898	2,920	2,150	954
1,979	1,818	2,225	2,197	2,472	1,877	2,430
1,273	1,350	1,535	1,200	1,048	1,321	1,411
700	657	645	653	637	561	564
105	146	142	152	103	116	119
1,815	1,829	1,911	2,103	2,276	2,431	2,659
643	630	782	618	639	718	624
12	7	9	8	5	3	7
227	210	219	219	214	215	183
2	2	2	2	2	2	2
7,000	7,486	6,758	6,570	6,850	7,150	40,429
95,750	100,000	90,000	93,500	100,000	109,000	139,050

(Continued)

City of Painesville

Operating Indicators by Function Last Ten Years

Business-Type Activities	<u>2001</u>	<u>2002</u>	<u>2003</u>
Water			
Number of Service Connections	8,539	8,694	8,696
Water Main Breaks	28	37	43
Daily Average Consumption (thousands of gallons)	3,882	3,589	3,594
Peak Daily Consumption (thousands of gallons)	6,000	6,000	6,000
Storage Capacity (thousands of gallons)	N/A	4,053	4,053
Sewer			
Daily Average Sewage Treatment (thousands of gallons)	2.32	2.74	2.99
Electric			
Number of Service Connections	10,977	10,957	10,889
Average Daily Generation in Kilowatt Hours	428,836	489,045	521,427
Peak Load in Kilowatts	49,900	52,300	47,900
Off Street Parking			
Number of Parking Garage Spaces	502	502	502
Number of Vogue Lot Spaces	60	60	60
Number of Sterling Lot Spaces	101	101	101
Storm Water Drainage			
Number of Billings	5,694	5,686	5,685

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

City of Painesville

2004	2005	2006	2007	2008	2009	2010
9,247	9,751	9,744	10,066	10,147	10,184	10,254
49	57	27	60	45	42	55
3,638	3,849	3,728	3,530	3,241	3,485	3,590
6,000	6,000	6,000	6,000	6,192	5,573	4,667
4,053	4,053	4,053	4,053	4,053	4,053	4,053
3.17	3.17	3.62	3.17	3.73	3.03	2.75
11,183	11,403	11,613	11,636	11,896	12,056	12,041
513,827	652,416	635,317	587,647	660,507	315,577	252,084
49,100	54,200	57,900	54,700	50,700	55,200	54,000
502	502	502	502	502	502	502
60	60	60	60	60	60	60
101	101	101	101	101	101	101
5,796	5,938	5,984	5,981	6,023	6,046	6,095

City of Painesville

Capital Asset Statistics by Function Last Ten Years

	2001	2002	2003	2004
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	0.95	0.95	0.95	0.95
Buildings	7	7	7	7
Public Safety				
Police				
Stations	1	1	1	1
Vehicles	16	17	16	16
Fire				
Stations	1	1	1	1
Vehicles	10	10	10	11
Public Works				
Street				
Streets (lane miles)	57	57	57	58
Street Lights	1,402	1,402	1,402	1,444
Traffic Signals	106	106	106	106
Vehicles	25	25	26	26
Culture and Recreation				
Recreation/Seniors				
Land (acres)	118.02	118.02	118.02	118.02
Buildings	1	1	1	1
Parks	10	9	9	10
Playgrounds	6	6	6	6
Tennis Courts	2	2	2	2
Baseball/Softball Diamonds	10	10	10	9
Soccer Fields	1	1	1	1

City of Painesville

2005	2006	2007	2008	2009	2010
0.95 7	0.95 7	0.95 7	0.95 7	0.95 7	0.95 7
1 14	1 14	1 14	1 16	1 16	1 18
1 1	1 11	1 11	1 11	1 12	1 13
58 1,474 106 27	58 1,504 106 27	58 1,550 108 27	58 1,571 116 27	58 1,571 116 28	58 1,571 116 28
118.02 1 10 7 2 9 1	118.02 1 10 7 2 9 1	118.02 1 10 7 2 9 1	118.02 1 10 7 2 9 1	125.32 1 14 0 2 9 1	125.32 1 14 0 2 9 1

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City of Painesville

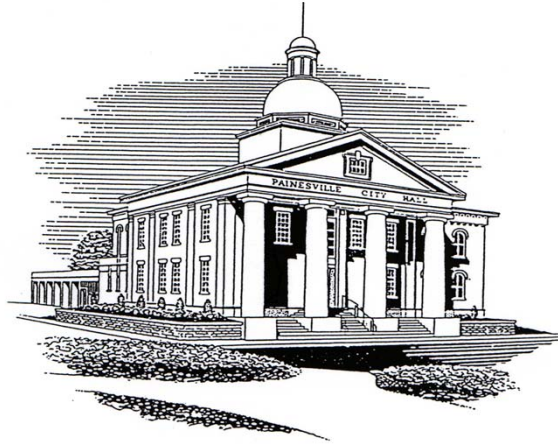
Capital Asset Statistics by Function Last Ten Years

	2001	2002	2003	2004
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	119.9	108.1	124.9	127.1
Pump Stations	5	5	5	5
Number of Hydrants	1,417	1,230	1,498	1,615
Sewer				
Sewerlines (Miles)	48	48	48	49
Lift Stations	7	7	7	7
Electric				
Lines (Miles)	200	175	200	205
Refuse				
Off Street Parking				
Buildings and Improvements	1	1	1	1
Storm Water Drainage				
Storm Drains (Miles)	37	37	37	37
Number of Catch Basins	2,850	2,850	2,850	2,850
Treatment Capacity (thousands of gallons)	28,000,000	28,000,000	28,000,000	28,000,000

Source: Finance Director's Office

City of Painesville

2005	2006	2007	2008	2009	2010
128.28	128.3	131.0	131.4	132.3	132.6
5	5	5	7	7	7
1,735	1,735	1,743	1,776	1,797	1,803
49	50	50	50	50	50
7	7	7	7	7	7
205	210	215	218	220	220
1	1	1	1	1	1
37	37	37	37	37	37
2,900	2,900	2,900	2,900	2,900	2,900
28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000



City of Painesville, Ohio

**Single Audit Reports
For the Year Ended December 31, 2010**

City of Painesville, Ohio

For The Year Ended December 31, 2010

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

Members of the City Council
City of Painesville, Ohio

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Painesville, Ohio (the “City”) as of and for the year ended December 31, 2010, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Members of the City Council
City of Painesville, Ohio

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 30, 2011.

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

Cini & Parichi, Inc.

Cleveland, Ohio
June 30, 2011

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

Members of the City Council
City of Painesville, Ohio

Compliance

We have audited the City of Painesville, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control over Compliance

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

Members of the City Council
City of Painesville, Ohio

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2010, and have issued our report thereon dated June 30, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the 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 the City Council, Finance Committee, Management, the Auditor of State's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Parichi, Inc.

Cleveland, Ohio
June 30, 2011

City of Painesville, Ohio

Schedule of Expenditures of Federal Awards

For The Year Ended December 31, 2010

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Federal Cash Receipts</u>	<u>Federal Cash Disbursements</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607	\$ -	\$ 2,555
Edward Byrne Memorial Justice Assistance Grant	16.751	<u>11,101</u>	<u>10,847</u>
Total U.S. Department of Justice		<u>11,101</u>	<u>13,402</u>
U.S. Environmental Protection Agency:			
Brownfields Training, Research, and Technical Assistance Grants	66.814	<u>71,965</u>	<u>22,229</u>
U.S. Department of Homeland Security:			
Passed through Ohio Emergency Management Agency:			
Flood Mitigation Assistance	97.029	-	2,408
Hazard Mitigation Grant	97.039	<u>1,500</u>	<u>3,090</u>
Total U.S. Department of Homeland Security		<u>1,500</u>	<u>5,498</u>
U.S. Army Corps of Engineers:			
Section 594 Program Grant	N/A	<u>409,729</u>	<u>4,114</u>
U.S. Department of Energy			
ARRA – Painesville Municipal Power Vanadium Redox Battery Demonstration Program	84.122	<u>503,639</u>	<u>503,639</u>
U.S. Department of Transportation			
Passed through the Ohio Department of Transportation			
Transportation for Livable Communities Initiative	N/A	<u>60,788</u>	<u>53,141</u>
Total Federal Assistance		<u>\$ 1,058,722</u>	<u>\$ 602,023</u>

The accompanying notes are an integral part of this schedule

City of Painesville, Ohio

Notes to the Schedule of Expenditures of Federal Awards

For The Year Ended December 31, 2010

Note 1: Basis of Presentation

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

Note 2: Matching Requirements

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

N/A – Not applicable

City of Painesville, Ohio

Schedule of Findings

OMB Circular A-133, Section .505

For the Year Ended December 31, 2010

1. Summary of Auditors' Results

(d)(I)(I)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(I)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	<ul style="list-style-type: none">• CFDA # 84.122, Painesville Municipal Power Vanadium Redox Battery Demonstration Program
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

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

None.

3. Findings for Federal Awards

None.

City of Painesville, Ohio

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

For the Year Ended December 31, 2010

Finding Number	Finding Summary	Fully Corrected?	Not corrected, partially corrected, different corrective action taken; finding no longer valid; Explain
2009-1	The following audit adjustments were made to the financial statements: 1. Adjusted accounts payable to actual at 12/31/09. 2. Adjusted claims payable to actual at 12/31/09. 3. Adjusted accrued compensated absences to actual at 12/31/09.	Yes	Corrected – the City properly recorded these account balances at 12/31/10 without material misstatement.



Dave Yost • Auditor of State

CITY OF PAINESVILLE

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 6, 2011**