

Local Government Innovation Fund Application

**Study the feasibility of consolidating
the Sandusky County Courts in Woodville and Clyde
with the City of Fremont Municipal Court
to establish a single county jurisdictional court.**

City of Fremont



Sandusky County



TAB 1: CONTACT INFORMATION

Main applicant: City of Fremont
Address: 323 S. Front St.
 Fremont, OH 43420
Phone Numbers: 419-334-5900 Office
 419-334-8434 Fax
Email Address: jellis@fremontohio.org
Website: www.fremontohio.org
Contact: Jim Ellis
Title: Mayor
County: Sandusky

Population Data from 2010 U.S. Census:

	2000	2010	Change	Change	2000	2010	2010	2010
	Total	Total	Raw	% from	Housing	Housing	Housing units	Housing units
Geographic area	population	population		2000	Units Total	Units Total	Occupied	Vacant
Fremont city	17375	16734	-641	-3.69%	7368	7541	6745	796

TAB 2: COLLABORATIVE PARTNER

Collaborative Partner: Sandusky County
Address: 622 Croghan Street
 Fremont, OH 43420
Phone Numbers: 419-334-6100 Office
 419-334-6104 Fax
Email Address: countyadministrator@co.sandusky.oh.us
Contact: Warren Brown
Title: County Administrator

Population Data from 2010 U.S. Census:

	2000	2010	Change	Change	2000	2010	2010	2010
	Total	Total	Raw	% from	Housing	Housing	Housing units	Housing units
Geographic area	population	population		2000	Units Total	Units Total	Occupied	Vacant
Sandusky County	61792	60944	-848	-1.37%	25253	26390	24182	2208
Ballville township	6395	5985	-410	-6.41%	2643	2736	2579	157
Green Creek township	3467	3646	179	5.16%	1348	1490	1406	84
Jackson township	1609	1608	-1	-0.06%	612	654	616	38
Madison township	3721	3850	129	3.47%	1443	1570	1457	113
Rice township	1437	1370	-67	-4.66%	573	545	511	34
Riley township	1302	1226	-76	-5.84%	593	595	496	99
Sandusky township	4087	3619	-468	-11.45%	1729	1637	1504	133
Scott township	1502	1437	-65	-4.33%	547	576	538	38
Townsend township	1670	1620	-50	-2.99%	660	696	621	75
Washington township	2396	2332	-64	-2.67%	935	979	904	75
Woodville township	3304	3395	91	2.75%	1290	1394	1321	73
York township	2512	2532	20	0.80%	958	1035	952	83
Ballville CDP	3255	2976	-279	-8.57%	1375	1396	1313	83
Bellevue city	4352	4527	175	4.02%	1885	1984	1811	173
Burgoon village	199	172	-27	-13.57%	78	76	67	9
Clyde city	6064	6325	261	4.30%	2471	2707	2484	223
Elmore village		0	0	N/A		0	0	0
Fremont city	17375	16734	-641	-3.69%	7368	7541	6745	796
Gibsonburg village	2506	2581	75	2.99%	999	1065	982	83
Green Springs village	599	738	139	23.21%	198	251	237	14
Helena village	236	224	-12	-5.08%	104	102	97	5
Hessville CDP		214	214	N/A		83	79	4
Lindsey village	504	446	-58	-11.51%	209	209	187	22
Stony Prairie CDP	836	1284	448	53.59%	367	549	516	33
Vickery CDP		121	121	N/A		50	43	7
Whites Landing CDP		132	132	N/A		71	52	19
Wightmans Grove CDP		72	72	N/A		80	33	47
Woodville village	1977	2135	158	7.99%	815	894	850	44

Increases are bolded

TAB 3: PROJECT DESCRIPTION

Study the feasibility of consolidating the Sandusky County Courts in Woodville and Clyde with the City of Fremont Municipal Court to establish a single county jurisdictional court.

For decades, there have existed in Sandusky County several separate courts to care for the misdemeanor criminal and simpler civil caseloads in the county. Bellevue Municipal Court has jurisdiction in York Township, Fremont Municipal Court has jurisdiction in Fremont City and Sandusky and Ballville Townships, the County Court in Clyde handles several eastern townships and the County Court in Woodville handles the westernmost townships. This court situation has worked over time but it appears, albeit on the surface, that if these entities were combined into one location, preferably the center of the county (Fremont area), and if staffs were relocated into one efficient structure, there might be some long-term return on investments in building costs, utility overheads and likely savings in some personnel reduction.

Historically, Sandusky County adopted the two part-time county court judgeships to appease the communities of Clyde and Woodville. Clyde is a small city with a population of 6,325 located 12 miles east of Fremont. Woodville is a Village of 2,135, located 14 miles West of Fremont. US Route 20 connects all three of these population centers. The Village of Gibsonburg lies about 5 miles southeast of Woodville, but does not have its own court. The current economic realities and stresses on local governmental budgets require that consolidation be considered. Ohio's population is the fourth slowest growing in the county and its far-flung decentralized system of government is not helping to attract people or businesses. The population of Sandusky County is declining (-1.4%, 2000-2010) unlike the rest of Ohio (1.6%, 2000-2010). This part-time judgeship matter is being addressed currently by the Ohio Supreme Court and the result should be one full-time judgeship to serve in both the Clyde and Woodville locations. Although some small economies of scale will be realized in this judgeship alteration, the real economies of scale (buildings, utilities, and staff) will be missed in this instant effort.

PROJECT TYPE

The purpose of our application is to secure grant funding from the Local Government Innovation Fund to perform a feasibility study that would lead to a "true" depiction of the "perceived" savings that could be realized by merging all the aforementioned courts into one location.

Areas to be studied may include but is not limited to facility space, information technology, staffing, administration of the judges, and security.

TARGETED APPROACH

The merger of the three court locations should result in substantial cost savings due to the efficiency of providing quality judicial services at one shared location.

RETURN ON INVESTMENT BASED ON ANTICIPATED SAVINGS

Attachment 1-A shows the revenues and expenditures for the Fremont Municipal Court for the years of 2010 and 2011 resulted in a net loss of \$1 million over those two years. The Municipal Court has for many years placed a financial burden on the City of Fremont. Additionally, the County Courts expenses have increased as shown in their 2009, 2010, 2011 County Court Expense Reports in Attachments 1-B, 1-C, and 1-D. A key factor with the feasibility study is to determine anticipated cost savings of merging the courts.

PROBABILITY OF THE PROPOSAL'S SUCCESS

Inefficiency is the result of three separate courts providing the same services. Economy of scales by merging the courts should result in a substantial savings. It is not anticipated that a feasibility study would result in higher court operating costs due to a merger. The City of Fremont and Sandusky County will take the feasibility results to determine the next action steps to collaboratively work on combining the courts locations into one.

INCLUSION OF OTHER POLITICAL SUBDIVISIONS

Bellevue, Ohio is located in four counties with Sandusky being one of the four. The results of the feasibility study will be shared with Bellevue to determine if they would be interested in being included in the merger for a portion of their court responsibility in eastern Sandusky County.

LARGER CONSOLIDATION EFFORTS

This proposal is not a part of any larger consolidation effort by the City of Fremont or Sandusky County.

HOW THE PROPOSED PROJECT IS RESPONSIVE TO CHANGES IN ECONOMIC DEMAND

Personnel and overhead costs are increasing substantially within the Courts operating expenses. The mandate for increased security also places a financial burden on the City and County. Additionally, the case load for both the City and County continues to climb. The Courts cannot continue to operate the way they have and cost cutting measures have to be put into place. Merging the three courts will decrease the personnel and overhead costs and immediately create positive financial results.

RECOMMENDATIONS OF A PERFORMANCE AUDIT

The City of Fremont and Sandusky County are accustomed to performance audits and following up with recommendations from the audits. Any issues related to the courts will be prioritized as information to use for action plans to create a more efficient court system. The City of Fremont has identified the excessive cost of the Municipal Court as something that needs to be addressed thus prompting this application for a feasibility study grant.

Studying the case load of the courts in relationship to the staffing is another issue that may be looked at in a performance audit.

PROJECT TO RESULT IN IMPROVED BUSINESS ENVIRONMENT AND PROMOTE BUSINESS ATTRACTION

When expenses are far greater than revenue, political subdivisions are often forced to look at raising income taxes to pay for services. A community with high taxes deter businesses from locating in its community and also has a negative effect on existing businesses that may need to expand. Additionally, citizens do not want to live in a community where taxes are high. City and County leaders have a fiduciary responsibility to provide services in the best manner possible. This includes running court systems in an efficient manner. The City of Fremont Municipal Court and County Courts in Clyde and Woodville can operate more efficiently if there is a merger of operations.

TAB 4: FINANCIAL INFORMATION

PROPOSED REQUEST

The City of Fremont and Sandusky County is requesting a grant from the Local Government Innovative Fund in the amount of \$35,000 to pay a consultant to study the feasibility of consolidating the Sandusky County Courts in Woodville and Clyde with the City of Fremont Municipal Court to establish a single county jurisdictional court.

IN-KIND MATCH SOURCE

The City of Fremont and Sandusky County will provide \$9,000 of in-kind match totaling a 20% match . The following expenses include project meetings, research, administrative work, managing funds, reviewing documents, preparing documents, hiring consultants and miscellaneous administrative activities.

Personnel	Activity	Cost
Mike Jay	Research	\$3,200
City of Fremont	Meetings	
	Administrative	
	Conference calls	
Jim Ellis	Meetings	\$1,000
City of Fremont		
Robert Hart	Meetings	\$1,000
City of Fremont		
Warren Brown	Research	\$2,600
Sandusky County	Meetings	
	Administrative	
	Conference calls	
John Kolesar	Research	\$1,200
Sandusky County	Meetings	
Total		\$9,000

THREE YEARS OF FINANCIAL PROJECTIONS OF ANTICIPATED SAVINGS

The main component of the feasibility study is to determine the anticipated savings.

TAB 5: SUPPORTING DOCUMENTS

EXECUTED PARTNERSHIP AGREEMENT

A signed Memorandum of Understanding can be found in Attachment 5-A

RESOLUTIONS OF SUPPORT FROM THE APPLICANT AND COLLABORATIVE PARTNER

Resolutions of Support from the governing entities of both the Applicant and Collaborative Partner can be found in Attachments 5-B, 5-C, and 5-D

AUDIT CONDUCTED WITHIN THE LAST FIVE YEARS

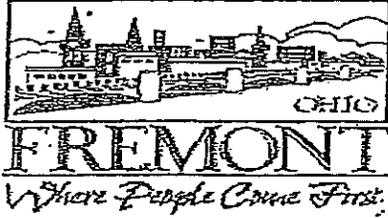
Attachment 5-E contains the City of Fremont 2010 Audit by the State of Ohio.

THREE YEARS OF CITY OF FREMONT FINANCIALS

Attachment 5-F contains three years of financials for the City of Fremont.

SELF SCORE ASSESSMENT – PROJECT SELECTION METHODOLOGY

Attachment 5-G contains the self score assessment.



City of Fremont
Office of the Auditor

John Lauer, Auditor, CFO
Terri Moore, Chief Deputy Auditor
Lisa Schrickel, Assistant Auditor
Sonya Gower, Assistant Auditor

January 27, 2012

Mayor Jim Ellis

RE: Fremont Municipal Court Revenue/Expenditure

Dear Jim,

The following are the revenues and expenditures for the municipal court for the years of 2010 and 2011:

<u>Income</u>	<u>2010</u>	<u>2011</u>
Court Fines	\$ 36,596	\$ 75,113
Court Costs	172,956	195,067
Highway Patrol Share	27,249	28,987
County Share of Court Costs	<u>102,782</u>	<u>100,025</u>
Total Income	\$ 339,583	\$ 399,192
<u>Expenses</u>		
Municipal Court	\$ 681,588	\$ 667,631
Other Judicial	54,653	47,749
Legal	<u>146,414</u>	<u>147,804</u>
Total Expenses	\$ 882,655	\$ 863,184
Net Loss	\$ 543,072	\$ 463,992

In looking for ways to help with the city budget the municipal court needs to be looked at closely in regards to wage increases, promotions and hiring. The court is on their own system in regards to these expenses but the court needs to stay within the city's guidelines in regards to wages, promotions and hiring. The court has been losing money every year and we need to look at ways to cut these losses. There are some discussions about combining the municipal courts of Sandusky County starting to take place and Fremont needs to be in on these discussions. The City cannot afford to continue to have the municipal court operate at the huge deficits as it has over the years.

John W. Lauer
Fremont City Auditor



Sandusky
County

County Crt 2009 Expense

Date Range 01/01/09 - 12/31/09

Only Show Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% used/ Rec'd	Prior Year Total
Fund 1000 - General Fund										
Department 009 - County Court										
Sub Department 0901 - County Court										
EXPENSE										
510	Personal Servs-Salaries & Wages	225,281.00	(2,500.00)	222,781.00	19,923.77	.00	222,781.00	.00	100	.00
511	Personal Servs-Employee Benefits	94,391.00	(599.00)	93,792.00	5,879.45	.00	78,891.20	14,900.80	84	.00
520	Purchase/Contracted Services	18,500.00	(7,000.00)	11,500.00	481.56	.00	9,954.30	1,545.70	87	.00
521	FEES	1,800.00	7,000.00	8,800.00	1,396.39	.00	7,688.44	1,111.56	87	.00
530	Supplies	13,750.00	.00	13,750.00	2,440.31	.00	8,534.39	5,215.61	62	.00
560	Utilities	10,000.00	(10,000.00)	.00	.00	.00	.00	.00	+++	.00
	EXPENSE TOTALS	\$363,722.00	(\$13,099.00)	\$350,623.00	\$30,121.48	\$0.00	\$327,849.33	\$22,773.67	94%	\$0.00
	Sub Department 0901 - County Court Totals	(\$363,722.00)	\$13,099.00	(\$350,623.00)	(\$30,121.48)	\$0.00	(\$327,849.33)	(\$22,773.67)	94%	\$0.00
Sub Department 0902 - County Court Probation										
EXPENSE										
510	Personal Servs-Salaries & Wages	28,708.00	.00	28,708.00	2,209.99	.00	29,076.81	(368.81)	101	.00
511	Personal Servs-Employee Benefits	6,877.00	.00	6,877.00	527.44	.00	7,762.65	(885.65)	113	.00
	EXPENSE TOTALS	\$35,585.00	\$0.00	\$35,585.00	\$2,737.43	\$0.00	\$36,839.46	(\$1,254.46)	104%	\$0.00
	Sub Department 0902 - County Court Probation Totals	(\$35,585.00)	\$0.00	(\$35,585.00)	(\$2,737.43)	\$0.00	(\$36,839.46)	\$1,254.46	104%	\$0.00
	Department 009 - County Court Totals	(\$399,307.00)	\$13,099.00	(\$386,208.00)	(\$32,858.91)	\$0.00	(\$364,688.79)	(\$21,519.21)	94%	\$0.00
	Fund 1000 - General Fund Totals	\$399,307.00	(\$13,099.00)	\$386,208.00	\$32,858.91	\$0.00	\$364,688.79	\$21,519.21		\$0.00
	Grand Totals	\$399,307.00	(\$13,099.00)	\$386,208.00	\$32,858.91	\$0.00	\$364,688.79	\$21,519.21		\$0.00



Sandusky
County

County Crt 2010 Expense

Date Range 01/01/10 - 12/31/10

Only Show Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% used/ Rec'd	Prior Year Total
Fund 1000 - General Fund										
Department 009 - County Court										
Sub Department 0901 - County Court										
EXPENSE										
510	Personal Servs-Salaries & Wages	236,471.00	.00	236,471.00	24,625.58	.00	232,318.51	4,152.49	98	.00
511	Personal Servs-Employee Benefits	97,480.00	.00	97,480.00	7,746.53	.00	88,586.58	8,893.42	91	.00
520	Purchase/Contracted Services	16,700.00	(270.33)	16,429.67	2,423.79	186.20	12,201.70	4,041.77	75	.00
521	FEES	5,000.00	(598.04)	4,401.96	108.30	.00	4,599.62	(197.66)	104	.00
530	Supplies	7,500.00	(1,188.90)	6,311.10	1,127.16	.00	6,209.56	101.54	98	.00
	EXPENSE TOTALS	\$363,151.00	(\$2,057.27)	\$361,093.73	\$36,031.36	\$186.20	\$343,915.97	\$16,991.56	95%	\$0.00
	Sub Department 0901 - County Court Totals	(\$363,151.00)	\$2,057.27	(\$361,093.73)	(\$36,031.36)	(\$186.20)	(\$343,915.97)	(\$16,991.56)	95%	\$0.00
Sub Department 0902 - County Court Probation										
EXPENSE										
510	Personal Servs-Salaries & Wages	29,835.00	.00	29,835.00	3,750.00	.00	28,022.03	1,812.97	94	.00
511	Personal Servs-Employee Benefits	18,462.00	.00	18,462.00	616.88	.00	12,912.76	5,549.24	70	.00
	EXPENSE TOTALS	\$48,297.00	\$0.00	\$48,297.00	\$4,366.88	\$0.00	\$40,934.79	\$7,362.21	85%	\$0.00
	Sub Department 0902 - County Court Probation Totals	(\$48,297.00)	\$0.00	(\$48,297.00)	(\$4,366.88)	\$0.00	(\$40,934.79)	(\$7,362.21)	85%	\$0.00
	Department 009 - County Court Totals	(\$411,448.00)	\$2,057.27	(\$409,390.73)	(\$40,398.24)	(\$186.20)	(\$384,850.76)	(\$24,353.77)	94%	\$0.00
	Fund 1000 - General Fund Totals	\$411,448.00	(\$2,057.27)	\$409,390.73	\$40,398.24	\$186.20	\$384,850.76	\$24,353.77		\$0.00
	Grand Totals	\$411,448.00	(\$2,057.27)	\$409,390.73	\$40,398.24	\$186.20	\$384,850.76	\$24,353.77		\$0.00



Sandusky
County

County Crt 2011 Expense

Date Range 01/01/11 - 12/31/11

Only Show Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% used/ Rec'd	Prior Year Total
Fund 1000 - General Fund										
Department 009 - County Court										
Sub Department 0901 - County Court										
EXPENSE										
510	Personal Servs-Salaries & Wages	217,097.00	.00	217,097.00	23,176.03	.00	208,370.67	8,726.33	96	.00
511	Personal Servs-Employee Benefits	102,015.00	.00	102,015.00	6,575.00	.00	93,434.28	8,580.72	92	.00
520	Purchase/Contracted Services	22,200.00	(1,626.13)	20,573.87	5,219.37	.00	19,229.31	1,344.56	93	.00
521	FEES	5,000.00	.00	5,000.00	316.45	.00	3,688.72	1,311.28	74	.00
530	Supplies	7,500.00	(1,025.00)	6,475.00	2,000.00	.00	6,475.00	.00	100	.00
	EXPENSE TOTALS	\$353,812.00	(\$2,651.13)	\$351,160.87	\$37,286.85	\$0.00	\$331,197.98	\$19,962.89	94%	\$0.00
	Sub Department 0901 - County Court Totals	(\$353,812.00)	\$2,651.13	(\$351,160.87)	(\$37,286.85)	\$0.00	(\$331,197.98)	(\$19,962.89)	94%	\$0.00
Sub Department 0902 - County Court Probation										
EXPENSE										
510	Personal Servs-Salaries & Wages	32,500.00	3,113.99	35,613.99	4,268.99	.00	35,613.99	.00	100	.00
511	Personal Servs-Employee Benefits	7,907.00	886.01	8,793.01	702.24	.00	8,583.65	209.36	98	.00
	EXPENSE TOTALS	\$40,407.00	\$4,000.00	\$44,407.00	\$4,971.23	\$0.00	\$44,197.64	\$209.36	100%	\$0.00
	Sub Department 0902 - County Court Probation Totals	(\$40,407.00)	(\$4,000.00)	(\$44,407.00)	(\$4,971.23)	\$0.00	(\$44,197.64)	(\$209.36)	100%	\$0.00
	Department 009 - County Court Totals	(\$394,219.00)	(\$1,348.87)	(\$395,567.87)	(\$42,258.08)	\$0.00	(\$375,395.62)	(\$20,172.25)	95%	\$0.00
	Fund 1000 - General Fund Totals	\$394,219.00	\$1,348.87	\$395,567.87	\$42,258.08	\$0.00	\$375,395.62	\$20,172.25		\$0.00
	Grand Totals	\$394,219.00	\$1,348.87	\$395,567.87	\$42,258.08	\$0.00	\$375,395.62	\$20,172.25		\$0.00

MEMORANDUM OF UNDERSTANDING

Between the City of Fremont, Ohio and the County of Sandusky, Ohio

This Memorandum of Understanding, executed this 22nd day of February, 2012 by and between the County of Sandusky, Ohio, hereinafter referred to as the "County" and the City of Fremont, Ohio, hereinafter referred to as the "City," shall set forth the general terms, conditions and responsibilities for the County and the City to undertake a joint application for an Ohio Local Government Innovation Fund grant, hereinafter referred to as the "Grant."

1. The County and City shall prepare a joint application to the Ohio Department of Development for the Grant for funds to study the issues relating the feasibility of consolidating the Sandusky County Courts currently located in Woodville, Ohio and Clyde, Ohio and the Fremont Municipal Court, hereinafter referred to as the "Study." The City shall be the lead agency for purposes of the application for, and administration of, the Grant.

2. The application for the Grant shall be prepared by the City and County staffs and submitted on or before March 1, 2012. The City and County agree to provide all information necessary to submit a complete application for the Grant and for the submittal of any necessary supplementary information and/or materials.

3. All Grant funds received for purposes of the Study shall be administered by the City and expended strictly in accordance with the rules and regulations applicable to Ohio Local Government Innovation Fund grants and for no other purpose.

4. Upon the awarding of the Grant, the City shall develop written general specifications for the Study, to be approved by the County and, thereafter, prepare and publicize, in the form and manner approved by the County, a Request for Qualifications to conduct and prepare the Study in accordance with the aforesaid specifications. Upon receipt of statements of qualifications from interested contractors, the City and County shall jointly select a contractor to prepare the Study in accordance with the aforesaid specifications on such terms and conditions as are agreed to by the contractor, the City and the County. The City shall thereafter provide the contractor with a notice to proceed.

5. The City and County shall cooperate with the contractor in the preparation of the Study, provided, however, that, except for the contribution of staff time and other in-kind resources, neither the City nor the County shall be liable for any costs associated with the preparation of the application for the Grant or the preparation of the Study. In addition, neither the City nor the County shall have any obligation to do any act or expend any funds in furtherance of the results and/or recommendations of the Study.

6. The City shall prepare any and all reports associated with the receipt and administration of the Grant.

RESOLUTION NO 2012- 1840

AUTHORIZING THE MAYOR TO ENTER INTO AN EXECUTED PARTNERSHIP AGREEMENT WITH SANDUSKY COUNTY TO COMPLETE A FEASIBILITY STUDY OF CONSOLIDATING THE COUNTY COURTS IN WOODVILLE & CLYDE AND FREMONT MUNICIPAL COURT AND DECLARING AN EMERGENCY.

WHEREAS, the State of Ohio, Department of Development, provides financial assistance to political subdivisions for local government innovations projects; and

WHEREAS, a need has been identified to do a feasibility study to evaluate the consolidation of the County Courts in Woodville & Clyde and Fremont Municipal Court; and

WHEREAS, the City of Fremont desires to collaborate with Sandusky County to receive financial assistance to address the needs identified; and

WHEREAS, the City of Fremont has the authority to apply for financial assistance and to administer the amounts received from the State of Ohio, Department of Development; and

WHEREAS, the City of Fremont desires to enter into a partnership agreement with Sandusky County to complete a feasibility study of consolidating the county and municipal courts; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FREMONT, STATE OF OHIO,

SECTION 1. That the Mayor is authorized to sign a partnership agreement with Sandusky County to use Local Government Innovation Fund grant money to complete a feasibility study of consolidating the County Courts in Woodville & Clyde and Fremont Municipal Court.

SECTION 2. The immediate operation of the provisions of this ordinance is necessary for the immediate preservation of the public peace, health, safety and welfare of the citizens of the City of Fremont. Said emergency being the need to meet the application deadline of March 1, 2012.

This ordinance, provided it receives a two-thirds yea or nay vote of all the members elected to the Fremont City Council, is hereby declared to be an emergency measure and this ordinance shall be in full force and effect from and after its passage by the Council of the City of Fremont, approval by the Mayor, and publication and posting as required by law.

RESOLUTION NO 2012- 1839

AUTHORIZING THE MAYOR TO APPLY FOR A LOCAL GOVERNMENT INNOVATION FUND GRANT TO THE STATE OF OHIO AND DECLARING AN EMERGENCY.

WHEREAS, the State of Ohio, Department of Development, provides financial assistance to political subdivisions for local government innovations projects; and

WHEREAS, a need has been identified to do a feasibility study to evaluate the consolidation of the County Courts in Woodville and Clyde and Fremont Municipal Court; and

WHEREAS, the City of Fremont desires to collaborate with Sandusky County to receive financial assistance to address the needs identified; and

WHEREAS, the City of Fremont has the authority to apply for financial assistance and to administer the amounts received from the State of Ohio, Department of Development; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FREMONT, STATE OF OHIO,

SECTION 1. That the Mayor is authorized to sign and submit an application for a Local Government Innovation Fund grant to the Ohio Department of Development.

SECTION 2. That the Council of the City of Fremont hereby understands and agrees that participation in the Program will require compliance with program guidelines and assurances.

SECTION 3. The immediate operation of the provisions of this resolution is necessary for the immediate preservation of the public peace, health, safety and welfare of the citizens of the City of Fremont. Said emergency being the need to meet the application deadline of March 1, 2012.

This Resolution provided it receives a two-thirds vote of yea or nay of all the members elected to the Fremont City Council, is hereby declared to be an emergency measure and this resolution shall be in full force and effect from and after its passage by the Council of the City of Fremont and approval by the Mayor, and publication and posting as required by law.

RESOLUTION 2012 – 78

RESOLUTION ---- IN SUPPORT OF A COLLABORATIVE EFFORT BETWEEN THE CITY OF FREMONT AND SANDUSKY COUNTY IN MAKING APPLICATION FOR AN OHIO DEPARTMENT OF DEVELOPMENT (ODOD) GRANT VIA THE LOCAL GOVERNMENT INNOVATION FUND (LGIF)

The Board of County Commissioners, Sandusky County, Ohio, met in regular session on the 21st day of February, 2012 at the offices of the Board with the following members present:

Dan Polter

Matt Damschroder

Terry Thatcher

Commissioner Damschroder moved the adoption of the following resolution:

Whereas, the City of Fremont has approached the Board of Commissioners to collaborate in an application process to attempt to secure a grant from ODOD via the LGIF, and,

Whereas, the grant sought would be used for a feasibility study to evaluate the possible consolidation of the lower courts in Sandusky County into one countywide municipal court, and,

Whereas, the County desires to collaborate in this effort,

THEREFORE; Be It Resolved,

Section 1. This Board supports and resolves to be involved in the ODOD-LGIF grant application process.

Section 2. The County Administrator is authorized to act on behalf of this Board in all matters surrounding this collaboration and the awarding of any grant monies.

Section 3. This resolution shall be copied to Michael Jay, Economic Development Coordinator for the City of Fremont.

Section 4. It is found and determined that all formal actions of this Board concerning and relating to the adoption of this resolution were so adopted in an open meeting of this Board, and that all formal actions, were in meetings open to the public, in compliance with all legal requirements.

Commissioner Polter seconded the above resolution and the vote upon its adoption resulted as follows:



Dave Yost • Auditor of State

**CITY OF FREMONT
SANDUSKY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Fremont
Sandusky County
323 South Front Street
Fremont, Ohio 43420-3037

To the City Council:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fremont, Sandusky 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 Municipal Income Tax 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 November 21, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

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's basic financial statements taken as a whole. The federal awards expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The federal awards expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was 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.



Dave Yost
Auditor of State

November 21, 2011

**CITY OF FREMONT
SANDUSKY COUNTY**

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

The management's discussion and analysis of the City of Fremont'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 \$5,941,076 or 7.30% from 2009. Net assets of governmental activities decreased \$809,160 or 2.39% from 2009 and net assets of business-type activities increased \$6,750,236 or 14.19% over 2009.
- General revenues accounted for \$10,642,895 or 81.40% of total governmental activities revenue. Program specific revenues accounted for \$2,431,477 or 18.60% of total governmental activities revenue.
- The City had \$13,121,836 in expenses related to governmental activities; \$2,431,477 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$10,690,359 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$10,642,895.
- The general fund had revenues and other financing sources of \$8,035,470 in 2010. This represents a decrease of \$340,067 or 4.06% from 2009. The expenditures and other financing uses of the general fund, which totaled \$8,763,572 in 2010, increased \$533,789 or 6.49% from 2009. The net decrease in fund balance for the general fund was \$728,102 or 29.90%.
- The municipal income tax fund had revenues of \$7,759,220 in 2010. The expenditures of the municipal income tax fund totaled \$568,012 in 2010. The municipal income tax fund had transfers out to other funds in the amount of \$7,042,000. The net increase in fund balance for the municipal income tax fund was \$149,208.
- Net assets for the business-type activities, which are made up of the water and sewer enterprise funds, increased in 2010 by \$6,750,236. This increase in net assets was due primarily to capital grants received during the year.
- In the general fund, actual revenues and other financing sources were \$125,967 lower than the final budget revenues and other financing sources, and actual expenditures and other financing uses were \$229,102 less than the final budget expenditures and other financing uses. These variances are the result of the City's conservative budgeting. Budgeted expenditures and other financing uses increased \$641,550 from the original budget to the final budget, primarily due to an increase in security of persons and property expenditures.

Using this Annual Financial Report

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.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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, 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, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and 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.

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.

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.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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 non-major funds. The City's major governmental funds are the general fund and municipal income tax 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.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer management functions. All of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

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. Agency funds are the City's only fiduciary fund type.

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.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

Government-Wide Financial Analysis

The table below provides a summary of the City's net assets for 2010 and 2009:

	Net Assets					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		2010	2009
	2010	2009	2010	2009	Total	Total
<u>Assets</u>						
Current and other assets	\$ 16,635,170	\$ 16,575,875	\$ 10,292,774	\$ 7,692,313	\$ 26,927,944	\$ 24,268,188
Capital assets	<u>22,326,120</u>	<u>23,427,739</u>	<u>55,317,481</u>	<u>49,258,743</u>	<u>77,643,601</u>	<u>72,686,482</u>
Total assets	<u>38,961,290</u>	<u>40,003,614</u>	<u>65,610,255</u>	<u>56,951,056</u>	<u>104,571,545</u>	<u>96,954,670</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	4,298,582	4,601,665	10,515,589	8,965,153	14,814,171	13,566,818
Other liabilities	<u>1,632,245</u>	<u>1,562,326</u>	<u>758,864</u>	<u>400,337</u>	<u>2,391,109</u>	<u>1,962,663</u>
Total liabilities	<u>5,930,827</u>	<u>6,163,991</u>	<u>11,274,453</u>	<u>9,365,490</u>	<u>17,205,280</u>	<u>15,529,481</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	19,598,099	20,428,984	45,174,955	40,651,927	64,773,054	61,080,911
Restricted	4,355,831	3,225,598			4,355,831	3,225,598
Unrestricted	<u>9,076,533</u>	<u>10,185,041</u>	<u>9,160,847</u>	<u>6,933,639</u>	<u>18,237,380</u>	<u>17,118,680</u>
Total net assets	<u>\$ 33,030,463</u>	<u>\$ 33,839,623</u>	<u>\$ 54,335,802</u>	<u>\$ 47,585,566</u>	<u>\$ 87,366,265</u>	<u>\$ 81,425,189</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 \$87,366,265. At year-end, net assets were \$33,030,463 and \$54,335,802 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 74.25% of total assets. Capital assets include land, land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2010, were \$19,598,099 and \$45,174,955 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, \$4,355,831 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 \$9,076,533 may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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

	Change in Net Assets					
	Governmental Activities 2010	Governmental Activities 2009	Business-type Activities 2010	Business-type Activities 2009	2010 Total	2009 Total
Revenues						
Program revenues:						
Charges for services	\$ 928,668	\$ 949,113	\$ 10,261,895	\$ 7,240,652	\$ 11,190,563	\$ 8,189,765
Operating grants and contributions	1,156,043	1,199,757		19,600	1,156,043	1,219,357
Capital grants and contributions	<u>346,766</u>	<u>288,773</u>	<u>4,696,138</u>	<u>4,175,260</u>	<u>5,042,904</u>	<u>4,464,033</u>
Total program revenues	<u>2,431,477</u>	<u>2,437,643</u>	<u>14,958,033</u>	<u>11,435,512</u>	<u>17,389,510</u>	<u>13,873,155</u>
General revenues:						
Property taxes	1,091,673	1,163,604			1,091,673	1,163,604
Income taxes	8,077,038	8,089,579			8,077,038	8,089,579
Unrestricted grants and entitlements	1,169,334	1,264,926			1,169,334	1,264,926
Investment earnings	102,822	149,554	1,208	7,389	104,030	156,943
Miscellaneous	<u>202,028</u>	<u>367,094</u>	<u>9,907</u>		<u>211,935</u>	<u>367,094</u>
Total general revenues	<u>10,642,895</u>	<u>11,034,757</u>	<u>11,115</u>	<u>7,389</u>	<u>10,654,010</u>	<u>11,042,146</u>
Total revenues	<u>13,074,372</u>	<u>13,472,400</u>	<u>14,969,148</u>	<u>11,442,901</u>	<u>28,043,520</u>	<u>24,915,301</u>
Expenses:						
General government	2,547,877	2,399,122			2,547,877	2,399,122
Security of persons and property	6,158,835	6,022,092			6,158,835	6,022,092
Public health and welfare	17,034	10,759			17,034	10,759
Transportation	1,745,870	1,697,722			1,745,870	1,697,722
Community environment	442,516	539,979			442,516	539,979
Leisure time activity	1,922,529	2,005,079			1,922,529	2,005,079
Economic development	144,373	132,527			144,373	132,527
Interest and fiscal charges	142,802	99,182			142,802	99,182
Water			5,341,092	4,398,278	5,341,092	4,398,278
Sewer			<u>3,639,516</u>	<u>3,586,209</u>	<u>3,639,516</u>	<u>3,586,209</u>
Total expenses	<u>13,121,836</u>	<u>12,906,462</u>	<u>8,980,608</u>	<u>7,984,487</u>	<u>22,102,444</u>	<u>20,890,949</u>
Increase (Decrease) in net assets before transfers	(47,464)	565,938	5,988,540	3,458,414	5,941,076	4,024,352
Transfers	<u>(761,696)</u>	<u>(133,854)</u>	<u>761,696</u>	<u>133,854</u>		
Increase (Decrease) in net assets	(809,160)	432,084	6,750,236	3,592,268	5,941,076	4,024,352
Net assets at beginning of year	<u>33,839,623</u>	<u>33,407,539</u>	<u>47,585,566</u>	<u>43,993,298</u>	<u>81,425,189</u>	<u>77,400,837</u>
Net assets at end of year	<u>\$ 33,030,463</u>	<u>\$ 33,839,623</u>	<u>\$ 54,335,802</u>	<u>\$ 47,585,566</u>	<u>\$ 87,366,265</u>	<u>\$ 81,425,189</u>

**CITY OF FREMONT
SANDUSKY COUNTY**

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

Governmental Activities

Governmental activities net assets decreased \$809,160 in 2010. This decrease is a result of increased expenses and transfers to the business-type activities.

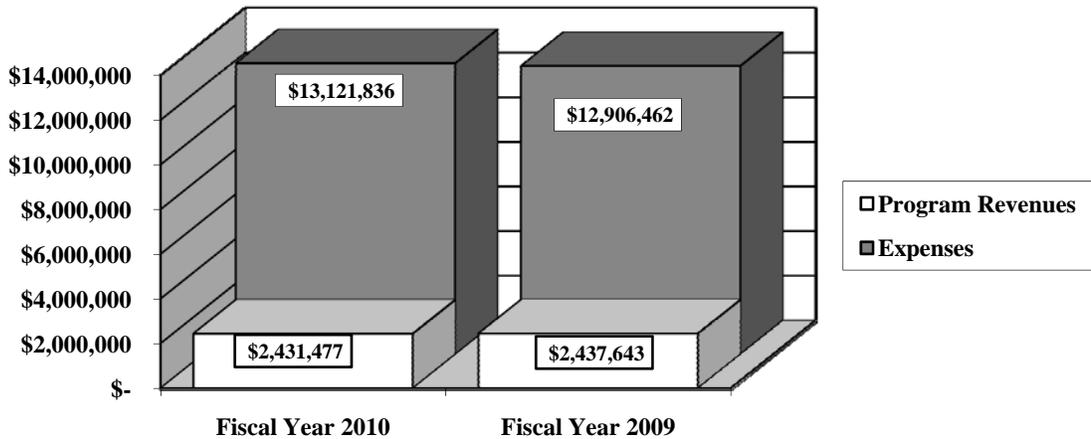
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$6,158,835 of the total expenses of the City. These expenses were partially funded by \$48,764 in direct charges to users of the services. General government expenses totaled \$2,547,877. General government expenses were partially funded by \$382,708 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$1,156,043 in operating grants and contributions and \$346,766 in capital grants and contributions. These revenues are restricted to a particular program or purpose. The total capital grants and contributions, \$346,766 subsidized transportation programs. Of the total operating grants and contributions, \$805,859 subsidized transportation programs, and \$25,905 subsidized security of persons and property activities.

General revenues totaled \$10,642,895, and amounted to 81.40% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$9,168,711. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue making up \$1,169,334.

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 graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities – Program Revenues vs. Total Expenses



**CITY OF FREMONT
SANDUSKY COUNTY**

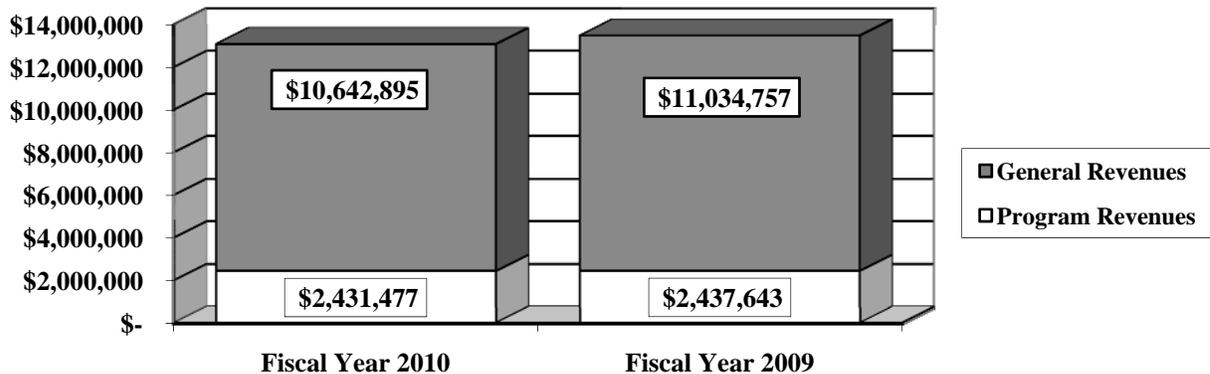
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Program Expenses:				
General government	\$ 2,547,877	\$ 2,152,332	\$ 2,399,122	\$ 1,951,766
Security of persons and property	6,158,835	6,084,166	6,022,092	5,977,826
Public health and welfare	17,034	17,034	10,759	10,759
Transportation	1,745,870	534,424	1,697,722	599,537
Community environment	442,516	131,074	539,979	142,695
Leisure time activity	1,922,529	1,484,354	2,005,079	1,554,527
Economic development	144,373	144,173	132,527	132,527
Interest and fiscal charges	142,802	142,802	99,182	99,182
Total	\$ 13,121,836	\$ 10,690,359	\$ 12,906,462	\$ 10,468,819

The dependence upon general revenues for governmental activities is apparent, with 81.47% of expenses supported through taxes and other general revenues.

Governmental Activities – General and Program Revenues



Business-type Activities

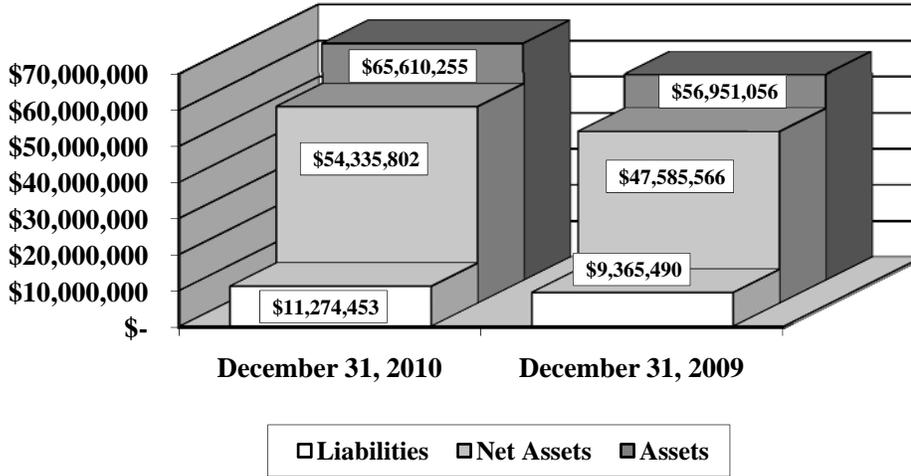
Business-type activities include the water and sewer enterprise funds. These programs had program revenues of \$14,958,033, general revenues of \$11,115, transfers in of \$761,696 and expenses of \$8,980,608 for 2010.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

The graph below shows the business-type activities assets, liabilities and net assets at year-end.

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 reported a combined fund balance of \$11,786,771 which is \$417,710 below last year's total of \$12,204,481. 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	\$ 1,707,668	\$ 2,435,770	\$ (728,102)
Municipal income tax	3,766,505	3,617,297	149,208
Other nonmajor governmental funds	6,312,598	6,151,414	161,184
Total	\$ 11,786,771	\$ 12,204,481	\$ (417,710)

**CITY OF FREMONT
SANDUSKY COUNTY**

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

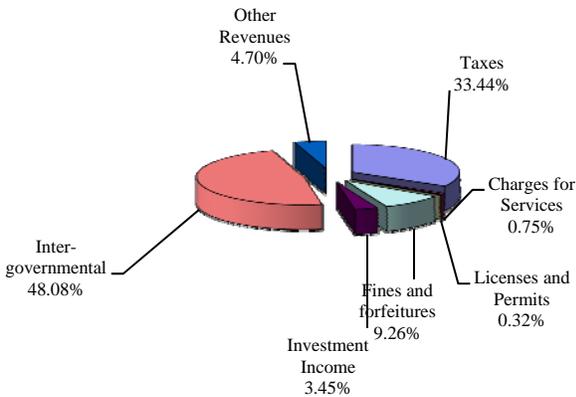
General Fund

The City's general fund balance decreased \$728,102, primarily due to a decrease in revenues. The table that follows assists in illustrating the revenues of the general fund.

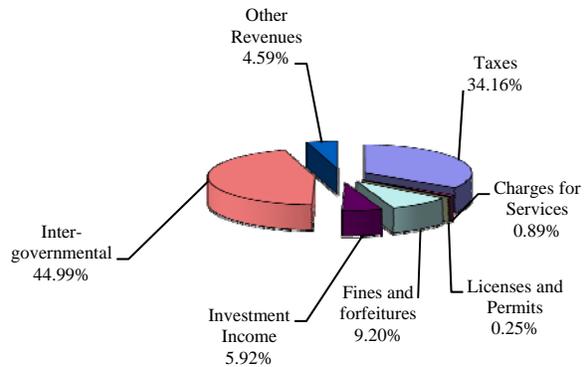
	2010 <u>Amount</u>	2009 <u>Amount</u>	Percentage <u>Change</u>
Revenues			
Taxes	\$ 844,499	\$ 978,988	(13.74) %
Charges for services	18,985	25,531	(25.64) %
Licenses and permits	8,152	7,283	11.93 %
Fines and forfeitures	233,971	263,518	(11.21) %
Intergovernmental	1,213,885	1,289,243	(5.85) %
Investment income	87,163	169,509	(48.58) %
Other	118,815	131,465	(9.62) %
Total	<u>\$ 2,525,470</u>	<u>\$ 2,865,537</u>	(11.87) %

Tax revenue represents 33.44% of all general fund revenue. Tax revenue decreased by 13.74% from the prior year. The decrease in taxes revenue is due to the continued phase out of tangible personal property. The decrease in investment income is due to lower interest rates on the City's investment portfolio. Intergovernmental revenues decreased 5.85% due to the City getting less state and federal grants. The decrease in fines and forfeitures is due to a decrease of court fines and fees. All other revenue remained comparable to 2009.

Revenues – Fiscal Year 2010



Revenues – Fiscal Year 2009



**CITY OF FREMONT
SANDUSKY COUNTY**

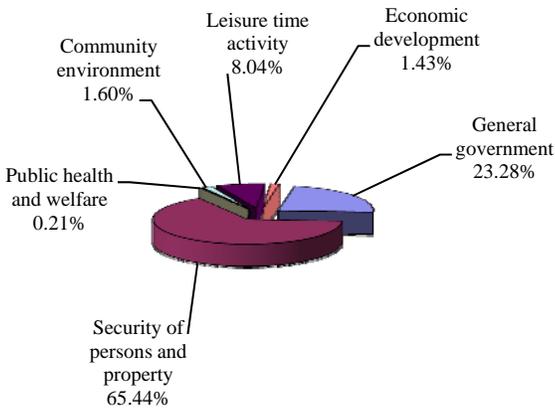
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

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

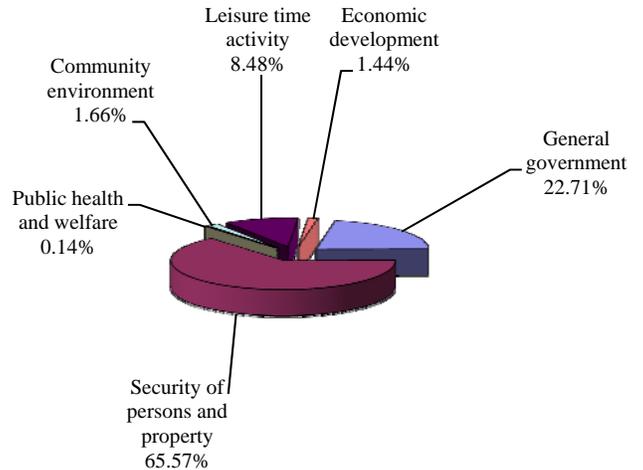
Expenditures	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
General government	\$ 1,781,537	\$ 1,730,674	2.94 %
Security of persons and property	5,008,203	4,996,048	0.24 %
Public health and welfare	16,305	10,615	53.60 %
Community environment	122,554	126,374	(3.02) %
Leisure time activity	615,718	646,320	(4.73) %
Economic development	109,255	109,752	(0.45) %
Total	\$ 7,653,572	\$ 7,619,783	0.44 %

The largest expenditure line item, security of persons and property, increased slightly, which is primarily attributed to wage and benefit increases and overall cost increases in purchased goods and services. All other expenditures remained comparable to 2010.

Expenditures - Fiscal Year 2010



Expenditures - Fiscal Year 2009



Municipal Income Tax Fund

The municipal income tax fund had revenues of \$7,759,220 in 2010. The expenditures of the municipal income tax fund totaled \$568,012 in 2010. The municipal income tax fund had transfers out to other funds in the amount of \$7,042,000. The net increase in fund balance for the municipal income tax fund was \$149,208.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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.

Budgetary information is presented for the general fund and municipal income tax fund. In the general fund, one of the most significant changes was between the original and final budgeted amount in the area of expenditures and other financing uses, which increased \$641,550 from \$8,375,866 to \$9,017,416. Actual revenues and other financing sources of \$8,075,384 were less than final budgeted revenues and other financing sources by \$125,967. The other significant change was between the final budgeted expenditures and actual expenditures. Actual expenditures came in \$229,102 lower than the final budgeted amounts.

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) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2010, the City had \$77,643,601 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress (CIP). Of this total, \$22,326,120 was reported in governmental activities and \$55,317,481 was reported in business-type activities. See Note 10 for further description of capital assets. The following table shows fiscal 2010 balances compared to 2009:

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

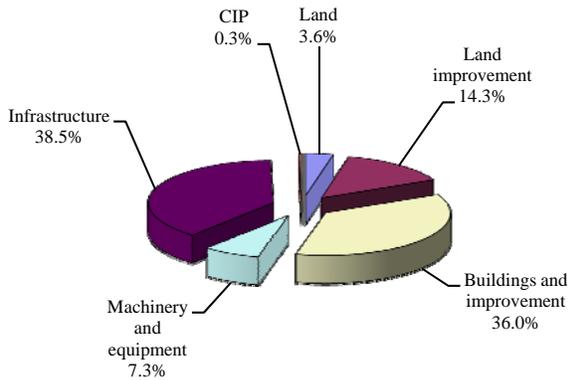
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 803,959	\$ 803,959	\$ 903,988	\$ 898,891	\$ 1,707,947	\$ 1,702,850
Land improvements	3,189,393	3,350,218	1,285,951	1,335,415	4,475,344	4,685,633
Buildings and improvements	8,029,518	8,378,141	21,794,783	22,812,318	29,824,301	31,190,459
Machinery and equipment	1,637,519	1,753,431	2,631,292	2,880,535	4,268,811	4,633,966
Infrastructure	8,599,087	9,110,651	15,868,370	15,794,933	24,467,457	24,905,584
Construction in progress	66,644	31,339	12,833,097	5,536,651	12,899,741	5,567,990
Totals	<u>\$ 22,326,120</u>	<u>\$ 23,427,739</u>	<u>\$ 55,317,481</u>	<u>\$ 49,258,743</u>	<u>\$ 77,643,601</u>	<u>\$ 72,686,482</u>

**CITY OF FREMONT
SANDUSKY COUNTY**

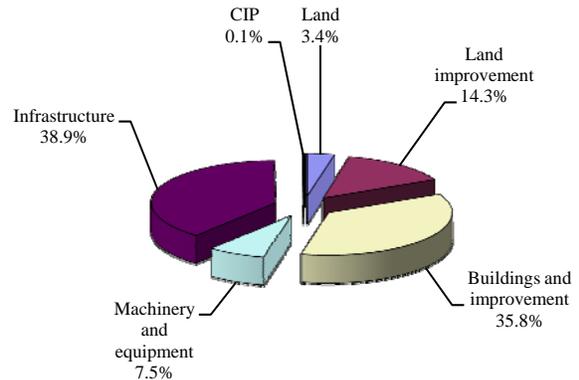
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

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

Capital Assets - Governmental Activities 2010



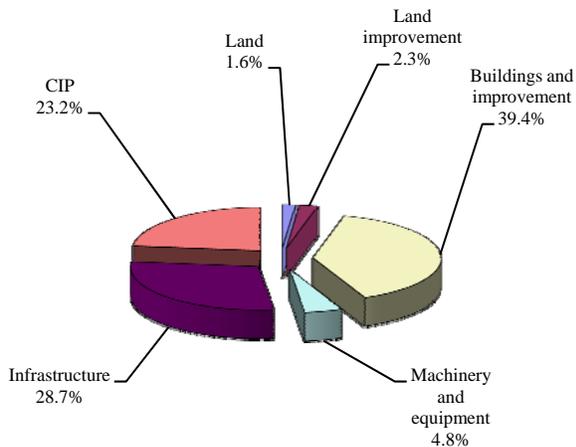
Capital Assets - Governmental Activities 2009



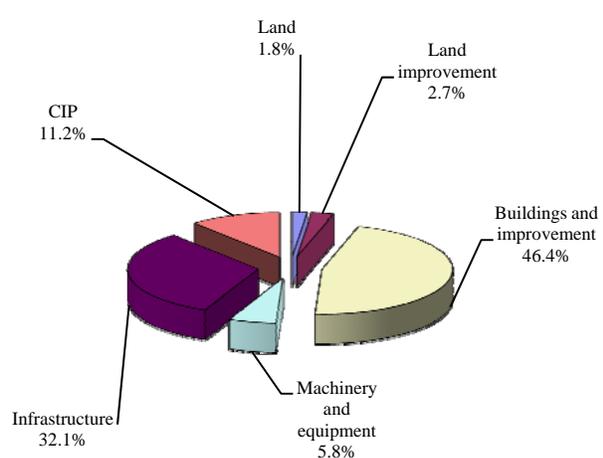
The City's largest capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 38.5% of the City's total governmental capital assets.

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



**CITY OF FREMONT
SANDUSKY COUNTY**

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

The City's second largest business-type capital asset category is infrastructure that primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 28.7% of the City's total business-type capital assets.

Debt Administration

See Note 11 for further discussion of the City's long-term obligations. The City had the following long-term obligations outstanding at December 31, 2010 and 2009:

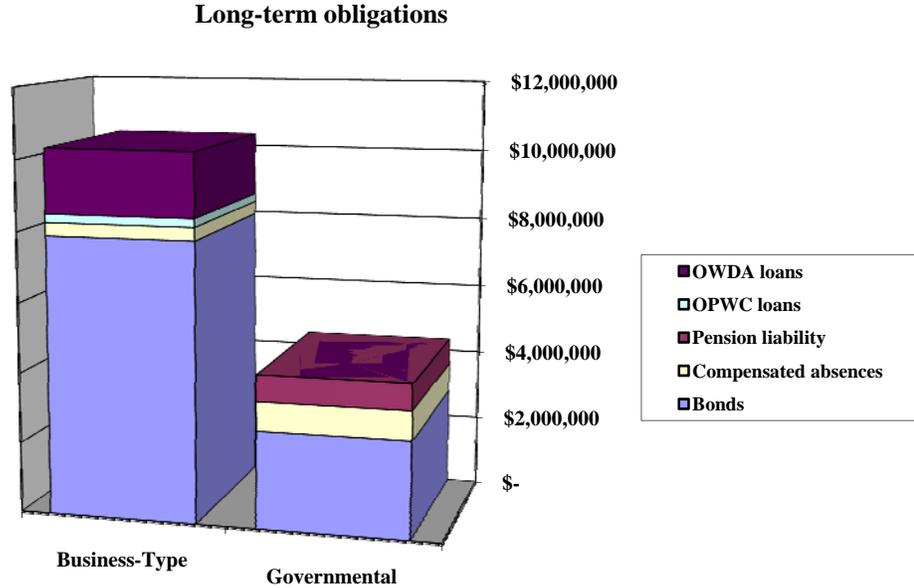
	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Compensated absences	\$ 829,024	\$ 844,376
General obligation bonds	2,765,000	3,040,000
Pension liability	<u>741,537</u>	<u>758,534</u>
Total long-term obligations	<u>\$ 4,335,561</u>	<u>\$ 4,642,910</u>

	Business-type Activities	
	<u>2010</u>	<u>2009</u>
General obligation bonds	\$ 7,925,000	\$ 8,345,000
OPWC loans	242,592	261,816
OWDA loans	1,974,934	
Compensated absences	<u>373,063</u>	<u>358,337</u>
Total long-term obligations	<u>\$ 10,515,589</u>	<u>\$ 8,965,153</u>

**CITY OF FREMONT
SANDUSKY COUNTY**

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

A comparison of the long-term obligations by category is depicted in the chart below.



Economic Conditions and Outlook

Activities for manufacturing projects have increased substantially this past year giving hope for a positive turn around for the City of Fremont. Unemployment rates have dropped below double digit figures for the first time since January 2009. Although the rebound from the recession will not happen overnight, we are very confident we will have positive gains starting in the first quarter of 2011.

Focusing on the retention of local businesses and assisting with any expansion plans remains a priority. There are companies struggling to different degrees, but many have reported increased sales and profits. One fortunate business owner recently said that "if there was a recession last year, I hope we have another one next year."

Besides our industrial base surviving 2010 as well as it did, the most encouraging news is the incredibly successful year Downtown Fremont had. Strong Downtowns are important for a city's economy. Downtowns represent the image of the community, which is important to attract businesses, residents and visitors. The City of Fremont has put a lot of effort into the redevelopment of Downtown over the years and it is paying dividends. You often hear about the memories people have from the time they spent at events or did their shopping in Downtown. Those memories are continuing to be made today.

Sierra Lobo, Inc. has over 17 years of aerospace experience and a staff of over 400 employees that design, construct and operate research and development facilities throughout the country. The company continues to win major NASA contracts with the most recent giving them the responsibility for all the Test Facilities Operations, Maintenance and Engineering (TFOME) at NASA Plum Brook in Sandusky, Ohio. This 6,400 acre testing and research installation is home to some of the world's most highly advanced space environment simulation facilities.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

Another major contract Sierra Lobo secured in 2010 was a \$40 million Air Force project that covers a four-month period. This contract began October 1, 2010 and has four one-year renewal options. The Air Force Research Laboratory's air vehicles directorate awarded the contract to provide research and development structural test services at Wright-Patterson Air Force Base. With facilities located throughout the country, Sierra Lobo chose to expand its corporate office in Fremont. A groundbreaking ceremony for the construction of a 3,500 sq. ft. business office took place on April 19, 2010 in Pinnacle Office Park. The ribbon cutting ceremony to officially open the new office complex was held on September 20, 2010.

The City of Fremont provided Sierra Lobo an incentive for keeping the project in Fremont by granting them real property tax abatement under the Community Reinvestment Area program.

Fremont's Economic Development Office has placed an emphasis on finding alternative energy development opportunities. Several international manufacturers of wind and solar equipment have visited Fremont and the interest by companies to develop wind and solar fields has recently peaked. In 2010, two companies investigated the potential of constructing solar fields in our community. One such company, CME, worked with Fremont's Office of Economic Development to locate sites for solar field developments in and around the City. Two sites have been identified and the due diligence process has begun.

CME is a development company that provides cutting-edge processes along with financial structuring and contract expertise for clean, reliable and low-cost energy projects. The \$345 million Fremont Energy Center project was a result of CME working with Fremont's Office of Economic Development and City Administration. CME also has a proven track record with projects in Latin America, North Africa, Asia and the United States. Since the federal and state governments have mandated electric generation companies must include renewable generation as a certain percentage of their energy production profile, companies like CME are looking for communities to partner with. Governments will place stiff fines on electric generation companies who do not comply. Additionally, the government is offering substantial tax benefits as an incentive to lure development companies like CME to help with this initiative. These policies should continue to spur development opportunities for the next several years.

Although the question of when the Fremont Energy Center will be completed remains unanswered, many positive things have occurred since the project began. Most notably is the tax abatement agreement that was negotiated between the City of Fremont and Calpine Corporation. In lieu of paying taxes, Calpine was required to make ten annual cash donations to the City of Fremont, Fremont School District and Vanguard Career Center. When FirstEnergy Corporation purchased the partially completed electric generation plant from Calpine in January 2008, they committed to continue making the annual cash donations. A total of six payments have been made resulting in \$4,920,000 in contributions. The City has received \$720,000 which it shares equally with Sandusky Township as part of a revenue sharing agreement, Vanguard Career Center has received \$144,000 and the Fremont School District has received \$4,056,000.

FirstEnergy initially planned to complete the construction of the plant by the end of 2010. It was then announced in December 2008, that the plant's construction schedule would be extended through 2012 in response to the slowing economy and lower electricity demand. A change of events prompted FirstEnergy to announce in September 2009 that they will complete the construction of Fremont Energy Center by the end of 2010 as originally planned. Over 400 skilled craftsmen were hired back to the site and income tax revenues increased substantially for the City of Fremont.

As the plant went through testing and came very close to being completed in late 2010, FirstEnergy pulled the plug on the construction again. New tax laws extended the deadline when FirstEnergy can apply for a large tax savings. Because the region's economy is still sluggish and the demand for electricity has not rebounded, FirstEnergy decided to delay the completion of the plant yet again.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

Construction of the Women's Diagnostic Center began in January and was built in the existing hospital space on the north side of the building near the cashier's office, an area that was previously used to store medical records. The 1,200 sq. ft. space was completely renovated at a cost of \$600,000. The center features digital mammography, a DEXA bone density scanner and ultrasonic capabilities.

Terra Community College held a ribbon cutting ceremony on October 8, 2010 for the newly constructed Skilled Trades Center. The \$3.5 million project began with a ground breaking ceremony on September 14, 2009. The 23,225 sq. ft. building will house programs in welding and HVAC.

The construction of the Skilled Trades Center will open up room in the industrial technologies building to expand the music, arts and allied health programs. This is the first major development at Terra since 1997.

Hal Hawk, CEO and President of Crown Battery, credits the community's educated and motivated workforce as a valuable resource that allows him to continue to expand locally. Keeping existing jobs and increasing new job opportunities is a priority for Mr. Hawk. Crown Battery is a prime example why the retention and expansion efforts of local companies needs to continue to be a priority for the City's Administration.

Keeping growth local has been a key to Crown Battery's success. The company's most recent expansion was the purchase of the former Bowlus Trucking Company property in 2010 for warehousing purposes.

Two years ago, The Fremont Company completed a major building and infrastructure improvement project that created new jobs. In order for this to occur, the City of Fremont completed a \$426,407 project involving the separation and upgrading of storm and sewer lines on Liberty and Milton Streets. A \$100,000 grant from the Ohio Department of Development's Roadway (629) Development Fund and a \$362,407 grant from Fremont's Revolving Loan Fund were used to pay for the upgrades. Liberty Street was then resurfaced under the street paving program. All of this work was necessary for The Fremont Company to continue operating in Fremont. The improvements that were made in 2008 were expected to result in an expansion of the facility in the near future.

On July 7, 2010, B&W Welding employees were making repairs to the roof over The Fremont Company's cooking room. The roof suddenly collapsed killing B&W Welding employee Nate Kern and injuring three others. This unfortunate event happened just before peak sauerkraut production season. Employees of The Fremont Company were sent home and the future of the food production company was uncertain. There was speculation that The Fremont Company may close its doors.

To the credit of The Fremont Company's administration, employees and cabbage producers, the company re-opened in time to take in cabbage to produce sauerkraut. Although some of the first harvested cabbage crop could not be used, and concessions had to be made, The Fremont Company bounced back from a tragic event to continue its 105 year history.

In response to consumer demand, Heinz announced on February 4, 2010 a new ketchup innovation called the Heinz Dip & Squeeze. This dual-function ketchup package gives ketchup lovers the ability to either peel back the lid for easy dipping, or tear off the tip to squeeze the ketchup onto foods. The new package holds three times as much Ketchup as the traditional packet.

Heinz invested over \$6 million in 2010 to bring one of the production lines to the Fremont plant. Ketchup production at this facility continues to grow as Fremont remains the home of its flagship product.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

The City of Fremont continues its commitment to use the \$2 million Clean Ohio Revitalization Fund grant to make the former Clauss Cutlery property a redevelopment-ready site by addressing the environmental impacts. Additionally, Alco Industries, Inc. who owned the property before it was acquired by the City, continues to provide matching funds for the cleanup. The total project cost is estimated to be \$3,301,313.

Once the remediation is complete, the City hopes to return this vacant, underutilized industrial property to productive economic use, bringing jobs to the area and in turn increasing income tax revenues, not to mention the environmental and social improvements that would result simply from cleaning up the site. The City ultimately wants to market the property to commercial, office and light industrial end users.

Clean up activities at the site are going well. To date, several tasks have been completed including:

- Demolition of the plating area and removal/disposal of associated contaminated soil
- Removal of asbestos-containing materials from and demolition of two unusable buildings
- Removal of two abandoned underground storage tanks
- Spreading and seeding of topsoil where the two buildings were demolished

Activities to be completed in 2011 include:

- Trenching for the installation of a groundwater collection system to intercept on-site groundwater for off-site treatment at the City's treatment plant
- Treating on-site groundwater with soybean oil to stimulate biodegradation.

Injecting food-grade emulsified soybean oil directly into contaminated groundwater and saturated soils is a proven groundwater treatment method. Sodium Lactate in the soybean oil stimulates the growth of natural microbes that biologically breakdown (dechlorinate) the contaminants. The white milky substance (soybean oil) is a harmless product that will significantly reduce the groundwater contaminants.

Clean up activities are scheduled to be completed by June 2011. However, long-term groundwater and sewer monitoring will continue through June 2015.

The second annual Once Upon a Christmas event was held in Downtown Fremont December 2 - 5, 2010. Live entertainment, activities for all ages and shopping specials were held every day during the event. The Festival of Lights Parade went through Downtown on December 4 drawing hundreds of spectators who also participated in the other activities.

Spring and fall issues of DowntownNews were printed and distributed in 2010. The newsletter contains a combination of exclusive offers and special events information. The bi-annual publication is distributed by local downtown merchants, emailed to interested shoppers and placed in waiting rooms at doctor offices and lobbies of businesses throughout town.

Businesses New to Downtown in 2010

- Amish Country Deli and More opened at 112 S. Front Street featuring a premium lunch takeout menu and quality products from the heart of the Amish Country
- Bloom by Jilly Gray opened at 309 Garrison Street and offers a full service of flower products
- WAMH Design LLC opened at 108 S. Front Street providing design and consulting services for web and print media
- A Cut Above Barber Shop opened at 121 S. Front Street on March 10, 2010
- A Cut Above Beauty Salon opened later at 123 S. Front Street
- Dr. Edna Jean opened a podiatrist office on Garrison Street
- CG Insurance Agency opened at 118 N. Arch Street
- Buchele's K-9 Service opened at 116 N. Arch Street

**CITY OF FREMONT
SANDUSKY COUNTY**

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

The 3/50 Project received a boost in 2010 when the Fremont Ministry Association took on a project to promote the concept to its congregations. This project encourages consumers to identify three independently owned businesses they would miss if they disappeared, and then spend \$50 each month at those businesses. Additionally, the Association distributed cans to Downtown businesses where a customer can deposit a coin as a sign of understanding the program and supporting it. Results of the project will be forthcoming in 2011.

Roger Kuns was nearing the end of a successful military career when he decided to return to Fremont to purchase a business and raise his family. He approached Fremont's Revolving Loan Fund Committee for assistance with the purchase of the Northcoast Security Center business at 1400 W. State Street. A \$50,000 loan was approved on March 30, 2010 and Roger has been growing the locksmith and security business since that time.

Filling the vacancy left by the closing of Ryan's Steakhouse on SR 53, No. 1 Hibachi Grill and Buffet opened on November 3, 2010. The Chinese restaurant quickly became a local favorite and draws many local and transient customers.

For several years, Kroger has been working with the Fremont Economic Development Office and City Administration to expand its presence in Fremont. Initial plans were to expand the east side grocery store and build a gas station on or near that location.

After several scenarios were studied, a new plan was presented to expand the west side store and then remodel the east side store. Kroger would demolish the former Great Scot building along with several adjoining storefronts in Potter Village Shopping Center and then build a larger Kroger store in its place. A new Kroger gas station would be built on the northeast corner of the Potter Village Shopping Center parking lot. During the summer of 2010, this expansion plan had been put on hold but the east side store did get a face lift.

Most recently, Kroger has contracted with the owner of the BP gas station on the northwest corner of State St. and Fifth St. to clear all the structures off the property. That work has been completed and environmental work is being done at this time. Kroger has not taken ownership of the property as of December 31, 2010.

Great Scot closed its west side store in Potter Village Shopping Center on March 26, 2010. They had 7 full-time and 12 part-time employees. The east side location remains open and is doing well.

Ryan's Steakhouse closed its doors on SR 53 in 2010 without warning. The parent company filed for bankruptcy on January 22, 2008 resulting in chain stores losing their leases.

Contacting the City's Financial Management

This financial report is designed to provide our citizens', taxpayers, and 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. John Lauer, City Auditor, City of Fremont, 323 South Front Street, Fremont, Ohio 43420-3037.

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and investments.	\$ 10,375,697	\$ 7,956,135	\$ 18,331,832
Receivables (net of allowances for uncollectibles):			
Income taxes	3,943,138		3,943,138
Property and other local taxes.	870,129		870,129
Accounts	39,898	1,690,948	1,730,846
Loans	318,530		318,530
Accrued interest.	16,381		16,381
Due from other governments	900,185		900,185
Materials and supplies inventory	58,761	275,504	334,265
Deferred bond issue costs	112,465	321,338	433,803
Internal balance	(14)	14	
Restricted assets:			
Equity in pooled cash and cash equivalents.		48,835	48,835
Capital assets:			
Land and construction in progress	870,603	13,737,085	14,607,688
Depreciable capital assets, net	21,455,517	41,580,396	63,035,913
Total capital assets, net	<u>22,326,120</u>	<u>55,317,481</u>	<u>77,643,601</u>
Total assets.	<u>38,961,290</u>	<u>65,610,255</u>	<u>104,571,545</u>
Liabilities:			
Accounts payable	76,116	126,842	202,958
Contracts payable	134,206	402,855	537,061
Accrued wages and benefits.	344,638	151,440	496,078
Pension obligation payable	245,687	14,127	259,814
Due to claimants.	10,119		10,119
Accrued interest payable.	31,608	14,765	46,373
Unearned revenue.	789,871		789,871
Payable from restricted assets:			
Refundable deposits.		48,835	48,835
Long-term liabilities:			
Due within one year.	433,100	551,604	984,704
Due in more than one year	<u>3,865,482</u>	<u>9,963,985</u>	<u>13,829,467</u>
Total liabilities.	<u>5,930,827</u>	<u>11,274,453</u>	<u>17,205,280</u>
Net assets:			
Invested in capital assets, net of related debt	19,598,099	45,174,955	64,773,054
Restricted for:			
Debt service.	274,826		274,826
Transportation projects.	1,014,208		1,014,208
Police and fire pension.	941,937		941,937
Revolving loans	560,041		560,041
Recreation	214,522		214,522
Other purposes.	1,350,297		1,350,297
Unrestricted.	<u>9,076,533</u>	<u>9,160,847</u>	<u>18,237,380</u>
Total net assets	<u>\$ 33,030,463</u>	<u>\$ 54,335,802</u>	<u>\$ 87,366,265</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,547,877	\$ 382,708	\$ 12,837	
Security of persons and property	6,158,835	48,764	25,905	
Public health and welfare	17,034			
Transportation.	1,745,870	58,821	805,859	\$ 346,766
Community environment	442,516		311,442	
Leisure time activity	1,922,529	438,175		
Economic development.	144,373	200		
Interest and fiscal charges.	142,802			
Total governmental activities	13,121,836	928,668	1,156,043	346,766
Business-type activities:				
Water	5,341,092	4,781,669		4,696,138
Sewer	3,639,516	5,480,226		
Total business-type activities	8,980,608	10,261,895		4,696,138
Total primary government	\$ 22,102,444	\$ 11,190,563	\$ 1,156,043	\$ 5,042,904

General revenues:

Income taxes levied for:	
Special purposes.	
Property taxes levied for:	
General purposes	
Police pension.	
Fire pension.	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues.	
Transfers.	
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
\$ (2,152,332)		\$ (2,152,332)
(6,084,166)		(6,084,166)
(17,034)		(17,034)
(534,424)		(534,424)
(131,074)		(131,074)
(1,484,354)		(1,484,354)
(144,173)		(144,173)
(142,802)		(142,802)
<u>(10,690,359)</u>		<u>(10,690,359)</u>
	\$ 4,136,715	4,136,715
	1,840,710	1,840,710
	<u>5,977,425</u>	<u>5,977,425</u>
<u>(10,690,359)</u>	<u>5,977,425</u>	<u>(4,712,934)</u>
8,077,038		8,077,038
913,415		913,415
89,129		89,129
89,129		89,129
1,169,334		1,169,334
102,822	1,208	104,030
202,028	9,907	211,935
<u>10,642,895</u>	<u>11,115</u>	<u>10,654,010</u>
<u>(761,696)</u>	<u>761,696</u>	
(809,160)	6,750,236	5,941,076
<u>33,839,623</u>	<u>47,585,566</u>	<u>81,425,189</u>
<u>\$ 33,030,463</u>	<u>\$ 54,335,802</u>	<u>\$ 87,366,265</u>

**CITY OF FREMONT
SANDUSKY COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Municipal Income Tax	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,153,835	\$ 2,230,583	\$ 5,973,614	\$ 10,358,032
Receivables (net of allowance for uncollectibles):				
Income taxes.		3,943,138		3,943,138
Property and other local taxes.	706,989		163,140	870,129
Accounts.	21,819		18,079	39,898
Accrued interest.	16,381			16,381
Loans			318,530	318,530
Due from other governments.	495,285		404,900	900,185
Materials and supplies inventory.			58,761	58,761
Total assets	<u>\$ 3,394,309</u>	<u>\$ 6,173,721</u>	<u>\$ 6,937,024</u>	<u>\$ 16,505,054</u>
Liabilities:				
Accounts payable.	\$ 54,429	\$ 23	\$ 21,299	\$ 75,751
Contracts payable.			134,206	134,206
Accrued wages and benefits	296,248	6,648	39,173	342,069
Compensated absences payable.	64,632	12,280		76,912
Pension obligation payable.	241,224	621	3,605	245,450
Due to claimants	10,119			10,119
Deferred revenue.	378,218	2,387,644	278,043	3,043,905
Unearned revenue.	641,771		148,100	789,871
Total liabilities	<u>1,686,641</u>	<u>2,407,216</u>	<u>624,426</u>	<u>4,718,283</u>
Fund balances:				
Reserved for encumbrances	73,031	24,411	1,491,055	1,588,497
Reserved for materials and supplies inventory			58,761	58,761
Reserved for loans			298,125	298,125
Reserved for debt service.			306,434	306,434
Reserved for unclaimed monies	10,119			10,119
Unreserved:				
Designated for workers compensation	235,181			235,181
Undesignated, reported in:				
General fund	1,389,337			1,389,337
Special revenue funds.		3,742,094	3,313,561	7,055,655
Capital projects funds.			844,662	844,662
Total fund balances.	<u>1,707,668</u>	<u>3,766,505</u>	<u>6,312,598</u>	<u>11,786,771</u>
Total liabilities and fund balances	<u>\$ 3,394,309</u>	<u>\$ 6,173,721</u>	<u>\$ 6,937,024</u>	<u>\$ 16,505,054</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

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

Total governmental fund balances		\$	11,786,771
<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.			22,326,120
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			
Income tax receivable	\$	2,387,644	
Property and other local taxes receivable		80,258	
Intergovernmental receivable		559,622	
Interest income receivable		16,381	
Total		3,043,905	3,043,905
Internal service funds are used by management to charge the costs of internal equipment service and employee benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net assets.			14,494
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.			(14)
In the statement of net assets interest is accrued on outstanding bonds, whereas in governmental funds, interest is reported when due.			(31,608)
Deferred bond issuance costs are not recognized in the funds.			112,465
Unamortized premiums on bond issuances are not recognized in the funds.			(79,035)
Unamortized deferred losses on refundings are not recognized in the funds.			116,014
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:			
General obligation bonds		(2,765,000)	
Ohio police and fire pension obligation		(741,537)	
Compensated absences		(752,112)	
Total		(4,258,649)	(4,258,649)
Net assets of governmental activities		\$	33,030,463

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

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

	General	Municipal Income Tax	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income taxes		\$ 7,759,220		\$ 7,759,220
Property and other local taxes	\$ 844,499		\$ 177,374	1,021,873
Charges for services	18,985		439,875	458,860
Licenses, permits and fees	8,152			8,152
Fines and forfeitures	233,971		146,614	380,585
Intergovernmental	1,213,885		1,489,887	2,703,772
Special assessments			80,451	80,451
Investment income	87,163		3,616	90,779
Other	118,815		83,213	202,028
Total revenues.	<u>2,525,470</u>	<u>7,759,220</u>	<u>2,421,030</u>	<u>12,705,720</u>
Expenditures:				
Current:				
General government	1,781,537	568,012	39,840	2,389,389
Security of persons and property.	5,008,203		746,349	5,754,552
Public health and welfare	16,305			16,305
Transportation			922,551	922,551
Community environment.	122,554		297,806	420,360
Leisure time activity	615,718		791,984	1,407,702
Economic development and assistance	109,255		1,331	110,586
Capital outlay.			1,181,286	1,181,286
Debt service:				
Principal retirement			291,997	291,997
Interest and fiscal charges			128,702	128,702
Total expenditures	<u>7,653,572</u>	<u>568,012</u>	<u>4,401,846</u>	<u>12,623,430</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,128,102)</u>	<u>7,191,208</u>	<u>(1,980,816)</u>	<u>82,290</u>
Other financing sources (uses):				
Transfers in	5,510,000		2,142,000	7,652,000
Transfers out	(1,110,000)	(7,042,000)		(8,152,000)
Total other financing sources (uses)	<u>4,400,000</u>	<u>(7,042,000)</u>	<u>2,142,000</u>	<u>(500,000)</u>
Net change in fund balances	(728,102)	149,208	161,184	(417,710)
Fund balances at beginning of year.	<u>2,435,770</u>	<u>3,617,297</u>	<u>6,151,414</u>	<u>12,204,481</u>
Fund balances at end of year	<u>\$ 1,707,668</u>	<u>\$ 3,766,505</u>	<u>\$ 6,312,598</u>	<u>\$ 11,786,771</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

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 \$ (417,710)

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

Government 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 depreciation expense exceeded capital outlays in the current period.

Capital asset additions	\$ 424,120	
Current year depreciation	(1,523,360)	
Total	(1,099,240)	(1,099,240)

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. (2,379)

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

Delinquent property taxes	4,725	
Intergovernmental	34,066	
Municipal income taxes	317,818	
Interest	12,043	
Total	368,652	368,652

Repayment of the long-term police and fire pension and community center obligation is an expenditure in the governmental funds; however, in the statement of activities it is not recorded as an expense as it decreases liabilities on the statement of net assets. 291,997

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in no interest being reported in the statement of activities:

Decrease in accrued interest	3,143	
Amortization of bond premium	9,120	
Amortization of deferred loss on refunding	(13,386)	
Amortization of bond issuance costs	(12,977)	
Total	(14,100)	(14,100)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 63,492

Internal service funds used by management to charge the costs of internal equipment service and employee benefits to individual funds are not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds, including internal balance of \$23, is allocated among the governmental activities. 128

Change in net assets of governmental activities \$ (809,160)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other local taxes	\$ 942,867	\$ 965,391	\$ 950,563	\$ (14,828)
Charges for services	18,831	19,281	18,985	(296)
Licenses, permits and fees	8,086	8,279	8,152	(127)
Fines and forfeitures	234,884	240,495	236,801	(3,694)
Intergovernmental	1,128,425	1,155,382	1,137,636	(17,746)
Investment income	87,085	89,166	87,796	(1,370)
Other	123,444	126,393	124,452	(1,941)
Total revenues.	<u>2,543,622</u>	<u>2,604,387</u>	<u>2,564,385</u>	<u>(40,002)</u>
Expenditures:				
Current:				
General government	1,869,249	1,914,799	1,814,215	100,584
Security of persons and property	4,996,278	5,067,278	4,987,938	79,340
Public health and welfare	19,871	19,871	16,434	3,437
Community environment	132,928	132,928	123,970	8,958
Leisure time activity	631,870	655,870	625,500	30,370
Economic development and assistance	112,670	113,670	110,257	3,413
Other	3,000	3,000	3,000	3,000
Total expenditures	<u>7,765,866</u>	<u>7,907,416</u>	<u>7,678,314</u>	<u>229,102</u>
Excess of expenditures over revenues.	<u>(5,222,244)</u>	<u>(5,303,029)</u>	<u>(5,113,929)</u>	<u>189,100</u>
Other financing sources (uses):				
Sale of capital assets	991	1,015	999	(16)
Transfers in	5,465,387	5,595,949	5,510,000	(85,949)
Transfers out	<u>(610,000)</u>	<u>(1,110,000)</u>	<u>(1,110,000)</u>	<u>(85,965)</u>
Total other financing sources (uses)	<u>4,856,378</u>	<u>4,486,964</u>	<u>4,400,999</u>	<u>(85,965)</u>
Net change in fund balance.	(365,866)	(816,065)	(712,930)	103,135
Fund balance at beginning of year.	2,701,776	2,701,776	2,701,776	
Prior year encumbrances appropriated	<u>39,511</u>	<u>39,511</u>	<u>39,511</u>	
Fund balance at end of year.	<u>\$ 2,375,421</u>	<u>\$ 1,925,222</u>	<u>\$ 2,028,357</u>	<u>\$ 103,135</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 7,012,880	\$ 7,556,131	\$ 7,734,008	\$ 177,877
Other	87,120	93,869	96,079	2,210
Total revenues.	<u>7,100,000</u>	<u>7,650,000</u>	<u>7,830,087</u>	<u>180,087</u>
Expenditures:				
Current:				
General government	623,376	623,376	573,117	50,259
Excess of revenues over expenditures	<u>6,476,624</u>	<u>7,026,624</u>	<u>7,256,970</u>	<u>230,346</u>
Other financing uses:				
Transfers out	(7,042,000)	(7,042,000)	(7,042,000)	
Net change in fund balance.	(565,376)	(15,376)	214,970	230,346
Fund balance at beginning of year	1,951,301	1,951,301	1,951,301	
Prior year encumbrances appropriated	<u>39,901</u>	<u>39,901</u>	<u>39,901</u>	
Fund balance at end of year.	<u>\$ 1,425,826</u>	<u>\$ 1,975,826</u>	<u>\$ 2,206,172</u>	<u>\$ 230,346</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 3,135,599	\$ 4,820,536	\$ 7,956,135	\$ 17,665
Receivables (net of allowance for uncollectibles):				
Accounts	836,724	854,224	1,690,948	
Materials and supplies inventory	223,346	52,158	275,504	
Noncurrent assets:				
Restricted assets:				
Equity in pooled cash and cash equivalents	48,835		48,835	
Unamortized bond issue costs	321,338		321,338	
Capital assets:				
Land and construction-in-progress	12,986,670	750,415	13,737,085	
Depreciable capital assets, net	<u>32,517,371</u>	<u>9,063,025</u>	<u>41,580,396</u>	
Total capital assets	<u>45,504,041</u>	<u>9,813,440</u>	<u>55,317,481</u>	
Total assets	<u>50,069,883</u>	<u>15,540,358</u>	<u>65,610,241</u>	<u>17,665</u>
Liabilities:				
Current liabilities:				
Accounts payable	77,647	49,195	126,842	365
Contracts payable	401,011	1,844	402,855	
Accrued wages and benefits	68,308	83,132	151,440	2,569
Pension obligation payable	6,423	7,704	14,127	237
Accrued interest payable	14,765		14,765	
Current portion of compensated absences	32,500	64,879	97,379	
Current portion of general obligation bonds payable	435,000		435,000	
Current portion of OPWC loans payable		19,225	19,225	
Payable from restricted assets:				
Refundable deposits	<u>48,835</u>		<u>48,835</u>	
Total current liabilities	<u>1,084,489</u>	<u>225,979</u>	<u>1,310,468</u>	<u>3,171</u>
Long-term liabilities:				
Compensated absences	121,125	154,559	275,684	
General obligation bonds payable	7,490,000		7,490,000	
OWDA loans payable	1,807,543	167,391	1,974,934	
OPWC loans payable		223,367	223,367	
Total long-term liabilities	<u>9,418,668</u>	<u>545,317</u>	<u>9,963,985</u>	
Total liabilities	<u>10,503,157</u>	<u>771,296</u>	<u>11,274,453</u>	<u>3,171</u>
Net assets:				
Invested in capital assets, net of related debt	35,771,498	9,403,457	45,174,955	
Unrestricted	<u>3,795,228</u>	<u>5,365,605</u>	<u>9,160,833</u>	<u>14,494</u>
Total net assets	<u>\$ 39,566,726</u>	<u>\$ 14,769,062</u>	<u>54,335,788</u>	<u>\$ 14,494</u>
Adjustment to reflect the consolidation of the internal service fund activity related to enterprise funds			<u>14</u>	
Net assets of business-type activities			<u>\$ 54,335,802</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

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

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
Operating revenues:				
Charges for services	\$ 4,778,578	\$ 5,480,226	\$ 10,258,804	\$ 67,194
Tap-in fees	3,091		3,091	
Other	4,561	4,930	9,491	
Total operating revenues	<u>4,786,230</u>	<u>5,485,156</u>	<u>10,271,386</u>	<u>67,194</u>
Operating expenses:				
Personal services	1,548,190	1,903,239	3,451,429	56,082
Fringe benefits	-	-	-	6
Contractual services	453,173	271,060	724,233	2,996
Materials and supplies	1,239,361	504,540	1,743,901	1,124
Utilities expense	211,738	344,609	556,347	5,896
Depreciation	1,389,888	546,539	1,936,427	
Other	107,659	69,044	176,703	985
Total operating expenses	<u>4,950,009</u>	<u>3,639,031</u>	<u>8,589,040</u>	<u>67,089</u>
Operating income (loss)	<u>(163,779)</u>	<u>1,846,125</u>	<u>1,682,346</u>	<u>105</u>
Nonoperating revenues (expenses):				
Interest revenue	970	238	1,208	
Interest and fiscal charges	(382,957)		(382,957)	
Loss on disposal of capital assets	(8,108)	(480)	(8,588)	
Intergovernmental		416	416	
Total nonoperating revenues (expenses)	<u>(390,095)</u>	<u>174</u>	<u>(389,921)</u>	
Net income (loss) before capital contributions and transfers	<u>(553,874)</u>	<u>1,846,299</u>	<u>1,292,425</u>	<u>105</u>
Transfer in	500,000		500,000	
Transfer out - Capital Contributions to Other Funds	(2,479)		(2,479)	
Capital contributions	4,949,663	10,650	4,960,313	
Changes in net assets	<u>4,893,310</u>	<u>1,856,949</u>	<u>6,750,259</u>	<u>105</u>
Net assets at beginning of year	<u>34,673,416</u>	<u>12,912,113</u>		<u>14,389</u>
Net assets at end of year	<u>\$ 39,566,726</u>	<u>\$ 14,769,062</u>		<u>\$ 14,494</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.			(23)	
Change in net assets of business-type activities.			<u>\$ 6,750,236</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

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

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
Cash flows from operating activities:				
Cash received from charges for services	\$ 4,431,284	\$ 5,149,461	\$ 9,580,745	\$ 67,194
Cash received from tap-in fees	3,091		3,091	
Cash received from other operations	20,511	4,930	25,441	
Cash payments for personal services	(1,526,855)	(1,901,810)	(3,428,665)	(55,935)
Cash payments for contractual services	(126,594)	(292,623)	(419,217)	(3,254)
Cash payments for materials and supplies.	(1,222,068)	(516,911)	(1,738,979)	(1,124)
Cash payments for utilities expense.	(191,157)	(320,597)	(511,754)	(5,896)
Cash payments for other expenses	(122,604)	(69,044)	(191,648)	(985)
Net cash provided by operating activities	<u>1,265,608</u>	<u>2,053,406</u>	<u>3,319,014</u>	
Cash flows from noncapital financing activities:				
Cash received from special assessments		416	#REF!	
Cash received from transfers in	500,000		500,000	
Net cash provided by noncapital financing activities	<u>500,000</u>	<u>416</u>	<u>#REF!</u>	
Cash flows from capital and related financing activities:				
Cash payments for the acquisition of capital assets.	(7,358,848)	(393,859)	#REF!	
Cash received from capital contributions.	4,696,138	10,650	4,706,788	
Cash payments for principal retirement.	(420,000)	(19,224)	(439,224)	
Cash payments for interest and fiscal charges	(367,895)		(367,895)	
Cash received from OWDA loan issuance.	1,807,543	167,391	1,974,934	
Net cash used in capital and related financing activities.	<u>(1,643,062)</u>	<u>(235,042)</u>	<u>#REF!</u>	
Cash flows from investing activities:				
Cash received from interest earned.	970	238	1,208	
Net increase in cash and cash equivalents	123,516	1,819,018	#REF!	
Cash and cash equivalents at beginning of year	3,060,918	3,001,518	6,062,436	17,665
Cash and cash equivalents at end of year.	<u>\$ 3,184,434</u>	<u>\$ 4,820,536</u>	<u>#REF!</u>	<u>\$ 17,665</u>

- - Continued

**CITY OF FREMONT
SANDUSKY COUNTY**
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (163,779)	\$ 1,846,125	\$ 1,682,346	\$ 105
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,389,888	546,539	1,936,427	
Changes in assets and liabilities:				
(Increase) decrease in materials and supplies inventory.	17,101	(12,836)	4,265	
(Increase) in accounts receivable.	(347,294)	(330,765)	(678,059)	
Increase (decrease) in accounts payable	34,921	1,043	35,964	(252)
Increase in contracts payable	312,636	1,844	314,480	
Increase (decrease) in accrued wages and benefits.	6,389	(394)	5,995	114
Increase in compensated absences payable.	13,525	1,201	14,726	
Increase in refundable deposits liability	1,005		1,005	
Increase in pension obligation payable.	1,216	649	1,865	33
Net cash provided by operating activities	<u>\$ 1,265,608</u>	<u>\$ 2,053,406</u>	<u>\$ 3,319,014</u>	

During 2010, the water fund received \$253,525 in capital contributions from other funds.

During 2010, the water fund transferred \$2,479 in capital contributions to other funds.

During 2010, the sewer fund received \$10,650 in capital contributions from other funds.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
DECEMBER 31, 2010

		Agency
Assets:		
Equity in pooled cash and cash equivalents	\$	60,975
Cash in segregated accounts		3,465
Receivables:		
Accounts		2,237
Total assets	\$	66,677
Liabilities:		
Due to other governments.	\$	5,531
Deposits held and due to others.		61,146
Total liabilities	\$	66,677

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 1 - DESCRIPTION OF THE CITY

The City of Fremont (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a Council/Mayor form of government and provides the following services to its residents: public safety, highways and streets, water, sanitation, health and social services, culture recreation, public improvements, planning and zoning and general administration services.

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 it does 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

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. The City's reporting entity has been defined according to GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units".

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; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the City and the organization is such that exclusion by the City would render the City's financial statements incomplete or misleading. Based upon these criteria, the City has no component units but is a member of an insurance pool described in Note 13.

B. Basis of Presentation - Fund Accounting

The City's basic financial statements 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.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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

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 activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities. 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 activity or governmental program is self-financing or draws 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. 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.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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

Municipal Income Tax Fund - The municipal income tax fund, a special revenue fund, accounts for monies derived from the 1.5% municipal income tax.

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

PROPRIETARY FUNDS

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

Enterprise Funds - 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 residential and commercial users located within the City.

Internal Service Funds - The internal service funds account for the financing of services provided by one fund or department to other funds or departments of the City on a cost-reimbursement basis. The City's internal service funds report on the operations of the servicing of internal equipment and the accumulation of monies for the payment of insurance premiums for employee benefits.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds. The City's agency funds account for various funds held for Ohio Highway Patrol portion of Municipal Court fines, Municipal Court Bonds and the collections for the County Sewer District.

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.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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

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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (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, charges for services, State-levied locally shared taxes (including gasoline taxes, local government funds and permissive taxes), fines and forfeitures, fees, grants, interest and special assessments.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and 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 Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the 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. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of control has been established at the fund-department and

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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

within each department, the amount spent on personal services for all funds.

Estimated Resources - The County Budget Commission reviews the estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The County Budget 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 estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing 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 the actual unencumbered fund balances from the preceding year. The certificate of estimated resources may be further amended during the year if the City Auditor determines that revenue to be collected will be greater than or less than prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the first and final amended official certificate of estimated resources issued during 2010.

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 fund, department, and within each department, the amount for personal services. 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 allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. The amounts set forth in the financial statements represent the original and final appropriations approved by City Council during 2010.

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 appropriation. Encumbered appropriations are reappropriated in the succeeding year.

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds.

G. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

Cash and cash equivalents that are held separately for the City in segregated accounts and not held with the City Treasurer are recorded on the basic financial statements as "cash in

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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

segregated accounts”.

During 2010, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities and nonnegotiable certificates of deposit.

Investments are reported at fair value, except for non-negotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2010.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the general fund during 2010 was \$87,163, which includes \$74,310 assigned from other City funds.

For purposes of the statement of cash flows and for presentation on the basic financial statements, investments of the cash management pool and investments with an original maturity 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, and not purchased from the pool, are reported as investments.

H. Loans Receivable

Loans receivable represent the right to receive repayment for certain loans made by the City. These loans are based upon written agreements between the City and the various loan recipients.

I. Inventories of Materials and Supplies

On the government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

J. 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

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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

market values as of the date received. The City maintains a capitalization threshold of \$2,500. The City's governmental infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers and streets. The City's proprietary and business-type infrastructure consists of 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 capitalized. Interest incurred during the construction of proprietary capital assets is also capitalized. There was no interest capitalized during 2010.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	10-50 years	10-50 years
Buildings	25-50 years	25-50 years
Building improvements	5-50 years	5-25 years
Machinery and equipment	3-30 years	5-10 years
Infrastructure - streets, sidewalks, and storm sewers	25-50 years	50 years
Infrastructure - bridges and culverts	25-50 years	25-50 years

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments as well as the sick leave accumulated by those employees expected to become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's union contracts or administrative ordinance. The City records a liability for accumulated unused sick leave for all employees with 10 or more years of service with the City up to a maximum of 500 hours for all employees except police sergeants, captains, and firefighters, which have a maximum of 600 hours.

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

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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

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.

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, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

M. Interfund Activity

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

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

N. Fund Balance Reserves and Designations

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 encumbrances, materials and supplies inventory, loans, debt service, and unclaimed monies in the governmental fund financial statements.

A designation of fund balance represents a self-imposed limitation on the use of available expendable resources by the City Council. The designation within the general fund represents monies set aside by the Council for future payment of workers' compensation.

O. Restricted Assets

Customer deposits are held in the water fund to assure payment of utility bills, but net assets have not been reserved, since this restriction is imposed by City Council.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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

Restricted assets at December 31, 2010 are comprised of the following:

	<u>Cash and Cash Equivalents</u>
Customer deposits	<u>\$ 48,835</u>

P. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements and on the proprietary fund statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as deferred bond issuance costs on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 11.

Q. 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.

R. 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, grants or outside contributions of resources restricted to capital acquisition and construction, or capital assets that are purchased by a fund and then transferred to another fund. Capital contributions are reported as nonoperating revenue in the proprietary fund financial statements. During 2010, the water enterprise fund received \$4,949,663 and the sewer enterprise fund received \$10,650 in capital contributions.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

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

S. 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. None of the City's net assets are restricted by enabling legislation.

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

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 Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2010.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles

For 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.

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

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

Monies held by the City are classified by State statute into three categories:

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must 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 in 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 monies may be deposited or invested in the following:

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 or 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 securities listed above provide 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 Treasury Asset Reserve of Ohio (STAR Ohio) investment pool;
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and,
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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 treasurer 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 treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Restricted equity in pooled cash: At year-end, the City had \$48,835 in restricted assets for refundable deposits from customers of the water fund. This amount is included in the "deposits with financial institutions" below.

A. Deposits with Financial Institutions

As of December 31, 2010, the carrying amount of all City deposits was \$12,533,777. At December 31, 2010, \$3,822,509 of the City's bank balance of \$12,873,386 was covered by the Federal Deposit Insurance Corporation and \$9,050,877 was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As permitted by Ohio Revised Code, the City's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

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

Investment type	Fair Value	Investment Maturities		
		6 months or less	13 to 18 months	19 to 24 months
STAR Ohio	\$ 409,835	\$ 409,835		
FFCB	3,498,845		\$ 1,999,730	\$ 1,499,115
FHLB	1,999,185		500,320	1,498,865
Total	\$ 5,907,865	\$ 409,835	\$ 2,500,050	\$ 2,997,980

The weighted average maturity of investments is 1.40 years.

Interest Rate Risk: The Ohio Revised Code general limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payments for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The City's other investments were rated AAA and Aaa by Standard & Poor's and Moody's.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2010:

Investment type	Fair Value	% of Total
STAR Ohio	\$ 409,835	7%
FFCB	3,498,845	59%
FHLB	1,999,185	34%
Total	\$ 5,907,865	100%

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. 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 disclosure above to cash and investments as reported on the statement of net assets as of December 31, 2010:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 12,533,777
Investments	5,907,865
Cash in segregated accounts	3,465
Total	<u>\$ 18,445,107</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 10,375,697
Business type activities	8,004,970
Agency funds	64,440
Total	<u>\$ 18,445,107</u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2010 consisted of the following, as reported in the fund financial statements:

<u>Transfers from general fund to:</u>	
Water fund	\$ 500,000
Nonmajor governmental funds	610,000
 <u>Transfers from municipal income tax fund to:</u>	
General fund	5,510,000
Nonmajor governmental funds	1,532,000
Total	<u>\$ 8,152,000</u>

NOTE 6 - PROPERTY TAXES

All transfers were legal and in compliance with Ohio Revised Code. Transfers between governmental funds are eliminated for reporting in the governmental statement of activities. Transfers out of the general fund were made when police and fire pension liability payments became due. Transfers out of the municipal income tax fund were to distribute the City's income tax collections.

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.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is 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 Fremont. 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.

The full tax rate for all City operations for the year ended December 31, 2010 was \$3.20 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:

<u>Real property</u>	
Residential/agricultural	\$ 151,938,430
Commercial/industrial/mineral	95,789,150
 <u>Public utility</u>	
Real	79,360
Personal	9,363,190
	<hr/>
Total assessed value	<u><u>\$ 257,170,130</u></u>

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 7 - LOCAL INCOME TAX

The City levies and collects an income tax of 1.5 percent based on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. 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 the municipal income tax fund and amounted to \$7,759,220 in 2010.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2010 consisted of taxes, accounts (billings for user charged services), loans, accrued interest, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable and available at December 31, 2010, as well as intended to finance 2010 operations. A summary of the principal items of receivables reported on the statement of net assets follows:

<u>Receivables:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Income taxes	\$ 3,943,138	
Property and other local taxes	870,129	
Accounts	39,898	\$ 1,690,948
Loans	318,530	
Accrued interest	16,381	
Due from other governments	900,185	
Total	<u>\$ 6,088,261</u>	<u>\$ 1,690,948</u>

Receivables have been disaggregated on the face of the basic financial statements. The only receivable not expected to be collected within the subsequent year are the loans receivable, which are collected over the life of the loans (See Note 9).

NOTE 9 - LOANS RECEIVABLE

The Fremont City Council created the Revolving Loan Committee and granted them the authority to act on behalf of the City of Fremont in making loans from the City's revolving loan fund to qualified applicants within the revolving loan fund geographic area. At the close of 2010, there were loans to five businesses with a total principal balance of \$318,530. \$20,405 is the amount due within one year and \$298,125 is due in more than one year.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

<u>Governmental activities:</u>	<u>Balance 12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/10</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 803,959			\$ 803,959
Construction-in-progress	31,339	\$ 35,305		66,644
<i>Total capital assets, not being depreciated</i>	<u>835,298</u>	<u>35,305</u>		<u>870,603</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	4,563,166	45,487	\$ (8,449)	4,600,204
Buildings and improvements	12,538,648	12,000		12,550,648
Machinery and equipment	4,930,139	237,056	(63,894)	5,103,301
Infrastructure	16,531,363	128,789		16,660,152
<i>Total capital assets, being depreciated</i>	<u>38,563,316</u>	<u>423,332</u>	<u>(72,343)</u>	<u>38,914,305</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,212,948)	(201,454)	3,591	(1,410,811)
Buildings and improvements	(4,160,507)	(360,623)		(4,521,130)
Machinery and equipment	(3,176,708)	(352,968)	63,894	(3,465,782)
Infrastructure	(7,420,712)	(640,353)		(8,061,065)
<i>Total accumulated depreciation</i>	<u>(15,970,875)</u>	<u>(1,555,398)</u>	<u>67,485</u>	<u>(17,458,788)</u>
Total capital assets, being depreciated, net	<u>22,592,441</u>	<u>(1,132,066)</u>	<u>(4,858)</u>	<u>21,455,517</u>
Total capital assets, net	<u><u>\$ 23,427,739</u></u>	<u><u>\$ (1,096,761)</u></u>	<u><u>\$ (4,858)</u></u>	<u><u>\$ 22,326,120</u></u>

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

<u>Governmental activities:</u>	
General government	\$ 84,478
Security of persons and property	182,488
Transportation	775,701
Leisure time activities	459,266
Economic development	21,427
Total depreciation expense	<u><u>\$ 1,523,360</u></u>

Depreciation expense for governmental activities differs from additions to accumulated depreciation during 2010 due to the transfer of fully depreciated assets in the amount of \$32,038 from business-type activities to governmental activities.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 10 - CAPITAL ASSETS - (Continued)

<u>Business-type activities:</u>	<u>Balance 12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/10</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 898,891	\$ 5,097		\$ 903,988
Construction-in-progress	<u>5,536,651</u>	<u>7,673,583</u>	<u>\$ (377,137)</u>	<u>12,833,097</u>
<i>Total capital assets, not being depreciated</i>	<u>6,435,542</u>	<u>7,678,680</u>	<u>(377,137)</u>	<u>13,737,085</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,607,589		(3,824)	1,603,765
Buildings and improvements	36,048,540			36,048,540
Machinery and equipment	7,899,576	219,817	(54,332)	8,065,061
Infrastructure	<u>22,232,728</u>	<u>523,401</u>		<u>22,756,129</u>
<i>Total capital assets, being depreciated</i>	<u>67,788,433</u>	<u>743,218</u>	<u>(58,156)</u>	<u>68,473,495</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(272,174)	(46,328)	688	(317,814)
Buildings and improvements	(13,236,222)	(1,017,535)		(14,253,757)
Machinery and equipment	(5,019,041)	(463,608)	48,880	(5,433,769)
Infrastructure	<u>(6,437,795)</u>	<u>(449,964)</u>		<u>(6,887,759)</u>
<i>Total accumulated depreciation</i>	<u>(24,965,232)</u>	<u>(1,977,435)</u>	<u>49,568</u>	<u>(26,893,099)</u>
Total capital assets, being depreciated, net	<u>42,823,201</u>	<u>(1,234,217)</u>	<u>(8,588)</u>	<u>41,580,396</u>
Total capital assets, net	<u>\$ 49,258,743</u>	<u>\$ 6,444,463</u>	<u>\$ (385,725)</u>	<u>\$ 55,317,481</u>

Depreciation expense was charged to the enterprise funds of the City as follows:

<u>Business-type activities:</u>	<u>Depreciation Expense</u>
Water fund	\$ 1,389,888
Sewer fund	<u>546,539</u>
Total depreciation expense	<u>\$ 1,936,427</u>

Depreciation expense for business-type activities differs from additions to accumulated depreciation during 2010 due to the transfer of fully depreciated assets in the amount of \$41,008 from governmental activities to business-type activities.

NOTE 11 - LONG-TERM OBLIGATIONS

A. Governmental Activities

The City's governmental activities long-term obligations at December 31, 2010 were as follows:

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

<u>Governmental activities:</u>	Balance 12/31/09	Increases	Decreases	Balance 12/31/10	Amount Due Within One Year
<u>General obligation bonds</u>					
Community center	\$ 3,040,000		\$ (275,000)	\$ 2,765,000	\$ 285,000
<u>Pension liability</u>					
Police and fire pension	758,534		(16,997)	741,537	17,727
<u>Other long-term obligations</u>					
Compensated absences	844,376	\$ 67,070	(82,422)	829,024	130,373
Total	\$ 4,642,910	\$ 67,070	\$ (374,419)	4,335,561	\$ 433,100
Unamortized premium on bonds				79,035	
Deferred loss on advance refunding				(116,014)	
Total long-term obligations				\$ 4,298,582	

General Obligation Bonds

The general obligation bonds were originally issued in 1999, carried an interest rate of 3.25% - 4.85%, and were issued for the construction of a community center. These general obligation bonds were advance refunded in 2009 with the proceeds of a \$3,040,000 refunding bond issue. The refunding bonds carry an interest rate of 2.50% - 4.00%. The bonds are a general obligation of the City, and the principal and interest payments are paid out of the debt service fund. The proceeds of the 2009 general obligation bonds were used for the advance refunding of the 1999 general obligation bonds by purchasing state and local government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The balance of the refunded bonds at December 31, 2010 is \$2,670,000; however, this amount is not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding.

The advance refunding was undertaken to reduce the total debt service payments by \$429,744, and resulted in an economic gain of \$404,761.

B. Business-Type Activities

The City's business-type activities long-term obligations at December 31, 2010 were as follows:

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-type activities:</u>	Balance 12/31/09	Increases	Decreases	Balance 12/31/10	Amount Due Within One Year
<u>General obligation bonds</u>					
Water - series 2003	\$ 4,515,000		\$ (225,000)	\$ 4,290,000	\$ 230,000
Water - series 2003	1,970,000		(105,000)	1,865,000	110,000
Water - series 2003	1,860,000		(90,000)	1,770,000	95,000
Total	8,345,000		(420,000)	7,925,000	435,000
<u>OPWC loans</u>					
Sewer - series 2001	123,990		(10,332)	113,658	10,333
Sewer - series 2004	137,826		(8,892)	128,934	8,892
Total	261,816		(19,224)	242,592	19,225
<u>OWDA loans</u>					
Dam Removal Project		\$ 167,391		167,391	
Water Reservoir Phase 1		1,266,803		1,266,803	
Water Reservoir Phase 2		540,740		540,740	
Total		1,974,934		1,974,934	
<u>Other long-term obligations</u>					
Compensated absences	358,337	125,409	(110,683)	373,063	97,379
Total long-term obligations	\$ 8,965,153	\$ 2,100,343	\$ (549,907)	\$10,515,589	\$ 551,604

General Obligation Bonds: Water - Series 2003

The general obligation bonds were originally issued in 1994 for \$6,130,000, were reissued in 2003 for \$5,710,000, and carry an interest rate of 2.00 - 5.00 percent. The general obligation bonds are a general obligation of the City, and the principal and interest payments are paid out of the water fund. The general obligation bonds were issued for improvements to the water plant and facilities. A portion of the proceeds of the bonds were used for the advance refunding of the 1994 general obligation bonds. These proceeds were used to purchase state and local government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The balance of the refunded bonds at December 31, 2010 is \$2,050,000, but is not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding.

The advance refunding was undertaken to reduce the total debt service payments by \$545,365, and resulted in an economic gain of \$459,156.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds: Water - Series 2003

The general obligation bonds were issued in 2003 for \$2,530,000, and carry an interest rate of 2.00 - 5.00 percent. The general obligation bonds are a general obligation of the City, and the principal and interest payments are paid from the water fund. The general obligation bonds were issued for improvements to the water plant and facilities.

The general obligation bonds were originally issued in 1993 for \$2,745,000, were reissued in 2003 for \$2,350,000, and carry an interest rate of 2.00 - 5.00 percent. The general obligation bonds are a general obligation of the City, and the principal and interest payments are paid from the water fund. The general obligation bonds were issued for improvements to the water plant and facilities. A portion of the proceeds of the bonds were used for the advance refunding of the 1994 mortgage revenue bonds. These proceeds were used to purchase state and local government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The balance of the refunded bonds at December 31, 2010 is \$1,830,000, but is not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding.

The refunding was undertaken to reduce the total debt service payments by \$584,960 and resulted in an economic gain of \$428,816.

OPWC Loans

The OPWC loans were granted from the Ohio Public Works Commission in 2001 and 2004, and do not carry an interest rate. The OPWC loans are an obligation of the sewer fund, and the principal payments are paid out of the sewer fund. The OPWC loan proceeds were used for improvements to the sewer plant and facilities.

Ohio Water Development Authority Loans

In 2010, the City entered into loans with the Ohio Water Development Authority (OWDA) for the construction of the Water Reservoir Phase 1, Water Reservoir Phase 2 and Sewer Dam Removal Project. The OWDA loans carry an interest rate of 3.15 - 4.04 percent and mature on January 1, 2032. Repayment of this loan will be funded through user charges.

As of December 31, 2010, loan amounts have not been finalized, therefore, a schedule of future payments has not been included.

- C. Principal and interest requirements to retire the general obligation bonds, the OPWC loans, and the police and fire pension liability as of December 31, 2010 are as follows:

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31.	General Obligation Bonds - Community Center			Pension Liability - Police and Fire Pension		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 285,000	\$ 83,025	\$ 368,025	\$ 17,727	\$ 31,329	\$ 49,056
2012	285,000	75,900	360,900	18,489	30,567	49,056
2013	290,000	68,775	358,775	19,283	29,773	49,056
2014	295,000	61,525	356,525	20,111	28,945	49,056
2015	305,000	54,150	359,150	20,975	28,081	49,056
2016 - 2020	1,305,000	119,300	1,424,300	119,186	126,094	245,280
2021 - 2025				147,079	98,201	245,280
2026 - 2030				181,496	63,784	245,280
2031 - 2035				197,191	21,358	218,549
Total	\$ 2,765,000	\$ 462,675	\$ 3,227,675	\$ 741,537	\$ 458,132	\$ 1,199,669

Year Ending December 31.	General Obligation Bonds - Water - Series 2003			General Obligation Bonds - Water - Series 2003		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 230,000	\$ 191,759	\$ 421,759	\$ 110,000	\$ 82,344	\$ 192,344
2012	240,000	182,846	422,846	115,000	78,081	193,081
2013	250,000	173,246	423,246	120,000	73,481	193,481
2014	260,000	163,246	423,246	125,000	68,681	193,681
2015	270,000	152,846	422,846	130,000	63,681	193,681
2016 - 2020	1,535,000	584,916	2,119,916	735,000	232,315	967,315
2021 - 2025	1,505,000	193,000	1,698,000	530,000	53,750	583,750
Total	\$ 4,290,000	\$ 1,641,859	\$ 5,931,859	\$ 1,865,000	\$ 652,333	\$ 2,517,333

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	General Obligation Bonds - Water - Series 2003		
	Principal	Interest	Total
2011	\$ 95,000	\$ 79,093	\$ 174,093
2012	100,000	75,411	175,411
2013	105,000	71,411	176,411
2014	110,000	67,211	177,211
2015	110,000	62,811	172,811
2016 - 2020	630,000	240,514	870,514
2021 - 2025	620,000	79,250	699,250
Total	<u>\$ 1,770,000</u>	<u>\$ 675,701</u>	<u>\$ 2,445,701</u>

Year Ending December 31,	OPWC Loans - Sewer - Series 2001			OPWC Loans - Sewer - Series 2004		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 10,333		\$ 10,333	\$ 8,892		\$ 8,892
2012	10,332		10,332	8,892		8,892
2013	10,333		10,333	8,892		8,892
2014	10,332		10,332	8,892		8,892
2015	10,333		10,333	8,892		8,892
2016 - 2020	51,662		51,662	44,460		44,460
2021 - 2025	10,333		10,333	40,014		40,014
Total	<u>\$ 113,658</u>		<u>\$ 113,658</u>	<u>\$ 128,934</u>		<u>\$ 128,934</u>

- D. 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 voted debt margin was \$22,561,362 and the unvoted debt margin was \$13,412,111.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 12 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be carried over at different rates depending on the department. Police captains, sergeants, patrol officers, dispatchers and record clerks may carry over five days for use during the first six months of the following year. Sick leave accrual is continuous. Overtime worked is always paid, or accrued, to employees on the paycheck for the period in which it was worked.

Upon retirement, police captains and sergeants are paid for 33.33 percent and firefighters are paid for 33.50 percent of their accumulated hours of sick leave, up to 1,800 hours for a maximum payout of 600 hours. All other employees are paid for 42 percent of their accumulated hours of sick leave, up to 1,200 hours for a maximum payout of 500 hours. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not yet used.

As of December 31, 2010, the governmental activities liability for compensated absences was \$829,024, the business-type activities liability for compensated absences was \$373,063, and the City's total liability for compensated absences was \$1,202,087.

NOTE 13 - RISK MANAGEMENT

Property and Casualty Insurance

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The City belongs to the Public Entities Pool of Ohio "PEP", a risk-sharing pool available to local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, PEP retains casualty risks up to \$350,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$13,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to an aggregate of \$10,000,000.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 13 - RISK MANAGEMENT - (Continued)

Property Coverage

Prior to January 1, 2009, Travelers reinsures specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit.

On or after January 1, 2009, Travelers reinsures specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$150,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop-loss is reached by payment of losses between \$150,000 and \$500,000, Travelers will reinsure specific losses exceeding \$150,000 up to their \$600,000,000 per occurrence limit.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009:

<u>Casualty & Property Coverage</u>	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Retained earnings	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.4 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the City's share of these unpaid claims collectible in future years is approximately \$170,000.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 13 - RISK MANAGEMENT - (Continued)

Based on discussions with PEP the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2008	\$182,798
2009	\$173,839
2010	\$172,612

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

NOTE 14 - 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.

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

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 14 - PENSION PLANS - (Continued)

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 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. 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 \$468,990, \$424,806, and \$368,125, respectively; 100% has been contributed for 2010, 2009 and 2008. Contributions to the member-directed plan for 2010 were \$13,752 made by the City and \$9,823 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 and firefighters were \$247,179 and \$254,503 for the year ended December 31, 2010, \$238,093 and \$247,740 for the year ended December 31, 2009, and \$239,955 and \$239,532, for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 70.93% has been contributed for police and 73.82% has been contributed for firefighters for 2010.

NOTE 15 - 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.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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. 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.

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. 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 \$266,696, \$307,114, and \$368,125, respectively; 100% has been contributed for 2010, 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. These rate increases allowed additional funds to be allocated to the health care plan.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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.

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 Section 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.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$130,859 and \$99,588 for the year ended December 31, 2010, \$126,049 and \$96,942 for the year ended December 31, 2009, and \$127,035 and \$93,730, for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 70.93% has been contributed for police and 73.82% has been contributed for firefighters for 2010.

NOTE 16 - 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 statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general fund and the municipal income tax fund 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 and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures/expenses and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP);
4. Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
5. 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.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

Net Change in Fund Balance

	<u>General</u>	<u>Municipal Income Tax</u>
Budget basis	\$ (712,930)	\$ 214,970
Net adjustment for revenue accruals	(38,915)	(70,867)
Net adjustment for expenditure accruals	(100,831)	(19,306)
Net adjustment for other financing sources/(uses)	(999)	
Adjustment for encumbrances	<u>125,573</u>	<u>24,411</u>
GAAP basis	<u>\$ (728,102)</u>	<u>\$ 149,208</u>

NOTE 17 – 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 a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material adverse effect, if any, on the financial condition of the City except for a contractual matter the City is a defendant. The extent of the City's liability is in dispute and the range of potential loss is very uncertain. The City is currently seeking to settle all matters between the parties, however, is prepared to vigorously prosecute its position.

NOTE 18 – CONTRACTS

The City has entered into several contracts for the construction of a water reservoir. As of December 31, 2010, the outstanding balance on contracts was \$4,180,061.

**CITY OF FREMONT
SANDUSKY COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF COMMERCE			
Direct Assistance			
ARRA - Economic Adjustment Assistance	N/A	11.307	\$808,534
U.S. ARMY CORPS OF ENGINEERS			
Direct Assistance			
U.S. Army Corps of Engineers: Section 594 Environmental/Infrastructure Program	N/A	12.XXX	190,094
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grants/Entitlement Grants (CDBG) Cluster			
Community Development Program	A-F-09-123-1	14.228	79,839
Community Housing Improvement Program	A-C-09-123-1	14.228	110,065
CDBG Revolving Loan Fund		14.228	51,613
Total Community Development Block Grants			<u>241,517</u>
Community Housing Improvement Program Grant	A-C-09-123-2	14.239	<u>107,903</u>
Total U.S. Department of Housing and Urban Development			<u>349,420</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Assistance			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	N/A	16.804	<u>6,475</u>
Total Federal Awards Expenditures			<u><u>\$1,354,523</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF FREMONT
SANDUSKY COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City of Fremont (the City) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for persons from low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money and administrative fees are recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans; and therefore, are reported as federal expenditures in the year of disbursement. Prior year outstanding loan balances are reported in the schedule below.

These loans are collateralized by mortgages on the property, business assets to include equipment, inventory and receivables, and personal assets. At December 31, 2010, the gross amounts of loans outstanding under this program were \$318,530. A court judgment has been filed on a delinquent amount due of \$21,818.

Activity in the CDBG revolving loan fund during 2010 is as follows:

Beginning loans receivable balance as of January 1, 2010	\$388,224
Loans made	50,000
Loan principal repaid	119,694
Ending loans receivable balance as of December 31, 2010	<u>\$318,530</u>
Cash balance on hand in the revolving loan fund as of December 31, 2010	\$241,511
2010 CDBG expenditures:	
Loans made	50,000
Administrative costs expended	1,613
Other grant expenditures administered through the 14.228 program	189,904
Total CDBG expenditures	<u>\$241,517</u>

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Fremont
Sandusky County
323 South Front Street
Fremont, Ohio 43420-3037

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fremont, Sandusky County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated November 21, 2011.

We intend this report solely for the information and use of management, the audit committee, the City Council, federal awarding agencies, pass-through entities and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

November 21, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

City of Fremont
Sandusky County
323 South Front Street
Fremont, Ohio 43420-3037

To the City Council:

Compliance

We have audited the compliance of City of Fremont, Sandusky County, Ohio (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City's major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as finding 2010-002.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

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

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

We also noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated November 21, 2011.

We intend this report solely for the information and use of the audit committee, management, the City Council, others within the City, federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

November 21, 2011

**CITY OF FREMONT
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #11.307 – Economic Adjustment Assistance, CFDA # 12.XXX – U.S. Army Corps of Engineers: Section 594 Environmental/Infrastructure Program.
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2010-001

Material Weakness

Financial Reporting

As a result of the audit procedures performed, errors were noted in the financial statements that required material audit adjustments.

Unrecorded funds paid on behalf of the City from Ohio Public Works Commission (\$69,432) and unrecorded receivables for Environmental Protection Agency fees for water and sewer funds (\$273,500). The loan from Ohio Water Development Authority (\$167,391) was misclassified as contributed capital to the Sewer fund. The capital projects balance (\$2,132,281) was incorrectly recorded as restricted instead of unrestricted.

The accompanying financial statements and, where applicable, the City's accounting records have been adjusted to correct these errors.

To ensure the City's financial statements and notes to the statements are complete and accurate, the Council should adopt policies and procedures, including a final review of the annual report by the audit committee to identify and correct errors and omissions.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2010-002

Noncompliance Citation

OMB Circular A-133 § .200, Audits of States, Local Governments and Non-Profit Organizations, as published on 06/27/2003, requires Non-Federal entities that expend \$500,000 or more in a year in Federal awards to have a single or program-specific audit conducted for that year in accordance with the provisions of **OMB Circular A-133**.

OMB Circular A-133 § .320 requires the audit to be completed and the data collection form and reporting package to be submitted within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit.

The City expended greater than \$500,000 in Federal awards during fiscal year 2010 and did not have a single audit or a program-specific audit conducted to meet the nine month deadline. The City did not receive an extension to this filing requirement.

Officials' Response:

We did not receive a response from the Officials to the findings reported above.

**CITY OF FREMONT
SANDUSKY COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2010**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2010-002	The City will make an effort to complete the audit and submit the data collection form timely.	09/30/12	John Lauer, City Auditor

City of Fremont, Ohio
Treasurer's Monthly Statement of City Funds
Month Ending December 31, 2011

General Account	Balance of	Receipts	Disbursements	Treasurer	Auditor
Croghan Colonial Bank	Previous Month			Balance	Balance
101 General	2,101,710.68	974,780.62	1,301,465.37	1,775,025.93	1,753,431.88
102 Reserve Balance-W.C.	230,435.49	0.00	0.00	230,435.49	230,435.49
108 G. O. Debt	279,409.38	28,000.00	0.00	307,409.38	307,409.38
201 Municipal Income Tax	2,354,736.21	901,679.19	596,108.27	2,660,307.13	2,660,031.50
211 Public Recreation	301,111.52	91,436.53	58,199.99	334,348.06	330,851.84
222 Street Maintenance	374,681.66	73,675.32	58,256.47	390,100.51	388,761.47
223 Motor Vehicle License	93,448.91	0.00	0.00	93,448.91	93,448.91
231 Indigent Drivers	94,523.19	6,601.32	0.00	101,124.51	101,124.51
232 Probation Services	9,076.41	237.00	0.00	9,313.41	9,313.41
233 Court Special Project Fund	227,019.06	6,242.75	0.00	233,261.81	233,261.81
234 Enforcement Education	31,032.80	235.00	0.00	31,267.80	31,267.80
235 Muni Court Computer	91,496.61	2,173.00	307.47	93,362.14	93,362.14
250 Police Pension	483,547.50	70,131.14	95,450.75	458,227.89	458,227.89
251 Fire Pension	537,501.74	50,131.12	89,633.30	497,999.56	497,999.56
255 Criminal Justice	6,084.92	0.00	1,044.50	5,040.42	5,040.42
262 FEMA	0.00	0.00	0.00	0.00	0.00
263 Continuing Profess. Training	37.52	0.00	0.00	37.52	37.52
410 Capital Improvement	786,936.52	36,679.22	325,153.26	498,462.48	1,007,370.11
420 Fire Equipment	488,054.05	0.00	0.00	488,054.05	803,299.83
460 Local Transportation	0.00	0.00	0.00	0.00	0.00
461 SCIP	0.00	37,927.25	37,927.25	0.00	0.00
462 Development Grant	0.00	0.00	0.00	0.00	0.00
510 Water Operating	2,915,516.95	391,825.59	356,895.28	2,950,447.26	3,045,820.11
520 Water Deposits	62,605.79	2,750.00	1,409.25	63,946.54	62,715.00
531 Water 1994 Improvement	480,892.33	35,120.00	325,879.50	190,132.83	190,132.83
532 Water REV MTG	138,483.57	14,500.00	134,546.01	18,437.56	18,437.56
533 Water 2003 Improvement	149,186.36	16,020.00	151,172.00	14,034.36	14,034.36
541 Water Replacement	77,049.59	0.00	0.00	77,049.59	418,838.04
542 Water Reservoir	161,682.58	359,348.84	516,231.38	4,800.04	4,800.04
570 Sewer Operating	4,179,228.48	497,632.84	278,213.61	4,398,647.71	7,373,128.20
580 Sewer Bond	0.00	0.00	0.00	0.00	0.00
590 Sewer Replacement	302,589.35	0.00	4,796.21	297,793.14	431,371.90
601 Internal Equipment Service	6,132.39	17,757.85	5,715.62	18,174.62	17,664.78
701 R.L. Walsh Trust	625,694.94	0.00	376,231.61	249,463.33	432,782.08
702 Recreation Trust	30,714.14	1,000.00	0.00	31,714.14	31,714.14
713 Demolition Security	1,000.00	20,000.00	0.00	21,000.00	21,000.00
714 Unclaimed Money	10,701.80	8.00	0.00	10,709.80	10,709.80
725 Ohio Highway Patrol	0.00	2,726.30	2,726.30	0.00	0.00
726 County Sewer District	32,423.24	29,317.71	30,069.49	31,671.46	31,671.46
730 Main Street	0.00	0.00	0.00	0.00	0.00
Health Deductable	8,286.92	7,413.73	13,346.57	2,354.08	0.00
Payroll Distribution	164,290.04	768,658.30	782,803.68	150,144.66	0.00
Less Gen Treas Investment	-11,341,922.89	-907.16	0.00	-11,342,830.05	
	6,495,399.75	4,443,101.46	5,543,583.14	5,394,918.07	21,109,495.77

Other Accounts	Treasurer	Receipts	Disbursements	Treasurer	Auditor
	Balance			Balance	Balance
260 Ohio CDBG	59,763.15	89,150.00	19,400.00	129,513.15	129,513.15
261 Community Housing	9,293.69	29,588.00	35,550.00	3,331.69	3,331.69

Other Accounts	Treasurer	Receipts	Disbursements	Treasurer	Auditor
Croghan Colonial Bank	Balance			Balance	Balance
252 Manatory Fines	6,845.00	1,570.00	679.80	6,735.20	6,735.20
253 Forfeitures & Seizures	28,209.39	13,124.00	34,103.43	7,229.96	7,229.96
256 D.A.R.E	7,780.57	1,065.00	2,973.63	5,871.94	5,871.94
257 Blockwatch	445.93	0.00	26.95	418.98	418.98
265 Revolving Loan	245,064.59	2,879.37	88,000.00	159,943.96	159,943.96
540 Water Construction	0.00	0.00	0.00	0.00	0.00
	287,345.48			180,200.04	180,200.04

Investments	Fund	Maturity	Par	Purchase
Held in Trust		Date	Amount	Price

Key Bank	General Treas	current	1,869,458.43	1,869,458.43
Key Bank	Water Replace*	current	361,867.98	361,867.98
Key Bank	Water*	current	106,863.04	106,863.04
Key Bank	Sewer Replace*	current	133,578.76	133,578.76
Key Bank	Capital Improve*	current	512,942.40	512,942.40
Key Bank	Fire Equip*	current	315,245.78	315,245.78
Charter One	General Treas	current	0.00	0.00
Huntington Securitles (CDARS)	General Treas	10-18-12	1,000,000.00	1,000,000.00
Huntington Securitles FHLB	General Treas	10-04-13	1,000,000.00	999,900.00
Huntington Securitles FHLB	General Treas	9-16-13	500,000.00	499,850.00
CitiBank FHLB	General Treas	2-08-13	1,000,000.00	1,000,000.00
Key Bank CD (CDARS)	Sewer 1	3-15-12	1,000,000.00	1,000,000.00
Key Bank CD (CDARS)	Sewer 2	3-15-12	1,000,000.00	1,000,000.00
Key Bank CD (CDARS)	Sewer 3	3-15-12	1,000,000.00	1,000,000.00
TriState Capital CD (CDARS)	General Treas	2-02-12	500,000.00	500,000.00
TriState Capital CD (CDARS)	General Treas	2-09-12	500,000.00	500,000.00
TriState Capital CD (CDARS)	General Treas	4-12-12	500,000.00	500,000.00
TriState Capital CD (CDARS)	General Treas	8-16-12	500,000.00	500,000.00
TriState Capital CD (CDARS)	General Treas	9-20-12	250,000.00	250,000.00
TriState Capital CD	General Treas	8-23-12	248,000.00	248,000.00
Tri State Capital	General Treas	current	2,000,102.84	2,000,102.84
Croghan Colonial 360 Day CD	General Treas	6-08-12	250,000.00	250,000.00
Stifel Nicolaus FHLB	General Treas	10-18-13	1,000,000.00	998,900.00
Star Ohio Money Market	General Treas	current	226,618.78	226,618.78
Star Ohio Money Market	Walsh Trust*	current	183,318.75	183,318.75

	Treasurer	15,956,646.76	
	Total Balance	21,664,609.71	21,422,540.65
	(Less-Outstanding Checks	242,069.06	
	Less-Accounts Payable	0.00	
	Auditor's Balance	21,422,540.65	21,422,540.65

Holly R. Elder
Holly R. Elder, City Treasurer

John W. Lauer
John W. Lauer, City Auditor

City of Fremont Cash Balances
December 31, 2011

	Balance 10/1/2011	Month Revenues	Month Expenditures	Year to Date Revenues	Year to Date Expenditures	Ending Cash Balance	Encumber ances	Unencumber Balance
101 General	1,908,630.14	974,639.29	785,509.86	8,710,031.82	8,865,230.08	1,753,431.88	109,689.97	1,643,731.91
102 Reserve Balance W.C.	235,180.91	0.00	0.00	2,119.58	6,865.60	230,435.49	0.00	230,435.49
106 General Debt Service	306,434.38	28,000.00	0.00	369,000.00	368,025.00	307,409.38	0.00	307,409.38
201 Municipal Income Tax	2,230,583.43	940,144.42	633,957.06	8,003,953.35	7,574,505.28	2,660,031.50	20,504.74	2,639,526.76
211 Public Recreation	257,156.57	91,396.53	42,225.63	867,379.21	793,683.94	330,851.84	81,790.26	249,061.58
222 Street Maintenance	556,353.16	73,175.32	50,886.91	761,340.18	930,931.87	388,761.47	25,551.21	363,210.26
223 Motor Vehicle License	93,448.91	0.00	0.00	0.00	0.00	93,448.91	0.00	93,448.91
231 Indigent Drivers	81,377.16	6,601.32	0.00	22,247.35	2,500.00	101,124.51	21,500.00	79,624.51
232 Probation Services	5,847.91	237.00	0.00	3,365.50	0.00	9,313.41	156.00	9,157.41
233 Court Special Project Fund	178,261.52	6,242.75	0.00	75,160.10	20,159.81	233,261.81	0.00	233,261.81
234 Enforcement & Education	30,234.80	235.00	0.00	1,033.00	0.00	31,267.80	0.00	31,267.80
235 Muni Court Computer	81,866.58	2,173.00	307.47	27,417.00	15,921.44	93,362.14	2,583.64	90,788.50
250 Police Pension	442,920.72	70,131.14	0.00	413,459.96	398,152.79	458,227.89	0.00	458,227.89
251 Fire Pension	476,113.59	50,131.12	0.00	363,459.94	361,573.97	497,999.56	0.00	497,999.56
252 Mandatory Drug	3,675.85	1,570.00	678.80	7,845.15	4,785.80	6,735.20	0.00	6,735.20
253 Forfeitt & Sezure	45,419.42	13,124.00	34,103.43	58,598.37	96,787.83	7,229.96	0.00	7,229.96
255 Criminal Justice	9207.47	0.00	872.24	0.00	4,167.05	5,040.42	132.96	4,907.47
256 D.A.R.E.	3,034.07	1,065.00	2,973.63	6,365.00	3,527.13	5,871.94	0.00	5,871.94
257 Blockwatch	529.85	0.00	26.85	0.00	110.87	418.98	0.00	418.98
260 Ohio (CDBG	37,186.56	89,150.00	19,400.00	207,757.00	115,430.41	129,513.15	19,200.00	110,313.15
261 Community Housing	7300.00	29,588.00	32,782.00	268,732.00	272,700.31	3,331.69	72,000.00	(68,668.31)
262 FEMA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
263 Continuing Profess. Training	655.02	0.00	0.00	620.00	1,237.50	37.52	0.00	37.52
265 Revolving Loan	241,510.88	2,879.37	88,000.00	26,933.37	108,500.27	159,943.96	541.56	159,402.40
410 Capital Improvement	1,582,145.48	36,807.79	150,185.47	1,662,755.69	2,217,531.06	1,007,370.11	552,109.61	455,260.50
420 Fire Equipment	702,757.05	79.02	0.00	100,542.78	0.00	803,299.83	0.00	803,299.83
440 Construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
460 Local Transportation	0.00	0.00	0.00	150,000.00	150,000.00	0.00	0.00	0.00
461 SCIP	0.00	37,927.25	37,927.25	100,000.00	100,000.00	0.00	0.00	0.00
462 Development Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
510 Water Operating	1,775,799.12	391,840.11	297,642.38	4,882,874.02	3,612,853.03	3,045,820.11	152,524.82	2,893,295.19
520 Water Deposits	48,835.00	2,750.00	2,575.11	30,575.00	16,695.00	62,715.00	0.00	62,715.00
531 Water 1994 Improve Bond	190,121.83	35,120.00	325,879.50	421,770.00	421,759.00	190,132.83	0.00	190,132.83
532 Water Revenue Mortgage	18,419.58	14,500.00	134,546.01	174,110.00	174,092.02	18,437.56	0.00	18,437.56
533 Water 2003 Improve Bond	14,028.36	16,020.00	151,172.00	192,350.00	192,344.00	14,034.36	0.00	14,034.36
540 Water Construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
541GWater Replace/Improvement	822,563.20	111.45	20,079.53	661.83	404,386.99	418,838.04	408,695.67	10,142.37
541SWater Replace/Improvement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
542 Water Reservoir	314,667.47	359,348.84	516,231.36	15,466,337.83	15,776,205.26	4,800.04	1,737,878.42	(1,733,079.38)
570 Sewer Operating	4,433,452.70	497,562.95	250,239.52	6,021,951.29	3,082,275.79	7,373,128.20	101,980.13	7,271,148.07
580 Sewer Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
590 Sewer Replace/Improvement	387,082.57	33.48	4,796.21	115,713.58	71,424.25	431,371.90	609,171.02	(177,799.12)
601 Internal Equipment Service	17,665.09	17,757.85	5,328.82	76,211.61	76,211.92	17,564.78	2,247.24	15,417.54
603 Internal Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
701 R.L. Walsh Trust	807,010.76	9.08	376,231.61	2,002.93	376,231.61	432,782.08	0.00	432,782.08
702 Recreation Trust	41,064.76	1,000.00	0.00	2,067.34	11,417.96	31,714.14	0.00	31,714.14
713 Demolition Security Trust	15,198.27	20,000.00	0.00	20,000.00	14,198.27	21,000.00	0.00	21,000.00
714 Unclaimed Monies	10,118.56	8.00	0.00	591.24	0.00	10,709.80	0.00	10,709.80
725 Ohio Highway Patrol Transfer	0.00	2,726.30	2,726.30	28,987.15	28,987.15	0.00	0.00	0.00
726 County Sewer District	45,776.64	29,329.97	30,061.75	377,203.03	391,306.21	31,571.46	0.00	31,571.46
730 Main St. Fremont	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRAND TOTALS	18,441,735.32	3,843,415.35	3,997,377.82	50,043,523.20	47,062,717.87	21,422,540.65	3,918,278.34	17,504,262.31

City of Fremont, Ohio
Treasurer's Monthly Statement of City Funds
Month Ending December 31, 2010

General Account	Balance of	Receipts	Disbursements	Treasurer	Auditor
Croghan Colonial Bank	Previous Month			Balance	Balance
101 General	1,989,787.23	638,712.42	707,646.32	1,920,853.33	1,908,630.14
102 Reserve Balance-W.C.	235,180.91	0.00	0.00	235,180.91	235,180.91
108 G. O. Debt	275,434.38	31,000.00	0.00	306,434.38	306,434.38
201 Municipal Income Tax	1,879,543.94	954,251.36	602,614.57	2,231,180.73	2,230,583.43
211 Public Recreation	270,416.66	47,605.69	58,736.39	259,285.96	257,156.57
222 Street Maintenance	552,516.66	73,189.77	49,544.61	576,161.82	558,363.16
223 Motor Vehicle License	93,448.91	0.00	0.00	93,448.91	93,448.91
231 Indigent Drivers	80,230.04	1,147.12	0.00	81,377.16	81,377.16
232 Probation Services	5,715.91	232.00	0.00	5,947.91	5,947.91
233 Court Special Project Fund	173,489.52	4,772.00	0.00	178,261.52	178,261.52
234 Enforcement Education	30,139.80	95.00	0.00	30,234.80	30,234.80
235 Muni Court Computer	80,394.48	1,654.00	181.90	81,866.58	81,866.58
250 Police Pension	473,605.79	60,000.00	90,685.07	442,920.72	442,920.72
251 Fire Pension	527,225.80	40,000.00	91,112.21	476,113.59	476,113.59
255 Criminal Justice	11,854.73	0.00	2,647.26	9,207.47	9,207.47
262 FEMA	0.00	0.00	0.00	0.00	0.00
263 Continuing Profess. Training	2,285.02	0.00	450.00	1,835.02	655.02
410 Capital Improvement	1,091,845.20	16,901.56	48,496.61	1,060,250.15	1,562,145.48
420 Fire Equipment	388,054.05	0.00	0.00	388,054.05	702,757.05
460 Local Transportation	0.00	0.00	0.00	0.00	0.00
461 SCIP	0.00	0.00	0.00	0.00	0.00
462 Development Grant	0.00	0.00	0.00	0.00	0.00
510 Water Operating	1,527,111.94	441,201.09	283,904.73	1,684,408.30	1,775,799.12
520 Water Deposits	50,169.42	1,200.00	1,550.40	49,819.02	48,835.00
531 Water 1994 Improvement	479,547.83	35,391.00	324,817.00	190,121.83	190,121.83
532 Water REV MTG	135,178.58	14,362.00	131,121.00	18,419.58	18,419.58
533 Water 2003 Improvement	146,113.87	15,924.00	148,009.51	14,028.36	14,028.36
541 Water Replacement	469,198.03	0.00	964.98	468,233.05	822,563.20
542 Water Reservoir	235,473.72	455,873.00	353,251.50	338,095.22	314,667.47
570 Sewer Operating	4,168,767.78	509,999.80	239,853.99	4,438,913.59	4,433,452.70
580 Sewer Bond	0.00	0.00	0.00	0.00	0.00
590 Sewer Replacement	253,733.80	0.00	0.00	253,733.80	387,082.57
601 Internal Equipment Service	5,818.39	16,983.62	5,071.72	17,730.29	17,665.09
701 R.L. Walsh Trust	123,819.94	0.00	0.00	123,819.94	807,010.76
702 Recreation Trust	44,193.89	0.00	3,129.13	41,064.76	41,064.76
713 Demolition Security	15,198.27	0.00	0.00	15,198.27	15,198.27
714 Unclaimed Money	10,118.56	0.00	0.00	10,118.56	10,118.56
725 Ohio Highway Patrol	0.00	2,259.82	2,259.82	0.00	0.00
726 County Sewer District	32,663.92	43,417.79	30,305.07	45,776.64	45,776.64
730 Main Street	0.00	0.00	0.00	0.00	0.00
Health Deductable	1,131.00	17,258.03	12,310.55	6,078.48	0.00
Payroll Distribution	159,022.33	767,627.84	772,584.28	154,065.89	0.00
Less Gen Treas Investment	-10,335,971.31	-983.18	0.00	-10,336,954.49	
	5,682,458.99	4,190,075.73	3,961,248.62	5,911,286.10	18,103,078.71

Other Accounts	Treasurer	Receipts	Disbursements	Treasurer	Auditor
	Balance			Balance	Balance
260 Ohio CDBG	37,186.56	0.00	0.00	37,186.56	37,186.56
261 Community Housing	5,336.00	24,112.00	5,336.00	24,112.00	7,300.00
262 Hud	0.00	0.00	0.00	0.00	0.00

Other Accounts	Treasurer	Receipts	Disbursements	Treasurer	Auditor
	Balance			Balance	Balance
Croghan Colonial Bank					
252 Manatory Fines	2,303.50	1,372.35	0.00	3,675.85	3,675.85
253 Forfeitures & Seizures	42,761.17	18,548.00	15,889.75	45,419.42	45,419.42
256 D.A.R.E.	4,224.37	1,840.00	3,030.30	3,034.07	3,034.07
257 Blockwatch	619.47	0.00	89.62	529.85	529.85
265 Revolving Loan	239,339.71	2,476.78	305.63	241,510.86	241,510.86
540 Water Construction	0.00	0.00	0.00	0.00	0.00
	289,248.22			294,170.05	294,170.05

Other Accounts	Treasurer	Receipts	Disbursements	Treasurer	Auditor
	Balance			Balance	Balance
Other Banks & Star					
540 Water Construction	0.00	0.00	0.00	0.00	0.00
541 Water Replacement	0.00	0.00	0.00	0.00	0.00

Investments	Fund	Maturity	Par	Purchase
Held in Trust		Date	Amount	Price
Key Bank	General Treas	current	1,643,273.12	1,643,273.12
Key Bank	Water Replace*	current	361,206.15	361,206.15
PNC Bank	Water*	current	106,679.05	106,679.05
PNC Bank	Sewer Replace*	current	133,348.77	133,348.77
PNC Bank	Capital Improve*	current	512,059.23	512,059.23
PNC Bank	Fire Equip*	current	314,703.00	314,703.00
Charter One	General Treas	current	220,809.75	220,809.75
Stifel Nicolaus FHLB	General Treas	9-07-12	1,000,000.00	999,700.00
Huntington Securities FHLB	General Treas	10-10-12	1,000,000.00	1,000,000.00
Huntington Securities FHLB	General Treas	6-08-12	500,000.00	499,725.00
Huntington Securities FHLB	General Treas	9-17-12	500,000.00	499,225.00
Citi Bank FHLB	General Treas	2-09-12	500,000.00	499,500.00
Citi Bank FHLB	General Treas	5-04-12	500,000.00	500,000.00
Citi Bank FHLB	General Treas	1-06-12	1,000,000.00	1,000,000.00
TriState Capital CD (CDARS)	General Treas	4-14-11	500,000.00	500,000.00
TriState Capital CD (CDARS)	General Treas	8-18-11	1,000,000.00	1,000,000.00
TriState Capital CD (CDARS)	General Treas	9-22-11	250,000.00	250,000.00
TriState Capital CD	General Treas	8-23-11	248,000.00	248,000.00
Tri State Capital	General Treas	current	500,102.84	500,102.84
Croghan Colonial 360 Day CD	General Treas	6-08-11	250,000.00	250,000.00
Croghan Colonial 365 Day CD	General Treas	9-15-11	500,000.00	500,000.00
Star Ohio Money Market	General Treas	current	226,618.78	226,618.78
Star Ohio Money Market	Walsh Trust*	current	183,215.82	183,215.82
Stifel Nicolaus FHLB	Walsh Trust*	current	499,975.00	499,975.00

<i>Holly R. Elder</i>	Treasurer	12,448,141.51	
	Total Balance	18,714,896.22	18,441,735.32
Holly R. Elder, City Treasurer	(Less-Outstanding Checks	273,160.90	
<i>John W. Lauer</i>			
John W. Lauer, City Auditor	Auditor's Balance	18,441,735.32	18,441,735.32

CITY OF FREMONT Cash Balances
December, 2010

	Balance 1/01/2010	Month Revenues	Month Expenditures	Year to Date Revenues	Year to Date Expenditures	Ending Cash Balance	Encumbrances	Unencumber Balance
101 General	2,496,748.24	638,712.42	713,862.59	8,064,437.83	8,652,555.93	1,908,630.14	125,572.78	1,783,057.36
102 Reserve Balance W.C.	234,823.78	0.00	0.00	10,542.13	10,185.00	235,180.91	0.00	235,180.91
108 General Debt Service	306,076.90	31,000.00	0.00	372,000.00	371,642.52	306,434.38	0.00	306,434.38
201 Municipal Income Tax	1,991,202.43	987,770.23	636,710.59	7,830,086.80	7,590,705.80	2,230,583.43	24,410.69	2,206,172.74
211 Public Recreation	209,775.84	47,540.69	58,546.01	835,806.31	788,425.58	257,156.57	33,032.16	224,124.41
222 Street Maintenance	699,534.52	73,189.77	66,361.50	783,280.58	924,461.94	558,353.16	17,017.67	541,335.49
223 Motor Vehicle License	93,448.91	0.00	0.00	0.00	0.00	93,448.91	0.00	93,448.91
231 Indigent Drivers	75,987.43	1,147.12	0.00	19,389.73	14,000.00	81,377.16	37,500.00	43,877.16
232 Probation Services	9,893.85	232.00	0.00	2,968.35	6,914.29	5,947.91	0.00	5,947.91
233 Court Special Project Fund	116,780.97	4,772.00	0.00	61,480.55	0.00	178,261.52	0.00	178,261.52
234 Enforcement & Education	29,493.80	95.00	0.00	741.00	0.00	30,234.80	0.00	30,234.80
235 Muni Court Computer	74,576.88	1,654.00	181.90	22,561.50	15,271.80	81,866.58	263.78	81,602.80
250 Police Pension	410,362.10	60,000.00	0.00	416,450.30	383,891.68	442,920.72	0.00	442,920.72
251 Fire Pension	460,209.17	40,000.00	0.00	386,450.30	370,545.88	476,113.59	0.00	476,113.59
252 Mandatory Drug	4,885.60	1,372.35	(25.00)	2,422.25	3,632.00	3,675.85	3,200.00	475.85
253 Forfeiture & Seizure	23,931.48	9,478.35	15,889.75	45,877.53	24,389.59	45,419.42	37,000.00	8,419.42
255 Criminal Justice	5347.79	0.00	2,647.26	10,335.00	6,475.32	9,207.47	0.00	9,207.47
256 D.A.R.E.	4,828.17	1,840.00	3,030.30	1,970.00	3,764.10	3,034.07	0.00	3,034.07
257 Blockwatch	9.73	0.00	89.62	650.00	129.88	529.85	0.00	529.85
260 Ohio (CDBG	30,851.15	0.00	0.00	86,174.00	79,838.59	37,186.56	3,756.41	33,430.15
261 Community Housing	0.00	24,112.00	22,148.00	225,268.00	217,968.00	7,300.00	85,525.00	(78,225.00)
262 FEMA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
263 Continuing Profess. Training	2,815.02	0.00	1,630.00	620.00	2,780.00	655.02	1,237.50	(582.48)
265 Revolving Loan	161,218.61	2,476.78	305.63	131,905.12	51,612.87	241,510.86	633.24	240,877.62
410 Capital Improvement	1,559,986.01	17,034.11	58,553.34	1,048,131.31	1,045,971.84	1,562,145.48	1,271,824.89	290,320.59
420 Fire Equipment	602,195.01	81.46	0.00	100,562.04	0.00	702,757.05	0.00	702,757.05
440 Construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
460 Local Transportation	0.00	0.00	0.00	0.00	0.00	0.00	150,000.00	(150,000.00)
461 SCIP	0.00	0.00	0.00	30,567.70	30,567.70	0.00	0.00	0.00
462 Development Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
510 Water Operating	1,313,176.31	441,228.71	288,626.44	4,441,671.79	3,979,048.98	1,775,799.12	118,541.04	1,657,258.08
520 Water Deposits	47,830.00	1,200.00	2,500.40	15,950.00	14,945.00	48,835.00	0.00	48,835.00
531 Water 1994 Improve Bond	190,118.83	35,391.00	324,817.00	424,637.00	424,634.00	190,121.83	0.00	190,121.83
532 Water Revenue Mortgage	18,416.58	14,362.00	131,121.00	172,245.00	172,242.00	18,419.58	0.00	18,419.58
533 Water 2003 Improve Bond	14,025.38	15,924.00	148,009.51	191,022.00	191,019.02	14,028.36	0.00	14,028.36
540 Water Construction	360,492.55	0.00	0.00	185.39	360,677.94	0.00	0.00	0.00
541GWater Replace/Improvement	484,104.81	112.02	7,840.98	411,271.98	52,813.59	822,563.20	408,034.54	414,528.66
541SWater Replace/Improvement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
542 Water Reservoir	652,753.48	1,311,610.93	1,232,417.18	7,501,134.21	7,839,220.22	314,667.47	7,585,016.00	(7,270,348.53)
570 Sewer Operating	2,456,403.03	509,999.80	239,366.02	5,154,806.06	3,177,756.39	4,433,452.70	170,439.44	4,263,013.26
580 Sewer Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
590 Sewer Replace/Improvement	545,115.08	34.52	0.00	167,628.71	325,661.22	387,082.57	673,936.25	(286,853.68)
601 Internal Equipment Service	17,665.09	16,983.62	5,136.92	67,193.52	67,193.52	17,665.09	1,085.97	16,579.12
603 Internal Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
701 R.L. Walsh Trust	806,300.14	120.24	0.00	710.62	0.00	807,010.76	0.00	807,010.76
702 Recreation Trust	78,441.72	0.00	3,129.13	5,000.00	42,376.96	41,064.76	0.00	41,064.76
713 Demolition Security Trust	9,500.00	0.00	0.00	13,133.33	7,435.00	15,198.27	8,500.00	6,698.27
714 Unclaimed Monies	9,715.32	0.00	0.00	403.24	0.00	10,118.56	0.00	10,118.56
725 Ohio Highway Patrol Transfer	0.00	2,259.82	2,259.82	27,248.90	27,248.90	0.00	0.00	0.00
726 County Sewer District	2,358.85	43,417.79	30,305.07	404,346.24	360,928.45	45,776.64	0.00	45,776.64
730 Main St., Fremont	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRAND TOTALS	16,591,400.56	4,335,152.73	3,995,460.96	39,489,266.32	37,638,931.56	18,441,735.32	10,756,527.36	7,685,207.96

City of Fremont, Ohio
Treasurer's Monthly Statement of City Funds
Month Ending December 31, 2009

General Account	Balance of	Receipts	Disbursements	Treasurer	Auditor
Croghan Colonial Bank	Previous Month			Balance	Balance
101 General	2,634,804.74	659,071.21	751,493.92	2,542,382.03	2,496,748.24
102 Reserve Balance-W.C.	234,823.78	0.00	0.00	234,823.78	234,823.78
108 G. O. Debt	272,739.90	33,337.00	0.00	306,076.90	306,076.90
201 Municipal Income Tax	1,629,245.62	969,933.12	608,962.31	1,992,216.43	1,991,202.43
211 Public Recreation	232,772.81	52,355.08	63,152.05	221,975.84	209,775.84
222 Street Maintenance	694,616.32	69,160.97	60,349.90	703,427.39	699,534.52
223 Motor Vehicle License	93,448.91	0.00	0.00	93,448.91	93,448.91
231 Indignant Drivers	74,920.53	1,066.90	0.00	75,987.43	75,987.43
232 Probation Services	9,715.55	178.30	0.00	9,893.85	9,893.85
233 Court Special Project Fund	112,414.47	4,366.50	0.00	116,780.97	116,780.97
234 Enforcement Education	29,418.80	75.00	0.00	29,493.80	29,493.80
235 Muni Court Computer	74,678.81	1,587.00	188.93	76,076.88	74,576.88
250 Police Pension	442,758.68	60,123.66	92,520.24	410,362.10	410,362.10
251 Fire Pension	511,566.81	40,123.66	91,481.30	460,209.17	460,209.17
255 Criminal Justice	5,981.23	0.00	306.08	5,675.15	5,347.79
262 FEMA	0.00	0.00	0.00	0.00	0.00
263 Continuing Profess. Training	3,265.02	0.00	450.00	2,815.02	2,815.02
410 Capital Improvement	1,207,488.64	15,029.03	83,226.92	1,139,290.75	1,559,986.01
420 Fire Equipment	288,054.05	0.00	0.00	288,054.05	602,195.01
460 Local Transportation	0.00	40,334.97	40,334.97	0.00	0.00
461 SCIP	0.00	0.00	0.00	0.00	0.00
462 Development Grant	0.00	0.00	0.00	0.00	0.00
510 Water Operating	1,147,513.13	380,151.99	279,722.89	1,247,942.23	1,313,176.31
520 Water Deposits	48,710.29	1,275.00	2,056.22	47,929.07	47,830.00
531 Water 1994 Improvement	477,952.71	35,558.00	323,391.88	190,118.83	190,118.83
532 Water REV MTG	136,410.33	14,590.00	132,583.75	18,416.58	18,416.58
533 Water 2003 Improvement	147,543.01	16,198.00	149,715.63	14,025.38	14,025.38
541 Water Replacement	459,496.94	6,493.33	1,885.46	464,104.81	464,104.81
542 Water Reservoir	530,649.44	175,260.19	53,156.15	652,753.48	652,753.48
570 Sewer Operating	2,388,182.87	407,417.25	300,723.40	2,494,876.72	2,456,403.03
580 Sewer Bond	0.00	0.00	0.00	0.00	0.00
590 Sewer Replacement	426,459.48	0.00	14,455.01	412,004.47	545,115.08
601 Internal Equipment Service	3,695.19	19,603.96	4,796.44	18,502.71	17,665.09
701 R.L. Walsh Trust	123,819.94	0.00	0.00	123,819.94	806,300.14
702 Recreation Trust	78,441.72	0.00	0.00	78,441.72	78,441.72
713 Demolition Security	9,500.00	0.00	0.00	9,500.00	9,500.00
714 Unclaimed Money	9,715.32	0.00	0.00	9,715.32	9,715.32
725 Ohio Highway Patrol	0.00	1,702.08	1,702.00	0.00	0.00
726 County Sewer District	32,430.01	34,422.87	30,071.16	36,781.72	2,358.85
730 Main Street	0.00	0.00	0.00	0.00	0.00
Health Deductable	995.78	6,457.12	5,303.55	2,149.35	0.00
Payroll Distribution	191,516.43	776,474.52	795,503.74	172,487.21	0.00
Less Gen Treas Investment	-11,328,481.30	998,123.46	0.00	-10,330,357.84	
TOTAL GENERAL ACCOUNT	3,437,265.96	4,820,470.17	3,885,533.98	4,372,202.15	16,005,183.27

Other Accounts	Treasurer	Receipts	Disbursements	Treasurer	Auditor
	Balance			Balance	Balance
260 Ohio CDBG	31,441.13	0.00	589.98	30,851.15	30,851.15
261 Community Housing	150.00	0.00	150.00	0.00	0.00
262 Hud	0.00	0.00	0.00	0.00	0.00

Other Accounts	Treasurer	Receipts	Disbursements	Treasurer	Auditor
	Balance			Balance	Balance
252 Manatory Fines	4,695.48	765.22	550.10	4,910.60	4,885.60
253 Forfeitures & Seizures	14,466.02	7,746.07	7,350.26	14,861.83	23,931.48
256 D.A.R.E	4,167.68	2,705.00	2,044.51	4,828.17	4,828.17
257 Blockwatch	20.81	0.00	11.08	9.73	9.73
265 Revolving Loan	158,555.06	2,663.55	0.00	161,218.61	161,218.61
640 Water Construction	39,031.92	6.64	0.00	39,038.56	360,492.55
603 Internal Health Benefits	0.00	0.00	0.00	0.00	0.00
	220,936.97			224,867.50	555,366.14

Other Accounts	Treasurer	Receipts	Disbursements	Treasurer	Auditor
Other Banks & Star	Balance			Balance	Balance
540 Water Construction	0.00	0.00	0.00	0.00	0.00
541 Water Replacement	6,492.39	0.94	6,493.33	0.00	0.00

Investments	Fund	Maturity	Par	Purchase	
Held in Trust		Date	Amount	Price	
Charter One	General Treas	current	855,467.73	855,467.73	
Charter One	Water Const.*	current	321,453.99	321,453.99	
National City	Water*	current	106,488.53	106,488.53	
National City	Sewer Replace*	current	133,110.61	133,110.61	
National City	Capital Improve*	current	511,144.73	511,144.73	
National City	Fire Equip*	current	314,140.96	314,140.96	
Key Bank	General Treas	current	1,000,471.33	1,000,471.33	
Bank CD	Forfeit&Seizure*		8,344.82	9,069.85	
Huntington Securities	General Treas	12-22-11	500,000.00	499,850.00	
Charter One 365 Day CD	General Treas	4-29-10	500,000.00	500,000.00	
Charter One 300 Day CD	General Treas	5-13-10	500,000.00	500,000.00	
TriState Capital CD (CDARS)	General Treas	9-23-10	500,000.00	500,000.00	
TriState Capital CD (CDARS)	General Treas	10-14-10	1,000,000.00	1,000,000.00	
Old Fort 364 Day CD (CDARS)	General Treas	8-05-10	500,000.00	500,000.00	
Old Fort 364 Day CD (CDARS)	General Treas	8-12-10	1,000,000.00	1,000,000.00	
Old Fort 364 Day CD (CDARS)	General Treas	2-11-10	1,000,000.00	1,000,000.00	
Croghan Colonial 360 Day	General Treas	6-08-10	250,000.00	250,000.00	
Croghan Colonial 270 Day CD	General Treas	3-02-10	1,000,000.00	1,000,000.00	
Croghan Colonial 270 Day CD	General Treas	3-04-10	1,000,000.00	1,000,000.00	
Croghan Colonial 365 Day CD	General Treas	9-15-10	500,000.00	500,000.00	
Star Ohio Money Market	General Treas	current	224,568.78	224,568.78	
Star Ohio Money Market	Walsh Trust*	current	682,480.20	682,480.20	
				Treasurer	12,408,246.51
				Total Balance	17,036,167.31
				(Less-Outstanding Checks)	444,766.75
				Auditor's Balance	16,591,400.56

Holly R. Elder, City Treasurer

John W. Lauer, City Auditor

City of Fremont Cash Balances
December, 2009

	Balance 1/01/2009	Month Revenues	Month Expenditures	Year to Date Revenues	Year to Date Expenditures	Ending Cash Balance	Encumber ances	Unencumber Balance
101 General	2,416,243.46	659,139.62	789,421.35	8,370,393.80	8,289,889.02	2,496,748.24	39,510.94	2,457,237.30
102 Reserve Balance W.C.	271,444.37	0.00	0.00	3,911.59	40,532.18	234,823.78	0.00	234,823.78
108 General Debt Service	244,130.00	33,337.00	633,763.09	3,531,958.60	3,470,006.70	306,076.90	0.00	306,076.90
201 Municipal Income Tax	2,637,806.13	995,953.12	633,763.09	7,246,787.75	7,893,391.45	1,991,202.43	39,901.05	1,951,301.38
211 Public Recreation	189,411.03	52,295.08	70,495.08	867,340.13	846,975.32	209,775.84	16,354.79	193,421.05
222 Street Maintenance	812,742.58	69,160.97	63,459.51	771,428.04	884,636.10	699,534.52	81,605.10	617,929.42
223 Motor Vehicle License	93,448.91	0.00	0.00	0.00	0.00	93,448.91	0.00	93,448.91
231 Indignant Drivers	70,513.42	1,066.90	0.00	16,974.20	11,500.19	75,987.43	10,000.00	65,987.43
232 Probation Services	7,712.75	178.30	0.00	3,510.88	1,329.58	9,893.85	1,514.00	8,379.85
233 Court Special Project Fund	48,858.47	4,366.50	0.00	67,922.50	0.00	116,780.97	0.00	116,780.97
234 Enforcement & Education	28,007.80	75.00	0.00	1,486.00	0.00	29,493.80	0.00	29,493.80
235 Muni Court Computer	59,255.30	1,587.00	1,688.93	25,053.00	9,731.42	74,576.88	175.00	74,401.88
250 Police Pension	380,907.86	60,131.55	92,528.13	417,485.35	388,031.11	410,362.10	0.00	410,362.10
251 Fire Pension	443,976.13	40,131.55	91,489.19	387,485.35	371,254.31	460,209.17	0.00	460,209.17
252 Mandatory Drug	7,279.03	765.22	575.10	4,220.22	6,613.65	4,885.60	0.00	4,885.60
253 Forfeit & Seizure	25,109.14	7,963.23	7,350.26	14,656.94	15,836.60	23,931.48	0.00	23,931.48
255 Criminal Justice	0.00	0.00	633.44	23,000.00	17,652.21	5,347.79	348.24	4,999.55
256 D.A.R.E.	4,574.35	2,705.00	2,044.51	3,358.00	3,104.18	4,828.17	0.00	4,828.17
257 Blockwatch	20.81	0.00	11.08	0.00	11.08	9.73	0.00	9.73
260 Ohio (CDBG	41,984.66	0.00	589.98	71,800.00	82,933.51	30,851.15	14,000.00	16,851.15
261 Community Housing	(5.75)	0.00	0.00	325,484.00	325,478.25	0.00	87,263.00	(87,263.00)
262 FEMA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
263 Continuing Profess. Training	1,794.47	0.00	450.00	3,960.00	2,939.45	2,815.02	150.00	2,665.02
265 Revolving Loan	111,675.71	2,663.55	0.00	50,361.54	818.64	161,218.61	181.36	161,037.25
410 Capital Improvement	1,369,397.09	15,202.63	173,271.39	1,186,584.43	995,975.51	1,559,986.01	744,166.24	815,819.77
420 Fire Equipment	514,750.42	106.69	0.00	88,354.59	910.00	602,195.01	0.00	602,195.01
440 Construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
460 Local Transportation	0.00	40,334.97	40,334.97	150,000.00	150,000.00	0.00	0.00	0.00
461 SCIP	0.00	0.00	0.00	32,927.99	32,927.99	0.00	0.00	0.00
462 Development Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
510 Water Operating	1,195,937.97	355,688.16	293,307.23	3,616,522.26	3,498,283.92	1,313,176.31	40,079.80	1,273,096.51
520 Water Deposits	45,275.00	1,275.00	2,070.17	16,175.00	13,620.00	47,830.00	0.00	47,830.00
531 Water 1994 Improve Bond	190,118.59	35,558.00	323,391.88	426,784.00	426,783.76	190,118.83	0.00	190,118.83
532 Water Revenue Mortgage	18,416.08	14,590.00	132,583.75	175,168.00	175,167.50	18,416.58	0.00	18,416.58
533 Water 2003 Improve Bond	14,025.64	16,198.00	149,715.63	194,431.00	194,431.26	14,025.38	0.00	14,025.38
540 Water Construction	365,477.94	180.32	0.00	5,942.86	10,927.95	360,492.55	130,105.83	230,386.72
S41GWater Replace/Improvement	588,981.27	6,493.33	1,885.46	10,593.33	135,469.79	464,104.81	126,771.71	337,333.10
S41SWater Replace/Improvement	13,449.34	0.94	6,493.33	30.70	13,480.04	0.00	0.00	0.00
542 Water Reservoir	423,310.30	175,260.19	52,656.45	4,175,260.19	3,945,817.01	652,753.48	3,552,331.94	(2,899,578.46)
570 Sewer Operating	1,763,001.55	407,417.25	307,814.45	3,824,646.88	3,131,245.40	2,456,403.03	75,249.51	2,381,153.52
580 Sewer Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580 Sewer Replace/Improvement	590,939.71	45.21	14,455.01	20,385.86	66,210.49	545,115.08	959,676.81	(414,561.73)
601 Internal Equipment Service	17,665.09	19,603.96	5,634.06	83,029.08	83,029.08	17,665.09	596.61	17,068.48
603 Internal Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
701 R.L. Walsh Trust	804,420.01	126.14	0.00	1,880.13	0.00	806,300.14	0.00	806,300.14
702 Recreation Trust	30,945.39	0.00	0.00	55,612.04	8,115.71	78,441.72	0.00	78,441.72
713 Demolition Security Trust	5,460.50	0.00	0.00	38,194.80	34,155.90	9,500.00	0.00	9,500.00
714 Unclaimed Monies	8,924.99	0.00	0.00	790.33	0.00	9,715.32	0.00	9,715.32
725 Ohio Highway Patrol Transfer	0.00	1,702.08	1,702.08	24,301.36	24,301.36	0.00	0.00	0.00
726 County Sewer District	2,358.85	34,422.87	64,494.03	395,283.53	395,283.53	2,358.85	0.00	2,358.85
730 Main St., Fremont	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRAND TOTALS	15,859,748.06	3,055,725.33	3,324,309.29	36,731,453.05	35,999,800.55	16,591,400.56	5,919,981.93	10,671,418.63

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Dave Yost • Auditor of State

CITY OF FREMONT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 13, 2011

THATCHE, absent
Don Peltz, yes
Matt James, yes

Considered and adopted by unanimous vote.

Attest: Wanda Bean
Clerk to the Board

file: commissioners
copies:

I, the undersigned, Clerk of the Board of Commissioners, Sandusky County, Ohio, do hereby certify that the foregoing is a true and correct copy from the official record of the Board of County Commissioners as recorded in the official Journal.

Clerk, Board of County Commissioners
Sandusky County, Ohio



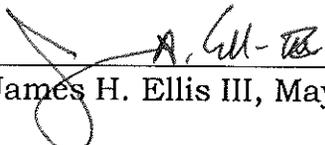
James G. Weaver
President of Council

PASSED: 2-16-12
Effective date: 2-16-12

YEAS: 7 NAYS: 0



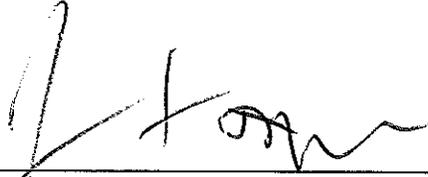
Elaine J. Stanley
Clerk of Council



James H. Ellis III, Mayor

RES326

Approved as to form:

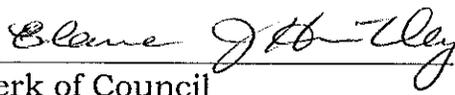
A handwritten signature in black ink, appearing to read "J. Melle", written over a horizontal line.

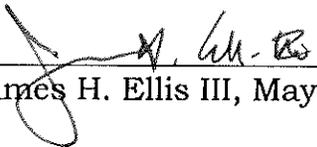
James F. Melle, Director of Law
City of Fremont, Ohio


James Weaver
President of Council

PASSED: 2-16-12
Effective date: 2-16-12

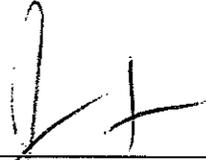
YEAS: 7 NAYS: 0


Clerk of Council


James H. Ellis III, Mayor

RES325

Approved as to form:



James F. Melle, Director of Law
City of Fremont, Ohio

7. This Memorandum of Understanding is the entire agreement between the City and the County relating or concerning the Grant and/or the Study, superseding any other written or oral representations, statements or agreements. The parties acknowledge that they may enter into further agreements to fully implement duties, obligations, and undertakings outlined herein.

8. The rights and duties of the parties under this Memorandum of Understanding may not be assigned.

9. This Memorandum of Understanding shall be subject to, and construed under the laws of the State of Ohio.

10. In the event any provision of this Memorandum of Understanding is deemed void or unenforceable by a court of competent jurisdiction, such provision shall be either deleted or reformed to accomplish the intent of the parties. The remainder of the Memorandum of Understanding shall remain in full force and effect regardless of any provision being deemed void or unenforceable.

11. Any waiver of any provision hereof, or the amendment of this Memorandum of Understanding, must be in a writing signed by all parties to be effective.

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Understanding as of the 22nd day of February, 2012.

County of Sandusky, Ohio

By Warren Brown
Warren Brown, County Administrator

City of Fremont, Ohio

By Jim Ellis
Jim Ellis, Mayor



April 2, 2012

Jim Ellis
City of Fremont
323 S. Front St.
Fremont, Ohio 43420

RE: Application Cure Letter

Dear Jim Ellis:

The Ohio Department of Development (Development) has received and is currently reviewing your application for Round 1 of Local Government Innovation Fund program. During this review Development has determined that additional information is needed for your application. The identified item(s) requiring your attention are listed on the attached page(s). Please respond only to the issues raised. Failure to fully address all the identified items could lead to a competitive score reduction or ineligibility for Round 1 of the Local Government Innovation Fund program. **A written response from the applicant to this completeness review is due to Development no later than 5:00 p.m. on April 30, 2012.** Please send the response in a single email to lgif@development.ohio.gov and include "Cure—Project Name" in the subject line.

While this cure letter represents the additional information needed for Development review, the Local Government Innovation Council continues to reserve the right to request additional information about your application.

Thank you once again for your participation in Local Government Innovation program. Please contact the Office of Redevelopment at lgif@development.ohio.gov or 614-995-2292 if you have further questions regarding your application or the information requested in this letter.

Sincerely,

Thea J. Walsh, AICP
Deputy Chief, Office of Redevelopment
Ohio Department of Development

Local Government Innovation Fund Completeness Review

Applicant: City of Fremont
Project Name: Feasibility Study of Consolidating the Sandusky County Courts
Request Type: Grant

Issues for Response

1. Budget

Please provide a line item budget that includes at minimum: 1) the sources of all funds being contributed to the project include **all** sources—cash, in-kind, etc.; 2) the uses of all funds (provide a line item for each use); 3) the total project costs (including the funding request **and** the local match. Please be sure that all uses of funds are eligible expenses as set forth in the program guidelines.

Example:

Collaboration Village’s Project Budget

Sources of Funds

LGIF Request	\$100,000
Match Contribution (10%)	\$ 11,111
<hr/>	<hr/>
Total	\$111,111

Uses of Funds

Consultant Fees for Study	\$111,111
<hr/>	<hr/>
Total	\$111,111

Total Project Cost: \$111,111

2. Match

For **in-kind contributions**, please provide documentation as outlined in section 2.06 of the Local Government Innovation Fund program policies. Certification of in-kind contributions may only be made for past investments. Anticipated in-kind contributions must be certified **after** the contribution is made.

BUDGET

Sources of Funds	
LGIF Request	\$35,000
Match Contribution (25%)	\$ 9,000
Total	\$44,000
Uses of Funds	
Consultant Fees for Study	\$35,000
Mike Jay – Research, meetings, administrative, conference calls	\$ 3,200
Jim Ellis – Meetings	\$ 1,000
Robert Hart – Meetings	\$ 1,000
Warren Brown – Research, meetings, administrative, conference calls	\$ 2,600
John Kolesar – Research, meetings	\$ 1,200
Total	\$44,000

Mike Jay, Economic Development Director
 City of Fremont
 323 S. Front St.
 Fremont, OH 43420
 419-334-5905

Jim Ellis, Mayor
 City of Fremont
 323 S. Front St.
 Fremont, OH 43420
 419-334-5900

Robert Hart, Judge
 Fremont Municipal Court
 323 S. Front St.
 Fremont, OH 43420
 419-552-5024

Robert Hart, Judge
 Fremont Municipal Court
 323 S. Front St.
 Fremont, OH 43420
 419-552-5024

Warren Brown, Administrator
 Sandusky County
 622 Croghan St.
 Fremont, OH 43420
 419-334-6100

John Kolesar, Judge
 Sandusky County Court District 1
 847 E. McPherson Hwy.
 Clyde, OH 43410
 419-547-0915

Attested by: *Michael Jay*
 Michael Jay
 Economic Development Director

Date 4-27-12

Notary: *Ruth C. Gegorski*
 Ruth Gegorski
 Notary Public, State of Ohio
 Commission Expires: 11/20/2012

Date 4-27-12

