

CITY OF RITTMAN, OHIO



Comprehensive Annual Financial Report For the Year Ended December 31, 2011



Dave Yost • Auditor of State

City Council
City of Rittman
30 N. Main Street
Rittman, OH 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, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 28, 2012

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INTRODUCTORY SECTION

City of Rittman, Ohio

Comprehensive Annual Financial Report For the Year Ended December 31, 2011

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

City of Rittman, Ohio

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2011**

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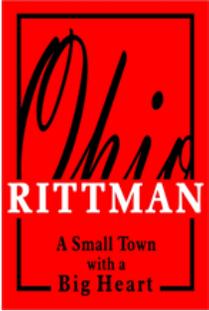
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The City of Rittman Offices

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

Barbara A. Rissland, CPA
Finance Director
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June 25, 2012

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, 2011 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 respects 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 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 basic financial statements, beginning on page 20. For other funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 68.

2011 Initiatives

In 2011, the Salt Street Water Main Project, which replaced an existing eight inch cast iron line that was over 75 years old, was completed. This project is important because the main being replaced services the City's largest employer and there have been numerous water breaks over the last few years. OPWC funds will help to defer part of the cost of this improvement.

Last year, City Council adopted a sidewalk repair and replacement plan, addressing both existing sidewalks and fill-in of areas that currently have no sidewalks. This multi-year plan is phased with priority being given to the school complex area. For 2010, the program provided voluntary replacement of sidewalk, with the City furnishing free removal. The residents are required to reimburse the City for the cost of replacement, but will receive the benefit of lower prices due to the volume of concrete ordered. In 2011, the program was expanded to include mandatory as well as voluntary replacement.

In 2011, the City contracted with an engineering firm to begin design of the Douglas Drive Project. This project consists of replacing a six inch waterline that is over 50 years old and replacing deteriorated concrete pavement with new asphalt. Also included in the project are underdrains, hydrants and sidewalks. OPWC funds and special assessments will help defer some of the cost of the project. This project is important because the street is located adjacent to the High School football field and has high levels of use during many different sporting events.

The City also continued an engineering contract for replacing the existing bar screen at the wastewater treatment plant with an automated, finer screen. Currently, the bar screen is manually raked two to three times a day. This process still allowed debris to enter the plant and clog sludge tubes, clarifiers and air diffusers. The new process has a finer bar screen that will automatically remove debris, thereby enhancing treatment operations, reducing labor costs and eliminating safety concerns.

The City's Recreation Center, in addition to celebrating its tenth anniversary in 2011, was approved as a Silver Sneakers program facility. The Silver Sneakers program allows persons 65 or older to participate in fitness programs, with insurance or Medicare paying the admission charges directly to the City. This program is good for the seniors and the Recreation Center is seeing an increase in attendance and revenue, as well.

Finally, City Council voted to detach from the overlapping townships. This was an important step because it will allow the City to potentially collect additional property taxes. Currently, township taxes are levied on City property and the proceeds are on township operations, outside the City limits.

Development Activities

The Rittman Exempted Village Schools completed 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. As part of this project, the old Middle School on North Main Street was demolished, which created vacant land for potential new development.

In 2010, the City completed a sewer line to the Apostolic Nursing Home, which is located outside City limits but within the City's sewer service area. This sewer line provides for the possibility of an additional 20 service tie-ins. During 2011, the City continued working with the nursing home to provide water to the same area. Since the City has additional capacity available at both the water and the wastewater treatment facilities, projects of this type will help defray fixed costs, therefore keeping rates lower for the citizens of the City.

The City is also working with a plastics manufacturer who is relocating and expanding an existing business. Construction of the new facility began in 2011 and should be completed in 2012. This expansion will create approximately fifteen new positions.

In 2011, the City continued to work with the Wayne County Economic Development Council, the current property owner, surrounding property owners, and the State Environmental Protection Agency to attempt 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. During the year, two interested developers produced business plans for the purchase, clean-up, and remarketing of this site. The City is hopeful that there may be some progress in 2012.

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 and infrastructure replacement, City Council voted to implement a 35 percent water rate increase, implemented in January 2011. A committee continued 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. Also, the allocation of income taxes to the capital and water funds is currently being evaluated. This evaluation is planned to be completed in 2012.

In 2010, the Administration adopted 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.

Economic Condition and Outlook

Due to the overall deterioration of the national and state economies, the City of Rittman also saw a decline of 4.8% in governmental revenues on a modified accrual basis. The majority of the decrease was due to a drop in income taxes and intergovernmental revenue. There was a corresponding decrease in expenditures of 4.9%; however, 55% of the decline in expenditures was related to the timing of capital projects. The remainder of the decrease was due to fiscally conservative management of expenditures.

Budget deficits on the state level will result in loss of state-levied, locally-shared taxes in 2012. The City's governing body, administration, and employees are committed to working together to provide quality services to the residents. Employees agreed to forego wage increases in 2012 and income tax collections are on the rise in 2012. Additionally, Morton Salt, the City's largest employer, has been spending several million dollars upgrading their operations to stay competitive in the world market. These facts, coupled with the potential increase in property tax from the township split, should allow the City to gain some financial strength in 2012. However, the City will remain vigilant in evaluating their financial position and be proactive wherever possible by implementing revenue enhancing or cost cutting measures. Administration will continue to look for other ways to expand the City's tax base, focusing on small businesses looking to relocate or revitalization of vacant property. 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, 2010. 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. We wish to express our appreciation to members of other City departments who assisted and contributed to the preparation of this report. The staff at the Wayne County Auditor's Office was helpful as always. In addition, gratitude is extended to the independent accounting firm of James G. Zupka, Certified Public Accountants, Incorporated, for their advice and guidance. City Council also deserves a special acknowledgment 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, 2011**

Mayor

William Robertson

Council Members

Rick Hanlon, President

Richard Lapehn

Lynn Beaumont

Darrell Carey

Steve Johnson *

Glen Russell

City Manager

Larry Boggs

Finance Director/Treasurer

Barbara Rissland

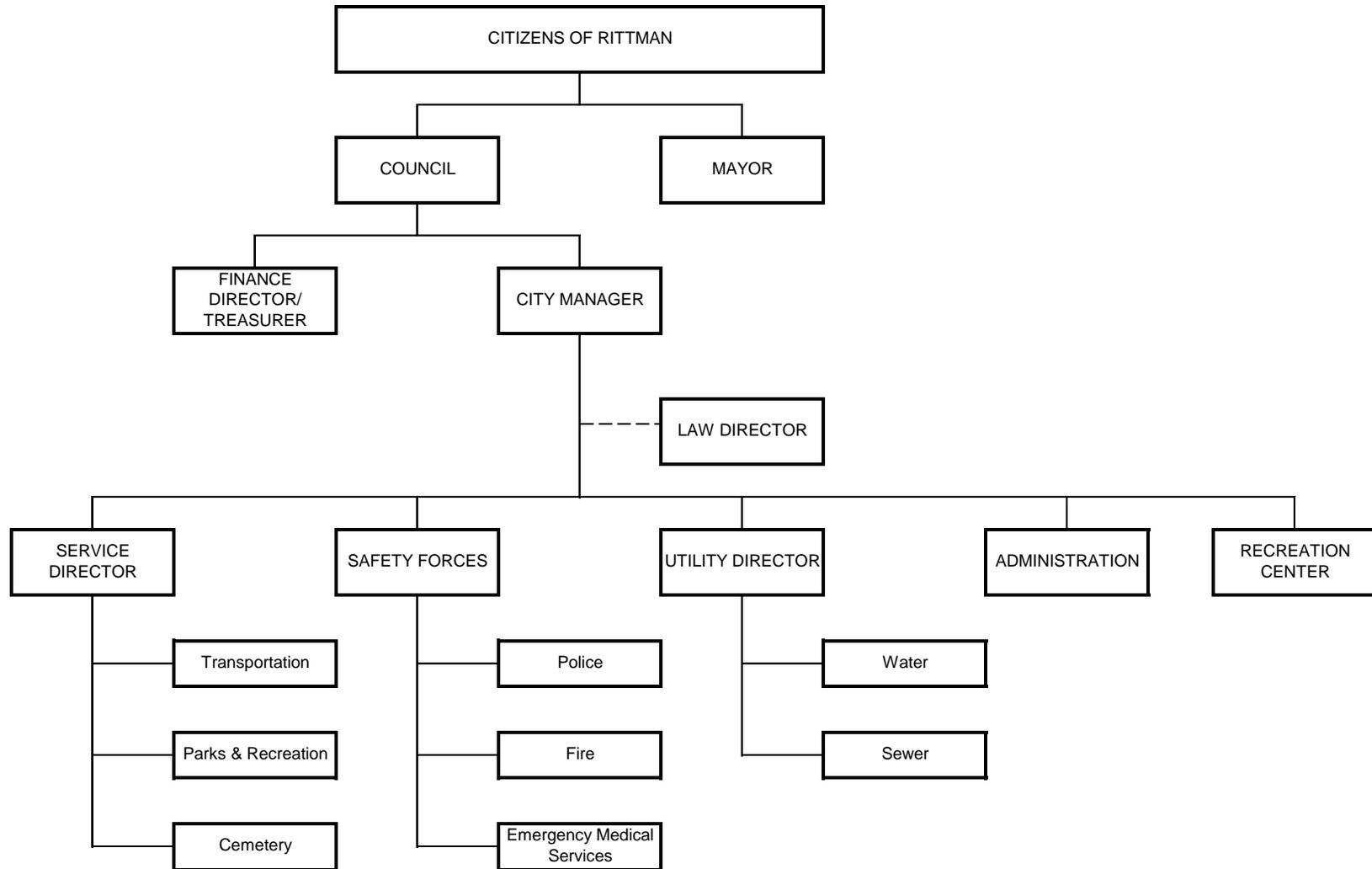
Director of Law

G. Kevin Bower

* - William Workman passed away in May 2011 and Council appointed Steve Johnson on June 13, 2011 to fill the term.

City of Rittman, Ohio

**Organizational Chart
For the Year Ended December 31, 2011**



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, 2010

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.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

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June 25, 2012

City of Rittman
Wayne County, Ohio
30 N. Main Street
Rittman, OH 44270

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, Wayne County, Ohio, (the "City") as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 previously 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, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and emergency medical service fund for the year then ended in conformity with accounting principles generally accepted in the United States of America

As described in Note 4, the City restated the net assets balances to adjust accumulated depreciation of capital assets and to fund balances to account for the implementation of GASB Statement No. 54.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Hea & Associates, Inc.

City of Rittman, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2011

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, 2011. 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 2011 are as follows:

- The total net assets of the City increased \$419,775. Net assets of governmental activities decreased \$43,937, which represents a 0.60 percent decrease from 2010. Net assets of business-type activities increased \$463,712 or 4.40 percent from 2010.
- General revenues, for governmental activities, accounted for \$2,231,184 or 56.15 percent of total governmental activities revenue. Program specific revenues accounted for \$1,742,090 or 43.85 percent of total governmental activities revenue.
- Governmental activities' capital assets, net of accumulated depreciation, decreased \$323,916, primarily due to current year depreciation exceeding current year capital additions.
- The City had \$4,017,211 in expenses related to governmental activities; \$1,742,090 of those expenses was offset by program specific charges for services, grants, and contributions. General revenues (primarily taxes) of \$2,231,184 were not sufficient to offset those program expenses.
- The General Fund, the City's largest major governmental fund, had revenues and other financing sources of \$2,677,972 in 2011, or 64.91 percent of total governmental funds. Expenditures and other financing uses of the General Fund were \$2,724,674, or 68.40 percent of total governmental funds. The General Fund balance decreased \$46,702, or 5.64 percent in 2011.

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 three major governmental funds and two major enterprise funds.

City of Rittman, Ohio

Management's Discussion and Analysis (continued)
For the Year Ended December 31, 2011

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 2011?" 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, Emergency Medical Service Fund and 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, 2011

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 16-21 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 22-24 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 25 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 26-54 of this report.

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2011

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 55-85 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 2011 compared to 2010:

Table 1 - Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities		2011	2010 Restated
	2011	2010	2011	2010 Restated		
Assets						
Current and Other Assets	\$ 3,658,114	\$ 3,435,772	\$ 2,199,363	\$ 1,957,383	\$ 5,857,477	\$ 5,393,155
Capital Assets	5,606,756	5,930,672	11,781,065	11,823,678	17,387,821	17,754,350
Total Assets	9,264,870	9,366,444	13,980,428	13,781,061	23,245,298	23,147,505
Liabilities						
Other Liabilities	820,180	783,274	143,071	135,745	963,251	919,019
Long-term Liabilities	1,170,667	1,265,210	2,827,124	3,098,795	3,997,791	4,364,005
Total Liabilities	1,990,847	2,048,484	2,970,195	3,234,540	4,961,042	5,283,024
Net Assets						
Invested in Capital Assets, Net of Debt	4,631,034	4,860,879	9,020,581	8,792,430	13,651,615	13,653,309
Restricted	1,669,612	1,265,306	-	-	1,669,612	1,265,306
Unrestricted	973,377	1,191,775	1,989,652	1,754,091	2,963,029	2,945,866
Total Net Assets	\$ 7,274,023	\$ 7,317,960	\$ 11,010,233	\$ 10,546,521	\$ 18,284,256	\$ 17,864,481

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2011, the City's assets exceeded liabilities by \$18,284,256. This amounts to \$7,274,023 in governmental activities and \$11,010,233 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 74.80 percent of total governmental and business-type assets. Capital assets include land, construction in progress, land improvements, buildings, equipment, and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2011, were \$13,651,615. 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, 2011, 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.

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2011

A portion of the City's governmental activities net assets, \$1,669,612 or 9.13 percent, represent resources that are subject to external restrictions on how they may be used. Of the total governmental activities restricted net assets, \$558,872 for capital projects, \$71,554 is for debt service, \$736,734 is for safety services and \$302,452 is for other purposes. The governmental activities unrestricted net assets of \$973,377 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 2011 compared to 2010:

Table 2 - Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010 Restated	2011	2010 Restated
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 1,282,246	\$ 1,214,188	\$ 1,806,395	\$ 1,640,990	\$ 3,088,641	\$ 2,855,178
Operating Grants and Contributions	419,355	504,100	-	-	419,355	504,100
Capital Grants and Contributions	40,489	104,481	159,117	17,777	199,606	122,258
<i>General Revenues:</i>						
Property and Other Taxes	632,190	583,172	-	-	632,190	583,172
Income Taxes	996,885	1,083,975	332,296	361,162	1,329,181	1,445,137
Grants and Entitlements	524,776	608,686	-	-	524,776	608,686
Investment Earnings	30,707	46,367	8,612	8,705	39,319	55,072
Other	46,626	30,518	11,417	-	58,043	30,518
Total Revenues	3,973,274	4,175,487	2,317,837	2,028,634	6,291,111	6,204,121
Program Expenses						
<i>Governmental Activities:</i>						
General Government	661,984	664,213	-	-	661,984	664,213
Safety Services	1,692,217	1,666,378	-	-	1,692,217	1,666,378
Public Health and Welfare	97,425	115,459	-	-	97,425	115,459
Transportation	609,020	783,398	-	-	609,020	783,398
Basic Utility Services	412,392	458,957	-	-	412,392	458,957
Leisure Time Activities	496,414	510,580	-	-	496,414	510,580
Interest and Fiscal Charges	47,759	52,024	-	-	47,759	52,024
<i>Business-type Activities:</i>						
Water	-	-	790,762	969,734	790,762	969,734
Sewer	-	-	1,063,363	1,046,059	1,063,363	1,046,059
Total Program Expenses	4,017,211	4,251,009	1,854,125	2,015,793	5,871,336	6,266,802
Change in Net Assets	\$ (43,937)	\$ (75,522)	\$ 463,712	\$ 12,841	\$ 419,775	\$ (62,681)

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2011

Governmental Activities

Governmental activities decreased the City's net assets by \$43,937 during 2011. This decrease was due mainly to a decrease in revenues of \$202,213 or 4.84 percent which was chiefly the result of the overall economic downturn, which impacts wages, new construction, and interest rates. Management partially offset the decrease in revenues by reducing expenses by \$233,798 or 5.50 percent. The expense reduction was for the most part achieved through a voluntary reduction in employee benefits and reduction in staffing levels through attrition. Also contributing to the decrease was a reduction in services provided with the City's trash contract, as well as reduced transportation costs due to a mild winter and the timing of street maintenance work. The expense reductions were partially offset by an increase in safety services primarily due to the return to work of a police officer who had been on active military leave.

Governmental revenue is comprised of program revenue and general revenue. Program revenues accounted for \$1,742,090 or 43.85 percent of total governmental revenue and the most significant category was charges for services which totaled \$1,282,246 and reflected an increase of \$68,058 or 5.61 percent as compared to 2010 due in large part to the addition of a new cell tower lease and a voluntary sidewalk replacement program, coupled with increased participation in recreation programs. General revenues totaled \$2,231,184, and amounted to 56.15 percent of total revenues. These revenues primarily consist of property and other taxes and income taxes totaling \$1,629,075, or 73.01 percent of the general revenues. The other major contributor to general revenues is grants and entitlements not restricted to specific programs, with a majority of the revenue being state and locally shared taxes. For 2011, these revenues totaled \$524,776, or 23.52 percent of the total general revenues. Income taxes along with grants and entitlements were the only general revenue areas to show significant decreases when compared to 2010.

Safety services, which primarily supports the operations of the City's police, fire and emergency medical services, accounts for \$1,692,217 of expenses, or 42.12 percent of total governmental expenses of the City. These expenses were funded by \$278,118 in charges to users of services and operating grants and contributions. Transportation expenses, which primarily include repairs and maintenance of the City's roads, totaled \$609,020 or 15.16 percent of total governmental expenses. Transportation expenses were covered by \$388,513 of operating and capital grants and contributions. General government expenses, which primarily include legislative, executive and financial management, totaled \$661,984 or 16.48 percent of total governmental expenses. General government expenses were covered by \$312,027 of direct charges to users and operating grants and contributions.

Business-Type Activities

The water and sewer funds represent the City's business-type activities. Business-type activities reported an increase in net assets of \$463,712, or 4.40 percent as compared to 2010. Charges for services account for 77.93 percent of total business-type revenues. The increase in charges for services of \$165,405 or 10.08 percent is primarily the result of a 35 percent water rate increase that was implemented in early 2011. These programs had revenues of \$2,317,837 and expenses of \$1,854,125 for year 2011. Expenses in business-type activities decreased by \$161,668 or 8.02 percent. The decrease in expenses relates to the payment of \$150,000 in 2010, which was the result of the mediated settlement of a claim related to the City's wells and surrounding water table.

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2011

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 2011 compared to 2010. That is, it identifies the cost of these services supported by general revenues.

Table 3 - Program Expenses

	<u>2011</u>		<u>2010</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	\$ 661,984	\$ 349,957	\$ 664,213	\$ 375,575	\$ (2,229)	\$ (25,618)
Safety Services	1,692,217	1,414,099	1,666,378	1,392,275	25,839	21,824
Public Health and Welfare	97,425	55,947	115,459	73,053	(18,034)	(17,106)
Transportation	609,020	220,507	783,398	297,606	(174,378)	(77,099)
Basic Utility Services	412,392	(71,643)	458,957	(27,491)	(46,565)	(44,152)
Leisure Time Activities	496,414	258,495	510,580	265,198	(14,166)	(6,703)
Interest and Fiscal Charges	47,759	47,759	52,024	52,024	(4,265)	(4,265)
<i>Business-type Activities:</i>						
Water	790,762	136,605	969,734	590,379	(178,972)	(453,774)
Sewer	1,063,363	(247,992)	1,046,059	(233,353)	17,304	(14,639)
Total Expenses	<u>\$ 5,871,336</u>	<u>\$ 2,163,734</u>	<u>\$ 6,266,802</u>	<u>\$ 2,785,266</u>	<u>\$ (395,466)</u>	<u>\$ (621,532)</u>

The dependence upon general revenues for government-wide activities is apparent, with over 36.85 percent of expenses supported through general revenues.

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 \$781,742, a 5.64 percent decrease from the prior year. The primary reason for the decrease of the General Fund balance in 2011 was attributed to the overall reduction in revenues related to general economic conditions, as stated previously. A decrease in expenditures primarily related to voluntary reductions in employee benefits and management's close monitoring of expenditures helped to offset the revenue decreases.

The other two major funds are the Emergency Medical Service Fund and the Capital Improvements Fund. The Emergency Medical Service Fund balance increased \$55,122 or 13.29 percent over 2010. The revenue in this fund is comprised mostly of charges for services, followed by property and other taxes and related intergovernmental revenues. Overall, revenue decreased slightly - \$15,645 or 3.69 percent. Expenditures decreased \$7,672 or 2.13 percent. The City's emergency medical service is staffed with part-time employees, and expenditures vary based upon the level of staffing in the station and the volume and timing of activity, specifically multiple calls. Fund balance in the City's Capital Improvements Fund increased \$66,559 or 23.61 percent over 2010 due to the timing and level of infrastructure expenditures.

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2011

Table 4 below reports year 2011 balances compared to 2010:

Table 4 - Changes in Fund Balance					
Fund Balance					
	December 31,	December 31,	Increase	Percent	
	<u>2011</u>	<u>2010</u>	<u>(Decrease)</u>	<u>Change</u>	
General	\$ 781,742	\$ 828,444	\$ (46,702)	-5.64%	
Emergency Medical Service	469,865	414,743	55,122	13.29%	
Capital Improvements	348,490	281,931	66,559	23.61%	
Other Governmental Funds	491,444	424,344	67,100	15.81%	
	<u>\$ 2,091,541</u>	<u>\$ 1,949,462</u>	<u>\$ 142,079</u>		

Note: 2010 Fund Balances were restated

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 \$2,607,691 were \$16,050 higher than the original amount mainly due to higher than anticipated property and other taxes, intergovernmental revenue, participation in recreation programs, and a new cell tower lease. The continuation of historically low interest rates also required revision of the original estimate. Actual revenues exceeded the final amount by \$77,319, primarily due to charges for services.

Final budgeted expenditures exceeded the original budgeted expenditures by \$62,000. The majority of this change was a \$21,000 advance that was required due the timing a street maintenance project that will be funded with a reimbursement from Wayne County. Increases in fuel costs and unanticipated legal fees related to economic development also necessitated amendments. Actual expenditures for the year were \$272,606 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 2011, the City had \$17,387,821 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings, equipment, and infrastructure. Of this total, \$5,606,756 was reported in governmental activities and \$11,781,065 was reported in business-type activities. Table 5 below reports year 2011 balances compared to 2010:

City of Rittman, Ohio

Management's Discussion and Analysis (continued) For the Year Ended December 31, 2011

Table 5 - Capital Assets, at Year End (Net of Depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010 Restated	2011	2010 Restated
Land	\$ 167,508	\$ 153,608	\$ 63,936	\$ 72,606	\$ 231,444	\$ 226,214
Land Improvements	-	-	3,792	4,298	3,792	4,298
Buildings	3,700,723	3,813,159	5,032,743	5,226,532	8,733,466	9,039,691
Equipment	532,449	688,160	146,645	197,594	679,094	885,754
Infrastructure	1,197,098	1,275,745	6,501,977	6,304,050	7,699,075	7,579,795
Construction in Progress	8,978	-	31,972	18,598	40,950	18,598
Total	<u>\$ 5,606,756</u>	<u>\$ 5,930,672</u>	<u>\$ 11,781,065</u>	<u>\$ 11,823,678</u>	<u>\$ 17,387,821</u>	<u>\$ 17,754,350</u>

Depreciation exceeding asset additions caused decreases in most of the capital asset categories. The City's investment in capital assets decreased by \$323,916 or 5.46 percent for governmental activities and decreased by \$42,613 or 0.36 percent for business-type activities when comparing 2011 to 2010. However, the City is committed to a long-term goal of meeting its infrastructure and facilities' needs. In 2011, management updated the five-year capital plan that provides for building and infrastructure improvements to complement the City's current capital assets. See Note 8 to the basic financial statements for detail on the governmental and business-type activities capital assets.

Debt Administration

At December 31, 2011, the City had total long-term debt outstanding of \$3,736,206. Of this total, \$468,227 is due within one year and \$3,267,979 is due in more than one year. Table 6 below summarizes the bonds, loans and capital lease outstanding:

Table 6 - Outstanding Debt, at Year End

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Revenue Bonds	\$ -	\$ -	\$ 931,500	\$ 1,015,600	\$ 931,500	\$ 1,015,600
OWDA Loans	-	-	389,249	633,148	389,249	633,148
General Obligation Bonds	954,000	1,038,000	1,130,000	1,195,000	2,084,000	2,233,000
OPWC Loans	-	-	309,735	187,500	309,735	187,500
Capital Lease	21,722	31,793	-	-	21,722	31,793
Total	<u>\$ 975,722</u>	<u>\$ 1,069,793</u>	<u>\$ 2,760,484</u>	<u>\$ 3,031,248</u>	<u>\$ 3,736,206</u>	<u>\$ 4,101,041</u>

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

At December 31, 2011, the City's overall legal debt margin was \$8,071,099, with an unvoted debt margin of \$3,246,270. The City's credit rating remained unchanged in 2011 as compared to 2010. See Note 10 to the basic financial statements for details on the City's long-term obligations.

City of Rittman, Ohio

Management's Discussion and Analysis (continued)
For the Year Ended December 31, 2011

Current Issues Affecting Financial Condition

During the volatile economic times spanning the last several years, efficient use of the City's workforce and cost containment measures have resulted in no layoffs of City employees. However, in 2010 management decided to evaluate every position that is vacated and only fill those that are critical to operations, a practice which continued throughout 2011.

Efforts to balance the budget on the state level will result in lost revenue to the City. The loss will total approximately \$300,000 annually by mid-2013. Management is closely monitoring the situation and is preparing a strategy to provide the best service possible with current resources.

In 2011, City Council voted to detach from Milton township, an act which is anticipated to increase property taxes to the City in 2013 by more than \$40,000. City Council is also evaluating a reduction of the 100 percent tax credit for income taxes paid to other taxing districts by Rittman residents. Another option being considered is a reallocation of income tax revenue, which would require voter approval. Finally, the City is evaluating various scenarios to reduce expenditures if additional revenues cannot be raised, including the possibility of shared service agreements with surrounding political subdivision.

During 2010, the Council adopted a five-year capital improvement program which was updated in 2011. The plan will be used 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. Projections in the plan accentuated the need to increase water rates, and a 35 percent rate increase was approved by Council late in 2010 and a corresponding increase in water revenue is reflected in the 2011 financials.

The City also has excess capacity at both the water and waste water treatment plants. In an effort to defray fixed costs, the City will continue to evaluate provision of utility services to areas outside the City limits, either by agreement or possible annexation.

Finally, the City continues to promote itself to business owners and possible investors in order to increase retail and industrial growth. With prime areas for development and redevelopment available, the City will focus on facilitating 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.

City of Rittman, Ohio

**Statement of Net Assets
December 31, 2011**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 1,879,294	\$ 1,711,385	\$ 3,590,679
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	13,370	13,743	27,113
Accounts Receivable	133,166	264,934	398,100
Accrued Interest Receivable	14,506	666	15,172
Intergovernmental Receivable	472,470	-	472,470
Prepaid Items	23,094	7,245	30,339
Income Taxes Receivable	385,386	128,462	513,848
Property and Other Taxes Receivable	640,243	-	640,243
Special Assessments Receivable	69,145	-	69,145
Deferred Charges	13,449	21,415	34,864
Restricted Assets:			
Customer Deposits	-	37,600	37,600
Nondepreciable Capital Assets	176,486	95,908	272,394
Depreciable Capital Assets	5,430,270	11,685,157	17,115,427
Total Assets	<u>9,264,870</u>	<u>13,980,428</u>	<u>23,245,298</u>
LIABILITIES			
Accounts Payable	133,648	41,347	174,995
Accrued Wages and Benefits	50,468	9,820	60,288
Intergovernmental Payable	87,447	17,643	105,090
Matured Interest Payable	841	3,713	4,554
Matured Bonds Payable	2,000	10,200	12,200
Accrued Interest Payable	4,022	14,184	18,206
Retainage Payable	-	2,172	2,172
Income Tax Refund Payable	18,688	6,392	25,080
Customer Deposits Payable	-	37,600	37,600
Unearned Revenue	523,066	-	523,066
Long-term Liabilities:			
Due within one year	225,982	405,108	631,090
Due in more than one year	944,685	2,422,016	3,366,701
Total Liabilities	<u>1,990,847</u>	<u>2,970,195</u>	<u>4,961,042</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,631,034	9,020,581	13,651,615
Restricted for:			
Debt Services	71,554	-	71,554
Capital Projects	558,872	-	558,872
Other Purposes	302,452	-	302,452
Safety Services	736,734	-	736,734
Unrestricted	973,377	1,989,652	2,963,029
Total Net Assets	<u>\$ 7,274,023</u>	<u>\$ 11,010,233</u>	<u>\$ 18,284,256</u>

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, 2011**

	<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	\$ 1,692,217	\$ 236,335	\$ 41,783	\$ -
Public Health and Welfare	97,425	41,478	-	-
Leisure Time Activities	496,414	235,039	636	2,244
Basic Utility Services	412,392	459,611	24,424	-
Transportation	609,020	-	350,268	38,245
General Government	661,984	309,783	2,244	-
Interest and Fiscal Charges	47,759	-	-	-
Total Governmental Activities	<u>4,017,211</u>	<u>1,282,246</u>	<u>419,355</u>	<u>40,489</u>
Business-Type Activities:				
Water	790,762	514,040	-	140,117
Sewer	1,063,363	1,292,355	-	19,000
Total Business-Type Activities	<u>1,854,125</u>	<u>1,806,395</u>	<u>-</u>	<u>159,117</u>
Total Primary Government	<u>\$ 5,871,336</u>	<u>\$ 3,088,641</u>	<u>\$ 419,355</u>	<u>\$ 199,606</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, as Restated (see Note 4)

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
\$ (1,414,099)	\$ -	\$ (1,414,099)
(55,947)	-	(55,947)
(258,495)	-	(258,495)
71,643	-	71,643
(220,507)	-	(220,507)
(349,957)	-	(349,957)
(47,759)	-	(47,759)
<u>(2,275,121)</u>	<u>-</u>	<u>(2,275,121)</u>
-	(136,605)	(136,605)
-	247,992	247,992
-	111,387	111,387
<u>(2,275,121)</u>	<u>111,387</u>	<u>(2,163,734)</u>
366,459	-	366,459
265,731	-	265,731
664,589	-	664,589
332,296	-	332,296
-	332,296	332,296
524,776	-	524,776
30,707	8,612	39,319
46,626	11,417	58,043
<u>2,231,184</u>	<u>352,325</u>	<u>2,583,509</u>
(43,937)	463,712	419,775
7,317,960	10,546,521	17,864,481
<u>\$ 7,274,023</u>	<u>\$ 11,010,233</u>	<u>\$ 18,284,256</u>

City of Rittman, Ohio

**Balance Sheet
Governmental Funds
December 31, 2011**

	General Fund	Emergency Medical Service	Capital Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 578,284	\$ 472,367	\$ 302,252	\$ 526,391	\$ 1,879,294
Cash and Cash Equivalents:					
In Segregated Accounts	-	-	-	2,841	2,841
Assets Held for Resale	-	-	11,150	-	11,150
Materials and Supplies Inventory	3,332	-	-	10,038	13,370
Accrued Interest Receivable	14,491	-	-	15	14,506
Accounts Receivable	101,892	29,154	1,905	215	133,166
Interfund Receivable	21,000	-	34,021	-	55,021
Intergovernmental Receivable	214,714	14,064	1,605	242,087	472,470
Prepaid Items	18,643	2,968	-	1,483	23,094
Income Taxes Receivable	256,924	-	128,462	-	385,386
Property and Other Taxes Receivable	365,771	167,020	-	107,452	640,243
Special Assessments Receivable	-	-	30,549	38,596	69,145
Total Assets	\$ 1,575,051	\$ 685,573	\$ 509,944	\$ 929,118	\$ 3,699,686
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 85,215	\$ 2,487	\$ 37,437	\$ 8,509	\$ 133,648
Accrued Wages and Benefits	25,560	14,250	-	10,658	50,468
Intergovernmental Payable	55,590	7,662	-	24,195	87,447
Matured Interest Payable	-	-	-	841	841
Matured Bonds Payable	-	-	-	2,000	2,000
Accrued Interest Payable	-	-	-	572	572
Interfund Payable	-	-	-	55,021	55,021
Income Tax Refund Payable	12,459	-	6,229	-	18,688
Deferred Revenue	614,485	191,309	117,788	335,878	1,259,460
Total Liabilities	793,309	215,708	161,454	437,674	1,608,145
Fund Balances:					
Nonspendable	21,975	2,968	-	11,521	36,464
Restricted	-	466,897	348,490	479,923	1,295,310
Committed	5,945	-	-	-	5,945
Assigned	219,133	-	-	-	219,133
Unassigned	534,689	-	-	-	534,689
Total Fund Balances	781,742	469,865	348,490	491,444	2,091,541
Total Liabilities and Fund Balances	\$ 1,575,051	\$ 685,573	\$ 509,944	\$ 929,118	\$ 3,699,686

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, 2011**

Total Governmental Fund Balances \$ 2,091,541

*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 5,606,756

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

Property and Other Taxes	\$ 28,098	
Income Taxes	259,091	
Special assessments	66,850	
Intergovernmental	347,841	
Charges for Services	34,514	
Total		736,394

In the Statement of Activities, interest is accrued on outstanding
bonds, whereas in Governmental funds, an interest expenditure
is reported when due. (3,450)

Bond issuance costs will be amortized over the life of the bonds on the
Statement of Net Assets. 13,449

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	(954,000)	
Capital Leases	(21,722)	
Compensated Absences	(194,945)	
Total		(1,170,667)

Net Assets of Governmental Activities \$ 7,274,023

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, 2011**

	General Fund	Emergency Medical Service	Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property and Other Taxes	\$ 361,844	\$ 154,261	\$ -	\$ 105,290	\$ 621,395
Income Taxes	660,548	-	330,275	-	990,823
Intergovernmental	523,841	65,945	2,693	362,202	954,681
Investment Income	30,467	-	-	3,677	34,144
Fines, Licenses, and Permits	31,542	-	-	1,852	33,394
Charges for Services	1,023,539	187,293	3,183	11,069	1,225,084
Contributions and Donations	2,880	-	2,244	-	5,124
Special Assessments	-	-	-	18,113	18,113
All Other Revenues	43,311	966	-	345	44,622
Total Revenues	2,677,972	408,465	338,395	502,548	3,927,380
EXPENDITURES					
Current:					
Safety Services	988,232	349,826	15,594	150,384	1,504,036
Public Health and Welfare	94,568	-	-	1,511	96,079
Leisure Time Activities	393,454	-	29,641	-	423,095
Basic Utility Services	412,392	-	-	-	412,392
Transportation	149,213	-	73,364	334,774	557,351
General Government	609,815	3,517	31,873	2,350	647,555
Capital Outlay	-	-	-	5,500	5,500
Debt Service:					
Principal Retirement	-	-	-	94,071	94,071
Interest and Fiscal Charges	-	-	-	45,222	45,222
Total Expenditures	2,647,674	353,343	150,472	633,812	3,785,301
Excess of Revenues Over (Under) Expenditures	30,298	55,122	187,923	(131,264)	142,079
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	198,364	198,364
Transfers Out	(77,000)	-	(121,364)	-	(198,364)
Total Other Financing Sources (Uses)	(77,000)	-	(121,364)	198,364	-
Net Change in Fund Balances	(46,702)	55,122	66,559	67,100	142,079
Fund Balances - Beginning of Year, as Restated (see Note 4)	828,444	414,743	281,931	424,344	1,949,462
Fund Balances - End of Year	\$ 781,742	\$ 469,865	\$ 348,490	\$ 491,444	\$ 2,091,541

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, 2011**

Net Change in Fund Balances-Total Governmental Funds \$ 142,079

*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	\$ 77,260	
Depreciation Additions	(401,176)	
Total		(323,916)

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	10,795	
Income Taxes	6,062	
Special Assessments	10,548	
Intergovernmental	31,588	
Charges for Services	(13,099)	
Total		45,894

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. 94,071

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	472	
Accrued Interest on Bonds	254	
Amortization of Deferred Charges	(2,791)	
Total		(2,065)

Change in Net Assets of Governmental Activities \$ (43,937)

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 Balance –
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Property and Other Taxes	\$ 347,600	\$ 359,500	\$ 364,766	\$ 5,266
Income Taxes	700,000	650,000	654,646	4,646
Intergovernmental	495,741	514,741	523,520	8,779
Investment Income	35,500	30,250	33,685	3,435
Fines, Licenses and Permits	23,400	28,400	31,778	3,378
Charges for Services	966,800	982,200	1,029,545	47,345
Contributions and Donations	3,000	3,000	2,880	(120)
Other	19,600	39,600	44,190	4,590
Total Revenues	<u>2,591,641</u>	<u>2,607,691</u>	<u>2,685,010</u>	<u>77,319</u>
EXPENDITURES				
Current:				
Safety Services	1,068,727	1,084,726	998,173	86,553
Public Health and Welfare	111,440	111,440	94,559	16,881
Leisure Time Activities	464,371	464,372	397,501	66,871
Basic Utility Services	454,987	454,987	447,951	7,036
Transportation	188,286	188,286	152,976	35,310
General Government	659,307	674,307	614,352	59,955
Total Expenditures	<u>2,947,118</u>	<u>2,978,118</u>	<u>2,705,512</u>	<u>272,606</u>
Excess of Revenues Over (Under) Expenditures	(355,477)	(370,427)	(20,502)	349,925
OTHER FINANCING SOURCES (USES)				
Advances Out	-	(21,000)	(21,000)	-
Transfers Out	(67,000)	(77,000)	(77,000)	-
Total Other Financing Sources (Uses)	<u>(67,000)</u>	<u>(98,000)</u>	<u>(98,000)</u>	<u>-</u>
Net Change in Fund Balance	(422,477)	(468,427)	(118,502)	349,925
Fund Balance - Beginning of Year, as Restated (see Note 4)	590,488	590,488	590,488	-
Prior Year Encumbrances Appropriated	60,665	60,665	60,665	-
Fund Balance - End of Year	<u>\$ 228,676</u>	<u>\$ 182,726</u>	<u>\$ 532,651</u>	<u>\$ 349,925</u>

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 Balance –
Budget (Non-GAAP Budgetary Basis) and Actual
Emergency Medical Service Fund
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property and Other Taxes	\$ 149,300	\$ 155,000	\$ 157,387	\$ 2,387
Intergovernmental	77,072	66,072	65,945	(127)
Charges for Services	132,000	172,000	190,899	18,899
Other	500	500	1,031	531
Total Revenues	<u>358,872</u>	<u>393,572</u>	<u>415,262</u>	<u>21,690</u>
EXPENDITURES				
Current:				
Safety Services	456,419	467,399	356,744	110,655
General Government	3,500	3,520	3,517	3
Total Expenditures	<u>459,919</u>	<u>470,919</u>	<u>360,261</u>	<u>110,658</u>
Net Change in Fund Balance	(101,047)	(77,347)	55,001	132,348
Fund Balance - Beginning of Year	406,284	406,284	406,284	-
Prior Year Encumbrances Appropriated	4,800	4,800	4,800	-
Fund Balance - End of Year	<u>\$ 310,037</u>	<u>\$ 333,737</u>	<u>\$ 466,085</u>	<u>\$ 132,348</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, 2011

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 528,427	\$ 1,182,958	\$ 1,711,385
Cash and Cash Equivalents:			
In Segregated Accounts	13,913	-	13,913
Materials and Supplies Inventory	8,441	5,302	13,743
Accrued Interest Receivable	-	666	666
Accounts Receivable	74,778	190,156	264,934
Prepaid Items	4,761	2,484	7,245
Restricted Assets:			
Customer Deposits	37,600	-	37,600
Income Taxes Receivable	128,462	-	128,462
Total Current Assets	796,382	1,381,566	2,177,948
Noncurrent Assets:			
Deferred Charges	21,415	-	21,415
Capital Assets:			
Land	31,686	32,250	63,936
Construction in Progress	4,821	27,151	31,972
Depreciable Capital Assets, Net of Depreciation	5,314,896	6,370,261	11,685,157
Total Noncurrent Assets	5,372,818	6,429,662	11,802,480
Total Assets	6,169,200	7,811,228	13,980,428
LIABILITIES			
Current Liabilities:			
Accounts Payable	6,346	35,001	41,347
Accrued Wages and Benefits	4,488	5,332	9,820
Customer Deposits Payable	37,600	-	37,600
Intergovernmental Payable	8,010	9,633	17,643
Retainage Payable	-	2,172	2,172
Matured Bonds Payable	10,200	-	10,200
Matured Interest Payable	3,713	-	3,713
Accrued Interest Payable	3,982	10,202	14,184
Income Tax Refund Payable	6,392	-	6,392
Compensated Absences Payable	16,039	20,431	36,470
General Obligation Bonds Payable	70,000	-	70,000
Revenue Bonds Payable	-	25,400	25,400
OWDA Loans Payable	-	256,247	256,247
OPWC Loans Payable	16,991	-	16,991
Total Current Liabilities	183,761	364,418	548,179
Noncurrent Liabilities:			
Compensated Absences Payable	11,449	18,721	30,170
General Obligation Bonds Payable	1,060,000	-	1,060,000
Revenue Bonds Payable	-	906,100	906,100
OWDA Loans Payable	-	133,002	133,002
OPWC Loans Payable	292,744	-	292,744
Total Noncurrent Liabilities	1,364,193	1,057,823	2,422,016
Total Liabilities	1,547,954	1,422,241	2,970,195
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,911,668	5,108,913	9,020,581
Unrestricted	709,578	1,280,074	1,989,652
Total Net Assets	\$ 4,621,246	\$ 6,388,987	\$ 11,010,233

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, 2011**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for Services	\$ 514,040	\$ 1,292,355	\$ 1,806,395
Miscellaneous	11,217	200	11,417
Total Operating Revenues	<u>525,257</u>	<u>1,292,555</u>	<u>1,817,812</u>
OPERATING EXPENSES			
Salaries	266,328	346,502	612,830
Materials and Supplies	64,962	43,693	108,655
Contractual Services	132,427	258,089	390,516
Depreciation	189,296	235,648	424,944
Other	85,000	90,000	175,000
Total Operating Expense	<u>738,013</u>	<u>973,932</u>	<u>1,711,945</u>
Operating Income (Loss)	<u>(212,756)</u>	<u>318,623</u>	<u>105,867</u>
NONOPERATING REVENUES (EXPENSES)			
Loss on Sale of Capital Assets	-	(7,670)	(7,670)
Investment Income	9	8,603	8,612
Interest and Fiscal Charges	(52,749)	(81,761)	(134,510)
Income Taxes	332,296	-	332,296
Total Nonoperating Revenues (Expenses)	<u>279,556</u>	<u>(80,828)</u>	<u>198,728</u>
Capital Contributions	<u>140,117</u>	<u>19,000</u>	<u>159,117</u>
Change in Net Assets	206,917	256,795	463,712
Net Assets - Beginning of Year, as Restated (see Note 4)	4,414,329	6,132,192	10,546,521
Net Assets - End of Year	<u>\$ 4,621,246</u>	<u>\$ 6,388,987</u>	<u>\$ 11,010,233</u>

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, 2011**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 505,962	\$ 1,288,392	\$ 1,794,354
Cash Payments to Employees for Services	(273,213)	(338,188)	(611,401)
Cash Payments for Goods and Services	(289,339)	(405,100)	(694,439)
Net Cash Provided by (Used in) Operating Activities	(56,590)	545,104	488,514
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Income Taxes Received	327,324	-	327,324
Net Cash Provided by Noncapital Financing Activities	327,324	-	327,324
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Loans	134,735	-	134,735
Capital Contributions Received	157,894	19,000	176,894
Principal Paid on Bonds and Loans	(77,500)	(327,999)	(405,499)
Interest Paid on Bonds	(49,993)	(82,682)	(132,675)
Proceeds from the Sale of Assets	-	1,000	1,000
Payments for Capital Acquisitions	(352,907)	(17,202)	(370,109)
Net Cash (Used in) Capital and Related Financing Activities	(187,771)	(407,883)	(595,654)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	9	9,942	9,951
Net Cash Provided by Investing Activities	9	9,942	9,951
Net Increase (Decrease) in Cash and Cash Equivalents	82,972	147,163	230,135
Cash and Cash Equivalents - Beginning of Year	496,968	1,035,795	1,532,763
Cash and Cash Equivalents - End of Year	\$ 579,940	\$ 1,182,958	\$ 1,762,898
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (212,756)	\$ 318,623	\$ 105,867
Adjustments:			
Depreciation	189,296	235,648	424,944
(Increase) Decrease in Assets:			
Accounts Receivable	(19,405)	(5,063)	(24,468)
Prepaid Items	(1,013)	1,067	54
Materials and Supplies Inventory	(2,293)	265	(2,028)
Increase (Decrease) in Liabilities:			
Accounts Payable	(2,580)	(12,331)	(14,911)
Accrued Wages	267	266	533
Compensated Absences Payable	(7,720)	6,813	(907)
Intergovernmental Payable	(496)	(184)	(680)
Customer Deposits Payable	110	-	110
Net Cash Provided by (Used in) Operating Activities	\$ (56,590)	\$ 545,104	\$ 488,514

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, 2011**

Assets

Equity in Pooled Cash and Cash Equivalents

\$ 908

Liabilities

Deposits Held and Due to Others

\$ 908

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, 2011

NOTE 1: DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Rittman, Ohio (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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of 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 government-wide and proprietary fund financial statements 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.

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

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.

B. Fund Accounting

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

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) **For The Year Ended December 31, 2011**

NOTE 2: 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.

Emergency Medical Service Fund This Special Revenue Fund is to account for property taxes levied and other revenues for the operations of emergency medical services.

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, 2011

NOTE 2: 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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, 2011

NOTE 2: 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 12). 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/Unearned Revenue

Deferred/Unearned 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, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred/unearned 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/unearned 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, 2011

NOTE 2: 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 20 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 (the 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 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 2011.

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, 2011

NOTE 2: 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 and other services. 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 account 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, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, 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.

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, 2011

NOTE 2: 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.

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as properly acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) **For The Year Ended December 31, 2011**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance (Continued)

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City’s Council. Those committed amounts cannot be used for any other purpose unless the City’s Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by City Council.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classification. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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. As a general rule, interfund services provided and used are not eliminated in the process of consolidation in the government-wide Statement of Activities.

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

S. Interfund Balances

On fund financial statements, interfund loans are classified as “Interfund Receivable/Payable” on the balance sheet and if they are long-term loans an equal offset should be included in nonspendable fund balance unless the proceeds from their collection are restricted, committed, or assigned. This provision indicates that the loans 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 2011, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASB Statement No. 59, *Financial Instruments Omnibus*.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied and by clarifying the existing governmental fund type definitions. The implementation of this Statement resulted in the reclassification of fund balances on the City’s governmental fund financial statements.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Implementation of New Accounting Policies (Continued)

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirement of certain financial instruments and external investment pools. The implementation of this Statement did not have an effect on the City's financial statements.

NOTE 3: FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Emergency Medical Service	Capital Improvements	Other Governmental Funds	Total
<i>Nonspendable</i>					
Prepaid Items	\$ 18,643	\$ 2,968	\$ -	\$ 1,483	\$ 23,094
Inventories	3,332	-	-	10,038	13,370
Total Nonspendable	<u>21,975</u>	<u>2,968</u>	<u>-</u>	<u>11,521</u>	<u>36,464</u>
<i>Restricted</i>					
Emergency Services	-	466,897	-	-	466,897
Streets and Highways	-	-	-	136,904	136,904
Law Enforcement	-	-	-	10,406	10,406
Education and Recreation Assistance	-	-	-	5,612	5,612
Fire Department	-	-	-	211,448	211,448
Special Assessment Debt Retirement	-	-	-	22,959	22,959
Cemetery Capital Improvements	-	-	-	92,594	92,594
Capital Improvements	-	-	348,490	-	348,490
Total Restricted	<u>-</u>	<u>466,897</u>	<u>348,490</u>	<u>479,923</u>	<u>1,295,310</u>
<i>Committed</i>					
Recreation	5,945	-	-	-	5,945
Total Committed	<u>5,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,945</u>
<i>Assigned</i>					
Fiscal Year 2012 Appropriations	217,208	-	-	-	217,208
Other Purposes	1,925	-	-	-	1,925
Total Assigned	<u>219,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,133</u>
<i>Unassigned</i>					
	534,689	-	-	-	534,689
Total Fund Balance	<u>\$ 781,742</u>	<u>\$ 469,865</u>	<u>\$ 348,490</u>	<u>\$ 491,444</u>	<u>\$ 2,091,541</u>

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 4: PRIOR PERIOD ADJUSTMENTS AND FUND RECLASSIFICATIONS

Prior Period Adjustments

The City restated the December 31, 2010 net assets of the Business-Type Activities and the Water Fund as a result of an adjustment to the accumulated depreciation of a capital asset. The restatement had the following effect on the net assets of the Business-Type Activities and the Water Fund:

	<u>Business-Type Activities</u>	<u>Water Fund</u>
Net Assets, December 31, 2010	\$ 10,664,211	\$ 4,532,019
Adjustment to Accumulated Depreciation	(117,690)	(117,690)
Net Assets, December 31, 2010, as Restated	<u>\$ 10,546,521</u>	<u>\$ 4,414,329</u>

Fund Reclassifications

The implementation of GASB Statement No. 54 and the City's review of fund classifications and activity had the following effect on governmental fund balances as they were previously reported:

	<u>General</u>	<u>Other Governmental Funds</u>
Fund Balance, December 31, 2010	\$ 911,480	\$ 341,308
Change in Fund Structure	(83,036)	83,036
Restated Fund Balance, December 31, 2010	<u>\$ 828,444</u>	<u>\$ 424,344</u>

The General Fund's budgetary fund balance at December 31, 2010 has been restated from \$673,286 to \$590,488. This fund's budgetary fund balance was restated as result of the City's implementation of GASB Statement No. 54 and review of fund classifications.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 5: 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 and Emergency Medical Service Fund are 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);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) Encumbrances are treated as expenditures (budget basis) rather than as a part of restricted, committed, and assigned fund balances (GAAP basis);
- (d) Some funds may be included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget 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 and the Emergency Medical Service Fund are as follows:

	<u>General</u>	<u>Emergency Medical Service</u>
GAAP Basis	\$ (46,702)	\$ 55,122
Revenue Accruals	(8,771)	6,797
Expenditure Accruals	(17,396)	(636)
Encumbrances (Budget Basis) outstanding at year end	<u>(45,633)</u>	<u>(6,282)</u>
Budget Basis	<u>\$ (118,502)</u>	<u>\$ 55,001</u>

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2011

NOTE 6: 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 (STAR Ohio). The City's practice is to limit deposits and investments to insured and/or collateralized demand deposit accounts, the STAR Ohio, 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 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 STAR Ohio during 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the 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

STAR Ohio is valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2011.

Interest earnings are distributed to the Sewer Enterprise fund, 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 2011 amounted to \$30,467, which includes \$18,297 assigned from other City funds.

Deposits: At year-end, the carrying amount of the City's deposits was \$3,486,947 and the bank balances totaled \$3,558,712. Of the bank balances, \$2,508,491 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.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 6: DEPOSITS AND INVESTMENTS (Continued)

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 percent 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, 2011, the City had the following investments and maturities:

Investment type	Fair Value	Less than 1 Year
STAROhio	\$ 158,994	\$ 158,994
	\$ 158,994	\$ 158,994

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 STAR Ohio an AAAM rating. The City's investment policy requires certain credit ratings for some investments as allowed by state law.

NOTE 7: 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.

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

Revenue Description	Amount
Cents Per Gallon and Excise Tax	\$ 117,174
Homestead and Rollback	44,943
Local Government	178,638
Motor Vehicle Tax	23,905
Permissive Sales Tax	91,557
Miscellaneous	16,253
Total Intergovernmental Receivable	\$ 472,470

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 8: CAPITAL ASSETS

Capital asset activity for the year ending December 31, 2011 is as follows:

Governmental Activities: A summary of the governmental activities' capital assets as of December 31, 2011 follows:

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 153,608	\$ 13,900	\$ -	\$ 167,508
Construction in Progress	-	8,978	-	8,978
Total Capital Assets, not being depreciated	153,608	22,878	-	176,486
Capital Assets, being depreciated:				
Land Improvements	119,026	-	-	119,026
Buildings	5,621,274	28,900	-	5,650,174
Infrastructure	1,840,928	-	-	1,840,928
Equipment	3,273,225	25,482	(12,592)	3,286,115
Total Capital Assets, being depreciated	10,854,453	54,382	(12,592)	10,896,243
Less Accumulated depreciation:				
Land Improvements	(119,026)	-	-	(119,026)
Buildings	(1,808,115)	(141,336)	-	(1,949,451)
Infrastructure	(565,183)	(78,647)	-	(643,830)
Equipment	(2,585,065)	(181,193)	12,592	(2,753,666)
Total Accumulated depreciation	(5,077,389)	(401,176)	12,592	(5,465,973)
Total Capital Assets being depreciated, net	5,777,064	(346,794)	-	5,430,270
Governmental Activities Capital Assets, net	\$ 5,930,672	\$ (323,916)	\$ -	\$ 5,606,756

The amount of depreciation expense that was charged to governmental functions for the year ended December 31, 2011 is as follows:

<u>Depreciation Expense:</u>	
General Government	\$ 12,401
Safety Services	181,348
Public Health	1,083
Leisure Time Activities	111,323
Transportation	95,021
	\$ 401,176

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 8: CAPITAL ASSETS (Continued)

Business-type Activities: A summary of the business-type activities' capital assets as of December 31, 2011 follows:

	Restated Balance 12/31/10	Additions	Deletions	Balance 12/31/11
<u>Business-type Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 72,606	\$ -	\$ (8,670)	\$ 63,936
Construction in Progress	18,598	31,972	(18,598)	31,972
Total Capital Assets not being depreciated	91,204	31,972	(27,268)	95,908
Capital Assets, being depreciated:				
Land Improvements	16,033	-	-	16,033
Buildings	8,643,089	18,700	-	8,661,789
Infrastructure	9,358,254	358,927	-	9,717,181
Equipment	1,525,926	-	(65,300)	1,460,626
Total Capital Assets, being depreciated	19,543,302	377,627	(65,300)	19,855,629
Less Accumulated depreciation:				
Land Improvements	(11,735)	(506)	-	(12,241)
Buildings	(3,416,557)	(212,489)	-	(3,629,046)
Infrastructure	(3,054,204)	(161,000)	-	(3,215,204)
Equipment	(1,328,332)	(50,949)	65,300	(1,313,981)
Total Accumulated depreciation	(7,810,828)	(424,944)	65,300	(8,170,472)
Total Capital Assets being depreciated, net	11,732,474	(47,317)	-	11,685,157
Business-type Activities Capital Assets, net	\$ 11,823,678	\$ (15,345)	\$ (27,268)	\$ 11,781,065

The amount of depreciation expense that was charged to the Water and Sewer funds for the year ended December 31, 2011 is as follows:

<u>Depreciation Expense:</u>	
Water	\$ 189,296
Sewer	235,648
	\$ 424,944

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 9: COMPENSATED ABSENCES

City employees earn vacation leave at varying rates based upon length of service, from two to five weeks per year. Vacation leave is accrued bi-weekly. Employees are allowed to accrue up to two times their annual vacation rate.

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 10: 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, 2011 follows:

	<u>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%	\$ 965,000	\$ -	\$ 80,000	\$ 885,000	\$ 85,000
2009 Emergency Dispatch					
Communications Bonds 4.25%	73,000	-	4,000	69,000	4,000
Total General Obligation Bonds	<u>1,038,000</u>	<u>-</u>	<u>84,000</u>	<u>954,000</u>	<u>89,000</u>
 <u>Other Obligations</u>					
Capital Lease	31,793	-	10,071	21,722	10,589
Compensated Absences	195,417	124,323	124,795	194,945	126,393
Total Other Obligations	<u>227,210</u>	<u>124,323</u>	<u>134,866</u>	<u>216,667</u>	<u>136,982</u>
Total Governmental Activities	<u>\$ 1,265,210</u>	<u>\$ 124,323</u>	<u>\$ 218,866</u>	<u>\$ 1,170,667</u>	<u>\$ 225,982</u>

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 10: 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, 2011 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%	\$ 1,015,600	\$ -	\$ 84,100	\$ 931,500	\$ 25,400
<u>General Obligation Bonds</u>					
2004 Water Improvement Bonds 2.0-4.7%	1,195,000	-	65,000	1,130,000	70,000
Total Bonds	2,210,600	-	149,100	2,061,500	95,400
<u>Loans</u>					
2010 OPWC Loan 0%	-	134,735	-	134,735	4,491
2005 OPWC Loan 0%	187,500	-	12,500	175,000	12,500
1993 OWDA Loan 5%	633,148	-	243,899	389,249	256,247
Total Loans	820,648	134,735	256,399	698,984	273,238
<u>Other Obligations</u>					
Compensated Absences	67,547	33,835	34,742	66,640	36,470
Total Business-type Activities	\$ 3,098,795	\$ 168,570	\$ 440,241	\$ 2,827,124	\$ 405,108

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds will be retired from the Debt Service Fund using 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, 2011, 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 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.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 10: BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

The City has pledged future revenues to repay OPWC loans in the Water Fund. The debt is payable solely from revenues and is payable through 2025. In 2011, the annual principal payment on the loan required 2.38 percent of operating revenues and 1.25 percent of total revenues. The total principal remaining to be paid on the loan is \$175,000. Principal paid in the current year was \$12,500, total operating revenues were \$525,257 and total revenues were \$997,670.

The City has pledged future revenues to repay revenue bonds and OWDA loans in the Sewer Fund. The debt is payable solely from operating revenues and is payable through 2033. In 2011, the annual principal and interest payments on the bonds and loans required 31.70 percent of operating revenues and 31.04 percent of total revenues. The total principal and interest remaining to be paid on the bonds and loans is \$1,957,223. Principal and interest paid in the current year was \$409,760, total operating revenues were \$1,292,555 and total revenues were \$1,320,158.

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.

The 1993 Ohio Water Development Authority (OWDA) loan was for the construction, maintenance and operation of wastewater treatment facilities. This loan ends in 2013 and has a 5.00 percent interest rate.

In 2010, OPWC provided funding to the City in the form of interest-free loan proceeds for waterline improvements on Salt Street and Terrace Street. The City began drawing down on the loan proceeds in 2011. As of December 31, 2011, the project is not complete and a final amortization schedule is not available.

Compensated Absences: Sick leave benefits will be paid from the fund from which the person is paid. The compensated absences liability is mainly paid from the General Fund, Water Fund, and Sewer Fund.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 10: BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

The annual requirements to amortize all bonded debt and loans as of December 31, 2011, including interest payments of \$4,941,251, are as follows:

<u>Year</u>	General Obligation Bonds		OPWC & OWDA Loans	
	Principal	Interest	Principal	Interest
	2012	\$ 159,000	\$ 86,243	\$ 273,238
2013	159,000	80,492	149,993	3,271
2014	164,000	74,588	16,991	-
2015	175,000	68,337	16,991	-
2016	180,000	61,496	16,991	-
2017-2021	918,000	188,305	84,956	-
2022-2026	329,000	30,832	72,456	-
2027-2031	-	-	22,456	-
2032-2036	-	-	22,456	-
2037-2041	-	-	22,456	-
	\$ 2,084,000	\$ 590,293	\$ 698,984	\$ 19,570

<u>Year</u>	Revenue Bonds		<u>Total</u>
	Principal	Interest	
2012	\$ 25,400	\$ 47,739	\$ 607,919
2013	26,700	46,438	465,894
2014	28,000	45,069	328,648
2015	29,500	43,634	333,462
2016	31,000	42,122	331,609
2017-2021	180,400	185,100	1,556,761
2022-2026	231,700	133,877	797,865
2027-2031	297,400	68,112	387,968
2032-2033	81,400	4,813	108,669
2037-2041	-	-	22,456
	\$ 931,500	\$ 616,904	\$ 4,941,251

NOTE 11: 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 functional expenditures on a budgetary basis.

In prior years, governmental activities' capital assets consisting of equipment have 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.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 11: CAPITAL LEASE – LESSEE DISCLOSURE (Continued)

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

<u>Year</u>	<u>Payment</u>
2012	\$ 11,706
2013	<u>11,706</u>
	23,412
Less Interest	<u>(1,690)</u>
Future Minimum Lease	<u><u>\$ 21,722</u></u>

NOTE 12: PROPERTY TAX

Property taxes include amounts levied against all real and public utility property, and tangible personal 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 tax revenues received during 2011 (other than public utility property tax) represent the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected.

The full-tax rate for all City operations applied to taxable property for the year ended December 31, 2011 was \$7.1 and \$5.8 per \$1,000 of assessed valuation in Wayne and Medina counties, respectively. For 2011, only 2.41 percent of the total valuations were attributed to property in Medina County.

The assessed values upon which the 2011 taxes were collected are as follows:

<u>Property Category</u>	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>		
Residential and agricultural	\$82,363,310	85.35
Commercial and industrial	12,266,040	12.71
 <u>Tangible Personal Property</u>		
General	72,830	0.08
Public utilities	<u>1,794,390</u>	<u>1.86</u>
Total	<u><u>\$96,496,570</u></u>	<u><u>100.00</u></u>

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) **For The Year Ended December 31, 2011**

NOTE 12: PROPERTY TAX (Continued)

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 received from telephone companies in 2011 were levied after October 1, 2010, on the value as of December 31, 2010. 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.

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, 2011. However, since these tax collections will not be received during the available period nor are they intended to finance 2011 operations, the receivable is offset by a credit to deferred/unearned revenue.

NOTE 13: 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).

NOTE 14: 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.

City of Rittman, Ohio

Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2011

NOTE 15: DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System (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), 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. The third plan is the Combined Plan (CO), cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan. All full-time uniform police participate in the Ohio Police and Fire Pension Fund (OP&F), also a cost-sharing, multiple-employer defined benefit pension plan.

OPERS provides basic retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. 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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.html>, 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.

OPERS: The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2011 member contribution rates were 10 percent for members in state and local classifications. Public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. For 2011, the employer pension contribution rate for the City was 14 percent of covered payroll. The 2011 employer contribution rate for both the law enforcement and public safety divisions was 18.10 percent of covered payroll. The contribution rates are determined actuarially. The City's required pension contributions to OPERS for the years ending December 31, 2011, 2010, and 2009, were \$170,755, \$154,370, and \$211,493 respectively. The full amount has been contributed for 2010 and 2009, and 92.36 percent had been contributed for 2011, 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 was 12.75 percent and 17.25 percent, respectively, for police officers and firefighters. Contributions are authorized by state statute. The City's required pension contributions to OP&F for the years ending December 31, 2011, 2010, and 2009, were \$60,564, \$52,357, and \$57,068, respectively. The full amount has been contributed for 2010 and 2009, and 73.85 percent has been contributed for 2011, with the remainder being reported as a liability within the respective funds.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 16: 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 15. 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 post-retirement 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 2011 employer contribution rate for local government employers was 14.0 percent of covered payroll. For both the public safety and law enforcement divisions the 2011 employer rate was 18.10 percent.

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 4.0 percent during calendar year 2011. 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 contributions for the years ending 2011, 2010, and 2009, which were used to fund post-employment benefits, were \$68,302, \$89,143, and \$151,305, respectively. For 2011, 92.36 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

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 post-employment 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.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 16: POST-EMPLOYMENT BENEFITS (Continued)

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 permits, 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.

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, 2011, 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 2011, 2010, and 2009 that were used to fund post-employment benefits were \$32,063, \$27,718, and \$30,212, respectively. For 2011, 73.85 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

City of Rittman, Ohio

Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011

NOTE 17: 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 \$24,152,772. 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 nor has insurance coverage been significantly reduced in the past three years.

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

NOTE 18: 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 \$121,364 to the Debt Service Fund and the General Fund transferred \$25,000 and \$52,000 to the Fire Department Levy and Street Maintenance and Repair funds, respectively, for these purposes.

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City of Rittman, Ohio

**Notes to the Basic Financial Statements
(Continued)
For The Year Ended December 31, 2011**

NOTE 19: 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, 2011:

	Balance 12/31/2010	Additions	Deletions	Balance 12/31/2011
<u>Governmental Activities</u>				
2002 Rufener Street				
Issued 2002, Maturity 2012, Rate 5.50%	\$ 12,910	\$ -	\$ 6,283	\$ 6,627
2006 Street Improvement				
Issued 2006, Maturity 2011, Rate 5.00%	2,694	-	2,694	-
2009 Street Improvement				
Issued 2009, Maturity 2014, Rate 5.00%	10,647	-	2,470	8,177
2010 Street Improvement				
Issued 2010, Maturity 2015, Rate 5.00%	23,463	-	4,246	19,217
Total Governmental Activities	\$ 49,714	\$ -	\$ 15,693	\$ 34,021

Of the \$34,021 balance, \$20,342 will be repaid in more than one year.

In addition to the City's internal bonds outstanding, the General Fund provided temporary funding in the amount of \$21,000 to a nonmajor governmental fund until funds are received. This loan will be repaid within one year.

NOTE 20: OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are components of fund balance for subsequent year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. As of December 31, 2011, the City's commitments for encumbrances in the governmental funds were as follows:

	Encumbrances Outstanding
General	\$ 1,925
Capital Improvements Fund	100,334
Nonmajor Funds:	
Special Revenue Funds	25,346
Total	\$ 127,605

Combining Statements

City of Rittman, Ohio

Combining Statements Fund Descriptions December 31, 2011

Non-Major Special Revenue Funds

Special Revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. A description of the City's special revenue funds follows:

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 restricted 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 restricted 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 fees 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 restricted to enforce drunk driving laws and related educational programs.

Law Enforcement

To account for funds from the municipal court restricted 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.

Fire Department Levy

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

City of Rittman, Ohio

Combining Statements Fund Descriptions December 31, 2011

Non-Major Debt Service Fund

Debt Service funds are established to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. A description of the City's debt service fund follows:

Debt Retirement

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

Non-Major Capital Project Fund

Capital Project funds are established to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. A description of the City's capital project fund follows:

Cemetery Endowment

This fund accounts for resources restricted for capital improvements for the Rittman Municipal Cemeteries.

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

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 which are to be remitted as required.

City of Rittman, Ohio

**Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 376,245	\$ 57,552	\$ 92,594	\$ 526,391
Cash and Cash Equivalents:				
In Segregated Accounts	-	2,841	-	2,841
Materials and Supplies Inventory	10,038	-	-	10,038
Accrued Interest Receivable	15	-	-	15
Accounts Receivable	215	-	-	215
Intergovernmental Receivable	242,087	-	-	242,087
Prepaid Items	1,483	-	-	1,483
Property Taxes Receivable	107,452	-	-	107,452
Special Assessments Receivable	-	38,596	-	38,596
Total Assets	\$ 737,535	\$ 98,989	\$ 92,594	\$ 929,118
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 8,509	\$ -	\$ -	\$ 8,509
Accrued Wages and Benefits	10,658	-	-	10,658
Intergovernmental Payable	24,195	-	-	24,195
Matured Interest Payable	-	841	-	841
Matured Bonds Payable	-	2,000	-	2,000
Accrued Interest Payable	-	572	-	572
Interfund Payable	21,000	34,021	-	55,021
Deferred Revenue	297,282	38,596	-	335,878
Total Liabilities	361,644	76,030	-	437,674
Fund Balances:				
Nonspendable	11,521	-	-	11,521
Restricted	364,370	22,959	92,594	479,923
Total Fund Balances	375,891	22,959	92,594	491,444
Total Liabilities and Fund Balances	\$ 737,535	\$ 98,989	\$ 92,594	\$ 929,118

City of Rittman, Ohio

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For The Year Ended December 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Property and Other Taxes	\$ 105,290	\$ -	\$ -	\$ 105,290
Intergovernmental	362,202	-	-	362,202
Investment Income	3,677	-	-	3,677
Fines, Licenses, and Permits	1,852	-	-	1,852
Charges for Services	-	-	11,069	11,069
Special Assessments	-	18,113	-	18,113
All Other Revenues	345	-	-	345
Total Revenues	<u>473,366</u>	<u>18,113</u>	<u>11,069</u>	<u>502,548</u>
EXPENDITURES				
Current:				
Safety Services	150,384	-	-	150,384
Public Health and Welfare	-	-	1,511	1,511
Transportation	334,774	-	-	334,774
General Government	2,350	-	-	2,350
Capital Outlay	5,500	-	-	5,500
Debt Service:				
Principal Retirement	-	94,071	-	94,071
Interest and Fiscal Charges	-	45,222	-	45,222
Total Expenditures	<u>493,008</u>	<u>139,293</u>	<u>1,511</u>	<u>633,812</u>
Excess of Revenues Over (Under) Expenditures	<u>(19,642)</u>	<u>(121,180)</u>	<u>9,558</u>	<u>(131,264)</u>
OTHER FINANCING SOURCES				
Transfers In	77,000	121,364	-	198,364
Total Other Financing Sources	<u>77,000</u>	<u>121,364</u>	<u>-</u>	<u>198,364</u>
Net Change in Fund Balances	57,358	184	9,558	67,100
Fund Balances - Beginning of Year, Restated	318,533	22,775	83,036	424,344
Fund Balances - End of Year	<u>\$ 375,891</u>	<u>\$ 22,959</u>	<u>\$ 92,594</u>	<u>\$ 491,444</u>

City of Rittman, Ohio

**Combining Balance Sheet
Non-Major Special Revenue Funds
December 31, 2011**

	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
ASSETS											
Equity in Pooled Cash and Cash Equivalents	\$ 21,288	\$ 20,260	\$ 21,000	\$ 53,189	\$ 12,476	\$ 2,461	\$ 7,575	\$ 155	\$ 5,612	\$ 232,229	\$ 376,245
Materials and Supplies Inventory	6,663	3,375	-	-	-	-	-	-	-	-	10,038
Accrued Interest Receivable	3	12	-	-	-	-	-	-	-	-	15
Accounts Receivable	-	-	-	-	-	-	215	-	-	-	215
Intergovernmental Receivable	130,498	10,581	87,708	3,849	2,424	-	-	-	-	7,027	242,087
Prepaid Items	-	-	-	-	-	-	-	-	-	1,483	1,483
Property Taxes Receivable	-	-	-	-	24,841	-	-	-	-	82,611	107,452
Total Assets	\$ 158,452	\$ 34,228	\$ 108,708	\$ 57,038	\$ 39,741	\$ 2,461	\$ 7,790	\$ 155	\$ 5,612	\$ 323,350	\$ 737,535
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,509	\$ 8,509
Accrued Wages and Benefits	4,028	-	-	-	-	-	-	-	-	6,630	10,658
Intergovernmental Payable	7,071	-	-	-	9,500	-	-	-	-	7,624	24,195
Interfund Payable	-	-	21,000	-	-	-	-	-	-	-	21,000
Deferred Revenue	88,102	7,144	87,708	-	26,672	-	-	-	-	87,656	297,282
Total Liabilities	99,201	7,144	108,708	-	36,172	-	-	-	-	110,419	361,644
Fund Balances:											
Nonspendable	6,663	3,375	-	-	-	-	-	-	-	1,483	11,521
Restricted	52,588	23,709	-	57,038	3,569	2,461	7,790	155	5,612	211,448	364,370
Total Fund Balances	59,251	27,084	-	57,038	3,569	2,461	7,790	155	5,612	212,931	375,891
Total Liabilities and Fund Balances	\$ 158,452	\$ 34,228	\$ 108,708	\$ 57,038	\$ 39,741	\$ 2,461	\$ 7,790	\$ 155	\$ 5,612	\$ 323,350	\$ 737,535

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, 2011**

	Street Maintenance and Repair	State Highway	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	\$ -	\$ -	\$ -	\$ 24,287	\$ -	\$ -	\$ -	\$ -	\$ 81,003	\$ 105,290
Intergovernmental	259,588	17,611	52,207	8,441	-	-	-	-	24,355	362,202
Investment Income	137	3,540	-	-	-	-	-	-	-	3,677
Fines, Licenses, and Permits	-	-	-	-	465	1,387	-	-	-	1,852
All Other Revenues	345	-	-	-	-	-	-	-	-	345
Total Revenues	<u>260,070</u>	<u>21,151</u>	<u>52,207</u>	<u>32,728</u>	<u>465</u>	<u>1,387</u>	<u>-</u>	<u>-</u>	<u>105,358</u>	<u>473,366</u>
EXPENDITURES										
Current:										
Safety Service	-	-	-	47,500	-	-	-	-	102,884	150,384
Transportation	296,775	14,867	23,132	-	-	-	-	-	-	334,774
General Government	-	-	-	542	-	-	-	-	1,808	2,350
Capital Outlay	-	-	-	-	-	-	-	-	5,500	5,500
Total Expenditures	<u>296,775</u>	<u>14,867</u>	<u>23,132</u>	<u>48,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,192</u>	<u>493,008</u>
Excess of Revenues Over (Under) Expenditures	<u>(36,705)</u>	<u>6,284</u>	<u>29,075</u>	<u>(15,314)</u>	<u>465</u>	<u>1,387</u>	<u>-</u>	<u>-</u>	<u>(4,834)</u>	<u>(19,642)</u>
OTHER FINANCING SOURCES										
Transfer In	52,000	-	-	-	-	-	-	-	25,000	77,000
Total Other Financing Sources	<u>52,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>77,000</u>
Net Change in Fund Balances	15,295	6,284	29,075	(15,314)	465	1,387	-	-	20,166	57,358
Fund Balances - Beginning of Year	43,956	20,800	27,963	18,883	1,996	6,403	155	5,612	192,765	318,533
Fund Balances - End of Year	<u>\$ 59,251</u>	<u>\$ 27,084</u>	<u>\$ 57,038</u>	<u>\$ 3,569</u>	<u>\$ 2,461</u>	<u>\$ 7,790</u>	<u>\$ 155</u>	<u>\$ 5,612</u>	<u>\$ 212,931</u>	<u>\$ 375,891</u>

City of Rittman, Ohio

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011**

	<u>Balance</u> <u>12/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2011</u>
Unclaimed Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 908</u>
Liabilities				
Deposits Held and Due to Others	<u>\$ 908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 908</u>
Returnable Bonds				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 24,660</u>	<u>\$ -</u>	<u>\$ 24,660</u>	<u>\$ -</u>
Liabilities				
Deposits Held and Due to Others	<u>\$ 24,660</u>	<u>\$ -</u>	<u>\$ 24,660</u>	<u>\$ -</u>
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 25,568</u>	<u>\$ -</u>	<u>\$ 24,660</u>	<u>\$ 908</u>
Liabilities				
Deposits Held and Due to Others	<u>\$ 25,568</u>	<u>\$ -</u>	<u>\$ 24,660</u>	<u>\$ 908</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 347,600	\$ 359,500	\$ 364,766	\$ 5,266
Income Taxes	700,000	650,000	654,646	4,646
Intergovernmental	495,741	514,741	523,520	8,779
Investment Income	35,500	30,250	33,685	3,435
Fines, Licenses, and Permits	23,400	28,400	31,778	3,378
Charges for Services	966,800	982,200	1,029,545	47,345
Contributions and Donations	3,000	3,000	2,880	(120)
Other	19,600	39,600	44,190	4,590
Total Revenues	2,591,641	2,607,691	2,685,010	77,319
Expenditures:				
Current:				
Safety Services				
Division of Police				
Personal Services	935,412	935,411	862,834	72,577
Other than Personal Services	105,074	115,074	101,589	13,485
Total Division of Police	1,040,486	1,050,485	964,423	86,062
Division of Street Lighting				
Other than Personal Services	28,241	34,241	33,750	491
Total Division of Street Lighting	28,241	34,241	33,750	491
Total Safety Services	1,068,727	1,084,726	998,173	86,553
Public Health & Welfare				
Cemetery Board				
Personal Services	64,189	64,189	56,985	7,204
Other than Personal Services	4,426	4,426	2,984	1,442
Total Cemetery Board	68,615	68,615	59,969	8,646
Board of Health				
Other than Personal Services	24,000	24,000	23,707	293
Total Board of Health	24,000	24,000	23,707	293

(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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Division of Pest and Animal Control				
Personal Services	3,225	3,225	1,551	1,674
Other than Personal Services	15,600	15,600	9,332	6,268
Total Division of Pest and Animal Control	18,825	18,825	10,883	7,942
Total Public Health and Welfare	111,440	111,440	94,559	16,881
Leisure Time Activities				
Division of Parks				
Personal Services	52,152	52,152	46,004	6,148
Other than Personal Services	10,024	10,024	6,693	3,331
Total Division of Parks	62,176	62,176	52,697	9,479
Recreation Center				
Personal Services	220,722	220,722	192,306	28,416
Other Expenses	181,473	181,474	152,498	28,976
Total Recreation Center	402,195	402,196	344,804	57,392
Total Leisure Time Activities	464,371	464,372	397,501	66,871
Basic Utility Services				
Division of Waste Management				
Other than Personal Services	454,987	454,987	447,951	7,036
Total Basic Utility Services	454,987	454,987	447,951	7,036
Transportation				
Division of Street Maintenance				
Personal Services	81,687	81,687	80,748	939
Other than Personal Services	81,998	81,998	49,753	32,245
Total Division of Street Maintenance	163,685	163,685	130,501	33,184

(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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Division of Vehicle Maintenance				
Other than Personal Services	24,601	24,601	22,475	2,126
Total Division of Vehicle Maintenance	24,601	24,601	22,475	2,126
Total Transportation	188,286	188,286	152,976	35,310
General Government				
Office of City Council				
Personal Services	39,600	39,600	34,137	5,463
Other than Personal Services	7,000	7,450	7,450	-
Total Office of City Council	46,600	47,050	41,587	5,463
Department of Mayor and Administration				
Personal Services	217,607	222,607	210,580	12,027
Other than Personal Services	124,336	124,336	109,381	14,955
Total Department of Mayor and Administration	341,943	346,943	319,961	26,982
Department of Finance and Tax				
Personal Services	156,480	156,480	153,559	2,921
Other than Personal Services	6,200	6,200	-	6,200
Total Department of Finance and Tax	162,680	162,680	153,559	9,121
Division of Lands and Buildings				
Personal Services	17,753	17,753	16,876	877
Other than Personal Services	8,471	8,471	7,295	1,176
Total Division of Lands and Buildings	26,224	26,224	24,171	2,053
Department of Law				
Personal Services	29,000	29,000	28,631	369
Other than Personal Services	7,000	14,500	14,410	90
Total Department of Law	36,000	43,500	43,041	459

(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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Miscellaneous				
Personal Services	8,500	8,500	7,435	1,065
Other than Personal Services	37,360	39,410	24,598	14,812
Total Miscellaneous	<u>45,860</u>	<u>47,910</u>	<u>32,033</u>	<u>15,877</u>
Total General Government	<u>659,307</u>	<u>674,307</u>	<u>614,352</u>	<u>59,955</u>
Total Expenditures	<u>2,947,118</u>	<u>2,978,118</u>	<u>2,705,512</u>	<u>272,606</u>
Excess of Revenues Over (Under) Expenditures	(355,477)	(370,427)	(20,502)	349,925
Other Financing Sources (Uses)				
Advances Out	-	(21,000)	(21,000)	-
Transfers Out	<u>(67,000)</u>	<u>(77,000)</u>	<u>(77,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(67,000)</u>	<u>(98,000)</u>	<u>(98,000)</u>	<u>-</u>
Net Change in Fund Balance	(422,477)	(468,427)	(118,502)	349,925
Fund Balance - Beginning of Year, as Restated (see Note 4)	590,488	590,488	590,488	-
Prior Year Encumbrances Appropriated	<u>60,665</u>	<u>60,665</u>	<u>60,665</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 228,676</u>	<u>\$ 182,726</u>	<u>\$ 532,651</u>	<u>\$ 349,925</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$149,300	\$155,000	\$ 157,387	\$ 2,387
Intergovernmental	77,072	66,072	65,945	(127)
Charges for Services	132,000	172,000	190,899	18,899
Other	500	500	1,031	531
Total Revenues	<u>358,872</u>	<u>393,572</u>	<u>415,262</u>	<u>21,690</u>
Expenditures:				
Current:				
Safety Services				
Division of Emergency Services				
Personal Services	269,346	277,226	268,695	8,531
Other than Personal Services	85,613	88,713	82,307	6,406
Capital Outlay	101,460	101,460	5,742	95,718
Total Safety Services	<u>456,419</u>	<u>467,399</u>	<u>356,744</u>	<u>110,655</u>
General Government				
Other than Personal Services	3,500	3,520	3,517	3
Total Expenditures	<u>459,919</u>	<u>470,919</u>	<u>360,261</u>	<u>110,658</u>
Net Change in Fund Balance	(101,047)	(77,347)	55,001	132,348
Fund Balance - Beginning of Year	406,284	406,284	406,284	-
Prior Year Encumbrances Appropriated	4,800	4,800	4,800	-
Fund Balance - End of Year	<u>\$310,037</u>	<u>\$333,737</u>	<u>\$ 466,085</u>	<u>\$ 132,348</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, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$350,000	\$317,500	\$327,324	\$ 9,824
Intergovernmental	-	3,449	2,693	(756)
Charges for Services	10,000	6,800	6,845	45
Contributions and Donations	-	-	2,244	2,244
Total Revenues	<u>360,000</u>	<u>327,749</u>	<u>339,106</u>	<u>11,357</u>
Expenditures:				
Current:				
Safety Services				
Division of Police				
Capital Outlay	36,704	36,704	18,898	17,806
Leisure Time Activities				
Division of Parks				
Capital Outlay	40,216	40,216	30,108	10,108
Transportation				
Division of Street Construction				
Capital Outlay	160,000	286,353	169,811	116,542
General Government				
Other than Personal Services	23,400	23,400	20,400	3,000
Capital Outlay	25,000	25,000	11,948	13,052
Total General Government	<u>48,400</u>	<u>48,400</u>	<u>32,348</u>	<u>16,052</u>
Total Expenditures	<u>285,320</u>	<u>411,673</u>	<u>251,165</u>	<u>160,508</u>
Excess of Revenues Over (Under) Expenditures	<u>74,680</u>	<u>(83,924)</u>	<u>87,941</u>	<u>171,865</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(121,364)</u>	<u>(121,364)</u>	<u>(121,364)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(121,364)</u>	<u>(121,364)</u>	<u>(121,364)</u>	<u>-</u>
Net Change in Fund Balance	(46,684)	(205,288)	(33,423)	171,865
Fund Balance - Beginning of Year	231,504	231,504	231,504	-
Prior Year Encumbrances Appropriated	420	420	420	-
Fund Balance - End of Year	<u>\$185,240</u>	<u>\$ 26,636</u>	<u>\$198,501</u>	<u>\$ 171,865</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, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$271,000	\$261,200	\$260,994	\$ (206)
Investment Income	200	200	154	(46)
Other	-	-	345	345
Total Revenues	<u>271,200</u>	<u>261,400</u>	<u>261,493</u>	<u>93</u>
Expenditures:				
Current:				
Transportation				
Division of Street Maintenance				
Personal Services	278,781	278,781	265,755	13,026
Other than Personal Services	52,256	46,256	38,281	7,975
Total Expenditures	<u>331,037</u>	<u>325,037</u>	<u>304,036</u>	<u>21,001</u>
Excess of Revenues Over (Under) Expenditures	<u>(59,837)</u>	<u>(63,637)</u>	<u>(42,543)</u>	<u>21,094</u>
Other Financing Sources (Uses)				
Transfers In	40,000	52,000	52,000	-
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>52,000</u>	<u>52,000</u>	<u>-</u>
Net Change in Fund Balance	(19,837)	(11,637)	9,457	21,094
Fund Balance - Beginning of Year	10,649	10,649	10,649	-
Prior Year Encumbrances	1,182	1,182	1,182	-
Fund Balance - End of Year	<u>\$ (8,006)</u>	<u>\$ 194</u>	<u>\$ 21,288</u>	<u>\$ 21,094</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$21,800	\$20,800	\$21,162	\$ 362
Investment Income	100	100	131	31
Total Revenues	<u>21,900</u>	<u>20,900</u>	<u>21,293</u>	<u>393</u>
Expenditures:				
Current:				
Transportation				
Division of Street Maintenance				
Personal Services	9,973	9,973	-	9,973
Other than Personal Services	15,200	15,200	15,184	16
Total Expenditures	<u>25,173</u>	<u>25,173</u>	<u>15,184</u>	<u>9,989</u>
Net Change in Fund Balance	(3,273)	(4,273)	6,109	10,382
Fund Balance - Beginning of Year	14,151	14,151	14,151	-
Fund Balance - End of Year	<u>\$10,878</u>	<u>\$ 9,878</u>	<u>\$20,260</u>	<u>\$ 10,382</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Transportation				
Division of Street Maintenance				
Capital Outlay	\$ -	\$ 21,000	\$ 21,000	\$ -
Total Expenditures	<u>-</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>(21,000)</u>	<u>(21,000)</u>	<u>-</u>
Other Financing Sources (Uses)				
Advances In	<u>-</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$50,000	\$48,000	\$48,358	\$ 358
Total Revenues	<u>50,000</u>	<u>48,000</u>	<u>48,358</u>	<u>358</u>
Expenditures:				
Current:				
Transportation				
Division of Street Maintenance				
Other than Personal Services	15,000	31,300	19,461	11,839
Capital Outlay	<u>20,000</u>	<u>3,700</u>	<u>3,670</u>	<u>30</u>
Total Expenditures	<u>35,000</u>	<u>35,000</u>	<u>23,131</u>	<u>11,869</u>
Net Change in Fund Balance	15,000	13,000	25,227	12,227
Fund Balance - Beginning of Year	<u>27,962</u>	<u>27,962</u>	<u>27,962</u>	-
Fund Balance - End of Year	<u>\$42,962</u>	<u>\$40,962</u>	<u>\$53,189</u>	<u>\$ 12,227</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Property and Other Taxes	\$23,620	\$24,020	\$ 24,821	\$ 801
Intergovernmental	8,769	8,269	8,441	172
Total Revenues	<u>32,389</u>	<u>32,289</u>	<u>33,262</u>	<u>973</u>
Expenditures:				
Current:				
Safety Services				
Division of Police				
Personal Services	38,000	38,000	38,000	-
General Government				
Other than Personal Services	600	600	542	58
Total Expenditures	<u>38,600</u>	<u>38,600</u>	<u>38,542</u>	<u>58</u>
Net Change in Fund Balance	(6,211)	(6,311)	(5,280)	1,031
Fund Balance - Beginning of Year	17,756	17,756	17,756	-
Fund Balance - End of Year	<u>\$11,545</u>	<u>\$11,445</u>	<u>\$12,476</u>	<u>\$ 1,031</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, Licenses, and Permits	\$ 600	\$ 500	\$ 540	\$ 40
Total Revenues	<u>600</u>	<u>500</u>	<u>540</u>	<u>40</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	(400)	(500)	540	1,040
Fund Balance - Beginning of Year	1,921	1,921	1,921	-
Fund Balance - End of Year	<u>\$ 1,521</u>	<u>\$ 1,421</u>	<u>\$ 2,461</u>	<u>\$ 1,040</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Licenses, and Permits	\$ 1,800	\$ 1,200	\$ 1,232	\$ 32
Total Revenues	<u>1,800</u>	<u>1,200</u>	<u>1,232</u>	<u>32</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	800	200	1,232	1,032
Fund Balance - Beginning of Year	6,343	6,343	6,343	-
Fund Balance - End of Year	<u>\$ 7,143</u>	<u>\$ 6,543</u>	<u>\$ 7,575</u>	<u>\$ 1,032</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, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,500	\$ 400	\$ 80	\$ (320)
Total Revenues	<u>1,500</u>	<u>400</u>	<u>80</u>	<u>(320)</u>
Expenditures:				
Current:				
Safety Services				
Division of Police				
Other than Personal Services	1,500	475	-	475
Total Expenditures	<u>1,500</u>	<u>475</u>	<u>-</u>	<u>475</u>
Net Change in Fund Balance	-	(75)	80	155
Fund Balance - Beginning of Year	75	75	75	-
Fund Balance - End of Year	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 155</u>	<u>\$ 155</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Expenditures:				
Current:				
Public Health and Welfare				
Board of Health				
Other than Personal Services	\$ 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	(1,000)	(1,000)	-	1,000
Fund Balance - Beginning of Year	<u>5,612</u>	<u>5,612</u>	<u>5,612</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,612</u>	<u>\$ 4,612</u>	<u>\$ 5,612</u>	<u>\$ 1,000</u>

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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 70,850	\$ 82,450	\$ 82,737	\$ 287
Intergovernmental	28,312	23,312	24,355	1,043
Total Revenues	<u>99,162</u>	<u>105,762</u>	<u>107,092</u>	<u>1,330</u>
Expenditures:				
Current:				
Safety Services				
Division of Emergency Services				
Personal Services	84,305	84,305	67,673	16,632
Other than Personal Services	43,908	43,658	37,043	6,615
Capital Outlay	23,500	23,500	11,335	12,165
Total Safety Services	<u>151,713</u>	<u>151,463</u>	<u>116,051</u>	<u>35,412</u>
General Government				
Other than Personal Services	1,600	1,850	1,808	42
Total Expenditures	<u>153,313</u>	<u>153,313</u>	<u>117,859</u>	<u>35,454</u>
Excess of Revenues Over (Under) Expenditures	<u>(54,151)</u>	<u>(47,551)</u>	<u>(10,767)</u>	<u>36,784</u>
Other Financing Sources (Uses)				
Transfers In	26,000	25,000	25,000	-
Total Other Financing Sources (Uses)	<u>26,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	(28,151)	(22,551)	14,233	36,784
Fund Balance - Beginning of Year	202,423	202,423	202,423	-
Prior Year Encumbrances Appropriated	6,513	6,513	6,513	-
Fund Balance - End of Year	<u>\$ 180,785</u>	<u>\$ 186,385</u>	<u>\$ 223,169</u>	<u>\$ 36,784</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, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Special Assessments	\$ 15,000	\$ 15,000	\$ 18,113	\$ 3,113
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>18,113</u>	<u>3,113</u>
Expenditures:				
Current:				
General Government				
Other than Personal Services	500	500	-	500
Debt Service				
Principal	110,084	110,084	109,764	320
Interest & Fiscal Charges	48,204	48,204	45,475	2,729
Total Debt Service	<u>158,288</u>	<u>158,288</u>	<u>155,239</u>	<u>3,049</u>
Total Expenditures	<u>158,788</u>	<u>158,788</u>	<u>155,239</u>	<u>3,549</u>
Excess of Revenues Over (Under) Expenditures	<u>(143,788)</u>	<u>(143,788)</u>	<u>(137,126)</u>	<u>6,662</u>
Other Financing Sources (Uses)				
Transfers In	100,000	121,364	121,364	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>121,364</u>	<u>121,364</u>	<u>-</u>
Net Change in Fund Balance	(43,788)	(22,424)	(15,762)	6,662
Fund Balance - Beginning of Year	73,314	73,314	73,314	-
Fund Balance - End of Year	<u>\$ 29,526</u>	<u>\$ 50,890</u>	<u>\$ 57,552</u>	<u>\$ 6,662</u>

City of Rittman, Ohio

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Cemetery Endowment Fund
For The Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 5,000	\$ 5,000	\$ 11,307	\$ 6,307
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>11,307</u>	<u>6,307</u>
Expenditures:				
Current:				
Public Health and Welfare				
Capital Outlay	20,000	20,000	1,511	18,489
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>1,511</u>	<u>18,489</u>
Net Change in Fund Balance	(15,000)	(15,000)	9,796	24,796
Fund Balance - Beginning of Year, Restated	82,798	82,798	82,798	-
Fund Balance - End of Year	<u>\$ 67,798</u>	<u>\$ 67,798</u>	<u>\$ 92,594</u>	<u>\$ 24,796</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Income Taxes	\$ 350,000	\$ 317,500	\$ 327,324	\$ 9,824
Charges for Services	371,200	371,200	488,740	117,540
Investment Income	20	20	9	(11)
Other	1,300	1,300	11,217	9,917
Total Revenues	722,520	690,020	827,290	137,270
Expenses:				
Current:				
Basic Utility Services				
Office of Superintendent				
Personal Services	151,858	151,858	137,848	14,010
Other than Personal Services	284,940	283,441	219,792	63,649
Capital Outlay	-	500	444	56
Total Office of Superintendent	436,798	435,799	358,084	77,715
Division of Water Treatment				
Personal Services	67,088	71,088	70,952	136
Other than Personal Services	55,039	60,039	43,058	16,981
Capital Outlay	-	11,000	4,647	6,353
Total Division of Water Treatment	122,127	142,127	118,657	23,470
Division of Water Distribution				
Personal Services	92,292	92,292	87,016	5,276
Other than Personal Services	27,432	29,433	24,313	5,120
Capital Outlay	19,802	465,709	368,508	97,201
Total Division of Water Distribution	139,526	587,434	479,837	107,597
Total Basic Utility Services	698,451	1,165,360	956,578	208,782
Debt Service				
Principal	77,500	77,500	77,500	-
Interest & Fiscal Charges	49,993	49,993	49,993	-
Total Debt Service	127,493	127,493	127,493	-
Total Expenses	825,944	1,292,853	1,084,071	208,782

(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, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Excess of Revenues Over (Under) Expenses	(103,424)	(602,833)	(256,781)	346,052
Other Financing Sources				
Capital Contribution- OPWC Grant	-	144,494	144,673	179
Capital Contribution - OPWC Loan	-	134,735	134,735	-
Capital Contribution - Tap-in Fee	2,000	2,000	13,221	11,221
Total Other Financing Sources	<u>2,000</u>	<u>281,229</u>	<u>292,629</u>	<u>11,400</u>
Net Change in Fund Equity	(101,424)	(321,604)	35,848	357,452
Fund Equity - Beginning of Year	456,603	456,603	456,603	-
Prior Year Encumbrances Appropriated	35,799	35,799	35,799	-
Fund Equity - End of Year	<u>\$ 390,978</u>	<u>\$ 170,798</u>	<u>\$ 528,250</u>	<u>\$ 357,452</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, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Charges for Services	\$1,262,000	\$1,262,000	\$1,310,780	\$ 48,780
Investment Income	5,000	10,000	9,942	(58)
Other	300	300	1,200	900
Total Revenues	<u>1,267,300</u>	<u>1,272,300</u>	<u>1,321,922</u>	<u>49,622</u>
Expenses:				
Current:				
Basic Utility Services				
Office of Superintendent				
Personal Services	151,761	151,761	126,479	25,282
Other than Personal Services	299,650	349,400	304,156	45,244
Capital Outlay	-	500	444	56
Total Office of Superintendent	<u>451,411</u>	<u>501,661</u>	<u>431,079</u>	<u>70,582</u>
Division of Sewer Maintenance				
Personal Services	88,529	88,779	88,578	201
Other than Personal Services	20,936	20,936	15,262	5,674
Capital Outlay	34,388	459,588	454,077	5,511
Total Division of Sewer Maintenance	<u>143,853</u>	<u>569,303</u>	<u>557,917</u>	<u>11,386</u>
Division of Wastewater Treatment				
Personal Services	123,984	123,984	120,911	3,073
Other than Personal Services	71,882	93,882	81,401	12,481
Capital Outlay	241,127	359,427	337,458	21,969
Total Division of Wastewater Treatment	<u>436,993</u>	<u>577,293</u>	<u>539,770</u>	<u>37,523</u>
Total Basic Utility Services	<u>1,032,257</u>	<u>1,648,257</u>	<u>1,528,766</u>	<u>119,491</u>
Debt Service				
Principal	267,999	337,999	327,999	10,000
Interest & Fiscal Charges	80,696	83,196	82,682	514
Total Debt Service	<u>348,695</u>	<u>421,195</u>	<u>410,681</u>	<u>10,514</u>
Total Expenses	<u>1,380,952</u>	<u>2,069,452</u>	<u>1,939,447</u>	<u>130,005</u>

(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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues Over (Under) Expenses	(113,652)	(797,152)	(617,525)	179,627
Other Financing Sources (Uses)				
Capital Contribution - USDA Grant	-	141,500	2,500	(139,000)
Capital Contribution - Tap-in Fee	3,000	10,500	16,500	6,000
Transfers In	348,696	751,150	751,150	-
Transfers Out	(348,696)	(751,150)	(751,150)	-
Total Other Financing Sources (Uses)	3,000	152,000	19,000	(133,000)
Net Change in Fund Equity	(110,652)	(645,152)	(598,525)	46,627
Fund Equity - Beginning of Year	961,713	961,713	961,713	-
Prior Year Encumbrances Appropriated	78,176	78,176	78,176	-
Fund Equity - End of Year	<u>\$ 929,237</u>	<u>\$ 394,737</u>	<u>\$ 441,364</u>	<u>\$ 46,627</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-20
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-21 - 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 Ten Fiscal Years

Table 1

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities										
Invested in Capital Assets,										
Net of Related Debt	\$ 4,631	\$ 4,861	\$ 5,059	\$ 5,216	\$ 5,079	\$ 5,123	\$ 5,149	\$ 5,005	\$ 4,701	\$ 4,765
Restricted:	1,670	1,265	1,140	968	948	1,090	1,134	1,241	1,056	997
Unrestricted	973	1,192	1,195	1,045	994	1,288	1,143	1,066	1,043	1,137
<i>Total Governmental Activities Net Assets</i>	<u>\$7,274</u>	<u>\$7,318</u>	<u>\$7,394</u>	<u>\$7,229</u>	<u>\$7,021</u>	<u>\$7,501</u>	<u>\$7,426</u>	<u>\$7,312</u>	<u>\$6,800</u>	<u>\$6,899</u>
Business Type - Activities										
Invested in Capital Assets,										
Net of Related Debt	\$ 9,020	\$ 8,910	\$ 8,841	\$ 8,575	\$ 8,557	\$ 8,199	\$ 8,118	\$ 8,280	\$ 8,003	\$ 7,595
Unrestricted	1,990	1,754	1,808	1,664	1,618	1,728	1,537	1,044	1,080	1,427
<i>Total Business-Type Activities Net Assets</i>	<u>\$ 11,010</u>	<u>\$ 10,664</u>	<u>\$ 10,649</u>	<u>\$ 10,239</u>	<u>\$ 10,175</u>	<u>\$ 9,927</u>	<u>\$ 9,655</u>	<u>\$ 9,324</u>	<u>\$ 9,083</u>	<u>\$ 9,022</u>
Primary Government										
Invested in Capital Assets,										
Net of Related Debt	\$ 13,651	\$ 13,771	\$ 13,900	\$ 13,791	\$ 13,636	\$ 13,322	\$ 13,267	\$ 13,285	\$ 12,704	\$ 12,360
Restricted	1,670	1,265	1,140	968	948	1,090	1,134	1,241	1,056	997
Unrestricted	2,963	2,946	3,003	2,709	2,612	3,016	2,680	2,110	2,123	2,564
<i>Total Primary Government Net Assets</i>	<u>\$ 18,284</u>	<u>\$ 17,982</u>	<u>\$ 18,043</u>	<u>\$ 17,468</u>	<u>\$ 17,196</u>	<u>\$ 17,428</u>	<u>\$ 17,081</u>	<u>\$ 16,636</u>	<u>\$ 15,883</u>	<u>\$ 15,921</u>

The periods noted above do not reflect amounts restated.

City of Rittman, Ohio

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

Last Ten Fiscal Years

Table 2

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Program Revenues										
Governmental Activities:										
Charges for Services:										
Safety Services	\$ 236	\$ 220	\$ 240	\$ 272	\$ 230	\$ 183	\$ 184	\$ 225	\$ 148	\$ 133
Public Health and Welfare	41	33	14	35	22	21	33	39	39	35
Leisure Time Activities	235	228	263	262	199	232	231	264	221	191
Basic utility services	460	439	456	382	375	374	246	235	230	224
Transportation	-	8	2	5	-	41	34	-	42	93
General Government	310	287	290	258	248	286	288	257	235	231
Operating Grants and Contributions:	419	504	662	572	635	416	622	411	420	327
Capital Grants and Contributions:	41	104	206	74	1	16	125	534	140	209
<i>Total Governmental Activities Program Revenues</i>	<u>1,742</u>	<u>1,823</u>	<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	514	362	401	441	390	384	644	425	479	435
Sewer	1,292	1,279	1,294	1,220	1,200	1,166	1,019	1,052	913	965
Capital Grants and Contributions	159	18	110	-	-	-	-	190	50	-
<i>Total Business-Type Activities Program Revenues</i>	<u>1,965</u>	<u>1,659</u>	<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>3,707</u>	<u>3,482</u>	<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	1,692	1,666	1,639	1,812	1,750	1,634	1,569	1,638	1,489	1,463
Public Health and Welfare	97	116	134	97	97	93	91	95	100	88
Leisure Time Activities	497	511	608	650	982	548	556	541	538	511
Basic Utility Services	412	459	385	384	364	351	231	223	215	208
Transportation	609	783	878	823	812	675	914	605	785	758
General Government	662	664	747	665	653	622	650	588	624	614
Interest and Fiscal Charges	48	52	50	69	73	66	74	109	108	125
<i>Total Governmental Activities Expenses</i>	<u>4,017</u>	<u>4,251</u>	<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	791	967	797	905	726	785	721	758	655	606
Sewer	1,063	1,046	1,023	995	952	974	994	1,018	1,095	1,131
<i>Total Business-Type Activities Expenses</i>	<u>1,854</u>	<u>2,013</u>	<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>5,871</u>	<u>6,264</u>	<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	(2,275)	(2,428)	(2,308)	(2,640)	(3,021)	(2,420)	(2,322)	(1,834)	(2,384)	(2,324)
Business-Type Activities	111	(354)	(15)	(239)	(88)	(209)	(52)	(109)	(308)	(337)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(2,164)</u>	<u>(2,782)</u>	<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 Ten Fiscal Years

Table 2

	2011	2010	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	366	345	380	324	359	304	317	364	249	344
Safety Services	266	238	267	319	333	329	315	371	244	338
Income Taxes Levied For:										
General Purposes	664	723	783	601	671	745	732	645	777	723
Capital Improvements	332	361	392	299	335	373	366	323	388	361
Grants and Entitlements not Restricted to										
Specific Programs	525	609	567	479	555	506	467	448	457	540
Investment Earnings	31	46	57	121	193	147	151	91	54	136
Capital Contributions	-	-	-	-	-	-	-	-	-	342
Other	47	31	26	704	95	91	88	105	117	219
<i>Total Governmental Activities</i>	<u>2,231</u>	<u>2,353</u>	<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	332	361	392	302	335	373	366	350	369	420
Other	20	9	24	-	1	108	17	-	-	-
Capital Contributions	-	-	-	-	-	-	-	-	-	98
<i>Total Business-Type Activities</i>	<u>352</u>	<u>370</u>	<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>2,583</u>	<u>2,723</u>	<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	(44)	(75)	164	207	(480)	75	114	513	(99)	679
Business-Type Activities	463	16	401	63	248	272	331	241	61	181
<i>Total Primary Government Change in Net Assets</i>	<u>\$ 419</u>	<u>\$ (59)</u>	<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.

City of Rittman, Ohio

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

Last Ten Fiscal Years

Table 3

	2011	Restated 2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Nonspendable	\$ 22	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	6	27	-	-	-	-	-	-	-	-
Assigned	219	276	-	-	-	-	-	-	-	-
Unassigned	535	502	-	-	-	-	-	-	-	-
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	\$ 782	\$ 828	\$ 961	\$ 894	\$ 973	\$ 1,032	\$ 943	\$ 864	\$ 778	\$ 998
All Other Governmental Funds										
Nonspendable	\$ 15	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,295	1,112	-	-	-	-	-	-	-	-
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	\$ 1,310	\$ 1,121	\$ 846	\$ 692	\$ 464	\$ 781	\$ 887	\$ 901	\$ 800	\$ 866
Total Governmental Funds	\$ 2,092	\$ 1,949	\$ 1,807	\$ 1,586	\$ 1,437	\$ 1,813	\$ 1,830	\$ 1,765	\$ 1,578	\$ 1,864

Note: In 2011, the City implemented GASB Statement No. 54. As a result, the 2010 fund balances were reclassified to reflect the effects of GASB Statement No. 54.

City of Rittman, Ohio

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

Last Ten Fiscal Years

Table 4

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Taxes	\$ 1,612	\$ 1,686	\$ 1,679	\$ 1,669	\$ 1,724	\$ 1,682	\$ 1,749	\$ 1,743	\$ 1,563	\$ 1,775
Charges for Services	1,225	1,159	1,171	1,094	1,027	1,076	942	975	873	877
Fines, Licenses and Permits	33	29	31	90	96	94	96	33	85	78
Intergovernmental	955	1,075	1,255	1,091	1,159	943	1,171	981	811	983
Special Assessments	18	83	23	18	17	20	16	17	15	22
Investment Income	34	46	57	123	196	149	151	92	55	141
Contributions and Donations	5	30	200	5	20	5	6	3	6	-
Other	45	16	46	655	66	33	26	14	67	208
Total Revenues	3,927	4,124	4,462	4,745	4,305	4,002	4,157	3,858	3,475	4,084
Expenditures										
Current:										
Safety Services	1,504	1,465	1,464	1,619	1,560	1,469	1,421	1,464	1,307	1,315
Public Health and Welfare	96	112	132	95	96	92	100	90	97	83
Leisure Time Activities	423	460	484	531	868	428	432	394	398	374
Basic Utility Services	412	460	385	384	364	351	231	223	215	208
Transportation	557	588	791	724	705	592	821	529	713	709
General Government	648	641	728	657	648	642	633	583	615	608
Capital Outlay	6	113	212	312	167	193	78	167	444	304
Debt Service:										
Principal Retirement	94	94	84	212	206	202	335	150	140	136
Interest and Fiscal Charges	45	49	47	65	68	61	67	115	110	126
Bond Issuance Costs	-	-	-	-	-	-	-	52	-	-
Total Expenditures	3,785	3,982	4,327	4,599	4,682	4,030	4,118	3,767	4,039	3,863
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>142</u>	<u>142</u>	<u>135</u>	<u>146</u>	<u>(377)</u>	<u>(28)</u>	<u>39</u>	<u>91</u>	<u>(564)</u>	<u>221</u>
Other Financing Sources (Uses)										
Bonds Issued	-	-	77	-	-	12	26	-	18	-
Proceeds of Notes	-	-	-	-	-	-	-	-	-	53
Proceeds of Loans	-	-	-	-	-	-	-	-	-	48
Inception of Capital Lease	-	-	-	56	-	-	-	-	261	-
Issuance of Refunding Bonds	-	-	-	-	-	-	-	1,850	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	30	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(1,784)	-	-
Transfers In	198	165	202	305	313	308	250	-	235	239
Transfers Out	(198)	(165)	(202)	(305)	(313)	(308)	(250)	-	(235)	(239)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>77</u>	<u>56</u>	<u>-</u>	<u>12</u>	<u>26</u>	<u>96</u>	<u>279</u>	<u>101</u>
Net Change in Fund Balances	<u>\$ 142</u>	<u>\$ 142</u>	<u>\$ 212</u>	<u>\$ 202</u>	<u>\$ (377)</u>	<u>\$ (16)</u>	<u>\$ 65</u>	<u>\$ 187</u>	<u>\$ (285)</u>	<u>\$ 322</u>
Debt Service as a Percentage of Noncapital Expenditures	3.7%	3.7%	3.2%	6.5%	6.1%	6.9%	10.0%	8.8%	7.0%	7.4%

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 Value	Assessed Value	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Value	Assessed Value	Estimated Value				
2011	\$ 82,363,310	\$ 12,266,040	\$ 270,369,571	\$ 1,794,390	\$ 2,039,080	\$ 72,830	\$ 1,456,600	\$ 96,496,570	\$ 273,865,251	35.24%	
2010	82,547,380	12,138,700	270,531,657	1,788,410	2,032,284	104,498	1,671,968	96,578,988	274,235,909	35.22	
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	

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 and beyond 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.

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

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

City of Rittman, Ohio

Property Tax Rates- Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)

Last Ten Years

Table 6

Collection Year	City of Rittman Direct Rates					Overlapping Rates				
	General Fund	Fire	Ambulance & E.M.S.	Police Pension Fund	Total City	Wayne County	Milton Township	Rittman Exempted Village School District	Special District	Total Direct & Overlapping Rates
2011	\$3.50	\$ 1.00	\$ 2.30	\$ 0.30	\$ 7.10	\$ 9.25	\$ 0.50	\$ 63.35	\$ 7.10	\$ 87.30
2010	3.50	1.00	2.30	0.30	7.10	9.65	0.50	63.20	7.10	87.55
2009	3.50	1.00	2.30	0.30	7.10	9.65	0.50	63.35	7.10	87.70
2008	3.50	1.00	2.30	0.30	7.10	9.65	0.50	63.05	6.35	86.65
2007	3.50	1.00	2.30	0.30	7.10	9.65	0.50	59.60	6.35	83.20
2006	3.50	1.00	2.30	0.30	7.10	9.65	0.50	60.30	6.10	83.65
2005	3.50	1.40	2.30	0.30	7.50	9.65	0.50	60.30	6.10	84.05
2004	3.50	1.40	2.30	0.30	7.50	9.65	0.50	54.80	6.10	78.55
2003	3.50	1.40	2.30	0.30	7.50	8.75	0.50	54.80	6.10	77.65
2002	3.50	1.40	2.30	0.30	7.50	8.75	0.50	54.80	6.10	77.65

Source: Wayne County, Ohio; County Auditor

City of Rittman, Ohio

Property Tax Levies and Collections

Last Ten Years

Table 7

Collection Year	Total Current Tax Levy	Current Tax Collections (1)	Percent of Current Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2011	\$ 647,538	\$ 624,538	96.45%	\$ 18,954	\$ 643,492	99.38%	\$ 28,337	4.38%
2010	631,097	612,955	97.13	18,674	631,629	100.08	17,304	2.74
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

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

2011 and 2003

Table 8

Taxpayer	2011			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	\$1,791,670	1	1.89 %	\$984,460	2	1.27 %
Oscar & Christine Gross	827,890	2	0.87	489,140	4	0.63
Rittman Nursing Property, LLC	670,860	3	0.71	-	-	-
Unilock Ohio, Inc.	517,080	4	0.55	255,800	10	0.33
Priority II, LLC	488,610	5	0.52	-	-	-
Rittman Market Square, LLC	466,190	6	0.49	-	-	-
Caraustar Paperboard Corporation	443,080	7	0.47	1,224,700	1	1.58
Thompson Services, Inc.	445,600	8	0.47	406,030	6	0.52
Rittman Acres Limited Partnership	353,860	9	0.38	-	-	-
Villas Limited	351,180	10	0.37	317,590	7	0.41
Laria Management Ltd.	-	-	-	279,890	8	0.36
Northern Health Facilities	-	-	-	638,770	3	0.82
Kenneth Maibach & David Rufen	-	-	-	256,250	9	0.33
Rittman Associates, Ltd.	-	-	-	452,300	5	0.58
Total	\$6,356,020		6.72 %	\$5,304,930		6.85 %
Total Assessed Valuation	\$94,629,350			\$77,440,250		

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>
2011	1.50%	\$ 1,309,294	\$ 899,890	68.73%	\$ 65,964	5.04%	\$ 343,440	26.23%
2010	1.50	1,468,579	853,353	58.11	282,912	19.26	332,314	22.63
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

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	Percentage of Personal Income (3)	Per Capita (3)
	General Obligation Bonds	Special Assessment Bonds (2)	OPWC Loans	Capital Leases	Revenue Bonds	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	OWDA Loans			
2011	\$ 954	\$ -	\$ -	\$ 22	\$ 932	\$ 1,130	\$ -	\$ 310	\$ 389	\$ 3,737	2.98%	\$ 576
2010	1,038	-	-	32	1,016	1,195	-	187	633	4,101	3.27%	632
2009	1,122	43	-	41	1,039	1,260	-	200	865	4,570	4.51%	724
2008	1,120	43	-	50	1,060	1,320	-	212	1,086	4,891	4.83%	775
2007	1,816	60	-	-	1,081	1,380	-	225	1,297	5,859	5.78%	928
2006	1,495	76	5	-	1,101	1,440	-	238	1,497	5,852	5.77%	927
2005	1,670	81	15	-	1,120	1,495	8	142	1,687	6,218	6.14%	985
2004	1,850	69	24	132	1,138	1,550	15	-	1,869	6,647	6.56%	1,053
2003	1,776	81	34	261	1,155	-	22	-	2,041	5,370	5.30%	850
2002	1,895	75	44	-	1,171	-	-	-	2,206	5,391	5.32%	854

(1) Details regarding the City's outstanding debt can be found in Note 10 in the basic financial statements

(2) Includes internal bonds

(3) See S20 for population and personal income data.

Source: City Records

City of Rittman, Ohio

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Last Ten Years

Table 11

<u>Year</u>	<u>General Obligation Bonds (1)</u>	<u>Resources Available for Repayment</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2011	\$ 2,084,000	22,959	\$ 2,061,041	0.75 %	\$ 317.52
2010	2,233,000	22,775	2,210,225	0.81	340.51
2009	2,382,000	49,064	2,332,936	0.82	369.49
2008	2,440,000	88,393	2,351,607	0.74	372.44
2007	3,196,000	90,669	3,105,331	0.95	491.82
2006	2,935,000	105,388	2,829,612	0.89	448.15
2005	3,165,000	77,774	3,087,226	1.02	488.95
2004	3,400,000	52,767	3,347,233	1.17	530.13
2003	1,776,000	152,337	1,623,663	0.55	257.15
2002	1,895,000	135,363	1,759,637	0.65	278.69

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

(1) Details regarding the City's outstanding debt can be found in Note 10 in the basic financial statements

City of Rittman, Ohio

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

December 31, 2011

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	\$ 7,244	87.39 %	\$ 6,331
Wayne County, Ohio	<u>7,709</u>	4.29	<u>331</u>
<i>Subtotal, Overlapping Debt</i>			<u>6,661</u>
City of Rittman governmental activities direct debt			<u>\$ 976</u>
Total Direct and Overlapping Debt			<u><u>\$ 7,637</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

	2011	2010	2009	2008
Total Assessed Property Value	<u>\$ 96,496,570</u>	<u>\$ 96,578,988</u>	<u>\$ 99,006,377</u>	<u>\$ 100,873,565</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$ 10,132,140</u>	<u>\$ 10,140,794</u>	<u>\$ 10,395,670</u>	<u>\$ 10,591,724</u>
Debt Outstanding:				
General Obligation Bonds	2,084,000	2,233,000	2,382,000	2,440,000
Revenue Bonds	931,500	1,015,600	1,038,500	1,060,300
Special Assessment Bonds	-	-	42,758	43,208
OPWC Loans	309,735	187,500	200,000	212,500
OWDA Loans	<u>389,249</u>	<u>633,148</u>	<u>865,295</u>	<u>1,086,256</u>
Total Gross Indebtedness	3,714,484	4,069,248	4,528,553	4,842,264
Less:				
Sewer Revenue Bonds	(931,500)	(1,015,600)	(1,038,500)	(1,060,300)
Special Assessment Bonds	-	-	(42,758)	(43,208)
OPWC Loans	(309,735)	(187,500)	(200,000)	(212,500)
OWDA Loans	(389,249)	(633,148)	(865,295)	(1,086,256)
General Obligation Bond Retirement Fund Balance	<u>(22,959)</u>	<u>(22,775)</u>	<u>(49,064)</u>	<u>(88,393)</u>
Total Net Debt Applicable to Debt Limit	<u>2,061,041</u>	<u>2,210,225</u>	<u>2,332,936</u>	<u>2,351,607</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$ 8,071,099</u>	<u>\$ 7,930,569</u>	<u>\$ 8,062,734</u>	<u>\$ 8,240,117</u>
Legal Debt Margin as a Percentage of the Debt Limit	79.66%	78.20%	77.56%	77.80%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$5,307,311</u>	<u>\$5,311,844</u>	<u>\$5,445,351</u>	<u>\$5,548,046</u>
Total Gross Indebtedness	3,714,484	4,069,248	4,528,553	4,842,264
Less:				
Sewer Revenue Bonds	(931,500)	(1,015,600)	(1,038,500)	(1,060,300)
Special Assessment Bonds	-	-	(42,758)	(43,208)
Mortgage Revenue Bonds	(309,735)	(187,500)	(200,000)	(212,500)
OWDA Loans	(389,249)	(633,148)	(865,295)	(1,086,256)
General Obligation Bond Retirement Fund Balance	<u>(22,959)</u>	<u>(22,775)</u>	<u>(49,064)</u>	<u>(88,393)</u>
Net Debt Within 5 ½ % Limitations	<u>2,061,041</u>	<u>2,210,225</u>	<u>2,332,936</u>	<u>2,351,607</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$ 3,246,270</u>	<u>\$ 3,101,619</u>	<u>\$ 3,112,415</u>	<u>\$ 3,196,439</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	61.17%	58.39%	57.16%	57.61%

Source: City Financial Records

Table 13

2007	2006	2005	2004	2003	2002
<u>\$ 104,781,315</u>	<u>\$ 105,446,670</u>	<u>\$ 101,339,084</u>	<u>\$ 95,723,701</u>	<u>\$ 97,359,000</u>	<u>\$ 88,533,952</u>
<u>\$ 11,002,038</u>	<u>\$ 11,071,900</u>	<u>\$ 10,640,604</u>	<u>\$ 10,050,989</u>	<u>\$ 10,222,695</u>	<u>\$ 9,296,065</u>
3,196,000	2,935,000	3,165,000	3,400,000	1,776,000	1,895,000
1,081,100	1,100,900	1,119,700	1,137,600	1,154,600	1,170,800
60,007	75,982	89,025	84,084	103,754	74,665
225,000	242,350	156,197	24,250	33,950	43,650
<u>1,296,569</u>	<u>1,496,748</u>	<u>1,687,282</u>	<u>1,868,635</u>	<u>2,041,249</u>	<u>2,205,546</u>
5,858,676	5,850,980	6,217,204	6,514,569	5,109,553	5,389,661
(1,081,100)	(1,100,900)	(1,119,700)	(1,137,600)	(1,154,600)	(1,170,800)
(60,007)	(75,982)	(89,025)	(84,084)	(103,754)	(74,665)
(225,000)	(242,350)	(156,197)	(24,250)	(33,950)	(43,650)
<u>(1,296,569)</u>	<u>(1,496,748)</u>	<u>(1,687,282)</u>	<u>(1,868,635)</u>	<u>(2,041,249)</u>	<u>(2,205,546)</u>
<u>(90,669)</u>	<u>(105,388)</u>	<u>(77,774)</u>	<u>(52,767)</u>	<u>(152,337)</u>	<u>(135,363)</u>
<u>3,105,331</u>	<u>2,829,612</u>	<u>3,087,226</u>	<u>3,347,233</u>	<u>1,623,663</u>	<u>1,759,637</u>
<u>\$ 7,896,707</u>	<u>\$ 8,242,288</u>	<u>\$ 7,553,378</u>	<u>\$ 6,703,756</u>	<u>\$ 8,599,032</u>	<u>\$ 7,536,428</u>
71.77%	74.44%	70.99%	66.70%	84.12%	81.07%
<u>\$5,762,972</u>	<u>\$5,799,567</u>	<u>\$5,573,650</u>	<u>\$5,264,804</u>	<u>\$5,354,745</u>	<u>\$4,869,367</u>
5,858,676	5,850,980	6,217,204	6,514,569	5,109,553	5,389,661
(1,081,100)	(1,100,900)	(1,119,700)	(1,137,600)	(1,154,600)	(1,170,800)
(60,007)	(75,982)	(89,025)	(84,084)	(103,754)	(74,665)
(225,000)	(242,350)	(156,197)	(24,250)	(33,950)	(43,650)
<u>(1,296,569)</u>	<u>(1,496,748)</u>	<u>(1,687,282)</u>	<u>(1,868,635)</u>	<u>(2,041,249)</u>	<u>(2,205,546)</u>
<u>(90,669)</u>	<u>(105,388)</u>	<u>(77,774)</u>	<u>(52,767)</u>	<u>(152,337)</u>	<u>(135,363)</u>
<u>3,105,331</u>	<u>2,829,612</u>	<u>3,087,226</u>	<u>3,347,233</u>	<u>1,623,663</u>	<u>1,759,637</u>
<u>\$ 2,657,641</u>	<u>\$ 2,969,955</u>	<u>\$ 2,486,424</u>	<u>\$ 1,917,571</u>	<u>\$ 3,731,082</u>	<u>\$ 3,109,730</u>
46.12%	51.21%	44.61%	36.42%	69.68%	63.86%

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>2011</u>	<u>2010</u>	<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>General Bonded Debt</u>										
Debt Service	\$ 94	\$ 94	\$ 84	\$ 207	\$ 206	\$ 202	\$ 203	\$ 22	\$ 140	\$ 135
General Governmental Expenditures	3,785	3,982	4,327	4,599	4,682	4,031	4,118	3,767	4,039	3,863
Ratio of Debt Service to General Governmental Expenditures	2.48	2.36	1.94	4.50	4.40	5.01	4.93	0.58	3.47	3.49
<u>Revenue Bond Coverage</u>										
Sewer										
Direct Revenue	1,292	1,279	1,294	1,221	1,200	1,257	1,021	1,052	913	965
Operating expense (1)	738	735	699	660	608	622	630	644	693	673
Net available	554	544	595	561	592	635	391	408	220	292
Principal	84	23	22	21	20	19	18	17	16	15
Interest	52	53	54	55	56	57	58	59	60	61
Total Debt Service	136	76	76	76	76	76	76	76	76	76
Coverage	4.07	7.16	7.83	7.38	7.79	8.36	5.14	5.37	2.89	3.84

Source: City Financial Records

(1) Excludes depreciation

City of Rittman, Ohio

Principal Employers

2011 and 2003

Table 15

Employer	Industry	2011		2003 (1)		2003 (1)	
		Number of W-2's processed	Rank	Percentage of Total City W-2's processed	Number of W-2's processed	Rank	Percentage of Total City W-2's processed
Morton International, Inc.	Salt Mines	283	1	9.03%	293	1	9.73%
Rittman Local School District	Public Education	244	2	7.79	238	3	7.90
City of Rittman	Municipal Government	180	3	5.75	197	5	6.54
Embassy Autumnwood Management	Health Care	123	4	3.93	-		0.00
Laria Chevrolet Buick	Automobile Dealership	85	5	2.71	62	7	2.06
Bauman Orchard	Orchard	64	6	2.04	-		0.00
Rittman IGA	Grocery Store	51	7	1.63	-		0.00
Unilock Ohio, Inc.	Excavation	48	8	1.53	53	8	1.76
PEC Management - Burger King	Food Service	46	9	1.47	-		0.00
All Creatures Veterinary, Inc.	Veterinarian	43	10	1.37	-		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		1,167		37.25%	1,463		48.59%
Total W-2's Processed		3,133			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) (000 omitted)	Personal Income Per Capita (1)	Median Family Income (1)	School Enrollment (2)	Unemployment Rate (3)			City Square Miles (4)
						Wayne County	Medina County	State of Ohio	
2011	6,491	\$ 125,413	\$ 19,321	\$ 43,837	1,140	7.7 %	6.7 %	8.6 %	6.43
2010	6,491	125,413	19,321	43,837	1,135	9.4	7.8	10.0	6.43
2009	6,314	101,333	16,049	41,643	1,155	9.9	8.3	10.1	6.24
2008	6,314	101,333	16,049	41,643	1,097	5.6	5.8	6.5	6.24
2007	6,314	101,333	16,049	41,643	1,063	5.0	5.8	5.6	6.24
2006	6,314	101,333	16,049	41,643	1,121	4.6	4.7	5.4	6.24
2005	6,314	101,333	16,049	41,643	1,153	4.9	4.7	5.9	6.24
2004	6,314	101,333	16,049	41,643	1,162	5.3	4.9	5.9	6.24
2003	6,314	101,333	16,049	41,643	1,216	5.1	5.0	6.1	6.24
2002	6,314	101,333	16,049	41,643	1,239	4.9	4.5	5.7	6.24

Sources:

(1) U. S. Census 2000 for 2002 thru 2009
U. S. Census 2010 for 2010 and 2011

(2) School District Records

(3) Ohio Bureau of Employment Services; Department of Labor, Bureau of Labor Statistics
Unemployment rate is not available for the City of Rittman.

(4) City Records

City of Rittman, Ohio

Full Time Employees by Function/Program

Last Ten Years

Table 17

Function/Program	2011	2010	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	3.00	3.00
Mayor	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
City Manager	1.00	1.00	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	1.00	1.00
Finance	1.50	1.50	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	1.00	1.00
Administration	1.00	1.00	1.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Security of Persons and Property										
Police	12.00	12.00	11.50	11.00	11.00	11.00	11.00	11.50	12.00	12.50
Police - School Guards	1.50	1.50	1.50	5.00	5.00	5.00	6.50	6.50	5.50	5.00
Police - Dispatchers	4.50	4.50	5.50	5.00	5.00	5.00	6.00	5.00	5.00	4.50
Police - Animal Wardens	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Fire	12.00	14.50	14.50	14.50	14.50	14.50	16.50	16.00	16.00	14.00
Public Health Services										
Emergency Medical Services	15.00	15.00	15.00	15.50	15.50	15.50	15.50	15.50	14.00	13.00
Cemetery	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Leisure Time Activities										
Recreation	10.50	12.50	12.50	12.00	12.00	12.00	12.00	13.00	11.50	12.00
Parks	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Transportation										
Service	2.00	2.00	2.00	2.50	2.50	2.50	2.50	2.50	3.50	3.50
Street M&R	4.50	5.50	5.50	7.00	7.00	7.00	5.00	6.00	6.00	6.00
Basic Utility Services										
Water	4.50	4.75	4.75	5.00	5.00	5.00	4.00	5.00	5.00	5.00
Waste Water	5.50	5.75	5.75	4.00	4.00	4.00	4.00	4.00	5.00	5.00
Totals:	84.50	90.50	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

City of Rittman, Ohio

Operating Indicators by Function/Program

Last Ten Years

Table 18

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government										
Council and Clerk										
Number of Ordinances Passed	31	29	31	37	28	30	36	47	35	31
Number of Resolutions Passed	23	11	21	19	10	14	18	19	4	10
Number of Planning Commission docket items	-	1	-	2	1	5	6	11	4	4
Zoning Board of Appeals docket items	5	1	4	4	7	9	9	11	11	9
Finance Department										
Number of checks/vouchers issued	1,847	1,961	2,165	2,424	2,497	2,483	2,436	3,877	2,618	2,606
Amount of checks written	\$ 5,889,329	\$ 5,973,160	\$ 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	3,309	3,305	3,386	3,415	3,351	3,346	3,410	3,397	3,467	3,492
Interest earning for fiscal year (cash basis)	\$ 43,921	\$ 40,458	\$ 81,002	\$ 127,981	\$ 202,302	\$ 157,201	\$ 133,639	\$ 89,796	\$ 77,257	\$ 138,156
Number of receipts issued	2,447	2,328	2,039	1,990	1,980	1,972	1,997	1,842	1,902	n/a
General fund receipts (cash basis)	\$ 2,707,878	\$ 2,766,788	\$ 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)	\$ 2,763,070	\$ 2,719,082	\$ 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	\$ 569,260	\$ 624,452	\$ 552,889	\$ 554,138	\$ 549,732	\$ 520,281	\$ 382,840	\$ 273,493	\$ 178,457	\$ 215,277
Income Tax Department										
Number of individual returns	3,532	3,452	3,441	3,523	3,485	4,460	3,971	4,077	4,805	4,365
Number of business returns	409	360	357	426	465	473	380	407	399	397
Number of business withholding accounts	495	446	384	243	308	2,880	2,797	2,664	2,625	2,568
Amount of penalties and interest collected	\$ 31,264	\$ 31,997	\$ 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	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	n/a	n/a	12	n/a	n/a	n/a
Number of hires of Police Officers from certified lists	n/a	n/a	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	n/a	n/a	1	n/a	n/a	n/a

City of Rittman, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

Table 18

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Building Department Indicators										
Number of zoning permits issued	60	64	46	46	68	140	145	165	195	198
Number of new housing permits issued	9	4	4	6	10	14	20	38	29	51
Estimated Value of Construction	\$ 1,727,841	\$ 698,107	\$ 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	\$ 3,040	\$ 1,834	\$ 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	10,189	12,954	7,996	9,932	7,829	7,773	n/a	4,787	3,830	5,493
Number of traffic citations issued	264	663	213	414	443	419	n/a	391	428	421
Number of parking citations issued	342	387	280	294	267	493	n/a	435	702	161
Number of criminal arrests	423	463	520	543	475	454	n/a	426	346	435
Number of accident reports completed	122	107	121	122	132	130	n/a	121	120	144
Injury accidents	9	8	8	8	15	15	n/a	13	13	18
Stolen vehicles	3	1	6	9	14	15	n/a	16	8	15
Incident reports	597	595	482	599	721	611	n/a	506	484	595
DUI arrests	20	15	14	25	47	26	n/a	31	28	48
Burglary	63	66	55	52	49	32	n/a	19	19	40
Thefts	255	345	180	221	107	93	n/a	97	73	96
Robberies	4	5	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	n/a	n/a
Gasoline costs of fleet	\$ 29,876	\$ 21,721	\$ 16,852	\$ 30,536	\$ 26,487	\$ 22,000	\$ 18,460	\$ 14,358	\$ 13,164	\$ 11,428
Total calls handled through communication center	13,652	14,584	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 Ten Years

Table 18

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Fire/EMS										
EMS total runs	961	852	878	817	872	787	735	784	684	670
EMS transports	646	530	618	557	636	579	450	568	516	n/a
Ambulance billing collections (net)	\$ 190,899	\$ 173,138	\$ 186,981	\$ 168,748	\$ 171,068	\$ 111,701	\$ 114,413	\$ 109,333	\$ 74,955	\$ 71,905
Fire calls	160	159	196	194	192	n/a	n/a	n/a	n/a	n/a
Fires with loss	5	3	4	8	4	n/a	n/a	n/a	n/a	n/a
Fires with losses exceeding \$10K	3	1	1	n/a	1	n/a	n/a	n/a	n/a	n/a
Fire Losses	\$ 206,000	\$ 45,000	\$ 84,500	\$ 13,000	\$ 18,000	n/a	n/a	n/a	n/a	n/a
Fire safety inspections	15	31	58	28	20	n/a	n/a	n/a	n/a	n/a
Number of times mutual aid received for fire and EMS	31	36	22	35	46	n/a	n/a	n/a	n/a	n/a
Public Health and Welfare										
Cemetery Burials	45	39	44	32	30	34	45	38	45	43
Cemetery cremations	6	14	13	8	13	4	9	6	3	5
Cemetery sale of lots	56	29	38	34	15	26	41	44	40	34
Cemetery receipts	\$ 47,180	\$ 30,479	\$ 37,183	\$ 35,314	\$ 21,811	\$ 25,847	\$ 38,065	\$ 35,438	\$ 38,258	\$ 30,946
Leisure Time Activities										
Recreation										
Recreation Center membership receipts	\$ 165,794	\$ 161,523	\$ 150,607	\$ 171,172	\$ 128,679	\$ 156,885	\$ 159,191	\$ 168,244	\$ 156,825	\$ 135,461
Recreation Center rental receipts	\$ 18,398	\$ 16,167	\$ 16,776	\$ 15,160	\$ 8,376	\$ 15,598	\$ 18,024	\$ 17,139	\$ 17,814	\$ 13,063
Recreation Center program receipts	\$ 45,424	\$ 49,758	\$ 52,578	\$ 60,110	\$ 47,353	\$ 50,426	\$ 46,357	\$ 41,288	\$ 40,974	\$ 34,034
Recreation Center miscellaneous receipts	\$ 10,254	\$ 37,381	\$ 17,428	\$ 27,153	\$ 25,643	\$ 20,476	\$ 20,409	\$ 13,972	\$ 15,378	\$ 53,973
Total Recreation Department receipts	\$ 239,870	\$ 264,829	\$ 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 Ten Years

Table 18

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Transportation										
Crackseal Coating Program - Annual Cost	\$ 11,333	\$ 29,347	\$ -	\$ 11,456	\$ 14,850	\$ 17,000	\$ 16,632	\$ 15,348	\$ 17,653	\$ 18,844
Paint Striping - Annual Cost	\$ 11,766	\$ 11,874	\$ 9,918	\$ 12,545	n/a	\$ 10,000	\$ 9,288	\$ 6,888	\$ 8,706	\$ 5,965
Leaf collection - disposal costs	\$ 1,000	\$ 1,000	\$ 1,000	\$ 4,701	\$ 1,540	\$ 3,489	\$ 3,565	\$ 2,445	\$ 2,288	\$ 2,712
Cost of salt purchased	\$ 18,312	\$ 28,112	\$ 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	\$ 10.00	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.40
Annual total of utility accounts billed	30,017	29,964	30,048	33,780	29,715	29,791	29,695	29,333	28,967	28,503
Annual total Water Collections Billed	\$ 485,910	\$ 364,715	\$ 355,291	\$ 349,999	\$ 358,757	\$ 375,263	\$ 363,723	\$ 366,846	\$ 361,024	\$ 363,477
Avg. water billed monthly (Gallons)	13,546	12,454	12,712	12,181	12,905	15,186	13,006	15,329	19,209	19,383
Total water collections annually (Including P&I)	\$ 488,740	\$ 404,617	\$ 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	\$ 23.00	\$ 31.00	\$ 31.00	\$ 25.78	\$ 24.33	\$ 22.96	\$ 21.66	\$ 21.66	\$ 20.43	\$ 20.43
Annual total sewer collections billed	\$ 1,256,262	\$ 1,208,474	\$ 1,165,163	\$ 1,048,802	\$ 1,028,074	\$ 1,229,844	\$ 969,035	\$ 918,648	\$ 852,413	\$ 853,283
Total sewer collections annually	\$ 1,310,780	\$ 1,263,609	\$ 2,053,066	\$ 1,149,011	\$ 1,154,935	\$ 1,110,995	\$ 983,697	\$ 917,436	\$ 881,995	\$ 865,304

Source: City of Rittman

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

City of Rittman, Ohio

Capital Assets Statistics by Function/Program

Last Ten Years

Table 19

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government										
Number of Buildings	1	1	1	1	1	1	1	1	1	1
Administrative Vehicles	1	1	1	1	1	1	1	1	1	1
Safety - Police/Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles - Police	10	9	9	9	9	9	9	8	7	6
Vehicles - Fire	7	8	8	7	6	6	6	6	6	6
Emergency Medical Services										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	5	5	3	3	3	3
Recreation										
Number of Buildings	1	1	1	1	1	1	1	1	1	1
Number of Shelters/Pavilions	3	3	3	3	3	3	3	3	3	3
Number of Parks	12	12	12	11	11	11	11	11	11	11
Number of Pools	1	1	1	1	1	1	1	1	1	1
Number of Baseball Diamonds	8	8	8	8	8	8	8	8	8	8
Number of Skateboarding Areas	0	0	0	0	1	1	1	1	1	1
Number of Tot Lots	9	9	9	9	9	9	9	9	9	9
Vehicles	1	2	1	1	1	1	1	1	1	1
Transportation										
Number of Buildings	2	2	2	2	2	2	2	2	2	2
Salt Building	1	1	1	1	1	1	1	1	1	1
Streets (Center Lane Miles)	41	41	41	41	41	41	41	41	41	41
Storm Sewers (Miles)	19	19	19	19	19	19	19	19	19	19
Service Vehicles	11	11	12	12	15	15	14	13	13	13
Public Health and Welfare										
Number of Buildings	1	1	1	1	1	1	1	1	1	1
Service Vehicles	1	1	1	1	1	1	1	1	1	1
Water										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Pole Building	1	1	1	1	1	1	1	1	1	1
Water Lines (Miles)	44	44	44	44	44	44	44	44	43	43
Vehicles	3	6	6	6	7	7	7	7	7	6
Waste Water										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Sanitary Sewers (Miles)	39	39	39	39	39	39	39	39	38	38
Vehicles	5	7	7	7	7	6	6	6	6	6

Source: City of Rittman's capital asset records

City of Rittman
Wayne County, Ohio
Report Letter

December 31, 2011

CITY OF RITTMAN, OHIO

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June 25, 2012

City of Rittman
Wayne County, Ohio
30 N. Main Street
Rittman, OH 44270

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rittman, Wayne County, Ohio (the City) as of and for the year ended December 31, 2011, which collectively the City's basic financial statements and have issued our report thereon dated June 25, 2012 in which we noted the City restated the net assets balances to adjust accumulated depreciation of capital assets and to fund balances to account for the implementation of GASB Statement No. 54. 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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the 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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying *Schedule of Findings*, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying *Schedule of Findings* to be a material weakness: 2011-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 a certain matter that we reported to management of the City in a separate letter dated June 25, 2012.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

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

Rea & Associates, Inc.

City of Rittman
Wayne County, Ohio
Schedule of Findings
December 31, 2011

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number: 2011-001

Material Weakness – Internal Controls over Financial Reporting

Criteria: The American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accountants, issued its Statement on Auditing Standards (SAS) No. 115, Communicating Internal Control Related Matters Identified in an Audit, which supersedes SAS No. 112. The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client’s internal control over financial reporting. This new standard requires the audit to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. In addition, Accounting Principles Board Opinions (APB) 20, states that correction of an error should be reported as a prior period adjustment.

Condition: During depreciation analytic testing, we identified a significant increase in current depreciation expense for the water fund/business-type activities. This increase was a result of management correcting an error in accumulated depreciation in which certain capital assets were not being depreciated properly.

Cause: The correction of a prior period error was treated prospectively rather than retroactively as prescribed by APB 20.

Effect: This treatment resulted in overstatement of current year depreciation expense and beginning book value of the water fund/business-type activities capital assets.

Recommendation: We recommend consulting with the Governmental Accounting Standards Board or other authoritative body prior to treating a correction of error prospectively to prevent misstatement of financial statements.

City of Rittman
Wayne County, Ohio
Schedule of Findings (Continued)
December 31, 2011

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number: 2011-001 (Continued)

Material Weakness – Internal Controls over Financial Reporting

Management’s Response: The aforementioned “Material Weakness” finding is unjustified for the following reasons:

- During the compilation of the financial reports for the year ended December 31, 2011, the City’s Finance Department identified a capital asset in the Water Fund that had not been properly depreciated in prior periods. Since this asset is still in use and not scheduled to be replaced for the next several years, the City corrected the issue prospectively by depreciating the net value over the next 7.5 years.
- In my professional judgment, this solution was appropriate since the asset was still in use, the beginning balance was overstated by only 2.3% of the Water Fund’s total capital assets, 2.7% (\$123,824 / \$4,532,019) of the Water Fund’s total net assets, 1.0% of the total Business-Type capital assets and 1.2% (\$123,824 / \$10,664,211) of the total Business-Type net assets.
- The prospective adjustment to the asset was identified by the City’s Finance Department and clearly marked with pink highlights on the workpapers provided to the auditors. The auditors did not agree with this solution and advised that a restatement was the appropriate way to deal with the issue due to their materiality limit. As a result, we restated the financials at the auditor’s suggestion.
- There was no attempt to withhold information from the auditors. We simply had differing opinions on the definition of materiality, which according to the auditor’s engagement letter should be based upon both quantitative and qualitative measures. If a quantitative materiality limit is to be strictly applied, it would be helpful to make sure that this limit is communicated to all involved.



Dave Yost • 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
SEPTEMBER 11, 2012