

Don Walters, Mayor

Comprehensive Annual Financial Report

for the year ended December 31, 2013

CITY OF CUYAHOGA FALLS, OHIO

About the Cover:

The City of Cuyahoga Falls was awarded a \$1,000,000 grant from the Environmental Protection Agency, through a sponsorship agreement with the Northeast Ohio Regional Sewer District (NEORS), to remove the two low head dams located on the Cuyahoga River within the City. The City selected the team from River Works, which included a collaboration of Enviroscience, GPD Engineering, RiverReach Construction, along with the local Sheraton Hotel owner Tom Dillon to complete this project.

The two dams removed were the Powerhouse/Samira Dam, which was built in 1914 to supply power for the Walsh Paper Company, and the Mill/Sheraton Dam, which was built between 1914 and 1918 for the Vaughn Machinery Company for use in the production of steel, rubber, copper, and clay products.

After much anticipation, the first cut into the Sheraton Dam was made July 30, 2013. A little more than a week later, the dam was down and the equipment was moved upstream. On August 13, 2013, the first cut into the LeFever Powerhouse dam was made. Eager onlookers watched from the site at the riverfront as work began. There was so much interest from outside of the City about the removal of not only one dam, but two, that a live web stream of the entire removal could be seen from the comfort of your own home via the "Dam Cam", available on the City's website, cityofcf.com. The feed was very popular, not only with the locals, but with former residents, near and far. In the end, all footage captured was used to create a montage showcasing the entire process.

The river is now flowing free and evidence of its changes can already be seen. The river has a much more natural meandering pattern, ripples, and even some white caps leading to open access to the category 4 & 5 white water near the Sheraton. Most have commented on the beautiful sounds of moving water, the fresh smells and the clear water. The project will restore the river as it was 200 years ago, improving water quality and providing new recreational opportunities for generations to come.

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

Sandra R. Dimengo

Jennifer M. Evans

Scott K. Fitzsimmons

Wendy J. Foster

Laura K. Jarvis

Matthew D. Miller

Paul D. Novelli

Marguerite M. Tauber

***Photography Compliments of:
Eilert Ofstead***

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Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2013



City of Cuyahoga Falls, Ohio

Mayor Don Walters

Issued by the Department of Finance

Bryan J. Hoffman, Finance Director



Printed on Recycled Paper

City of Cuyahoga Falls, Ohio

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INTRODUCTORY SECTION



**CITY OF CUYAHOGA FALLS
DEPARTMENT OF FINANCE**

**2310 SECOND STREET
CUYAHOGA FALLS, OHIO 44221-2583**

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Bryan J. Hoffman
Finance Director

Scott K. Fitzsimmons
Deputy Finance Director

August 29, 2014

Honorable Mayor Don Walters,
Members of City Council and the
Citizens of the City of Cuyahoga Falls, Ohio

The Comprehensive Annual Financial Report (CAFR) for the City of Cuyahoga Falls, Ohio (the “City”) for the year ended December 31, 2013, is hereby submitted. The responsibility for both the accuracy of the data and the completeness and fairness of presentation including all disclosures, rests with the City’s management. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner, which fairly presents the financial position and results of operations of the various funds of the City. All disclosures necessary to gain an understanding of the City’s financial activities have been included.

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

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

In accordance with Ohio law, each public office is required to have an independent audit at least once every two years unless an annual audit is required pursuant to the Single Audit Act of 1984. These audits are conducted by either the Auditor of State of Ohio, or if the Auditor permits, an independent public accounting firm. The current year audit has been completed by the Auditor of State. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2013, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Independent Auditor's Report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

The City was incorporated as a village in 1868 and organized as a city after the 1920 census. The City is located in Summit County in northeastern Ohio, approximately 30 miles south of the City of Cleveland and lies on the northern border of the City of Akron. The City currently occupies a land area of 27.8 square miles and serves a population of 49,267 based on the 2013 U.S. Census Bureau estimate.

The City operates under and is governed by its Charter (first adopted by the voters in 1959). The Charter may be and has been amended by the voters. Every five years a Charter Review Commission is appointed to review the City's Charter and make any recommendations to be voted upon by its residents. The last Charter Review Commission took place in 2010. The City is also subject to certain general laws applicable to all cities. Under the Ohio Constitution, the City may exercise all powers of local self-government, and police powers to an extent that is not in conflict with applicable general laws. The Charter provides for a Mayor-Council form of government. The City's chief executive and administrative officer is the Mayor, who is elected by the voters specifically to that office for a four-year term. The Mayor also serves as the Public Safety Director. All elected officials, except the Mayor serve on a part-time basis. The Mayor may veto any legislation passed by the Council. However, a veto may be overridden by a two-thirds vote of all members of the Council.

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

City of Cuyahoga Falls, Ohio

The City provides an extensive range of services including police and fire protection, emergency medical service, administration of justice by the way of a mayor's court, community planning and development, recreational and cultural activities, street maintenance and environmental services. Outside of the normal governmental services, the City also provides entrepreneurial activities such as sewage disposal, water distribution, electric service, sanitation, storm drainage administration and leisure time activities, including a wellness center, golf course, outdoor water park and a sports center which includes miniature golf, batting cages and golf driving range.

The objective of budgetary controls is to ensure compliance with both the annual appropriated budget approved by City Council and the legal restrictions imposed by state and federal statutes as well. City Council must adopt an annual appropriations ordinance and budget resolution by December 31, of the preceding year. Appropriations may not exceed amounts certified by the County Budget Commission. The initial level of budgetary control is passed by City Council at the fund level, department and object level (Personal Services, Capital Outlay, and Other Operations) with further restrictions prohibiting the transfer of funds between departments of a particular fund and limiting transfers of sums between line items of a department, at any time within the fiscal year which exceed in the aggregate seven percent of the amount originally appropriated in the line item from which the transfer is made, but not to exceed \$10,000. The City Finance Director is authorized by Charter to transfer funds already appropriated between funds and departments; however, any revisions that change the total fund appropriations or exceed the limits restricting transfers of sums between line items must be approved by City Council. As a management tool, budgetary control is maintained in all funds at the department level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. The City continually evaluates its accounting and reporting system in an effort to improve internal accounting controls.

LOCAL ECONOMY

The Cleveland-Akron-Canton Combined Statistical Area (CSA) is the 15th most populous combined statistical area in the United States with a population of 3,501,538. (Rankings are based on 2013 census estimates).

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

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

The City is not subject to swift or erratic economic downturns because of its diversified income tax base, in which no single employer dominates the local economy. During 2013, ten major employers in the City collectively accounted for approximately 21 percent of the \$20,116,462 withholding taxes remitted to the City.

Current U.S. Census reports indicate that median household income for Cuyahoga Falls is slightly higher than the State of Ohio, but less than Summit County and the United State. The following is a comparative breakout of those medians.

	<u>Median Income</u>
City of Cuyahoga Falls	\$48,606
Summit County	\$49,227
State of Ohio	\$48,246
USA	\$53,046

The 1986 merger between the City and Northampton Township (now Ward 8) has become a win-win situation for both parties. Due to increased land availability, the City has realized many new opportunities for industrial, commercial, and residential development. This growth continues to be stimulated by the expansion of water and sewer lines into Ward 8. At the same time, the residents of Ward 8 are benefiting by receiving city-based services, which should ultimately have had a positive impact on current property values.

The City experienced an accelerated pace of growth and development throughout the community. Much of this successful development can be attributed to the merger. New building and redevelopment permit valuation, a reliable indicator of a community's condition, averaged approximately \$30.3 million over the last five years.

FUTURE ECONOMIC OUTLOOK

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

In 2008, the City of Cuyahoga Falls purchased an old, run-down shopping center with the goal to redevelop the area and spur economic growth. Stark Enterprises was selected to create the new shopping district. Stark Enterprises was selected not only due to their vision for the new center, but also based on their past projects.

With the downturn of the economy and its extremely slow recovery any development or redevelopment is a welcome site for any community. The City has reached agreement with Stark Enterprises and the developer has committed to building at least 241,000 square feet of new commercial development. The two major anchor tenants are a brand new Giant Eagle Supermarket and a Cinemark 10 Theatre. The original plan called for a Menards Superstore. Due to the size of its footprint, additional land was required. An agreement with an additional landowner could not be reached. Through efforts of the current City administration, Menards is now in negotiations with the parent company of Giant Eagle for their old site, and an adjacent property owner for additional land to continue their quest to build a store in the City.

The City entered into a tax increment financing agreement with the Cuyahoga Falls School District. The agreement calls for a 30 year TIF of which the schools will receive 22 percent of the TIF while the City will receive 78 percent of the TIF until the City is paid back from their investment. Initial figures showed that even at the 22 percent piece of the TIF, the school district would receive \$171,500, which would have been approximately 11 percent more than they received with the old center.

The school district is projected to receive \$265,144 per year while the TIF is in effect, which is 76 percent more than the old center. The developer plans to invest over \$60 million in the center. Completion is expected in 2014 bringing in almost 500 new jobs to the area, along with 185 construction jobs.

In 1996, the City increased its income tax rate from 1.5 percent to 2 percent. The vote to increase the income tax rate has had positive effects for the City's capital infrastructure program since the City has earmarked the proceeds of the increase solely for capital improvements.

The Mayor, his administration, and the City Council are aware of national and local economic conditions. Weekly meetings are held with senior cabinet to discuss all the ways the City can continue to provide value to the residents and businesses of the community without generating a deficit for the community to handle. All personnel vacancies are discussed and in many cases job functions adjusted to eliminate any current need to immediately replace the leaving personnel. In 2009, the City negotiated with all of its unions and through Council for non-bargaining personnel for various concessions to slow expenditure growth. Changes made in 2009 and 2010 had the anticipated positive impact on the City's financial position. These changes were necessary due to anticipated changes in the State of Ohio's new bi-annual budget, which went into effect July 1, 2013.

City of Cuyahoga Falls, Ohio

The State fixed a significant portion of their deficit by reducing monies currently sent to local governments. The City's General Fund is in a better position to deal with future loss of revenue due to the various changes made of the last several years giving the economy a longer period of time to turn around with minimal impact to city services. The City continuously updates a three year forecast for its General Fund. This allows the administration to anticipate future financial pitfalls and adjust current operations mitigating future issues.

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

Pursuant to a change in State Law, which renamed the Cuyahoga Falls Municipal Court to the Stow Municipal Court, court operations moved to the City of Stow effective January 1, 2009.

The City has used this opportunity to create a Mayor's Court to dispense justice at a reasonable rate. The entire City benefits from the additional revenue generated from this mayor's court as the funds will be used to supplement the police services of the City and provide new services like a K-9 unit. The court operations move to the City of Stow provided this opportunity because when Cuyahoga Falls housed the Court, expenditures exceeded revenue each year.

MAJOR INITIATIVES

The City of Cuyahoga Falls elected a new mayor that took office on January 1, 2014. Since that time a number of new initiatives have been instituted to bring value to the citizens.

A priority of the City is to be energy efficient. The Mayor started an energy efficiency program that provides the citizens of Cuyahoga Falls with tools they need to reduce power consumption which results in lower power bills and a smaller carbon footprint. Having an energy efficiency program that works for the residents and the business of community lowers power bills through both lessening the amount of electricity being used as well as lessening the required capacity of the city.

The Mayor recognizes that a safe city will attract business and residents and promote growth. All cities struggle with some level of crime and Cuyahoga Falls is being proactive in the fight. The Mayor started a crime fighters program that promotes citizen participation through an anonymous tip procedure. The program includes cash rewards in which the size is determined by the type and usefulness of the tip. The cash rewards are funded 100 percent by private donations and are dispersed by a local financial institution.

The City through the Mayor and his administration are in continued talks to bring a Menard's to town. The home improvement superstore would be the first in the area. Menards would be making a very sizable investment in land and a building that would otherwise be left vacant. Menards is also expected to be adding a number of jobs. The City looks forward to the addition and economic development of a Menard's.

The Mayor has teamed up with local businesses, Western Reserve Hospital, and Woodridge and Cuyahoga Falls school districts to address drug use in the community. The “NOT ME, I’m Drug Free” is an anti-drug initiative that is designed to educate fifth grade students at Cuyahoga Falls and Woodridge elementary schools about the dangers of using methamphetamines and heroin. The program offers positive reinforcements for students who pledge to stay drug free, and keeps them connected via Facebook. Local businesses offer “Free-wards” to participants for free food, video rentals, T-shirts, and many other incentives.

FINANCIAL INFORMATION

Five of the City’s six unions had contracts that expired December 31, 2013. With cooperation with the bargaining units, the administration extended those contracts with a 2.25 percent wage increase through June 30, 2015. The City is engaged in ongoing negotiations and is currently pursuing an interest based bargaining approach. The sixth contract for the Electric Department expires December 31, 2014.

The City’s Capital Project Fund has issued various notes for numerous infrastructure projects over the last several years. The administration, along with the assistance of City Council, created a plan to pay down on the notes each year to save the cost of long-term interest borrowing. The current administration has continued the plan to rapidly pay down debt.

LONG TERM FINANCIAL PLANNING

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cuyahoga Falls for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2012. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 29 consecutive years (fiscal years ended 1984-2012). We believe our current report continues to conform to the Certificate of Achievement program requirements and are therefore submitting it to the GFOA. Receipt of these awards is an outstanding sign of the City's active effort to anticipate and provide for the needs of its citizens.

In April 2013, the City received the Ohio Auditor of State Award with Distinction from Auditor of State of Ohio, Dave Yost for the Comprehensive Annual Financial Report for the fiscal year ended 2011. This award is presented to local governments and school districts who file timely financial reports and do not have any findings for recovery, material citations, material weaknesses, significant deficiencies, single audit findings or questioned costs.

City of Cuyahoga Falls, Ohio

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

Respectfully submitted,

A handwritten signature in black ink that reads "Bryan Hoffman". The signature is written in a cursive style with a large initial 'B' and 'H'.

Bryan Hoffman,
Finance Director



Government Finance Officers Association

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Achievement
for Excellence
in Financial
Reporting

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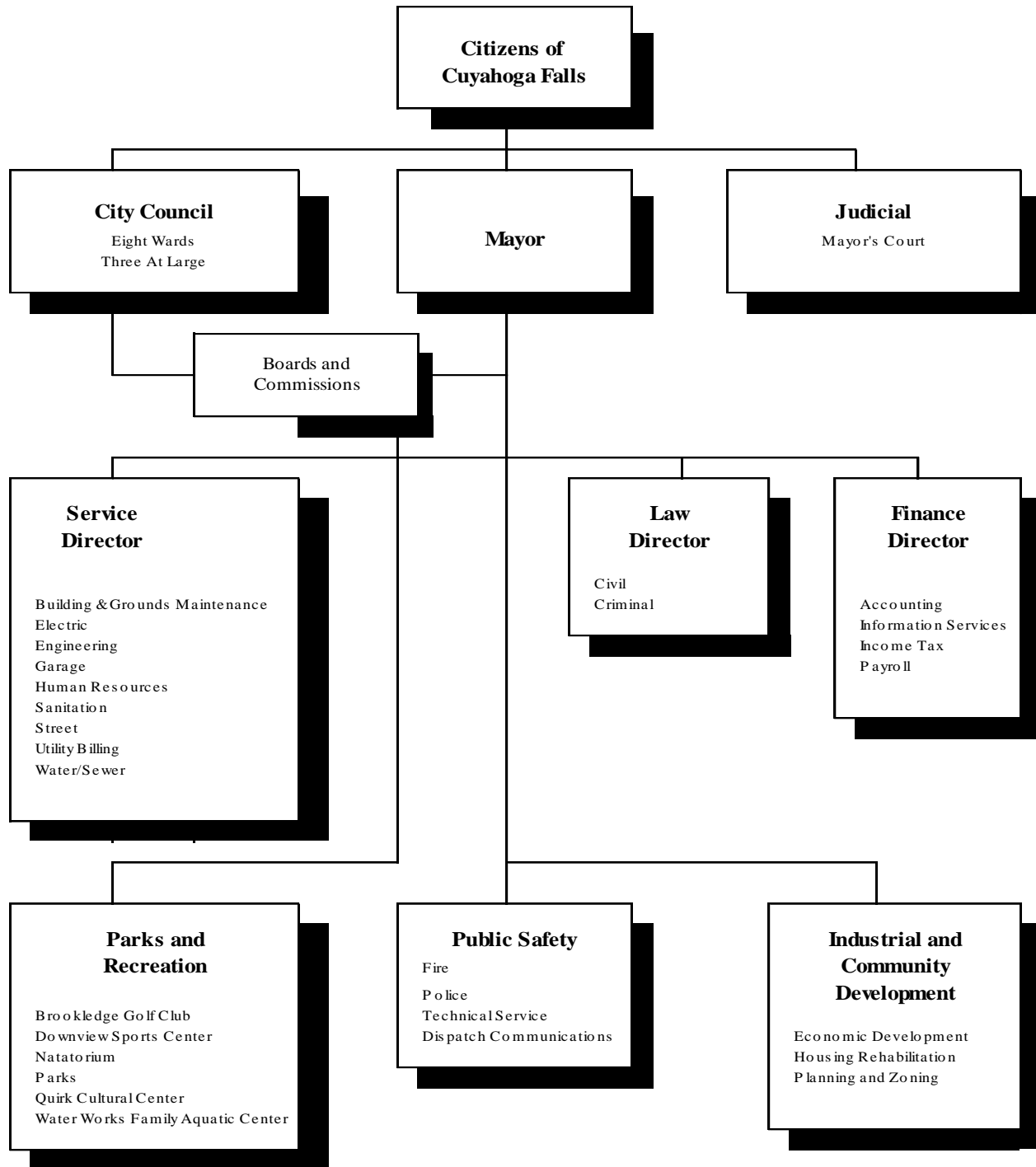
**City of Cuyahoga Falls
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

Organizational Chart



City Officials

Cabinet of the Mayor: (As of December 31, 2013)

Mayor Don L. Robart	Valerie Wax Carr	Service Director
	Joseph F. Brodzinski	Finance Director
	Paul A. Janis	Law Director
	Susan L. Truby	Community Development Director

Cabinet of the Mayor: (As of January 6, 2014)

Mayor Don Walters	Eric M. Czetli	Service Director
	Bryan J. Hoffman	Finance Director
	Russell W. Balthis	Law Director
	Diane M. Sheridan	Community Development Director

At Large Council:

Carrie Hummel Snyder
Carol A. Klinger
Jeffrey G. Iula

Ward Council:

Vincent J. Rubino	Ward 1
Mary Ellen Pyke	Ward 2
Victor J. Pallotta	Ward 3
Mary Nichols-Rhodes	Ward 4
Paul V. Colavecchio	Ward 5
Don S. Walters	Ward 6 (Council Pres. At 12/31/13)
Jerry L. James	Ward 7
Terry L. Mader	Ward 8

FINANCIAL SECTION



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Cuyahoga Falls
Summit County
2310 Second Street
Cuyahoga Falls, Ohio 44221

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit and aggregate remaining fund information of the City of Cuyahoga Falls, Summit County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls
Summit County
Independent Auditor's Report
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit each major fund, and aggregate remaining fund information of the City of Cuyahoga Falls, Summit County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, during the year ended December 31, 2013, the City adopted the provisions of Governmental Accounting Standard No. 65, *Items Previously Reported as Assets and Liabilities*. In addition, as discussed in Note 21, fund balance at January 1, 2013 was restated due to the City combining the Municipal Income Tax Fund with the General Fund for reporting purposes. Also, a change in accounting policy was made to record total compensated absences in the Compensated Absences Internal Service Fund. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

City of Cuyahoga Falls
Summit County
Independent Auditor's Report
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 29, 2014

City of Cuyahoga Falls, Ohio

Management's Discussion and Analysis (Unaudited)

As management of the City of Cuyahoga Falls, Ohio (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 2 of this report, and the City's financial statements, which follow this section.

Financial Highlights

- This is the City of Cuyahoga Falls eleventh publication of a Comprehensive Annual Financial Report (CAFR) under the GASB 34 reporting model. Comparisons to prior financials are offered for this discussion and analysis.
- Total assets exceeded total liabilities and deferred inflows of resources at the close of 2013 by \$206,513,879. Of this amount, \$46,511,539 is considered unrestricted. The unrestricted net position of the City's governmental activities has a balance of \$14,813,406, and may be used to meet the government's ongoing obligations, which does not include assets with externally imposed restrictions or restrictions imposed by law. The unrestricted net position of the City's business-type activities was \$31,698,133 and may be used to meet the ongoing obligations of business-type activities, including the sewage and disposal, water, electric, sanitation, leisure time activities and storm drainage utility enterprises.
- The City's net position decreased \$3,168,760 or 1.51 percent in 2013. Net position of governmental activities decreased \$6,396,894, which represents a 5.78 percent decrease from 2012. Net position of business-type activities increased \$3,228,134 or 3.26 percent from 2012.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$17,844,405, in comparison to \$22,367,845 in the prior year. On a combined basis \$1,026,854 is considered nonspendable, \$5,078,452 is restricted for specific purposes, \$318,248 has been committed by City Council and \$1,559,926 has been assigned to specific purposes by management.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include security of persons and property, leisure time activities, community environment, street maintenance and general government. The business-type activities of the City include sanitary sewage and disposal, water treatment and distribution, electric distribution, refuse and recycling collection service, storm drainage repair and improvements, and leisure time activities including an outdoor family aquatic center, an indoor natatorium, a municipal golf course, a civic cultural center and a sports center facility which offers batting cages, a driving range, skate park and a miniature golf course.

The government wide financial statements include not only the City itself (known as the primary government) but also a legally separate community improvement corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 33-35 of this report.

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

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

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

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

The City adopts an annual appropriated budget for its General Fund and all Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Fund types. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 36-40 of this report.

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

City of Cuyahoga Falls, Ohio

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewage and Disposal Fund, Water Fund, Electric Fund, Sanitation Fund, Leisure Time Fund, and Storm Drainage Utility Fund, which are considered to be major funds. Conversely, the internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 41-48 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City uses fiduciary funds to account for agency funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 49 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 50 – 91 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 92-138 of this report.

Government-wide Financial Analysis

City of Cuyahoga Falls, Ohio - Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other Assets	\$ 44,716,488	\$ 57,349,761	\$ 42,187,999	\$ 40,856,691	\$ 86,904,487	\$ 98,206,452
Capital Assets	94,654,279	92,086,484	108,440,470	107,410,146	203,094,749	199,496,630
Total Assets	139,370,767	149,436,245	150,628,469	148,266,837	289,999,236	297,703,082
Liabilities						
Current and other liabilities	8,162,982	17,024,471	16,551,973	15,820,183	24,714,955	32,844,654
Long term liabilities outstanding	17,955,468	10,789,491	31,750,112	35,321,476	49,705,580	46,110,967
Total Liabilities	26,118,450	27,813,962	48,302,085	51,141,659	74,420,535	78,955,621
Deferred Inflows of Resources	9,064,822	9,064,822	-	-	9,064,822	9,064,822
Net Position						
Net investment in capital assets	86,719,724	83,694,616	70,628,251	65,775,358	157,347,975	149,469,974
Restricted	2,422,519	13,879,334	-	-	2,422,519	13,879,334
Permanent Fund Purpose	231,846	229,900	-	-	231,846	229,900
Unrestricted	14,813,406	12,780,539	31,698,133	33,322,892	46,511,539	46,103,431
Total Net Position, as restated	\$ 104,187,495	\$ 110,584,389	\$ 102,326,384	\$ 99,098,250	\$ 206,513,879	\$ 209,682,639

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities and deferred inflows of resources by \$206,513,879 at the close of the most recent fiscal year.

City of Cuyahoga Falls, Ohio

The largest portion of the City's total net position (76 percent) reflects its investments in capital assets (e.g. land, construction in progress buildings, improvements other than buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens; therefore, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Additionally, a little more than one percent of the City's net position represents resources that have been restricted on how they may be used. Another portion of the City's net position (less than one percent) represents the Cemetery Perpetual Care Permanent Fund, which used to be a non-expendable trust fund. The remaining balance of unrestricted net position \$46,511,539 may be used to meet the government's on-going obligations to its citizens and creditors.

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

Overall, net position of the City decreased by \$3.169 million in 2013. Net position for governmental activities decreased by \$6.397 million and net position for business-type activities increased \$3.228 million. The net position decrease for governmental activities is primarily due to development projects previously reported as assets held for resale being sold for a loss in 2013 and expensed to community environment function. Therefore, expenses exceeded revenues before transfers by approximately \$4.349 million.

The net position increase for business-type activities is due to the fact that revenue exceeded expenses by \$1.181 million in 2013 before transfers, primarily due to an increase in capital grants and contributions for sewer, water, electric, and storm drainage in the amounts of \$30,991, \$579,532, \$34,866 and \$856,492, respectively. Although business-type activities had a positive change in net position in 2013, it was not as great as the increase in 2012, due to an increase in electric operations expense \$6.544 million from 2012 to 2013, primarily due to an increase in purchased power of \$5.793 million.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. This table contains the 2012 fiscal year figures for comparison purposes.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio - Changes in Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 6,535,994	\$ 7,053,781	\$ 63,234,157	\$ 64,003,134	\$ 69,770,151	\$ 71,056,915
Operating grants and contributions	2,616,297	3,581,693	45,248	40,199	2,661,545	3,621,892
Capital grants and contributions	4,401,465	3,026,924	1,749,550	317,401	6,151,015	3,344,325
General revenues:						
Property and other local taxes	9,968,116	9,700,784	-	-	9,968,116	9,700,784
Income taxes	20,261,425	20,156,011	-	-	20,261,425	20,156,011
Grants and entitlements not						
restricted to specific programs	4,427,998	4,885,357	-	-	4,427,998	4,885,357
Other	229,339	241,648	-	-	229,339	241,648
Total Revenues	48,440,634	48,646,198	65,028,955	64,360,734	113,469,589	113,006,932
Expenses						
Security of persons and property	19,226,088	20,062,079	-	-	19,226,088	20,062,079
Leisure time activities	2,448,177	2,476,875	-	-	2,448,177	2,476,875
Community environment	15,185,794	2,906,870	-	-	15,185,794	2,906,870
Street maintenance	7,527,258	6,862,997	-	-	7,527,258	6,862,997
General government	8,189,412	9,505,395	-	-	8,189,412	9,505,395
Interest and fiscal charges	213,290	290,053	-	-	213,290	290,053
Sewage and disposal	-	-	6,024,160	5,789,187	6,024,160	5,789,187
Water	-	-	4,050,811	3,747,562	4,050,811	3,747,562
Electric	-	-	43,174,472	36,630,680	43,174,472	36,630,680
Sanitation	-	-	3,277,406	3,059,183	3,277,406	3,059,183
Leisure time activities	-	-	6,268,527	6,632,942	6,268,527	6,632,942
Storm Drainage Utility	-	-	1,052,954	1,102,876	1,052,954	1,102,876
Total Expenses	52,790,019	42,104,269	63,848,330	56,962,430	116,638,349	99,066,699
Increase in net position before transfers	(4,349,385)	6,541,929	1,180,625	7,398,304	(3,168,760)	13,940,233
Transfers	(2,047,509)	(2,126,746)	2,047,509	2,126,746	-	-
Changes in net position	(6,396,894)	4,415,183	3,228,134	9,525,050	(3,168,760)	13,940,233
Net position-beginning, as restated	110,584,389	106,169,206	99,098,250	89,573,200	209,682,639	195,742,406
Net position-ending	\$ 104,187,495	\$ 110,584,389	\$ 102,326,384	\$ 99,098,250	\$ 206,513,879	\$ 209,682,639

Governmental activities. Governmental activities decreased the City's net position by \$6.396 million. Key elements of the changes in net position are as follows:

- ❖ Capital grants and contributions program revenue classification increased by \$1,374,541 or 45.4 percent.
- ❖ Community environment expense increased \$12,278,924 or 422.4 percent.
- ❖ Street maintenance expenses increased \$664,261 or 9.7 percent.

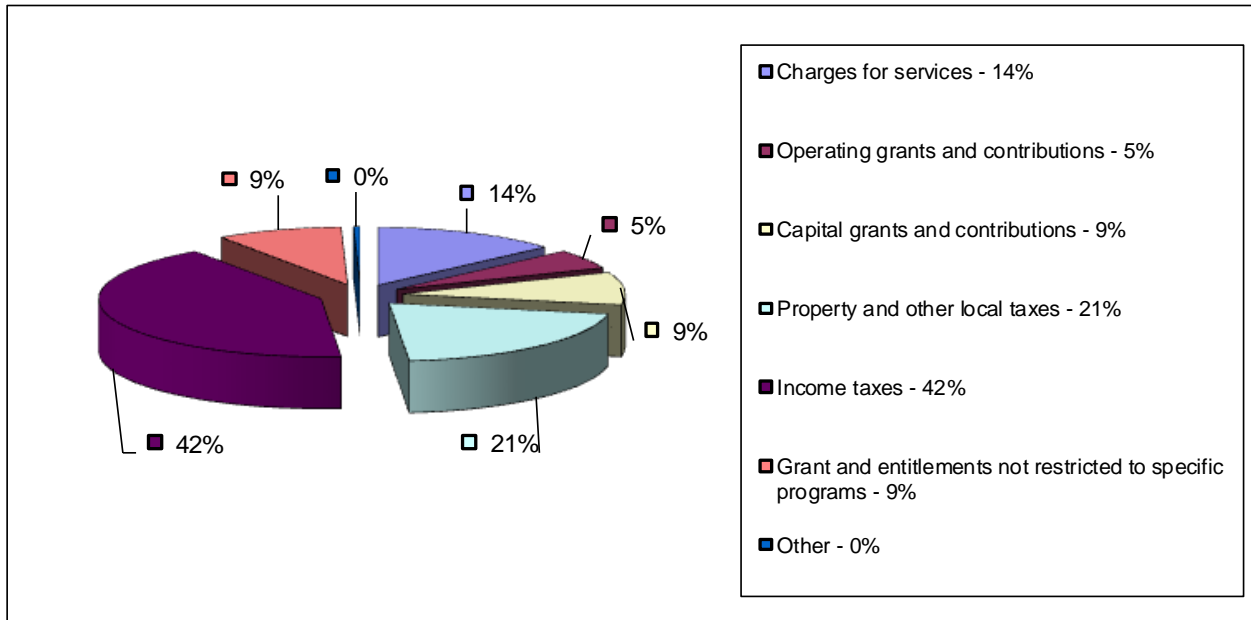
The increase in capital grants and contributions is a result of revenues being \$1,374,541 higher in 2013 compared to 2012, primarily due to an increase in State of Ohio Clean Ohio Revitalization Fund (CORF) revenues received by the City and payments made by the State of Ohio Department of Transportation (ODOT) on the behalf of the City relating to the State Road widening project.

The increase in community environment expense is primarily related to the expense recognition from the loss on the sale of land from projects previously recorded as assets held for resale at December 31, 2012 and current year investment in the amounts of \$12,900,926 and \$475,066, respectively. As discussed in Note 19, The State Road Shopping Center property asset held for resale was sold in 2013 for \$3,783,000. However, the agreement with the developer for the sale of land stipulates that the proceeds from the sale of land be placed in escrow and remitted to Portage Crossing LLC for private improvement work. Therefore, the proceeds were placed in the Guarantee Deposits Agency Fund and balance of assets held for resale was expensed accordingly.

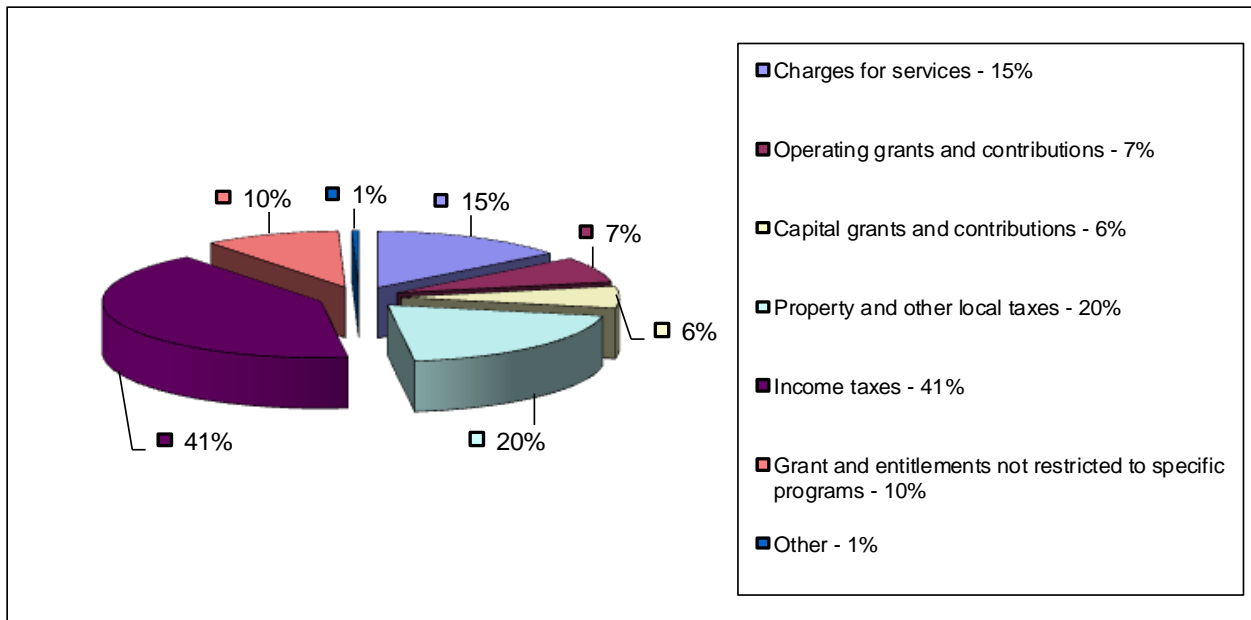
The increase in street maintenance expenses is a result of cash basis expenses in the Street, Construction, Maintenance and Repair Fund being \$419,938 greater in 2013 compared to 2012, primarily due to increases in personal services, and other operations, such as the purchase of rock salt and fuel associated with road safety programs. In addition, road resurfacing expenses from the Capital Projects Fund, which are not capitalized and expensed in the government-wide statements due to City policy, was \$379,128 greater in 2013 than 2012.

City of Cuyahoga Falls, Ohio

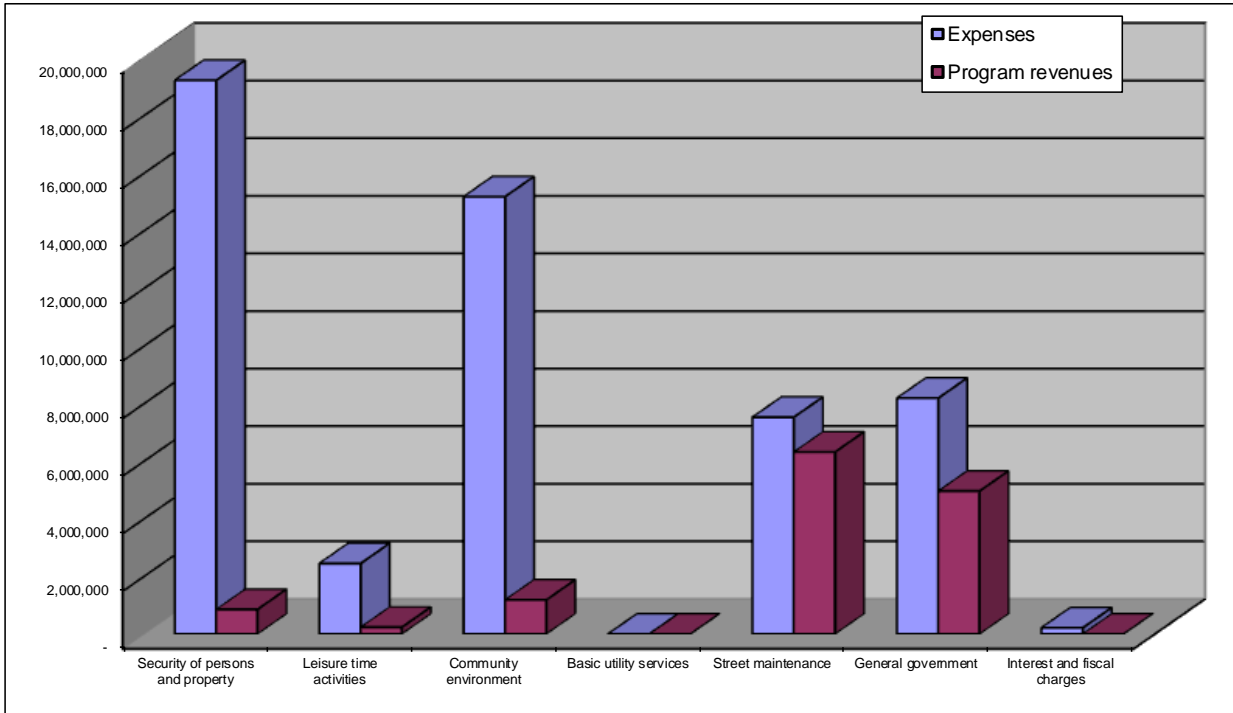
2013 Revenues by Source – Governmental Activities



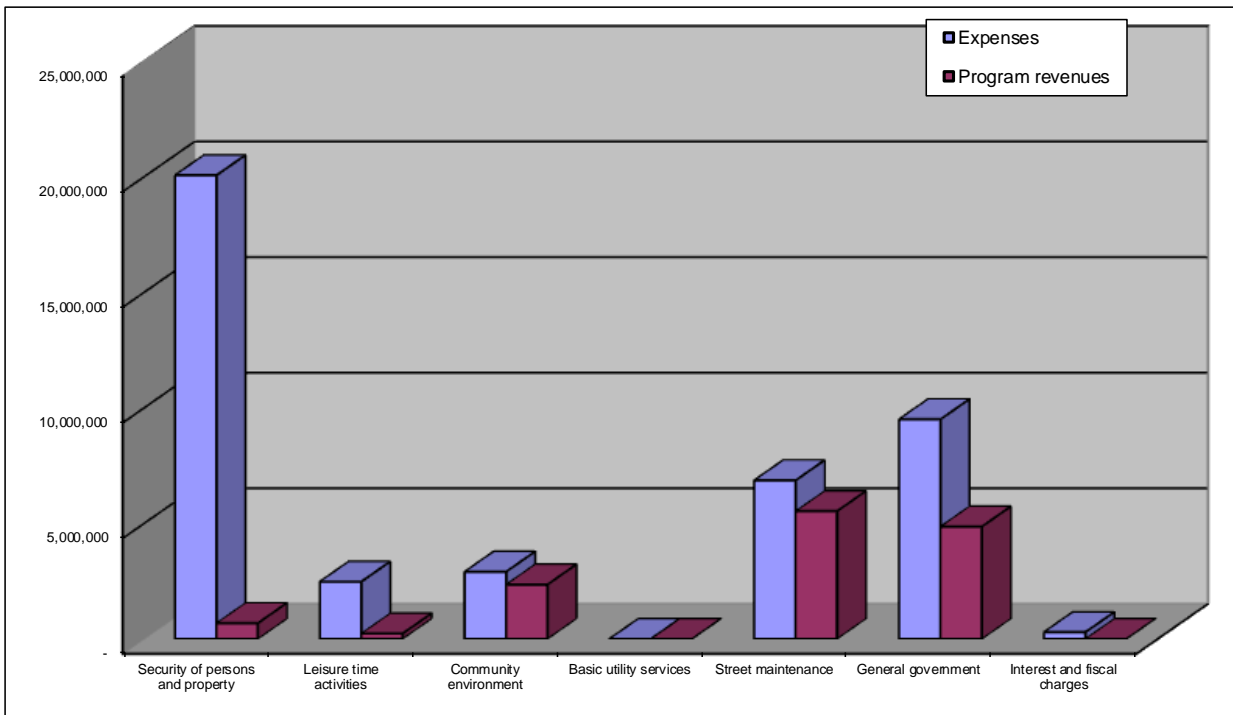
2012 Revenues by Source – Governmental Activities



2013 Expenses and Program Revenues – Governmental Activities



2012 Expenses and Program Revenues – Governmental Activities



City of Cuyahoga Falls, Ohio

Business-type activities. Business-type activity net position increased by \$3.228 million. Key elements of changes in net position are as follows:

- ❖ Water capital grants and contributions increased by \$579,532 or 445.6 percent.
- ❖ Storm drainage utility capital grants and contributions increased by \$856,492 or 699.2 percent.
- ❖ Electric expenses increased by \$6,543,792 or 17.9 percent.
- ❖ Leisure time activities expenses decreased by \$364,415 or 5.5 percent.

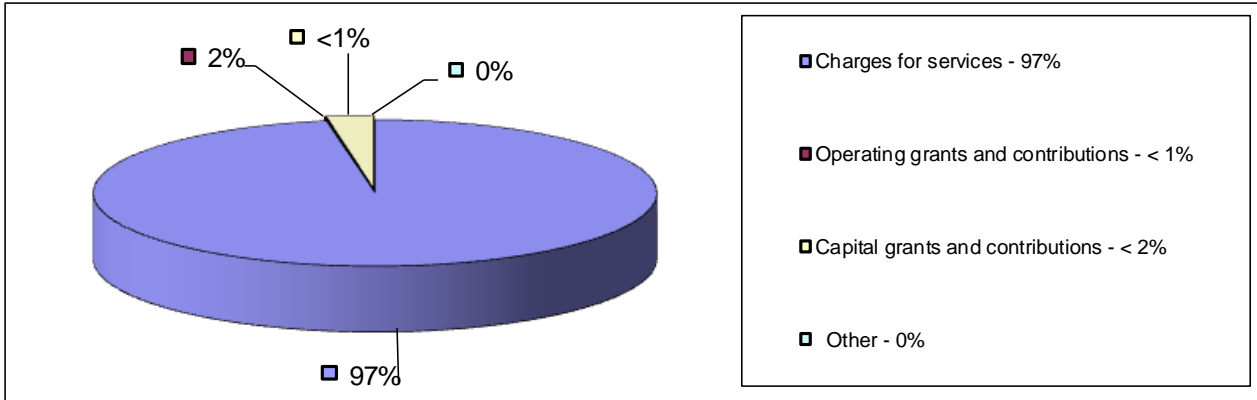
Water capital grants and contributions increase is a result of Ohio Public Works Commission direct payment grant revenue recognition in the amount of \$617,246 for the Graham Road waterline replacement project.

Storm drainage utility capital grants and contributions increase is primarily a result of grants from the Northeast Ohio Regional Sewer District for the Cuyahoga River low head dams removal and river restoration project in the amount of \$769,827 and Ohio Environmental Protection Agency for the Kelsey Creek stream restoration project in the amount of \$89,887, of which \$8,998 was accrued at the end of the year.

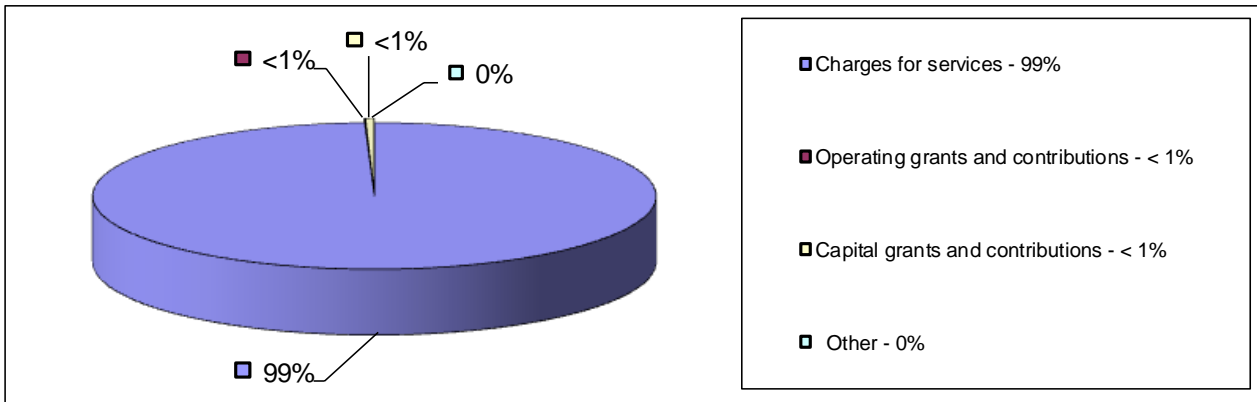
Electric expense increase is mostly attributable to the increase in purchased power from American Municipal Power due to increase electric usage from 2012 to 2013. Purchase power cash basis expense increased from \$24,544,654 in 2012 to \$29,618,511 in 2013 for an increase of \$5,073,857.

Leisure time activities decrease in expenses is mostly a result of interest and fiscal charges included in the function on the Statement of Activities being \$623,017 less than in 2012.

2013 Revenue by Source – Business-type Activities

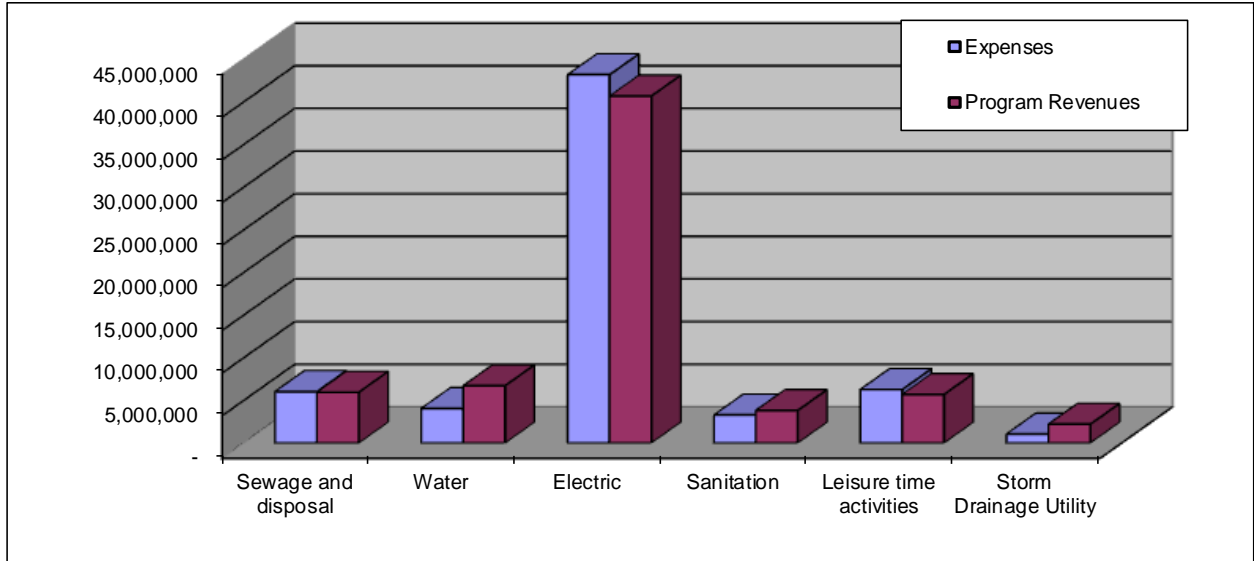


2012 Revenue by Source – Business-type Activities

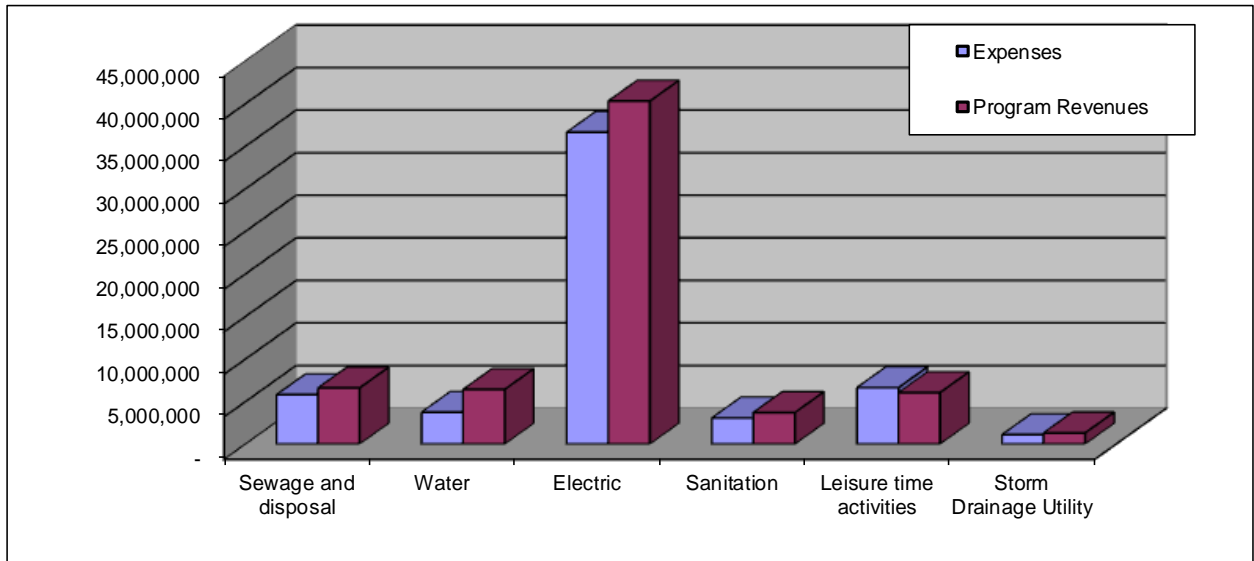


City of Cuyahoga Falls, Ohio

2013 Expenses and Program Revenues – Business-type Activities



2012 Expenses and Program Revenues – Business-type Activities



Financial Analysis of Government's Funds

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

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

As of December 31, 2013, the City's governmental funds reported combined ending fund balances of \$17.844 million, which represents a decrease of \$4.523 million in comparison with the prior year. As discussed previously and in Note 19, this decrease is mainly due to the disposal of assets held for resale, which were included in nonspendable fund balance in 2012. In regard to the current combined ending fund balances, \$9.861 million is unassigned fund balance, which is available for spending at the City's discretion. The next largest fund balance classification comprising of approximately \$5.078 million constitutes restricted fund balance, which is legally restricted for use based on constraints externally imposed, typically through grant agreements, State statute and debt covenants.

The General Fund is the chief operating fund of the City. At December 31, 2013, unassigned fund balance of the general fund was \$9.139 million, while total fund balance was \$11.047 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures, including transfers out. Unassigned fund balance represents 28 percent of total general fund expenditures, including transfers out, while total fund balance represents 34 percent of the same amount.

The fund balance of the City's General Fund increased by \$1,805,718 during 2013. Revenues, including transfers in were \$1,770,813 greater than expenditures, including transfers out. This fund balance increase was more than that of the prior year due to several factors:

- ❖ During 2013, the Municipal Income Tax Special Revenue Fund, previously reported as a major governmental fund was consolidated with the General Fund. See note 21 for more information.
- ❖ Revenues (including transfers in) increased \$2,620,567 or 8.3 percent, due to the increase in municipal income tax revenue.
- ❖ Expenditures (including transfers out) increased by \$1,035,841 or 3.3 percent, due to an accounting reporting change to consolidate the municipal income tax fund with the general fund.
- ❖ Transfers out decreased \$947,000 in 2013, compared to 2012. This decrease is related to transfers to the Compensated Absences Internal Service Fund for future employee personal services compensation.

The fund balance of the City's Capital Projects Fund decreased by \$5,829,443 during 2013, which is mostly attributable to the disposal of assets held for resale, which were included in nonspendable fund balance in 2012.

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

Unrestricted net position at the end of the year amounted to \$3.078 million, \$4.940 million, \$20.171 million, \$2.061 million, \$1.430 million, and \$605,280 for the Sewage and Disposal, Water, Electric, Sanitation, Leisure Time, and Storm Drainage Utility Funds, respectively.

The Water, Sanitation, Leisure Time and Storm Drainage Utility Funds unrestricted net position increased \$2.124 million, or 15 percent, \$475,492, or 16 percent, \$1.313 million, or 10 percent and \$1.142 million, or 11.7 percent, respectively, from 2012 to 2013. Conversely, the Electric and Sewage and Disposal Funds unrestricted net position decreased 2.279 million, or 5.4 percent and \$104,628, or .6 percent, respectively, from 2012 to 2013.

City of Cuyahoga Falls, Ohio

Many of the changes to the proprietary funds parallel that of business-type activities, with the exception of the elimination of some charges between business-type activities functions. The changes were discussed in that analysis.

It should be noted the Sanitation Fund has again seen an improvement in unrestricted net position, as noted above, due to the cost saving measures of continuing to standardize refuse containers, which has reduced the number of personnel per route with an ultimate goal of full automation in the future.

General Fund Budgetary Highlights

The final amended General Fund budget had total appropriations of approximately \$360,998 less than the original budget. The total original appropriations, including those for transfers out, were \$33,630,977, while the final appropriations were \$33,269,979. This was mostly due to savings in personal services and related pension fund transfers, from employee retirements in the Police and Fire Departments, and part-time wages being less than anticipated, in the Riverfront Centre District and Parks and Recreation departments. The variance between the final budget and actual results for revenues, including transfers in and expenditures, including transfers out represents approximately 1.75 percent and 1.74 percent, respectively, and were not considered significant enough for analysis.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2013, amounts to \$203.095 million (net of accumulated depreciation). This investment in capital assets include land, construction in progress buildings, improvements, machinery and equipment, as well as, infrastructure (from 1980 to current), including roads, sidewalks, bridges, curbs and gutters. The total increase in the City's investment in capital assets for 2013 was \$3,598,122, which amounted to less than two percent.

City of Cuyahoga Falls Capital Assets						
(Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 8,813,394	\$ 8,767,397	\$ 3,426,570	\$ 3,426,570	\$ 12,239,964	\$ 12,193,967
Construction in Progress	8,547,372	6,741,593	3,707,060	474,400	12,254,432	7,215,993
Buildings	16,341,024	16,987,289	29,017,431	29,150,112	45,358,455	46,137,401
Improvements	1,196,224	1,268,059	67,784,597	70,303,769	68,980,821	71,571,828
Machinery and Equipment	7,991,208	8,149,022	4,504,815	4,055,295	12,496,023	12,204,317
Infrastructure	51,765,057	50,173,124	-	-	51,765,057	50,173,124
Total	\$ 94,654,279	\$ 92,086,484	\$ 108,440,473	\$ 107,410,146	\$ 203,094,752	\$ 199,496,630

Major capital asset events during 2013 were as follows:

The City increased its firefighting abilities receiving delivery on a new 2013 Pierce Custom 1500 GPM PUC pump fire truck for \$468,575. In addition, the City also purchased a new 2013 Braun Chief XL Type III ambulance for a fraction of the cost by trading in two older ambulances. The purchase price of the new ambulance was \$151,853.

City of Cuyahoga Falls, Ohio

The City continued work in 2013 on a couple large construction projects, with help from State funds, out of the Capital Projects Fund, namely State Road Phase 1 – Bath Road to Steels Corners, Graham Road – Bath Road to Route 8, and Portage Crossing Infrastructure. This brings the total Construction-in-Progress totals to \$5,526,404 for State Road Phase 1, \$342,927 for Graham Road and \$2,498,766 for Portage Crossing Infrastructure. In addition, the City capitalized the completed South Front Street Redevelopment project that spanned several years. The total cost of this project totaled \$2,363,657.

The Leisure Fund renovated and installed much needed new playground equipment at Ross and Trails End Parks. The total cost of equipment and renovations for Ross Park totaled \$43,479, while Trails End Park costs totaled \$41,842.

The Sanitation Department increased its fleet with two new automated packers. The first is a 2014 Mack GU813 5-Ton Tri-Axle chassis with applicable packer for a total of \$233,963. The second garbage truck was a 2013 Mack LEU613 with applicable packer for a total of \$233,533.

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

Assets held for resale. The City purchased property known as the State Road Shopping Center in August 2008 with the intent to resell the land for development. The property is approximately 26 acres of land that included over 350,000 square feet of buildings. This redevelopment project known as “Portage Crossing” is being developed by Stark Enterprises. The property was sold in 2013 for \$3,783,000, however, the agreement with the developer for the sale of land stipulates the proceeds from the sale of land be placed in escrow and remitted to Portage Crossing LLC for private improvement work. Therefore, the proceeds were placed in the Guarantee Deposits Agency Fund and balance of assets held for resale was expensed to governmental activities community environment expense function. Therefore, as of December 31, 2013, the City no longer had any interest in development projects held for resale.

Long-term debt. At December 31, 2013, the City had \$35.118 million of long-term bonds and capital leases outstanding.

City of Cuyahoga Falls						
General Obligation Bonds and Capital Leases Outstanding						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
G. O. bonds	\$ 9,366,761	\$ 3,635,404	\$ 19,931,127	\$ 21,839,574	\$ 29,297,888	\$ 25,474,978
Capital leases	1,264,246	1,556,828	11,156,092	12,754,077	12,420,338	14,310,905
Total	\$ 10,631,007	\$ 5,192,232	\$ 31,087,219	\$ 34,593,651	\$ 41,718,226	\$ 39,785,883

In addition to existing agreements to lease equipment, the City entered into an addendum to the 2012 lease agreement in May 2013 for printer, copier and facsimile machines in the amount of \$6,857.

More detailed information regarding the City’s long-term debt activity is available in Note 13 on pages 77-79.

City of Cuyahoga Falls, Ohio

Economic Factors and Next Year's Budget

The City of Cuyahoga Falls' elected and appointed officials consider many factors through a lengthy budget process. The economic state of the State and Nation obviously have a direct impact on municipalities. The City prioritizes each department's basic mission. A system was put in place to review each job position when it became vacant through retirement or separation. Losses from funding cuts that were put in place in previous state budgets have now been realized. Further cuts in funds from the state level are not expected. These losses have been taken into account and the three-year forecast has been adjusted. The City has agreed to, or is in the process of negotiating one and a half year contracts with the various unions, beginning in 2014. The plan is to have short agreements in place until June 2015, to allow for interest based bargaining for longer term contracts. The City's plan is to be able to forecast far enough into the future to have the ability and time to handle any financial situation that may occur.

The administration realizes the only meaningful way to grow revenue will be through development, both residential and commercial, job creation and expansion, and maintaining our housing stock and municipal infrastructure. The City is currently working with developers for residential growth. The City continues to work with companies looking to relocate or expand within its borders. The Portage Crossing project will be a valuable asset and provide an economic boost to the City. Attracting new businesses, such as Menards, and promoting expansion, such as SGS Tool continue to be a focus of the Mayor and the administration. The Community Development Department has a diligent housing division along with the assistance of Community Development Block Grant funds to assist the needy to maintain the City's housing stock. To maintain City infrastructure, the City transfers 29.33% of net income tax dollars into the Capital Projects Fund to maintain our infrastructure.

Request for Information

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

BASIC FINANCIAL STATEMENTS

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Statement of Net Position
December 31, 2013

	Primary Government			Component Unit
	Governmental	Business-type	Total	CIC of
	Activities	Activities		Cuyahoga Falls
Assets				
Equity in pooled cash and cash equivalents	\$ 21,933,399	\$ 22,022,633	\$ 43,956,032	\$ 22,645
Cash and cash equivalents - restricted accounts	241,843	-	241,843	159,887
Accounts receivable (net of allowance for uncollectibles)	775,768	7,847,606	8,623,374	-
Loans receivable	2,269,186	-	2,269,186	45,205
Taxes receivable	13,638,572	-	13,638,572	-
Special assessments receivable	184,611	232,857	417,468	-
Accrued interest receivable	35,152	-	35,152	343
Due from other governments	4,043,662	143,449	4,187,111	-
Inventory of supplies	614,250	4,177,134	4,791,384	-
Prepaid items	133,785	125,940	259,725	317
Internal balances	846,260	(846,260)	-	-
Investment in joint venture	-	5,474,815	5,474,815	-
Assets held for resale	-	-	-	137,500
Regulated asset	-	3,009,825	3,009,825	-
Nondepreciable capital assets	17,360,766	7,133,630	24,494,396	-
Depreciable capital assets	77,293,513	101,306,840	178,600,353	-
Total assets	139,370,767	150,628,469	289,999,236	365,897
Liabilities				
Accounts payable	870,639	3,351,912	4,222,551	-
Accrued salaries, wages and benefits	831,046	319,115	1,150,161	-
Accrued interest payable	43,003	55,650	98,653	-
Due to other governments	447,886	729,932	1,177,818	4,360
Unearned Revenue	-	17,752	17,752	-
Deposit held and due to others	-	1,110,494	1,110,494	-
Notes payable	2,750,000	6,725,000	9,475,000	-
Current portion of:				
Accrued compensated absences	1,498,492	-	1,498,492	-
Claims and judgments payable	572,642	-	572,642	-
Capital leases	303,513	1,675,344	1,978,857	-
Payable to AMP	-	662,536	662,536	-
Bonds payable	845,761	1,904,238	2,749,999	-
Long-term portion of:				
Accrued compensated absences	6,652,455	-	6,652,455	-
Claims and judgments payable	280,153	-	280,153	-
Other post-employment benefit obligation	1,541,127	-	1,541,127	-
Capital leases	960,733	9,480,748	10,441,481	-
Payable to Joint Venture	-	1,895,186	1,895,186	-
Payable to AMP	-	2,347,289	2,347,289	-
Bonds payable	8,521,000	18,026,889	26,547,889	-
Total liabilities	26,118,450	48,302,085	74,420,535	4,360
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	9,064,822	-	9,064,822	-
Total deferred inflows of resources	9,064,822	-	9,064,822	-
Net Position				
Net investment in capital assets	86,719,724	70,628,251	157,347,975	-
Restricted for:				
Debt service	7,447	-	7,447	-
Special revenue - Community Development Block Grant	2,415,072	-	2,415,072	-
CIC - Community Development	-	-	-	159,887
Permanent fund purpose:				
Nonexpendable - Cemetery Perpetual Care	231,846	-	231,846	-
Unrestricted	14,813,406	31,698,133	46,511,539	201,650
Total net position	\$ 104,187,495	\$ 102,326,384	\$ 206,513,879	\$ 361,537

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Activities For the Year Ended December 31, 2013

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Security of persons and property	\$ 19,226,088	\$ 464,166	\$ 278,024	\$ 110,983
Leisure time activities	2,448,177	235,225	-	-
Community environment	15,185,794	160,817	300,219	721,956
Street maintenance	7,527,258	713,510	2,038,054	3,568,526
General government	8,189,412	4,962,276	-	-
Interest and fiscal charges	213,290	-	-	-
Total governmental activities	52,790,019	6,535,994	2,616,297	4,401,465
Business-type activities:				
Sewage and disposal	6,024,160	5,883,183	-	60,999
Water	4,050,811	5,997,979	-	709,571
Electric	43,174,472	40,671,375	-	-
Sanitation	3,277,406	3,769,257	45,248	-
Leisure time activities	6,268,527	5,690,602	-	-
Storm Drainage Utility	1,052,954	1,221,761	-	978,980
Total business-type activities	63,848,330	63,234,157	45,248	1,749,550
Total primary government	\$ 116,638,349	\$ 69,770,151	\$ 2,661,545	\$ 6,151,015
Component Unit - CIC of Cuyahoga Falls	\$ 449,005	\$ -	\$ -	\$ -
General revenues:				
Property and other local taxes levied for:				
General purposes				
Special revenue				
Income tax levied for:				
General purposes				
Special revenue				
Capital projects				
Grants and entitlements not restricted to specific programs				
Gain on sale of capital assets				
Investment earnings				
Transfers				
Total general revenue and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

(Continued)

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit CIC of Cuyahoga Falls
Governmental Activities	Business-type Activities	Total	
\$ (18,372,915)	\$ -	\$ (18,372,915)	\$ -
(2,212,952)	-	(2,212,952)	-
(14,002,802)	-	(14,002,802)	-
(1,207,168)	-	(1,207,168)	-
(3,227,136)	-	(3,227,136)	-
(213,290)	-	(213,290)	-
(39,236,263)	-	(39,236,263)	-
-	(79,978)	(79,978)	-
-	2,656,739	2,656,739	-
-	(2,503,097)	(2,503,097)	-
-	537,099	537,099	-
-	(577,925)	(577,925)	-
-	1,147,787	1,147,787	-
-	1,180,625	1,180,625	-
(39,236,263)	1,180,625	(38,055,638)	-
-	-	-	(449,005)
9,176,765	-	9,176,765	-
791,351	-	791,351	-
12,697,834	-	12,697,834	-
1,620,915	-	1,620,915	-
5,942,676	-	5,942,676	-
4,427,998	-	4,427,998	-
92,019	-	92,019	-
137,320	-	137,320	3,934
(2,047,509)	2,047,509	-	-
32,839,369	2,047,509	34,886,878	3,934
(6,396,894)	3,228,134	(3,168,760)	(445,071)
110,584,389	99,098,250	209,682,639	806,608
\$ 104,187,495	\$ 102,326,384	\$ 206,513,879	\$ 361,537

City of Cuyahoga Falls, Ohio

Balance Sheet - Governmental Funds December 31, 2013

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash and cash equivalents	\$ 8,701,759	\$ 3,593,403	\$ 2,468,986	\$ 14,764,148
Cash and cash equivalents - restricted	-	-	241,843	241,843
Receivables				
Taxes	13,129,616	-	508,956	13,638,572
Accounts				
(net of allowance for uncollectibles)	18,855	630,976	125,416	775,247
Loans	104,542	-	2,164,644	2,269,186
Special assessments	-	184,611	-	184,611
Accrued interest	-	-	35,152	35,152
Due from other funds	231,784	-	200,000	431,784
Due from other governments	2,171,308	891,989	980,365	4,043,662
Inventory of supplies	126,997	-	322,439	449,436
Prepaid items	110,735	-	20,739	131,474
Advances to other funds	-	-	214,316	214,316
Total assets	\$ 24,595,596	\$ 5,300,979	\$ 7,282,856	\$ 37,179,431
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ 36,551	\$ 682,122	\$ 64,865	\$ 783,538
Accrued salaries, wages and benefits	737,662	-	79,917	817,579
Accrued interest payable	-	35,240	-	35,240
Due to other funds	194,813	4,754	8,615	208,182
Due to other governments	51,152	-	108,730	159,882
Advances from other funds	-	214,316	-	214,316
General obligation notes payable	-	2,750,000	-	2,750,000
Total liabilities	1,020,178	3,686,432	262,127	4,968,737
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	12,528,265	651,502	1,186,522	14,366,289
Fund Balances				
Nonspendable	237,732	-	789,122	1,026,854
Restricted	110,459	-	4,967,993	5,078,452
Committed	-	241,156	77,092	318,248
Assigned	1,559,926	-	-	1,559,926
Unassigned	9,139,036	721,889	-	9,860,925
Total fund balances	11,047,153	963,045	5,834,207	17,844,405
Total liabilities, deferred inflows and fund balances	\$ 24,595,596	\$ 5,300,979	\$ 7,282,856	\$ 37,179,431

See accompanying notes to the basic financial statements

**Reconciliation of Total Governmental Fund Balances to Net Position of
Governmental Activities
December 31, 2013**

Total Governmental Fund Balances \$ 17,844,405

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

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

Nondepreciable capital assets	\$ 17,338,806	
Depreciable capital assets	<u>77,260,799</u>	94,599,605

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

Investment earnings	28,889	
Property taxes	266,050	
Grants and entitlements	1,902,913	
Income tax	2,442,578	
Special assessments	184,611	
Charges for services	<u>476,426</u>	5,301,467

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

(2,920,338)

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

Accrued interest payable	(7,763)	
Unamortized bond premium	(148,872)	
Capital leases	(1,263,120)	
Bonds Payable	<u>(9,217,889)</u>	(10,637,644)

Total Governmental Activities Net Position \$ 104,187,495

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2013

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 8,895,740	\$ -	\$ 525,554	\$ 9,421,294
Municipal income taxes	14,129,835	4,753,036	1,295,241	20,178,112
Other local taxes	369,927	-	271,011	640,938
State levied shared taxes	4,265,938	-	2,121,924	6,387,862
Intergovernmental	258,664	3,906,627	278,983	4,444,274
Charges for services	3,763,926	1,483,744	2,570	5,250,240
Fees, licenses and permits	135,773	-	592,145	727,918
Interest earnings	-	-	133,941	133,941
Fines and forfeitures	333,907	-	18,561	352,468
Special assessments	-	163,270	2,572	165,842
Other	298,625	129,223	58,622	486,470
Total revenues	<u>32,452,335</u>	<u>10,435,900</u>	<u>5,301,124</u>	<u>48,189,359</u>
Expenditures				
Current				
Security of persons and property	16,597,445	-	2,238,284	18,835,729
Leisure time activities	2,105,993	-	164,663	2,270,656
Community environment	1,232,517	-	391,219	1,623,736
Street maintenance	-	-	3,457,639	3,457,639
General government	7,447,229	-	3,677	7,450,906
Capital outlay	-	21,759,635	240,000	21,999,635
Debt Service				
Principal	48,855	242,939	823,186	1,114,980
Interest	5,714	137,810	117,547	261,071
Total expenditures	<u>27,437,753</u>	<u>22,140,384</u>	<u>7,436,215</u>	<u>57,014,352</u>
Excess (deficiency) of revenues				
Over (under) expenditures	5,014,582	(11,704,484)	(2,135,091)	(8,824,993)
Other Financing Sources (Uses)				
Proceeds from the issuance of debt	-	6,600,000	-	6,600,000
Transfers in	1,880,803	-	2,700,000	4,580,803
Transfers out	(5,124,572)	(724,959)	(989,880)	(6,839,411)
Total other financing sources (uses)	<u>(3,243,769)</u>	<u>5,875,041</u>	<u>1,710,120</u>	<u>4,341,392</u>
Net change in fund balances	1,770,813	(5,829,443)	(424,971)	(4,483,601)
Fund balance at beginning of year, as restated	9,241,435	6,792,488	6,333,922	22,367,845
Change in nonspendable inventory	32,545	-	(73,069)	(40,524)
Change in nonspendable prepaid items	2,360	-	(1,675)	685
Fund balance at end of year	<u>\$ 11,047,153</u>	<u>\$ 963,045</u>	<u>\$ 5,834,207</u>	<u>\$ 17,844,405</u>

See accompanying notes to the basic financial statements

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2013**

Net Change in Fund Balances - Total Governmental Funds \$ (4,483,601)

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

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

Capital additions	\$ 6,642,859	
Current year depreciation	<u>(4,066,599)</u>	
		2,576,260

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

(5,295)

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

(39,839)

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

Investment earnings	(922)	
Property taxes	(95,586)	
Grants and entitlements	(34,800)	
Income tax	83,313	
Special assessments	(50,718)	
Charges for services	<u>(7,102)</u>	
		(105,815)

Issuance of long term debt provides current resources to governmental funds, but has no effect on net asset. In addition, repayment of bond principal and capital lease payments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

1,115,101

Issuance of long-term debt in governmental funds increased long-term liabilities in the statement of net position

(6,600,000)

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

2,030

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

45,790

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

(221,748)

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

1,320,223

Change in Net Position of Governmental Activities	<u>\$ (6,396,894)</u>
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See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 8,570,378	\$ 8,570,378	\$ 8,895,740	\$ 325,362
Income taxes	12,482,899	13,032,899	13,393,489	360,590
Other local taxes	308,000	308,000	376,517	68,517
State levied shared taxes	3,165,182	3,896,682	3,793,627	(103,055)
Intergovernmental	346,579	346,579	243,986	(102,593)
Charges for services	3,752,968	3,752,968	3,768,767	15,799
Fees, licenses, and permits	103,410	103,410	133,201	29,791
Fines and forfeitures	288,250	288,250	332,875	44,625
Other	305,420	305,420	295,555	(9,865)
Total revenues	29,323,086	30,604,586	31,233,757	629,171
Expenditures				
Current				
Security of persons and property	17,021,260	16,821,132	16,589,514	231,618
Leisure time activities	2,220,471	2,180,470	2,111,096	69,374
Community environment	1,361,811	1,350,810	1,248,083	102,727
General government	7,737,786	7,702,788	7,562,653	140,135
Debt Service				
Principal	48,982	49,112	48,976	136
Interest	5,720	5,720	5,714	6
Total expenditures	28,396,030	28,110,032	27,566,036	543,996
Excess (deficiency) of revenues over (under) expenditures	927,056	2,494,554	3,667,721	1,173,167
Other Financing Sources (Uses)				
Transfers in	1,939,500	1,939,500	1,880,803	(58,697)
Transfers out	(5,234,947)	(5,159,947)	(5,124,572)	35,375
Total other financing sources (uses)	(3,295,447)	(3,220,447)	(3,243,769)	(23,322)
Net change in fund balances	(2,368,391)	(725,893)	423,952	1,149,845
Fund balance at beginning of year	7,958,552	7,958,552	7,958,552	-
Prior year encumbrances appropriated	211,332	211,332	211,332	-
Fund balance at end of year	\$ 5,801,493	\$ 7,443,991	\$ 8,593,836	\$ 1,149,845

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Net Position - Proprietary Funds December 31, 2013

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Assets							
Current Assets							
Equity in pooled cash and cash equivalents	\$ 3,179,283	\$ 4,099,748	\$ 10,345,698	\$ 2,009,344	\$ 2,115,205	\$ 273,355	\$ 22,022,633
Receivables							
Accounts							
(net of allowance for uncollectibles)	746,816	754,777	6,008,969	209,997	24,684	102,363	7,847,606
Special assessments	11,334	9,760	-	-	-	211,763	232,857
Due from other funds	31,221	-	872,405	17,375	-	14,587	935,588
Due from other governments	34,318	96,318	52	1,712	2,051	8,998	143,449
Inventory of supplies	41,287	477,188	3,503,448	71,861	82,942	408	4,177,134
Prepaid items	13,053	20,345	37,690	8,253	46,197	402	125,940
Unamortized bond discount	6,496	34,874	-	-	57,503	-	98,873
Investment in joint venture	-	-	5,474,815	-	-	-	5,474,815
Advances to other funds	-	-	85,000	-	-	-	85,000
Total current assets	4,063,808	5,493,010	26,328,077	2,318,542	2,328,582	611,876	41,143,895
Noncurrent Assets							
Regulated asset	-	-	3,009,825	-	-	-	3,009,825
Capital Assets							
Land	93,459	135,605	530,756	152,781	1,787,907	726,062	3,426,570
Buildings	501,757	1,018,032	993,799	119,962	35,987,688	11,700	38,632,938
Improvements other than buildings	29,655,361	29,079,018	43,252,519	257,499	4,771,786	9,828,088	116,844,271
Equipment	1,558,829	1,761,599	5,568,043	3,160,644	866,490	459,981	13,375,586
CIP	-	1,343,371	986,472	42,219	-	1,334,998	3,707,060
Less: Accumulated depreciation	(12,003,274)	(14,102,998)	(26,494,151)	(2,105,091)	(10,810,031)	(2,030,410)	(67,545,955)
Total noncurrent assets	19,806,132	19,234,627	27,847,263	1,628,014	32,603,840	10,330,419	111,450,295
Total assets	23,869,940	24,727,637	54,175,340	3,946,556	34,932,422	10,942,295	152,594,190
Liabilities							
Current Liabilities							
Accounts payable	2,153	205,378	3,009,757	67,828	66,788	8	3,351,912
Accrued salaries, wages and benefits	27,058	51,869	119,011	37,989	77,711	5,477	319,115
Accrued compensated absences	-	-	-	-	-	-	-
Accrued interest payable	4,024	11,460	-	-	40,166	-	55,650
Unearned revenue	-	-	-	-	17,752	-	17,752
Due to other funds	175,448	239,058	8,182	145,465	626,563	165	1,194,881
Due to other governments	685,749	8,003	18,343	5,770	11,967	100	729,932
Deposits held and due to others	-	2,840	1,106,808	-	-	846	1,110,494
Claims and judgments payable	-	-	-	-	-	-	-
Capital lease obligations	506,625	337,291	799,027	25,591	6,640	170	1,675,344
Advances from other funds	85,000	-	-	-	-	-	85,000
Payable to AMP	-	-	662,536	-	-	-	662,536
General obligation notes payable	-	725,000	-	-	6,000,000	-	6,725,000
General obligation bonds payable	284,000	720,000	-	-	900,238	-	1,904,238
Total current liabilities	1,770,057	2,300,899	5,723,664	282,643	7,747,825	6,766	17,831,854
Noncurrent Liabilities							
Accrued compensated absences	-	-	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-	-	-
Other post-employment benefit obligation	-	-	-	-	-	-	-
Capital lease obligations	2,879,999	1,909,091	4,531,594	144,590	15,085	389	9,480,748
Payable to joint venture	-	-	1,895,186	-	-	-	1,895,186
Payable to AMP	-	-	2,347,289	-	-	-	2,347,289
Unamortized bond premium	70,275	159,728	-	-	347,880	-	577,883
General obligation bonds payable	1,075,000	3,962,000	-	-	12,510,879	-	17,547,879
Total noncurrent liabilities	4,025,274	6,030,819	8,774,069	144,590	12,873,844	389	31,848,985
Total liabilities	5,795,331	8,331,718	14,497,733	427,233	20,621,669	7,155	49,680,839
Net Position							
Net investment in capital assets	14,996,729	11,456,391	19,506,817	1,457,833	12,880,621	10,329,860	70,628,251
Unrestricted	3,077,880	4,939,528	20,170,790	2,061,490	1,430,132	605,280	32,285,100
Total net position	\$ 18,074,609	\$ 16,395,919	\$ 39,677,607	\$ 3,519,323	\$ 14,310,753	\$ 10,935,140	\$ 102,913,351
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(586,967)
Total net position of business-type activities							\$ 102,326,384

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Net Position - Proprietary Funds December 31, 2013

(Continued)

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 7,169,251
Receivables	
Accounts	
(net of allowance for uncollectibles)	521
Special assessments	-
Due from other funds	40,372
Due from other governments	-
Inventory of supplies	164,814
Prepaid items	2,311
Unamortized bond discount	-
Investment in joint venture	-
Advances to other funds	-
Total current assets	<u>7,377,269</u>
Noncurrent Assets	
AMP developmental fees receivable	-
Capital Assets	
Land	21,960
Buildings	105,958
Improvements other than buildings	260,029
Equipment	168,747
CIP	-
Less: Accumulated depreciation	<u>(502,020)</u>
Total noncurrent assets	<u>54,674</u>
Total assets	<u>7,431,943</u>
Liabilities	
Current Liabilities	
Accounts payable	87,101
Accrued salaries, wages and benefits	13,467
Accrued compensated absences	1,498,492
Accrued interest payable	-
Deferred revenue	-
Due to other funds	4,681
Due to other governments	288,004
Deposits held and due to others	-
Claims and judgments payable	572,642
Capital lease obligations	344
Advances from other funds	-
Payable to AMP	-
General obligation notes payable	-
General obligation bonds payable	-
Total current liabilities	<u>2,464,731</u>
Noncurrent Liabilities	
Accrued compensated absences	6,652,455
Claims and judgments payable	280,153
Other post-employment benefit obligation	1,541,127
Capital lease obligations	782
Payable to joint venture	-
Payable to AMP	-
Unamortized bond premium	-
General obligation bonds payable	-
Total noncurrent liabilities	<u>8,474,517</u>
Total liabilities	<u>10,939,248</u>
Net Position	
Net investment in capital assets	53,548
Unrestricted	<u>(3,560,853)</u>
Total net position	<u>\$ (3,507,305)</u>

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds						
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	Total
Operating Revenues							
Charges for services	\$ 5,812,558	\$ 5,746,604	\$ 40,907,493	\$ 3,569,066	\$ 5,173,606	\$ 1,172,118	\$ 62,381,445
Other	129,402	251,375	234,014	224,819	516,996	72,970	1,429,576
Total operating revenues	5,941,960	5,997,979	41,141,507	3,793,885	5,690,602	1,245,088	63,811,021
Operating Expenses							
Personal services	583,834	1,135,840	2,711,640	841,955	2,374,576	336,133	7,983,978
Fringe benefits	238,680	457,868	1,085,967	354,912	597,789	164,273	2,899,489
Purchased power	-	-	30,332,000	-	-	-	30,332,000
Materials and supplies	38,841	358,547	4,754,481	268,637	172,165	25,410	5,618,081
Utilities	35,429	337,275	61,788	15,763	194,178	729	645,162
Contractual services	3,480,909	204,147	44,104	831,567	17,346	121,690	4,699,763
Internal charges	467,998	510,656	1,629,562	454,168	522,054	76,889	3,661,327
Other	234,950	403,203	990,286	256,061	1,109,512	117,717	3,111,729
Depreciation	812,343	925,799	1,494,521	319,298	959,935	237,158	4,749,054
Total Operating Expenses	5,892,984	4,333,335	43,104,349	3,342,361	5,947,555	1,079,999	63,700,583
Net income (loss) from operations	48,976	1,664,644	(1,962,842)	451,524	(256,953)	165,089	110,438
Nonoperating Revenues (Expenses)							
Interest revenue	-	-	-	-	-	-	-
Interest expense	(210,063)	(234,303)	(265,418)	(8,462)	(456,618)	(18)	(1,174,882)
Gain from disposal of capital assets	5,200	2,950	1,131	1,025	-	-	10,306
Grants	-	617,246	-	45,248	-	863,665	1,526,159
Total nonoperating revenues (expenses)	(204,863)	385,893	(264,287)	37,811	(456,618)	863,647	361,583
Income (loss) before contributions and transfers	(155,887)	2,050,537	(2,227,129)	489,335	(713,571)	1,028,736	472,021
Capital Contributions	60,999	92,325	-	-	91,778	115,315	360,417
Transfers in	-	-	1,747,125	-	1,964,450	-	3,711,575
Transfers out	(9,740)	(18,731)	(1,798,860)	(13,843)	(29,912)	(1,925)	(1,873,011)
Changes in net position	(104,628)	2,124,131	(2,278,864)	475,492	1,312,745	1,142,126	2,671,002
Total net position - beginning, as restated	18,179,237	14,271,788	41,956,471	3,043,831	12,998,008	9,793,014	
Total net position - ending	\$ 18,074,609	\$ 16,395,919	\$ 39,677,607	\$ 3,519,323	\$ 14,310,753	\$ 10,935,140	
Adjustment to consolidate the internal service fund activities related to enterprise funds.							557,132
Change in net position of business-type activities							\$ 3,228,134

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds For the Year Ended December 31, 2013

(Continued)

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for services	\$ 9,233,880
Other	436,890
Total operating revenues	<u>9,670,770</u>
Operating Expenses	
Personal services	787,588
Fringe benefits	5,570,471
Purchased power	-
Materials and supplies	1,315,265
Utilities	10,914
Contractual services	136,892
Internal charges	168,537
Other	224,883
Depreciation	3,170
Total Operating Expenses	<u>8,217,720</u>
Net income (loss) from operations	<u>1,453,050</u>
Nonoperating Revenues (Expenses)	
Interest revenue	4,300
Interest expense	(39)
Gain from disposal of capital assets	-
Grants	-
Total nonoperating revenues (expenses)	<u>4,261</u>
Income (loss) before contributions and transfers	<u>1,457,311</u>
Capital Contributions	-
Transfers in	427,024
Transfers out	(6,980)
Changes in net position	1,877,355
Total net position - beginning, as restated	(5,384,660)
Total net position - ending	<u>\$ (3,507,305)</u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Cash Flows From Operating Activities							
Cash received from customers	\$ 6,152,097	\$ 5,990,734	\$ 41,104,457	\$ 3,790,690	\$ 5,684,222	\$ 1,241,787	\$ 63,963,987
Cash payments to employees for services	(580,411)	(1,130,456)	(2,798,616)	(840,169)	(2,371,181)	(335,756)	(8,056,589)
Cash payments to employees for benefits	(238,049)	(456,916)	(1,086,683)	(354,583)	(597,333)	(164,202)	(2,897,766)
Cash payments to suppliers for goods and services	(4,302,484)	(1,698,510)	(38,180,904)	(1,820,443)	(1,904,775)	(348,641)	(48,255,757)
Net cash provided by (used in) operating activities	1,031,153	2,704,852	(961,746)	775,495	810,933	393,188	4,753,875
Cash Flows From Non-Capital							
Financing Activities							
Grant proceeds	-	521,298	-	45,248	-	854,667	1,421,213
Transfers in	-	-	1,747,125	-	1,964,450	-	3,711,575
Transfers out	(9,740)	(18,731)	(1,798,860)	(13,843)	(29,912)	(1,925)	(1,873,011)
Advances in	-	-	85,000	-	-	-	85,000
Advances out	(85,000)	-	-	-	-	-	(85,000)
Net cash provided by (used in) non-capital financing activities	(94,740)	502,567	33,265	31,405	1,934,538	852,742	3,259,777
Cash Flows From Capital and Related							
Financing Activities							
Acquisition of capital assets	(31,356)	(1,392,184)	(1,680,871)	(534,806)	(337,279)	(1,363,130)	(5,339,626)
Proceeds from the sale of capital assets	3,700	2,950	1,131	1,025	-	-	8,806
Bond/note proceeds	-	730,423	-	-	6,003,090	-	6,733,513
Net premium on various purpose bonds / notes	-	-	-	-	41,790	-	41,790
Debt service							
Principal	(762,316)	(1,030,082)	(765,391)	(24,471)	(7,879,594)	(136)	(10,461,990)
Interest	(223,347)	(256,649)	(265,418)	(8,462)	(527,891)	(18)	(1,281,785)
Net cash provided by (used in) capital and related financing activities	(1,013,319)	(1,945,542)	(2,710,549)	(566,714)	(2,699,884)	(1,363,284)	(10,299,292)
Cash Flows from Investing Activities							
Interest revenue	-	-	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(76,906)	1,261,877	(3,639,030)	240,186	45,587	(117,354)	(2,285,640)
Cash and cash equivalents at Beginning of Year	3,256,189	2,837,871	13,984,728	1,769,158	2,069,618	390,709	24,308,273
Cash and cash equivalents at end of year	\$ 3,179,283	\$ 4,099,748	\$ 10,345,698	\$ 2,009,344	\$ 2,115,205	\$ 273,355	\$ 22,022,633

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2013

(Continued)

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Cash received from customers	\$ 9,663,292
Cash payments to employees for services	(728,679)
Cash payments to employees for benefits	(5,621,924)
Cash payments to suppliers for goods and services	(1,818,279)
Net cash provided by (used in) operating activities	1,494,410
Cash Flows From Non-Capital Financing Activities	
Grant proceeds	-
Transfers in	427,024
Transfers out	(6,980)
Advances in	-
Advances out	-
Net cash provided by (used in) non-capital financing activities	420,044
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	-
Proceeds from the sale of capital assets	-
Bond/note proceeds	-
Net premium on various purpose bonds / notes	-
Debt service	-
Principal	(334)
Interest	(39)
Net cash provided by (used in) capital and related financing activities	(373)
Cash Flows from Investing Activities	
Interest revenue	4,300
Net cash provided by investing activities	4,300
Net increase (decrease) in cash and cash equivalents	1,918,381
Cash and cash equivalents at Beginning of Year	5,250,870
Cash and cash equivalents at end of year	\$ 7,169,251

Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2013

(Continued)

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Reconciliation of Operating Income							
(Loss) to Net cash provided by (Used in) Operating Activities							
Operating Income (Loss)	\$ 48,976	\$ 1,664,644	\$ (1,962,842)	\$ 451,524	\$ (256,953)	\$ 165,089	\$ 110,438
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	812,343	925,799	1,494,521	319,298	959,935	237,158	4,749,054
Amortization expense	18,731	112,925	-	-	129,552	-	261,208
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:							
Receivables	206,913	88,699	(607,041)	1,816	(9,334)	5,405	(313,542)
Due from other funds	3,654	-	5,740	(3,684)	-	192	5,902
Due from other governments	(430)	(95,984)	(24)	(1,327)	(781)	(8,998)	(107,544)
Inventory of supplies	90	29,746	(145,129)	5,260	(2,109)	160	(111,982)
Prepaid items	555	(251)	(985)	688	(3,198)	58	(3,133)
Investment in joint ventures	-	-	(324,779)	-	-	-	(324,779)
Accounts payable							
- net of items affecting capital assets	(395,341)	(15,307)	619,309	710	(14,008)	(6,424)	188,939
Accrued salaries, wages and benefits	3,424	5,384	(86,976)	1,786	3,395	377	(72,610)
Due to other funds	3,585	(10,564)	832	(852)	342	12	(6,645)
Due to other governments	328,653	791	(732)	276	357	100	329,445
Deposits held and due to others	-	(1,030)	46,360	-	-	59	45,389
Other post-employment benefit obligation	-	-	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	3,735	-	3,735
Total adjustments	982,177	1,040,208	1,001,096	323,971	1,067,886	228,099	4,643,437
Net cash provided by (used in) operating activities	\$ 1,031,153	\$ 2,704,852	\$ (961,746)	\$ 775,495	\$ 810,933	\$ 393,188	\$ 4,753,875

During 2013, the Sewage and Disposal, Water, and Storm Drainage Utility Enterprise Funds received contributions in the form of capital assets from private developers in the amount of \$60,999, \$92,325, and \$91,778, respectively. In addition, the Leisure Time Enterprise Fund received contributions in the form of capital assets in the amounts of \$91,778 from the Capital Projects Fund.

The City entered into a lease agreement in May 2013 for printer, copier and facsimile machines for the Sewage and Disposal, Water, Electric, Sanitation, and Storm Drainage Utility Enterprise Funds in the amount of \$1,514, \$1,514, \$3,028, \$527 and \$274, respectively.

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2013

(Continued)

	<u>Governmental Activities - Internal Service Funds</u>
Reconciliation of Operating Income	
(Loss) to Net cash provided by	
(Used in) Operating Activities	
Operating Income (Loss)	\$ 1,453,050
Adjustments to reconcile operating	
income (loss) to net cash provided by	
(used in) operating activities:	
Depreciation	3,170
Amortization expense	-
Decrease (increase) in operating assets and	
increase (decrease) in operating liabilities:	
Receivables	(234)
Due from other funds	(7,244)
Due from other governments	-
Inventory of supplies	36,195
Prepaid items	4,778
Investment in joint ventures	-
Accounts payable	
- net of items affecting capital assets	2,154
Accrued salaries, wages and benefits	58,909
Due to other funds	(312)
Due to other governments	(38,791)
Deposits held and due to others	-
Other post-employment benefit	
obligation	194,909
Claims and judgments payable	(212,174)
Unearned revenue	-
Total adjustments	<u>41,360</u>
Net cash provided by (used in)	
operating activities	<u>\$ 1,494,410</u>

Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2013

	Agency Funds
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 4,595,407
Due from other governments	211,060
Total assets	\$ 4,806,467
Liabilities	
Current Liabilities	
Due to other governments	\$ 1,412,967
Deposits held and due to others	3,393,500
Total liabilities	\$ 4,806,467

See accompanying notes to the basic financial statements

**NOTES TO THE FINANCIAL
STATEMENTS**

**Notes to the Financial Statements
December 31, 2013**

NOTE 1 – REPORTING ENTITY

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

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

The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by Statement No. 61, The Financial Reporting Entity: Omnibus, and Statement No. 39, Determining Whether Certain Organizations are Component Units, in that the financial statements include those activities and functions in which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board, and either (1) the City’s ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City. Based on this criteria, the City has one component unit.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. Basis of Presentation

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component unit. Interfund activity, and related interfund receivables and payables, have been eliminated in the government-wide statements. These eliminations remove the duplicating effect on assets, liabilities, revenues and expenses that would otherwise occur. Internal service fund balances, whether positive or negative, have been eliminated against governmental activity program expenses shown in the statement of activities. Other activities from interfund services provided and used are not eliminated in the process of consolidation.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

General Fund

This fund accounts for all financial resources of the City except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Cuyahoga Falls and/or the general laws of Ohio. In addition, Municipal Income Tax Fund activity has been blended with the General Fund for financial reporting, and is not separately reported.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects Fund

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

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

Proprietary Fund Types

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

Enterprise Funds

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

Sewage and Disposal Fund

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

Water Fund

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

Electric Fund

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

Sanitation Fund

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

Leisure Time Fund

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

Storm Drainage Utility Fund

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

Internal Service Funds

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

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

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities. The agency funds do not report on measurement focus, as they do not report operations.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 4). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Expenses/Expenditures

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

Budgetary Data

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

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

Tax Budget

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

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated Resources

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

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

Appropriations

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

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

The amounts reported as the original budgeted amounts reflect the original Appropriation Ordinance. The amounts reported as the final budgeted amounts represent the final Appropriation Ordinance, including all amendments and modifications passed by City Council in December 2013.

Lapsing of Appropriations

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

Encumbrances

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity in Pooled Cash and Cash Equivalents and Investments

Cash balances of the City’s funds are pooled and invested in short-term investments in order to provide improved cash management. The restricted cash and investments from the following funds are not included in the City’s pooled cash and investments: Debt Service Fund and Cemetery Perpetual Care Permanent Fund. These short-term investments consist of repurchase agreements, U.S. Treasury Notes, money market accounts and other governmental bonds. Investments maturing within three months of purchase and investments of the pool are included in “Equity in Pooled Cash and Cash Equivalents.” For purposes of the statements of cash flows, cash and cash equivalents consist of cash and highly liquid short-term investments with original maturities of three months or less.

Invested monies are stated at fair value, with the exception of money market investments and participating interest-earning contracts that have a remaining maturity at time of purchase of one year or less, which are reported at amortized cost. For reporting purposes, interest earned by the cash and investment pool has been reported as interest income by the Capital Improvement Reserve Capital Projects Fund in accordance with local ordinance, with the exception of the Worker’s Compensation Internal Service Fund. Based on Ordinance 122-1992, interest generated by the Workers’ Compensation fund balance is to remain with the fund.

Inventory of Supplies

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

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

Prepaid items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items. On the government-wide and proprietary fund statements, prepaid items are recorded using the consumption method by recording a current asset for the prepaid amount and reflecting the expense in the year in which services are consumed. On the fund financial statements, the actual payment for these services is recorded as an expenditure when purchased. Reported prepaid items are equally offset by nonspendable fund balance, which indicates that it does not constitute “available spendable resources” even though it is a component of net current assets.

Capital Assets

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Deferred Inflows of Resources

The City reports deferred inflows on its fund level balance sheet and government-wide statement of net position. Deferred inflows are items that were previously reported as deferred revenues and certain items that were previously recorded as assets and liabilities such as gains on defeasance of debt. Deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Certain intergovernmental receivables, uncollected assessments, miscellaneous receivables, interest, property taxes and income taxes not meeting the availability criteria have been deferred and will be realized in a subsequent period in the governmental funds.

Deferred Outflows of Resources

A deferred outflow is a consumption of net position in a future period, such as the loss on defeasance from debt refundings. Based on analysis of prior years' debt refundings, the City does not feel these transactions are significant enough for recognition and future amortization.

Interfund Balances

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications areas are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City’s Council. Those committed amounts cannot be used for any other purpose unless the City’s Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by City Council.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represent the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is 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 position is available.

Grants and Intergovernmental Revenues

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

Operating Revenues and Expenses

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of Capital

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

Interfund Activity

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

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

Extraordinary and special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2013.

Estimates

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

City of Cuyahoga Falls, Ohio

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

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

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General, which includes Municipal Income Tax Fund is as follows:

Net Change in Fund Balance – General Fund

GAAP Basis	\$1,770,813
Increase (decrease) due to:	
Net change in receivables and other assets not recognized on a budget basis	937,467
Net change in liabilities not recognized on a budget basis	(2,176,405)
Encumbrances	<u>(107,923)</u>
Budget Basis	<u>\$ 423,952</u>

NOTE 4 - RECEIVABLES

Receivables at December 31, 2013, consisted primarily of municipal income taxes, property taxes and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, loans, and accounts (billings for utilities and EMS Transport services provided). Utility accounts receivable and EMS Transport fees receivable billed to customers prior to year end are recorded net of an allowance for doubtful accounts, based on management's estimate.

Property Taxes

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

Tangible personal property taxes (for tangible property other than public utility property) attach as a lien and are levied on January 1 of the current calendar year. Tax collections for the current year are therefore based upon assessed values as of January 1 of the current year. The tangible personal property tax is being phased out.

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

NOTE 4 – RECEIVABLES (CONTINUED)

The Summit County Fiscal Officer collects property taxes on behalf of all taxing districts in the County including the City of Cuyahoga Falls. The Summit County Fiscal Officer periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The amounts of \$8,821,916 and \$508,956 are included in the balance sheet of the governmental funds for the General Fund and other governmental funds (Police and Fire Pension Funds) as taxes receivable to reflect property taxes receivable as of December 31, 2013.

The assessed values of real public utility and tangible personal property upon which 2013 property tax receipts were based are as follows:

Property Types	Valuation
Real Property – 2012 Tax Valuation	\$ 944,931,270
Public Utility Property – 2011 Tax Valuation	7,862,230
Total Valuation	\$ 952,793,500

Income Taxes

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

On a full accrual basis, municipal income tax revenue for 2013 was \$20,261,425. The amount of \$4,307,700 has been recorded in the General Fund as taxes receivable (net of refunds) to reflect income taxes receivable recorded as of December 31, 2013.

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

City of Cuyahoga Falls, Ohio

NOTE 4 – RECEIVABLES (CONTINUED)

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government and Local Government Revenue	
Assistance	\$ 628,158
Inheritance Tax	787,618
Municipal Income Tax	44,202
Homestead and Rollback	707,953
Gasoline and Excise Tax	511,221
Motor Vehicle License Fees	150,834
Permissive Motor Vehicle License Tax	17,836
EMS Transport Fees	167,789
In Lieu of Public Site	241,156
Highway Distribution	254,111
Liquor Permits	7,428
Clean Ohio Revitalization Fund	45,798
Enhanced 9-1-1 Wireless Distribution	4,357
Federal Grants	32,486
Ohio Public Works Commission	410,154
Other State Grants	8,735
Other Agencies	23,826
Total Governmental Activities	<u>\$ 4,043,662</u>
Business-type Activities	
Utilities Charges	\$ 33,568
Ohio Public Works Commission	95,948
Other State Grants	8,998
Other Agencies	4,935
Total Business-Type Activities	<u>\$ 143,449</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

During 2013, the City believes it has complied with the revisions of these statutes pertaining to the types of investments held and institutions in which deposits were made. The City was also in compliance with the provisions of the statutes concerning security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

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

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

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

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

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

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

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

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end the carrying amount of the City's deposits was \$48,782,897 and the bank balance was \$50,244,660. Of the bank balance \$10,277,105 was covered by Federal depository insurance and \$39,967,555 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or Federal Reserve, but not in the City's name. The City has petty cash on hand of \$10,385 as of December 31, 2013.

At year-end, the carrying amount of the Community Improvement Corporation of Cuyahoga Falls, a component unit, deposits were \$182,532 and the bank balance was \$182,576. Information regarding the collateralization of the Community Improvement Corporation of Cuyahoga Falls can be obtained from the corporation's independent audit report.

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Investments are reported at fair value. As of December 31, 2013 all investments are reported in equity in pooled cash and cash equivalents and cash and cash equivalents – restricted accounts.

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments.

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent more invested in the securities of a single issuer. The City's investment policy places a limit on the amount it may invest in the State of Ohio Treasurer's Investment Pool (STAROhio), of no more than 25% of total investments. The City had no investments as of December 31, 2013, and as a result, there is no credit risk allocation to report.

City of Cuyahoga Falls, Ohio

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 8,767,397	\$ 45,997	\$ -	\$ 8,813,394
Construction In Progress	6,741,593	4,169,436	(2,363,657)	8,547,372
<i>Total Capital Assets Not Being Depreciated</i>	15,508,990	4,215,433	(2,363,657)	17,360,766
<i>Capital Assets Being Depreciated</i>				
Buildings	28,100,782	41,660	-	28,142,442
Improvements	1,808,491	-	-	1,808,491
Machinery and Equipment	28,217,229	1,513,500	(1,093,681)	28,637,048
Infrastructure				
Roads	59,652,717	3,235,923	-	62,888,640
Traffic Signals	209,489	-	-	209,489
Bridges	10,656,180	-	-	10,656,180
<i>Total Capital Assets Being Depreciated</i>	128,644,888	4,791,083	(1,093,681)	132,342,290
<i>Less Accumulated Depreciation</i>				
Buildings	(11,113,493)	(687,925)	-	(11,801,418)
Improvements	(540,432)	(71,835)	-	(612,267)
Machinery and Equipment	(20,068,207)	(1,666,019)	1,088,386	(20,645,840)
Infrastructure				
Roads	(18,452,122)	(1,421,430)	-	(19,873,552)
Traffic Signals	(92,129)	(19,901)	-	(112,030)
Bridges	(1,801,011)	(202,659)	-	(2,003,670)
<i>Total Accumulated Depreciation</i>	(52,067,394)	(4,069,769)	1,088,386	(55,048,777)
<i>Total Capital Assets Being Depreciated, Net</i>	76,577,494	721,314	(5,295)	77,293,513
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 92,086,484</u>	<u>\$ 4,936,747</u>	<u>\$ (2,368,952)</u>	<u>\$ 94,654,279</u>
*Depreciation expense was charged to governmental functions as follows:				
General Government				413,064
Security of Persons and Property				1,135,521
Community Environment				219,316
Leisure Time Activities				242,776
Street Maintenance				2,059,092
Total				<u>\$ 4,069,769</u>

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
Business -type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 3,426,570	\$ -	\$ -	\$ 3,426,570
Construction In Progress	474,400	4,129,601	(896,941)	3,707,060
<i>Total Capital Assets Not Being Depreciated</i>	3,900,970	4,129,601	(896,941)	7,133,630
<i>Capital Assets Being Depreciated</i>				
Buildings	\$ 37,954,426	\$ 678,512	-	\$ 38,632,938
Improvements	116,251,212	593,059	-	116,844,271
Machinery and Equipment	12,190,814	1,275,148	(90,375)	13,375,587
<i>Total Capital Assets Being Depreciated</i>	166,396,452	2,546,719	(90,375)	168,852,796
<i>Less Accumulated Depreciation</i>				
Buildings	(8,804,314)	(811,193)	-	(9,615,507)
Improvements	(45,947,443)	(3,112,231)	-	(49,059,674)
Machinery and Equipment	(8,135,519)	(825,628)	90,375	(8,870,772)
<i>Total Accumulated Depreciation</i>	(62,887,276)	(4,749,052)	90,375	(67,545,953)
<i>Total Capital Assets Being Depreciated, Net</i>	103,509,176	(2,202,333)	-	101,306,843
<i>Total Business-Type Capital Assets, Net</i>	\$ 107,410,146	\$ 1,927,268	\$ (896,941)	\$ 108,440,473

*Depreciation expense was charged to business-type activities as follows:

Sewage and Disposal	\$ 812,343
Water	925,798
Electric	1,494,521
Sanitation	319,298
Leisure Time	959,935
Storm Drainage	237,158
Total	\$ 4,749,052

City of Cuyahoga Falls, Ohio

NOTE 7 - PENSION PLANS

Ohio Public Employees Retirement System

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans. The 2013 member contribution rates were 10.0 percent of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 12 percent and 12.6 percent, respectively. For state and local employers, the 2013 employer contribution rate was 14.00 percent of covered payroll.

The City's required contributions for pension obligations to all of the plans for the years ended December 31, 2013, 2012, and 2011 were 2,262,411, \$2,414,463, and \$2,367,132 respectively; 81.0 percent has been contributed for 2013, 100 percent for 2012 and 100 percent for 2011. Contributions to the Member-Directed Plan for 2013 were \$48,983 made by the City and \$34,988 made by the plan members. In 2013, the City elected to participate in the Deferral Option for Employer Contributions Program. The deferred payment program begins with the first quarter 2013 employer retirement liabilities, and spreads the due date for each third of the quarter's liabilities over a three-year period. The City paid one-third of the first quarter 2013 liabilities on December 31, 2013. The second third will be due on December 31, 2014, and the final third will be due on December 31, 2015.

Ohio Police and Fire Pension Fund

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

From January 1, 2013 through July 1, 2013 plan members were required to contribute 10.0 percent of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75 percent of their covered annual salary. Throughout 2013, employers were required to contribute 19.5 percent and 24 percent respectively for police officers and firefighters. The City's contributions for pension obligations to OP&F for police and firefighters were \$896,782 and \$1,250,169, respectively for the year ended December 31, 2013, \$928,627 and \$1,285,282 for the year ended December 31, 2012, and \$908,086 and \$1,255,091 for the year ended December 31,

NOTE 7 - PENSION PLANS (CONTINUED)

2011. For 2013, 84.8 percent for police and 85.2 percent for firefighters, respectively, has been contributed. The full amount has been contributed for 2011 and 2012.

NOTE 8 – POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description: Ohio Public Employee Retirement System (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 members 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 meets the definition of an Other Post-Employment benefit (OPEB) as described in GASB Statement 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy: The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care 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 coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS’ Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent during the calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees 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, to pay a portion of health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

City of Cuyahoga Falls, Ohio

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

The City's actual employer contributions for December 31, 2013, 2012 and 2011 which were used to fund post-employment benefits were \$161,601, \$866,620, and \$849,631, respectively; 81.0 percent has been contributed for 2013 and 100 percent has been contributed for 2012 and 2011.

Ohio Police and Fire Pension Fund

Plan Description: The City of Cuyahoga Falls contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 and is also available on OP&F's website at www.OP-F.org.

Funding Policy: The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). 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 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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. The portion of employer contributions allocated to health care was 4.69 of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. 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.

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

The City’s annual contributions for December 31, 2013, 2012, and 2010 that were used to fund post-employment benefits were \$167,289 for police and \$189,731 for fire, \$321,448 for police and \$361,486 for fire, and \$314,337 for police and \$352,994 for fire, respectively; 81.0 percent has been contributed for 2013 and 100 percent has been contributed for 2012 and 2011.

NOTE 9 - COMPENSATED ABSENCES

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

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

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

* OPBA: Ohio Patrolman’s Benevolent Association

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

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

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

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

City of Cuyahoga Falls, Ohio

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Federal and State Grants

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

C. Insurance Coverage

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

D. Contingent Liabilities

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 50,000 kilowatts of a total 771,281 kilowatts, giving the City a 6.48 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them.

As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$8,662,670. The City received a credit of \$2,484,523 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$2,261,243 related to the AMPGS costs deemed to have future benefit for the project participants, and payments of \$907,079 leaving a net impaired cost estimate of \$3,009,825. Because payment is now probable and reasonably estimable, the City is reporting a payable to AMP in its business-type activities and in its Electric Enterprise Fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable.

The City intends to recover these costs and repay AMP over the next 15 years through a power cost adjustment, thus this incurred cost has been capitalized and reported as a regulated asset, as allowed by GASB Statement No. 62.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

D. Subsequent Events

On August 13, 2014 the City issued a Taxable Land Acquisition and Improvement Note in the amount of \$6,600,000 for the purpose of revitalizing the State Road Redevelopment Area by acquiring, clearing and improving certain properties in that area. This note is issued in anticipation of the issuance of bonds to pay costs of revitalizing the State Road Redevelopment Area, and resulted in the payment of the \$7,600,000 Taxable Land Acquisition and Improvement Note which was due August 14, 2014. Due to the issuance date occurring prior to the date of the opinion letter, the note was classified as long-term bonds in accordance with GASB codification.

NOTE 11 - CAPITAL LEASES

In addition to existing agreements to lease equipment, the City entered into an addendum to the 2012 lease agreement in May 2013 for printer, copier and facsimile machines in the amount of \$6,857. The City's lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date for governmental activities and business-type activities in the Statement of Net Position. The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment (Dispatch Center Equipment)	\$ 2,441,577	
Equipment (In Car Video / Mobile Data Terminals)	263,515	
Improvements other than buildings	115,267	\$ 16,902,526
Copiers / Printers	240,830	81,931
Less: Accumulated Depreciation	<u>(1,636,785)</u>	<u>(3,238,889)</u>
Total	<u>\$ 1,424,404</u>	<u>\$ 13,745,568</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2014	\$ 350,521	\$ 2,160,840
2015	350,521	2,160,840
2016	350,521	2,160,840
2017	304,326	2,145,575
2018	14,457	2,142,522
2019	14,457	2,142,522
Total	<u>1,384,803</u>	<u>12,913,139</u>
Less: Amount representing interest	<u>(120,557)</u>	<u>(1,757,047)</u>
Present value of minimum lease payments	<u>\$ 1,264,246</u>	<u>\$ 11,156,092</u>

City of Cuyahoga Falls, Ohio

NOTE 12 - SHORT-TERM OBLIGATIONS

A summary of the changes in the City's short-term obligations for the year ended December 31, 2013, was as follows:

General Obligation Bond Anticipation Notes	Balance January 1, 2013	Issued	Retired	Balance December 31, 2013
<u>Governmental Activities:</u>				
Capital Projects Fund Obligations:				
1.00% Various Purpose Notes, due 12/05/13	\$ 1,400,000	\$ 0	\$ 1,400,000	\$ 0
1.00% Various Purpose Notes, due 12/04/14	0	750,000	0	750,000
1.25% Taxable Land Acquisition and Improvement Note, due 8/16/13	8,600,000	0	8,600,000	0
1.05% Taxable Land Acquisition and Improvement Note, due 8/14/14	0	1,000,000	0	1,000,000
1.25% Street Improvement Note, due 9/25/13	1,965,000	0	1,965,000	0
1.60% Street Improvement Note, due 9/24/14	0	1,000,000	0	1,000,000
Total Governmental Activities	<u>\$ 11,965,000</u>	<u>\$ 2,750,000</u>	<u>\$ 11,965,000</u>	<u>\$ 2,750,000</u>
<u>Business-type Activities:</u>				
Leisure Time Fund Obligations:				
1.00% Various Purpose Notes, due 12/05/13	\$ 7,000,000	\$ 0	\$ 7,000,000	\$ 0
1.00% Various Purpose Notes, due 12/04/14	0	6,000,000	0	6,000,000
Water Fund Obligations:				
1.00% Various Purpose Notes, due 12/04/14	0	725,000	0	725,000
Total Business-Type Activities	<u>\$ 7,000,000</u>	<u>\$ 6,725,000</u>	<u>\$ 7,000,000</u>	<u>\$ 6,725,000</u>
Grand Total	<u>\$ 18,965,000</u>	<u>\$ 9,475,000</u>	<u>\$ 18,965,000</u>	<u>\$ 9,475,000</u>

On August 15, 2013 the City issued a Taxable Land Acquisition and Improvement Note in the amount of \$7,600,000 for the purpose of revitalizing the State Road Redevelopment Area by acquiring, clearing and improving certain properties in that area. An amount of \$6,600,000 was reclassified as long-term bonds, when new notes were issued on August 13, 2014, prior to the date of the opinion letter, in accordance with GASB codification.

On September 24, 2013 the City issued a Street Improvement Note in the amount of \$1,000,000 for the purpose of widening State Road from Graham Road to Quick Road, by constructing and installing sidewalks, bike lanes, curbs, storm water management improvements, signalization and street lighting, and other improvements.

On December 4, 2013, the City issued notes in the amount of \$7,475,000 in anticipation of the issuance of bonds, for the following purposes: constructing and a community recreation center, and acquiring real estate and interests in real estate therefore, constructing improvements to portions of State Road and Portage Trail, including constructing or replacing sidewalks and curbs, installing water and sewer lines, constructing turning lanes, installing traffic signals and lighting and all related improvements, and constructing waterlines in Graham Road.

NOTE 13 - LONG-TERM OBLIGATIONS

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

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<u>Business-type Activities:</u>				
Enterprise Fund Obligations				
<u>Bonds Payable</u>				
1995 Recreation Facilities*	3/01/1995	12/01/2015	4.4%-6.0%	\$ 3,426,217
1997 Sewer Improvement**	8/01/1997	12/01/2017	3.8%-5.25%	2,329,412
1997 Water Improvement**	8/01/1997	12/01/2017	3.8%-5.25%	2,070,588
1998 Sewer Improvement**	12/01/1998	12/01/2018	3.05%-4.70%	2,415,000
1998 Water Improvement**	12/01/1998	12/01/2018	3.05%-4.70%	4,925,000
2001 Water Improvement***	8/01/2001	12/01/2021	3.25%-4.55%	5,175,000
2004 Recreation Improvement****	4/08/2004	12/01/2024	2.00%-5.00%	8,000,000
2004 Various Purpose Refunding (Recreation)	4/08/2004	12/01/2015	2.00%-4.00%	2,407,037
2009 Various Purpose Refunding (Recreation)	10/14/2009	12/01/2037	2.00%-5.00%	8,040,000
2009 Various Purpose Refunding (1997)	10/14/2009	12/01/2017	2.00%-5.00%	2,177,000
2009 Various Purpose Refunding (1998)	10/14/2009	12/01/2018	2.00%-5.00%	3,895,000
2011 Various Purpose Refunding (2001 Water)	10/18/2011	12/01/2021	1.50%-3.00%	3,180,000
2012 Various Purpose Refunding (2001 Water)	10/18/2011	12/01/2021	1.50%-3.00%	3,180,000
2012 Recreation Improvement Refunding	9/20/2012	12/01/2024	1.50%-2.50%	5,485,000
<u>Governmental Activities:</u>				
<u>Bonds Payable</u>				
Other General Obligation Bonds:				
1995 Various Purpose Improvement*	3/01/1995	12/01/2015	4.40%-6.00%	6,238,783
1997 Various Purpose Improvement**	8/01/1997	12/01/2017	3.8%-5.25%	5,150,000
1998 Various Purpose Improvement**	12/01/1998	12/01/2018	3.05%-4.70%	1,025,000
2004 Various Purpose Refunding	4/08/2004	12/01/2015	2.00%-4.00%	4,382,963
2009 Various Purpose Refunding (1997)	10/14/2009	12/01/2017	2.00%-5.00%	2,548,000
2009 Various Purpose Refunding (1998)	10/14/2009	12/01/2018	2.00%-5.00%	545,000
2014 Taxable Land Acquisition and Improvement Notes	08/13/2004	08/13/2015	1.00%	6,600,000

Notes:

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

**Issue was advanced refunded by the City, (2009 Various Purpose Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue.

***Issue was advanced refunded by the City, (2011 Various Purpose Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue.

****Issue was advanced refunded by the City, (2012 Recreation Improvement Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue.

City of Cuyahoga Falls, Ohio

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of the changes in the City's long-term obligations for the year ended December 31, 2013, was as follows:

	Balance January 1, 2013	Issued 2013	Retired 2013	Balance December 31, 2013	Amount Due Within One Year
Business-type Activities:					
Enterprise Fund Obligations					
<u>Bonds Payable</u>					
2004 Various Purpose Refunding (Recreation)	\$ 769,265	\$ 0	\$ 248,148	\$ 521,111	\$ 255,238
2004 Recreation Improvement	355,000	0	355,000	0	0
2009 Various Purpose Refunding (1997 Sewer)	746,000	0	140,000	606,000	144,000
2009 Various Purpose Refunding (1998 Sewer)	890,000	0	137,000	753,000	140,000
2009 Various Purpose Refunding (1997 Water)	673,000	0	127,000	546,000	130,000
2009 Various Purpose Refunding (1998 Water)	1,821,000	0	280,000	1,541,000	285,000
2009 Various Purpose Refunding (Recreation)	7,675,000	0	190,000	7,485,000	195,000
2011 Various Purpose Refunding (2001 Water)	2,895,000	0	300,000	2,595,000	305,000
2012 Recreation Improvement Refunding	5,485,000	0	80,000	5,405,000	450,000
Unamortized Bond Discount	(109,777)	0	(10,904)	(98,873)	0
Unamortized Bond Premium	640,086	50,303	112,506	577,883	0
Total Business-type Activities Bonds Payable	<u>21,839,574</u>	<u>50,303</u>	<u>1,958,750</u>	<u>19,931,127</u>	<u>1,904,238</u>
<u>Other Obligations</u>					
Capital Lease Obligations (Note 11)	12,754,077	6,857	1,604,842	11,156,092	1,675,344
Payable to Joint Venture (Note 16)	2,552,156	0	656,970	1,895,186	634,632
Payable to AMP (Note 10, D)	0	3,009,825	0	3,009,825	662,536
Compensated absences (Note 9)	1,973,072	165,452	185,102	1,953,422	322,971
Total Business-type Activities	<u>\$ 39,118,879</u>	<u>\$ 3,232,437</u>	<u>\$ 4,405,664</u>	<u>\$ 37,945,652</u>	<u>\$ 5,199,721</u>
Governmental Activities:					
<u>Bonds Payable</u>					
Other General Obligation Bonds:					
2004 Various Purpose Refunding	\$ 1,400,742	\$ 0	\$ 451,853	\$ 948,889	\$ 464,761
2009 Various Purpose Refunding (*97 Rec)	1,661,000	0	313,000	1,348,000	321,000
2009 Various Purpose Refunding (*98 Rec)	379,000	0	58,000	321,000	60,000
2014 Taxable Land Acquisition and Improvement Notes	0	6,600,000	0	6,600,000	0
Unamortized Bond Premium	194,662	47,222	93,012	148,872	0
Total Governmental Activities Bonds Payable	<u>3,635,404</u>	<u>6,647,222</u>	<u>915,865</u>	<u>9,366,761</u>	<u>7,445,761</u>
<u>Other Obligations</u>					
Capital Lease Obligations (Note 11)	1,556,828	0	292,582	1,264,246	303,513
Compensated absences (Note 9)	6,117,423	277,848	197,746	6,197,525	1,175,521
Claims and Judgments Payable (Note 15)	1,064,969	4,036,282	4,248,456	852,795	572,642
Other post-employment benefit obligation (Note 20)	1,346,218	634,176	439,267	1,541,127	461,230
Total Governmental Activities Other Obligations	<u>10,085,438</u>	<u>4,948,306</u>	<u>5,178,051</u>	<u>9,855,693</u>	<u>2,512,906</u>
Total Governmental Activities	<u>\$ 13,720,842</u>	<u>\$ 11,595,528</u>	<u>\$ 6,093,916</u>	<u>\$ 19,222,454</u>	<u>\$ 9,958,667</u>

The above schedule of long-term obligations differs from liabilities reported on the government-wide statement of net position as a result of the compensated absences payable associated with business-type activities being included with the long-term liabilities of the governmental activities. The Compensated Absences Internal Service Fund is responsible for the payment of both governmental and business-type compensated absences liabilities. Since governmental activities are the primary user of the internal service fund, GAAP requires that the long-term liabilities of the internal service fund be reported among the governmental activities. A reconciliation of the schedule of long-term obligations to the statement of net position at December 31, 2013 were as follows:

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Long-term obligations per schedule above	\$ 19,222,454	\$ 37,945,652	\$ 57,168,106
Consolidation of compensated absences claim			
Internal service fund into governmental activities	<u>1,953,422</u>	<u>(1,953,422)</u>	<u>-</u>
Long-term liabilities on government-wide statement of net position	<u>\$ 21,175,876</u>	<u>\$ 35,992,230</u>	<u>\$ 57,168,106</u>

Of the \$1,953,422 of business-type compensated absences to be paid from the Compensated Absences Internal Service Fund (which is consolidated with the governmental activities on the statement of net position), \$322,971 is due within one year.

As of December 31, 2013, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt without a vote of the electors) was \$49,795,969. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2013 (excluding capital leases) are as follows:

<u>Year</u>	<u>Enterprise Fund Obligations</u>		<u>Other General Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,904,238	\$ 608,102	\$ 845,762	\$ 93,148
2015	1,955,873	560,865	7,474,127	132,548
2016	1,744,000	503,084	406,000	34,003
2017	1,792,000	451,926	423,000	18,118
2018	1,526,000	394,986	69,000	2,070
2019-2023	4,830,000	1,528,124	0	0
2024-2028	2,065,000	977,744	0	0
2029-2033	1,850,000	629,244	0	0
2034-2037	<u>1,785,000</u>	<u>198,756</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 19,452,111</u>	<u>\$ 5,852,831</u>	<u>\$ 9,217,889</u>	<u>\$ 279,887</u>

All general obligation bonds and notes issued by the City are backed by its full faith and credit. This includes the general property taxing power permitted within the tax limitation of the City Charter.

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City of Cuyahoga Falls, Ohio

NOTE 14 - INTERFUND TRANSFERS AND BALANCES

A. Transfers

As of December 31, 2013, interfund transfers were as follows:

Transfers Out	Transfers In					Total
	General Fund	Nonmajor Governmental Funds	Electric Fund	Leisure Time Fund	Internal Service Funds	
General Fund		\$ 2,515,000	\$ 1,747,125	\$ 614,450	\$ 247,997	\$ 5,124,572
Capital Projects Fund	\$ 124,959			600,000		724,959
Nonmajor Governmental Funds		185,000		750,000	54,880	989,880
Sewer Fund					9,740	9,740
Water Fund					18,731	18,731
Electric Fund	1,755,844				43,016	1,798,860
Sanitation Fund					13,843	13,843
Leisure Time Fund					29,912	29,912
Storm Drainage Utility Fund					1,925	1,925
Internal Service Funds					6,980	6,980
Total	\$ 1,880,803	\$ 2,700,000	\$ 1,747,125	\$ 1,964,450	\$ 427,024	\$ 8,719,402

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

The Capital Projects Fund transfer to the Leisure Time fund was made as reimbursement for debt service payments related to the community wing of the Natatorium, which is used in part for general government functions. The transfer to the General Fund represents ten percent of the proceeds after payment of expenditures related to the collection of fees for medical transport services, per City Council Ordinance 69-2010.

The Nonmajor Funds transfer to other Nonmajor funds were made to provide additional resources to the Debt Service Fund from the Capital Improvement Reserve Fund. The Nonmajor Governmental Funds transfer to the Leisure Time Fund was made to provide additional resources from the Recreation Levy Special Revenue Fund.

Transfers to Internal Service Funds were made for future employee personal services compensation.

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NOTE 14 - INTERFUND TRANSFERS AND BALANCES (CONTINUED)

B. Balances

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

Interfund balances, including advances, at December 31, 2013 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
<u>Government Funds</u>				
General Fund	\$ 231,784	\$ 194,813	\$ 0	\$ 0
Special Revenue Funds:				
Street Construction, Maintenance and Repair	0	5,535	0	0
Recreation Levy	200,000	3,011	0	0
Community Development Block Grant	<u>0</u>	<u>69</u>	<u>0</u>	<u>0</u>
	<u>200,000</u>	<u>8,615</u>	<u>0</u>	<u>0</u>
Capital Projects Funds				
Capital Projects	0	4,754	0	214,316
Capital Improvement Reserve	<u>0</u>	<u>0</u>	<u>214,316</u>	<u>0</u>
	<u>0</u>	<u>4,754</u>	<u>214,316</u>	<u>214,316</u>
Total Governmental Funds:	<u>431,784</u>	<u>208,182</u>	<u>214,316</u>	<u>214,316</u>
<u>Proprietary Funds</u>				
Enterprise Funds:				
Sewage and Disposal	31,221	175,448	0	85,000
Water	0	239,058	0	0
Electric	872,405	8,182	85,000	0
Sanitation	17,375	145,465	0	0
Leisure Time	0	626,563	0	0
Storm Drainage Utility	<u>14,587</u>	<u>165</u>	<u>0</u>	<u>0</u>
	<u>935,588</u>	<u>1,194,921</u>	<u>85,000</u>	<u>85,000</u>
Internal Service Funds:				
Garage	0	4,681	0	0
Workers' Compensation	<u>40,372</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>40,372</u>	<u>4,681</u>	<u>0</u>	<u>0</u>
Total Proprietary Funds	<u>975,960</u>	<u>1,199,602</u>	<u>85,000</u>	<u>85,000</u>
Total All Funds	<u>\$ 1,407,744</u>	<u>\$ 1,407,744</u>	<u>\$ 299,316</u>	<u>\$ 299,316</u>

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

<u>Year</u>	<u>Capital Projects</u>	<u>Sewage and Disposal</u>	<u>Total</u>
2014	\$ 214,316	\$ 85,000	\$ 299,316
	<u>\$ 214,316</u>	<u>\$ 85,000</u>	<u>\$ 299,316</u>

City of Cuyahoga Falls, Ohio

NOTE 15 - RISK MANAGEMENT

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

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

A. Self -Insurance Internal Service Fund

On April 1, 2007, the City changed healthcare coverage to Medical Mutual of Ohio (MMO). Claims are fully paid by the City for full-time employees and COBRA participants through the City's Self-Insurance Internal Service Fund, which provides funding for health-care coverage. MMO reviews all claims in accordance with the Summary Plan Description and claims are then paid by the Self-Insurance Fund. For the fiscal coverage year January 1, 2013 through December 31, 2013, the City has purchased specific stop-loss coverage of \$225,000 per person. Aggregate stop-loss coverage was eliminated on June 1, 2010.

The Self-Insurance Fund generates revenues by charging an actuarially determined premium to each fund based on the number of full-time employees and COBRA participants enrolled for health-care coverage. The Self-Insurance Fund pays all claims, stop-loss coverage and administrative fees for health-care coverage. A liability, in the amount of \$423,386 has been recorded to reflect the outstanding claims as of December 31, 2013. Most health insurance claims are presented for payment to the City within several months after services are rendered.

B. Workers' Compensation Internal Service Fund

As of December 31, 2013, the City completed its twenty-first consecutive year of participation with the Ohio Bureau of Workers' Compensation (BWC) Retrospective Rating Plan. This Plan requires the City to pay to the BWC only 27 to 32 percent of the experience rated premium, in addition to BWC administrative assessments and Disabled Workers' Relief Fund costs, as our minimum premium charge. In exchange, the City accepts a maximum individual claim liability between \$300,000 and \$400,000 and an aggregate claims liability of \$1,000,946. In addition, the BWC bills for all claim related medical and other expenses on an annual basis, for a period of ten years. At the tenth year, the BWC actuarially determines the expected future cost (reserve) of all active ten-year-old claims and bills the City. The BWC then assumes all future liability for those claims. Active management of each claim, from inception, offers the City the opportunity to reduce the cost of each claim, thereby reducing the City's cost. For 2013, the retrospective rating minimum premium paid by the City was \$310,922 and the total medical and other expenses paid was \$412,570 for a total of \$723,492.

NOTE 15 - RISK MANAGEMENT (CONTINUED)

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

	2011		2012		2013	
	Workers'		Workers'		Workers'	
	Self-Insurance	Compensation	Self-Insurance	Compensation	Self-Insurance	Compensation
Unpaid claims-January 1	\$ 344,129	\$ 1,030,317	\$ 336,336	\$ 1,205,928	\$ 309,461	\$ 755,508
Incurred claims (including IBNRs)	4,551,366	747,681	3,902,778	114,436	3,949,911	86,371
Claim payments made during the year	(4,559,159)	(572,070)	(3,929,653)	(564,856)	(3,835,886)	(412,570)
Unpaid claims-December 31	\$ 336,336	\$ 1,205,928	\$ 309,461	\$ 755,508	\$ 423,486	\$ 429,309

NOTE 16 - INVESTMENTS IN JOINT VENTURES

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

The City's Electric Enterprise Fund participates in a joint venture agreement with 20 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV1) for the purpose of providing electric power and energy to its participants on a cooperative basis. The electric generating facilities of OMEGA JV1, known as the Engle Units, are located in the City. Title to these six diesel-powered generating units was transferred to the 21 municipal electric systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a non-profit trade association and wholesale power supplier for most of Ohio's 85 municipal electric systems. Each member has a contract, which provides for AMP-Ohio to purchase the right to each participant's share of power and energy that is made available through the joint venture contract. The City's net investment and its share of the operating results of OMEGA JV-1 are reported in the City's statement of net position as "investment in joint ventures". The city's equity interest in OMEGA JV-1 was \$84,955 at December 31, 2013. Complete financial statements for OMEGA JV-1 can be obtained from AMP-Ohio or from the City's Finance Director.

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

The City of Cuyahoga Falls is a Financing Participant and an Owner Participant with percentages of liability and ownership of 9.52 percent and 7.46 percent 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.

City of Cuyahoga Falls, Ohio

NOTE 16 - INVESTMENTS IN JOINT VENTURES (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, 2013 the City of Cuyahoga Falls has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership bases. 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. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2013, the outstanding debt was \$15,769,323. The City's net obligation for this amount at December 31, 2013 was \$1,501,240. The City's net investment in OMEGA JV2 was \$1,699,347 at December 31, 2013. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110 percent of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2013 Cuyahoga Falls has not met their debt coverage obligation.

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

Participant, an accumulated maximum kilowatts equal to 25 percent of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

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

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$1,628,989 at December 31, 2013. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2013 Cuyahoga Falls has met their debt coverage obligation.

City of Cuyahoga Falls, Ohio

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

OMEGA JV6 is managed by American Municipal Power, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. The City's net obligation for these bonds at December 31, 2013 was \$393,946 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected).

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$ 2,061,524 at December 31, 2013. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

NOTE 17 – CONSTRUCTION COMMITMENTS

As of December 31, 2013, the City had the following significant commitments with respect to projects requiring capital expenditures:

<u>Capital Project</u>	2013	Expected Date of Completion
	Remaining Construction Contract	
Graham Road Widening (Bath Road to State Route 8)	\$ 379,784	2014
Portage Crossing Infrastructure	959,619	2014
Steel Storage Building	258,525	2014
Chestnut Boulevard Waterline	258,596	2014
South Front Street - CORF	<u>43,492</u>	2014
Total Capital Projects	<u>\$ 1,900,016</u>	

NOTE 18 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and / or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The constraints placed on fund balance for the major governmental funds and all other governmental funds are in the following presentation:

Fund Balances	General Fund	Capital Projects	Other Governmental Funds	Total
<i>Nonspendable</i>				
Inventory of supplies	\$ 126,997	\$ -	\$ 322,439	\$ 449,436
Prepaid items	110,735	-	20,739	131,474
Advances to other funds	-	-	214,316	214,316
Cemetery perpetual care	-	-	231,628	231,628
<i>Total nonspendable</i>	<u>237,732</u>	<u>-</u>	<u>789,122</u>	<u>1,026,854</u>
<i>Restricted for</i>				
Development federal programs	110,459	-	2,415,072	2,525,531
Debt service reserves	-	-	10,215	10,215
Streets and highways	-	-	1,394,866	1,394,866
Police pension	-	-	23,930	23,930
Fire pension	-	-	57,086	57,086
Parks and recreation improvements	-	-	834,501	834,501
Enterprise zone / community reinvestment area	-	-	24,146	24,146
Other law enforcement	-	-	208,177	208,177
<i>Total restricted</i>	<u>110,459</u>	<u>-</u>	<u>4,967,993</u>	<u>5,078,452</u>
<i>Committed to</i>				
In lieu of public site subdivision regulations	-	241,156	-	241,156
Interest earnings distribution	-	-	75,539	75,539
Urban renewal area	-	-	1,553	1,553
<i>Total committed</i>	<u>-</u>	<u>241,156</u>	<u>77,092</u>	<u>318,248</u>
<i>Assigned to</i>				
Outstanding encumbrances	87,136	-	-	87,136
Fiscal year 2013 appropriations	1,472,790	-	-	1,472,790
<i>Total assigned</i>	<u>1,559,926</u>	<u>-</u>	<u>-</u>	<u>1,559,926</u>
Unassigned	9,139,036	721,889	-	9,860,925
Total fund balances	<u><u>\$ 11,047,153</u></u>	<u><u>\$ 963,045</u></u>	<u><u>\$ 5,834,207</u></u>	<u><u>\$ 17,844,405</u></u>

City of Cuyahoga Falls, Ohio

NOTE 19 – ASSETS HELD FOR RESALE

Assets held for resale represents property purchased and improved by the City, which will be resold for development purposes. As of December 31, 2013, the City no longer had any interest in development projects held for resale. The State Road Shopping Center property asset held for resale in the Capital Projects Fund and Community Development Block Grant Nonmajor Special Revenue Fund at December 31, 2012, in the amounts of \$12,734,382 and \$166,544, respectively, was sold in 2013 for \$3,783,000. However, the agreement with the developer for the sale of land stipulates that the proceeds from the sale of land be placed in escrow and remitted to Portage Crossing LLC for private improvement work. Therefore, the proceeds were placed in the Guarantee Deposits Agency Fund and balance of assets held for resale was expended in the appropriate fund.

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefit, benefit levels, and employer contributions are governed by the City and can be amended by the City through its union contracts and City Council. The activity of the plan, including pay-as-you-go expenses are made from and reported in the City's Self Insurance Internal Service Fund.

Benefits Provided

The City provides post-employment life insurance benefits to its retirees having at least five years of continuous service and health care benefits to its retirees having a minimum of 12 years of continuous full-time service with the City immediately before the date of retirement. The City has historically funded its retiree health care benefits on a pay-as-you-go basis. For the year ended December 31, 2013, the City contributed \$439,267 to the 161 retirees and/or family members receiving benefits. Eligibility and description of benefits are as follows:

General Employees. General employees hired prior to January 1, 2004 are eligible for the City's explicit subsidy at the earlier of:

1. Age 55 with 25 years of service; or
2. Age 60 with 12 years of service; or
3. 30 years of service

General employees hired on/after January 1, 2004 are not eligible for the City's explicit subsidy.

Police Officers. Police Officers hired prior to April 1, 2006 are eligible for the City's explicit subsidy at the earlier of:

1. Age 48 with 25 years of service; or
2. Age 62 with 15 years of service

Police Officers hired on/after April 1, 2006 are not eligible for the City's explicit subsidy.

Firefighters. Firefighters hired prior to February 1, 2006 are eligible for the City's explicit subsidy at the earlier of:

1. Age 48 with 25 years of service; or
2. Age 62 with 15 years of service

Firefighters hired on/after February 1, 2006 are not eligible for the City's explicit subsidy.

For eligible retirees of employees, the City reimburses:

1. Up to a fixed dollar amount to reimburse retirees for their contributions paid into the State Health Plan (Premium Reimbursement Subsidy), and
2. Up to fixed dollar amount for co-payments and deductibles that vary by employee group (Co-pay and Deductible Subsidy).

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

General Employees. Retired general employees receive one reimbursement amount that will cover both reimbursements regardless of coverage level. This benefit is payable until the younger of the retiree or spouse turns 65. This benefit will continue to a surviving spouse of retired or active employee eligible to retire until the date the benefit would have ceased. The annual reimbursement amount effective January 1, 2014 is \$3,151.91 for retirees who have single or family coverage level. The reimbursement is increased 5.0% per year.

Police Officers. The 2014 annual subsidy amounts for police officers are as follows:

	<u>Premium</u> <u>Reimbursement</u>		<u>Co-pay and</u> <u>Deductible</u>
	<u><65</u>	<u>65+</u>	<u>All ages</u>
Retiree	\$1,838.97	\$1,645.06	\$400
Spouse	\$2,772.63	\$3,101.99	N/A*

*The co-payment and deductible subsidy is the same for retirees with single or family coverage.

Firefighters. The 2014 annual subsidy amounts for firefighters are as follows:

	<u>Premium</u> <u>Reimbursement</u>		<u>Co-pay and</u> <u>Deductible</u>
	<u><65</u>	<u>65+</u>	<u>All ages</u>
Firefighters who retired prior to 2006			
Retiree	\$3,294.48	\$1,743.16	Unlimited
Spouse	\$7,216.48	\$4,475.85	

Firefighters who retired on/after 2006

Retiree	\$1,838.97	\$1,838.97	\$700
Spouse	\$2,772.63	\$2,772.63	N/A*

*The co-payment and deductible subsidy is the same for retirees with single or family coverage.

Annual OPEB Costs and Net OPEB Obligation

The City had an actuarial valuation performed for the plan as of December 31, 2010 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC). As of December 31, 2013, the annual required contribution (ARC) was \$634,176 and the City's annual employer contribution for pay-as-you-go cost was \$439,267, leaving an adjusted Net OPEB Obligation of \$1,541,127 as of the end of the year. This liability is recorded in the Self Insurance Internal Service Fund statement as well as within governmental activities in the City's Statement of Net Position.

City of Cuyahoga Falls, Ohio

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2013, was as follows:

As of	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
Dec 31, 2013	\$0	\$9,754,116	\$9,754,116	0.0%	\$27,015,748	36.1%
Dec 31, 2012	0	9,754,116	9,754,116	0.0%	27,596,971	35.3%
Dec 31, 2011	0	10,305,074	10,305,074	0.0%	27,941,664	36.9%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and health care cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financing reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the December 31, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a discount rate of 4.5 percent unfunded, 8 percent fully-funded, a projected payroll growth rate of 3 percent, a health care cost trend rate of 5 percent and a rate of inflation of 3 percent. The actuarial value of assets was zero. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of pay over thirty years based on an open group.

The table below presents the annual post-employment benefit cost, percentage of the annual post-employment benefit cost contributed, and the net pension obligation/net other post-employment benefit obligation for both the current year and the two preceding years.

As of	Annual Required Contribution (ARC)	Interest on Net OPEB	Adjustment to the ARC	Annual OPEB Cost	Employer Contributions	Other adjustments	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Increase/ (Decrease) in the Net OPEB
Dec 31, 2013	\$634,176	\$53,194	(\$50,384)	\$636,986	\$439,267	(\$2,810)	69.0%	\$1,541,127	\$194,909
Dec 31, 2012	634,176	53,194	(50,384)	636,986	472,846	(1,380)	74.2%	1,346,218	162,760
Dec 31, 2011	727,485	26,117	(24,737)	728,865	448,388	0	61.5%	1,183,458	280,477

NOTE 21 - CHANGES IN ACCOUNTING PRINCIPALS

A. Change in Accounting Principals

For 2013, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, The Financial Reporting Entity: Omnibus. GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and financial reporting entity display and disclosure requirements. The implementation of the statement did not result in any change in the City's financial statements.

For 2013, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

B. Restatement of Fund Balance

During 2013, the Municipal Income Tax Special Revenue Fund, previously reported as a major governmental fund was consolidated with the General Fund. In addition, a change in accounting policy was made to record total compensated absences in the Compensated Absences Internal Service Fund, in accordance with City Ordinances. These changes had the following effect on fund balances, and net position of the respective funds and government-wide activities as they were previously reported.

	Special Revenue									
	Municipal		Enterprise				Internal Service			
	General	Income Tax	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage	Garage	Compensated Absences
Fund Balance at December 31, 2012	\$ 9,197,915	\$ 17,459	\$ 17,933,948	\$ 13,940,964	\$ 41,205,395	\$ 2,691,143	\$ 12,727,538	\$ 9,770,289	\$ 48,910	\$ 1,434,799
Consolidation of Municipal Income Tax	17,459	(17,459)	-	-	-	-	-	-	-	-
Compensated Absences Fund	26,061	-	245,289	330,824	751,076	352,688	270,470	22,725	110,747	(8,090,495)
Adjusted Fund Balance at December 31, 2012	<u>9,241,435</u>	<u>-</u>	<u>18,179,237</u>	<u>14,271,788</u>	<u>41,956,471</u>	<u>3,043,831</u>	<u>12,998,008</u>	<u>9,793,014</u>	<u>159,657</u>	<u>(6,655,696)</u>

	Government-wide	
	Governmental Activities	Business-type
Fund Balance at December 31, 2012	\$ 112,557,461	\$ 97,125,178
Consolidation of Municipal Income Tax	-	-
Compensated Absences Fund	(1,973,072)	1,973,072
Adjusted Fund Balance at December 31, 2012	<u>110,584,389</u>	<u>99,098,250</u>

**COMBINING STATEMENTS AND
INDIVIDUAL FUND STATEMENTS**

Major Governmental Funds

General Fund

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

Capital Projects

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

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 8,570,378	\$ 8,570,378	\$ 8,895,740	\$ 325,362
Income taxes	12,482,899	13,032,899	13,393,489	360,590
Other local taxes	308,000	308,000	376,517	68,517
State levied shared taxes	3,165,182	3,896,682	3,793,627	(103,055)
Intergovernmental	346,579	346,579	243,986	(102,593)
Charges for services	3,752,968	3,752,968	3,768,767	15,799
Fees, licenses, and permits	103,410	103,410	133,201	29,791
Fines and forfeitures	288,250	288,250	332,875	44,625
Other	305,420	305,420	295,555	(9,865)
Total Revenues	29,323,086	30,604,586	31,233,757	629,171
Expenditures				
Current				
Security of persons and property				
Police				
Personal services	6,603,768	6,503,768	6,484,275	19,493
Other operations	971,571	971,447	885,104	86,343
Capital outlay	105,000	105,000	97,104	7,896
Total - Police	7,680,339	7,580,215	7,466,483	113,732
Fire				
Personal services	6,963,581	400,571	6,822,372	(6,421,801)
Other operations	813,263	7,276,269	774,598	6,501,671
Total - Fire	7,776,844	7,676,840	7,596,970	79,870
Technical services				
Personal services	400,571	386,692	394,611	(7,919)
Other operations	60,012	73,891	59,739	14,152
Total - Technical services	460,583	460,583	454,350	6,233
Communications				
Personal services	941,699	941,699	922,205	19,494
Other operations	161,795	161,795	149,506	12,289
Total - Technical services	1,103,494	1,103,494	1,071,711	31,783
Total - Security of persons and property	17,021,260	16,821,132	16,589,514	231,618
Leisure time activities				
Parks & recreation				
Personal services	1,536,634	1,496,634	1,472,146	24,488
Other operations	683,837	683,836	638,950	44,886
Total - Leisure time activities	2,220,471	2,180,470	2,111,096	69,374

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended December 31, 2013**

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Riverfront Centre District				
Personal services	\$ 304,755	\$ 279,755	\$ 251,274	\$ 28,481
Other operations	260,187	260,186	218,689	41,497
Total - Riverfront Centre District	564,942	539,941	469,963	69,978
Community / economic development				
Personal services	685,510	685,510	682,335	3,175
Other operations	111,359	125,359	95,785	29,574
Total - Community / economic development	796,869	810,869	778,120	32,749
General government				
General administration				
Other operations	791,294	791,294	772,487	18,807
Total - General administration	791,294	791,294	772,487	18,807
Council				
Personal services	248,420	248,420	236,059	12,361
Other operations	1,650	1,650	353	1,297
Total - Council	250,070	250,070	236,412	13,658
Mayor				
Personal services	230,521	230,591	230,527	64
Other operations	17,369	17,298	16,278	1,020
Total - Mayor	247,890	247,889	246,805	1,084
Mayor's Court				
Personal services	159,461	160,561	160,467	94
Other operations	39,742	38,642	25,854	12,788
Total - Mayor's Court	199,203	199,203	186,321	12,882
Finance director				
Personal services	721,320	720,320	716,521	3,799
Other operations	75,822	76,822	76,804	18
Total - Finance director	797,142	797,142	793,325	3,817
Law director				
Personal services	705,882	705,882	695,746	10,136
Other operations	216,913	166,913	147,213	19,700
Total - Law director	922,795	872,795	842,959	29,836
Service director				
Personal services	315,207	315,207	313,369	1,838
Other operations	13,156	13,156	11,037	2,119
Total - Service director	328,363	328,363	324,406	3,957
Civil service commission				
Personal services	12,795	12,795	12,792	3
Other operations	16,232	26,232	25,944	288
Total - Civil service commission	29,027	39,027	38,736	291

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2013

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government (Continued)				
Engineering				
Personal services	\$ 927,312	\$ 927,312	\$ 925,346	\$ 1,966
Other operations	85,879	80,879	71,711	9,168
Capital outlay	-	-	-	-
Total - Engineering	1,013,191	1,008,191	997,057	11,134
Human resources / records				
Personal services	284,957	284,957	278,050	6,907
Other operations	10,129	10,129	9,309	820
Total - Human resources / records	295,086	295,086	287,359	7,727
Building and grounds maintenance				
Personal services	636,505	642,505	642,392	113
Other operations	408,583	402,585	376,071	26,514
Capital outlay	-	-	-	-
Total - Building and grounds maintenance	1,045,088	1,045,090	1,018,463	26,627
Municipal Income Tax				
Personal services	277,938	290,463	290,361	102
Other operations	842,045	839,521	846,390	(6,869)
Total - Municipal Income Tax	1,119,983	1,129,984	1,136,751	(6,767)
Information Services				
Personal services	602,918	602,918	602,293	625
Other operations	95,736	95,736	79,279	16,457
Total - Information Services	698,654	698,654	681,572	17,082
Total - General government	7,737,786	7,702,788	7,562,653	140,135
Debt Service				
Principal	48,982	49,112	48,976	136
Interest	5,720	5,720	5,714	6
Total Expenditures	28,396,030	28,110,032	27,566,036	543,996
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	927,056	2,494,554	3,667,721	1,173,167
Other Financing Sources (Uses)				
Transfers in	1,939,500	1,939,500	1,880,803	(58,697)
Transfers out	(5,234,947)	(5,159,947)	(5,124,572)	35,375
Total Other Financing Sources (Uses)	(3,295,447)	(3,220,447)	(3,243,769)	(23,322)
Net change in fund balances	(2,368,391)	(725,893)	423,952	1,149,845
Fund Balance at Beginning of Year	7,958,552	7,958,552	7,958,552	-
Prior year encumbrances appropriated	211,332	211,332	211,332	-
Fund Balance at End of Year	\$ 5,801,493	\$ 7,443,991	\$ 8,593,836	\$ 1,149,845

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects Fund
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income taxes	\$ 5,616,836	\$ 5,616,836	\$ 5,410,609	\$ (206,227)
Intergovernmental	1,002,365	1,002,365	1,226,807	224,442
Charges for services	1,555,000	1,555,000	1,411,416	(143,584)
Special assessments	151,967	151,967	163,270	11,303
Other	25,000	25,000	132,806	107,806
Total revenues	8,351,168	8,351,168	8,344,908	(6,260)
Expenditures				
Current				
Capital outlay	10,002,637	9,002,636	7,972,112	1,030,524
Debt service				
Principal	12,957,940	12,957,940	12,807,939	150,001
Interest	198,211	198,211	198,210	1
Total expenditures	23,158,788	22,158,787	20,978,261	1,180,526
Excess (deficiency) of revenues over (under) expenditures				
	(14,807,620)	(13,807,619)	(12,633,353)	1,174,266
Other Financing Sources (Uses)				
Bond/note proceeds	10,350,000	9,350,000	9,397,222	47,222
Transfers out	(139,500)	(139,500)	(124,959)	14,541
Advances out	-	-	-	-
Total other financing sources (uses)	10,210,500	9,210,500	14,682,872	5,472,372
Net change in fund balances	(4,597,120)	(4,597,119)	2,049,519	6,646,638
Fund balance at beginning of year	3,276,049	3,276,049	3,276,049	-
Prior year encumbrances appropriated	1,873,057	1,873,057	1,873,057	-
Fund balance at end of year	\$ 551,986	\$ 551,987	\$ 7,198,625	\$ 6,646,638

Nonmajor Governmental Funds

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

Nonmajor Governmental Funds (Continued)

Enforcement and Education	To account for proceeds realized from fines to pay only those costs incurred in enforcing Section 4511.19 of the Ohio Revised Code or a substantially similar municipal ordinance and in educating the public of laws governing the operation of a motor vehicle and the dangers of operation of a motor vehicle while under the influence of alcohol and other information relating to the operation of a motor vehicle and the consumption of alcoholic beverages.
Municipal Motor Vehicle License Tax	Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of certain streets within the City.
Federal Law Enforcement	To account for the subsidy received by the Police Department for its efforts pertaining to (1) complex investigations/prosecutions by the City's Police/Law Departments; (2) provision of technical training or expertise of a law enforcement nature for Police Department members; (3) provision of matching funds to obtain federal grants; and (4) for such other law enforcement purposes that are deemed appropriate.
Law Enforcement Assistance	To account for the reimbursement of professional training costs for law enforcement officers.
Debt Service Fund	To account for the accumulation of resources for and payment of general obligation principal, interest, and related expenditures.
Capital Improvement Reserve	To account for interest income which must be used to fund capital projects in accordance with local law and to account for income from royalties associated with City owned oil and gas wells.
Cemetery Perpetual Care Permanent Fund	To account for monies received for the perpetual care of cemetery lots. The amounts received are held as a permanent fund, and the interest received on the invested monies is available for care of the cemetery lots.

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Governmental Funds December 31, 2013

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvement Reserve Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 2,401,159	\$ -	\$ 67,827	\$ -	\$ 2,468,986
Cash and cash equivalents - restricted	-	10,215	-	231,628	241,843
Receivables					
Taxes	508,956	-	-	-	508,956
Accounts					
(net of allowance for uncollectibles)	123,967	-	1,449	-	125,416
Loans	2,164,644	-	-	-	2,164,644
Accrued interest	-	-	34,934	218	35,152
Due from other funds	200,000	-	-	-	200,000
Due from other governments	980,365	-	-	-	980,365
Inventory of supplies	322,439	-	-	-	322,439
Prepaid items	20,739	-	-	-	20,739
Advances to other funds	-	-	214,316	-	214,316
Total assets	\$ 6,722,269	\$ 10,215	\$ 318,526	\$ 231,846	\$ 7,282,856
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts payable	\$ 64,865	\$ -	\$ -	\$ -	\$ 64,865
Accrued salaries, wages and benefits	79,917	-	-	-	79,917
Due to other funds	8,615	-	-	-	8,615
Due to other governments	108,730	-	-	-	108,730
Total liabilities	262,127	-	-	-	262,127
Deferred Inflows of Resources					
Revenues levied for the next year and unavailable revenue	1,157,633	-	28,671	218	1,186,522
Fund Balances					
Nonspendable	343,178	-	214,316	231,628	789,122
Restricted	4,957,778	10,215	-	-	4,967,993
Committed	1,553	-	75,539	-	77,092
Total fund balances	5,302,509	10,215	289,855	231,628	5,834,207
Total liabilities, deferred inflows and fund balances	\$ 6,722,269	\$ 10,215	\$ 318,526	\$ 231,846	\$ 7,282,856

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended December 31, 2013**

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvement Reserve Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Property taxes	\$ 525,554	\$ -	\$ -	\$ -	\$ 525,554
Municipal income taxes	1,295,241	-	-	-	1,295,241
Other local taxes	271,011	-	-	-	271,011
State levied shared taxes	2,121,924	-	-	-	2,121,924
Intergovernmental	278,983	-	-	-	278,983
Charges for services	-	-	-	2,570	2,570
Fees, licenses and permits	592,145	-	-	-	592,145
Interest earnings	234	485	131,515	1,707	133,941
Fines and forfeitures	18,561	-	-	-	18,561
Special assessments	-	398	2,174	-	2,572
Other	34,420	-	24,202	-	58,622
Total revenues	<u>5,138,073</u>	<u>883</u>	<u>157,891</u>	<u>4,277</u>	<u>5,301,124</u>
Expenditures					
Current					
Security of persons and property	2,238,284	-	-	-	2,238,284
Leisure time activities	164,663	-	-	-	164,663
Community environment	391,219	-	-	-	391,219
Street maintenance	3,457,639	-	-	-	3,457,639
General government	-	55	1,821	1,801	3,677
Capital outlay	240,000	-	-	-	240,000
Debt Service					
Principal	371,334	451,852	-	-	823,186
Interest	68,521	49,026	-	-	117,547
Total expenditures	<u>6,931,660</u>	<u>500,933</u>	<u>1,821</u>	<u>1,801</u>	<u>7,436,215</u>
Excess (deficiency) of revenues over (under) expenditures					
	(1,793,587)	(500,050)	156,070	2,476	(2,135,091)
Other Financing Sources (Uses)					
Transfers in	2,200,000	500,000	-	-	2,700,000
Transfers out	(804,880)	-	(185,000)	-	(989,880)
Total other financing sources (uses)	<u>1,395,120</u>	<u>500,000</u>	<u>(185,000)</u>	<u>-</u>	<u>1,710,120</u>
Net change in fund balances	(398,467)	(50)	(28,930)	2,476	(424,971)
Fund balance at beginning of year	5,775,720	10,265	318,785	229,152	6,333,922
Change in reserve for inventory	(73,069)	-	-	-	(73,069)
Change in reserve for prepaid items	(1,675)	-	-	-	(1,675)
Fund balance at end of year	<u>\$ 5,302,509</u>	<u>\$ 10,215</u>	<u>\$ 289,855</u>	<u>\$ 231,628</u>	<u>\$ 5,834,207</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2013

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension
Assets				
Equity in pooled cash and cash equivalents	\$ 7,452	\$ 1,074,360	\$ 63,057	\$ 110,060
Receivables				
Taxes	-	-	254,478	254,478
Accounts				
(net of allowance for uncollectibles)	-	123,967	-	-
Loans				
Due from other funds	-	-	-	-
Due from other governments	68,712	849,145	20,400	22,646
Inventory of supplies	-	322,439	-	-
Prepaid items	-	20,739	-	-
Total assets	\$ 76,164	\$ 2,390,650	\$ 337,935	\$ 387,184
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 47,244	\$ -	\$ -
Accrued salaries, wages and benefits	-	77,628	-	-
Due to other funds	-	5,535	-	-
Due to other governments	-	11,848	40,219	56,312
Total liabilities	-	142,255	40,219	56,312
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	45,628	564,433	273,786	273,786
Fund Balances				
Nonspendable	-	343,178	-	-
Restricted	30,536	1,340,784	23,930	57,086
Committed	-	-	-	-
Total fund balances	30,536	1,683,962	23,930	57,086
Total liabilities, deferred inflows and fund balances	\$ 76,164	\$ 2,390,650	\$ 337,935	\$ 387,184

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2013

(Continued)

	<u>Recreation Levy</u>	<u>Permissive Tax</u>	<u>Community and Economic Development</u>	<u>Community Development Block Grant</u>
Assets				
Equity in pooled cash and cash equivalents	\$ 655,053	\$ 2	\$ 1,553	\$ 253,137
Receivables				
Taxes	-	-	-	-
Accounts (net of allowance for uncollectibles)	-	-	-	-
Loans	-	-	-	2,164,644
Due from other funds	200,000	-	-	-
Due from other governments	-	17,836	-	-
Inventory of supplies	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 855,053</u>	<u>\$ 17,838</u>	<u>\$ 1,553</u>	<u>\$ 2,417,781</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ 17,541	\$ -	\$ -	\$ -
Accrued salaries, wages and benefits	-	-	-	2,289
Due to other funds	3,011	-	-	69
Due to other governments	-	-	-	351
Total liabilities	<u>20,552</u>	<u>-</u>	<u>-</u>	<u>2,709</u>
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	834,501	17,838	-	2,415,072
Committed	-	-	1,553	-
Total fund balances	<u>834,501</u>	<u>17,838</u>	<u>1,553</u>	<u>2,415,072</u>
Total liabilities and fund balances	<u>\$ 855,053</u>	<u>\$ 17,838</u>	<u>\$ 1,553</u>	<u>\$ 2,417,781</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2013

(Continued)

	Enterprise Zone / Community Reinvestment Area	Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education
ASSETS				
Equity in pooled cash and cash equivalents	\$ 24,146	\$ 85,806	\$ 62,583	\$ 13,150
Receivables				
Taxes	-	-	-	-
Accounts (net of allowance for uncollectibles)	-	-	-	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	1,228	-	398
Inventory of supplies	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 24,146</u>	<u>\$ 87,034</u>	<u>\$ 62,583</u>	<u>\$ 13,548</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 80	\$ -	\$ -
Accrued salaries, wages and benefits	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>80</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	24,146	86,954	62,583	13,548
Committed	-	-	-	-
Total fund balances	<u>24,146</u>	<u>86,954</u>	<u>62,583</u>	<u>13,548</u>
Total liabilities and fund balances	<u>\$ 24,146</u>	<u>\$ 87,034</u>	<u>\$ 62,583</u>	<u>\$ 13,548</u>

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2013

(Continued)

	Municipal Motor Vehicle License Tax	Federal Law Enforcement	Law Enforcement Assistance	Total Nonmajor Special Revenue Funds
ASSETS				
Equity in pooled cash and cash equivalents	\$ 5,708	\$ 31,280	\$ 13,812	\$ 2,401,159
Receivables				
Taxes	-	-	-	508,956
Accounts (net of allowance for uncollectibles)	-	-	-	123,967
Loans	-	-	-	2,164,644
Due from other funds	-	-	-	200,000
Due from other governments	-	-	-	980,365
Inventory of supplies	-	-	-	322,439
Prepaid items	-	-	-	20,739
Total assets	<u>\$ 5,708</u>	<u>\$ 31,280</u>	<u>\$ 13,812</u>	<u>\$ 6,722,269</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 64,865
Accrued salaries, wages and benefits	-	-	-	79,917
Due to other funds	-	-	-	8,615
Due to other governments	-	-	-	108,730
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,127</u>
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	-	-	-	1,157,633
Fund Balances				
Nonspendable	-	-	-	343,178
Restricted	5,708	31,280	13,812	4,957,778
Committed	-	-	-	1,553
Total fund balances	<u>5,708</u>	<u>31,280</u>	<u>13,812</u>	<u>5,302,509</u>
Total liabilities and fund balances	<u>\$ 5,708</u>	<u>\$ 31,280</u>	<u>\$ 13,812</u>	<u>\$ 6,722,269</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2013

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension
Revenues				
Property taxes	\$ -	\$ -	\$ 262,777	\$ 262,777
Municipal income taxes	-	-	-	-
Other local taxes	-	270,495	258	258
State levied shared taxes	145,104	1,789,632	35,085	35,085
Intergovernmental	-	-	-	38,583
Fees, licenses, and permits	-	591,145	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Other	-	5,130	1,092	-
Total revenues	<u>145,104</u>	<u>2,656,402</u>	<u>299,212</u>	<u>336,703</u>
Expenditures				
Current				
Security of persons and property	-	-	907,648	1,262,169
Leisure time activities	-	-	-	-
Community environment	-	-	-	-
Street maintenance	142,000	3,207,639	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	334	-	-
Interest	-	39	-	-
Total expenditures	<u>142,000</u>	<u>3,208,012</u>	<u>907,648</u>	<u>1,262,169</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,104</u>	<u>(551,610)</u>	<u>(608,436)</u>	<u>(925,466)</u>
Other Financing Sources (Uses)				
Transfers in	-	600,000	630,000	970,000
Transfers out	-	(25,115)	(12,268)	(16,518)
Total other financing sources (uses)	<u>-</u>	<u>574,885</u>	<u>617,732</u>	<u>953,482</u>
Net change in fund balances	3,104	23,275	9,296	28,016
Fund balance at beginning of year	27,432	1,735,431	14,634	29,070
Change in nonspendable inventory	-	(73,069)	-	-
Change in nonspendable prepaid items	-	(1,675)	-	-
Fund balance at end of year	<u>\$ 30,536</u>	<u>\$ 1,683,962</u>	<u>\$ 23,930</u>	<u>\$ 57,086</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

(Continued)

	Recreation Levy	Permissive Tax	Community and Economic Development	Community Development Block Grant
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	1,295,241	-	-	-
Other local taxes	-	-	-	-
State levied shared taxes	-	7,611	-	-
Intergovernmental	-	-	-	240,400
Fees, licenses, and permits	-	-	-	-
Interest earnings	-	-	-	234
Fines and forfeitures	-	-	-	-
Other	6,771	-	-	20,152
Total revenues	<u>1,302,012</u>	<u>7,611</u>	<u>-</u>	<u>260,786</u>
Expenditures				
Current				
Security of persons and property	-	-	-	-
Leisure time activities	164,663	-	-	-
Community environment	-	-	-	381,900
Street maintenance	-	-	-	-
Capital outlay	-	240,000	-	-
Debt service				
Principal	371,000	-	-	-
Interest	68,482	-	-	-
Total expenditures	<u>604,145</u>	<u>240,000</u>	<u>-</u>	<u>381,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>697,867</u>	<u>(232,389)</u>	<u>-</u>	<u>(121,114)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(750,000)	-	-	(979)
Total other financing sources (uses)	<u>(750,000)</u>	<u>-</u>	<u>-</u>	<u>(979)</u>
Net change in fund balances	(52,133)	(232,389)	-	(122,093)
Fund balance at beginning of year	886,634	250,227	1,553	2,537,165
Change in nonspendable inventory	-	-	-	-
Change in nonspendable prepaid items	-	-	-	-
Fund balance at end of year	<u>\$ 834,501</u>	<u>\$ 17,838</u>	<u>\$ 1,553</u>	<u>\$ 2,415,072</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2013

(Continued)

	Enterprise Zone / Community Reinvestment Area	Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	-	-	-	-
Other local taxes	-	-	-	-
State levied shared taxes	-	-	-	-
Intergovernmental	-	-	-	-
Fees, licenses, and permits	1,000	-	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	12,899	1,130	4,532
Other	-	-	-	1,275
Total revenues	<u>1,000</u>	<u>12,899</u>	<u>1,130</u>	<u>5,807</u>
Expenditures				
Current				
Security of persons and property	-	6,217	34,947	6,084
Leisure time activities	-	-	-	-
Community environment	9,319	-	-	-
Street maintenance	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>9,319</u>	<u>6,217</u>	<u>34,947</u>	<u>6,084</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,319)</u>	<u>6,682</u>	<u>(33,817)</u>	<u>(277)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(8,319)	6,682	(33,817)	(277)
Fund balance at beginning of year	32,465	80,272	96,400	13,825
Change in nonspendable inventory	-	-	-	-
Change in nonspendable prepaid items	-	-	-	-
Fund balance at end of year	<u>\$ 24,146</u>	<u>\$ 86,954</u>	<u>\$ 62,583</u>	<u>\$ 13,548</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

(Continued)

	Municipal Motor Vehicle License Tax	Federal Law Enforcement	Law Enforcement Assistance	Total Nonmajor Special Revenue
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 525,554
Municipal income taxes	-	-	-	1,295,241
Other local taxes	-	-	-	271,011
State levied shared taxes	109,407	-	-	2,121,924
Intergovernmental	-	-	-	278,983
Fees, licenses, and permits	-	-	-	592,145
Interest earnings	-	-	-	234
Fines and forfeitures	-	-	-	18,561
Other	-	-	-	34,420
Total revenues	<u>109,407</u>	<u>-</u>	<u>-</u>	<u>5,138,073</u>
Expenditures				
Current				
Security of persons and property	-	21,219	-	2,238,284
Leisure time activities	-	-	-	164,663
Community environment	-	-	-	391,219
Street maintenance	108,000	-	-	3,457,639
Capital outlay	-	-	-	240,000
Debt service				
Principal	-	-	-	371,334
Interest	-	-	-	68,521
Total expenditures	<u>108,000</u>	<u>21,219</u>	<u>-</u>	<u>6,931,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,407</u>	<u>(21,219)</u>	<u>-</u>	<u>(1,793,587)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	2,200,000
Transfers out	-	-	-	(804,880)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,395,120</u>
Net change in fund balances	1,407	(21,219)	-	(398,467)
Fund balance at beginning of year	4,301	52,499	13,812	5,775,720
Change in nonspendable inventory	-	-	-	(73,069)
Change in nonspendable prepaid items	-	-	-	(1,675)
Fund balance at end of year	<u>\$ 5,708</u>	<u>\$ 31,280</u>	<u>\$ 13,812</u>	<u>\$ 5,302,509</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - State Highway Improvement Fund For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 143,775	\$ 143,775	\$ 144,682	\$ 907
Total revenues	143,775	143,775	144,682	907
Expenditures				
Current				
Street maintenance				
Other operations	142,000	142,000	142,000	-
Total expenditures	142,000	142,000	142,000	-
Net change in fund balances	1,775	1,775	2,682	907
Fund balance at beginning of year	4,770	4,770	4,770	-
Fund balance at end of year	\$ 6,545	\$ 6,545	\$ 7,452	\$ 907

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Street Construction,
Maintenance and Repair Fund
For the Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local taxes	\$ 318,122	\$ 268,000	\$ 274,160	\$ 6,160
State levied shared taxes	2,246,991	1,765,825	1,784,415	18,590
Fees, licenses, and permits	941,641	740,000	715,556	(24,444)
Other	9,671	7,600	4,284	(3,316)
Total revenues	<u>3,516,425</u>	<u>2,781,425</u>	<u>2,778,415</u>	<u>(3,010)</u>
Expenditures				
Current				
Street maintenance				
Personal services	1,867,150	1,808,650	1,772,315	36,335
Other operations	1,620,159	1,628,659	1,510,584	118,075
Total - street maintenance	<u>3,487,309</u>	<u>3,437,309</u>	<u>3,282,899</u>	<u>154,410</u>
Debt service				
Principal	-	335	334	1
Interest	39	39	39	-
Total expenditures	<u>3,487,348</u>	<u>3,437,683</u>	<u>3,283,272</u>	<u>154,411</u>
Excess (deficiency) of revenues				
over (under) expenditures	29,077	(656,258)	(504,857)	151,401
Other Financing Sources (Uses)				
Transfers in	600,000	600,000	600,000	-
Transfers out	(25,115)	(25,115)	(25,115)	-
Total other financing sources (uses)	<u>574,885</u>	<u>574,885</u>	<u>574,885</u>	<u>-</u>
Net change in fund balances	603,962	(81,373)	70,028	151,401
Fund balance at beginning of year	783,570	783,570	783,570	-
Prior year encumbrances appropriated	112,699	112,699	112,699	-
Fund balance at end of year	<u>\$ 1,500,231</u>	<u>\$ 814,896</u>	<u>\$ 966,297</u>	<u>\$ 151,401</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Police Pension Fund For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 247,222	\$ 247,222	\$ 262,777	\$ 15,555
Other local taxes	188	188	446	258
State levied shared taxes	38,616	38,616	35,085	(3,531)
Total revenues	286,026	286,026	298,308	12,282
Expenditures				
Current				
Security of persons and property				
Personal services	912,111	908,936	897,096	11,840
Other operations	5,500	8,675	8,614	61
Total expenditures	917,611	917,611	905,710	11,901
Excess (deficiency) of revenues over (under) expenditures	(631,585)	(631,585)	(607,402)	24,183
Other Financing Sources (Uses)				
Transfers in	645,000	630,000	630,000	-
Transfers out	(12,268)	(12,268)	(12,268)	-
Total other financing sources (uses)	632,732	617,732	617,732	-
Net change in fund balances	1,147	(13,853)	10,330	24,183
Fund balance at beginning of year	52,727	52,727	52,727	-
Fund balance at end of year	\$ 53,874	\$ 38,874	\$ 63,057	\$ 24,183

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Fire Pension Fund
For the Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 247,222	\$ 247,222	\$ 262,777	\$ 15,555
Other local taxes	240	240	446	206
State levied shared taxes	38,616	38,616	35,085	(3,531)
Intergovernmental	-	-	35,245	35,245
Total revenues	<u>286,078</u>	<u>286,078</u>	<u>333,553</u>	<u>47,475</u>
Expenditures				
Current				
Security of persons and property				
Personal services	1,266,210	1,263,035	1,249,479	13,556
Other operations	5,500	8,675	8,614	61
Total expenditures	<u>1,271,710</u>	<u>1,271,710</u>	<u>1,258,093</u>	<u>13,617</u>
Excess (deficiency) of revenues				
over (under) expenditures	(985,632)	(985,632)	(924,540)	61,092
Other Financing Sources (Uses)				
Transfers in	1,020,000	970,000	970,000	-
Transfers out	(16,518)	(16,518)	(16,518)	-
Total other financing sources (uses)	<u>1,003,482</u>	<u>953,482</u>	<u>953,482</u>	<u>-</u>
Net change in fund balances	17,850	(32,150)	28,942	61,092
Fund balance at beginning of year	81,118	81,118	81,118	-
Fund balance at end of year	<u>\$ 98,968</u>	<u>\$ 48,968</u>	<u>\$ 110,060</u>	<u>\$ 61,092</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Recreation Levy Fund For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income taxes	\$ 1,474,600	\$ 1,474,600	\$ 1,474,600	\$ -
Other	-	-	6,771	6,771
Total revenues	1,474,600	1,474,600	1,481,371	6,771
Expenditures				
Current				
Leisure time activities				
Other operations	160,867	158,867	141,179	17,688
Capital outlay	25,000	25,000	24,751	249
Total - leisure time activities	185,867	183,867	165,930	17,937
Debt service				
Principal	371,000	371,000	371,000	-
Interest	66,482	68,482	68,482	-
Total expenditures	623,349	623,349	605,412	17,937
Excess (deficiency) of revenues over (under) expenditures	851,251	851,251	875,959	24,708
Other Financing Sources (Uses)				
Transfers out	(750,000)	(750,000)	(750,000)	-
Total other financing sources (uses)	(750,000)	(750,000)	(750,000)	-
Net change in fund balances	101,251	101,251	125,959	24,708
Fund balance at beginning of year	505,992	505,992	505,992	-
Prior year encumbrances appropriated	4,224	4,224	4,224	-
Fund balance at end of year	\$ 611,467	\$ 611,467	\$ 636,175	\$ 24,708

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Permissive Tax Fund
For the Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State levied shared taxes	\$ 200,000	\$ 240,000	\$ 240,000	\$ -
Total revenues	200,000	240,000	240,000	-
Expenditures				
Current				
Capital outlay	200,000	240,000	240,000	-
Total expenditures	200,000	240,000	240,000	-
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	2	2	2	-
Fund balance at end of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Community and Economic Development Fund For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Community environment				
Other operations	\$ 1,547	\$ 1,547	\$ -	\$ 1,547
Total expenditures	1,547	1,547	-	1,547
Net change in fund balances	(1,547)	(1,547)	-	1,547
Fund balance at beginning of year	1,553	1,553	1,553	-
Fund balance at end of year	\$ 6	\$ 6	\$ 1,553	\$ 1,547

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Community Development Block
Grant Fund
For the Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 1,487,949	\$ 1,487,949	\$ 246,185	\$ (1,241,764)
Interest earnings	200	200	234	34
Other	469,643	469,643	236,400	(233,243)
Total revenues	<u>1,957,792</u>	<u>1,957,792</u>	<u>482,819</u>	<u>(1,474,973)</u>
Expenditures				
Current				
Community environment				
Personal services	74,624	74,704	74,702	2
Other operations	2,001,396	1,994,815	439,490	1,555,325
Capital outlay	31,732	38,233	38,172	61
Total expenditures	<u>2,107,752</u>	<u>2,107,752</u>	<u>552,364</u>	<u>1,555,388</u>
Excess (deficiency) of revenues over (under) expenditures	(149,960)	(149,960)	(69,545)	80,415
Other Financing Sources (Uses)				
Transfers out	(979)	(979)	(979)	-
Total other financing sources (uses)	<u>(979)</u>	<u>(979)</u>	<u>(979)</u>	<u>-</u>
Net change in fund balances	(150,939)	(150,939)	(70,524)	80,415
Fund balance at beginning of year	223,711	223,711	223,711	-
Prior year encumbrances appropriated	58,808	58,808	58,808	-
Fund balance at end of year	<u>\$ 131,580</u>	<u>\$ 131,580</u>	<u>\$ 211,995</u>	<u>\$ 80,415</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Zone/Community Reinvestment Area Fund For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, licenses, and permits	\$ 2,750	\$ 5,250	\$ 5,250	\$ -
Total revenues	2,750	5,250	5,250	-
Expenditures				
Current				
Community environment				
Other operations	9,850	9,850	9,319	531
Total expenditures	9,850	9,850	9,319	531
Net change in fund balances	(7,100)	(4,600)	(4,069)	531
Fund balance at beginning of year	28,215	28,215	28,215	-
Fund balance at end of year	\$ 21,115	\$ 23,615	\$ 24,146	\$ 531

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Drug Law Enforcement Fund
For the Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 14,000	\$ 20,100	\$ 20,128	\$ 28
Total revenues	14,000	20,100	20,128	28
Expenditures				
Current				
Security of persons and property				
Other operations	17,938	17,938	6,137	11,801
Total expenditures	17,938	17,938	6,137	11,801
Excess (deficiency) of revenues				
over (under) expenditures	(3,938)	2,162	13,991	11,829
Net change in fund balances	(3,938)	2,162	13,991	11,829
Fund balance at beginning of year	71,815	71,815	71,815	-
Fund balance at end of year	<u>\$ 67,877</u>	<u>\$ 73,977</u>	<u>\$ 85,806</u>	<u>\$ 11,829</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Trust Fund For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 10,000	\$ 1,300	\$ 1,309	\$ 9
Total revenues	10,000	1,300	1,309	9
Expenditures				
Current				
Security of persons and property				
Other operations	37,667	37,667	34,947	2,720
Total expenditures	37,667	37,667	34,947	2,720
Excess (deficiency) of revenues over (under) expenditures				
	(27,667)	(36,367)	(33,638)	2,729
Net change in fund balances	(27,667)	(36,367)	(33,638)	2,729
Fund balance at beginning of year	96,221	96,221	96,221	-
Fund balance at end of year	\$ 68,554	\$ 59,854	\$ 62,583	\$ 2,729

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Enforcement and Education Fund
For the Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 4,500	\$ 4,000	\$ 4,354	\$ 354
Other	2,075	2,075	1,680	(395)
Total revenues	6,575	6,075	6,034	(41)
Expenditures				
Current				
Security of persons and property				
Other operations	3,600	6,100	6,084	16
Total expenditures	3,600	6,100	6,084	16
Net change in fund balances	2,975	(25)	(50)	(25)
Fund balance at beginning of year	13,200	13,200	13,200	-
Fund balance at end of year	<u>\$ 16,175</u>	<u>\$ 13,175</u>	<u>\$ 13,150</u>	<u>\$ (25)</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Motor Vehicle License Tax Fund For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 108,000	\$ 108,000	\$ 109,407	\$ 1,407
Total revenues	108,000	108,000	109,407	1,407
Expenditures				
Current				
Street maintenance				
Other operations	108,000	108,000	108,000	-
Total expenditures	108,000	108,000	108,000	-
Net change in fund balances	-	-	1,407	1,407
Fund balance at beginning of year	4,301	4,301	4,301	-
Fund balance at end of year	\$ 4,301	\$ 4,301	\$ 5,708	\$ 1,407

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Federal Law Enforcement Fund
For the Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Current				
Security of persons and property				
Other operations	\$ 23,000	\$ 23,000	\$ 22,044	\$ 956
Total expenditures	<u>29,000</u>	<u>29,000</u>	<u>22,044</u>	<u>6,956</u>
Net change in fund balances	(29,000)	(29,000)	(22,044)	6,956
Fund balance at beginning of year	52,499	52,499	52,499	-
Fund balance at end of year	<u>\$ 23,499</u>	<u>\$ 23,499</u>	<u>\$ 30,455</u>	<u>\$ 6,956</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Assistance Fund For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Security of persons and property				
Other operations	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Total expenditures	5,000	5,000	-	5,000
Net change in fund balances	(5,000)	(5,000)	-	5,000
Fund balance at beginning of year	13,812	13,812	13,812	-
Fund balance at end of year	\$ 8,812	\$ 8,812	\$ 13,812	\$ 5,000

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund
For the Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest earnings	\$ 650	\$ 650	\$ 485	\$ (165)
Special Assessments	-	-	398	398
Total revenues	650	650	883	233
Expenditures				
Current				
General government				
Other operations	-	60	55	5
Total - general government	-	60	55	5
Debt service				
Principal	451,852	451,852	451,852	-
Interest	49,026	49,026	49,026	-
Total expenditures	500,878	500,938	500,933	5
Excess (deficiency) of revenues				
over (under) expenditures	(500,228)	(500,288)	(500,050)	238
Other Financing Sources (Uses)				
Transfers in	500,000	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	500,000	-
Net change in fund balances	(228)	(288)	(50)	238
Fund balance at beginning of year	10,265	10,265	10,265	-
Fund balance at end of year	<u>\$ 10,037</u>	<u>\$ 9,977</u>	<u>\$ 10,215</u>	<u>\$ 238</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Capital Improvement Reserve Fund For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	\$ 150,000	\$ 141,500	\$ 127,948	\$ (13,552)
Special assessments	-	-	2,174	2,174
Other	33,000	33,000	24,202	(8,798)
Total revenues	183,000	174,500	154,324	(20,176)
Expenditures				
Current				
General government				
Other operations	3,750	3,750	1,821	1,929
Total expenditures	3,750	3,750	1,821	1,929
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	179,250	170,750	152,503	(18,247)
Other Financing Sources (Uses)				
Transfers out	(185,000)	(185,000)	(185,000)	-
Total other financing sources (uses)	(185,000)	(185,000)	(185,000)	-
Net change in fund balances	(5,750)	(14,250)	(32,497)	(18,247)
Fund balance at beginning of year	100,324	100,324	100,324	-
Fund balance at end of year	\$ 94,574	\$ 86,074	\$ 67,827	\$ (18,247)

Internal Service Funds

Internal Service Funds	To account for the financing of goods or services provided by one department of the City to other departments of the City on a cost reimbursement basis.
Garage	To account for the cost of maintenance facility for automotive equipment used by various City departments. The costs of services provided are billed to the various user departments.
Office Supply	To account for the cost of central purchasing of office supplies and custodial products used by various City departments.
Self-Insurance	To account for the cost of medical benefits and life insurance provided to the City's employees.
Workers' Compensation	To account for the cost of workers' compensation claims and administrative costs incurred by City employees.
Compensated Absences	To accumulate sums sufficient to defray anticipated employee benefit payments. In addition, Ordinance 70-2012, authorized this fund to accumulate amounts through transfers, sufficient to meet the excess personal services associated with a twenty-seventh pay period in 2015.

City of Cuyahoga Falls, Ohio

Combining Statement of Net Position - Governmental Activities Internal Service Funds December 31, 2013

	Garage	Office Supply	Self Insurance	Workers' Compensation
Assets				
Current Assets				
Equity in pooled cash and cash equivalents	\$ 12,446	\$ 6,973	\$ 3,037,892	\$ 1,882,964
Receivables				
Accounts				
(net of allowance for uncollectibles)	-	-	521	-
Due from other funds	-	-	-	40,372
Inventory of supplies	154,039	10,775	-	-
Prepaid items	2,311	-	-	-
Total current assets	<u>168,796</u>	<u>17,748</u>	<u>3,038,413</u>	<u>1,923,336</u>
Noncurrent Assets				
Capital Assets				
Land	21,960	-	-	-
Buildings	105,958	-	-	-
Improvements other than buildings	260,029	-	-	-
Equipment	168,747	-	-	-
Less: Accumulated depreciation	(502,020)	-	-	-
Total noncurrent assets	<u>54,674</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>223,470</u>	<u>17,748</u>	<u>3,038,413</u>	<u>1,923,336</u>
Liabilities				
Current Liabilities				
Accounts payable	87,101	-	-	-
Accrued salaries, wages and benefits	13,467	-	-	-
Accrued compensated absences	-	-	-	-
Due to other funds	4,681	-	-	-
Due to other governments	2,074	-	-	285,930
Claims and judgments payable	-	-	423,486	149,156
Capital lease obligations	344	-	-	-
Total current liabilities	<u>107,667</u>	<u>-</u>	<u>423,486</u>	<u>435,086</u>
Noncurrent Liabilities				
Accrued compensated absences	-	-	-	-
Claims and judgments payable	-	-	-	280,153
Other post-employment benefit obligation	-	-	1,541,127	-
Capital lease obligations	782	-	-	-
Total Noncurrent Liabilities	<u>782</u>	<u>-</u>	<u>1,541,127</u>	<u>280,153</u>
Total liabilities	<u>108,449</u>	<u>-</u>	<u>1,964,613</u>	<u>715,239</u>
Net Position				
Net investment in capital assets	53,548	-	-	-
Unrestricted	61,473	17,748	1,073,800	1,208,097
Total net position	<u>\$ 115,021</u>	<u>\$ 17,748</u>	<u>\$ 1,073,800</u>	<u>\$ 1,208,097</u>

Combining Statement of Net Position - Governmental Activities Internal Service Funds
December 31, 2013

(Continued)

	<u>Compensated Absences</u>	<u>Total</u>
Assets		
Current Assets		
Equity in pooled cash and cash equivalents	\$ 2,228,976	\$ 7,169,251
Receivables		
Accounts		
(net of allowance for uncollectibles)	-	521
Due from other funds	-	40,372
Inventory of supplies	-	164,814
Prepaid items	-	2,311
Total current assets	<u>2,228,976</u>	<u>7,377,269</u>
Noncurrent Assets		
Capital Assets		
Land	-	21,960
Buildings	-	105,958
Improvements other than buildings	-	260,029
Equipment	-	168,747
Less: Accumulated depreciation	-	(502,020)
Total noncurrent assets	<u>-</u>	<u>54,674</u>
Total assets	<u>2,228,976</u>	<u>7,431,943</u>
Liabilities		
Current Liabilities		
Accounts payable	-	87,101
Accrued salaries, wages and benefits	-	13,467
Accrued compensated absences	1,498,492	1,498,492
Due to other funds	-	4,681
Due to other governments	-	288,004
Claims and judgments payable	-	572,642
Capital lease obligations	-	344
Total current liabilities	<u>1,498,492</u>	<u>2,464,731</u>
Noncurrent Liabilities		
Accrued compensated absences	6,652,455	6,652,455
Claims and judgments payable	-	280,153
Other post-employment benefit obligation	-	1,541,127
Capital lease obligations	-	782
Total Noncurrent Liabilities	<u>6,652,455</u>	<u>8,474,517</u>
Total liabilities	<u>8,150,947</u>	<u>10,939,248</u>
Net Position		
Net investment in capital assets	-	53,548
Unrestricted	(5,921,971)	(3,560,853)
Total net position	<u>\$ (5,921,971)</u>	<u>\$ (3,507,305)</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenses and Changes in Net Position - Governmental Activities Internal Service Funds For the Year Ended December 31, 2013

	<u>Garage</u>	<u>Office Supply</u>	<u>Self- Insurance</u>	<u>Workers' Compensation</u>
Operating revenues				
Charges for services	\$ 2,189,115	\$ 44,004	\$ 5,331,270	\$ 919,491
Other	3,944	-	184,312	248,634
Total operating revenues	<u>2,193,059</u>	<u>44,004</u>	<u>5,515,582</u>	<u>1,168,125</u>
Operating Expenses				
Personal services	344,289	-	-	-
Fringe benefits	147,931	-	5,063,799	358,741
Materials and supplies	1,277,650	37,615	-	-
Utilities	10,914	-	-	-
Contractual services	78,969	-	34,333	23,590
Internal charges	168,501	-	-	36
Other	199,252	-	20,268	5,363
Depreciation	3,170	-	-	-
Total operating expenses	<u>2,230,676</u>	<u>37,615</u>	<u>5,118,400</u>	<u>387,730</u>
Net income (loss) from operations	<u>(37,617)</u>	<u>6,389</u>	<u>397,182</u>	<u>780,395</u>
Nonoperating Revenues (Expenses)				
Interest revenue	-	-	-	4,300
Interest expense	(39)	-	-	-
Total nonoperating revenues (expenses)	<u>(39)</u>	<u>-</u>	<u>-</u>	<u>4,300</u>
Income (loss) before contributions and transfers	<u>(37,656)</u>	<u>6,389</u>	<u>397,182</u>	<u>784,695</u>
Transfers in	-	-	-	-
Transfers out	(6,980)	-	-	-
Changes in net position	<u>(44,636)</u>	<u>6,389</u>	<u>397,182</u>	<u>784,695</u>
Total net position - beginning, as restated	159,657	11,359	676,618	423,402
Total net position - ending	<u>\$ 115,021</u>	<u>\$ 17,748</u>	<u>\$ 1,073,800</u>	<u>\$ 1,208,097</u>

**Combining Statement of Revenues, Expenses and Changes in Net Position -
Governmental Activities Internal Service Funds
For the Year Ended December 31, 2013**

(Continued)

	<u>Compensated Absences</u>	<u>Total</u>
Operating revenues		
Charges for services	\$ 750,000	\$ 9,233,880
Other	-	436,890
Total operating revenues	<u>750,000</u>	<u>9,670,770</u>
Operating Expenses		
Personal services	443,299	787,588
Fringe benefits	-	5,570,471
Materials and supplies	-	1,315,265
Utilities	-	10,914
Contractual services	-	136,892
Internal charges	-	168,537
Other	-	224,883
Depreciation	-	3,170
Total operating expenses	<u>443,299</u>	<u>8,217,720</u>
Net income (loss) from operations	<u>306,701</u>	<u>1,453,050</u>
Nonoperating Revenues (Expenses)		
Interest revenue	-	4,300
Interest expense	-	(39)
Total nonoperating revenues (expenses)	<u>-</u>	<u>4,261</u>
Income (loss) before contributions and transfers	<u>306,701</u>	<u>1,457,311</u>
Transfers in	427,024	427,024
Transfers out	-	(6,980)
Changes in net position	<u>733,725</u>	<u>1,877,355</u>
Total net position - beginning, as restated	(6,655,696)	(5,384,660)
Total net position - ending	<u>\$ (5,921,971)</u>	<u>\$ (3,507,305)</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds For the Year Ended December 31, 2013

	<u>Garage</u>	<u>Office Supply</u>	<u>Self- Insurance</u>	<u>Workers' Compensation</u>
Cash Flows From Operating Activities				
Activities				
Cash received from customers	\$ 2,193,059	\$ 44,004	\$ 5,515,348	\$ 1,160,881
Cash payments to employees for services	(345,832)	-	-	-
Cash payments to employees for benefits	(148,216)	-	(4,750,216)	(723,492)
Cash payments to suppliers for goods and services	(1,693,192)	(41,497)	(54,601)	(28,989)
Net cash provided (used in) by operating activities	5,819	2,507	710,531	408,400
Cash Flows From Non-Capital				
Financing Activities				
Transfers in	-	-	-	-
Transfers out	(6,980)	-	-	-
Net cash provided by (used in) non-capital financing activities	(6,980)	-	-	-
Cash Flows From Capital and Related Financing Activities				
Debt service				
Principal	(334)	-	-	-
Interest	(39)	-	-	-
Net cash used in capital and related financing activities	(373)	-	-	-
Cash Flows From Investing Activities				
Interest revenue	-	-	-	4,300
Net cash used in investing activities	-	-	-	4,300
Net increase (decrease) in cash and cash equivalents	(1,534)	2,507	710,531	412,700
Cash and cash equivalents at beginning of year	13,980	4,466	2,327,361	1,470,264
Cash and cash equivalents at end of year	<u>\$ 12,446</u>	<u>\$ 6,973</u>	<u>\$ 3,037,892</u>	<u>\$ 1,882,964</u>

**Combining Statement of Cash Flows - Governmental Activities Internal Service Funds
For the Year Ended December 31, 2013**

(Continued)

	<u>Compensated Absences</u>	<u>Totals</u>
Cash Flows From Operating Activities		
Activities		
Cash received from customers	\$ 750,000	\$ 9,663,292
Cash payments to employees for services	(382,847)	(728,679)
Cash payments to employees for benefits	-	(5,621,924)
Cash payments to suppliers for goods and services	-	(1,818,279)
Net cash provided (used in) by operating activities	367,153	1,494,410
Cash Flows From Non-Capital		
Financing Activities		
Transfers in	427,024	427,024
Transfers out	-	(6,980)
Net cash provided by (used in) non-capital financing activities	427,024	420,044
Cash Flows From Capital and		
Related Financing Activities		
Debt service		
Principal	-	(334)
Interest	-	(39)
Net cash used in capital and related financing activities	-	(373)
Cash Flows From Investing Activities		
Interest revenue	-	4,300
Net cash used in investing activities	-	4,300
Net increase (decrease) in cash and cash equivalents	794,177	1,918,381
Cash and cash equivalents at beginning of year	1,434,799	5,250,870
Cash and cash equivalents at end of year	<u>\$ 2,228,976</u>	<u>\$ 7,169,251</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds For the Year Ended December 31, 2013

(Continued)

	<u>Garage</u>	<u>Office Supply</u>	<u>Self- Insurance</u>	<u>Workers' Compensation</u>
Reconciliation of Operating Income (Loss) to Net				
Cash Provided (Used) By Operating Activities:				
Operating income (loss)	\$ (37,617)	\$ 6,389	\$ 397,182	\$ 780,395
Adjustments to reconcile operating				
Income (Loss) to Net Cash				
provided by operating activities:				
Depreciation	3,170	-	-	-
Decrease (increase) in operating assets and increase				
(decrease) in operating liabilities:				
Receivables	-	-	(234)	-
Due from other funds	-	-	-	(7,244)
Inventory of supplies	40,077	(3,882)	-	-
Prepaid items	129	-	4,649	-
Accounts payable				
- net of items affecting capital assets	2,154	-	-	-
Accrued salaries, wages and benefits	(1,543)	-	-	-
Due to other funds	(312)	-	-	-
Due to other governments	(239)	-	-	(38,552)
Other post-employment benefit obligation	-	-	194,909	-
Claims payable	-	-	114,025	(326,199)
Total adjustments	<u>43,436</u>	<u>(3,882)</u>	<u>313,349</u>	<u>(371,995)</u>
Net cash provided by (used in) operating activities	<u>\$ 5,819</u>	<u>\$ 2,507</u>	<u>\$ 710,531</u>	<u>\$ 408,400</u>

**Combining Statement of Cash Flows - Governmental Activities Internal Service Funds
For the Year Ended December 31, 2013**

(Continued)

	<u>Compensated Absences</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating income (loss)	\$ 306,701	\$ 1,453,050
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:		
Depreciation	-	3,170
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:		
Receivables	-	(234)
Due from other funds	-	(7,244)
Inventory of supplies	-	36,195
Prepaid items	-	4,778
Accounts payable		
- net of items affecting capital assets	-	2,154
Accrued salaries, wages and benefits	60,452	58,909
Due to other funds	-	(312)
Due to other governments	-	(38,791)
Other post-employment benefit obligation	-	194,909
Claims payable	-	(212,174)
Total adjustments	<u>60,452</u>	<u>41,360</u>
Net cash provided by (used in) operating activities	<u>\$ 367,153</u>	<u>\$ 1,494,410</u>

Fiduciary Funds – Agency Funds

Agency Funds

Agency funds are established to account for assets received and held by the City acting in the capacity of an agent or custodian.

Guarantee Deposits

To account for funds received from a contractor, developer or individual to ensure compliance with the ordinances of the City. Upon satisfactory completion of the project, the deposit is returned to the individual, developer or contractor.

Unclaimed Monies

To account for monies held by the City and Municipal Court pending identification of the individual or organization entitled to the money.

Employee Withholding

To account for amounts withheld from the payroll of the City's employees.

State Cases-Fines and Forfeitures

To account for the portion of Municipal Court fines and forfeitures forwarded to the City, which must be remitted to the County Law Library Association.

**Combining Statement of Assets and Liabilities - Fiduciary Funds
December 31, 2013**

	<u>Agency Funds</u>				
	<u>Guarantee Deposits</u>	<u>Unclaimed Monies</u>	<u>Employee Withholding</u>	<u>State Cases Fines and Forfeitures</u>	<u>Totals</u>
Assets					
Current Assets					
Equity in pooled cash and cash equivalents	\$3,391,757	\$ 210,580	\$ 977,077	\$ 15,993	\$4,595,407
Due from other governments	-	-	211,060	-	211,060
Total assets	<u>\$3,391,757</u>	<u>\$ 210,580</u>	<u>\$ 1,188,137</u>	<u>\$ 15,993</u>	<u>\$4,806,467</u>
Liabilities					
Current Liabilities					
Due to other governments	\$ 241,156	\$ -	\$ 1,155,818	\$ 15,993	\$1,412,967
Deposits held and due to others	3,150,601	210,580	32,319	-	3,393,500
Total liabilities	<u>\$3,391,757</u>	<u>\$ 210,580</u>	<u>\$ 1,188,137</u>	<u>\$ 15,993</u>	<u>\$4,806,467</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds For the Year Ended December 31, 2013

	Agency Funds				Totals
	Guarantee Deposits	Unclaimed Monies	Employee Withholding	State Cases Fines and Forfeitures	
Assets					
Balance January 1, 2013	\$ 488,433	\$ 211,943	\$ 1,189,458	\$ 13,943	\$ 1,903,777
Additions	3,903,768	8,117	14,466,927	338,420	18,717,232
Deletions	(1,000,444)	(9,480)	(14,468,248)	(336,370)	(15,814,542)
Balance December 31, 2013	<u>\$ 3,391,757</u>	<u>\$ 210,580</u>	<u>\$ 1,188,137</u>	<u>\$ 15,993</u>	<u>\$ 4,806,467</u>
Liabilities					
Balance January 1, 2013	\$ 488,433	\$ 211,943	\$ 1,189,458	\$ 13,943	\$ 1,903,777
Additions	3,903,768	8,117	14,466,927	338,420	18,717,232
Deletions	(1,000,444)	(9,480)	(14,468,248)	(336,370)	(15,814,542)
Balance December 31, 2013	<u>\$ 3,391,757</u>	<u>\$ 210,580</u>	<u>\$ 1,188,137</u>	<u>\$ 15,993</u>	<u>\$ 4,806,467</u>

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STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Pages
<i>Financial Trends</i>	142-151
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	152-157
These schedules contain information to help the reader assess the City’s most significant local revenue, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	158-164
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	165-166
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<i>Operating Information</i>	167-169
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

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

City of Cuyahoga Falls, Ohio

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

	2013	2012	2011	2010	2009
Government activities					
Net investment in capital assets	\$ 86,719,724	\$ 83,694,616	\$ 81,516,344	\$ 77,734,747	\$ 78,407,401
Restricted:					
Capital projects	-	11,336,227	9,728,552	8,287,795	6,260,920
Debt service	7,447	6,179	4,209	1,310	5,846
Special revenue	2,415,072	2,536,928	2,137,829	2,424,557	5,960,254
Permanent fund purpose:					
Nonexpendable - Cemetery					
Perpetual Care	231,846	229,900	227,586	225,240	221,674
Unrestricted	14,813,406	14,753,611	12,554,686	13,316,106	6,389,169
Total governmental activities net position	104,187,495	112,557,461	106,169,206	101,989,755	97,245,264
Business-type activities					
Invested in capital assets,					
net of related debt	70,628,251	65,775,358	63,255,627	59,152,090	57,049,158
Unrestricted	31,698,133	31,349,820	26,317,573	27,381,062	23,464,702
Total business-type activities net position	102,326,384	97,125,178	89,573,200	86,533,152	80,513,860
Primary government					
Invested in capital assets	157,347,975	149,469,974	144,771,971	136,886,837	135,456,559
Restricted	2,654,365	14,109,234	12,098,176	10,938,902	12,448,694
Unrestricted	46,511,539	46,103,431	38,872,259	40,697,168	29,853,871
Total primary government net position	\$ 206,513,879	\$ 209,682,639	\$ 195,742,406	\$ 188,522,907	\$ 177,759,124

**City of Cuyahoga Falls, Ohio
Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)**

(Continued)

	2008	2007	2006*	2005	2004
Government activities					
Net investment in capital assets	\$ 74,834,451	\$ 72,851,175	\$ 63,756,095	\$ 38,207,868	\$ 35,151,575
Restricted:					
Capital projects	8,757,570	7,666,526	7,652,709	4,765,286	5,095,610
Debt service	109,044	187,018	273,777	404,311	482,412
Special revenue	7,237,562	7,717,100	7,701,388	6,374,529	6,379,774
Permanent fund purpose:					
Nonexpendable - Cemetery					
Perpetual Care	219,104	211,778	206,323	206,449	191,864
Unrestricted	8,315,681	6,880,274	4,394,906	5,502,764	6,528,533
Total governmental activities net position	99,473,412	95,513,871	83,985,198	55,461,207	53,829,768
Business-type activities					
Invested in capital assets,					
net of related debt	54,994,967	52,366,850	42,747,830	35,582,143	34,362,869
Unrestricted	23,217,163	23,613,766	19,945,749	17,179,978	21,390,836
Total business-type activities net position	78,212,130	75,980,616	62,693,579	52,762,121	55,753,705
Primary government					
Invested in capital assets	129,829,418	125,218,025	106,503,925	73,790,011	69,514,444
Restricted	16,323,280	15,782,422	15,834,197	11,750,575	12,149,660
Unrestricted	31,532,844	30,494,040	24,340,655	22,682,742	27,919,369
Total primary government net position	\$ 177,685,542	\$ 171,494,487	\$ 146,678,777	\$ 108,223,328	\$ 109,583,473

* restated.

City of Cuyahoga Falls, Ohio

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

	2013	2012	2011	2010	2009
Program revenue					
Governmental activities:					
Charges for services:					
Security of persons and property	\$ 464,166	\$ 488,609	\$ 450,004	\$ 841,421	\$ 825,083
Leisure time activities	235,225	234,159	258,260	257,082	268,330
Community environment	160,817	549,529	467,296	244,959	286,740
Basic utility services	-	-	-	-	-
Street maintenance	713,510	918,403	1,028,191	752,876	802,949
General government	4,962,276	4,863,081	5,135,984	4,585,060	3,393,691
Total charges for services	6,535,994	7,053,781	7,339,735	6,681,398	5,576,793
Operating grants & contributions:					
Security of persons and property	\$ 278,024	\$ 38,835	\$ 22,000	\$ 103,795	\$ 21,614
Community environment	300,219	1,527,648	896,296	1,117,721	1,088,129
Street maintenance	2,038,054	2,015,210	2,039,513	2,076,788	2,036,360
General government	-	-	-	-	169,851
Total operating grants & contributions	2,616,297	3,581,693	2,957,809	3,298,304	3,315,954
Capital grants & contributions:					
Security of persons and property	\$ 110,983	\$ 154,752	\$ 209,009	\$ 202,401	\$ 167,086
Leisure time activities	-	-	-	-	-
Community environment	721,956	276,683	672,090	2,414,054	1,505,326
Basic utility services	-	-	-	-	-
Street maintenance	3,568,526	2,595,489	2,557,716	1,520,007	267,799
General government	-	-	-	-	-
Total capital grants & contributions	4,401,465	3,026,924	3,438,815	4,136,462	1,940,211
Total governmental activities program revenue	13,553,756	13,662,398	13,736,359	14,116,164	10,832,958
Business-type activity:					
Charges for service:					
Sewage and disposal	5,883,183	6,560,233	6,172,519	6,078,591	5,471,829
Water	5,997,979	6,287,031	5,401,541	5,024,010	4,858,853
Electric	40,671,375	40,256,836	39,341,257	41,058,338	36,663,940
Sanitation	3,769,257	3,668,307	3,716,577	3,662,532	3,603,540
Leisure time activities	5,690,602	6,046,646	5,910,168	5,952,524	5,770,797
Storm Drainage Utility	1,221,761	1,184,081	1,145,213	1,164,926	1,121,483
Total charges for services	63,234,157	64,003,134	61,687,275	62,940,921	57,490,442
Operating Grants & Contributions:					
Sewage and disposal	-	-	-	-	22,994
Water	-	-	122,379	35,892	-
Electric	-	-	8,392	28,669	-
Sanitation	45,248	40,199	47,815	48,857	43,633
Storm Drainage Utility	-	-	-	-	-
Total operating grants & contributions	45,248	40,199	178,586	113,418	66,627
Capital grants & contributions:					
Sewage and disposal	60,999	30,008	-	-	227,287
Water	709,571	130,039	-	-	-
Electric	-	34,866	-	-	-
Leisure time activities	-	-	-	-	49,767
Storm Drainage Utility	978,980	122,488	-	-	-
Total capital grants & contributions	1,749,550	317,401	-	-	277,054
Total business-type activities	65,028,955	64,360,734	61,865,861	63,054,339	57,834,123
Total primary government program revenue	\$ 78,582,711	\$ 78,023,132	\$ 75,602,220	\$ 77,170,503	\$ 68,667,081

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

(Continued)

	2008	2007	2006*	2005	2004
Program revenue					
Governmental activities:					
Charges for services:					
Security of persons and property	\$ 930,710	\$ 1,023,881	\$ 978,736	\$ 684,768	\$ 645,102
Leisure time activities	279,860	250,371	255,650	239,984	193,635
Community environment	513,776	279,550	130,823	167,069	176,127
Basic utility services	-	-	-	709,400	347,960
Street maintenance	839,217	687,752	582,229	539,573	520,780
General government	7,968,738	7,733,297	7,596,686	7,560,416	7,520,335
Total charges for services	10,532,301	9,974,851	9,544,124	9,901,210	9,403,939
Operating grants & contributions:					
Security of persons and property	71,412	19,000	25,022	55,525	46,009
Community environment	775,617	703,273	697,364	795,079	34,028
Street maintenance	2,131,732	2,054,855	2,210,818	1,852,241	1,860,521
General government	50,209	402,570	34,564	-	159,891
Total operating grants & contributions	3,028,970	3,179,698	2,967,768	2,702,845	2,100,449
Capital grants & contributions:					
Security of persons and property	73,618	187,906	333,676	85,120	162,000
Leisure time activities	-	-	-	-	-
Community environment	989,980	961,320	-	-	-
Basic utility services	-	-	-	5,346	-
Street maintenance	695,309	5,147,437	614,022	991,656	2,628,907
General government	30,000	-	-	-	-
Total capital grants & contributions	1,788,907	6,296,663	947,698	1,082,122	2,790,907
Total governmental activities program revenue	15,350,178	19,451,212	13,459,590	13,686,177	14,295,295
Business-type activity:					
Charges for service:					
Sewage and disposal	6,268,389	6,717,068	6,571,563	6,403,396	5,330,292
Water	5,125,578	4,850,997	5,165,054	5,091,414	4,689,048
Electric	34,032,741	35,463,844	35,085,559	31,513,528	27,223,637
Sanitation	3,781,680	3,918,962	3,853,452	3,876,815	3,831,498
Leisure time activities	5,881,339	5,700,915	5,427,157	5,054,198	3,675,022
Storm Drainage Utility	1,135,860	1,165,099	715,863	-	-
Total charges for services	56,225,587	57,816,885	56,818,648	51,939,351	44,749,497
Operating Grants & Contributions:					
Sewage and disposal	-	-	-	-	-
Water	217	-	-	-	-
Electric	7,217	-	-	-	-
Sanitation	52,870	50,515	47,900	106,872	58,329
Total operating grants & contributions	60,304	50,515	47,900	106,872	58,329
Capital grants & contributions:					
Sewage and disposal	-	2,759,859	17,531	-	-
Water	-	1,790,259	-	-	-
Electric	-	435,852	-	-	-
Leisure time activities	210,320	45,348	38,245	54,391	541,805
Storm Drainage Utility	914	1,910,197	56,075	-	-
Total capital grants & contributions	211,234	6,941,515	111,851	54,391	541,805
Total business-type activities	56,497,125	64,808,915	56,978,399	52,100,614	45,349,631
Total primary government program revenue	\$ 71,847,303	\$ 84,260,127	\$ 70,437,989	\$ 65,786,791	\$ 59,644,926

* restated.

City of Cuyahoga Falls, Ohio

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

(Continued)

	2013	2012	2011	2010	2009
Expenses					
Governmental activities:					
Security of persons and property	\$ 19,226,088	\$ 18,943,973	\$ 20,176,824	\$ 20,486,414	\$ 23,430,589
Leisure time activities	2,448,177	2,404,181	2,582,822	2,412,432	2,644,714
Community environment	15,185,794	2,815,456	2,698,449	4,220,657	2,425,183
Basic utility services	-	-	-	-	-
Street maintenance	7,527,258	6,666,398	7,635,326	8,110,272	6,936,730
General government	8,189,412	9,011,136	7,809,403	7,648,904	9,098,070
Interest and fiscal charges	213,290	290,053	364,645	425,181	751,598
Total governmental activities expenses	52,790,019	40,131,197	41,267,469	43,303,860	45,286,884
Business-type activity:					
Sewage and disposal	6,024,160	6,034,476	6,480,165	5,497,927	5,190,156
Water	4,050,811	4,078,386	4,215,863	4,266,999	4,552,145
Electric	43,174,472	37,381,756	38,945,071	38,965,035	37,217,341
Sanitation	3,277,406	3,411,871	3,635,573	3,081,240	3,258,406
Leisure time activities	6,268,527	6,903,412	6,551,561	6,328,933	6,604,706
Storm Drainage Utility	1,052,954	1,125,601	1,124,710	951,755	789,037
Total business-type activities expenses	63,848,330	58,935,502	60,952,943	59,091,889	57,611,791
Total primary government program expenses	116,638,349	99,066,699	102,220,412	102,395,749	102,898,675
Net (expense)/revenue					
Governmental activity	(39,236,263)	(26,468,799)	(27,531,110)	(29,187,696)	(34,453,926)
Business-type activity	1,180,625	5,425,232	912,918	3,962,450	222,332
Total primary government net expense	\$ (38,055,638)	\$ (21,043,567)	\$ (26,618,192)	\$ (25,225,246)	\$ (34,231,594)
General revenues and other changes in net position					
Governmental activities					
Property and other local taxes Levied for:					
General purposes	\$ 9,176,765	\$ 8,908,341	\$ 9,965,744	\$ 10,429,421	\$ 10,414,278
Special revenue	791,351	792,443	831,460	811,514	796,234
Income tax levied for:					
General purposes	12,697,834	12,631,773	11,727,223	12,171,153	11,623,452
Special revenue	1,620,915	1,612,480	1,497,013	1,553,682	1,483,767
Capital projects	5,942,676	5,911,758	5,488,423	5,696,184	5,439,858
Grants and entitlements not restricted to specific programs	4,427,998	4,885,357	4,028,813	4,955,712	4,130,199
Gain or (loss) on sale of capital assets	92,019	48,447	-	98,731	(79,417)
Investment earnings	137,320	193,201	299,015	272,491	488,939
Transfers	(2,047,509)	(2,126,746)	(2,127,130)	(2,056,701)	(2,071,532)
Total governmental activities	32,839,369	32,857,054	31,710,561	33,932,187	32,225,778
Business-type activity					
Gain or (loss) on sale of capital assets	-	-	-	-	-
Investment earnings	-	-	-	141	7,866
Transfers	2,047,509	2,126,746	2,127,130	2,056,701	2,071,532
Total Business-type activity	2,047,509	2,126,746	2,127,130	2,056,842	2,079,398
Total primary government general revenue and other changes in net position	34,886,878	34,983,800	33,837,691	35,989,029	34,305,176
Change in net position					
Governmental Activities	(6,396,894)	6,388,255	4,179,451	4,744,491	(2,228,148)
Business Type Activities	3,228,134	7,551,978	3,040,048	6,019,292	2,301,730
Total primary government change in net position	\$ (3,168,760)	\$ 13,940,233	\$ 7,219,499	\$ 10,763,783	\$ 73,582

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

(Continued)

	2008	2007	2006*	2005	2004
Expenses					
Governmental activities:					
Security of persons and property	\$ 20,885,650	\$ 21,077,044	\$ 22,964,331	\$ 21,496,125	\$ 20,192,572
Leisure time activities	2,811,353	2,693,863	2,582,070	2,760,272	3,314,284
Community environment	1,927,929	1,634,740	1,619,169	1,779,710	1,769,864
Basic utility services	-	-	20,035	234,855	373,625
Street maintenance	8,417,596	6,786,311	6,775,417	6,785,927	5,652,789
General government	11,286,008	10,875,233	10,153,078	10,302,655	9,702,519
Interest and fiscal charges	673,816	562,128	634,318	628,253	610,705
Total governmental activities expenses	46,002,352	43,629,319	44,748,418	43,987,797	41,616,358
Business-type activity:					
Sewage and disposal	5,445,620	5,440,729	5,262,109	5,502,949	5,573,901
Water	4,773,648	4,608,542	4,505,282	4,922,686	4,396,443
Electric	35,185,035	32,683,194	32,211,414	35,265,345	26,996,163
Sanitation	3,542,028	3,686,234	3,835,257	3,876,126	4,239,813
Leisure time activities	6,611,629	6,630,226	6,804,244	6,709,165	5,379,234
Storm Drainage Utility	427,802	309,254	337,388	-	-
Total business-type activities expenses	55,985,762	53,358,179	52,955,694	56,276,271	46,585,554
Total primary government program expenses	101,988,114	96,987,498	97,704,112	100,264,068	88,201,912
Net (expense)/revenue					
Governmental activity	(30,652,174)	(24,178,107)	(31,288,828)	(30,301,620)	(27,321,063)
Business-type activity	511,363	11,450,736	4,022,705	(4,175,657)	(1,235,923)
Total primary government net expense	\$ (30,140,811)	\$ (12,727,371)	\$ (27,266,123)	\$ (34,477,277)	\$ (28,556,986)
General revenues and other changes in net position					
Governmental activities					
Property and other local taxes Levied for:					
General purposes	\$ 10,440,198	\$ 10,465,304	\$ 10,446,887	\$ 9,614,843	\$ 9,598,065
Special revenue	824,016	833,685	595,591	546,928	540,227
Income tax levied for:					
General purposes	11,765,637	11,684,711	11,082,744	10,660,150	11,522,505
Special revenue	1,501,916	1,491,586	1,414,743	1,360,797	1,470,156
Capital projects	5,506,400	5,468,528	5,186,801	4,989,241	5,389,618
Grants and entitlements not restricted to specific programs	5,020,191	5,324,452	4,571,615	4,891,355	4,872,500
Gain or (loss) on sale of capital assets	54,372	116,724	31,310	-	(742,563)
Investment earnings	1,177,816	2,158,091	2,043,801	1,053,818	390,583
Transfers	(1,678,831)	(1,836,301)	(1,399,592)	(1,184,073)	(729,945)
Total governmental activities	34,611,715	35,706,780	33,973,900	31,933,059	32,311,146
Business-type activity					
Gain or (loss) on sale of capital assets	-	-	-	-	(2,415,036)
Investment earnings	41,320	-	-	-	-
Transfers	1,678,831	1,836,301	1,399,592	1,184,073	729,945
Total Business-type activity	1,720,151	1,836,301	1,399,592	1,184,073	(1,685,091)
Total primary government general revenue and other changes in net position	36,331,866	37,543,081	35,373,492	33,117,132	30,626,055
Change in net position					
Governmental Activities	3,959,541	11,528,673	2,685,072	1,631,439	4,990,083
Business Type Activities	2,231,514	13,287,037	5,422,297	(2,991,584)	(2,921,014)
Total primary government change in net position	\$ 6,191,055	\$ 24,815,710	\$ 8,107,369	\$ (1,360,145)	\$ 2,069,069

* restated.

City of Cuyahoga Falls, Ohio

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

	2013	2012	2011	2010	2009
General Fund					
Nondisposable	\$ 237,732	\$ 201,219	\$ 194,207	\$ 222,918	\$ -
Restricted	110,459	113,975	94,208	-	-
Assigned	1,559,926	2,127,354	1,074,608	47,921	-
Unassigned	9,139,036	6,755,367	7,785,411	7,829,712	-
Reserved	-	-	-	-	342,641
Unreserved	-	-	-	-	6,280,496
Total General Fund	11,047,153	9,197,915	9,148,434	8,100,551	6,623,137
All Other Governmental Funds					
Nondisposable	789,122	13,549,608	13,568,594	12,721,630	
Restricted	4,967,993	5,215,817	4,079,672	4,125,179	
Committed	318,248	561,494	592,770	457,652	
Assigned	-	-	795,506	689,041	
Unassigned	721,889	(6,183,050)	(6,812,087)	(7,194,449)	
Reserved	-	-	-	-	15,367,539
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	-	-	-	-	1,756,810
Capital Projects Funds	-	-	-	-	(8,546,288)
Total All Other Governmental Funds	6,797,252	13,143,869	12,224,455	10,799,053	8,578,061
Total Governmental Funds	\$ 17,844,405	\$ 22,341,784	\$ 21,372,889	\$ 18,899,604	\$ 15,201,198

Note: In 2011, the City implemented GASB Statement No. 54. As a result, the 2010 fund balances were reclassified to reflect the effects of this pronouncement.

**Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund					
Reserved	\$ 444,478	\$ 442,794	\$ 425,783	\$ 490,748	\$ 742,987
Unreserved	7,599,834	6,465,868	4,676,968	5,024,223	5,306,478
Total General Fund	<u>8,044,312</u>	<u>6,908,662</u>	<u>5,102,751</u>	<u>5,514,971</u>	<u>6,049,465</u>
All Other Governmental Funds					
Reserved	15,005,000	3,674,630	4,187,560	6,726,749	5,862,997
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	3,474,129	3,808,651	4,073,889	2,921,274	2,879,045
Capital Projects Funds	(8,009,938)	1,480,417	(220,613)	(1,499,858)	(2,444,092)
Total All Other Governmental Funds	<u>10,469,191</u>	<u>8,963,698</u>	<u>8,040,836</u>	<u>8,148,165</u>	<u>6,297,950</u>
Total Governmental Funds	<u>\$ 18,513,503</u>	<u>\$ 15,872,360</u>	<u>\$ 13,143,587</u>	<u>\$ 13,663,136</u>	<u>\$ 12,347,415</u>

City of Cuyahoga Falls, Ohio

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

	2013	2012	2011	2010	2009
Revenues					
Property taxes	\$ 9,421,294	\$ 9,233,359	\$ 10,213,088	\$ 10,686,762	\$ 10,712,398
Municipal income taxes	20,178,112	19,433,228	18,672,207	19,370,713	18,231,291
Other local taxes	640,938	640,969	488,319	480,317	840,228
State levied shared taxes	6,387,862	7,237,038	6,736,036	7,125,346	6,235,084
Intergovernmental	4,444,274	3,728,442	3,914,492	5,035,728	3,002,006
Charges for services	5,250,240	5,197,180	5,052,585	4,945,171	5,463,154
Fees, licenses, and permits	727,918	885,612	828,291	1,022,270	1,050,543
Interest earnings	133,941	180,908	310,736	237,865	497,505
Fines and forfeitures	352,468	308,788	342,541	325,243	225,377
Special assessments	165,842	184,556	267,848	255,811	345,121
Other	486,470	873,766	1,317,232	662,765	577,768
Total revenues	\$ 48,189,359	\$ 47,903,846	\$ 48,143,375	\$ 50,147,991	\$ 47,180,475
Expenditures					
Current					
Security of persons and property	\$ 18,835,729	\$ 18,284,008	\$ 18,750,985	\$ 19,798,139	\$ 22,414,019
Leisure time activities	2,270,656	2,217,158	2,214,325	2,100,748	2,324,009
Community environment	1,623,736	2,637,217	2,605,718	2,422,133	2,597,303
Street maintenance	3,457,639	3,037,778	3,751,166	3,629,866	4,007,068
General government	7,450,906	7,324,776	6,941,671	6,797,451	8,169,113
Capital outlay	21,999,635	8,627,407	7,999,729	7,808,944	7,020,469
Debt service					
Principal	1,114,980	1,156,470	1,138,254	1,289,820	1,443,696
Interest	261,071	282,810	400,074	471,807	762,215
Total expenditures	\$ 57,014,352	\$ 43,567,624	\$ 43,801,922	\$ 44,318,908	\$ 48,737,892
Excess (deficiency) of revenues over (under) expenditures	\$ (8,824,993)	\$ 4,336,222	\$ 4,341,453	\$ 5,829,083	\$ (1,557,417)
Other financing sources (uses)					
Bond Note proceeds	6,600,000	-	-	-	3,093,000
Premium on various purpose refunding bonds	-	-	-	-	166,722
Payment to bond escrow account	-	-	-	-	(3,215,098)
Refunding bond issuance cost	-	-	-	-	(44,624)
Capital lease	-	-	-	-	263,515
Transfers in	4,580,803	22,953,663	22,624,856	23,240,546	22,675,964
Transfers out	(6,839,411)	(26,268,896)	(24,633,580)	(25,247,635)	(24,747,496)
Total other financing sources (uses)	4,341,392	(3,315,233)	(2,008,724)	(2,007,089)	(1,808,017)
Net change in fund balance	\$ (4,483,601)	\$ 1,020,989	\$ 2,332,729	\$ 3,821,994	\$ (3,365,434)
Debt service as a percentage of noncapital expenditures	2.7%	4.0%	4.0%	4.3%	5.1%

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

(Continued)

	<u>2008</u>	<u>2007</u>	<u>2006*</u>	<u>2005</u>	<u>2004</u>
Revenues					
Property taxes	\$ 10,757,164	\$ 10,879,771	\$ 10,870,777	\$ 10,028,515	\$ 9,936,391
Municipal income taxes	18,753,883	18,484,497	17,672,779	16,908,814	18,454,257
Other local taxes	560,210	390,387	141,586	138,864	239,972
State levied shared taxes	7,355,239	7,225,524	7,034,265	6,983,147	6,850,014
Intergovernmental	2,214,516	2,925,454	1,481,952	1,565,036	2,864,296
Charges for services	7,837,010	7,133,862	7,176,699	7,854,459	6,877,348
Fees, licenses, and permits	1,835,432	2,156,317	1,711,914	1,249,654	1,116,812
Interest earnings	1,051,158	2,054,768	1,762,970	1,547,004	365,308
Fines and forfeitures	303,492	421,121	368,506	441,608	393,252
Special assessments	364,614	289,373	306,689	312,840	358,450
Other	936,910	776,244	686,386	748,311	725,771
Total revenues	<u>\$ 51,969,628</u>	<u>\$ 52,737,318</u>	<u>\$ 49,214,523</u>	<u>\$ 47,778,252</u>	<u>\$ 48,181,871</u>
Expenditures					
Current					
Security of persons and property	\$ 20,770,690	\$ 19,989,704	\$ 21,125,740	\$ 20,017,544	\$ 19,063,751
Leisure time activities	2,253,973	2,204,179	2,360,444	2,745,067	3,055,510
Community environment	1,888,483	2,205,502	1,787,134	1,996,878	1,423,880
Street maintenance	4,128,506	4,110,655	3,779,794	4,478,915	4,374,161
General government	10,950,142	10,504,859	9,533,684	9,392,345	8,957,972
Capital outlay	6,127,721	9,124,330	8,903,056	5,139,395	8,650,586
Debt service					
Principal	1,533,985	1,304,266	970,431	998,006	969,599
Interest	670,189	590,418	704,293	687,090	619,404
Total expenditures	<u>\$ 48,323,689</u>	<u>\$ 50,033,913</u>	<u>\$ 49,164,576</u>	<u>\$ 45,455,240</u>	<u>\$ 47,114,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,645,939</u>	<u>\$ 2,703,405</u>	<u>\$ 49,947</u>	<u>\$ 2,323,012</u>	<u>\$ 1,067,008</u>
Other financing sources (uses)					
Bond/Note proceeds	-	-	-	-	4,382,963
Premium on various purpose refunding bonds	-	-	-	-	49,654
Payment to bond escrow account	-	-	-	-	(4,355,330)
Refunding bond issuance cost	-	-	-	-	(68,002)
Capital lease	540,197	2,466,544	768,740	-	-
Transfers in	22,777,318	23,204,680	22,548,956	22,441,447	24,043,778
Transfers out	(24,223,202)	(25,040,981)	(23,948,548)	(23,625,520)	(24,773,723)
Total other financing sources (uses)	<u>(905,687)</u>	<u>630,243</u>	<u>(630,852)</u>	<u>(1,184,073)</u>	<u>(720,660)</u>
Net change in fund balance	<u>\$ 2,740,252</u>	<u>\$ 3,333,648</u>	<u>\$ (580,905)</u>	<u>\$ 1,138,939</u>	<u>\$ 346,348</u>
Debt service as a percentage of noncapital expenditures	5.1%	4.5%	4.1%	4.2%	4.1%

* restated.

City of Cuyahoga Falls, Ohio

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

Collection Year	Real Property			Tangible Personal Property			
	Assessed Value		Estimated Actual Value	Public Utility		General Business	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2013	\$ 715,103,780	\$ 229,827,490	\$ 2,699,803,629	\$ 7,862,230	8,934,352	\$ -	\$ -
2012	715,700,850	228,184,860	2,696,816,314	7,284,710	8,278,080	-	-
2011	764,081,830	265,853,240	2,942,671,629	6,922,010	7,865,920	-	-
2010	761,306,820	252,733,190	2,897,257,171	6,701,350	7,615,170	979,800	3,919,200
2009	759,030,430	257,923,860	2,905,583,686	6,457,810	7,338,420	1,978,649	7,914,596
2008	770,666,300	231,161,090	2,862,363,971	6,365,790	7,233,852	24,320,362	97,281,448
2007	755,457,020	229,254,980	2,813,462,857	12,525,300	14,233,295	44,666,313	178,665,252
2006	745,753,380	232,176,180	2,794,084,457	13,559,720	15,408,773	60,925,920	243,703,680
2005	689,316,530	224,896,090	2,612,036,057	16,099,970	18,295,420	82,276,185	329,104,740
2004	681,739,120	224,036,150	2,587,929,343	16,295,660	18,517,795	79,630,460	318,521,840

Collection Year	Total			Tax Rate (per \$1,000 of Assessed Value)
	Assessed Value	Estimated Actual Value	Ratio	
2013	\$ 952,793,500	\$ 2,708,737,981	35.17%	11.00
2012	951,170,420	2,705,094,394	35.16%	11.00
2011	1,036,857,080	2,950,537,549	35.14%	11.00
2010	1,021,721,160	2,908,791,542	35.13%	11.00
2009	1,025,390,749	2,920,836,702	35.11%	11.00
2008	1,032,513,542	2,966,879,272	34.80%	11.00
2007	1,041,903,613	3,006,361,405	34.66%	11.00
2006	1,052,415,200	3,053,196,910	34.47%	11.00
2005	1,012,588,775	2,959,436,217	34.22%	11.00
2004	1,001,701,390	2,924,968,978	34.25%	11.00

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

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

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

Source: Summit County Fiscal Office

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Unvoted Millage										
Operating	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000
Voted Millage										
1989 Parks & Recreation Operating	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Voted Millage	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Voted Millage by Type of Property										
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Millage	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000
Overlapping Rates by Taxing District										
City School District	69.8900	69.9200	69.8800	69.8800	69.7800	69.8700	69.8800	70.0000	62.0000	62.0000
Residential/Agricultural Real	41.1984	41.1898	41.1139	34.6521	34.5665	34.5715	34.0468	34.4061	28.4952	28.4944
Commercial/Industrial and Public Utility Real	46.9312	46.7903	46.8903	41.0287	40.9014	40.5960	41.6074	40.5120	33.5913	33.3647
General Business and Public Utility Personal	69.8900	69.9200	69.8800	69.8800	69.7800	69.8700	69.8800	70.0000	62.0000	62.0000
Summit County	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.5700	13.0700	13.0700	13.0700
Residential/Agricultural Real	14.0816	14.0805	14.0793	14.0201	14.0192	14.0174	12.0570	9.7591	10.3625	10.3883
Commercial/Industrial and Public Utility Real	14.1574	14.1534	14.1443	13.6240	13.6449	13.4948	12.8620	10.7717	11.0857	11.0729
General Business and Public Utility Personal	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.5700	13.0700	13.0700	13.0700
Special Taxing Districts-Cuyahoga Falls Library	1.9000	1.9000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	0.0000	0.0000
Residential/Agricultural Real	1.9000	1.9000	1.9000	1.2993	1.3000	1.3000	1.2955	1.2955	0.0000	0.0000
Commercial/Industrial and Public Utility Real	1.9000	1.8935	1.9000	1.2618	1.2608	1.2467	1.3000	1.3000	0.0000	0.0000
General Business and Public Utility Personal	1.9000	1.9000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	0.0000	0.0000

Source: Summit County Fiscal Office and Ohio Department of Taxation

Note:

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

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

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

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Principal Taxpayers - Real Estate Tax 2013 and 2004

<u>Name of Taxpayer</u>	<u>2013</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Green Cross General Hospital	\$ 9,772,400	1.03%
Newpart Limited Partnership	5,621,830	0.59%
Yorkshire Woods Apartments LTD	4,976,520	0.53%
Riverside Community Urban Redevelopment	4,563,790	0.48%
Niederst Portage Towers LLC & Wynn	3,752,440	0.40%
Plaza Chapel Hill	2,970,560	0.31%
Sams Real Estate Business Trust	2,575,050	0.27%
Trinity Square Acquisition LLC	2,450,000	0.26%
Dayton Hudson Corporation	2,409,090	0.24%
Heslop Inc.	2,319,890	0.25%
Totals	<u>\$ 41,411,570</u>	<u>4.36%</u>
Total Assessed Valuation	<u>\$ 944,931,270</u>	

<u>Name of Taxpayer</u>	<u>2004</u>	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Newport Limited Partnership	\$ 7,945,320	0.88%
Yorkshire Woods Apartments	9,594,960	1.06%
Portage Towers Apartments	4,024,990	0.44%
Plaza Chapel Hill, Co.	3,296,630	0.37%
Heslop, Inc.	3,991,860	0.44%
Riverside Community Urban Redevelopment	4,848,480	0.54%
Brookledge II	2,730,020	0.30%
HD Development of Maryland, Inc.	3,150,020	0.35%
State Road Associates	3,737,810	0.41%
Dayton Hudson Corporation	2,615,260	0.29%
Totals	<u>\$ 45,935,350</u>	<u>5.07%</u>
Total Assessed Valuation	<u>\$ 905,775,270</u>	

Source: Summit County Fiscal Office

(1) The amounts presented represent the assessed values upon which 2013 and 2004 collections were based.

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2013	\$ 10,480,780	\$ 10,183,515	97.2%	\$ 500,160	\$ 10,683,675	101.9%	\$ 439,076	4.2%
2012	10,462,926	10,058,116	96.1%	421,477	10,479,593	100.2%	610,223	5.8%
2011	11,405,477	10,856,794	95.2%	400,743	11,257,537	98.7%	908,284	8.0%
2010	11,231,439	10,775,300	95.9%	321,773	11,097,073	98.8%	730,635	6.5%
2009	11,257,584	10,807,318	96.0%	294,572	11,101,890	98.6%	607,847	5.4%
2008	11,115,759	10,783,277	97.0%	339,869	11,123,146	100.1%	441,761	4.0%
2007	10,969,717	10,543,768	96.1%	342,686	10,886,454	99.2%	510,428	4.7%
2006	10,906,413	10,555,764	96.8%	245,597	10,801,361	99.0%	435,846	4.0%
2005	10,236,024	9,912,456	96.8%	288,092	10,200,548	99.7%	427,563	4.2%
2004	10,142,306	9,783,327	96.5%	324,156	10,107,483	99.7%	481,059	4.7%

Source: Summit County Fiscal Officer

Note: The City is aware of the requirement to report delinquent tax collections by levy year rather than collection year. However, the County is unable to provide delinquent collections by levy year. This presentation will be updated as new information becomes available.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Income Tax Revenue Base and Collections Last 10 Years

Tax Year	Tax Rate	Total Tax Collected (1)	Taxes From Withholding	Percentage of Taxes From Withholding	Taxes From Net Profits	Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
2013	2.00%	\$ 20,116,462	\$ 15,019,091	75%	\$ 2,624,468	13%	\$ 2,472,903	12%
2012	2.00%	19,252,832	14,682,742	76%	2,172,464	11%	2,397,626	12%
2011	2.00%	18,423,570	13,928,426	76%	2,158,632	12%	2,336,512	13%
2010	2.00%	19,244,149	14,877,452	77%	2,025,820	11%	2,340,877	12%
2009	2.00%	18,146,139	13,350,667	74%	2,393,797	13%	2,401,675	13%
2008	2.00%	18,720,525	13,990,210	75%	2,197,352	12%	2,532,963	14%
2007	2.00%	18,643,599	14,102,614	76%	2,050,006	11%	2,490,979	13%
2006	2.00%	17,655,291	13,161,626	75%	1,998,464	11%	2,495,201	14%
2005	2.00%	17,811,319	13,697,101	77%	1,666,171	9%	2,448,047	14%
2004	2.00%	17,220,977	13,037,352	76%	1,656,599	10%	2,527,026	15%

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

Source: The City's Income Tax Department

City of Cuyahoga Falls, Ohio

**City of Cuyahoga Falls, Ohio
Ten Largest Municipal Income Tax Withholding Accounts
Tax Years 2013 and 2004**

Tax Year 2013

Taxpayers	Municipal Income Tax Withholding	Percent Of Income Tax Collections
Go Jo Industries	\$ 788,187	3.92%
Summa Western Reserve Hospital	622,940	3.10%
Associated Materials, Inc.	598,428	2.97%
City of Cuyahoga Falls	531,678	2.64%
Cuyahoga Falls Board of Education	520,291	2.59%
Koosharem Corporation	291,610	1.45%
Americhem	261,597	1.30%
Woodridge Local School District	229,137	1.14%
Summit County Board of Education	222,484	1.11%
Prospect-Akromold	172,647	0.86%
Total	\$ 4,238,999	21.08%
Total Municipal Income Tax Collection	\$ 20,116,462	

Tax Year 2004

Taxpayers	Municipal Income Tax Withholding	Percent Of Income Tax Collections
Associated Materials	\$ 1,892,307	10.99%
City of Cuyahoga Falls	615,679	3.58%
Cuyahoga Falls Board of Education	520,910	3.02%
Summa Health System Hospitals	511,594	2.97%
Go Jo Industries, Inc.	422,117	2.45%
Americhem, Inc.	282,809	1.64%
Manufacturers Group International	169,291	0.98%
Accuride	165,114	0.96%
Woodridge Local School District	163,589	0.95%
Pechiney Plastic Packaging	157,578	0.92%
Total	\$ 4,900,988	28.46%
Total Municipal Income Tax Collection	\$ 17,220,977	

Source: The City's Income Tax Department

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio													
Ratios of Outstanding Debt To													
Total Personal Income and Debt Per Capita													
Last Ten Years													
Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage				
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Notes Payable	Capital Leases		Total Personal Income	Personal Income	Population (1)	Per Capita	
2013	\$ 9,366,761	\$ -	\$ 2,750,000	\$ 1,264,246	\$ 19,931,127	\$ 6,725,000	\$ 11,156,092	\$ 51,193,226	\$ 1,288,101,465	3.97%	49,267	g	\$ 1,039
2012	3,440,742	-	11,965,000	1,566,828	21,309,265	7,000,000	12,754,077	58,035,912	1,250,773,755	4.64%	49,255	f	1,178
2011	4,237,456	-	9,900,000	1,662,121	22,652,551	8,385,000	14,213,016	61,050,144	1,227,000,224	4.98%	49,652	e	1,230
2010	5,013,033	52,000	11,750,000	1,972,798	24,261,972	9,870,000	15,672,230	68,592,033	1,119,652,600	6.13%	49,652	e	1,381
2009	5,945,700	104,000	11,950,000	2,704,089	26,019,454	11,000,000	16,477,596	74,200,839	1,152,079,500	6.44%	51,090	d	1,452
2008	6,958,319	151,000	13,300,000	2,945,806	19,896,985	19,300,000	16,477,596	79,029,706	1,152,079,500	6.86%	51,090	d	1,547
2007	7,825,394	287,024	3,150,000	2,936,495	21,797,196	20,800,000	-	56,796,109	1,150,095,100	4.94%	51,002	c	1,114
2006	8,657,164	419,390	4,650,000	810,081	23,616,369	21,300,000	107,922	59,560,926	1,138,639,700	5.23%	50,494	b	1,180
2005	9,466,081	541,878	6,700,000	80,367	25,373,273	21,300,000	212,448	63,674,047	1,138,639,700	5.59%	50,494	b	1,261
2004	10,232,398	660,707	7,400,000	193,227	27,056,437	18,300,000	323,003	64,165,772	1,135,956,250	5.65%	50,375	a	1,274
Sources:													
(1) U.S. Bureau of Census, Census of Population													
(a) July 1, 2003 U.S. Census Bureau Estimate													
(b) July 1, 2005 U.S. Census Bureau Estimate													
(c) July 1, 2007 U.S. Census Bureau Estimate													
(d) July 1, 2008 U.S. Census Bureau Estimate													
(e) 2010 U.S. Census Bureau													
(f) 2012 U.S. Census Bureau Estimate													
(g) 2013 U.S. Census Bureau Estimate													

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio							
Ratio of General Obligation Bonded Debt to Estimated True Value of Taxable Property and Bonded Debt Per Capita							
Last Ten Fiscal Years							
Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property (2)	Gross Bonded Debt Outstanding (3)			Ratio of Total Bonded Debt to Estimated True Value of Taxable Property	Total Bonded Debt per Capita
			Governmental Activities	Business-type Activities	Total Primary Government		
2013	49,267 g	\$ 2,708,737,981	\$ 2,766,761	\$ 19,931,127	\$ 22,697,888	0.84%	\$ 461
2012	49,255 f	2,705,094,394	3,440,742	21,309,265	24,750,007	0.91%	502
2011	49,652 e	2,950,537,549	4,237,456	22,652,551	26,890,007	0.91%	542
2010	49,652 e	2,908,791,542	5,013,033	24,261,972	29,275,005	1.01%	590
2009	51,090 d	2,920,836,702	5,945,700	26,019,454	31,965,154	1.09%	626
2008	51,090 d	2,966,879,272	6,958,319	19,896,985	26,855,304	0.91%	526
2007	51,002 c	3,006,361,405	7,825,394	21,797,196	29,622,590	0.99%	581
2006	50,494 b	3,053,196,910	8,657,164	23,616,369	32,273,533	1.06%	639
2005	50,494 b	2,959,436,217	9,466,081	25,373,273	34,839,354	1.18%	690
2004	50,375 a	2,924,968,978	10,232,398	27,056,437	37,288,835	1.27%	740
Sources:							
(1) U. S. Bureau of Census, Census of Population							
(a) July 1, 2003 U.S. Census Bureau Estimate							
(b) July 1, 2005 U.S. Census Bureau Estimate							
(c) July 1, 2007 U.S. Census Bureau Estimate							
(d) July 1, 2008 U.S. Census Bureau Estimate							
(e) 2010 U.S. Census Bureau							
(f) 2012 U.S. Census Bureau Estimate							
(g) 2013 U.S. Census Bureau Estimate							
(2) Summit County Fiscal Office							
(3) Includes all general obligation bonded debt with the exception of Special Assessment debt.							

City of Cuyahoga Falls, Ohio

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 100,043,318	\$ 99,872,894	\$ 108,869,993	\$ 107,280,722	\$ 107,666,029
Net debt within 10.5 % limitations	<u>2,607,674</u>	<u>3,430,477</u>	<u>4,227,891</u>	<u>5,008,006</u>	<u>5,936,842</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 97,435,644</u>	<u>\$ 96,442,417</u>	<u>\$ 104,642,102</u>	<u>\$ 102,272,716</u>	<u>\$ 101,729,187</u>
Total net debt applicable to the limit as a percentage of debt limit	2.61%	3.43%	3.88%	4.67%	5.51%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 52,403,643	\$ 52,314,373	\$ 57,027,139	\$ 56,194,664	\$ 56,396,491
Net debt within 5.5% limitations	<u>2,607,674</u>	<u>3,430,477</u>	<u>4,227,891</u>	<u>5,008,006</u>	<u>5,936,842</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 49,795,969</u>	<u>\$ 48,883,896</u>	<u>\$ 52,799,248</u>	<u>\$ 51,186,658</u>	<u>\$ 50,459,649</u>
Total net debt applicable to the limit as a percentage of debt limit	4.98%	6.56%	7.41%	8.91%	10.53%

Legal Debt Margin Calculation for Fiscal Year 2013

	Unvoted Margin <u>Within 5.5%</u>	Overall Margin <u>Within 10.5%</u>
Assessed property value	<u>\$ 952,793,500</u>	<u>\$ 952,793,500</u>
Overall debt limitation (% of assessed valuation)	\$ 52,403,643	\$ 100,043,318
Gross indebtedness	22,070,000	22,070,000
Less:		
(Self-supporting as defined in O.R.C. 133.05)		
General sewer and sanitary improvements	(1,359,000)	(1,359,000)
Water utility	(4,682,000)	(4,682,000)
Recreation facilities	(13,411,111)	(13,411,111)
Debt Service Fund Balance	(10,215)	(10,215)
Net debt within limitations	<u>\$ 2,607,674</u>	<u>\$ 2,607,674</u>
Legal debt margin within limitations	<u>\$ 49,795,969</u>	<u>\$ 97,435,644</u>

Source: City's Financial Records

City of Cuyahoga Falls, Ohio

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 108,413,922	\$ 109,399,879	\$ 110,503,596	\$ 106,321,821	\$ 105,456,447
Net debt within 10.5 % limitations	<u>6,938,515</u>	<u>7,805,008</u>	<u>8,634,075</u>	<u>9,399,996</u>	<u>10,176,113</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 101,475,407</u>	<u>\$ 101,594,871</u>	<u>\$ 101,869,521</u>	<u>\$ 96,921,825</u>	<u>\$ 95,280,334</u>
Total net debt applicable to the limit as a percentage of debt limit	6.40%	7.13%	7.81%	8.84%	9.65%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 56,788,245	\$ 57,304,699	\$ 57,882,836	\$ 55,692,383	\$ 55,239,091
Net debt within 5.5% limitations	<u>6,938,515</u>	<u>7,805,008</u>	<u>8,634,075</u>	<u>9,399,996</u>	<u>10,176,113</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 49,849,730</u>	<u>\$ 49,499,691</u>	<u>\$ 49,248,761</u>	<u>\$ 46,292,387</u>	<u>\$ 45,062,978</u>
Total net debt applicable to the limit as a percentage of debt limit	12.22%	13.62%	14.92%	16.88%	18.42%

City of Cuyahoga Falls, Ohio

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

SEWAGE AND DISPOSAL FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 5,396,730	\$ 5,375,636	\$ 21,094	\$ 191,843	\$ 176,734	\$ 368,577	0.06
2005	6,513,205	5,287,553	1,225,652	199,833	168,778	368,611	3.33
2006	6,677,822	5,074,626	1,603,196	210,485	160,392	370,877	4.32
2007	6,808,212	5,289,152	1,519,060	216,807	151,455	368,262	4.12
2008	6,343,298	5,289,153	1,054,145	228,903	142,132	371,035	2.84
2009	5,557,006	5,090,043	466,963	237,888	132,182	370,070	1.26
2010	6,151,949	5,170,687	981,262	251,000	80,826	331,826	2.96
2011	6,231,058	6,215,572	15,486	265,000	66,472	331,472	0.05
2012	6,621,540	5,850,125	771,415	271,000	61,172	332,172	2.32
2013	5,941,960	5,901,222	40,738	277,000	54,622	331,622	0.12

WATER FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 4,689,048	\$ 4,277,133	\$ 411,915	\$ 471,794	\$ 469,242	\$ 941,036	0.44
2005	5,091,414	4,831,739	259,675	488,877	450,342	939,219	0.28
2006	5,165,054	4,555,303	609,751	509,989	430,554	940,543	0.65
2007	4,850,997	4,736,833	114,164	527,269	409,756	937,025	0.12
2008	5,125,578	4,829,768	295,810	556,324	388,926	945,250	0.31
2009	4,858,853	4,655,041	203,812	577,633	366,518	944,151	0.22
2010	5,024,010	4,286,337	737,673	603,000	288,110	891,110	0.83
2011	5,401,541	4,144,762	1,256,779	634,000	262,280	896,280	1.40
2012	6,287,031	4,291,942	1,995,089	683,000	168,246	851,246	2.34
2013	5,997,979	4,348,097	1,649,882	707,000	145,856	852,856	1.93

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

(Continued)

LEISURE TIME FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 3,675,022	\$ 4,839,131	\$ (1,164,109)	\$ 437,755	\$ 333,646	\$ 771,401	(1.51)
2005	5,054,198	5,707,055	(652,857)	724,305	450,488	1,174,793	(0.56)
2006	5,427,157	5,822,693	(395,536)	755,120	423,455	1,178,575	(0.34)
2007	5,700,915	5,628,460	72,455	778,787	400,431	1,179,218	0.06
2008	5,881,339	5,692,931	188,408	803,674	376,184	1,179,858	0.16
2009	5,770,797	6,071,321	(300,524)	538,016	349,408	887,424	(0.34)
2010	5,952,524	5,679,883	272,641	548,333	335,957	884,290	0.31
2011	5,910,168	5,897,621	12,547	745,423	635,873	1,381,296	0.01
2012	6,046,646	5,921,461	125,185	769,286	613,005	1,382,291	0.09
2013	5,690,602	5,985,556	(294,954)	873,148	457,140	1,330,288	(0.22)

Notes: Debt Service requirements are reported on a cash basis.
 Operating revenues and expenses are reported on a GAAP basis.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Computation of Direct and Overlapping Governmental Activities Debt December 31, 2013

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Applicable to City</u>
Direct - City of Cuyahoga Falls			
General Obligation Bonds	\$ 9,366,761	100.00%	\$ 9,366,761
Capital Leases	1,264,246	100.00%	1,264,246
General Obligation Notes	2,750,000	100.00%	2,750,000
Total Direct Debt	13,381,007		13,381,007
Overlapping			
School Districts			
Cuyahoga Falls City	2,655,000	89.23%	2,369,057
Woodridge Local	7,560,000	59.69%	4,512,564
Hudson City	3,865,000	2.45%	94,693
Revere Local	2,795,666	0.83%	23,204
County			
Summit County	43,145,000	8.39%	3,619,866
Other Units			
Akron Metro Regional Transit Authority	105,000	8.39%	8,810
Akron-Summit County Library District	31,630,000	3.55%	1,122,865
Total Overlapping Debt	91,755,666		11,751,059
Total	\$ 105,136,673		\$ 25,132,066

Source: Summit County Fiscal Office

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

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

Fiscal Year	Population (1)		Total Personal Income (5)	Median Family Income (1)	Per Capita Income (1)	Unemployment Rate (3)		City Square Miles (4)	Average Sales Price of Residential Property (2)	Median Age (1)
						Summit County	State of Ohio			
2013	49,267	g	\$ 1,288,676,919	\$ 48,606	\$ 26,157	6.4%	6.6%	27.8	\$ 134,556	38.8
2012	49,255	f	1,251,027,745	46,450	25,399	6.1%	6.6%	27.8	128,421	38.8
2011	49,652	e	1,227,000,224	47,071	24,712	7.4%	7.6%	27.8	124,634	38.8
2010	49,652	e	1,119,652,600	52,372	22,550	7.3%	10.0%	27.8	127,338	37.2
2009	51,090	d	1,152,079,500	52,372	22,550	9.8%	10.2%	27.8	129,051	37.2
2008	51,090	d	1,152,079,500	52,372	22,550	6.1%	6.5%	27.8	139,477	37.2
2007	51,002	c	1,150,095,100	52,372	22,550	5.4%	5.6%	27.8	133,734	37.2
2006	50,494	b	1,138,639,700	52,372	22,550	5.3%	5.5%	27.8	132,287	37.2
2005	50,494	b	1,138,639,700	52,372	22,550	5.7%	5.9%	27.8	131,737	37.2
2004	50,375	a	1,135,956,250	52,372	22,550	6.1%	6.2%	27.8	130,443	37.2

Sources:

- (1) U. S. Bureau of Census, Census of Population
 - (a) July 1, 2003 U.S. Census Bureau Estimate
 - (b) July 1, 2005 U.S. Census Bureau Estimate
 - (c) July 1, 2007 U.S. Census Bureau Estimate
 - (d) July 1, 2008 U.S. Census Bureau Estimate
 - (e) 2010 U.S. Census Bureau
 - (f) 2012 U.S. Census Bureau Estimate
 - (g) 2013 U.S. Census Bureau Estimate
- (2) Summit County Fiscal Office
- (3) Ohio Bureau of Employment Services; U.S. Department of Labor, Bureau of Labor Statistics, Ohio Labor Market Information
- (4) City Records
- (5) Computation of per capita income multiplied by population

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Principal Employers 2013 and Ten Years Ago

2013

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Summa Western Reserve Hospitals	Hospital	941	3.69%
Go Jo Industries Inc.	Manufacturer	934	3.66%
Cuyahoga Falls Board of Education	Education	917	3.60%
City of Cuyahoga Falls	Government	891	3.49%
B T L Payroll	Payroll Services	721	2.83%
Associated Materials	Manufacturer	515	2.01%
Woodridge Local School District	Education	490	1.92%
GMRI	Restaurant	482	1.89%
Summit County Board of Education	Education	456	1.79%
The Fred. W. Albrecht Company	Grocer	422	1.65%
Total		6,769	26.53%
Total Employment Within the City		25,500	

2004

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
City of Cuyahoga Falls	Government	1,204	4.51%
Adecco USA	Employment Services	1,040	3.90%
Cuyahoga Falls Board of Education	Education	1,088	4.07%
Cuyahoga Falls General Hospital	Hospital	886	3.32%
Go Jo	Manufacturer	609	2.28%
B T L Payroll	Payroll Services	548	2.05%
Associated Materials	Manufacturer	741	2.78%
GMRI	Restaurant	395	1.48%
Woodridge Local Schools	Education	459	1.72%
Ebsco Industries	Telemarketing	330	1.23%
Total		7,300	27.34%
Total Employment Within the City		26,700	

Source: City Financial Records and estimate for Total Employment within the City from Ohio Department of Job and Family Services

**Capital Asset Statistics By Function/Program
Last Ten Years**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Vehicles	39	40	41	42	49	47	47	44	53	53
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Vehicles	27	28	29	28	28	28	27	31	28	31
Stations	5	5	5	5	5	5	5	5	4	4
Highways and Streets										
Streets(miles)	233.03*	232.58*	232.26*	232.19*	232.19*	232.19*	232.19*	231.28*	282	281
Streetslights	5,898	5,637	5,627	5,624	5,618	5,587	5,595	5,683	5,647	5,550
Traffic Signals	72	72	78	78	81	78	76	76	77	77
Vehicles	52	53	52	52	52	53	47	58	54	62
Recreation										
Number of Parks	24	24	24	24	24	24	24	24	24	24
Vehicles	38	37	39	41	40	40	38	39	41	43
Number of Tennis Courts	8	8	8	17	17	17	16	16	16	16
Number of Baseball Diamonds	35	35	35	35	35	35	35	35	35	35
Recreation Center	1	1	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Acres of City Parks	507	507	507	507	507	507	507	507	507	507
Swimming Pools	12	12	12	12	12	12	5	5	5	5
Water										
Water Mains (miles)	200	200	200	200	200	200	200	200	207	200
Fire Hydrants	2,114	2,114	2,111	2,111	2,325	2,325	2,257	2,257	2,207	2,207
Vehicles	20	20	20	19	21	21	20	18	21	19
Sewer										
Sanitary Sewer Lines (miles)	152	152	152	152	152	152	160	160	160	152
Storm Sewer Lines (miles)	151	151	160	151	151	151	157	157	157	150
Vehicles	13	13	13	13	20	11	11	13	11	12
Electric										
Substations	13	13	12	13	13	13	13	13	12	12
Miles of Service Lines	336	335	313	310	309	307	306	256	256	249
Vehicles	26	27	27	27	27	27	27	27	29	28
Sanitation										
Vehicles	22	22	18	26	25	26	24	26	27	30
Number of Routes	9	7	6	6	6	6	8	9	9	9
Parking Facilities										
City Lots and Decks	14	14	14	14	14	16	16	17	16	16
Square Feet	312,467	312,467	312,467	312,467	312,467	360,686	360,686	389,236	387,236	387,236
Spaces	1,312	1,312	1,312	1,312	1,312	1,998	1,998	2,054	2,048	2,048
Recreation Lots	25	25	25	25	25	22	22	22	22	22
Square Feet	644,237	644,237	644,237	644,237	644,237	361,980	361,980	361,980	361,980	361,980
Spaces	1,955	1,955	1,955	1,955	1,955	1,886	1,886	1,886	1,886	1,886

* With new Geographic Information System advances more accurate statistics can be recorded.

Source: City Departments

City of Cuyahoga Falls, Ohio

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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Council	6	6	6	6	6	6	6	6	6	6
Mayor	2	2	2	2	2	2	3	3	3	2
Mayor's Court	2.5	2.5	2.5	2	1.5	0	0	0	0	0
Finance	8.5	8.5	8.5	8.5	8.5	8.5	9	8.5	9.5	9
Law Director	6	7.5	8	8	8.5	9.5	8	8	9.5	9.5
Service Director	4	4.5	4	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Municipal Court	0	0	0	0	0	24	25	25	19.5	21.5
Clerk of Courts	0	0	0	0	0	23	23.5	22.5	22.5	21.5
Civil Service	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2	2	2
Engineering	10	10	11	11	11	11	10	10	10	12
HR	3	3	4	4	4	3	4	4	4	4
Print Shop	0	0	0	0	1	1	0.5	1	1	1
Building & Grounds	9	8	12	11.5	12	12	11	11	12	14
Income Tax	4	4	5	5	5	5	5	6	6	6.5
Information Services	8	8	8	7	8.5	8.5	9	8	9	7.5
Security of Persons & Property										
Building	0	0	0	4.5	7	7	8	8	8	6
Police	77.5	78	76	84	93	109.5	112.5	118	123	120.5
Crossing Guards	2	2	3	4	4.5	5.5	7	10.5	15.5	16
Fire	75.5	72.5	76.5	83	83	84.5	85	85	87	88
Technical Services	4	4	4	5	6	5	5	6	6	6.5
Communications	13.5	13	15	14	14.5	0	0	0	0	0
Community Environment										
Community Development	12	12	13	13	14	14	14	15.5	17	15.5
Leisure Time										
Parks & Recreation	127	132	136.5	141	142	137	128.5	124.5	132.5	133.5
Transportation										
Streets	27	27	29	32	32	33	34	35	35	35.5
Storm Water	2.5	2.5	3	3	2	1	1	1	1	0
Sewage and Disposal	12	12	12	12	12.5	15	15	13	16.5	15
Water	20	20	22	17	25.5	27	26	29.5	26.5	27
Electric	42	42	45	45	48	51	54	57.5	58.5	58
Sanitation	14.5	16.5	14.5	14.5	18	18.5	20	24.5	25.5	28
Garage	5.5	6.5	8	8	9	9	8	9.5	9.5	10

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

Effective January 1, 2009, the Municipal Courts and Clerk of Courts moved to Stow, Ohio. Due to this move, a Mayor's Court was created.

A Communications Division was created in 2009 when dispatching functions were separated from policing functions.

Effective January 1, 2012, The City's Building Department merged with Summit County's Building Department. The City's Building Department employees then became employees of Summit County.

Source: Sick Leave Accrual Hours Register from last pay of each year indicated.

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Policepersons and Officers	70	71	71	76	83	83	89	93	96	94
Total Calls	28,608	28,291	29,657	27,838	29,249	44,836	36,343	38,872	39,497	38,442
Criminal Charges	573	467	366	419	340	309	433	723	771	644
Traffic Citations	9,655	8,527	8,538	6,528	6,103	5,555	9,350	6,321	8,257	7,030
Fire										
Firefighters and Officers	73	74	77	79	79	81	79	81	82	84
Total Calls	7,677	7,836	7,789	7,789	7,903	7,883	7,604	7,713	7,551	7,177
Inspections	1,039	1,082	910	1,069	1,775	1,770	1,793	1,560	1,637	1,621
Smoke Detectors Installed	297	297	587	221	110	534	671	439	611	4,197
Highways and Streets										
Potholes repaired	5,646	8,331	11,773	7,591	10,409	9,773	4,692	4,559	14,306	8,624
Rock Salt Used(Tons)	8,796	4,897	8,085	12,401	9,125	13,315	12,142	11,012	8,310	22,500
Senior Snow Watch Participants	0*	0*	0*	1,265	1,315	1,337	1,284	1,411	1,370	1,342
Leaf Program(Cubic Yards)	12,120	16,160	10,433	10,433	14,680	13,360	15,360	12,130	12,400	12,720
Recreation										
Brookledge-Number of Rounds	35,835	37,655	34,732	35,789	35,960	36,725	37,054	38,919	39,013	N/A
Waterworks-Daily Admissions	61,604	88,814	82,014	88,588	72,753	76,212	67,665	69,377	75,277	71,039
Natatorium-Daily Admissions	634,459	686,254	711,104	713,997	739,122	777,588	771,184	789,237	783,086	N/A
Water										
Average Daily Pumped (Gallons)	5,482,000	5,682,000	5,965,000	6,469,000	6,910,000	6,972,000	6,400,000	5,739,000	6,362,000	5,893,000
Water Main Breaks	84	64	83	97	111	84	116	62	100	103
New Water Taps	68	26	44	31	104	104	174	199	262	232
Sewer										
Average Daily Sewage Transportation (Gallons)	4,460,000	4,350,000	5,300,000	4,141,641	4,559,195	4,898,000	5,600,000	5,246,679	5,546,725	5,831,514
Sanitary Sewers Cleaned (Feet)	91,832	100,300	114,904	92,707	74,167	76,961	73,650	84,601	65,943	89,958
Storm Sewers Cleaned (Feet)	2,812	2,658	658	1,450	1,320	4,497	2,299	4,915	3,160	2,008
Electric										
Average Daily Consumption (in KWH)	1,262,680	1,284,044	1,281,885	1,291,895	1,218,272	1,277,561	1,179,000	1,248,528	1,274,495	1,202,878
Light Bulbs Issued	1,791	2,164	4,880	5,528	5,474	6,050	6,249	6,082	6,645	6,678
Green Energy Participants	173	192	207	234	236	263	287	180	192	202
Sanitation										
Refuse Collected (tons/year)	15,144	15,217	16,096	16,687	16,710	16,254	19,018	19,361	19,624	20,522
Recyclables collected (tons/year)	3,952	3,887	3,355	3,237	3,145	3,362	3,966	3,293	3,136	3,005
Yardwaste Collected (tons/year)	2,049	1,753	2,439	2,154	1,708	767	1,451	2,235	1,769	2,416
Building										
Residential Building Permits Issued	0**	0**	0**	2,806	1,943	1,433	1,235	1,410	1,554	1,624
Commercial Building Permits Issued	0**	0**	0**	413	508	303	652	353	259	187
Miscellaneous Building Permits Issued	0**	0**	0**	568	1,561	2,071	2,230	3,200	2,939	5,069

Note: N/A indicates that data is not available.

* Senior Snow Watch Program ended in 2011.

** Building Department outsourced to Summit County January 1, 2011.

Source: City records