

City of Rittman, Ohio



**Comprehensive
Annual Financial Report
For the year ended
December 31, 1999**



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Members of City Council
City of Rittman

We have reviewed the Independent Auditor's Report of the City of Rittman, Wayne County, prepared by Lennon & Company for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

JIM PETRO
Auditor of State

August 8, 2000

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CITY OF RITTMAN, OHIO

Comprehensive Annual Financial Report

Year Ended December 31, 1999

Prepared by: Department of Finance

CITY OF RITTMAN, OHIO
Comprehensive Annual Financial Report
Year Ended December 31, 1999

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CITY OF RITTMAN, OHIO
Comprehensive Annual Financial Report
Year Ended December 31, 1999

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INTRODUCTORY SECTION



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Rittman, Ohio 44270
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James Bell, CMFA
Finance Director

June 29, 2000

Members of Rittman City Council and
Citizens of Rittman, Ohio

The Comprehensive Annual Financial Report (CAFR) of the City of Rittman for the fiscal year ended December 31, 1999 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a list of principal officials, our organizational chart, and a copy of the GFOA Certificate of Achievement. The financial section includes the general purpose financial statements, the combining and individual fund and account group financial statements and schedules, and the independent auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The City of Rittman is located in the north central part of the State of Ohio, within the boundaries of Wayne and Medina Counties. The City of Rittman is a home rule municipal corporation under the laws of the State of Ohio and, as such, operates under its own charter. The current charter was adopted in 1960 and has undergone three amendments since that time. The government consists of a mayor and six-member council. The mayor and all members of council are elected to four-year terms. All of these officials are elected on an at-large basis.

For financial reporting purposes, the City includes in this report all funds, account groups, agencies, boards, and commissions that are controlled by, or dependent on, the City's legislative branch. "Controlled by" or "dependent on" the City is determined on the basis of budget adoption, taxing authority, outstanding debts secured by revenues or general taxing authority of the City, and/or the City's obligation to fund any deficits that may occur.

The City provides the full range of municipal services addressed in its charter. These services include police, fire, public health, recreation and parks, transportation programs, water and sewer programs, planning and zoning, and general administrative services.

1999 Initiatives

The main focus of 1999 and 2000 has been the design, bidding and construction of the 29,000 square foot recreation center, which will be located on Saurer Street next to the high school. The \$3,200,000 facility will include an indoor fitness center, running track, basketball/volleyball courts, and an indoor pool. It is anticipated that the opening of the facility will be April 2001. A full range of recreational programs will be made available to the community.

Efforts by the city to improve Rufener Street from Krabill/Briarhill north to the corporate limits is expected to take place in 2000 and 2001. The city is attempting to secure funds from the Ohio Public Works Commission for Phase I of the project which will include curbs, gutters, sidewalk, storm sewer, and street widening. The city has been actively involved in upgrading its equipment through the purchase of new vehicles for city departments.

Development Activities

After a strong year of business expansion in 1999, future development activity on the horizon looks very strong for the city. The Ohio Western Reserve National Cemetery located on Rawiga Road will begin interments of veterans in June 2000. Plans are currently underway to extend water and sanitary sewer to the intersection of 47 acres recently annexed to the city at State Route 57 and Eastern Road. The city anticipates significant development activity in this area in the future. Ambilt Corporation's recent annexation of 14.5 acres at the corner of Krabill Road and Briarhill calls for an additional housing development. Although no specific plans have been presented to the Planning Commission or the city, single-family housing units are expected to be planned in that area. The strong commitment by City Council and City Administration of increasing recreational activities and the infrastructure improvements of the city coupled with the anticipated commercial and residential growth place the City of Rittman in a strong position for the new millennium and continuing positive growth.

Economic Condition and Outlook

The City's two largest employers are Morton Salt, which produces table salt, and Rittman Paperboard, a subsidiary of Caraustar Industries. Caraustar manufactures cardboard containers for the distribution of other company's products. It appears that employment at Caraustar has stabilized and no further layoffs are anticipated at either plant in the immediate future. Unilock of Rittman, which opened in June of 1999 in their new 24,000 square foot plant at Sheets Road and State Route 57, is in full production and is estimated to employ approximately 50 employees. The company manufactures concrete pavers and landscape brick for commercial and residential purposes. Current plans call for the expansion of their storage area as well as consideration to expansion of the plant.

Residential construction in Rittman will increase significantly over the next few years as five new developments are being considered. Two developments currently underway are Hills & Dales Estates on the old Saurer Farm and Seven Ranges on Rufener Street. Approximately 150 new building lots will be available for single family housing when these developments are fully developed. In addition, a 120 lot development on the north end of Rufener Street is being considered on property owned by Leo and Francis Smith and the Rittman Community Improvement Corporation. Thus, over 275 building lots will be available in the immediate future for large-scale development of single family houses in the city. General Dollar will also be locating a new store at North Main and Beech Streets on property recently purchased for the purpose.

This strong activity in commercial and industrial growth and expansion leads us to believe that the City has put itself in a strong position. Because of its adequate natural resources such as water and its capacity through its new wastewater treatment plant the city is in a good position to handle such activities. Ongoing efforts to improve the city storm sewer and streets continues with the recent completion of the Salt Street Storm Sewer Project and Sanitary Sewer Rehabilitation Project and further street improvements are being considered.

Future Projects

The 2001 Street Improvement Project will include the paving of Rufener Street from Krabill/Briarhill to Eastern Road by widening the street, installing new curbs, gutters, sidewalk and storm sewer. A new radio communication system was installed in 2000 and put into operation to improve communication between all City safety forces.

Improvements are planned for several parks in 2000. New playground structures and swings will be installed in the location of the former Junior Achievement building on State Street, First Street Park, and Fritz Park.

Financial Information

Basis of Accounting. The City's accounting system is organized on a "fund" basis. Each fund or account group is a distinct self-balancing accounting entity. During the year, the accounting records are maintained on a cash basis for all fund types. To prepare this report, adjusting entries are prepared for the various funds to convert the cash basis records to modified accrual for all governmental funds and agency funds, and accrual for the proprietary funds. The modified accrual basis of accounting requires revenue to be recognized when measurable and available within the business cycle (within two months after year end), and expenditures are recognized when the fund liability is incurred. Accounting records for the proprietary funds are converted to the accrual basis, whereby revenues are recognized in the period in which they are earned and expenses are recorded at the time liabilities are incurred. The basis of accounting and the various funds and account groups utilized by the City of Rittman are fully described in Note 1 to the General Purpose Financial Statements.

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

Budgetary Control. The annual tax budget for the City is prepared and filed with the Wayne and Medina County Auditors no later than July 20 of each year. After a public hearing, the County Budget Commissions certify to the City the revenues the City expects to receive during the upcoming calendar year. These amounts are added to the available balances at year-end to calculate the total amounts available for appropriation by fund. In September and October, City Council holds workshops with the City Manager and Finance Director to determine the City's budget requirements for the upcoming year. These amounts are then appropriated by Council ordinance. Additional funding can be procured by a request to Council and the passage of a supplemental appropriation ordinance.

The City maintains budgetary control on a non-GAAP basis by fund, and within each fund by department. Budgetary control is also maintained at major object levels which include personal services, contractual services, supplies and materials, capital outlay, debt service, and other uses (including transfers by fund). For management purposes, the major object level is further defined, with budgeted amounts not to exceed the aggregate appropriated by Council.

Budgetary control is maintained by an encumbrance of the purchase commitment amounts prior to the release of purchase orders to vendors. Upon approval by the department head, the purchase requisitions are submitted to the finance department for the preparation of a purchase order, certification of the availability of funds, and encumbrance against the available appropriation. At the end of the year, outstanding encumbrances are carried forward to the new year if the purchased item has not been received or the project has not been completed.

General Government Functions. The following information, extracted from table one of the statistical section, compares revenues and expenditures for all governmental fund types and similar trust funds for 1998 and 1999.

GENERAL GOVERNMENT REVENUES (\$000 omitted)

<i>REVENUES</i>	<u>1998</u>	<u>1999</u>	<u>% Change 1998-1999</u>
<i>Taxes</i>	\$ 1,403	\$ 1,529	9.0 %
<i>Intergovernmental revenues</i>	873	1,002	14.8
<i>Charges for services</i>	435	503	15.6
<i>Special assessments</i>	20	25	25.0
<i>Fines, licenses and permits</i>	63	73	15.9
<i>Investment income</i>	307	247	(19.5)
<i>Miscellaneous</i>	<u>44</u>	<u>87</u>	<u>97.7</u>
 <i>Total</i>	 <u>\$ 3,145</u>	 <u>\$ 3,466</u>	 <u>10.2 %</u>

GENERAL GOVERNMENT EXPENDITURES (\$000 omitted)

<i>EXPENDITURES</i>	<u>1998</u>	<u>1999</u>	<u>% Change 1998-1999</u>
<i>Safety services</i>	\$ 1,039	\$ 1,121	7.9 %
<i>Public health and welfare</i>	68	72	5.9
<i>Leisure time activities</i>	95	93	(2.1)
<i>Community environment</i>	3	-	-
<i>Basic utility services</i>	197	198	0.5
<i>Transportation</i>	390	456	16.9
<i>General government</i>	472	539	14.2
<i>Capital outlay</i>	745	646	(13.3)
<i>Debt service</i>			
<i>Principal retirement</i>	71	75	5.6
<i>Interest and fiscal charges</i>	48	46	(4.2)
<i>Total</i>	<u>\$ 3,128</u>	<u>\$ 3,246</u>	<u>3.77 %</u>

In 1999, the City's property valuation increased nearly \$9 million from the previous year resulting in an increase of tax revenue. The City also received nearly \$100,000 into its Permanent Tax special revenue fund which is to be used for street improvements. Also, the increase in miscellaneous revenue is largely due to a storm sewer project reimbursement from Community Development Block Grant funds. New vehicles were purchased for the transportation department causing a significant increase in expenditures from 1998. Also, storm sewer and waterline replacement projects were significantly completed during 1998 and continued in 1999 reducing capital outlay expenditures.

General Fund. The General Fund accounts for all financial transactions that are not required to be accounted for in any other fund. It is the City's largest fund and provides for major City services of safety forces, governmental administration, and parks and recreation. The General Fund's balance decreased by \$66,891 to \$1,512,407 in 1999.

Special Revenue Funds. Special Revenue Funds of the City are used to account for revenues derived from specific taxes or other legally restricted revenue sources. All Special Revenue Funds are subject to an annual budget. The Special Revenue Funds include Emergency Medical Services, Street Maintenance & Repair, State Highway, Permissive Tax, Permissive Tax II, Police Pension, Law Enforcement Education, Law Enforcement, COPS, State and Federal Grants, and Fire Department Levy. The General Fund covers any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

Capital Projects Funds. The Capital Improvements Fund includes all major capital improvement projects of the City other than those accounted for in the Proprietary Funds. The primary sources of financing are twenty-five percent of all the income tax collections for the City and operating transfers from the General Fund. The Capital Projects funds include Capital Improvements and COPS Grant Capital Improvements.

Debt Service Fund. The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long term and special assessment debt principal and interest other than debt issued by an Enterprise Fund. Property taxes and other financing sources are the major sources of revenue for the Debt Retirement Fund.

Proprietary Funds. Enterprise Funds are used to account for the acquisition, operation, and maintenance of City facilities and services, which are intended to be financed from user charges. Enterprise funds of the City consist of the Water Fund and the Sewer Fund. The City's water system provides for the treatment and distribution of water throughout the City as well as areas outside the corporation limits. Sewage treatment is provided in the \$4,750,000 Wastewater Treatment Plant constructed in 1993. Financial statements for these funds are included in this report. (Please refer to the Notes in the Financial Section for the related segment information).

Fiduciary Funds. Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The City established the Cemetery Endowment Fund to accumulate funds for any capital expenditures necessary for the cemeteries owned by the City. The Recreation Trust Fund was established to account for the construction, improvement, and maintenance of the City's recreation facilities. This fund reports the estate tax collected in excess of \$17,000. The General Fund receives all Estate Tax revenue up to \$17,000.

Cash Management

The City's investment policy was vastly revised in 1996. The Finance Director may invest, on behalf of and in the name of the City, in obligations of the United States Government and certain federal agencies, certificates of deposit, savings accounts, NOW accounts, repurchase agreements, state and local government securities, and STAR Ohio, a statewide investment pool. The Municipal Treasurers Association of the United States & Canada recognized the City's investment policy with a national certification.

During the fiscal year ended December 31, 1999, the City's cash resources were divided into investments approximately as follows: Star Ohio 4%, time deposits 47%, agencies 47%, and Special Assessment Bonds 2%. The return on investment for 1999 was 5.86%. The average days to maturity as of December 31, 1999 was 404 days with a yield to maturity of 5.73%.

Debt Administration

At December 31, 1999, the City's outstanding general obligation debt was \$896,997, of which \$221,997 is payable from the Enterprise Funds. The City also had special assessment bonds with governmental commitment of \$76,572 outstanding at year-end. General obligation bonds are retired with operating revenues of the Capital Improvements Fund (transferred to the Debt Retirement Fund annually). Special Assessment Bonds are retired with the assessments applied against specific benefited property owners. Given these facts, and with continued prudent management on the part of City Council and Administration, the City of Rittman should be able to meet its capital needs during the foreseeable future.

Risk Management

The primary technique used for risk management is the purchase of insurance policies from commercial insurers. The types of insurance carried include: general liability, public officials liability, police professional liability, employee medical insurance, and State of Ohio Workers' Compensation. Deductibles vary on these policies depending on past experience with the type of liability covered. Should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the City.

Pension and Postemployment Benefit Plans

All employees of the City belong to one of two state operated pension plans (both are cost-sharing, defined-benefit, multiple-employer plans). Police and Fire personnel are members of the Police and Firemen's Disability and Pension Fund (PFDPF). All other employees are members of the Public Employees Retirement System of Ohio (PERS). Elected officials participate in PERS on a voluntary basis. These plans provide pension benefits as well as postretirement health care coverage to qualifying employees. Contributions to the plans by both the City and participating employees are mandated by state statute. Because both plans operate pursuant to the Ohio Revised Code, the Ohio General Assembly could decide to amend the format of the plans and could revise contribution and benefit levels.

Fixed Assets

The accounting for land, buildings, building improvements and equipment is essential for the complete record of assets. The General Fixed Assets Account Group includes all fixed assets of the City not used in an enterprise operation. Fixed assets of the enterprise funds are accounted for directly within those funds. As of December 31, 1999, the general fixed assets of the City amounted to \$5,048,749, an increase of \$218,965 from December 31, 1998.

Independent Audit

The City is not legally required to obtain an independent annual audit. The minimum requirement is for the State of Ohio to perform an audit, directly or indirectly through an independent auditing firm, at least every two years. The City, consistent with the professional manner in which it has conducted its financial affairs, has chosen to fund annual audits. The City has engaged Lennon & Company, Inc. to audit the City's financial records. The auditor's unqualified opinion is included herein.

Certification of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rittman, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance to the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized report whose contents conform to program standards. The report must satisfy Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report conforms to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

Acknowledgments

The preparation of this report could not have been accomplished without the dedicated services of the administration staff. I would like to express my appreciation to the staff of Lennon & Company for their assistance. The staff of the Wayne County Auditor's Office was helpful as always. A special thanks to Cindy Mann, Deputy Treasurer, whose dedicated and efficient work was invaluable to the completion of this report. I would also like to express my appreciation to Robert Kellogg, City Manager, for providing economic and future project information and to City Council for their support and commitment to responsible fiscal reporting.

Respectfully Submitted,

A handwritten signature in cursive script that reads "James A. Bell".

James A. Bell, CMFA
Finance Director/Treasurer

CITY OF RITTMAN, OHIO
Comprehensive Annual Financial Report
For the year ended December 31, 1999

CITY OFFICIALS

Mayor
Bonnie Kindig

Council Members

Steve Johnson, President
Nicholas Bostos
Raynor Shook

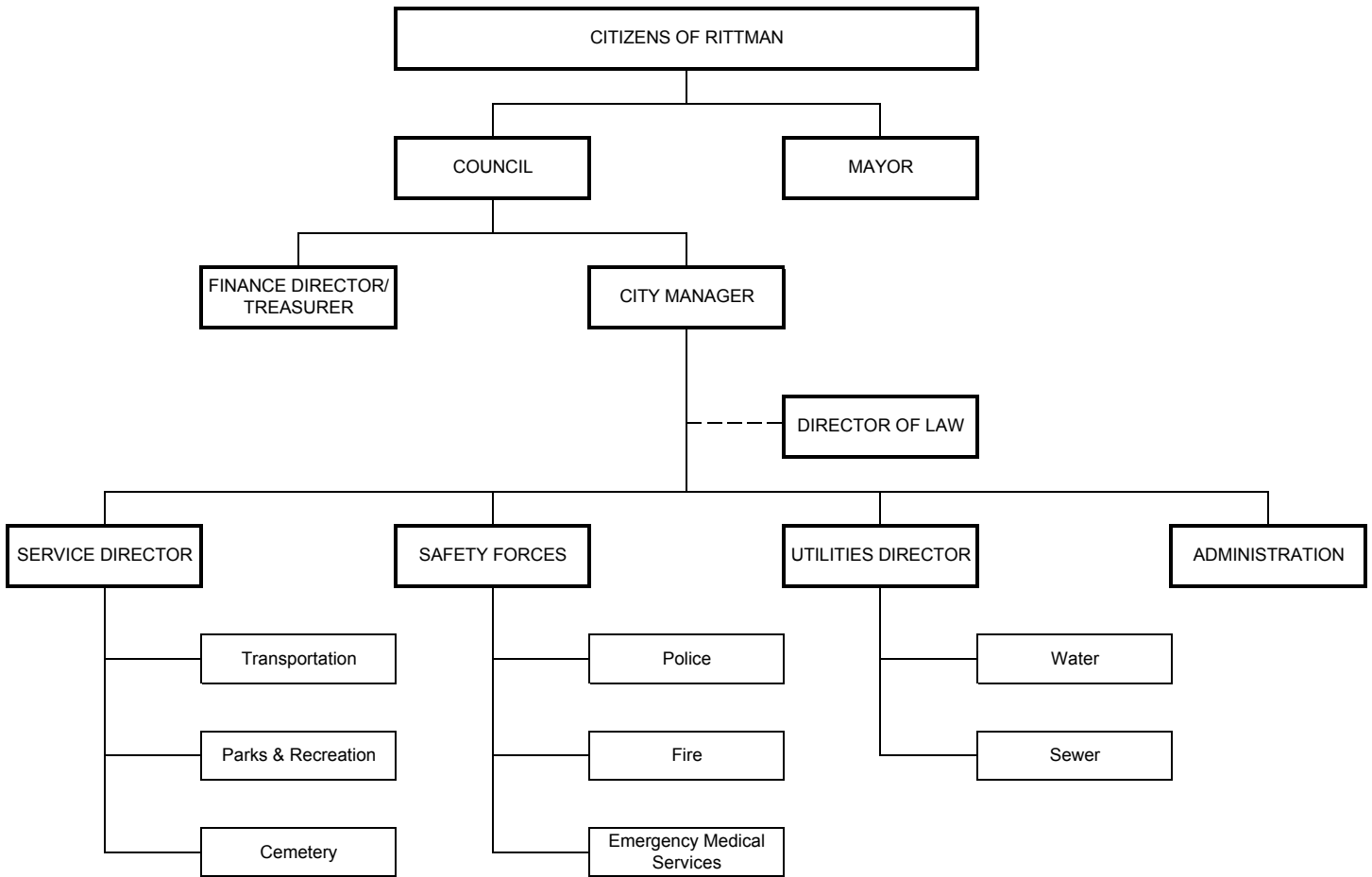
Ralph L. Johnson
Ray Mullet
Glen Russell

City Manager
Robert L. Kellogg

Director of Finance/Treasurer
James A. Bell

Director of Law
G. Kevin Bower

CITY OF RITTMAN, OHIO
Organizational Chart
December 31, 1999



CITY OF RITTMAN, OHIO

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rittman, Ohio for its Comprehensive Annual Financial Report for the year ended December 31, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only.

We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rittman, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1998

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



Cary Brubaker
President

Jeffrey L. Esser
Executive Director



FINANCIAL SECTION

Lennon & Company

Certified Public Accountant

104 High Street, Suite 201 • Wadsworth, Ohio 44281 • (330) 334-7774 • wmlennon@apk.net

INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Rittman
Rittman, Ohio 44270

We have audited the accompanying general purpose financial statements of City of Rittman, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of City of Rittman's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

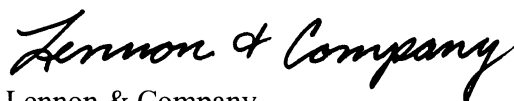
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Rittman, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of City of Rittman. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of City of Rittman. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and therefore we express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2000 on our consideration of City of Rittman's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



Lennon & Company
Certified Public Accountant
June 29, 2000

City of Rittman, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
As of December 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits</u>				
<u>Assets</u>				
Equity in pooled cash	\$ 535,529	\$ 382,729	\$ 1,307,030	\$ 484,721
Cash with fiscal and escrow agents	-	-	2,841	-
Receivables:				
Taxes	281,477	210,680	-	26,850
Accounts	39,174	18,616	-	1,047
Special assessments	-	-	92,079	-
Accrued interest	35,961	723	-	-
Due from other governments	15,078	24,511	-	-
Materials and supplies inventory	2,124	3,250	-	-
Prepaid items	13,945	1,045	-	-
Deferred charges	-	-	-	-
Advances to other funds	925,000	-	-	-
Fixed assets, (net where applicable of accumulated depreciation)	-	-	-	-
<u>Other debits</u>				
Amount available in debt service fund for retirement of general obligation bonds	-	-	-	-
Amount to be provided from special assessments	-	-	-	-
Amount to be provided from general government resources	-	-	-	-
Total assets and other debits	\$ 1,848,288	\$ 641,554	\$ 1,401,950	\$ 512,618

See accompanying notes to the financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Expendable Trust			
\$ 1,612,109	\$ 343,548	\$ -	\$ -	\$ 4,665,666
13,913	-	-	-	16,754
26,850	-	-	-	545,857
202,813	850	-	-	262,500
-	-	-	-	92,079
65	1,584	-	-	38,333
-	-	-	-	39,589
19,410	-	-	-	24,784
6,779	-	-	-	21,769
1,302	-	-	-	1,302
-	-	-	-	925,000
11,197,921	-	5,048,749	-	16,246,670
-	-	-	732,030	732,030
-	-	-	92,079	92,079
-	-	-	21,130	21,130
<u>\$ 13,081,162</u>	<u>\$ 345,982</u>	<u>\$ 5,048,749</u>	<u>\$ 845,239</u>	<u>\$ 23,725,542</u>

(continued)

City of Rittman, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
As of December 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, fund equity and other credits</u>				
<u>Liabilities</u>				
Accounts payable	\$ 29,543	\$ 18,737	\$ -	\$ 46,402
Accrued wages and benefits	22,938	11,120	-	-
Compensated absences payable	17,107	1,053	-	-
Due to other governments	34,118	27,641	-	-
Deferred revenue	232,175	228,540	92,079	-
Matured bonds payable	-	-	2,500	-
Matured interest payable	-	-	341	-
Accrued interest payable	-	-	-	-
Advances from other funds	-	-	925,000	-
OWDA loans payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Mortgage revenue bonds payable	-	-	-	-
Special assessment debt with governmental commitment	-	-	-	-
Total liabilities	335,881	287,091	1,019,920	46,402
<u>Fund equity and other credits</u>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings:				
Unreserved	-	-	-	-
Fund balance:				
Reserved for encumbrances	33,804	31,604	-	402,006
Reserved for inventory	2,124	3,250	-	-
Reserved for prepaid items	13,945	1,045	-	-
Reserved for debt service	-	-	732,030	-
Reserved for advances	925,000	-	-	-
Unreserved:				
Undesignated	537,534	318,564	(350,000)	64,210
Total fund equity and other credits	1,512,407	354,463	382,030	466,216
Total liabilities, fund equity and other credits	\$ 1,848,288	\$ 641,554	\$ 1,401,950	\$ 512,618

See accompanying notes to the financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Expendable Trust			
\$ 13,228	\$ -	\$ -	\$ -	\$ 107,910
5,972	-	-	-	40,030
30,830	-	-	93,667	142,657
14,447	-	-	-	76,206
-	400	-	-	553,194
10,200	-	-	-	12,700
3,713	-	-	-	4,054
13,916	-	-	-	13,916
-	-	-	-	925,000
2,715,637	-	-	-	2,715,637
221,997	-	-	675,000	896,997
1,214,700	-	-	-	1,214,700
-	-	-	76,572	76,572
<u>4,244,640</u>	<u>400</u>	<u>-</u>	<u>845,239</u>	<u>6,779,573</u>
-	-	5,048,749	-	5,048,749
2,737,880	-	-	-	2,737,880
6,098,642	-	-	-	6,098,642
-	-	-	-	467,414
-	-	-	-	5,374
-	-	-	-	14,990
-	-	-	-	732,030
-	-	-	-	925,000
-	345,582	-	-	915,890
<u>8,836,522</u>	<u>345,582</u>	<u>5,048,749</u>	<u>-</u>	<u>16,945,969</u>
<u>\$ 13,081,162</u>	<u>\$ 345,982</u>	<u>\$ 5,048,749</u>	<u>\$ 845,239</u>	<u>\$ 23,725,542</u>

City of Rittman, Ohio

Combined Statement of Revenues, Expenditures

and Changes in Fund Balances

All Governmental Fund Types and Expendable Trust Funds

For the Year Ended December 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$ 937,176	\$ 232,169	\$ 25,246	\$ 334,239
Charges for services	434,002	60,032	-	-
Fines, licenses and permits	69,452	3,828	-	-
Intergovernmental	483,206	352,787	-	97,728
Special assessments	-	-	-	25,023
Investment income	229,469	5,331	-	-
Other	39,243	126	-	48,000
Total revenues	2,192,548	654,273	25,246	504,990
Expenditures:				
Current:				
General government	528,067	3,949	73	7,282
Safety services	822,547	285,638	-	12,956
Public health and welfare	72,297	-	-	-
Transportation	223,703	174,203	-	58,215
Basic utility services	198,196	-	-	-
Leisure time activities	85,982	-	-	7,463
Capital outlay	-	154,556	-	488,091
Debt service:				
Principal retirement	-	-	74,580	-
Interest and fiscal charges	-	-	45,449	-
Total expenditures	1,930,792	618,346	120,102	574,007
Excess of revenues over (under) expenditures	261,756	35,927	(94,856)	(69,017)
Other financing sources (uses):				
Operating transfers - in	-	12,895	94,278	316,000
Operating transfers - out	(328,895)	-	-	(94,278)
Total other financing sources (uses)	(328,895)	12,895	94,278	221,722
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(67,139)	48,822	(578)	152,705
Fund balance at beginning of year	1,579,298	312,196	382,608	313,511
Increase (decrease) in reserve for inventory	248	(6,555)	-	-
Fund balance at end of year	\$ 1,512,407	\$ 354,463	\$ 382,030	\$ 466,216

See accompanying notes to the financial statements.

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trusts	
\$ -	\$ 1,528,830
9,438	503,472
-	73,280
68,225	1,001,946
-	25,023
11,738	246,538
-	87,369
89,401	3,466,458
-	539,371
-	1,121,141
-	72,297
-	456,121
-	198,196
-	93,445
3,060	645,707
-	74,580
-	45,449
3,060	3,246,307
86,341	220,151
-	423,173
-	(423,173)
-	-
86,341	220,151
259,241	2,846,854
-	(6,307)
\$ 345,582	\$ 3,060,698

City of Rittman, Ohio

**Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 1999**

	Governmental Fund Types		
	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 893,800	\$ 930,589	\$ 36,789
Charges for services	390,500	404,309	13,809
Fines, licenses and permits	62,000	69,285	7,285
Intergovernmental	471,250	506,899	35,649
Special assessments	-	-	-
Investment income	200,000	256,514	56,514
Other	6,100	39,226	33,126
Total revenues	2,023,650	2,206,822	183,172
<u>Expenditures:</u>			
Current:			
General government	599,670	532,859	66,811
Safety services	903,002	846,016	56,986
Public health and welfare	82,515	72,964	9,551
Transportation	282,327	235,854	46,473
Basic utility services	216,450	214,643	1,807
Leisure time activities	104,923	90,180	14,743
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	2,188,887	1,992,516	196,371
Excess of revenues over (under) expenditures	(165,237)	214,306	379,543
<u>Other financing sources (uses):</u>			
Proceeds of bonds	-	-	-
Advances - in	-	-	-
Advances - out	(350,000)	(350,000)	-
Operating transfers - in	-	-	-
Operating transfers - out	(420,600)	(328,895)	91,705
Total other sources (uses)	(770,600)	(678,895)	91,705
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(935,837)	(464,589)	471,248
Fund balance at beginning of year	927,242	927,242	-
Prior year encumbrances appropriated	40,175	40,175	-
Fund balance at end of year	\$ 31,580	\$ 502,828	\$ 471,248

See accompanying notes to the financial statements.

Governmental Fund Types

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 204,736	\$ 226,866	\$ 22,130	\$ 30,000	\$ 25,246	\$ (4,754)
46,250	58,389	12,139	-	-	-
2,000	3,218	1,218	-	-	-
333,289	350,346	17,057	-	-	-
-	-	-	-	-	-
1,700	5,183	3,483	-	-	-
100	126	26	-	-	-
<u>588,075</u>	<u>644,128</u>	<u>56,053</u>	<u>30,000</u>	<u>25,246</u>	<u>(4,754)</u>
4,700	3,949	751	200	73	127
168,969	161,482	7,487	-	-	-
243,828	229,385	14,443	-	-	-
327,319	269,653	57,666	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	80,000	74,579	5,421
-	-	-	50,000	45,450	4,550
<u>744,816</u>	<u>664,469</u>	<u>80,347</u>	<u>130,200</u>	<u>120,102</u>	<u>10,098</u>
<u>(156,741)</u>	<u>(20,341)</u>	<u>136,400</u>	<u>(100,200)</u>	<u>(94,856)</u>	<u>5,344</u>
-	-	-	20,000	-	(20,000)
-	-	-	350,000	350,000	-
-	-	-	-	-	-
59,600	12,895	(46,705)	94,278	94,278	-
-	-	-	-	-	-
<u>59,600</u>	<u>12,895</u>	<u>(46,705)</u>	<u>464,278</u>	<u>444,278</u>	<u>(20,000)</u>
(97,141)	(7,446)	89,695	364,078	349,422	(14,656)
289,214	289,214	-	957,608	957,608	-
-	50,948	50,948	-	-	-
<u>\$ 192,073</u>	<u>\$ 332,716</u>	<u>\$ 140,643</u>	<u>\$ 1,321,686</u>	<u>\$ 1,307,030</u>	<u>\$ (14,656)</u>

(Continued)

City of Rittman, Ohio

**Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 1999 (Continued)**

	Governmental Fund Types		
	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 325,000	\$ 335,217	\$ 10,217
Charges for services	-	-	-
Fines, licenses and permits	-	-	-
Intergovernmental	100,000	97,728	(2,272)
Special assessments	-	23,976	23,976
Investment income	-	-	-
Other	48,000	48,000	-
Total revenues	473,000	504,921	31,921
<u>Expenditures:</u>			
Current:			
General government	67,956	57,238	10,718
Safety services	80,188	79,155	1,033
Public health and welfare	-	-	-
Transportation	538,249	508,797	29,452
Basic utility services	-	-	-
Leisure time activities	345,200	333,023	12,177
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	1,031,593	978,213	53,380
Excess of revenues over (under) expenditures	(558,593)	(473,292)	85,301
<u>Other financing sources (uses):</u>			
Proceeds of bonds	-	-	-
Advances - in	-	-	-
Advances - out	-	-	-
Operating transfers - in	361,000	316,000	(45,000)
Operating transfers - out	(94,278)	(94,278)	-
Total other sources (uses)	266,722	221,722	(45,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(291,871)	(251,570)	40,301
Fund balance at beginning of year	121,178	121,178	-
Prior year encumbrances appropriated	166,705	166,705	-
Fund balance at end of year	\$ (3,988)	\$ 36,313	\$ 40,301

See accompanying notes to the financial statements.

Fiduciary Fund Type			Totals		
Expendable Trust Funds			(Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,453,536	\$ 1,517,918	\$ 64,382
10,000	9,388	(612)	446,750	472,086	25,336
-	-	-	64,000	72,503	8,503
20,000	68,225	48,225	924,539	1,023,198	98,659
-	-	-	-	23,976	23,976
4,000	11,305	7,305	205,700	273,002	67,302
-	-	-	54,200	87,352	33,152
34,000	88,918	54,918	3,148,725	3,470,035	321,310
-	-	-	672,526	594,119	78,407
-	-	-	1,152,159	1,086,653	65,506
10,000	3,060	6,940	336,343	305,409	30,934
-	-	-	1,147,895	1,014,304	133,591
-	-	-	216,450	214,643	1,807
-	-	-	450,123	423,203	26,920
-	-	-	80,000	74,579	5,421
-	-	-	50,000	45,450	4,550
10,000	3,060	6,940	4,105,496	3,758,360	347,136
24,000	85,858	61,858	(956,771)	(288,325)	668,446
-	-	-	20,000	-	(20,000)
-	-	-	350,000	350,000	-
-	-	-	(350,000)	(350,000)	-
-	-	-	514,878	423,173	(91,705)
-	-	-	(514,878)	(423,173)	91,705
-	-	-	20,000	-	(20,000)
24,000	85,858	61,858	(936,771)	(288,325)	648,446
257,690	257,690	-	2,552,932	2,552,932	-
-	-	-	206,880	257,828	50,948
\$ 281,690	\$ 343,548	\$ 61,858	\$ 1,823,041	\$ 2,522,435	\$ 699,394

City of Rittman, Ohio
Combined Statement of Revenues,
Expenses and Changes in Retained Earnings
All Enterprise Funds
For the Year Ended December 31, 1999

	<u>Enterprise</u>
<u>Operating revenues:</u>	
Charges for services	\$ 1,261,537
Other	10,714
	<u>1,272,251</u>
Total operating revenues	<u>1,272,251</u>
 <u>Operating expenses:</u>	
Personal services	441,771
Contractual services	508,600
Materials and supplies	79,827
Other	77,300
Depreciation	415,676
	<u>1,523,174</u>
Total operating expenses	<u>1,523,174</u>
Operating loss	<u>(250,923)</u>
 <u>Non-operating revenues (expenses):</u>	
Interest income	980
Grants	75,000
Municipal income tax	329,650
Interest and fiscal charges	(224,724)
	<u>180,906</u>
Total non-operating revenues (expenses)	<u>180,906</u>
Net loss	(70,017)
Retained earnings at beginning of year	<u>6,168,659</u>
Retained earnings at end of year	<u>\$ 6,098,642</u>

See accompanying notes to the financial statements.

City of Rittman, Ohio
Combined Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 1999

	<u>Enterprise</u>
Cash flows from operating activities:	
Operating loss	\$ (250,923)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	415,676
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	5,366
Inventory of supplies	(5,204)
Prepaid items	(80)
Increase (decrease) in liabilities:	
Accounts payable	(88,470)
Accrued wages	1,371
Compensated absences	(286)
Due to other governments	(6,588)
Net cash provided by operating activities	<u>70,862</u>
Cash flows from noncapital financing activities:	
Income taxes received	335,217
Operating grants	75,000
Net cash provided by noncapital financing activities	<u>410,217</u>
Cash flows from capital and related financing activities:	
Interest paid on debt	(221,157)
Principal payment on notes and bonds	(266,994)
Payment on matured bonds	(10,200)
Acquisition of capital assets	(409,282)
Net cash used for capital and related financing activities	<u>(907,633)</u>
Cash flows from investing activities:	
Sale of investments	24,113
Investment income	1,017
Net cash provided by investing activities	<u>25,130</u>
Net decrease in cash and cash equivalents	(401,424)
Cash and cash equivalents at beginning of year	<u>2,027,446</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,626,022</u></u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Rittman (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. City Government and Reporting Entity

The City is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own charter. The current Charter, which provides for a Mayor-Council-Manager form of government, was adopted in 1960.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are fairly presented and complete. The primary government consists of all funds, departments, boards and commissions that are not legally separate from the City. The City provides municipal services such as a police force, a fire fighting and prevention force, street lighting, a street maintenance force, an emergency medical services force, a rubbish collection and recycling service, a parks and recreation system, and a staff to provide the necessary support to these service providers. The City also operates certain enterprise operations such as a sewage treatment plant, and a water treatment plant. The operations of all of these services are included in the reporting entity.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The City has no blended or discretely presented component units.

B. Basis of Presentation – Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

Notes to the Financial Statements

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate fund types. The City uses the following categories and fund types:

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the City's governmental fund types:

General Fund: The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the laws and regulations of the City and/or the general laws of Ohio.

Special Revenue Funds: The special revenue funds are used to account for revenues derived from specific taxes, grants, or other sources (other than amounts relating to major capital projects) whose use is restricted. City ordinances or federal and state statutes specify the uses and limitations of each special revenue fund

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal and interest.

Capital Projects Funds: The capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Type

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The following is the City's proprietary fund type:

Enterprise Funds: The enterprise funds are used to account for the City's sewer and water operations. These activities are financed and operated in a manner similar to private sector business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Type

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The following is the City's fiduciary fund type:

Expendable Trust Funds: The expendable trust funds are designed to provide stewardship over expendable assets held in trust by the City, and are accounted for in essentially the same manner as governmental funds.

Account Groups

To make a clear distinction between fixed assets related to a specific fund and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group: The general fixed assets account group is used to account for fixed assets other than those accounted for in the proprietary funds. These assets do not represent financial resources available for expenditure, but are items for which financial resources have been used and for which the City maintains accountability. They are not assets of any fund but of the City as a whole.

General Long-Term Obligations Account Group: The general long-term obligations account group is used to account for all unmatured long-term obligations of the City that are not a specific liability of the proprietary funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Notes to the Financial Statements

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Governmental fund types and the expendable trust funds use the modified accrual basis of accounting for reporting purposes. Under this method of accounting, the City recognizes revenue when it becomes both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be fifty-nine days after year-end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Principal and interest on general long-term and special assessment debt are recognized as expenditures when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Revenues accrued at the end of the year included income taxes withheld by employers, interest on investments, intergovernmental revenues (including motor vehicle license fees), fines and forfeitures, rubbish collection billings, and reimbursements due from federal and state funded projects for which corresponding expenditures have been made.

Other revenues, including licenses, permits, certain charges for services, income taxes other than those withheld by employers, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The accrual basis of accounting is used for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recorded at the time liabilities are incurred. Unbilled service charges are recognized as revenue at year-end.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside of the available period, the entire amount has been deferred. Estate taxes receivable are recognized as revenue to the extent available as an advance and the remaining amount as deferred revenue. Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminate and which are not intended to finance the current year, have also been recorded as deferred revenue.

City of Rittman, Ohio

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reported in the combined financial statements:

Tax Budget: A tax budget of estimated revenue and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources: The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the Official Certificate of Estimated Resources, which states the projected revenue of each fund.

On or about January 1 the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the Treasurer determines that revenue to be collected will be greater than or less than the prior estimates and the budget commission find the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended certificate issued for 1999.

Annual Budget: The City Manager with the assistance of the Treasurer submits to Council an annual budget in November. The annual budget contains an estimate of the revenues and expenditures of each fund and department of the City for the next succeeding fiscal year. As part of the process, Council holds public meetings throughout its review. The annual budget serves as the basis for appropriations (the appropriated budget) in each fund.

Appropriations: An appropriation ordinance (the appropriated budget) to control the level of expenditures for all funds must be legally enacted on or about January 1. Appropriations may not exceed estimated resources as established in the Official Amended Certificate of Estimated Resources. Supplemental appropriations may be adopted by Council action. Amounts shown in the financial statements represent the appropriated budgeted amounts and all supplemental appropriations. During the year, several supplemental appropriation measures were passed.

The Appropriated Budget: For all funds, except agency funds, council appropriations (the legal level) are made for personal services, supplies and materials, contractual and other services, and capital outlay within each department, and also debt principal/interest payments, and transfers-out. Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council.

Notes to the Financial Statements

The appropriations set by Council must remain fixed unless amended by Council ordinance. The Treasurer may make more detailed appropriation allocations as long as the allocations are within Council's appropriated amount.

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 and determine and maintain legal compliance. On a GAAP basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds, and as a note disclosure for proprietary funds.

Lapsing of Appropriations: At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried over for the subsequent year's expenditures and is not reappropriated.

E. Deposits and Investments

Cash received by the City is deposited in a central bank account. Monies for all funds, except cash held by a trustee or fiscal agent, are maintained in the account or temporarily used to purchase investments. Individual fund integrity is maintained through City records. Each fund's interest in the pool of cash and investments is presented as "Equity in pooled cash" on the combined balance sheet. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market price.

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments with original maturities of three months or less and investments of the cash management pool are considered to be cash equivalents.

The City utilizes financial institutions to service bonded debt as principal and interest payments come due. These accounts' balances are presented in the accounts "Cash with fiscal and escrow agents".

F. Advances to Other Funds

Long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

G. Inventory of Supplies

Inventories of governmental funds are stated at cost, while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased and an expense in the proprietary funds when used.

City of Rittman, Ohio

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

I. Deferred Charges and Bond Discounts

Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction to the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

J. Fixed Assets and Depreciation

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fund fixed assets are capitalized in the proprietary fund that reports the activity in which the asset is used.

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the useful lives of the related fixed assets.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Proprietary fund fixed assets are depreciated using the straight-line method over the following useful lives:

<i>Asset Class</i>	<i>Estimated Useful Life</i>
<i>Buildings</i>	<i>20 to 40 years</i>
<i>Improvements</i>	<i>20 to 75 years</i>
<i>Equipment</i>	<i>5 to 30 years</i>

- K. Compensated Absences** The City accrues a liability for compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on the sick leave accumulated at December 31, by those employees whom it is estimated will become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy.
- For governmental funds, the City's liability for unpaid accumulated sick leave is the amount to be paid using expendable available financial resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the general long-term obligations account group. In proprietary funds, the entire amount of unpaid compensated absences is reported as a fund liability.
- L. Long-term Obligations** Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.
- M. Contributed Capital** Contributed capital represents donations by developers, grants restricted for capital construction, and special assessments administered through the enterprise funds. These assets are recorded at their fair market value on the date contributed and are not subject to repayment.
- N. Reserves of Fund Equity** Reserves of fund equity indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Governmental fund type fund balances are reserved for encumbrances, debt service, inventory, prepaid items, and advances. Enterprise fund reservation of retained earnings indicates that portion of retained earnings which is legally segregated for a specific future use. There is no reservation of retained earnings at December 31, 1999.
- O. Interfund Transactions** During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

P. Intergovernmental Revenues

In governmental funds, federal and state grants awarded on a non-reimbursement basis and federal entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Federal and state reimbursable type grants are recorded as intergovernmental receivables and revenues when the related liabilities are incurred.

Q. Estimates

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

R. Memorandum Only – Total Columns on Combined Financial Statements

Total columns on the general purpose financial statements are captioned "Total Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) Encumbrances are recorded as the equivalent of an expenditure (budget basis) in order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation as opposed to a reservation of fund (GAAP basis); and,

Notes to the Financial Statements

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

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the governmental funds and expendable trusts are as follows:

Excess of Revenues and Other Financing Sources Over (Under)

Expenditures and Other Financing Uses

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
<i>GAAP Basis</i>	\$ (67,139)	\$ 48,822	\$ (578)	\$ 152,705	\$ 86,341
<i>Revenue accruals</i>	14,274	(10,145)	350,000	(69)	(483)
<i>Expenditure accruals</i>	(377,920)	(14,519)	-	(2,200)	-
<i>Encumbrances (Budget Basis)</i>					
<i>Outstanding at year end</i>	<u>(33,804)</u>	<u>(31,604)</u>	<u>-</u>	<u>(402,006)</u>	<u>-</u>
<i>Budget Basis</i>	<u>\$ (464,589)</u>	<u>\$ (7,446)</u>	<u>\$ 349,422</u>	<u>\$ (251,570)</u>	<u>\$ 85,858</u>

NOTE 3 - DEPOSITS AND INVESTMENTS

The City’s policy is to invest public funds in a manner which will provide the highest return with the maximum security while meeting the daily cash flow needs and conforming to state statutes and the City Charter governing the investment of public funds. The Charter of the City of Rittman specifies that the Treasurer has responsibility for selecting depositories and investing idle funds and the authority to choose the types of deposits and investments made. The Charter allows the Treasurer to invest in government securities, direct obligations of the U.S. Treasury and federal agencies, certificates of deposit, savings accounts, NOW accounts, repurchase agreements, state and local government securities, and the State Treasurer’s investment pool. The City’s practice is to limit deposits and investments to insured and/or collateralized demand deposit accounts, the State Treasurer’s investment pool, certificates of deposit, U.S. Treasury bills, or obligations of other U.S. Agencies for which the principal and interest is guaranteed by the U.S. Government. The City also invests in Special Assessment Bond issues in the name of the City. The Charter allows for ten percent of funds to be invested for a maximum maturity of three years from the date of purchase. The City does not enter into reverse repurchase agreements.

Protection of City cash and investments is provided by the various federal deposit insurance corporations as well as qualified pledged or pooled securities by the institutions holding the assets. Such collateral is held by the various institutions or their trustees including the Federal Home Loan Bank and the Federal Reserve Bank.

City of Rittman, Ohio

The City has invested funds in STAR Ohio during 1999. 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, 1999.

Interest earnings are distributed to the Street Maintenance and Repair, State Highway special revenue funds and the Recreation expendable trust fund based on daily cash balances and the remainder is reported in the general fund. The interest earned in a Water bond escrow account is credited to the Water enterprise fund. Interest revenue credited to the General fund during the fiscal year 1999 amounted to \$229,469, which includes \$189,976 assigned from other City funds.

Deposits: At year-end, the carrying amount of the City's deposits was \$2,201,346 and the bank balances totaled \$2,225,445. Of the bank balances, \$535,444 was covered by federal depository insurance and \$1,690,001 was covered by pooled and/or pledged collateral, as allowed by the Ohio Revised Code, but not necessarily held in the City's name (uncollateralized, risk Category 3). Cash on hand was \$1,050.

Investments: The City's investments are categorized to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent but not in the City's name.

	<u>Category</u>		<u>Carrying</u> <u>Amounts</u>	<u>Fair</u> <u>Value</u>
	<u>1</u>	<u>2</u>		
<u>Categorized Investments</u>				
Special assessment bonds	\$ 74,572	\$ -	\$ 74,572	\$ 74,572
U.S. Agency securities	-	2,196,225	2,196,225	2,196,225
Total Categorized	<u>\$ 74,572</u>	<u>\$ 2,196,225</u>	<u>2,270,797</u>	<u>2,270,797</u>
<u>Noncategorized Investments</u>				
State Treasurer's pool			<u>209,227</u>	<u>209,227</u>
Total Investments			<u>\$ 2,480,024</u>	<u>\$ 2,480,024</u>

Notes to the Financial Statements

Investments with the State Treasurer's Pool are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 1999 is as follows:

<u>Advances to/from other funds</u>		<u>Amount</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	
General fund	Debt Service fund	<u>\$ 925,000</u>

NOTE 5 - FIXED ASSETS

General Fixed Assets: Changes in general fixed assets during 1999 were as follows:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31</u>
<i>Land and land improvements</i>	\$ 90,025	\$ 69,943	\$ -	\$ 159,968
<i>Buildings</i>	2,351,009	40,579	36,202	2,355,386
<i>Equipment</i>	2,388,750	301,004	156,359	2,533,395
<i>Total</i>	<u>\$ 4,829,784</u>	<u>\$ 411,526</u>	<u>\$ 192,561</u>	<u>\$ 5,048,749</u>

Enterprise Fund: A summary of the enterprise funds' fixed assets as of December 31, 1999 follows:

<u>Classification</u>	<u>Balance</u>
<i>Land</i>	\$ 73,637
<i>Buildings</i>	5,657,652
<i>Infrastructure and improvements</i>	8,123,756
<i>Equipment</i>	1,685,641
<i>Total</i>	<u>15,540,686</u>
<i>Less: accumulated depreciation</i>	<u>(4,342,765)</u>
<i>Net fixed assets</i>	<u>\$ 11,197,921</u>

City of Rittman, Ohio

NOTE 6 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

A listing of changes in the bonds and other long-term obligations of the City for the year ended December 31, 1999, follows:

	<i>Balance January 1</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance December 31</i>
<u>Enterprise Fund Debt</u>				
<u>General Obligation Bonds</u>				
<i>1994 Waterworks System</i>				
Refinancing Bonds 3.00 - 5.10%	\$ 325,000	\$ -	\$ 100,000	\$ 225,000
Unamortized cost of refunding	(3,913)	-	1,912	(2,001)
Discount	(1,960)	-	958	(1,002)
Total General Obligation Bonds	319,127	-	102,870	221,997
<u>Revenue Bonds</u>				
<i>1993 Mortgage Revenue</i>				
Bonds 5.25%	1,227,900	-	13,200	1,214,700
Total Bonds	1,547,027	-	116,070	1,436,697
<u>Loans</u>				
1977 O.W.D.A. Loan 5.25%	82,143	-	18,949	63,194
1993 O.W.D.A. Loan 5.00%	2,787,289	-	134,846	2,652,443
Total Loans	2,869,432	-	153,795	2,715,637
Total Enterprise Obligations	\$ 4,416,459	\$ -	\$ 269,865	\$ 4,152,334
<u>General Long Term Debt</u>				
<u>General Obligation Bonds</u>				
<i>1993 Safety Building</i>				
Bonds 3.00 - 5.85%	\$ 730,000	\$ -	\$ 55,000	\$ 675,000
<u>Special Assessment Bonds</u>				
1980 North Main Street 9.75%	4,000	-	2,000	2,000
1992 W. Sunset Street 6.00%	41,584	-	9,506	32,078
1994 Street Paving 7.00%	3,587	-	1,733	1,854
1995 Ritter Drive 6.50%	28,807	-	2,859	25,948
1996 Street Improvement	5,536	-	1,256	4,280
1997 Street Improvement	9,081	-	1,595	7,486
1998 Street Improvement	3,557	-	631	2,926
Total Special Assessment Bonds	96,152	-	19,580	76,572
<u>Other Obligations</u>				
Compensated absences	90,566	3,101	-	93,667
Total General Long Term Debt	\$ 916,718	\$ 3,101	\$ 74,580	\$ 845,239

Notes to the Financial Statements

General Obligation Bonds: General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes. The Waterworks System Refinancing Bonds (maturing December 1, 2001) were used to retire the 1978 Waterworks System First Mortgage Revenue Bonds, which were called for redemption on June 1, 1994. The Safety Building Bonds (maturing December 1, 2008) were issued for the purpose of constructing a new building to house the municipal fire and police departments.

Special Assessment Bonds: Special assessment bonds are payable from the proceeds of assessments levied against the specific property owners who primarily benefited from the project. Special assessment debt will be serviced by the Bond Retirement debt service fund from payments received from the property owners. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

Revenue Bonds: Revenue bonds are to be repaid from income derived from the constructed and improved assets. The Sewer Mortgage Revenue Bonds (maturing October 15, 2013) were issued for the purpose of constructing and improving the wastewater treatment facilities.

Loans: The Ohio Water Development Authority (OWDA) loans were used for the construction, maintenance and operation of a wastewater facility. The loans are paid from revenues of the wastewater system.

Compensated Absences: Sick leave benefits will be paid from the fund from which the person is paid. Additions and deletions of accrued vacation and sick leave are shown net since it is impractical for the City to determine these amounts separately.

The annual requirements to amortize all debt outstanding as of December 31, 1999, including interest payments of \$2,642,219 are as follows:

	<i>General Obligation Bonds</i>	<i>Special Assessment Bonds</i>	<i>O.W.D.A Loans</i>	<i>Revenue Bonds</i>	<i>Total</i>
2000	\$ 218,112	\$ 25,557	\$ 295,807	\$ 76,153	\$ 615,629
2001	219,733	21,377	295,807	76,141	613,058
2002	95,618	21,377	295,807	76,193	488,995
2003	97,238	7,760	272,546	76,204	453,748
2004	98,493	4,731	272,546	76,173	451,943
Thereafter	<u>390,373</u>	<u>9,462</u>	<u>2,316,636</u>	<u>2,209,284</u>	<u>4,925,755</u>
<i>Total</i>	<u>\$ 1,119,567</u>	<u>\$ 90,264</u>	<u>\$ 3,749,149</u>	<u>\$ 2,590,148</u>	<u>\$ 7,549,128</u>

NOTE 7 - CONTRIBUTED CAPITAL

Contributions for (or of) capital assets are credited directly to contributed capital. These include donations by developers, contributions made by the City and assets whose construction was financed through special assessments. Depreciation expense on assets acquired through restricted grants is not closed to contributed capital. There was no change in contributed capital from January 1, 1999 to December 31, 1999.

NOTE 8 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property, and tangible personal (used in business) property located in the City. Real property taxes were levied after October 1, on the assessed value as of the prior January 1, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. The last revaluation was in 1996 and 1998 for Wayne and Medina Counties respectively. Public utility property taxes were levied after October 1, on the assessed value as of the prior December 31, and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at 100 percent of true value and on real property at 35 percent of assessed valuation. Tangible personal property taxes are levied on January 1 of the current year on the value listed as of December 31, of the prior year. Tangible personal property assessments are twenty-five percent of true value. The full-tax rate for all City operations applied to taxable property for the year ended December 31, 1999 was \$7.5 and \$6.2 per \$1,000 of assessed valuation in Wayne and Medina Counties respectively. For 1999, only two percent of the total valuations were attributed to property in Medina County.

The assessed values upon which the 1999 taxes were collected are as follows:

<u>Property Category</u>	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>		
Residential and agricultural	\$ 56,230,150	62.49 %
Commercial and industrial	10,437,400	11.60
Public utilities	13,650	0.02
<u>Tangible Personal Property</u>		
General	20,339,952	22.61
Public utilities	2,953,850	3.28
Total	<u>\$ 89,975,002</u>	<u>100.00 %</u>

Notes to the Financial Statements

The full tax rate applied to property in Wayne County is 7.5 mills with 2.3 mills and 1.4 mills allocated to the Emergency Medical Service and Fire Department Levy special revenue funds, respectively. The Emergency Medical Service levy expires in 1999 with a final collection in 2000, and the Fire Department levy expires in 2000 with final collection in 2001.

Real and public utility property taxes are payable annually or semi-annually. If paid annually, payment is due February 15. If paid semi-annually, the first payment is due February 15 with the remainder payable by July 20. Under certain circumstances, state statute permits earlier or later payment dates to be established. Due dates are normally extended an additional thirty days.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility, and tangible personal property taxes which became measurable as of December 31, 1999. However, since these tax collections will not be received during the available period nor are they intended to finance 1999 operations, the receivable is offset by a credit to deferred revenue.

NOTE 9 - INCOME TAX

The City levies and collects an income tax of 1.5% 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% 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 taxes at least quarterly and to file a final return annually. Income tax revenues are distributed between the General fund (50%), the Water enterprise fund (25%), and the Capital Improvements capital projects fund (25%).

NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES

A few claims and lawsuits are pending against the City. It is Management's opinion that the ultimate liability will be covered by insurance, and/or will not have a material effect on the financial statements.

As of December 31, 1999 the City was involved in a storm sewer project for \$137,000 which is a commitment of the Sewer enterprise fund. The EMS, Capital Improvements and Fire Levy funds all had commitments of \$17,740 each for a city-wide communications project. Also, the Capital improvements fund has commitments for a recreation center and athletic courts for \$206,205 and \$58,900, respectively.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, City Management believes such disallowance, if any, will be immaterial.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

All employees of the City, with the exclusion of uniformed City police, are required to be members of the Public Employees Retirement System of Ohio (PERS), a multiple-employer, cost-sharing public employee retirement system. However, those students working less than 1,500 hours per calendar year have an option to exclude themselves from membership. All full-time uniformed City police are required to be members of the Police and Firemen's Disability and Pension Fund (PFDPF), also a multiple-employer, cost-sharing public employee retirement system. Both of these retirement plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits for PERS and PFDPF, is provided by the Ohio State Legislature and are codified in the Ohio Revised Code, Chapters 145 and 742 respectively. Each retirement system prepares a standalone financial report that includes financial information and required supplementary information for the plans. These reports can be obtained by writing to PERS at 277 East Town Street, Columbus, Ohio 43215-4642 and PFDPF at 140 East Town Street, Columbus, Ohio 43215-5164.

PERS: Plan members are required to contribute 8.5 percent of their covered salary, while employers are required to contribute 13.55 percent. The City's contributions to PERS for the years ending December 31, 1999, 1998, and 1997 were \$170,236 \$157,945, and \$147,278, respectively, equal to the required contributions for each year.

PFDPF: Plan members are required to contribute 10.0 percent of their covered salary, while employers are required to contribute 19.5 percent. The City's contributions to PFDPF for the years ending December 31, 1999, 1998, and 1997 were \$67,475, \$66,328, and \$64,781, respectively, equal to the required contributions for each year.

NOTE 12 - POSTEMPLOYMENT BENEFITS

PERS provides post-retirement health care coverage, also referred to as Other Post Employment Benefits (OPEB), to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to PERS. The employer contribution rate for 1999 was 13.55 percent of covered payroll and 4.2 percent was the portion that was used to fund health care. The employer contributions for 1999 were \$170,236, with \$52,767 used to fund health care benefits.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for post retirement health care during 1999, for the entire system, were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments for the entire system, were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062 for the entire system. During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

PFDPF provides post retirement health care coverage, also referred to as Other Post Employment Benefits (OPEB), to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. The Ohio Revised code provides that health care cost paid from the funds of the PFDPF shall be included in the employer's contribution rate. The employer contribution rates for 1999 were 19.5 percent and 24.0 percent of covered payroll for police and firefighters, respectively. The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals. The Board-defined allocation for health care was 7.0 percent at December 31, 1999 for both plans. The employer contributions for 1999 were \$67,475 with \$24,222 used to fund health care benefits.

PFDPF health care funding and accounting is on a pay-as-you-go basis. The number of participants eligible to receive health care benefits as of December 31, 1998, (latest information available), was 11,424 for police and 9,186 for firefighters. Total expenses for health care for the year ending December 31, 1998 were \$78,596,790.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance policies purchased from independent third parties. The City purchases extended coverage insurance on all buildings and contents to \$12,683,671. Coverage is purchased on City vehicles for a combined single limit liability of \$1,000,000. The City purchases general liability insurance coverage with a \$1,000,000 limit per occurrence and \$2,000,000 aggregate. Other policies held by the City include law enforcement, public officials, boiler & machinery, inland marine, and commercial crime. An umbrella policy held by the City provides an additional \$5,000,000 of coverage over the policies listed above. There were no settled claims from these risks have exceeded commercial insurance coverage for the past three years.

Workers Compensation coverage is provided by the State of Ohio and is based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

NOTE 14 - FUND DEFICITS

As of December 31, 1999, the Police Pension special revenue fund had a deficit balance of \$98. This deficit is a result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds, however, this is done when cash is needed rather than when accruals occur.

Notes to the Financial Statements

NOTE 15 - SEGMENT INFORMATION- ENTERPRISE FUNDS

Financial segment information as of and for the year ended December 31, 1999 for the enterprise funds is presented as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<i>Operating revenues</i>	\$ 394,625	\$ 877,626	\$ 1,272,251
<i>Depreciation expense</i>	124,618	291,058	415,676
<i>Operating loss</i>	(187,287)	(63,636)	(250,923)
<i>Operating grants</i>	-	75,000	75,000
<i>Tax revenues</i>	329,650	-	329,650
<i>Net income (loss)</i>	123,419	(193,436)	(70,017)
<i>Fixed asset additions</i>	307,640	99,194	406,834
<i>Fixed asset deletions</i>	17,947	1,105	19,052
<i>Net working capital</i>	96,652	1,404,779	1,501,431
<i>Total assets</i>	3,761,244	9,319,918	13,081,162
<i>Outstanding long-term liabilities:</i>			
<i>Payable from operating sources</i>	-	3,754,851	3,754,851
<i>Payable from other sources</i>	107,979	-	107,979
<i>Total equity</i>	3,488,599	5,347,923	8,836,522
<i>Encumbrances outstanding budget basis at December 31, 1999</i>	\$ 22,313	\$ 37,558	\$ 59,871

NOTE 16 - SUBSEQUENT EVENTS

On February 28, 2000, the City issued \$4,585 of special assessment bonds to fund the improvement of Metzger Avenue. The interest rate on the bonds is 6.00 percent and the final maturity is on February 28, 2005. Debt service payments are scheduled annually at \$1,088.

Also on March 1, 2000, the City issued \$1,500,000 of general obligation bonds to fund the cost of a recreation center. The interest rate on the bonds is 5.30 percent and the final maturity is on September 1, 2020. Debt service payments are scheduled semiannually at amounts that range from \$44,000 to \$117,000.



GENERAL FUND

The General Fund is used to account for all financial resources of the City except those required to be accounted for in another fund.

City of Rittman, Ohio

General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 893,800	\$ 930,589	\$ 36,789
Charges for services	390,500	404,309	13,809
Fines, licenses and permits	62,000	69,285	7,285
Intergovernmental	471,250	506,899	35,649
Investment income	200,000	256,514	56,514
Other	6,100	39,226	33,126
Total Revenues	2,023,650	2,206,822	183,172
<u>Expenditures:</u>			
Current:			
General government			
Office of City Council			
Personal services	27,200	26,987	213
Contractual services	5,000	4,190	810
Total Office of City Council	32,200	31,177	1,023
Department of Mayor and Administration			
Personal services	187,009	185,084	1,925
Contractual services	109,545	107,015	2,530
Supplies and materials	13,410	12,372	1,038
Total Department of Mayor and Administration	309,964	304,471	5,493
Department of Finance			
Personal services	124,600	124,444	156
Contractual services	1,000	150	850
Other operating costs	50,000	3,365	46,635
Total Department of Finance	175,600	127,959	47,641
Division of Lands and Buildings			
Personal services	12,170	11,336	834
Contractual services	2,600	1,761	839
Supplies and materials	5,501	5,168	333
Total Division of Lands and Buildings	20,271	18,265	2,006
Department of Law			
Personal services	20,250	20,250	-
Contractual services	12,000	11,876	124
Total Department of Law	32,250	32,126	124
Miscellaneous			
Personal services	14,800	8,000	6,800
Contractual services	14,585	10,861	3,724
Total Miscellaneous	29,385	18,861	10,524
Total general government	599,670	532,859	66,811

City of Rittman, Ohio

General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Safety services			
Division of Police			
Personal services	682,143	648,736	33,407
Contractual services	49,690	40,409	9,281
Supplies and materials	33,243	31,053	2,190
Total Division of Police	<u>765,076</u>	<u>720,198</u>	<u>44,878</u>
Division of Fire			
Personal services	63,535	61,067	2,468
Contractual services	30,516	27,257	3,259
Supplies and materials	15,375	13,231	2,144
Total Division of Fire	<u>109,426</u>	<u>101,555</u>	<u>7,871</u>
Division of Communications			
Contractual services	2,500	2,483	17
Division of Street Lighting			
Contractual services	23,500	20,084	3,416
Supplies and materials	2,500	1,696	804
Total Division of Street Lighting	<u>26,000</u>	<u>21,780</u>	<u>4,220</u>
Total safety services	<u>903,002</u>	<u>846,016</u>	<u>56,986</u>
Public health and welfare			
Cemetery Board			
Personal services	39,140	38,832	308
Contractual services	750	534	216
Supplies and materials	5,100	3,570	1,530
Total Cemetery Board	<u>44,990</u>	<u>42,936</u>	<u>2,054</u>
Board of Health			
Contractual services	23,550	23,189	361
Division of Welfare			
Contractual services	2,000	-	2,000
Division of Pest and Animal Control			
Personal services	4,475	1,465	3,010
Contractual services	3,500	3,050	450
Supplies and materials	4,000	2,324	1,676
Total Division of Pest and Animal Control	<u>11,975</u>	<u>6,839</u>	<u>5,136</u>
Total public health and welfare	<u>82,515</u>	<u>72,964</u>	<u>9,551</u>
Transportation			
Division of Street Maintenance			
Personal services	129,605	121,744	7,861
Contractual services	58,900	41,597	17,303
Supplies and materials	33,300	20,333	12,967
Total Division of Street Maintenance	<u>221,805</u>	<u>183,674</u>	<u>38,131</u>

(Continued)

City of Rittman, Ohio

General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
Division of Vehicle Maintenance			
Personal services	36,500	34,555	1,945
Contractual services	2,500	-	2,500
Supplies and materials	21,522	17,625	3,897
Total Division of Vehicle Maintenance	60,522	52,180	8,342
Total transportation	282,327	235,854	46,473
Basic utility services			
Division of Waste Management			
Contractual services	216,450	214,643	1,807
Leisure time activities			
Division of Parks			
Personal services	57,373	52,292	5,081
Contractual services	8,200	4,152	4,048
Supplies and materials	7,800	6,754	1,046
Total Division of Parks	73,373	63,198	10,175
Recreation Board			
Personal services	20,150	18,042	2,108
Contractual services	3,300	3,071	229
Supplies and materials	6,000	4,587	1,413
Total Recreation Board	29,450	25,700	3,750
Junior Achievement Center			
Contractual services	2,000	1,257	743
Other operating costs	100	25	75
Total Junior Achievement Center	2,100	1,282	818
Total Leisure time activities	104,923	90,180	14,743
Total Expenditures	2,188,887	1,992,516	196,371
Excess of revenues over (under) expenditures	(165,237)	214,306	379,543
<u>Other financing uses:</u>			
Advances - out	(350,000)	(350,000)	-
Operating transfers - out	(420,600)	(328,895)	91,705
Total other financing uses	(770,600)	(678,895)	91,705
Excess of revenues under expenditures and other uses	(935,837)	(464,589)	471,248
Fund balance at beginning of year	927,242	927,242	-
Prior year encumbrances appropriated	40,175	40,175	-
Fund balance at end of year	\$ 31,580	\$ 502,828	\$ 471,248

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for types of resources (other than expendable trusts or for major capital projects) for which specific uses are mandated by City ordinances or Federal and State statutes. The title of each special revenue fund is descriptive of the activities accounted for therein. The special revenue funds are:

EMERGENCY MEDICAL SERVICES – To account for property taxes levied and other revenues for the operations of the emergency medical services.

STREET MAINTENANCE AND REPAIR – Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

STATE HIGHWAY – Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

PERMISSIVE TAX – Required by the Ohio Revised Code to account for that portion of motor vehicle registration fees allocated to assist in maintaining those city streets designated as contributing to the effective and efficient flow of traffic through and within the county.

PERMISSIVE TAX II – Required by the Ohio Revised Code to account for that portion of license plate fees approved by the voters of Wayne County for the maintenance of City streets.

POLICE PENSION FUND – To accumulate property taxes levied for the partial payment of the current liability for police disability and pension.

LAW ENFORCEMENT EDUCATION – To account for funds from the municipal court designated to enforce drunk driving laws and related educational programs.

LAW ENFORCEMENT – To account for funds from the municipal court designated for law enforcement programs.

COMMUNITY ORIENTED POLICING SERVICES (COPS) – To account for a federal grant and local matching funds used to finance community policing programs.

STATE AND FEDERAL GRANTS – To account for monies received from the federal government for low income housing improvements.

FIRE DEPARTMENT LEVY – To accumulate property taxes levied for the maintenance and acquisition of fire equipment.

City of Rittman, Ohio
Combining Balance Sheet
All Special Revenue Funds
As of December 31, 1999

	Emergency Medical Services	Street Maintenance and Repair	State Highway	Permissive Tax	Permissive Tax II
<u>Assets</u>					
Equity in pooled cash	\$ 112,528	\$ 77,588	\$ 33,358	\$ -	\$ 51,499
Receivables:					
Taxes	107,661	-	-	-	-
Accounts	18,616	-	-	-	-
Accrued interest	-	497	226	-	-
Due from other governments	5,000	3,131	254	13,454	1,187
Materials and supplies inventory	-	2,043	1,207	-	-
Prepaid items	1,045	-	-	-	-
 Total assets	 <u>\$ 244,850</u>	 <u>\$ 83,259</u>	 <u>\$ 35,045</u>	 <u>\$ 13,454</u>	 <u>\$ 52,686</u>
 <u>Liabilities and fund equity</u>					
<u>Liabilities</u>					
Accounts payable	\$ 9,476	\$ 244	\$ -	\$ -	\$ -
Accrued wages and benefits	8,744	1,857	305	-	-
Compensated absences payable	-	1,053	-	-	-
Due to other governments	4,636	4,158	-	-	-
Deferred revenue	116,263	-	-	13,454	-
 Total liabilities	 <u>139,119</u>	 <u>7,312</u>	 <u>305</u>	 <u>13,454</u>	 <u>-</u>
 <u>Fund equity</u>					
Fund balance:					
Reserved for encumbrances	10,011	852	11,838	-	-
Reserved for inventory	-	2,043	1,207	-	-
Reserved for prepaid items	1,045	-	-	-	-
Unreserved:					
Undesignated	94,675	73,052	21,695	-	52,686
 Total fund equity (deficit)	 <u>105,731</u>	 <u>75,947</u>	 <u>34,740</u>	 <u>-</u>	 <u>52,686</u>
 Total liabilities and fund equity	 <u>\$ 244,850</u>	 <u>\$ 83,259</u>	 <u>\$ 35,045</u>	 <u>\$ 13,454</u>	 <u>\$ 52,686</u>

<u>Police Pension</u>	<u>Law Enforcement Education</u>	<u>Law Enforcement</u>	<u>COPS</u>	<u>State and Federal Grants</u>	<u>Fire Department Levy</u>	<u>Totals</u>
\$ 16,863	\$ 910	\$ 772	\$ 1,153	\$ 582	\$ 87,476	\$ 382,729
21,432	-	-	-	-	81,587	210,680
-	-	-	-	-	-	18,616
-	-	-	-	-	-	723
-	-	1,485	-	-	-	24,511
-	-	-	-	-	-	3,250
-	-	-	-	-	-	1,045
<u>\$ 38,295</u>	<u>\$ 910</u>	<u>\$ 2,257</u>	<u>\$ 1,153</u>	<u>\$ 582</u>	<u>\$ 169,063</u>	<u>\$ 641,554</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,017	\$ 18,737
-	-	-	214	-	-	11,120
-	-	-	-	-	-	1,053
18,000	-	-	847	-	-	27,641
20,393	-	-	-	-	78,430	228,540
<u>38,393</u>	<u>-</u>	<u>-</u>	<u>1,061</u>	<u>-</u>	<u>87,447</u>	<u>287,091</u>
-	-	-	-	-	8,903	31,604
-	-	-	-	-	-	3,250
-	-	-	-	-	-	1,045
<u>(98)</u>	<u>910</u>	<u>2,257</u>	<u>92</u>	<u>582</u>	<u>72,713</u>	<u>318,564</u>
<u>(98)</u>	<u>910</u>	<u>2,257</u>	<u>92</u>	<u>582</u>	<u>81,616</u>	<u>354,463</u>
<u>\$ 38,295</u>	<u>\$ 910</u>	<u>\$ 2,257</u>	<u>\$ 1,153</u>	<u>\$ 582</u>	<u>\$ 169,063</u>	<u>\$ 641,554</u>

City of Rittman, Ohio

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Year Ended December 31, 1999**

	Emergency Medical Services	Street Maintenance and Repair	State Highway	Permissive Tax	Permissive Tax II
<u>Revenues:</u>					
Taxes	\$ 119,500	\$ -	\$ -	\$ -	\$ -
Charges for services	60,032	-	-	-	-
Fines, licenses and permits	-	-	-	-	-
Intergovernmental	14,509	176,135	14,282	81,703	16,304
Investment income	-	3,631	1,700	-	-
Other	126	-	-	-	-
Total revenues	<u>194,167</u>	<u>179,766</u>	<u>15,982</u>	<u>81,703</u>	<u>16,304</u>
<u>Expenditures:</u>					
Current:					
General government	2,025	-	-	-	-
Safety services	197,907	-	-	-	-
Transportation	-	169,272	3,201	-	-
Capital outlay	20,699	-	1,800	81,703	-
Total expenditures	<u>220,631</u>	<u>169,272</u>	<u>5,001</u>	<u>81,703</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(26,464)</u>	<u>10,494</u>	<u>10,981</u>	<u>-</u>	<u>16,304</u>
<u>Other financing sources:</u>					
Operating transfers - in	-	-	-	-	-
Excess of revenues and other financing sources over (under) expenditures	(26,464)	10,494	10,981	-	16,304
Fund balance (deficit) at beginning of year	132,195	63,410	32,357	-	36,382
Increase (decrease) in reserve for inventory	-	2,043	(8,598)	-	-
Fund balance (deficit) at end of year	<u>\$ 105,731</u>	<u>\$ 75,947</u>	<u>\$ 34,740</u>	<u>\$ -</u>	<u>\$ 52,686</u>

Police Pension	Law Enforcement Education	Law Enforcement	COPS	State and Federal Grants	Fire Department Levy	Totals
\$ 23,206	\$ -	\$ -	\$ -	\$ -	\$ 89,463	\$ 232,169
-	-	-	-	-	-	60,032
-	1,386	2,442	-	-	-	3,828
2,354	-	-	39,299	-	8,201	352,787
-	-	-	-	-	-	5,331
-	-	-	-	-	-	126
<u>25,560</u>	<u>1,386</u>	<u>2,442</u>	<u>39,299</u>	<u>-</u>	<u>97,664</u>	<u>654,273</u>
397	-	-	-	-	1,527	3,949
27,000	-	45	51,669	-	9,017	285,638
-	-	-	-	1,730	-	174,203
-	1,400	2,656	-	-	46,298	154,556
<u>27,397</u>	<u>1,400</u>	<u>2,701</u>	<u>51,669</u>	<u>1,730</u>	<u>56,842</u>	<u>618,346</u>
<u>(1,837)</u>	<u>(14)</u>	<u>(259)</u>	<u>(12,370)</u>	<u>(1,730)</u>	<u>40,822</u>	<u>35,927</u>
-	-	-	12,895	-	-	12,895
(1,837)	(14)	(259)	525	(1,730)	40,822	48,822
1,739	924	2,516	(433)	2,312	40,794	312,196
-	-	-	-	-	-	(6,555)
<u>\$ (98)</u>	<u>\$ 910</u>	<u>\$ 2,257</u>	<u>\$ 92</u>	<u>\$ 582</u>	<u>\$ 81,616</u>	<u>\$ 354,463</u>

City of Rittman, Ohio

Emergency Medical Services Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 104,891	\$ 117,048	\$ 12,157
Charges for services	46,250	58,389	12,139
Intergovernmental	11,009	9,509	(1,500)
Miscellaneous	100	126	26
Total revenues	<u>162,250</u>	<u>185,072</u>	<u>22,822</u>
 <u>Expenditures:</u>			
Current:			
General government			
Miscellaneous			
Other operating costs	<u>2,200</u>	<u>2,025</u>	<u>175</u>
 Safety services			
Division of Emergency Services			
Personal services	162,857	154,499	8,358
Contractual services	19,527	17,133	2,394
Supplies and materials	13,644	11,202	2,442
Other operating costs	8,300	8,112	188
Capital outlay	<u>39,500</u>	<u>38,439</u>	<u>1,061</u>
Total safety services	<u>243,828</u>	<u>229,385</u>	<u>14,443</u>
Total expenditures	<u>246,028</u>	<u>231,410</u>	<u>14,618</u>
Excess of revenues under expenditures	(83,778)	(46,338)	37,440
Fund balance at beginning of year	138,364	138,364	-
Prior year encumbrances appropriated	1,343	1,343	-
Fund balance at end of year	<u>\$ 55,929</u>	<u>\$ 93,369</u>	<u>\$ 37,440</u>

City of Rittman, Ohio

Street Maintenance and Repair Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 159,000	\$ 178,543	\$ 19,543
Investment income	1,000	3,565	2,565
Total revenues	<u>160,000</u>	<u>182,108</u>	<u>22,108</u>
<u>Expenditures:</u>			
Current:			
Transportation			
Division of Street Maintenance			
Personal services	143,275	131,697	11,578
Contractual services	20,500	9,161	11,339
Supplies and materials	<u>38,144</u>	<u>28,828</u>	<u>9,316</u>
Total expenditures	<u>201,919</u>	<u>169,686</u>	<u>32,233</u>
Excess of revenues over (under) expenditures	<u>(41,919)</u>	<u>12,422</u>	<u>54,341</u>
<u>Other financing sources:</u>			
Operating transfers-in	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Excess of revenues and other financing sources over (under) expenditures	(16,919)	12,422	29,341
Fund balance at beginning of year	50,426	50,426	-
Prior year encumbrances appropriated	<u>13,644</u>	<u>13,644</u>	<u>-</u>
Fund balance at end of year	<u>\$ 47,151</u>	<u>\$ 76,492</u>	<u>\$ 29,341</u>

City of Rittman, Ohio

State Highway Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 12,900	\$ 14,477	\$ 1,577
Investment income	700	1,618	918
Total revenues	<u>13,600</u>	<u>16,095</u>	<u>2,495</u>
<u>Expenditures:</u>			
Current:			
Transportation			
Division of Street Maintenance			
Personal services	4,000	541	3,459
Supplies and materials	21,200	14,193	7,007
Capital outlay	1,800	1,800	-
Total expenditures	<u>27,000</u>	<u>16,534</u>	<u>10,466</u>
Excess of revenues (under) expenditures	<u>(13,400)</u>	<u>(439)</u>	<u>12,961</u>
<u>Other financing sources:</u>			
Operating transfers-in	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Excess of revenues and other financing sources over (under) expenditures	1,600	(439)	(2,039)
Fund balance at beginning of year	<u>21,959</u>	<u>21,959</u>	<u>-</u>
Fund balance at end of year	<u>\$ 23,559</u>	<u>\$ 21,520</u>	<u>\$ (2,039)</u>

City of Rittman, Ohio

Permissive Tax Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 82,500	\$ 81,703	\$ (797)
<u>Expenditures:</u>			
Transportation			
Division of Street Maintenance			
Capital outlay	82,500	81,703	797
Excess of revenues over (under) expenditures	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Rittman, Ohio

Permissive Tax II Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 15,000	\$ 16,260	\$ 1,260
<u>Expenditures:</u>			
Current:			
Transportation			
Division of Street Maintenance			
Capital outlay	14,000	-	14,000
Excess of revenues over expenditures	1,000	16,260	15,260
Fund balance at beginning of year	35,239	35,239	-
Fund balance at end of year	<u>\$ 36,239</u>	<u>\$ 51,499</u>	<u>\$ 15,260</u>

City of Rittman, Ohio

Police Pension Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 20,646	\$ 22,469	\$ 1,823
Intergovernmental	2,354	2,354	-
Total revenues	<u>23,000</u>	<u>24,823</u>	<u>1,823</u>
<u>Expenditures:</u>			
Current:			
General government			
Miscellaneous			
Other operating costs	<u>500</u>	<u>397</u>	<u>103</u>
Safety services			
Division of Police			
Personal services	<u>24,000</u>	<u>24,000</u>	<u>-</u>
Total expenditures	<u>24,500</u>	<u>24,397</u>	<u>103</u>
Excess of revenues over (under) expenditures	(1,500)	426	1,926
Fund balance at beginning of year	<u>16,437</u>	<u>16,437</u>	<u>-</u>
Fund balance at end of year	<u>\$ 14,937</u>	<u>\$ 16,863</u>	<u>\$ 1,926</u>

City of Rittman, Ohio

Law Enforcement Education Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Fines, licenses and permits	\$ 1,000	\$ 1,561	\$ 561
<u>Expenditures:</u>			
Current:			
Safety services			
Division of Police			
Capital outlay	1,400	1,400	-
Excess of revenues over (under) expenditures	(400)	161	561
Fund balance at beginning of year	749	749	-
Fund balance at end of year	<u>\$ 349</u>	<u>\$ 910</u>	<u>\$ 561</u>

City of Rittman, Ohio

Law Enforcement Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Fines, licenses and permits	\$ 1,000	\$ 1,657	\$ 657
<u>Expenditures:</u>			
Current:			
Safety services			
Division of Police			
Other operating costs	50	45	5
Capital outlay	2,656	2,656	-
Total expenditures	<u>2,706</u>	<u>2,701</u>	<u>5</u>
Excess of revenues under expenditures	(1,706)	(1,044)	662
Fund balance at beginning of year	<u>1,816</u>	<u>1,816</u>	-
Fund balance at end of year	<u>\$ 110</u>	<u>\$ 772</u>	<u>\$ 662</u>

City of Rittman, Ohio

COPS Grant Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 42,325	\$ 39,299	\$ (3,026)
 <u>Expenditures:</u>			
Current:			
Safety services			
Division of Police			
Personal services	59,425	52,169	7,256
Excess of revenues under expenditures	(17,100)	(12,870)	4,230
 <u>Other financing sources:</u>			
Operating transfers-in	19,600	12,895	(6,705)
Excess of revenues and other financing sources over expenditures	2,500	25	(2,475)
Fund balance at beginning of year	1,128	1,128	-
Fund balance at end of year	<u>\$ 3,628</u>	<u>\$ 1,153</u>	<u>\$ (2,475)</u>

City of Rittman, Ohio

State and Federal Grants Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Transportation			
Division of Street Maintenance			
Contractual services	750	600	150
Supplies and materials	1,150	1,130	20
Total expenditures	1,900	1,730	170
Excess of revenues under expenditures	(1,900)	(1,730)	170
Fund balance at beginning of year	2,312	2,312	-
Fund balance at end of year	\$ 412	\$ 582	\$ 170

City of Rittman, Ohio

Fire Department Levy Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 79,199	\$ 87,349	\$ 8,150
Intergovernmental	8,201	8,201	-
Total revenues	<u>87,400</u>	<u>95,550</u>	<u>8,150</u>
 <u>Expenditures:</u>			
Current:			
General government			
Miscellaneous			
Other operating costs	<u>2,000</u>	<u>1,527</u>	<u>473</u>
Safety services			
Division of Police			
Capital outlay	<u>81,438</u>	<u>81,212</u>	<u>226</u>
Total expenditures	<u>83,438</u>	<u>82,739</u>	<u>699</u>
Excess of revenues over expenditures	3,962	12,811	8,849
Fund balance at beginning of year	<u>20,784</u>	<u>20,784</u>	<u>-</u>
Fund balance at end of year	<u>\$ 60,707</u>	<u>\$ 69,556</u>	<u>\$ 8,849</u>

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS

The Debt Service Fund, and the General Long-term Debt Account Group are not presented separately since individual fund comparatives are not presented and the legal level of budgetary control is not greater than that presented in the General Purpose Financial Statements.

DEBT SERVICE FUND – The Debt Retirement Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest.

GENERAL LONG-TERM DEBT ACCOUNT GROUP – The General Long-term Debt Account Group is used to account for all long-term indebtedness of the City that is not a specific liability of a proprietary fund.

CAPITAL PROJECTS FUND

Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The capital projects fund is:

CAPITAL IMPROVEMENTS – to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

City of Rittman, Ohio

Capital Improvements Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 325,000	\$ 335,217	\$ 10,217
Intergovernmental	100,000	97,728	(2,272)
Special assessments	-	23,976	23,976
Miscellaneous	48,000	48,000	-
Total revenue	<u>473,000</u>	<u>504,921</u>	<u>31,921</u>
<u>Expenditures:</u>			
Current:			
General government			
Other operating costs	8,600	7,282	1,318
Capital outlay	59,356	49,956	9,400
Total General government	<u>67,956</u>	<u>57,238</u>	<u>10,718</u>
Security of persons and property			
Division of Police			
Other operating costs	4,000	3,939	61
Capital outlay	76,188	75,216	972
Total security of persons and property	<u>80,188</u>	<u>79,155</u>	<u>1,033</u>
Transportation			
Division of Street Construction			
Contractual services	23,380	22,580	800
Capital outlay	514,869	486,217	28,652
Total transportation	<u>538,249</u>	<u>508,797</u>	<u>29,452</u>
Leisure time activities			
Division of Parks			
Contractual services	230,000	229,325	675
Capital outlay	115,200	103,698	11,502
Total leisure time activities	<u>345,200</u>	<u>333,023</u>	<u>12,177</u>
Total expenditures	<u>1,031,593</u>	<u>978,213</u>	<u>53,380</u>
Excess of revenues under expenditures	<u>(558,593)</u>	<u>(473,292)</u>	<u>85,301</u>
<u>Other financing sources (uses):</u>			
Operating transfers-in	361,000	316,000	(45,000)
Operating transfers-out	(94,278)	(94,278)	-
Total other sources (uses)	<u>266,722</u>	<u>221,722</u>	<u>(45,000)</u>
Excess of revenues and other financing sources under expenditures and other uses	(291,871)	(251,570)	40,301
Fund balance at beginning of year	121,178	121,178	-
Prior year encumbrances appropriated	166,705	166,705	-
Fund balance at end of year	<u>\$ (3,988)</u>	<u>\$ 36,313</u>	<u>\$ 40,301</u>

ENTERPRISE FUNDS

Enterprise funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and changes in cash flows. The Enterprise Funds are used to account for the City's water and sewer operations. These operations are financed and operated in a manner similar to a private business enterprise. The intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Following is a description of the City's enterprise funds:

WATER - To account for water services provided to individuals and commercial users in the community.

SEWER - To account for sewer services provided to individuals and commercial users in the community.

City of Rittman, Ohio
Combining Balance Sheet
All Enterprise Funds
As of December 31, 1999

	Water	Sewer	Total
<u>Assets</u>			
Equity in pooled cash	\$ 139,453	\$ 1,472,656	\$ 1,612,109
Cash with fiscal and escrow agents	13,913	-	13,913
Receivables:			
Taxes	26,850	-	26,850
Accounts	60,212	142,601	202,813
Accrued interest	65	-	65
Materials and supplies inventory	16,436	2,974	19,410
Prepaid items	3,087	3,692	6,779
Deferred charges	1,302	-	1,302
Fixed assets, (net of accumulated depreciation)	3,499,926	7,697,995	11,197,921
Total assets	<u>\$ 3,761,244</u>	<u>\$ 9,319,918</u>	<u>\$ 13,081,162</u>
<u>Liabilities and equity</u>			
Current liabilities			
Accounts payable	\$ 6,077	\$ 7,151	\$ 13,228
Accrued wages and benefits	3,315	2,657	5,972
Compensated absences payable	18,263	12,567	30,830
Due to other governments	8,133	6,314	14,447
Matured bonds payable	10,200	-	10,200
Matured interest payable	3,713	-	3,713
Accrued interest payable	947	12,969	13,916
OWDA loans payable - current	-	161,586	161,586
General obligation bonds payable - current	114,018	-	114,018
Mortgage revenue bonds payable - current	-	13,900	13,900
Total current liabilities	<u>164,666</u>	<u>217,144</u>	<u>381,810</u>
Long-term liabilities			
OWDA loans payable	-	2,554,051	2,554,051
General obligation bonds payable	107,979	-	107,979
Mortgage revenue bonds payable	-	1,200,800	1,200,800
Total long-term liabilities	<u>107,979</u>	<u>3,754,851</u>	<u>3,862,830</u>
Total liabilities	<u>272,645</u>	<u>3,971,995</u>	<u>4,244,640</u>
Equity			
Contributed capital	193,350	2,544,530	2,737,880
Retained earnings, unreserved	3,295,249	2,803,393	6,098,642
Total equity	<u>3,488,599</u>	<u>5,347,923</u>	<u>8,836,522</u>
Total liabilities and equity	<u>\$ 3,761,244</u>	<u>\$ 9,319,918</u>	<u>\$ 13,081,162</u>

City of Rittman, Ohio
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings
All Enterprise Funds
For the Year Ended December 31, 1999

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Operating revenues:</u>			
Charges for services	\$ 385,149	\$ 876,388	\$ 1,261,537
Other	9,476	1,238	10,714
	<u>394,625</u>	<u>877,626</u>	<u>1,272,251</u>
Total operating revenues			
<u>Operating expenses:</u>			
Personal services	245,752	196,019	441,771
Contractual services	164,441	344,159	508,600
Materials and supplies	47,101	32,726	79,827
Other	-	77,300	77,300
Depreciation	124,618	291,058	415,676
	<u>581,912</u>	<u>941,262</u>	<u>1,523,174</u>
Total operating expenses			
Operating loss	<u>(187,287)</u>	<u>(63,636)</u>	<u>(250,923)</u>
<u>Non-operating revenues (expenses):</u>			
Interest income	980	-	980
Grants	-	75,000	75,000
Municipal income tax	329,650	-	329,650
Interest and fiscal charges	(19,924)	(204,800)	(224,724)
	<u>310,706</u>	<u>(129,800)</u>	<u>180,906</u>
Total non-operating revenues (expenses)			
Net income (loss)	123,419	(193,436)	(70,017)
Retained earnings at beginning of year	<u>3,171,830</u>	<u>2,996,829</u>	<u>6,168,659</u>
Retained earnings at end of year	<u>\$ 3,295,249</u>	<u>\$ 2,803,393</u>	<u>\$ 6,098,642</u>

City of Rittman, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 1999

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash flows from operating activities:			
Operating loss	\$ (187,287)	\$ (63,636)	\$ (250,923)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation	124,618	291,058	415,676
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	793	4,573	5,366
Inventory of supplies	(5,225)	21	(5,204)
Prepaid items	(108)	28	(80)
Increase (decrease) in liabilities:			
Accounts payable	4,723	(93,193)	(88,470)
Accrued wages	377	994	1,371
Compensated absences	681	(967)	(286)
Due to other governments	(2,822)	(3,766)	(6,588)
Net cash provided by (used for) operating activities	<u>(64,250)</u>	<u>135,112</u>	<u>70,862</u>
Cash flows from noncapital financing activities:			
Income taxes received	335,217	-	335,217
Operating grants	-	75,000	75,000
Net cash provided by noncapital financing activities	<u>335,217</u>	<u>75,000</u>	<u>410,217</u>
Cash flows from capital and related financing activities:			
Interest paid on debt	(16,215)	(204,942)	(221,157)
Principal payment on notes and bonds	(100,000)	(166,994)	(266,994)
Payment on matured bonds	(10,200)	-	(10,200)
Acquisition of capital assets	(310,210)	(99,072)	(409,282)
Net cash used for capital and related financing activities	<u>(436,625)</u>	<u>(471,008)</u>	<u>(907,633)</u>
Cash flows from investing activities:			
Sale of investments	24,113	-	24,113
Investment income	1,017	-	1,017
Net cash provided by investing activities	<u>25,130</u>	<u>-</u>	<u>25,130</u>
Net decrease in cash and cash equivalents	(140,528)	(260,896)	(401,424)
Cash and cash equivalents at beginning of year	<u>293,894</u>	<u>1,733,552</u>	<u>2,027,446</u>
Cash and cash equivalents at end of year	<u>\$ 153,366</u>	<u>\$ 1,472,656</u>	<u>\$ 1,626,022</u>

City of Rittman, Ohio

Water Fund

**Schedule of Revenues, Expenses, and Changes in Fund Equity -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Municipal income tax	\$ 325,000	\$ 335,217	\$ 10,217
Charges for services	420,600	385,942	(34,658)
Investment income	2,000	1,017	(983)
Other	1,000	7,096	6,096
Total revenue	<u>748,600</u>	<u>729,272</u>	<u>(19,328)</u>
<u>Expenses:</u>			
General government			
Miscellaneous			
Other operating costs	3,000	1,682	1,318
Basic utility services			
Division of Water Distribution			
Personal services	270,593	247,944	22,649
Contractual services	159,740	134,303	25,437
Supplies and materials	87,147	62,253	24,894
Other operating costs	50,500	50,200	300
Capital outlay	311,596	293,327	18,269
Total basic utility services	<u>879,576</u>	<u>788,027</u>	<u>91,549</u>
Debt service:			
Principal retirement	100,000	100,000	-
Interest and fiscal charges	16,215	16,215	-
Total expenses	<u>998,791</u>	<u>905,924</u>	<u>92,867</u>
Excess of revenues under expenses	(250,191)	(176,652)	73,539
Fund equity at beginning of year	228,926	228,926	-
Prior year encumbrances appropriated	68,241	68,241	-
Fund equity at end of year	<u>\$ 46,976</u>	<u>\$ 120,515</u>	<u>\$ 73,539</u>

City of Rittman, Ohio

Sewer Fund

**Schedule of Revenues, Expenses, and Changes in Fund Equity -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for services	\$ 876,500	\$ 880,961	\$ 4,461
Intergovernmental	75,000	75,000	-
Other	500	1,238	738
Total revenue	<u>952,000</u>	<u>957,199</u>	<u>5,199</u>
<u>Expenses:</u>			
Basic utility services			
Division of Wastewater Treatment			
Personal services	233,118	199,593	33,525
Contractual services	785,361	465,199	320,162
Supplies and materials	50,372	34,797	15,575
Other operating costs	77,300	77,300	-
Capital outlay	108,993	106,829	2,164
Total basic utility services	<u>1,255,144</u>	<u>883,718</u>	<u>371,426</u>
Debt service:			
Principal retirement	167,000	166,994	6
Interest and fiscal charges	204,955	204,942	13
Total expenses	<u>1,627,099</u>	<u>1,255,654</u>	<u>371,445</u>
Excess of revenues under expenses	<u>(675,099)</u>	<u>(298,455)</u>	<u>376,644</u>
<u>Other financing sources (uses):</u>			
Operating transfers - in	693,754	693,754	-
Operating transfers - out	(693,754)	(693,754)	-
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources under expenses and other uses	<u>(675,099)</u>	<u>(298,455)</u>	<u>376,644</u>
Fund equity at beginning of year	1,429,459	1,429,459	-
Prior year encumbrances appropriated	304,094	304,094	-
Fund equity at end of year	<u>\$ 1,058,454</u>	<u>\$ 1,435,098</u>	<u>\$ 376,644</u>

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The City's Fiduciary Fund type is:

EXPENDABLE TRUST FUNDS

These funds are accounted for in essentially the same manner as governmental funds.

CEMETERY ENDWOMENT FUND – To accumulate funds for any capital expenditures necessary for the municipal owned cemeteries.

RECREATION TRUST – To account for the construction, improvement and maintenance of the City's recreation facilities.

City of Rittman, Ohio
Combining Balance Sheet
All Expendable Trust Funds
As of December 31, 1999

	<u>Cemetery Endowment</u>	<u>Recreation Trust</u>	<u>Totals</u>
<u>Assets</u>			
Equity in pooled cash	\$ 78,312	\$ 265,236	\$ 343,548
Receivables:			
Accounts	850	-	850
Accrued interest	-	1,584	1,584
	<u> </u>	<u> </u>	<u> </u>
Total assets and other debits	<u>\$ 79,162</u>	<u>\$ 266,820</u>	<u>\$ 345,982</u>
<u>Liabilities, fund equity and other credits</u>			
<u>Liabilities</u>			
Deferred revenue	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 400</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>400</u>	<u>-</u>	<u>400</u>
<u>Fund equity and other credits</u>			
Unreserved:			
Undesignated	<u>78,762</u>	<u>266,820</u>	<u>345,582</u>
	<u> </u>	<u> </u>	<u> </u>
Total fund equity and other credits	<u>78,762</u>	<u>266,820</u>	<u>345,582</u>
Total liabilities, fund equity and other credits	<u>\$ 79,162</u>	<u>\$ 266,820</u>	<u>\$ 345,982</u>

City of Rittman, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Expendable Trust Funds
For the Year Ended December 31, 1999

	Cemetery Endowment	Recreation Trust	Totals
<u>Revenues:</u>			
Charges for services	\$ 9,438	\$ -	\$ 9,438
Intergovernmental	-	68,225	68,225
Investment income	-	11,738	11,738
	<hr/>	<hr/>	<hr/>
Total revenues	9,438	79,963	89,401
	<hr/>	<hr/>	<hr/>
<u>Expenditures:</u>			
Capital outlay	3,060	-	3,060
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	6,378	79,963	86,341
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	72,384	186,857	259,241
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	<u>\$ 78,762</u>	<u>\$ 266,820</u>	<u>\$ 345,582</u>

City of Rittman, Ohio

Cemetery Endowment Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget (Non-GAAP Budgetary Basis) and Actual

Year ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for services	\$ 10,000	\$ 9,388	\$ (612)
<u>Expenditures:</u>			
Current:			
Public health services			
Capital outlay	<u>10,000</u>	<u>3,060</u>	<u>6,940</u>
Excess of revenues over expenditures	0	6,328	6,328
Fund balance at beginning of year	71,984	71,984	-
Fund balance at end of year	<u>\$ 71,984</u>	<u>\$ 78,312</u>	<u>\$ 6,328</u>

City of Rittman, Ohio

Recreation Trust Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 20,000	\$ 68,225	\$ 48,225
Investment income	4,000	11,305	7,305
Total revenue	<u>24,000</u>	<u>79,530</u>	<u>55,530</u>
<u>Expenditures:</u>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	24,000	79,530	55,530
Fund balance at beginning of year	<u>185,706</u>	<u>185,706</u>	<u>-</u>
Fund balance at end of year	<u>\$ 209,706</u>	<u>\$ 265,236</u>	<u>\$ 55,530</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounts for all fixed assets used in general governmental operations. Streets, sidewalks and storm sewers are not included in this account group as the City does not capitalize infrastructure items.

City of Rittman, Ohio
General Fixed Assets Account Group
Schedule of General Fixed Assets by Source
As of December 31, 1999

General fixed assets	
Land and land improvements	\$ 159,968
Buildings	2,355,386
Machinery and equipment	<u>2,533,395</u>
Total general fixed assets	<u>\$ 5,048,749</u>
Investments in general fixed assets from	
General fund	\$ 1,649,481
Special revenue funds	1,175,831
Capital project funds	604,524
Trust funds	43,867
Donations	104,125
General obligation bonds	<u>1,470,921</u>
Total investments in general fixed assets	<u>\$ 5,048,749</u>

City of Rittman, Ohio
General Fixed Assets Account Group
Schedule of General Fixed Assets by Function and Activity
As of December 31, 1999

	Land and Land Improvements	Buildings	Machinery and Equipment	Total
Safety services				
Police	\$ -	\$ 1,473,045	\$ 335,785	\$ 1,808,830
Fire	-	-	1,067,096	1,067,096
Emergency medical	30,000	310,190	256,345	596,535
Total safety services	<u>30,000</u>	<u>1,783,235</u>	<u>1,659,226</u>	<u>3,472,461</u>
Public health services				
Cemetery	2,664	20,871	20,332	43,867
Leisure time activities				
Pool	86,741	136,884	12,841	236,466
Parks	36,798	128,153	232,849	397,800
Total leisure time activities	<u>123,539</u>	<u>265,037</u>	<u>245,690</u>	<u>634,266</u>
Transportation services				
Street maintenance and repair	-	196,991	489,751	686,742
General government				
Administration	3,765	89,252	118,396	211,413
Total general fixed assets	<u>\$ 159,968</u>	<u>\$ 2,355,386</u>	<u>\$ 2,533,395</u>	<u>\$ 5,048,749</u>

City of Rittman, Ohio
General Fixed Assets Account Group
Schedule of Changes in General Fixed Assets by Function and Activity
Year ended December 31, 1999

	January 1, 1999	Additions*	Deletions*	December 31, 1999
Safety services				
Police	\$ 1,855,921	\$ 68,425	\$ 115,516	\$ 1,808,830
Fire	1,017,197	57,899	8,000	1,067,096
Emergency medical	536,407	60,128	-	596,535
Total safety services	<u>3,409,525</u>	<u>186,452</u>	<u>123,516</u>	<u>3,472,461</u>
Public health services				
Cemetery	43,867	-	-	43,867
Leisure time activities				
Pool	166,523	69,943	-	236,466
Parks	404,265	32,183	38,648	397,800
Total leisure time activities	<u>570,788</u>	<u>102,126</u>	<u>38,648</u>	<u>634,266</u>
Transportation services				
Street maintenance and repair	611,154	109,806	34,218	686,742
General government				
Administration	194,450	46,545	29,582	211,413
Total general fixed assets	<u>\$ 4,829,784</u>	<u>\$ 444,929</u>	<u>\$ 225,964</u>	<u>\$ 5,048,749</u>

* Includes \$21,732 transfer of fixed assets from Police to Transportations Services.

* Includes \$12,031 transfer of fixed assets from Police to Fire.

STATISTICAL SECTION

CITY OF RITTMAN, OHIO
General Governmental Revenue by
Source and Expenditures by Function
All Governmental and Expendable Trust Funds
Last Ten Years (\$000 omitted)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<u>REVENUES</u>										
Taxes	\$ 1,034	1,176	1,215	1,217	1,262	1,403	1,364	1,459	1,403	1,529
Intergovernmental revenues	602	461	646	567	677	666	851	709	873	1,002
Charges for services	321	325	361	423	395	424	456	431	435	503
Special assessments	19	19	55	44	70	64	63	25	20	25
Fines, licenses and permits	39	44	45	54	58	69	66	60	63	73
Investment income	249	252	92	91	138	299	276	311	307	247
Miscellaneous	-	-	-	-	-	3	8	9	44	87
Total	\$ 2,264	2,277	2,414	2,396	2,600	2,928	3,084	3,004	3,145	3,466

<u>EXPENDITURES</u>										
Safety services	\$ 605	611	703	650	796	730	915	970	1,039	1,121
Public health and welfare	159	151	187	172	181	179	70	72	68	72
Leisure time activities	60	65	71	65	66	67	72	99	95	93
Community environment	10	10	1	5	3	5	-	-	3	-
Basic utility services	157	174	196	216	204	206	198	197	197	198
Transportation	304	357	361	433	387	387	390	617	390	456
General government	481	425	410	370	420	401	418	470	472	539
Capital outlay	463	431	610	673	1,115	328	414	88	745	646
Debt service										
Principal retirement	14	14	489	244	81	75	71	73	71	75
Interest and fiscal charges	7	6	7	36	59	56	53	51	48	46
Total	\$ 2,260	2,244	3,035	2,864	3,312	2,434	2,601	2,637	3,128	3,246

Note: Years prior to 1992 are on a cash basis.
Financial information provided excludes other financing sources and uses.

CITY OF RITTMAN, OHIO
Schedules of Property Tax, Tangible Tax, Special Assessments,
Levied/Billed and Collections, and Economic Indicators
Last Ten Years (\$000 omitted)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<u>PROPERTY TAX</u>										
Net tax levy	\$ 300	323	316	335	288	322	328	312	339	362
Taxes collected	\$ 262	312	314	319	282	288	287	315	324	355
Percentage collected	87.33%	96.59%	99.37%	95.22%	97.96%	89.44%	87.59%	100.96%	95.58%	98.07%
<u>TANGIBLE TAX</u>										
Billed	\$ 78	97	108	109	122	130	140	161	125	147
Collected	\$ 79	98	109	107	116	126	134	155	125	147
Percentage collected	1%	1%	1%	98%	95%	97%	96%	96%	100%	100%
Delinquent	-	1	1	2	2	3	5	5	-	-
<u>SPECIAL ASSESSMENTS</u>										
Billed	\$ 25	26	32	30	50	48	35	29	22	25
Collected	\$ 20	31	28	47	45	33	30	30	21	25
Percentage collected	77%	97%	93%	94%	90%	68%	85%	104%	96%	100%
Delinquent	6	1	2	3	3	2	1	-	1	1

COMMUNITY ECONOMIC INDICATORS

Commercial										
Number of building permits issued	2	2	1	2	-	2	-	4	7	11
Value of building permits issued	\$ 201,000	140,000	500,000	1,300,000	-	534,000	-	1,961,000	2,043,000	280,100
Residential										
Number of building permits issued	7	12	14	18	30	8	9	7	14	118
Value of building permits issued	\$ 258,050	698,467	888,600	1,710,450	2,315,900	641,600	704,000	610,000	1,161,400	1,312,015
<u>Unemployment rates</u>										
Wayne County	4.9	5.8	6.4	4.8	3.9	3.5	4.3	4.2	3.2	3.5
State of Ohio	5.7	6.4	7.1	6.5	6.3	4.8	4.9	4.6	4.3	4.3
United States	5.5	6.7	7.0	6.8	7.0	5.2	5.4	4.4	4.3	4.2
Registered voters, November election (City of Rittman)	2,616	2,558	2,789	2,657	2,748	2,835	3,022	3,087	3,867	3,073
Financial Institution Deposits	\$ 714,000	781,000	706,000	786,000	961,594	935,634	856,765	1,785,711	1,833,954	1,598,818

Source: Wayne and Medina County Auditors
Wayne County Board of Elections
Ohio Bureau of Employment Services
Federal Reserve Board and City of Rittman Zoning Department

CITY OF RITTMAN, OHIO
Schedules of Assessed Valuation, Estimated True Value and
Property Tax Rates all Direct and Overlapping Governments
Last Ten Years (\$000 omitted)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<u>ASSESSED VALUATION</u>										
Real property	\$ 41,979	41,457	42,584	44,089	43,171	45,035	46,619	58,945	58,253	66,668
Public utility property	2,917	3,025	3,321	3,704	3,612	3,645	3,363	3,253	3,335	2,968
Tangible personal property	13,850	13,243	13,479	15,011	15,011	16,060	17,357	18,670	19,632	20,340
Total	<u>58,746</u>	<u>57,725</u>	<u>59,384</u>	<u>62,804</u>	<u>61,794</u>	<u>64,740</u>	<u>67,338</u>	<u>80,868</u>	<u>81,221</u>	<u>89,975</u>
<u>ESTIMATED VALUATION</u>										
Total	<u>\$ 172,321</u>	<u>170,522</u>	<u>176,832</u>	<u>189,717</u>	<u>176,554</u>	<u>184,971</u>	<u>192,396</u>	<u>231,051</u>	<u>232,060</u>	<u>257,071</u>

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS (MILLS PER \$1.00 VALUATION)

Wayne County	6.75	7.35	7.45	7.35	7.35	8.35	8.35	8.35	8.35	8.35
Medina County	5.76	7.57	7.50	8.12	8.10	8.09	7.98	7.98	7.98	7.98
School	39.00	46.20	46.20	46.20	46.20	46.20	54.80	54.80	54.80	54.80
Vocational school	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Milton Township	5.10	5.10	5.10	5.10	5.10	6.60	6.60	6.60	6.60	6.60
Chippewa Township	5.20	6.70	6.70	6.70	6.70	6.70	6.70	6.70	6.70	4.00
Mental Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City of Rittman	6.10	7.10	7.10	7.10	6.90	7.10	7.50	7.50	7.50	7.50
Wayne County Library	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>73.01</u>	<u>85.12</u>	<u>85.15</u>	<u>85.67</u>	<u>86.45</u>	<u>89.14</u>	<u>98.03</u>	<u>98.03</u>	<u>98.03</u>	<u>95.33</u>

Source: Wayne County Auditor, Medina County Auditor

CITY OF RITTMAN, OHIO
Schedules of Computation of Legal Debt Margin,
Overlapping Debt Analysis, and Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
December 31, 1999

<u>LEGAL DEBT MARGIN</u>	<u>Unvoted</u>	<u>Overall</u>
Total assessed valuation	\$ 89,975,002	89,975,002
Debt limitation - 5.5% of assessed valuation	<u>4,948,625</u>	
Debt limitation - 10.5% of assessed valuation		<u>9,447,375</u>
Debt applicable to limitation:		
Gross indebtedness	4,906,910	4,906,910
Exempt debt:		
Sewer revenue bonds	1,214,700	1,214,700
OWDA loans	2,715,637	2,715,637
Special assessment bonds	<u>76,572</u>	<u>76,572</u>
Total debt applicable to limitation	900,001	900,001
Legal debt margin	<u>\$ 4,048,624</u>	<u>8,547,374</u>

OVERLAPPING DEBT ALLOCATIONS (\$000 omitted)

	Assessed valuations	Net debt outstanding	Percentage applicable to City	Amount applicable to City
City of Rittman	\$ 89,975	\$ 900	100%	900,001
Rittman Exempted Village School District	84,319	-	106.7%	-
Wayne County, Ohio	1,591,969	1,655	5.7%	93,544

RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Assessed value (\$000 omitted)	58,746	57,725	59,384	62,804	62,703	64,740	67,338	80,868	81,221	89,975
Population	6,143	6,143	6,143	6,143	6,143	6,143	6,143	6,143	6,143	6,143
Debt outstanding (\$000 omitted)	1,077	1,512	1,701	1,136	1,110	988	1,043	1,210	1,055	900
Ratio of debt to assessed value	1.83	2.62	2.86	1.81	1.77	1.53	1.55	1.50	1.30	1.00
Debt per capita (full \$)	175	246	277	185	181	161	170	197	172	147

Source: Wayne County Auditor, Census Bureau

CITY OF RITTMAN, OHIO
Schedules of Ratio of Annual Debt Service Expenditures for General Bonded Debt
to Total General Governmental Expenditures and
Revenue Bond Coverage
Last Ten Years (\$000 omitted)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<u>GENERAL BONDED DEBT</u>										
Debt service	\$ 21	20	496	280	140	131	124	124	120	120
General governmental expenditures	\$ 2,259	2,243	3,035	2,864	3,312	2,434	2,600	2,637	3,128	3,195
Ratio of debt service to general governmental expenditures	0.93	0.89	16.34	9.78	4.23	5.38	4.77	4.70	3.84	3.76
<u>REVENUE BOND COVERAGE</u>										
Sewer:										
Direct revenue	\$ 1,927	2,266	2,284	3,480	940	935	909	870	915	882
Operating expense ¹	\$ 399	460	460	669	398	410	457	838	637	476
Net available	\$ 1,528	1,806	1,824	2,811	542	525	452	32	278	406
Principal	\$ 1,072	992	993	2,665	10	11	11	12	13	13
Interest	\$ 81	51	60	95	66	65	65	64	64	63
Total debt service	\$ 1,153	1,043	1,053	2,760	76	76	76	76	77	76
Coverage	1.33	1.73	1.73	1.02	7.13	6.91	5.95	0.42	3.61	5.34

Note: 1992 - 1999 are reported on a GAAP basis; all other years on a cash basis.

¹ excludes depreciation

CITY OF RITTMAN, OHIO
Schedules of Principal Taxpayers, Miscellaneous Statistics, and Demographic Statistics

PRINCIPAL TAXPAYERS

	Taxable Valuation (1)	Percentage of Taxable Valuation
CPI	\$ 1,200,870	1.33%
Morton International, Inc.	1,013,610	1.13%
Oscar & Christine Gross	681,660	0.66%
Northern Health Facilities	597,940	0.60%
Rittman Shopping Center	536,620	0.76%
Rittman Acres Limited Partnership	339,670	0.38%
Unilock Ohio, Inc.	312,540	0.35%
Villas Limited	293,380	0.33%
Chippewa Valley Bank	228,210	0.25%
Imperial Plastics, Inc	219,000	<u>0.24%</u>
Total of above	\$ 5,423,500	<u>6.03%</u>
Total City	\$ 89,975,002	

(1) Includes Real Estate, Tangible Personal Property and Public Utility Assessed Valuations

POPULATION and SCHOOL ENROLLMENT

Year	Population	School Enrollment
1990	6,143	1,339
1991	6,143	1,326
1992	6,143	1,335
1993	6,143	1,382
1994	6,143	1,376
1995	6,143	1,364
1996	6,143	1,380
1997	6,143	1,373
1998	6,143	1,344
1999	6,143	<u>1,307</u>

Source: Wayne County Auditor
 U.S. Censuses 1980, 1990
 Ohio Department of Education

MISCELLANEOUS STATISTICS

Date of incorporation	1960
Form of government	Mayor-Council-Manager
Area (square miles)	6.1
Number of parks	11
Miles of Streets	37
Number of street lights	468
Number of traffic lights	5
Fire Protection	
Number of stations	1
Number volunteers	29
Police Protection	
Number of stations	1
Number of full-time officers	10

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the City Council
City of Rittman
Rittman, Ohio 44270

We have audited the financial statements of City of Rittman as of and for the year ended December 31, 1999, and have issued our report thereon dated June 29, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Rittman's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and City Council and is not intended to be and should not be used by anyone other than these specified parties.



Lennon & Company
Certified Public Accountant
June 29, 2000





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF RITTMAN

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 21, 2000**