

**Auditor of State
Betty Montgomery**

CITY OF ORRVILLE
WAYNE COUNTY

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**Auditor of State
Betty Montgomery**

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

City of Orrville
Wayne County
207 North Main Street
Orrville, Ohio 44667

To the Mayor and City Council Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orrville, Wayne County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated May 13, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the City's management dated May 13, 2005, we reported a matter related to noncompliance we deemed immaterial.

City of Orrville
Wayne County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the City Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 13, 2005



City of Orrville, Ohio

Comprehensive Annual
Financial Report

For the Year Ended December 31, 2004

CITY OF ORRVILLE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2004

James D. Leggett
Finance Director

Prepared by the City Finance Department



Introductory Section

City of Orrville, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004
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207 North Main Street | Orrville, Ohio 44667-1639 | Phone (330) 684-5000 | FAX (330) 684-5023 | www.orrville.com

May 13, 2005

Citizens of Orrville
Members of City Council
Members of the Public Utility Board
City of Orrville, Ohio

I am pleased to present this Comprehensive Annual Financial Report (CAFR) for the City of Orrville. This Governmental Accounting Standards Board (GASB) Statement No. 34 compliant report, for the year ended December 31, 2004, reflects our intent to provide an organized, comprehensive, and informative presentation of the financial statements and other financial and statistical data that represent a complete and full disclosure of the City's financial activities. This is our fourth CAFR, and the fourth year the City will be reporting under the GASB 34 reporting model.

The responsibility for the report's completeness and fairness of presentation rests with the City, specifically the City Finance Department. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. In preparing this report, the City Finance Director stresses the commitment of the City of Orrville to follow nationally recognized standards of excellence in financial reporting, a commitment shared by a growing number of governmental entities in Ohio.

The Comprehensive Annual Financial Report is divided into three sections:

1. The Introductory Section contains the table of contents, letter of transmittal, elected and principal officials of the City, the City's organizational chart and the GFOA Certificate of Achievement.
2. The Financial Section begins with the Independent Accountants' Report, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents various tables reflecting social and economic information, financial trends, and fiscal capacity of the City.

REPORTING ENTITY

The City has reviewed its entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14 "The Financial Reporting Entity." In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of Orrville (the primary government) and its potential component units. The Orrville City School District has not been included in the accompanying financial statements because it is not fiscally dependent on the City, nor is the City financially accountable for the School District.

THE CITY OF ORRVILLE

The City, founded in 1864, is located in Wayne County in northeastern Ohio, approximately 50 miles south of the City of Cleveland. The City was incorporated as a Village in 1913 and later became a City in 1951. The City’s 2000 population was 8,551, according to the U.S. Census. The Safety Service Department estimates the population in 2004 to be 8,695.

The City provides a number of services to its citizens, including police and fire protection, parks and recreation, building inspection, street maintenance and repairs, water, electric, sewer, and refuse collection.

A number of major State highways traverse the County and link the City and the County to the markets of the metropolitan areas of Akron, Cleveland, and Columbus and also facilitate travel within the County. In addition, Interstate 71 provides access to other major thoroughfares such as I-76, I-80 and I-77 providing County residents with direct access to major economic centers. One advantage of having such access has been the development of trucking terminals within the County. Several major carriers with terminals are located in the County.

The City has access to major railroad systems and is currently served by the Wheeling and Lake Erie, and Norfolk-Southern companies.

Air service is easily accessible to both residents and industry through the Wayne County Airport, the Holmes County Airport, and the Wadsworth Municipal Airport (Medina County). All are easily reached and able to handle small aircraft traffic.

Commercial passenger and air freight services are available through the Akron-Canton Regional Airport and the Cleveland Hopkins International Airport, each within an hour’s driving time.

The County has a strong agricultural economy with more than 1,890 farms covering 259,000 acres. In 2003 (latest information) the receipts from agriculture were \$162,665,000. The County ranked first in the State in the production of hay, and second in the production of oats. Wayne County farmers owned 89,300 head of cattle and calves, and 32,200 milk cows, ranking the County number one in the State. The County maintains fifty acres of fairgrounds situated in the southwest portion of the nearby City of Wooster. The fairgrounds are the home of the annual County Fair and are used year round to stable privately-owned horses, for flea markets and for art and craft shows. Several private and public golf courses and campgrounds are situated in the County.

The City’s area is 6.02 square miles, broken down by value as follows:

| | Percent of Assessed Valuation |
|--------------|--|
| Residential | 66.9 % |
| Commercial | 17.2 |
| Industrial | 15.6 |
| Agricultural | 0.3 |

Source: County Auditor.

Residents of the City have access to a wide range of educational and cultural facilities. Wayne College, a branch campus of the University of Akron was founded in 1972 on 163 acres located within the City. Their enrollment in 2004 was 1,700 credit, and 2,000 non-credit students. Wayne College offers general, technical and continuing education programs. Students choosing general studies may transfer to a four-year college or university after the first two basic years at the campus. Those choosing technical education programs may obtain associate degrees from the University of Akron.

The County is also the home of the College of Wooster, the Ohio Agricultural Research and Development Center and the Agricultural Technical Institute. The College of Wooster, a private nonprofit college founded in 1866, is a source of cultural and educational opportunities usually limited to more metropolitan areas and had a fall 2004 enrollment of more than 1,800. Lectures, concerts, plays, recitals, arts shows and public forums draw residents from across the County. The College's Ohio Light Opera Company attracts thousands of residents each year as well as over 24,000 visitors from outside the County.

The Ohio Agricultural Research and Development Center (OARDC), a division of Ohio State University, is also located in the County. OARDC conducts basic and applied research in agriculture, home economics and related fields and helps train graduate students in these fields. In addition to the extensive research facilities, OARDC houses the 85-acre Secrest Arboretum and a formal rose garden, both of which are popular attractions.

The Ohio State Agricultural Technical Institute (ATI) is located south of OARDC and had a fall 2004 enrollment of more than 850. ATI offers a two-year Associate of Applied Science specialized degree in Agriculture Technologies.

City Government

The City operates under and is governed by its Charter, first adopted by the voters in 1975. The Charter became fully effective in 1976 and has been and may be amended by the voters from time to time. The City is also subject to some general laws that are applicable to all cities. Under the Ohio Constitution, the City may exercise all powers of local self-government, and police powers to the extent not in conflict with applicable general laws. The Charter provides for a Council-Mayor form of government.

Legislative authority is vested in a seven-member Council. Three members are elected at-large and four members are elected from wards, for staggered four-year terms. The Council fixes compensation of City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the President of Council, who is elected by the electors of the City for a four-year term. The President of Council has no vote in Council except in the event of a tie. The Charter establishes certain administrative departments; the Council may establish divisions of those departments, and additional departments.

The City's chief executive and administrative officer is the Mayor, who is elected by the voters for a four-year term. The Mayor appoints the directors of the City's departments. The major appointed officials are the Director of Finance and the Director of Law, appointed with the approval of Council, and the Director of Public Safety and Service, appointed by the Mayor. The Public Utilities Board is appointed by the Mayor with approval by Council. The Director of Utilities is appointed by the Public Utilities Board. The Mayor also appoints members to a number of boards and commissions, and appoints and removes, in accordance with civil service requirements, all appointed officers, except Council officers and employees of the City's utilities, who are hired and removed by the Director of Utilities. The Safety Service Director and the Finance Director have hiring authority for their respective departments. The Mayor may veto any legislation passed by the Council. A veto may be overridden by a two-thirds vote of all members of the Council.

City Employees

The City has 147 full-time and 4 part-time employees; these figures do not include 41 members of the City's volunteer fire department (who are paid on a per-call basis) or seasonal employees. The number of full-time employees has remained relatively constant over the past several years. A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining. Some full-time employees are represented by the following bargaining units:

| Bargaining Unit | Expiration Date Of Current Agreement | Number of Employees |
|---|---|----------------------------|
| United City Workers Ohio Patrolmen's Benevolent Association | December 31, 2006 December 31, 2006 | 73 17 |

The remaining full-time City employees either are not authorized to join a bargaining unit or have elected not to do so.

City Council by ordinance establishes salary, wages and other economic benefits for City employees, the terms of which are the products of negotiations with representatives of the employees or bargaining unit. Increases in economic benefits have been provided on an annual basis. In the judgment of the City, its employee relations have been and are currently considered to be excellent.

Community, Commercial, Industrial and Utilities Development

The City and its various utilities have completed a number of projects in 2004.

In 2004 the City of Orrville was pleased to become a member of the Ohio Main Street Program. This is a step in an ongoing effort to improve and revitalize the downtown business district.

The Orrville Public Library was named nationally the sixth best out of 1,756 libraries with a customer base between 10,000 and 25,000 people. This recognition comes from the Hennen's American Public Library Ratings, a national rating organization. In July 2000, the new library building was dedicated and opened. It is a beautiful addition to the community.

A 120-acre residential development on the west side of the City is progressing. The first phase of infrastructure has been completed and lots have been sold. Some houses have been built or are in progress. The development provides much needed residential building sites within the City.

Major improvements to Orr Street and Apple Avenue (formerly Lechot Avenue) were completed in 2004. This, along with a new traffic light at the intersection of Orr and Main Street, allowed much easier traffic flow for trucks servicing two of our City's industries.

The renovation of the chapel at the cemetery was completed in 2004. This project allows our citizens to conduct funeral services indoors at the cemetery, if they so desire.

The Wastewater Utility installed a 36 inch sewer line under little Chippewa Creek near Back Massillon Road. They also replaced their largest (96 foot diameter) trickling filter distributor. In addition, this utility installed a new sewer line to service the J.M. Smucker Pretreatment Plant.

In October 2004, our Electric Utility became a member of the Pennsylvania-New Jersey-Maryland (PJM) regional transmission organization (RTO). This change was a result of American Electric Power turning over their transmission system, to which we are connected, to the RTO as ordered by the Federal Emergency Regulatory Commission (FERC). For Orrville this meant many changes in the way power is bought and sold on the electric market. Power sales and purchases will be handled on a "real time" basis. Orrville is working with AMP-Ohio, our state electric organization, to deal with this environment created by electric deregulation at the federal government level.

The Electric Utility received safety awards in all departments. They also completed the Turbine 10 overhaul and the complete generator rewind. Oil sampling of all distribution transformers was completed, as well as expanded emissions testing for evaluation of new EPA regulations.

The Electric Utility also provides telecommunication services and leased fiber optic lines to many of our industrial and commercial customers. They also provide Internet services and remote reading and monitoring

of electric meters at several facilities. The Technical Service group installed a wireless base station to test the feasibility of delivering Internet capabilities via a wireless infrastructure.

The Water Utility treated approximately 1.9 million gallons of water per day during 2004. During the year they rebuilt five high service pumps, and reconditioned and repainted the Uptown water tower. They installed several security items throughout the system, and installed a back-up generator to allow operation during a power outage. The Water Utility also received the "AWWA" Outstanding Small System Award.

The Orrville Industrial Development Office continues to work at attracting new business to the City. This office recently received a grant to develop Request for Proposals for the development of the second industrial park located on Dairy Lane.

The City's largest employer, the J.M. Smucker Company, broke ground to enlarge their Main Street administrative offices.

Smith Dairy, one of the City's major employers, started a building project to enlarge their refrigerated storage facility on Dairy Lane.

The Orrville Chick Hatchery doubled the size of their facility in the industrial park.

Stoller's, a local carpet and floor covering retailer, started construction on a new retail facility on North Main Street.

Maibach Ford, a local automobile dealer, relocated to a new 29,000 square foot facility on North Main Street.

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

Introduction

The City's fiscal year corresponds to the calendar year.

The responsibilities for the major financial functions of the City are divided among the Mayor, the Director of Finance and the Council. The Director of Finance is the City's fiscal and chief accounting officer. Among that officer's duties are the maintenance of the ledgers and subledgers of the City and the preparation of accurate statements of all moneys received and expended and of all taxes and assessments. At year end, or more often if requested by the Mayor, it is the Director of Finance's responsibility to examine the accounts of City officers and departments, not to allow the amount set aside for any appropriation to be overdrawn or the amount appropriated for any one item of expense to be drawn upon for any other purpose, and not to allow a voucher to be paid unless sufficient funds are in the City treasury to the credit of the fund on which the voucher is drawn. The Director of Finance is also responsible for receiving, maintaining custody of, investing and disbursing all City funds.

Other important financial functions include general financial recommendations and planning by the Director of Finance with the assistance of the Mayor, and express approval of appropriations by the Council. For property taxation purposes, assessment of real property is by the County Auditor subject to supervision by the State Tax Commissioner, and assessment of public utility and tangible personal property is by the State Tax Commissioner. Property taxes and assessments are billed and collected by County officials.

Budgeting, Tax Levy and Appropriations Procedures

Detailed provisions for City budgets, tax levies and appropriations are made in the Ohio Revised Code. The procedures involve review by County officials at several steps.

City budgeting formally begins with the preparation, and the adoption after a public hearing in the prior July,

of a tax budget for the year. For debt service, the tax budget must show the amounts required, the estimated receipts from sources other than ad valorem property taxes, the net amount for which a property tax levy must be made, and the portions of that levy to be inside and outside the ten-mill limitation. The tax budget then is presented for review by the County Budget Commission comprised of the County Auditor, Treasurer and Prosecuting Attorney.

As part of that review, the County Budget Commission determines and approves levies for debt service outside and inside the ten-mill limitation. The Revised Code provides that “if any debt charge is omitted from the budget, the commission shall include it therein.”

After approval of the tax budget, the County Budget Commission certifies its action to the City together with the estimate by the County Auditor of the tax rates outside and inside the ten-mill limitation. Thereafter, and before the end of the year, the Council approves the tax levies and certifies them to the proper County officials. The approved and certified tax rates are then reflected in the tax bills sent to property owners. Real property taxes are payable in two installments, the first usually in January and the second in June.

The Council adopts a temporary appropriation measure in January and then, by April 1, a permanent appropriation measure for that year. Annual appropriations may not exceed the County Budget Commission’s official estimates of resources, and the County Auditor must certify that the City’s appropriation measures do not appropriate moneys in excess of the amounts set forth in those estimates.

Financial Reports and Examinations of Accounts

The City maintains its accounts, appropriations and other fiscal records, including those of the utilities, in accordance with the procedures prescribed by the Auditor of State (the Auditor). The Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision and most public agencies and institutions.

City receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the Auditor. The accounting procedures are generally applicable to all Ohio municipal corporations and differ from generally accepted accounting principles (GAAP) as recommended by GASB. Those recommendations by GASB, among other things, provide for a modified accrual basis of accounting for reporting purposes for the general fund, all special revenue funds, the debt service funds and the capital projects funds and for a full accrual basis of accounting for reporting purposes for all other funds, and for the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances. Beginning with the year which ended December 31, 1988, annual reports to the Auditor have been made on a full accrual accounting basis for the City’s proprietary funds and on a modified accrual accounting basis for all other City funds. Day-to-day records are maintained on a cash basis with conversion to GAAP on year-end reports.

The most recent examination of the City’s accounts and records by the Auditor was completed through December 31, 2004, and has been received by the City. No material citations were made. Except for examinations by the Auditor, or by independent accounting firms at the direction of the Auditor, no other independent examination or audit of the City’s financial records is made.

New Financial Reporting This is the fourth year the City has prepared financial statements following GASB Statement No. 34 – “Basic Financial Statements-and-Management’s Discussion and Analysis – for State and Local Governments.” GASB 34 creates new basic financial statements for reporting on the City’s financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As a part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows this letter of transmittal, providing an assessment of the City finances for 2004 and the outlook for the future.

Financial Highlights - Internal Service Fund There is one internal service fund carried on the City's financial records. The self insurance-internal service fund has net assets of \$665,947. This fund is financially sound.

CASH MANAGEMENT

Investments of City funds are governed by the Uniform Depository Law (Chapter 135 of the Revised Code) applicable to all subdivisions. The Director of Finance is responsible for those investments. At the end of 2004, the City had investments in certificates of deposit, repurchase agreements, STAROhio, certain of the City's own obligations, agencies of the Federal Government, and obligations of the United States of America.

RISK MANAGEMENT

The City of Orrville insures all risks with the exception of health insurance through private insurance carriers. Property valuations are revised annually to provide insurance companies and the City with an accurate inventory of insurable property and replacement cost values. The City of Orrville manages the hospital-medical, dental, drug and vision insurance benefits for its employees on a self-insured basis. A third party administrator processes and pays the claims. An excess coverage insurance (stop-loss) policy covers claims in excess of \$50,000 per person, per year. Control of the plan rests with the City.

INDEPENDENT AUDIT

State statutes require the City to be subjected to an annual examination by the Auditor of State. The Auditor of State's office rendered an opinion on the City's financial statements as of December 31, 2004, and the Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orrville for its comprehensive financial report for the fiscal year ended December 31, 2003. This was the third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

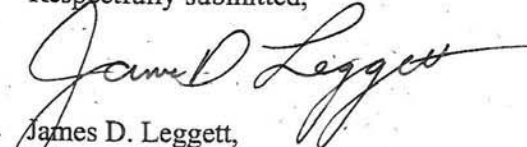
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

Special thanks is extended to the members of City Council and the Public Utility Board and to the Administration whose continued support is necessary for the City of Orrville to conform to reporting requirements established for municipal governments. Thanks also to my staff in the finance department for all their assistance and support.

A sincere thanks also goes to the Local Government Services Section of Auditor of State Betty Montgomery's Office for their assistance in the organization and final review of our 2004 Comprehensive Annual Financial Report.

Respectfully submitted,



James D. Leggett,
Director of Finance

City of Orrville, Ohio

City Officials

ELECTED OFFICIALS

Mayor.....Dennis Steiner
President of Council..... David Handwerk
Council Member Ronald Brillhart
Council Member Rich Corfman
Council Member Deborah Garrett
Council Member Lyle Baker
Council Member Dennis Landlaw
Council Member Tom Purdy
Council Member Bob Weaver

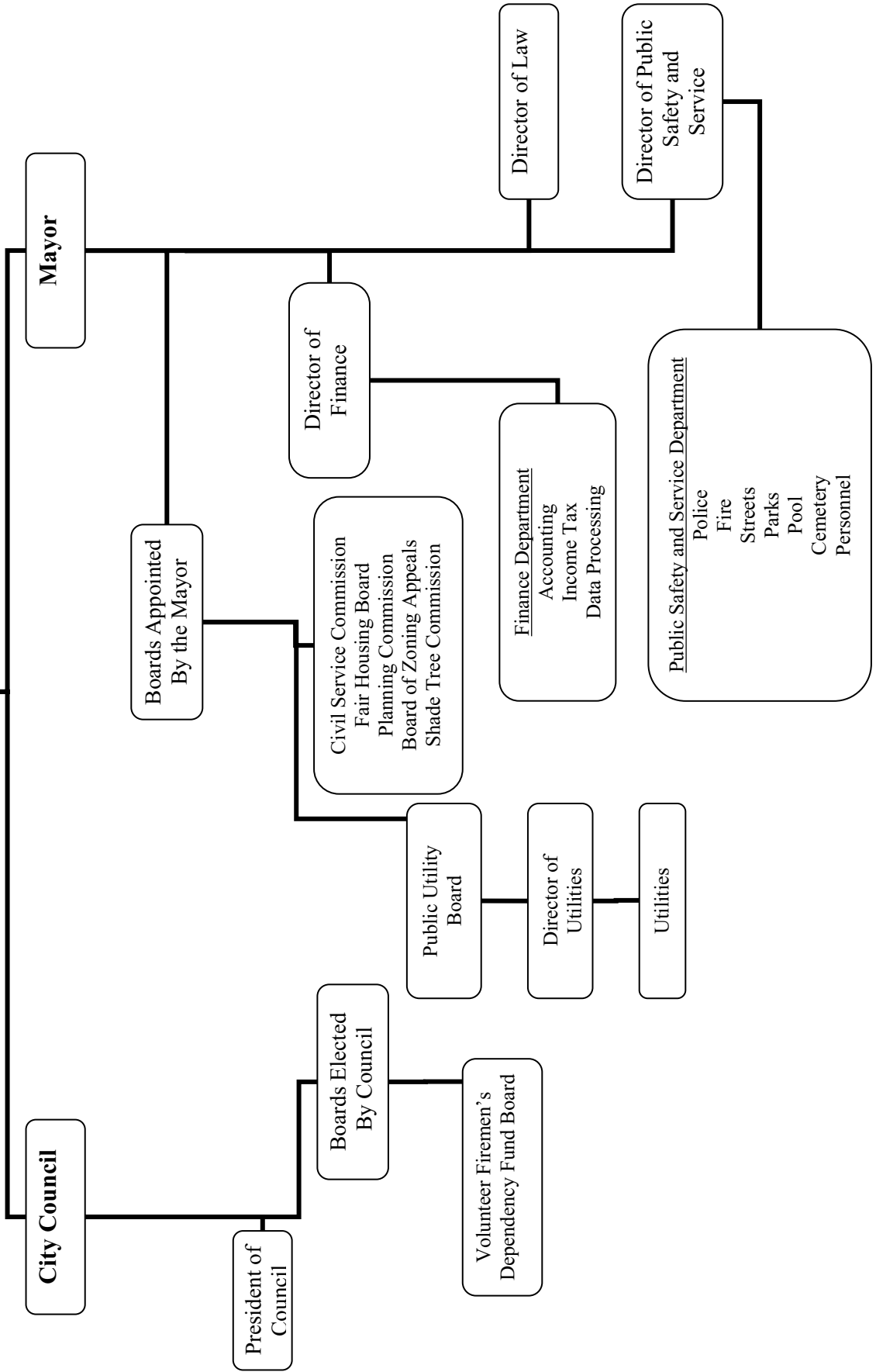
APPOINTED OFFICIALS

Director of FinanceJames D. Leggett
Director of Law.....Daniel R. Lutz
Director of Public Safety and Service.....Becky L. Jewell
Director of Utilities Dan Preising
Clerk of Council.....Michelle Hedberg

UTILITY BOARD MEMBERS

President of Board..... Robert Maglio
Board Member Roland Lehman Jr.
Board Member Dave Shrader
Board Member William Sampson
Board Member Kenneth Stuter

**Citizens of Orrville
(Voters)**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Orrville,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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.



Nancy L. Zjelle

President

Jeffrey R. Emer

Executive Director



Financial Section



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Orrville
Wayne County
207 North Main Street
Orrville, Ohio 44667

To the Mayor and City Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orrville, Wayne County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orrville, Wayne County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Betty Montgomery
Auditor of State

May 13, 2005

City of Orrville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2004
Unaudited

The discussion and analysis for the City of Orrville's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2004. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter and the basic financial statements.

Financial Highlights

Financial highlights for 2004 are as follows:

- Total Net Assets decreased \$513,202. Net Assets of governmental activities decreased \$490,612 which represents a 1.0 percent decrease from 2003. Net assets of business-type activities decreased \$22,590 from 2003.
- Total Assets of Governmental Activities increased \$125,399 or .3 percent above the 2003 level.
- Total Assets of Business Type Activities decreased \$2,193,886 or 2.9 percent below the 2003 level.
- Total Liabilities of Governmental Activities increased \$616,011. This is an addition of 49.5 percent from the previous year.
- Total Liabilities of Business-Type Activities decreased \$2,171,296. This is a reduction of 7.9 percent from the previous year.
- Total Capital Assets decreased \$369,830 which represents a .4 percent increase.
- Total Long Term Liabilities decreased \$2,213,756 or 8.8 percent during 2004.

Using this Annual Financial Report

This report consists of a series of financial statements and notes to those statements. These statements are prepared and organized in a manner that allows the reader to look at the financial activities of the City of Orrville as a whole. These statements also allow the reader to obtain a more detailed view of the City's operations.

The Statement of Net Assets and the Statement of Changes in Net Assets provides summarized information showing the effects of the operations for the year 2004 and how they effected the operations of the City as a whole.

Major Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City of Orrville as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity. They provide a good resource for an overall evaluation of the City's financial performance "on one page." These statements include all assets and all

City of Orrville, Ohio
Management's Discussion and Analysis
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liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. These transactions are booked as they occur, not when the actual cash is received for revenues or when invoices are paid for expenses.

These two statements report the City's net assets and changes in those assets. The change in net assets is important since it indicates if the financial position of the City is improving or declining. However, to properly evaluate the operation of the City, certain non-cash items should be taken into consideration. These items include the current economic situation as a whole, the current tax base for the City and the age and condition of the City buildings and infrastructure.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two major activities:

- **Governmental Activities** - Most of the City's programs and services are reported here including, general government, police, fire, transportation, public health and welfare and leisure time activities.
- **Business-Type Activities** - These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The City's business-type activities are sewer, electric, and water.

Reporting on the Most Significant Funds of the City of Orrville

Fund Financial Statements

The analysis of the City's major funds begins on page 8. Fund financial reports give a detailed report of the activities within the funds. The City currently has twenty-five funds, as presented in this report. These funds are in existence to provide a multitude of services to the citizens of Orrville. Some funds provide for safety forces, some provide for streets, some provide for electric service, some provide for water service, and some provide for sewer service. Some provide for purchase of capital assets and infrastructure. One even provides health care for the City's employees. Each fund is in some ways an entity unto itself. Each fund has a designated revenue stream and restricted uses for the monies within the fund.

In this report, the focus is on five major funds, the General Fund, the Capital Improvements Fund, the Sewer Fund, the Electric Fund, and the Water Fund.

Governmental Funds All of the City's major activities (excluding the Utility Department) are reported in the governmental funds. This report shows how monies flow into and out of these funds as well as what balances are available for future expenditures. The accounting method used to report this activity is the modified accrual method. This method reports cash and like-cash items that can be converted into cash. This shows what level of financial resources is available or will be available to provide the services that the general government provides. These services include police and fire protection, as well as the improving and maintaining the City's streets, parks, cemeteries, and City hall. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the government funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

The City of Orrville as a Whole

The Statement of Net Assets provides an overall view of the City. Table one shows a summary of the City's net assets for 2004 as they compare to 2003.

City of Orrville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2004
Unaudited

Table 1
Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 |
| Assets | | | | | | |
| Current and Other Assets | \$6,668,846 | \$6,329,249 | \$26,110,707 | \$24,751,647 | \$32,779,553 | \$31,080,896 |
| Capital Assets, Net | 41,692,577 | 42,157,573 | 49,715,448 | 48,880,622 | 91,408,025 | 91,038,195 |
| <i>Total Assets</i> | <u>48,361,423</u> | <u>48,486,822</u> | <u>75,826,155</u> | <u>73,632,269</u> | <u>124,187,578</u> | <u>122,119,091</u> |
| Liabilities | | | | | | |
| Current Liabilities | 765,901 | 1,455,772 | 2,646,090 | 2,614,690 | 3,411,991 | 4,070,462 |
| Long-Term Liabilities: | | | | | | |
| Due Within One Year | 165,880 | 190,086 | 2,461,443 | 2,639,796 | 2,627,323 | 2,829,882 |
| Due in More Than One Year | 312,967 | 214,901 | 22,208,907 | 19,890,658 | 22,521,874 | 20,105,559 |
| <i>Total Liabilities</i> | <u>1,244,748</u> | <u>1,860,759</u> | <u>27,316,440</u> | <u>25,145,144</u> | <u>28,561,188</u> | <u>27,005,903</u> |
| Net Assets | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 41,548,787 | 42,024,483 | 25,498,301 | 26,780,181 | 67,047,088 | 68,804,664 |
| Restricted for: | | | | | | |
| Capital Projects | 2,626,487 | 1,913,814 | 0 | 0 | 2,626,487 | 1,913,814 |
| Debt Service | 254,609 | 247,391 | 0 | 0 | 254,609 | 247,391 |
| Street Repair and Maintenance | 457,891 | 431,651 | 0 | 0 | 457,891 | 431,651 |
| Solid Waste Services | 38,324 | 42,187 | 0 | 0 | 38,324 | 42,187 |
| Law Enforcement and Education | 25,870 | 23,157 | 0 | 0 | 25,870 | 23,157 |
| Cemetery Maintenance | 177,957 | 203,195 | 0 | 0 | 177,957 | 203,195 |
| EMS Equipment | 151,004 | 74,640 | 0 | 0 | 151,004 | 74,640 |
| Other Purposes | 7,035 | 7,195 | 0 | 0 | 7,035 | 7,195 |
| Replacement and Improvement | 0 | 0 | 2,300,000 | 2,300,000 | 2,300,000 | 2,300,000 |
| Unrestricted | 1,828,711 | 1,658,350 | 20,711,414 | 19,406,944 | 22,540,125 | 21,065,294 |
| <i>Total Net Assets</i> | <u>\$47,116,675</u> | <u>\$46,626,063</u> | <u>\$48,509,715</u> | <u>\$48,487,125</u> | <u>\$95,626,390</u> | <u>\$95,113,188</u> |

Total assets decreased in 2004 by \$2,068,487. Total liabilities decreased by \$1,555,285. The decrease in assets is caused by a decrease in cash caused by the operating funds having expenses that exceeded receipts and the addition of capital assets not being as large as the depreciation and deletions.

The reduction of \$1,555,285 in total liabilities is due to a reduction in long-term liabilities. The reduction in long-term liabilities is primarily the result of the payments on the revenue bonds and loans in the enterprise funds. All three utilities have long-term debt.

Total net assets decreased by \$513,202. This is a result of the current assets decreasing by a larger amount than liabilities, and is an indication of the fact that expenses exceeded revenues.

The City also works hard to increase net assets through our investment program. Investment earnings for the City were \$373,036 in 2004. This is \$66,844 less than 2003 and reflects the slight decrease in interest rates throughout the year in the type of investments that municipalities are permitted to purchase.

Table 2 shows the changes in net assets for the year ended December 31, 2004, for both our Governmental Activities and our Business-Type Activities.

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Table 2
Change in Net Assets

| | Governmental Activities | | Business - Type Activities | | Total | |
|------------------------------------|----------------------------|---------------------|-------------------------------|---------------------|---------------------|---------------------|
| | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$537,764 | \$624,575 | \$23,823,720 | \$26,032,997 | \$24,361,484 | \$26,657,572 |
| Operating Grants and Contributions | 428,590 | 471,167 | 0 | 0 | 428,590 | 471,167 |
| Capital Grants and Contributions | 678,138 | 819,983 | 0 | 0 | 678,138 | 819,983 |
| Total Program Revenues | 1,644,492 | 1,915,725 | 23,823,720 | 26,032,997 | 25,468,212 | 27,948,722 |
| General Revenues: | | | | | | |
| Property Taxes | 476,914 | 536,388 | 0 | 0 | 476,914 | 536,388 |
| Income Taxes | 2,960,636 | 2,378,792 | 0 | 0 | 2,960,636 | 2,378,792 |
| Other Local Taxes | 782,502 | 802,505 | 0 | 0 | 782,502 | 802,505 |
| Grants and Entitlements | 631,092 | 497,937 | 0 | 0 | 631,092 | 497,937 |
| Investment Earnings | 81,948 | 80,061 | 357,932 | 292,975 | 439,880 | 373,036 |
| Miscellaneous | 127,254 | 112,812 | 329,526 | 710,640 | 456,780 | 823,452 |
| Total General Revenues | 5,060,346 | 4,408,495 | 687,458 | 1,003,615 | 5,747,804 | 5,412,110 |
| Total Revenues | 6,704,838 | 6,324,220 | 24,511,178 | 27,036,612 | 31,216,016 | 33,360,832 |
| Program Expenses | | | | | | |
| General Government | 968,370 | 970,814 | 0 | 0 | 968,370 | 970,814 |
| Security of Persons and Property: | | | | | | |
| Police | 1,421,121 | 1,425,870 | 0 | 0 | 1,421,121 | 1,425,870 |
| Fire | 541,831 | 357,766 | 0 | 0 | 541,831 | 357,766 |
| Transportation | 2,007,903 | 2,478,398 | 0 | 0 | 2,007,903 | 2,478,398 |
| Public Health and Welfare | 192,459 | 179,941 | 0 | 0 | 192,459 | 179,941 |
| Leisure Time Activities | 357,372 | 308,917 | 0 | 0 | 357,372 | 308,917 |
| Basic Utility Service | 274,386 | 279,895 | 0 | 0 | 274,386 | 279,895 |
| Interest and Fiscal Charges | 11,013 | 10,726 | 0 | 0 | 11,013 | 10,726 |
| Enterprise Operations | 0 | 0 | 26,193,923 | 27,861,707 | 26,193,923 | 27,861,707 |
| Total Program Expenses | 5,774,455 | 6,012,327 | 26,193,923 | 27,861,707 | 31,968,378 | 33,874,034 |
| Increase/(Decrease) in Net Assets | | | | | | |
| Before Transfers | 930,383 | 311,893 | (1,682,745) | (825,095) | (752,362) | (513,202) |
| Transfers | (782,502) | (802,505) | 782,502 | 802,505 | 0 | 0 |
| Increase/(Decrease) in Net Assets | 147,881 | (490,612) | (900,243) | (22,590) | (752,362) | (513,202) |
| Net Assets Beginning of Year | 46,968,794 | 47,116,675 | 49,409,958 | 48,509,715 | 96,378,752 | 95,626,390 |
| Net Assets End of Year | \$47,116,675 | \$46,626,063 | \$48,509,715 | \$48,487,125 | \$95,626,390 | \$95,113,188 |

City of Orrville, Ohio
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Governmental Activities

Funding for government activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and entitlements, charges for services, and investment interest.

The City's income tax was established by ordinance to be effective January 1, 1961 at a rate of .6 percent. The rate was later increased by resolution to 1 percent effective October 1, 1970. The rate has remained at that level since then. Even though this rate is much lower than the state average for municipalities that have an income tax there are currently no plans to increase the rate. The income tax accounted for revenues of \$2,378,792 in 2004. These revenues were split between the General Fund and the Capital Improvements Fund with an allocation of 80 percent to the General Fund and 20 percent to the Capital Improvements Fund. The allocation percentage is set by resolution and historically has changed from time to time depending on the balances in the two aforementioned funds. The allocation has been 65 - 35 percent as well as 60 - 40 percent. This practice of putting a percentage of income tax revenue into the Capital Improvements Fund has been an excellent tool for the City in making capital improvements without the need to issue debt. In the last several years some major projects have been accomplished with monies from the Capital Improvements Fund, such as the purchase of a heavy rescue truck, using \$314,000 from the Capital Improvements Fund, as well as \$270,000 from the Capital Improvements Fund to cover a portion of the improvement of Orr Street and Apple Avenue.

The level of revenue from the income tax decreased in 2004. This was the result of several local business and industries generating net profits at a lower rate than in 2003. Withholding taxes continue to remain relatively flat.

Transportation represents the largest expense of the Governmental Activities. This expense of \$2,478,398 represents 41.22 percent of the total expenses of the Governmental Activities. These funds are used to maintain the streets and the equipment used for the streets. The other major expense is police and fire services. These two departments operate out of the general fund.

Our Fire Department is a part-time department with a full-time Chief. The City is very committed to maintaining a very efficient department. Regular meetings, drills, and training sessions are held. There is a strong emphasis on equipment with a new pumper truck having been purchased in the last several years as well as the renovation of Fire Station #2. The department's functions include firefighting, emergency medical service including paramedic service, fire prevention education, and investigation. The Fire Department expenses account for 5.95 percent of the Governmental Activities expenses. The department also contracts with surrounding townships to provide firefighting and emergency medical services. The revenues generated by these contracts are reported under the charges for services area.

Our Police Department is also funded through the general fund. The department is a full-time 24-hour a day, 365-days a year department. Each patrol car is now equipped with a laptop computer to assist the officers in accessing information while on duty. The expenses for the department for the year 2004 were \$1,425,870. This accounts for 23.72 percent of the expenses for Governmental Activities.

Business-Type Activities

The City also operates a Utility Department that consists of three utilities. The largest from an asset and revenue standpoint is the electric utility. This utility consists of a coal fired generation plant and distribution system that serves the City and surrounding area with reliable and competitively priced power. In 2004, the

City of Orrville, Ohio
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electric utility sold 262,697,400 KWH of electricity to generate \$21,615,342 in charges for services revenue. They burned 190,480 tons of coal at a cost of \$5,449,000.

The Water utility treats 1,900,000 gallons of water per day with a capacity to treat an additional 1,800,000 per day. The water plant is the newest of the utility facilities. It was put into service in 1996. The raw water is supplied from various wells. The plant currently serves 3,108 residential customers and 369 industrial and commercial customers.

The Sewer facility processed an average of 2,100,000 gallons per day during 2004, which is the same level of operation experienced in 2003. This facility was last upgraded in 1990 and currently operates at 80 percent capacity. The plant is controlled by a modern SCADA (computer) system. A video surveillance system monitors strategic locations throughout the facility 24 hours a day.

The revenues and expenses for all three of these utilities are reported under the Business-Type Activities on Table 2. Reviewing this table shows the majority of the City's revenues and expenses flow through the Utility Department. The revenues for the Utility Department come primarily from charges for service. In 2004 this amount of \$26,032,997 accounted for approximately 96 percent of the revenues. The total expenses for the utilities were \$27,861,707, leaving a deficit of \$22,590 for the Business-Type Activities.

The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. The general fund had revenues of \$4,398,918 and expenditures of \$3,378,663. Although this shows a surplus of \$1,020,255, the true picture is somewhat different. Some of the revenue collected in the general fund is from the collection of the Kilowatt-hour tax that is then passed back through the Electric Revenue Fund by way of a transfer. When these receipts and other transfers are eliminated, the true deficit is \$89,343. The capital improvements fund had revenues of \$506,816 and expenditures of \$1,072,522, leaving a deficit of \$565,706. Most of these deficits were caused by two major road projects in the City and the purchase of a fire truck that were planned and we felt we had adequate reserves to proceed.

Information about the business-type funds starts on page 21. These funds are accounted for on an accrual basis. The sewer fund had operating revenues of \$1,907,440 which exceeded expenses of \$1,821,018. The electric fund had operating revenues of \$22,268,666 and expenses of \$22,350,083 and the water fund had operating revenues of \$2,549,665 and expenses of \$2,316,042.

Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. The City of Orrville is somewhat different than many other Ohio cities its size in that the General Fund is not our most significant fund. Because we own and operate an electric generating and distribution facility, our Electric Fund is our most significant. During 2004, we passed three appropriation amendments. On October 4th a resolution was passed to increase appropriations in the Capital Improvement Fund for an anticipated land purchase, which did not materialize. On December 6th a resolution was passed to increase appropriations in the Electric Utility for the purchase of coal and purchased power. On December 20th, a resolution was passed to increase appropriations in the General Fund for the payment of an early retirement option. All recommendations for appropriation changes come to Council from the Finance Director. The Finance Committee of Council reviews them, and makes their recommendations to the Council as a whole.

City of Orrville, Ohio
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Strong emphasis is placed on fund balances. The Finance Director reviews fund balances on a daily basis. Special attention is paid to the major operating funds, which are the General, the Electric, Sewer and Water Funds. Council also receives a monthly report showing fund balance for all funds at the beginning of the year, the change in the balance thus far year to date, and the current fund balance.

Line item reports are reviewed regularly by the Finance Director to ensure spending is within the legal level of control. The managers and superintendents, as well as the Utility and Safety Service Directors, also monitor their appropriations and fund balances to ensure the entire operation of the City operates within the appropriations.

Capital Assets and Debt Administration

Capital Assets

Table 3
Capital Assets at December 31
(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 |
| Land | \$1,576,411 | \$1,576,411 | \$605,268 | \$613,668 | \$2,181,679 | \$2,190,079 |
| Buildings and Improvements | 3,067,839 | 2,954,433 | 13,343,120 | 12,961,310 | 16,410,959 | 15,915,743 |
| Equipment | 754,106 | 758,692 | 1,803,197 | 3,087,992 | 2,557,303 | 3,846,684 |
| Vehicles | 696,736 | 866,465 | 252,443 | 312,609 | 949,179 | 1,179,074 |
| Electric - Generation/ Transmission/Distribution | 0 | 0 | 21,565,559 | 21,078,033 | 21,565,559 | 21,078,033 |
| Infrastructure | 35,597,485 | 36,001,572 | 11,004,980 | 10,827,010 | 46,602,465 | 46,828,582 |
| Construction-In-Progress | 0 | 0 | 1,140,881 | 0 | 1,140,881 | 0 |
| Totals | \$41,692,577 | \$42,157,573 | \$49,715,448 | \$48,880,622 | \$91,408,025 | \$91,038,195 |

Total Capital Assets for the City of Orrville for the year ended December 31, 2004 was \$91,038,195, which reflects a slight decrease from the 2003 figure of \$91,408,025.

The most significant project completed in 2004 was the rebuilding of Orr Street and Apple Avenue at a cost of \$700,000. Another large project was the purchase of a heavy rescue truck at a cost of \$314,000.

The City has a formal capital asset policy, which outlines the procedures for purchasing, receiving, and disposing of capital assets. The policy contains forms and includes a tagging process, which was instituted in 2003. For additional information see Note 8 to the basic financial statements.

City of Orrville, Ohio
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For the Fiscal Year Ended December 31, 2004
Unaudited

Debt

The outstanding debt for the City of Orrville as of December 31, 2004 was \$22,832,391. This balance reflects a reduction of \$2,175,408 from the previous year's balance of \$25,007,799, a reduction of 8.7 percent.

Table 4
Outstanding Debt at Year End

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 |
| Special Assessment Bonds | \$151,766 | \$139,637 | \$0 | \$0 | \$151,766 | \$139,637 |
| Mortgage Revenue Bonds | 0 | 0 | 12,255,148 | 10,941,862 | 12,255,148 | 10,941,862 |
| Revenue Bonds | 0 | 0 | 6,977,478 | 6,623,646 | 6,977,478 | 6,623,646 |
| OWDA Loans | 0 | 0 | 3,716,768 | 3,381,049 | 3,716,768 | 3,381,049 |
| OPWC Loan | 0 | 0 | 906,639 | 846,197 | 906,639 | 846,197 |
| Notes Payable | 0 | 0 | 1,000,000 | 900,000 | 1,000,000 | 900,000 |
| Totals | \$151,766 | \$139,637 | \$24,856,033 | \$22,692,754 | \$25,007,799 | \$22,832,391 |

As can be seen from the above table the Governmental activities have very little debt. The small amount of debt (\$139,637) is in Special Assessment Bonds, which were issued after our Downtown Improvement Project (Streetscape) was finished and for residential sidewalk installation. The bonds cover the amount of unpaid property owner assessments. The payments on these bonds come from the assessments collected by the County Auditor on property tax duplicates.

The Utility department carries the vast majority of the debt, the largest debt being that of the Electric Utility. Most of this debt is in Mortgage Revenue Bonds that were originally issued in the 1980's for major upgrades to the power plant. These bonds were refinanced in 1997. The Electric Utility also has an outstanding bond anticipation general obligation note in the amount of \$900,000. This note, which is due in 2005, was issued in 2004 for the purpose of financing the precipitator improvement project, which was completed in 2002. The precipitator is part of the pollution control system at the power plant.

The Water Utility carries two kinds of debt. Water System Improvement Revenue Bonds were issued in 1994 for the construction of a new treatment plant and then refunded in 2002. They are scheduled to be paid off in 2018. The Water Utility also has an interest free loan from the OPWC, which is also scheduled to be paid off in 2018.

The Sewer Utility has two loans from the Ohio Water Development Authority which were used to defease the original mortgage revenue bonds issued to construct the treatment plant. These loans will be paid off in 2012 and 2013.

The total debt service obligation for the Electric Utility in 2004 was \$3,030,201, for the Sewer Utility \$542,768, and for the Water Utility \$759,749.

City of Orrville, Ohio
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Unaudited

The administration and City Council are both very committed to controlling and managing the debt. Over the last seven years, we have been able to manage the cash balances of the City to a point that debt issuance is not necessary for capital improvement except in extreme cases or instances where it is fiscally better to issue debt rather than spend reserves. For additional information see Notes 9 and 10 to the basic financial statements.

Current Financial Issues

The City's finances during 2004 showed some mixed results. Income tax revenues were down, but revenues from the enterprise funds showed an increase. The City as a whole operated in a deficit position due to planned capital expenditures from surpluses. The strength of the City was evident during these times, as the services to our citizens remained at a high level. Our police and fire departments remained at full force, our street department continued to repair and improve streets, and plow snow. Our park system maintained its normal schedule. All three utilities remained fully staffed, providing quality service. The only lay-off in 2004 was voluntary.

The safety and services department operates under a comprehensive plan. This plan is updated every ten years, and provides a structure for development within the City. The Safety Service Director, the Mayor, and City Council spend a great deal of time working with a planning consultant and the citizens to develop the plan for the next ten years. The plan deals with Land Use, Economic Development, Transportation, and Community Facilities/Parks and Recreation.

Some items addressed in the plan have already started. An additional park in the south end of town is under construction. The money for this project is currently in the Capital Improvements Fund. The City continues with its sidewalk improvement plan that requires sidewalks on every street throughout the City. This plan has been very successful to date and will continue until every street within the City has sidewalks. The City also has a long-range street-paving plan, which will result in all streets within the City being either asphalt or concrete. This program will replace the chip and seal program that is currently in place.

The City is in the process of procuring developers for a second industrial park. This park will allow for future controlled industrial growth. The current park is nearing full capacity.

The Utility Departments continue to grow and improve. The Sewer utility continues to monitor its model wetland project, and during 2004 constructed a new sewer line to one of our major employers. They also replaced a Trickling Filter Distributor.

The Water Utility reconditioned and repaired the uptown water tower, rebuilt five high service pumps, and installed a portable generator to operate the well pumps during a power outage. This utility continues to look for new water well fields.

The Electric Utility continues to upgrade the distribution system. In 2004 they completed the overhaul on Turbine 10. Decorative lighting was installed on North Main Street and Mill Street. They also performed emission testing for evaluation of new EPA regulations.

The Orrville Utility Department continues to look for other sources of revenue to supplement existing utilities while providing our customers with low cost services. The electric utility's telecommunications system has proven to be such a service, and has been an exceptionally reliable service for industrial and commercial customers. Future expansion of this system to smaller commercial and residential customers will present many opportunities for those customers to save money due to lower rates created by competition.

City of Orrville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2004
Unaudited

Orrville Utilities plans to continue deployment of the fiber optic system to homes so all residents can take advantage of competition between suppliers. We look forward to providing another infrastructure with the same reliability and service that our customer/owners of our electric, water, and sewer utilities have come to expect.

The Mayor, Directors, and Council work very hard to keep the City's debt low. All of the projects mentioned above, with the possible exception of the future water well fields, will be funded from cash balances. We watch our funds closely and make sure monies are budgeted to provide for proper maintenance of our equipment and facilities. Our superintendents, managers, and directors are all involved in our budget process. Our budget is developed from the bottom up with the emphasis of good stewardship of our ratepayers and taxpayers money.

On behalf of the City of Orrville we would like to thank the staff from the Local Government Services Section of the Auditor of State's Office for their help in preparing the GASB 34 Statements. They were cooperative, professional, and efficient. This was our fourth year reporting under GASB Statement 34 and their guidance was extremely valuable.

Contacting the City's Finance Department

This report is intended to provide our citizens and anyone interested in the financial aspects of the City of Orrville a general overview of our financial operation. If there are questions, please contact the Finance Director James D. Leggett, City of Orrville, 207 North Main Street, P.O. Box 61, Orrville, Ohio 44667, telephone 330-684-5007 or website at www.orrville.com.

City of Orrville, Ohio

Statement of Net Assets

December 31, 2004

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$3,901,170 | \$14,350,505 | \$18,251,675 |
| Cash Equivalents in Segregated Accounts | 0 | 4,661 | 4,661 |
| Investments in Segregated Accounts | 0 | 3,081,624 | 3,081,624 |
| Materials and Supplies Inventory | 67,291 | 3,447,419 | 3,514,710 |
| Accrued Interest Receivable | 12,495 | 43,633 | 56,128 |
| Accounts Receivable | 80,063 | 3,344,012 | 3,424,075 |
| Internal Balances | 199,784 | (199,784) | 0 |
| Intergovernmental Receivable | 594,801 | 0 | 594,801 |
| Prepaid Items | 17,763 | 87,264 | 105,027 |
| Deferred Charges | 0 | 592,313 | 592,313 |
| Income Taxes Receivable | 812,418 | 0 | 812,418 |
| Property Taxes Receivable | 502,074 | 0 | 502,074 |
| Special Assessments Receivable | 141,390 | 0 | 141,390 |
| Nondepreciable Capital Assets | 1,576,411 | 613,668 | 2,190,079 |
| Depreciable Capital Assets, Net | 40,581,162 | 48,266,954 | 88,848,116 |
| <i>Total Assets</i> | <u>48,486,822</u> | <u>73,632,269</u> | <u>122,119,091</u> |
| Liabilities | | | |
| Accounts Payable | 727,722 | 1,056,563 | 1,784,285 |
| Accrued Wages | 118,592 | 248,087 | 366,679 |
| Intergovernmental Payable | 119,340 | 169,692 | 289,032 |
| Accrued Interest Payable | 801 | 142,022 | 142,823 |
| Claims Payable | 0 | 98,326 | 98,326 |
| Deferred Revenue | 489,317 | 0 | 489,317 |
| Notes Payable | 0 | 900,000 | 900,000 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 190,086 | 2,639,796 | 2,829,882 |
| Due In More Than One Year | 214,901 | 19,890,658 | 20,105,559 |
| <i>Total Liabilities</i> | <u>1,860,759</u> | <u>25,145,144</u> | <u>27,005,903</u> |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | 42,024,483 | 26,780,181 | 68,804,664 |
| Restricted for: | | | |
| Capital Projects | 1,913,814 | 0 | 1,913,814 |
| Debt Service | 247,391 | 3,347,240 | 3,594,631 |
| Electric Replacement and Improvement | 0 | 1,500,000 | 1,500,000 |
| Water Replacement and Improvement | 0 | 800,000 | 800,000 |
| Street Repair and Maintenance | 431,651 | 0 | 431,651 |
| Solid Waste Services | 42,187 | 0 | 42,187 |
| Law Enforcement and Education | 23,157 | 0 | 23,157 |
| Cemetery Maintenance | 203,195 | 0 | 203,195 |
| EMS Equipment | 74,640 | 0 | 74,640 |
| Performing Arts | 7,195 | 0 | 7,195 |
| Unrestricted | 1,658,350 | 16,059,704 | 17,718,054 |
| <i>Total Net Assets</i> | <u>\$46,626,063</u> | <u>\$48,487,125</u> | <u>\$95,113,188</u> |

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Activities
For the Year Ended December 31, 2004

| | Expenses | Program Revenues | | |
|---------------------------------------|---------------------|--------------------------------|--|----------------------------------|
| | | Charges for Services and Sales | Operating Grants, Contributions and Interest | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| General Government | \$970,814 | \$120,248 | \$14,092 | \$0 |
| Security of Persons and Property: | | | | |
| Police | 1,425,870 | 26,054 | 0 | 0 |
| Fire | 357,766 | 36,290 | 2,125 | 0 |
| Transportation | 2,478,398 | 300 | 445,050 | 819,983 |
| Public Health and Welfare | 179,941 | 128,734 | 0 | 0 |
| Leisure Time Activities | 308,917 | 56,284 | 9,900 | 0 |
| Basic Utility Service | 279,895 | 256,665 | 0 | 0 |
| Interest and Fiscal Charges | 10,726 | 0 | 0 | 0 |
| <i>Total Governmental Activities</i> | <u>6,012,327</u> | <u>624,575</u> | <u>471,167</u> | <u>819,983</u> |
| Business-Type Activities: | | | | |
| Sewer | 2,035,090 | 1,905,641 | 0 | 0 |
| Electric | 23,143,664 | 21,615,342 | 0 | 0 |
| Water | 2,682,953 | 2,512,014 | 0 | 0 |
| <i>Total Business-Type Activities</i> | <u>27,861,707</u> | <u>26,032,997</u> | <u>0</u> | <u>0</u> |
| <i>Total - Primary Government</i> | <u>\$33,874,034</u> | <u>\$26,657,572</u> | <u>\$471,167</u> | <u>\$819,983</u> |

General Revenues

Property Taxes Levied for
 General Purposes
Kilowatt per Hour Taxes Levied for
 General Purposes
Income Tax Levied for:
 General Purposes
 Capital Outlay
Grants and Entitlements not Restricted to Specific Programs
Gain on Sale of Capital Assets
Investment Earnings
Other

Total General Revenues

Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

| Net (Expense) Revenue and Changes in Net Assets | | |
|---|-----------------------------|---------------------|
| Governmental Activities | Business-Type Activities | Total |
| (836,474) | \$0 | (836,474) |
| (1,399,816) | 0 | (1,399,816) |
| (319,351) | 0 | (319,351) |
| (1,213,065) | 0 | (1,213,065) |
| (51,207) | 0 | (51,207) |
| (242,733) | 0 | (242,733) |
| (23,230) | 0 | (23,230) |
| (10,726) | 0 | (10,726) |
| (4,096,602) | 0 | (4,096,602) |
| 0 | (129,449) | (129,449) |
| 0 | (1,528,322) | (1,528,322) |
| 0 | (170,939) | (170,939) |
| 0 | (1,828,710) | (1,828,710) |
| (4,096,602) | (1,828,710) | (5,925,312) |
| 536,388 | 0 | 536,388 |
| 802,505 | 0 | 802,505 |
| 2,013,058 | 0 | 2,013,058 |
| 365,734 | 0 | 365,734 |
| 497,937 | 0 | 497,937 |
| 0 | 17,131 | 17,131 |
| 80,061 | 292,975 | 373,036 |
| 112,812 | 693,509 | 806,321 |
| 4,408,495 | 1,003,615 | 5,412,110 |
| (802,505) | 802,505 | 0 |
| (490,612) | (22,590) | (513,202) |
| 47,116,675 | 48,509,715 | 95,626,390 |
| <u>\$46,626,063</u> | <u>\$48,487,125</u> | <u>\$95,113,188</u> |

City of Orrville, Ohio

Balance Sheet

Governmental Funds

December 31, 2004

| | <u>General</u> | <u>Capital Improvements</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|--------------------|---------------------------------|---|---|
| Assets | | | | |
| Equity in Pooled Cash and | | | | |
| Cash Equivalents | \$918,908 | \$2,164,700 | \$817,562 | \$3,901,170 |
| Materials and Supplies Inventory | 67,291 | 0 | 0 | 67,291 |
| Accrued Interest Receivable | 11,573 | 0 | 922 | 12,495 |
| Accounts Receivable | 29,173 | 0 | 50,890 | 80,063 |
| Intergovernmental Receivable | 248,703 | 0 | 346,098 | 594,801 |
| Prepaid Items | 17,763 | 0 | 0 | 17,763 |
| Income Taxes Receivable | 649,934 | 162,484 | 0 | 812,418 |
| Property Taxes Receivable | 502,074 | 0 | 0 | 502,074 |
| Special Assessments Receivable | 0 | 0 | 141,390 | 141,390 |
| <i>Total Assets</i> | <u>\$2,445,419</u> | <u>\$2,327,184</u> | <u>\$1,356,862</u> | <u>\$6,129,465</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | \$33,256 | \$572,757 | \$121,709 | \$727,722 |
| Accrued Wages | 103,514 | 0 | 15,078 | 118,592 |
| Intergovernmental Payable | 107,659 | 205 | 11,476 | 119,340 |
| Deferred Revenue | 758,251 | 35,516 | 293,132 | 1,086,899 |
| <i>Total Liabilities</i> | <u>1,002,680</u> | <u>608,478</u> | <u>441,395</u> | <u>2,052,553</u> |
| Fund Balances | | | | |
| Reserved for Encumbrances | 34,228 | 119,847 | 138,159 | 292,234 |
| Unreserved, Undesignated, Reported in: | | | | |
| General Fund | 1,408,511 | 0 | 0 | 1,408,511 |
| Special Revenue Funds | 0 | 0 | 636,263 | 636,263 |
| Debt Service Funds | 0 | 0 | 113,349 | 113,349 |
| Capital Projects Funds | 0 | 1,598,859 | 27,696 | 1,626,555 |
| <i>Total Fund Balances</i> | <u>1,442,739</u> | <u>1,718,706</u> | <u>915,467</u> | <u>4,076,912</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$2,445,419</u> | <u>\$2,327,184</u> | <u>\$1,356,862</u> | <u>\$6,129,465</u> |

See accompanying notes to the basic financial statements

City of Orrville, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2004*

| | |
|---|--------------------|
| Total Governmental Fund Balances | \$4,076,912 |
|---|--------------------|

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

| | |
|--|------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | 42,157,573 |
|--|------------|

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

| | |
|----------------------|--------------|
| Property Taxes | 12,758 |
| Income Taxes | 177,579 |
| Grants | 263,333 |
| Special Assessments | 141,390 |
| Charges for Services | <u>2,522</u> |

| | |
|-------|---------|
| Total | 597,582 |
|-------|---------|

| | |
|--|---------|
| The accumulated overpayments to the internal service fund. | 199,784 |
|--|---------|

| | |
|---|-------|
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | (801) |
|---|-------|

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

| | |
|--------------------------|------------------|
| Special Assessment Bonds | (139,637) |
| Compensated Absences | <u>(265,350)</u> |

| | |
|-------|------------------|
| Total | <u>(404,987)</u> |
|-------|------------------|

| | |
|--|----------------------------|
| <i>Net Assets of Governmental Activities</i> | <u><u>\$46,626,063</u></u> |
|--|----------------------------|

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

| | General | Capital Improvements | Other Governmental Funds | Total Governmental Funds |
|---|---------------------------|---------------------------|--------------------------------|--------------------------------|
| Revenues | | | | |
| Property Taxes | \$580,710 | \$0 | \$0 | \$580,710 |
| Income Taxes | 2,132,702 | 442,378 | 0 | 2,575,080 |
| Other Local Taxes | 802,505 | 0 | 0 | 802,505 |
| Special Assessments | 0 | 0 | 12,129 | 12,129 |
| Intergovernmental | 469,231 | 0 | 1,238,961 | 1,708,192 |
| Interest | 62,057 | 1,050 | 18,892 | 81,999 |
| Fines, Licenses and Permits | 36,628 | 0 | 3,649 | 40,277 |
| Rentals | 31,500 | 0 | 0 | 31,500 |
| Charges for Services | 233,861 | 300 | 319,126 | 553,287 |
| Contributions and Donations | 0 | 0 | 9,900 | 9,900 |
| Other | 49,724 | 63,088 | 0 | 112,812 |
| <i>Total Revenues</i> | <u>4,398,918</u> | <u>506,816</u> | <u>1,602,657</u> | <u>6,508,391</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 859,525 | 0 | 0 | 859,525 |
| Security of Persons and Property: | | | | |
| Police | 1,364,770 | 0 | 5,662 | 1,370,432 |
| Fire | 393,870 | 0 | 0 | 393,870 |
| Transportation | 413,762 | 0 | 753,686 | 1,167,448 |
| Public Health and Welfare | 141,971 | 0 | 114,000 | 255,971 |
| Leisure Time Activities | 204,765 | 0 | 9,870 | 214,635 |
| Basic Utility Service | 0 | 0 | 279,895 | 279,895 |
| Capital Outlay | 0 | 1,072,522 | 891,006 | 1,963,528 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 12,129 | 12,129 |
| Interest and Fiscal Charges | 0 | 0 | 10,801 | 10,801 |
| <i>Total Expenditures</i> | <u>3,378,663</u> | <u>1,072,522</u> | <u>2,077,049</u> | <u>6,528,234</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>1,020,255</u> | <u>(565,706)</u> | <u>(474,392)</u> | <u>(19,843)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 0 | 0 | 307,093 | 307,093 |
| Transfers Out | (1,109,598) | 0 | 0 | (1,109,598) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(1,109,598)</u> | <u>0</u> | <u>307,093</u> | <u>(802,505)</u> |
| <i>Net Change in Fund Balances</i> | (89,343) | (565,706) | (167,299) | (822,348) |
| <i>Fund Balances Beginning of Year - Restated (See Note 16)</i> | <u>1,532,082</u> | <u>2,284,412</u> | <u>1,082,766</u> | <u>4,899,260</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$1,442,739</u></u> | <u><u>\$1,718,706</u></u> | <u><u>\$915,467</u></u> | <u><u>\$4,076,912</u></u> |

See accompanying notes to the basic financial statements

City of Orrville, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2004*

Net Change in Fund Balances - Total Governmental Funds (822,348)

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

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

| | | |
|---------------------------|--------------------|-------------|
| Capital Asset Additions | 1,813,464 | |
| Current Year Depreciation | <u>(1,340,907)</u> | |
| Total | | 472,557 |

Governmental Funds only report the disposal of capital assets to the extent
proceeds are received from the sale. In the statement of
activities, a gain or loss is reported for each disposal. (7,561)

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

| | | |
|----------------------|--------------|---------------|
| Property Taxes | (44,322) | |
| Income Taxes | (196,288) | |
| Grants | 70,995 | |
| Special Assessments | (14,067) | |
| Charges for Services | <u>(489)</u> | |
| Total | | (184,171) |

Repayment of bond principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
statement of net assets. 12,129

In the statement of activities, interest is accrued on outstanding bonds,
whereas in governmental funds, an interest expenditure is
reported when due. 75

Some expenses reported in the statement of activities, such as
compensated absences, do not require the use of current
financial resources and therefore are not reported as
expenditures in governmental funds. 61,731

The change in the accumulated overpayments to the internal service fund for
governmental funds is reported for the year. (23,024)

Change in Net Assets of Governmental Activities (\$490,612)

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Property Taxes | \$465,500 | \$465,500 | \$580,710 | \$115,210 |
| Income Taxes | 1,750,000 | 1,750,000 | 2,053,492 | 303,492 |
| Other Local Taxes | 800,000 | 800,000 | 802,505 | 2,505 |
| Intergovernmental | 624,808 | 624,808 | 396,090 | (228,718) |
| Interest | 92,000 | 92,000 | 52,161 | (39,839) |
| Fines, Licenses and Permits | 27,650 | 27,650 | 36,536 | 8,886 |
| Rentals | 30,000 | 30,000 | 31,500 | 1,500 |
| Charges for Services | 140,300 | 140,300 | 237,980 | 97,680 |
| Contributions and Donations | 100 | 100 | 0 | (100) |
| Other | 68,000 | 68,000 | 49,724 | (18,276) |
| <i>Total Revenues</i> | <u>3,998,358</u> | <u>3,998,358</u> | <u>4,240,698</u> | <u>242,340</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 1,004,500 | 980,420 | 903,615 | 76,805 |
| Security of Persons and Property: | | | | |
| Police | 1,390,708 | 1,390,708 | 1,349,500 | 41,208 |
| Fire | 386,570 | 386,570 | 396,701 | (10,131) |
| Transportation | 393,360 | 428,360 | 404,740 | 23,620 |
| Public Health and Welfare | 114,484 | 114,484 | 145,297 | (30,813) |
| Leisure Time Activities | 254,088 | 254,088 | 204,864 | 49,224 |
| <i>Total Expenditures</i> | <u>3,543,710</u> | <u>3,554,630</u> | <u>3,404,717</u> | <u>149,913</u> |
| <i>Excess of Revenues Over Expenditures</i> | 454,648 | 443,728 | 835,981 | 392,253 |
| Other Financing Uses | | | | |
| Transfers Out | (1,082,000) | (1,062,000) | (1,109,598) | (47,598) |
| <i>Net Change in Fund Balance</i> | (627,352) | (618,272) | (273,617) | 344,655 |
| <i>Fund Balance Beginning of Year</i> | 1,091,789 | 1,091,789 | 1,091,789 | 0 |
| Prior Year Encumbrances Appropriated | 33,056 | 33,056 | 33,056 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$497,493</u> | <u>\$506,573</u> | <u>\$851,228</u> | <u>\$344,655</u> |

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2004

| | Business-Type Activities | | | | Business-Type Activity - Internal Service Fund |
|---|--------------------------|---------------------|---------------------|-------------------|---|
| | Sewer | Electric | Water | Total | |
| Assets | | | | | |
| <i>Current Assets:</i> | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$4,322,524 | \$5,889,607 | \$1,076,536 | \$11,288,667 | \$761,838 |
| Restricted Assets: | | | | | |
| Held by Trustee: | | | | | |
| Cash Equivalents in Segregated Accounts | 0 | 3,088 | 1,573 | 4,661 | 0 |
| Investments in Segregated Accounts | 0 | 1,481,887 | 422,969 | 1,904,856 | 0 |
| Receivables: | | | | | |
| Accounts | 263,507 | 2,796,535 | 283,970 | 3,344,012 | 0 |
| Accrued Interest | 13,013 | 22,384 | 5,801 | 41,198 | 2,435 |
| Materials and Supplies Inventory | 146,294 | 3,036,375 | 264,750 | 3,447,419 | 0 |
| Prepaid Items | 9,712 | 66,940 | 10,612 | 87,264 | 0 |
| <i>Total Current Assets</i> | <u>4,755,050</u> | <u>13,296,816</u> | <u>2,066,211</u> | <u>20,118,077</u> | <u>764,273</u> |
| <i>Non-Current Assets:</i> | | | | | |
| Restricted Assets: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | | | | | |
| Held by Trustee: | 0 | 1,500,000 | 800,000 | 2,300,000 | 0 |
| Investments in Segregated Accounts | 0 | 780,792 | 395,976 | 1,176,768 | 0 |
| Deferred Charges | 31,835 | 386,974 | 173,504 | 592,313 | 0 |
| Land and Construction in Progress | 120,897 | 89,401 | 403,370 | 613,668 | 0 |
| Depreciable Capital Assets, Net | 7,867,368 | 26,273,934 | 14,125,652 | 48,266,954 | 0 |
| <i>Total Non-Current Assets</i> | <u>8,020,100</u> | <u>29,031,101</u> | <u>15,898,502</u> | <u>52,949,703</u> | <u>0</u> |
| <i>Total Assets</i> | <u>12,775,150</u> | <u>42,327,917</u> | <u>17,964,713</u> | <u>73,067,780</u> | <u>764,273</u> |
| Liabilities | | | | | |
| <i>Current Liabilities:</i> | | | | | |
| Accounts Payable | 55,213 | 910,037 | 91,313 | 1,056,563 | 0 |
| Accrued Wages | 53,505 | 168,166 | 26,416 | 248,087 | 0 |
| Intergovernmental Payable | 19,240 | 128,112 | 22,340 | 169,692 | 0 |
| Compensated Absences Payable | 39,662 | 226,324 | 61,286 | 327,272 | 0 |
| Accrued Interest Payable | 67,703 | 4,802 | 0 | 72,505 | 0 |
| Loans Payable | 412,081 | 0 | 60,443 | 472,524 | 0 |
| Notes Payable | 0 | 900,000 | 0 | 900,000 | 0 |
| Claims Payable | 0 | 0 | 0 | 0 | 98,326 |
| <i>Total Current Liabilities</i> | <u>647,404</u> | <u>2,337,441</u> | <u>261,798</u> | <u>3,246,643</u> | <u>98,326</u> |
| <i>Current Liabilities Payable from Restricted Assets:</i> | | | | | |
| Revenue Bonds Payable | 0 | 1,440,000 | 400,000 | 1,840,000 | 0 |
| Accrued Interest Payable | 0 | 44,975 | 24,542 | 69,517 | 0 |
| <i>Total Current Liabilities Payable from Restricted Assets</i> | <u>0</u> | <u>1,484,975</u> | <u>424,542</u> | <u>1,909,517</u> | <u>0</u> |
| <i>Long-Term Liabilities:</i> | | | | | |
| Compensated Absences Payable (net of current portion) | 108,535 | 237,569 | 64,324 | 410,428 | 0 |
| Loans Payable (net of current portion) | 2,968,968 | 0 | 785,754 | 3,754,722 | 0 |
| Revenue Bonds Payable (net of current portion) | 0 | 9,501,862 | 6,223,646 | 15,725,508 | 0 |
| <i>Total Long-Term Liabilities</i> | <u>3,077,503</u> | <u>9,739,431</u> | <u>7,073,724</u> | <u>19,890,658</u> | <u>0</u> |
| <i>Total Liabilities</i> | <u>3,724,907</u> | <u>13,561,847</u> | <u>7,760,064</u> | <u>25,046,818</u> | <u>98,326</u> |
| Net Assets | | | | | |
| Invested in Capital Assets, Net of Related Debt | 4,639,051 | 14,908,447 | 7,232,683 | 26,780,181 | 0 |
| Restricted for | | | | | |
| Replacement and Improvement | 0 | 1,500,000 | 800,000 | 2,300,000 | 0 |
| Debt Service | 0 | 2,220,792 | 1,126,448 | 3,347,240 | 0 |
| Unrestricted | 4,411,192 | 10,136,831 | 1,045,518 | 15,593,541 | 665,947 |
| <i>Total Net Assets</i> | <u>\$9,050,243</u> | <u>\$28,766,070</u> | <u>\$10,204,649</u> | <u>48,020,962</u> | <u>\$665,947</u> |

Some amounts reported for business-type activities in the statement of net assets are different because internal service fund assets and liabilities are included with business-type activities.

| | |
|--|---------------------|
| | 466,163 |
| Net assets of business-type activities | <u>\$48,487,125</u> |

See accompanying notes to the basic financial statements

City of Orrville, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004*

| | Business-Type | |
|---|---------------------------|----------------------------|
| | Sewer | Electric |
| Operating Revenues | | |
| Charges for Services | \$1,905,641 | \$19,311,301 |
| Electric/Water Charges Pledged as Security for Revenue Bonds | 0 | 2,304,041 |
| Other | 1,799 | 653,324 |
| <i>Total Operating Revenues</i> | <u>1,907,440</u> | <u>22,268,666</u> |
| Operating Expenses | | |
| Personal Services | 871,468 | 5,423,888 |
| Purchased Services | 164,374 | 1,778,860 |
| Materials and Supplies | 124,295 | 12,129,838 |
| Utilities | 106,713 | 786,541 |
| Depreciation | 554,168 | 2,201,720 |
| Claims | 0 | 0 |
| Other | 0 | 29,236 |
| <i>Total Operating Expenses</i> | <u>1,821,018</u> | <u>22,350,083</u> |
| <i>Operating Income (Loss)</i> | <u>86,422</u> | <u>(81,417)</u> |
| Non-Operating Revenues (Expenses) | | |
| Interest and Fiscal Charges | (204,895) | (742,324) |
| Gain on Sale of Capital Assets | 1,570 | 15,561 |
| Loss on Disposal of Capital Assets | 0 | (4,716) |
| Interest | 57,783 | 183,738 |
| <i>Total Non-Operating Revenues (Expenses)</i> | <u>(145,542)</u> | <u>(547,741)</u> |
| Transfers In | 0 | 802,505 |
| <i>Change in Net Assets</i> | (59,120) | 173,347 |
| <i>Net Assets Beginning of Year</i> | <u>9,109,363</u> | <u>28,592,723</u> |
| <i>Net Assets End of Year</i> | <u><u>\$9,050,243</u></u> | <u><u>\$28,766,070</u></u> |

Some amounts reported for business-type activities in the statement of activities are different because the net expense of the internal service fund is reported with business-type activities.

Change in net assets of business-type activities

See accompanying notes to the basic financial statements

| Activities | | Business-Type Activity - Internal Service Fund |
|---------------------|--------------------|---|
| Water | Total | |
| \$1,210,934 | \$22,427,876 | \$1,344,768 |
| 1,301,080 | 3,605,121 | 0 |
| 37,651 | 692,774 | 735 |
| <u>2,549,665</u> | <u>26,725,771</u> | <u>1,345,503</u> |
| 921,442 | 7,216,798 | 0 |
| 354,221 | 2,297,455 | 0 |
| 211,745 | 12,465,878 | 0 |
| 132,009 | 1,025,263 | 0 |
| 696,625 | 3,452,513 | 0 |
| 0 | 0 | 1,433,343 |
| 0 | 29,236 | 0 |
| <u>2,316,042</u> | <u>26,487,143</u> | <u>1,433,343</u> |
| <u>233,623</u> | <u>238,628</u> | <u>(87,840)</u> |
| (357,078) | (1,304,297) | 0 |
| 0 | 17,131 | 0 |
| 0 | (4,716) | 0 |
| 40,360 | 281,881 | 11,094 |
| <u>(316,718)</u> | <u>(1,010,001)</u> | <u>11,094</u> |
| <u>0</u> | <u>802,505</u> | <u>0</u> |
| (83,095) | 31,132 | (76,746) |
| <u>10,287,744</u> | | <u>742,693</u> |
| <u>\$10,204,649</u> | | <u>\$665,947</u> |
| | <u>(53,722)</u> | |
| | <u>(\$22,590)</u> | |

City of Orrville, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

| | Business-Type Activities | | | | Business-Type Activities - Internal Service Fund |
|--|--------------------------|--------------------|--------------------|---------------------|---|
| | Sewer | Electric | Water | Total | |
| Increase (Decrease) in Cash and Cash Equivalents | | | | | |
| Cash Flows from Operating Activities | | | | | |
| Cash Received from Customers | \$1,891,035 | \$21,258,522 | \$2,481,750 | \$25,631,307 | \$0 |
| Cash Received from Transactions with Other Funds | 0 | 0 | 0 | 0 | 1,344,768 |
| Other Cash Receipts | 1,799 | 653,324 | 37,651 | 692,774 | 735 |
| Cash Payments to Employees for Services | (839,890) | (5,476,132) | (922,361) | (7,238,383) | 0 |
| Cash Payments for Goods and Services | (357,166) | (15,006,375) | (609,140) | (15,972,681) | 0 |
| Cash Payments for Claims | 0 | 0 | 0 | 0 | (1,381,663) |
| Other Cash Payments | 0 | (29,236) | 0 | (29,236) | 0 |
| <i>Net Cash Provided by (Used in) Operating Activities</i> | <u>695,778</u> | <u>1,400,103</u> | <u>987,900</u> | <u>3,083,781</u> | <u>(36,160)</u> |
| Cash Flows from Noncapital Financing Activities | | | | | |
| Transfers In | 0 | 802,505 | 0 | 802,505 | 0 |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Proceeds from Sale of Notes | 0 | 900,000 | 0 | 900,000 | 0 |
| Principal Paid on Revenue Bonds | 0 | (1,375,000) | (395,000) | (1,770,000) | 0 |
| Interest Paid on Revenue Bonds | 0 | (640,384) | (304,307) | (944,691) | 0 |
| Principal Paid on OWDA Loans | (397,760) | 0 | 0 | (397,760) | 0 |
| Interest Paid on OWDA Loans | (145,008) | 0 | 0 | (145,008) | 0 |
| Principal Paid on OPWC Loan | 0 | 0 | (60,442) | (60,442) | 0 |
| Principal Paid on Notes | 0 | (1,000,000) | 0 | (1,000,000) | 0 |
| Interest Paid on Notes | 0 | (14,817) | 0 | (14,817) | 0 |
| Sale of Capital Assets | 1,570 | 15,561 | 0 | 17,131 | 0 |
| Payments for Capital Acquisitions | (362,427) | (1,732,084) | (527,892) | (2,622,403) | 0 |
| <i>Net Cash Used in Capital and Related Financing Activities</i> | <u>(903,625)</u> | <u>(3,846,724)</u> | <u>(1,287,641)</u> | <u>(6,037,990)</u> | <u>0</u> |
| Cash Flows from Investing Activities | | | | | |
| Purchase of Investments | 0 | (1,511) | (601) | (2,112) | 0 |
| Interest on Investments | 45,555 | 85,441 | 22,239 | 153,235 | 8,801 |
| <i>Net Cash Flows Provided by Investing Activities</i> | <u>45,555</u> | <u>83,930</u> | <u>21,638</u> | <u>151,123</u> | <u>8,801</u> |
| <i>Net Decrease in Cash and Cash Equivalents</i> | (162,292) | (1,560,186) | (278,103) | (2,000,581) | (27,359) |
| <i>Cash and Cash Equivalents Beginning of Year</i> | 4,484,816 | 8,952,881 | 2,156,212 | 15,593,909 | 789,197 |
| <i>Cash and Cash Equivalents End of Year</i> | <u>\$4,322,524</u> | <u>\$7,392,695</u> | <u>\$1,878,109</u> | <u>\$13,593,328</u> | <u>\$761,838</u> |

(continued)

City of Orrville, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2004

| | Business-Type Activities | | | | Business-Type Activities - Internal Service Fund |
|---|--------------------------|--------------------|------------------|--------------------|---|
| | Sewer | Electric | Water | Total | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | | |
| Operating Income (Loss) | \$86,422 | (\$81,417) | \$233,623 | \$238,628 | (\$87,840) |
| Adjustments: | | | | | |
| Depreciation | 554,168 | 2,201,720 | 696,625 | 3,452,513 | 0 |
| (Increase) Decrease in Assets: | | | | | |
| Accounts Receivable | (14,606) | (356,820) | (30,264) | (401,690) | 0 |
| Prepaid Items | (461) | (4,087) | (541) | (5,089) | 0 |
| Materials and Supplies Inventory | (9,899) | (150,282) | 7,582 | (152,599) | 0 |
| Increase (Decrease) in Liabilities: | | | | | |
| Accounts Payable | 48,576 | (156,767) | 81,794 | (26,397) | 0 |
| Accrued Wages | 35,336 | 41,375 | 6,761 | 83,472 | 0 |
| Compensated Absences Payable | (371) | (71,153) | (5,093) | (76,617) | 0 |
| Intergovernmental Payable | (3,387) | (22,466) | (2,587) | (28,440) | 0 |
| Claims Payable | 0 | 0 | 0 | 0 | 51,680 |
| <i>Net Cash Provided by (Used in) Operating Activities</i> | <u>\$695,778</u> | <u>\$1,400,103</u> | <u>\$987,900</u> | <u>\$3,083,781</u> | <u>(\$36,160)</u> |

Non Cash Transactions:

During 2004, the electric and water enterprise funds had a change in fair value of investments of \$2,984 and \$714, respectively.

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2004

| | Private Purpose | |
|--|-----------------|----------|
| | Trust | |
| | Cemetery | Agency |
| | Memorial | |
| Assets | | |
| Equity in Pooled Cash and Cash Equivalents | \$4,063 | \$61,647 |
| Accrued Interest Receivable | 12 | 0 |
| <i>Total Assets</i> | 4,075 | \$61,647 |
| Liabilities | | |
| Deposits Held and Due to Others | 0 | \$61,647 |
| Net Assets | | |
| Held in Trust for Cemetery | 48 | |
| Endowments | 4,027 | |
| <i>Total Net Assets</i> | \$4,075 | |

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended December 31, 2004

| | Private-Purpose Trust |
|-------------------------------------|--------------------------|
| | Cemetery Memorial |
| Additions | |
| Interest | \$5 |
| Deductions | 0 |
| <i>Change in Net Assets</i> | 5 |
| <i>Net Assets Beginning of Year</i> | 4,070 |
| <i>Net Assets End of Year</i> | \$4,075 |

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 1 - Description of the City and Reporting Entity

The City of Orrville (the City) is a home rule municipal corporation established under the laws of the State of Ohio. The City operates under its own Charter made effective January 1, 1976. The Charter, as amended, provides for a Council-Mayor form of government. Four council members are elected from wards for four year terms. The Mayor, President of Council and three council members are elected by separate ballot from the municipality at large for four-year terms. The Mayor may veto any legislation passed by the Council. In addition to establishing City policies, Council is responsible for passing ordinances, adopting the budget, and appointing boards and commissions. The Mayor is responsible for carrying out the policies and ordinances of Council, for overseeing the day-to-day operating of the City and for appointing the heads of the various City departments.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. The primary government provides the following services to its citizens: police and fire protection, parks and recreation, building inspection, street maintenance and repairs, water, electric, sewer and refuse collection. Council has direct responsibility for these activities.

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 organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. The City has no component units.

The City is associated with one jointly governed organization, the Ohio Municipal League, an insurance purchasing pool. This organization is presented in Note 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds unless these pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

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

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

B. Fund Accounting

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

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

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

Capital Improvements Fund The capital improvement fund accounts for that portion of municipal income tax designated by Council for the purpose of improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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

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

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

Electric Fund The electric fund accounts for the provision of electric power service to the residents and commercial users located within the City.

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

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program for employee medical benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is a private-purpose trust fund established to account for funds given by individuals with the interest specifically designated to be used for the decoration of individually named graves. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency fund accounts for utility line installation deposits and deposits held for the use of recreation facilities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

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

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The private purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as “equity in pooled cash and cash equivalents”.

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost.

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the general fund, gasoline tax motor vehicle license, state highway and performing arts special revenue funds, the special assessment bond retirement debt service fund, the employee self-insurance internal service fund, the cemetery private-purpose trust fund, and the sewer, electric, and water enterprise funds. Interest revenue credited to the general fund during 2004 amounted to \$62,057 which includes \$29,919 assigned from other City funds.

The City utilizes a fiscal agent to hold monies set aside for current and future debt service payments under the provisions of the bond indenture. The balances in these accounts are presented on the statement of fund net assets as, “restricted assets – investments in segregated accounts” or “restricted assets – cash equivalents in segregated accounts.”

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the enterprise funds represent amounts set aside to satisfy bond indenture requirements for current and future debt payments and the replacement and improvement of capital assets originally acquired with bond proceeds.

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

| Description | Governmental Activities Estimated Lives | Business-Type Activities Estimated Lives |
|---|---|--|
| Buildings and Improvements | 15-40 years | 20-45 years |
| Equipment | 5-10 years | 6-20 years |
| Vehicles | 10 years | 5 years |
| Electric - Generation/Transmission/Distribution | - | 30-65 years |
| Infrastructure | 60 years | 30-65 years |

The City's reported infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines and includes infrastructure acquired prior to December 31, 1980.

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables." Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination payments and those the City has identified as probable of receiving payment in the future (those employees who will be eligible to receive termination payments within the next ten years). 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.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves

Reserves represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Fund balance reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$5,243,230 of restricted net assets, of which \$480,152 is restricted by enabling legislation.

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for electric, sewer treatment and water services and self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

P. Contributions of Capital

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Q. Interfund Activity

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

S. Estimates

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

T. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the personal services and other object level within each fund. For the personal service object level the Finance Director has been authorized to allocate and maintain appropriations within each department. For the other object level the Finance Director has been authorized to allocate appropriations within each department and any object level which he maintains on his books, other than personal services. Budgetary statements are presented beyond that legal level of control for informational purposes only.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 3 - Budgetary Basis of Accounting

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

| Net Change in Fund Balance | |
|---|---------------------------|
| GAAP Basis | (\$89,343) |
| Net Adjustment for Revenue Accruals | (158,220) |
| Net Adjustment for Expenditure Accruals | 41,626 |
| Encumbrances | <u>(67,680)</u> |
| Budget Basis | <u><u>(\$273,617)</u></u> |

Note 4 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and,
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within two years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The following information classifies deposits and investments by categories or risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Cash on Hand At year end, the City had \$13,052 in undeposited cash on hand which is included on the basic financial statements of the City as part of "equity in pooled cash and cash equivalents."

Deposits At year-end, the carrying amount of the City's deposits was \$9,126,478 and the bank balance was \$10,425,076. Of the bank balance:

1. \$300,000 was covered by federal depository insurance.
2. \$10,125,076 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the City's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City's investments are required to be categorized to give an indication of the level or risk assumed by the City at year end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

| | Category 1 | Category 3 | Carrying Value | Fair Value |
|---|------------------|---------------------|---------------------|---------------------|
| U.S. Treasury Bills | | \$3,081,624 | \$3,081,624 | \$3,081,624 |
| Federal Home Loan Mortgage Notes | | 4,937,181 | 4,937,181 | 4,937,181 |
| Federal National Mortgage Association Notes | | 2,959,519 | 2,959,519 | 2,959,519 |
| STAROhio | | | 1,146,179 | 1,146,179 |
| Investment in Orrville | | | | |
| City Manuscript Bonds | \$139,637 | | 139,637 | 139,637 |
| Total Investments | <u>\$139,637</u> | <u>\$10,978,324</u> | <u>\$12,264,140</u> | <u>\$12,264,140</u> |

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." Cash and cash equivalents are defined as investments with an original maturity of three months or less.

A reconciliation between the classifications of cash and cash equivalents and investments on the financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

| | Cash and Cash Equivalents | Investments |
|---|------------------------------|--------------|
| GASB Statement No. 9 | \$18,322,046 | \$3,081,624 |
| Cash On Hand | (13,052) | 0 |
| Investments of the Cash Management Pool: | | |
| Federal Home Loan Mortgage Notes | (4,937,181) | 4,937,181 |
| Federal National Mortgage Association Notes | (2,959,519) | 2,959,519 |
| STAROhio | (1,146,179) | 1,146,179 |
| Manuscript Bonds | (139,637) | 139,637 |
| GASB Statement No. 3 | \$9,126,478 | \$12,264,140 |

Note 5 - Receivables

Receivables at December 31, 2004, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments and accounts (billings for utility service). All allowances for uncollectibles represent estimates of uncollectible receivables in the accounts receivable classification. Taxes, intergovernmental, special assessments and interest receivable are deemed collectible in full.

| | Accounts Receivable | Allowance for Uncollectibles | Net Accounts Receivable |
|---------------|------------------------|---------------------------------|----------------------------|
| Governmental | \$80,063 | \$0 | \$80,063 |
| Business-Type | 3,617,383 | 273,371 | 3,344,012 |

Special assessments expected to be collected in more than one year amount to \$127,119 in the Special Assessment Bond Retirement Fund.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes which became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

The full tax rate for all City operations for the year ended December 31, 2004, was \$2.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

| | |
|----------------------------|-----------------------------|
| Real Property | \$135,478,430 |
| Tangible Personal Property | 37,227,546 |
| Public Utility Property | <u>2,077,010</u> |
| Total | <u><u>\$174,782,986</u></u> |

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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 taxes on behalf of all taxing districts in the county, including the City of Orrville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivables represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified basis the revenue is deferred.

B. Income Taxes

The City levies a one percent income tax on substantially all income earned within the City. In addition, City residents employed in municipalities having an income tax less than one percent must pay the difference to the City of Orrville. Additional increases in the income tax rate require voter approval. Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

The City's income tax ordinance requires twenty percent of the income tax revenues to be used to finance governmental and business-type capital improvements. As a result, this portion of the revenue is allocated to the capital improvement capital projects fund each year. The remaining income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2004, the proceeds were allocated to the general fund and the capital improvements fund.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

| | Amount |
|--------------------------------------|-----------|
| Governmental Activities | |
| Issue II Grant | \$131,896 |
| Gasoline Tax | 211,826 |
| Local Government | 120,860 |
| Homestead and Rollback | 22,027 |
| Estate Tax | 100,976 |
| Recycle Grant | 4,840 |
| Permissive Motor Vehicle License Tax | 2,376 |
| Total | \$594,801 |

Note 6 - 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. During 2004, the City contracted with several companies for various types of insurance as follows:

| Company | Type of Coverage | Deductible | Coverage |
|----------------------|-------------------------------|------------|---------------|
| Travelers | Commercial Property | \$50,000 | \$119,621,027 |
| Westfield Insurance | Auto Liability | 250 | 1,000,000 |
| | Auto Liability | 500 | 1,000,000 |
| Lexington Insurance | General Liability | 25,000 | 1,000,000 |
| | Umbrella Liability | 10,000 | 10,000,000 |
| CNA Insurance | Public Officials Liability | 10,000 | 2,000,000 |
| Travelers | Boiler and Machinery | 200,000 | 25,000,000 |
| Scottsdale Insurance | Police Professional Liability | 5,000 | 1,000,000 |
| | Public Officials Liability | 3,500 | 2,000,000 |
| Selective Insurance | Commercial Property | 500 | 11,100,000 |

There has been no material change in this coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

The City participates in the Ohio Municipal League Group Rating Program (OML) for workers' compensation. The intent of the OML is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the OML. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the OML. Each participant pays its workers' compensation premium to the state based on the rate for the OML rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the OML. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling"

City of Orrville, Ohio
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For the Year Ended December 31, 2004

arrangement insures that each participant shares equally in the overall performance of the OML. Participation in the OML is limited to cities that can meet the OML's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the OML.

The City manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health and dental coverage through AultCare, the third party administrator of the program, which reviews and pays the claims. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$50,000 per employee, per year. The family/employee plus one/single premiums were \$739.98/\$494.29/\$260.57 for medical and \$29.00/\$29.00/\$8.00 for dental, respectively. AultCare charges the City a medical administration fee of \$24.65 per employee per month and a dental administration fee of \$1.90 per employee per month.

The claims liability of \$98,326 reported in the self-insurance fund at December 31, 2004, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the internal services funds' claims liability amounts in the last two years follows:

| | Balance at Beginning of Year | Current Year Claims | Claim Payments | Balance at End of Year |
|------|------------------------------------|---------------------------|-------------------|------------------------------|
| 2003 | \$120,296 | \$1,317,410 | \$1,391,060 | \$46,646 |
| 2004 | 46,646 | 1,433,343 | 1,381,663 | 98,326 |

Note 7 - Compensated Absences

City employees earn vacation leave at varying rates based upon length of service, from two to five weeks per year. Vacation is required to be taken within one year of the date it is earned, except for certain administrators and supervisors who are allowed to carry over vacation leave beyond one year. In the event of a termination of employment, death, or retirement, employees (or their estates) are paid for unused vacation leave.

City employees earn sick leave at the rate of eight hours per each month worked. Sick leave accrual is continuous, without limit. In the case of death or retirement, employees (or the employees' estates) are paid a maximum of 960 hours of accumulated, unused sick leave.

From time to time, employees may need, with prior approval from their supervisors, to work overtime. These overtime hours will usually be paid at the appropriate overtime rate; however, with permission of the supervisor, an employee may have the option of taking the overtime in compensatory time at one and one half times the amount of hours worked. In the event of termination of employment, death, or retirement, employees (or their estates) are paid for unused compensatory time.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2004, was as follows:

| | Balance 12/31/03 | Additions | Deductions | Balance 12/31/04 |
|---|---------------------|----------------------|----------------------|---------------------|
| Governmental Activities | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$1,576,411 | \$0 | \$0 | \$1,576,411 |
| Capital Assets, being Depreciated | | | | |
| Buildings and Improvements | 5,576,377 | 69,090 | 0 | 5,645,467 |
| Equipment | 1,928,329 | 161,537 | (48,828) | 2,041,038 |
| Vehicles | 1,877,728 | 341,461 | (15,750) | 2,203,439 |
| Infrastructure | 46,877,167 | 1,241,376 | 0 | 48,118,543 |
| Total Capital Assets, being Depreciated | <u>56,259,601</u> | <u>1,813,464</u> | <u>(64,578)</u> | <u>58,008,487</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | (2,508,538) | (182,496) | 0 | (2,691,034) |
| Equipment | (1,174,223) | (156,477) | 48,354 | (1,282,346) |
| Vehicles | (1,180,992) | (164,645) | 8,663 | (1,336,974) |
| Infrastructure | (11,279,682) | (837,289) | 0 | (12,116,971) |
| Total Accumulated Depreciation | <u>(16,143,435)</u> | <u>(1,340,907) *</u> | <u>57,017</u> | <u>(17,427,325)</u> |
| Total Capital Assets, being Depreciated, net | <u>40,116,166</u> | <u>472,557</u> | <u>(7,561)</u> | <u>40,581,162</u> |
| Governmental Activities Capital Assets, Net | <u>\$41,692,577</u> | <u>\$472,557</u> | <u>(\$7,561)</u> | <u>\$42,157,573</u> |
| Business-Type Activities | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$605,268 | \$8,400 | \$0 | \$613,668 |
| Construction In Progress | 1,140,881 | 372,413 | (1,513,294) | 0 |
| Total Capital Assets, not being depreciated | <u>1,746,149</u> | <u>380,813</u> | <u>(1,513,294)</u> | <u>613,668</u> |
| Capital Assets, being Depreciated | | | | |
| Buildings and Improvements | 19,653,955 | 213,570 | 0 | 19,867,525 |
| Equipment | 4,571,624 | 1,842,021 | (29,081) | 6,384,564 |
| Vehicles | 1,546,515 | 159,133 | (29,744) | 1,675,904 |
| Electric - Generation/Transmission/Distribution | 58,628,256 | 1,068,132 | 0 | 59,696,388 |
| Infrastructure | 22,379,428 | 472,028 | 0 | 22,851,456 |
| Total Capital Assets, being Depreciated | <u>106,779,778</u> | <u>3,754,884</u> | <u>(58,825)</u> | <u>110,475,837</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | (6,310,835) | (595,380) | 0 | (6,906,215) |
| Equipment | (2,768,427) | (552,510) | 24,365 | (3,296,572) |
| Vehicles | (1,294,072) | (98,967) | 29,744 | (1,363,295) |
| Electric - Generation/Transmission/Distribution | (37,062,697) | (1,555,658) | 0 | (38,618,355) |
| Infrastructure | (11,374,448) | (649,998) | 0 | (12,024,446) |
| Total Accumulated Depreciation | <u>(58,810,479)</u> | <u>(3,452,513)</u> | <u>54,109</u> | <u>(62,208,883)</u> |
| Total Capital Assets, being Depreciated, net | <u>47,969,299</u> | <u>302,371</u> | <u>(4,716)</u> | <u>48,266,954</u> |
| Business-Type Activities Capital Assets, Net | <u>\$49,715,448</u> | <u>\$683,184</u> | <u>(\$1,518,010)</u> | <u>\$48,880,622</u> |

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

* Depreciation expense was charged to governmental activities as follows:

| | |
|-----------------------------------|--------------------|
| General Government | \$107,637 |
| Security of Persons and Property: | |
| Police | 66,325 |
| Fire | 161,546 |
| Transportation | 911,034 |
| Public Health and Welfare | 25,690 |
| Leisure Time Activities | 68,675 |
| Total Depreciation Expense | <u>\$1,340,907</u> |

Note 9 - Notes Payable

A summary of the note transactions for the year ended December 31, 2004, follows:

| | Outstanding 12/31/03 | Issued | Retired | Outstanding 12/31/04 |
|----------------------------------|-------------------------|------------------|----------------------|-------------------------|
| Enterprise Funds: | | | | |
| 1.49% Electric Improvement Notes | \$1,000,000 | \$0 | (\$1,000,000) | \$0 |
| 2.05% Electric Improvement Notes | 0 | 900,000 | 0 | 900,000 |
| Total | <u>\$1,000,000</u> | <u>\$900,000</u> | <u>(\$1,000,000)</u> | <u>\$900,000</u> |

In 2004, the City rolled over \$900,000 in Electric Improvement Notes to refinance the precipitator improvement project, which was completed in 2002.

All of the notes are bond anticipation notes, are backed by the full faith and credit of the City, and mature September 28, 2005. The note liability is reflected in the fund which received the proceeds and will repay the debt.

Note 10 - Long-Term Debt

| Debt Issue | Interest Rate | Original Issue Amount | Date of Maturity |
|--|------------------|--------------------------|------------------|
| Governmental Activities | | | |
| Street Improvement Special Assessment - 1996 | 5.60% | \$93,242 | December 1, 2011 |
| Street Improvement Special Assessment - 2000 | 6.75 | 95,170 | December 1, 2015 |
| Sidewalk Installation Special Assessment - 2003 | 5.50 | 7,976 | October 1, 2008 |
| Business-Type Activities | | | |
| OPWC Water System Improvement Loan - 1998 | 0.00 | 1,208,853 | July 1, 2018 |
| OWDA Water Pollution Control Loan - 1993 | 3.54 | 7,185,000 | July 1, 2012 |
| OWDA Sewer Improvement Loan - 1972 | 5.50 | 157,361 | July 1, 2013 |
| Water System Refunding Revenue Bonds - 2002 | 1.90-4.75 | 8,135,000 | December 1, 2018 |
| Electric System Mortgage Revenue Refunding and Improvement Bonds - 1997 | 3.75-5.10 | 15,230,000 | December 1, 2017 |

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

A schedule of changes in bonds and other long-term obligations of the City during 2004 follows:

| | Amount Outstanding 12/31/03 | Additions | Deletions | Amount Outstanding 12/31/04 | Amounts Due in One Year |
|--|-----------------------------------|----------------|--------------------|-----------------------------------|-------------------------------|
| Governmental Activities | | | | | |
| <u>Special Assessment Bonds</u> | | | | | |
| 1996 Street Improvement | \$61,000 | \$0 | \$6,000 | \$55,000 | \$6,000 |
| 2000 Street Improvement | 82,790 | 0 | 4,700 | 78,090 | 5,010 |
| 2003 Sidewalk Installation | 7,976 | 0 | 1,429 | 6,547 | 1,508 |
| Total Special Assessment Bonds | 151,766 | 0 | 12,129 | 139,637 | 12,518 |
| Compensated Absences | 327,081 | 111 | 61,842 | 265,350 | 177,568 |
| Total Governmental Activities | <u>\$478,847</u> | <u>\$111</u> | <u>\$73,971</u> | <u>\$404,987</u> | <u>\$190,086</u> |
| Business-Type Activities | | | | | |
| OPWC Water System | | | | | |
| Improvement Loan | \$906,639 | \$0 | \$60,442 | \$846,197 | \$60,443 |
| OWDA Water Pollution Control Loan | 4,074,704 | 0 | 391,831 | 3,682,873 | 405,825 |
| Unamortized Accounting Loss | (434,287) | 0 | (62,041) | (372,246) | 0 |
| Net OWDA Water Pollution Control Loan | 3,640,417 | 0 | 329,790 | 3,310,627 | 405,825 |
| OWDA Sewer Improvement Loan | 76,351 | 0 | 5,929 | 70,422 | 6,256 |
| <u>Mortgage Revenue Bonds</u> | | | | | |
| Water System Refunding Bonds | 7,595,000 | 0 | 395,000 | 7,200,000 | 400,000 |
| Unamortized Accounting Loss | (617,522) | 0 | (41,168) | (576,354) | 0 |
| Net Water System Refunding Revenue Bonds | 6,977,478 | 0 | 353,832 | 6,623,646 | 400,000 |
| Electric System Mortgage Revenue | | | | | |
| Refunding and Improvement Bonds | 12,595,000 | 0 | 1,375,000 | 11,220,000 | 1,440,000 |
| Unamortized Discount | (48,183) | 0 | (3,381) | (44,802) | 0 |
| Unamortized Accounting Loss | (291,669) | 0 | (58,333) | (233,336) | 0 |
| Net Electric System Mortgage Revenue Refunding and Improvement Bonds | 12,255,148 | 0 | 1,313,286 | 10,941,862 | 1,440,000 |
| Compensated Absences | 814,317 | 5,095 | 81,712 | 737,700 | 327,272 |
| Total Business-Type Activities | <u>\$24,670,350</u> | <u>\$5,095</u> | <u>\$2,144,991</u> | <u>\$22,530,454</u> | <u>\$2,639,796</u> |

The Special Assessment Street Improvement Bonds will be paid with special assessment revenue. The Special Assessment bond issues are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

Compensated absences will be paid from the general fund, the gas tax special revenue fund, and the sewer, electric and water enterprise funds.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Mortgage Revenue Bonds

Mortgage Revenue Bonds are special obligations of the City secured by a mortgage upon all assets of the respective system. These bonds are payable solely from the gross revenues of the electric systems after provisions for reasonable operating and maintenance expenses. The bond indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and charges for services to customers be in sufficient amounts to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemptions of principal, and maintenance of properties.

In 1997, the City issued \$15,230,000 in Electric System Mortgage Revenue Refunding and Improvement Bonds with a discount of \$71,850 to advance refund \$11,805,000 of outstanding electric system mortgage revenue bonds. The \$11,805,000 bonds have been completely repaid. The bonds include serial and term bonds. The term bonds mature on December 1, 2013 and December 1, 2017 in the amounts of \$500,000 and \$1,060,000, respectively, at a redemption price equal to 100 percent of the principal plus accrued interest to the redemption date. The serial bonds maturing after December 1, 2010 are subject to early redemption, at the sole option of the City, either in whole on any date or in part on any interest payment date, on or after December 1, 2007, in multiples of \$5,000, at the following redemption prices plus accrued interest:

| <u>Redemption Dates</u> | <u>Redemption Prices</u> |
|--|--------------------------|
| December 1, 2007 through November 30, 2008 | 101 percent |
| December 1, 2008 through November 30, 2009 | 100 ½ percent |
| December 1, 2009 and thereafter | 100 percent |

Restricted assets relating to the electric mortgage revenue bonds at December 31, 2004, were as follows:

| | |
|--|-------------|
| Restricted Assets Held by City | |
| Replacement and Improvement | \$1,500,000 |
| Restricted Assets Held by the Trustee | |
| Mortgage Revenue Bond Current Debt Service | \$2,265,767 |

Revenue Bonds

In 2002, the City issued \$8,135,000 in Water System Refunding Revenue Bonds. The serial bonds were issued with interest rates varying from 1.90 percent to 4.75 percent. The bonds maturing after December 1, 2013 are subject to early redemption, at the sole option of the City, either in whole on any date or in part on any interest payment date, on or after December 1, 2012, in multiples of \$5,000, at the following redemption prices plus accrued interest:

| <u>Redemption Dates</u> | <u>Redemption Prices</u> |
|--|--------------------------|
| December 1, 2012 through November 30, 2013 | 101 percent |
| December 1, 2013 and thereafter | 100 percent |

Proceeds from the water system refunding revenue bonds, series 2002, were used to advance refund \$7,575,000 of outstanding Water System Improvement Revenue Bonds, series 1994, with interest rates varying from 3.50 to 4.35 percent. The net proceeds of \$7,924,317 (after payment of \$210,683 in issuance costs) were used to purchase U.S Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1994 bonds. As a result, the Series 1994 bonds are considered to be defeased and the liability for those bonds

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

has been removed from the water system fund. On December 31, 2004, \$7,300,000 of outstanding refunded water system bonds are considered defeased by assets of \$7,588,661 held in the irrevocable trust.

Restricted assets relating to the water revenue bonds at December 31, 2004, were as follows:

| | |
|--|-----------|
| Restricted Assets Held by City | |
| Replacement and Improvement | \$800,000 |
| | |
| Restricted Assets Held by the Trustee | |
| Mortgage Revenue Bond Current Debt Service | \$820,518 |

As of December 31, 2004, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$17,452,214 and the unvoted legal debt margin was \$8,713,064. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2004 are as follows:

| Year Ending December 31 | Governmental Activities | | | | |
|----------------------------|-------------------------|----------|--|--|--|
| | Special | | | | |
| | Assessment Bonds | | | | |
| | Principal | Interest | | | |
| 2005 | \$12,518 | \$9,756 | | | |
| 2006 | 13,941 | 8,885 | | | |
| 2007 | 14,388 | 7,912 | | | |
| 2008 | 15,870 | 6,909 | | | |
| 2009 | 14,510 | 5,800 | | | |
| 2010-2014 | 58,780 | 13,832 | | | |
| 2015 | 9,630 | 650 | | | |
| Total | \$139,637 | \$53,744 | | | |

| Year Ending December 31 | Business-Type Activities | | | | |
|----------------------------|---------------------------------|---------------------------------|-----------|--------------------------------|----------|
| | Ohio Public Works Commission | OWDA Water Pollution Control | | OWDA Sewer Improvement Loan | |
| | Principal | Principal | Interest | Principal | Interest |
| 2005 | \$60,443 | \$405,825 | \$127,813 | \$6,256 | \$3,873 |
| 2006 | 60,443 | 420,318 | 112,320 | 6,600 | 3,531 |
| 2007 | 60,443 | 435,329 | 97,310 | 6,962 | 3,166 |
| 2008 | 60,443 | 450,876 | 81,762 | 7,346 | 2,783 |
| 2009 | 60,443 | 466,978 | 65,660 | 7,750 | 0 |
| 2010-2014 | 302,210 | 1,503,547 | 94,390 | 35,508 | 0 |
| 2015-2018 | 241,772 | 0 | 0 | 0 | 0 |
| Total | \$846,197 | \$3,682,873 | \$579,255 | \$70,422 | \$13,353 |

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

| Year Ending December 31 | Business-Type Activities | | | |
|----------------------------|---|--------------------|--|--------------------|
| | Water System Refunding Revenue Bonds | | Electric System Mortgage Revenue Refunding and Improvement Bonds | |
| | Principal | Interest | Principal | Interest |
| 2005 | \$400,000 | \$294,500 | \$1,440,000 | \$539,699 |
| 2006 | 415,000 | 283,500 | 1,495,000 | 474,885 |
| 2007 | 425,000 | 271,050 | 1,560,000 | 406,820 |
| 2008 | 440,000 | 256,175 | 1,635,000 | 335,004 |
| 2009 | 455,000 | 239,675 | 1,725,000 | 249,824 |
| 2010-2014 | 2,575,000 | 908,025 | 2,625,000 | 423,975 |
| 2015-2018 | 2,490,000 | 295,220 | 740,000 | 76,755 |
| Total | \$7,200,000 | \$2,548,145 | \$11,220,000 | \$2,506,962 |

Industrial Revenue Bonds

The City authorized the issuance of industrial development revenue bonds for four commercial entities. The aggregate outstanding principal amount was \$1,813,745 at December 31, 2004. The City is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the City's debt presentation. There has not been and is not any condition of default under the bonds or the related financing documents.

Note 11 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$654,485, \$600,100 and \$591,481, respectively; 87.40 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the member-directed plan for 2004 were \$10,788 made by the City and \$6,767 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$84,157 and \$12,357 for the year ended December 31, 2004, \$84,833 and \$9,384 for the year ended December 31, 2003, and \$85,605 and \$8,938 for the year ended December 31, 2002, equal to the required contributions for each year. The full amount has been contributed for 2003 and 2002. 77.13 percent and 82.45 percent, respectively, have been contributed for 2004 with the remainder being reported as a liability.

Note 12 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Health care premiums were assumed to increase 1.00 to 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. 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 annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$274,130. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. 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 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. 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 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 total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004. 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. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$55,508 for police and \$5,893 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 13 - Contractual Commitments

As of December 31, 2004, the City had contractual commitments as follows:

| <u>Company</u> | <u>Project</u> | <u>Amount Remaining on Contract</u> |
|----------------------------|----------------------------------|---|
| RD Murray Inc | Custom Rescue Squad | \$414,059 |
| Central Allied Enterprises | North Main Street Reconstruction | 260,000 |
| American Suncraft | Paint Water Tower | 11,970 |

Note 14 - Contingent Liabilities

A. Litigation

The City management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Federal and State Grants

The City participates in several federal and state assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2004, the audits of certain of these programs have not been completed. Such 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, the City believes such disallowance, if any, would be immaterial.

Note 15 - Interfund Transfers

Interfund transfers for the year ended December 31, 2004, consisted of the following:

| <u>Transfer to</u> | <u>Transfer From</u> |
|--------------------|-----------------------------|
| Nonmajor funds | <u>General</u> \$307,093 |
| Electric fund | 802,505 |
| | <u>\$1,109,598</u> |

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

\$280,000 was transferred from the general fund to the gas tax motor vehicle license fund to supplement the funds available for maintaining City streets. \$27,093 was transferred from the general fund to the solid waste service fund to provide a discount on sanitation service for the City's senior citizens. \$802,505 was transferred from the general fund, giving the electric fund the kilowatt per hour taxes.

Note 16 – Change in Accounting Principles and Restatement of Net Assets

For 2004, the City has implemented GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers."

GASB Statement No. 46 clarifies how legal enforceability should be applied for determining restricted net assets.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 46 did not affect the presentation of the financial statements of the City. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balance of the major and nonmajor funds of the City as they were previously reported as of December 31, 2003.

| | Capital | | | Totals |
|---|--------------------|--------------------|--------------------|--------------------|
| | General | Improvements | Nonmajor | |
| Fund Balances, December 31, 2003 | \$1,586,103 | \$2,284,521 | \$1,090,498 | \$4,961,122 |
| Technical Bulletin No. 2004-2 | (54,021) | (109) | (7,732) | (61,862) |
| Adjusted Fund Balance, December 31, 2003 | <u>\$1,532,082</u> | <u>\$2,284,412</u> | <u>\$1,082,766</u> | <u>\$4,899,260</u> |

Note 17 - Insurance Purchasing Pool

Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program The City is a participant in the Ohio Municipal League, an insurance purchasing pool. The OML's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance officers, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the Program. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the Program.

Note 18 – Donor Restricted Endowments

The City's private purpose trust fund includes donor restricted endowments. Endowments, in the amount of \$4,027, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the City is \$48 and is included as held in trust for cemetery. State law permits the City to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that the interest should be used for the decoration of specifically named graves.

**Combining Statements and
Individual Fund Schedules**

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specific purposes.

Gas Tax Motor Vehicle License Fund - Required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

State Highway Fund - Required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for maintenance of State highways within the City.

Permissive Motor Vehicle License Fund - To account for the City's share of the motor vehicle license tax levied by the City.

Parking Meter Fund - To account for parking fees collected from City parking meters.

Solid Waste Fund - To account for revenues received from citizens for the City's solid waste collection service.

Law Enforcement Fund - To account for monies received from the sale or disposition of seized contraband. Expenditures from this fund are made for law enforcement purposes.

Enforcement and Education Fund - To account for fines imposed under Section 4511.99 (A) of the Ohio Revised Code. These monies are used to pay costs incurred in enforcing Section 4511.19 of the Ohio Revised Code, and to educate the public about the laws against and the dangers of operating a motor vehicle while under the influence of alcohol.

Cemetery Maintenance Fund - To account for monies received for cemetery services and used for the upkeep and beautification of the cemetery.

Permissive Fund - To account for the permissive tax revenue collected by the City.

Emergency Medical Service Equipment Fund - To account for revenue received from EMS transportation services and used for the purchase of EMS equipment.

Performing Arts Fund - To account for donations to be used for performing arts activities in the City.

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment principal, interest, and related costs.

General Obligation Bond Retirement Fund - To account for tax levies that are utilized for the repayment of general obligation bonds of the City.

Special Assessment Bond Retirement Fund - To account for the collection of special assessments levied against benefited properties for the payment of special assessment bonds and related interest.

Nonmajor Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities other than those financed by proprietary funds.

North Main Street Widening Fund - To account for the monies used to widen a section of North Main Street located within the City.

Park Improvement Fund - To account for monies designated for the purpose of improving existing park and recreation facilities.

Recreation and Park Fund - To account for monies used for new capital facilities built within the City's parks and recreation facilities.

Grants Fund - To account for grant monies received from the Ohio Public Works Commission plus City matching funds. Expenditures are restricted to specific street projects within the City.

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--------------------------------------|--|--|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$676,877 | \$112,989 | \$27,696 | \$817,562 |
| Accrued Interest Receivable | 562 | 360 | 0 | 922 |
| Accounts Receivable | 50,890 | 0 | 0 | 50,890 |
| Intergovernmental Receivable | 214,202 | 0 | 131,896 | 346,098 |
| Special Assessments Receivable | 0 | 141,390 | 0 | 141,390 |
| <i>Total Assets</i> | <u>\$942,531</u> | <u>\$254,739</u> | <u>\$159,592</u> | <u>\$1,356,862</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | \$121,709 | \$0 | \$0 | \$121,709 |
| Accrued Wages | 15,078 | 0 | 0 | 15,078 |
| Intergovernmental Payable | 11,476 | 0 | 0 | 11,476 |
| Deferred Revenue | 151,742 | 141,390 | 0 | 293,132 |
| <i>Total Liabilities</i> | <u>300,005</u> | <u>141,390</u> | <u>0</u> | <u>441,395</u> |
| Fund Balances | | | | |
| Reserved for Encumbrances | 6,263 | 0 | 131,896 | 138,159 |
| Unreserved, Undesignated, Reported in: | | | | |
| Special Revenue Funds | 636,263 | 0 | 0 | 636,263 |
| Debt Service Funds | 0 | 113,349 | 0 | 113,349 |
| Capital Projects Funds | 0 | 0 | 27,696 | 27,696 |
| <i>Total Fund Balances</i> | <u>642,526</u> | <u>113,349</u> | <u>159,592</u> | <u>915,467</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$942,531</u> | <u>\$254,739</u> | <u>\$159,592</u> | <u>\$1,356,862</u> |

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--------------------------------------|--|--|
| Revenues | | | | |
| Special Assessments | \$0 | \$12,129 | \$0 | \$12,129 |
| Intergovernmental | 418,978 | 0 | 819,983 | 1,238,961 |
| Interest | 2,746 | 16,146 | 0 | 18,892 |
| Fines, Licenses and Permits | 2,949 | 0 | 700 | 3,649 |
| Charges for Services | 319,126 | 0 | 0 | 319,126 |
| Contributions and Donations | 9,900 | 0 | 0 | 9,900 |
| <i>Total Revenues</i> | <u>753,699</u> | <u>28,275</u> | <u>820,683</u> | <u>1,602,657</u> |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police | 5,662 | 0 | 0 | 5,662 |
| Transportation | 753,686 | 0 | 0 | 753,686 |
| Public Health and Welfare | 114,000 | 0 | 0 | 114,000 |
| Leisure Time Activities | 9,870 | 0 | 0 | 9,870 |
| Basic Utility Service | 279,895 | 0 | 0 | 279,895 |
| Capital Outlay | 0 | 0 | 891,006 | 891,006 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 12,129 | 0 | 12,129 |
| Interest and Fiscal Charges | 0 | 10,801 | 0 | 10,801 |
| <i>Total Expenditures</i> | <u>1,163,113</u> | <u>22,930</u> | <u>891,006</u> | <u>2,077,049</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (409,414) | 5,345 | (70,323) | (474,392) |
| Other Financing Sources | | | | |
| Transfers In | 307,093 | 0 | 0 | 307,093 |
| <i>Net Change in Fund Balances</i> | (102,321) | 5,345 | (70,323) | (167,299) |
| <i>Fund Balances Beginning of Year</i> | <u>744,847</u> | <u>108,004</u> | <u>229,915</u> | <u>1,082,766</u> |
| <i>Fund Balances End of Year</i> | <u>\$642,526</u> | <u>\$113,349</u> | <u>\$159,592</u> | <u>\$915,467</u> |

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

| | Gas Tax Motor Vehicle License | State Highway | Permissive Motor Vehicle License |
|--|----------------------------------|------------------|-------------------------------------|
| Assets | | | |
| Equity in Pooled Cash and | | | |
| Cash Equivalents | \$3,561 | \$177,723 | \$27,172 |
| Accrued Interest Receivable | 0 | 540 | 0 |
| Accounts Receivable | 0 | 0 | 2,000 |
| Intergovernmental Receivable | 190,587 | 21,239 | 0 |
| <i>Total Assets</i> | <u>\$194,148</u> | <u>\$199,502</u> | <u>\$29,172</u> |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable | \$7,514 | \$0 | \$0 |
| Accrued Wages | 15,078 | 0 | 0 |
| Intergovernmental Payable | 11,476 | 0 | 0 |
| Deferred Revenue | 134,297 | 16,675 | 0 |
| <i>Total Liabilities</i> | <u>168,365</u> | <u>16,675</u> | <u>0</u> |
| Fund Balances | | | |
| Reserved for Encumbrances | 0 | 3,323 | 2,545 |
| Unreserved, Undesignated | 25,783 | 179,504 | 26,627 |
| <i>Total Fund Balances</i> | <u>25,783</u> | <u>182,827</u> | <u>29,172</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$194,148</u> | <u>\$199,502</u> | <u>\$29,172</u> |

| Parking Meter | Solid Waste | Law Enforcement | Enforcement and Education |
|------------------|-----------------|--------------------|------------------------------|
| \$23,312 | \$4,242 | \$14,877 | \$8,155 |
| 0 | 0 | 0 | 0 |
| 0 | 37,945 | 100 | 25 |
| 0 | 0 | 0 | 0 |
| <u>\$23,312</u> | <u>\$42,187</u> | <u>\$14,977</u> | <u>\$8,180</u> |
| \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 23,312 | 42,187 | 14,977 | 8,180 |
| 23,312 | 42,187 | 14,977 | 8,180 |
| <u>\$23,312</u> | <u>\$42,187</u> | <u>\$14,977</u> | <u>\$8,180</u> |

(continued)

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2004

| | Cemetery Maintenance | Permissive | Emergency Medical Service Equipment |
|---|-------------------------|-----------------|---|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$199,975 | \$29,647 | \$181,040 |
| Accrued Interest Receivable | 0 | 0 | 0 |
| Accounts Receivable | 3,220 | 0 | 7,600 |
| Intergovernmental Receivable | 0 | 2,376 | 0 |
| <i>Total Assets</i> | <u>\$203,195</u> | <u>\$32,023</u> | <u>\$188,640</u> |
| | | | |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable | \$0 | \$195 | \$114,000 |
| Accrued Wages | 0 | 0 | 0 |
| Intergovernmental Payable | 0 | 0 | 0 |
| Deferred Revenue | 770 | 0 | 0 |
| <i>Total Liabilities</i> | <u>770</u> | <u>195</u> | <u>114,000</u> |
| | | | |
| Fund Balances | | | |
| Reserved for Encumbrances | 0 | 395 | 0 |
| Unreserved, Undesignated | 202,425 | 31,433 | 74,640 |
| <i>Total Fund Balances</i> | <u>202,425</u> | <u>31,828</u> | <u>74,640</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$203,195</u> | <u>\$32,023</u> | <u>\$188,640</u> |

| Performing Arts | Total Nonmajor Special Revenue Funds |
|--------------------|---|
| \$7,173 | \$676,877 |
| 22 | 562 |
| 0 | 50,890 |
| 0 | 214,202 |
| <u>\$7,195</u> | <u>\$942,531</u> |
| | |
| \$0 | \$121,709 |
| 0 | 15,078 |
| 0 | 11,476 |
| 0 | 151,742 |
| <u>0</u> | <u>300,005</u> |
| | |
| 0 | 6,263 |
| <u>7,195</u> | <u>636,263</u> |
| | |
| <u>7,195</u> | <u>642,526</u> |
| | |
| <u>\$7,195</u> | <u>\$942,531</u> |

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004

| | Gas Tax Motor Vehicle License | State Highway | Permissive Motor Vehicle License |
|---|----------------------------------|-------------------------|-------------------------------------|
| Revenues | | | |
| Intergovernmental | \$357,025 | \$28,844 | \$9,980 |
| Interest | 96 | 2,490 | 0 |
| Fines, Licenses and Permits | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 |
| Contributions and Donations | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| <i>Total Revenues</i> | <u>357,121</u> | <u>31,334</u> | <u>9,980</u> |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| Police | 0 | 0 | 0 |
| Transportation | 638,540 | 32,713 | 26,525 |
| Public Health and Welfare | 0 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 0 |
| Basic Utility Service | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>638,540</u> | <u>32,713</u> | <u>26,525</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (281,419) | (1,379) | (16,545) |
| Other Financing Sources | | | |
| Transfers In | <u>280,000</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | (1,419) | (1,379) | (16,545) |
| <i>Fund Balances Beginning of Year</i> | <u>27,202</u> | <u>184,206</u> | <u>45,717</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$25,783</u></u> | <u><u>\$182,827</u></u> | <u><u>\$29,172</u></u> |

| Parking Meter | Solid Waste | Law Enforcement | Enforcement and Education |
|------------------|----------------|--------------------|------------------------------|
| \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 1,976 | 973 |
| 0 | 256,665 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 256,665 | 1,976 | 973 |
| 0 | 0 | 5,464 | 198 |
| 2,500 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 279,895 | 0 | 0 |
| 2,500 | 279,895 | 5,464 | 198 |
| (2,500) | (23,230) | (3,488) | 775 |
| 0 | 27,093 | 0 | 0 |
| (2,500) | 3,863 | (3,488) | 775 |
| 25,812 | 38,324 | 18,465 | 7,405 |
| \$23,312 | \$42,187 | \$14,977 | \$8,180 |

(continued)

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2004

| | Cemetery Maintenance | Permissive | Emergency Medical Service Equipment |
|---|-------------------------|------------------------|---|
| Revenues | | | |
| Intergovernmental | \$0 | \$23,129 | \$0 |
| Interest | 30 | 0 | 0 |
| Fines, Licenses and Permits | 0 | 0 | 0 |
| Charges for Services | 24,825 | 0 | 37,636 |
| Contributions and Donations | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| <i>Total Revenues</i> | <u>24,855</u> | <u>23,129</u> | <u>37,636</u> |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| Police | 0 | 0 | 0 |
| Transportation | 0 | 53,408 | 0 |
| Public Health and Welfare | 0 | 0 | 114,000 |
| Leisure Time Activities | 0 | 0 | 0 |
| Basic Utility Service | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>0</u> | <u>53,408</u> | <u>114,000</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 24,855 | (30,279) | (76,364) |
| Other Financing Sources | | | |
| Transfers In | 0 | 0 | 0 |
| <i>Net Change in Fund Balances</i> | 24,855 | (30,279) | (76,364) |
| <i>Fund Balances Beginning of Year</i> | <u>177,570</u> | <u>62,107</u> | <u>151,004</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$202,425</u></u> | <u><u>\$31,828</u></u> | <u><u>\$74,640</u></u> |

| Performing Arts | Total Nonmajor Special Revenue Funds |
|--------------------|---|
| \$0 | \$418,978 |
| 130 | 2,746 |
| 0 | 2,949 |
| 0 | 319,126 |
| 9,900 | 9,900 |
| 0 | 0 |
| <u>10,030</u> | <u>753,699</u> |
| 0 | 5,662 |
| 0 | 753,686 |
| 0 | 114,000 |
| 9,870 | 9,870 |
| 0 | 279,895 |
| <u>9,870</u> | <u>1,163,113</u> |
| 160 | (409,414) |
| <u>0</u> | <u>307,093</u> |
| 160 | (102,321) |
| <u>7,035</u> | <u>744,847</u> |
| <u>\$7,195</u> | <u>\$642,526</u> |

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2004

| | General Obligation Bond Retirement | Special Assessment Bond Retirement | Total Nonmajor Debt Service Funds |
|---|---|---|--|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$4,152 | \$108,837 | \$112,989 |
| Accrued Interest Receivable | 0 | 360 | 360 |
| Special Assessments Receivable | 0 | 141,390 | 141,390 |
| <i>Total Assets</i> | <u>\$4,152</u> | <u>\$250,587</u> | <u>\$254,739</u> |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Deferred Revenue | \$0 | \$141,390 | \$141,390 |
| Fund Balances | | | |
| Unreserved, Undesignated | 4,152 | 109,197 | 113,349 |
| <i>Total Liabilities and Fund Balances</i> | <u>\$4,152</u> | <u>\$250,587</u> | <u>\$254,739</u> |

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2004

| | General Obligation Bond Retirement | Special Assessment Bond Retirement | Total Nonmajor Debt Service Funds |
|--|---|---|--|
| Revenues | | | |
| Special Assessments | \$0 | \$12,129 | \$12,129 |
| Interest | 0 | 16,146 | 16,146 |
| <i>Total Revenues</i> | <u>0</u> | <u>28,275</u> | <u>28,275</u> |
| Expenditures | | | |
| Debt Service: | | | |
| Principal Retirement | 0 | 12,129 | 12,129 |
| Interest and Fiscal Charges | 0 | 10,801 | 10,801 |
| <i>Total Expenditures</i> | <u>0</u> | <u>22,930</u> | <u>22,930</u> |
| <i>Net Change in Fund Balances</i> | 0 | 5,345 | 5,345 |
| <i>Fund Balances Beginning of Year</i> | <u>4,152</u> | <u>103,852</u> | <u>108,004</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$4,152</u></u> | <u><u>\$109,197</u></u> | <u><u>\$113,349</u></u> |

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

| | North Main Street Widening | Park Improvement | Recreation and Park | Grants | Total Nonmajor Capital Projects Funds |
|---|----------------------------------|---------------------|------------------------|----------------|--|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$0 | \$1,883 | \$20,935 | \$4,878 | \$27,696 |
| Intergovernmental Receivable | 131,896 | 0 | 0 | 0 | 131,896 |
| <i>Total Assets</i> | <u>\$131,896</u> | <u>\$1,883</u> | <u>\$20,935</u> | <u>\$4,878</u> | <u>\$159,592</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fund Balances | | | | | |
| Reserved for Encumbrances | 131,896 | 0 | 0 | 0 | 131,896 |
| Unreserved, Undesignated | 0 | 1,883 | 20,935 | 4,878 | 27,696 |
| <i>Total Fund Balances</i> | <u>131,896</u> | <u>1,883</u> | <u>20,935</u> | <u>4,878</u> | <u>159,592</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$131,896</u> | <u>\$1,883</u> | <u>\$20,935</u> | <u>\$4,878</u> | <u>\$159,592</u> |

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004

| | North Main Street Widening | Park Improvement | Recreation and Park | Grants | Total Nonmajor Capital Projects Funds |
|--|----------------------------------|---------------------|------------------------|----------------|--|
| Revenues | | | | | |
| Intergovernmental | \$348,388 | \$0 | \$0 | \$471,595 | \$819,983 |
| Fines, Licenses and Permits | 0 | 0 | 700 | 0 | 700 |
| <i>Total Revenues</i> | 348,388 | 0 | 700 | 471,595 | 820,683 |
| Expenditures | | | | | |
| Capital Outlay | 415,197 | 809 | 0 | 475,000 | 891,006 |
| <i>Net Change in Fund Balances</i> | (66,809) | (809) | 700 | (3,405) | (70,323) |
| <i>Fund Balances Beginning of Year</i> | 198,705 | 2,692 | 20,235 | 8,283 | 229,915 |
| <i>Fund Balances End of Year</i> | <u>\$131,896</u> | <u>\$1,883</u> | <u>\$20,935</u> | <u>\$4,878</u> | <u>\$159,592</u> |

Fund Descriptions - Fiduciary Funds

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is the cemetery memorial private-purpose trust. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Private-Purpose Trust Fund

Cemetery Memorial Fund - This fund accounts for resources given by individuals with the interest specifically designated to be used for the decoration of individually named graves.

Agency Fund

Deposits in Escrow Fund - To account for deposits from businesses or individuals for the estimated cost of additional utility line installation. When work is completed, any money not used to cover the cost of the project is returned. This fund also accounts for deposits collected for the use of the City's recreational facilities. If there is no damage to the facilities, the money is returned.

City of Orrville, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended December 31, 2004

| | Beginning Balance 12/31/03 | Additions | Reductions | Ending Balance 12/31/04 |
|---|----------------------------------|-----------|------------|-------------------------------|
| Deposits in Escrow | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$163,347 | \$7,378 | \$109,078 | \$61,647 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$163,347 | \$7,378 | \$109,078 | \$61,647 |

**Individual Fund Schedules of Revenues, Expenditures/Expenses and
Changes in Fund Balances/Fund Equity - Budget (Non-GAAP Basis) and Actual**

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$465,500 | \$465,500 | \$580,710 | \$115,210 |
| Income Taxes | 1,750,000 | 1,750,000 | 2,053,492 | 303,492 |
| Other Local Taxes | 800,000 | 800,000 | 802,505 | 2,505 |
| Intergovernmental | 624,808 | 624,808 | 396,090 | (228,718) |
| Interest | 92,000 | 92,000 | 52,161 | (39,839) |
| Fees, Licenses and Permits | 27,650 | 27,650 | 36,536 | 8,886 |
| Rentals | 30,000 | 30,000 | 31,500 | 1,500 |
| Charges for Services | 140,300 | 140,300 | 237,980 | 97,680 |
| Contributions and Donations | 100 | 100 | 0 | (100) |
| Other | 68,000 | 68,000 | 49,724 | (18,276) |
| <i>Total Revenues</i> | <u>3,998,358</u> | <u>3,998,358</u> | <u>4,240,698</u> | <u>242,340</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| City Council: | | | | |
| Personal Services | 31,660 | 31,660 | 30,879 | 781 |
| City Hall: | | | | |
| Personal Services | 123,650 | 123,650 | 122,029 | 1,621 |
| Purchased Services | 19,739 | 19,739 | 16,083 | 3,656 |
| Materials and Supplies | 8,884 | 8,884 | 8,669 | 215 |
| Total City Hall | <u>152,273</u> | <u>152,273</u> | <u>146,781</u> | <u>5,492</u> |
| Employee Benefits: | | | | |
| Personal Services | 77,160 | 77,160 | 77,010 | 150 |
| Purchased Services | 8,360 | 8,360 | 8,895 | (535) |
| Materials and Supplies | 3,500 | 3,500 | 2,363 | 1,137 |
| Total Employee Benefits | <u>89,020</u> | <u>89,020</u> | <u>88,268</u> | <u>752</u> |
| Finance Department: | | | | |
| Personal Services | 62,900 | 62,900 | 62,463 | 437 |
| Purchased Services | 28,800 | 29,400 | 29,411 | (11) |
| Materials and Supplies | 2,020 | 4,340 | 3,483 | 857 |
| Total Finance Department | <u>93,720</u> | <u>96,640</u> | <u>95,357</u> | <u>1,283</u> |
| Data Processing: | | | | |
| Personal Services | 19,250 | 19,250 | 18,976 | 274 |
| Purchased Services | 26,550 | 19,550 | 8,048 | 11,502 |
| Materials and Supplies | 7,262 | 7,262 | 13,011 | (5,749) |
| Total Data Processing | <u>\$53,062</u> | <u>\$46,062</u> | <u>\$40,035</u> | <u>\$6,027</u> |

(continued)

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| | Original | Final | Actual | |
| Income Tax: | | | | |
| Personal Services | \$52,675 | \$52,675 | \$51,500 | \$1,175 |
| Purchased Services | 40,900 | 40,900 | 676 | 40,224 |
| Materials and Supplies | 5,164 | 5,164 | 4,893 | 271 |
| Total Income Tax | 98,739 | 98,739 | 57,069 | 41,670 |
| Law Department: | | | | |
| Personal Services | 22,700 | 22,700 | 23,473 | (773) |
| Purchased Services | 23,479 | 23,479 | 18,820 | 4,659 |
| Total Law Department | 46,179 | 46,179 | 42,293 | 3,886 |
| Mayor's Office: | | | | |
| Personal Services | 17,260 | 17,260 | 16,881 | 379 |
| Materials and Supplies | 50 | 50 | 17 | 33 |
| Total Mayor's Office | 17,310 | 17,310 | 16,898 | 412 |
| Administrative: | | | | |
| Personal Services | 171,665 | 171,665 | 168,248 | 3,417 |
| Purchased Services | 230,675 | 210,675 | 204,151 | 6,524 |
| Materials and Supplies | 20,197 | 20,197 | 13,636 | 6,561 |
| Total Administrative | 422,537 | 402,537 | 386,035 | 16,502 |
| Total General Government | 1,004,500 | 980,420 | 903,615 | 76,805 |
| Security of Persons and Property: | | | | |
| Police: | | | | |
| Law Enforcement: | | | | |
| Personal Services | 1,277,925 | 1,277,925 | 1,246,210 | 31,715 |
| Purchased Services | 69,667 | 69,667 | 59,020 | 10,647 |
| Materials and Supplies | 43,116 | 43,116 | 44,270 | (1,154) |
| Total Police | 1,390,708 | 1,390,708 | 1,349,500 | 41,208 |
| Fire: | | | | |
| Fire Department: | | | | |
| Personal Services | 297,300 | 297,300 | 312,882 | (15,582) |
| Purchased Services | 48,326 | 48,326 | 51,484 | (3,158) |
| Materials and Supplies | 40,944 | 40,944 | 32,335 | 8,609 |
| Total Fire | 386,570 | 386,570 | 396,701 | (10,131) |
| Total Security of Persons and Property | \$1,777,278 | \$1,777,278 | \$1,746,201 | \$31,077 |

(continued)

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | Actual | |
| Transportation: | | | | |
| Street: | | | | |
| Personal Services | \$320,200 | \$355,200 | \$323,561 | \$31,639 |
| Purchased Services | 13,150 | 13,150 | 19,105 | (5,955) |
| Materials and Supplies | 60,010 | 60,010 | 62,074 | (2,064) |
| Total Transportation | 393,360 | 428,360 | 404,740 | 23,620 |
| Public Health and Welfare: | | | | |
| Animal Control: | | | | |
| Purchased Services | 1,300 | 1,300 | 745 | 555 |
| Materials and Supplies | 17,080 | 17,080 | 12,599 | 4,481 |
| Total Animal Control | 18,380 | 18,380 | 13,344 | 5,036 |
| Cemetery: | | | | |
| Personal Services | 72,050 | 72,050 | 117,257 | (45,207) |
| Purchased Services | 8,200 | 8,200 | 6,854 | 1,346 |
| Materials and Supplies | 15,854 | 15,854 | 7,842 | 8,012 |
| Total Cemetery | 96,104 | 96,104 | 131,953 | (35,849) |
| Total Public Health and Welfare | 114,484 | 114,484 | 145,297 | (30,813) |
| Leisure Time Activities: | | | | |
| Park: | | | | |
| Personal Services | 103,120 | 103,120 | 94,158 | 8,962 |
| Purchased Services | 12,702 | 12,702 | 6,407 | 6,295 |
| Materials and Supplies | 25,843 | 25,843 | 13,412 | 12,431 |
| Total Park | 141,665 | 141,665 | 113,977 | 27,688 |
| Pool: | | | | |
| Personal Services | 69,100 | 69,100 | 66,719 | 2,381 |
| Purchased Services | 13,970 | 13,970 | 7,196 | 6,774 |
| Materials and Supplies | 19,933 | 19,933 | 14,909 | 5,024 |
| Total Pool | 103,003 | 103,003 | 88,824 | 14,179 |
| Recreation: | | | | |
| Personal Services | 6,600 | 6,600 | 17 | 6,583 |
| Materials and Supplies | 2,820 | 2,820 | 2,046 | 774 |
| Total Recreation | 9,420 | 9,420 | 2,063 | 7,357 |
| Total Leisure Time Activities | 254,088 | 254,088 | 204,864 | 49,224 |
| Total Expenditures | \$3,543,710 | \$3,554,630 | \$3,404,717 | \$149,913 |

(continued)

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2004

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------|-------------|---|
| | Original | Final | | |
| <i>Excess of Revenues Over Expenditures</i> | \$454,648 | \$443,728 | \$835,981 | \$392,253 |
| Other Financing Uses | | | | |
| Transfers Out | (1,082,000) | (1,062,000) | (1,109,598) | (47,598) |
| <i>Net Change in Fund Balance</i> | (627,352) | (618,272) | (273,617) | 344,655 |
| <i>Fund Balance Beginning of Year</i> | 1,091,789 | 1,091,789 | 1,091,789 | 0 |
| Prior Year Encumbrances Appropriated | 33,056 | 33,056 | 33,056 | 0 |
| <i>Fund Balance End of Year</i> | \$497,493 | \$506,573 | \$851,228 | \$344,655 |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Income Taxes | \$750,000 | \$750,000 | \$499,122 | (\$250,878) |
| Charges for Services | 0 | 0 | 300 | 300 |
| Intergovernmental | 0 | 0 | 1,050 | 1,050 |
| Other | 0 | 0 | 63,088 | 63,088 |
| <i>Total Revenues</i> | 750,000 | 750,000 | 563,560 | (186,440) |
| Expenditures | | | | |
| Capital Outlay | 1,254,413 | 1,466,650 | 1,225,474 | 241,176 |
| <i>Net Change in Fund Balance</i> | (504,413) | (716,650) | (661,914) | 54,736 |
| <i>Fund Balance Beginning of Year</i> | 1,669,520 | 1,669,520 | 1,669,520 | 0 |
| Prior Year Encumbrances Appropriated | 464,490 | 464,490 | 464,490 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$1,629,597</u> | <u>\$1,417,360</u> | <u>\$1,472,096</u> | <u>\$54,736</u> |

City of Orrville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Interest | \$144,175 | \$58,800 | \$45,555 | (\$13,245) |
| Charges for Services | 1,964,600 | 2,176,200 | 1,891,035 | (285,165) |
| Other | 0 | 0 | 1,799 | 1,799 |
| <i>Total Revenues</i> | <u>2,108,775</u> | <u>2,235,000</u> | <u>1,938,389</u> | <u>(296,611)</u> |
| Expenses | | | | |
| Personal Services | 867,350 | 867,350 | 840,260 | 27,090 |
| Purchased Services | 385,091 | 385,091 | 234,211 | 150,880 |
| Materials and Supplies | 136,526 | 136,526 | 147,700 | (11,174) |
| Utilities | 110,400 | 110,400 | 106,713 | 3,687 |
| Capital Outlay | 540,074 | 540,074 | 362,427 | 177,647 |
| Debt Service: | | | | |
| Principal Retirement | 391,600 | 391,600 | 397,760 | (6,160) |
| Interest and Fiscal Charges | 162,000 | 162,000 | 145,008 | 16,992 |
| <i>Total Expenses</i> | <u>2,593,041</u> | <u>2,593,041</u> | <u>2,234,079</u> | <u>358,962</u> |
| <i>Excess of Revenues Under Expenses</i> | (484,266) | (358,041) | (295,690) | 62,351 |
| Sale of Capital Assets | 0 | 0 | 1,570 | 1,570 |
| Transfers In | 202,100 | 202,100 | 0 | (202,100) |
| <i>Net Change in Fund Equity</i> | (282,166) | (155,941) | (294,120) | (138,179) |
| <i>Fund Equity Beginning of Year</i> | 4,309,524 | 4,309,524 | 4,309,524 | 0 |
| Prior Year Encumbrances Appropriated | 175,292 | 175,292 | 175,292 | 0 |
| <i>Fund Equity End of Year</i> | <u>\$4,202,650</u> | <u>\$4,328,875</u> | <u>\$4,190,696</u> | <u>(\$138,179)</u> |

City of Orrville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Electric Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Interest | \$244,100 | \$244,100 | \$85,441 | (\$158,659) |
| Charges for Services | 18,880,000 | 21,380,000 | 21,258,522 | (121,478) |
| Other | 238,500 | 238,500 | 653,324 | 414,824 |
| <i>Total Revenues</i> | <u>19,362,600</u> | <u>21,862,600</u> | <u>21,997,287</u> | <u>134,687</u> |
| Expenses | | | | |
| Personal Services | 5,512,500 | 5,547,500 | 5,476,132 | 71,368 |
| Purchased Services | 3,390,336 | 3,855,336 | 2,731,830 | 1,123,506 |
| Materials and Supplies | 10,529,838 | 12,587,664 | 12,587,664 | 0 |
| Utilities | 792,545 | 792,545 | 789,985 | 2,560 |
| Capital Outlay | 2,229,124 | 2,171,298 | 1,732,084 | 439,214 |
| Other | 40,000 | 40,000 | 29,236 | 10,764 |
| Debt Service: | | | | |
| Principal Retirement | 2,098,132 | 2,098,132 | 2,375,000 | (276,868) |
| Interest and Fiscal Charges | 401,868 | 401,868 | 655,201 | (253,333) |
| <i>Total Expenses</i> | <u>24,994,343</u> | <u>27,494,343</u> | <u>26,377,132</u> | <u>1,117,211</u> |
| <i>Excess of Revenues Under Expenses</i> | (5,631,743) | (5,631,743) | (4,379,845) | 1,251,898 |
| Sale of Capital Assets | 18,000 | 18,000 | 15,561 | (2,439) |
| Notes Issued | 900,000 | 900,000 | 900,000 | 0 |
| Transfers In | 673,000 | 673,000 | 802,505 | 129,505 |
| <i>Net Change in Fund Equity</i> | (4,040,743) | (4,040,743) | (2,661,779) | 1,378,964 |
| <i>Fund Equity Beginning of Year</i> | 7,096,090 | 7,096,090 | 7,096,090 | 0 |
| Prior Year Encumbrances Appropriated | 1,852,192 | 1,852,192 | 1,852,192 | 0 |
| <i>Fund Equity End of Year</i> | <u>\$4,907,539</u> | <u>\$4,907,539</u> | <u>\$6,286,503</u> | <u>\$1,378,964</u> |

City of Orrville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Interest | \$33,322 | \$33,322 | \$22,239 | (\$11,083) |
| Charges for Services | 2,604,404 | 2,604,404 | 2,481,750 | (122,654) |
| Other | 7,373 | 7,373 | 37,651 | 30,278 |
| <i>Total Revenues</i> | <u>2,645,099</u> | <u>2,645,099</u> | <u>2,541,640</u> | <u>(103,459)</u> |
| Expenses | | | | |
| Personal Services | 1,115,700 | 1,115,700 | 922,777 | 192,923 |
| Purchased Services | 471,063 | 471,063 | 371,723 | 99,340 |
| Materials and Supplies | 309,191 | 309,191 | 303,045 | 6,146 |
| Utilities | 149,900 | 149,900 | 132,009 | 17,891 |
| Capital Outlay | 465,013 | 465,013 | 527,892 | (62,879) |
| Debt Service: | | | | |
| Principal Retirement | 423,384 | 423,384 | 455,442 | (32,058) |
| Interest and Fiscal Charges | 262,616 | 262,616 | 304,307 | (41,691) |
| <i>Total Expenses</i> | <u>3,196,867</u> | <u>3,196,867</u> | <u>3,017,195</u> | <u>179,672</u> |
| <i>Net Change in Fund Equity</i> | (551,768) | (551,768) | (475,555) | 76,213 |
| <i>Fund Equity Beginning of Year</i> | 1,911,270 | 1,911,270 | 1,911,270 | 0 |
| Prior Year Encumbrances Appropriated | 242,768 | 242,768 | 242,768 | 0 |
| <i>Fund Equity End of Year</i> | <u>\$1,602,270</u> | <u>\$1,602,270</u> | <u>\$1,678,483</u> | <u>\$76,213</u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Gas Tax Motor Vehicle License Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|----------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Intergovernmental | \$330,000 | \$330,000 | \$336,407 | \$6,407 |
| Interest | 850 | 850 | 96 | (754) |
| Other | 300 | 300 | 0 | (300) |
| <i>Total Revenues</i> | <u>331,150</u> | <u>331,150</u> | <u>336,503</u> | <u>5,353</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Street Repair and Maintenance: | | | | |
| Personal Services | 564,810 | 564,810 | 552,949 | 11,861 |
| Purchased Services | 27,740 | 27,740 | 22,833 | 4,907 |
| Materials and Supplies | 59,241 | 59,241 | 64,147 | (4,906) |
| <i>Total Expenditures</i> | <u>651,791</u> | <u>651,791</u> | <u>639,929</u> | <u>11,862</u> |
| <i>Excess of Revenues Under Expenditures</i> | (320,641) | (320,641) | (303,426) | 17,215 |
| Other Financing Sources | | | | |
| Transfers In | 305,000 | 305,000 | 280,000 | (25,000) |
| <i>Net Change in Fund Balance</i> | (15,641) | (15,641) | (23,426) | (7,785) |
| <i>Fund Balance Beginning of Year</i> | 17,777 | 17,777 | 17,777 | 0 |
| Prior Year Encumbrances Appropriated | 2,201 | 2,201 | 2,201 | 0 |
| <i>Fund Balance (Deficit) End of Year</i> | <u>\$4,337</u> | <u>\$4,337</u> | <u>(\$3,448)</u> | <u>(\$7,785)</u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-----------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Intergovernmental | \$22,000 | \$22,000 | \$27,172 | \$5,172 |
| Interest | 2,550 | 2,550 | 1,982 | (568) |
| <i>Total Revenues</i> | <u>24,550</u> | <u>24,550</u> | <u>29,154</u> | <u>4,604</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Street Repair and Maintenance: | | | | |
| Purchased Services | 126,000 | 126,000 | 19,713 | 106,287 |
| Materials and Supplies | 15,461 | 15,461 | 16,535 | (1,074) |
| <i>Total Expenditures</i> | <u>141,461</u> | <u>141,461</u> | <u>36,248</u> | <u>105,213</u> |
| <i>Net Change in Fund Balance</i> | (116,911) | (116,911) | (7,094) | 109,817 |
| <i>Fund Balance Beginning of Year</i> | 179,533 | 179,533 | 179,533 | 0 |
| Prior Year Encumbrances Appropriated | 1,961 | 1,961 | 1,961 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$64,583</u> | <u>\$64,583</u> | <u>\$174,400</u> | <u>\$109,817</u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Motor Vehicle License Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-----------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Intergovernmental | \$29,080 | \$29,080 | \$28,374 | (\$706) |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Street Repair and Maintenance: | | | | |
| Purchased Services | 6,589 | 6,589 | 0 | 6,589 |
| Materials and Supplies | 40,000 | 40,000 | 29,244 | 10,756 |
| <i>Total Expenditures</i> | <u>46,589</u> | <u>46,589</u> | <u>29,244</u> | <u>17,345</u> |
| <i>Net Change in Fund Balance</i> | (17,509) | (17,509) | (870) | 16,639 |
| <i>Fund Balance Beginning of Year</i> | 23,909 | 23,909 | 23,909 | 0 |
| Prior Year Encumbrances Appropriated | <u>1,588</u> | <u>1,588</u> | <u>1,588</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$7,988</u></u> | <u><u>\$7,988</u></u> | <u><u>\$24,627</u></u> | <u><u>\$16,639</u></u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Meter Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Street Repair and Maintenance: | | | | |
| Purchased Services | <u>2,500</u> | <u>2,500</u> | <u>2,500</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (2,500) | (2,500) | (2,500) | 0 |
| <i>Fund Balance Beginning of Year</i> | <u>25,812</u> | <u>25,812</u> | <u>25,812</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$23,312</u></u> | <u><u>\$23,312</u></u> | <u><u>\$23,312</u></u> | <u><u>\$0</u></u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Solid Waste Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Charges for Services | \$272,000 | \$272,000 | \$255,265 | (\$16,735) |
| Expenditures | | | | |
| Current: | | | | |
| Basic Utility Service: | | | | |
| Solid Waste Services: | | | | |
| Purchased Services | <u>290,000</u> | <u>290,000</u> | <u>279,895</u> | <u>10,105</u> |
| <i>Excess of Revenues Under Expenditures</i> | (18,000) | (18,000) | (24,630) | (6,630) |
| Other Financing Sources | | | | |
| Transfers In | <u>18,000</u> | <u>18,000</u> | <u>27,093</u> | <u>9,093</u> |
| <i>Net Change in Fund Balance</i> | 0 | 0 | 2,463 | 2,463 |
| <i>Fund Balance Beginning of Year</i> | <u>1,779</u> | <u>1,779</u> | <u>1,779</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$1,779</u></u> | <u><u>\$1,779</u></u> | <u><u>\$4,242</u></u> | <u><u>\$2,463</u></u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Fines, Licenses and Permits | \$4,000 | \$4,000 | \$2,079 | (\$1,921) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police: | | | | |
| Law Enforcement: | | | | |
| Personal Services | 2,470 | 2,470 | 0 | 2,470 |
| Materials and Supplies | 6,000 | 6,000 | 5,464 | 536 |
| <i>Total Expenditures</i> | <u>8,470</u> | <u>8,470</u> | <u>5,464</u> | <u>3,006</u> |
| <i>Net Change in Fund Balance</i> | (4,470) | (4,470) | (3,385) | 1,085 |
| <i>Fund Balance Beginning of Year</i> | <u>18,262</u> | <u>18,262</u> | <u>18,262</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$13,792</u></u> | <u><u>\$13,792</u></u> | <u><u>\$14,877</u></u> | <u><u>\$1,085</u></u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Fines, Licenses and Permits | \$1,000 | \$1,000 | \$998 | (\$2) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police: | | | | |
| Law Enforcement: | | | | |
| Personal Services | 500 | 500 | 0 | 500 |
| Materials and Supplies | 1,500 | 1,500 | 198 | 1,302 |
| <i>Total Expenditures</i> | <u>2,000</u> | <u>2,000</u> | <u>198</u> | <u>1,802</u> |
| <i>Net Change in Fund Balance</i> | (1,000) | (1,000) | 800 | 1,800 |
| <i>Fund Balance Beginning of Year</i> | <u>7,355</u> | <u>7,355</u> | <u>7,355</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$6,355</u></u> | <u><u>\$6,355</u></u> | <u><u>\$8,155</u></u> | <u><u>\$1,800</u></u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Maintenance Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Interest | \$0 | \$0 | \$30 | \$30 |
| Charges for Services | 20,000 | 20,000 | 23,900 | 3,900 |
| <i>Total Revenues</i> | 20,000 | 20,000 | 23,930 | 3,930 |
| Expenditures | 0 | 0 | 0 | 0 |
| <i>Net Change in Fund Balance</i> | 20,000 | 20,000 | 23,930 | 3,930 |
| <i>Fund Balance Beginning of Year</i> | 176,045 | 176,045 | 176,045 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$196,045</u> | <u>\$196,045</u> | <u>\$199,975</u> | <u>\$3,930</u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Intergovernmental | <u>\$35,000</u> | <u>\$35,000</u> | <u>\$22,160</u> | <u>(\$12,840)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Street Repair and Maintenance: | | | | |
| Purchased Services | 53,404 | 53,404 | 51,540 | 1,864 |
| Materials and Supplies | <u>10,000</u> | <u>10,000</u> | <u>9,051</u> | <u>949</u> |
| <i>Total Expenditures</i> | <u>63,404</u> | <u>63,404</u> | <u>60,591</u> | <u>2,813</u> |
| <i>Net Change in Fund Balance</i> | (28,404) | (28,404) | (38,431) | (10,027) |
| <i>Fund Balance Beginning of Year</i> | 54,084 | 54,084 | 54,084 | 0 |
| Prior Year Encumbrances Appropriated | <u>13,404</u> | <u>13,404</u> | <u>13,404</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$39,084</u></u> | <u><u>\$39,084</u></u> | <u><u>\$29,057</u></u> | <u><u>(\$10,027)</u></u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Emergency Medical Service Equipment Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Charges for Services | \$15,000 | \$15,000 | \$34,306 | \$19,306 |
| Expenditures | | | | |
| Current: | | | | |
| Public Health and Welfare: | | | | |
| Emergency Medical Service: | | | | |
| Materials and Supplies | <u>114,534</u> | <u>114,534</u> | <u>114,534</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (99,534) | (99,534) | (80,228) | 19,306 |
| <i>Fund Balance Beginning of Year</i> | 146,734 | 146,734 | 146,734 | 0 |
| Prior Year Encumbrances Appropriated | <u>534</u> | <u>534</u> | <u>534</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$47,734</u></u> | <u><u>\$47,734</u></u> | <u><u>\$67,040</u></u> | <u><u>\$19,306</u></u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Performing Arts Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|----------------|----------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Interest | \$450 | \$450 | \$109 | (\$341) |
| Contributions and Donations | 8,000 | 8,000 | 9,900 | 1,900 |
| <i>Total Revenues</i> | <u>8,450</u> | <u>8,450</u> | <u>10,009</u> | <u>1,559</u> |
| Expenditures | | | | |
| Current: | | | | |
| Leisure Time Activities: | | | | |
| Performing Arts: | | | | |
| Purchased Services | 9,000 | 9,000 | 8,341 | 659 |
| Materials and Supplies | 1,000 | 1,000 | 1,530 | (530) |
| <i>Total Expenditures</i> | <u>10,000</u> | <u>10,000</u> | <u>9,871</u> | <u>129</u> |
| <i>Net Change in Fund Balance</i> | (1,550) | (1,550) | 138 | 1,688 |
| <i>Fund Balance Beginning of Year</i> | <u>7,035</u> | <u>7,035</u> | <u>7,035</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$5,485</u> | <u>\$5,485</u> | <u>\$7,173</u> | <u>\$1,688</u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance Beginning of Year</i> | <u>4,152</u> | <u>4,152</u> | <u>4,152</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$4,152</u></u> | <u><u>\$4,152</u></u> | <u><u>\$4,152</u></u> | <u><u>\$0</u></u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Special Assessments | \$20,000 | \$20,000 | \$26,693 | \$6,693 |
| Interest | 2,050 | 2,050 | 1,240 | (810) |
| <i>Total Revenues</i> | <u>22,050</u> | <u>22,050</u> | <u>27,933</u> | <u>5,883</u> |
| Expenditures | | | | |
| Debt Service: | | | | |
| Principal Retirement | 12,200 | 12,200 | 12,129 | 71 |
| Interest and Fiscal Charges | 10,900 | 10,900 | 10,801 | 99 |
| <i>Total Expenditures</i> | <u>23,100</u> | <u>23,100</u> | <u>22,930</u> | <u>170</u> |
| <i>Net Change in Fund Balance</i> | (1,050) | (1,050) | 5,003 | 6,053 |
| <i>Fund Balance Beginning of Year</i> | <u>103,834</u> | <u>103,834</u> | <u>103,834</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$102,784</u></u> | <u><u>\$102,784</u></u> | <u><u>\$108,837</u></u> | <u><u>\$6,053</u></u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
North Main Street Widening Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|----------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Intergovernmental | \$759,152 | \$759,152 | \$415,197 | (\$343,955) |
| Expenditures | | | | |
| Capital Outlay | <u>759,152</u> | <u>759,152</u> | <u>547,093</u> | <u>212,059</u> |
| <i>Net Change in Fund Balance</i> | 0 | 0 | (131,896) | (131,896) |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (547,091) | (547,091) | (547,091) | 0 |
| Prior Year Encumbrances Appropriated | <u>547,091</u> | <u>547,091</u> | <u>547,091</u> | <u>0</u> |
| <i>Fund Balance (Deficit) End of Year</i> | <u>\$0</u> | <u>\$0</u> | <u>(\$131,896)</u> | <u>(\$131,896)</u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Improvement Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Capital Outlay | <u>1,000</u> | <u>1,000</u> | <u>809</u> | <u>191</u> |
| <i>Net Change in Fund Balance</i> | (1,000) | (1,000) | (809) | 191 |
| <i>Fund Balance Beginning of Year</i> | <u>2,692</u> | <u>2,692</u> | <u>2,692</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$1,692</u></u> | <u><u>\$1,692</u></u> | <u><u>\$1,883</u></u> | <u><u>\$191</u></u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation and Park Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Fines, Licenses and Permits | \$1,500 | \$1,500 | \$700 | (\$800) |
| Expenditures | | | | |
| Capital Outlay | <u>500</u> | <u>500</u> | <u>0</u> | <u>500</u> |
| <i>Net Change in Fund Balance</i> | 1,000 | 1,000 | 700 | (300) |
| <i>Fund Balance Beginning of Year</i> | <u>20,235</u> | <u>20,235</u> | <u>20,235</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$21,235</u></u> | <u><u>\$21,235</u></u> | <u><u>\$20,935</u></u> | <u><u>(\$300)</u></u> |

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Grants Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|------------------|----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental | \$617,300 | \$617,300 | \$476,851 | (\$140,449) |
| Expenditures | | | | |
| Capital Outlay | <u>475,000</u> | <u>475,000</u> | <u>475,000</u> | <u>0</u> |
| <i>Excess of Revenues Over Expenditures</i> | 142,300 | 142,300 | 1,851 | (140,449) |
| Other Financing Sources | | | | |
| Transfers In | <u>50,753</u> | <u>50,753</u> | <u>0</u> | <u>(50,753)</u> |
| <i>Net Change in Fund Balance</i> | 193,053 | 193,053 | 1,851 | (191,202) |
| <i>Fund Balance Beginning of Year</i> | <u>3,027</u> | <u>3,027</u> | <u>3,027</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$196,080</u> | <u>\$196,080</u> | <u>\$4,878</u> | <u>(\$191,202)</u> |

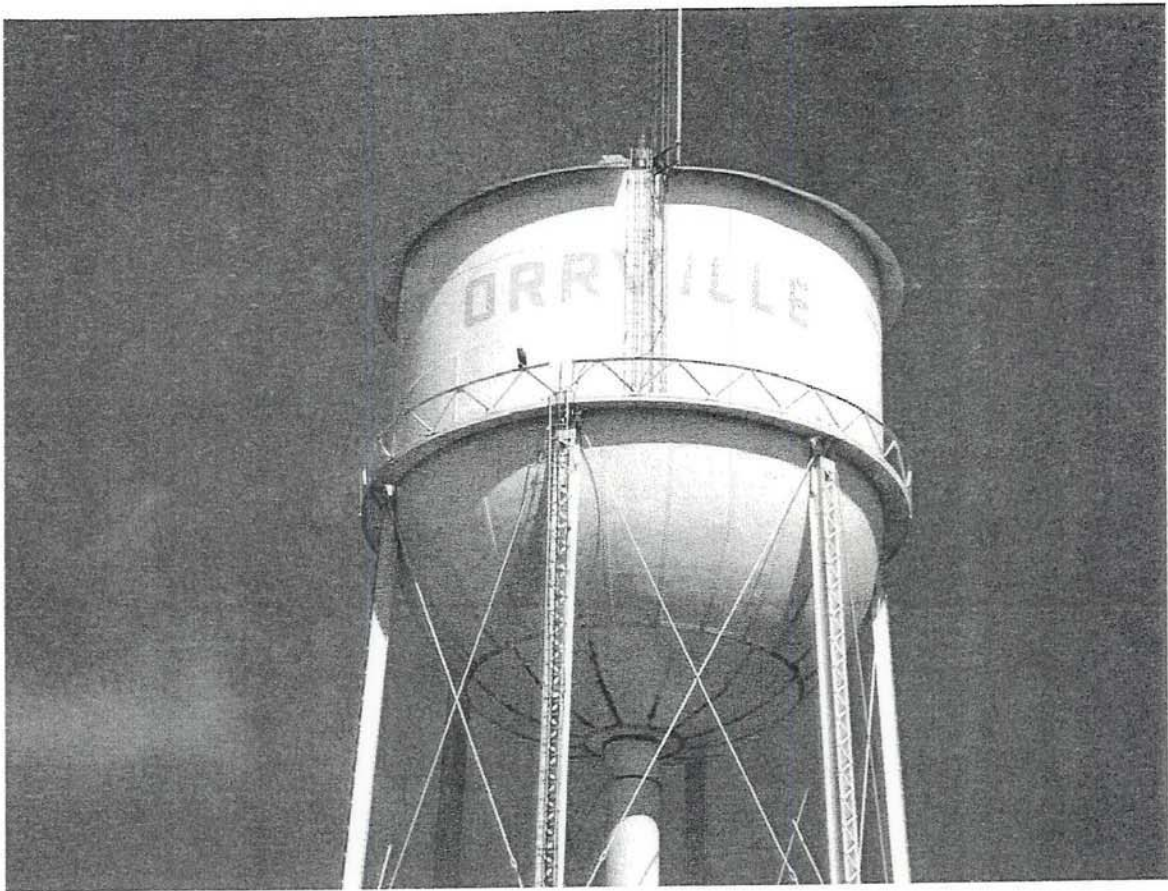
City of Orrville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Employee Health Insurance Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Interest | \$21,000 | \$21,000 | \$8,801 | (\$12,199) |
| Charges for Services | 1,352,000 | 1,352,000 | 1,344,768 | (\$7,232) |
| Other | 10,000 | 10,000 | 735 | (9,265) |
| <i>Total Revenues</i> | 1,383,000 | 1,383,000 | 1,354,304 | (28,696) |
| Expenses | | | | |
| Contractual Services | 1,758,200 | 1,758,200 | 1,381,663 | 376,537 |
| <i>Net Change in Fund Equity</i> | (375,200) | (375,200) | (27,359) | 347,841 |
| <i>Fund Equity Beginning of Year</i> | 789,197 | 789,197 | 789,197 | 0 |
| <i>Fund Equity End of Year</i> | <u>\$413,997</u> | <u>\$413,997</u> | <u>\$761,838</u> | <u>\$347,841</u> |

City of Orrville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Memorial Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Interest | \$50 | \$50 | \$43 | (\$7) |
| Expenses | | | | |
| Current: | | | | |
| Cemetery: | | | | |
| Other | <u>50</u> | <u>50</u> | <u>50</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | 0 | 0 | (7) | (7) |
| <i>Fund Balance Beginning of Year</i> | <u>4,070</u> | <u>4,070</u> | <u>4,070</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$4,070</u></u> | <u><u>\$4,070</u></u> | <u><u>\$4,063</u></u> | <u><u>(\$7)</u></u> |

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Statistical Section

City of Orrville, Ohio
*Governmental Activities Revenues by Source
and Expenses by Function
Last Four Years (1)*

| | 2004 | 2003 | 2002 | 2001 |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Program Revenues | | | | |
| Charges for Services | \$624,575 | \$537,764 | \$621,451 | \$529,690 |
| Operating Grants and Contributions | 471,167 | 428,590 | 454,556 | 367,877 |
| Capital Grants and Contributions | 819,983 | 678,138 | 420,132 | 171,351 |
| General Revenues | | | | |
| Property Taxes | 536,388 | 476,914 | 446,237 | 483,588 |
| Income Taxes | 2,378,792 | 2,960,636 | 2,448,284 | 2,588,695 |
| Other Local Taxes | 802,505 | 782,502 | 767,505 | 470,708 |
| Intergovernmental | 497,937 | 631,092 | 620,248 | 752,755 |
| Interest | 80,061 | 81,948 | 107,127 | 282,992 |
| Other | 112,812 | 127,254 | 201,520 | 70,965 |
| Total | \$6,324,220 | \$6,704,838 | \$6,087,060 | \$5,718,621 |
| Expenses | | | | |
| General Government | \$970,814 | \$968,370 | \$945,989 | \$849,687 |
| Security of Persons and Property: | | | | |
| Police | 1,425,870 | 1,421,121 | 1,224,678 | 1,264,380 |
| Fire | 357,766 | 541,831 | 525,596 | 471,736 |
| Transportation | 2,478,398 | 2,007,903 | 2,672,156 | 1,999,708 |
| Public Health and Welfare | 179,941 | 192,459 | 170,233 | 129,335 |
| Leisure Time Activities | 308,917 | 357,372 | 389,710 | 356,011 |
| Basic Utility Services | 279,895 | 274,386 | 272,076 | 237,049 |
| Debt Service | | | | |
| Interest and Fiscal Charges | 10,726 | 11,013 | 11,557 | 12,175 |
| Total | \$6,012,327 | \$5,774,455 | \$6,211,995 | \$5,320,081 |

Source: City financial records

(1) The City first began reporting on a full accrual basis in 2001.

City of Orrville, Ohio
*Governmental Fund Revenues by Source
and Expenditures by Function
Last Ten Years*

| | 2004 | 2003 | 2002 | 2001 |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | | | | |
| Property Taxes | \$580,710 | \$442,911 | \$466,911 | \$471,047 |
| Income Taxes | 2,575,080 | 2,910,735 | 2,526,099 | 2,594,930 |
| Other Local Taxes | 802,505 | 782,502 | 767,505 | 470,708 |
| Special Assessments | 12,129 | 21,186 | 16,977 | 8,860 |
| Intergovernmental | 1,708,192 | 1,733,338 | 1,530,312 | 1,208,110 |
| Interest | 81,999 | 69,723 | 107,127 | 282,992 |
| Fines, Licenses, and Permits | 40,277 | 27,812 | 53,817 | 22,623 |
| Rentals | 31,500 | 0 | 31,700 | 32,828 |
| Charges for Services | 553,287 | 499,551 | 544,303 | 479,129 |
| Contributions and Donations | 9,900 | 8,062 | 9,546 | 13,510 |
| Other | 112,812 | 127,254 | 201,020 | 70,965 |
| Total | \$6,508,391 | \$6,623,074 | \$6,255,317 | \$5,655,702 |
| Expenditures | | | | |
| General Government | \$859,525 | \$877,044 | \$838,937 | \$844,855 |
| Security of Persons and Property: | | | | |
| Police | 1,370,432 | 1,366,492 | 1,344,277 | 1,213,840 |
| Fire | 393,870 | 381,581 | 386,818 | 383,512 |
| Transportation | 1,167,448 | 1,139,246 | 1,220,558 | 1,129,278 |
| Public Health and Welfare | 255,971 | 205,711 | 153,395 | 146,672 |
| Community Development | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 214,635 | 273,331 | 318,917 | 296,834 |
| Basic Utility Service | 279,895 | 274,386 | 272,076 | 237,049 |
| Capital Outlay | 1,963,528 | 1,247,979 | 1,347,873 | 1,254,462 |
| Debt Service | | | | |
| Principal Retirement | 12,129 | 10,400 | 9,120 | 8,860 |
| Interest and Fiscal Charges | 10,801 | 10,956 | 11,616 | 12,221 |
| Total | \$6,528,234 | \$5,787,126 | \$5,903,587 | \$5,527,583 |

Source: City financial records

| 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$431,700 | \$1,070,738 | \$1,053,839 | \$827,876 | \$797,928 | \$1,042,347 |
| 2,637,057 | 2,626,006 | 2,667,839 | 2,464,708 | 2,460,140 | 2,686,250 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 78,968 | 70,328 | 22,449 | 32,205 | 0 | 0 |
| 1,317,306 | 600,413 | 745,648 | 819,624 | 440,284 | 88,474 |
| 363,909 | 213,160 | 259,664 | 188,666 | 145,479 | 224,099 |
| 16,760 | 41,074 | 30,071 | 36,697 | 51,071 | 28,830 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 503,888 | 476,046 | 424,050 | 386,799 | 316,294 | 322,984 |
| 17,810 | 0 | 0 | 0 | 0 | 0 |
| 405,497 | 109,971 | 265,947 | 141,581 | 277,185 | 188,032 |
| <u>\$5,772,895</u> | <u>\$5,207,736</u> | <u>\$5,469,507</u> | <u>\$4,898,156</u> | <u>\$4,488,381</u> | <u>\$4,581,016</u> |
| \$1,480,689 | \$1,532,689 | \$1,411,851 | \$1,385,603 | \$1,592,922 | \$1,483,807 |
| 1,359,979 | 1,125,793 | 1,439,599 | 1,084,348 | 1,122,375 | 1,263,592 |
| N/A | N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A | N/A |
| 1,109,183 | 975,683 | 1,383,089 | 1,209,195 | 781,303 | 732,200 |
| 124,620 | 113,483 | 200 | 102,386 | 125,526 | 1,629 |
| 0 | 84,683 | 20,412 | 37,976 | 11,815 | 22,144 |
| 248,407 | 180,858 | 182,038 | 165,168 | 175,732 | 175,227 |
| 247,849 | 184,866 | 326,764 | 272,951 | 241,415 | 239,499 |
| 1,421,262 | 649,360 | 484,479 | 228,259 | 1,569,546 | 1,931,072 |
| 255,000 | 265,000 | 21,000 | 19,242 | 316,000 | 41,100 |
| 24,538 | 20,738 | 8,866 | 12,617 | 20,998 | 8,514 |
| <u>\$6,271,527</u> | <u>\$5,133,153</u> | <u>\$5,278,298</u> | <u>\$4,517,745</u> | <u>\$5,957,632</u> | <u>\$5,898,784</u> |

City of Orrville, Ohio
Property Tax Levies and Collections - Real and Public Utility Taxes
Last Ten Years

| Year | Total Tax Levy (1) (2) | Current Tax Collections | Percentage of Current Tax Collections to Total Tax Levy | Delinquent Tax Collections | Total Tax Collections |
|------|---------------------------|-------------------------------|---|----------------------------------|-----------------------------|
| 2004 | \$404,593 | \$362,890 | 89.69% | \$15,519 | \$378,409 |
| 2003 | 403,460 | 361,460 | 89.59 | 7,432 | 368,892 |
| 2002 | 384,801 | 342,266 | 88.95 | 18,662 | 360,928 |
| 2001 | 351,743 | 335,214 | 95.30 | 9,840 | 345,054 |
| 2000 | 347,639 | 333,723 | 96.00 | 10,850 | 344,573 |
| 1999 | 332,783 | 310,792 | 93.39 | 5,654 | 316,446 |
| 1998 | 330,279 | 306,915 | 92.93 | 6,936 | 313,851 |
| 1997 | 310,660 | 299,638 | 96.45 | 6,554 | 306,192 |
| 1996 | 251,370 | N/A | N/A | N/A | N/A |
| 1995 | 268,749 | N/A | N/A | N/A | N/A |

Source: Wayne County Auditor

(1) State Reimbursement of Rollback and Homestead Exemptions are included.

(2) Amounts listed include penalties and interest.

| <u>Percentage of Total Collections to Total Tax Levy</u> | <u>Outstanding Delinquent Taxes (2)</u> | <u>Percentage of Outstanding Delinquent Taxes to Total Tax Levy</u> |
|--|---|---|
| 93.53% | \$22,344 | 5.52% |
| 91.43 | 18,612 | 4.61 |
| 93.80 | 26,873 | 6.98 |
| 98.10 | 6,689 | 1.90 |
| 99.12 | 2,186 | 0.63 |
| 95.09 | 6,719 | 2.02 |
| 95.03 | 8,976 | 2.72 |
| 98.56 | 8,102 | 2.61 |
| N/A | 4,725 | 1.88 |
| N/A | 11,015 | 4.10 |

City of Orrville, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 Assessed Value)
Last Ten Years

| Year | City of Orrville | Wayne County | Orrville City Schools | Wayne County Joint Vocational School | Townships | Other (a) | Total |
|------|------------------|--------------|-----------------------|--------------------------------------|-----------|-----------|---------|
| 2004 | \$2.80 | \$8.75 | \$46.60 | \$4.10 | \$0.40 | \$1.75 | \$64.40 |
| 2003 | 2.80 | 8.75 | 46.60 | 4.10 | 0.40 | 1.75 | 64.40 |
| 2002 | 2.80 | 8.75 | 46.60 | 4.10 | 0.40 | 1.75 | 64.40 |
| 2001 | 2.80 | 8.75 | 46.60 | 4.10 | 0.40 | 1.75 | 64.40 |
| 2000 | 2.80 | 8.75 | 46.60 | 4.10 | 0.40 | 1.75 | 64.40 |
| 1999 | 2.80 | 8.75 | 46.60 | 4.10 | 0.40 | 1.75 | 64.40 |
| 1998 | 2.80 | 8.35 | 46.66 | 4.10 | 0.40 | 1.75 | 64.06 |
| 1997 | 2.80 | 8.35 | 48.06 | 4.10 | 0.40 | 1.75 | 65.46 |
| 1996 | 2.80 | 8.35 | 46.80 | 4.10 | 0.40 | 1.75 | 64.20 |
| 1995 | 2.80 | 8.35 | 46.80 | 4.10 | 0.40 | 1.75 | 64.20 |

(a) Includes Wayne Holmes Mental Health 1 mill levy and Orrville Library .75 mill levy.

Source: Wayne County, Ohio; County Auditor

City of Orrville, Ohio
Special Assessment Collections (1)
Last Ten Years

| Year | Total Assessments Due | Current Collections (2) | Ratio of Collections to Amount Due |
|------|-----------------------------|----------------------------|--|
| 2004 | \$29,770 | \$12,129 | 41 % |
| 2003 | 25,505 | 21,186 | 83 |
| 2002 | 24,663 | 16,977 | 69 |
| 2001 | 8,860 | 8,860 | 100 |
| 2000 | 12,728 | 11,785 | 93 |
| 1999 | 24,570 | 23,409 | 95 |
| 1998 | 24,910 | 23,140 | 93 |
| 1997 | 33,064 | 32,205 | 97 |
| 1996 | 21,380 | 20,389 | 95 |
| 1995 | 24,367 | 23,789 | 98 |

Source: Wayne County, Ohio; County Auditor

(1) Represents special assessments collected by the County for the retirement of debt.

(2) Includes the amounts billed and collected for City special assessments for recent tax collection years. "Billed" includes current charges, including interest. "Collected" includes collections of current "billed" and delinquencies.

City of Orrville, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

| Year (1) | Real Property | | Public Utility Property | |
|----------|----------------|----------------------------|-------------------------|----------------------------|
| | Assessed Value | Estimated Actual Value (2) | Assessed Value | Estimated Actual Value (2) |
| 2004 | \$135,478,430 | \$387,081,229 | \$2,077,010 | \$2,360,239 |
| 2003 | 131,864,180 | 376,754,800 | 2,099,430 | 2,385,716 |
| 2002 | 132,460,900 | 378,459,714 | 2,168,600 | 2,464,318 |
| 2001 | 121,989,850 | 348,542,429 | 3,632,920 | 4,128,318 |
| 2000 | 121,356,540 | 346,732,971 | 2,811,990 | 3,195,443 |
| 1999 | 116,613,000 | 333,180,000 | 3,319,780 | 3,772,477 |
| 1998 | 112,608,720 | 321,739,200 | 3,437,800 | 3,906,591 |
| 1997 | 107,586,730 | 307,390,657 | 3,438,850 | 3,907,784 |
| 1996 | 87,671,500 | 250,490,000 | 3,404,320 | 3,868,545 |
| 1995 | 83,931,710 | 239,804,886 | 3,726,970 | 4,235,193 |

Source: Wayne County, Ohio; County Auditor

- (1) The year represents collection year.
- (2) The percentages for 2003 and 2004 were 35% for real property, 35% for public utility real, 88% for public utility tangible, 25% for capital assets and 23% for inventory for tangible personal.

| Tangible Personal Property | | Total | | |
|----------------------------|----------------------------|----------------|------------------------|--------|
| Assessed Value | Estimated Actual Value (2) | Assessed Value | Estimated Actual Value | Ratio |
| \$37,227,546 | \$148,910,184 | \$174,782,986 | \$538,351,652 | 32.47% |
| 41,427,628 | 165,710,512 | 175,391,238 | 544,851,028 | 32.19 |
| 51,504,020 | 206,016,080 | 186,133,520 | 586,940,112 | 31.71 |
| 47,813,902 | 191,255,608 | 173,436,672 | 543,926,355 | 31.89 |
| 45,578,894 | 182,315,576 | 169,747,424 | 532,243,990 | 31.89 |
| 41,889,730 | 167,558,920 | 161,822,510 | 504,511,397 | 32.08 |
| 45,293,320 | 181,173,280 | 161,339,840 | 506,819,071 | 31.83 |
| 39,044,288 | 156,177,152 | 150,069,868 | 467,475,593 | 32.10 |
| 34,653,755 | 138,615,020 | 125,729,575 | 392,973,565 | 31.99 |
| 38,670,088 | 154,680,352 | 126,328,768 | 398,720,431 | 31.68 |

City of Orrville, Ohio
*Ratio of Annual Debt Service Expenditures For
 General Bonded Debt to Total Governmental Expenditures
 Last Ten Years*

| Year | Principal | Interest | Total Debt Service | Total Governmental Expenditures | Ratio of Debt Service To Total Governmental Expenditures |
|---------------|-----------|----------|--------------------------|---------------------------------------|--|
| 1997-2004 (1) | N/A | N/A | N/A | N/A | N/A |
| 1996 | 25,000 | 1,469 | 26,469 | 5,957,632 | 0.44 |
| 1995 | 25,000 | 2,938 | 27,938 | 5,898,784 | 0.47 |

Source: City financial records

(1) General obligation debt was retired in 1996.

City of Orrville, Ohio
Revenue Bond Coverage
Last Ten Years

| Fund/Year | Operating Revenues (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements (3) | | | Coverage |
|-----------------------|------------------------|------------------------|--|-------------------------------|-------------|-------------|----------|
| | | | | Principal | Interest | Total | |
| Electric Fund: | | | | | | | |
| 1995 | \$15,859,085 | \$12,070,051 | \$3,789,034 | \$630,000 | \$1,335,378 | \$1,965,378 | 1.93 |
| 1996 | 16,188,414 | 12,437,163 | 3,751,251 | 670,000 | 1,291,278 | 1,961,278 | 1.91 |
| 1997 | 16,554,437 | 12,036,514 | 4,517,923 | 930,000 | 1,156,644 | 2,086,644 | 2.17 |
| 1998 | 17,689,972 | 12,533,335 | 5,156,637 | 1,020,000 | 1,069,939 | 2,089,939 | 2.47 |
| 1999 | 17,636,132 | 13,995,474 | 3,640,658 | 1,130,000 | 871,517 | 2,001,517 | 1.82 |
| 2000 | 17,574,117 | 14,533,866 | 3,040,251 | 1,165,000 | 808,294 | 1,973,294 | 1.54 |
| 2001 | 19,705,834 | 15,781,278 | 3,924,556 | 1,215,000 | 761,289 | 1,976,289 | 1.99 |
| 2002 | 19,538,733 | 17,566,833 | 1,971,900 | 1,260,000 | 740,121 | 2,000,121 | 0.99 |
| 2003 | 20,852,917 | 19,022,457 | 1,830,460 | 1,310,000 | 544,252 | 1,854,252 | 0.99 |
| 2004 | 23,254,909 | 20,148,363 | 3,106,546 | 1,375,000 | 640,384 | 2,015,384 | 1.54 |
| Water Fund: | | | | | | | |
| 1995 | \$2,078,934 | \$1,058,443 | \$1,020,491 | \$200,000 | \$522,804 | \$722,804 | 1.41 |
| 1996 | 2,179,181 | 1,179,560 | 999,621 | 210,000 | 515,204 | 725,204 | 1.38 |
| 1997 | 2,535,039 | 1,230,510 | 1,304,529 | 220,000 | 506,279 | 726,279 | 1.80 |
| 1998 | 2,564,567 | 1,113,054 | 1,451,513 | 230,000 | 496,379 | 726,379 | 2.00 |
| 1999 | 2,543,489 | 1,207,619 | 1,335,870 | 240,000 | 485,684 | 725,684 | 1.84 |
| 2000 | 2,480,785 | 1,335,435 | 1,145,350 | 250,000 | 474,284 | 724,284 | 1.58 |
| 2001 | 2,674,119 | 1,536,782 | 1,137,337 | 265,000 | 492,380 | 757,380 | 1.50 |
| 2002 | 2,454,413 | 1,931,137 | 523,276 | 263,294 | 272,061 | 535,355 | 0.98 |
| 2003 | 2,459,971 | 1,484,096 | 975,875 | 385,000 | 298,947 | 683,947 | 1.43 |
| 2004 | 2,590,025 | 1,619,417 | 970,608 | 395,000 | 304,307 | 699,307 | 1.39 |

Source: City Financial Records

(1) Total operating revenues include transfers in and interest revenue, in accordance with the bond indenture agreements.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of revenue bonds only.

City of Orrville, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2004

| | General Obligation Debt Outstanding | Percentage Applicable to City (1) | Amount Applicable to City of Orrville |
|-----------------------------------|---|---|--|
| City of Orrville | \$0 | 100.00 % | \$0 |
| Wayne County | 11,780,500 | 8.74 | 1,029,616 |
| Orrville City Schools | 2,925,000 | 80.39 | 2,351,408 |
| Total Overlapping Debt | 14,705,500 | | 3,381,024 |
| Total Direct and Overlapping Debt | \$14,705,500 | | \$3,381,024 |

Source: Wayne County, Ohio; County Auditor

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the assessed valuation of the political subdivision.

City of Orrville, Ohio
*Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Years*

| Year | Net General Bonded Debt | Assessed Value | Population | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|---------------|-------------------------------|-------------------|------------|---|--|
| 1996-2004 (1) | N/A | N/A | N/A | N/A | N/A |
| 1995 | \$25,000 | \$126,328,768 | 8,127 | 0.02% | 3.08 |

Source: Wayne County, Ohio; County Auditor

(1) General obligation debt was retired in 1995.

City of Orrville, Ohio
Computation of Legal Debt Margin
December 31, 2004

| | | |
|---|-------------------|----------------------------|
| Assessed Value | | \$174,782,986 |
| Legal Debt Margin: | | |
| Debt Limitation - 10.5% of Assessed Value | | 18,352,214 |
| Debt Applicable to Limitation: | | |
| Special Assessment Bonds | \$139,637 | |
| Notes | 900,000 | |
| OPWC Loan | 846,197 | |
| OWDA Loans | 3,753,295 | |
| Revenue Bonds | 7,200,000 | |
| Mortgage Revenue Bonds | <u>11,220,000</u> | |
| Gross Indebtedness (Total Voted and Unvoted Debt) | <u>24,059,129</u> | |
| Less: Debt Outside Limitations: | | |
| Special Assessments Bonds | 139,637 | |
| OPWC Loan | 846,197 | |
| OWDA Loans | 3,753,295 | |
| Revenue Bonds | 7,200,000 | |
| Mortgage Revenue Bonds | <u>11,220,000</u> | |
| Total Debt Outside Limitations | <u>23,159,129</u> | |
| Total Debt Applicable to Limitation - Within 10.5% Limitations | 900,000 | |
| Less: Amount Available in Debt Service Fund to pay debt applicable to limitation | <u>0</u> | |
| Net Debt Within 10.5% Limitation | | <u>900,000</u> |
| Overall Debt Margin Within 10.5% Limitation | | <u><u>\$17,452,214</u></u> |
| ***** | | |
| Unvoted Debt Limitation - 5.5% of Assessed Valuation | | \$9,613,064 |
| Gross Indebtedness Authorized by Council | \$24,059,129 | |
| Less: Debt Outside Limitations: Total Debt Outside Limitations | <u>23,159,129</u> | |
| Debt Within 5.5% Limitations | 900,000 | |
| Less Amount Available in Debt Service Fund | <u>0</u> | |
| Net Debt Within 5.5% Limitation | | <u>900,000</u> |
| Unvoted Debt Margin Within 5.5% Limitation | | <u><u>\$8,713,064</u></u> |

Source: City Financial Records

City of Orrville, Ohio
Demographic Statistics
Last Five Censuses

| <u>Year</u> | <u>Population</u> |
|-------------|-------------------|
| 2000 | 8,551 |
| 1990 | 7,712 |
| 1980 | 7,511 |
| 1970 | 7,408 |
| 1960 | 6,511 |

2000 Census Information:

| | |
|--------------------------------------|----------|
| Sex: | |
| Male | 4,143 |
| Female | 4,408 |
| Median Age | 35.50 |
| Total Households | 3,305 |
| Persons per Household | 2.55 |
| Median Income | \$36,500 |
| Median Dollar Value of Housing Units | \$99,500 |

Source: U.S. Bureau of the Census

City of Orrville, Ohio
Property Value, Construction and Bank Deposits
Last Ten Years

| Year | Property Value (2) | Real Property Value | | | Residential | |
|------|--------------------|---------------------|------------|---------------|-----------------|------------------------|
| | | Number of Units | Industrial | Total Value | Number of Units | Construction Value (2) |
| 2004 | \$174,782,986 | 0 | \$0 | \$174,782,986 | 17 | \$2,133,200 |
| 2003 | 175,391,238 | 20 | 7,794,999 | 183,186,237 | 16 | 1,753,500 |
| 2002 | 186,133,520 | 26 | 0 | 186,133,520 | 21 | 1,832,500 |
| 2001 | 173,436,672 | 24 | 18,000 | 173,454,672 | 21 | 2,758,768 |
| 2000 | 169,747,424 | 26 | 800,000 | 170,547,424 | 23 | 4,199,766 |
| 1999 | 161,822,510 | 21 | 1,500,000 | 163,322,510 | 18 | 2,950,793 |
| 1998 | 161,339,840 | 27 | 150,000 | 161,489,840 | 26 | 4,167,556 |
| 1997 | 150,069,868 | 29 | 0 | 150,069,868 | 29 | 4,942,274 |
| 1996 | 125,729,575 | 33 | 0 | 125,729,575 | 29 | 5,270,594 |
| 1995 | 126,328,768 | 44 | 6,000,000 | 132,328,768 | 38 | 4,159,750 |

Sources:

- (1) City building permit reports
- (2) Represents total assessed value
- (3) Federal Reserve Bank of Cleveland, Ohio
- (4) Large decrease from prior year caused by National City Bank purchasing Wayne County National Bank.

| Commercial (1) | | Domestic Bank Deposits in County (3) |
|--------------------|---------------------------|---|
| Number of Units | Construction Value (2) | |
| 2 | \$1,218,500 | \$522,783 (4) |
| 0 | 686,451 | 1,177,332 |
| 5 | 0 | 1,188,627 |
| 2 | 18,000 | 1,027,953 |
| 2 | 800,000 | 916,326 |
| 2 | 1,500,000 | 1,598,818 |
| 0 | 150,000 | 1,833,954 |
| 1 | 0 | 1,785,711 |
| 4 | 0 | 856,765 |
| 5 | 6,000,000 | 935,634 |

City of Orrville, Ohio

Principal Employers

December 31, 2004

| <u>Employer</u> | <u>Nature of Business or Activity</u> | <u>Approximate Number of Employees</u> |
|-------------------------------------|---|--|
| J.M. Smucker Company | Processing of Jams, Jellies and Preserves | 1,000 |
| Will-Burt Company, Incorporated | Manufacturer of Heating Equipment | 275 |
| Quality Castings Company | Manufacturer of Castings | 250 |
| Smith Dairy Products Company | Processing of Dairy Products | 220 |
| Buehlers | Food Stores | 220 |
| University of Akron/Wayne College | Higher Education | 200 |
| Contours, Incorporated | Fabrication of Formed Wire Products | 180 |
| Dunlap Hospital | Health Care | 175 |
| Orrville City Schools | Education | 170 |
| City of Orrville/Orrville Utilities | Local Government/Public Utilities | 147 |
| Schantz Organ Company | Manufacturer of Pipe Organs | 101 |

Source: Wayne County, Ohio; County Auditor

City of Orrville, Ohio

Principal Taxpayers

December 31, 2004

| <u>Taxpayer</u> | <u>Assessed Value</u> | <u>Percent of Total Assessed Value</u> |
|---------------------------------|-----------------------|--|
| J.M. Smucker Company | \$6,099,800 | 3.49 % |
| Orvilla Inc | 2,464,690 | 1.41 |
| Smith Dairy Products Company | 1,949,960 | 1.12 |
| Contours, Incorporated | 1,671,780 | 0.96 |
| Orrville Hospital Foundation | 1,578,360 | 0.90 |
| TS Acquisition | 1,283,190 | 0.73 |
| Elden Properties | 1,197,700 | 0.69 |
| Will-Burt Company, Incorporated | 1,036,970 | 0.59 |
| Wayne Orrville Investments LLC | 807,440 | 0.46 |
| Jeanne Stepfield | <u>688,900</u> | <u>0.39</u> |
| Totals | <u>\$18,778,790</u> | <u>10.74 %</u> |
| Total Assessed Valuation | <u>\$174,782,986</u> | |

Source: Wayne County, Ohio; County Auditor

City of Orrville, Ohio
Miscellaneous Statistics
 December 31, 2004

| | |
|--|-------------------------|
| Date of Incorporation | October 5, 1951 |
| Form of Government | Charter (Mayor/Council) |
| Area | 3844 acres |
| Miles of Streets | 46 |
| Miles of Storm Sewers | 150 |
| Number of Traffic Lights | 11 |
| Hospital | 1 |
| | |
| Employees: | |
| (Not including Police and Fire) | |
| Full-Time | 133 |
| Part-Time | 2 |
| | |
| Fire Protection: | |
| Number of Stations | 2 |
| Number of Firefighters and Officers | 41 |
| | |
| Police Protection: | |
| Number of Stations | 1 |
| Number of Police Officers | |
| Full-Time | 14 |
| Part-Time | 2 |
| | |
| Building Permits Issued: | |
| (Including Additions to | |
| Previously Constructed Buildings) | 163 |
| | |
| Recreation and Culture: | |
| Number of Parks | 6 |
| Number of Libraries | 1 |
| Number of Swimming Pools | 1 |
| Number of Tennis Courts | 6 |
| Number of Baseball and Softball Diamonds | 7 |
| | |
| Municipal Utilities: | |
| Miles of Water Mains | 57 |
| Miles of Electric Lines | 260 |
| Miles of Sanitary Sewer | 42 |
| Number of Consumers: | |
| Water | |
| Residential | 3,108 |
| Commercial | 369 |
| Electric | |
| Residential | 5,862 |
| Commercial | 798 |
| Industrial | 11 |
| Sewer | |
| Residential | 2,964 |
| Commercial | 305 |

Source: City Records

City of Orrville, Ohio

Mayor
Dennis R. Steiner

City Council President
David Handwerk

City Council Members
Rich Corfman
Deborah Garrett
Tom Purdy
Ron Brillhart
Dennis Landaw
Bob Weaver
Lyle Baker

Public Utility Board President
William Sampson

Public Utility Board Members
Dave Shrader
Roland Lehman, Jr.
Robert Maglio
Ken Stuter



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF ORRVILLE

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
JULY 14, 2005**