

City of Rittman, Ohio



**Comprehensive Annual Financial Report
For the Year Ended
December 31, 2009**



Mary Taylor, CPA
Auditor of State

Honorable Mayor and City Council
City of Rittman
30 North Main Street
Rittman, Ohio 44270

We have reviewed the *Independent Auditor's Report* of the City of Rittman, Wayne County, prepared by Rea & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 2, 2010

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INTRODUCTORY SECTION

City of Rittman, Ohio

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

**Issued by: Finance Department
Barbara Rissland, CPA, Finance Director**

City of Rittman, Ohio

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2009**

| Table of Contents | Page |
|---|-------------|
| I. Introductory Section | |
| Title Page | i |
| Table of Contents | ii |
| Letter of Transmittal | vi |
| City Officials..... | x |
| Organizational Chart..... | xi |
| GFOA Certificate of Achievement | xii |
| II. Financial Section | |
| Independent Auditor’s Report..... | 1 |
| Management’s Discussion and Analysis..... | 3 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statements of Net Assets..... | 13 |
| Statement of Activities..... | 14 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 16 |
| Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities | 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds..... | 18 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 19 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual: | |
| General Fund | 20 |
| Statement of Fund Net Assets – Proprietary Funds | 21 |

City of Rittman, Ohio

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2009**

Table of Contents (Continued) **Page**

II. Financial Section (continued)

| | |
|---|----|
| Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds | 22 |
| Statement of Cash Flows – Proprietary Funds | 23 |
| Statement of Fiduciary Net Assets – Agency Funds | 24 |
| Notes to the Basic Financial Statements | 25 |

Combining Statements and Individual Fund Schedules:

Combining Statements: Non-Major Funds:

| | |
|---|----|
| Fund Descriptions | 52 |
| Combining Balance Sheet – Non-Major Governmental Funds..... | 54 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds | 55 |
| Combining Balance Sheet – Non-Major Special Revenue Funds..... | 56 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Special Revenue Funds | 57 |
| Combining Statement of Changes in Assets and Liabilities Agency Funds | 58 |

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

Major and Non-Major Funds:

| | |
|--|----|
| General Fund..... | 60 |
| Capital Improvements Fund..... | 64 |
| Emergency Medical Service Fund | 65 |
| Street Maintenance and Repair Fund | 66 |
| State Highway Fund..... | 67 |
| Permissive Tax Fund..... | 68 |
| Permissive Tax II Fund | 69 |
| Police Pension Fund..... | 70 |
| Law Enforcement and Education Fund..... | 71 |
| Law Enforcement Fund..... | 72 |
| Law Enforcement Assistance Grant Fund..... | 73 |
| Education and Recreation Assistance Fund | 74 |
| FEMA Grant Fund | 75 |

City of Rittman, Ohio

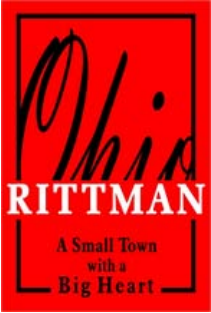
**Comprehensive Annual Financial Report
For the Year Ended December 31, 2009**

| Table of Contents (Continued) | Page |
|--|-------------|
| II. Financial Section (continued) | |
| Fire Department Levy Fund | 76 |
| Debt Retirement Fund | 77 |
| Water Fund | 78 |
| Sewer Fund | 80 |
| III. Statistical Section | |
| Net Assets by Component – Last Eight Fiscal Years | S-3 |
| Changes in Nest Assets – Last Eight Fiscal Years..... | S-4 |
| Fund Balances, Governmental Funds – Last Eight Fiscal Years | S-6 |
| Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years..... | S-7 |
| Assessed Valuations and Estimated True Values – Last Ten Years..... | S-8 |
| Property Tax Levies and Collections – Last Ten Years..... | S-9 |
| Principal Taxpayers – Real Estate Tax – 2009 and 2003..... | S-10 |
| Principal Taxpayers – Public Utility – 2009 and 2003 | S-11 |
| Municipal Income Tax Collections by Source – Last Ten Years | S-12 |
| Ratio of Outstanding Debt by Type – Last Ten Years | S-13 |
| Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Years..... | S-14 |
| Computation of Direct and Overlapping Debt | S-15 |
| Legal Debt Margin – Last Ten Fiscal Years | S-16 |
| Schedules of Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures and Revenue Bond Coverage – Last Ten Fiscal Years..... | S-18 |

City of Rittman, Ohio

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2009**

| Table of Contents (Continued) | Page |
|--|-------------|
| III. Statistical Section (continued) | |
| Principal Employers – 2009 and 2003 | S-19 |
| Demographic and Economic Statistics – Last Ten Years | S-20 |
| Full Time Employees by Function/Program – Last Eight Years | S-21 |
| Operating Indicators by Function/Program – Last Eight Years | S-22 |
| Capital Assets Statistics by Function/Program – Last Eight Years | S-26 |



The City of Rittman Offices

30 North Main Street
Rittman, Ohio 44270
330-925-2064
www.rittman.com

Barbara A. Rissland, CPA
Finance Director
brissland@rittman.com

June 25, 2010

Members of Rittman City Council and
Citizens of Rittman, Ohio

The Comprehensive Annual Financial Report (CAFR) of the City of Rittman (the “City”) for the fiscal year ended December 31, 2009 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respect and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements and complements this letter of transmittal and should be read in conjunction with it.

The City’s Finance Department is responsible for management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed its anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

In developing and revising the City’s accounting and reporting control systems, consideration is given to the adequacy of internal controls to provide reasonable but not absolute assurance regarding the safeguarding of assets from loss, theft, or misuse and reliability of financial records for preparing the City’s financial statements in conformity with Generally Accepted Accounting Principles (GAAP) and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

As management, we believe the data presented is accurate in all material aspects and that all disclosures necessary to enable the reader to acquire the maximum understanding of the City’s financial activity have been included.

The City of Rittman

The City of Rittman is located in the north central part of the State of Ohio, within the boundaries of Wayne and Medina Counties. The City of Rittman is a home rule municipal corporation under the laws of the State of Ohio and, as such, operates under its own Charter. The current Charter was adopted in 1960 and has undergone three amendments since that time. The government consists of a Mayor and six-member Council.

The Mayor and all members of City Council are elected to four-year terms. All of these officials are elected on an at-large basis.

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

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

The Annual Budget serves as the foundation for the City's financial planning and control. The City complies with the requirements of the Ohio Revised Code in the adoption of the Budget. Appropriations for the operation of various City departments are established through the passage of an ordinance by City Council. Budgetary control is facilitated through the maintenance of an encumbrance system for purchase orders, and through the use of the City's automated financial system.

The appropriated budget is prepared by fund, (e.g., General Fund), department (e.g., Police) and line item (e.g., Personal Services). The City Council may pass supplemental appropriations at any time by ordinance. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The General Fund is presented in the required supplementary section, beginning on page 20. For other funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 60.

2009 Initiatives

The Milton Road lift station replacement project, designed to protect the residents of the "Southfork" allotment from sanitary sewer backups during flooding conditions, was completed in 2009 at a cost of \$135,000. This project brought to light a connected problem related to a sewer main that runs under the CSX railroad tracks. Due to age, the line under the tracks has narrowed causing constriction of the line. An engineer was hired in 2009 to design a replacement line to be bored under the railroad tracks. Since the Southfork allotment and areas of South Main Street, Front Street and Willow Street are serviced by this section of sewer line, it has been deemed a priority for replacement. This project was bid in 2009 and will be completed in 2010.

A water line replacement project was completed for the Industrial Street and Wayne Street areas with the help of a \$168,383 grant from the Ohio Public Works Commission. This final section of 2500 feet of waterline completes the replacement of new water lines in the area of East Sunset, Brookside, Wayne, Industrial, and North Seneca Streets. Since this service area has been a constant problem with repairs, completion of the new water lines will greatly improve service delivery to the residents.

In 2009, the City received a USDA grant and loan to replace the existing police department radio console, which was twenty-eight (28) years old and exceeding its life expectancy. The new console valued at approximately \$115,000, was installed in 2009.

The City also received Community Development Block Grant (CDBG) funding through Wayne County for the Fairlawn Street sidewalk replacement project and will receive funding in 2010 for light-emitting diode (LED) streetlights. The goal of this project will be to improve the City's street lighting while saving money on electric bills.

Finally, the resurfacing of several main arteries, including the section of East Ohio Avenue from East Sunset to Main Street and the section of South Main Street from Ohio Avenue to the city limits south of town, was completed in 2009. OPWC funds helped to defer part of these street improvements.

Development Activities

In 2009, the City, in conjunction with the Rittman Area Chamber of Commerce, contracted with Poggemeyer Design Group to conduct a downtown revitalization study. Work done by Poggemeyer will provide guidance and suggestions to improve the downtown area. After receipt and implementation of the final documents, the City intends to pursue further grants available for downtown redevelopment.

The Rittman Exempted Village Schools began construction of a replacement high school on Saurer Street. With the help of state funding, the school system is continuing with their plan to create a school campus area. When completed, the current high school will either be revamped or torn down to make way for a replacement middle school.

In 2009, the City reached an agreement to provide sewer service to the Apostolic Nursing Home, which is located outside the City limits but within the City's sewer service area. This project includes the construction of a sewer line by the nursing home which will provide for the possibility of an additional 20 service tie-ins. Since the City has additional capacity available at the waste water treatment facility, projects of this type will help defray fixed costs, therefore keeping rates lower for the citizens of the City.

Discussions continued with a private school that is interested in connecting to the City's utility system. This project includes the possibility of annexation and the potential creation of 30 new jobs.

Lastly, the City continued attempts to facilitate the redevelopment of a vacant industrial site. This site is comprised of 100 plus usable acres, and contains rail spurs, independent water wells and very convenient access to several highway systems. The City has had initial discussions with interested parties and is hopeful that there may be some progress in 2010.

Long-term Financial Planning

In an effort to be proactive instead of reactive, the City continually evaluates its revenues and expenditures, especially those under its control. To ensure ongoing sustainability, the City implemented rate increases in the trash utility and restructured the sewer rate which effectively increased that revenue stream, too. Also during the year, a committee was formed to evaluate the income tax rate and the amount of credit granted to residents who work outside the City and pay taxes to other municipalities. This evaluation is planned to be completed in 2010.

In 2009, the Administration began work on the development of a five-year capital improvement program to assess the City's ability to meet the needs of the community in future years. One component of the plan is long-term financial projections, which are intended to indicate the need for continued cost containment or revenue enhancement efforts. It is anticipated that the completed plan will be presented to Council in 2010.

Economic Condition and Outlook

Although 2009 may have not been the best economic year globally, the City of Rittman was fortunate to have some growth in governmental revenues. Excluding contributions and other income, governmental revenues actually increased by approximately 3.0% on a modified accrual basis. This fact, compounded by fiscally conservative management of expenditures, permitted the City to end the year in a favorable position.

Unfortunately, the City of Rittman has not been totally unaffected by the current downturn in the economy. Interest rates for investments have fallen which caused lower than anticipated revenues in several funds for 2009. Lower interest rates and the impact of general inflation for goods and services are pushing the City to remain vigilant in evaluating their financial position. The City Manager continues to look for other ways to expand the city's tax base though, focusing on small businesses looking to relocate. Looking forward, the City will continue to do what it can to draw on its resources and weather the storm of poor economic times.

Independent Audit

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

Certification of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rittman, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008. The City has received this award since 1996, the first year that the City prepared and submitted a CAFR. The Certificate of Achievement is a prestigious national award, recognizing conformance to the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, 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 that our current Comprehensive Annual Financial Report conforms to Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

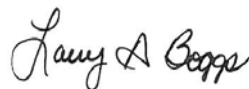
Acknowledgments

The preparation of this report could not have been accomplished without the dedicated services of the administrative staff. The staff at the Wayne County Auditor's Office was helpful as always. In addition, gratitude is extended to the independent auditing firm of James G. Zupka, Certified Public Accountants, Incorporated and Sujata Sulzer, Partner, for their advice, guidance and patience. Finally, a special acknowledgment is given to City Council and to Larry Boggs, City Manager for their support and commitment to responsible fiscal reporting.

Respectfully Submitted,



Barbara A. Rissland, CPA
Finance Director



Larry A. Boggs
City Manager

City of Rittman, Ohio

**City Officials
For the Year Ended December 31, 2009**

Mayor

William Robertson

Council Members

Darrell Carey, President

Richard Lapehn

Lynn Beaumont

Rick Hanlon

William Workman

Glen Russell

City Manager

Larry Boggs

*Finance Director/Treasurer**

Barbara Rissland

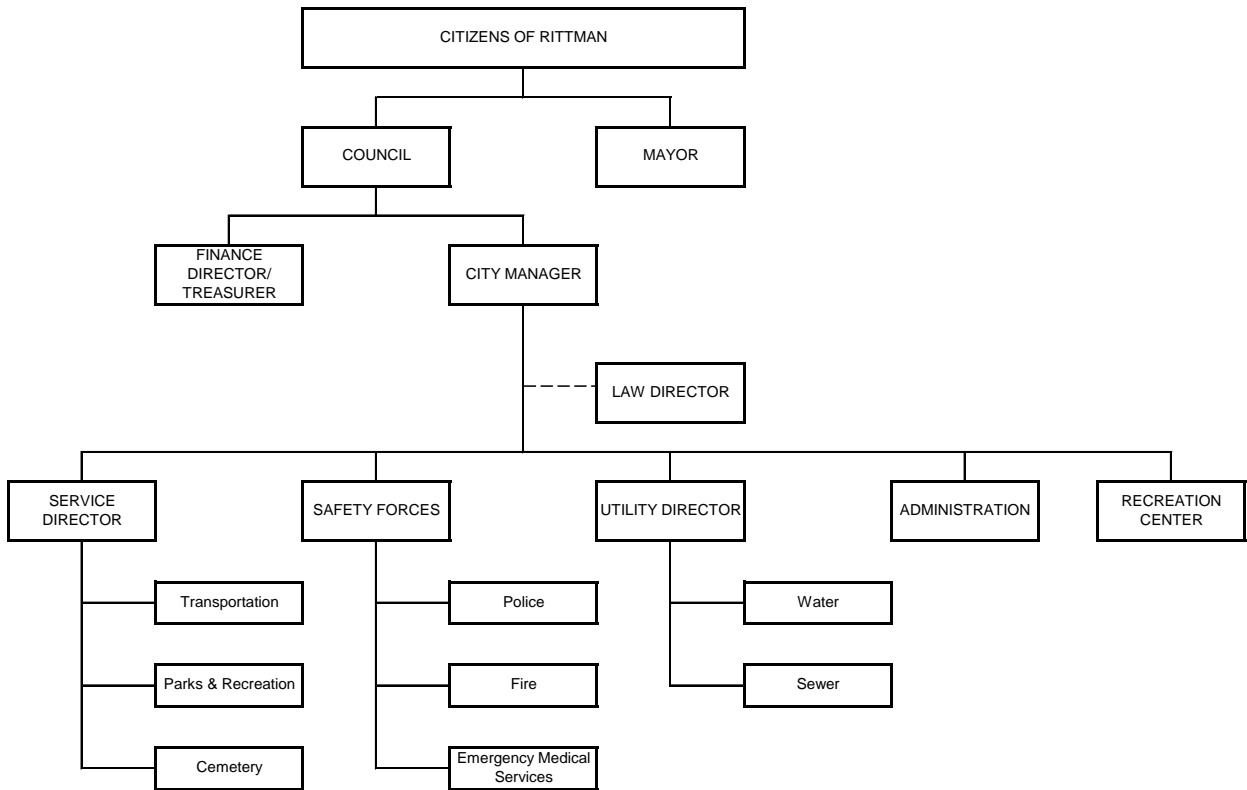
Director of Law

G. Kevin Bower

* - Started September 21, 2009, position previously held by Lucinda Mann

City of Rittman, Ohio

**Organizational Chart
For the Year Ended December 31, 2009**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rittman
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

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.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

June 25, 2010

To the Honorable Mayor and City Council
City of Rittman
Wayne County, Ohio

INDEPENDENT AUDITOR'S REPORT

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 Rittman, Ohio, as of and for the year ended December 31, 2009, 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 of Rittman'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Rittman, Ohio, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective 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 June 25, 2010, on our consideration of the City of Rittman'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 11 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financials statements that collectively comprise the City of Rittman, Ohio's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kea & Associates, Inc.

City of Rittman, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2009

The discussion and analysis of the City of Rittman's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements, and notes to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The total net assets of the City increased \$565,193. Net assets of governmental activities increased \$164,080, which represents a 2.3 percent increase from 2008. Net assets of business-type activities increased \$401,113 or 3.9 percent from 2008.
- General revenues, for governmental activities, accounted for \$2,471,630 or 53.7 percent of total governmental activities revenue. Program specific revenues accounted for \$2,133,999 or 46.3 percent of total governmental activities revenue.
- Governmental activities' capital assets, net of accumulated depreciation, decreased \$185,023, primarily due to current year depreciation exceeding capital additions.
- The City had \$4,441,549 in expenses related to governmental activities; \$2,133,999 of these expenses was offset by program specific charges for services, grants, and contributions. General revenues (primarily taxes) of \$2,471,630 were sufficient to offset these program expenses.
- The General Fund, the City's largest major governmental fund, had revenues of \$2,880,921 in 2009, or 64.6 percent of total governmental funds. Expenditures of the General Fund were \$2,731,068, or 63.1 percent of total governmental funds. The General Fund balance increased \$67,853, or 7.6 percent in 2009.

Using this Comprehensive Annual Financial Report (CAFR)

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

The Statement of Net Assets and Statement of Activities provide summary information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor governmental funds presented in total in one column. In the case of the City, there are two major governmental funds and two major enterprise funds.

City of Rittman, Ohio

Management's Discussion and Analysis (continued)
For the Year Ended December 31, 2009

Reporting the City as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and answers the question, "How did we do financially during 2009?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

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

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, safety services, public health and welfare, transportation, leisure time activities, and basic utility services. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a fee-for-usage basis to recover all or a significant portion of the expenses of the goods or services provided. The City's business-type activities include water and sewer services.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the activities within the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the General Fund and the Capital Improvements Fund. An analysis of the City's major governmental funds begins on page 9.

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2009

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 16-20 of this report.

Proprietary Funds

Proprietary funds (Water and Sewer) have historically operated as enterprise funds and are used to report the same functions presented as business-type activities in the government-wide financial statements. Since they use the same basis of accounting as business-type activities, these fund statements will essentially match the information provided in statements for the City as a whole. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are not reflected in the government-wide financial statements because resources are not available to support the City's own programs. The City has only agency funds to report within the fiduciary fund category. Agency funds are reported on a full accrual basis of accounting and only present a statement of fiduciary net assets. The basic fiduciary fund financial statement can be found on page 24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-50 of this report.

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2009

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules, which can be found on pages 52-81 of this report.

Government-Wide Financial Analysis

The Statement of Net Assets provides the perspective of the City as a whole.

Table 1 below provides a summary of the City's net assets for 2009 compared to 2008:

Table 1 - Net Assets

| | Governmental | | Business-Type | | Total | |
|---|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | <u>2009</u> | <u>2008*</u> | <u>2009</u> | <u>2008*</u> | <u>2009</u> | <u>2008*</u> |
| Assets | | | | | | |
| Current and Other Assets | \$ 3,383,776 | \$ 2,966,434 | \$ 1,997,136 | \$ 1,868,992 | \$ 5,380,912 | \$ 4,835,426 |
| Capital Assets | 6,222,158 | 6,407,181 | 12,204,583 | 12,264,999 | 18,426,741 | 18,672,180 |
| Total Assets | <u>9,605,934</u> | <u>9,373,615</u> | <u>14,201,719</u> | <u>14,133,991</u> | <u>23,807,653</u> | <u>23,507,606</u> |
| Liabilities | | | | | | |
| Other Liabilities | 921,985 | 843,911 | 144,397 | 161,653 | 1,066,382 | 1,005,564 |
| Long-term Liabilities | 1,290,467 | 1,300,302 | 3,408,721 | 3,724,850 | 4,699,188 | 5,025,152 |
| Total Liabilities | <u>2,212,452</u> | <u>2,144,213</u> | <u>3,553,118</u> | <u>3,886,503</u> | <u>5,765,570</u> | <u>6,030,716</u> |
| Net Assets | | | | | | |
| Invested in Capital Assets, Net of Debt | 5,058,788 | 5,216,000 | 8,840,788 | 8,616,644 | 13,899,576 | 13,832,644 |
| Restricted | 1,139,977 | 968,515 | - | - | 1,139,977 | 968,515 |
| Unrestricted | 1,194,717 | 1,044,887 | 1,807,813 | 1,630,844 | 3,002,530 | 2,675,731 |
| Total Net Assets | <u>\$ 7,393,482</u> | <u>\$ 7,229,402</u> | <u>\$ 10,648,601</u> | <u>\$ 10,247,488</u> | <u>\$ 18,042,083</u> | <u>\$ 17,476,890</u> |

* Restated

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2009, the City's assets exceeded liabilities by \$18,042,083. This amounts to \$7,393,482 in governmental activities and \$10,648,601 in business-type activities. Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 77.4 percent of total governmental and business-type assets. Capital assets include land, land improvements, buildings, equipment, and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2009, were \$13,899,576. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. As of December 31, 2009, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$1,139,977 or 15.4 percent, represent resources that are subject to external restrictions on how they may be used. Of the total restricted net assets, \$200,581 for capital projects, \$113,126 is for debt service, \$591,765 is for safety services and \$234,505 is for other purposes. The

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2009

governmental activities unrestricted net assets of \$1,194,717 may be used to meet the City's ongoing obligations to citizens and creditors.

Table 2 below shows the changes in net assets for governmental and business-type activities for year 2009 compared to 2008:

Table 2 - Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2009 | 2008 | 2009 | 2008* | 2009 | 2008* |
| Revenues | | | | | | |
| <i>Program Revenues:</i> | | | | | | |
| Charges for Services | \$ 1,265,687 | \$ 1,213,675 | \$ 1,694,852 | \$ 1,661,662 | \$ 2,960,539 | \$ 2,875,337 |
| Operating Grants and Contributions | 662,013 | 572,270 | - | - | 662,013 | 572,270 |
| Capital Grants and Contributions | 206,299 | 74,464 | 109,616 | - | 315,915 | 74,464 |
| <i>General Revenues:</i> | | | | | | |
| Property and Other Taxes | 646,543 | 643,335 | - | - | 646,543 | 643,335 |
| Income Taxes | 1,175,280 | 899,344 | 391,755 | 301,724 | 1,567,035 | 1,201,068 |
| Grants and Entitlements | 566,510 | 479,191 | - | - | 566,510 | 479,191 |
| Investment Earnings | 57,008 | 121,197 | 24,685 | 381 | 81,693 | 121,578 |
| Other | 26,289 | 704,042 | - | - | 26,289 | 704,042 |
| Total Revenues | 4,605,629 | 4,707,518 | 2,220,908 | 1,963,767 | 6,826,537 | 6,671,285 |
| Program Expenses | | | | | | |
| <i>Governmental Activities:</i> | | | | | | |
| General Government | 746,811 | 665,378 | - | - | 746,811 | 665,378 |
| Safety Services | 1,639,165 | 1,811,263 | - | - | 1,639,165 | 1,811,263 |
| Public Health and Welfare | 133,682 | 97,457 | - | - | 133,682 | 97,457 |
| Transportation | 878,390 | 823,392 | - | - | 878,390 | 823,392 |
| Basic Utility Services | 385,421 | 383,644 | - | - | 385,421 | 383,644 |
| Leisure Time Activities | 608,051 | 650,107 | - | - | 608,051 | 650,107 |
| Interest and Fiscal Charges | 50,029 | 68,506 | - | - | 50,029 | 68,506 |
| <i>Business-type Activities:</i> | | | | | | |
| Water | - | - | 797,104 | 862,524 | 797,104 | 862,524 |
| Sewer | - | - | 1,022,691 | 995,374 | 1,022,691 | 995,374 |
| Total Program Expenses | 4,441,549 | 4,499,747 | 1,819,795 | 1,857,898 | 6,261,344 | 6,357,645 |
| Change in Net Assets | \$ 164,080 | \$ 207,771 | \$ 401,113 | \$ 105,869 | \$ 565,193 | \$ 313,640 |

* Restated

Governmental Activities

Governmental activities net assets increased \$164,080 or 2.3 percent in 2009 over 2008. This increase was due mainly to an overall reduction in program expenses of \$58,198 or 1.3 percent. The increase was also possible even though overall revenues declined over 2008. The City's funding for these governmental activities come from a variety of sources, the most significant being charges for services and income tax.

Safety services, which primarily supports the operations of the City's police, fire and emergency medical services, accounts for \$1,639,165 of expenses, or 36.9 percent of total governmental expenses of the City. These expenses were funded by \$290,056 in charges to users of services and operating and capital grants and contributions. Transportation expenses, which primarily include repairs and maintenance of the City's roads, totaled \$878,390 or 19.8 percent of total governmental expenses. Transportation expenses were covered by \$523,457 of direct charges to users and operating and capital grants and contributions. General government expenses, which primarily include legislative, executive and financial management, totaled \$746,811 or 16.8

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2009

percent of total governmental expenses. General government expenses were covered by \$514,831 of direct charges to users and operating and capital grants and contributions.

General revenues totaled \$2,471,630, and amounted to 53.7 percent of total revenues. These revenues primarily consist of property and other taxes along with income tax revenue of \$1,821,823, or 73.7 percent of total general revenues. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with a majority of the revenue being state and locally shared taxes. For 2009, these revenues totaled \$566,510, or 22.9 percent of the total general revenues. Investment earnings of \$57,008 decreased by \$64,189 primarily due to historical low interest rates. Other revenues of \$26,289 decreased by \$677,753 from 2008 due to a settlement from a 2008 legal matter.

Business-Type Activities

The water and sewer funds represent the City's business-type activities. These programs had revenues of \$2,220,908 and expenses of \$1,819,795 for year 2009. Business-type activities reported an increase in net assets of \$401,113, or 3.9 percent as compared to 2008.

Program Expenses

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government-wide activities, the total cost of services and the net cost of services for 2009 compared to 2008. That is, it identifies the cost of these services supported by general revenues.

Table 3 - Program Expenses

| | <u>2009</u> | | <u>2008*</u> | | <u>Net Change</u> | |
|----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
| <i>Governmental Activities:</i> | | | | | | |
| General Government | \$ 746,811 | \$ (231,980) | \$ 665,378 | \$ (405,341) | \$ 81,433 | \$ 173,361 |
| Safety Services | 1,639,165 | (1,349,109) | 1,811,263 | (1,489,727) | (172,098) | 140,618 |
| Public Health and Welfare | 133,682 | (119,676) | 97,457 | (62,543) | 36,225 | (57,133) |
| Transportation | 878,390 | (354,933) | 823,392 | (361,164) | 54,998 | 6,231 |
| Basic Utility Services | 385,421 | 139,081 | 383,644 | 80,493 | 1,777 | 58,588 |
| Leisure Time Activities | 608,051 | (340,904) | 650,107 | (332,550) | (42,056) | (8,354) |
| Interest and Fiscal Charges | 50,029 | (50,029) | 68,506 | (68,506) | (18,477) | 18,477 |
| <i>Business-type Activities:</i> | | | | | | |
| Water | 797,104 | (286,547) | 862,524 | (463,220) | (65,420) | 176,673 |
| Sewer | 1,022,691 | 271,220 | 995,374 | 224,884 | 27,317 | 46,336 |
| Total Expenses | <u>\$ 6,261,344</u> | <u>\$ (2,322,877)</u> | <u>\$ 6,357,645</u> | <u>\$ (2,877,674)</u> | <u>\$ (96,301)</u> | <u>\$ 554,797</u> |

* Restated

The dependence upon general revenues for government-wide activities is apparent, with over 37.1 percent of expenses supported through general revenues.

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2009

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The General Fund is the operating fund of the City. At the end of the year, the fund balance of the General Fund was \$960,982, a 7.6 percent increase from the prior year. The primary reason for the increase of the General Fund balance in 2009 was attributed to a decrease in expenditures primarily related to voluntary reductions in employee benefits and management's close monitoring of expenditures.

Table 4 below reports year 2009 balances compared to 2008:

| Table 4 - Changes in Fund Balance | | | | |
|--|----------------------|-----------------------|------------------------|-------------------|
| | Fund Balance | | Increase (Decrease) | Percent Change |
| | December 31, 2009 | December 31, 2008* | | |
| General | \$ 960,982 | \$ 893,129 | \$ 67,853 | 7.6% |
| Capital Improvements | 110,991 | 126,520 | (15,529) | -12.3% |
| Other Governmental Funds | 735,075 | 575,521 | 159,554 | 27.7% |
| | \$ 1,807,048 | \$ 1,595,170 | \$ 211,878 | |

* Restated

Table 5 below assists in illustrating the changes in financial activities for the General Fund for year 2009 balances compared to 2008:

| Table 5 - Changes in Financial Activities for the General Fund | | | | |
|---|----------------------|----------------------|------------------------|-------------------|
| | December 31, 2009 | December 31, 2008 | Increase (Decrease) | Percent Change |
| <u>Revenues:</u> | | | | |
| Income Taxes | \$ 693,599 | \$ 667,084 | \$ 26,515 | 4.0% |
| Property and Other Taxes | 375,827 | 334,118 | 41,709 | 12.5% |
| Charges for Services | 990,536 | 920,549 | 69,987 | 7.6% |
| Fines, Licenses and Permits | 28,869 | 87,810 | (58,941) | -67.1% |
| Intergovernmental | 587,275 | 600,130 | (12,855) | -2.1% |
| Investment Income | 55,783 | 120,582 | (64,799) | -53.7% |
| Contributions and Donations | 110,752 | 4,855 | 105,897 | 2181.2% |
| Other | 38,280 | 122,850 | (84,570) | -68.8% |
| Total Revenue | 2,880,921 | 2,857,978 | 22,943 | |
| <u>Expenditures:</u> | | | | |
| <u>Current:</u> | | | | |
| General Government | 620,160 | 633,640 | (13,480) | -2.1% |
| Safety Services | 963,776 | 1,066,884 | (103,108) | -9.7% |
| Public Health and Welfare | 131,225 | 104,178 | 27,047 | 26.0% |
| Transportation | 159,905 | 197,071 | (37,166) | -18.9% |
| Basic Utility Services | 384,581 | 383,644 | 937 | 0.2% |
| Leisure Time Activities | 471,421 | 485,298 | (13,877) | -2.9% |
| Total Expenditures | \$ 2,731,068 | \$ 2,870,715 | \$ (139,647) | |

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2009

Budgeting Highlights - General Fund

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations that are restricted by the amounts of anticipated revenues certified by the County Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly. Final budgeted revenues of \$2,668,555 were \$53,060 lower than original amount mainly due to property and other taxes, along with income taxes revenues being unknown during the original budgeting process. The unanticipated continuation of very low interest rates also required revision of the original estimate. Actual revenues exceeded the final amount by \$182,391, primarily due to the receipts of a large contribution and grant in the latter part of December.

Final budgeted expenditures exceeded the original budgeted expenditures by \$86,434. The majority of this change was reported in leisure time activities and general government. Actual expenditures for the year were \$291,465 less than the final budgeted amounts. These differences were caused by conservative budgeting coupled with cost containment measures. There were no individually significant events that led to these differences.

Capital Assets and Debt Administration

Capital Assets

At the end of year 2009, the City had \$18,426,741 (net of accumulated depreciation) invested in land, land improvements, buildings, equipment, and infrastructure. Of this total, \$6,222,158 was reported in governmental activities and \$12,204,583 was reported in business-type activities. Table 6 below reports year 2009 balances compared to 2008:

Table 6 - Capital Assets, at Year End (Net of Depreciation)

| | Governmental | | Business-Type | | Total | |
|--------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Activities | | Activities | | | |
| | <u>2009</u> | <u>2008</u> | <u>2009</u> | <u>2008*</u> | <u>2009</u> | <u>2008*</u> |
| Land | \$ 153,608 | \$ 140,108 | \$ 72,606 | \$ 72,606 | \$ 226,214 | \$ 212,714 |
| Land Improvements | - | - | 4,803 | 5,309 | 4,803 | 5,309 |
| Buildings | 3,951,877 | 4,091,087 | 5,553,206 | 5,628,265 | 9,505,083 | 9,719,352 |
| Equipment | 815,279 | 797,253 | 196,174 | 195,627 | 1,011,453 | 992,880 |
| Infrastructure | 1,301,394 | 1,378,733 | 6,377,794 | 6,242,764 | 7,679,188 | 7,621,497 |
| Construction in Progress | - | - | - | 120,428 | - | 120,428 |
| Total | <u>\$ 6,222,158</u> | <u>\$ 6,407,181</u> | <u>\$ 12,204,583</u> | <u>\$ 12,264,999</u> | <u>\$ 18,426,741</u> | <u>\$ 18,672,180</u> |

* Restated

The most significant change during 2009 to the total amount of capital assets was a decrease of \$139,210 and \$75,059 to buildings for governmental and business-type activities, respectively. For the governmental and business-type activities, these decreases in buildings were primarily due to the current year depreciation exceeding asset additions. Governmental and business-type activities reported a decrease of \$77,339 and an increase of \$135,030 in infrastructure, respectively, which was mainly due to current year depreciation exceeding asset additions and current year depreciation being less than asset additions. See Note 5 to the basic financial statements for detail on the governmental and business-type activities capital assets.

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2009

Debt Administration

At December 31, 2009, the City had total long-term debt outstanding of \$4,527,165. Of this total, \$426,124 is due within one year and \$4,101,041 is due in more than one year. Table 7 below summarizes the bonds, loans and capital lease outstanding:

Table 7 - Outstanding Debt, at Year End

| | Governmental | | Business-Type | | Total | |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Activities | | Activities | | | |
| | <u>2009</u> | <u>2008*</u> | <u>2009</u> | <u>2008</u> | <u>2009</u> | <u>2008</u> |
| Revenue Bonds | \$ - | \$ - | \$ 1,038,500 | \$ 1,060,300 | \$ 1,038,500 | \$ 1,060,300 |
| OWDA Loans | - | - | 865,295 | 1,086,256 | 865,295 | 1,086,256 |
| General Obligation Bonds | 1,122,000 | 1,120,000 | 1,260,000 | 1,320,000 | 2,382,000 | 2,440,000 |
| OPWC Loans | - | - | 200,000 | 212,500 | 200,000 | 212,500 |
| Capital Lease | 41,370 | 50,479 | - | - | 41,370 | 50,479 |
| Total | <u>\$ 1,163,370</u> | <u>\$ 1,170,479</u> | <u>\$ 3,363,795</u> | <u>\$ 3,679,056</u> | <u>\$ 4,527,165</u> | <u>\$ 4,849,535</u> |

* **Restated**

All governmental long-term debt will be repaid by the Debt Retirement Debt Service Fund. The revenues bonds and OWDA loans will be repaid by the Sewer Enterprise Fund and the business-type general obligation bonds will be repaid from the Water Enterprise Fund.

At December 31, 2009, the City's overall legal debt margin was \$8,062,734, with an unvoted debt margin of \$3,112,415. The City's credit rating remained unchanged in 2009 as compared to 2008. See Note 7 to the basic financial statements for details on the City's long-term obligations.

Current Issues Affecting Financial Condition

During these volatile economic times over the last several years, efficient uses of the City's workforce and cost containment measures have resulted in no layoffs of City employees. The administration and City Council have worked diligently to maintain services at a normal level.

The City continues to promote itself to business owners trying to increase retail and industrial growth. The City has prime areas for development and will continue to emphasize those types of developments.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Barbara Rissland, City of Rittman Finance Director, 30 North Main Street, Rittman, Ohio 44270,

Basic Financial Statements

City of Rittman, Ohio

**Statement of Net Assets
December 31, 2009**

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,643,225 | \$ 1,454,708 | \$ 3,097,933 |
| Cash and Cash Equivalents: | | | |
| In Segregated Accounts | 2,841 | 13,913 | 16,754 |
| Assets Held for Resale | 11,150 | - | 11,150 |
| Materials and Supplies Inventory | 7,484 | 20,858 | 28,342 |
| Accounts Receivable | 142,224 | 306,642 | 448,866 |
| Accrued Interest Receivable | 3,345 | 3,911 | 7,256 |
| Intergovernmental Receivable | 430,717 | - | 430,717 |
| Prepaid Items | 25,131 | 7,797 | 32,928 |
| Income Taxes Receivable | 374,531 | 124,844 | 499,375 |
| Property and Other Taxes Receivable | 675,331 | - | 675,331 |
| Special Assessments Receivable | 48,533 | - | 48,533 |
| Deferred Charges | 19,264 | 27,454 | 46,718 |
| Restricted Assets: | | | |
| Customer Deposits | - | 37,009 | 37,009 |
| Nondepreciable Capital Assets | 153,608 | 72,606 | 226,214 |
| Depreciable Capital Assets | 6,068,550 | 12,131,977 | 18,200,527 |
| Total Assets | 9,605,934 | 14,201,719 | 23,807,653 |
| LIABILITIES | | | |
| Accounts Payable | 172,067 | 38,458 | 210,525 |
| Accrued Wages and Benefits | 42,607 | 8,074 | 50,681 |
| Intergovernmental Payable | 134,204 | 29,464 | 163,668 |
| Matured Interest Payable | 841 | 3,713 | 4,554 |
| Matured Bonds Payable | 2,000 | 10,200 | 12,200 |
| Accrued Interest Payable | 3,735 | 15,716 | 19,451 |
| Income Tax Refund Payable | 5,289 | 1,763 | 7,052 |
| Customer Deposits Payable | - | 37,009 | 37,009 |
| Deferred Revenue | 561,242 | - | 561,242 |
| Long-term Liabilities: | | | |
| Due within one year | 148,869 | 346,356 | 495,225 |
| Due in more than one year | 1,141,598 | 3,062,365 | 4,203,963 |
| Total Liabilities | 2,212,452 | 3,553,118 | 5,765,570 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 5,058,788 | 8,840,788 | 13,899,576 |
| Restricted for: | | | |
| Debt Services | 113,126 | - | 113,126 |
| Capital Projects | 200,581 | - | 200,581 |
| Other Purposes | 234,505 | - | 234,505 |
| Safety Services | 591,765 | - | 591,765 |
| Unrestricted | 1,194,717 | 1,807,813 | 3,002,530 |
| Total Net Assets | \$ 7,393,482 | \$ 10,648,601 | \$ 18,042,083 |

The notes to the financial statements are an integral part of this statement.

City of Rittman, Ohio

**Statement of Activities
For the Year Ended December 31, 2009**

| | <u>Expenses</u> | <u>Program Revenues</u> | | |
|----------------------------------|---------------------|-----------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Governmental Activities: | | | | |
| Safety Services | \$ 1,639,165 | \$ 240,073 | \$ 9,983 | \$ 40,000 |
| Public Health and Welfare | 133,682 | 14,006 | - | - |
| Leisure Time Activities | 608,051 | 263,410 | 2,737 | 1,000 |
| Basic Utility Services | 385,421 | 455,561 | 68,941 | - |
| Transportation | 878,390 | 2,266 | 380,617 | 140,574 |
| General Government | 746,811 | 290,371 | 199,735 | 24,725 |
| Interest and Fiscal Charges | 50,029 | - | - | - |
| Total Governmental Activities | <u>4,441,549</u> | <u>1,265,687</u> | <u>662,013</u> | <u>206,299</u> |
| Business-Type Activities: | | | | |
| Water | 797,104 | 400,941 | - | 109,616 |
| Sewer | 1,022,691 | 1,293,911 | - | - |
| Total Business-Type Activities | <u>1,819,795</u> | <u>1,694,852</u> | <u>-</u> | <u>109,616</u> |
| Total Primary Government | <u>\$ 6,261,344</u> | <u>\$ 2,960,539</u> | <u>\$ 662,013</u> | <u>\$ 315,915</u> |

General Revenues:

Property and Other Taxes levied for:

 General Purposes

 Safety Services

Income Taxes levied for:

 General Purposes

 Capital Outlay

 Water Utility Services

Grants & Entitlements not restricted to specific programs

Investment Income

All Other Revenues

 Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year, Restated (See Note 17)

Net Assets - End of Year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

| Governmental Activities | Business-Type Activities | Total |
|------------------------------------|-------------------------------------|----------------------|
| \$ (1,349,109) | \$ - | \$ (1,349,109) |
| (119,676) | - | (119,676) |
| (340,904) | - | (340,904) |
| 139,081 | - | 139,081 |
| (354,933) | - | (354,933) |
| (231,980) | - | (231,980) |
| (50,029) | - | (50,029) |
| <u>(2,307,550)</u> | <u>-</u> | <u>(2,307,550)</u> |
| - | (286,547) | (286,547) |
| - | 271,220 | 271,220 |
| - | (15,327) | (15,327) |
| <u>(2,307,550)</u> | <u>(15,327)</u> | <u>(2,322,877)</u> |
| 379,947 | - | 379,947 |
| 266,596 | - | 266,596 |
| 783,525 | - | 783,525 |
| 391,755 | - | 391,755 |
| - | 391,755 | 391,755 |
| 566,510 | - | 566,510 |
| 57,008 | 24,685 | 81,693 |
| 26,289 | - | 26,289 |
| <u>2,471,630</u> | <u>416,440</u> | <u>2,888,070</u> |
| 164,080 | 401,113 | 565,193 |
| 7,229,402 | 10,247,488 | 17,476,890 |
| <u>\$ 7,393,482</u> | <u>\$ 10,648,601</u> | <u>\$ 18,042,083</u> |

City of Rittman, Ohio

**Balance Sheet
Governmental Funds
December 31, 2009**

| | <u>General Fund</u> | <u>Capital Improvements</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---------------------------------|---|---|
| ASSETS | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 728,586 | \$ 156,961 | \$ 757,678 | \$ 1,643,225 |
| Cash and Cash Equivalents: | | | | |
| In Segregated Accounts | - | - | 2,841 | 2,841 |
| Assets Held for Resale | - | 11,150 | - | 11,150 |
| Materials and Supplies Inventory | 2,370 | - | 5,114 | 7,484 |
| Accrued Interest Receivable | 3,345 | - | - | 3,345 |
| Accounts Receivable | 116,367 | - | 25,857 | 142,224 |
| Interfund Receivable | - | 42,758 | - | 42,758 |
| Intergovernmental Receivable | 229,959 | - | 200,758 | 430,717 |
| Prepaid Items | 21,770 | - | 3,361 | 25,131 |
| Income Taxes Receivable | 249,687 | 124,844 | - | 374,531 |
| Property and Other Taxes Receivable | 391,760 | - | 283,571 | 675,331 |
| Special Assessments Receivable | - | - | 48,533 | 48,533 |
| Total Assets | <u>\$1,743,844</u> | <u>\$ 335,713</u> | <u>\$ 1,327,713</u> | <u>\$ 3,407,270</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 28,544 | \$ 133,369 | \$ 10,154 | \$ 172,067 |
| Accrued Wages and Benefits | 18,660 | - | 23,947 | 42,607 |
| Intergovernmental Payable | 85,090 | - | 49,114 | 134,204 |
| Matured Interest Payable | - | - | 841 | 841 |
| Matured Bonds Payable | - | - | 2,000 | 2,000 |
| Interfund Payable | - | - | 42,758 | 42,758 |
| Income Tax Refund Payable | 3,526 | 1,763 | - | 5,289 |
| Deferred Revenue | 647,042 | 89,590 | 463,824 | 1,200,456 |
| Total Liabilities | <u>782,862</u> | <u>224,722</u> | <u>592,638</u> | <u>1,600,222</u> |
| Fund Balances: | | | | |
| Reserved for: | | | | |
| Encumbrances | 20,276 | 1,331 | 10,081 | 31,688 |
| Inventory | 2,370 | - | 5,114 | 7,484 |
| Prepaid Items | 21,770 | - | 3,361 | 25,131 |
| Assets Held for Resale | - | 11,150 | - | 11,150 |
| Interfund Receivable | - | 42,758 | - | 42,758 |
| Unreserved: | | | | |
| Designated for: | | | | |
| Cemetery Improvements | 80,495 | - | - | 80,495 |
| Recreation Center | 71,344 | - | - | 71,344 |
| Undesignated, Reported in: | | | | |
| General Fund | 764,727 | - | - | 764,727 |
| Special Revenue Funds | - | - | 667,455 | 667,455 |
| Debt Service Fund | - | - | 49,064 | 49,064 |
| Capital Projects Funds | - | 55,752 | - | 55,752 |
| Total Fund Balances | <u>960,982</u> | <u>110,991</u> | <u>735,075</u> | <u>1,807,048</u> |
| Total Liabilities and Fund Balances | <u>\$1,743,844</u> | <u>\$ 335,713</u> | <u>\$ 1,327,713</u> | <u>\$ 3,407,270</u> |

The notes to the financial statements are an integral part of this statement.

City of Rittman, Ohio

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
December 31, 2009**

Total Governmental Fund Balances \$ 1,807,048

*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 6,222,158

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

| | | |
|--------------------------|-----------|---------|
| Property and Other Taxes | \$ 20,546 | |
| Income Taxes | 268,770 | |
| Special assessments | 48,533 | |
| Intergovernmental | 283,231 | |
| Charges for Services | 18,134 | |
| Total | | 639,214 |

In the Statement of Activities, interest is accrued on outstanding
bonds, whereas in Governmental funds, an interest expenditure
is reported when due. (3,735)

Bond issuance costs will be amortized over the life of the bonds on the
Statement of Net Assets 19,264

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

| | | |
|--------------------------|-------------|-------------|
| General Obligation Bonds | (1,122,000) | |
| Capital Leases | (41,370) | |
| Compensated Absences | (127,097) | |
| Total | | (1,290,467) |

Net Assets of Governmental Activities \$ 7,393,482

The notes to the financial statements are an integral part of this statement.

City of Rittman, Ohio

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009**

| | <u>General Fund</u> | <u>Capital Improvements</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---------------------------------|---|---|
| REVENUES | | | | |
| Property and Other Taxes | \$ 375,827 | \$ - | \$ 263,238 | \$ 639,065 |
| Income Taxes | 693,599 | 346,792 | - | 1,040,391 |
| Intergovernmental | 587,275 | 157,472 | 510,317 | 1,255,064 |
| Investment Income | 55,783 | - | 1,225 | 57,008 |
| Fines, Licenses, and Permits | 28,869 | - | 2,165 | 31,034 |
| Charges for Services | 990,536 | - | 180,132 | 1,170,668 |
| Contributions and Donations | 110,752 | 89,427 | - | 200,179 |
| Special Assessments | - | 7,720 | 15,382 | 23,102 |
| All Other Revenues | 38,280 | 82 | 7,301 | 45,663 |
| Total Revenues | <u>2,880,921</u> | <u>601,493</u> | <u>979,760</u> | <u>4,462,174</u> |
| EXPENDITURES | | | | |
| Safety Services | 963,776 | 10,342 | 490,030 | 1,464,148 |
| Public Health and Welfare | 131,225 | - | 1,195 | 132,420 |
| Leisure Time Activities | 471,421 | 12,297 | - | 483,718 |
| Basic Utility Services | 384,581 | - | - | 384,581 |
| Transportation | 159,905 | 236,549 | 394,235 | 790,689 |
| General Government | 620,160 | 102,589 | 5,243 | 727,992 |
| Capital Outlay | - | 212,175 | - | 212,175 |
| Debt Service: | | | | |
| Principal Retirement | - | - | 84,109 | 84,109 |
| Interest and Fiscal Charges | - | - | 47,464 | 47,464 |
| Total Expenditures | <u>2,731,068</u> | <u>573,952</u> | <u>1,022,276</u> | <u>4,327,296</u> |
| Excess of Revenues Over (Under) Expenditures | <u>149,853</u> | <u>27,541</u> | <u>(42,516)</u> | <u>134,878</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| General Obligation Bonds Issued | - | 77,000 | - | 77,000 |
| Transfer In | - | - | 202,070 | 202,070 |
| Transfer Out | (82,000) | (120,070) | - | (202,070) |
| Total Other Financing Sources (Uses) | <u>(82,000)</u> | <u>(43,070)</u> | <u>202,070</u> | <u>77,000</u> |
| Net Change in Fund Balances | 67,853 | (15,529) | 159,554 | 211,878 |
| Fund Balances - Beginning of Year, Restated (See Note 17) | 893,129 | 126,520 | 575,521 | 1,595,170 |
| Fund Balances - End of Year | <u>\$ 960,982</u> | <u>\$ 110,991</u> | <u>\$ 735,075</u> | <u>\$ 1,807,048</u> |

The notes to the financial statements are an integral part of this statement.

City of Rittman, 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, 2009**

Net Change in Fund Balances-Total Governmental Funds \$ 211,878

*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 depreciation exceeded capital outlay in the current period.

| | | | |
|------------------------|----|-----------|-----------|
| Capital Outlay | \$ | 212,175 | |
| Donated Capital Assets | \$ | 13,500 | |
| Depreciation Additions | | (405,356) | |
| Total | | | (179,681) |

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the governmental funds, the proceeds from the disposals increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the capital assets. (5,342)

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

| | | | |
|--------------------------|--|----------|---------|
| Property and Other Taxes | | 7,478 | |
| Income Taxes | | 134,889 | |
| Special Assessments | | 2,266 | |
| Intergovernmental | | (13,786) | |
| Charges for Services | | (892) | |
| Total | | | 129,955 |

Other financing sources in the governmental funds that increase long-term liabilities in the Statement of Net Assets. These sources were attributed to General Obligation Bond Proceeds. (77,000)

Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 84,109

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | | | |
|----------------------------------|--|---------|-----|
| Compensated Absences | | 2,726 | |
| Accrued Interest on Bonds | | 677 | |
| Amortization of Deferred Charges | | (3,242) | |
| Total | | | 161 |

Change in Net Assets of Governmental Activities \$ 164,080

City of Rittman, Ohio

**Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------|-------------------|-------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Property and Other Taxes | \$ 297,300 | \$ 271,700 | \$ 345,842 | \$ 74,142 |
| Income Taxes | 720,000 | 690,000 | 689,650 | (350) |
| Intergovernmental | 479,940 | 570,540 | 610,314 | 39,774 |
| Investment Income | 106,000 | 58,500 | 58,917 | 417 |
| Fines, Licenses and Permits | 89,000 | 89,000 | 28,753 | (60,247) |
| Charges for Services | 1,009,475 | 959,475 | 969,616 | 10,141 |
| Contributions and Donations | 700 | 10,140 | 110,752 | 100,612 |
| Other | 19,200 | 19,200 | 37,102 | 17,902 |
| Total Revenues | <u>2,721,615</u> | <u>2,668,555</u> | <u>2,850,946</u> | <u>182,391</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Safety Services | 1,111,347 | 1,113,947 | 1,019,567 | 94,380 |
| Public Health and Welfare | 111,010 | 133,185 | 127,182 | 6,003 |
| Leisure Time Activities | 487,861 | 520,711 | 492,729 | 27,982 |
| Basic Utility Services | 451,000 | 453,934 | 411,958 | 41,976 |
| Transportation | 224,435 | 218,435 | 165,451 | 52,984 |
| General Government | 679,181 | 711,056 | 642,916 | 68,140 |
| Total Expenditures | <u>3,064,834</u> | <u>3,151,268</u> | <u>2,859,803</u> | <u>291,465</u> |
| Excess of Revenues Over (Under) Expenditures | (343,219) | (482,713) | (8,857) | 473,856 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | - | (82,000) | (82,000) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(82,000)</u> | <u>(82,000)</u> | <u>-</u> |
| Net Change in Fund Balance | (343,219) | (564,713) | (90,857) | 473,856 |
| Fund Balance - Beginning of Year | 783,946 | 783,946 | 783,946 | - |
| Prior Year Encumbrances Appropriated | 11,639 | 11,639 | 11,639 | - |
| Fund Balance - End of Year | <u>\$ 452,366</u> | <u>\$ 230,872</u> | <u>\$ 704,728</u> | <u>\$ 473,856</u> |

The notes to the financial statements are an integral part of this statement.

City of Rittman, Ohio

**Statement of Fund Net Assets
Proprietary Funds
December 31, 2009**

| | Business-Type Activities - Enterprise Funds | | |
|---|--|---------------------|----------------------|
| | Water | Sewer | Total |
| ASSETS | | | |
| Current Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 587,707 | \$ 867,001 | \$ 1,454,708 |
| Cash and Cash Equivalents: | | | |
| In Segregated Accounts | 13,913 | - | 13,913 |
| Materials and Supplies Inventory | 15,578 | 5,280 | 20,858 |
| Accrued Interest Receivable | 1,574 | 2,337 | 3,911 |
| Accounts Receivable | 76,659 | 229,983 | 306,642 |
| Prepaid Items | 3,186 | 4,611 | 7,797 |
| Restricted Assets: | | | |
| Customer Deposits | 37,009 | - | 37,009 |
| Income Taxes Receivable | 124,844 | - | 124,844 |
| Total Current Assets | 860,470 | 1,109,212 | 1,969,682 |
| Noncurrent Assets: | | | |
| Deferred Charges | 27,454 | - | 27,454 |
| Capital Assets: | | | |
| Land | 31,686 | 40,920 | 72,606 |
| Depreciable Capital Assets, Net of Depreciation | 5,408,362 | 6,723,615 | 12,131,977 |
| Total Noncurrent Assets | 5,467,502 | 6,764,535 | 12,232,037 |
| Total Assets | 6,327,972 | 7,873,747 | 14,201,719 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | 11,165 | 27,293 | 38,458 |
| Accrued Wages | 3,683 | 4,391 | 8,074 |
| Customer Deposits Payable | 37,009 | - | 37,009 |
| Intergovernmental Payable | 13,836 | 15,628 | 29,464 |
| Matured Bonds Payable | 10,200 | - | 10,200 |
| Matured Interest Payable | 3,713 | - | 3,713 |
| Accrued Interest Payable | 4,342 | 11,374 | 15,716 |
| Income Tax Refund Payable | 1,763 | - | 1,763 |
| Compensated Absences Payable | 6,725 | 7,084 | 13,809 |
| General Obligation Bonds Payable | 65,000 | - | 65,000 |
| Revenue Bonds Payable | - | 22,900 | 22,900 |
| OWDA Loans Payable | - | 232,147 | 232,147 |
| OPWC Loans Payable | 12,500 | - | 12,500 |
| Total Current Liabilities | 169,936 | 320,817 | 490,753 |
| Noncurrent Liabilities: | | | |
| Compensated Absences Payable | 17,084 | 14,033 | 31,117 |
| General Obligation Bonds Payable | 1,195,000 | - | 1,195,000 |
| Revenue Bonds Payable | - | 1,015,600 | 1,015,600 |
| OWDA Loans Payable | - | 633,148 | 633,148 |
| OPWC Loans Payable | 187,500 | - | 187,500 |
| Total Noncurrent Liabilities | 1,399,584 | 1,662,781 | 3,062,365 |
| Total Liabilities | 1,569,520 | 1,983,598 | 3,553,118 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 3,980,048 | 4,860,740 | 8,840,788 |
| Unrestricted | 778,404 | 1,029,409 | 1,807,813 |
| Total Net Assets | \$ 4,758,452 | \$ 5,890,149 | \$ 10,648,601 |

The notes to the financial statements are an integral part of this statement.

City of Rittman, Ohio

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended December 31, 2009**

| | Business-Type Activities - Enterprise Funds | | |
|--|--|---------------------|----------------------|
| | Water | Sewer | Total |
| OPERATING REVENUES | | | |
| Charges for Services | \$ 383,059 | \$ 1,293,551 | \$ 1,676,610 |
| Miscellaneous | 17,882 | 360 | 18,242 |
| Total Operating Revenues | 400,941 | 1,293,911 | 1,694,852 |
| OPERATING EXPENSES | | | |
| Salaries | 274,639 | 330,658 | 605,297 |
| Materials and Supplies | 69,093 | 47,449 | 116,542 |
| Contractual Services | 137,494 | 230,425 | 367,919 |
| Depreciation | 173,929 | 216,032 | 389,961 |
| Other | 85,000 | 90,000 | 175,000 |
| Total Operating Expense | 740,155 | 914,564 | 1,654,719 |
| Operating Income (Loss) | (339,214) | 379,347 | 40,133 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| (Loss) on Sale of Capital Assets | - | (2,440) | (2,440) |
| Investment Income | 1,628 | 23,057 | 24,685 |
| Interest and Fiscal Charges | (56,949) | (105,687) | (162,636) |
| Income Taxes | 391,755 | - | 391,755 |
| Intergovernmental | 109,616 | - | 109,616 |
| Total Nonoperating Revenues (Expenses) | 446,050 | (85,070) | 360,980 |
| Change in Net Assets | 106,836 | 294,277 | 401,113 |
| Net Assets - Beginning of Year, Restated (See Note 17) | 4,651,616 | 5,595,872 | 10,247,488 |
| Net Assets - End of Year | \$ 4,758,452 | \$ 5,890,149 | \$ 10,648,601 |

The notes to the financial statements are an integral part of this statement.

City of Rittman, Ohio

**Statement of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2009**

| | Business-Type Activities - Enterprise Funds | | |
|--|--|-------------------|---------------------|
| | Water | Sewer | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash Received from Customers | \$ 383,855 | \$ 1,227,302 | \$ 1,611,157 |
| Cash Payments to Employees for Services | (278,847) | (338,965) | (617,812) |
| Cash Payments for Goods and Services | (281,929) | (347,859) | (629,788) |
| Net Cash Provided by (Used in) Operating Activities | (176,921) | 540,478 | 363,557 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Income Taxes Received | 344,817 | - | 344,817 |
| Net Cash Provided by (Used in) Noncapital Financing Activities | 344,817 | - | 344,817 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Capital Grants Received | 109,616 | - | 109,616 |
| Principal Paid on Bonds and Loans | (72,500) | (242,761) | (315,261) |
| Interest Paid on Bonds | (53,913) | (105,925) | (159,838) |
| Payments for Capital Acquisitions | (231,841) | (140,356) | (372,197) |
| Net Cash (Used in) Capital and Related Financing Activities | (248,638) | (489,042) | (737,680) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest on Investments | 54 | 20,720 | 20,774 |
| Net Cash Provided by Investing Activities | 54 | 20,720 | 20,774 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (80,688) | 72,156 | (8,532) |
| Cash and Cash Equivalents - Beginning of Year | 719,317 | 794,845 | 1,514,162 |
| Cash and Cash Equivalents - End of Year | \$ 638,629 | \$ 867,001 | \$ 1,505,630 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating Income (Loss) | \$ (339,214) | \$ 379,347 | \$ 40,133 |
| Adjustments: | | | |
| Depreciation | 173,929 | 216,032 | 389,961 |
| (Increase) Decrease in Assets: | | | |
| Accounts Receivable | (17,223) | (66,609) | (83,832) |
| Prepaid Items | 297 | 424 | 721 |
| Materials and Supplies Inventory | 333 | (4,533) | (4,200) |
| Increase (Decrease) in Liabilities: | | | |
| Accounts Payable | 8,345 | 22,994 | 31,339 |
| Accrued Wages | (5,646) | (6,864) | (12,510) |
| Compensated Absences Payable | 745 | (1,613) | (868) |
| Income Tax Refund Payable | (3,781) | - | (3,781) |
| Intergovernmental Payable | 1,376 | 1,300 | 2,676 |
| Customer Deposits Payable | 3,918 | - | 3,918 |
| Net Cash Provided by (Used in) Operating Activities | \$ (176,921) | \$ 540,478 | \$ 363,557 |

The notes to the financial statements are an integral part of this statement.

City of Rittman, Ohio

**Statement of Fiduciary Net Assets
Agency Funds
December 31, 2009**

Assets

Equity in Pooled Cash and Cash Equivalents

\$ 20,808

Liabilities

Deposits Held and Due to Others

\$ 20,808

The notes to the financial statements are an integral part of this statement.

City of Rittman, Ohio

Notes to the Basic Financial Statements For The Year Ended December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Rittman (the "City".) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board Statements (FASB) and Interpretations issued on or before November 30, 1989, to its business-type activities and enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. The FASB has codified its standards and the standards issued to November 30, 1989 are included in the codification. The more significant of the City's accounting policies are described below.

A. City Government and Reporting Entity

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

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The City has no blended or discretely presented component units.

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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.

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. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function 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 proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are presented by type.

C. Fund Accounting

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

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The 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 is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the laws and regulations of the City and/or the general laws of Ohio.

Capital Improvements Fund This Capital Projects Fund is used to account for financial resources that are used for the acquisition, construction, or improvement of the City's capital facilities.

Proprietary Funds

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

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

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

Fiduciary Funds

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

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenue) 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 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.

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

Revenues - Exchange and Non-exchange Transactions

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

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Non-exchange 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 Property Tax Note 9). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, grants, fees, 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, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the 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 Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

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

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

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

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the Finance Director determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended certificate issued for 2009.

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

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

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) **For The Year Ended December 31, 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (Continued)

The Appropriated Budget For all funds, except agency funds, Council appropriations (the legal level) are made for personal services, supplies and materials, contractual and other services, and capital outlay within each department, also debt principal/interest payments and transfers-out. Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. The appropriations set by Council must remain fixed unless amended by Council ordinance. The Finance Director may make more detailed appropriation allocations as long as the allocations are within Council's appropriated amount.

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

F. Deposits and Investments

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

Investments with original maturities of three months or less and investments of the cash management pool are presented on the financial statements as cash equivalents.

The City utilizes financial institutions to service bonded debt as principal and interest payments come due. These accounts balances are presented as "Cash and Cash Equivalents in Segregated Accounts". The Water Fund also has accounts with an escrow agent during the year for a construction account.

G. Inventory of Supplies

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of governmental funds are stated at cost, while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure/expense in the governmental and proprietary funds when used under the consumption method.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

| <u>Asset Class</u> | <u>Governmental and Business-Type Activities Estimated Useful Life</u> |
|--------------------|--|
| Buildings | 20 to 40 years |
| Land improvements | 5 to 50 years |
| Equipment | 5 to 30 years |
| Infrastructure | 30 to 75 years |

J. Deferred Charges

Bond issuance costs are recorded as expenditures when incurred on the governmental fund statements. Bond issuance costs are recorded as deferred charges and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method, on the government-wide and proprietary fund financial statements.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

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 also reported on the proprietary fund financial statements.

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

M. Capital Contributions

Contributions of capital in the proprietary fund financial statements arise from donations by developers, grants restricted for capital construction, and special assessments. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. The proprietary funds had \$109,616 in capital contributions during 2009.

N. Fund Balance Reserves/Designations

Reserved or designated fund balances indicate that a portion of fund balance is not available for current appropriation or use. The unreserved or undesignated portions of fund balance reflected in the governmental funds are available for use within the specified purposes of the funds.

The City reports amounts representing encumbrances outstanding, prepaid items, inventory, assets held for resale, and interfund receivable as reservations of fund balance in the governmental funds. The City reports amounts set-aside for designation of cemetery improvements and recreation center operations.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. These amounts are eliminated in the governmental activities columns of the statement of net assets.

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

P. 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. Net assets restricted for other purposes include amounts to provide transportation, general government, and public health and welfare services. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. 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 sewer treatment and water services. 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.

R. Estimates

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

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Interfund Balances

On fund financial statements, interfund loans are classified as “Interfund Receivable/Payable” on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

T. Implementation of New Accounting Policies

For fiscal year 2009, the City implemented GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of on Auditing Standards*.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles for state and local governments into the GASB’s authoritative literature.

GASB Statement No. 56 incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance presented in the AICPA’s Statements on Auditing Standards.

The implementation of GASB Statements No. 52, 55 and 56 did not affect the presentation of the financial statements of the City

NOTE 2: BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary 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 budgetary basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 2: BUDGETARY BASIS OF ACCOUNTING (Continued)

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

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund is as follows:

| | |
|--|--------------------|
| | <u>General</u> |
| GAAP Basis | \$ 67,853 |
| Revenue Accruals | (29,975) |
| Expenditure Accruals | (104,877) |
| Encumbrances (Budget Basis) outstanding at year end | <u>(23,858)</u> |
| Budget Basis | <u>\$ (90,857)</u> |

NOTE 3: DEPOSITS AND INVESTMENTS

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

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

The City invested funds in STAROhio during 2009. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2009.

Interest earnings are distributed to the Street Maintenance and Repair and the State Highway Special Revenue funds based on daily cash balances, and the remainder is reported in the General Fund. The interest earned in the Water Bond Escrow account is credited to the Water Enterprise Fund. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$55,783, which includes \$30,298 assigned from other City funds.

Deposits: At year-end, the carrying amount of the City's deposits and petty cash was \$3,047,415 and the bank balances totaled \$3,113,372. Of the bank balances, \$1,950,000 was exposed to custodial credit risk. This amount was uninsured and collateral is held by the pledging financial institution's trust department, and not in the City's name.

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The City's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Investments: As of December 31, 2009, the City had the following investments and maturities:

| <u>Investment type</u> | <u>Fair Value</u> | <u>Less than 1 Year</u> |
|------------------------|-----------------------|-----------------------------|
| STAROhio | <u>\$ 125,089</u> | <u>\$ 125,089</u> |
| | <u>\$ 125,089</u> | <u>\$ 125,089</u> |

The City's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAROhio an AAAM rating. The City's investment policy requires certain credit ratings for some investments as allowed by state law.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 4: RECEIVABLES

Receivables at year end for governmental funds consisted primarily of municipal income taxes, property and other taxes, amounts due from other governments, accounts, special assessments, and accrued interest.

| Revenue Description | Amount |
|---------------------------------|------------|
| Cents per gallon and excise tax | \$ 122,154 |
| Homestead and Rollback | 45,032 |
| Local Government | 169,150 |
| Motor Vehicle Tax | 25,192 |
| Permissive Sales Tax | 30,960 |
| Miscellaneous | 38,229 |
| Total | \$ 430,717 |

Due from other governments consists primarily of entitlements to be received from the state.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ending December 31, 2009 is as follows:

Governmental Activities: A summary of the governmental activities' capital assets as of December 31, 2009 follows:

| | Balance 12/31/08 | Additions | Deletions | Balance 12/31/09 |
|--|---------------------|---------------------|-------------------|---------------------|
| <u>Governmental Activities</u> | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 140,108 | \$ 13,500 | \$ - | \$ 153,608 |
| Capital Assets, being depreciated: | | | | |
| Land Improvements | 119,026 | - | - | 119,026 |
| Buildings | 5,621,274 | - | - | 5,621,274 |
| Infrastructure | 1,788,584 | - | - | 1,788,584 |
| Equipment | 3,055,704 | 212,175 | (55,028) | 3,212,851 |
| Total Capital Assets, being depreciated | 10,584,588 | 212,175 | (55,028) | 10,741,735 |
| Less Accumulated depreciation: | | | | |
| Land Improvements | (119,026) | - | - | (119,026) |
| Buildings | (1,530,187) | (139,210) | - | (1,669,397) |
| Infrastructure | (409,851) | (77,339) | - | (487,190) |
| Equipment | (2,258,451) | (188,807) | 49,686 | (2,397,572) |
| Total Accumulated depreciation | (4,317,515) | (405,356) | 49,686 | (4,673,185) |
| Total Capital Assets being depreciated, net | 6,267,073 | (193,181) | (5,342) | 6,068,550 |
| Governmental Activities Capital Assets, net | \$ 6,407,181 | \$ (179,681) | \$ (5,342) | \$ 6,222,158 |

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 5: CAPITAL ASSETS (Continued)

The amount of depreciation expense that was charged to governmental functions for the year ended December 31, 2009 is as follows:

| <u>Depreciation Expense:</u> | |
|------------------------------|-------------------|
| General Government | \$ 8,678 |
| Safety Services | 182,073 |
| Public Health | 1,746 |
| Leisure Time Activities | 114,140 |
| Transportation | 98,719 |
| | <u>\$ 405,356</u> |

Business-type Activities: A summary of the business-type activities' capital assets as of December 31, 2009 follows:

| | Restated Balance 12/31/08 | Additions | Deletions | Balance 12/31/09 |
|---|---------------------------------|------------------|---------------------|----------------------|
| <u>Business-type Activities</u> | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 72,606 | \$ - | \$ - | \$ 72,606 |
| Construction in Progress | 120,428 | - | (120,428) | - |
| Total Capital Assets not being depreciated | 193,034 | - | (120,428) | 72,606 |
| Capital Assets, being depreciated: | | | | |
| Land Improvements | 16,033 | - | - | 16,033 |
| Buildings | 8,543,649 | 135,567 | (36,127) | 8,643,089 |
| Infrastructure | 8,984,256 | 289,649 | - | 9,273,905 |
| Equipment | 1,490,456 | 27,197 | - | 1,517,653 |
| Total Capital Assets, being depreciated | 19,034,394 | 452,413 | (36,127) | 19,450,680 |
| Less Accumulated depreciation: | | | | |
| Land Improvements | (10,724) | (506) | - | (11,230) |
| Buildings | (2,915,384) | (208,186) | 33,687 | (3,089,883) |
| Infrastructure | (2,741,492) | (154,619) | - | (2,896,111) |
| Equipment | (1,294,829) | (26,650) | - | (1,321,479) |
| Total Accumulated depreciation | (6,962,429) | (389,961) | 33,687 | (7,318,703) |
| Total Capital Assets being depreciated, net | 12,071,965 | 62,452 | (2,440) | 12,131,977 |
| Business-type Activities Capital Assets, net | \$ 12,264,999 | \$ 62,452 | \$ (122,868) | \$ 12,204,583 |

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 5: CAPITAL ASSETS (Continued)

The amount of depreciation expense that was charged to the Water and Sewer funds for the year ended December 31, 2009 is as follows:

| | |
|------------------------------|-------------------|
| <u>Depreciation Expense:</u> | |
| Water | \$ 173,929 |
| Sewer | 216,032 |
| | <u>\$ 389,961</u> |

NOTE 6: COMPENSATED ABSENCES

City employees earn vacation leave at varying rates based upon length of service, from two to five weeks per year. All employees are allowed to carry over one week of vacation to be used within the following 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 4.6 hours for every 80 hours worked. Sick leave accrual is continuous, without limit. In the case of death or retirement, employees (or the employees' estates) are paid between 600 to 650 hours of accumulated, unused sick leave.

NOTE 7: BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

Governmental Activities: A summary of the governmental activities' debt and other long-term obligations as of December 31, 2009 follows:

| | <u>Restated Balance January 1</u> | <u>Additions</u> | <u>Deletions</u> | <u>Amount Outstanding December 31</u> | <u>Amount Due in One Year</u> |
|--|---|-------------------|-------------------|---|---------------------------------------|
| <u>Governmental Activities</u> | | | | | |
| <u>General Obligation Bonds</u> | | | | | |
| 2004 Refunding Recreation Center Bonds 2.00 - 4.35% | \$ 1,120,000 | \$ - | \$ 75,000 | \$ 1,045,000 | \$ 80,000 |
| 2009 Emergency Dispatch Communications Bonds 4.25% | - | 77,000 | - | 77,000 | 4,000 |
| Total General Obligation Bonds | <u>1,120,000</u> | <u>77,000</u> | <u>75,000</u> | <u>1,122,000</u> | <u>84,000</u> |
| <u>Other Obligations</u> | | | | | |
| Capital Lease | 50,479 | - | 9,109 | 41,370 | 9,577 |
| Compensated Absences | 129,823 | 51,451 | 54,177 | 127,097 | 55,292 |
| Total Other Obligations | <u>180,302</u> | <u>51,451</u> | <u>63,286</u> | <u>168,467</u> | <u>64,869</u> |
| Total Governmental Activities | <u>\$ 1,300,302</u> | <u>\$ 128,451</u> | <u>\$ 138,286</u> | <u>\$ 1,290,467</u> | <u>\$ 148,869</u> |

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 7: BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Business-type Activities: A summary of the business-type activities' debt and other long-term obligations as of December 31, 2009 follows:

| | Balance January 1 | Additions | Deletions | Amount Outstanding December 31 | Amount Due in One Year |
|--|----------------------|------------------|-------------------|--------------------------------------|------------------------------|
| <u>Business-type Activities</u> | | | | | |
| <u>Revenue Bonds</u> | | | | | |
| 1993 Mortgage Revenue Bonds 5.2% | \$ 1,060,300 | \$ - | \$ 21,800 | \$ 1,038,500 | \$ 22,900 |
| <u>General Obligation Bonds</u> | | | | | |
| 2004 Water Improvement Bonds 2.0-4.7% | 1,320,000 | - | 60,000 | 1,260,000 | 65,000 |
| Total Bonds | <u>2,380,300</u> | <u>-</u> | <u>81,800</u> | <u>2,298,500</u> | <u>87,900</u> |
| <u>Loans</u> | | | | | |
| 2005 OPWC Loan 0% | 212,500 | - | 12,500 | 200,000 | 12,500 |
| 1993 OWDA Loan 5.00% | 1,086,256 | - | 220,961 | 865,295 | 232,147 |
| Total Loans | <u>1,298,756</u> | <u>-</u> | <u>233,461</u> | <u>1,065,295</u> | <u>244,647</u> |
| <u>Other Obligations</u> | | | | | |
| Compensated Absences | 45,794 | 16,400 | 17,268 | 44,926 | 13,809 |
| Total Business-type Activities | <u>\$ 3,724,850</u> | <u>\$ 16,400</u> | <u>\$ 332,529</u> | <u>\$ 3,408,721</u> | <u>\$ 346,356</u> |

General Obligation Bonds: General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes. On July 12, 2004, the City issued \$1,410,000 and \$415,000 in general obligation bonds with interest rates varying between; 2.00-4.35 percent, and 2.00-2.75 percent, respectively. The bond issues were used to refund \$1,361,000 of outstanding recreation center bonds with an interest rate of 5.30 percent, and to refund \$415,000 of outstanding safety building bonds with an average interest rate of 4.84 percent. As of December 31, 2009, all of the old bonds have been called and subsequently redeemed. The refunding recreation center bonds will mature on December 1, 2020. In 2009, the City issued \$77,000 in bonds with an interest rate of 4.25 percent and will mature in 2024. These bonds were issued to replace and improve the City's 911 emergency dispatch communication system.

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

Loans: The 2005 Ohio Public Works Commission (OPWC) loan was for a new water filtration system to be used by the City. The City received \$141,647 in proceeds in 2005, with the remaining \$108,353 received in 2006. The loan ends in 2026 and is an interest-free loan.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 7: BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Compensated Absences: Sick leave benefits will be paid from the fund from which the person is paid. Most sick leave is paid from the General Fund and the Water and Sewer Enterprise funds.

The annual requirements to amortize all bonded debt and loans as of December 31, 2009, including interest payments of \$6,151,878, are as follows:

| <u>Year</u> | General Obligation Bonds | | OPWC & OWDA Loans | |
|-------------|-----------------------------|------------|-------------------|------------|
| | Principal | Interest | Principal | Interest |
| | 2010 | \$ 149,000 | \$ 96,007 | \$ 244,647 |
| 2011 | 149,000 | 91,343 | 256,399 | 28,646 |
| 2012 | 159,000 | 86,242 | 268,747 | 16,299 |
| 2013 | 159,000 | 80,493 | 145,502 | 3,271 |
| 2014 | 164,000 | 74,587 | 12,500 | - |
| 2015-2019 | 951,000 | 268,883 | 62,500 | - |
| 2020-2024 | 651,000 | 80,087 | 62,500 | - |
| 2025-2029 | - | - | 12,500 | - |
| | \$ 2,382,000 | \$ 777,642 | \$ 1,065,295 | \$ 88,615 |

| <u>Year</u> | Revenue Bonds | | <u>Total</u> |
|-------------|---------------|------------|--------------|
| | Principal | Interest | |
| 2010 | \$ 22,900 | \$ 53,223 | \$ 606,176 |
| 2011 | 24,100 | 52,050 | 601,538 |
| 2012 | 25,400 | 50,814 | 606,502 |
| 2013 | 26,700 | 49,513 | 464,479 |
| 2014 | 28,000 | 48,144 | 327,231 |
| 2015-2019 | 163,300 | 217,638 | 1,663,321 |
| 2020-2024 | 209,600 | 171,293 | 1,174,480 |
| 2025-2029 | 269,100 | 111,773 | 393,373 |
| 2030-2033 | 269,400 | 35,378 | 304,778 |
| | \$ 1,038,500 | \$ 789,826 | \$ 6,141,878 |

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 8: CAPITAL LEASE – LESSEE DISCLOSURE

Capital lease payments are reflected as debt service payments in the basic financial statements for the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis.

Governmental activities' capital assets consisting of equipment has been capitalized in the amount of \$55,891. The capitalized amount is equal to the present value of the future minimum lease payments at the time of acquisition.

The future minimum lease payment required under the capital leases are as follows:

| <u>Year</u> | <u>Payment</u> |
|----------------------|------------------|
| 2010 | \$ 11,706 |
| 2011 | 11,706 |
| 2012 | 11,706 |
| 2013 | <u>11,706</u> |
| | 46,824 |
| Less Interest | <u>(5,454)</u> |
| Future Minimum Lease | <u>\$ 41,370</u> |

NOTE 9: PROPERTY TAX

Property taxes include amounts levied against all real and public utility property, and tangible personal (used in business) property located in the City. Real property taxes were levied after October 1, on the assessed value as of the prior January 1, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was in 2008 for both Wayne and Medina counties. Public utility property taxes were levied after October 1 on the assessed value as of the prior December 31 and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at 100 percent of true value and on real property at 35 percent of assessed valuation. Tangible personal property taxes are levied on January 1 of the current year on the value listed as of December 31 of the prior year. Tangible personal property assessments are 25 percent of true value. The tangible personal property tax is being phased out and the assessment percentage for all property, including inventory, is 6.25 percent for 2008 and zero for 2009.

The full-tax rate for all City operations applied to taxable property for the year ended December 31, 2009 was \$7.1 and \$5.8 per \$1,000 of assessed valuation in Wayne and Medina Counties, respectively. For 2009, only 2.9 percent of the total valuations were attributed to property in Medina County.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 9: PROPERTY TAX (Continued)

The assessed values upon which the 2009 taxes were collected are as follows:

| <u>Property Category</u> | <u>Assessed Value</u> | <u>Percent</u> |
|---------------------------------------|-----------------------|----------------|
| <u>Real Property</u> | | |
| Residential and agricultural | \$83,553,170 | 84.39 |
| Commercial and industrial | 13,649,710 | 13.79 |
| Public utilities | 20,340 | 0.02 |
| <u>Tangible Personal Property</u> | | |
| General | 238,177 | 0.24 |
| Public utilities | 1,544,980 | 1.56 |
| Total | <u>\$99,006,377</u> | <u>100.00</u> |

Real and public utility property taxes are payable annually or semiannually. If paid annually, payment is due March 1. If paid semi-annually, the first payment is due March 1 with the remainder payable by July 15. Under certain circumstances, state statute permits earlier or later payment dates to be established. Due dates are normally extended an additional thirty days.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due May 10; if paid semi-annually, the first payment is due May 10, with the remainder payable by September 20. Tangible personal property assessments are 23 percent of true value for inventories and 25 percent of true value for capital assets. The tangible personal property tax is being phased out, the assessment percentage for all property including inventory is 12.5 percent. This will be reduced to zero for 2009.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility, and tangible personal property taxes which became measurable as of December 31, 2009. However, since these tax collections will not be received during the available period nor are they intended to finance 2009 operations, the receivable is offset by a credit to deferred revenue.

NOTE 10: INCOME TAX

The City levies and collects an income tax of 1.5 percent on all income earned within the City, as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated taxes at least quarterly and to file a final return annually. Income tax revenues are distributed between the General Fund (50 percent), the Water Enterprise Fund (25 percent), and the Capital Improvements Capital Projects Fund (25 percent).

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2009

NOTE 11: CONTINGENCIES

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

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

NOTE 12: DEFINED BENEFIT PENSION PLANS

All full-time employees of the City, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: the Traditional Pension Plan (TP), a cost-sharing, multiple-employer defined benefit pension plan; and the Member-Directed Plan (MD), which is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The third plan is the Combined Plan (CO), cost-sharing, multiple-employer defined benefit pension plan. Under the CO Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP benefit. Member contributions, the investment which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan. All full-time uniformed City police participate in the Ohio Police and Fire Pension Fund (OP&F), also a cost-sharing, multiple-employer defined benefit pension plan.

All members of these pension plans except those of the Member-Directed Plan are provided basic retirement and disability benefits, annual cost of living adjustments, and survivor and death benefits to plan members and beneficiaries. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. Authority to establish and amend benefits for OPERS and OP&F is provided by the Ohio State Legislature and are codified in the Ohio Revised Code, Chapters 145 and 742 respectively.

Each retirement system prepares a stand-alone financial report that includes financial information and required supplementary information for the plans. These reports can be obtained by writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800)222-7377 and OP&F at 140 East Town Street, Columbus, Ohio 43215-5164.

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2009

NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)

OPERS: The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2009 member contribution rates were 10 percent for members in classifications other than law enforcement and public safety. Members in the law enforcement classification, which consists generally of sheriffs and township police, contributed at a rate of 10.1 percent. Public safety divisions contributed at 10.1 percent. For 2009, the employer pension contribution rate for the City was 14 percent of covered payroll, with 7 percent to fund pension obligations from January 1 through March 31, 2009 and 8.5 percent from April 1 through December 31, 2009. The 2009 employer contribution rate for both the law enforcement and public safety divisions was 17.63 percent of covered payroll. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ending December 31, 2009, 2008, and 2007 were \$211,493, \$174,918, and \$161,196, respectively. The full amount has been contributed for 2008 and 2007. Approximately 91.8 percent had been contributed for 2009 with the remainder being reported as a liability within the respective funds.

OP&F: Plan members are required to contribute 10 percent of their covered salary to fund pension obligations, while employers are required to contribute 19.5 percent and 24 percent respectively for police officers and firefighters. The portion used to fund pension obligations were 12.75 percent and 17.25 percent respectively for police officers and firefighters. Contributions are authorized by state statute. The City's required contributions to OP&F for the years ending December 31, 2009, 2008, and 2007 were \$57,068, \$57,387, and \$51,648, respectively. The full amount has been contributed for 2008 and 2007. Approximately 76.0 percent has been contributed for 2009 with the remainder being reported as a liability within the respective funds.

NOTE 13: POST-EMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, the Traditional Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO), all of which are described in Note 12. OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the MD Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2009 employer contribution rate for local government employers was 14.0 percent of covered payroll. For both the public safety and law enforcement divisions the 2009 employer rate was 17.63 percent.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 13: POST-EMPLOYMENT BENEFITS (Continued)

OPERS Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.00 percent from January 1 through March 31, 2009 and 5.50 percent from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's actual employer contributions for 2009 which were used to fund post-employment benefits were \$151,305.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008. Rates for law and public safety employers increase over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allow additional funds to be allocated to the health care plan.

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B premium and long term care to retirees, qualifying benefit recipients, and their eligible dependents.

OP&F provides access to post-employment health care coverage for 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 OP&F meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

OP&F maintains funds for health care in two separate accounts. One account is for health care benefits under IRS Code Section 115 trust and one account is for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2009

NOTE 13: POST-EMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of the Sections 115 and 401(h).

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

The City's contributions for the years ending 2009, 2008, and 2007 that were used to fund post-employment benefits were \$30,212, \$30,381, and \$27,343, respectively.

NOTE 14: RISK MANAGEMENT

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

These risks are covered by commercial insurance policies purchased from independent third parties. The City purchases extended coverage insurance on all buildings and contents to \$23,346,204. Coverage is purchased on City vehicles for a combined single limit liability of \$1,000,000. The City purchases general liability insurance coverage with a \$1,000,000 limit per occurrence and \$2,000,000 aggregate. Other policies held by the City include law enforcement, public officials, boiler & machinery, inland marine, and commercial crime. An umbrella policy held by the City provides an additional \$5,000,000 of coverage over the policies listed above. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years.

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

There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 15: INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During the year, the Capital Improvements Fund transferred \$120,070 to the Debt Service Fund and the General Fund transferred \$50,000 and \$32,000 to the Fire Department Levy and Street Maintenance and Repair funds, respectively, for these purposes.

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

Internal borrowing consists of internal bonds issued by the City to finance projects internally rather than through outside parties. For reporting purposes, these internal bonds were reflected as an interfund receivable in the Capital Improvements Fund and an interfund payable in the Other Governmental Funds.

Following is a detail of the Interfund Receivable/Payable, by debt issue, as of December 31, 2009:

| | Restated Balance 1/1/2009 | Additions | Deletions | Balance 12/31/2009 |
|--|---------------------------------|-------------------------|-------------------------|-------------------------|
| <u>Governmental Activities</u> | | | | |
| 2002 Rufener Street | | | | |
| Issued 2002, Maturity 2012, Rate 5.50% | \$ 24,508 | \$ - | \$ 5,644 | \$ 18,864 |
| 2004 Street Improvement | | | | |
| Issued 2004, Maturity 2010, Rate 5.00% | 11,000 | - | 5,366 | 5,634 |
| 2006 Street Improvement | | | | |
| Issued 2006, Maturity 2011, Rate 5.00% | 7,700 | - | 2,440 | 5,260 |
| 2009 Street Improvement | | | | |
| Issued 2009, Maturity 2014, Rate 5.00% | - | 13,000 | - | 13,000 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Governmental Activities | <u>\$ 43,208</u> | <u>\$ 13,000</u> | <u>\$ 13,450</u> | <u>\$ 42,758</u> |

Of the \$42,758 balance, \$27,615 will be repaid in more than one year.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2009

NOTE 17: RESTATEMENT OF PRIOR YEAR'S BALANCES

A. Net Assets Restatement

December 31, 2008 net asset balances for the Water Fund have been restated by immaterial amounts in order to improve the accuracy of the city financial statements. Capital assets were determined to be understated by an amount (\$41,200) not capitalized in the prior year. It was also determined that customer deposits were reported as revenues in the prior year as opposed to customer deposits being held. These restatements had the following effect on net assets as of December 31, 2008.

| | Water Fund | Business-Type Activities |
|---|---------------|-----------------------------|
| Net Assets, December 31, 2008 | \$ 4,642,607 | \$ 10,238,479 |
| Restatement: | | |
| Capital Assets previously not recorded | 42,100 | 42,100 |
| Customer Deposits Payable | (33,091) | (33,091) |
| Net Assets, December 31, 2008, restated | \$ 4,651,616 | \$ 10,247,488 |

B. Fund Balance Restatement

December 31, 2008 fund balance was restated by an immaterial balance in the Debt Service Fund. Management determined internal manuscript debt should properly be reported as a fund liability. This restatement had the following effect on fund balance as of December 31, 2008.

| | Debt Retirement Fund |
|---|----------------------------|
| Fund Balance, December 31, 2008 | \$ 88,393 |
| Restatement: | |
| Internal borrowing reported as debt | (43,208) |
| Fund Balance, December 31, 2008, restated | \$ 45,185 |

Combining Statements

City of Rittman, Ohio

Combining Statements Fund Descriptions December 31, 2009

Non-Major Special Revenue Funds

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

Emergency Medical Service

To account for property taxes levied and other revenues for the operation of emergency medical services.

Street Maintenance and Repair

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

State Highway

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

Permissive Tax

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

Permissive Tax II

To account for the City's share of motor vehicle registration fess levied by the City for maintaining city streets.

Police Pension

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

Law Enforcement and Education

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

Law Enforcement

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

Law Enforcement Assistance Grant

To account for funds to be used for law enforcement and public safety programs.

Education and Recreation Assistance

To account for monies received and expended for the Parks and Recreation Department programs and activities.

City of Rittman, Ohio

Combining Statements Fund Descriptions December 31, 2009

Federal Emergency Management Agency (FEMA) Grant

To account for revenues received from the federal government and used to offset costs related to flood damage. Only the budgetary statement is presented because a final budget was estimated but no cash activity occurred during 2009.

Fire Department Levy

To account for property taxes levied for the maintenance and acquisition of fire equipment.

Non-Major Debt Service Funds

The Debt Service Fund is established to account for the accumulation of resources for, and the payment of, long term debt principal and interest.

Debt Retirement

To account for the resources that are used for payment of principal and interest and fiscal charges on debt.

Fiduciary Funds

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

Agency Funds

Unclaimed Funds

To account for stale dated checks issued by the City for various expenses. These dollars are held in this fund until a legal claim is made.

Returnable Bonds Fund

To hold deposits for various aspects of construction such as inspections, street openings, grade settings, and building deposits and to hold as agent monies received for insurance and payment of utility bills which are to be remitted as required.

City of Rittman, Ohio

Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2009

| | Nonmajor Special Revenue Funds | Nonmajor Debt Retirement Fund | Total Nonmajor Governmental Funds |
|--|---|--|--|
| ASSETS | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 665,856 | \$ 91,822 | \$ 757,678 |
| Cash and Cash Equivalents: | | | |
| In Segregated Accounts | - | 2,841 | 2,841 |
| Materials and Supplies Inventory | 5,114 | - | 5,114 |
| Accounts Receivable | 25,857 | - | 25,857 |
| Intergovernmental Receivable | 200,758 | - | 200,758 |
| Prepaid Items | 3,361 | - | 3,361 |
| Property Taxes Receivable | 283,571 | - | 283,571 |
| Special Assessments Receivable | - | 48,533 | 48,533 |
| Total Assets | \$ 1,184,517 | \$ 143,196 | \$ 1,327,713 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 10,154 | \$ - | \$ 10,154 |
| Accrued Wages and Benefits | 23,947 | - | 23,947 |
| Intergovernmental Payable | 49,114 | - | 49,114 |
| Matured Interest Payable | - | 841 | 841 |
| Matured Bonds Payable | - | 2,000 | 2,000 |
| Interfund Payable | - | 42,758 | 42,758 |
| Deferred Revenue | 415,291 | 48,533 | 463,824 |
| Total Liabilities | 498,506 | 94,132 | 592,638 |
| Fund Balances: | | | |
| Reserved for: | | | |
| Encumbrances | 10,081 | - | 10,081 |
| Inventory | 5,114 | - | 5,114 |
| Prepaid Items | 3,361 | - | 3,361 |
| Unreserved: | | | |
| Undesignated, Reported in: | | | |
| Special Revenue Funds | 667,455 | - | 667,455 |
| Debt Service Fund | - | 49,064 | 49,064 |
| Total Fund Balances | 686,011 | 49,064 | 735,075 |
| Total Liabilities and Fund Balances | \$ 1,184,517 | \$ 143,196 | \$ 1,327,713 |

City of Rittman, Ohio

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For The Year Ended December 31, 2009**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Retirement Fund | Total Nonmajor Governmental Funds |
|--|---|--|--|
| REVENUES | | | |
| Property and Other Taxes | \$ 263,238 | \$ - | \$ 263,238 |
| Intergovernmental | 510,317 | - | 510,317 |
| Interest | 1,225 | - | 1,225 |
| Fines Licenses, and Permits | 2,165 | - | 2,165 |
| Charges for Services | 180,132 | - | 180,132 |
| Special Assessments | - | 15,382 | 15,382 |
| All Other Revenues | 7,301 | - | 7,301 |
| Total Revenues | <u>964,378</u> | <u>15,382</u> | <u>979,760</u> |
| EXPENDITURES | | | |
| Safety Services | 490,030 | - | 490,030 |
| Public Health and Welfare | 1,195 | - | 1,195 |
| Transportation | 394,235 | - | 394,235 |
| General Government | 5,243 | - | 5,243 |
| Debt Service: | | | |
| Principal Retirement | - | 84,109 | 84,109 |
| Interest and Fiscal Charges | - | 47,464 | 47,464 |
| Total Expenditures | <u>890,703</u> | <u>131,573</u> | <u>1,022,276</u> |
| Excess of Revenues Over (Under) Expenditures | <u>73,675</u> | <u>(116,191)</u> | <u>(42,516)</u> |
| OTHER FINANCING SOURCES | | | |
| Transfer In | 82,000 | 120,070 | 202,070 |
| Total Other Financing Sources | <u>82,000</u> | <u>120,070</u> | <u>202,070</u> |
| Net Change in Fund Balances | 155,675 | 3,879 | 159,554 |
| Fund Balances - Beginning of Year, Restated | 530,336 | 45,185 | 575,521 |
| Fund Balances - End of Year | <u>\$ 686,011</u> | <u>\$ 49,064</u> | <u>\$ 735,075</u> |

City of Rittman, Ohio

Combining Balance Sheet
 Non-Major Special Revenue Funds
 December 31, 2009

| | Emergency Medical Service | Street Maintenance and Repair | State Highway | Permissive Tax | Permissive Tax II | Police Pension | Law Enforcement and Education | Law Enforcement | Education and Recreation Assistance | Fire Department Levy | Nonmajor Special Revenue Funds |
|--|---------------------------------|-------------------------------------|------------------|-------------------|----------------------|-------------------|--|--------------------|---|----------------------------|---|
| ASSETS | | | | | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 354,723 | \$ 37,944 | \$ 23,728 | \$ - | \$ 31,231 | \$ 16,880 | \$ 1,216 | \$ 4,846 | \$ 5,612 | \$ 189,676 | \$ 665,856 |
| Materials and Supplies Inventory | - | 792 | 4,322 | - | - | - | - | - | - | - | 5,114 |
| Accounts Receivable | 25,560 | 187 | - | - | - | - | 60 | 50 | - | - | 25,857 |
| Intergovernmental Receivable | 14,258 | 136,294 | 11,052 | 27,273 | 3,687 | 2,088 | - | - | - | 6,106 | 200,758 |
| Prepaid Items | 2,391 | 18 | - | - | - | - | - | - | - | 952 | 3,361 |
| Property Taxes Receivable | 164,914 | - | - | - | - | 27,766 | - | - | - | 90,891 | 283,571 |
| Total Assets | \$ 561,846 | \$ 175,235 | \$ 39,102 | \$ 27,273 | \$ 34,918 | \$ 46,734 | \$ 1,276 | \$ 4,896 | \$ 5,612 | \$ 287,625 | \$ 1,184,517 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts Payable | \$ 2,029 | \$ 1,304 | \$ 5,866 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 955 | \$ 10,154 |
| Accrued Wages and Benefits | 14,027 | 3,726 | - | - | - | - | - | - | - | 6,194 | 23,947 |
| Intergovernmental Payable | 13,198 | 14,547 | - | - | - | - | - | - | - | 21,369 | 49,114 |
| Deferred Revenue | 180,944 | 91,567 | 7,426 | 27,273 | - | 27,215 | - | - | - | 80,866 | 415,291 |
| Total Liabilities | 210,198 | 111,144 | 13,292 | 27,273 | - | 27,215 | - | - | - | 109,384 | 498,506 |
| Fund Balances: | | | | | | | | | | | |
| Reserved for: | | | | | | | | | | | |
| Encumbrances | 1,956 | 1,304 | 5,866 | - | - | - | - | - | - | 955 | 10,081 |
| Inventory | - | 792 | 4,322 | - | - | - | - | - | - | - | 5,114 |
| Prepaid Items | 2,391 | 18 | - | - | - | - | - | - | - | 952 | 3,361 |
| Unreserved: | | | | | | | | | | | |
| Undesignated, Reported in: | | | | | | | | | | | |
| Special Revenue Funds | 347,301 | 61,977 | 15,622 | - | 34,918 | 19,519 | 1,276 | 4,896 | 5,612 | 176,334 | 667,455 |
| Total Fund Balances | 351,648 | 64,091 | 25,810 | - | 34,918 | 19,519 | 1,276 | 4,896 | 5,612 | 178,241 | 686,011 |
| Total Liabilities and Fund Balances | \$ 561,846 | \$ 175,235 | \$ 39,102 | \$ 27,273 | \$ 34,918 | \$ 46,734 | \$ 1,276 | \$ 4,896 | \$ 5,612 | \$ 287,625 | \$ 1,184,517 |

City of Rittman, Ohio

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For The Year Ended December 31, 2009**

| | Emergency Medical Service | Street Maintenance and Repair | State Highway | Permissive Tax | Permissive Tax II | Police Pension | Law Enforcement and Education | Law Enforcement | Law Enforcement Assistance Grant | Education and Recreation Assistance | Fire Department Levy | Nonmajor Special Revenue Funds |
|---|---------------------------------|-------------------------------------|------------------|-------------------|----------------------|-------------------|--|--------------------|---|---|----------------------------|---|
| REVENUES | | | | | | | | | | | | |
| Property and Other Taxes | \$ 152,217 | \$ - | \$ - | \$ - | \$ - | \$ 25,886 | \$ - | \$ - | \$ - | \$ - | \$ 85,135 | \$ 263,238 |
| Intergovernmental | 80,367 | 276,577 | 22,425 | 40,000 | 43,267 | 9,350 | - | - | 1,480 | - | 36,851 | 510,317 |
| Interest | - | 772 | 453 | - | - | - | - | - | - | - | - | 1,225 |
| Fines Licenses and Permits | - | - | - | - | - | - | 485 | 1,680 | - | - | - | 2,165 |
| Charges for Services | 180,132 | - | - | - | - | - | - | - | - | - | - | 180,132 |
| All Other Revenues | 6,336 | 803 | - | - | - | - | - | - | - | - | 162 | 7,301 |
| Total Revenues | 419,052 | 278,152 | 22,878 | 40,000 | 43,267 | 35,236 | 485 | 1,680 | 1,480 | - | 122,148 | 964,378 |
| EXPENDITURES | | | | | | | | | | | | |
| Safety Service | 320,402 | - | - | - | - | 20,000 | - | - | 1,691 | - | 147,937 | 490,030 |
| Public Health and Welfare | - | - | - | - | - | - | - | - | - | 1,195 | - | 1,195 |
| Transportation | - | 308,330 | 15,905 | 40,000 | 30,000 | - | - | - | - | - | - | 394,235 |
| General Government | 3,219 | - | - | - | - | 505 | - | - | - | - | 1,519 | 5,243 |
| Total Expenditures | 323,621 | 308,330 | 15,905 | 40,000 | 30,000 | 20,505 | - | - | 1,691 | 1,195 | 149,456 | 890,703 |
| Excess of Revenues Over (Under) Expenditures | 95,431 | (30,178) | 6,973 | - | 13,267 | 14,731 | 485 | 1,680 | (211) | (1,195) | (27,308) | 73,675 |
| OTHER FINANCING SOURCES | | | | | | | | | | | | |
| Transfer In | - | 32,000 | - | - | - | - | - | - | - | - | 50,000 | 82,000 |
| Total Other Financing Sources | - | 32,000 | - | - | - | - | - | - | - | - | 50,000 | 82,000 |
| Net Change in Fund Balances | 95,431 | 1,822 | 6,973 | - | 13,267 | 14,731 | 485 | 1,680 | (211) | (1,195) | 22,692 | 155,675 |
| Fund Balances - Beginning of Year | 256,217 | 62,269 | 18,837 | - | 21,651 | 4,788 | 791 | 3,216 | 211 | 6,807 | 155,549 | 530,336 |
| Fund Balances - End of Year | \$ 351,648 | \$ 64,091 | \$ 25,810 | \$ - | \$ 34,918 | \$ 19,519 | \$ 1,276 | \$ 4,896 | \$ - | \$ 5,612 | \$ 178,241 | \$ 686,011 |

City of Rittman, Ohio

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2009**

| | <u>Balance</u> <u>12/31/2008</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>12/31/2009</u> |
|--|-------------------------------------|------------------|------------------|-------------------------------------|
| Unclaimed Funds | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$ -</u> | <u>\$ 908</u> | <u>\$ -</u> | <u>\$ 908</u> |
| Liabilities | | | | |
| Deposits Held and Due to Others | <u>\$ -</u> | <u>\$ 908</u> | <u>\$ -</u> | <u>\$ 908</u> |
| Returnable Bonds | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$ -</u> | <u>\$ 19,900</u> | <u>\$ -</u> | <u>\$ 19,900</u> |
| Liabilities | | | | |
| Deposits Held and Due to Others | <u>\$ -</u> | <u>\$ 19,900</u> | <u>\$ -</u> | <u>\$ 19,900</u> |
| Total - All Agency Funds | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$ -</u> | <u>\$ 20,808</u> | <u>\$ -</u> | <u>\$ 20,808</u> |
| Liabilities | | | | |
| Deposits Held and Due to Others | <u>\$ -</u> | <u>\$ 20,808</u> | <u>\$ -</u> | <u>\$ 20,808</u> |

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

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Property and Other Taxes | \$ 297,300 | \$ 271,700 | \$ 345,842 | \$ 74,142 |
| Income Taxes | 720,000 | 690,000 | 689,650 | (350) |
| Intergovernmental | 479,940 | 570,540 | 610,314 | 39,774 |
| Investment Income | 106,000 | 58,500 | 58,917 | 417 |
| Fines, Licenses and Permits | 89,000 | 89,000 | 28,753 | (60,247) |
| Charges for Services | 1,009,475 | 959,475 | 969,616 | 10,141 |
| Contributions and Donations | 700 | 10,140 | 110,752 | 100,612 |
| Other | 19,200 | 19,200 | 37,102 | 17,902 |
| Total Revenues | 2,721,615 | 2,668,555 | 2,850,946 | 182,391 |
| Expenditures: | | | | |
| Current: | | | | |
| Safety Services | | | | |
| Division of Police | | | | |
| Personal Services | 963,605 | 973,205 | 903,258 | 69,947 |
| Other than Personal Services | 117,542 | 110,542 | 95,182 | 15,360 |
| Total Division of Police | <u>1,081,147</u> | <u>1,083,747</u> | <u>998,440</u> | <u>85,307</u> |
| Division of Communications | | | | |
| Other than Personal Services | 2,700 | 2,700 | - | 2,700 |
| Total Division of Communications | <u>2,700</u> | <u>2,700</u> | <u>-</u> | <u>2,700</u> |
| Division of Street Lighting | | | | |
| Other than Personal Services | 27,500 | 27,500 | 21,127 | 6,373 |
| Total Division of Street Lighting | <u>27,500</u> | <u>27,500</u> | <u>21,127</u> | <u>6,373</u> |
| Total Safety Services | <u>1,111,347</u> | <u>1,113,947</u> | <u>1,019,567</u> | <u>94,380</u> |
| Public Health & Welfare | | | | |
| Cemetery Board | | | | |
| Personal Services | 58,185 | 58,185 | 57,166 | 1,019 |
| Other than Personal Services | 5,300 | 5,300 | 2,475 | 2,825 |
| Capital Outlay | 2,000 | 24,000 | 23,015 | 985 |
| Total Cemetery Board | <u>65,485</u> | <u>87,485</u> | <u>82,656</u> | <u>4,829</u> |

(Continued)

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund (continued)
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|---------|---------|---|
| | Original | Final | | |
| Board of Health | | | | |
| Other than Personal Services | 25,000 | 25,125 | 25,123 | 2 |
| Total Board of Health | 25,000 | 25,125 | 25,123 | 2 |
| Division of Pest and Animal Control | | | | |
| Personal Services | 3,525 | 3,525 | 2,370 | 1,155 |
| Other than Personal Services | 17,000 | 17,050 | 17,033 | 17 |
| Total Division of Pest and Animal Control | 20,525 | 20,575 | 19,403 | 1,172 |
| Total Public Health and Welfare | 111,010 | 133,185 | 127,182 | 6,003 |
| Leisure Time Activities | | | | |
| Division of Parks | | | | |
| Personal Services | 71,810 | 71,810 | 71,089 | 721 |
| Other than Personal Services | 15,850 | 15,850 | 7,698 | 8,152 |
| Total Division of Parks | 87,660 | 87,660 | 78,787 | 8,873 |
| Recreation Center | | | | |
| Personal Services | 230,383 | 228,383 | 221,193 | 7,190 |
| Other Expenses | 169,818 | 204,668 | 192,749 | 11,919 |
| Total Recreation Center | 400,201 | 433,051 | 413,942 | 19,109 |
| Total Leisure Time Activities | 487,861 | 520,711 | 492,729 | 27,982 |
| Basic Utility Services | | | | |
| Division of Waste Management | | | | |
| Other than Personal Services | 451,000 | 453,934 | 411,958 | 41,976 |
| Total Division of Waste management | 451,000 | 453,934 | 411,958 | 41,976 |
| Total Basic Utility Services | 451,000 | 453,934 | 411,958 | 41,976 |
| Transportation | | | | |
| Division of Street Maintenance | | | | |
| Personal Services | 94,686 | 94,686 | 94,226 | 460 |
| Other than Personal Services | 101,249 | 95,249 | 53,637 | 41,612 |
| Total Division of Street Maintenance | 195,935 | 189,935 | 147,863 | 42,072 |

(Continued)

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund (continued)
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|---------|---------|---|
| | Original | Final | | |
| Division of Vehicle Maintenance | | | | |
| Other than Personal Services | 28,500 | 28,500 | 17,588 | 10,912 |
| Total Division of Vehicle Maintenance | 28,500 | 28,500 | 17,588 | 10,912 |
| Total Transportation | 224,435 | 218,435 | 165,451 | 52,984 |
| General Government | | | | |
| Office of City Council | | | | |
| Personal Services | 35,235 | 35,235 | 34,873 | 362 |
| Other than Personal Services | 7,000 | 7,000 | 6,700 | 300 |
| Total Office of City Council | 42,235 | 42,235 | 41,573 | 662 |
| Department of Mayor and Administration | | | | |
| Personal Services | 233,840 | 221,015 | 214,622 | 6,393 |
| Other than Personal Services | 148,486 | 178,486 | 139,124 | 39,362 |
| Total Department of Mayor and Administration | 382,326 | 399,501 | 353,746 | 45,755 |
| Department of Finance and Tax | | | | |
| Personal Services | 151,879 | 161,479 | 153,070 | 8,409 |
| Other than Personal Services | 6,200 | 6,200 | - | 6,200 |
| Total Department of Finance and Tax | 158,079 | 167,679 | 153,070 | 14,609 |
| Division of Lands and Buildings | | | | |
| Personal Services | 16,650 | 16,650 | 16,497 | 153 |
| Other than Personal Services | 9,536 | 9,536 | 9,525 | 11 |
| Total Division of Lands and Buildings | 26,186 | 26,186 | 26,022 | 164 |
| Department of Law | | | | |
| Personal Services | 27,000 | 28,580 | 28,572 | 8 |
| Other than Personal Services | 5,405 | 8,925 | 8,792 | 133 |
| Total Department of Law | 32,405 | 37,505 | 37,364 | 141 |

(Continued)

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund (continued)
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------------|--------------------------|--------------------------|---|
| | Original | Final | | |
| Miscellaneous | | | | |
| Personal Services | 11,500 | 11,500 | 10,980 | 520 |
| Other than Personal Services | 26,450 | 26,450 | 20,161 | 6,289 |
| Total Miscellaneous | <u>37,950</u> | <u>37,950</u> | <u>31,141</u> | <u>6,809</u> |
| Total General Government | <u>679,181</u> | <u>711,056</u> | <u>642,916</u> | <u>68,140</u> |
| Total Expenditures | <u><u>3,064,834</u></u> | <u><u>3,151,268</u></u> | <u><u>2,859,803</u></u> | <u><u>291,465</u></u> |
| Excess of Revenues Over (Under) Expenditures | (343,219) | (482,713) | (8,857) | 473,856 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | - | (82,000) | (82,000) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(82,000)</u> | <u>(82,000)</u> | <u>-</u> |
| Net Change in Fund Balance | (343,219) | (564,713) | (90,857) | 473,856 |
| Fund Balance - Beginning of Year | 783,946 | 783,946 | 783,946 | - |
| Prior Year Encumbrances Appropriated | 11,639 | 11,639 | 11,639 | - |
| Fund Balance - End of Year | <u><u>\$ 452,366</u></u> | <u><u>\$ 230,872</u></u> | <u><u>\$ 704,728</u></u> | <u><u>\$ 473,856</u></u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Capital Improvements Fund
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|------------------|------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Income Taxes | \$360,000 | \$345,000 | \$344,817 | \$ (183) |
| Intergovernmental | - | 158,000 | 157,472 | (528) |
| Contributions and Donations | - | 78,202 | 89,427 | 11,225 |
| Special Assessments | 15,000 | 15,000 | 7,720 | (7,280) |
| Other | - | - | 82 | 82 |
| Total Revenues | <u>375,000</u> | <u>596,202</u> | <u>599,518</u> | <u>3,316</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Safety Services | | | | |
| Division of Police | | | | |
| Capital Outlay | 36,200 | 154,568 | 151,091 | 3,477 |
| Leisure Time Activities | | | | |
| Division of Parks | | | | |
| Capital Outlay | 40,000 | 40,000 | 31,764 | 8,236 |
| Transportation | | | | |
| Division of Street Construction | | | | |
| Capital Outlay | 75,000 | 270,000 | 236,549 | 33,451 |
| General Government | | | | |
| Other Than Personal Services | | | | |
| Capital Outlay | 34,000 | 34,000 | 30,000 | 4,000 |
| Capital Outlay | 42,550 | 125,752 | 123,845 | 1,907 |
| Total General Government | 76,550 | 159,752 | 153,845 | 5,907 |
| Total Expenditures | <u>227,750</u> | <u>624,320</u> | <u>573,249</u> | <u>51,071</u> |
| Excess of Revenues Over (Under) Expenditures | 147,250 | (28,118) | 26,269 | 54,387 |
| Other Financing Sources (Uses) | | | | |
| General Obligation Bonds Issued | - | 77,000 | 77,000 | - |
| Transfers Out | (147,770) | (120,070) | (120,070) | - |
| Total Other Financing Sources (Uses) | <u>(147,770)</u> | <u>(43,070)</u> | <u>(43,070)</u> | <u>-</u> |
| Net Change in Fund Balance | (520) | (71,188) | (16,801) | 54,387 |
| Fund Balance - Beginning of Year | 98,582 | 98,582 | 98,582 | - |
| Fund Balance - End of Year | <u>\$ 98,062</u> | <u>\$ 27,394</u> | <u>\$ 81,781</u> | <u>\$ 54,387</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Emergency Medical Service Fund
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------------------|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues: | | | | |
| Property and Other Taxes | \$168,200 | \$146,400 | \$ 146,968 | \$ 568 |
| Intergovernmental | 33,455 | 79,155 | 78,881 | (274) |
| Charges for Services | 150,000 | 165,000 | 186,981 | 21,981 |
| Other | 500 | 500 | 6,336 | 5,836 |
| Total Revenues | <u>352,155</u> | <u>391,055</u> | <u>419,166</u> | <u>28,111</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Safety Services | | | | |
| Division of Emergency Services | | | | |
| Personal Services | 287,650 | 293,610 | 259,225 | 34,385 |
| Other Than Personal Services | 103,150 | 103,150 | 78,497 | 24,653 |
| Total Safety Services | <u>390,800</u> | <u>396,760</u> | <u>337,722</u> | <u>59,038</u> |
| General Government | | | | |
| Other Than Personal Services | 4,500 | 4,500 | 3,219 | 1,281 |
| Total General Government | <u>4,500</u> | <u>4,500</u> | <u>3,219</u> | <u>1,281</u> |
| Total Expenditures | <u>395,300</u> | <u>401,260</u> | <u>340,941</u> | <u>60,319</u> |
| Net Change in Fund Balance | (43,145) | (10,205) | 78,225 | 88,430 |
| Fund Balance - Beginning of Year | 271,123 | 271,123 | 271,123 | - |
| Prior Year Encumbrances Appropriated | 2,522 | 2,522 | 2,522 | - |
| Fund Balance - End of Year | <u>\$230,500</u> | <u>\$263,440</u> | <u>\$ 351,870</u> | <u>\$ 88,430</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Street Maintenance and Repair Fund
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|------------------|------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental | \$286,000 | \$278,000 | \$272,589 | \$ (5,411) |
| Investment Income | 800 | 800 | 824 | 24 |
| Other | - | - | 616 | 616 |
| Total Revenues | <u>286,800</u> | <u>278,800</u> | <u>274,029</u> | <u>(4,771)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | | | | |
| Division of Street Maintenance | | | | |
| Personal Services | 266,877 | 274,877 | 274,123 | 754 |
| Other Than Personal Services | 67,000 | 64,000 | 39,551 | 24,449 |
| Total Expenditures | <u>333,877</u> | <u>338,877</u> | <u>313,674</u> | <u>25,203</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(47,077)</u> | <u>(60,077)</u> | <u>(39,645)</u> | <u>20,432</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 27,000 | 32,000 | 32,000 | - |
| Total Other Financing Sources (Uses) | <u>27,000</u> | <u>32,000</u> | <u>32,000</u> | <u>-</u> |
| Net Change in Fund Balance | (20,077) | (28,077) | (7,645) | 20,432 |
| Fund Balance - Beginning of Year | 42,488 | 42,488 | 42,488 | - |
| Fund Balance - End of Year | <u>\$ 22,411</u> | <u>\$ 14,411</u> | <u>\$ 34,843</u> | <u>\$ 20,432</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
State Highway Fund
For The Year Ended December 31, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|----------------------------------|-------------------------|-----------------|-----------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental | \$23,000 | \$23,000 | \$22,102 | \$ (898) |
| Investment Income | 500 | 500 | 486 | (14) |
| Total Revenues | <u>23,500</u> | <u>23,500</u> | <u>22,588</u> | <u>(912)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | | | | |
| Division of Street Maintenance | | | | |
| Personal Services | 12,500 | 12,500 | 9,912 | 2,588 |
| Other Than Personal Services | 14,700 | 14,700 | 12,570 | 2,130 |
| Total Expenditures | <u>27,200</u> | <u>27,200</u> | <u>22,482</u> | <u>4,718</u> |
| Net Change in Fund Balance | (3,700) | (3,700) | 106 | 3,806 |
| Fund Balance - Beginning of Year | <u>14,578</u> | <u>14,578</u> | <u>14,578</u> | - |
| Fund Balance - End of Year | <u>\$10,878</u> | <u>\$10,878</u> | <u>\$14,684</u> | <u>\$ 3,806</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Permissive Tax Fund
For The Year Ended December 31, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|----------------------------------|-------------------------|---------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$40,000 | \$40,000 | \$ - |
| Total Revenues | <u>-</u> | <u>40,000</u> | <u>40,000</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | | | | |
| Division of Street Maintenance | | | | |
| Capital Outlay | - | 40,000 | 40,000 | - |
| Total Expenditures | <u>-</u> | <u>40,000</u> | <u>40,000</u> | <u>-</u> |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balance - Beginning of Year | | | | - |
| Fund Balance - End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Permissive Tax II Fund
For The Year Ended December 31, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|----------------------------------|-------------------------|-----------------|-----------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental | \$17,500 | \$37,500 | \$45,073 | \$ 7,573 |
| Total Revenues | <u>17,500</u> | <u>37,500</u> | <u>45,073</u> | <u>7,573</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | | | | |
| Division of Street Maintenance | | | | |
| Capital Outlay | - | 30,000 | 30,000 | - |
| Total Expenditures | <u>-</u> | <u>30,000</u> | <u>30,000</u> | <u>-</u> |
| Net Change in Fund Balance | 17,500 | 7,500 | 15,073 | 7,573 |
| Fund Balance - Beginning of Year | <u>16,158</u> | <u>16,158</u> | <u>16,158</u> | <u>-</u> |
| Fund Balance - End of Year | <u>\$33,658</u> | <u>\$23,658</u> | <u>\$31,231</u> | <u>\$ 7,573</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Police Pension Fund
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with |
|----------------------------------|------------------|-----------------|-----------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Property and Other Taxes | \$26,300 | \$21,300 | \$23,684 | \$ 2,384 |
| Intergovernmental | 3,000 | 8,000 | 9,350 | 1,350 |
| Total Revenues | <u>29,300</u> | <u>29,300</u> | <u>33,034</u> | <u>3,734</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Safety Services | | | | |
| Division of Police | | | | |
| Personal Services | 30,000 | 30,000 | 30,000 | - |
| Total Safety Services | <u>30,000</u> | <u>30,000</u> | <u>30,000</u> | <u>-</u> |
| General Government | | | | |
| Other Than Personal Services | 750 | 750 | 505 | 245 |
| Total General Government | <u>750</u> | <u>750</u> | <u>505</u> | <u>245</u> |
| Total Expenditures | <u>30,750</u> | <u>30,750</u> | <u>30,505</u> | <u>245</u> |
| Net Change in Fund Balance | (1,450) | (1,450) | 2,529 | 3,979 |
| Fund Balance - Beginning of Year | 14,351 | 14,351 | 14,351 | - |
| Fund Balance - End of Year | <u>\$12,901</u> | <u>\$12,901</u> | <u>\$16,880</u> | <u>\$ 3,979</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Law Enforcement and Education Fund
For The Year Ended December 31, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|----------------------------------|-------------------------|---------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Fines, Licenses and Permits | \$ 700 | \$ 475 | \$ 475 | \$ - |
| Total Revenues | <u>700</u> | <u>475</u> | <u>475</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Safety Services | | | | |
| Division of Police | | | | |
| Capital Outlay | 700 | 700 | - | 700 |
| Total Expenditures | <u>700</u> | <u>700</u> | <u>-</u> | <u>700</u> |
| Net Change in Fund Balance | - | (225) | 475 | 700 |
| Fund Balance - Beginning of Year | 741 | 741 | 741 | - |
| Fund Balance - End of Year | <u>\$ 741</u> | <u>\$ 516</u> | <u>\$ 1,216</u> | <u>\$ 700</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Law Enforcement Fund
For The Year Ended December 31, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|----------------------------------|-------------------------|-----------------|-----------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Fines, Licenses and Permits | \$ 1,000 | \$ 1,000 | \$ 1,864 | \$ 864 |
| Total Revenues | <u>1,000</u> | <u>1,000</u> | <u>1,864</u> | <u>864</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Safety Services | | | | |
| Division of Police | | | | |
| Capital Outlay | 1,000 | 1,000 | - | 1,000 |
| Total Expenditures | <u>1,000</u> | <u>1,000</u> | <u>-</u> | <u>1,000</u> |
| Net Change in Fund Balance | - | - | 1,864 | 1,864 |
| Fund Balance - Beginning of Year | 2,982 | 2,982 | 2,982 | - |
| Fund Balance - End of Year | <u>\$ 2,982</u> | <u>\$ 2,982</u> | <u>\$ 4,846</u> | <u>\$ 1,864</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Law Enforcement Assistance Grant Fund
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|------------------|--------------|--------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ 1,480 | \$ 1,480 | \$ - |
| Total Revenues | <u>-</u> | <u>1,480</u> | <u>1,480</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Safety Services | | | | |
| Division of Police | | | | |
| Personal Services | - | 1,691 | 1,691 | - |
| Total Expenditures | <u>-</u> | <u>1,691</u> | <u>1,691</u> | <u>-</u> |
| Net Change in Fund Balance | - | (211) | (211) | - |
| Fund Balance - Beginning of Year | 211 | 211 | 211 | - |
| Fund Balance - End of Year | <u>\$ 211</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Education and Recreation Assistance Fund
For The Year Ended December 31, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|----------------------------------|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Contributions and Donations | \$ 1,000 | \$ - | \$ - | \$ - |
| Total Revenues | <u>1,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Health and Welfare: | | | | |
| Board of Health | | | | |
| Other Than Personal Services | 1,000 | 2,440 | 1,195 | 1,245 |
| Total Expenditures | <u>1,000</u> | <u>2,440</u> | <u>1,195</u> | <u>1,245</u> |
| Net Change in Fund Balance | - | (2,440) | (1,195) | 1,245 |
| Fund Balance - Beginning of Year | 6,807 | 6,807 | 6,807 | - |
| Fund Balance - End of Year | <u>\$ 6,807</u> | <u>\$ 4,367</u> | <u>\$ 5,612</u> | <u>\$ 1,245</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
FEMA Grant Fund
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|------------------|--------------|----------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ 8,654 | \$ - | \$ (8,654) |
| Total Revenues | - | 8,654 | - | (8,654) |
| Expenditures: | | | | |
| Current: | | | | |
| Public Health and Welfare: | | | | |
| Board of Health | | | | |
| Personal Services | - | 4,454 | - | 4,454 |
| Other Than Personal Services | - | 1,270 | - | 1,270 |
| Total Expenditures | - | 5,724 | - | 5,724 |
| Net Change in Fund Balance | - | 2,930 | - | (2,930) |
| Fund Balance - Beginning of Year | - | - | - | - |
| Fund Balance - End of Year | \$ - | \$ 2,930 | \$ - | \$ (2,930) |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Fire Department Levy Fund
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------|-------------------|-------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Property and Other Taxes | \$ 80,300 | \$ 66,700 | \$ 70,314 | \$ 3,614 |
| Intergovernmental | 10,200 | 33,800 | 36,851 | 3,051 |
| Other | - | - | 162 | 162 |
| Total Revenues | <u>90,500</u> | <u>100,500</u> | <u>107,327</u> | <u>6,827</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Safety Services | | | | |
| Division of Emergency Service | | | | |
| Personal Services | 119,753 | 124,753 | 115,635 | 9,118 |
| Other Than Personal Services | 43,643 | 43,644 | 36,982 | 6,662 |
| Capital Outlay | 45,135 | 45,135 | 6,889 | 38,246 |
| Total Safety Services | <u>208,531</u> | <u>213,532</u> | <u>159,506</u> | <u>54,026</u> |
| General Government | | | | |
| Other Than Personal Services | 2,000 | 2,000 | 1,519 | 481 |
| Total General Government | <u>2,000</u> | <u>2,000</u> | <u>1,519</u> | <u>481</u> |
| Total Expenditures | <u>210,531</u> | <u>215,532</u> | <u>161,025</u> | <u>54,507</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(120,031)</u> | <u>(115,032)</u> | <u>(53,698)</u> | <u>61,334</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 50,000 | 50,000 | 50,000 | - |
| Total Other Financing Sources (Uses) | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> | <u>-</u> |
| Net Change in Fund Balance | (70,031) | (65,032) | (3,698) | 61,334 |
| Fund Balance - Beginning of Year | 171,779 | 171,779 | 171,779 | - |
| Prior Year Encumbrances Appropriated | 14,047 | 14,047 | 14,047 | - |
| Fund Balance - End of Year | <u>\$ 115,795</u> | <u>\$ 120,794</u> | <u>\$ 182,128</u> | <u>\$ 61,334</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Debt Retirement Fund
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Special Assessments | \$ 15,000 | \$ 15,000 | \$ 15,382 | \$ 382 |
| Total Revenues | <u>15,000</u> | <u>15,000</u> | <u>15,382</u> | <u>382</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Other Than Personal Services | 270 | 270 | - | 270 |
| Total General Government | <u>270</u> | <u>270</u> | <u>-</u> | <u>270</u> |
| Debt Service | | | | |
| Principal | 99,580 | 99,580 | 97,110 | 2,470 |
| Interest & Fiscal Charges | 47,920 | 47,920 | 47,913 | 7 |
| Total Debt Service | <u>147,500</u> | <u>147,500</u> | <u>145,023</u> | <u>2,477</u> |
| Total Expenditures | <u>147,770</u> | <u>147,770</u> | <u>145,023</u> | <u>2,747</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(132,770)</u> | <u>(132,770)</u> | <u>(129,641)</u> | <u>3,129</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Bonds | 15,000 | 15,000 | - | (15,000) |
| Transfers In | 133,000 | 123,000 | 120,070 | (2,930) |
| Total Other Financing Sources (Uses) | <u>148,000</u> | <u>138,000</u> | <u>120,070</u> | <u>(17,930)</u> |
| Net Change in Fund Balance | 15,230 | 5,230 | (9,571) | (14,801) |
| Fund Balance - Beginning of Year | 88,393 | 88,393 | 88,393 | - |
| Fund Balance - End of Year | <u>\$103,623</u> | <u>\$ 93,623</u> | <u>\$ 78,822</u> | <u>\$ (14,801)</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP Budgetary Basis) and Actual
Water Fund
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------------------|------------------|------------------|----------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues: | | | | |
| Income Taxes | \$ 360,000 | \$ 345,000 | \$ 344,817 | \$ (183) |
| Intergovernmental | - | 109,616 | 109,616 | - |
| Investment Income | 500 | 50 | 54 | 4 |
| Charges for Services | 373,500 | 363,500 | 364,504 | 1,004 |
| Other | 13,000 | 13,000 | 14,101 | 1,101 |
| Total Revenues | <u>747,000</u> | <u>831,166</u> | <u>833,092</u> | <u>1,926</u> |
| Expenses: | | | | |
| Current: | | | | |
| Basic Utility Services | | | | |
| Office of Superintendent | | | | |
| Personal Services | 183,186 | 183,186 | 176,035 | 7,151 |
| Other Than Personal Services | 308,462 | 305,736 | 227,883 | 77,853 |
| Capital Outlay | 5,000 | 5,000 | 1,838 | 3,162 |
| Total Office of Superintendent | <u>496,648</u> | <u>493,922</u> | <u>405,756</u> | <u>88,166</u> |
| Division of Water Treatment | | | | |
| Personal Services | 53,500 | 53,500 | 52,751 | 749 |
| Other Than Personal Services | 45,500 | 58,500 | 42,182 | 16,318 |
| Capital Outlay | 5,000 | 5,000 | 1,817 | 3,183 |
| Total Division of Water Treatment | <u>104,000</u> | <u>117,000</u> | <u>96,750</u> | <u>20,250</u> |
| Division of Water Distribution | | | | |
| Personal Services | 63,500 | 63,500 | 60,708 | 2,792 |
| Other Than Personal Services | 31,495 | 36,495 | 31,169 | 5,326 |
| Capital Outlay | 208,131 | 215,407 | 212,274 | 3,133 |
| Total Division of Water Distribution | <u>303,126</u> | <u>315,402</u> | <u>304,151</u> | <u>11,251</u> |
| Total Basic Utility Services | <u>903,774</u> | <u>926,324</u> | <u>806,657</u> | <u>119,667</u> |
| Debt Service | | | | |
| Principal | 72,500 | 72,500 | 72,500 | - |
| Interest & Fiscal Charges | 53,910 | 53,910 | 53,897 | 13 |
| Total Debt Service | <u>126,410</u> | <u>126,410</u> | <u>126,397</u> | <u>13</u> |
| Total Expenses | <u>1,030,184</u> | <u>1,052,734</u> | <u>933,054</u> | <u>119,680</u> |

(Continued)

City of Rittman, Ohio

**Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP Budgetary Basis) and Actual
Water Fund (continued)
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Excess of Revenues Over (Under) Expenses | (283,184) | (221,568) | (99,962) | 121,606 |
| Other Financing Sources | | | | |
| Capital Contribution - Tap-in Fee | 7,500 | 7,500 | 5,250 | (2,250) |
| Total Other Financing Sources | 7,500 | 7,500 | 5,250 | (2,250) |
| Net Change in Fund Equity | (275,684) | (214,068) | (94,712) | 119,356 |
| Fund Equity - Beginning of Year | 491,164 | 491,164 | 491,164 | - |
| Prior Year Encumbrances Appropriated | 217,566 | 217,566 | 217,566 | - |
| Fund Equity - End of Year | <u>\$ 433,046</u> | <u>\$ 494,662</u> | <u>\$ 614,018</u> | <u>\$ 119,356</u> |

City of Rittman, Ohio

**Schedule of Revenues, Expenses and Changes in Fund Equity-
Budget (Non-GAAP Budgetary Basis) and Actual
Sewer Fund
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues: | | | | |
| Investment Income | \$ - | \$ 20,000 | \$ 20,720 | \$ 720 |
| Charges for Services | 990,300 | 1,190,300 | 1,212,718 | 22,418 |
| Other | 500 | 500 | 184 | (316) |
| Total Revenues | 990,800 | 1,210,800 | 1,233,622 | 22,822 |
| Expenses: | | | | |
| Current: | | | | |
| Basic Utility Services | | | | |
| Office of Superintendent | | | | |
| Personal Services | 193,898 | 193,898 | 191,913 | 1,985 |
| Other Than Personal Services | 298,906 | 298,633 | 273,417 | 25,216 |
| Total Office of Superintendent | 492,804 | 492,531 | 465,330 | 27,201 |
| Division of Sewer Maintenance | | | | |
| Personal Services | 59,700 | 59,700 | 58,878 | 822 |
| Other Than Personal Services | 22,500 | 22,500 | 17,215 | 5,285 |
| Capital Outlay | 166,295 | 324,235 | 138,898 | 185,337 |
| Total Division of Sewer Maintenance | 248,495 | 406,435 | 214,991 | 191,444 |
| Division of Wastewater Treatment | | | | |
| Personal Services | 88,500 | 88,500 | 88,270 | 230 |
| Other Than Personal Services | 71,236 | 79,706 | 53,142 | 26,564 |
| Capital Outlay | - | 40,000 | 35,617 | 4,383 |
| Total Division of Wastewater Treatment | 159,736 | 208,206 | 177,029 | 31,177 |
| Total Basic Utility Services | 901,035 | 1,107,172 | 857,350 | 249,822 |
| Debt Service | | | | |
| Principal | 242,800 | 242,800 | 242,761 | 39 |
| Interest & Fiscal Charges | 106,500 | 106,500 | 105,925 | 575 |
| Total Debt Service | 349,300 | 349,300 | 348,686 | 614 |
| Total Expenses | 1,250,335 | 1,456,472 | 1,206,036 | 250,436 |

(Continued)

City of Rittman, Ohio

**Schedule of Revenues, Expenses and Changes in Fund Equity-
Budget (Non-GAAP Budgetary Basis) and Actual
Sewer Fund (continued)
For The Year Ended December 31, 2009**

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------|-------------------|-------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Excess of Revenues Over (Under) Expenses | (259,535) | (245,672) | 27,586 | 273,258 |
| Other Financing Sources (Uses) | | | | |
| Capital Contribution - Tap-in Fee | 12,000 | 12,000 | 14,400 | 2,400 |
| Transfers In | 455,440 | 653,440 | 653,440 | - |
| Transfers Out | (360,265) | (653,440) | (653,440) | - |
| Total Other Financing Sources (Uses) | <u>107,175</u> | <u>12,000</u> | <u>14,400</u> | <u>2,400</u> |
| Net Change in Fund Equity | (152,360) | (233,672) | 41,986 | 275,658 |
| Fund Equity - Beginning of Year | 674,148 | 674,148 | 674,148 | - |
| Prior Year Encumbrances Appropriated | 120,697 | 120,697 | 120,697 | - |
| Fund Equity - End of Year | <u>\$ 642,485</u> | <u>\$ 561,173</u> | <u>\$ 836,831</u> | <u>\$ 275,658</u> |



STATISTICAL SECTION

City of Rittman, Ohio

Statistical Section

This part of City of Rittman's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| <u>Contents</u> | <u>Page(s)</u> |
|---|-----------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | S-3 - S-7 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | S-8 - S-12 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | S-13 - S-18 |
| Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place. | S-19 - S-21 |
| Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | S-22 - S-26 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.



City of Rittman, Ohio

Net Assets by Component (\$000 omitted)
Accrual Basis of Accounting

Last Eight Fiscal Years (1)

Table 1

| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental Activities | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | |
| Net of Related Debt | \$5,059 | \$5,216 | \$5,079 | \$5,123 | \$5,149 | \$5,005 | \$4,701 | \$4,765 |
| Restricted: | 1,140 | 968 | 948 | 1,090 | 1,134 | 1,241 | 1,056 | 997 |
| Unrestricted | <u>1,195</u> | <u>1,045</u> | <u>994</u> | <u>1,288</u> | <u>1,143</u> | <u>1,066</u> | <u>1,043</u> | <u>1,137</u> |
| <i>Total Governmental Activities Net Assets</i> | <u><u>7,394</u></u> | <u><u>7,229</u></u> | <u><u>7,021</u></u> | <u><u>7,501</u></u> | <u><u>7,426</u></u> | <u><u>7,312</u></u> | <u><u>6,800</u></u> | <u><u>6,899</u></u> |
| Business Type - Activities | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | |
| Net of Related Debt | 8,841 | 8,575 | 8,557 | 8,199 | 8,118 | 8,280 | 8,003 | 7,595 |
| Unrestricted | <u>1,808</u> | <u>1,664</u> | <u>1,618</u> | <u>1,728</u> | <u>1,537</u> | <u>1,044</u> | <u>1,080</u> | <u>1,427</u> |
| <i>Total Business-Type Activities Net Assets</i> | <u><u>10,649</u></u> | <u><u>10,239</u></u> | <u><u>10,175</u></u> | <u><u>9,927</u></u> | <u><u>9,655</u></u> | <u><u>9,324</u></u> | <u><u>9,083</u></u> | <u><u>9,022</u></u> |
| Primary Government | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | |
| Net of Related Debt | 13,900 | 13,791 | 13,636 | 13,322 | 13,267 | 13,285 | 12,704 | 12,360 |
| Restricted | 1,140 | 968 | 948 | 1,090 | 1,134 | 1,241 | 1,056 | 997 |
| Unrestricted | <u>3,003</u> | <u>2,709</u> | <u>2,612</u> | <u>3,016</u> | <u>2,680</u> | <u>2,110</u> | <u>2,123</u> | <u>2,564</u> |
| <i>Total Primary Government Net Assets</i> | <u><u>\$18,043</u></u> | <u><u>\$17,468</u></u> | <u><u>\$17,196</u></u> | <u><u>\$17,428</u></u> | <u><u>\$17,081</u></u> | <u><u>\$16,636</u></u> | <u><u>\$15,883</u></u> | <u><u>\$15,921</u></u> |

The periods noted above do not reflect amounts restated.

(1) Information prior to 2002 is not available

City of Rittman, Ohio

Changes in Net Assets (\$000 omitted) Accrual Basis of Accounting

Last Eight Fiscal Years (1)

Table 2

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Program Revenues | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| Charges for Services: | | | | | | | | |
| Safety Services | \$240 | \$272 | \$230 | \$183 | \$184 | \$225 | \$148 | \$133 |
| Public Health and Welfare | 14 | 35 | 22 | 21 | 33 | 39 | 39 | 35 |
| Leisure Time Activities | 263 | 262 | 199 | 232 | 231 | 264 | 221 | 191 |
| Basic utility services | 456 | 382 | 375 | 374 | 246 | 235 | 230 | 224 |
| Transportation | 2 | 5 | 0 | 41 | 34 | 0 | 42 | 93 |
| General Government | 290 | 258 | 248 | 286 | 288 | 257 | 235 | 231 |
| Operating Grants and Contributions: | 662 | 572 | 635 | 416 | 622 | 411 | 420 | 327 |
| Capital Grants and Contributions: | 206 | 74 | 1 | 16 | 125 | 534 | 140 | 209 |
| <i>Total Governmental Activities Program Revenues</i> | <u>2,133</u> | <u>1,860</u> | <u>1,710</u> | <u>1,569</u> | <u>1,763</u> | <u>1,965</u> | <u>1,475</u> | <u>1,443</u> |
| Business-Type Activities: | | | | | | | | |
| Charges for Services: | | | | | | | | |
| Water | 401 | 441 | 390 | 384 | 644 | 425 | 479 | 435 |
| Sewer | 1,294 | 1,220 | 1,200 | 1,166 | 1,019 | 1,052 | 913 | 965 |
| Capital Grants and Contributions | 110 | 0 | 0 | 0 | 0 | 190 | 50 | 0 |
| <i>Total Business-Type Activities Program Revenues</i> | <u>1,805</u> | <u>1,661</u> | <u>1,590</u> | <u>1,550</u> | <u>1,663</u> | <u>1,667</u> | <u>1,442</u> | <u>1,400</u> |
| <i>Total Primary Government Program Revenues</i> | <u>\$3,938</u> | <u>\$3,521</u> | <u>\$3,300</u> | <u>\$3,119</u> | <u>\$3,426</u> | <u>\$3,632</u> | <u>\$2,917</u> | <u>\$2,843</u> |
| Expenses | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| Safety Services | \$1,639 | \$1,812 | \$1,750 | \$1,634 | \$1,569 | \$1,638 | \$1,489 | \$1,463 |
| Public Health and Welfare | 134 | 97 | 97 | 93 | 91 | 95 | 100 | 88 |
| Leisure Time Activities | 608 | 650 | 982 | 548 | 556 | 541 | 538 | 511 |
| Basic Utility Services | 385 | 384 | 364 | 351 | 231 | 223 | 215 | 208 |
| Transportation | 878 | 823 | 812 | 675 | 914 | 605 | 785 | 758 |
| General Government | 747 | 665 | 653 | 622 | 650 | 588 | 624 | 614 |
| Interest and Fiscal Charges | 50 | 69 | 73 | 66 | 74 | 109 | 108 | 125 |
| <i>Total Governmental Activities Expenses</i> | <u>4,441</u> | <u>4,500</u> | <u>4,731</u> | <u>3,989</u> | <u>4,085</u> | <u>3,799</u> | <u>3,859</u> | <u>3,767</u> |
| Business-Type Activities | | | | | | | | |
| Water | 797 | 905 | 726 | 785 | 721 | 758 | 655 | 606 |
| Sewer | 1,023 | 995 | 952 | 974 | 994 | 1,018 | 1,095 | 1,131 |
| <i>Total Business-Type Activities Expenses</i> | <u>1,820</u> | <u>1,900</u> | <u>1,678</u> | <u>1,759</u> | <u>1,715</u> | <u>1,776</u> | <u>1,750</u> | <u>1,737</u> |
| <i>Total Primary Government Program Expenses</i> | <u>6,261</u> | <u>6,400</u> | <u>6,409</u> | <u>5,748</u> | <u>5,800</u> | <u>5,575</u> | <u>5,609</u> | <u>5,504</u> |
| Net (Expense)/Revenue | | | | | | | | |
| Governmental Activities | (\$2,308) | (\$2,640) | (\$3,021) | (\$2,420) | (\$2,322) | (\$1,834) | (\$2,384) | (\$2,324) |
| Business-Type Activities | (15) | (239) | (88) | (209) | (52) | (109) | (308) | (337) |
| <i>Total Primary Government Net (Expense)/Revenue</i> | <u>(\$2,323)</u> | <u>(\$2,879)</u> | <u>(\$3,109)</u> | <u>(\$2,629)</u> | <u>(\$2,374)</u> | <u>(\$1,943)</u> | <u>(\$2,692)</u> | <u>(\$2,661)</u> |

(Continued)

City of Rittman, Ohio

Changes in Net Assets (\$000 omitted) (continued) Accrual Basis of Accounting

Last Eight Fiscal Years (1)

Table 2

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|--------------|--------------|----------------|--------------|--------------|--------------|---------------|--------------|
| General Revenues and Other Changes in Net Assets | | | | | | | | |
| Governmental Activities | | | | | | | | |
| Taxes: | | | | | | | | |
| Property and Other Local Taxes Levied For: | | | | | | | | |
| General Purposes | \$380 | \$324 | \$359 | \$304 | \$317 | \$364 | \$249 | \$344 |
| Safety Services | 267 | 319 | 333 | 329 | 315 | 371 | 244 | 338 |
| Income Taxes Levied For: | | | | | | | | |
| General Purposes | 783 | 601 | 671 | 745 | 732 | 645 | 777 | 723 |
| Capital Improvements | 392 | 299 | 335 | 373 | 366 | 323 | 388 | 361 |
| Grants and Entitlements not Restricted to | | | | | | | | |
| Specific Programs | 567 | 479 | 555 | 506 | 467 | 448 | 457 | 540 |
| Investment Earnings | 57 | 121 | 193 | 147 | 151 | 91 | 54 | 136 |
| Capital Contributions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 342 |
| Other | 26 | 704 | 95 | 91 | 88 | 105 | 117 | 219 |
| <i>Total Governmental Activities</i> | <u>2,472</u> | <u>2,847</u> | <u>2,541</u> | <u>2,495</u> | <u>2,436</u> | <u>2,347</u> | <u>2,286</u> | <u>3,003</u> |
| Business-Type Activities | | | | | | | | |
| Income Taxes Levied For: | | | | | | | | |
| Water Utility Services | 392 | 302 | 335 | 373 | 366 | 350 | 369 | 420 |
| Other | 24 | 0 | 1 | 108 | 17 | 0 | 0 | 0 |
| Capital Contributions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 98 |
| <i>Total Business-Type Activities</i> | <u>416</u> | <u>302</u> | <u>336</u> | <u>481</u> | <u>383</u> | <u>350</u> | <u>369</u> | <u>518</u> |
| <i>Total Primary Government</i> | <u>2,888</u> | <u>3,149</u> | <u>2,877</u> | <u>2,976</u> | <u>2,819</u> | <u>2,697</u> | <u>2,655</u> | <u>3,521</u> |
| Change in Net Assets | | | | | | | | |
| Governmental Activities | 164 | 207 | (480) | 75 | 114 | 513 | (99) | 679 |
| Business-Type Activities | 401 | 63 | 248 | 272 | 331 | 241 | 61 | 181 |
| <i>Total Primary Government Change in Net Assets</i> | <u>\$565</u> | <u>\$270</u> | <u>(\$232)</u> | <u>\$347</u> | <u>\$445</u> | <u>\$754</u> | <u>(\$38)</u> | <u>\$860</u> |

The periods noted above do not reflect amounts restated.

(1) Information prior to 2002 is not available

City of Rittman, Ohio

Fund Balances, Governmental Funds (\$000 omitted)
 Modified Accrual Basis of Accounting

Last Eight Fiscal Years (1)

Table 3

| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Fund | | | | | | | | |
| Reserved | \$ 44 | \$ 9 | \$ 14 | \$ 13 | \$ 25 | \$ 18 | \$ - | \$ 14 |
| Unreserved, Designated | 152 | 230 | 273 | 335 | 385 | 438 | 474 | 515 |
| Unreserved | 765 | 655 | 686 | 684 | 533 | 408 | 304 | 469 |
| Total General Fund | <u>\$ 961</u> | <u>\$ 894</u> | <u>\$ 973</u> | <u>\$ 1,032</u> | <u>\$ 943</u> | <u>\$ 864</u> | <u>\$ 778</u> | <u>\$ 998</u> |
| All Other Governmental Funds | | | | | | | | |
| Reserved | \$ 74 | \$ - | \$ 43 | \$ 9 | \$ 3 | \$ 88 | \$ 1 | \$ 30 |
| Unreserved: | | | | | | | | |
| Undesignated (Deficit), Reported in: | | | | | | | | |
| Special Revenue funds | 667 | 514 | 663 | 508 | 560 | 557 | 532 | 627 |
| Debt Service funds | 49 | 88 | 91 | 88 | 78 | 53 | 152 | 135 |
| Capital Projects funds | 56 | 90 | (333) | 176 | 246 | 203 | 115 | 74 |
| Total All Other Governmental Funds | <u>\$ 846</u> | <u>\$ 692</u> | <u>\$ 464</u> | <u>\$ 781</u> | <u>\$ 887</u> | <u>\$ 901</u> | <u>\$ 800</u> | <u>\$ 866</u> |
| Total Governmental Funds | <u>\$ 1,807</u> | <u>\$ 1,586</u> | <u>\$ 1,437</u> | <u>\$ 1,813</u> | <u>\$ 1,830</u> | <u>\$ 1,765</u> | <u>\$ 1,578</u> | <u>\$ 1,864</u> |

(1) Information prior to 2002 is not available

City of Rittman, Ohio

Changes in Fund Balances, Governmental Funds (\$000 omitted) Modified Accrual Basis of Accounting

Last Ten Fiscal Years

Table 4

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|--------------|--------------|----------------|---------------|--------------|--------------|----------------|--------------|------------------|--------------|
| Revenues | | | | | | | | | | |
| Taxes | \$1,679 | \$1,669 | \$1,724 | \$1,682 | \$1,749 | \$1,743 | \$1,563 | \$1,775 | \$1,643 | \$1,498 |
| Charges for Services | 1,171 | 1,094 | 1,027 | 1,076 | 942 | 975 | 873 | 877 | 539 | 472 |
| Fees, Licenses and Permits | 31 | 90 | 96 | 94 | 96 | 33 | 85 | 78 | 133 | 68 |
| Intergovernmental | 1,255 | 1,091 | 1,159 | 943 | 1,171 | 981 | 811 | 983 | 992 | 1,022 |
| Special Assessments | 23 | 18 | 17 | 20 | 16 | 17 | 15 | 22 | 20 | 24 |
| Investment Income | 57 | 123 | 196 | 149 | 151 | 92 | 55 | 141 | 267 | 416 |
| Contributions and Donations | 200 | 5 | 20 | 5 | 6 | 3 | 6 | 0 | 0 | 0 |
| Other | 46 | 655 | 66 | 33 | 26 | 14 | 67 | 208 | 41 | 9 |
| Total Revenues | 4,462 | 4,745 | 4,305 | 4,002 | 4,157 | 3,858 | 3,475 | 4,084 | 3,635 | 3,509 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Safety Services | 1,464 | 1,619 | 1,560 | 1,469 | 1,421 | 1,464 | 1,307 | 1,315 | 1,258 | 1,170 |
| Public Health and Welfare | 132 | 95 | 96 | 92 | 100 | 90 | 97 | 83 | 81 | 71 |
| Leisure Time Activities | 484 | 531 | 868 | 428 | 432 | 394 | 398 | 374 | 223 | 195 |
| Basic Utility Services | 385 | 384 | 364 | 351 | 231 | 223 | 215 | 208 | 201 | 524 |
| Transportation | 791 | 724 | 705 | 592 | 821 | 529 | 713 | 709 | 497 | 441 |
| General Government | 728 | 657 | 648 | 642 | 633 | 583 | 615 | 608 | 569 | 624 |
| Capital Outlay | 212 | 312 | 167 | 193 | 78 | 167 | 444 | 304 | 3,040 | 880 |
| Debt Service: | | | | | | | | | | |
| Principal Retirement | 84 | 212 | 206 | 202 | 335 | 150 | 140 | 136 | 128 | 81 |
| Interest and Fiscal Charges | 47 | 65 | 68 | 61 | 67 | 115 | 110 | 126 | 117 | 82 |
| Bond Issuance Costs | 0 | 0 | 0 | 0 | 0 | 52 | 0 | 0 | 0 | 0 |
| Total Expenditures | 4,327 | 4,599 | 4,682 | 4,030 | 4,118 | 3,767 | 4,039 | 3,863 | 6,114 | 4,068 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>135</u> | <u>146</u> | <u>(377)</u> | <u>(28)</u> | <u>39</u> | <u>91</u> | <u>(564)</u> | <u>221</u> | <u>(2,479)</u> | <u>(559)</u> |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Bonds Issued | 77 | 0 | 0 | 12 | 26 | 0 | 18 | 0 | 0 | 1,505 |
| Proceeds of Notes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 53 | 0 | 0 |
| Proceeds of Loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 48 | 0 | 0 |
| Inception of Capital Lease | 0 | 56 | 0 | 0 | 0 | 0 | 261 | 0 | 0 | 0 |
| Issuance of Refunding Bonds | 0 | 0 | 0 | 0 | 0 | 1,850 | 0 | 0 | 0 | 0 |
| Sale of Capital Assets | 0 | 0 | 0 | 0 | 0 | 30 | 0 | 0 | 0 | 0 |
| Payment to refunded bond escrow agent | 0 | 0 | 0 | 0 | 0 | (1,784) | 0 | 0 | 0 | 0 |
| Transfers In | 202 | 305 | 313 | 308 | 250 | 0 | 235 | 239 | 251 | 1,559 |
| Transfers Out | (202) | (305) | (313) | (308) | (250) | 0 | (235) | (239) | (251) | (1,559) |
| Total Other Financing Sources (Uses) | 77 | 56 | 0 | 12 | 26 | 96 | 279 | 101 | 0 | 1,505 |
| Net Change in Fund Balances | \$212 | \$202 | (\$377) | (\$16) | \$65 | \$187 | (\$285) | \$322 | (\$2,479) | \$946 |
| Debt Service as a Percentage of Noncapital Expenditures | 3.2% | 6.5% | 6.1% | 6.9% | 10.0% | 8.8% | 7.0% | 7.4% | 8.0% | 5.1% |

City of Rittman, Ohio

Assessed Valuations and Estimated True Values

Last Ten Years

Table 5

| Tax Year/ Collection Year | Real Property | | | Tangible Personal Property | | Tangible Personal Property | | Total | | Weighted Average Tax Rate |
|---------------------------------|------------------------------|-----------------------------|------------------------------|----------------------------|-----------------|----------------------------|-----------------|-------------------|------------------------------|---------------------------------|
| | Assessed Value | | Estimated Actual Value | Public Utility | | General Business | | Assessed Value | Estimated Actual Value | |
| | Residential/ Agricultural | Commercial Industrial/PU | | Assessed Value | Actual Value | Assessed Value | Actual Value | | | |
| 2009 | \$ 83,553,170 | \$ 13,670,050 | \$ 277,780,629 | \$ 1,544,980 | \$ 2,305,940 | \$ 238,177 | \$ 3,810,832 | \$ 99,006,377 | \$ 283,897,401 | 34.87% |
| 2008 | 79,896,630 | 12,806,990 | 264,867,486 | 1,617,040 | 2,413,493 | 6,552,905 | 52,423,240 | 100,873,565 | 319,704,219 | 26.84 |
| 2007 | 79,113,160 | 12,140,590 | 260,725,000 | 1,999,340 | 2,984,090 | 11,528,225 | 61,483,867 | 104,781,315 | 325,192,957 | 26.17 |
| 2006 | 75,426,750 | 11,373,170 | 247,999,771 | 1,735,490 | 2,590,284 | 16,911,260 | 67,645,040 | 105,446,670 | 318,235,095 | 30.63 |
| 2005 | 68,994,860 | 12,206,920 | 232,005,086 | 3,002,120 | 3,411,500 | 17,135,184 | 68,540,736 | 101,339,084 | 303,957,322 | 32.63 |
| 2004 | 67,081,670 | 10,931,910 | 222,895,943 | 2,466,630 | 2,802,989 | 15,243,491 | 60,973,964 | 95,723,701 | 286,672,895 | 32.78 |
| 2003 | 65,302,140 | 12,138,110 | 221,257,857 | 2,348,170 | 2,668,375 | 17,570,580 | 70,282,320 | 97,359,000 | 294,208,552 | 32.52 |
| 2002 | 58,518,950 | 10,105,950 | 196,071,143 | 2,087,540 | 2,372,205 | 17,821,512 | 71,286,048 | 88,533,952 | 269,729,395 | 32.27 |
| 2001 | 56,744,600 | 9,970,230 | 190,613,800 | 3,009,410 | 3,419,784 | 18,441,215 | 73,764,860 | 88,165,455 | 267,798,444 | 32.12 |
| 2000 | 56,247,710 | 10,451,050 | 190,567,886 | 2,942,680 | 3,343,955 | 20,345,022 | 81,380,088 | 89,986,462 | 275,291,928 | 31.92 |

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2009 both types of general business tangible personal property were assessed at zero percent.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Sources: Wayne and Medina County Auditors, Ohio Department of Taxation

City of Rittman, Ohio

Property Tax Levies And Collections

Last Ten Years

Table 6

| Collection Year | Total Tax Levy | Current Tax Collections (1) | Percent of Current Levy Collected | Delinquent Tax Collections | Total Tax Collections | Percent of Total Tax Collections to Tax Levy | Accumulated Outstanding Delinquent Taxes | Percentage of Delinquent Taxes to Total Tax Levy |
|--------------------|----------------------|-----------------------------------|---|----------------------------------|-----------------------------|---|---|--|
| 2009 | \$ 614,600 | \$ 607,491 | 98.84% | \$ 18,636 | \$ 626,127 | 101.88% | \$ 20,103 | 3.27% |
| 2008 | 659,419 | 654,378 | 99.24 | 29,887 | 684,265 | 103.77 | 12,723 | 1.93 |
| 2007 | 618,998 | 615,750 | 99.48 | 25,667 | 641,417 | 103.62 | 5,313 | 0.86 |
| 2006 | 607,628 | 572,976 | 94.30 | 14,168 | 587,144 | 96.63 | 19,990 | 3.29 |
| 2005 | 593,000 | 561,000 | 94.60 | 24,707 | 585,707 | 98.77 | 6,057 | 1.02 |
| 2004 | 495,777 | 464,229 | 93.64 | 23,154 | 487,383 | 98.31 | 8,073 | 1.63 |
| 2003 | 494,827 | 461,991 | 93.36 | 16,890 | 478,881 | 96.78 | 16,395 | 3.31 |
| 2002 | 490,000 | 459,000 | 93.67 | 11,048 | 470,048 | 95.93 | 13,408 | 2.74 |
| 2001 | 413,000 | 406,000 | 98.31 | 12,591 | 418,591 | 101.35 | 16,224 | 3.93 |
| 2000 | 382,000 | 375,000 | 98.17 | 7,475 | 382,475 | 100.12 | 8,300 | 2.17 |

Source: Wayne County Auditor

(1) State reimbursement of rollback and homestead exemptions are included

Note: The County does not identify delinquent collections by the year for which the tax was levied

City of Rittman, Ohio

Principal Taxpayers - Real Estate Tax

2009 and 2003

Table 7

| Taxpayer | 2009 | | | 2003 (1) | | |
|-----------------------------------|----------------------------------|------|---------------------------------------|----------------------------------|------|---------------------------------------|
| | Real Property Assessed Valuation | Rank | Percentage of Real Assessed Valuation | Real Property Assessed Valuation | Rank | Percentage of Real Assessed Valuation |
| Morton International, Inc | \$1,659,410 | 1 | 1.71 % | \$984,460 | 2 | 1.27 % |
| Rittman Nursing Property, LLC | 670,860 | 2 | 0.69 | - | - | - |
| Unilock Ohio, Inc. | 509,500 | 3 | 0.52 | - | - | - |
| Rittman Market Square, LLC | 466,190 | 4 | 0.48 | - | - | - |
| Caraustar Paperboard Corporation | 443,080 | 5 | 0.46 | 1,224,700 | 1 | 1.58 |
| Rittman Acres Limited Partnership | 353,860 | 6 | 0.36 | - | - | - |
| Villas Limited | 351,180 | 7 | 0.36 | 317,590 | 7 | 0.41 |
| Thompson Services, Inc. | 326,580 | 8 | 0.34 | 406,030 | 6 | 0.52 |
| Laria Management Ltd. | 303,750 | 9 | 0.31 | 279,890 | 8 | 0.36 |
| Kipfer Properties, LLC | 293,700 | 10 | 0.30 | - | - | - |
| Northern Health Facilities | - | - | - | 638,770 | 3 | 0.82 |
| Oscar & Christine Gross | - | - | - | 489,140 | 4 | 0.63 |
| Rittman Associates, Ltd. | - | - | - | 452,300 | 5 | 0.58 |
| Total | \$5,378,110 | | 5.53 % | \$4,792,880 | | 6.17 % |
| Total Assessed Valuation | \$97,223,220 | | | \$77,440,250 | | |

Source: Wayne County Auditor

(1) Information prior to 2003 is not available

City of Rittman, Ohio

Principal Taxpayers – Public Utility

2009 and 2003

Table 8

| Taxpayer | 2009 | | | 2003 (1) | | |
|-------------------------------------|----------------------------------|------|---------------------------------------|----------------------------------|------|---------------------------------------|
| | Real Property Assessed Valuation | Rank | Percentage of Real Assessed Valuation | Real Property Assessed Valuation | Rank | Percentage of Real Assessed Valuation |
| Ohio Edison | \$1,036,600 | 1 | 67.09 % | \$779,310 | 1 | 33.19 % |
| Columbia Gas of Ohio Inc. | 287,000 | 2 | 18.58 | 251,730 | 3 | 10.72 |
| American Transmission Systems, Inc. | 211,230 | 3 | 13.67 | 449,950 | 2 | 19.16 |
| United Telephone Company of Ohio | 7,890 | 4 | 0.51 | - | - | - |
| Northeast Ohio Natural Gas | 950 | 5 | 0.06 | - | - | - |
| East Ohio Gas | 880 | 6 | 0.06 | - | - | - |
| Verizon North, Inc | 320 | 7 | 0.02 | - | - | - |
| Total of above | \$1,544,870 | | 99.99 % | \$1,480,990 | | 63.07 % |
| Total City | \$1,544,980 | | | \$2,348,170 | | |

Source: Wayne County Auditor

(1) Information prior to 2003 is not available

City of Rittman, Ohio

**Municipal Income Tax Collections By Source
Cash Basis of Accounting**

Last Ten Years

Table 9

| <u>Tax Year</u> | <u>Tax Rate</u> | <u>Total Tax Collected</u> | <u>Taxes from Withholding</u> | <u>Percentage of Taxes from Withholding</u> | <u>Taxes From Net Profits</u> | <u>Percentage of Taxes from Net Profits</u> | <u>Taxes From Individuals</u> | <u>Percentage of Taxes from Individuals</u> |
|-----------------|-----------------|----------------------------|-------------------------------|---|-------------------------------|---|-------------------------------|---|
| 2009 | 1.50% | \$1,379,284 | \$861,707 | 62.47% | \$153,419 | 11.12% | \$364,158 | 26.40% |
| 2008 | 1.50 | 1,372,190 | 879,694 | 64.11 | 111,710 | 8.14 | 380,786 | 27.75 |
| 2007 | 1.50 | 1,343,468 | 892,875 | 66.46 | 87,519 | 6.51 | 363,074 | 27.03 |
| 2006 | 1.50 | 1,506,935 | 1,016,445 | 67.22 | 99,167 | 6.56 | 396,405 | 26.22 |
| 2005 | 1.50 | 1,475,958 | 978,148 | 66.27 | 92,210 | 6.25 | 405,599 | 27.48 |
| 2004 | 1.50 | 1,372,388 | 908,415 | 66.19 | 67,131 | 4.89 | 396,841 | 28.92 |
| 2003 | 1.50 | 1,465,986 | 982,375 | 67.01 | 78,102 | 5.33 | 405,508 | 27.66 |
| 2002 | 1.50 | 1,391,738 | 985,279 | 70.79 | 60,924 | 4.38 | 345,535 | 24.83 |
| 2001 | 1.50 | 1,373,050 | 963,893 | 70.20 | 65,976 | 4.81 | 343,181 | 24.99 |
| 2000 | 1.50 | 1,352,149 | 958,255 | 70.87 | 64,104 | 4.74 | 329,790 | 24.39 |

Source: City of Rittman; Department of Budget and Finance; Income Tax Division

Note: The City is prohibited by statute from presenting information regarding individual taxpayers

City of Rittman, Ohio

Ratio of Outstanding Debt by Type (\$000 omitted)

Last Ten Years

Table 10

| Year | Governmental Activities (1) | | | | Business-Type Activities (1) | | | | | Total Debt |
|------|-----------------------------|------------------------------|------------|----------------|------------------------------|--------------------------|--------------------------|------------|------------|------------|
| | General Obligation Bonds | Special Assessment Bonds (2) | OPWC Loans | Capital Leases | Revenue Bonds | General Obligation Bonds | Special Assessment Bonds | OPWC Loans | OWDA Loans | |
| 2009 | \$1,122 | \$43 | \$0 | \$41 | \$1,039 | \$1,260 | \$0 | \$200 | \$865 | \$4,570 |
| 2008 | 1,120 | 43 | 0 | 50 | 1,060 | 1,320 | 0 | 212 | 1,086 | 4,891 |
| 2007 | 1,816 | 60 | 0 | 0 | 1,081 | 1,380 | 0 | 225 | 1,297 | 5,859 |
| 2006 | 1,495 | 76 | 5 | 0 | 1,101 | 1,440 | 0 | 238 | 1,497 | 5,852 |
| 2005 | 1,670 | 81 | 15 | 0 | 1,120 | 1,495 | 8 | 142 | 1,687 | 6,218 |
| 2004 | 1,850 | 69 | 24 | 132 | 1,138 | 1,550 | 15 | 0 | 1,869 | 6,647 |
| 2003 | 1,776 | 81 | 34 | 261 | 1,155 | 0 | 22 | 0 | 2,041 | 5,370 |
| 2002 | 1,895 | 75 | 44 | 0 | 1,171 | 0 | 0 | 0 | 2,206 | 5,391 |
| 2001 | 2,006 | 42 | 0 | 0 | 1,186 | 0 | 0 | 0 | 2,384 | 5,618 |
| 2000 | 2,115 | 60 | 0 | 0 | 1,201 | 114 | 0 | 0 | 2,554 | 6,044 |

(1) Details regarding the City's outstanding debt can be found in Note 7 in the basic financial statements

(2) Includes internal bonds

City of Rittman, Ohio

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita (\$000 omitted, except per capita)

Last Ten Years

Table 11

| <u>Year</u> | <u>General Obligation Bonds (1)</u> | <u>Revenue Bonds (1)</u> | <u>Total Debt</u> | <u>Percentage of Actual Taxable Value of Property</u> | <u>Per Capita</u> | <u>Outstanding Debt to Personal Income</u> |
|-------------|---|------------------------------|-----------------------|---|-----------------------|--|
| 2009 | \$2,382 | \$1,039 | \$3,421 | 3.46% | \$541.81 | 3.38% |
| 2008 | 2,440 | 1,060 | 3,500 | 3.47 | 567.17 | 3.46 |
| 2007 | 3,196 | 1,081 | 4,277 | 4.08 | 693.08 | 4.23 |
| 2006 | 2,935 | 1,101 | 4,036 | 3.83 | 654.03 | 4.08 |
| 2005 | 3,165 | 1,120 | 4,285 | 4.23 | 678.65 | 4.23 |
| 2004 | 3,400 | 1,138 | 4,538 | 4.74 | 718.72 | 4.48 |
| 2003 | 1,776 | 1,155 | 2,931 | 3.01 | 464.21 | 2.89 |
| 2002 | 1,895 | 1,171 | 3,066 | 3.46 | 485.59 | 3.03 |
| 2001 | 2,006 | 1,186 | 3,192 | 3.62 | 505.54 | 3.15 |
| 2000 | 2,229 | 1,201 | 3,430 | 3.81 | 543.24 | 3.38 |

Source: The City of Rittman, Wayne and Medina County Auditor

(1) Details regarding the City's outstanding debt can be found in Note 7 in the basic financial statements

City of Rittman, Ohio

Computation of Direct and Overlapping Debt (\$000 omitted)

December 31, 2009

Table 12

| | <u>General Obligation Debt Outstanding</u> | <u>Percentage Applicable to City (1)</u> | <u>Amount Applicable to City</u> |
|---|--|--|--|
| Governmental Unit | | | |
| Rittman Exempted Village School District | 7,725 | 97.32 | 7,518 |
| Wayne County, Ohio | <u>9,109</u> | 4.89 | <u>445</u> |
| <i>Subtotal, Overlapping Debt</i> | | | <u>7,963</u> |
| City of Rittman governmental activities direct debt | | | <u>\$1,206</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$9,169</u></u> |

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

Source: City Records, Wayne County Auditor, and Rittman Exempted Village School District

City of Rittman, Ohio

Legal Debt Margin

Last Ten Fiscal Years

| | 2009 | 2008 | 2007 | 2006 |
|---|---------------------|----------------------|----------------------|----------------------|
| Total Assessed Property Value | <u>\$99,006,377</u> | <u>\$100,873,565</u> | <u>\$104,781,315</u> | <u>\$105,446,670</u> |
| Overall Legal Debt Limit (10 ½ % of Assessed Valuation) | <u>10,395,670</u> | <u>10,591,724</u> | <u>11,002,038</u> | <u>11,071,900</u> |
| Debt Outstanding: | | | | |
| General Obligation Bonds | 2,382,000 | 2,440,000 | 3,196,000 | 2,935,000 |
| Revenue Bonds | 1,038,500 | 1,060,300 | 1,081,100 | 1,100,900 |
| Special Assessment Bonds | 42,758 | 43,208 | 60,007 | 75,982 |
| OPWC Loans | 200,000 | 212,500 | 225,000 | 242,350 |
| OWDA Loans | <u>865,295</u> | <u>1,086,256</u> | <u>1,296,569</u> | <u>1,496,748</u> |
| Total Gross Indebtedness | 4,528,553 | 4,842,264 | 5,858,676 | 5,850,980 |
| Less: | | | | |
| Sewer Revenue Bonds | (1,038,500) | (1,060,300) | (1,081,100) | (1,100,900) |
| Special Assessment Bonds | (42,758) | (43,208) | (60,007) | (75,982) |
| OPWC Loans | (200,000) | (212,500) | (225,000) | (242,350) |
| OWDA Loans | (865,295) | (1,086,256) | (1,296,569) | (1,496,748) |
| General Obligation Bond Retirement Fund Balance | <u>(49,064)</u> | <u>(88,393)</u> | <u>(90,669)</u> | <u>(105,388)</u> |
| Total Net Debt Applicable to Debt Limit | <u>2,332,936</u> | <u>2,351,607</u> | <u>3,105,331</u> | <u>2,829,612</u> |
| Legal Debt Margin Within 10 ½ % Limitations | <u>\$8,062,734</u> | <u>\$8,240,117</u> | <u>\$7,896,707</u> | <u>\$8,242,288</u> |
| Legal Debt Margin as a Percentage of the Debt Limit | 77.56% | 77.80% | 71.77% | 74.44% |
| Unvoted Debt Limitation (5 ½ % of Assessed Valuation) | <u>\$5,445,351</u> | <u>\$5,548,046</u> | <u>\$5,762,972</u> | <u>\$5,799,567</u> |
| Total Gross Indebtedness | 4,528,553 | 4,842,264 | 5,858,676 | 5,850,980 |
| Less: | | | | |
| Sewer Revenue Bonds | (1,038,500) | (1,060,300) | (1,081,100) | (1,100,900) |
| Special Assessment Bonds | (42,758) | (43,208) | (60,007) | (75,982) |
| Mortgage Revenue Bonds | (200,000) | (212,500) | (225,000) | (242,350) |
| OWDA Loans | (865,295) | (1,086,256) | (1,296,569) | (1,496,748) |
| General Obligation Bond Retirement Fund Balance | <u>(49,064)</u> | <u>(88,393)</u> | <u>(90,669)</u> | <u>(105,388)</u> |
| Net Debt Within 5 ½ % Limitations | <u>2,332,936</u> | <u>2,351,607</u> | <u>3,105,331</u> | <u>2,829,612</u> |
| Unvoted Legal Debt Margin Within 5 ½ % Limitations | <u>\$3,112,415</u> | <u>\$3,196,439</u> | <u>\$2,657,641</u> | <u>\$2,969,955</u> |
| Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation | 57.16% | 57.61% | 46.12% | 51.21% |

Source: City Financial Records

Table 13

| 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>\$101,339,084</u> | <u>\$95,723,701</u> | <u>\$97,359,000</u> | <u>\$88,533,952</u> | <u>\$88,165,455</u> | <u>\$89,986,462</u> |
| 10,640,604 | 10,050,989 | 10,222,695 | 9,296,065 | 9,257,373 | 9,448,579 |
| 3,165,000 | 3,400,000 | 1,776,000 | 1,895,000 | 2,006,000 | 2,228,984 |
| 1,119,700 | 1,137,600 | 1,154,600 | 1,170,800 | 1,186,200 | 1,200,800 |
| 89,025 | 84,084 | 103,754 | 74,665 | 41,798 | 60,477 |
| 156,197 | 24,250 | 33,950 | 43,650 | 0 | 0 |
| <u>1,687,282</u> | <u>1,868,635</u> | <u>2,041,249</u> | <u>2,205,546</u> | <u>2,384,186</u> | <u>2,554,021</u> |
| 6,217,204 | 6,514,569 | 5,109,553 | 5,389,661 | 5,618,184 | 6,044,282 |
| (1,119,700) | (1,137,600) | (1,154,600) | (1,170,800) | (1,186,200) | (1,200,800) |
| (89,025) | (84,084) | (103,754) | (74,665) | (41,798) | (60,477) |
| (156,197) | (24,250) | (33,950) | (43,650) | 0 | 0 |
| <u>(1,687,282)</u> | <u>(1,868,635)</u> | <u>(2,041,249)</u> | <u>(2,205,546)</u> | <u>(2,384,186)</u> | <u>(2,554,021)</u> |
| <u>(77,774)</u> | <u>(52,767)</u> | <u>(152,337)</u> | <u>(135,363)</u> | <u>(83,901)</u> | <u>(85,430)</u> |
| <u>3,087,226</u> | <u>3,347,233</u> | <u>1,623,663</u> | <u>1,759,637</u> | <u>1,922,099</u> | <u>2,143,554</u> |
| <u>\$7,553,378</u> | <u>\$6,703,756</u> | <u>\$8,599,032</u> | <u>\$7,536,428</u> | <u>\$7,335,274</u> | <u>\$7,305,025</u> |
| 70.99% | 66.70% | 84.12% | 81.07% | 79.24% | 77.31% |
| <u>\$5,573,650</u> | <u>\$5,264,804</u> | <u>\$5,354,745</u> | <u>\$4,869,367</u> | <u>\$4,849,100</u> | <u>\$4,949,255</u> |
| 6,217,204 | 6,514,569 | 5,109,553 | 5,389,661 | 5,618,184 | 6,044,282 |
| (1,119,700) | (1,137,600) | (1,154,600) | (1,170,800) | (1,186,200) | (1,200,800) |
| (89,025) | (84,084) | (103,754) | (74,665) | (41,798) | (60,477) |
| (156,197) | (24,250) | (33,950) | (43,650) | 0 | 0 |
| <u>(1,687,282)</u> | <u>(1,868,635)</u> | <u>(2,041,249)</u> | <u>(2,205,546)</u> | <u>(2,384,186)</u> | <u>(2,554,021)</u> |
| <u>(77,774)</u> | <u>(52,767)</u> | <u>(152,337)</u> | <u>(135,363)</u> | <u>(83,901)</u> | <u>(85,430)</u> |
| <u>3,087,226</u> | <u>3,347,233</u> | <u>1,623,663</u> | <u>1,759,637</u> | <u>1,922,099</u> | <u>2,143,554</u> |
| <u>\$2,486,424</u> | <u>\$1,917,571</u> | <u>\$3,731,082</u> | <u>\$3,109,730</u> | <u>\$2,927,001</u> | <u>\$2,805,701</u> |
| 44.61% | 36.42% | 69.68% | 63.86% | 60.36% | 56.69% |

City of Rittman, Ohio

Schedules of Ratio of Annual Debt Service Expenditures for General Bonded Debt
to Total General Governmental Expenditures and Revenue Bond Coverage (\$000 omitted)

Last Ten Fiscal Years

Table 14

| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>General Bonded Debt</u> | | | | | | | | | | |
| Debt Service | \$84 | \$207 | \$206 | \$202 | \$203 | \$22 | \$140 | \$135 | \$245 | \$162 |
| General Governmental Expenditures | 4,327 | 4,599 | 4,682 | 4,031 | 4,118 | 3,767 | 4,039 | 3,863 | 6,114 | 4,068 |
| Ratio of Debt Service to General Governmental Expenditures | 1.94 | 4.50 | 4.40 | 5.01 | 4.93 | 0.58 | 3.47 | 3.49 | 4.01 | 3.98 |
| <u>Revenue Bond Coverage</u> | | | | | | | | | | |
| Sewer | | | | | | | | | | |
| Direct Revenue | 1,294 | 1,221 | 1,200 | 1,257 | 1,021 | 1,052 | 913 | 965 | 921 | 909 |
| Operating expense (1) | 699 | 660 | 608 | 622 | 630 | 644 | 693 | 673 | 681 | 652 |
| Net available | 595 | 561 | 592 | 635 | 391 | 408 | 220 | 292 | 240 | 257 |
| Principal | 22 | 21 | 20 | 19 | 18 | 17 | 16 | 15 | 14 | 0 |
| Interest | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 62 |
| Total Debt Service | 76 | 76 | 76 | 76 | 76 | 76 | 76 | 76 | 76 | 62 |
| Coverage | 7.83 | 7.38 | 7.79 | 8.36 | 5.14 | 5.37 | 2.89 | 3.84 | 3.16 | 4.15 |

Source: City Financial Records

(1) Excludes depreciation

City of Rittman, Ohio

Principal Employers

2009 and 2003

Table 15

| Employer | Industry | 2009 | | 2003 (1) | | Percentage of Total City W-2's processed | Percentage of Total City W-2's processed |
|-------------------------------|-----------------------|---------------------------|------|---------------------------|--------------|--|--|
| | | Number of W-2's processed | Rank | Number of W-2's processed | Rank | | |
| Morton International, Inc. | Salt Mines | 280 | 1 | 9.28% | 293 | 1 | 9.73% |
| Rittman Local School District | Public Education | 220 | 2 | 7.29 | 238 | 3 | 7.90 |
| City of Rittman | Municipal Government | 140 | 3 | 4.64 | 197 | 5 | 6.54 |
| Embassy Autumnwood Management | Health Care | 132 | 4 | 4.38 | - | - | 0.00 |
| Laria Chevrolet Buick | Automobile Dealership | 60 | 5 | 1.99 | 62 | 7 | 2.06 |
| Bauman Orchard | Orchard | 53 | 6 | 1.76 | - | - | 0.00 |
| Unilock Ohio, Inc. | Excavation | 51 | 7 | 1.69 | 53 | 8 | 1.76 |
| Rittman IGA | Grocery Store | 50 | 8 | 1.66 | - | - | 0.00 |
| Premier Pontiac | Automobile Dealership | 47 | 9 | 1.56 | - | - | 0.00 |
| Mull Iron | Metal Fabricating | 31 | 10 | 1.03 | - | - | 0.00 |
| Caraustar Mill Group, Inc. | Paper recycling | - | - | 0.00 | 240 | 2 | 7.97 |
| Northern Health Facilities | Health Care | - | - | 0.00 | 198 | 4 | 6.58 |
| Imperial Plastics, Inc | Plastics | - | - | 0.00 | 105 | 6 | 3.49 |
| Promotional Fixtures | Marketing | - | - | 0.00 | 41 | 9 | 1.36 |
| Swiss Woodcraft, Inc. | Cabinet manufacturer | - | - | 0.00 | 36 | 10 | 1.20 |
| Total | | 1,064 | | 35.27% | 1,463 | | 48.59% |
| Total W-2's Processed | | 3,016 | | | 3,011 | (2) | |

Source: City of Rittman

(1) Information before 2003 is not available

(2) Labor statistics only available for 2002

City of Rittman, Ohio

Demographic and Economic Statistics

Last Ten Years

Table 16

| Year | Population (1) | Total Personal Income (1) | Personal | Median | School Enrollment (2) | Unemployment Rate (3) | | | City Square Miles (4) |
|------|----------------|------------------------------|--------------------------|-------------------------|--------------------------|-----------------------|------------------|------------------|-----------------------------|
| | | | Income Per Capita (1) | Household Income (1) | | Wayne County | Medina County | State of Ohio | |
| 2009 | 6,314 | 101,333 | \$16,049 | \$41,643 | 1,155 | 9.9 % | 8.3 % | 10.2 % | 6.1 |
| 2008 | 6,314 | 101,333 | 16,049 | 41,643 | 1,097 | 5.6 | 5.8 | 6.5 | 6.1 |
| 2007 | 6,314 | 101,333 | 16,049 | 41,643 | 1,063 | 5.0 | 5.8 | 5.8 | 6.1 |
| 2006 | 6,314 | 101,333 | 16,049 | 41,643 | 1,121 | 4.6 | 4.7 | 5.5 | 6.1 |
| 2005 | 6,314 | 101,333 | 16,049 | 41,643 | 1,153 | 4.9 | 4.7 | 5.9 | 6.1 |
| 2004 | 6,314 | 101,333 | 16,049 | 41,643 | 1,162 | 5.3 | 4.9 | 5.9 | 6.1 |
| 2003 | 6,314 | 101,333 | 16,049 | 41,643 | 1,216 | 5.1 | 5.0 | 6.1 | 6.1 |
| 2002 | 6,314 | 101,333 | 16,049 | 41,643 | 1,239 | 4.9 | 4.5 | 5.7 | 6.1 |
| 2001 | 6,314 | 101,333 | 16,049 | 41,643 | 1,209 | 3.9 | 3.7 | 4.2 | 6.1 |
| 2000 | 6,314 | 101,333 | 16,049 | 41,643 | 1,273 | 3.1 | 3.2 | 4.1 | 6.1 |

Sources:

- (1) U. S. Census 2000
- (2) School District Records
- (3) Ohio Bureau of Employment Services; Department of Labor, Bureau of Labor Statistics
- (4) City Records

City of Rittman, Ohio

Full Time Employees by Function/Program

Last Eight Years (1)

Table 17

| Function/Program | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government | | | | | | | | |
| City Council | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Mayor | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| City Manager | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Law | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Finance | 1.50 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Tax | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Administration | 1.00 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| Security of Persons and Property | | | | | | | | |
| Police | 11.50 | 11.00 | 11.00 | 11.00 | 11.00 | 11.50 | 12.00 | 12.50 |
| Police - School Guards | 1.50 | 5.00 | 5.00 | 5.00 | 6.50 | 6.50 | 5.50 | 5.00 |
| Police - Dispatchers | 5.50 | 5.00 | 5.00 | 5.00 | 6.00 | 5.00 | 5.00 | 4.50 |
| Police - Animal Wardens | 0.50 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00 |
| Fire | 14.50 | 14.50 | 14.50 | 14.50 | 16.50 | 16.00 | 16.00 | 14.00 |
| Public Health Services | | | | | | | | |
| Emergency Medical Services | 15.00 | 15.50 | 15.50 | 15.50 | 15.50 | 15.50 | 14.00 | 13.00 |
| Cemetery | 1.50 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Leisure Time Activities | | | | | | | | |
| Recreation | 12.50 | 12.00 | 12.00 | 12.00 | 12.00 | 13.00 | 11.50 | 12.00 |
| Parks | 1.50 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Transportation | | | | | | | | |
| Service | 2.00 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 3.50 | 3.50 |
| Street M&R | 5.50 | 7.00 | 7.00 | 7.00 | 5.00 | 6.00 | 6.00 | 6.00 |
| Basic Utility Services | | | | | | | | |
| Water | 4.75 | 5.00 | 5.00 | 5.00 | 4.00 | 5.00 | 5.00 | 5.00 |
| Waste Water | 5.75 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 |
| Totals: | 91.00 | 95.50 | 95.50 | 95.50 | 97.00 | 99.00 | 96.50 | 93.50 |

Source: City Payroll Department Attendance Cards at Year End

Method: Using 1.00 for each full-time employee and 0.50 for each part-time

and seasonal employee at year end. Some employees are split between multiple functions/programs

(1) Information prior to 2002 is not available

City of Rittman, Ohio

Operating Indicators by Function/Program

Last Eight Years (1)

Table 18

| Function/Program | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|-------------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
| General Government | | | | | | | | |
| Council and Clerk | | | | | | | | |
| Number of Ordinances Passed | 31 | 37 | 28 | 30 | 36 | 47 | 35 | 31 |
| Number of Resolutions Passed | 21 | 19 | 10 | 14 | 18 | 19 | 4 | 10 |
| Number of Planning Commission docket items | 0 | 2 | 1 | 5 | 6 | 11 | 4 | 4 |
| Zoning Board of Appeals docket items | 4 | 4 | 7 | 9 | 9 | 11 | 11 | 9 |
| Finance Department | | | | | | | | |
| Number of checks/vouchers issued | 2,165 | 2,424 | 2,497 | 2,483 | 2,436 | 3,877 | 2,618 | 2,606 |
| Amount of checks written | \$6,252,415 | 6,698,892 | 66,500,835 | 5,927,649 | 6,947,390 | 7,260,449 | 6,173,985 | 610,750 |
| Number of payroll checks issued | 3,386 | 3,415 | 3,351 | 3,346 | 3,410 | 3,397 | 3,467 | 3,492 |
| Interest earning for fiscal year (cash basis) | \$81,002 | 127,981 | 202,302 | 157,201 | 133,639 | 89,796 | 77,257 | 138,156 |
| Number of receipts issued | 2,039 | 1,990 | 1,980 | 1,972 | 1,997 | 1,842 | 1,902 | n/a |
| General fund receipts (cash basis) | \$2,905,901 | 2,908,884 | 2,832,218 | 2,828,136 | 2,678,059 | 2,596,735 | 2,522,852 | 2,487,356 |
| General fund expenditures (cash basis) | \$2,894,932 | 2,909,987 | 2,798,914 | 2,706,074 | 2,432,279 | 2,376,547 | 2,426,831 | 2,350,826 |
| General fund cash balances (in thousands) | \$552,889 | 554,138 | 549,732 | 520,281 | 382,840 | 273,493 | 178,457 | 215,277 |
| Income Tax Department | | | | | | | | |
| Number of individual returns | 3,441 | 3,523 | 3,485 | 4,460 | 3,971 | 4,077 | 4,805 | 4,365 |
| Number of business returns | 357 | 426 | 465 | 473 | 380 | 407 | 399 | 397 |
| Number of business withholding accounts | 384 | 243 | 308 | 2,880 | 2,797 | 2,664 | 2,625 | 2,568 |
| Amount of penalties and interest collected | \$25,596 | 22,498 | 24,710 | 44,694 | 21,829 | 17,185 | 28,923 | 16,951 |
| Civil Services | | | | | | | | |
| Number of police entry tests administered | n/a | n/a | 13 | n/a | n/a | n/a | 36 | n/a |
| Number of dispatcher entry tests administered | n/a | n/a | n/a | n/a | 12 | n/a | n/a | n/a |
| Number of hires of Police Officers from certified lists | n/a | n/a | 2 | n/a | n/a | n/a | 1 | n/a |
| Number of hires of Dispatchers from certified lists | n/a | n/a | n/a | n/a | 1 | n/a | n/a | n/a |

City of Rittman, Ohio

Operating Indicators by Function/Program (continued)

Last Eight Years (1)

Table 18

| Function/Program | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|--------------|---------|-----------|-----------|------------|-----------|-----------|-----------|
| Building Department Indicators | | | | | | | | |
| Number of zoning permits issued | 46 | 46 | 68 | 140 | 145 | 165 | 195 | 198 |
| Number of new housing permits issued | 4 | 6 | 10 | 14 | 20 | 38 | 29 | 51 |
| Estimated Value of Construction | \$15,491,375 | 910,574 | 7,667,346 | 2,712,612 | 12,030,811 | 2,468,000 | 5,003,102 | 7,457,223 |
| Amount of Revenue generated from permits | \$13,324 | 2,190 | 4,418 | 5,246 | 11,850 | 10,982 | 8,416 | 6,162 |
| Security of Persons and Property | | | | | | | | |
| Police | | | | | | | | |
| Total Calls for Services | 7,996 | 9,932 | 7,829 | 7,773 | n/a | 4,787 | 3,830 | 5,493 |
| Number of traffic citations issued | 213 | 414 | 443 | 419 | n/a | 391 | 428 | 421 |
| Number of parking citations issued | 280 | 294 | 267 | 493 | n/a | 435 | 702 | 161 |
| Number of criminal arrests | 520 | 543 | 475 | 454 | n/a | 426 | 346 | 435 |
| Number of accident reports completed | 121 | 122 | 132 | 130 | n/a | 121 | 120 | 144 |
| Injury accidents | 8 | 8 | 15 | 15 | n/a | 13 | 13 | 18 |
| Stolen vehicles | 6 | 9 | 14 | 15 | n/a | 16 | 8 | 15 |
| Incident reports | 482 | 599 | 721 | 611 | n/a | 506 | 484 | 595 |
| DUI arrests | 14 | 25 | 47 | 26 | n/a | 31 | 28 | 48 |
| Burglary | 55 | 52 | 49 | 32 | n/a | 19 | 19 | 40 |
| Thefts | 180 | 221 | 107 | 93 | n/a | 97 | 73 | 96 |
| Robberies | 6 | 6 | 4 | 1 | n/a | 1 | 1 | n/a |
| Homicides | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Gasoline costs of fleet | \$16,852 | 30,536 | 26,487 | 22,000 | 18,460 | 14,358 | 13,164 | 11,428 |
| Total calls handled through communication center | 11,173 | 13,582 | 18,998 | 16,845 | n/a | 13,269 | 12,487 | 11,199 |

City of Rittman, Ohio

Operating Indicators by Function/Program (continued)

Last Eight Years (1)

Table 18

| Function/Program | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|-----------|---------|---------|---------|---------|---------|---------|---------|
| Fire/EMS | | | | | | | | |
| EMS total runs | 878 | 817 | 872 | 787 | 735 | 784 | 684 | 670 |
| EMS transports | 618 | 557 | 636 | 579 | 450 | 568 | 516 | n/a |
| Ambulance billing collections (net) | \$186,981 | 168,748 | 171,068 | 111,701 | 114,413 | 109,333 | 74,955 | 71,905 |
| Fire calls | 196 | 194 | 192 | n/a | n/a | n/a | n/a | n/a |
| Fires with loss | 4 | 8 | 4 | n/a | n/a | n/a | n/a | n/a |
| Fires with losses exceeding \$10K | 1 | n/a | 1 | n/a | n/a | n/a | n/a | n/a |
| Fire Losses | \$84,500 | 13,000 | 18,000 | n/a | n/a | n/a | n/a | n/a |
| Fire safety inspections | 58 | 28 | 20 | n/a | n/a | n/a | n/a | n/a |
| Number of times mutual aid received for fire and EMS | 22 | 35 | 46 | n/a | n/a | n/a | n/a | n/a |
| Public Health and Welfare | | | | | | | | |
| Cemetery Burials | 44 | 32 | 30 | 34 | 45 | 38 | 45 | 43 |
| Cemetery cremations | 13 | 8 | 13 | 4 | 9 | 6 | 3 | 5 |
| Cemetery sale of lots | 38 | 34 | 15 | 26 | 41 | 44 | 40 | 34 |
| Cemetery receipts | \$37,183 | 35,314 | 21,811 | 25,847 | 38,065 | 35,438 | 38,258 | 30,946 |
| Leisure Time Activities | | | | | | | | |
| Recreation | | | | | | | | |
| Recreation Center membership receipts | \$150,607 | 171,172 | 128,679 | 156,885 | 159,191 | 168,244 | 156,825 | 135,461 |
| Recreation Center rental receipts | \$16,776 | 15,160 | 8,376 | 15,598 | 18,024 | 17,139 | 17,814 | 13,063 |
| Recreation Center program receipts | \$52,578 | 60,110 | 47,353 | 50,426 | 46,357 | 41,288 | 40,974 | 34,034 |
| Recreation Center miscellaneous receipts | \$17,428 | 27,153 | 25,643 | 20,476 | 20,409 | 13,972 | 15,378 | 53,973 |
| Total Recreation Department receipts | \$237,389 | 273,595 | 210,050 | 243,384 | 243,981 | 240,643 | 230,990 | 236,531 |

City of Rittman, Ohio

Operating Indicators by Function/Program (continued)

Last Eight Years (1)

Table 18

| Function/Program | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|-------------|-----------|-----------|-----------|---------|---------|---------|---------|
| Transportation | | | | | | | | |
| Crackseal Coating Program - Annual Cost | \$0 | 11,456 | 14,850 | 17,000 | 16,632 | 15,348 | 17,653 | 18,844 |
| Paint Striping - Annual Cost | \$9,918 | 12,545 | n/a | 10,000 | 9,288 | 6,888 | 8,706 | 5,965 |
| Leaf collection - disposal costs | \$1,000 | 4,701 | 1,540 | 3,489 | 3,565 | 2,445 | 2,288 | 2,712 |
| Cost of salt purchased | \$16,206 | 23,206 | 26,889 | 22,732 | 39,020 | 32,436 | 34,723 | 14,278 |
| Water Department | | | | | | | | |
| Water rates per 1st 300 Cu ft of water used | \$7.40 | 7.40 | 7.40 | 7.40 | 7.40 | 7.40 | 7.40 | 7.40 |
| Annual total of utility accounts billed | 30,048 | 33,780 | 29,715 | 29,791 | 29,695 | 29,333 | 28,967 | 28,503 |
| Annual total Water Collections Billed | \$355,291 | 349,999 | 358,757 | 375,263 | 363,723 | 366,846 | 361,024 | 363,477 |
| Avg. water billed monthly (Gallons) | 12,712 | 12,181 | 12,905 | 15,186 | 13,006 | 15,329 | 19,209 | 19,383 |
| Total water collections annually (Including P&I) | \$396,095 | 361,428 | 359,042 | 364,517 | 371,453 | 366,800 | 374,095 | 368,149 |
| Waste Water Department | | | | | | | | |
| Waste water rates per 1st 300 Cu ft of water used | \$31.00 | 25.78 | 24.33 | 22.96 | 21.66 | 21.66 | 20.43 | 20.43 |
| Annual total sewer collections billed | \$1,165,163 | 1,048,802 | 1,028,074 | 1,229,844 | 969,035 | 918,648 | 852,413 | 853,283 |
| Total sewer collections annually | \$2,053,066 | 1,149,011 | 1,154,935 | 1,110,995 | 983,697 | 917,436 | 881,995 | 865,304 |

Source: City of Rittman

(1) Information prior to 2002 is not available

n/a Information not available, eight years of information will be shown when available

City of Rittman, Ohio

Capital Assets Statistics by Function/Program

Last Eight Years (1)

Table 19

| Function/Program | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|-----------------------------------|------|------|------|------|------|------|------|------|
| General Government | | | | | | | | |
| Number of Buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Administrative Vehicles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Safety - Police/Fire | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles - Police | 9 | 9 | 9 | 9 | 9 | 8 | 7 | 6 |
| Vehicles - Fire | 8 | 7 | 6 | 6 | 6 | 6 | 6 | 6 |
| Emergency Medical Services | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 4 | 4 | 5 | 5 | 3 | 3 | 3 | 3 |
| Recreation | | | | | | | | |
| Number of Buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Shelters/Pavilions | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of Parks | 12 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Number of Pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Baseball Diamonds | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Number of Skateboarding Areas | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Tot Lots | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Vehicles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Transportation | | | | | | | | |
| Number of Buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Salt Building | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Streets (Center Lane Miles) | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| Storm Sewers (Miles) | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Service Vehicles | 12 | 12 | 15 | 15 | 14 | 13 | 13 | 13 |
| Public Health and Welfare | | | | | | | | |
| Number of Buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Service Vehicles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | |
| Treatment Plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Pole Building | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water Lines (Miles) | 44 | 44 | 44 | 44 | 44 | 44 | 43 | 43 |
| Vehicles | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 6 |
| Waste Water | | | | | | | | |
| Treatment Plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sanitary Sewers (Miles) | 39 | 39 | 39 | 39 | 39 | 39 | 38 | 38 |
| Vehicles | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 6 |

Source: City of Rittman's capital asset records

(1) Information prior to 2002 not available

City of Rittman
Wayne County, Ohio
Report Letter

December 31, 2009



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

June 25, 2010

To the Honorable Mayor and City Council
City of Rittman
Wayne County, Ohio

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of City of Rittman as of and for the year ended December 31, 2009, and have issued our report thereon dated June 25, 2010. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered City of Rittman's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rittman's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rittman's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of City of Rittman in a separate letter dated June 25, 2010.

This report is intended solely for the information and use of management, City Council and others within the entity and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.



Mary Taylor, CPA
Auditor of State

CITY OF RITTMAN

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 12, 2010**