

City of Rittman, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of Council

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, 2000 through December 31, 2000. Based upon this review, we have accepted this report 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.

JIM PETRO
Auditor of State

July 18, 2001

CITY OF RITTMAN, OHIO

Comprehensive Annual Financial Report

Year Ended December 31, 2000

Prepared by: Department of Finance

CITY OF RITTMAN, OHIO
Comprehensive Annual Financial Report
Year Ended December 31, 2000

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INTRODUCTORY SECTION



James Bell, CMFA
Finance Director



CITY OFFICES
30 North Main Street
Rittman, Ohio 44270
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June 29, 2001

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, 2000 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 multi-year 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.

2000 Initiatives

The main focus of 2000 and 2001 has been the bidding and construction of the 30,200 square foot recreation center located on Saurer Street next to the high school. The \$3.2 million facility includes an indoor fitness center, running track, basketball/volleyball court, and an indoor pool. It is anticipated to open on or around July 15, 2001. Mr. Bob Burke has been hired as Recreation Director for the facility which will offer a full range of recreational programs to the public.

Development Activities

With the approval and beginning of Phase I of J.J. Detweiler's Sunset Hills Farm Allotment off of Rufener Street, significant residential development appears to be occurring in the City. At the Rittman City Planning Commission meeting on April 17, 2001, approval was granted by the Planning Commission for Phase II of the Sunset Hills Development which encompasses another 33 lots. Conditional Approval for Phase II of the Paradise Hills Subdivision located off of Louise Street, and being developed by Morris Tipton, will result in 21 new lots available for residential development. Finally, Akron developer Steve Martin is developing Scenic View, a 42-lot condominium subdivision located off of North Rufener Street.

During 2000, ownership of the Rittman Shopping Center transferred to the Equity Development Group of Cleveland, Ohio. The expansion of the Family Dollar and a new tenant, Broadway Video have added to the increased traffic and volume in the area. Renovations to the façade as well as the parking lot are anticipated to take place this year.

Swiss Woodcraft on Industrial Street continues to grow as it has undertaken its third expansion in recent years. The cabinetry/millwork facility has seen a large increase in business due to the excellent craftsmanship and product in produces.

Dollar General's new 11,000 square foot facility at North Main and Beech Streets opened on June 1, 2001. Formerly the site of a dilapidated structure removed by the City, the project as created new jobs as well as provided additional shopping opportunities for citizens of the community.

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 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 Carastar Industries. Carastar manufactures cardboard containers for the distribution of other company's products. It appears that employment at Carastar 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 approximately 150 new building lots will be made available for single family housing once current developments are completed. In addition, the Rittman Community Improvement Corporation recently sold its 12.5 acres on Rufener Street to C&M Development where a 42-unit condominium development will begin construction shortly. Nearly 275 building lots will be made available in the immediate future for large scale development of single family homes in various areas of the city. This impressive activity in commercial and residential growth and expansion leads us to believe the city is in a solid position due to its excellent infrastructure. Because of its adequate natural resource of water and the capacity through the wastewater treatment plant, the city is in a sound position to handle these development activities. Ongoing efforts to improve city storm sewers and streets continue as well as related water distribution line extensions and replacements.

Approximately 261 acres of property on Rawiga Road, which includes the Rawiga Country Club and the abutting property owners, Jane and Harold Laurila, have been requested for annexation to the city. It is anticipated that the annexation of the area will take place toward the end of 2001.

Future Projects

Funds have been secured from the Ohio Public Works Commission for the Phase I improvements of Rufener Street from Krabill Road to Eastern Road. The project will include widening of the street, curbs, gutters, sidewalks, storm sewer, and other related improvements.

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 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 1999 and 2000.

GENERAL GOVERNMENT REVENUES (\$000 omitted)

<i>REVENUES</i>	<u>1999</u>	<u>2000</u>	<u>% Change 1999-2000</u>
<i>Taxes</i>	\$ 1,529	\$ 1,498	(2.0) %
<i>Intergovernmental revenues</i>	1,002	1,022	2.0
<i>Charges for services</i>	503	472	(6.2)
<i>Special assessments</i>	25	24	(4.0)
<i>Fines, licenses and permits</i>	73	68	(6.8)
<i>Investment income</i>	247	416	68.4
<i>Miscellaneous</i>	<u>87</u>	<u>9</u>	<u>(89.7)</u>
 <i>Total</i>	 <u>\$ 3,466</u>	 <u>\$ 3,509</u>	 <u>1.2 %</u>

GENERAL GOVERNMENT EXPENDITURES (\$000 omitted)

<i>EXPENDITURES</i>	<u>1999</u>	<u>2000</u>	<u>% Change 1999-2000</u>
<i>Safety services</i>	\$ 1,121	\$ 1,170	4.4 %
<i>Public health and welfare</i>	72	71	(1.4)
<i>Leisure time activities</i>	93	524	463.4
<i>Basic utility services</i>	198	195	(1.5)
<i>Transportation</i>	456	441	(3.3)
<i>General government</i>	539	624	15.8
<i>Capital outlay</i>	646	880	36.2
<i>Debt service</i>			
<i>Principal retirement</i>	75	81	8.0
<i>Interest and fiscal charges</i>	<u>46</u>	<u>82</u>	<u>78.3</u>
 <i>Total</i>	 <u>\$ 3,246</u>	 <u>\$ 4,068</u>	 <u>25.32 %</u>

During 2000, the City earned approximately \$169,000 more in investment income than during the previous year. This was largely due to the timing of the \$1.5 million bond issue for the new recreation center. The proceeds were temporarily invested until construction began and payments were made to contractors. There was also a notable decrease in miscellaneous revenue from 1999. The majority of this amount in 1999 came from contributions and donations toward the recreation center, whereas no such amounts were recorded for 2000.

Significant increases in leisure time activities and capital outlay expenditures were expected and experienced by the City in 2000. Costs related to the planning and construction of the new recreation center were allocated mainly between these expenditure classifications. The first interest payment on the recreation center bonds was made in September 2000, attributing to the increase in debt service interest and fiscal charges. Principal payments on this issue do not begin until 2001.

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 \$1,360,930 to \$451,477 in 2000. The large decrease was due to the transfer of nearly \$1.4 million to the Capital Projects Fund.

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 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 is the only capital projects fund used by the City and 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.

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 \$20,000. The General Fund receives all Estate Tax revenue up to \$20,000.

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, 2000, the City's cash resources were divided into investments approximately as follows: Star Ohio 12%, time deposits 40%, agencies 47%, and Special Assessment Bonds 1%. The return on investment for 2000 was 6.38%. The average days to maturity as of December 31, 2000 was 257 days with a yield to maturity of 6.31%.

Debt Administration

At December 31, 2000, the City's outstanding general obligation debt was \$2,228,984, of which \$113,984 is payable from the Enterprise Funds. The City also had special assessment bonds with governmental commitment of \$60,477 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, 2000, the general fixed assets of the City amounted to \$6,065,097, an increase of \$1,016,348 from December 31, 1999.

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

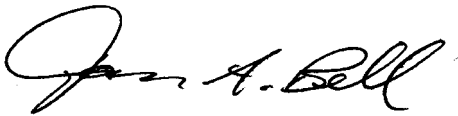
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rittman, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 1999. The Certificate of Achievement 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 black ink that reads "James A. Bell". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

James A. Bell, CMFA
Finance Director/Treasurer

CITY OF RITTMAN, OHIO
Comprehensive Annual Financial Report
For the year ended December 31, 2000

CITY OFFICIALS

Mayor
Bonnie Kindig

Council Members

Raynor Shook, President
Faye Telford
Steve Johnson

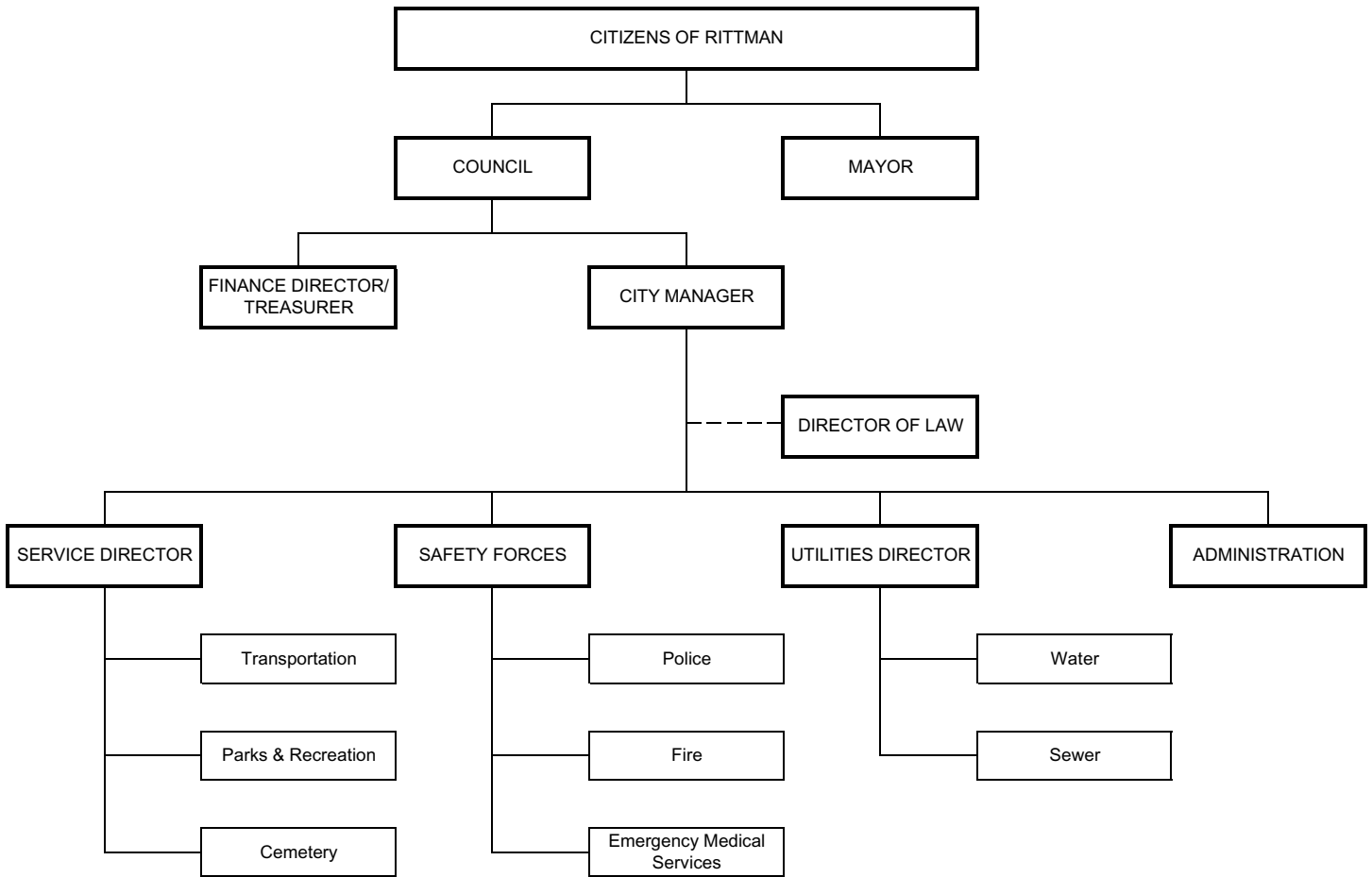
Ralph L. Johnson
Richard Lapehn
Glen Russell

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, 2000



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, 1999

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.



Anne Spray Kinney
President

Jeffrey L. Essler
Executive Director



FINANCIAL SECTION

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, 2000, 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.

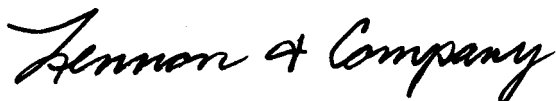
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable 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, 2000, 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, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



LENNON & COMPANY, INC.
Certified Public Accountant
June 29, 2001

City of Rittman, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
As of December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits</u>				
<u>Assets</u>				
Equity in pooled cash	\$ 374,718	\$ 454,528	\$ 85,430	\$ 2,854,917
Cash with fiscal and escrow agents	-	-	2,841	-
Receivables:				
Taxes	317,845	284,142	-	25,658
Accounts	44,914	20,610	-	-
Special assessments	-	-	73,118	-
Accrued interest	41,846	804	-	17,193
Due from other governments	32,100	56,890	-	-
Materials and supplies inventory	1,546	7,006	-	-
Prepaid items	17,929	1,156	-	-
Deferred charges	-	-	-	-
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 available in debt service				
Amount to be provided from special assessments	-	-	-	-
Amount to be provided from general government resources	-	-	-	-
Total assets and other debits	<u>\$ 830,898</u>	<u>\$ 825,136</u>	<u>\$ 161,389</u>	<u>\$ 2,897,768</u>

See accompanying notes to the financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Expendable Trust			
\$ 1,439,719	\$ 378,568	\$ -	\$ -	\$ 5,587,880
13,913	-	-	-	16,754
25,658	-	-	-	653,303
222,402	400	-	-	288,326
-	-	-	-	73,118
76	1,805	-	-	61,724
-	-	-	-	88,990
13,480	-	-	-	22,032
8,035	-	-	-	27,120
441	-	-	-	441
11,117,871	-	6,065,097	-	17,182,968
-	-	-	85,430	85,430
-	-	-	77,703	77,703
-	-	-	2,123,084	2,123,084
<u>\$ 12,841,595</u>	<u>\$ 380,773</u>	<u>\$ 6,065,097</u>	<u>\$ 2,286,217</u>	<u>\$ 26,288,873</u>

City of Rittman, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
As of December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, fund equity and other credits</u>				
<u>Liabilities</u>				
Accounts payable	\$ 18,949	\$ 11,345	\$ -	\$ 241,776
Accrued wages and benefits	27,318	13,754	-	-
Compensated absences payable	8,427	618	-	-
Due to other governments	52,004	30,279	-	-
Deferred revenue	272,723	331,804	73,118	-
Matured bonds payable	-	-	2,500	-
Matured interest payable	-	-	341	-
Accrued interest payable	-	-	-	-
OWDA loans payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Mortgage revenue bonds payable	-	-	-	-
Special assessment debt with governmental commitment	-	-	-	-
Total liabilities	<u>379,421</u>	<u>387,800</u>	<u>75,959</u>	<u>241,776</u>
<u>Fund equity and other credits</u>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings:				
Unreserved	-	-	-	-
Fund balance:				
Reserved for encumbrances	18,349	14,854	-	2,482,275
Reserved for inventory	1,546	7,006	-	-
Reserved for prepaid items	17,929	1,156	-	-
Reserved for debt service	-	-	85,430	-
Unreserved:				
Undesignated	413,653	414,320	-	173,717
Total fund equity and other credits	<u>451,477</u>	<u>437,336</u>	<u>85,430</u>	<u>2,655,992</u>
Total liabilities, fund equity and other credits	<u>\$ 830,898</u>	<u>\$ 825,136</u>	<u>\$ 161,389</u>	<u>\$ 2,897,768</u>

See accompanying notes to the financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Expendable Trust			
\$ 16,191	\$ -	\$ -	\$ -	\$ 288,261
7,210	-	-	-	48,282
41,975	-	-	110,740	161,760
22,031	-	-	-	104,314
-	400	-	-	678,045
10,200	-	-	-	12,700
3,713	-	-	-	4,054
13,310	-	-	-	13,310
2,554,021	-	-	-	2,554,021
113,984	-	-	2,115,000	2,228,984
1,200,800	-	-	-	1,200,800
-	-	-	60,477	60,477
<u>3,983,435</u>	<u>400</u>	<u>-</u>	<u>2,286,217</u>	<u>7,355,008</u>
-	-	6,065,097	-	6,065,097
2,904,694	-	-	-	2,904,694
5,953,466	-	-	-	5,953,466
-	-	-	-	2,515,478
-	-	-	-	8,552
-	-	-	-	19,085
-	-	-	-	85,430
-	380,373	-	-	1,382,063
<u>8,858,160</u>	<u>380,373</u>	<u>6,065,097</u>	<u>-</u>	<u>18,933,865</u>
<u>\$ 12,841,595</u>	<u>\$ 380,773</u>	<u>\$ 6,065,097</u>	<u>\$ 2,286,217</u>	<u>\$ 26,288,873</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, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$ 942,033	\$ 221,276	\$ -	\$ 334,913
Charges for services	403,909	62,769	-	-
Fines, licenses and permits	65,759	2,357	-	-
Intergovernmental	511,971	254,034	-	237,541
Special assessments	-	-	24,403	-
Investment income	242,361	7,477	-	149,053
Other	9,056	180	-	-
Total revenues	2,175,089	548,093	24,403	721,507
Expenditures:				
Current:				
General government	593,635	3,737	32	26,405
Safety services	913,992	256,491	-	-
Public health and welfare	70,899	-	-	-
Transportation	256,802	183,452	-	500
Community environment	5	-	-	-
Basic utility services	194,573	-	-	-
Leisure time activities	83,535	-	-	440,925
Capital outlay	-	72,296	-	802,076
Debt service:				
Principal retirement	-	-	80,680	-
Interest and fiscal charges	-	-	81,701	-
Total expenditures	2,113,441	515,976	162,413	1,269,906
Excess of revenues over (under) expenditures	61,648	32,117	(138,010)	(548,399)
Other financing sources (uses):				
Proceeds of bonds	-	-	4,585	1,500,000
Operating transfers - in	-	47,000	136,825	1,375,000
Operating transfers - out	(1,422,000)	-	-	(136,825)
Total other financing sources (uses)	(1,422,000)	47,000	141,410	2,738,175
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,360,352)	79,117	3,400	2,189,776
Fund balance at beginning of year	1,812,407	354,463	82,030	466,216
Increase (decrease) in reserve for inventory	(578)	3,756	-	-
Fund balance at end of year	\$ 451,477	\$ 437,336	\$ 85,430	\$ 2,655,992

See accompanying notes to the financial statements.

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trust	
\$ -	\$ 1,498,222
5,362	472,040
-	68,116
18,804	1,022,350
-	24,403
16,649	415,540
-	9,236
40,815	3,509,907
-	623,809
-	1,170,483
-	70,899
-	440,754
-	5
-	194,573
-	524,460
6,024	880,396
-	80,680
-	81,701
6,024	4,067,760
34,791	(557,853)
-	1,504,585
-	1,558,825
-	(1,558,825)
-	1,504,585
34,791	946,732
345,582	3,060,698
-	3,178
\$ 380,373	\$ 4,010,608

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, 2000**

	Governmental Fund Types		
	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 901,600	\$ 942,901	\$ 41,301
Charges for services	476,275	404,366	(71,909)
Fines, licenses and permits	69,500	66,706	(2,794)
Intergovernmental	436,750	491,779	55,029
Special assessments	-	-	-
Investment income	200,000	200,610	610
Other	7,300	8,394	1,094
	<hr/>	<hr/>	<hr/>
Total revenues	2,091,425	2,114,756	23,331
<u>Expenditures:</u>			
Current:			
General government	655,067	626,531	28,536
Safety services	939,908	917,018	22,890
Public health and welfare	81,738	71,151	10,587
Transportation	301,855	250,566	51,289
Basic utility services	216,650	211,138	5,512
Leisure time activities	153,218	87,385	65,833
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	2,348,436	2,163,789	184,647
Excess of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	(257,011)	(49,033)	207,978
<u>Other financing sources (uses):</u>			
Proceeds of bonds	-	-	-
Advances - in	1,375,000	1,375,000	-
Advances - out	(150,000)	(150,000)	-
Operating transfers - in	-	-	-
Operating transfers - out	(1,572,000)	(1,422,000)	150,000
	<hr/>	<hr/>	<hr/>
Total other sources (uses)	(347,000)	(197,000)	150,000
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<hr/>	<hr/>	<hr/>
	(604,011)	(246,033)	357,978
Fund balance at beginning of year	502,692	502,692	-
Prior year encumbrances appropriated	61,612	61,612	-
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ (39,707)	\$ 318,271	\$ 357,978

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)
\$ 223,958	\$ 220,293	\$ (3,665)	\$ -	\$ -	\$ -
42,500	60,507	18,007	-	-	-
3,500	3,697	197	-	-	-
254,242	251,536	(2,706)	-	-	-
-	-	-	25,000	24,403	(597)
2,500	7,396	4,896	-	-	-
100	12	(88)	-	-	-
<u>526,800</u>	<u>543,441</u>	<u>16,641</u>	<u>25,000</u>	<u>24,403</u>	<u>(597)</u>
4,700	3,737	963	200	32	168
126,163	113,341	12,822	-	-	-
239,483	210,416	29,067	-	-	-
289,881	216,674	73,207	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	82,000	80,680	1,320
-	-	-	83,077	81,701	1,376
<u>660,227</u>	<u>544,168</u>	<u>116,059</u>	<u>165,277</u>	<u>162,413</u>	<u>2,864</u>
<u>(133,427)</u>	<u>(727)</u>	<u>132,700</u>	<u>(140,277)</u>	<u>(138,010)</u>	<u>2,267</u>
-	-	-	20,000	4,585	(15,415)
-	-	-	150,000	150,000	-
-	-	-	(1,375,000)	(1,375,000)	-
47,000	47,000	-	136,825	136,825	-
-	-	-	-	-	-
<u>47,000</u>	<u>47,000</u>	<u>-</u>	<u>(1,068,175)</u>	<u>(1,083,590)</u>	<u>(15,415)</u>
(86,427)	46,273	132,700	(1,208,452)	(1,221,600)	(13,148)
332,716	332,716	-	1,307,030	1,307,030	-
50,013	50,013	-	-	-	-
<u>\$ 296,302</u>	<u>\$ 429,002</u>	<u>\$ 132,700</u>	<u>\$ 98,578</u>	<u>\$ 85,430</u>	<u>\$ (13,148)</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, 2000**

	Governmental Fund Types		
	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 310,000	\$ 336,105	\$ 26,105
Charges for services	-	-	-
Fines, licenses and permits	-	-	-
Intergovernmental	249,100	237,541	(11,559)
Special assessments	-	1,047	1,047
Investment income	40,000	131,860	91,860
Other	-	-	-
Total revenues	599,100	706,553	107,453
<u>Expenditures:</u>			
Current:			
General government	47,109	37,992	9,117
Safety services	57,740	52,922	4,818
Public health and welfare	-	-	-
Transportation	200,551	163,379	37,172
Basic utility services	-	-	-
Leisure time activities	3,565,417	3,544,290	21,127
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	3,870,817	3,798,583	72,234
Excess of revenues over (under) expenditures	(3,271,717)	(3,092,030)	179,687
<u>Other financing sources (uses):</u>			
Proceeds of bonds	1,500,000	1,500,000	-
Advances - in	-	-	-
Advances - out	-	-	-
Operating transfers - in	1,525,000	1,375,000	(150,000)
Operating transfers - out	(136,825)	(136,825)	-
Total other sources (uses)	2,888,175	2,738,175	(150,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(383,542)	(353,855)	29,687
Fund balance at beginning of year	36,313	36,313	-
Prior year encumbrances appropriated	448,408	448,408	-
Fund balance at end of year	\$ 101,179	\$ 130,866	\$ 29,687

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)
\$ -	\$ -	\$ -	\$ 1,435,558	\$ 1,499,299	\$ 63,741
10,000	5,812	(4,188)	528,775	470,685	(58,090)
-	-	-	73,000	70,403	(2,597)
30,000	18,804	(11,196)	970,092	999,660	29,568
-	-	-	25,000	25,450	450
4,000	16,428	12,428	246,500	356,294	109,794
-	-	-	7,400	8,406	1,006
44,000	41,044	(2,956)	3,286,325	3,430,197	143,872
-	-	-	707,076	668,292	38,784
-	-	-	1,123,811	1,083,281	40,530
9,000	6,024	2,976	330,221	287,591	42,630
-	-	-	792,287	630,619	161,668
-	-	-	216,650	211,138	5,512
-	-	-	3,718,635	3,631,675	86,960
-	-	-	82,000	80,680	1,320
-	-	-	83,077	81,701	1,376
9,000	6,024	2,976	7,053,757	6,674,977	378,780
35,000	35,020	20	(3,767,432)	(3,244,780)	522,652
-	-	-	1,520,000	1,504,585	(15,415)
-	-	-	1,525,000	1,525,000	-
-	-	-	(1,525,000)	(1,525,000)	-
-	-	-	1,708,825	1,558,825	(150,000)
-	-	-	(1,708,825)	(1,558,825)	150,000
-	-	-	1,520,000	1,504,585	(15,415)
35,000	35,020	20	(2,247,432)	(1,740,195)	507,237
343,548	343,548	-	2,522,299	2,522,299	-
-	-	-	560,033	560,033	-
-	-	-			
\$ 378,548	\$ 378,568	\$ 20	\$ 834,900	\$ 1,342,137	\$ 507,237

City of Rittman, Ohio
Combined Statement of Revenues,
Expenses and Changes in Retained Earnings
All Enterprise Funds
For the Year Ended December 31, 2000

	<u>Enterprise</u>
<u>Operating revenues:</u>	
Charges for services	\$ 1,302,995
Other	<u>8,856</u>
Total operating revenues	<u>1,311,851</u>
 <u>Operating expenses:</u>	
Personal services	488,321
Contractual services	367,483
Materials and supplies	124,153
Other	174,258
Depreciation	<u>427,594</u>
Total operating expenses	<u>1,581,809</u>
Operating loss	<u>(269,958)</u>
 <u>Non-operating revenues (expenses):</u>	
Interest income	867
Municipal income tax	334,913
Interest and fiscal charges	<u>(210,998)</u>
Total non-operating revenues (expenses)	<u>124,782</u>
Net loss	(145,176)
Retained earnings at beginning of year	<u>6,098,642</u>
Retained earnings at end of year	<u><u>\$ 5,953,466</u></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, 2000

	<u>Enterprise</u>
Cash flows from operating activities:	
Operating loss	\$ (269,958)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	427,594
(Increase) decrease in assets:	
Accounts receivable	(21,221)
Inventory of supplies	5,930
Prepaid items	(1,256)
Increase (decrease) in liabilities:	
Accounts payable	2,963
Accrued wages	1,238
Compensated absences	11,145
Due to other governments	7,584
Net cash provided by operating activities	<u>164,019</u>
Cash flows from noncapital financing activities:	
Income taxes received	<u>336,105</u>
Net cash provided by noncapital financing activities	<u>336,105</u>
Cash flows from capital and related financing activities:	
Interest paid on debt	(207,809)
Principal payment on notes and bonds	(285,516)
Acquisition of capital assets	<u>(180,045)</u>
Net cash used for capital and related financing activities	<u>(673,370)</u>
Cash flows from investing activities:	
Investment income	<u>856</u>
Net cash provided by investing activities	<u>856</u>
Net decrease in cash and cash equivalents	(172,390)
Cash and cash equivalents at beginning of year	<u>1,626,022</u>
Cash and cash equivalents at end of year	<u>\$ 1,453,632</u>

See accompanying notes to the financial statements.

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, 2000, 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 City 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 2000.

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, 2000 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 the 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, 2000.
- 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:

<i>Excess of Revenues and Other Financing Sources Over (Under)</i>					
<i>Expenditures and Other Financing Uses</i>					
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
<i>GAAP Basis</i>	\$ (1,360,352)	\$ 79,117	\$ 3,400	\$ 2,189,776	\$ 34,791
<i>Revenue accruals</i>	1,314,667	(4,652)	150,000	(14,954)	229
<i>Expenditure accruals</i>	(150,992)	(2,666)	(1,375,000)	195,374	-
<i>Encumbrances (Budget Basis)</i>					
<i>Outstanding at year end</i>	<u>(49,356)</u>	<u>(25,526)</u>	<u>-</u>	<u>(2,724,051)</u>	<u>-</u>
<i>Budget Basis</i>	<u>\$ (246,033)</u>	<u>\$ 46,273</u>	<u>\$ (1,221,600)</u>	<u>\$ (353,855)</u>	<u>\$ 35,020</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 2000. 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, 2000.

Interest earnings are distributed to the Street Maintenance and Repair, State Highway special revenue funds, the Capital Improvements capital projects fund 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 2000 amounted to \$242,361, which includes \$204,698 assigned from other City funds.

Deposits: At year-end, the carrying amount of the City's deposits was \$2,222,408 and the bank balances totaled \$2,450,982. Of the bank balances, \$1,146,879 was covered by federal depository insurance and \$1,304,103 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	\$ 60,477	\$ -	\$ 60,477	\$ 60,477
U.S. Agency securities	-	2,632,091	2,632,091	2,632,091
Total Categorized	<u>\$ 60,477</u>	<u>\$ 2,632,091</u>	<u>2,692,568</u>	<u>2,692,568</u>
<u>Noncategorized Investments</u>				
State Treasurer's pool			688,608	688,608
Total Investments			<u>\$ 3,381,176</u>	<u>\$ 3,381,176</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 - FIXED ASSETS

General Fixed Assets: Changes in general fixed assets during 2000 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>	\$ 159,968	\$ 4,811	\$ -	\$ 164,779
<i>Buildings</i>	2,355,386	144,029	992	2,498,423
<i>Equipment</i>	2,533,395	178,161	37,091	2,674,465
<i>Construction in Progress</i>	-	727,430	-	727,430
<i>Total</i>	<u>\$ 5,048,749</u>	<u>\$ 1,054,431</u>	<u>\$ 38,083</u>	<u>\$ 6,065,097</u>

Enterprise Fund: A summary of the enterprise funds' fixed assets as of December 31, 2000 follows:

<u>Classification</u>	<u>Balance</u>
<i>Land</i>	\$ 73,637
<i>Buildings</i>	5,657,652
<i>Infrastructure and improvements</i>	8,359,256
<i>Equipment</i>	1,746,478
<i>Construction in progress</i>	<u>43,639</u>
<i>Total</i>	15,880,662
<i>Less: accumulated depreciation</i>	<u>(4,762,791)</u>
<i>Net fixed assets</i>	<u>\$ 11,117,871</u>

City of Rittman, Ohio

NOTE 5 - 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, 2000, follows:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31</u>
<u>Enterprise Fund Debt</u>				
<u>General Obligation Bonds</u>				
<i>1994 Waterworks System</i>				
Refinancing Bonds 3.00 - 5.10%	\$ 225,000	\$ -	\$ 110,000	\$ 115,000
Unamortized cost of refunding	(2,001)	-	1,324	(677)
Discount	(1,002)	-	663	(339)
Total General Obligation Bonds	<u>221,997</u>	<u>-</u>	<u>111,987</u>	<u>113,984</u>
<u>Revenue Bonds</u>				
<i>1993 Mortgage Revenue</i>				
Bonds 5.25%	<u>1,214,700</u>	<u>-</u>	<u>13,900</u>	<u>1,200,800</u>
Total Bonds	<u>1,436,697</u>	<u>-</u>	<u>125,887</u>	<u>1,314,784</u>
<u>Loans</u>				
1977 O.W.D.A. Loan 5.25%	63,194	-	19,943	43,251
1993 O.W.D.A. Loan 5.00%	<u>2,652,443</u>	<u>-</u>	<u>141,673</u>	<u>2,510,770</u>
Total Loans	<u>2,715,637</u>	<u>-</u>	<u>161,616</u>	<u>2,554,021</u>
Total Enterprise Obligations	<u>\$ 4,152,334</u>	<u>\$ -</u>	<u>\$ 287,503</u>	<u>\$ 3,868,805</u>
<u>General Long Term Debt</u>				
<u>General Obligation Bonds</u>				
<i>1993 Safety Building</i>				
Bonds 3.00 - 5.85%	\$ 675,000	\$ -	\$ 60,000	\$ 615,000
<i>2000 Recreation Center</i>				
Bonds 5.30%	-	1,500,000	-	1,500,000
<u>Special Assessment Bonds</u>				
1980 North Main Street 9.75%	2,000	-	2,000	-
1992 W. Sunset Street 6.00%	32,078	-	10,076	22,002
1994 Street Paving 7.00%	1,854	-	1,854	-
1995 Ritter Drive 6.50%	25,948	-	3,044	22,904
1996 Street Improvement	4,280	-	1,338	2,942
1997 Street Improvement	7,486	-	1,699	5,787
1998 Street Improvement	2,926	-	669	2,257
1999 Metzger Avenue 6.00%	<u>-</u>	<u>4,585</u>	<u>-</u>	<u>4,585</u>
Total Special Assessment Bonds	<u>76,572</u>	<u>4,585</u>	<u>20,680</u>	<u>60,477</u>
<u>Other Obligations</u>				
Compensated absences	<u>93,667</u>	<u>17,073</u>	<u>-</u>	<u>110,740</u>
Total General Long Term Debt	<u>\$ 845,239</u>	<u>\$ 1,521,658</u>	<u>\$ 80,680</u>	<u>\$ 2,286,217</u>

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. The Recreation Center Bonds (maturing September 1, 2020) were used to finance the construction of a recreation center.

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, 2000, including interest payments of \$3,363,012 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>
2001	\$ 343,233	\$ 22,466	\$ 295,807	\$ 76,141	\$ 737,647
2002	218,786	22,466	295,807	76,193	613,252
2003	220,968	8,849	272,546	76,204	578,567
2004	221,823	5,819	272,546	76,173	576,361
2005	222,835	5,819	272,546	76,202	577,402
Thereafter	<u>2,143,178</u>	<u>4,731</u>	<u>2,044,090</u>	<u>2,133,082</u>	<u>6,325,081</u>
<i>Total</i>	<u>\$ 3,370,823</u>	<u>\$ 70,150</u>	<u>\$ 3,453,342</u>	<u>\$ 2,513,995</u>	<u>\$ 9,408,310</u>

NOTE 6 - 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 were additions of contributed capital to the water and sewer funds in the amounts of \$92,286 and \$74,528, respectively.

NOTE 7 - 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 1999 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, 2000 was \$6.9 and \$6.2 per \$1,000 of assessed valuation in Wayne and Medina Counties respectively. For 2000, only 2.1 percent of the total valuations were attributed to property in Medina County.

The assessed values upon which the 2000 taxes were collected are as follows:

<u>Property Category</u>	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>		
Residential and agricultural	\$ 56,247,710	62.49 %
Commercial and industrial	10,437,400	11.60
Public utilities	13,650	0.02
<u>Tangible Personal Property</u>		
General	20,345,022	22.61
Public utilities	2,942,680	3.28
Total	<u>\$ 89,986,462</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 expired 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, 2000. However, since these tax collections will not be received during the available period nor are they intended to finance 2000 operations, the receivable is offset by a credit to deferred revenue.

NOTE 8 - 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 9 - 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.

During the year, the City began, but did not complete, construction of a recreation center. This project remained a commitment of the capital projects fund in the amount of \$2,706,737 at December 31, 2000. The City's Water and Sewer enterprise funds also had a commitment of \$50,000 each for the recreation center sewer and water lines. Lastly, the City is also undertaking a sewer line rehabilitation project which created a commitment of \$67,804 to the Sewer enterprise fund.

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 10 - DEFINED BENEFIT PENSION PLANS

All full-time employees of the City, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a multiple-employer, cost-sharing public employee retirement system administered by the Public Employees Retirement Board. All full-time uniformed City police participate in the Ohio Police and Fire Pension Fund (OP&F), also a multiple-employer, cost-sharing public employee retirement system. Both of these retirement plans provide basic 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 OP&F 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 stand alone 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 OP&F 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 10.84 percent. For the calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by state statute and rates are determined actuarially. The City's required contributions to PERS for the years ending December 31, 2000, 1999, and 1998 were \$148,802, \$170,236, and \$157,945, respectively. The full amount has been contributed for 1999 and 1998. Seventy-four percent has been contributed for 2000 with the remainder being reported as a liability within the respective funds.

OP&F: Plan members are required to contribute 10 percent of their covered salary, while employers are required to contribute 19.5 percent and 24 percent respectively for police officers and firefighters. Contributions are authorized by state statute. The City's required contributions to OP&F for the years ending December 31, 2000, 1999, and 1998 were \$72,072, \$67,475, and \$66,328, respectively. The full amount has been contributed for 1999 and 1998. Seventy-one percent has been contributed for 2000 with the remainder being reported as a liability within the respective funds.

NOTE 11 - POSTEMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (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. Health care coverage for disability recipients and primary survivor 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 2000 was 10.84 percent of covered payroll and 4.3 percent was the portion that was used to fund health care. For 1999, the contribution rate was 13.55 percent of covered payroll and 4.2 percent was that portion used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active participants was 401,339. The City's actual contributions for 2000 which were used to fund post-employment benefits were \$43,784. PERS's net assets available for payment of benefits at December 31, 1999 (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfounded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

The Ohio Police and Fire Pension Fund (OP&F) 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. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3-time basis.

The Ohio Revised code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of the OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as you-go basis. The employer contribution rates for 2000 were 19.5 percent and 24.0 percent of covered payroll for police and firefighters, respectively. For both plans, the Board-defined allocation for health care was 7.0 percent in 1999 and 7.25 percent in 2000. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's contributions for 2000 were \$50,876 with \$18,263 used to fund health care benefits. The number of participants eligible to receive health care benefits as of December 31, 1999, (latest information available), was 12,467 for police and 9,807 for firefighters. Total expenses for health care for the year ending December 31, 1999 were \$95,004,633, which was net of member contributions of \$5,518,098.

NOTE 12 - 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 \$13,063,722. 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 that 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 13 - FUND DEFICITS

As of December 31, 2000, the Police Pension special revenue fund had a deficit balance of \$1,056. This deficit was the 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.

City of Rittman, Ohio

NOTE 14 - SEGMENT INFORMATION- ENTERPRISE FUNDS

Financial segment information as of and for the year ended December 31, 2000 for the enterprise funds is presented as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<i>Operating revenues</i>	\$ 402,956	\$ 908,895	\$ 1,311,851
<i>Depreciation expense</i>	132,343	295,251	427,594
<i>Operating loss</i>	(231,906)	(38,052)	(269,958)
<i>Tax revenues</i>	334,913	-	334,913
<i>Net income (loss)</i>	89,172	(234,348)	(145,176)
<i>Fixed asset additions</i>	115,221	231,638	346,859
<i>Fixed asset deletions</i>	3,030	4,538	7,568
<i>Net working capital</i>	186,568	1,124,137	1,310,705
<i>Total assets</i>	3,843,124	8,998,471	12,841,595
<i>Outstanding long-term liabilities:</i>			
<i>Payable from operating sources</i>	-	3,570,416	3,570,416
<i>Contributed capital (current)</i>	92,286	74,528	166,814
<i>Total equity</i>	3,670,057	5,188,103	8,858,160
<i>Encumbrances outstanding budget basis at December 31, 2000</i>	\$ 64,039	\$ 128,177	\$ 192,216

NOTE 15 – RESTATEMENT OF PRIOR YEAR BALANCES

Following the close of the previous year, City council passed an ordinance that reclassified two transfers, from the General fund to the Debt Retirement debt service fund, to an advance. The advances were then paid back during the year. This reclassification requires a restatement as presented below.

	<u>General</u>	<u>Debt Service</u>
<i>Account Balance as previously stated at December 31, 1999</i>	\$ 1,512,407	\$ 382,030
<i>Restatement:</i>	<u>300,000</u>	<u>(300,000)</u>
<i>Restated January 1, 2000</i>	<u>\$ 1,812,407</u>	<u>\$ 82,030</u>



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, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 901,600	\$ 942,901	\$ 41,301
Charges for services	476,275	404,366	(71,909)
Fines, licenses and permits	69,500	66,706	(2,794)
Intergovernmental	436,750	491,779	55,029
Investment income	200,000	200,610	610
Other	7,300	8,394	1,094
Total revenues	2,091,425	2,114,756	23,331
<u>Expenditures:</u>			
Current:			
General government			
Office of city council			
Personal services	32,500	29,392	3,108
Contractual services	4,469	4,469	-
Total office of city council	36,969	33,861	3,108
Department of mayor and administration			
Personal services	199,419	189,422	9,997
Contractual services	116,787	111,315	5,472
Supplies and materials	10,049	9,841	208
Total department of mayor and administration	326,255	310,578	15,677
Department of finance			
Personal services	130,500	129,307	1,193
Contractual services	1,000	145	855
Other operating costs	63,000	62,015	985
Total department of finance	194,500	191,467	3,033
Division of lands and buildings			
Personal services	12,590	11,978	612
Contractual services	4,000	3,702	298
Supplies and materials	4,778	4,137	641
Total division of lands and buildings	21,368	19,817	1,551
Department of law			
Personal services	21,475	21,465	10
Contractual services	34,000	33,299	701
Total department of law	55,475	54,764	711
Miscellaneous			
Personal services	5,000	1,834	3,166
Contractual services	15,500	14,210	1,290
Total miscellaneous	20,500	16,044	4,456
Total general government	655,067	626,531	28,536

(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, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
Safety services			
Division of police			
Personal services	697,562	689,890	7,672
Contractual services	56,815	52,222	4,593
Supplies and materials	35,186	31,430	3,756
Total division of police	<u>790,063</u>	<u>773,542</u>	<u>16,521</u>
Division of fire			
Personal services	67,148	66,926	222
Contractual services	34,206	32,110	2,096
Supplies and materials	18,223	15,505	2,718
Total division of fire	<u>119,577</u>	<u>114,541</u>	<u>5,036</u>
Division of communications			
Contractual services	2,500	2,483	17
Division of street lighting			
Contractual services	25,268	24,903	365
Supplies and materials	2,500	1,549	951
Total division of street lighting	<u>27,768</u>	<u>26,452</u>	<u>1,316</u>
Total safety services	<u>939,908</u>	<u>917,018</u>	<u>22,890</u>
Public health and welfare			
Cemetery board			
Personal services	41,620	38,723	2,897
Contractual services	870	680	190
Supplies and materials	4,031	2,246	1,785
Total cemetery board	<u>46,521</u>	<u>41,649</u>	<u>4,872</u>
Board of health			
Contractual services	24,000	21,681	2,319
Division of welfare			
Contractual services	2,000	-	2,000
Division of pest and animal control			
Personal services	1,755	905	850
Contractual services	3,500	2,955	545
Supplies and materials	3,962	3,961	1
Total division of pest and animal control	<u>9,217</u>	<u>7,821</u>	<u>1,396</u>
Total public health and welfare	<u>81,738</u>	<u>71,151</u>	<u>10,587</u>
Transportation			
Division of street maintenance			
Personal services	132,496	123,358	9,138
Contractual services	43,944	27,232	16,712
Supplies and materials	36,398	25,243	11,155
Total division of street maintenance	<u>212,838</u>	<u>175,833</u>	<u>37,005</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, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
Division of vehicle maintenance			
Personal services	67,950	57,552	10,398
Contractual services	3,500	802	2,698
Supplies and materials	17,567	16,379	1,188
Total division of vehicle maintenance	89,017	74,733	14,284
Total transportation	301,855	250,566	51,289
Basic utility services			
Division of waste management			
Contractual services	216,650	211,138	5,512
Leisure time activities			
Division of parks			
Personal services	56,586	50,953	5,633
Contractual services	6,836	4,515	2,321
Supplies and materials	5,500	5,229	271
Total division of parks	68,922	60,697	8,225
Recreation center			
Personal services	45,500	-	45,500
Contractual services	6,800	1,870	4,930
Supplies and materials	3,850	400	3,450
Other operating costs	500	-	500
Total recreation center	56,650	2,270	54,380
Recreation board			
Personal services	16,675	16,009	666
Contractual services	3,400	2,615	785
Supplies and materials	5,550	3,773	1,777
Total recreation board	25,625	22,397	3,228
Junior achievement center			
Contractual services	21	21	-
Other operating costs	2,000	2,000	-
Total junior achievement center	2,021	2,021	-
Total leisure time activities	153,218	87,385	65,833
Total expenditures	2,348,436	2,163,789	184,647
Excess of revenues under expenditures	(257,011)	(49,033)	207,978
<u>Other financing sources (uses):</u>			
Advances - in	1,375,000	1,375,000	-
Advances - out	(150,000)	(150,000)	-
Operating transfers - out	(1,572,000)	(1,422,000)	150,000
Total other financing sources (uses)	(347,000)	(197,000)	150,000

(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, 2000**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Excess of revenues and other financing sources under expenditures and other financing uses	(604,011)	(246,033)	357,978
Fund balance at beginning of year	502,692	502,692	-
Prior year encumbrances appropriated	61,612	61,612	-
Fund balance at end of year	<u>\$ (39,707)</u>	<u>\$ 318,271</u>	<u>\$ 357,978</u>

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. (Budgetary presentation not presented separately since there was no activity during the year or cash balance at year end.)

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 – 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, 2000

	Emergency Medical Services	Street Maintenance and Repair	State Highway	Permissive Tax	Permissive Tax II
<u>Assets</u>					
Equity in pooled cash	\$ 100,034	\$ 92,834	\$ 39,480	\$ -	\$ 47,595
Receivables:					
Taxes	169,955	-	-	-	-
Accounts	20,610	-	-	-	-
Accrued interest	-	581	223	-	-
Due from other governments	-	10,112	820	44,675	1,138
Materials and supplies inventory	-	400	6,606	-	-
Prepaid items	1,156	-	-	-	-
	<u>1,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 291,755</u>	<u>\$ 103,927</u>	<u>\$ 47,129</u>	<u>\$ 44,675</u>	<u>\$ 48,733</u>
<u>Liabilities and fund equity</u>					
<u>fund equity and other credits</u>					
<u>Liabilities</u>					
Accounts payable	\$ 712	\$ 238	\$ 5,960	\$ -	\$ -
Accrued wages and benefits	10,426	2,527	-	-	-
Compensated absences payable	-	618	-	-	-
Due to other governments	3,554	3,740	-	-	-
Deferred revenue	177,663	-	-	44,675	-
	<u>177,663</u>	<u>-</u>	<u>-</u>	<u>44,675</u>	<u>-</u>
Total liabilities	<u>192,355</u>	<u>7,123</u>	<u>5,960</u>	<u>44,675</u>	<u>-</u>
<u>Fund equity</u>					
Fund balance:					
Reserved for encumbrances	2,491	10,613	1,750	-	-
Reserved for inventory	-	400	6,606	-	-
Reserved for prepaid items	1,156	-	-	-	-
Unreserved:					
Undesignated	95,753	85,791	32,813	-	48,733
	<u>95,753</u>	<u>85,791</u>	<u>32,813</u>	<u>-</u>	<u>48,733</u>
Total fund equity (deficit)	<u>99,400</u>	<u>96,804</u>	<u>41,169</u>	<u>-</u>	<u>48,733</u>
Total liabilities and fund equity	<u>\$ 291,755</u>	<u>\$ 103,927</u>	<u>\$ 47,129</u>	<u>\$ 44,675</u>	<u>\$ 48,733</u>

See accompanying notes to the General Purpose Financial Statements

Police Pension	Law Enforcement Education	Law Enforcement	COPS	State and Federal Grants	Fire Department Levy	Totals
\$ 18,586	\$ 1,172	\$ 1,414	\$ 7,043	\$ 582	\$ 145,788	\$ 454,528
24,871	-	-	-	-	89,316	284,142
-	-	-	-	-	-	20,610
-	-	-	-	-	-	804
-	145	-	-	-	-	56,890
-	-	-	-	-	-	7,006
-	-	-	-	-	-	1,156
<u>\$ 43,457</u>	<u>\$ 1,317</u>	<u>\$ 1,414</u>	<u>\$ 7,043</u>	<u>\$ 582</u>	<u>\$ 235,104</u>	<u>\$ 825,136</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,435	\$ 11,345
-	-	-	801	-	-	13,754
-	-	-	-	-	-	618
20,811	-	-	2,174	-	-	30,279
23,702	-	-	-	-	85,764	331,804
<u>44,513</u>	<u>-</u>	<u>-</u>	<u>2,975</u>	<u>-</u>	<u>90,199</u>	<u>387,800</u>
-	-	-	-	-	-	14,854
-	-	-	-	-	-	7,006
-	-	-	-	-	-	1,156
<u>(1,056)</u>	<u>1,317</u>	<u>1,414</u>	<u>4,068</u>	<u>582</u>	<u>144,905</u>	<u>414,320</u>
<u>(1,056)</u>	<u>1,317</u>	<u>1,414</u>	<u>4,068</u>	<u>582</u>	<u>144,905</u>	<u>437,336</u>
<u>\$ 43,457</u>	<u>\$ 1,317</u>	<u>\$ 1,414</u>	<u>\$ 7,043</u>	<u>\$ 582</u>	<u>\$ 235,104</u>	<u>\$ 825,136</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, 2000**

	Emergency Medical Services	Street Maintenance and Repair	State Highway	Permissive Tax	Permissive Tax II
<u>Revenues:</u>					
Taxes	\$ 112,639	\$ -	\$ -	\$ -	\$ -
Charges for services	62,769	-	-	-	-
Fines, licenses and permits	-	-	-	-	-
Intergovernmental	19,351	184,542	14,963	-	16,412
Investment income	-	5,418	2,059	-	-
Other	180	-	-	-	-
Total revenues	<u>194,939</u>	<u>189,960</u>	<u>17,022</u>	<u>-</u>	<u>16,412</u>
<u>Expenditures:</u>					
Current:					
General government	1,897	-	-	-	-
Safety services	183,451	-	-	-	-
Transportation	-	167,460	15,992	-	-
Capital outlay	15,922	-	-	-	20,365
Total expenditures	<u>201,270</u>	<u>167,460</u>	<u>15,992</u>	<u>-</u>	<u>20,365</u>
Excess of revenues over (under) expenditures	<u>(6,331)</u>	<u>22,500</u>	<u>1,030</u>	<u>-</u>	<u>(3,953)</u>
<u>Other financing sources:</u>					
Operating transfers - in	-	-	-	-	-
Excess of revenues and other financing sources over (under) expenditures	(6,331)	22,500	1,030	-	(3,953)
Fund balance (deficit) at beginning of year	105,731	75,947	34,740	-	52,686
Increase (decrease) in reserve for inventory	-	(1,643)	5,399	-	-
Fund balance (deficit) at end of year	<u>\$ 99,400</u>	<u>\$ 96,804</u>	<u>\$ 41,169</u>	<u>\$ -</u>	<u>\$ 48,733</u>

Police Pension	Law Enforcement Education	Law Enforcement	COPS	State and Federal Grants	Fire Department Levy	Totals
\$ 23,611	\$ -	\$ -	\$ -	\$ -	\$ 85,026	\$ 221,276
-	-	-	-	-	-	62,769
-	1,107	1,250	-	-	-	2,357
2,645	-	-	7,787	-	8,334	254,034
-	-	-	-	-	-	7,477
-	-	-	-	-	-	180
<u>26,256</u>	<u>1,107</u>	<u>1,250</u>	<u>7,787</u>	<u>-</u>	<u>93,360</u>	<u>548,093</u>
403	-	-	-	-	1,437	3,737
26,811	-	-	50,811	-	(4,582)	256,491
-	-	-	-	-	-	183,452
-	700	2,093	-	-	33,216	72,296
<u>27,214</u>	<u>700</u>	<u>2,093</u>	<u>50,811</u>	<u>-</u>	<u>30,071</u>	<u>515,976</u>
(958)	407	(843)	(43,024)	-	63,289	32,117
-	-	-	47,000	-	-	47,000
(958)	407	(843)	3,976	-	63,289	79,117
(98)	910	2,257	92	582	81,616	354,463
-	-	-	-	-	-	3,756
<u>\$ (1,056)</u>	<u>\$ 1,317</u>	<u>\$ 1,414</u>	<u>\$ 4,068</u>	<u>\$ 582</u>	<u>\$ 144,905</u>	<u>\$ 437,336</u>

City of Rittman, Ohio

Emergency Medical Services Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Year ended December 31, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 114,737	\$ 112,181	\$ (2,556)
Charges for services	42,500	60,507	18,007
Intergovernmental	17,663	24,351	6,688
Miscellaneous	100	12	(88)
Total revenues	<u>175,000</u>	<u>197,051</u>	<u>22,051</u>
<u>Expenditures:</u>			
Current:			
General government			
Other operating costs	2,200	1,897	303
Safety services			
Division of emergency services			
Personal services	168,825	158,297	10,528
Contractual services	18,258	17,005	1,253
Supplies and materials	14,460	10,692	3,768
Other operating costs	8,700	8,500	200
Capital outlay	29,240	15,922	13,318
Total safety services	<u>239,483</u>	<u>210,416</u>	<u>29,067</u>
Total expenditures	<u>241,683</u>	<u>212,313</u>	<u>29,370</u>
Excess of revenues under expenditures	(66,683)	(15,262)	51,421
Fund balance at beginning of year	93,369	93,369	-
Prior year encumbrances appropriated	19,159	19,159	-
Fund balance at end of year	<u>\$ 45,845</u>	<u>\$ 97,266</u>	<u>\$ 51,421</u>

City of Rittman, Ohio

Street Maintenance and Repair Fund

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

Year ended December 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 164,000	\$ 177,561	\$ 13,561
Investment income	1,500	5,334	3,834
Total revenues	<u>165,500</u>	<u>182,895</u>	<u>17,395</u>
<u>Expenditures:</u>			
Current:			
Transportation			
Division of Street Maintenance			
Personal services	148,245	138,547	9,698
Contractual services	27,244	16,363	10,881
Supplies and materials	27,353	23,352	4,001
Total expenditures	<u>202,842</u>	<u>178,262</u>	<u>24,580</u>
Excess of revenues over (under) expenditures	(37,342)	4,633	41,975
Fund balance at beginning of year	76,492	76,492	-
Prior year encumbrances appropriated	1,096	1,096	-
Fund balance at end of year	<u>\$ 40,246</u>	<u>\$ 82,221</u>	<u>\$ 41,975</u>

City of Rittman, Ohio

State Highway Fund

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

Year ended December 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 13,600	\$ 14,397	\$ 797
Investment income	1,000	2,062	1,062
Total revenues	<u>14,600</u>	<u>16,459</u>	<u>1,859</u>
<u>Expenditures:</u>			
Current:			
Transportation			
Division of street maintenance			
Personal services	4,000	305	3,695
Supplies and materials	33,039	17,742	15,297
Total expenditures	<u>37,039</u>	<u>18,047</u>	<u>18,992</u>
Excess of revenues under expenditures	(22,439)	(1,588)	20,851
Fund balance at beginning of year	21,520	21,520	-
Prior year encumbrances appropriated	11,838	11,838	-
Fund balance at end of year	<u>\$ 10,919</u>	<u>\$ 31,770</u>	<u>\$ 20,851</u>

City of Rittman, Ohio

Permissive Tax II Fund

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

Year ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Intergovernmental	\$ 15,000	\$ 16,461	\$ 1,461
<u>Expenditures:</u>			
Current:			
Transportation			
Division of street maintenance			
Capital outlay	50,000	20,365	29,635
Excess of revenues under expenditures	(35,000)	(3,904)	31,096
Fund balance at beginning of year	51,499	51,499	-
Fund balance at end of year	<u>\$ 16,499</u>	<u>\$ 47,595</u>	<u>\$ 31,096</u>

City of Rittman, Ohio

Police Pension Fund

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

Year ended December 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 23,455	\$ 23,481	\$ 26
Intergovernmental	2,645	2,645	-
Total revenues	<u>26,100</u>	<u>26,126</u>	<u>26</u>
<u>Expenditures:</u>			
Current:			
General government			
Miscellaneous			
Other operating costs	500	403	97
Safety services			
Division of Police			
Personal services	24,000	24,000	-
Total expenditures	<u>24,500</u>	<u>24,403</u>	<u>97</u>
Excess of revenues over expenditures	1,600	1,723	123
Fund balance at beginning of year	16,863	16,863	-
Fund balance at end of year	<u>\$ 18,463</u>	<u>\$ 18,586</u>	<u>\$ 123</u>

City of Rittman, Ohio

Law Enforcement Education Fund

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

Year ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Fines, licenses and permits	\$ 1,000	\$ 962	\$ (38)
<u>Expenditures:</u>			
Current:			
Safety services			
Division of police			
Other operating costs	300	-	300
Capital outlay	700	700	-
Total expenditures	<u>1,000</u>	<u>700</u>	<u>300</u>
Excess of revenues over expenditures	-	262	262
Fund balance at beginning of year	910	910	-
Fund balance at end of year	<u>\$ 910</u>	<u>\$ 1,172</u>	<u>\$ 262</u>

City of Rittman, Ohio

Law Enforcement Fund

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

Year ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Fines, licenses and permits	\$ 2,500	\$ 2,735	\$ 235
<u>Expenditures:</u>			
Current:			
Safety services			
Division of police			
Other operating costs	300	-	300
Capital outlay	2,093	2,093	-
Total expenditures	<u>2,393</u>	<u>2,093</u>	<u>300</u>
Excess of revenues over expenditures	107	642	535
Fund balance at beginning of year	772	772	-
Fund balance at end of year	<u>\$ 879</u>	<u>\$ 1,414</u>	<u>\$ 535</u>

City of Rittman, Ohio

COPS Grant Fund

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

Year ended December 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 33,000	\$ 7,787	\$ (25,213)
<u>Expenditures:</u>			
Current:			
Safety services			
Division of Police			
Personal services	50,850	48,897	1,953
Excess of revenues under expenditures	(17,850)	(41,110)	(23,260)
<u>Other financing sources:</u>			
Operating transfers-in	47,000	47,000	-
Excess of revenues and other financing sources over expenditures	29,150	5,890	(23,260)
Fund balance at beginning of year	1,153	1,153	-
Fund balance at end of year	\$ 30,303	\$ 7,043	\$ (23,260)

City of Rittman, Ohio
State and Federal Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Year ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Expenditures:</u>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	-	-
Fund balance at beginning of year	582	582	-
Fund balance at end of year	<u>\$ 582</u>	<u>\$ 582</u>	<u>\$ -</u>

City of Rittman, Ohio

Fire Department Levy Fund

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

Year ended December 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 85,766	\$ 84,631	\$ (1,135)
Intergovernmental	8,334	8,334	-
Total revenues	<u>94,100</u>	<u>92,965</u>	<u>(1,135)</u>
<u>Expenditures:</u>			
Current:			
General government			
Miscellaneous			
Other operating costs	2,000	1,437	563
Safety services			
Division of police			
Capital outlay	47,920	37,651	10,269
Total expenditures	<u>49,920</u>	<u>39,088</u>	<u>10,832</u>
Excess of revenues over expenditures	44,180	53,877	9,697
Fund balance at beginning of year	69,556	69,556	-
Prior year encumbrances appropriated	17,920	17,920	-
Fund balance at end of year	<u>\$ 131,656</u>	<u>\$ 141,353</u>	<u>\$ 9,697</u>

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, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 310,000	\$ 336,105	\$ 26,105
Intergovernmental	249,100	237,541	(11,559)
Special assessments	-	1,047	1,047
Investment income	40,000	131,860	91,860
Total revenue	<u>599,100</u>	<u>706,553</u>	<u>107,453</u>
Expenditures:			
Current:			
General government			
Other operating costs	33,699	33,242	457
Capital outlay	13,410	4,750	8,660
Total General government	<u>47,109</u>	<u>37,992</u>	<u>9,117</u>
Security of persons and property			
Division of police			
Capital outlay	57,740	52,922	4,818
Transportation			
Division of street construction			
Contractual services	1,750	500	1,250
Capital outlay	198,801	162,879	35,922
Total transportation	<u>200,551</u>	<u>163,379</u>	<u>37,172</u>
Leisure time activities			
Division of parks			
Contractual services	239,635	239,570	65
Capital outlay	3,325,782	3,304,720	21,062
Total leisure time activities	<u>3,565,417</u>	<u>3,544,290</u>	<u>21,127</u>
Total expenditures	<u>3,870,817</u>	<u>3,798,583</u>	<u>72,234</u>
Excess of revenues under expenditures	<u>(3,271,717)</u>	<u>(3,092,030)</u>	<u>179,687</u>
Other financing sources (uses):			
Proceeds of bonds	1,500,000	1,500,000	-
Operating transfers-in	1,525,000	1,375,000	(150,000)
Operating transfers-out	(136,825)	(136,825)	-
Total other financing sources (uses)	<u>2,888,175</u>	<u>2,738,175</u>	<u>(150,000)</u>
Excess of revenues and other financing sources under expenditures and other financing uses	(383,542)	(353,855)	29,687
Fund balance at beginning of year	36,313	36,313	-
Prior year encumbrances appropriated	448,408	448,408	-
Fund balance at end of year	<u>\$ 101,179</u>	<u>\$ 130,866</u>	<u>\$ 29,687</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.

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, 2000

	Water	Sewer	Total
<u>Assets</u>			
Equity in pooled cash	\$ 240,400	\$ 1,199,319	\$ 1,439,719
Cash with fiscal and escrow agents	13,913	-	13,913
Receivables:			
Taxes	25,658	-	25,658
Accounts	65,337	157,065	222,402
Accrued interest	76	-	76
Materials and supplies inventory	10,421	3,059	13,480
Prepaid items	3,389	4,646	8,035
Deferred charges	441	-	441
Fixed assets, (net of accumulated depreciation)	3,483,489	7,634,382	11,117,871
 Total assets	 <u>\$ 3,843,124</u>	 <u>\$ 8,998,471</u>	 <u>\$ 12,841,595</u>
 <u>Liabilities and equity</u>			
Current liabilities			
Accounts payable	\$ 5,674	\$ 10,517	\$ 16,191
Accrued wages and benefits	3,698	3,512	7,210
Compensated absences payable	22,714	19,261	41,975
Due to other governments	12,595	9,436	22,031
Matured bonds payable	10,200	-	10,200
Matured interest payable	3,713	-	3,713
Accrued interest payable	489	12,821	13,310
OWDA loans payable - current	-	169,805	169,805
General obligation bonds payable - current	113,984	-	113,984
Mortgage revenue bonds payable - current	-	14,600	14,600
Total current liabilities	<u>173,067</u>	<u>239,952</u>	<u>413,019</u>
Long-term liabilities			
OWDA loans payable	-	2,384,216	2,384,216
Mortgage revenue bonds payable	-	1,186,200	1,186,200
Total long-term liabilities	<u>-</u>	<u>3,570,416</u>	<u>3,570,416</u>
 Total liabilities	 <u>173,067</u>	 <u>3,810,368</u>	 <u>3,983,435</u>
Equity			
Contributed capital	285,636	2,619,058	2,904,694
Retained earnings, unreserved	3,384,421	2,569,045	5,953,466
 Total equity	 <u>3,670,057</u>	 <u>5,188,103</u>	 <u>8,858,160</u>
 Total liabilities and equity	 <u>\$ 3,843,124</u>	 <u>\$ 8,998,471</u>	 <u>\$ 12,841,595</u>

City of Rittman, Ohio
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings
All Enterprise Funds
For the Year Ended December 31, 2000

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Operating revenues:</u>			
Charges for services	\$ 396,440	\$ 906,555	\$ 1,302,995
Other	6,516	2,340	8,856
	<hr/>	<hr/>	<hr/>
Total operating revenues	402,956	908,895	1,311,851
	<hr/>	<hr/>	<hr/>
<u>Operating expenses:</u>			
Personal services	266,703	221,618	488,321
Contractual services	85,103	282,380	367,483
Materials and supplies	60,855	63,298	124,153
Other	89,858	84,400	174,258
Depreciation	132,343	295,251	427,594
	<hr/>	<hr/>	<hr/>
Total operating expenses	634,862	946,947	1,581,809
	<hr/>	<hr/>	<hr/>
Operating loss	(231,906)	(38,052)	(269,958)
	<hr/>	<hr/>	<hr/>
<u>Non-operating revenues (expenses):</u>			
Interest income	867	-	867
Municipal income tax	334,913	-	334,913
Interest and fiscal charges	(14,702)	(196,296)	(210,998)
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	321,078	(196,296)	124,782
	<hr/>	<hr/>	<hr/>
Net income (loss)	89,172	(234,348)	(145,176)
	<hr/>	<hr/>	<hr/>
Retained earnings at beginning of year	3,295,249	2,803,393	6,098,642
	<hr/>	<hr/>	<hr/>
Retained earnings at end of year	\$ 3,384,421	\$ 2,569,045	\$ 5,953,466
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of Rittman, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 2000

	Water	Sewer	Total
Cash flows from operating activities:			
Operating loss	\$ (231,906)	\$ (38,052)	\$ (269,958)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation	132,343	295,251	427,594
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(6,757)	(14,464)	(21,221)
Inventory of supplies	6,015	(85)	5,930
Prepaid items	(302)	(954)	(1,256)
Increase (decrease) in liabilities:			
Accounts payable	(403)	3,366	2,963
Accrued wages	383	855	1,238
Compensated absences	4,451	6,694	11,145
Due to other governments	4,462	3,122	7,584
Net cash provided by (used for) operating activities	<u>(91,714)</u>	<u>255,733</u>	<u>164,019</u>
Cash flows from noncapital financing activities:			
Income taxes received	<u>336,105</u>	<u>-</u>	<u>336,105</u>
Net cash provided by noncapital financing activities	<u>336,105</u>	<u>-</u>	<u>336,105</u>
Cash flows from capital and related financing activities:			
Interest paid on debt	(11,365)	(196,444)	(207,809)
Principal payment on notes and bonds	(110,000)	(175,516)	(285,516)
Acquisition of capital assets	<u>(22,935)</u>	<u>(157,110)</u>	<u>(180,045)</u>
Net cash used for capital and related financing activities	<u>(144,300)</u>	<u>(529,070)</u>	<u>(673,370)</u>
Cash flows from investing activities:			
Investment income	<u>856</u>	<u>-</u>	<u>856</u>
Net cash provided by investing activities	<u>856</u>	<u>-</u>	<u>856</u>
Net decrease in cash and cash equivalents	100,947	(273,337)	(172,390)
Cash and cash equivalents at beginning of year	<u>153,366</u>	<u>1,472,656</u>	<u>1,626,022</u>
Cash and cash equivalents at end of year	<u>\$ 254,313</u>	<u>\$ 1,199,319</u>	<u>\$ 1,453,632</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, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Municipal income tax	\$ 310,000	\$ 336,105	\$ 26,105
Charges for services	426,600	393,826	(32,774)
Investment income	1,000	856	(144)
Other	1,000	4,005	3,005
Total revenue	<u>738,600</u>	<u>734,792</u>	<u>(3,808)</u>
<u>Expenses:</u>			
General government			
Miscellaneous			
Other operating costs	35,500	34,972	528
Basic utility services			
Division of water distribution			
Personal services	278,651	257,579	21,072
Contractual services	142,394	90,733	51,661
Supplies and materials	81,162	62,927	18,235
Other operating costs	55,900	55,833	67
Capital outlay	95,731	74,475	21,256
Total basic utility services	<u>653,838</u>	<u>541,547</u>	<u>112,291</u>
Debt service:			
Principal retirement	110,000	110,000	-
Interest and fiscal charges	11,365	11,365	-
Total expenses	<u>810,703</u>	<u>697,884</u>	<u>112,819</u>
Excess of revenues over (under) expenses	(72,103)	36,908	109,011
Fund equity at beginning of year	120,515	120,515	-
Prior year encumbrances appropriated	22,313	22,313	-
Fund equity at end of year	<u>\$ 70,725</u>	<u>\$ 179,736</u>	<u>\$ 109,011</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, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for services	\$ 882,500	\$ 893,975	\$ 11,475
Other	500	456	(44)
Total revenue	<u>883,000</u>	<u>894,431</u>	<u>11,431</u>
<u>Expenses:</u>			
Basic utility services			
Division of wastewater treatment			
Personal services	245,014	208,202	36,812
Contractual services	548,957	397,618	151,339
Supplies and materials	73,128	64,458	8,670
Other operating costs	84,400	84,400	-
Capital outlay	172,035	169,307	2,728
Total basic utility services	<u>1,123,534</u>	<u>923,985</u>	<u>199,549</u>
Debt service:			
Principal retirement	175,520	175,516	4
Interest and fiscal charges	196,454	196,444	10
Total expenses	<u>1,495,508</u>	<u>1,295,945</u>	<u>199,563</u>
Excess of revenues under expenses	<u>(612,508)</u>	<u>(401,514)</u>	<u>210,994</u>
<u>Other financing sources (uses):</u>			
Operating transfers - in	693,778	683,777	(10,001)
Operating transfers - out	(693,778)	(683,777)	10,001
Excess of revenues and other financing sources under expenses and other financing uses	<u>(612,508)</u>	<u>(401,514)</u>	<u>210,994</u>
Fund equity at beginning of year	1,435,098	1,435,098	-
Prior year encumbrances appropriated	37,559	37,559	-
Fund equity at end of year	<u>\$ 860,149</u>	<u>\$ 1,071,143</u>	<u>\$ 210,994</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 – 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, 2000

	Cemetery Endowment	Recreation Trust	Totals
<u>Assets</u>			
Equity in pooled cash	\$ 78,100	\$ 300,468	\$ 378,568
Accounts	400	-	400
Accrued interest	-	1,805	1,805
	<hr/>	<hr/>	<hr/>
Total assets and other debits	\$ 78,500	\$ 302,273	\$ 380,773
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities,</u>			
<u>fund equity and other credits</u>			
<u>Liabilities</u>			
Total liabilities	\$ 400	\$ -	\$ 400
	<hr/>	<hr/>	<hr/>
<u>Fund equity and other credits</u>			
Unreserved:			
Undesignated	78,100	302,273	380,373
	<hr/>	<hr/>	<hr/>
Total liabilities, fund equity and other credits	\$ 78,500	\$ 302,273	\$ 380,773
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of Rittman, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Expendable Trust Funds
For the Year Ended December 31, 2000

	Cemetery Endowment	Recreation Trust	Totals
<u>Revenues:</u>			
Charges for services	\$ 5,362	\$ -	\$ 5,362
Intergovernmental	-	18,804	18,804
Investment income	-	16,649	16,649
	<hr/>	<hr/>	<hr/>
Total revenues	5,362	35,453	40,815
	<hr/>	<hr/>	<hr/>
<u>Expenditures:</u>			
Capital outlay	6,024	-	6,024
	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenditures	(662)	35,453	34,791
Fund balances at beginning of year	78,762	266,820	345,582
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	<u>\$ 78,100</u>	<u>\$ 302,273</u>	<u>\$ 380,373</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, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for services	\$ 10,000	\$ 5,812	\$ (4,188)
<u>Expenditures:</u>			
Current:			
Public health services			
Capital outlay	9,000	6,024	2,976
Excess of revenues over (under) expenditures	1,000	(212)	(1,212)
Fund balance at beginning of year	78,312	78,312	-
Fund balance at end of year	<u>\$ 79,312</u>	<u>\$ 78,100</u>	<u>\$ (1,212)</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, 2000**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Intergovernmental	\$ 30,000	\$ 18,804	\$ (11,196)
Investment income	4,000	16,428	12,428
Total revenue	<u>34,000</u>	<u>35,232</u>	<u>1,232</u>
<u>Expenditures:</u>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	34,000	35,232	1,232
Fund balance at beginning of year	265,236	265,236	-
Fund balance at end of year	<u>\$ 299,236</u>	<u>\$ 300,468</u>	<u>\$ 1,232</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, 2000

General fixed assets	
Land and land improvements	\$ 164,779
Buildings	2,498,423
Machinery and equipment	2,674,465
Construction in progress	<u>727,430</u>
Total general fixed assets	<u>\$ 6,065,097</u>
Investments in general fixed assets from	
General fund	\$ 1,649,481
Special revenue funds	1,248,985
Capital project funds	815,506
Trust funds	48,649
Donations	104,125
General obligation bonds	<u>2,198,351</u>
Total investments in general fixed assets	<u>\$ 6,065,097</u>

City of Rittman, Ohio
General Fixed Assets Account Group
Schedule of General Fixed Assets by Function and Activity
As of December 31, 2000

	Land and Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	Total
Safety services					
Police	\$ -	\$ 1,473,045	\$ 374,883	\$ -	\$ 1,847,928
Fire	-	-	1,108,667	-	1,108,667
Emergency medical	30,000	310,190	297,375	-	637,565
Total safety services	<u>30,000</u>	<u>1,783,235</u>	<u>1,780,925</u>	<u>-</u>	<u>3,594,160</u>
Public health services					
Cemetery	2,664	24,957	21,028	-	48,649
Total public health services	<u>2,664</u>	<u>24,957</u>	<u>21,028</u>	<u>-</u>	<u>48,649</u>
Leisure time activities					
Pool	86,741	136,884	12,841	-	236,466
Parks	36,798	267,104	253,192	-	557,094
Recreation center	-	-	-	727,430	727,430
Total leisure time activities	<u>123,539</u>	<u>403,988</u>	<u>266,033</u>	<u>727,430</u>	<u>1,520,990</u>
Transportation services					
Street maintenance and repair	4,811	196,991	489,273	-	691,075
Total transportation services	<u>4,811</u>	<u>196,991</u>	<u>489,273</u>	<u>-</u>	<u>691,075</u>
General government					
Administration	3,765	89,252	117,206	-	210,223
Total general government	<u>3,765</u>	<u>89,252</u>	<u>117,206</u>	<u>-</u>	<u>210,223</u>
Total general fixed assets	<u>\$ 164,779</u>	<u>\$ 2,498,423</u>	<u>\$ 2,674,465</u>	<u>\$ 727,430</u>	<u>\$ 6,065,097</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, 2000

	January 1, 2000	Additions*	Deletions*	December 31, 2000
Safety services				
Police	\$ 1,808,830	\$ 71,795	\$ 32,697	\$ 1,847,928
Fire	1,067,096	50,641	9,070	1,108,667
Emergency medical	596,535	46,687	5,657	637,565
Total safety services	<u>3,472,461</u>	<u>169,123</u>	<u>47,424</u>	<u>3,594,160</u>
Public health services				
Cemetery	43,867	4,782	-	48,649
Leisure time activities				
Pool	236,466	-	-	236,466
Parks	397,800	160,286	992	557,094
Recreation center	-	727,430	-	727,430
Total leisure time activities	<u>634,266</u>	<u>887,716</u>	<u>992</u>	<u>1,520,990</u>
Transportation services				
Street maintenance and repair	686,742	18,029	13,696	691,075
General government				
Administration	211,413	1,280	2,470	210,223
Total general fixed assets	<u>\$ 5,048,749</u>	<u>\$ 1,080,930</u>	<u>\$ 64,582</u>	<u>\$ 6,065,097</u>

* Includes \$12,669 transfer of fixed assets from Police to Transportation Services.

* Includes \$13,830 transfer of fixed assets from Police to EMS.



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>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>2000</u>
<u>REVENUES</u>										
Taxes	\$ 1,176	1,215	1,217	1,262	1,403	1,364	1,459	1,403	1,529	1,498
Intergovernmental revenues	461	646	567	677	666	851	709	873	1,002	1,022
Charges for services	325	361	423	395	424	456	431	435	503	472
Special assessments	19	55	44	70	64	63	25	20	25	24
Fines, licenses and permits	44	45	54	58	69	66	60	63	73	68
Investment income	252	92	91	138	299	276	311	307	247	416
Miscellaneous	-	-	-	-	3	8	9	44	87	9
Total	\$ 2,277	2,414	2,396	2,600	2,928	3,084	3,004	3,145	3,466	3,509

<u>EXPENDITURES</u>										
Safety services	\$ 611	703	650	796	730	915	970	1,039	1,121	1,170
Public health and welfare	151	187	172	181	179	70	72	68	72	71
Leisure time activities	65	71	65	66	67	72	99	95	93	195
Community environment	10	1	5	3	5	-	-	3	-	-
Basic utility services	174	196	216	204	206	198	197	197	198	524
Transportation	357	361	433	387	387	390	617	390	456	441
General government	425	410	370	420	401	418	470	472	539	624
Capital outlay	431	610	673	1,115	328	414	88	745	646	880
Debt service										
Principal retirement	14	489	244	81	75	71	73	71	75	81
Interest and fiscal charges	6	7	36	59	56	53	51	48	46	82
Total	\$ 2,244	3,035	2,864	3,312	2,434	2,601	2,637	3,128	3,246	4,068

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)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<u>PROPERTY TAX</u>										
Net tax levy	\$ 323	316	335	288	322	328	312	339	362	382
Taxes collected	\$ 312	314	319	282	288	287	315	324	355	375
Percentage collected	96.59%	99.37%	95.22%	97.96%	89.44%	87.59%	100.96%	95.58%	98.07%	98.17%
<u>TANGIBLE TAX</u>										
Billed	\$ 97	108	109	122	130	140	161	125	147	133
Collected	\$ 98	109	107	116	126	134	155	125	147	133
Percentage collected	1%	1%	98%	95%	97%	96%	96%	100%	100%	100%
Delinquent	1	1	2	2	3	5	5	-	-	-
<u>SPECIAL ASSESSMENTS</u>										
Billed	\$ 26	32	30	50	48	35	29	22	25	24
Collected	\$ 31	28	47	45	33	30	30	21	25	24
Percentage collected	97%	93%	94%	90%	68%	85%	104%	96%	100%	100%
Delinquent	1	2	3	3	2	1	-	1	1	-

COMMUNITY ECONOMIC INDICATORS

Commercial										
Number of building permits issued	2	1	2	-	2	-	4	7	11	17
Value of building permits issued	\$ 140,000	500,000	1,300,000	-	534,000	-	1,961,000	2,043,000	280,100	4,113,650
Residential										
Number of building permits issued	12	14	18	30	8	9	7	14	118	67
Value of building permits issued	\$ 698,467	888,600	1,710,450	2,315,900	641,600	704,000	610,000	1,161,400	1,312,015	2,241,778
<u>Unemployment rates</u>										
Wayne County	5.8	6.4	4.8	3.9	3.5	4.3	4.2	3.2	3.5	3.1
State of Ohio	6.4	7.1	6.5	6.3	4.8	4.9	4.6	4.3	4.3	3.9
United States	6.7	7.0	6.8	7.0	5.2	5.4	4.4	4.3	4.2	4.0
Registered voters, November election (City of Rittman)	2,558	2,789	2,657	2,748	2,835	3,022	3,087	3,867	3,073	3,265
Financial Institution Deposits	\$ 781,000	706,000	786,000	961,594	935,634	856,765	1,785,711	1,833,954	1,598,818	726,319

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>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>2000</u>
<u>ASSESSED VALUATION</u>										
Real property	\$ 41,457	42,584	44,089	43,171	45,035	46,619	58,945	58,253	66,668	66,685
Public utility property	3,025	3,321	3,704	3,612	3,645	3,363	3,253	3,335	2,968	2,956
Tangible personal property	13,243	13,479	15,011	15,011	16,060	17,357	18,670	19,632	20,340	20,345
Total	<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>89,986</u>
<u>ESTIMATED VALUATION</u>										
Total	\$ <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>	<u>257,104</u>

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

Wayne County	7.35	7.45	7.35	7.35	8.35	8.35	8.35	8.35	8.35	8.75
Medina County	7.57	7.50	8.12	8.10	8.09	7.98	7.98	7.98	7.98	7.98
School	46.20	46.20	46.20	46.20	46.20	54.80	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	6.60	6.60	6.60	6.60	6.60	6.60
Chippewa Township	6.70	6.70	6.70	6.70	6.70	6.70	6.70	6.70	4.00	6.70
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	7.10	7.10	7.10	6.90	7.10	7.50	7.50	7.50	7.50	7.50
Wayne County Library	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<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>	<u>98.43</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, 2000

<u>LEGAL DEBT MARGIN</u>	<u>Unvoted</u>	<u>Overall</u>
Total assessed valuation	\$ 89,986,000	89,986,000
Debt limitation - 5.5% of assessed valuation	4,949,230	
Debt limitation - 10.5% of assessed valuation		<u>9,448,530</u>
Debt applicable to limitation:		
Gross indebtedness	6,044,282	6,044,282
Exempt debt:		
Sewer revenue bonds	1,200,800	1,200,800
OWDA loans	2,554,021	2,554,021
Special assessment bonds	60,477	60,477
Total debt applicable to limitation	<u>2,228,984</u>	<u>2,228,984</u>
Legal debt margin	<u>\$ 7,219,546</u>	<u>7,219,546</u>

DIRECT AND OVERLAPPING DEBT (\$000 omitted)

	Assessed valuations	Net debt outstanding	Percentage applicable to City	Amount applicable to City
City of Rittman	\$ 89,986	\$ 2,229	100%	2,229
Rittman Exempted Village School District	95,352	-	94.4%	
Wayne County, Ohio	1,746,199	1,438	5.2%	74

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

	<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>2000</u>
Assessed value (\$000 omitted)	57,725	59,384	62,804	62,703	64,740	67,338	80,868	81,221	89,975	89,986
Population	6,143	6,143	6,143	6,143	6,143	6,143	6,143	6,143	6,143	6,314
Debt outstanding (\$000 omitted)	1,512	1,701	1,136	1,110	988	1,043	1,210	1,055	900	2,229
Ratio of debt to assessed value	2.62	2.86	1.81	1.77	1.53	1.55	1.50	1.30	1.00	2.48
Debt per capita (full \$)	246	277	185	181	161	170	197	172	147	353

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>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>2000</u>
<u>GENERAL BONDED DEBT</u>										
Debt service	\$ 20	496	280	140	131	124	124	120	120	162
General governmental expenditures	\$ 2,243	3,035	2,864	3,312	2,434	2,600	2,637	3,128	3,246	4,068
Ratio of debt service to general governmental expenditures	0.89	16.34	9.78	4.23	5.38	4.77	4.70	3.84	3.70	3.98

REVENUE BOND COVERAGE

Sewer:

Direct revenue	\$ 2,266	2,284	3,480	940	935	909	870	915	882	909
Operating expense ¹	\$ 460	460	669	398	410	457	838	637	476	652
Net available	\$ 1,806	1,824	2,811	542	525	452	32	278	406	257
Principal	\$ 992	993	2,665	10	11	11	12	13	13	0
Interest	\$ 51	60	95	66	65	65	64	64	63	196
Total debt service	\$ 1,043	1,053	2,760	76	76	76	76	77	76	196
Coverage	1.73	1.73	1.02	7.13	6.91	5.95	0.42	3.61	5.34	1.31

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
Carastar Paperboard	\$ 8,139,350	9.05%
Morton International	5,259,850	5.85%
CPI	2,981,610	1.38%
Ohio Edison	1,245,940	0.91%
Columbia Gas	814,820	3.31%
Strickland Mason, Inc.	713,500	0.79%
Unilock Ohio, Inc.	606,040	0.67%
Northern Health Facilities	597,940	0.66%
United Telephone	544,010	0.60%
Rittman Associates	536,620	<u>0.60%</u>
Total of above	\$ 21,439,680	<u>23.83%</u>
Total City	\$ 89,986,000	

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

POPULATION and SCHOOL ENROLLMENT

Year	Population	School Enrollment
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	1,307
2000	6,314	1,273

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		9

**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, 2000, and have issued our report thereon dated June 29, 2001. 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.

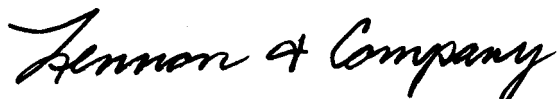
Compliance

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, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

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
AUGUST 7, 2001**