



COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Pataskala
Licking County, Ohio



Fiscal Year Ended
December 31, 2010

City of Pataskala, Ohio
www.ci.pataskala.oh.us

621 West Broad Street
Pataskala, OH 43062

CITY OF PATASKALA, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

PREPARED BY:

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Letter of Transmittal	1-14
List of Principal City Officials	15
Organizational Structure	16
Certificate of Achievement for Excellence in Financial Reporting.....	17

II. FINANCIAL SECTION

INDEPENDENT ACCOUNTANTS' REPORT.....	19-20
--------------------------------------	-------

MANAGEMENT'S DISCUSSION AND ANALYSIS	21-34
--	-------

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Assets	37
Statement of Activities	38-39

Fund Financial Statements:

Balance Sheet - Governmental Funds.....	40-41
---	-------

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	42
---	----

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	44-45
--	-------

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	46
---	----

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
General Fund.....	48
Street Fund	49
Permissive License Tax Fund.....	50
Police Fund.....	51

Statement of Net Assets - Proprietary Funds.....	52
--	----

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	53
---	----

Statement of Cash Flows - Proprietary Funds	54-55
---	-------

Statement of Fiduciary Net Assets - Fiduciary Fund.....	56
---	----

BASIC FINANCIAL STATEMENTS (CONTINUED):

Notes to the Basic Financial Statements.....	57-89
--	-------

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Combining Statements and Individual Fund Schedules - Governmental Funds:

Fund Descriptions - Governmental Funds	93-94
--	-------

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

General Fund	95-97
Street Fund	98
Permissive License Tax Fund.....	99
Police Fund.....	100

Combining Balance Sheet - Nonmajor Governmental Funds.....	102
--	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	103
---	-----

Combining Balance Sheet - Nonmajor Special Revenue Funds.....	104-106
---	---------

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	108-110
--	---------

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

State Highway Fund	111
Recreation Fund	112
Park Use Fund	113
Immobilization Fund	114
Court Computer Fund.....	115
Alcohol Enforcement and Education Fund.....	116
Law Enforcement Trust Fund.....	117
Pataskala Mobile Home Park Fund	118
Police K-9 Unit Fund	119
Sesquicentennial Fund.....	120
CDBG Fund	121
Street Bond Fund.....	122
Water Debt Service Fund	123

Combining Balance Sheet - Nonmajor Capital Projects Funds	124
---	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	125
--	-----

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

Issue II Fund.....	126
Courter Bridge Improvement Fund	127
Municipal Building Purchase Fund	128

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES (CONTINUED):

Combining Statements and Individual Fund Schedules - Proprietary Funds:

Fund Descriptions - Proprietary Funds.....	129
Schedules of Revenues, Expenses and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Water Fund.....	130
Sewer Fund.....	131

Combining Statements and Individual Fund Schedules - Fiduciary Fund:

Fund Descriptions - Agency Fund.....	132
Combining Statement of Changes in Assets and Liabilities - Agency Fund	133

III. STATISTICAL SECTION

Net Assets by Component - Last Seven Years.....	136-137
Changes in Net Assets - Last Seven Years.....	138-141
Fund Balances, Governmental Funds - Last Ten Years	142-143
Changes in Fund Balances, Governmental Funds - Last Ten Years	144-145
Income Tax Revenue Base and Collections - Current Year.....	146-147
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years.....	148-149
Direct and Overlapping Property Tax Rates - Last Ten Years.....	150-151
Principal Taxpayers - Real Property Tax - Current Year and Eight Years Ago.....	152
Principal Taxpayers - Public Utility Property Tax - Current Year and Nine Years Ago	153
Real and Public Utility Property Tax Levies and Collections - Last Ten Years	154
Ratios of Outstanding Debt by Type - Last Ten Years	156-157
Ratio of General Bonded Debt to Assessed Value and Bonded Debt Per Capita - Last Ten Years	158
Direct and Overlapping Governmental Activities Debt as of December 31, 2010.....	159
Computation of Legal Debt Margin - Last Ten Years.....	160-161
Pledged Revenue Loan Coverage - OWDA Loans - Last Ten Years.....	162
Demographic and Economic Statistics - Last Ten Years	163
Principal Employers - Current and Three Years Ago.....	164

STATISTICAL SECTION (CONTINUED):

Full Time Equivalent City Employees by Function /Program - Last Ten Years	166-167
Operating Indicators by Function - Last Ten Years	168-169
Capital Assets Statistics by Function - Last Ten Years.....	170-171

Introductory Section



City of Pataskala, Ohio
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June 20, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the City of Pataskala, Licking County, Ohio (the "City") is hereby presented. This CAFR represents the official report of the City's operations and financial position for the year ended December 31, 2010, and has been developed to accurately detail the status of the City finances to its 14,962 residents and elected officials, investment banks, underwriters and all other interested parties. This report includes the City's implementation of accounting principles generally accepted in the United States of America (GAAP) set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financials statements are free of any material misstatements.

State statutes require the City to be subjected to an examination by the Auditor of State of Ohio. Upon the approval of the Auditor of State of Ohio, the City may select an independent public accountant to perform this annual examination and the City has selected Julian & Grube Inc., accordingly. Based on the results of their audit, an unqualified opinion was rendered on the City's basic financial statements and the Independent Auditor's Report on the basic financial statements is included in the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a 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 MD&A can be found immediately following the Independent Auditors' Report.

REPORTING ENTITY AND SERVICES PROVIDED

The City's reporting entity is comprised of the primary government and other organizations which are included to ensure that the financial statements are not misleading. The reporting entity has been defined in accordance with the principles established by the Governmental Accounting Standards Board (GASB) in Statement No. 14, "The Financial Reporting Entity" and in GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units".

City of Pataskala
Licking County, Ohio
Letter of Transmittal
For the Year Ended December 31, 2010

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization.

Component units also include organizations that are fiscally dependent on the City in that the City Council approves the budget, the issuance of debt or the levying of taxes. No potential component units met these criteria. The following potential component units have been excluded from the City's financial statements because the City is not financially accountable for them nor are the entities fiscally dependent on the City:

- Southwest Licking Local School District
- Licking Heights Local School District
- Pataskala Public Library

The City is associated with six jointly governed organizations and one insurance purchasing pool. These organizations are the Mid-Ohio Regional Planning Commission (MORPC), the Southwest Licking Community Water & Sewer District, the West Licking Joint Fire District, the Regional Income Tax Agency (RITA), the Pataskala Corporate Park Joint Economic Development District and the Ohio Municipal League Workers' Compensation Group Rating Program.

The Municipal Charter, which was enacted in 1996, became effective January 1, 1996, and was recently amended in 2008. This Charter provides for the Mayor-Council-Administrator form of government whereby the legislative powers of the City are vested in a seven member City Council. Three members are elected at large for a four-year term each biennium and the remaining four are elected at large for a four-year term the following biennium. The City Council concurs on the Mayor's appointment of the City Administrator, Law Director, Finance Director, and City Engineer. The City Council also makes citizen appointments to several boards and commissions. There are seven standing City Council Committees that the City Council appoints: Agriculture, Finance, Buildings/Grounds, Safety, Street, Utilities, and Development. The City Council sets the compensation guidelines for City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriations, indebtedness, building permits and licenses and other municipal purposes.

The Mayor is elected by popular vote, performs ceremonial functions, recommends appointment of and acts as supervisor of the City Administrator, is presiding officer of the City Council and is an ex-officio member of all of the City Council Committees.

The City Administrator is the chief administrator of the City appointed by the Mayor with concurrence of the City Council, and is responsible for the day-to day operations of the municipality and municipal employees and appoints all department heads and hires all employees not appointed by the City Council.

The Finance Director is the chief fiscal and accounting officer of the City. The responsibilities of this office include assisting the City Administrator in the preparation and management of the capital and operating budgets and also managing the debt and treasury programs of the City.

The Director of Law is the legal advisor, prosecuting attorney and counsel for the City, and subject to the direction of the City Council, shall represent the City in all proceedings in Court or before any administrative board or body.

The City has developed an internal database for engineering purposes and will contract with the respective engineering firm which meets the City's stringent needs and guidelines.

The City provides the following services: public safety, operation of water and sewer utilities, and a planning and zoning department. Fire Department services are provided by the West Licking Joint Fire District, of which the City is a part. Sanitation is awarded on a contract basis every three years. The City also contracts with the Licking County Board of Health for Health Department services. Based on necessary cost cutting measures, effective January 1, 2008 the City elected to eliminate all parks and recreation programs. However, several members of the community created not-for-profit organizations to continue youth soccer and softball programs which is governed by a Parks Advisory Committee. This Committee then reports to the City Administrator for direction and guidance.

The annual budget serves as the foundation for the City's financial planning and control. The City complies with the requirements of the Ohio Revised Code in the adoption of the budget. Appropriations for the operation of various City departments are established through the passage of an ordinance by the City Council. Budgetary control is facilitated through the maintenance of an encumbrance system for requisitions and purchase orders, and through the use of the City's automated financial system. All departments of the City were required to submit requests for appropriation to the Finance Director on a yearly basis. The Finance Director uses these requests as the starting point for developing a proposed budget.

The Finance Director presents the proposed estimated revenue budget for the City Administrator's review and approval and appropriations are then finalized. The City Administrator and the Finance Director then present the proposed budget to the City Council for review before the end of the current year. The City Council may elect to hold public hearings on the proposed budget and to adopt the budget by no later than December 31, the close of the City's fiscal year. Failure to do so allows the budget, as presented by the Administrator, to become effective.

The appropriated budget is prepared at the object level. The legal level of budgetary control is the level passed by the City Council which is at the object level for all funds. Any budgetary modifications at this level may only be made by ordinance of the City Council. The Finance Director is given the authority to further allocate fund appropriations within all funds. The City Council may pass supplemental appropriations at any time by ordinance. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

PROFILE OF THE CITY

The Pataskala area was settled in the 1800's and was incorporated as a village in 1891. From the 1800's up until 1995, the former Village of Pataskala grew in all directions except south. In the 1960's, the Village added territory north and south of State Route 16. One 627 acre annexation added several residential subdivisions to the Village, plus some commercial development.

In the 1970's, the Village added 240 acres to the east. A major part of this annexation was land along Blacks Road, the railroad tracks, and Township Road. A Newark Advocate article from 1971 described the site as the future location for single and multi-family residences, warehouses, light manufacturing, and commercial industry. The development was originally expected to be completed by 1976. Presently, portions of the single-family, multi-family and light manufacturing components of the project have been completed.

The 1980's saw the Village of Pataskala grow by 404 acres. The territory located north and east of the Village, was brought in through three annexations. This annexed territory was developed as the Bright Waters subdivision on Township Road, and the Dehlendorf development (which includes commercial and office development).

Lima Township had grown and developed over the last fifty years, as well. The 1980's were a time of moderate increases in land subdivision and construction activity. The average annual number of permits issued from 1980-1990 were 17.9 residential zoning permits and 13 subdivision permits.

Just prior to 1996, the Village of Pataskala was a small rural community situated on the border of Lima Township and Harrison Township in southwest Licking County. The Village had approximately 3,346 residents in 1990, while Lima Township had approximately 4,398 residents. Both Lima Township and the Village were experiencing rapid growth, influenced by the expansion of the Cities of Reynoldsburg and Columbus directly to the west. Facing strong development pressures from these western municipalities, the Village of Pataskala and Lima Township determined they had three future interests in common. First, most citizens from both entities were satisfied with their community and did not want major change or expansion. Secondly, the citizens enjoyed the rural nature of their living environment.

Third, if changes had to occur within their community (such as increased industrial or residential development), the citizens wanted to be able to control and have a voice in the manner of such expansion. These common beliefs led the Village of Pataskala and Lima Township to propose a merger, which was approved by the voters on November 8th, 1994, and went into effect on January 1st, 1996. Lima Township ceased to exist; the resulting municipality was simply known as Pataskala.

The City has a population of 14,962 residents based on the 2010 Census which makes the City the 2nd largest City in Licking County as determined by the 2010 Census counts.

City residents have easy access to downtown Columbus and the entire central Ohio area via Interstate 270 and Interstate 70, U.S. Route 40 and State Routes 16 and 310. Commercial passenger air service is available at Port Columbus International Airport and Rickenbacker International Airport in the City of Columbus. The Licking County Heath Airport is located approximately 15 miles to the east of the City in Heath, Ohio and provides private commuter service.

The City is served by the Southwest Licking and Licking Heights Local School Districts, which are independent political subdivisions not under the control or supervision of the City in any respect. The geographic boundaries of the school districts are different than those of the City. The school districts estimate that over 95 percent in the case of the Southwest Licking Local School District and 96 percent in the case of the Licking Heights Local of their respective students reside in the City.

ECONOMIC CONDITION AND OUTLOOK

Growth and development within the City is expected to increase due to the City's physical location along Interstate 70 and the expansion of the State Route 161 corridor. The United States Census Bureau officially counted population in the City in 2010 as 14,962, an increase of 4,713 since the 2000 Census count. The main factor contributing to this growth over a sustained period was the lure of a small, rural town atmosphere in relation to the City's close proximity to the City of Columbus.

City of Pataskala
Licking County, Ohio
Letter of Transmittal
For the Year Ended December 31, 2010

Within the past 9 years the City has seen major commercial development occurring within the eastern portion of the City along Broad Street with the development of a Kroger and the Hazelwood Shopping Center. In addition to the construction of Kroger in 2000, the first phase of the Hazelwood Shopping Center was also constructed with approximately 19 additional retail units ranging from 1,400 square feet to 4,800 square feet and totaling 28,800 square feet. In the years following, another small retail center was built to the east of the Kroger/Hazelwood Shopping Center on the opposite side of Corylus Drive. Along with the retail center there is a car wash and a two story bank, Bremen Bank of Pataskala. There was also enough additional residential growth in the area that Kroger came back in 2006 to ask for approval to expand their existing store by approximately 22,000 square feet. In addition to this expansion, Phase II of the Hazelwood Shopping Center was also completed with an additional 12 retail units ranging from 1,400 square feet to 10,200 square feet and totaling 22,000 square feet.

The City also approved development plans for a mixed use project on the east and west sides of State Route 310 just south of the old Village area. This project has retail/office development located along the west and east frontages along with an area for a nursing facility on the west side. The nursing facility was just completed and has enough space for 100 individual units. A retail center was also recently started on the west side of State Route 310 and will have three separate buildings totaling approximately 37,500 square feet for local retail business uses. A ten (10) year Tax Increment Financing (TIF) became effective in 2006 which is anticipated to generate payments in lieu of taxes revenues for future improvements in this development area.

In early 2007 the City rezoned property located at the northeast corner of State Route 310 and Refugee Road for another mixed use project with approximately 30 acres of commercial, 30+ acres of condominiums and 30+ acres of apartments/assisted living units. It is anticipated that the commercial development will develop within the next few years and will have two big box users along with multiple outparcels along the frontage of State Route 310 and Refugee Road.



In late 2006, the Ohio Department of Development designated 520.786 acre site in the City as eligible for Job Ready Sites (JRS) funding. As such, this site, at the southeast corner of State Route 16 (Broad Street) and Mink Street, is recognized as one of the premier sites for manufacturing and industrial development in the State of Ohio. Currently the City, Licking County, and the JRS property owner are working closely on a soon to be constructed roadway that will link State Route 16 (Broad Street) and U.S. 40 (The National Road), improving the routing to Interstate 70 and offering unparalleled access for commerce. The site, known as the Pataskala Corporate Park, is located southeast of the intersection of State Route 16 (Broad Street) and Mink Street. In late 2006, the project received funding of approximately \$3.4 million to develop the Etna Parkway extension linking State Route 16 and U.S.40. The roadway is one of the initial projects funded under Ohio's Job Ready Sites program, and is critical in order for the City to create jobs and investments.

As a JRS site, it is considered one of the premier development sites in Ohio. Phase I of this development is a two lane roadway, with Phase II adding an additional 3rd and 4th lane, as well as other associated infrastructure improvements. The cost of Phase I of the project is estimated at over \$5 million.

With JRS funding of \$3.4 million an additional \$2 million is needed to complete the project. Phase II of the project is estimated to cost an additional \$6.3 million. Project plans are anticipated to be completed within 3-4 weeks, and the project could proceed within 8-10 weeks, thereby qualifying as "shovel ready".

City of Pataskala
Licking County, Ohio
Letter of Transmittal
For the Year Ended December 31, 2010

While the JRS site is 520.786 acres in size, the new road will potentially open up over 1,000 acres of prime development land for manufacturing, distribution, corporate office and technology oriented companies. The Pataskala Corporate Park will be served by dual electric, open access rail service, planned fiber optic networking, and has all utilities available. The site is within 3 miles of U.S.40 and I-70, and 6 miles of I-270 and State Route 161.

In 2008, the City, Licking County, City of Newark, and Harrison Township and property owners/Development Corporation (Red Chip Farms, Inc.) agreed to a partnership agreement setting the stage for development of the JRS program, establishment of a Joint Economic Development District (JEDD) and Pataskala Corporate Park.

The strategy for the partnership and job creation is a multifaceted approach combining four key economic development tools consisting of (i) the creation of the JEDD, (ii) utilization of grant funding from the Department of Development's (ODO) Job Ready Sites (JRS) program, (iii) utilization of Ohio Community Reinvestment Area (CRA) property tax exemptions, and (iv) utilization of an existing Tax Increment Financing (TIF) area, in order to create hundreds of jobs and millions of dollars in new investment. However, there is a critical need for Economic Stimulus funding to complete the entire project and facilitate an immediate economic impact.

The Pataskala Corporate Park JEDD is to be initially comprised of approximately 513.75 acres. The JRS area is intended to be developed into a planned industrial park resulting in the construction of new buildings and related site improvements. Strong job creation is anticipated, with an estimated 150-300 construction jobs and 1,000-1,800 new manufacturing, technology and logistics employment opportunities generating \$28 million to \$49 million in new annual payroll being created. The cost of the private investments to be made is estimated at \$100 million to \$250 million for construction of new buildings containing approximately 5 million to 8 million square feet of commercial & industrial space; approximately \$10 million to \$300 million invested in new machinery & equipment; approximately \$5 million to \$300 million for acquisition of furniture and fixtures; and approximately \$25 million to \$300 million for acquisition of inventory at the park.

Etna Parkway Extension Project (Phases I & II) will provide a tremendous stimulus for growth in Central Ohio.

The City also has industrial space available located on Taylor Road and Jefferson Park Drive which would accommodate small businesses needing 2,000 to 10,000 square feet.

The Central Ohio Technical College (COTC) has a strong presence in Western Licking County and was expanded in 2010 with a \$1,000,000 purchase of the former Grand Host East. The COTC made an additional investment of \$300,000 in the existing structure adding 5 classrooms, 2 computer labs, 1 distance education classroom, a Center for Academic Success, and Administrative offices/student services. This new campus has 240 parking spaces and officially opened during the summer of 2010.

The Pataskala Public Library significantly improved its existing exterior and interior space providing easier access to the facilities and providing additional modern amenities to its patrons.

A new small subdivision of upscale homes, Erickson Farms, began construction located near Summit Road. Ryan Homes, Westport Homes and Fisher Homes have undertaken completion of the Barrington Ridge and Settlement Subdivisions as well as completing the expansion of the Taylor Glen Subdivision.

Finally, a new automotive repair center, Local Boys, began construction near Summit Road and Broad Street and is expected to open during 2011.

The City also had the following commercial or other retail developments during 2010:

- Puerto Vallarta - Mexican Restaurant
- UPS Pack and Shipping Facility
- Outdoor Pursuits - Outdoor Playground Equipment and Yard Building Dealer
- Rusty's Wharf - Fish and Chips Restaurant
- Kaye Maynard - General Counselor
- C.S. Electric and Excavating
- Universal Electronics - Repair Service for Insurance Claims
- Hazelwood Family Dentistry
- Karst and Sons Masonry - Company Expansion

MAJOR INITIATIVES:

Planning and Zoning Department/Economic Development

The Planning and Zoning Department has developed a mission statement which works to enhance the quality of life offered to those who live or work in the City through long range comprehensive land use planning and management. The Department's guiding principles are: 1) Public engagement in planning discussions, 2) Achievement of a balance of land uses that sustain the City, 3) Enhancement of pedestrian connections to parks, schools, government, commercial, industrial and residential designations, 4) Protection of the environment, 5) Revitalization of the historic village centers, and 6) Maintaining the City's identity with its agrarian and rail heritage.

The Department is comprised of a Director of Planning, Zoning Inspector, and a Zoning Clerk which is responsible for operations of the Department. Based on budget cuts, the Department was forced to eliminate its Code Enforcement Officer which was responsible for enforcing the City's codified ordinances related to property, tracking violations, and conducting inspections of residential, commercial and industrial properties.

The Planning and Zoning Department accomplished many internal goals and objectives during 2010, which included:

- Continue to work on National Pollutant Discharge Elimination Systems (NPDES) permit requirements for eventual implementation of a Stormwater Manager.
- Securing Safe Route to Schools Grants for Pataskala Elementary and Licking Heights Local School District.
- Begin administering grants awarded to the City during 2010, which included new federal grant money such as the Community Development Block Grant and Community Home Improvement Plan Grant for revitalization of low income areas, and also administration the Ohio Department of Natural Resources federal grant via the Clean Ohio Trails Fund for Phase I of the Pataskala Cross Town Line trail.
- Continue to monitor available local, federal, and state grant programs which may be available to the City which may include Nature Works Grants and also Renewable Energy Project Grants.
- Provided insight and suggestions to the Board of Zoning and Appeals to improve upon the City's existing business sign codes in order for the City to become more "business friendly".

Police Department

Based on the passage of the income tax the Police Department was able to solidify a staffing level of 16.5, which included a police chief, two lieutenants, patrol officers, detectives, mayor's court security, a clerk, and auxiliaries is dedicated to protecting and serving the City's residents. The Police Department also includes a part-time officer who provides Mayor's Court Security as well as part-time traffic enforcement. The K-9 Unit that was created in June 2008 through various donations and is used for security and investigative purposes not only by the City but also the Licking County Sheriff's Office and the Ohio State Highway Patrol and continues to be a valuable asset used by the City as well as shared with the Ohio State Highway Patrol.

The Police Department offered many services to the community during 2010, which included a prescription drug drop-off, unwanted firearm drop-off, and educational meetings with elementary children at the local school districts.

Finally, the Police Department enacted a new fee schedule for background checks and marijuana testing. Although not expected to be significant revenue generators, these are new services being provided that were not available in prior years.

Public Service Department

The City Council has authorized that, beginning July 1, 2010, 25% of all income tax collections through 2011 would be allocated to the Street Fund. The income tax revenue has provided the opportunity for the Public Service Department to be re-staffed with 7 full-time employees, repair 190 street lights, fill 6,374 pot holes, expand the existing snow removal policy, and provide funds for future road repairs. The Public Service Department's standard services include street maintenance, snow removal, storm water system maintenance, and management of infrastructure construction projects. The Public Service Department is responsible for maintaining approximately 318 lane miles of roads, 17 bridges, and all non-utility related public infrastructures.

In 2010, the Public Service Department managed the replacement of a bridge located on Cable Road. The project consisted of complete removal and replacement of an entire bridge structure. Prior to its replacement, this bridge had been rated as "poor" on the City's Annual Bridge Inspection Report. The Mink Street Bridge was rehabilitated by the Licking County Engineer during 2010 at a cost of \$42,000. The City has successfully secured funds over the last three years to replace all of its previously "poor" rated bridges, dating back to 2007.

Other major tasks completed by the Public Service Department in 2010 include the management of American Recovery Reinvestment Act (ARRA) funded projects, which included the Downtown Sidewalk American with Disabilities Act (ADA) Enhancement Project totaling \$250,000 and significant infrastructure improvements to Taylor Road, funded in part with \$202,461 of ARRA funds. During 2010, the Public Service Department spent approximately \$95,000 on snow removal (inclusive of salt and overtime hours paid), an increase from 2009, which was feasible based on the passage of the income tax.

One final project managed by the Public Service Department in 2010 was the Connors Avenue Community Development Block Grant paving project.

Utilities Department

As a cost savings measure, the Administration identified an opportunity to operate the Utility Department without a Utility Director during 2010. This effort was made possible by the hard work and experience of the City's Water and Sewer superintendent's and staff.

Not updated since 2006, the City's Engineer completed a Utility Study which provided valuable resources for improving and insuring positive utility operations for future years. As part of this Utility Study, the following significant items were implemented by the Administration:

- A new multi-tier rate system for businesses and residents designed to generate higher fees on higher usage. This rate system is in an effort for businesses and residents to become more cognizant of their water usage in an effort to increase conservation.
- A new Utility Capital Improvement and Maintenance Plan identifying the future needs of the City's utility infrastructure. This will new plan will provide a guide for the City in proactively addressing its utility infrastructure.

City of Pataskala
Licking County, Ohio
Letter of Transmittal
For the Year Ended December 31, 2010

- Detailed revenue and expense analysis were performed to identify operational efficiencies and inefficiencies for utility operations. This analysis provided means to maintain cash flow positive after considering future debt service requirements.

Beginning in 2009, the planning phase of the Oaks Subdivision Sanitary Sewer Assessment Project (an Ohio Mandated Environmental Protection Agency project) and also the Wastewater Treatment Plant Phase II project (a highly recommended project the City should consider by the Ohio Environmental Protection Agency). On March 22, 2010 the City Council adopted a Resolution of Necessity for the construction of sanitary sewer improvements for the Oaks Subdivision Sanitary Sewer Improvement project within the City. This project was mandated by the Ohio Environmental Protection Agency and the City Council determined that such improvements are necessary for the preservation and promotion of public health and welfare of the residents of these areas and that the assessments will be levied to finance the cost of the improvements. This project is estimated to be completed in 2011.

The City started the Wastewater Treatment Plant Phase II project in November 2010 and completion is expected in late 2011. The City was very aggressive in seeking financing proposals for completion of this \$3,352,000 project. The City was able to secure a loan through the Water Pollution Loan Control Fund at a rate of 2.66% which was significantly less than bond financing options which were as high as 5%. Upgrades to the Wastewater Treatment Plant facility also include costs to purchase a new sludge press (occurred in 2009) as well as related engineering and inspection fees.

The City received low interest financing and ARRA funds totaling \$107,000 for the installation of a Supervisory Control and Data Acquisition (SCADA) system which will assist the utility department in monitoring water levels and pressure throughout the various water plants in the City.

Finally, the Utilities Department continues to upgrade its billing processing system to improve operational efficiencies and replace the need for a part-time employee. In addition, citizens now have the ability to pay their utility bill on-line through Official Payments, a third-party administrator.

Parks and Recreation Department

In 2008, the City Council elected to disband the Parks and Recreation Department based on funding challenges faced by the City. However, based on the importance of parks and recreation related services within the City, agreements were entered into between the City and non-profit organizations to continue youth soccer and girls softball within the City. The City's existing Parks and Recreation Board took on greater importance and responsibilities as it related to working with these non-profit organizations addressing operational and administrative needs, essentially serving as the City's Director of Parks and Recreation services. 2010 was the second year the City worked with these non-profit groups and it was very successful as participation rates continued to increase.

The City's Parks System has six parks within its corporation limits totaling more than 200 acres of passive and active parkland. Foundation Park, the City's largest and most-used park, provides softball diamonds, picnic shelters, and in September every year the City will hold its annual Power Show, which includes tractor pulls, and antique equipment demonstrations.

City of Pataskala
Licking County, Ohio
Letter of Transmittal
For the Year Ended December 31, 2010

A local group affiliated with the Columbus Clippers Baseball Organization invested over \$8,000 of its own money toward improvements to the baseball diamond at Municipal Park. These improvements included new fences surrounding the facility, backstop, benches, grass-infield, new brick dust infield, and dugouts. These improvements were made for a new travel baseball team which will utilize the field and host baseball tournaments. Municipal Park also saw the addition of park benches by a local scout. Improvements of gravel, seeding, aerating and fertilizing were also made to the Foundation Park drive and soccer fields estimated amount of \$1,000.

Future anticipated projects for the Parks Advisory Board include expanding and continuing with the successful participation rates of youth, middle school, and high school soccer programs through the Pataskala Recreation Association, continuation of youth softball programs through the Licking Heights Youth Association, providing Junior Varsity and Varsity Fields for Southwest Licking Girl's softball teams, repairing existing sand volleyball courts, planting garden beds, and finally the revitalization and potential opening of the Municipal Park swimming pool.

Finally, based on the continued growth of community soccer, the west side Freedom Park will see the donation of a regulation size soccer field and two junior soccer fields, in addition to drain tile and landscape installation and improvements.

Land and Buildings Department

In 2007, the City purchased a building located on Broad Street to serve as its Municipal Headquarters with the intention of leasing existing space. Improvements to the building since 2007 included a new parking lot and also a new roof.

The Lands and Buildings Department is primarily funded by the general fund and budgeted expenditures which included improvements to the Old Town Hall (which also serves as the Police Department Headquarters), Municipal Building, upgraded and more user friendly telephone system, and improvements to other facilities.

The City continues to upgrade its website at www.ci.pataskala.oh.us in order to provide timely information and make the site more user-friendly. In addition, the City published quarterly newsletters providing residents with information on recent events, projects, and accomplishments throughout the year.

Finance Department

The Finance Department which consists of 1.5 full time equivalent employees is responsible for the following functions: payroll, budgetary, accounts payable, human resources, capital asset accounting, investing public funds, and ensuring compliance with Bureau of Worker's Compensation guidelines.

The Finance Department provided timely financial information to the City Council, employees, and residents. This includes monthly financial budgetary reports which are posted to the City's website, a 5 year forecast of the City's general fund outlining expected revenues, expenditures and cash position, and also updates regarding the City's budget. Policies and procedures are continuously updated and reviewed insuring proper internal controls are in place.

The City continued to participate in the Licking County Safety Council, a program designed to provide ideas for a safer workplace along with potential cost savings related to the City's Bureaus of Workers Compensation premiums.

During 2010, the City Council elected to budget funds and retire the police vehicle loan that was refinanced at the end of 2009. Electing to retire this loan in March 2010 versus December 2010 provided a cost savings of approximately \$10,358 in interest costs.

The City continues to utilize the no service charge checking accounts and has implemented a check scanning deposit program to reduce the amount of time depositing funds. This year will mark the seventeenth year of filing financial statements according to accounting principles generally accepted in the United States of America (GAAP) and the second year that the City has submitted a Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA) for their Certificate of Achievement Program.

LONG-TERM FINANCIAL PLANNING

The Finance Committee recommended that the City Council proceed for the ninth time since 2001, a 1% income tax which would be presented to voters in May of 2009 and if passed the income tax would provide continued police protection and also additional revenue for the City's deteriorating infrastructure. The income tax would become effective July 1, 2010 and any income tax proceeds would be earmarked 75% for police and 25% for street maintenance and repair through December 2011. After that time income tax revenue would be receipted into the City's general fund and allocated as part of the City's annual budget process. On May 4, 2010, voters approved this issue by a margin of 52% to 48%. The City properly allocated the income tax to the police levy and street funds in accordance with the City Council's directive noting accrual collections of \$732,026 and \$244,009 allocated to the police and street Funds, respectively, at December 31, 2010.

The City of Pataskala is seen as a bedroom community with a significant portion of its 14,962 residents working outside the corporate limits, including the City's of Columbus, Pickerington, Reynoldsburg, Whitehall, and Newark. The Licking County unemployment rate stood at 8.6% at December 31, 2010, with Franklin County at a similar percentage. During December 31, 2010 Licking County was one of 37 counties which saw a decrease with only two others having a greater decrease. Therefore, unemployment rates in surrounding counties must be considered when forecasting future income tax collections.

The City expects to begin and complete several infrastructure construction projects during 2011 which would include improvements to Summit Road in its entirety, an expected investment exceeding approximately \$2,500,000 in necessary road and drainage improvements. Other road infrastructure improvements expected to be completed in 2011 include Kennedy/Hollow Road repairs (investment of approximately \$228,500), completion of McIntosh Road Bridge through the ODOT Municipal Bridge Program (investment of approximately \$500,000), and completion of the Old Maids Lane Bridge (investment of approximately \$500,000).

The City expects to open a 3,400 linear foot multi-purpose bike path in late October, called the Cross Town Line, which will connect the Bright Waters Subdivision on the eastern edge of the City and move west along the scenic portions of the Licking River crossing through Municipal Park before ending near the City's water treatment plant on the west side of State Route 310. The City will be funding this bike path through federal and state dollars totaling \$239,829 along with the required local match of \$60,000. This effort is in response to a revitalization plan provided by a group of residents in 2009 to improve the community.

The City recently entered into an agreement with the Mid-Ohio Regional Planning Commission (MORPC) Housing Division for administrative services, housing rehabilitation specialist services, and other related services associated with the City's participation in the Community Housing Improvement Program (CHIP) grant funds passed through the Ohio Department of Development. The City expects to receive up to \$550,000 in federal funding to make improvements to low income housing areas within the City. The City has secured several dilapidated properties via forfeiture through the Licking County Auditor in which these funds will be utilized related to low income areas in the City. Additional selection of allowable vendors to make improvements to low income homes are expected to continue through 2011.

The Ohio Department of Transportation announced the City would be the beneficiary of \$273,000 in Safe Routes to Schools grant funding to make improvements to the Licking Heights Local School District school campus on Summit Road. Grant money will be used for improvements such as flashing school zone sign areas, education and encouragement of safe pedestrian travel, and enforcement of the school area. Planning phases are expected to begin in 2011. The City was also the beneficiary of \$508,000 in Safe Routes to Schools grant funding for Pataskala Elementary which is a school building of the Southwest Licking Local School District. Infrastructure improvements are expected to begin in 2011.

In 2008, the City Council elected it was in the best interest of the City, businesses, and residents to make necessary improvements to the Old Town Hall, designated as a historic site by the Ohio Historical Society, rather than sell this building and find another location for the City's Police Department. These discussions were a result of the deteriorating condition the building was in and necessary improvements needed. On the second floor of the Old Town Hall is the "Sterling Theatre" which was used as a movie theatre and gathering area for residents when constructed in 1910. This space was also used as City Council Chambers for several years until the space became unusable. In an effort to make necessary improvements to the building as a whole, a non-profit group, the Historic Town Hall Inc., collected monetary donations as well as donated labor to improve the Sterling Theatre. This investment totaled approximately \$38,431 and included new windows, cleaning, and other miscellaneous improvements. The City Council also elected to budget \$250,000 comprising the 2009 and 2010 operating budgets into Old Town Hall for specific Police Department operations, including façade improvements, windows, electrical improvements, HVAC improvements, and plumbing improvements.

During 2011 the City Council elected to refund the outstanding 1995 Sanitary Sewer System Improvement Bonds which were issued for the purposes of sewer improvements throughout the City. Refunding these bonds will reduce the overall interest rate from 6.12% to an average interest rate of 2.66% which will provide an approximate savings of \$60,000 over the remaining life of the bonds. In conjunction with this current refunding, the City was assigned a rating of Aa3 by Moody's Investors Service, the first rating ever assigned to the City. Assignment of this rating was based upon the City's modest tax base located near the state capital of Columbus with satisfactory financial operations with healthy reserve levels for the City's small budget, and manageable debt position with moderate near term borrowing plans.

RELEVANT FINANCIAL POLICIES

During 2010, the City Council approved the Purchasing and Financial Policy Manual which provided a tool for the City to better manage and streamline the City's purchasing procedures, budgeting and financial planning, debt management, and investment and deposit of funds to ensure the minimal City resources are utilized to their fullest. A summary of the significant components of the Purchasing and Financial Policy Manual as follows:

Purchasing Procedures - Clarification and direction was provided to all employees governing the use of requisitions, certification of funds, establishing communication channels between departments receiving goods and the authorization for payment, competitive bidding process, and finally establishing overall standards and ethics.

Budgeting and Financial Planning - The purpose is to identify the major elements of the budgeting/financial planning process to ensure the long-term objectives of the City are met and to recognize that prudent financial planning considers multi-year implications of short-term financial decisions. The major financial planning elements include:

1. Capital Improvement Plan - This document establishes a policy framework to guide the expansion of the City and future development and necessary infrastructure and capital equipment needs.
2. Five-Year Forecast - This plan projects the expected fund balances of the City's general fund, or main operating fund, and considers the expected funding needs, essential funding sources, and may expand upon the Capital Improvement Plan by estimating the costs and funding for projects and programs that accomplish the long-term goals for the City.
3. Annual Operating and Capital Budgets - This annual financial plan is prepared by the City Administrator with assistance from the Finance Department and approved by the City Council. These budgets may be changed throughout the year based upon departmental needs and changes in estimated revenues.

The City will budget target cash fund balances for various operating funds to provide reserves for unforeseen emergencies or revenue shortfalls and to eliminate the need for short-term borrowings for cash flow needs.

Debt Management - Debt will only be used to fund capital projects or the purchase of capital assets that will continue to benefit the community and will not be used to finance operating expenditures. The City will work to obtain and maintain assigned credit from a rating agency consistent with the City's financing objectives. Finally, the City will strive to retire short-term borrowings as considered beneficial to the City in relation to overall cost savings and interest rates.

Investments and Deposits of Funds - All idle funds shall be invested in accordance with the City's investment policy as approved by the City Council. The City's investment policy emphasizes safety, preservation of principal, liquidity and yield.

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 Pataskala for its Comprehensive Annual Financial Report for the year ended December 31, 2009. This was the first year that the City of Pataskala has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This 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. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it the GFOA to determine its eligibility for another certificate.

City of Pataskala
Licking County, Ohio
Letter of Transmittal
For the Year Ended December 31, 2010

The City was also awarded the Auditor of State of Ohio "Making Your Tax Dollars Count Award" Award for 2009 based on the City's commitment to careful spending, accurate fiscal recording and efficiency.

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the City's department heads and staff. We would appreciate the efforts of Beth H. Milligan, APR, Public Relations Strategist, for her efforts in preparing the cover pages and inserts for this report. Finally, we would like to express our appreciation to all staff members who have contributed or assisted in its preparation.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Timothy M. Boland". The signature is fluid and cursive, with the first name being the most prominent.

Timothy M. Boland
City Administrator

A handwritten signature in dark ink, appearing to read "Jason A. Carr". The signature is cursive and somewhat stylized, with the last name being the most prominent.

Jason A. Carr, CPA
Finance Director

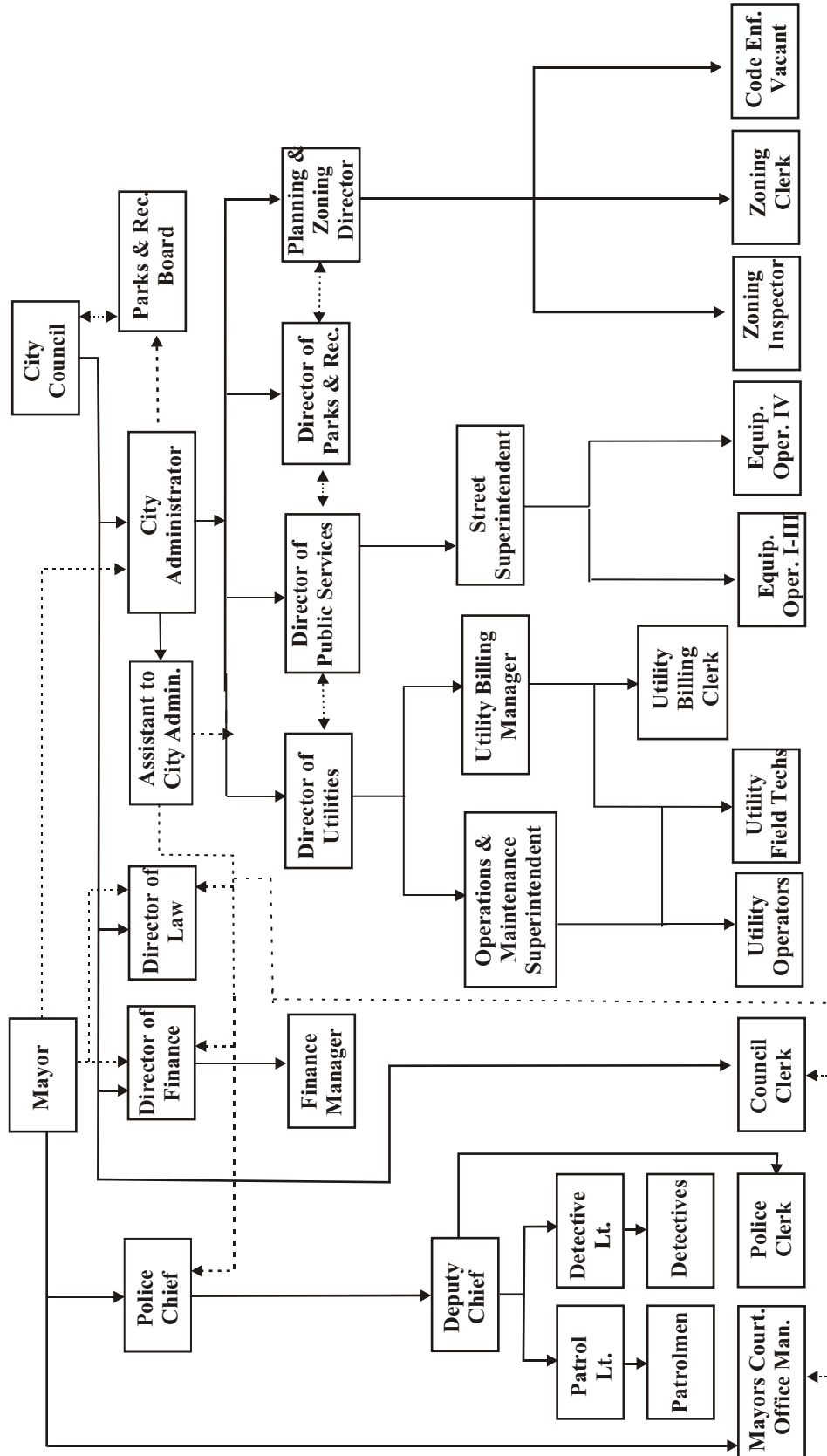
CITY OF PATASKALA, OHIO

**LIST OF PRINCIPAL CITY OFFICIALS
AS OF DECEMBER 31, 2010**

Mayor	(Elected: four-year term)	Steve Butcher
City Administrator	(Appointed)	Tim Boland
Law Director	(Appointed)	Rufus Hurst
Finance Director	(Appointed)	Jason Carr, CPA
Finance Manager	(Appointed)	Janice Claprood
Chief of Police	(Appointed)	Bruce Brooks
Director of Public Services	(Appointed)	Benjamin King
Planning and Zoning Director	(Appointed)	Dianne Harris
Utilities Superintendent	(Appointed)	Dave Johnson
Utilities Superintendent	(Appointed)	Steven Kill
Mayor's Court Clerk	(Appointed)	Tonia McFerlin
Clerk of Council	(Appointed)	Kathy Hoskinson
Council:	(Elected: four-year term)	
Members:		
At-Large		Bryan Lenzo
At-Large		C. Bernard Brush
At-Large		Merissa McKinstry
Ward 1		Barbara Triplett
Ward 2		Joe Gernert
Ward 3		Pat Sagar
Ward 4		Dan Hayes



City of Pataskala Organizational Structure



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pataskala
Ohio

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

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



President

Executive Director

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Financial Section



City of Pataskala, Ohio
www.ci.pataskala.oh.us

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Pataskala, OH 43062

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Independent Auditor's Report

Members of Council and Mayor
City of Pataskala
621 W. Broad Street
Pataskala, Ohio 43062

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Pataskala, Licking County, Ohio, as of December 31, 2010 and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the general fund and major special revenue funds: street fund, permissive license tax fund and police fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011, on our consideration of the City of Pataskala'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Members of Council and Mayor
City of Pataskala

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City of Pataskala'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 provides additional analysis and are not a required part of the basic financial statements. The financial section's combining statements and individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 17, 2011

CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

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

Financial Highlights

Key financial highlights for 2010 are as follows:

- The total net assets of the City increased \$2,430,822. Net assets of governmental activities increased \$2,983,442 or 32.86%. Net assets of business-type decreased \$552,620 or 9.51% over 2009.
- General revenues accounted for \$4,207,411 or 61.07% of total governmental activities revenue. Program specific revenues accounted for \$2,682,192 or 38.93% of total governmental activities revenue.
- The City had \$3,906,161 in expenses related to governmental activities; \$2,682,192 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$1,223,969 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$4,207,411.
- The general fund had revenues of \$1,936,321 in 2010. This represents an increase of \$186,276 from 2009 revenues. The expenditures and other financing uses of the general fund, which totaled \$1,451,394 in 2010 increased \$159,383 from 2009. The net increase in fund balance for the general fund was \$484,927 or 40.36%.
- The street fund had revenues of \$1,070,190 in 2010, which is an increase of \$379,528 from 2009 revenues. The expenditures in the street fund totaled \$1,041,144 in 2010, which increased \$282,955 from 2009. The net increase in fund balance was \$29,046 or 4.09%.
- The permissive license tax fund had revenues and other financing sources of \$781,536 in 2010, which is an increase of \$491,688 from 2009 revenues. The expenditures and other financing uses in the permissive license tax fund totaled \$957,398 in 2010, which increased \$878,150 from 2009. The net decrease in fund balance was \$175,862 or 37.82%.
- The police fund had revenues and other financing sources of \$2,367,365 in 2010, which is an increase of \$529,372 from 2009 revenues. The expenditures in the police fund totaled \$1,378,058 in 2010, which increased \$298,955 in 2009. The net increase in fund balance was \$989,307 or 281.88%.
- The State Route 310 TIF fund had no revenues or expenditures in 2010. The State Route 310 TIF fund was established in 2011 to account for revenues generated from the State Route 301 tax increment financing agreement.
- Net assets for the business-type activities, which are made up of the water and sewer enterprise funds, decreased in 2010 by \$552,620. This decrease in net assets was due primarily to an increase in operating expenses during 2010.
- In the general fund, the actual revenues came in \$182,888 higher than they were in the final budget. Actual expenditures were \$1,256,236 less than the amount in the final budget. These variances are the result of the City's conservative budgeting.

CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

The Basic Financial Statements

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, variations of economic conditions, required community programs and other factors.

In the statement of net assets and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, street maintenance, capital improvements and general administration. These services are funded primarily by property taxes, income taxes, and intergovernmental revenues including Federal and State grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water and sewer operations are reported here.

The City's statement of net assets and statement of activities can be found on pages 37 - 39 of this report.

Reporting the City's Most Significant Funds

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.

CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 28.

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 the 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, the readers may better understand the long-term impact of the government's near-term financing decisions. 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 a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, street fund, permissive license tax fund, police fund and the State Route 310 TIF fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 40 - 51 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. 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 water and sewer operations. All of the City's enterprise funds are considered major funds. The basic proprietary fund financial statements can be found on pages 52 - 55 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary fund is an agency fund. The basic fiduciary fund financial statement can be found on page 56 of this report.

Notes to the Basic 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. These notes to the basic financial statements can be found on pages 57 - 87 of this report.

CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

Government-Wide Financial Analysis

The table below provides a summary of the City's assets, liabilities and net assets at December 31, 2010 and 2009:

	Governmental Activities		Net Assets Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<u>Assets</u>						
Current and other assets	\$ 6,382,486	\$ 5,944,138	\$ 2,700,301	\$ 3,665,104	\$ 9,082,787	\$ 9,609,242
Capital assets, net	<u>7,908,844</u>	<u>6,896,279</u>	<u>9,930,302</u>	<u>9,796,887</u>	<u>17,839,146</u>	<u>16,693,166</u>
Total assets	<u>14,291,330</u>	<u>12,840,417</u>	<u>12,630,603</u>	<u>13,461,991</u>	<u>26,921,933</u>	<u>26,302,408</u>
<u>Liabilities</u>						
Long-term liabilities						
outstanding	1,100,025	1,211,134	7,127,447	7,552,850	8,227,472	8,763,984
Other liabilities	<u>1,128,749</u>	<u>2,550,169</u>	<u>245,416</u>	<u>98,781</u>	<u>1,374,165</u>	<u>2,648,950</u>
Total liabilities	<u>2,228,774</u>	<u>3,761,303</u>	<u>7,372,863</u>	<u>7,651,631</u>	<u>9,601,637</u>	<u>11,412,934</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	6,885,892	5,768,494	2,890,611	2,327,739	9,776,503	8,096,233
Restricted	3,368,744	2,142,306	-	-	3,368,744	2,142,306
Unrestricted	<u>1,807,920</u>	<u>1,168,314</u>	<u>2,367,129</u>	<u>3,482,621</u>	<u>4,175,049</u>	<u>4,650,935</u>
Total net assets	<u>\$12,062,556</u>	<u>\$ 9,079,114</u>	<u>\$ 5,257,740</u>	<u>\$ 5,810,360</u>	<u>\$ 17,320,296</u>	<u>\$ 14,889,474</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2010, the City's assets exceeded liabilities by \$17,320,296. At year end, net assets were \$12,062,556 and \$5,257,740 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 66.26% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2010, were \$6,885,892 and \$2,890,611 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2010, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$3,368,744, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$1,807,920 may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

The table below shows the changes in net assets for fiscal years 2010 and 2009.

	Governmental Activities		Change in Net Assets Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services and sales	\$ 547,162	\$ 583,521	\$ 1,645,350	\$ 1,620,412	\$ 2,192,512	\$ 2,203,933
Operating grants and contributions	1,103,619	1,249,874	-	-	1,103,619	1,249,874
Capital grants and contributions	1,031,411	828,333	56,665	202,460	1,088,076	1,030,793
General revenues:						
Property taxes	2,323,521	2,237,648	-	-	2,323,521	2,237,648
Income taxes	1,091,939	-	-	-	1,091,939	-
Payments in lieu of taxes	424,161	-	-	-	424,161	-
Unrestricted grants	331,221	368,296	-	-	331,221	368,296
Interest	4,223	11,624	4,714	27,583	8,937	39,207
Other	32,346	26,982	19,348	21,707	51,694	48,689
Total revenues	<u>6,889,603</u>	<u>5,306,278</u>	<u>1,726,077</u>	<u>1,872,162</u>	<u>8,615,680</u>	<u>7,178,440</u>
Expenses:						
General government	871,750	826,900	-	-	871,750	826,900
Security of persons and property	1,373,081	1,401,767	-	-	1,373,081	1,401,767
Public health and welfare	59,300	57,500	-	-	59,300	57,500
Transportation	1,228,925	1,145,854	-	-	1,228,925	1,145,854
Community environment	270,207	335,062	-	-	270,207	335,062
Leisure time activity	46,494	48,003	-	-	46,494	48,003
Economic development	4,462	9,800	-	-	4,462	9,800
Interest and fiscal charges	51,942	77,952	-	-	51,942	77,952
Water	-	-	1,338,996	1,614,297	1,338,996	1,614,297
Sewer	-	-	939,701	945,829	939,701	945,829
Total expenses	<u>3,906,161</u>	<u>3,902,838</u>	<u>2,278,697</u>	<u>2,560,126</u>	<u>6,184,858</u>	<u>6,462,964</u>
Change in net assets	2,983,442	1,403,440	(552,620)	(687,964)	2,430,822	715,476
Net assets at beginning of year	<u>9,079,114</u>	<u>7,675,674</u>	<u>5,810,360</u>	<u>6,498,324</u>	<u>14,889,474</u>	<u>14,173,998</u>
Net assets at end of year	<u>\$ 12,062,556</u>	<u>\$ 9,079,114</u>	<u>\$ 5,257,740</u>	<u>\$ 5,810,360</u>	<u>\$ 17,320,296</u>	<u>\$ 14,889,474</u>

CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

Governmental Activities

Governmental activities net assets increased \$2,983,442 in 2010. The increase in net assets primarily resulted from the collection of income taxes and payments in lieu of taxes during 2010. See Notes 7 and 9, respectively, to the basic financial statements for more detail.

Security of persons and property, which primarily supports the operations of the police department, had expenses of \$1,373,081 which accounted for 35.15% of the governmental expenses of the City. These expenses were partially funded by \$155,183 in direct charges to users of the services and \$147,517 in operating grants and contributions. Transportation, which primarily supports street construction and maintenance projects, had expenses of \$1,228,925 which accounted for 31.46% of the governmental expenses of the City. These expenses were partially funded by \$908,554 in operating grants and contributions and \$1,031,411 in capital grants and contributions. General government expenses totaled \$871,750 which was partially funded by \$372,604 in direct charges to users of the services.

The State and Federal government contributed to the City a total of \$1,103,619 in operating grants and contributions and \$1,031,411 in capital grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$4,207,411, and amounted to 61.07% of total governmental revenues. These revenues primarily consist of property tax revenue, income tax revenue, payments in lieu of taxes and grants and entitlements not restricted to specific programs, including local government revenue, making up \$4,170,842 which is 99.13% of general revenues or 60.54% of all revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the table below, the City is highly dependent upon property taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
Program expenses:				
General government	\$ 871,750	\$ 499,146	\$ 826,900	\$ 481,174
Security of persons and property	1,373,081	1,070,381	1,401,767	973,600
Public health and welfare	59,300	59,300	57,500	57,500
Transportation	1,228,925	(711,040)	1,145,854	(674,426)
Community environment	270,207	222,659	335,062	297,418
Leisure time activity	46,494	27,119	48,003	18,092
Economic development	4,462	4,462	9,800	9,800
Interest and fiscal charges	51,942	51,942	77,952	77,952
Total expenses	<u>\$ 3,906,161</u>	<u>\$ 1,223,969</u>	<u>\$ 3,902,838</u>	<u>\$ 1,241,110</u>

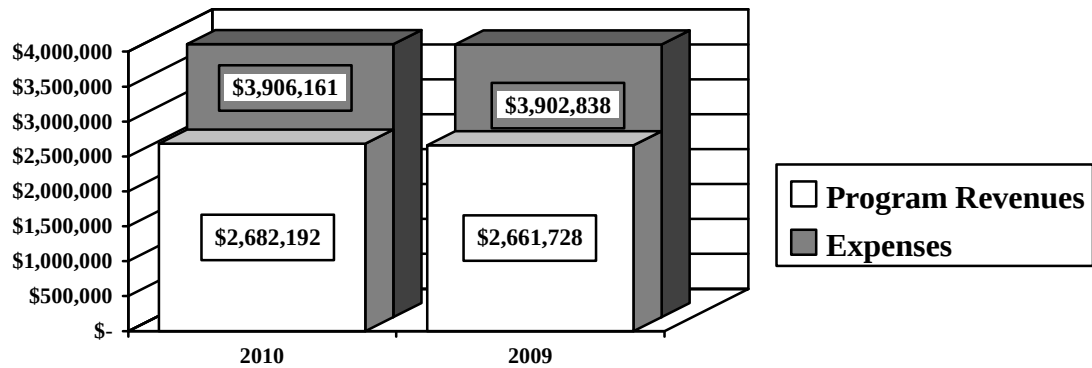
The dependence upon general revenues for governmental activities is apparent, with 31.33% and 31.80% of expenses in 2010 and 2009, respectively, supported through taxes and other general revenues.

CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

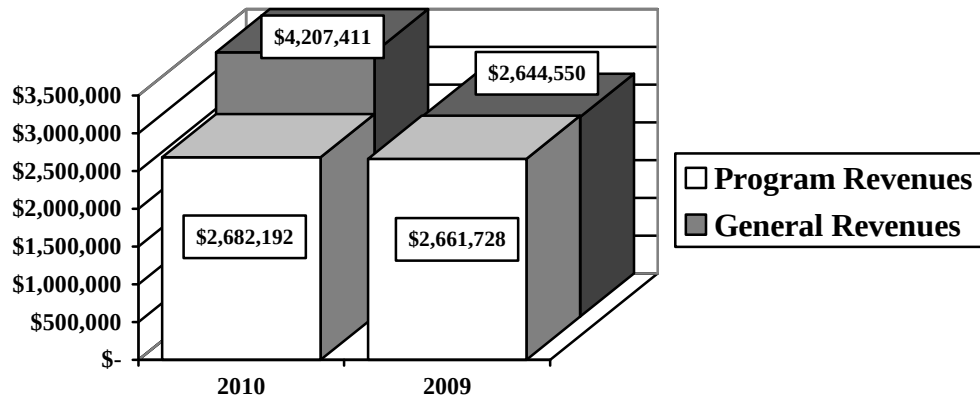
The graph below shows governmental-activities program revenues and total expenses for years 2010 and 2009:

Governmental Activities - Program Revenues vs. Total Expenses



The graph below shows governmental-activities general and program revenues for years 2010 and 2009:

Governmental Activities - General and Program Revenues



Business-type Activities

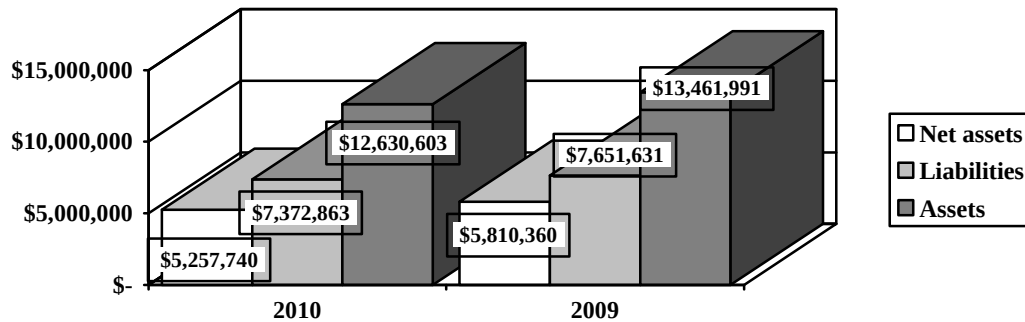
Business-type activities include the water and sewer enterprise funds. These programs had program revenues of \$1,702,015, general revenues of \$24,062, and expenses of \$2,278,697 for 2010.

CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

The graph below shows the business-type activities assets, liabilities and net assets at December 31, 2010 and 2009.

Net Assets in Business - Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on 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 the City's net resources available for spending at year end.

The City's governmental funds (as presented on the balance sheet on pages 40-41) reported a combined fund balance of \$4,321,941 which is \$1,503,990 higher than last year's total of \$2,817,951. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2010 for all major and nonmajor governmental funds.

	Fund Balances 12/31/10	Fund Balances 12/31/09	Increase/ (Decrease)
Major funds:			
General	\$ 1,686,527	\$ 1,201,600	\$ 484,927
Street	739,495	710,449	29,046
Permissive license tax	289,188	465,050	(175,862)
Police	1,340,277	350,970	989,307
Other nonmajor governmental funds	266,454	89,882	176,572
Total	<u>\$ 4,321,941</u>	<u>\$ 2,817,951</u>	<u>\$ 1,503,990</u>

CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

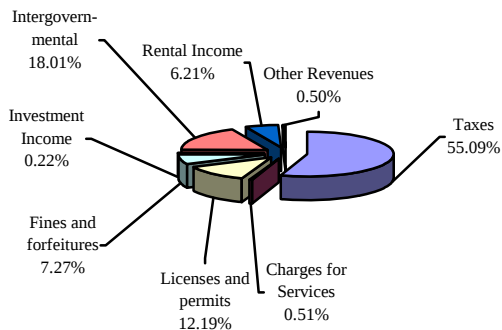
General Fund

The table that follows assists in illustrating the revenues of the general fund.

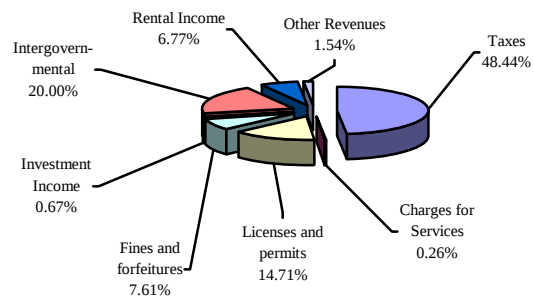
	2010 <u>Amount</u>	2009 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 1,066,711	\$ 847,697	25.84 %
Charges for services	9,808	4,622	112.20 %
Licenses and permits	235,985	257,348	(8.30) %
Fines and forfeitures	140,733	133,241	5.62 %
Intergovernmental	349,013	349,993	(0.28) %
Investment income	4,223	11,624	(63.67) %
Rental income	120,200	118,538	1.40 %
Other	<u>9,648</u>	<u>26,982</u>	(64.24) %
Total	<u>\$ 1,936,321</u>	<u>\$ 1,750,045</u>	10.64 %

Tax revenue represents 55.09% of all general fund revenue. Taxes increased 25.84% over 2009 revenues due to an increase in advances available at December 31, 2010. The decrease in licenses and permits was due to a decrease in franchise fees. The decrease in investment income was a result of declining interest rates. The graphs below show a breakdown of the general fund's revenues for December 31, 2010 and 2009:

Revenues - 2010



Revenues - 2009



CITY OF PATASKALA, OHIO

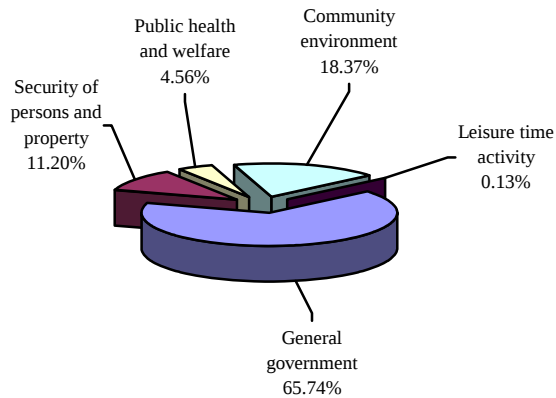
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

The table that follows assists in illustrating the expenditures of the general fund.

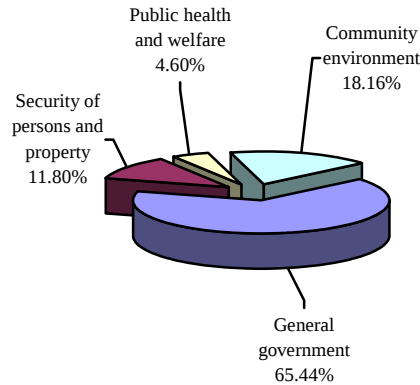
	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
<u>Expenditures</u>			
General government	\$ 855,648	\$ 817,413	4.68 %
Security of persons and property	145,763	147,436	(1.13) %
Public health and welfare	59,300	57,500	3.13 %
Community environment	239,037	226,781	5.40 %
Leisure time activitiy	<u>1,646</u>	<u>-</u>	100.00 %
Total	<u>\$ 1,301,394</u>	<u>\$ 1,249,130</u>	4.18 %

All expenditures were comparable to 2009. The graphs below show the general fund's expenditures for December 31, 2010 and 2009:

Expenditures - 2010



Expenditures - 2009



CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

Street Fund

The street fund had revenues of \$1,070,190 in 2010, which is an increase of \$379,528 from 2009 revenues. The City began collecting income tax revenues during 2010 of which 25% of all collections are allocated to the street fund. The expenditures in the street fund totaled \$1,041,144 in 2010, which increased \$282,955 from 2009. The net increase in fund balance was \$29,046 or 4.09%.

Permissive License Tax Fund

The permissive license tax fund had revenues and other financing sources of \$781,536 in 2010, which is an increase of \$491,688 from 2009 revenues. The expenditures and other financing uses in the permissive license tax fund totaled \$957,398 in 2010, which increased \$878,150 from 2009. The net decrease in fund balance was \$175,862 or 37.82%.

Police Fund

The police fund had revenues and other financing sources of \$2,367,365 in 2010, which is an increase of \$529,372 from 2009 revenues. The City began collecting income tax revenues during 2010 of which 75% of all collections are allocated to the police fund. The expenditures in the police fund totaled \$1,378,058 in 2010, which increased \$298,955 in 2009. The net increase in fund balance was \$989,307 or 281.88%.

State Route 310 TIF Fund

The State Route 310 TIF fund had no revenues or expenditures in 2010. The State Route 310 TIF fund was established in 2011 to account for revenues generated from the State Route 301 tax increment financing agreement.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

In the general fund, the actual revenues of \$1,771,065 were \$182,888 higher than they were in the final budget of \$1,588,177. Final budgeted revenues did not change from original budgeted revenues of \$1,588,177.

Actual expenditures and other financing uses of \$1,436,535 were \$1,256,236 less than the amount in the final budgeted expenditures and other financing uses of \$2,692,771. The final budgeted expenditures and other financing uses did not change from the original budgeted expenditures and other financing uses of \$2,692,771.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements. The City has no internal service funds and there was no internal balance outstanding at year end between the governmental and business-type activities.

CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

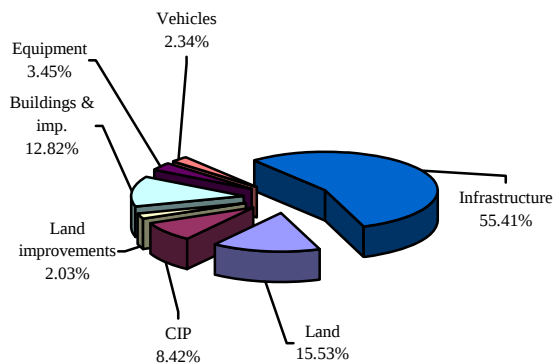
At the end of 2010, the City had \$17,839,146, net of accumulated depreciation, invested in land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, and infrastructure. Of this total, \$7,908,844 was reported in governmental activities and \$9,930,302 was reported in business-type activities. The following table shows 2010 balances compared to 2009:

**Capital Assets at December 31
(Net of Depreciation)**

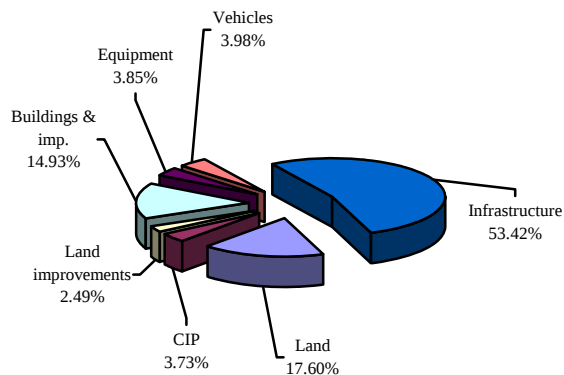
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,228,340	\$ 1,213,540	\$ 654,893	\$ 654,893	\$ 1,883,233	\$ 1,868,433
Construction-in-progress	666,152	257,143	577,035	200,544	1,243,187	457,687
Land improvements	160,885	172,034	-	-	160,885	172,034
Buildings and improvements	1,013,738	1,029,912	4,956,470	5,123,193	5,970,208	6,153,105
Equipment	272,734	265,195	927,476	802,643	1,200,210	1,067,838
Vehicles	185,267	274,474	29,914	33,902	215,181	308,376
Infrastructure	4,381,728	3,683,981	2,784,514	2,981,712	7,166,242	6,665,693
Totals	<u>\$ 7,908,844</u>	<u>\$ 6,896,279</u>	<u>\$ 9,930,302</u>	<u>\$ 9,796,887</u>	<u>\$ 17,839,146</u>	<u>\$ 16,693,166</u>

The following graphs show the breakdown of governmental capital assets by category for 2010 and 2009.

Capital Assets - Governmental Activities 2010



Capital Assets - Governmental Activities 2009



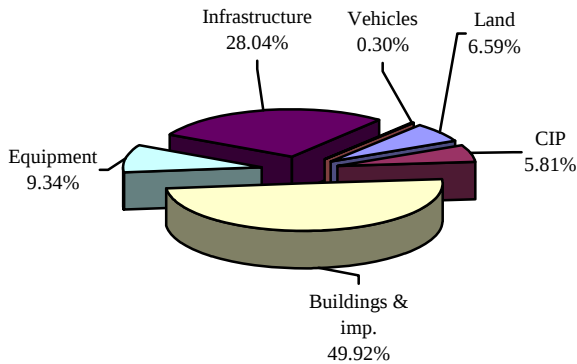
The City's largest capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant.

CITY OF PATASKALA, OHIO

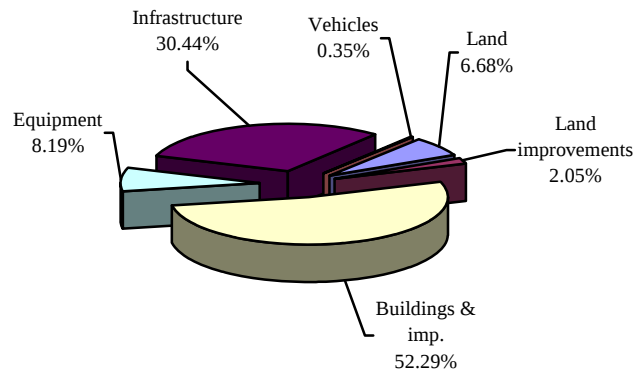
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

The following graphs show the breakdown of business-type capital assets by category for 2010 and 2009.

Capital Assets - Business-Type Activities 2010



Capital Assets - Business-Type Activities 2009



The City's largest business-type capital asset category was buildings and improvements. The net book value of the City's buildings and improvement (cost less accumulated depreciation) represents approximately 49.92% of the City's total business-type capital assets.

See Note 8 to the basic financial statements for detail on governmental activities and business-type activities capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2010 and 2009:

Governmental Activities		
	2010	2009
Compensated absences	\$ 77,073	\$ 83,349
Note payable	946,417	860,000
OPWC loans	76,535	87,082
Capital lease obligation payable	-	180,703
Total long-term obligations	<u>\$ 1,100,025</u>	<u>\$ 1,211,134</u>
Business-type Activities		
	2010	2009
General obligation bonds	\$ 6,840,000	\$ 6,990,000
OWDA Loans	183,398	459,537
Compensated absences	<u>14,727</u>	<u>10,673</u>
Total long-term obligations	<u>\$ 7,038,125</u>	<u>\$ 7,460,210</u>

CITY OF PATASKALA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)

See Note 11 to the basic financial statements for detail on governmental activities and business-type activities long-term obligations.

Economic Conditions and Outlook

On May 4, 2010 the City of Pataskala passed a 1% income tax, 0% credit with collections allocated 0.75% to the police fund and 0.25% to the street fund through December 31, 2011. Effective January 1, 2012, income tax collections will be recorded within the City's General Fund. The income tax is considered a permanent tax and will become effective beginning July 1, 2010. Income tax collections will replace the City's expiring real estate levy for police services and help supplement street operations.

Based on the expected delay in realizing full income tax collections which is estimated to take approximately 3 years from the July 1, 2010 implementation date, the Administration must continue to develop conservative budgets for police and street services for 2011 and future years while still providing sufficient resources to ensure a well staffed police force, address the City's deteriorating infrastructure, and provide sufficient funds for salting and plowing in the winter months. Income tax collections recorded in the police fund replace the City's police real estate tax levy which expired on December 31, 2010.

Income tax collections recorded in the Street Fund have been used to re-staff the department to 7 full-time employees, repair hundreds of street lights, fill thousands of pot holes, expand the existing snow removal policy, and provide funds for future road repairs. However, several main roads and corridors located in the City are in poor condition and require extensive repair. At this time it appears that income tax revenues will not provide the City all the necessary funds for all future road repairs and therefore the Administration will continue seeking grants and other funding mechanisms.

Based on the recent budget proposed by the Ohio Governor, all municipalities in Ohio will expect to see cuts in local government funding, tangible personal property tax reimbursements, and public utility deregulation tax reimbursements beginning July 1, 2011. Revenues the City would have received would have been receipted into the general fund, police fund, street fund, and park fund. The Administration will adjust future operating budgets in these funds to address these revenue reductions.

The Administration continues to be aggressive in seeking available grant funding for infrastructure needs consistently working with the Mid-Ohio Regional Planning Commission (MORPC), Licking County Engineer, the Ohio Department of Development and the Ohio Department of Transportation. Collaborating with these entities is imperative for the City to secure future grant funding and help the City address its long-term planning goals.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Jason Carr, Finance Director, City of Pataskala, 621 W. Broad Street, Pataskala, Ohio 43062.

BASIC
FINANCIAL STATEMENTS

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CITY OF PATASKALA, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . .	\$ 3,780,407	\$ 2,310,978	\$ 6,091,385
Receivables (net of allowances for uncollectibles):			
Income taxes.	504,652	-	504,652
Real and other taxes	918,205	-	918,205
Accounts.	58,297	216,748	275,045
Special assessments	2,880	-	2,880
Payments in lieu of taxes	528,497	-	528,497
Due from other governments.	468,982	-	468,982
Prepayments	29,244	16,120	45,364
Materials and supplies inventory.	42,800	14,175	56,975
Unamortized bond issue costs	-	142,280	142,280
Restricted assets:			
Cash with fiscal and escrow agent	48,522	-	48,522
Capital assets:			
Land and construction in progress.	1,894,492	1,231,928	3,126,420
Depreciable capital assets, net.	6,014,352	8,698,374	14,712,726
Total capital assets, net.	7,908,844	9,930,302	17,839,146
Total assets	14,291,330	12,630,603	26,921,933
Liabilities:			
Accounts payable.	41,323	48,064	89,387
Contracts payable.	219,997	144,233	364,230
Accrued wages and benefits	51,316	16,482	67,798
Due to other governments	7,079	3,244	10,323
Pension obligation payable	48,979	5,314	54,293
Accrued interest payable	5,882	28,079	33,961
Unearned revenue	754,173	-	754,173
Long-term liabilities:			
Due within one year	145,936	272,449	418,385
Due in more than one year.	954,089	6,854,998	7,809,087
Total liabilities	2,228,774	7,372,863	9,601,637
Net assets:			
Invested in capital assets, net			
of related debt	6,885,892	2,890,611	9,776,503
Restricted for:			
Capital projects	428,679	-	428,679
Debt service	30,067	-	30,067
Street construction, maintenance and repairs. .	1,368,440	-	1,368,440
Community development	8,813	-	8,813
Police	1,431,654	-	1,431,654
Parks and recreation.	100,733	-	100,733
Other purposes.	358	-	358
Unrestricted	1,807,920	2,367,129	4,175,049
Total net assets	\$ 12,062,556	\$ 5,257,740	\$ 17,320,296

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PATASKALA, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

			Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government.	\$ 871,750	\$ 372,604	\$ -	\$ -
Security of persons and property . . .	1,373,081	155,183	147,517	-
Public health and welfare	59,300	-	-	-
Transportation.	1,228,925	-	908,554	1,031,411
Community environment	270,207	-	47,548	-
Leisure time activity.	46,494	19,375	-	-
Economic development	4,462	-	-	-
Interest and fiscal charges.	51,942	-	-	-
Total governmental activities	<u>3,906,161</u>	<u>547,162</u>	<u>1,103,619</u>	<u>1,031,411</u>
Business-type activities:				
Water.	1,338,996	779,089	-	-
Sewer	939,701	866,261	-	56,665
Total business-type activities	<u>2,278,697</u>	<u>1,645,350</u>	<u>-</u>	<u>56,665</u>
Totals	<u>\$ 6,184,858</u>	<u>\$ 2,192,512</u>	<u>\$ 1,103,619</u>	<u>\$ 1,088,076</u>

General revenues:

Property taxes levied for:

General purposes

Police levy fund

Income taxes levied for:

Street fund

Police levy fund

Payments in lieu of taxes.

Grants and entitlements not restricted
to specific programs

Investment earnings.

Miscellaneous

Total general revenues.

Change in net assets

Net assets at beginning of year.

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (499,146)	\$ -	\$ (499,146)
(1,070,381)	-	(1,070,381)
(59,300)	-	(59,300)
711,040	-	711,040
(222,659)	-	(222,659)
(27,119)	-	(27,119)
(4,462)	-	(4,462)
(51,942)	-	(51,942)
(1,223,969)	-	(1,223,969)
-	(559,907)	(559,907)
-	(16,775)	(16,775)
-	(576,682)	(576,682)
(1,223,969)	(576,682)	(1,800,651)
1,063,530	-	1,063,530
1,259,991	-	1,259,991
272,986	-	272,986
818,953	-	818,953
424,161	-	424,161
331,221	-	331,221
4,223	4,714	8,937
32,346	19,348	51,694
4,207,411	24,062	4,231,473
2,983,442	(552,620)	2,430,822
9,079,114	5,810,360	14,889,474
\$ 12,062,556	\$ 5,257,740	\$ 17,320,296

CITY OF PATASKALA, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Street	Permissive License Tax	Police
Assets:				
Equity in pooled cash and cash equivalents . .	\$ 1,439,124	\$ 531,120	\$ 447,595	\$ 1,104,970
Receivables (net of allowances for uncollectibles):				
Income taxes.	-	126,164	-	378,488
Real and other taxes	918,205	-	-	-
Accounts.	54,316	2,486	-	-
Special assessments	2,880	-	-	-
Payments in lieu of taxes	-	-	-	-
Due from other governments.	98,648	317,003	16,563	-
Prepayments	7,173	7,037	-	15,034
Materials and supplies inventory.	-	42,800	-	-
Cash with fiscal and escrow agents.	-	-	48,522	-
Total assets	<u>\$ 2,520,346</u>	<u>\$ 1,026,610</u>	<u>\$ 512,680</u>	<u>\$ 1,498,492</u>
Liabilities:				
Accounts payable.	\$ 11,825	\$ 16,483	\$ 3,495	\$ 9,291
Contracts payable.	-	-	219,997	-
Accrued wages and benefits.	14,766	10,393	-	26,157
Due to other governments	1,903	4,553	-	623
Pension obligation payable	10,449	3,313	-	35,217
Unearned revenue	649,837	-	-	-
Deferred revenue	145,039	252,373	-	86,927
Total liabilities	<u>833,819</u>	<u>287,115</u>	<u>223,492</u>	<u>158,215</u>
Fund balances:				
Reserved for prepayments	7,173	7,037	-	15,034
Reserved for materials and supplies inventory . . .	-	42,800	-	-
Reserved for debt service.	-	-	-	-
Unreserved, undesignated, reported in:				
General fund.	1,679,354	-	-	-
Special revenue funds	-	689,658	289,188	1,325,243
Capital projects funds	-	-	-	-
Total fund balances.	<u>1,686,527</u>	<u>739,495</u>	<u>289,188</u>	<u>1,340,277</u>
Total liabilities and fund balances	<u>\$ 2,520,346</u>	<u>\$ 1,026,610</u>	<u>\$ 512,680</u>	<u>\$ 1,498,492</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

State Route 310 TIF	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 257,598	\$ 3,780,407
-	-	504,652
-	-	918,205
-	1,495	58,297
-	-	2,880
528,497	-	528,497
-	36,768	468,982
-	-	29,244
-	-	42,800
-	-	48,522
<u>\$ 528,497</u>	<u>\$ 295,861</u>	<u>\$ 6,382,486</u>
\$ -	\$ 229	\$ 41,323
-	-	219,997
-	-	51,316
-	-	7,079
-	-	48,979
104,336	-	754,173
424,161	29,178	937,678
<u>528,497</u>	<u>29,407</u>	<u>2,060,545</u>
-	-	29,244
-	-	42,800
-	30,067	30,067
-	-	1,679,354
-	229,457	2,533,546
-	6,930	6,930
<u>-</u>	<u>266,454</u>	<u>4,321,941</u>
<u>\$ 528,497</u>	<u>\$ 295,861</u>	<u>\$ 6,382,486</u>

CITY OF PATASKALA, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2010

Total governmental fund balances		\$ 4,321,941
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,908,844
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Real and other taxes receivable	\$ 59,630	
Intergovernmental receivable	335,103	
Special assessments receivable	2,880	
Income taxes receivable	115,904	
Payments in lieu of taxes receivable	<u>424,161</u>	
Total		937,678
On the statement of net assets interest is accrued on outstanding notes payable, whereas in governmental funds, interest is accrued when due.		(5,882)
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.		
OPWC loans payable	76,535	
Notes payable	946,417	
Compensated absences payable	<u>77,073</u>	
Total		<u>(1,100,025)</u>
Net assets of governmental activities		\$ <u>12,062,556</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF PATASKALA, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Street	Permissive License Tax	Police
Revenues:				
Income taxes	\$ -	\$ 244,009	\$ -	\$ 732,026
Real and other taxes.	1,066,711	-	-	1,367,567
Charges for services.	9,808	-	-	-
Licenses and permits	235,985	-	-	-
Fines and forfeitures	140,733	-	-	1,600
Intergovernmental.	349,013	817,197	690,548	241,217
Special assessments	4,645	-	-	-
Investment income.	4,223	685	-	-
Rental income	120,200	-	-	-
Contributions and donations.	-	-	45,988	-
Other	5,003	8,299	-	6,955
Total revenues	<u>1,936,321</u>	<u>1,070,190</u>	<u>736,536</u>	<u>2,349,365</u>
Expenditures:				
Current:				
General government	855,648	-	-	-
Security of persons and property	145,763	-	-	1,194,320
Public health and welfare.	59,300	-	-	-
Transportation	-	1,041,144	90,647	-
Community environment	239,037	-	-	-
Leisure time activity	1,646	-	-	-
Economic development.	-	-	-	-
Capital outlay	-	-	833,759	-
Debt service:				
Principal retirement.	-	-	10,547	180,703
Interest and fiscal charges	-	-	-	3,035
Total expenditures	<u>1,301,394</u>	<u>1,041,144</u>	<u>934,953</u>	<u>1,378,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>634,927</u>	<u>29,046</u>	<u>(198,417)</u>	<u>971,307</u>
Other financing sources (uses):				
Sale of capital assets.	-	-	-	18,000
Transfers in	-	-	-	-
Transfers (out).	(150,000)	-	(22,445)	-
Note issuance.	-	-	45,000	-
Total other financing sources (uses)	<u>(150,000)</u>	<u>-</u>	<u>22,555</u>	<u>18,000</u>
Net change in fund balances	484,927	29,046	(175,862)	989,307
Fund balances at beginning of year	<u>1,201,600</u>	<u>710,449</u>	<u>465,050</u>	<u>350,970</u>
Fund balances at end of year.	<u><u>\$ 1,686,527</u></u>	<u><u>\$ 739,495</u></u>	<u><u>\$ 289,188</u></u>	<u><u>\$ 1,340,277</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 976,035
-	2,434,278
18,373	28,181
-	235,985
12,850	155,183
382,995	2,480,970
-	4,645
210	5,118
-	120,200
-	45,988
8,771	29,028
423,199	6,515,611

-	855,648
20,123	1,360,206
-	59,300
34,520	1,166,311
661	239,698
18,706	20,352
4,462	4,462
336,489	1,170,248
108,583	299,833
45,528	48,563
569,072	5,224,621

(145,873)	1,290,990
-----------	-----------

-	18,000
172,445	172,445
-	(172,445)
150,000	195,000
322,445	213,000

176,572	1,503,990
89,882	2,817,951
\$ 266,454	\$ 4,321,941

CITY OF PATASKALA, OHIO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Net change in fund balances - total governmental funds	\$	1,503,990
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.		
Capital asset additions	\$ 1,499,257	
Current year depreciation	<u>(469,829)</u>	
Total		1,029,428
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(16,863)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(110,757)	
Intergovernmental revenues	(60,600)	
Special assessments	1,966	
Income tax revenue	115,904	
Payments lieu of taxes	<u>424,161</u>	
Total		370,674
Proceeds of notes issued are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		
		(195,000)
Repayment of loan, notes and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		299,833
In the statement of activities, interest is accrued on outstanding loans and notes, whereas in governmental funds, an interest expenditure is reported when due.		
		(3,379)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(5,241)</u>
Change in net assets of governmental activities	\$	<u>2,983,442</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF PATASKALA, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Real and other taxes	\$ 905,000	\$ 905,000	\$ 856,941	\$ (48,059)
Charges for services	5,000	5,000	9,808	4,808
Licenses and permits.	193,500	193,500	233,551	40,051
Fines and forfeitures.	93,500	93,500	134,589	41,089
Intergovernmental	244,287	244,287	399,241	154,954
Special assessments	5,000	5,000	4,645	(355)
Investment income	12,100	12,100	4,223	(7,877)
Rental income.	105,000	105,000	122,212	17,212
Other	24,790	24,790	5,855	(18,935)
Total revenues.	<u>1,588,177</u>	<u>1,588,177</u>	<u>1,771,065</u>	<u>182,888</u>
Expenditures:				
Current:				
General government.	2,071,274	2,071,274	844,062	1,227,212
Security of persons and property.	147,450	147,450	146,205	1,245
Public health and welfare.	59,300	59,300	59,300	-
Community environment	261,284	261,284	235,322	25,962
Leisure time activity.	3,463	3,463	1,646	1,817
Total expenditures.	<u>2,542,771</u>	<u>2,542,771</u>	<u>1,286,535</u>	<u>1,256,236</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(954,594)</u>	<u>(954,594)</u>	<u>484,530</u>	<u>1,439,124</u>
Other financing uses:				
Transfers out.	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Total other financing uses.	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balance.	(1,104,594)	(1,104,594)	334,530	1,439,124
Fund balance at beginning of year	<u>1,104,594</u>	<u>1,104,594</u>	<u>1,104,594</u>	<u>-</u>
Fund balance at end of year.	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,439,124</u></u>	<u><u>\$ 1,439,124</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PATASKALA, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ -	\$ -	\$ 146,822	\$ 146,822
Intergovernmental	826,902	826,902	826,338	(564)
Investment income	600	600	685	85
Other.	4,900	4,900	6,313	1,413
Total revenues	<u>832,402</u>	<u>832,402</u>	<u>980,158</u>	<u>147,756</u>
Expenditures:				
Current:				
Transportation.	1,449,347	1,449,347	1,065,983	383,364
Total expenditures.	<u>1,449,347</u>	<u>1,449,347</u>	<u>1,065,983</u>	<u>383,364</u>
Net change in fund balance.	(616,945)	(616,945)	(85,825)	531,120
Fund balance at beginning of year	<u>616,945</u>	<u>616,945</u>	<u>616,945</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 531,120</u></u>	<u><u>\$ 531,120</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PATASKALA, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMISSIVE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental.	\$ 523,461	\$ 523,461	\$ 616,447	\$ 92,986
Contributions and donations.	46,007	46,007	45,988	(19)
Total revenues.	<u>569,468</u>	<u>569,468</u>	<u>662,435</u>	<u>92,967</u>
Expenditures:				
Current:				
Capital outlay.	856,815	901,815	554,242	347,573
Debt service:				
Principal retirement.	<u>10,547</u>	<u>10,547</u>	<u>10,547</u>	<u>-</u>
Total expenditures.	<u>867,362</u>	<u>912,362</u>	<u>564,789</u>	<u>347,573</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(297,894)</u>	<u>(342,894)</u>	<u>97,646</u>	<u>440,540</u>
Other financing sources (uses):				
Transfer (out).	(29,500)	(29,500)	(22,445)	7,055
Note issuance.	<u>-</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(29,500)</u>	<u>15,500</u>	<u>22,555</u>	<u>7,055</u>
Net change in fund balance	(327,394)	(327,394)	120,201	447,595
Fund balance at beginning of year.	<u>327,394</u>	<u>327,394</u>	<u>327,394</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 447,595</u></u>	<u><u>\$ 447,595</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PATASKALA, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ -	\$ -	\$ 440,465	\$ 440,465
Real and other taxes	1,550,000	1,550,000	1,367,567	(182,433)
Fines and forfeitures.	-	-	1,600	1,600
Intergovernmental	171,805	171,805	241,217	69,412
Other.	3,195	3,195	6,955	3,760
Total revenues.	<u>1,725,000</u>	<u>1,725,000</u>	<u>2,057,804</u>	<u>332,804</u>
Expenditures:				
Current:				
Security of persons and property	2,031,263	2,039,063	1,268,521	770,542
Debt service:				
Principal retirement.	180,703	180,703	180,703	-
Interest and fiscal charges.	12,459	4,659	3,035	1,624
Total expenditures.	<u>2,224,425</u>	<u>2,224,425</u>	<u>1,452,259</u>	<u>772,166</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(499,425)</u>	<u>(499,425)</u>	<u>605,545</u>	<u>1,104,970</u>
Other financing sources:				
Sale of capital assets	18,000	18,000	18,000	-
Total other financing sources.	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Net change in fund balance.	(481,425)	(481,425)	623,545	1,104,970
Fund balance at beginning of year	<u>481,425</u>	<u>481,425</u>	<u>481,425</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,104,970</u></u>	<u><u>\$ 1,104,970</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PATASKALA, OHIO

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents . .	\$ 801,871	\$ 1,509,107	\$ 2,310,978
Receivables (net of allowance for uncollectibles):			
Accounts.	97,203	119,545	216,748
Prepayments	10,262	5,858	16,120
Materials and supplies inventory.	13,455	720	14,175
Total current assets	922,791	1,635,230	2,558,021
Noncurrent assets:			
Unamortized bond issue costs	142,280	-	142,280
Capital assets:			
Land and construction in progress.	491,616	740,312	1,231,928
Depreciable capital assets, net.	5,978,759	2,719,615	8,698,374
Total capital assets, net.	6,470,375	3,459,927	9,930,302
Total noncurrent assets	6,612,655	3,459,927	10,072,582
Total assets	7,535,446	5,095,157	12,630,603
Liabilities:			
Current liabilities:			
Accounts payable.	6,555	41,509	48,064
Contracts payable.	144,233	-	144,233
Accrued wages and benefits	7,706	8,776	16,482
Due to other governments	3,244	-	3,244
Pension obligation payable	2,586	2,728	5,314
Accrued interest payable	25,374	2,705	28,079
Compensated absences - current.	4,519	10,128	14,647
General obligation bonds - current	150,000	45,000	195,000
OWDA loans - current	62,802	-	62,802
Total current liabilities	407,019	110,846	517,865
Long-term liabilities:			
Compensated absences	40	40	80
General obligation bonds	6,259,322	475,000	6,734,322
OWDA loans	-	120,596	120,596
Total long-term liabilities	6,259,362	595,636	6,854,998
Total liabilities	6,666,381	706,482	7,372,863
Net assets:			
Invested in capital assets, net of related debt. . .	71,280	2,819,331	2,890,611
Unrestricted	797,785	1,569,344	2,367,129
Total net assets	\$ 869,065	\$ 4,388,675	\$ 5,257,740

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PATASKALA, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Operating revenues:			
Charges for services	\$ 709,792	\$ 823,406	\$ 1,533,198
Capacity fees.	69,297	42,855	112,152
Other operating revenues	9,289	6,387	15,676
Total operating revenues.	788,378	872,648	1,661,026
Operating expenses:			
Personal services	304,202	307,123	611,325
Contract services.	78,872	88,142	167,014
Materials and supplies.	341,857	309,904	651,761
Depreciation.	287,943	182,728	470,671
Total operating expenses.	1,012,874	887,897	1,900,771
Operating loss	(224,496)	(15,249)	(239,745)
Nonoperating revenues (expenses):			
Interest expense and fiscal charges	(317,744)	(51,804)	(369,548)
Gain (loss) on disposal of capital assets	(8,378)	3,672	(4,706)
Investment income.	2,149	2,565	4,714
Total nonoperating revenues (expenses).	(323,973)	(45,567)	(369,540)
Loss before capital contributions.	(548,469)	(60,816)	(609,285)
Capital contributions.	-	56,665	56,665
Change in net assets	(548,469)	(4,151)	(552,620)
Net assets at beginning of year.	1,417,534	4,392,826	5,810,360
Net assets at end of year	\$ 869,065	\$ 4,388,675	\$ 5,257,740

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PATASKALA, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash flows from operating activities:			
Cash received from charges for services.	\$ 708,805	\$ 815,784	\$ 1,524,589
Cash received from capacity fees	69,297	42,855	112,152
Cash received from other operations	9,289	6,387	15,676
Cash payments for personal services.	(301,159)	(303,061)	(604,220)
Cash payments for contract services	(84,120)	(83,400)	(167,520)
Cash payments for materials and supplies	(344,448)	(308,300)	(652,748)
Net cash provided by operating activities	<u>57,664</u>	<u>170,265</u>	<u>227,929</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(132,939)	(337,145)	(470,084)
Proceeds from sale of assets.	-	5,525	5,525
Capital contributions.	-	56,665	56,665
OWDA loan issued	-	81,761	81,761
Principal retirement on bonds and loans	(230,127)	(277,773)	(507,900)
Interest paid on bonds and loans	(316,244)	(52,020)	(368,264)
Net cash used in capital and related financing activities.	<u>(679,310)</u>	<u>(522,987)</u>	<u>(1,202,297)</u>
Cash flows from investing activities:			
Interest received	<u>2,149</u>	<u>2,565</u>	<u>4,714</u>
Net cash provided by investing activities	<u>2,149</u>	<u>2,565</u>	<u>4,714</u>
Net decrease in cash and cash equivalents	(619,497)	(350,157)	(969,654)
Cash and cash equivalents at beginning of year . . .	1,421,368	1,859,264	3,280,632
Cash and cash equivalents at end of year	<u><u>\$ 801,871</u></u>	<u><u>\$ 1,509,107</u></u>	<u><u>\$ 2,310,978</u></u>

- - Continued

CITY OF PATASKALA, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (224,496)	\$ (15,249)	\$ (239,745)
Adjustments:			
Depreciation.	287,943	182,728	470,671
Changes in assets and liabilities:			
Decrease in materials and supplies inventory	-	746	746
(Increase) in accounts receivable.	(987)	(7,622)	(8,609)
(Increase) in prepayments	(1,137)	(1,137)	(2,274)
Increase (decrease) in accounts payable	(8,303)	5,600	(2,703)
Increase in accrued wages and benefits	2,567	2,234	4,801
Increase in due to other governments.	464	-	464
Increase in compensated absences payable.	1,379	2,675	4,054
Increase in pension obligation payable.	234	290	524
Net cash provided by operating activities	<u>\$ 57,664</u>	<u>\$ 170,265</u>	<u>\$ 227,929</u>

Non-Cash Transactions:

At December 31, 2010, the Water fund purchased \$144,233 of capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PATASKALA, OHIO

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2010**

	<u>Agency</u>
Assets:	
Cash in segregated accounts.	<u>\$ 23,734</u>
Total assets	<u><u>\$ 23,734</u></u>
Liabilities:	
Undistributed monies.	<u>\$ 23,734</u>
Total liabilities.	<u><u>\$ 23,734</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - DESCRIPTION OF THE CITY

The City of Pataskala, Licking County, Ohio (the "City") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a government that is directed by a publicly-elected seven-member Council and a Mayor. The city administrator is the chief executive officer, and the finance director is the chief fiscal officer. The City provides the following services: general government, including water and sewer utilities, police protection, public health, street maintenance and community development.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB guidance issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply this FASB guidance. The most significant of the City's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's BFS to be misleading or incomplete.

The primary government consists of all funds and departments which provide various services including police protection, street maintenance and repair, water and sewer services. Council and the City Administrator are directly responsible for these activities. The City contracts with various non-profit organizations for parks and recreation programmatic services. Currently, utilization agreements which set forth responsibilities for parks and recreation activities include the Pataskala Parks and Recreation Association (youth soccer), the Licking Heights Youth Association (girls softball), and the Lions Club (mowing and maintenance of parks). The City has no responsibility to these organizations other than providing related equipment and resources to maintain the grounds and surrounding areas but has no responsibility to maintain parks and recreation programs. The City contracts with the Licking County Health Department for public health services. The City does not approve each organizations operating budget nor is responsible for its continued operation.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The accompanying financial statements represent the City, which has no component units. The following organizations are described due to their relationship with the City:

JOINTLY GOVERNED ORGANIZATIONS

West Licking Joint Fire District - The West Licking Joint Fire District, a jointly governed organization, is a political subdivision governed by a Board of Trustees which possesses its own contracting and budgeting authority. The Board of Trustees consists of one representative from each of the participating governments; the City of Pataskala, the Village of Kirkersville, Village of New Albany, Harrison Township, Etna Township, City of Reynoldsburg and Jersey Township. The City made no contributions during 2010 for the operation of the West Licking Joint Fire District.

Southwest Licking Community Water and Sewer District - The Southwest Licking Community Water and Sewer District (the "Sewer District"), a jointly governed organization, is a political subdivision governed by a Board of Trustees which possesses its own contracting and budgeting authority. The City Council of Pataskala appoints one member of the Sewer District and the remaining members are appointed by Harrison and Etna Townships. The City made no contributions during 2010 for the operation of the Sewer District.

Mid-Ohio Regional Planning Commission - The City participates in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 74 representatives appointed by member governments who make the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south central Ohio and a regional planning agency whose membership includes 42 political subdivisions in and around Franklin, Ross, Fayette, Delaware, Pickaway, Madison, Licking, and Fairfield counties, Ohio. The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support livability/sustainability measures as a means of addressing regional growth challenges, and to administer and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC's members.

Pataskala Corporate Park Joint Economic Development District - The Pataskala Corporate Park Joint Economic Development District (JEDD), Licking County (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was created as a result of an agreement between the City of Pataskala, Harrison Township, Licking County, and the City of Newark on December 22, 2009. The District is directed by a five-member Board of Trustees. The District's purpose is to promote and facilitate economic development that will create jobs and employment opportunities and improve the economic welfare of the people in the State, the County, the City, the City of Newark, Harrison Township, and the District. Such area is located in the City of Pataskala corporate limits and the primary source of revenue is a tax on earned income in the District.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In late 2006, the Ohio Department of Development designated a 520.786 acre site in the City of Pataskala as eligible for Job Ready Sites (JRS) funding. As such, this site known as the Pataskala Corporate Park, located at the southeast corner of State Route 16 (Broad Street) and Mink Street is recognized as one of the premier sites for manufacturing and industrial development in the State of Ohio. A roadway was constructed in 2010 linking State Route 16 (Broad Street) and Refugee Road with the intention to ultimately link the access road to U.S. Route 40 (The National Road), improving the routing to Interstate 70 and offering unparalleled access for commerce. In late 2006, the project received funding of approximately \$3.4 million to develop this roadway. It is considered one of the initial projects funded under Ohio's Job Ready Sites program, and is critical in order for the City to create jobs and investment.

The Board of Trustees adopted a resolution levying an income tax at a rate of 1.75 percent on income earned by persons working in the District and on the net profits of businesses located in the District. The income tax shall follow the provisions of Chapter 718 of the Ohio Revised Code. Income tax revenues are collected by the City of Newark Treasurer and deposited quarterly in the Pataskala Corporate Park JEDD Fund, or its general fund. Monies deposited to the JEDD Fund shall be allocated to the JEDD Improvement Account for future infrastructure improvements and to the Newark Account for future distributions to governmental entities subject to the tax sharing agreement.

Regional Income Tax Agency (RITA)

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing facilities for their common benefit. This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose. The first official act of the RCOG was to form RITA. Today RITA serves as the income tax collection agency for 185 municipalities throughout the State of Ohio. The City began using RITA for its income tax collection services in 2010.

Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA.

B. Basis of Presentation - Fund Accounting

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

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. 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 purposes 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 - The general fund accounts for all financial resources except those required to be accounted for in another fund. This includes, but is not limited to, police protection, public health activities, cemetery and the general administration of City functions.

Street fund - The street fund accounts for revenues generated from income tax, license and gasoline taxes to be used on local roads within the City.

Permissive license tax fund - The permissive license tax fund accounts for revenues generated from permissive license taxes to be used on local roads within the City.

Police fund - This fund accounts for tax and other revenues collected for police operations.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

State Route 310 TIF fund - The State Route 310 TIF fund accounts for revenues generated from the State Route 310 tax increment financing agreement and may be used for the public infrastructure improvements and all related costs associated with constructing, reconstructing, or making improvements to State Route 310 North and South TIF districts for future office, commercial and residential uses. A budgetary schedule was not prepared for this fund as no revenues were received and no expenditures were made during 2010.

Other governmental funds of the City are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; (b) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; and (c) grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds - Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

Enterprise Funds - The 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:

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer fund - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

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

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

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

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

E. 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. Governmental funds use the modified accrual basis of accounting. Proprietary and agency funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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 year. For the City, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, payments in lieu of taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). 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 the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a 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 nonexchange 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 taxes, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes and payment in lieu of taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. Special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2010, are recorded as deferred revenue in the governmental funds.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The City's legal level of budgetary is established at the object level within each department, within each fund. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget - During the first Council meeting in July, the City Administrator presents the following year's annual operating budget to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The Licking County Budget Commission waived this requirement for 2010.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during 2010.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Appropriations - A temporary appropriation ordinance to control expenditures 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 fixes spending authority at the object level within each department, within each fund. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The appropriations at the legal level of control may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the original and final appropriation amounts, including all amendments and modifications legally enacted by Council.

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. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Cash and Cash Equivalents

Cash balances of the City's funds, except cash in segregated accounts and cash held by a fiscal and escrow agent, are pooled and invested in investments maturing within five years in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank accounts is presented on the financial statements as "equity in pooled cash and cash equivalents".

During 2010, investments were limited to nonnegotiable certificates of deposit and repurchase agreements. Nonparticipating investment contracts, such as repurchase agreements and nonnegotiable certificates of deposit, are reported at cost.

The City has a segregated bank account for Mayor's Court monies separate from the City's central bank account. This interest bearing depository account is presented on the financial statements as "cash in segregated accounts" since it is not required to be deposited into the City treasury.

Interest income is distributed to the funds according to statutory requirements. Interest revenue earned and credited to the general fund during 2010 amounted to \$4,223, which included \$3,152 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the financial statement, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments, to the extent they are purchased from a specific fund.

An analysis of the City's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

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

CITY OF PATASKALA, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On fund financial statements, inventories of governmental funds are stated at cost while 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. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental funds when consumed. Inventories of the proprietary funds are expensed when used.

I. Capital Assets

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

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 maintains a capitalization threshold of \$5,000. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. 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:

	Governmental Activities	Business-type Activities
<u>Description</u>	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Land improvements	5 - 20 years	5 - 20 years
Buildings and improvements	20 - 60 years	20 - 60 years
Equipment	5 - 30 years	5 - 30 years
Vehicles	8 - 10 years	8 years
Infrastructure	15 - 60 years	50 - 60 years

J. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service or any employee with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16. Sick leave benefits were accrued using the "vesting" method.

The total liability for vacation, compensatory time, and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepaid Items

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

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, 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. Loans, notes and capital lease obligations are recognized as a liability on the governmental fund financial statements when due.

M. Interfund Activity

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

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 BFS.

N. Fund Balance Reserves

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The City reports a reservation of fund balance for amounts representing prepayments, materials and supplies inventory, and debt service in the governmental fund financial statements.

O. Estimates

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

P. 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. Capital contributions are reported as revenue in the proprietary fund financial statements. The proprietary funds received \$56,665 in capital contributions from grants and subsidies during 2010.

Q. Net Assets

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

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

R. 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 water and sewer programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provision or enabling legislation.

Restricted assets represent certain resources which are segregated from other resources of the City. These assets are generally held in separate accounts of the City or by a trustee. Restricted assets represent permissive tax monies held by Licking County.

T. Extraordinary and Special Items

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

U. Bond Discounts, Premiums and Issuance Costs

Bond issuance costs are reported as deferred charges and amortized over the life of the bond using the straight-line method. The unamortized portion of the bond issuance costs is reported on the statement of net assets. Bond discounts or premiums are (1) shown as additions to, or deductions from, the account of the bond liability, (2) amortized using the straight-line method, and (3) reflected as an adjustment to interest expense for the period in the proprietary fund.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2010, the City has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the City.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the City.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the City.

NOTE 4 - 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 the City 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 deposit 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.

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

CITY OF PATASKALA, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

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. An investment must mature within 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 Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash with Fiscal and Escrow Agent

At year end, the City had \$48,522 on deposit with the Licking County Treasurer. The data regarding insurance and collateralization can be obtained from the Licking County Comprehensive Annual Financial Report for the year ended December 31, 2010. This amount is not included in the City's depository balance detailed in Note 4.C.

B. Cash in Segregated Accounts

At year end, the City had \$23,734 deposited with a financial institution for monies related to the Mayor's Court which are reported as an agency fund. These amounts were covered by the FDIC and are not included in the City's depository balance detailed in Note 4.C.

C. Deposits with Financial Institutions

At December 31, 2010, the carrying amount of all City deposits was \$(62,266), exclusive of the \$6,153,651 in repurchase agreements included in investments below. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the City's bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements which are reported as "investments". Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2010, the entire bank balance of \$4,387 was covered by the FDIC.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2010, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
Repurchase agreements	<u>\$ 6,153,651</u>	<u>\$ 6,153,651</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The federal agency securities that underlie the repurchase agreements were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

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. For the City's \$6,153,651 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the City. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. 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 treasurer or qualified trustee.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreements	<u>\$ 6,153,651</u>	<u>100.00%</u>

CITY OF PATASKALA, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

E. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2010:

Cash and investments per note

Carrying amount of deposits	\$ (62,266)
Investments	6,153,651
Cash with fiscal and escrow agent	48,522
Cash in segregated accounts	<u>23,734</u>
Total	<u>\$ 6,163,641</u>

Cash and investments per statement of net assets

Governmental activities	\$ 3,828,929
Business type activities	2,310,978
Agency fund	<u>23,734</u>
Total	<u>\$ 6,163,641</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2010, consisted of the following:

Transfers to nonmajor governmental funds from:

General fund	\$ 150,000
Permissive license tax fund	<u>22,445</u>
Total	<u>\$ 172,445</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; reclassification of prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

A transfer amounting to \$22,445 from the permissive license tax fund to the Courter Bridge improvement nonmajor capital projects fund is required to fund the debt service requirement in the fund which reports the liability.

A transfer amounting to \$150,000 from the general fund to the municipal building purchase nonmajor capital projects fund is required to fund the debt service requirement in the fund which reports the liability.

Transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers between governmental funds are eliminated on the government-wide financial statements.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value 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 revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2009-2010, the City was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Pataskala. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2010 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2010 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

CITY OF PATASKALA, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2010 was \$2.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	\$ 325,908,370
Public Utility	<u>9,462,360</u>
Total Assessed Value	<u><u>\$ 335,370,730</u></u>

NOTE 7 - INCOME TAXES

The City levies an income tax of one percent on all income earned within the City as well as on income of residents earned outside the City.

Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Income tax revenue is credited to two funds. Of the one percent levied, the police fund receives .75 percent and the street fund received the remaining .25 percent and shall be used for operations specific to those departments. Income tax collections allocated to the police and street funds totaled \$732,026 and \$244,009, respectively, for the year ended December 31, 2010.

RITA administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of three percent.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2010, consisted of taxes, accounts (billings for user charged services), special assessments, payments in lieu of taxes, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2010.

A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Income taxes	\$ 504,652
Real and other taxes	918,205
Accounts	58,297
Special assessments	2,880
Payments in lieu of taxes	528,497
Due from other governments	468,982

Business-type activities:

Accounts	216,748
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Receivables have been disaggregated on the face of the BFS. All receivables are expected to be collected within the subsequent year.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - TAX INCREMENT FINANCING DISTRICT (TIF)

The City, pursuant to the Ohio Revised Code and City ordinances, has established a TIF. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as “payments in lieu of taxes (PILOT)”, as though the TIF had not been established. These “PILOTS” are then dedicated to the payments for various public improvements within or adjacent to the TIF area. Property values existing before the commencement date of a TIF continue to be subjected to property taxes.

On December 18, 2006, City Council authorized the creation of the State Route 310 Project Municipal Public Improvement Tax District, also known as the Pataskala Town Center, pursuant to the Ohio Revised Code declaring that the increase in assessed value and providing for the exemption of 75% of the improvements from real property taxation constructed on new parcels and ending on the earlier of 10 years after such date such parcels appeared on the real estate tax lists or the date on which the City can no longer require service payments in lieu of taxes on any improvements within the TIF district.

The City established the State Route 310 TIF fund which shall be maintained in the custody of the City. This fund shall receive PILOT revenues property rollback payments and any money recorded in this fund may only be used for public infrastructure improvements associated with State Route 310 North and South TIF service areas as defined by Ordinance.

PILOT revenue for 2010 was \$424,161 in the statement of activities. The TIF has longevity of the shorter period of 10 years or until there is no money available to be spent for the TIF areas. Any unspent funds remaining after the 10 year period shall be returned to the City’s general fund in accordance with Ohio Revised Code Section 5709.43. The property tax exemption then ceases; PILOT’s cease and property taxes then apply to the increased property values.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 - CAPITAL ASSETS

A. Governmental activities capital asset activity for the year ended December 31, 2010, was as follows:

	Balance 12/31/09	Additions	Disposals	Balance 12/31/10
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,213,540	\$ 14,800	\$ -	\$ 1,228,340
Construction in progress	<u>257,143</u>	<u>1,433,012</u>	<u>(1,024,003)</u>	<u>666,152</u>
Total capital assets, not being depreciated	<u>1,470,683</u>	<u>1,447,812</u>	<u>(1,024,003)</u>	<u>1,894,492</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	273,628	-	-	273,628
Buildings and improvements	1,483,374	31,241	-	1,514,615
Equipment	739,860	40,837	(25,985)	754,712
Vehicles	1,239,842	-	(21,356)	1,218,486
Infrastructure	<u>4,381,026</u>	<u>1,003,370</u>	<u>-</u>	<u>5,384,396</u>
Total capital assets, being depreciated	<u>8,117,730</u>	<u>1,075,448</u>	<u>(47,341)</u>	<u>9,145,837</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(101,594)	(11,149)	-	(112,743)
Buildings and improvements	(453,462)	(47,415)	-	(500,877)
Equipment	(474,665)	(31,117)	23,804	(481,978)
Vehicles	(965,368)	(74,525)	6,674	(1,033,219)
Infrastructure	<u>(697,045)</u>	<u>(305,623)</u>	<u>-</u>	<u>(1,002,668)</u>
Total accumulated depreciation	<u>(2,692,134)</u>	<u>(469,829)</u>	<u>30,478</u>	<u>(3,131,485)</u>
Total capital assets, being depreciated, net	<u>5,425,596</u>	<u>605,619</u>	<u>(16,863)</u>	<u>6,014,352</u>
Governmental activities capital assets, net	<u>\$ 6,896,279</u>	<u>\$ 2,053,431</u>	<u>\$ (1,040,866)</u>	<u>\$ 7,908,844</u>

Depreciation expense was charged to functions/programs of the City as follows:

<u>Governmental activities:</u>	
General government	\$ 41,020
Security of persons and property	9,854
Leisure time activity	26,142
Transportation	314,832
Community environment	<u>77,981</u>
Total depreciation expense - governmental activities	<u>\$ 469,829</u>

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity for the year ended December 31, 2010, was as follows:

	Balance 12/31/09	Additions	Disposals	Balance 12/31/10
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 654,893	\$ -	\$ -	\$ 654,893
Construction in progress	200,544	376,491	-	577,035
Total capital assets, not being depreciated	855,437	376,491	-	1,231,928
<i>Capital assets, being depreciated:</i>				
Land improvements	105,881	-	-	105,881
Buildings and improvements	6,665,915	-	-	6,665,915
Equipment	1,723,352	219,730	(33,964)	1,909,118
Vehicles	39,885	-	-	39,885
Infrastructure	6,680,133	18,096	-	6,698,229
Total capital assets, being depreciated	15,215,166	237,826	(33,964)	15,419,028
<i>Less: accumulated depreciation:</i>				
Land improvements	(105,881)	-	-	(105,881)
Buildings and improvements	(1,542,722)	(166,723)	-	(1,709,445)
Equipment	(920,709)	(84,666)	23,733	(981,642)
Vehicles	(5,983)	(3,988)	-	(9,971)
Infrastructure	(3,698,421)	(215,294)	-	(3,913,715)
Total accumulated depreciation	(6,273,716)	(470,671)	23,733	(6,720,654)
Total capital assets, being depreciated, net	8,941,450	(232,845)	(10,231)	8,698,374
Business-type activities capital assets, net	<u>\$ 9,796,887</u>	<u>\$ 143,646</u>	<u>\$ (10,231)</u>	<u>\$ 9,930,302</u>

Depreciation expense was charged to fund's (business-type activities) of the City as follows:

Business-type activities:

Water	\$ 287,943
Sewer	182,728
Total depreciation expense - business type activities	<u>\$ 470,671</u>

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Employees earn vacation at different rates which are also affected by length of service. Vacation is accrued each pay and may be carried over. The maximum number of hours which may be accrued is based on years of service. Vacation and sick leave accumulated by governmental fund type employees has been recorded in the statement of net assets to the extent they were not paid using current expendable available resources. Vacation and sick leave earned by proprietary funds type employees is expensed when earned and has been recorded in the fund.

Employees earn compensatory-time and may accrue a maximum of forty hours, except police officers may accrue a maximum of eighty hours, which may be carried forward to the next year.

As of December 31, 2010, the liability for compensated absences in governmental activities was \$77,073 and \$14,727 was the liability for compensated absences reported in the business-type activities. The total liability for the City's compensated absences reported on the statement of net assets was \$91,800 with \$72,239 being due within one year.

NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior fiscal years, the City entered into capital lease agreements for the acquisition of vehicles. The leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. At inception, capital lease transactions are accounted for as capital outlay expenditure and other financing source in the appropriate fund. Capital lease payments in the governmental funds have been reclassified on the financial statements to reflect debt principal and interest payments. These payments are reported as program expenditures on the budgetary statement.

Capital assets consisting of vehicles have been capitalized in the amount of \$322,323. This amount represents the present value of minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2010 was \$141,008, leaving a current book value of \$181,315. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments made in 2010 totaled \$180,703 and \$2,100, respectively, paid by the police fund. The City made the final lease payments during 2010.

NOTE 13 - LONG-TERM OBLIGATIONS

A. During 2010, the following activity occurred in the City's governmental long-term obligations:

	Balance			Balance	Amounts
	12/31/09	Additions	Reductions	12/31/10	Due in
Governmental activities:					One Year
Capital lease obligations	\$ 180,703	\$ -	\$ (180,703)	\$ -	\$ -
Notes payable	860,000	195,000	(108,583)	946,417	77,798
OPWC loans	87,082	-	(10,547)	76,535	10,546
Compensated absences	83,349	56,866	(63,142)	77,073	57,592
Total governmental activities					
long-term obligations	<u>\$ 1,211,134</u>	<u>\$ 251,866</u>	<u>\$ (362,975)</u>	<u>\$ 1,100,025</u>	<u>\$ 145,936</u>

CITY OF PATASKALA, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences: Compensated absences will be paid from the fund from which the employees' salaries are paid. For the City's governmental activities, this is the general fund, street fund and police fund.

Capital Lease Obligation: Capital lease payments were made from the police fund. See Note 12 for detail on the City's capital lease obligations.

Notes Payable: The City issued a long-term note in the amount of \$860,000 on December 9, 2009 to retire the bond anticipation note previously issued to finance municipal building improvements. The note bears an interest rate of 4.8159% and matures on December 9, 2014. The terms of the note allow the City to apply more towards principal each year. When the note matures, if the note is not paid in full the City has the option to refinance the note at comparable terms. The note is backed by the full faith and credit of the City.

The City issued a long-term note on August 20, 2010 in the amount of \$150,000 to retire the short-term note previously issued to finance bridge improvements (see Note 14). The note bears an interest rate of 4.8165% and matures on August 20, 2015. The note is backed by the full faith and credit of the City.

The City issued a long-term note on August 20, 2010 in the amount of \$45,000 to finance engineering fees associated with the Summit Road South Project. The note bears an interest rate of 4.8177% and matures on August 20, 2015. The note is backed by the full faith and credit of the City.

OPWC Loans: The Ohio Public Works Commission (OPWC) loans are general obligations of the City, and will be repaid from the City's general operating revenues. The OPWC loans are interest free, providing repayment remains current.

State Infrastructure Bank Loan: On September 30, 2010, the City entered into an agreement with the Ohio Department of Transportation for a State Infrastructure Bank direct loan transaction for the Summit Road South Project in the amount of \$317,000. Revenues from the permissive license tax fund will be used to repay the loan. The loan agreement functions similar to a line-of-credit agreement. At December 31, 2010, the City had no borrowings outstanding on the loan.

CITY OF PATASKALA, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

A summary of the City's future debt service requirements for governmental activities long-term obligations outstanding as of December 31, 2010 are as follows:

Year Ending December 31,	OPWC Loans		
	Principal	Interest	Total
2011	\$ 10,546	\$ -	\$ 10,546
2012	10,548	-	10,548
2013	6,892	-	6,892
2014	3,236	-	3,236
2015	3,237	-	3,237
2016 - 2020	16,183	-	16,183
2021 - 2025	16,184	-	16,184
2026 - 2028	9,709	-	9,709
Total	<u>\$ 76,535</u>	<u>\$ -</u>	<u>\$ 76,535</u>

Year Ending December 31,	Notes Payable		
	Principal	Interest	Total
2011	\$ 77,798	\$ 48,861	\$ 126,659
2012	81,422	45,238	126,660
2013	85,466	41,194	126,660
2014	658,975	37,078	696,053
2015	42,756	2,059	44,815
Total	<u>\$ 946,417</u>	<u>\$ 174,430</u>	<u>\$ 1,120,847</u>

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

B. During 2010, the following activity occurred in the City's business-type long-term obligations:

Business-type activities:	<u>Interest Rate</u>	<u>Balance 12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/10</u>	<u>Amounts Due in One Year</u>
<u>General Obligation Bonds</u>						
Sewer bonds	5.50-6.125%	\$ 560,000	\$ -	\$ (40,000)	\$ 520,000	\$ 45,000
Water bonds	4.25-5.00%	6,430,000	-	(110,000)	6,320,000	150,000
Total general obligation revenue bonds	4.25-6.125%	6,990,000	-	(150,000)	6,840,000	195,000
<u>OWDA Loans</u>						
Sewer plant loan	7.00%	228,258	-	(228,258)	-	-
Sewer planning loan	3.25%	-	50,335	(2,015)	48,320	-
Sewer design loan	4.65%	48,350	31,426	(7,500)	72,276	-
Water system loan	7.00%	182,929	-	(120,127)	62,802	62,802
Total OWDA loans		459,537	81,761	(357,900)	183,398	62,802
<u>Other Obligations</u>						
Compensated absences		10,673	14,727	(10,673)	14,727	14,647
Total other obligations		10,673	14,727	(10,673)	14,727	14,647
Total business-type activities long-term obligations		<u>\$ 7,460,210</u>	<u>\$ 96,488</u>	<u>\$ (518,573)</u>	7,038,125	<u>\$272,449</u>
Add: Unamortized premium on bond issue					89,322	
Total reported on the statement of net assets					<u>\$ 7,127,447</u>	

General Obligation Bonds: The sewer bonds are general obligation bonds, which are supported by the full faith and credit of the City.

On August 28, 2007, the City issued \$6,550,000 in water system improvement general obligation bonds. The proceeds of the bond issue were used to repay \$6,145,000 in water treatment plant notes and to fund construction of various water system improvements. The bonds bear interest rates ranging from 4.25% to 5.00% and mature on December 1, 2037. The water bonds are general obligation bonds, which are supported by the full faith and credit of the City. At December 31, 2010, the City had \$73,029 of unspent bond proceeds remaining on this bond issue.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

OWDA Loans: The City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction projects. The amounts due to OWDA are intended to be paid primarily from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2010, the City had outstanding borrowings of \$183,398. During 2010, the sewer and water funds made \$237,773 and \$120,127 principal payments, respectively, on the OWDA loans.

The City has pledged future sewer revenues to repay the sewer plant, sewer planning and sewer design OWDA loans. The loans are payable solely from sewer fund revenues. Annual principal and interest payments on the loans are expected to require all of the sewer fund net revenues and 29.28 percent of total revenues. Principal and interest paid for the current year were \$255,492, total net revenues were \$167,479 and total revenues were \$872,648.

The City has pledged future water revenues to repay the water system OWDA loan. The loan is payable solely from water fund revenues and is payable through 2011. Annual principal and interest payments on the loans are expected to require all of the water funds net revenues and 16.86 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$67,192. Principal and interest paid for the current year were \$132,932, total net revenues were \$63,447 and total revenues were \$788,378.

The future debt service requirements for the OWDA loans does not include the sewer planning loan and sewer design loan as these loans have not been completely disbursed and closed out as of December 31, 2010.

Compensated Absences: Compensated absences will be paid from the fund from which the employees' salaries are paid. For the City's business-type activities, this is the water fund and sewer fund.

The future debt service requirements for business-type activities long-term obligations outstanding as of year end are as follows:

Year Ending December 31,	General Obligation Bonds			OWDA Loans		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 195,000	\$ 330,613	\$ 525,613	\$ 62,802	\$ 4,390	\$ 67,192
2012	175,000	321,481	496,481	-	-	-
2013	175,000	313,106	488,106	-	-	-
2014	195,000	304,732	499,732	-	-	-
2015	200,000	295,412	495,412	-	-	-
2016 - 2020	1,080,000	1,320,139	2,400,139	-	-	-
2021 - 2025	1,040,000	1,057,187	2,097,187	-	-	-
2026 - 2030	1,320,000	772,131	2,092,131	-	-	-
2031 - 2035	1,675,000	421,638	2,096,638	-	-	-
2036 - 2037	785,000	54,806	839,806	-	-	-
Total	<u>\$ 6,840,000</u>	<u>\$ 5,191,245</u>	<u>\$ 12,031,245</u>	<u>\$ 62,802</u>	<u>\$ 4,390</u>	<u>\$ 67,192</u>

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2010, the City's total debt margin was \$35,243,994 and the unvoted debt margin was \$18,445,390.

NOTE 14 - NOTES PAYABLE

During 2010, the City had the following note activity:

	Interest	Issue	Maturity	Balance			Balance
<u>Governmental activities:</u>	<u>Rate</u>	<u>Date</u>	<u>Date</u>	<u>12/31/09</u>	<u>Issued</u>	<u>Retired</u>	<u>12/31/10</u>
Bridge improvement	6.125%	08/21/09	08/20/10	\$ 162,000	\$ -	\$ (162,000)	\$ -
Total governmental activities notes payable				<u>\$ 162,000</u>	<u>\$ -</u>	<u>\$ (162,000)</u>	<u>\$ -</u>

On August 20, 2010, the City paid off the bridge improvement notes through a long-term note issue (see Note 13.A).

NOTE 15 - RISK MANAGEMENT

A. Property and Casualty Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City purchases blanket building and personal property coverage up to a limit of \$25,588,066 with a variety of deductibles beginning with \$0 to \$10,000. Coverage is purchased on City vehicles for a combined single limit liability of \$3,000,000. The City purchases general liability insurance coverage with a \$3,000,000 limit per occurrence. The City also has an umbrella policy which provides an additional coverage over and above listed policies.

B. Employee Medical, Dental, Vision and Life

The City provides employee medical, dental, vision and life insurance through traditional insurance carriers. Medical insurance is provided by Medical Mutual of Ohio, dental is provided by Delta Dental, vision is provided by the Vision Service Plan and life insurance is provided by the Hartford Company. The risk of loss transfers entirely to the insurance carriers. The City pays a portion of the premiums. The employees pay a portion of the premiums depending on union contracts and personal choice of levels of contribution to deductibles.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 15 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

The City participates in the Ohio Municipal League (OML) public entity insurance purchasing pool for workers' compensation. The Group Rating Plan is administered by Comp Management Health Systems, Inc. The OML Group Rating Plan is intended to achieve lower workers' compensation premium rates for the participants, and result in the establishment of a safer working environment. There are no additional contributions required by a participant other than their annual fee.

There were no significant reductions in insurance coverage from the prior year in any category of risk. Claims have not exceeded coverage limitations in any of the past three years.

NOTE 16 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the 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 is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of 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 Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2010 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively. The City's contribution rate for 2010 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87% of covered payroll.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 16 - PENSION PLANS - (Continued)

The City's contribution rate for pension benefits for members in the Traditional Plan for 2010 was 8.50% from January 1 through February 28, 2010 and 9.00% from March 1 through December 31, 2010. The City's contribution rate for pension benefits for members in the Combined Plan for 2010 was 9.27% from January 1 through February 28, 2010 and 9.77% from March 1 through December 31, 2010. For those plan members in law enforcement and public safety pension contributions were 12.37% from January 1 through February 28, 2010 and 12.87% from March 1 through December 31, 2010. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$104,862, \$87,782, and \$73,097, respectively; 91.45% has been contributed for 2010 and 100% has been contributed for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$210 made by the City and \$150 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements 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.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2010, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers were \$84,305 for the year ended December 31, 2010, \$97,263 for the year ended December 31, 2009, and \$103,913 for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 71.94% has been contributed for police for 2010.

NOTE 17 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare 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.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14.00% of covered payroll (17.87% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2010 was 5.50% from January 1 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2010 was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$59,781, \$62,702, and \$73,097, respectively; 91.45% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare 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-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

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 is codified in Chapter 742 of the Ohio Revised Code.

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

OP&F issues a publicly available financial report that includes financial statements 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.

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, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% 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 Internal Revenue Code Section 115 trust and one for Medicare Part B reimbursements administrated 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 into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers was \$44,632 for the year ended December 31, 2010, \$51,492 for the year ended December 31, 2009, and \$55,013, for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 71.94% has been contributed for police for 2010.

NOTE 18 - 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 statements of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general fund, street fund, permissive license tax fund and police fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);

CITY OF PATASKALA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP); and,
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented.

Net Change in Fund Balance

	<u>General</u>	<u>Street</u>	<u>Permissive License Tax</u>	<u>Police Levy</u>
Budget basis	\$ 334,530	\$ (85,825)	\$ 120,201	\$ 623,545
Net adjustment for revenue accruals	165,256	90,032	74,101	291,561
Net adjustment for expenditure accruals	<u>(14,859)</u>	<u>24,839</u>	<u>(370,164)</u>	<u>74,201</u>
GAAP basis	<u>\$ 484,927</u>	<u>\$ 29,046</u>	<u>\$ (175,862)</u>	<u>\$ 989,307</u>

NOTE 19 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2010.

B. Litigation

The City is involved in various lawsuits. The City's management and legal counsel is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material adverse effect on the financial condition of the City.

NOTE 20 - SUBSEQUENT EVENT

In June 2011, the City refunded the outstanding 1995 Sanitary Sewer System Improvement Bonds in the amount of \$550,000 which would reduce the overall interest rate from 6.12% to an average of 2.66%.

CITY OF PATASKALA, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 21 - CONTRACTUAL COMMITMENTS

As a result of various projects that were in progress at December 31, 2010, the City had the following outstanding contractual commitments at year end:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Outstanding</u>
WWTP Phase I & II	\$ 4,385,099	\$ (282,893)	\$ 4,102,206
McIntosh Road Bridge	95,000	(83,826)	11,174
Downtown Sidewalk Project	235,000	(217,081)	17,919
Summit Road South Construction	362,500	(36,038)	326,462
Oaks Special Assesement Project	643,897	(115,738)	528,159
Old Maids Lane Bridge	<u>486,053</u>	<u>(74,147)</u>	<u>411,906</u>
Total	<u>\$ 6,207,549</u>	<u>\$ (809,723)</u>	<u>\$ 5,397,826</u>

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

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CITY OF PATASKALA, OHIO
INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

GENERAL FUND

The general fund accounts for all financial resources 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 and/or the general laws of Ohio.

MAJOR SPECIAL REVENUE FUNDS

Street Fund

The street fund accounts for revenues generated from license and gasoline taxes to be used on local roads within the City.

Permissive License Tax Fund

This fund accounts for the \$5.00 license tax levied by the City of Pataskala and Licking County on each motor vehicle registered in the City. Money is used for planning, constructing, improving, maintaining, and repairing roads, streets and bridges within the City.

Police Fund

This fund accounts for tax and other revenues collected for police operations.

MAJOR CAPITAL PROJECT FUND

State Route 310 TIF Fund

This fund accounts for revenues generated from the State Route 310 tax increment financing agreement and may be used for the public infrastructure improvements and all related costs associated with constructing, improving, reconstructing, or making improvements to State Route 310 North and South TIF districts for future office, commercial and residential uses.

NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for all specific financial resources (other than major capital projects) that are legally restricted for specified expenditure purposes. The following are the special revenue funds which the City operates:

State Highway Fund

This fund accounts for the portion of state gasoline tax designated for maintenance of state highways within the City.

Recreation Fund

This fund accounts for fees charged for recreational activities and is used for park and recreation purposes.

Park Use Fund

This fund accounts for developers' fees collected to be used for capital improvements associated with the City's parks.

Immobilization Fund

This fund receives fines assessed from Mayor's Court for immobilized vehicles. Money is used for training and education purposes.

Court Computer Fund

This fund receives fines assessed from the City's Mayor's Court and may be used to improve the court computer systems.

Alcohol Enforcement and Education Fund

Account for fines received by the City's Mayor's Court and are used to educate the public about laws governing the operation of motor vehicles while under the influence.

Law Enforcement Trust Fund

Accounts for fines generated in the prosecution of those in possession of contraband and any proceeds received from the sale of confiscated contraband. This money may be used on any law enforcement activity.

Pataskala Mobile Home Park Fund

This fund accounts for a donation received for maintenance of the storm sewer line underlying the railroad tracks within the City.

CITY OF PATASKALA, OHIO
INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Police K-9 Unit Fund

This fund receives grants and donations for the upkeep, care, and maintenance of the City's investigative police dog.

Sesquecentennial Fund

This fund receives grants and donations to be used for historical activities and programs within the City.

CDBG Fund

This fund receives federal grant money received or expended on behalf of the City for housing, development, and City-wide improvements.

CHIP Fund

This fund receives federal grant money received or expended on behalf of the City for low-income housing improvements.

NONMAJOR DEBT SERVICE FUNDS

The debt service fund is used to account for the accumulation of resources and the payments of general obligation and special assessment principal, interest, and related costs.

Street Bond Fund

This fund accounts for the remaining fund balance associated with special assessment bonds issued and retired by the City.

Water Debt Service Fund

To account for water revenue that is transferred from the water fund and used to retire bond principal, interest and related costs for water construction projects. For GAAP reporting, this activity is reflected in the Water enterprise fund.

NONMAJOR CAPITAL PROJECTS FUND

The capital project fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. Following is a description of the capital project fund:

Issue II Fund

This fund accounts for grants and loans received or paid on behalf of the City by the Ohio Public Works Commission for City-wide capital improvements.

Courter Bridge Improvement Fund

This fund receives bond anticipation note proceeds for improvements made to Courter Road Bridge in previous years.

Municipal Building Purchase Fund

This fund is used to account for the purchase of the municipal building.

CITY OF PATASKALA, 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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Real and other taxes	\$ 905,000	\$ 905,000	\$ 856,941	\$ (48,059)
Charges for services	5,000	5,000	9,808	4,808
Licenses and permits.	193,500	193,500	233,551	40,051
Fines and forfeitures.	93,500	93,500	134,589	41,089
Intergovernmental	244,287	244,287	399,241	154,954
Special assessments	5,000	5,000	4,645	(355)
Investment income	12,100	12,100	4,223	(7,877)
Rental income.	105,000	105,000	122,212	17,212
Other	24,790	24,790	5,855	(18,935)
Total revenues.	<u>1,588,177</u>	<u>1,588,177</u>	<u>1,771,065</u>	<u>182,888</u>
Expenditures:				
Current:				
General government				
Mayor				
Personal services.	15,451	15,451	15,195	256
Contractual services	1,000	1,000	481	519
Materials and supplies.	2,000	2,000	1,049	951
Total mayor	<u>18,451</u>	<u>18,451</u>	<u>16,725</u>	<u>1,726</u>
Finance				
Personal services.	95,051	95,051	93,526	1,525
Contractual services	53,849	53,849	45,221	8,628
Materials and supplies.	8,000	8,000	7,615	385
Total finance.	<u>156,900</u>	<u>156,900</u>	<u>146,362</u>	<u>10,538</u>
Law director				
Personal services.	141,232	145,632	141,346	4,286
Contractual services	47,000	42,000	36,000	6,000
Materials and supplies.	7,500	7,500	6,471	1,029
Total law director	<u>195,732</u>	<u>195,132</u>	<u>183,817</u>	<u>11,315</u>
City administrator				
Personal services.	30,110	33,110	32,896	214
Contractual services	36,000	30,000	12,294	17,706
Materials and supplies.	26,500	26,500	21,058	5,442
Total city administrator	<u>92,610</u>	<u>89,610</u>	<u>66,248</u>	<u>23,362</u>

- - Continued

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public service director				
Personal services.	35,753	38,753	38,452	301
Materials and supplies.	3,090	3,090	1,464	1,626
Total public service director	38,843	41,843	39,916	1,927
Construction accounts				
Contractual services	199,037	199,037	5,797	193,240
Total construction accounts	199,037	199,037	5,797	193,240
Personnel and charter review commissions				
Personal services.	6,377	6,377	2,887	3,490
Materials and supplies.	1,000	1,000	79	921
Total personnel and charter review commissions	7,377	7,377	2,966	4,411
City lands and buildings				
Contractual services	101,010	101,010	56,547	44,463
Materials and supplies.	51,150	51,150	46,126	5,024
Capital outlay	507,000	507,000	97,556	409,444
Total city lands and buildings	659,160	659,160	200,229	458,931
Council and clerk				
Personal services.	60,472	60,822	61,007	(185)
Contractual services	5,000	4,650	1,864	2,786
Materials and supplies.	10,750	10,750	7,662	3,088
Total council and clerk.	76,222	76,222	70,533	5,689
Mayor's court, court security and magistrate				
Personal services.	50,544	50,544	49,543	1,001
Contractual services	17,000	17,000	14,162	2,838
Materials and supplies.	13,000	18,000	8,089	9,911
Total mayor's court	80,544	85,544	71,794	13,750
General office, liability insurance and contingency				
Contractual services	40,300	35,900	30,638	5,262
Materials and supplies.	10,300	10,300	9,037	1,263
Contingency.	495,798	495,798	-	495,798
Total general office, liability insurance and contingency.	546,398	541,998	39,675	502,323
Total general government.	2,071,274	2,071,274	844,062	1,227,212
Security of persons and property				
Police				
Personal services.	97,450	97,450	97,530	(80)
Total police	97,450	97,450	97,530	(80)
Street Lighting				
Contractual services	50,000	50,000	48,675	1,325
Total street lighting.	50,000	50,000	48,675	1,325
Total security of persons and property.	147,450	147,450	146,205	1,245

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CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public health and welfare				
Health services				
Contractual services	59,300	59,300	59,300	-
Total health services	59,300	59,300	59,300	-
Total public health and welfare.	59,300	59,300	59,300	-
Community environment				
Planning				
Personal services.	225,227	225,227	211,664	13,563
Contractual services	3,860	3,860	2,926	934
Materials and supplies.	32,197	32,197	20,732	11,465
Total planning.	261,284	261,284	235,322	25,962
Total community environment	261,284	261,284	235,322	25,962
Leisure time activity				
Recreation-administration				
Personal services.	3,463	3,463	1,646	1,817
Total recreation-administration	3,463	3,463	1,646	1,817
Total leisure time activity.	3,463	3,463	1,646	1,817
Total expenditures.	2,542,771	2,542,771	1,286,535	1,256,236
Excess (deficiency) of revenues over (under) expenditures	(954,594)	(954,594)	484,530	1,439,124
Other financing uses:				
Transfers out.	(150,000)	(150,000)	(150,000)	-
Total other financing uses.	(150,000)	(150,000)	(150,000)	-
Net change in fund balance.	(1,104,594)	(1,104,594)	334,530	1,439,124
Fund balance at beginning of year	1,104,594	1,104,594	1,104,594	-
Fund balance at end of year.	\$ -	\$ -	\$ 1,439,124	\$ 1,439,124

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ -	\$ -	\$ 146,822	\$ 146,822
Intergovernmental	826,902	826,902	826,338	(564)
Interest	600	600	685	85
Other.	4,900	4,900	6,313	1,413
Total revenues.	<u>832,402</u>	<u>832,402</u>	<u>980,158</u>	<u>147,756</u>
Expenditures:				
Current:				
Transportation				
Street department				
Personal services.	416,350	416,350	380,574	35,776
Contractual services.	289,006	289,006	245,763	43,243
Materials and supplies.	493,991	362,991	245,424	117,567
Capital outlay.	250,000	381,000	194,222	186,778
Total transportation.	<u>1,449,347</u>	<u>1,449,347</u>	<u>1,065,983</u>	<u>383,364</u>
Total expenditures.	<u>1,449,347</u>	<u>1,449,347</u>	<u>1,065,983</u>	<u>383,364</u>
Net change in fund balance.	(616,945)	(616,945)	(85,825)	531,120
Fund balance at beginning of year	<u>616,945</u>	<u>616,945</u>	<u>616,945</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,120</u>	<u>\$ 531,120</u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMISSIVE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental.	\$ 523,461	\$ 523,461	\$ 616,447	\$ 92,986
Contributions and donations	46,007	46,007	45,988	(19)
Total revenues.	<u>569,468</u>	<u>569,468</u>	<u>662,435</u>	<u>92,967</u>
Expenditures:				
Current:				
Transportation				
Street department				
Contractual services	237,203	237,203	90,647	146,556
Materials and supplies.	50,025	50,025	-	50,025
Capital outlay	<u>569,587</u>	<u>614,587</u>	<u>463,595</u>	<u>150,992</u>
Total transportation.	<u>856,815</u>	<u>901,815</u>	<u>554,242</u>	<u>347,573</u>
Debt service:				
Principal retirement.	<u>10,547</u>	<u>10,547</u>	<u>10,547</u>	<u>-</u>
Total expenditures.	<u>867,362</u>	<u>912,362</u>	<u>564,789</u>	<u>347,573</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(297,894)</u>	<u>(342,894)</u>	<u>97,646</u>	<u>440,540</u>
Other financing sources (uses):				
Transfer (out)	(29,500)	(29,500)	(22,445)	7,055
Note issuance	<u>-</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(29,500)</u>	<u>15,500</u>	<u>22,555</u>	<u>7,055</u>
Net change in fund balance	(327,394)	(327,394)	120,201	447,595
Fund balance at beginning of year.	<u>327,394</u>	<u>327,394</u>	<u>327,394</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 447,595</u></u>	<u><u>\$ 447,595</u></u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Income taxes.	\$ -	\$ -	\$ 440,465	\$ 440,465
Real and other taxes	1,550,000	1,550,000	1,367,567	(182,433)
Fines and forfeitures.	-	-	1,600	1,600
Intergovernmental	171,805	171,805	241,217	69,412
Other.	3,195	3,195	6,955	3,760
Total revenues.	<u>1,725,000</u>	<u>1,725,000</u>	<u>2,057,804</u>	<u>332,804</u>
Expenditures:				
Current:				
Security of persons and property				
Police				
Personal services.	1,075,368	1,091,268	1,047,754	43,514
Contractual services	174,734	174,734	114,276	60,458
Materials and supplies.	158,417	144,797	91,373	53,424
Capital outlay.	10,000	15,520	15,118	402
Congingency	612,744	612,744	-	612,744
Total security of persons and property.	<u>2,031,263</u>	<u>2,039,063</u>	<u>1,268,521</u>	<u>770,542</u>
Debt service:				
Principal retirement.	180,703	180,703	180,703	-
Interest and fiscal charges.	12,459	4,659	3,035	1,624
Total expenditures.	<u>2,224,425</u>	<u>2,224,425</u>	<u>1,452,259</u>	<u>772,166</u>
Excess (deficiency) of revenues over (under) expenditures.	(499,425)	(499,425)	605,545	1,104,970
Other financing sources:				
Sale of capital assets	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Total other financing sources.	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Net change in fund balance.	(481,425)	(481,425)	623,545	1,104,970
Fund balance at beginning of year	<u>481,425</u>	<u>481,425</u>	<u>481,425</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,104,970</u>	<u>\$ 1,104,970</u>

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CITY OF PATASKALA, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 220,601	\$ 30,067	\$ 6,930	\$ 257,598
Receivables (net of allowances of uncollectibles):				
Accounts.	1,495	-	-	1,495
Due from other governments	36,768	-	-	36,768
Total assets	<u>\$ 258,864</u>	<u>\$ 30,067</u>	<u>\$ 6,930</u>	<u>\$ 295,861</u>
Liabilities:				
Accounts payable	\$ 229	\$ -	\$ -	\$ 229
Deferred revenue	29,178	-	-	29,178
Total liabilities	<u>29,407</u>	<u>-</u>	<u>-</u>	<u>29,407</u>
Fund balances:				
Reserved for debt service.	-	30,067	-	30,067
Unreserved, undesignated reported in:				
Special revenue funds	229,457	-	-	229,457
Capital projects fund	-	-	6,930	6,930
Total fund balances.	<u>229,457</u>	<u>30,067</u>	<u>6,930</u>	<u>266,454</u>
Total liabilities and fund balances	<u>\$ 258,864</u>	<u>\$ 30,067</u>	<u>\$ 6,930</u>	<u>\$ 295,861</u>

CITY OF PATASKALA, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Charges for services	\$ 18,373	\$ -	\$ -	\$ 18,373
Fines and forfeitures	12,850	-	-	12,850
Intergovernmental	88,120	-	294,875	382,995
Investment income	210	-	-	210
Other	8,771	-	-	8,771
Total revenues	<u>128,324</u>	<u>-</u>	<u>294,875</u>	<u>423,199</u>
Expenditures:				
Current:				
Security of persons and property	20,123	-	-	20,123
Transportation	34,520	-	-	34,520
Community environment	661	-	-	661
Leisure time activity.	18,706	-	-	18,706
Economic development	-	-	4,462	4,462
Capital outlay	41,614	-	294,875	336,489
Debt service:				
Principal retirement.	-	-	108,583	108,583
Interest and fiscal charges	-	-	45,528	45,528
Total expenditures	<u>115,624</u>	<u>-</u>	<u>453,448</u>	<u>569,072</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>12,700</u>	<u>-</u>	<u>(158,573)</u>	<u>(145,873)</u>
Other financing sources:				
Transfers in.	-	-	172,445	172,445
Note issuance	-	-	150,000	150,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>322,445</u>	<u>322,445</u>
Net change in fund balances	12,700	-	163,872	176,572
Fund balances (deficit) at beginning of year . . .	<u>216,757</u>	<u>30,067</u>	<u>(156,942)</u>	<u>89,882</u>
Fund balances at end of year	<u><u>\$ 229,457</u></u>	<u><u>\$ 30,067</u></u>	<u><u>\$ 6,930</u></u>	<u><u>\$ 266,454</u></u>

CITY OF PATASKALA, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	<u>State Highway Fund</u>	<u>Recreation Fund</u>	<u>Park Use Fund</u>	<u>Immobilization Fund</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 89,028	\$ 6,920	\$ 93,813	\$ 6,022
Receivables (net of allowances of uncollectibles):				
Accounts	-	-	-	-
Due from other governments	25,703	-	-	-
Total assets	<u>\$ 114,731</u>	<u>\$ 6,920</u>	<u>\$ 93,813</u>	<u>\$ 6,022</u>
Liabilities:				
Accounts payable	\$ 229	\$ -	\$ -	\$ -
Deferred revenue	18,113	-	-	-
Total liabilities	<u>18,342</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Unreserved, undesignated reported in:				
Special revenue funds	96,389	6,920	93,813	6,022
Total fund balances	<u>96,389</u>	<u>6,920</u>	<u>93,813</u>	<u>6,022</u>
Total liabilities and fund balances	<u>\$ 114,731</u>	<u>\$ 6,920</u>	<u>\$ 93,813</u>	<u>\$ 6,022</u>

Court Computer Fund	Alcohol Enforcement and Education Fund	Law Enforcement Trust Fund	Pataskala Mobile Home Park Fund	Police K-9 Unit Fund
\$ 12,836	\$ 5,371	\$ 263	\$ 4,387	\$ 1,603
1,495	-	-	-	-
-	-	-	-	-
<u>\$ 14,331</u>	<u>\$ 5,371</u>	<u>\$ 263</u>	<u>\$ 4,387</u>	<u>\$ 1,603</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
14,331	5,371	263	4,387	1,603
14,331	5,371	263	4,387	1,603
<u>\$ 14,331</u>	<u>\$ 5,371</u>	<u>\$ 263</u>	<u>\$ 4,387</u>	<u>\$ 1,603</u>

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CITY OF PATASKALA, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2010

	Sesquecentennial Fund	CDBG Fund	CHIP Fund	Total Nonmajor Special Revenue Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 358	\$ -	\$ -	\$ 220,601
Receivables (net of allowances of uncollectibles):				
Accounts	-	-	-	1,495
Due from other governments	-	4,426	6,639	36,768
Total assets	<u>\$ 358</u>	<u>\$ 4,426</u>	<u>\$ 6,639</u>	<u>\$ 258,864</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 229
Deferred revenue	-	4,426	6,639	29,178
Total liabilities	<u>-</u>	<u>4,426</u>	<u>6,639</u>	<u>29,407</u>
Fund balances:				
Unreserved, undesignated reported in:				
Special revenue funds	358	-	-	229,457
Total fund balances	<u>358</u>	<u>-</u>	<u>-</u>	<u>229,457</u>
Total liabilities and fund balances	<u>\$ 358</u>	<u>\$ 4,426</u>	<u>\$ 6,639</u>	<u>\$ 258,864</u>

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CITY OF PATASKALA, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	State Highway Fund	Recreation Fund	Park Use Fund	Immobilization Fund
Revenues:				
Charges for services	\$ -	\$ -	\$ 18,373	\$ -
Fines and forfeitures	-	-	-	1,455
Intergovernmental	50,698	1,002	-	-
Investment income	147	-	-	-
Other	-	5,791	-	-
Total revenues	<u>50,845</u>	<u>6,793</u>	<u>18,373</u>	<u>1,455</u>
Expenditures:				
Current:				
Security of persons and property	-	-	-	6,082
Transportation	34,520	-	-	-
Community environment	-	-	-	-
Leisure time activity.	-	18,706	-	-
Capital outlay	-	-	5,194	-
Total expenditures	<u>34,520</u>	<u>18,706</u>	<u>5,194</u>	<u>6,082</u>
Net change in fund balances.	16,325	(11,913)	13,179	(4,627)
Fund balances at beginning of year	<u>80,064</u>	<u>18,833</u>	<u>80,634</u>	<u>10,649</u>
Fund balances at end of year	<u><u>\$ 96,389</u></u>	<u><u>\$ 6,920</u></u>	<u><u>\$ 93,813</u></u>	<u><u>\$ 6,022</u></u>

Court Computer Fund	Alcohol Enforcement and Education Fund	Law Enforcement Trust Fund	Pataskala Mobile Home Park Fund	Police K-9 Unit Fund
\$ -	\$ -	\$ -	\$ -	\$ -
10,442	600	353	-	-
-	-	-	-	-
-	-	-	63	-
1,495	-	-	-	1,200
<u>11,937</u>	<u>600</u>	<u>353</u>	<u>63</u>	<u>1,200</u>
10,103	840	1,896	-	1,202
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>10,103</u>	<u>840</u>	<u>1,896</u>	<u>-</u>	<u>1,202</u>
1,834	(240)	(1,543)	63	(2)
<u>12,497</u>	<u>5,611</u>	<u>1,806</u>	<u>4,324</u>	<u>1,605</u>
<u>\$ 14,331</u>	<u>\$ 5,371</u>	<u>\$ 263</u>	<u>\$ 4,387</u>	<u>\$ 1,603</u>

-- Continued

CITY OF PATASKALA, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Sesquecentennial Fund	CDBG Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Charges for services	\$ -	\$ -	\$ 18,373
Fines and forfeitures	-	-	12,850
Intergovernmental	-	36,420	88,120
Investment income	-	-	210
Other	285	-	8,771
Total revenues	<u>285</u>	<u>36,420</u>	<u>128,324</u>
Expenditures:			
Current:			
Security of persons and property	-	-	20,123
Transportation	-	-	34,520
Community environment	661	-	661
Leisure time activity.	-	-	18,706
Capital outlay	-	36,420	41,614
Total expenditures	<u>661</u>	<u>36,420</u>	<u>115,624</u>
Net change in fund balances.	(376)	-	12,700
Fund balances at beginning of year	<u>734</u>	<u>-</u>	<u>216,757</u>
Fund balances at end of year	<u>\$ 358</u>	<u>\$ -</u>	<u>\$ 229,457</u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Intergovernmental.	\$ 48,000	\$ 51,439	\$ 3,439
Investment income	400	147	(253)
Other	500	-	(500)
Total revenues.	<u>48,900</u>	<u>51,586</u>	<u>2,686</u>
Expenditures:			
Current:			
Transportation			
Street department			
Contractual.	10,000	9,722	278
Materials and supplies	<u>111,588</u>	<u>25,524</u>	<u>86,064</u>
Total expenditures.	<u>121,588</u>	<u>35,246</u>	<u>86,342</u>
Net change in fund balance	(72,688)	16,340	89,028
Fund balance at beginning of year	<u>72,688</u>	<u>72,688</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 89,028</u>	<u>\$ 89,028</u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Intergovernmental	\$ 400	\$ 1,002	\$ 602
Other	7,600	5,791	(1,809)
Total revenues	<u>8,000</u>	<u>6,793</u>	<u>(1,207)</u>
Expenditures:			
Current:			
Leisure time activities			
Recreation			
Personal services.	-	19	(19)
Materials and supplies.	26,955	18,828	8,127
Total expenditures.	<u>26,955</u>	<u>18,847</u>	<u>8,108</u>
Net change in fund balance	(18,955)	(12,054)	6,901
Fund balance at beginning of year.	<u>18,974</u>	<u>18,974</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19</u>	<u>\$ 6,920</u>	<u>\$ 6,901</u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARK USE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Charges for services	\$ 15,000	\$ 18,373	\$ 3,373
Total revenues.	<u>15,000</u>	<u>18,373</u>	<u>3,373</u>
Expenditures:			
Current:			
Leisure time activity			
Recreation improvement			
Capital outlay.	<u>95,634</u>	<u>5,194</u>	<u>90,440</u>
Total expenditures	<u>95,634</u>	<u>5,194</u>	<u>90,440</u>
Net change in fund balance.	(80,634)	13,179	93,813
Fund balance at beginning of year	<u>80,634</u>	<u>80,634</u>	<u>-</u>
Fund balance at end of year.	<u><u>\$ -</u></u>	<u><u>\$ 93,813</u></u>	<u><u>\$ 93,813</u></u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
IMMOBILIZATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and forfeitures	\$ 600	\$ 1,455	\$ 855
Total revenues	<u>600</u>	<u>1,455</u>	<u>855</u>
Expenditures:			
Current:			
Security of persons and property			
Personal services	2,000	-	2,000
Materials and supplies	3,167	-	3,167
Capital outlay	6,082	6,082	-
Total expenditures	<u>11,249</u>	<u>6,082</u>	<u>5,167</u>
Net change in fund balance	(10,649)	(4,627)	6,022
Fund balance at beginning of year.	<u>\$ 10,649</u>	<u>\$ 10,649</u>	<u>\$ -</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 6,022</u></u>	<u><u>\$ 6,022</u></u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COURT COMPUTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and forfeitures	\$ 5,000	\$ 10,442	\$ 5,442
Total revenues	<u>5,000</u>	<u>10,442</u>	<u>5,442</u>
Expenditures:			
Current:			
Security of persons and property			
Capital outlay	17,497	10,103	7,394
Total expenditures	<u>17,497</u>	<u>10,103</u>	<u>7,394</u>
Net change in fund balance.	(12,497)	339	12,836
Fund balance at beginning of year	<u>12,497</u>	<u>12,497</u>	<u>-</u>
Fund balance at end of year.	<u><u>\$ -</u></u>	<u><u>\$ 12,836</u></u>	<u><u>\$ 12,836</u></u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALCOHOL ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and forfeitures.	\$ 500	\$ 600	\$ 100
Total revenues	<u>500</u>	<u>600</u>	<u>100</u>
Expenditures:			
Current:			
Security of persons and property			
Personal services	2,000	840	1,160
Contractual services	<u>4,111</u>	<u>-</u>	<u>4,111</u>
Total expenditures.	<u>6,111</u>	<u>840</u>	<u>5,271</u>
Net change in fund balance.	(5,611)	(240)	5,371
Fund balance at beginning of year	<u>5,611</u>	<u>5,611</u>	<u>-</u>
Fund balance at end of year.	<u><u>\$ -</u></u>	<u><u>\$ 5,371</u></u>	<u><u>\$ 5,371</u></u>

CITY OF PATASKALA, 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, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and forfeitures.	\$ 400	\$ 391	\$ (9)
Total revenues	<u>400</u>	<u>391</u>	<u>(9)</u>
Expenditures:			
Current:			
Security of persons and property			
Contractual services.	<u>2,168</u>	<u>1,896</u>	<u>272</u>
Total expenditures	<u>2,168</u>	<u>1,896</u>	<u>272</u>
Net change in fund balance.	(1,768)	(1,505)	263
Fund balance at beginning of year	<u>1,768</u>	<u>1,768</u>	<u>-</u>
Fund balance at end of year.	<u><u>\$ -</u></u>	<u><u>\$ 263</u></u>	<u><u>\$ 263</u></u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PATASKALA MOBILE HOME PARK FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Investment Income.	\$ 40	\$ 63	\$ 23
Total revenues.	<u>40</u>	<u>63</u>	<u>23</u>
Expenditures:			
Current:			
General government			
Recreation-parks			
Materials and supplies.	<u>4,364</u>	<u>-</u>	<u>4,364</u>
Total expenditures	<u>4,364</u>	<u>-</u>	<u>4,364</u>
Net change in fund balance.	(4,324)	63	4,387
Fund balance at beginning of year	<u>4,324</u>	<u>4,324</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 4,387</u></u>	<u><u>\$ 4,387</u></u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE K-9 UNIT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Other.	\$ 500	\$ 1,200	\$ 700
Total revenues.	<u>500</u>	<u>1,200</u>	<u>700</u>
Expenditures:			
Current:			
Security of persons and property			
Materials and supplies	<u>2,476</u>	<u>1,573</u>	<u>903</u>
Total expenditures	<u>2,476</u>	<u>1,573</u>	<u>903</u>
Net change in fund balance.	(1,976)	(373)	1,603
Fund balance at beginning of year	<u>1,976</u>	<u>1,976</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,603</u></u>	<u><u>\$ 1,603</u></u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SESQUICENTENNIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Other.	\$ 500	\$ 285	\$ (215)
Total revenues	<u>500</u>	<u>285</u>	<u>(215)</u>
Expenditures:			
Current:			
Community environment			
Materials and supplies	1,234	661	573
Total expenditures	<u>1,234</u>	<u>661</u>	<u>573</u>
Net change in fund balance.	(734)	(376)	358
Fund balance at beginning of year	<u>734</u>	<u>734</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ 358</u>	<u>\$ 358</u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CDBG FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Intergovernmental.	\$ 38,300	\$ 36,420	\$ (1,880)
Total revenues	<u>38,300</u>	<u>36,420</u>	<u>(1,880)</u>
Expenditures:			
Capital outlay.	<u>38,300</u>	<u>36,420</u>	<u>1,880</u>
Total expenditures	<u>38,300</u>	<u>36,420</u>	<u>1,880</u>
Net change in fund balance.	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF PATASKALA, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET BOND FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amount</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Fund balance at beginning of year	<u>30,067</u>	<u>30,067</u>	<u>-</u>
Fund balance at end of year.	<u><u>\$ 30,067</u></u>	<u><u>\$ 30,067</u></u>	<u><u>\$ -</u></u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Expenditures:			
Debt service:			
Principal	\$ 281,627	\$ 110,000	\$ 171,627
Interest and fiscal charges.	<u>303,438</u>	<u>303,438</u>	<u>-</u>
Total debt service	<u>585,065</u>	<u>413,438</u>	<u>171,627</u>
Total expenditures.	<u>585,065</u>	<u>413,438</u>	<u>171,627</u>
 Excess (deficiency) of revenues over (under) expenditures.	 <u>(585,065)</u>	 <u>(413,438)</u>	 <u>171,627</u>
 Other financing sources:			
Transfers in	<u>413,438</u>	<u>413,438</u>	<u>-</u>
Total other financing sources	<u>413,438</u>	<u>413,438</u>	<u>-</u>
 Net change in fund balance.	 (171,627)	 -	 171,627
 Fund balance at beginning of year	 <u>171,627</u>	 <u>171,627</u>	 <u>-</u>
 Fund balance at end of year.	 <u><u>\$ -</u></u>	 <u><u>\$ 171,627</u></u>	 <u><u>\$ 171,627</u></u>

CITY OF PATASKALA, OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2010

	<u>Courter Bridge Improvement Fund</u>	<u>Municipal Building Purchase Fund</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 59	\$ 6,871	\$ 6,930
Total assets.	<u>\$ 59</u>	<u>\$ 6,871</u>	<u>\$ 6,930</u>
Fund Balances:			
Unreserved, undesignated, reported in:			
Capital projects funds	59	6,871	6,930
Total fund balances	<u>59</u>	<u>6,871</u>	<u>6,930</u>
Total liabilities and fund equity.	<u>\$ 59</u>	<u>\$ 6,871</u>	<u>\$ 6,930</u>

CITY OF PATASKALA, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Issue II Fund</u>	<u>Courter Bridge Improvement Fund</u>	<u>Municipal Building Purchase Fund</u>	<u>Total</u>
Revenues:				
Intergovernmental	\$ 294,875	\$ -	\$ -	\$ 294,875
Total revenues	<u>294,875</u>	<u>-</u>	<u>-</u>	<u>294,875</u>
 Expenditures:				
Current:				
Economic development.	-	-	4,462	4,462
Capital outlay	294,875	-	-	294,875
Debt service:				
Principal	-	-	108,583	108,583
Interest and fiscal charges.	-	4,111	41,417	45,528
Total expenditures	<u>294,875</u>	<u>4,111</u>	<u>154,462</u>	<u>453,448</u>
 Excess (deficiency) of revenues over (under) expenditures.	<u>-</u>	<u>(4,111)</u>	<u>(154,462)</u>	<u>(158,573)</u>
 Other financing sources:				
Transfers in	-	22,445	150,000	172,445
Note issuance	-	150,000	-	150,000
Total other financing sources	<u>-</u>	<u>172,445</u>	<u>150,000</u>	<u>322,445</u>
 Net change in fund balances	-	168,334	(4,462)	163,872
 Fund balances at beginning of year.	<u>-</u>	<u>(168,275)</u>	<u>11,333</u>	<u>(156,942)</u>
 Fund balances at end of year	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 6,871</u>	<u>\$ 6,930</u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ISSUE II FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Intergovernmental.	\$ 337,950	\$ 294,875	\$ (43,075)
Total revenues.	<u>337,950</u>	<u>294,875</u>	<u>(43,075)</u>
Expenditures:			
Community development			
Capital outlay	337,950	294,875	43,075
Total expenditures.	<u>337,950</u>	<u>294,875</u>	<u>43,075</u>
Net change in fund balance.	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COURTER BRIDGE IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Expenditures:			
Debt service:			
Principal retirement.	\$ 187,056	\$ 172,547	\$ 14,509
Interest and fiscal charges.	15,050	10,445	4,605
Total debt service.	<u>202,106</u>	<u>182,992</u>	<u>19,114</u>
Total expenditures.	<u>202,106</u>	<u>182,992</u>	<u>19,114</u>
 Excess of expenditures over revenues.	 <u>(202,106)</u>	 <u>(182,992)</u>	 <u>19,114</u>
 Other financing sources:			
Transfer in	40,047	32,992	(7,055)
Note issuance.	<u>162,000</u>	<u>150,000</u>	<u>(12,000)</u>
Total other financing sources.	<u>202,047</u>	<u>182,992</u>	<u>(19,055)</u>
 Net change in fund balance.	 (59)	 -	 59
 Fund balance at beginning of year	 <u>59</u>	 <u>59</u>	 <u>-</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 59</u>	 <u>\$ 59</u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MUNICIPAL BUILDING PURCHASE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Expenditures:			
Current:			
Economic development			
Capital outlay.	11,333	4,462	6,871
Debt service:			
Principal retirement.	108,583	108,583	-
Interest and fiscal charges.	41,417	41,417	-
Total debt service.	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total expenditures.	<u>161,333</u>	<u>154,462</u>	<u>6,871</u>
 Excess of expenditures over revenues.	 <u>(161,333)</u>	 <u>(154,462)</u>	 <u>6,871</u>
 Other financing sources:			
Transfers in.	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total other financing sources.	<u>150,000</u>	<u>150,000</u>	<u>-</u>
 Net change in fund balance.	 (11,333)	 (4,462)	 6,871
 Fund balance at beginning of year	 <u>11,333</u>	 <u>11,333</u>	 <u>-</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 6,871</u></u>	 <u><u>\$ 6,871</u></u>

CITY OF PATASKALA, OHIO
INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - PROPRIETARY FUNDS

ENTERPRISE FUNDS

To account for the financing of costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis that are financed or recovered primarily through user charges.

Major Enterprise Funds

Water Fund

This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer Fund

This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Operating revenues:			
Charges for services	\$ 675,000	\$ 708,805	\$ 33,805
Capacity fees.	75,000	69,297	(5,703)
Other operating revenues.	12,000	9,289	(2,711)
Total revenues	<u>762,000</u>	<u>787,391</u>	<u>25,391</u>
Operating expenses:			
Personal services.	352,154	301,159	50,995
Materials and supplies	423,950	329,987	93,963
Contractual services	194,500	84,120	110,380
Capital outlay	506,728	147,400	359,328
Total expenses	<u>1,477,332</u>	<u>862,666</u>	<u>614,666</u>
Operating income (loss).	<u>(715,332)</u>	<u>(75,275)</u>	<u>640,057</u>
Nonoperating revenues (expenses):			
Investment income.	16,500	2,149	(14,351)
Transfers out	(413,438)	(413,438)	-
Debt service:			
Principal retirement	(120,128)	(120,128)	-
Interest and fiscal charges.	(17,342)	(12,805)	4,537
Total nonoperating revenues (expenses). . .	<u>(534,408)</u>	<u>(544,222)</u>	<u>(9,814)</u>
Net change in fund equity	(1,249,740)	(619,497)	630,243
Fund equity at beginning of year (restated). .	<u>1,249,740</u>	<u>1,249,740</u>	<u>-</u>
Fund equity at end of year	<u>\$ -</u>	<u>\$ 630,243</u>	<u>\$ 630,243</u>

CITY OF PATASKALA, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amount</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Operating revenues:			
Charges for services	\$ 770,000	\$ 815,784	\$ 45,784
Capacity fees.	80,000	42,855	(37,145)
Other operating revenues	20,000	6,387	(13,613)
Total revenues	<u>870,000</u>	<u>865,026</u>	<u>(4,974)</u>
Operating expenses:			
Personal services.	352,219	303,061	49,158
Materials and supplies	486,710	308,300	178,410
Contractual services	835,401	278,417	556,984
Capital outlay	1,981,156	142,129	1,839,027
Contingency	84,028	-	84,028
Total expenses	<u>3,739,514</u>	<u>1,031,907</u>	<u>2,707,607</u>
Operating income (loss).	<u>(2,869,514)</u>	<u>(166,881)</u>	<u>2,702,633</u>
Nonoperating revenues (expenses):			
Investment income.	17,000	2,565	(14,435)
Sale of capital assets	-	5,525	5,525
Bonds issued.	790,000	-	(790,000)
Loans issued	492,335	81,762	(410,573)
Intergovernmental	56,665	56,665	-
Debt service:			
Principal retirement	(277,774)	(277,774)	-
Interest and fiscal charges.	(67,976)	(52,019)	15,957
Total nonoperating revenues (expenses). . .	<u>1,010,250</u>	<u>(183,276)</u>	<u>(1,193,526)</u>
Net change in fund equity	(1,859,264)	(350,157)	1,509,107
Fund equity at beginning of year.	<u>1,859,264</u>	<u>1,859,264</u>	<u>-</u>
Fund equity at end of year	<u>\$ -</u>	<u>\$ 1,509,107</u>	<u>\$ 1,509,107</u>

CITY OF PATASKALA, OHIO

*INDIVIDUAL FUND SCHEDULE
FUND DESCRIPTION - FIDUCIARY FUND*

Agency Fund

Agency funds maintain assets held by the City as an agent for individuals, private organizations, other governmental units and/or funds. These funds are purely custodial (assets equal liabilities) and therefore do not involve the measurement of results of operation. The following is the City's agency fund:

Mayors Court

To account for assets received and disbursed by the Mayor's Court as agent or custodian related to various court matters and cases.

CITY OF PATASKALA, OHIO

*COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010*

	Beginning Balance 12/31/2009	Additions	Reductions	Ending Balance 12/31/2010
Mayor's Court				
Assets:				
Cash in segregated accounts	\$ 14,201	\$ 23,734	\$ 14,201	\$ 23,734
Total assets.	<u>\$ 14,201</u>	<u>\$ 23,734</u>	<u>\$ 14,201</u>	<u>\$ 23,734</u>
Liabilities:				
Undistributed monies	\$ 14,201	\$ 23,734	\$ 14,201	\$ 23,734
Total liabilities	<u>\$ 14,201</u>	<u>\$ 23,734</u>	<u>\$ 14,201</u>	<u>\$ 23,734</u>

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Statistical Section



City of Pataskala, Ohio
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Pataskala, OH 43062

740-927-2021 tel
740-927-0228 fax

CITY OF PATASKALA, OHIO
STATISTICAL SECTION

This part of the City of Pataskala'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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	136-145
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, income and property taxes.	146-154
Debt Capacity 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.	156-162
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	163-167
Operating Information 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.	168-171

Sources: Sources are noted on the individual schedules. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

CITY OF PATASKALA, OHIO

*NET ASSETS BY COMPONENT
LAST SEVEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 6,885,892	\$ 5,768,494	\$ 4,965,912	\$ 3,374,813
Restricted for:				
Capital projects	428,679	8,830	-	-
Debt service	30,067	30,067	30,067	30,067
Street construction, maintenance and repairs	1,368,440	1,419,374	1,328,269	1,141,807
Community development	8,813	-	-	-
Parks and recreation	100,733	99,467	84,991	78,690
Police	1,431,654	579,510	368,748	220,905
Other purposes	358	5,058	7,248	393,076
Unrestricted	1,807,920	1,168,314	890,439	1,104,231
Total governmental activities net assets	<u>\$ 12,062,556</u>	<u>\$ 9,079,114</u>	<u>\$ 7,675,674</u>	<u>\$ 6,343,589</u>
Business-type Activities				
Invested in capital assets, net of related debt	\$ 2,890,611	\$ 2,327,739	\$ 1,868,441	\$ 1,566,742
Unrestricted	2,367,129	3,482,621	4,629,883	4,916,251
Total business-type activities net assets	<u>\$ 5,257,740</u>	<u>\$ 5,810,360</u>	<u>\$ 6,498,324</u>	<u>\$ 6,482,993</u>
Total Primary Government				
Invested in capital assets, net of related debt	\$ 9,776,503	\$ 8,096,233	\$ 6,834,353	\$ 4,941,555
Restricted for:				
Capital projects	428,679	8,830	-	-
Debt service	30,067	30,067	30,067	30,067
Street construction, maintenance and repairs	1,368,440	1,419,374	1,328,269	1,141,807
Community development	8,813	-	-	-
Parks and recreation	100,733	99,467	84,991	78,690
Police	1,431,654	579,510	368,748	220,905
Other purposes	358	5,058	7,248	393,076
Unrestricted	4,175,049	4,650,935	5,520,322	6,020,482
Total primary government net assets	<u>\$ 17,320,296</u>	<u>\$ 14,889,474</u>	<u>\$ 14,173,998</u>	<u>\$ 12,826,582</u>

Note: 2004 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

2006	2005	2004
\$ 3,123,377	\$ 2,633,554	\$ 2,697,516
-	-	-
30,067	30,067	30,068
1,218,590	718,716	642,146
-	-	-
108,498	-	-
277,968	180,561	199,308
362,393	467,403	218,125
1,060,773	1,177,550	827,281
<u>\$ 6,181,666</u>	<u>\$ 5,207,851</u>	<u>\$ 4,614,444</u>
\$ 3,325,935	\$ 2,116,473	\$ 1,311,484
2,968,971	3,486,977	3,357,343
<u>\$ 6,294,906</u>	<u>\$ 5,603,450</u>	<u>\$ 4,668,827</u>
\$ 6,449,312	\$ 4,750,027	\$ 4,009,000
-	-	-
30,067	30,067	30,068
1,218,590	718,716	642,146
-	-	-
108,498	-	-
277,968	180,561	199,308
362,393	467,403	218,125
4,029,744	4,664,527	4,184,624
<u>\$ 12,476,572</u>	<u>\$ 10,811,301</u>	<u>\$ 9,283,271</u>

CITY OF PATASKALA, OHIO

*CHANGES IN NET ASSETS
LAST SEVEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 372,604	\$ 345,726	\$ 330,353	\$ 329,569
Security of persons and property	155,183	170,419	176,275	169,535
Transportation	-	40,568	-	-
Community environment	-	-	2,182	739
Leisure time activities	19,375	26,808	105,210	123,240
Operating grants and contributions:				
General government	-	-	-	-
Security of persons and property	147,517	257,748	1,840	7,461
Transportation	908,554	951,379	1,179,526	1,097,946
Community environment	47,548	37,644	37,000	-
Leisure time activities	-	3,103	1,125	-
Capital grants and contributions:				
General government	-	-	-	-
Security of persons and property	-	-	-	60,592
Transportation	1,031,411	828,333	1,009,944	207,446
Total governmental activities program revenues	<u>2,682,192</u>	<u>2,661,728</u>	<u>2,843,455</u>	<u>1,996,528</u>
Business-type activities:				
Charges for services:				
Water	779,089	766,464	769,684	1,011,506
Sewer	866,261	853,948	853,857	973,410
Capital grants and contributions:				
Water	-	101,460	131,079	79,695
Sewer	56,665	101,000	216,391	112,898
Total business-type activities program revenues	<u>1,702,015</u>	<u>1,822,872</u>	<u>1,971,011</u>	<u>2,177,509</u>
Total primary government	<u>\$ 4,384,207</u>	<u>\$ 4,484,600</u>	<u>\$ 4,814,466</u>	<u>\$ 4,174,037</u>
Expenses:				
Governmental activities:				
General government	\$ 871,750	\$ 826,900	\$ 967,338	\$ 1,063,385
Security of persons and property	1,373,081	1,401,767	1,649,394	1,710,954
Public health and welfare	59,300	57,500	57,500	57,500
Transportation	1,228,925	1,145,854	1,056,476	1,128,655
Community environment	270,207	335,062	410,129	335,154
Leisure time activities	46,494	48,003	108,228	257,006
Economic development	4,462	9,800	-	-
Other	-	-	-	-
Interest and fiscal charges	51,942	77,952	92,133	117,610
Total governmental activities expenses	<u>3,906,161</u>	<u>3,902,838</u>	<u>4,341,198</u>	<u>4,670,264</u>
Business-type activities:				
Water	1,338,996	1,614,297	1,244,786	1,525,419
Sewer	939,701	945,829	835,364	788,867
Total business-type activities expenses	<u>2,278,697</u>	<u>2,560,126</u>	<u>2,080,150</u>	<u>2,314,286</u>
Total primary government	<u>\$ 6,184,858</u>	<u>\$ 6,462,964</u>	<u>\$ 6,421,348</u>	<u>\$ 6,984,550</u>
Governmental activities	\$ (1,223,969)	\$ (1,241,110)	\$ (1,497,743)	\$ (2,673,736)
Business-type activities	(576,682)	(737,254)	(109,139)	(136,777)
Total primary government net expense	<u>\$ (1,800,651)</u>	<u>\$ (1,978,364)</u>	<u>\$ (1,606,882)</u>	<u>\$ (2,810,513)</u>

2006	2005	2004
\$ 377,297	\$ 348,665	\$ 465,690
63,076	10,921	29,134
-	-	331,435
746	328	439
138,684	162,027	80,022
296,711	258,899	283,531
100,724	170,903	141,320
683,419	678,030	300,938
-	-	-
-	-	18,471
-	223,082	85,930
-	-	17,848
364,566	17,676	178,864
2,025,223	1,870,531	1,933,622
953,613	1,120,539	998,463
923,912	1,108,618	934,207
123,070	-	160,611
174,344	-	206,100
2,174,939	2,229,157	2,299,381
\$ 4,200,162	\$ 4,099,688	\$ 4,233,003
\$ 1,131,868	\$ 1,217,964	\$ 979,742
1,613,421	1,411,576	1,330,112
57,000	47,693	44,546
1,004,060	774,839	669,463
329,149	386,665	446,947
206,123	136,392	159,546
-	-	-
-	-	15
68,765	14,963	19,718
4,410,386	3,990,092	3,650,089
964,444	894,526	893,969
807,882	612,421	717,220
1,772,326	1,506,947	1,611,189
\$ 6,182,712	\$ 5,497,039	\$ 5,261,278
\$ (2,385,163)	\$ (2,119,561)	\$ (1,716,467)
402,613	722,210	688,192
\$ (1,982,550)	\$ (1,397,351)	\$ (1,028,275)

-- Continued

CITY OF PATASKALA, OHIO

*CHANGES IN NET ASSETS
LAST SEVEN YEARS (CONTINUED)
(ACCRUAL BASIS OF ACCOUNTING)*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Revenues and Other Changes in Net Assets:				
Governmental activities				
Taxes:				
Property taxes levied for:				
General purposes	\$ 1,063,530	\$ 862,226	\$ 845,202	\$ 826,407
Street fund	-	-	-	1,726
Police fund	1,259,991	1,375,422	1,342,858	1,311,759
Income taxes levied for:				
Street fund	272,986	-	-	-
Police fund	818,953	-	-	-
Payments in lieu of taxes	424,161	-	-	-
Grants and entitlements				
not restricted to specific programs	331,221	368,296	466,879	455,723
Investment earnings	4,223	11,624	38,676	114,274
Miscellaneous	32,346	26,982	136,213	125,770
Total governmental activities	<u>4,207,411</u>	<u>2,644,550</u>	<u>2,829,828</u>	<u>2,835,659</u>
Business-type activities				
Investment earnings	4,714	27,583	104,178	300,956
Miscellaneous	19,348	21,707	20,292	23,905
Total business-type activities	<u>24,062</u>	<u>49,290</u>	<u>124,470</u>	<u>324,861</u>
Total primary government	<u>\$ 4,231,473</u>	<u>\$ 2,693,840</u>	<u>\$ 2,954,298</u>	<u>\$ 3,160,520</u>
Change in Net Assets:				
Governmental activities	\$ 2,983,442	\$ 1,403,440	\$ 1,332,085	\$ 161,923
Business-type activities	(552,620)	(687,964)	15,331	188,084
Total primary government	<u>\$ 2,430,822</u>	<u>\$ 715,476</u>	<u>\$ 1,347,416</u>	<u>\$ 350,007</u>

Note: 2004 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 853,878	\$ 690,564	\$ 693,435
525,244	502,568	513,583
1,316,392	996,877	1,007,172
-	-	-
-	-	-
-	-	-
434,943	338,895	267,013
110,276	61,951	28,329
118,245	122,113	43,570
<u>3,358,978</u>	<u>2,712,968</u>	<u>2,553,102</u>
271,525	143,716	25,540
17,318	68,697	24,950
<u>288,843</u>	<u>212,413</u>	<u>50,490</u>
<u>\$ 3,647,821</u>	<u>\$ 2,925,381</u>	<u>\$ 2,603,592</u>
\$ 973,815	\$ 593,407	\$ 836,635
691,456	934,623	738,682
<u>\$ 1,665,271</u>	<u>\$ 1,528,030</u>	<u>\$ 1,575,317</u>

CITY OF PATASKALA, OHIO

*FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:						
Reserved	\$ 7,173	\$ 7,825	\$ 5,696	\$ 12,787	\$ 7,569	\$ 9,797
Unreserved	<u>1,679,354</u>	<u>1,193,775</u>	<u>737,870</u>	<u>938,413</u>	<u>807,844</u>	<u>677,499</u>
Total general fund	<u>\$ 1,686,527</u>	<u>\$ 1,201,600</u>	<u>\$ 743,566</u>	<u>\$ 951,200</u>	<u>\$ 815,413</u>	<u>\$ 687,296</u>
All Other Governmental Funds:						
Reserved	\$ 94,938	\$ 96,314	\$ 174,089	\$ 167,514	\$ 108,512	\$ 96,960
Unreserved (deficit), reported in:						
Special revenue funds	2,533,546	1,676,979	1,272,163	1,387,134	1,559,596	1,003,299
Capital projects funds	<u>6,930</u>	<u>(156,942)</u>	<u>(1,020,333)</u>	<u>(1,411,683)</u>	<u>(1,472,570)</u>	<u>(1,335,209)</u>
Total all other governmental funds	<u>\$ 2,635,414</u>	<u>\$ 1,616,351</u>	<u>\$ 425,919</u>	<u>\$ 142,965</u>	<u>\$ 195,538</u>	<u>\$ (234,950)</u>

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 10,128	\$ 7,768	\$ 17,741	\$ 89,679
<u>889,866</u>	<u>951,854</u>	<u>982,046</u>	<u>640,865</u>
<u>\$ 899,994</u>	<u>\$ 959,622</u>	<u>\$ 999,787</u>	<u>\$ 730,544</u>
\$ 88,754	\$ 73,000	\$ 82,779	\$ 62,356
675,288	731,222	688,926	403,411
<u>(226,547)</u>	<u>(240,000)</u>	<u>-</u>	<u>-</u>
<u>\$ 537,495</u>	<u>\$ 564,222</u>	<u>\$ 771,705</u>	<u>\$ 465,767</u>

CITY OF PATASKALA, OHIO

*CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues					
Income taxes	\$ 976,035	\$ -	\$ -	\$ -	\$ -
Real and other taxes	2,434,278	2,192,130	2,159,252	2,169,911	2,688,325
Charges for services	28,181	23,310	179,345	225,982	245,173
Licenses and permits	235,985	259,098	237,392	170,188	176,807
Fines and forfeitures	155,183	134,523	115,769	113,232	63,076
Intergovernmental	2,480,970	1,638,319	1,822,969	1,660,086	1,660,587
Investment income	5,118	15,675	53,533	141,600	110,276
Rental income	120,200	118,538	106,162	102,879	94,747
Other	79,661	112,133	87,091	129,901	115,796
Total revenues	<u>6,515,611</u>	<u>4,493,726</u>	<u>4,761,513</u>	<u>4,713,779</u>	<u>5,154,787</u>
Expenditures					
Current:					
General government	855,648	817,413	927,449	991,432	1,185,194
Security of persons and property	1,360,206	1,380,665	1,650,201	1,682,856	1,604,152
Public health and welfare	59,300	57,500	57,500	57,500	57,000
Transportation	1,166,311	821,874	871,259	866,760	693,215
Community environment	239,698	229,192	287,595	242,974	261,046
Leisure time activity	20,352	14,340	80,296	135,840	116,516
Economic development	4,462	9,800	-	-	-
Other	-	-	-	-	-
Capital outlay	1,170,248	270,420	685,462	964,755	536,597
Debt service:					
Principal retirement	299,833	258,810	83,270	95,818	73,697
Interest and fiscal charges	48,563	77,179	92,133	117,610	68,765
Total expenditures	<u>5,224,621</u>	<u>3,937,193</u>	<u>4,735,165</u>	<u>5,155,545</u>	<u>4,596,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,290,990</u>	<u>556,533</u>	<u>26,348</u>	<u>(441,766)</u>	<u>558,605</u>
Other Financing Sources (Uses)					
Loan issued	-	-	-	101,283	-
Note issued	195,000	860,000	-	-	-
Premium on notes sold	-	1,730	-	-	-
Capital lease obligation	-	180,703	-	423,697	-
Sale of capital assets	18,000	49,500	48,972	-	-
Transfers in	172,445	65,657	461,948	178,093	15,480
Transfers (out)	(172,445)	(65,657)	(461,948)	(178,093)	(15,480)
Total other financing sources (uses)	<u>213,000</u>	<u>1,091,933</u>	<u>48,972</u>	<u>524,980</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,503,990</u>	<u>\$ 1,648,466</u>	<u>\$ 75,320</u>	<u>\$ 83,214</u>	<u>\$ 558,605</u>
Capital expenditures	1,499,257	1,083,821	1,522,106	933,118	360,656
Debt service as a percentage of noncapital expenditures.	9.35%	11.78%	5.46%	5.05%	3.36%

2005	2004	2003	2002	2001
\$ -	\$ -	\$ -	\$ -	\$ -
2,271,826	2,151,815	2,026,792	1,859,022	1,555,016
235,377	299,487	276,426	678,583	497,793
270,443	574,103	278,460	371,566	143,423
10,921	28,964	53,743	78,229	104,471
1,503,542	1,061,429	1,492,426	1,218,304	939,857
61,951	28,329	26,549	33,287	54,836
-	-	-	2,200	-
122,113	112,807	132,991	99,813	104,556
4,476,173	4,256,934	4,287,387	4,341,004	3,399,952
1,177,317	993,506	795,453	636,104	410,260
1,406,116	1,321,780	1,288,667	1,199,491	1,125,944
47,693	44,546	29,488	28,646	26,960
1,061,145	1,003,030	973,469	558,042	649,145
226,208	197,978	389,949	492,936	305,116
118,725	137,107	113,614	93,954	243,780
-	-	-	-	-
-	15	-	190	-
1,276,525	507,705	792,230	1,195,952	268,330
132,624	127,595	122,767	122,129	4,000
14,963	19,718	18,631	23,769	2,102
5,461,316	4,352,980	4,524,268	4,351,213	3,035,637
(985,143)	(96,046)	(236,881)	(10,209)	364,315
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	574,812	-
-	-	-	-	2,338
-	-	-	-	-
-	-	-	-	-
-	-	-	574,812	2,338
\$ (985,143)	\$ (96,046)	\$ (236,881)	\$ 564,603	\$ 366,653
1,635,411	1,095,366	136,055	642,489	181,135
3.86%	4.52%	3.22%	3.93%	0.21%

CITY OF PATASKALA, OHIO

**INCOME TAX REVENUE BASE AND COLLECTIONS
CURRENT YEAR**

Year	Tax Rate	Total Tax Collected (1)	Taxes from Withholding (2)	Percentage of Taxes from Withholding	Taxes from Net Profits (2)
2010	1.0%	587,287	431,397	73.46%	5,520

Source: Regional Income Tax Agency (R.I.T.A.), Income tax reports

Note: 2010 was the first year of income tax collections for the City.

(1) Accrual Basis of Accounting

(2) Cash basis of accounting

<u>Percentage of Taxes from Net Profits</u>	<u>Taxes from Individual Payments (2)</u>	<u>Percentage of Taxes from Individual Payments</u>
0.94%	240,463	40.94%

CITY OF PATASKALA, OHIO

*ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS*

Year	Real Property		Public Utility Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value (a)	Assessed Value	Estimated Actual Value (b)	Assessed Value	Estimated Actual Value (c)
2010	325,908,370	931,166,771	9,462,360	10,752,682	-	-
2009	324,762,940	927,894,114	9,371,040	10,648,909	-	-
2008	323,775,020	925,071,486	8,022,560	9,116,545	625,035	2,500,140
2007	314,715,530	899,187,229	6,427,500	7,303,977	3,246,170	12,984,680
2006	302,222,010	863,491,457	7,530,440	8,557,318	5,235,890	20,943,560
2005	288,289,460	823,684,171	7,793,230	8,855,943	9,705,090	38,820,360
2004	255,079,170	728,797,629	8,441,720	9,592,864	9,011,070	36,044,280
2003	236,474,970	675,642,771	8,682,240	9,866,182	9,391,350	37,565,400
2002	219,979,650	628,513,286	8,659,440	9,840,273	8,457,930	33,831,720
2001	181,943,850	519,839,571	8,376,200	9,518,409	8,495,440	33,981,760

Source: Licking County, Ohio; Fiscal Officer

(a) Real property is assessed at 35% of actual value.

(b) Public utility is assessed at 88% percent of actual value.

(c) For 2005 and prior, tangible personal is assessed at 25% of true value for capital assets and 23% of true value for inventory included in tangible personal property.

For 2006, tangible personal is assessed at 18.75% of property value, including inventory.

For 2007, tangible personal is assessed at 12.50% of property value, including inventory.

For 2008, tangible personal is assessed at 6.25% of property value, including inventory.

For 2009 and 2010, tangible personal is assessed at 0% of property value, including inventory.

Total			
Assessed Value	Estimated Actual Value	Total Direct Tax Rate	Ratio
335,370,730	941,919,453	2.90	35.61%
334,133,980	938,543,023	7.90	35.60%
332,422,615	936,688,171	7.90	35.49%
324,389,200	919,475,886	10.40	35.28%
314,988,340	892,992,335	10.40	35.27%
305,787,780	871,360,475	10.40	35.09%
272,531,960	774,434,772	12.40	35.19%
254,548,560	723,074,353	12.40	35.20%
237,097,020	672,185,278	12.40	35.27%
198,815,490	563,339,741	12.40	35.29%

CITY OF PATASKALA, OHIO

*DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS*

City Direct Rates				
Tax Year	Operating	Street Levy	Police	Total Direct Rate
2010	2.90	-	-	2.90
2009	2.90	-	5.00	7.90
2008	2.90	-	5.00	7.90
2007	2.90	-	5.00	7.90
2006	2.90	-	5.00	7.90
2005	2.90	2.50	5.00	10.40
2004	2.90	2.50	5.00	10.40
2003	2.90	2.50	5.00	10.40
2002	2.90	2.50	5.00	10.40
2001	2.90	2.50	5.00	10.40

Source: Licking County Auditor's Office

Overlapping Rates							Total Direct and Overlapping Rates
Licking County	Southwest Licking Local School District	Licking Heights Local School District	West Licking Joint Fire District	Pataskala Public Library	Licking County Library	Total Rates	
7.70	38.62	46.22	11.50	0.50	1.00	105.54	108.44
7.40	36.41	46.24	11.50	0.50	-	102.05	109.95
7.10	36.39	47.00	11.50	0.50	-	102.49	110.39
7.40	37.22	47.07	11.50	0.50	-	103.69	111.59
7.40	37.30	48.52	11.50	-	-	104.72	112.62
7.40	38.83	48.50	11.50	-	-	106.23	116.63
7.20	32.62	47.52	10.50	-	-	97.84	108.24
7.20	31.70	47.52	10.50	-	-	96.92	107.32
7.20	31.90	47.53	10.50	-	-	97.13	107.53
7.20	42.88	48.10	10.50	-	-	108.68	119.08

CITY OF PATASKALA, OHIO

*PRINCIPAL TAXPAYERS
REAL PROPERTY TAX
CURRENT YEAR AND EIGHT YEARS AGO*

December 31, 2010			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
Catalina Club LLC	\$ 2,469,290	1	0.76%
Licking Memorial Health Systems	2,288,090	2	0.70%
Village Gate Apartments Ltd.	2,021,600	3	0.62%
Kroger Company	1,562,960	4	0.48%
Reno Holding Company	900,900	5	0.28%
Fernco Development Ltd.	800,950	6	0.25%
Hazelton Retail Ltd.	761,260	7	0.23%
Pataskala Green IV Ltd.	705,810	8	0.22%
Tolson, Harvey A.	705,500	9	0.22%
Newcon Inc.	697,940	10	0.21%
Total, Top Ten Principal Real Property Taxpayers	<u>\$ 12,914,300</u>		<u>3.97%</u>
Total City Real Property Tax Assessed Valuation	<u>\$ 325,908,370</u>		

December 31, 2002			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
Columbus Southern Power Company	\$ 3,932,820	1	1.79%
United Telephone Company	2,608,220	2	1.19%
Village Gate Apartments Limited	2,048,800	3	0.93%
Maronda Homes	1,639,740	4	0.75%
Licking Memorial Health Systems	1,157,770	5	0.53%
Reyno Holding Company	1,058,160	6	0.48%
Kroger Company	969,150	7	0.44%
Oakhaven Partnership	843,390	8	0.38%
Pataskala Green IV Limited	816,730	9	0.37%
Fernco Development Limited	757,440	10	0.34%
Total, Top Ten Principal Real Property Taxpayers	<u>\$ 15,832,220</u>		<u>7.20%</u>
Total City Real Property Tax Assessed Valuation	<u>\$ 219,979,650</u>		

Source: Licking County Auditor's Office

CITY OF PATASKALA, OHIO

*PRINCIPAL TAXPAYERS
PUBLIC UTILITY PROPERTY TAX
CURRENT YEAR AND NINE YEARS AGO*

December 31, 2010			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
Columbus Southern Power	\$ 7,121,050	1	75.26%
Ohio Power	714,420	2	7.55%
National Oil & Gas	587,090	3	6.20%
Columbia Gas of Ohio	520,810	4	5.50%
Licking Rural Electric	244,770	5	2.59%
Total, Top Five Principal Public Utility Property Taxpayers	<u>\$ 9,188,140</u>		<u>97.10%</u>
Total City Public Utility Property Tax Assessed Valuation	<u>\$ 9,462,360</u>		

December 31, 2001			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
Columbus Southern Power	\$ 3,515,010	1	41.96%
United Telephone Company	2,815,390	2	33.61%
National Gas & Oil	488,560	3	5.83%
MCI Telecommunications	433,690	4	5.18%
Columbia Gas of Ohio	177,930	5	2.12%
Total, Top Five Principal Public Utility Property Taxpayers	<u>\$ 7,430,580</u>		<u>88.70%</u>
Total City Public Utility Property Tax Assessed Valuation	<u>\$ 8,376,200</u>		

Source: Licking County Auditor's Office

CITY OF PATASKALA, OHIO

*REAL AND PUBLIC UTILITY PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS*

Year	Total Levy	Current Collection (1)	Percent of Current Collections to Tax Levy	Delinquent Collections	Total Collections	Percent of Total Collections to Tax Levy	Outstanding Delinquent Taxes (2)	Percentage of Delinquent Taxes to Tax Levy
2010	\$ 2,507,307	\$ 2,413,468	96.26%	\$ 88,874	\$ 2,502,342	99.80%	\$ 56,037	2.23%
2009	2,510,313	2,416,286	96.25%	61,676	2,477,962	98.71%	164,135	6.54%
2008	2,419,380	2,341,780	96.79%	60,071	2,401,851	99.28%	124,869	5.16%
2007	2,422,756	2,342,779	96.70%	60,072	2,402,851	99.18%	126,039	5.20%
2006	3,020,403	2,896,778	95.91%	83,307	2,980,085	98.67%	427,856	14.17%
2005	2,639,130	2,523,104	95.60%	81,367	2,604,471	98.69%	130,359	4.94%
2004	2,259,654	2,401,520	106.28%	77,045	2,478,565	109.69%	200,780	8.89%
2003	2,400,120	2,269,217	94.55%	74,621	2,343,838	97.66%	126,868	5.29%
2002	2,155,670	2,071,756	96.11%	65,963	2,137,719	99.17%	126,373	5.86%
2001	1,814,975	1,711,184	94.28%	41,152	1,752,336	96.55%	119,255	6.57%

Source: Licking County Auditor's Office

(1) Includes homestead/rollback taxes assessed locally but distributed through the State and reported as intergovernmental revenue.

(2) Includes penalties and interest, since by Ohio Law, they become part of tax obligation as assessment occurs.

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CITY OF PATASKALA, OHIO

*RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS*

Year	Governmental Activities				Business-Type Activities		
	Special Assessment Bonds	Notes Payable	OPWC Loans	Capital Leases	General Obligation Bonds	OWDA Loans	Notes Payable
2010	\$ -	\$ 946,417	\$ 76,535	\$ -	\$ 6,840,000	\$ 183,398	\$ -
2009	-	1,022,000	81,808	191,634	6,990,000	411,187	-
2008	-	1,036,000	92,355	253,537	7,130,000	733,097	-
2007	-	1,427,000	101,283	327,879	7,190,000	1,030,611	-
2006	-	1,530,000	-	-	675,000	1,305,598	6,145,000
2005	-	1,537,000	-	73,697	710,000	1,559,780	7,782,000
2004	-	225,000	-	132,624	740,000	1,794,748	1,595,000
2003	-	240,000	-	52,613	770,000	2,011,969	1,695,000
2002	-	-	-	456,683	800,000	2,212,799	1,828,000
2001	4,000	-	-	-	825,000	2,398,484	1,233,000

Sources:

(a) See notes to the financial statements regarding the City's outstanding debt information.

(b) See Schedule " Demographic and Economic Statistics - Last Ten Years" for personal income and population.

(a) Total Primary Government	(b) Personal Income	Percentage of Personal Income	(b) Population	Outstanding Debt Per Capita
\$ 8,046,350	\$ 201,624,172	3.99%	14,962	\$ 538
8,696,629	228,746,131	3.80%	15,575	558
9,244,989	225,024,957	4.11%	15,508	596
10,076,773	218,038,413	4.62%	15,402	654
9,655,598	176,749,140	5.46%	12,643	764
11,662,477	173,744,655	6.71%	12,587	927
4,487,372	168,143,553	2.67%	12,339	364
4,769,582	159,348,074	2.99%	11,847	403
5,297,482	150,978,476	3.51%	11,374	466
4,460,484	142,815,140	3.12%	10,904	409

CITY OF PATASKALA, OHIO

*RATIO OF GENERAL BONDED DEBT TO ASSESSED
VALUE AND BONDED DEBT PER CAPITA
LAST TEN YEARS*

Year	Population (1)	Estimated Actual Value of Taxable Property (2)	Bonded Debt (3)	Ratio of Bonded Debt to Estimated Actual Value of Property	Bonded Debt Per Capita
2010	14,962	\$ 941,919,453	7,786,417	0.83%	\$ 520
2009	15,575	938,543,023	8,203,634	0.87%	527
2008	15,508	936,688,171	8,419,537	0.90%	543
2007	15,402	919,475,886	8,944,879	0.97%	581
2006	12,643	892,992,335	2,205,000	0.25%	174
2005	12,587	871,360,475	2,320,697	0.27%	184
2004	12,339	774,434,772	1,097,624	0.14%	89
2003	11,847	723,074,353	1,062,613	0.15%	90
2002	11,374	672,185,278	1,256,683	0.19%	110
2001	10,904	563,339,741	825,000	0.15%	76

Sources:

- (1) See Schedule " Demographic and Economic Statistics - Last Ten Years" for population.
- (2) Licking County Auditor's Office
- (3) Includes all general obligation bonded debt with the exception of special assessment debt.

CITY OF PATASKALA, OHIO

*DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Pataskala	\$ 946,417	100.00%	\$ 946,417
Overlapping debt:			
Southwest Licking Local School District	14,654,975	26.47%	3,879,172
Licking Heights Local School District	53,419,017	34.89%	18,637,895
Licking County	7,265,000	9.02%	655,303
Central Ohio Technical College	26,489,991	8.74%	2,315,225
Total direct and overlapping debt	<u>\$ 102,775,400</u>		<u>\$ 26,434,012</u>

Source: Licking County Auditor's Office

CITY OF PATASKALA, OHIO

*COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS*

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assesed Value (a)	\$ 335,370,730	\$ 333,857,610	\$ 331,707,830	\$ 294,592,358
Legal debt margin:				
Debt limitation - 10.5% of Assesed Value	35,213,927	35,055,049	34,829,322	30,932,198
Debt Applicable to Limitation:				
Special Assessment Bond	-	-	-	-
Notes	947,417	1,022,000	1,036,000	1,427,000
Enterprise Bonds	6,840,000	6,990,000	7,130,000	7,190,000
Gross Indebtedness	<u>7,787,417</u>	<u>8,012,000</u>	<u>8,166,000</u>	<u>8,617,000</u>
(Total Voted and Unvoted Debt)				
Less: Debt Outside Limitations				
Special Assessment Bond	-	-	-	-
Notes	(947,417)	(1,022,000)	(1,036,000)	(1,427,000)
Enterprise Bonds	<u>(6,840,000)</u>	<u>(6,990,000)</u>	<u>(7,130,000)</u>	<u>(7,190,000)</u>
Total Debt Outside Limitations	<u>(7,787,417)</u>	<u>(8,012,000)</u>	<u>(8,166,000)</u>	<u>(8,617,000)</u>
Total Debt Applicable to Limitation - Within 10.5% Limitations	-	-	-	-
Add: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>30,067</u>	<u>30,067</u>	<u>30,067</u>	<u>30,067</u>
Net Debt Within 10.5% Limitation	<u>30,067</u>	<u>30,067</u>	<u>30,067</u>	<u>30,067</u>
Overall Debt Margin Within 10.5% Limitation	<u>\$ 35,243,994</u>	<u>\$ 35,085,116</u>	<u>\$ 34,859,389</u>	<u>\$ 30,962,265</u>
Unvoted Debt Limitation - 5.5% of Assesed Valuation	\$ 18,445,390	\$ 18,362,169	\$ 18,243,931	\$ 16,202,580
Gross Indebtedness Authorized by Council	7,787,417	8,012,000	8,166,000	8,617,000
Less: Debt Outside Limitations:				
Total Debt Outside Limitations	<u>(7,787,417)</u>	<u>(8,012,000)</u>	<u>(8,166,000)</u>	<u>(8,617,000)</u>
Debt Within 5.5% Limitations	18,445,390	18,362,169	18,243,931	16,202,580
Add: Amount Available in Debt Service Fund	30,067	30,067	30,067	30,067
Net Debt Within 5.5% Limitation	<u>18,475,457</u>	<u>18,392,236</u>	<u>18,273,998</u>	<u>16,232,647</u>
Unvoted Debt Margin Within 5.5% Limitation	<u>\$ 18,475,457</u>	<u>\$ 18,392,236</u>	<u>\$ 18,273,998</u>	<u>\$ 16,232,647</u>

Source: City of Pataskala financial records

(a) Beginning in 2007, the debt limit excludes the assessed valuations of tangible personal property and railroad and telephone public utility personal property as required by Ohio House Bill 530.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 314,988,340	\$ 305,787,780	\$ 272,531,960	\$ 254,548,560	\$ 237,097,020	\$ 198,815,490
33,073,776	32,107,717	28,615,856	26,727,599	24,895,187	20,875,626
-	-	-	-	-	4,000
7,675,000	9,319,000	1,820,000	1,935,000	1,828,000	1,233,000
675,000	710,000	740,000	770,000	800,000	825,000
<u>8,350,000</u>	<u>10,029,000</u>	<u>2,560,000</u>	<u>2,705,000</u>	<u>2,628,000</u>	<u>2,062,000</u>
-	-	-	-	-	(4,000)
(7,675,000)	(9,319,000)	(1,820,000)	(1,935,000)	(1,828,000)	(1,233,000)
(675,000)	(710,000)	(740,000)	(770,000)	(800,000)	(825,000)
<u>(8,350,000)</u>	<u>(10,029,000)</u>	<u>(2,560,000)</u>	<u>(2,705,000)</u>	<u>(2,628,000)</u>	<u>(2,062,000)</u>
-	-	-	-	-	-
<u>30,067</u>	<u>30,067</u>	<u>30,068</u>	<u>30,083</u>	<u>30,113</u>	<u>28,235</u>
<u>30,067</u>	<u>30,067</u>	<u>30,068</u>	<u>30,083</u>	<u>30,113</u>	<u>28,235</u>
<u>\$ 33,103,843</u>	<u>\$ 32,137,784</u>	<u>\$ 28,645,924</u>	<u>\$ 26,757,682</u>	<u>\$ 24,925,300</u>	<u>\$ 20,903,861</u>
\$ 17,324,359	\$ 16,818,328	\$ 14,989,258	\$ 14,000,171	\$ 13,040,336	\$ 10,934,852
8,350,000	10,029,000	2,560,000	2,705,000	2,628,000	2,062,000
<u>(8,350,000)</u>	<u>(10,029,000)</u>	<u>(2,560,000)</u>	<u>(2,705,000)</u>	<u>(2,628,000)</u>	<u>(2,062,000)</u>
17,324,359	16,818,328	14,989,258	14,000,171	13,040,336	10,934,852
30,067	30,067	30,068	30,083	30,113	28,235
<u>17,354,426</u>	<u>16,848,395</u>	<u>15,019,326</u>	<u>14,030,254</u>	<u>13,070,449</u>	<u>10,963,087</u>
<u>\$ 17,354,426</u>	<u>\$ 16,848,395</u>	<u>\$ 15,019,326</u>	<u>\$ 14,030,254</u>	<u>\$ 13,070,449</u>	<u>\$ 10,963,087</u>

CITY OF PATASKALA, OHIO

*PLEDGED REVENUE LOAN COVERAGE - OWDA LOANS
LAST TEN YEARS*

SEWER OWDA LOANS:

Year	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements (2)			Coverage
				Principal	Interest	Total	
2010	\$ 872,648	\$ 705,169	\$ 167,479	\$ 237,773	\$ 17,719	\$ 255,492	0.66
2009	861,758	701,994	159,764	212,185	30,787	242,972	0.66
2008	857,372	585,809	271,563	197,290	48,148	245,438	1.11
2007	982,872	534,225	448,647	183,441	61,998	245,439	1.83
2006	932,038	545,373	386,665	170,563	74,876	245,439	1.58
2005	1,132,105	341,732	790,373	158,590	86,850	245,440	3.22
2004	946,938	210,480	736,458	147,457	97,982	245,439	3.00
2003	1,245,196	402,809	842,387	137,106	108,334	245,440	3.43
2002	1,039,747	314,656	725,091	127,480	117,958	245,438	2.95
2001	798,543	206,030	592,513	118,532	126,908	245,440	2.41

WATER OWDA LOANS:

Year	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements (2)			Coverage
				Principal	Interest	Total	
2010	\$ 788,378	\$ 724,931	\$ 63,447	\$ 120,127	\$ 12,805	\$ 132,932	0.48
2009	780,361	993,715	(213,354)	109,725	20,474	130,199	(1.64)
2008	786,461	629,673	156,788	100,224	37,245	137,469	1.14
2007	1,025,952	658,638	367,314	91,546	45,923	137,469	2.67
2006	962,805	570,721	392,084	83,619	53,850	137,469	2.85
2005	1,165,749	565,509	600,240	76,378	61,091	137,469	4.37
2004	1,010,682	650,715	359,967	69,764	67,705	137,469	2.62
2003	1,278,553	727,400	551,153	63,724	73,746	137,470	4.01
2002	996,440	577,549	418,891	58,205	79,264	137,469	3.05
2001	918,096	610,392	307,704	53,166	84,304	137,470	2.24

(1) Total operating expenses are exclusive of depreciation.

(2) Includes principal and interest of OWDA loans only.

CITY OF PATASKALA, OHIO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population (3)	Total Median Household Income	Personal Income	Per Capita Personal Income (1)	Annual Average Unemployment Rates (2)			
					City of Pataskala	Licking County	Ohio	United States
2010	14,962	\$ 53,903	\$ 201,624,172	\$ 30,139	8.6%	8.6%	10.9%	9.0%
2009	15,575	58,747	228,746,131	30,139	9.3%	9.3%	10.9%	10.0%
2008	15,508	58,041	225,024,957	29,261	6.1%	6.1%	6.5%	5.8%
2007	15,402	56,626	218,038,413	28,409	5.2%	5.2%	5.6%	4.6%
2006	12,643	55,920	176,749,140	27,581	5.0%	5.0%	5.5%	4.6%
2005	12,587	55,214	173,744,655	26,778	5.7%	5.7%	5.9%	5.1%
2004	12,339	54,508	168,143,553	25,998	5.9%	5.9%	6.2%	5.5%
2003	11,847	53,802	159,348,074	25,241	6.0%	6.0%	6.2%	6.0%
2002	11,374	53,096	150,978,476	24,506	5.1%	5.1%	5.7%	5.8%
2001	10,904	52,390	142,815,140	23,792	3.9%	3.9%	4.4%	4.7%

Sources:

(1) U.S. Census Bureau

(2) Ohio Job & Family Services, Office of Workforce Development

(3) 2010 U.S. Census Bureau and Mid Ohio Regional Planning Commission estimates starting 2000 and increased 3% (est.) each year.

CITY OF PATASKALA, OHIO
PRINCIPAL EMPLOYERS
CURRENT YEAR AND THREE YEARS AGO

	<u>2010 (1)</u>		<u>2007</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Licking Heights Local School District	314	1	380	1
Kroger	180	2	114	2
Tuscany Gardens Nursing Home	150	3	0	N/A
Pataskala Oaks Care Center	100	4	90	3
Karst and Sons Masonry	90	5	0	N/A
Mulch Manufacturing	80	6	40	7
Dynamic Construction	60	7	0	N/A
Southwest Licking Local School District	54	8	65	5
City of Pataskala	38	9	44	6
Ohio Steel Industries	30	10	68	4
Total	<u>1,096</u>		<u>801</u>	*

Source: City of Pataskala Planning and Zoning Department

Note: Information on principal employers prior to 2007 was not available. Total City employment was not available for 2010 and 2007.

* The total employment count for 2007 principal employers is estimated to be greater than 50% of the total City employment count for 2007.

(1) 2010 information was not available. 2009 information was used as an estimate for 2010.

N/A - These employers were not established in 2007

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CITY OF PATASKALA, OHIO

*FULL-TIME-EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS*

Function/Program	2010	2009	2008	2007	2006
General Government					
Clerk of Council	1.00	1.00	1.00	1.00	1.00
Mayor Court Clerk	1.00	1.00	1.00	1.00	1.00
City Administrator	1.00	1.00	1.00	1.00	1.00
Assistant City Administrator	-	-	1.00	1.00	-
Service Director	1.00	1.00	0.50	0.50	0.50
Finance	1.50	1.50	1.50	1.00	1.00
Law	1.00	1.00	-	-	-
Public Safety					
Police/Clerk	16.50	16.00	16.00	19.00	20.00
Transportation					
Streets	7.00	5.00	5.00	7.00	7.00
Community Environment					
Planning	3.00	3.00	3.00	3.50	3.50
Leisure Time Activity					
Parks Administration	-	-	-	0.50	0.50
Parks Maintenance	-	-	-	0.50	0.50
Utility Services					
Water	4.00	4.00	3.50	4.00	4.00
Sewer	4.00	4.00	4.00	4.00	4.00
Total	41.00	38.50	37.50	44.00	44.00

Source: City of Pataskala records

2005	2004	2003	2002	2001
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00
-	-	-	-	-
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00
-	-	-	-	-
19.00	17.00	17.00	14.00	10.00
7.00	7.00	7.00	5.00	5.00
3.50	3.50	3.50	3.00	2.00
0.50	0.50	0.50	0.50	0.50
0.50	0.50	0.50	0.50	0.50
4.50	4.50	4.50	4.50	3.50
4.50	4.50	4.50	4.50	3.50
44.50	42.50	42.50	37.00	30.00

CITY OF PATASKALA, OHIO

*OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS*

Function	2010	2009	2008	2007	2006
General Government					
Positions Filled	2	-	2	4.5	3
Zoning Permits Issued	457	503	605	484	891
Zoning Inspections Performed	362	385	449	669	842
Ordinances & Resolutions	86	77	69	80	95
Public Safety					
Police:					
Physical Arrests	405	534	610	726	794
Police Reports Taken	1,390	1,345	1,534	1,851	1,928
Traffic Violations	1,254	1,342	N/A	N/A	N/A
Mayor's Court					
Misdemeanor Cases	151	N/A	N/A	N/A	N/A
O.V.I. Cases	15	N/A	N/A	N/A	N/A
Other Traffic Cases	1,402	N/A	N/A	N/A	N/A
Leisure Time Activities					
Youth Soccer Participation*	802	788	820	865	725
Select Soccer*	190	112	90	82	107
Middle School Participation*	20	N/A	N/A	N/A	N/A
High School Participation*	20	N/A	N/A	N/A	N/A
Youth Softball Participation*	145	426	183	186	180
Adult Softball Participation*	-	-	205	226	201
Art Classes*	-	-	-	100	85
Kids in Karate*	-	-	42	128	144
Transportation					
Street Resurfacing (miles)	2.06	-	-	20	N/A
Tons of salt used	1,829	279	163	399	N/A
Bridges Replaced/Repaired	1	1	1	1	-
Water					
New Connections	19	16	20	32	44
Service Calls	578	610	N/A	N/A	N/A

Source: City of Pataskala Departments.

Note: Information for 10 years prior was not available for all functions.
Leisure Time statistics not available at publication date.

N/A - Information was not available or retained by the City.

* - Beginning January 1, 2009 the City contracted with the Pataskala Parks Recreation Association (PRA) and Licking Heights Youth Association (LHYA) to administer soccer and girls softball programs.

2005	2004	2003	2002	2001
9	9	N/A	N/A	N/A
1,006	N/A	N/A	N/A	N/A
781	N/A	N/A	N/A	N/A
66	63	61	48	48
351	332	319	N/A	N/A
1,596	1,764	1,760	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
637	N/A	N/A	N/A	N/A
116	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
150	N/A	N/A	N/A	N/A
210	N/A	N/A	N/A	N/A
70	N/A	N/A	N/A	N/A
102	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
-	1	-	-	-
110	89	99	121	113
N/A	N/A	N/A	N/A	N/A

CITY OF PATASKALA, OHIO

*CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN YEARS*

Function	2010	2009	2008	2007	2006	2005
Public Safety						
Police:						
Stations	1	1	1	1	1	1
Leisure Time Activities						
Parks	6	6	6	6	6	6
Park Acreage	200	200	200	200	200	200
Swimming Pools	1	1	1	1	1	1
Wading Pools	1	1	1	1	1	1
Baseball Diamonds	4	4	4	4	4	4
Softball Fields	4	4	4	4	4	4
Transportation						
Lane Miles	320	320	320	320	320	320
Water						
Water Mains (linear feet)	291,215	291,215	290,400	289,200	283,200	280,100
Sewer						
Sewer Lines (linear feet)	161,500	161,500	160,252	154,892	148,452	140,952

Source: City of Pataskala Departments.

N/A - Information was not available or retained by the City.

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
1	1	1	1
6	6	6	6
200	200	200	200
1	1	1	1
1	1	1	1
4	4	4	4
4	4	4	4
320	320	320	320
270,600	N/A	N/A	N/A
134,152	N/A	N/A	N/A

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