

**CITY OF ORRVILLE
WAYNE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CITY OF ORRVILLE
WAYNE COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Mayor and City Council Members:

We have audited the basic financial statements of City of Orrville, Wayne County, as of and for the year ended December 31, 2001, and have issued our report thereon dated June 21, 2002, in which we noted the City adopted Governmental Accounting Standards Board Statement No. 34. 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.

Compliance

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

However, we noted a certain immaterial instance of noncompliance that we have reported to management of the City in a separate letter dated June 21, 2002.

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 21, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 21, 2002

CITY OF ORRVILLE
WAYNE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-001	Fixed Assets – The adoption of a fixed assets policy and maintenance of a master fixed assets listing for the general fixed assets account group.	Yes	Corrected



**Comprehensive Annual
Financial Report
2001**

CITY OF ORRVILLE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2001

James D. Leggett
Finance Director

Prepared by the City Finance Department

City of Orrville, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2001
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June 21, 2002

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

I am pleased to present the first Comprehensive Annual Financial Report (CAFR) for the City of Orrville. This Governmental Accounting Standards Board (GASB) 33, 34, and 36 compliant report, for the year ended December 31, 2001, reflects our intent to provide an organized, comprehensive, and informative presentation of the financial statements and other financial and statistical data that represent a complete and full disclosure of the City's financial activities. This is not only the first CAFR, but also the first time the City has implemented the new GASB reporting model.

The responsibility for the report's completeness and fairness of presentation rests with the City, specifically the City Finance Department. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City.

In preparing this report, the City Finance Director stresses the commitment of the City of Orrville to follow nationally recognized standards of excellence in financial reporting, a commitment shared by a growing number of governmental entities in Ohio.

The Comprehensive Annual Financial Report is divided into three sections:

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

REPORTING ENTITY

The City has reviewed its entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement 14 "The Financial Reporting Entity." In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of Orrville (the primary government) and its potential component units.

The Orrville City School District has not been included in the accompanying financial statements because it is not fiscally dependent on the City, nor is the City financially accountable for the School District.

THE CITY OF ORRVILLE

The City, founded in 1864, is located in Wayne County in northeastern Ohio, approximately 50 miles south of the City of Cleveland. The City was incorporated as a Village in 1913 and later became a City in 1951. The City's 2000 population was 8,551.

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

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

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

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

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

The County has a strong agricultural economy and in 1999 ranked third among the State's 88 counties in terms of total farm income (most recent information); the County ranked first in milk, cattle and calves. The major commodity produced is dairy products. The County maintains fifty acres of fairgrounds situated in the southwest portion of the nearby City of Wooster. The fairgrounds are the home of the annual County Fair and are used year round to stable privately-owned horses, for flea markets and for art and craft shows. Several private and public golf courses and campgrounds are situated in the County.

The City's area is 5.88 square miles, broken down by value as follows:

	Percent of Assessed Valuation
Residential	65.8%
Commercial	15.9
Industrial	18.0
Agricultural	0.3

Source: County Auditor.

Residents of the City have access to a wide range of educational and cultural facilities. A branch campus of the University of Akron was founded in 1972 on 163 acres located within the City. The campus had a fall 2001 enrollment of 1,530 and offers general, technical and continuing education programs. Students choosing general studies may transfer to a four-year college or university after the first two basic years at

the campus. Those choosing technical education programs may obtain associate degrees from the University of Akron.

The County is also the home of the College of Wooster, the Ohio Agricultural Research and Development Center and the Agricultural Technical Institute.

The College of Wooster, a private nonprofit college founded in 1866, is a source of cultural and educational opportunities usually limited to more metropolitan areas and had a fall 2001 enrollment of 1,700. Lectures, concerts, plays, recitals, arts shows and public forums draw residents from across the County. The College's Ohio Light Opera Company attracts thousands of residents each year as well as over 24,000 visitors from outside the County.

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

The Ohio State Agricultural Technical Institute (ATI) is located south of OARDC and had a fall 2001 enrollment of 953. ATI offers a two-year Associate of Applied Science specialized degree in Agriculture Technologies.

City Government

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

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

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

City Employees

The City has 156 full-time and 5 part-time employees; these figures do not include 38 members of City's volunteer fire department who are paid on a per-call basis. The number of full-time employees has remained relatively constant over the past several years. A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining. Full-time employees are represented by the following bargaining units:

Bargaining Unit	Expiration Date Of Current Agreement	Number of Employees
United City Workers	December 31, 2002	101
Ohio Patrolmen's Benevolent Association	December 31, 2002	17

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

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

Community, Commercial, Industrial and Utilities Development

The City and its various utilities have completed a number of projects in the last few years.

The downtown improvement project (Streetscape) was completed in 1999. Plans are being developed to further enhance the downtown business district as well as other commercial areas. A study has been completed of the downtown historic district that will encompass the Orrville Historical Museum, Union Depot, the Judge Smith Orr residence, and the Pennzoil property on West Market Street. Recommendations were made for enhancement of the historic character of this section of downtown.

The Orrville Public Library was named nationally the sixth best library in communities under 25,000 in 1999 by Hennen's American Public Library Ratings. In July 2000, the new library building was dedicated and opened and is a beautiful addition to the community.

The Orr Pool was completely renovated in 1996, at a cost of \$1.1 million. This renovation included enlargement of the swimming pool with a "zero depth" entry area, the building of a new bathhouse, and installation of a mushroom fountain.

Several street projects have been completed, including the widening of North Main Street, resurfacing of Market Street, Back Massillon Road, and East Chestnut Street, and rebuilding of the curbs and sidewalks on Kirk Avenue. City crews rebuilt large sections of Collins Boulevard, Hostetler Road and Lakeview Drive. The City is currently in the process of rehabilitating West High Street, with partial funding by an Ohio Public Works Commission (OPWC) grant. This is the first year of a new pavement maintenance program in which slurry seal and micro seal technology is being used on streets just starting to deteriorate. This will extend the life of asphalt pavement, rather than milling and overlaying the failed pavement. A four to five-phase program of City-wide sidewalk installation, where no sidewalks exist, started in 2001.

Another project being undertaken is an addition to Fire Station #3 on Crown Hill Road. The plans include converting Station #2 on Pine Street to storage for Police vehicles. Funding for this project is \$400,000 from the Capital Improvement Fund. The Fire Department purchased a thermal imaging camera in 2001, with the majority of the cost being raised from a fund drive. The emergency warning

system was upgraded with the installation of two sirens in the north end of the City. Plans are underway for installation of an additional siren in the southwest end of the City.

The City's police cruisers were outfitted with mobile data terminals so that patrol officers have access to criminal and traffic computer records while in their vehicles. The City purchased Automatic External Defibrillators (AED's) for use by first responding police officers on calls for heart-related illnesses. The Power Plant and City Hall also have AED's on site.

In 2000, the Orrville Planning Commission approved a new 120-acre residential development on the west side of the City. Preliminary plans allow for an assortment of housing choices ranging from executive housing to cluster homes.

Several new businesses have located in the Uptown/Downtown area, a new designation and concept that has considerable support in the retail community. The Orrville Area Chamber of Commerce has initialed a task force to build on this support and revitalize the Uptown/Downtown areas.

On the industrial front, several existing industries continue to grow and expand, including Quality Castings and Ameri-Steel Bright Bar. The City, its utilities and the Chamber of Commerce formed a partnership to explore the feasibility of a second industrial park north of Smith Dairy. Two industries have closed: American Commercial Vehicles and BASF; most of their employees have been able to obtain employment at other local and regional employers; one additional industry, Orrville Products Inc., announced in December 2001, that it would be closing by February 2002. These closings may in time provide an opportunity to market those facilities to new or expanding businesses.

In 1999, the City's wastewater utility installed a mile long 36-inch trunk sewer into the northwestern portion of the City. This was done in anticipation of the development that is expected to take place in that part of the City.

In 1999, in conjunction with American Municipal Power – Ohio, the City's electric utility installed two diesel generators. Each of these units produces 1.5 megawatts of electricity. These generators are designed to be used in peak demand and emergency situations.

In 2000, the electric utility began servicing some of its industrial customers from a newly completed 138 kW industrial substation. This substation was installed to enable the electric utility to provide better service to the industrial customers.

The electric utility's system also provides some telecommunications services in order to meet the communication needs of some of its industrial and commercial customers. Leased fiber optic lines provide such services for the J.M. Smucker Company, the University of Akron, Contours, Smith Dairy, Banner Chevrolet, and the Orrville City Schools, as well as being a medium for providing internet services and reading and monitoring the electrical meters at several customers' facilities.

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

Introduction

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

The responsibilities for the major financial functions of the City are divided among the Mayor, the Director of Finance and the Council.

The Director of Finance is the City's fiscal and chief accounting officer. Among that officer's duties are to keep the books and accurate statements of all moneys received and expended and of all taxes and assessments; at the end of each year, or more often if requested by the Mayor, to examine the accounts of City officers and departments; and not to allow the amount set aside for any appropriation to be overdrawn or the amount appropriated for any one item of expense to be drawn upon for any other

purpose, or a voucher to be paid unless sufficient funds are in the City treasury to the credit of the fund on which the voucher is drawn. The Director of Finance is responsible for receiving, maintaining custody of and disbursing all City funds.

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

Budgeting, Tax Levy and Appropriations Procedures

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

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

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

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

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

Financial Reports and Examinations of Accounts

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

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

The most recent examination of the City's accounts and records by the Auditor was completed through December 31, 2000, and has been received by the City. No material citations, or items for adjustment were made; however the Auditor made a finding as a reportable condition that the City had not adopted a fixed asset policy; the City plans to implement that policy. Except for examinations by the Auditor, or by independent accounting firms at the direction of the Auditor, no other independent examination or audit of the City's financial records is made.

New Financial Reporting This is the first year the City has prepared financial statements following GASB Statement 34 - "Basic Financial Statements-and-Management's Discussion and Analysis - for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

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

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

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

As a part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows this letter of transmittal, providing an assessment of the City finances for 2001 and the outlook for the future.

Financial Highlights - Internal Service Fund There is one internal service fund carried on the City's financial records. The self insurance-internal service fund has net assets of \$638,128. This fund is financially sound.

CASH MANAGEMENT

Investments of City funds are governed by the Uniform Depository Law (Chapter 135 of the Revised Code) applicable to all subdivisions. The Director of Finance is responsible for those investments. At the end of 2001, the City had investments in certificates of deposit, repurchase agreements, certain of the City's own obligations, and obligations of the United States of America.

RISK MANAGEMENT

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

INDEPENDENT AUDIT

State statutes require the City to be subjected to an annual examination by the Auditor of State. The Auditor of State's office rendered an opinion on the City's financial statements as of December 31, 2001, and the Report of Independent Accountants on the basic financial statements is included in the financial section of this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement to any governmental unit which publishes an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the requirements and standards of the Certificate of Achievement Program, and we are submitting the 2001 Comprehensive Annual Financial Report to the GFOA for review.

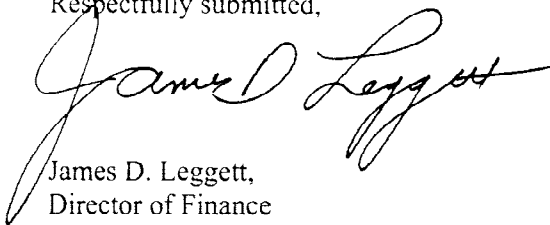
The Certificate of Achievement is the highest form of recognition in the area of Governmental Financial Reporting, and its award represents a significant accomplishment by a government and its management.

ACKNOWLEDGMENTS

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

A sincere thanks also goes to the Local Government Services of Auditor of State Jim Petro's Office for their assistance in the organization and final review of our 2001 Comprehensive Annual Financial Report.

Respectfully submitted,



James D. Leggett,
Director of Finance

City of Orrville, Ohio

City Officials

ELECTED OFFICIALS

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

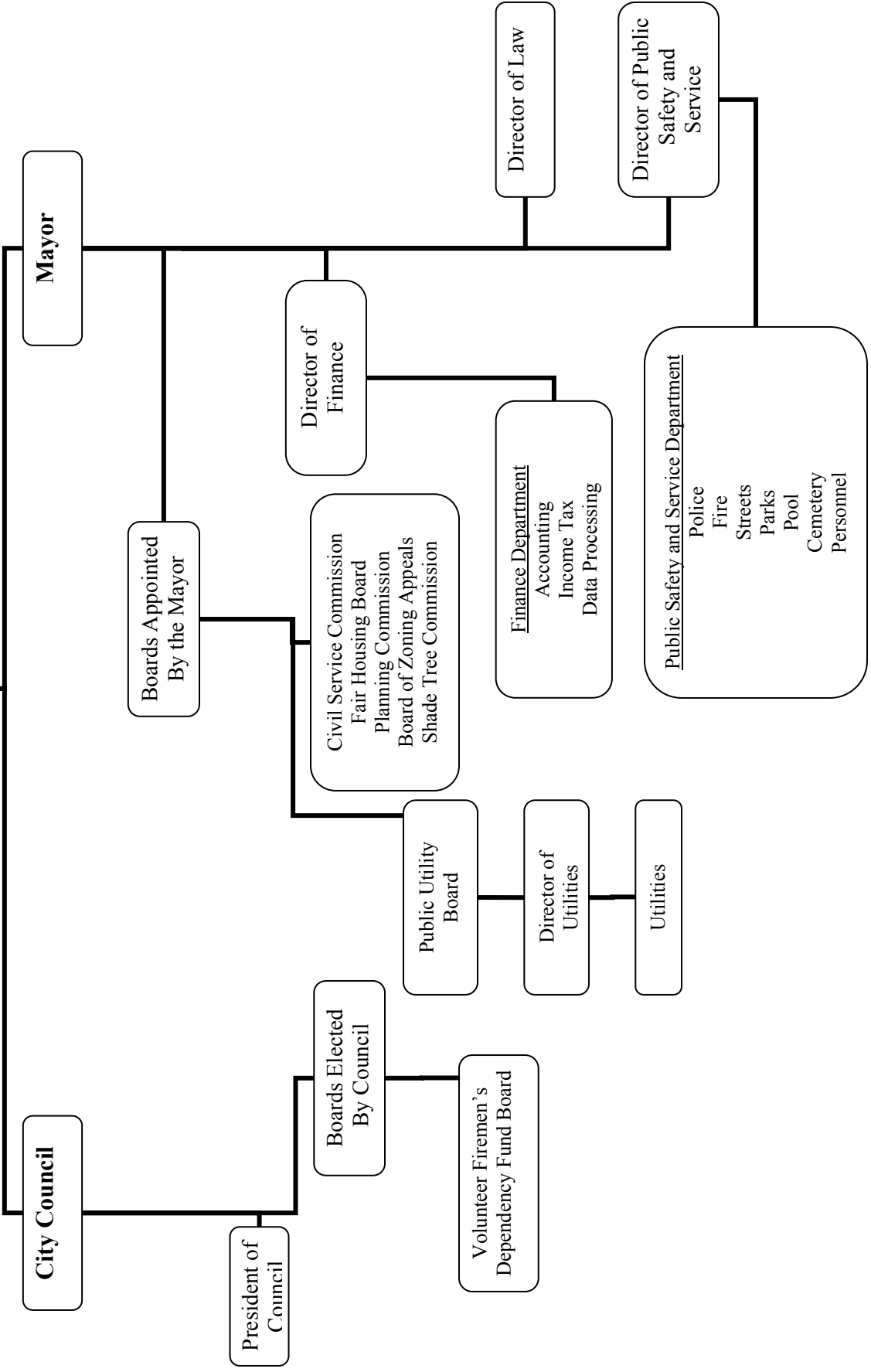
APPOINTED OFFICIALS

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

UTILITY BOARD MEMBERS

President of Board..... Robert Maglio
Board Member Phyllis Gype
Board Member James Ritchie
Board Member William Sampson
Board Member Kenneth Stuter

**Citizens of Orrville
(Voters)**



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Financial Section



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Mayor and City Council Members:

We have audited the accompanying basic financial statements of the City of Orrville, Wayne County, (the City) as of and for the year ended December 31, 2001, as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of Orrville, Wayne County, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4, during the year ended December 31, 2001, the City adopted Governmental Accounting Standards Board Statement No. 34.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

We performed our audit to form an opinion on the basic financial statements of the City taken as a whole. The combining and individual fund statements and schedules listed in the Table of Contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, it is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end of the last name.

Jim Petro
Auditor of State

June 21, 2002

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The discussion and analysis for the City of Orrville's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2001. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter and the basic financial statements.

Financial Highlights

Financial highlights for 2001 are as follows:

- Total Net Assets increased \$1,023,129. Net Assets of governmental activities decreased \$72,168 which represents a 1 percent decrease from 2000. Net assets of business-type activities increased \$1,095,297 or 2 percent from 2000.
- Total Assets of Governmental Activities decreased \$739,382 or .15 percent below the 2000 level.
- Total Liabilities of Business-Type Activities decreased \$1,571,520. This is a reduction of 5 percent from the previous year.
- Total Capital Assets increased \$418,112 which represents a 0.5 percent increase.
- Total Outstanding Debt decreased \$737,477 or 2.5 percent during 2001.

Using this Annual Financial Report

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

The Statement of Net Assets and the Statement of Changes in Net Assets provide information from a summary perspective showing the effects of the operations for the year 2001 and how they effected the operations of the City as a whole.

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

Reporting the City of Orrville as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity. They provide a good resource for an overall evaluation of the City's financial performance "on one page." These statements include all assets and all liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. These transactions are booked when they occur and not when the actual cash is received for revenues or when invoices are paid for expenses.

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

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

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

Reporting on the Most Significant Funds of the City of Orrville

Fund Financial Statements

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

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

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

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

The City of Orrville as a Whole

The Statement of Net Assets provides an overall view of the City. Table one shows a summary of the City's net assets for 2001 as they compare to 2000.

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Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2000	2001	2000	2001	2000	2001
Assets						
Current and Other Assets	\$8,033,922	\$7,146,813	\$33,125,066	\$32,378,458	\$41,158,988	\$39,525,271
Capital Assets, Net	41,792,612	41,940,339	48,571,248	48,841,633	90,363,860	90,781,972
<i>Total Assets</i>	<u>49,826,534</u>	<u>49,087,152</u>	<u>81,696,314</u>	<u>81,220,091</u>	<u>131,522,848</u>	<u>130,307,243</u>
Liabilities						
Current Liabilities	784,275	747,441	2,395,749	2,578,324	3,180,024	3,325,765
Long-Term Liabilities:						
Due Within One Year	205,195	135,958	2,099,052	2,231,832	2,304,247	2,367,790
Due in More Than One Year	321,350	316,698	27,999,373	26,112,498	28,320,723	26,429,196
<i>Total Liabilities</i>	<u>1,310,820</u>	<u>1,200,097</u>	<u>32,494,174</u>	<u>30,922,654</u>	<u>33,804,994</u>	<u>32,122,751</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	41,792,612	41,777,029	19,083,556	21,914,242	60,876,168	63,691,271
Restricted for:						
Capital Projects	2,506,332	2,446,493	0	0	2,506,332	2,446,493
Debt Service	129,225	106,176	0	0	129,225	106,176
Other Purposes	688,443	1,047,404	0	0	688,443	1,047,404
Replacement and Improvement	0	0	3,000,000	3,000,000	3,000,000	3,000,000
Unrestricted	2,842,611	2,509,953	27,118,584	25,383,195	29,961,195	27,893,148
<i>Total Net Assets</i>	<u>\$47,959,223</u>	<u>\$47,887,055</u>	<u>\$49,202,140</u>	<u>\$50,297,437</u>	<u>\$97,161,363</u>	<u>\$98,184,492</u>

Total assets decreased slightly in 2001 by \$1,215,605. Total liabilities decreased by \$1,682,243. The decrease in assets is reflected primarily in the current assets where the decrease was \$1,633,717. This is a result of virtually all of our departments operating at a slight deficit during 2001. The revenue in all major areas was flat during the year. Expenditures were higher than 2000, thus the cash reserves in all areas were reduced.

The reduction of \$1,682,243 in total liabilities is due to a reduction in long term liabilities. The reduction in long-term liabilities is primarily the result of the payments on the revenue bonds and loans in the enterprise funds. All three utilities have long-term debt.

Total net assets increased by \$1,023,129. This is a result of the long-term liabilities decreasing by a larger amount than assets, and is an indication of the conservative spending approach taken by the City.

The City also works hard to increase net assets through our investment program. Investment earnings for the City were \$1,345,685 in 2001.

Table 2 shows the changes in net assets for the year ended December 31, 2001 for both our Governmental activities and our Business-Type activities. Since this is the first year the City has prepared financial statements following GASB Statement 34, revenue and expense comparisons to the year 2000 are not

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available. In future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets

	Governmental Activities 2001	Business-Type Activities 2001	Total 2001
Revenues			
Program Revenues:			
Charges for Services	\$529,690	\$22,684,395	\$23,214,085
Operating Grants and Contributions	367,877	0	367,877
Capital Grants and Contributions	171,351	0	171,351
General Revenues and Transfers:			
Property Taxes	483,588	0	483,588
Income Taxes	2,588,695	0	2,588,695
Other Local Taxes	470,708	0	470,708
Grants and Entitlements	752,755	0	752,755
Investment Earnings	282,992	1,062,693	1,345,685
Miscellaneous	70,965	420,045	491,010
Transfers	(470,708)	470,708	0
<i>Total Revenues</i>	<u>5,247,913</u>	<u>24,637,841</u>	<u>29,885,754</u>
Program Expenses			
General Government	849,687	0	849,687
Security of Persons and Property:			
Police	1,264,380	0	1,264,380
Fire	471,736	0	471,736
Transportation	1,999,708	0	1,999,708
Public Health and Welfare	129,335	0	129,335
Leisure Time Activities	356,011	0	356,011
Basic Utility Service	237,049	0	237,049
Interest and Fiscal Charges	12,175	0	12,175
Enterprise Operations	0	23,542,544	23,542,544
<i>Total Expenses</i>	<u>5,320,081</u>	<u>23,542,544</u>	<u>28,862,625</u>
<i>Increase (Decrease) in Net Assets</i>	<u>(\$72,168)</u>	<u>\$1,095,297</u>	<u>\$1,023,129</u>

Governmental Activities

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

The City's income tax was established by ordinance to be effective January 1, 1961 at a rate of .6 percent. The rate was later increased by resolution to 1 percent effective October 1, 1970. The rate has remained at that level since then. Even though this rate is much lower than the state average for municipalities that have an income tax, there are no plans at this time to increase the rate. The income tax accounted for revenues of \$2,588,695 in 2001. These revenues were split between the General Fund and the Capital Improvements Fund with an allocation of 60 percent to the General Fund and 40 percent to the Capital

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Improvements Fund. This allocation percentage is set by resolution and historically has changed from time to time depending on the balances in the two aforementioned funds. The allocation has been 65 - 35 percent as well as 70 - 30 percent. At this time there are no plans to change the percentage of allocation. This practice of putting a percentage of income tax revenue into the Capital Improvements Fund has been an excellent tool for the City in making capital improvements without the need to issue debt. In the last several years some major projects have been accomplished with monies from the Capital Improvements Fund, such as the remodeling of, and addition to City Hall, which cost in excess of \$2,000,000, the renovation of the City pool, which cost in excess of \$1,000,000, as well as several street improvement projects.

The level of revenue from the income tax has been relatively flat over the last three years. This is the result of company closings within the City that have offset the growth being experienced by the other industries.

Street maintenance and repairs represent the largest expense of the Governmental Activities. This expense of \$1,999,708 represents 38 percent of the total expenses. These funds are used to maintain the streets and the equipment used for the streets. The other major expense is police and fire. These two departments operate out of the general fund.

Our Fire department is a part time department with a full time Chief. The City is very committed to maintaining a very efficient department. Regular meetings, drills, and training sessions are held. There is a strong emphasis on equipment with a new pumper truck and a new aerial truck having been purchased in the last several years. The department's functions include firefighting, emergency medical service including paramedic service, fire prevention education, and investigation. The Fire Department expenses account for 8.9 percent of the Governmental Activities expenses. The department also contracts with surrounding townships to provide firefighting and emergency medical services. The revenues generated by these contracts are reported under the charges for services area.

Our Police department is also funded through the general fund. The department is a full-time 24-hour a day, 365-days a year department. Each patrol car is now equipped with a laptop computer to assist the officers in accessing information while on duty. The expenses for the department for the year 2001 were \$1,264,380. This accounts for 23.8 percent of the expenses for Governmental Activities.

Business-Type Activities

The City also operates a Utility Department that consists of three utilities. The largest from an asset and revenue standpoint is the electric utility. This utility consists of a coal fired generation plant and distribution system that serves the City and surrounding area with reliable and competitively priced power. In 2001, the electric utility sold 267,600,000 KWH of electricity to generate about \$18,000,000 in revenue. They burned 188,600 tons of coal at a cost of \$4,500,000.

The Water utility treats 1,900,000 gallons of water per day with a capacity to treat an additional 1,800,000 per day. The water plant is the newest of the utility facilities. It was put into service in 1996. The raw water is supplied from various wells. The plant currently serves 2,900 residential customers and 350 industrial and commercial customers.

The Sewer facility processed an average of 1,800,000 gallons per day during 2001, which is a 5 percent reduction from 2000. This facility was last upgraded in 1990 and is designed to handle the estimated amount to be processed through 2010. The last major capital project was a trunk sewer line to the

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northern part of the City. This line was put in place to accommodate future industrial and residential growth.

The revenues and expenses for all three of these utilities are reported under the Business Type Activities on Table 2. Reviewing this table shows the majority of the City's revenues and expenses flow through the Utility Department. The revenues for the Utility Department come primarily from charges for service. In 2001 this amount of \$22,684,395 accounted for 92 percent of the revenues. The total expenses for the utilities were \$23,542,544, thus leaving an excess of revenue over expense of \$1,095,297 for the Business-type Activities.

The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$5,655,702 and expenditures of \$5,527,583. Although the expenditures exceeded revenues, the expenditures were planned and properly appropriated. The funds are monitored constantly and we were well aware that there would be a shortfall at year-end. The beginning balances in the governmental funds were such that the slight deficit was not a major concern. The one fund that did exceed our expectations for expenditures was our Employee Health Insurance Fund. We are self insured for our medical and dental benefit plans. These costs in 2001 were higher than expected.

Information about the Business-Type Funds starts on page 21. These funds are accounted for on an accrual basis. All enterprise funds had operating revenues of \$23,044,237, which exceeded expenses of \$21,377,823 by \$1,666,414 or 10 percent.

Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. The City of Orrville is somewhat different than many other Ohio cities its size in that the General Fund is not our most significant fund. Because we own and operate an electric generating and distribution facility, our Electric Fund is our most significant. During 2001, we passed only one appropriation amendment. An appropriation amendment in the Employee Health Insurance Fund was made in December, as expenditures would have exceeded the original appropriation by \$67,000. We also increased the appropriations in the Grants Fund to cover OPWC grant money received for a street resurfacing project, as well as making several other appropriation changes.

All recommendations for appropriation changes come to Council from the Finance Director. The Finance Committee of Council reviews them, and makes their recommendations to the Council as a whole.

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

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

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Capital Assets and Debt Administration

Capital Assets

Table 3
Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Total	
	2000	2001	2000	2001	2000	2001
Land	\$1,478,263	\$1,576,411	\$674,295	\$674,295	\$2,152,558	\$2,250,706
Buildings and Improvements	2,616,769	2,934,546	14,380,259	14,049,609	16,997,028	16,984,155
Furniture and Equipment	550,270	573,851	1,592,300	2,150,433	2,142,570	2,724,284
Vehicles	969,810	933,318	460,288	452,675	1,430,098	1,385,993
Electric - Generation/ Transmission/Distribution	0	0	19,917,902	19,525,254	19,917,902	19,525,254
Infrastructure	36,177,500	35,922,213	11,118,387	11,989,367	47,295,887	47,911,580
Construction-In-Progress	0	0	427,817	0	427,817	0
<i>Total Capital Assets</i>	<u>\$41,792,612</u>	<u>\$41,940,339</u>	<u>\$48,571,248</u>	<u>\$48,841,633</u>	<u>\$90,363,860</u>	<u>\$90,781,972</u>

Total Capital Assets for the City of Orrville for the year ended December 31, 2001 was \$90,781,972, which reflects only a slight increase over the 2000 figure of \$90,363,860. Several projects in 2001 are part of the increase in capital assets, which is offset by depreciation.

The most significant project completed in 2001 was the renovation and resurfacing of High Street, which is the busiest City owned street. This project was funded with a 50 percent grant from the Ohio Public Works Commission (OPWC). The remaining 50 percent came from the Capital Improvements Fund. The City also purchased a building for the service department for \$461,075. In addition, the City spent \$2,598,748 for a new water main on Main Street, a new trunk sewer line and new electric service lines to Dalton.

The City adopted a more formal capital asset policy, which outlines the procedures for purchasing, receiving, and disposing of capital assets. The policy also contains forms and includes a tagging process, which was instituted in 2001.

Debt

The outstanding debt for the City of Orrville as of December 31, 2001 was \$28,922,384. This balance reflected a reduction of \$737,477 from the previous year's balance of \$29,659,861, a reduction of 2.5 percent.

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Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2000	2001	2000	2001	2000	2001
Special Assessment Bonds	\$172,170	\$163,310	\$0	\$0	\$172,170	\$163,310
Mortgage Revenue Bonds	0	0	15,855,006	14,701,720	15,855,006	14,701,720
Revenue Bonds	0	0	7,741,400	7,482,200	7,741,400	7,482,200
OWDA Loans	0	0	4,643,319	4,347,631	4,643,319	4,347,631
OPWC Loans	0	0	1,087,966	1,027,523	1,087,966	1,027,523
Notes Payable	0	0	160,000	1,200,000	160,000	1,200,000
<i>Total</i>	<u>\$172,170</u>	<u>\$163,310</u>	<u>\$29,487,691</u>	<u>\$28,759,074</u>	<u>\$29,659,861</u>	<u>\$28,922,384</u>

As can be seen from the above table the Governmental activities have very little debt. The small amount of debt (\$163,310) is in Special Assessment Bonds, which were issued after our Downtown Improvement Project (Streetscape) was finished. The bonds cover the amount of property owner assessments that were not paid by cash. The payments on these bonds come from the assessments collected by the County Auditor from the semi-annual tax duplicates.

The Utility department carries the vast majority of the debt, the largest debt being that of the Electric Utility. Most of this debt is in Mortgage Revenue Bonds that were originally issued in the 1980's for major upgrades to the power plant. These bonds were refinanced in 1997. The Electric utility also has outstanding a bond anticipation general obligation note in the amount of \$1,200,000. This note, which is due in 2002, was issued in 2001 for the purpose of financing the precipitator improvement project, which is scheduled for completion in 2002. The precipitator is part of the pollution control system at the power plant.

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

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

The total debt service obligation for the Electric Utility in 2001 was \$1,976,289. For the Sewer Utility it was \$710,882, and for the Water Utility \$817,823.

The administration and City Council are both very committed to controlling and managing the debt. Over the last six years, we have been able to strengthen the cash balances of the City to a point that debt issuance is not necessary for capital improvement except in extreme cases or instances where it is fiscally better to issue debt rather than spend reserves.

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Current Financial Issues

The City of Orrville is financially strong. The year 2001 was not a year of strength, but the preceding five years were. Like any municipality that relies on revenues from services rendered by its utilities, and income tax from its business and industry, the recent downturn in the economy had an impact. The strength of the City was evident during these times as the services to our citizens remained at the highest level. Our police and fire departments stayed at full force, our street department continued to repair and improve streets, as well as plow snow. Our park system was available on its normal schedule. All three utilities remained staffed at full levels and continued to provide quality service. There were no lay-offs of City employees in 2001.

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

Some of the items addressed in the plan have already been started. An additional park in the south end of town is in planning and the land has been purchased. The money for this project is already in the Capital Improvements Fund. The widening of North Main Street is a major project that will take place within the next two years. Main Street is also State Route 57 and is our busiest street. This project will be funded in part with grant money and with the remaining amount to come from our Capital Improvements Fund. The City's portion of this money is already in the Capital Improvements Fund. Several years ago, the City put in place a sidewalk improvement plan that basically requires sidewalks on every street throughout the City. This plan has been very successful to this date and will continue into the future until every street within the City has sidewalks. The City also has a long-range street-paving plan, which will result in all streets within the City being either asphalt or concrete. This program will replace the current chip and seal program that is currently in place.

The City also completed a preliminary feasibility study for a second industrial park. This park will allow for future controlled industrial growth. The current park is nearing full capacity.

The City is in the process of renovation and adding to fire station #3. This major addition, which was paid from the Capital Improvements Fund, eliminates the need for fire station #2. Fire station #2 will be converted into a garage for police vehicles. Station #3 can now house the additional equipment from #2 as well as provide a facility to be used as a command center in the case of a disaster that would render station #1 and City Hall inoperable.

The Utilities Department will also continue to grow and improve in the future. The Sewer utility has contracted to upgrade its control system, as well as to install a new trunk sewer line to service the newly annexed property west of the City.

The water utility is continuing in its upgrading of the distribution system. They have also contracted for the installation of covers on the outside clarifiers for both quality and security reasons.

The Electric Utility will continue to upgrade the distribution system. The focus in the near future will be on the South end of the City as well as to some industrial customers just outside the City. This utility is also in the process of upgrading the control room equipment in the generating plant.

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The Orrville Utility Department continues to look for other sources of revenue to supplement the existing utilities while providing our customers with low cost services. The electric utility's telecommunications system has proven to be such a service, and has been an exceptionally reliable service for industrial and commercial customers. Future expansion of this system to smaller commercial and residential customers will present many opportunities for those customers to save money due to lower rates created by competition. Orrville Utilities plans to continue deployment of the fiber optic system to the home so all residents can take advantage of competition between suppliers. We look forward to providing another infrastructure with the same reliability and service that our customer/owners of our electric, water, and sewer utilities have come to expect.

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

The City of Orrville has committed itself to financial excellence. We are reporting under the GASB 34 statement earlier than required, and we are also preparing a Comprehensive Annual Financial Report (CAFR) for the first time. We will be submitting our CAFR for the Government Finance Officers' Award Certificate of Achievement of Excellence for the first time. We have also, for the first time, put our current appropriations on our web page. This step is to allow our citizens to easily see our budget as our council sees it.

On behalf of the City of Orrville we would like to thank the staff from the Auditor of State for their help in preparing the GASB 34 statements. They were cooperative, professional, and efficient. This was our first experience reporting under GASB statement 34 and their guidance was extremely valuable.

Contacting the City's Finance Department

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

City of Orrville, Ohio

Statement of Net Assets

December 31, 2001

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,861,663	\$22,234,119	\$27,095,782
Cash Equivalents in Segregated Accounts	0	43,284	43,284
Investments in Segregated Accounts	0	3,588,141	3,588,141
Materials and Supplies Inventory	100,411	3,363,553	3,463,964
Accrued Interest Receivable	10,597	27,713	38,310
Accounts Receivable	82,889	2,706,171	2,789,060
Internal Balances	268,376	(268,376)	0
Intergovernmental Receivable	307,391	0	307,391
Prepaid Items	13,488	52,170	65,658
Unamortized Bond Issuance Costs	0	631,683	631,683
Income Taxes Receivable	794,630	0	794,630
Property Taxes Receivable	543,069	0	543,069
Special Assessments Receivable	164,299	0	164,299
Nondepreciable Capital Assets	1,576,411	674,295	2,250,706
Depreciable Capital Assets, Net	40,363,928	48,167,338	88,531,266
<i>Total Assets</i>	<u>49,087,152</u>	<u>81,220,091</u>	<u>130,307,243</u>
Liabilities			
Accounts Payable	86,386	742,399	828,785
Accrued Wages	80,582	119,441	200,023
Intergovernmental Payable	106,395	218,287	324,682
Accrued Interest Payable	878	201,652	202,530
Claims Payable	0	96,545	96,545
Deferred Revenue	473,200	0	473,200
Notes Payable	0	1,200,000	1,200,000
Long-Term Liabilities:			
Due Within One Year	135,958	2,231,832	2,367,790
Due In More Than One Year	316,698	26,112,498	26,429,196
<i>Total Liabilities</i>	<u>1,200,097</u>	<u>30,922,654</u>	<u>32,122,751</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	41,777,029	21,914,242	63,691,271
Restricted for:			
Capital Projects	2,446,493	0	2,446,493
Debt Service	106,176	0	106,176
Electric Replacement and Improvement	0	1,500,000	1,500,000
Water Replacement and Improvement	0	1,500,000	1,500,000
Other Purposes	1,047,404	0	1,047,404
Unrestricted	2,509,953	25,383,195	27,893,148
<i>Total Net Assets</i>	<u>\$47,887,055</u>	<u>\$50,297,437</u>	<u>\$98,184,492</u>

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Activities
For the Year Ended December 31, 2001

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
General Government	\$849,687	\$100,453	\$8,571	\$0
Security of Persons and Property:				
Police	1,264,380	7,345	805	0
Fire	471,736	28,619	16,639	0
Transportation	1,999,708	0	334,427	171,351
Public Health and Welfare	129,335	84,534	0	0
Leisure Time Activities	356,011	69,499	7,435	0
Basic Utility Service	237,049	239,240	0	0
Interest and Fiscal Charges	12,175	0	0	0
<i>Total Governmental Activities</i>	<u>5,320,081</u>	<u>529,690</u>	<u>367,877</u>	<u>171,351</u>
Business-Type Activities:				
Sewer	1,880,750	1,990,473	0	0
Electric	18,886,654	18,260,911	0	0
Water	2,775,140	2,433,011	0	0
<i>Total Business-Type Activities</i>	<u>23,542,544</u>	<u>22,684,395</u>	<u>0</u>	<u>0</u>
<i>Total - Primary Government</i>	<u>\$28,862,625</u>	<u>\$23,214,085</u>	<u>\$367,877</u>	<u>\$171,351</u>

General Revenues

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

Total General Revenues

Transfers

Change in Net Assets

Net Assets Beginning of Year - (See Note 4)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$740,663)	\$0	(\$740,663)
(1,256,230)	0	(1,256,230)
(426,478)	0	(426,478)
(1,493,930)	0	(1,493,930)
(44,801)	0	(44,801)
(279,077)	0	(279,077)
2,191	0	2,191
(12,175)	0	(12,175)
<u>(4,251,163)</u>	<u>0</u>	<u>(4,251,163)</u>
0	109,723	109,723
0	(625,743)	(625,743)
<u>0</u>	<u>(342,129)</u>	<u>(342,129)</u>
0	(858,149)	(858,149)
<u>(4,251,163)</u>	<u>(858,149)</u>	<u>(5,109,312)</u>
483,588	0	483,588
470,708	0	470,708
1,596,438	0	1,596,438
992,257	0	992,257
752,755	0	752,755
0	60,203	60,203
282,992	1,062,693	1,345,685
70,965	359,842	430,807
<u>4,649,703</u>	<u>1,482,738</u>	<u>6,132,441</u>
<u>(470,708)</u>	<u>470,708</u>	<u>0</u>
(72,168)	1,095,297	1,023,129
<u>47,959,223</u>	<u>49,202,140</u>	<u>97,161,363</u>
<u>\$47,887,055</u>	<u>\$50,297,437</u>	<u>\$98,184,492</u>

City of Orrville, Ohio

Balance Sheet

Governmental Funds

December 31, 2001

	<u>General</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,879,237	\$2,024,382	\$958,044	\$4,861,663
Materials and Supplies Inventory	100,411	0	0	100,411
Accrued Interest Receivable	10,173	0	424	10,597
Accounts Receivable	22,831	0	60,058	82,889
Intergovernmental Receivable	222,812	0	84,579	307,391
Prepaid Items	13,488	0	0	13,488
Income Taxes Receivable	476,778	317,852	0	794,630
Property Taxes Receivable	543,069	0	0	543,069
Special Assessments Receivable	0	0	164,299	164,299
<i>Total Assets</i>	<u>\$3,268,799</u>	<u>\$2,342,234</u>	<u>\$1,267,404</u>	<u>\$6,878,437</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$10,648	\$71,820	\$3,918	\$86,386
Accrued Wages	71,391	0	9,191	80,582
Intergovernmental Payable	25,670	0	4,662	30,332
Deferred Revenue	865,226	98,692	222,977	1,186,895
<i>Total Liabilities</i>	<u>972,935</u>	<u>170,512</u>	<u>240,748</u>	<u>1,384,195</u>
Fund Balances				
Reserved for Encumbrances	39,242	209,060	261,712	510,014
Reserved for Inventory	100,411	0	0	100,411
Unreserved, Undesignated (Deficit), Reported in:				
General Fund	2,156,211	0	0	2,156,211
Special Revenue Funds	0	0	737,149	737,149
Debt Service Funds	0	0	106,065	106,065
Capital Projects Funds	0	1,962,662	(78,270)	1,884,392
<i>Total Fund Balances</i>	<u>2,295,864</u>	<u>2,171,722</u>	<u>1,026,656</u>	<u>5,494,242</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,268,799</u>	<u>\$2,342,234</u>	<u>\$1,267,404</u>	<u>\$6,878,437</u>

See accompanying notes to the basic financial statements

City of Orrville, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2001*

Total Governmental Fund Balances	\$5,494,242
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*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	41,940,339
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	43,751
Income Taxes	246,730
Grants	241,720
Special Assessments	164,299
Charges for Services	<u>17,195</u>

Total	713,695
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The accumulated overpayments to the internal service fund.	268,376
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Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(76,063)
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Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(878)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Special Assessment Bonds	(163,310)
Compensated Absences	<u>(289,346)</u>

Total	<u>(452,656)</u>
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<i>Net Assets of Governmental Activities</i>	<u><u>\$47,887,055</u></u>
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City of Orrville, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2001

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$471,047	\$0	\$0	\$471,047
Income Taxes	1,600,179	994,751	0	2,594,930
Other Local Taxes	470,708	0	0	470,708
Special Assessments	0	0	8,860	8,860
Intergovernmental	708,422	30,127	469,561	1,208,110
Interest	241,657	0	41,335	282,992
Fines, Licenses and Permits	17,499	0	5,124	22,623
Rentals	32,828	0	0	32,828
Charges for Services	195,331	0	283,798	479,129
Contributions and Donations	1,050	0	12,460	13,510
Other	61,380	8,123	1,462	70,965
<i>Total Revenues</i>	<u>3,800,101</u>	<u>1,033,001</u>	<u>822,600</u>	<u>5,655,702</u>
Expenditures				
Current:				
General Government	844,855	0	0	844,855
Security of Persons and Property:				
Police	1,208,563	0	5,277	1,213,840
Fire	383,512	0	0	383,512
Transportation	423,736	0	705,542	1,129,278
Public Health and Welfare	144,172	0	2,500	146,672
Leisure Time Activities	288,645	0	8,189	296,834
Basic Utility Service	0	0	237,049	237,049
Capital Outlay	0	956,415	298,047	1,254,462
Debt Service:				
Principal Retirement	0	0	8,860	8,860
Interest and Fiscal Charges	0	0	12,221	12,221
<i>Total Expenditures</i>	<u>3,293,483</u>	<u>956,415</u>	<u>1,277,685</u>	<u>5,527,583</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>506,618</u>	<u>76,586</u>	<u>(455,085)</u>	<u>128,119</u>
Other Financing Sources (Uses)				
Transfers In	0	0	709,969	709,969
Transfers Out	(890,177)	(290,500)	0	(1,180,677)
<i>Total Other Financing Sources (Uses)</i>	<u>(890,177)</u>	<u>(290,500)</u>	<u>709,969</u>	<u>(470,708)</u>
<i>Net Change in Fund Balances</i>	<u>(383,559)</u>	<u>(213,914)</u>	<u>254,884</u>	<u>(342,589)</u>
<i>Fund Balances Beginning of Year - Restated (See Note 4)</i>	2,726,874	2,385,636	771,772	5,884,282
Decrease in Reserve for Inventory	(47,451)	0	0	(47,451)
<i>Fund Balances End of Year</i>	<u>\$2,295,864</u>	<u>\$2,171,722</u>	<u>\$1,026,656</u>	<u>\$5,494,242</u>

See accompanying notes to the basic financial statements

City of Orrville

*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, 2001*

Net Change in Fund Balances - Total Governmental Funds (\$342,589)

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

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

Fixed Asset Additions	1,258,493	
Current Year Depreciation	<u>(1,110,766)</u>	
Total		147,727

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

Property Taxes	12,541	
Income Tax	(6,235)	
Grants	70,363	
Special Assessments	(8,860)	
Charges for Services	<u>(4,890)</u>	
Total		62,919

Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets. 8,860

In the statement of activities, interest is accrued on
outstanding bonds, whereas in governmental funds, an
interest expenditure is reported when due. 46

Some expenses reported in the statement of activities,
such as compensated absences and intergovernmental
payable which represent contractually required pension
contributions, do not require the use of current financial
resources and therefore are not reported as expenditures
in governmental funds.

Compensated Absences	65,029	
Pension Obligation	(6,358)	
Change in Inventory	<u>(47,451)</u>	
Total		11,220

The internal service funds used by management to charge the
the cost of insurance to individual funds is not reported in the
entity-wide statement of activities. Business-type expenditures
and related internal service fund revenues are eliminated.
The change for governmental funds is reported for the year. 39,649

Change in Net Assets of Governmental Activities (\$72,168)

City of Orrville, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$471,000	\$501,000	\$471,047	(\$29,953)
Income Taxes	1,590,352	1,575,000	1,608,513	33,513
Other Local Taxes	0	0	470,708	470,708
Intergovernmental	618,268	612,300	770,693	158,393
Interest	229,717	227,500	282,749	55,249
Fines, Licenses and Permits	7,068	7,000	17,373	10,373
Rentals	31,302	31,000	32,828	1,828
Charges for Services	176,706	175,000	193,448	18,448
Contributions and Donations	0	0	1,050	1,050
Other	454,386	450,000	61,144	(388,856)
<i>Total Revenues</i>	<u>3,578,799</u>	<u>3,578,800</u>	<u>3,909,553</u>	<u>330,753</u>
Expenditures				
Current:				
General Government	920,449	1,042,667	928,096	114,571
Security of Persons and Property:				
Police	1,177,416	1,339,563	1,237,103	102,460
Fire	331,756	376,640	353,330	23,310
Transportation	386,576	439,208	433,782	5,426
Public Health and Welfare	142,519	162,180	143,886	18,294
Leisure Time Activities	257,020	292,335	289,732	2,603
<i>Total Expenditures</i>	<u>3,215,736</u>	<u>3,652,593</u>	<u>3,385,929</u>	<u>266,664</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	363,063	(73,793)	523,624	597,417
Other Financing Uses				
Operating Transfers Out	(890,860)	(1,014,000)	(890,177)	123,823
<i>Net Change in Fund Balance</i>	(527,797)	(1,087,793)	(366,553)	721,240
<i>Fund Balance Beginning of Year</i>	2,148,621	2,148,621	2,148,621	0
Prior Year Encumbrances Appropriated	55,268	55,268	55,268	0
<i>Fund Balance End of Year</i>	<u>\$1,676,092</u>	<u>\$1,116,096</u>	<u>\$1,837,336</u>	<u>\$721,240</u>

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2001

	Business-Type Activities				Business-Type Activity - Internal Service Fund
	Sewer	Electric	Water	Total	
Assets					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$4,467,314	\$12,553,570	\$1,479,851	\$18,500,735	\$733,384
<i>Receivables:</i>					
Accounts	251,303	2,166,097	288,500	2,705,900	271
Accrued Interest	5,796	17,360	3,539	26,695	1,018
Materials and Supplies Inventory	121,347	2,944,181	298,025	3,363,553	0
Prepaid Items	5,428	40,675	6,067	52,170	0
Deferred Charges	46,759	474,589	110,335	631,683	0
<i>Total Current Assets</i>	4,897,947	18,196,472	2,186,317	25,280,736	734,673
<i>Non-Current Assets:</i>					
<i>Restricted Assets:</i>					
Equity in Pooled Cash and Cash Equivalents Held by Trustee:	0	1,500,000	1,500,000	3,000,000	0
Cash Equivalents in Segregated Accounts	0	17,789	25,495	43,284	0
Investments in Segregated Accounts	0	2,638,836	949,305	3,588,141	0
Land and Construction in Progress	112,497	89,401	472,397	674,295	0
Depreciable Capital Assets, Net	9,115,643	24,608,354	14,443,341	48,167,338	0
<i>Total Non-Current Assets</i>	9,228,140	28,854,380	17,390,538	55,473,058	0
<i>Total Assets</i>	14,126,087	47,050,852	19,576,855	80,753,794	734,673
Liabilities					
<i>Current Liabilities:</i>					
Accounts Payable	1,182	739,823	1,394	742,399	0
Accrued Wages	14,116	91,423	13,902	119,441	0
Intergovernmental Payable	26,439	164,329	27,519	218,287	0
Compensated Absences Payable	28,767	184,632	52,388	265,787	0
Accrued Interest Payable	93,270	0	0	0	0
Loans Payable	370,602	0	60,443	431,045	0
Notes Payable	0	1,200,000	0	1,200,000	0
Claims Payable	0	0	0	0	96,545
<i>Total Current Liabilities</i>	534,376	2,380,207	155,646	2,976,959	96,545
<i>Current Liabilities Payable from Restricted Assets:</i>					
Revenue Bonds Payable	0	1,260,000	275,000	1,535,000	0
Accrued Interest Payable	0	49,132	59,250	108,382	0
<i>Total Current Liabilities Payable from Restricted Assets</i>	0	1,309,132	334,250	1,643,382	0
<i>Long-Term Liabilities:</i>					
Compensated Absences Payable (net of current portion)	132,869	321,129	65,471	519,469	0
Loans Payable (net of current portion)	3,977,027	0	967,082	4,944,109	0
Revenue Bonds Payable (net of current portion)	0	13,441,720	7,207,200	20,648,920	0
<i>Total Long-Term Liabilities</i>	4,109,896	13,762,849	8,239,753	26,112,498	0
<i>Total Liabilities</i>	4,644,272	17,452,188	8,729,649	30,732,839	96,545
Net Assets					
Invested in Capital Assets, Net of Related Debt Restricted for Replacement and Improvement	0	1,500,000	1,500,000	3,000,000	0
Unrestricted	4,554,545	17,628,040	2,830,858	25,013,443	638,128
<i>Total Net Assets</i>	\$9,481,815	\$29,598,664	\$10,847,206	49,927,685	\$638,128

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

	369,752
Net assets of business-type activities	\$50,297,437

See accompanying notes to the basic financial statements

City of Orrville, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2001*

	Business-Type	
	Sewer	Electric
Operating Revenues		
Charges for Services	\$1,990,473	\$17,035,324
Electric/Water Charges Pledged as Security for Revenue Bonds	0	1,225,587
Other	14,474	326,313
<i>Total Operating Revenues</i>	<u>2,004,947</u>	<u>18,587,224</u>
Operating Expenses		
Personal Services	840,882	5,124,924
Purchased Services	0	416,857
Materials and Supplies	64,955	8,985,990
Utilities	93,737	749,699
Depreciation	503,291	1,901,620
Claims	0	0
Other	0	503,808
<i>Total Operating Expenses</i>	<u>1,502,865</u>	<u>17,682,898</u>
<i>Operating Income (Loss)</i>	<u>502,082</u>	<u>904,326</u>
Non-Operating Revenues (Expenses)		
Interest and Fiscal Charges	(339,707)	(697,848)
Gain on Sale of Capital Assets	0	60,203
Loss on Disposal of Capital Assets	0	(427,817)
Interest	192,738	647,902
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(146,969)</u>	<u>(417,560)</u>
Transfers In	0	470,708
<i>Change in Net Assets</i>	355,113	957,474
<i>Net Assets Beginning of Year - Restated (See Note 4)</i>	<u>9,126,700</u>	<u>28,641,190</u>
<i>Net Assets End of Year</i>	<u><u>\$9,481,813</u></u>	<u><u>\$29,598,664</u></u>

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

Change in net assets of business-type activities

See accompanying notes to the basic financial statements

Activities		Business-Type Activity - Internal Service Fund
Water	Total	
\$2,192,060	\$21,217,857	\$1,131,438
240,951	1,466,538	0
19,055	359,842	0
<u>2,452,066</u>	<u>23,044,237</u>	<u>1,131,438</u>
918,821	6,884,627	0
313,675	730,532	53,288
156,642	9,207,587	0
147,628	991,064	0
655,278	3,060,189	0
0	0	1,247,428
16	503,824	0
<u>2,192,060</u>	<u>21,377,823</u>	<u>1,300,716</u>
<u>260,006</u>	<u>1,666,414</u>	<u>(169,278)</u>
(525,813)	(1,563,368)	0
0	60,203	0
0	(427,817)	0
222,053	1,062,693	35,391
<u>(303,760)</u>	<u>(868,289)</u>	<u>35,391</u>
0	470,708	0
(43,754)	1,268,833	(133,887)
<u>10,890,962</u>		<u>772,015</u>
<u>\$10,847,208</u>		<u>\$638,128</u>
	<u>(173,536)</u>	
	<u>\$1,095,297</u>	

City of Orrville, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2001

	Business-Type Activities				Business-Type Activities - Internal Service Fund
	Sewer	Electric	Water	Total	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash Received from Customers	\$1,993,096	\$18,131,903	\$2,444,517	\$22,569,516	\$0
Cash Received from Transactions with Other Funds	0	0	0	0	1,131,167
Other Cash Receipts	14,474	326,313	19,055	359,842	0
Cash Payments to Employees for Services	(809,559)	(5,085,537)	(944,108)	(6,839,204)	0
Cash Payments for Goods and Services	(347,831)	(11,078,076)	(800,556)	(12,226,463)	(53,053)
Cash Payments for Claims	0	0	0	0	(1,267,712)
Other Cash Payments	0	(500,644)	0	(500,644)	0
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>850,180</u>	<u>1,793,959</u>	<u>718,908</u>	<u>3,363,047</u>	<u>(189,598)</u>
Cash Flows from Noncapital Financing Activities					
Transfers In	0	470,708	0	470,708	0
Cash Flows from Capital and Related Financing Activities					
Proceeds from Sale of Notes	0	1,200,000	0	1,200,000	0
Principal Paid on Revenue Bonds	0	(1,215,000)	(265,000)	(1,480,000)	0
Interest Paid on Revenue Bonds	0	(761,289)	(492,380)	(1,253,669)	0
Principal Paid on OWDA Loans	(357,729)	0	0	(357,729)	0
Interest Paid on OWDA Loans	(184,993)	0	0	(184,993)	0
Principal Paid on OPWC Loan	0	0	(60,443)	(60,443)	0
Principal Paid on Notes	(160,000)	0	0	(160,000)	0
Interest Paid on Notes	(8,160)	0	0	(8,160)	0
Sale of Capital Assets	0	60,203	0	60,203	0
Payments for Capital Acquisitions	(939,891)	(1,978,391)	(840,109)	(3,758,391)	0
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(1,650,773)</u>	<u>(2,694,477)</u>	<u>(1,657,932)</u>	<u>(6,003,182)</u>	<u>0</u>
Cash Flows from Investing Activities					
Interest on Investments	228,215	850,763	256,491	1,335,469	42,120
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(572,378)</u>	<u>420,953</u>	<u>(682,533)</u>	<u>(833,958)</u>	<u>(147,478)</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>5,039,692</u>	<u>13,650,406</u>	<u>3,687,879</u>	<u>22,377,977</u>	<u>880,862</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,467,314</u>	<u>\$14,071,359</u>	<u>\$3,005,346</u>	<u>\$21,544,019</u>	<u>\$733,384</u>

(continued)

City of Orrville, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2001

	Business-Type Activities				Business-Type Activities - Internal Service Fund
	Sewer	Electric	Water	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$502,082	\$904,326	\$260,006	\$1,666,414	(\$169,278)
Adjustments:					
Depreciation	503,291	1,901,620	655,278	3,060,189	0
(Increase) Decrease in Assets:					
Accounts Receivable	2,623	(129,008)	11,506	(114,879)	(36)
Prepaid Items	(2,114)	(11,867)	(2,197)	(16,178)	0
Materials and Supplies Inventory	(4,685)	(281,061)	(38,168)	(323,914)	0
Increase (Decrease) in Liabilities:					
Accounts Payable	(14,871)	(397,218)	(79,359)	(491,448)	0
Contracts Payable	(153,354)	(12,844)	(40,156)	(206,354)	0
Accrued Wages	2,664	20,878	1,143	24,685	0
Compensated Absences Payable	26,698	12,666	(24,842)	14,522	0
Retainage Payable	(13,602)		(22,296)	(35,898)	0
Intergovernmental Payable	1,448	(213,533)	(2,007)	(214,092)	0
Claims Payable	0	0	0	0	(20,284)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$850,180</u>	<u>\$1,793,959</u>	<u>\$718,908</u>	<u>\$3,363,047</u>	<u>(\$189,598)</u>

Non Cash Transactions:

During 2001, the electric and water enterprise funds had a change in fair value of investments of \$63,850 and \$23,663, respectively.

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2001

	Private Purpose Trust	
	Cemetery Memorial	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$4,229	\$28,382
Accrued Interest Receivable	5	0
<i>Total Assets</i>	4,234	\$28,382
Liabilities		
Deposits Held and Due to Others	0	\$28,382
Net Assets		
Held in Trust for Cemetery	\$4,234	

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended December 31, 2001

	Private-Purpose Trust
	Cemetery Memorial
Additions	
Interest	\$176
Deductions	200
<i>Change in Net Assets</i>	(24)
<i>Net Assets Beginning of Year</i>	4,258
<i>Net Assets End of Year</i>	\$4,234

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Note 1 - Description of the City and Reporting Entity

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

Reporting Entity

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

“doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

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

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

B. Fund Accounting

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

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

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

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

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

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

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

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

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

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

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

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents".

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

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

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the general fund, gasoline tax motor vehicle license, state highway and performing arts special revenue funds, the special assessment bond retirement debt service fund, the employee self-insurance internal service fund, the cemetery private-purpose trust fund, and the sewer, electric, and water enterprise funds. Interest revenue credited to the general fund during 2001 amounted to \$241,657 which includes \$73,069 assigned from other City funds.

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

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

On 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.

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

Inventory consists of expendable supplies held for consumption.

H. Restricted Assets

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

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

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 one thousand dollars. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

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

J. Interfund Balances

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

K. Compensated Absences

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

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

payments within the next ten years). The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Operating Revenues and Expenses

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

P. Contributions of Capital

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Q. Interfund Activity

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2001.

S. Estimates

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

T. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2001.

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Note 3 - Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balance	
GAAP Basis	(\$383,559)
Net Adjustment for Revenue Accruals	109,452
Net Adjustment for Expenditure Accruals	(50,545)
Encumbrances	(41,901)
Budget Basis	<u><u>(\$366,553)</u></u>

Note 4 - Change in Accounting Principles and Restatement of Prior Year Fund Equity

Changes in Accounting Principles For 2001, the City has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", Statement No. 38, "Certain Financial Statement Note Disclosures", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB Statements No. 33 and 36 establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or modified accrual basis of accounting is required. For revenue recognition to occur on the modified

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

accrual basis, however, the criteria established for accrual basis revenue recognition must be met and the revenue must be available.

GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2000, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

Restatement of Fund Balance The implementation of these changes had the following effects on fund balance of the major and nonmajor funds of the City as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	General	Capital Improvements	Nonmajor	Total
Fund Balances, December 31, 2000	\$2,651,680	\$2,385,636	\$759,988	\$5,797,304
Implementation of GASB Interpretation No. 6	13,616			13,616
GASB 33 Adjustments:				
Taxes Receivable	25,828			25,828
Intergovernmental Receivable	35,750		11,784	47,534
Adjusted Fund Balance, December 31, 2000	<u>\$2,726,874</u>	<u>\$2,385,636</u>	<u>\$771,772</u>	<u>\$5,884,282</u>
GASB 34 Adjustments:				
Capital Assets				41,792,612
Internal Service Fund				228,727
Long-Term Liabilities, Pension Obligation and Accrued Interest				(597,174)
Long-Term (Deferred) Assets				650,776
Governmental Activities Net Assets, December 31, 2000				<u>\$47,959,223</u>

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

	Sewer	Electric	Water	Total
Net Assets, December 31, 2000	\$9,126,700	\$28,641,190	\$10,890,962	\$48,658,852
GASB 34 Adjustments:				
Internal Service Fund				543,288
Business Type Activities Net Assets, December 31, 2000				\$49,202,140

Note 5 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

4. Bonds and other obligation of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and,
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

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

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

Deposits At year-end, the carrying amount of the City's deposits was \$25,813,932 and the bank balance was \$27,557,689. Of the bank balance:

1. \$400,000 was covered by federal depository insurance.
2. \$27,157,689 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the City's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

	Category 1	Category 3	Carrying Value	Fair Value
Repurchase Agreement		\$1,194,405	\$1,194,405	\$1,194,405
U.S. Treasury Bills		1,634,973	1,634,973	1,634,973
U.S. Treasury Notes		1,953,168	1,953,168	1,953,168
Investment in Orrville				
City Manuscript Bonds	163,310		163,310	163,310
Total Investments	<u>\$163,310</u>	<u>\$4,782,546</u>	<u>\$4,945,856</u>	<u>\$4,945,856</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$27,171,677	\$3,588,141
Cash on Hand	(30)	0
Investments of the Cash Management Pool:		
Repurchase Agreement	(1,194,405)	1,194,405
Manuscript Bonds	(163,310)	163,310
GASB Statement No. 3	<u>\$25,813,932</u>	<u>\$4,945,856</u>

Note 6 - Receivables

Receivables at December 31, 2001, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments and accounts (billings for utility service). All allowances for uncollectibles represent estimates of uncollectible receivables in the accounts receivable classification. Taxes, intergovernmental, special assessments and interest receivable are deemed collectible in full.

	Accounts Receivable	Allowance for Uncollectibles	Net Accounts Receivable
Governmental	\$82,889	\$0	\$82,889
Business-Type	2,912,367	206,196	2,706,171

Special assessments expected to be collected in more than one year amount to \$154,190 in the Special Assessment Bond Fund. At December 31, 2001 the amount of delinquent special assessments was \$2,695.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2001 for real and public utility property taxes represents collections of the 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) are for 2001 taxes.

2001 real property taxes are levied after October 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2001 public utility property taxes which became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2001, was \$2.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Real Property	\$121,989,850
Tangible Personal Property	47,813,902
Public Utility Property	<u>3,632,920</u>
Total	<u><u>\$173,436,672</u></u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Orrville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2001 and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2001 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Income Taxes

The City levies a one percent income tax on substantially all income earned within the City. In addition, City residents employed in municipalities having an income tax less than one percent must pay the

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

difference to the City of Orrville. Additional increases in the income tax rate require voter approval. Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

The City's income tax ordinance requires forty percent of the income tax revenues to be used to finance governmental and business-type capital improvements. As a result, this portion of the revenue is transferred into the capital improvement capital projects fund each year. The remaining income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2001, the proceeds were allocated to the general fund and the capital improvements fund.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amount
Governmental Activities	
Estate Tax	\$127,420
Gasoline Tax	80,438
Local Government	68,582
Homestead and Rollback	20,226
EMS Services to Townships	5,919
Permissive Motor Vehicle License Tax	2,923
COPS Grant	1,783
Immobilization Fees	100
Total	\$307,391

Note 7 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2001, the City contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Deductible	Coverage
Federal Insurance	Commercial Property	\$10,000	\$110,004,103
Westfield Insurance	Auto Liability	250	1,000,000
	Public Employee Liability	1,000	207,000
Lexington Insurance	Umbrella Liability	10,000	10,000,000
	Employee Benefits Liability	5,000	2,000,000
	General Liability	5,000	4,000,000
Zurich American	Public Officials Liability	10,000	2,000,000
Travelers	Boiler and Machinery	200,000	25,800,000
Scottsdale Insurance	Police Officials Liability	3,500	2,000,000
Selective Insurance	General Liability	500	8,367,202

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

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

The City manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health, vision and dental coverage through AultCare. A specific excess loss coverage insurance (stop-loss) insurance policy covers claims in excess of \$50,000 per employee, per year. The family/single premiums were \$29.00/\$8.00 for dental, and \$26.00/\$9.00 for vision, respectively. AultCare charges the City a medical administration fee of \$9.75 per employee per month, a dental administration fee of \$2.00 per employee per month and a vision administration fee of \$1.00 per employee per month.

The claims liability of \$96,545, reported in the self-insurance fund at December 31, 2001, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

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

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1999	\$60,189	\$954,236	\$925,377	\$89,048
2000	89,048	1,104,417	1,076,636	116,829
2001	116,829	1,247,428	1,267,712	96,545

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2001, was as follows:

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

	Balance 12/31/00	Additions	Deductions	Balance 12/31/01
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$1,478,263	\$98,148	\$0	\$1,576,411
Capital Assets, being Depreciated				
Buildings and Improvements	4,628,489	461,075	0	5,089,564
Equipment	1,459,945	127,518	0	1,587,463
Vehicles	1,803,042	87,242	0	1,890,284
Infrastructure	45,193,185	484,510	0	45,677,695
Total Capital Assets, being Depreciated	53,084,661	1,160,345	0	54,245,006
Less Accumulated Depreciation:				
Buildings and Improvements	(2,011,720)	(143,298)	0	(2,155,018)
Equipment	(909,675)	(103,937)	0	(1,013,612)
Vehicles	(833,232)	(123,734)	0	(956,966)
Infrastructure	(9,015,685)	(739,797)	0	(9,755,482)
Total Accumulated Depreciation	(12,770,312)	(1,110,766) *	0	(13,881,078)
Total Capital Assets, being Depreciated, net	40,314,349	49,579	0	40,363,928
Governmental Activities Capital Assets, Net	<u>\$41,792,612</u>	<u>\$147,727</u>	<u>\$0</u>	<u>\$41,940,339</u>
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$674,295	\$0	\$0	\$674,295
Construction in Progress	427,817	0	427,817	0
Total Capital Assets, not being Depreciated	1,102,112	0	427,817	674,295
Capital Assets, being Depreciated				
Buildings and Improvements	18,174,836	247,018	0	18,421,854
Equipment	3,622,420	826,792	0	4,449,212
Vehicles	1,317,093	85,833	(41,412)	1,361,514
Electric - Generation/Transmission/Distribution	55,166,071	1,108,387	0	56,274,458
Infrastructure	21,220,500	1,490,361	0	22,710,861
Total Capital Assets, being Depreciated	99,500,920	3,758,391	(41,412)	103,217,899
Less Accumulated Depreciation:				
Buildings and Improvements	(3,794,577)	(577,668)	0	(4,372,245)
Equipment	(2,030,120)	(268,659)	0	(2,298,779)
Vehicles	(856,805)	(93,446)	41,412	(908,839)
Electric - Generation/Transmission/Distribution	(35,248,169)	(1,501,035)	0	(36,749,204)
Infrastructure	(10,102,113)	(619,381)	0	(10,721,494)
Total Accumulated Depreciation	(52,031,784)	(3,060,189)	41,412	(55,050,561)
Total Capital Assets, being Depreciated, net	47,469,136	698,202	0	48,167,338
Business-Type Activities Capital Assets, Net	<u>\$48,571,248</u>	<u>\$698,202</u>	<u>\$427,817</u>	<u>\$48,841,633</u>

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

* Depreciation expense was charged to governmental activities as follows:

General Government	\$100,599
Public Safety:	
Police	25,766
Fire	119,692
Public Health and Welfare	9,568
Leisure Time Activities	59,627
Transportation	795,514
Total Depreciation Expense	<u>\$1,110,766</u>

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 is required to be taken within one year of the date it is earned, except for certain administrators and supervisors who are allowed to carry over vacation leave beyond one year. In the event of a termination of employment, death, or retirement, employees (or their estates) are paid for unused vacation leave.

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

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

Note 10 - Long-Term Debt

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Governmental Activities			
Street Improvement Special Assessment - 1996	5.60%	\$93,242	December 1, 2011
Street Improvement Special Assessment - 2000	6.75	95,170	December 1, 2015
Business-Type Activities			
OPWC Water System Improvement Loan - 1998	0.00	1,208,853	July 1, 2018
OWDA Water Pollution Control Loan - 1993	3.54	7,185,000	July 1, 2012
OWDA Sewer Improvement Loan - 1972	5.50	157,361	July 1, 2013
Water System Improvement Revenue Bonds - 1994	3.45-6.125	9,385,000	December 1, 2018
Electric System Mortgage Revenue Refunding and Improvement Bonds - 1997	3.75-5.10	15,230,000	December 1, 2017

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

A schedule of changes in bonds and other long-term obligations of the City during 2001 follows:

	Amount Outstanding 12/31/00	Additions	Deletions	Amount Outstanding 12/31/01	Amounts Due in One Year
Governmental Activities					
<u>Special Assessment Bonds</u>					
1996 Street Improvement	\$77,000	\$0	\$5,000	\$72,000	\$5,000
2000 Street Improvement	95,170	0	3,860	91,310	4,120
Total Special Assessment Bonds	172,170	0	8,860	163,310	9,120
Compensated Absences	354,375	156,295	221,324	289,346	126,838
Total Governmental Activities	<u>\$526,545</u>	<u>\$156,295</u>	<u>\$230,184</u>	<u>\$452,656</u>	<u>\$135,958</u>
Business-Type Activities					
OPWC Water System					
Improvement Loan	\$1,087,966	\$0	\$60,443	\$1,027,523	\$60,443
OWDA Water Pollution Control Loan	5,171,379	0	352,679	4,818,700	365,275
Unamortized Accounting Loss	(620,408)	62,041	0	(558,367)	0
Net OWDA Water Pollution					
Control Loan	4,550,971	62,041	352,679	4,260,333	365,275
OWDA Sewer Improvement Loan	92,348	0	5,050	87,298	5,327
Total OWDA Loans	4,643,319	62,041	357,729	4,347,631	370,602
Water System Improvement					
Revenue Bonds	7,840,000	0	265,000	7,575,000	275,000
Unamortized Discount	(98,600)	5,800	0	(92,800)	0
Net Water System Improvement					
Revenue Bonds	7,741,400	5,800	265,000	7,482,200	275,000
Electric System Mortgage Revenue					
Refunding and Improvement Bonds	16,380,000	0	1,215,000	15,165,000	1,260,000
Unamortized Discount	(58,326)	3,381	0	(54,945)	0
Unamortized Accounting Loss	(466,668)	58,333	0	(408,335)	0
Net Electric System Mortgage Revenue					
Refunding and Improvement Bonds	15,855,006	61,714	1,215,000	14,701,720	1,260,000
Compensated Absences	770,734	309,464	294,942	785,256	265,787
Total Business-Type Activities	<u>\$30,098,425</u>	<u>\$439,019</u>	<u>\$2,193,114</u>	<u>\$28,344,330</u>	<u>\$2,231,832</u>

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

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

City of Orrville, Ohio
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For the Year Ended December 31, 2001

Mortgage Revenue Bonds

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

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

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

Restricted assets relating to the electric mortgage revenue bonds at December 31, 2001, were as follows:

Restricted Assets Held by City	
Replacement and Improvement	\$1,500,000
Restricted Assets Held by the Trustee	
Mortgage Revenue Bond Current Debt Service	\$2,656,625

Revenue Bonds

In 1994, the City issued \$9,385,000 in Water System Improvement Revenue Bonds with a discount of \$139,209 and interest rates varying from 3.50 percent to 4.35 percent. Proceeds were used to improve the municipal water system. The revenue bonds include serial and term bonds. The term bonds have annual mandatory sinking fund redemption requirements and there are optional redemption provisions for the serial bonds. The term bonds mature in 2011 and 2018 in the amounts of \$2,010,000 and \$4,035,000, respectively, at a redemption price equal to 100 percent of the principal plus accrued interest to the redemption date. The bonds maturing after December 1, 2006 are subject to early redemption, at the sole option of the City, either in whole on any date or in part on any interest payment date, on or after December 1, 2004, in multiples of \$5,000, at the following redemption prices plus accrued interest:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
December 1, 2004 through November 30, 2005	102 percent
December 1, 2005 through November 30, 2006	101 percent
December 1, 2006 and thereafter	100 percent

City of Orrville, Ohio
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Restricted assets relating to the water revenue bonds at December 31, 2001, were as follows:

Restricted Assets Held by City	
Replacement and Improvement	\$1,500,000
Restricted Assets Held by the Trustee	
Mortgage Revenue Bond Current Debt Service	\$974,800

As of December 31, 2001, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$17,010,851 and the unvoted legal debt margin was \$8,339,017. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2001 are as follows:

Year Ending December 31	Governmental Activities			
	Special			
	Assessment Bonds			
	Principal	Interest		
2002	\$9,120	\$11,563		
2003	10,400	10,910		
2004	10,700	10,163		
2005	11,010	14,406		
2006	12,350	20,958		
2007-2011	74,690	61,399		
2012-2016	35,040	6,106		
2017-2020	0	0		
Total	\$163,310	\$135,505		

Year Ending December 31	Business-Type Activities				
	Ohio Public	OWDA Water		OWDA Sewer	
	Works Commission	Pollution Control		Improvement Loan	
	Principal	Principal	Interest	Principal	Interest
2002	\$60,443	\$318,745	\$167,363	\$5,327	\$4,801
2003	60,443	331,790	154,318	5,620	4,509
2004	60,443	345,301	140,807	5,929	4,199
2005	60,443	359,295	126,815	6,256	3,873
2006	60,443	373,788	112,320	6,600	3,528
2007-2011	302,215	2,105,514	324,443	38,859	11,785
2012-2016	302,215	425,900	13,677	18,707	1,550
2017-2018	120,878	0	0	0	0
Total	\$1,027,523	\$4,260,333	\$1,039,743	\$87,298	\$34,245

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Year Ending December 31	Business-Type Activities			
	Water System Improvement Revenue Bonds		Electric System Mortgage Revenue Refunding and Improvement Bonds	
	Principal	Interest	Principal	Interest
2002	\$275,000	\$449,041	\$1,260,000	\$711,004
2003	290,000	435,154	1,310,000	654,594
2004	305,000	420,218	1,375,000	600,744
2005	320,000	404,054	1,440,000	539,699
2006	340,000	386,614	1,495,000	474,885
2007-2011	2,010,000	1,611,619	6,915,000	1,237,658
2012-2016	2,705,000	923,345	1,110,000	241,470
2017-2020	1,330,000	123,419	260,000	13,260
Total	\$7,575,000	\$4,753,464	\$15,165,000	\$4,473,314

Industrial Revenue Bonds

The City authorized the issuance of industrial development revenue bonds to four commercial entities in the aggregate outstanding principal amount of \$3,565,403 at December 31, 2001. The City is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the City's debt presentation. There has not been and is not any condition of default under the bonds or the related financing documents.

Note 11 - Defined Benefit Pension Plans

A. Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for the City was 9.25 percent of covered payroll, increased from 6.54 percent in 2000. For 2000, PERS instituted a temporary employer rate rollback for State and local governments. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$699,126, \$417,105, and \$804,400, respectively. The full amount has been contributed for 2000 and 1999. 80.19 percent has been contributed for 2001, with the remainder being presented as "intergovernmental payable" in the governmental activities column of the statement of net assets.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

B. Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12 percent for police and 16.5 percent for firefighters. For 2000, the City contributions were 12.25 percent for police and 16.75 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$84,398 and \$8,672 for the year ended December 31, 2001, \$43,363 and \$3,534 for the year ended December 31, 2000, and \$109,183 and \$10,798 for the year ended December 31, 1999. The full amount has been contributed for 2000 and 1999. 77.02 percent and 76.90 percent, respectively, have been contributed for 2001, with the remainder being presented as "due to other governments" in the governmental activities column of the statement of net assets.

Note 12 - Postemployment Benefits

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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

The number of active contributing participants was 411,076. The City's actual contributions for 2001 which were used to fund postemployment benefits were \$324,999. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

B. Police and Firemen's Disability and Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.5 percent of covered payroll was applied to the postemployment health care program during 2001. For 2000 the percent used to fund healthcare was 7.25 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2001 that were used to fund postemployment benefits were \$49,950 for police and \$3,754 for fire. The OP&F's total health care expense for the year ended December 31, 2000, (the latest information available) was \$106,160,054, which was net of member contributions of \$5,657,431. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000, was 12,853 for police and 10,037 for firefighters.

Note 13 - Contractual Commitments

As of December 31, 2001, the City had contractual commitments as follows:

Company	Project	Amount Remaining on Contract
Power Generation Service, Inc.	Overhaul of Turbine	\$230,952

Note 14 - Contingent Liabilities

A. Litigation

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

B. Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2001, the audits of certain

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Note 15 - Notes Payable

A summary of the note transactions for the year ended December 31, 2001, follows:

	Outstanding 12/31/00	Issued	Retired	Outstanding 12/31/01
Enterprise Funds:				
5.10% Sewer Improvement Note	\$160,000	\$0	\$160,000	\$0
2.44% Electric Improvement Notes	0	1,200,000	0	1,200,000
Total	\$160,000	\$1,200,000	\$160,000	\$1,200,000

In 2001, the City issued \$1,200,000 in Electric Improvement Notes to finance the precipitator improvement project, which is scheduled for completion in 2002.

All of the notes are bond anticipation notes, are backed by the full faith and credit of the City, and mature within one year. The note liability is reflected in the fund which received the proceeds.

Note 16 - Interfund Balances and Transfers

Interfund transfers for the year ended December 31, 2001, consisted of the following:

Transfer to	Transfer From		
	General	Capital Improvements	Total
Nonmajor funds	\$419,469	\$290,500	\$709,969
Electric fund	470,708	0	470,708
	\$890,177	\$290,500	\$1,180,677

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

\$400,000 was transferred from the general fund to the gas tax motor vehicle license fund to supplement the funds available for maintaining City streets. \$19,469 was transferred from the general fund to the solid waste service fund to provide a discount on sanitation service for the City's senior citizens. \$290,500 was transferred from the capital improvements fund to the grants fund. This was the amount the City anticipated to receive from OPWC in a matching grant for the purpose of street improvement. \$470,708 was transferred from the general fund, giving the electric fund the kilowatt per hour taxes.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Note 17 - Subsequent Event

On March 1, 2002 the City issued \$8,135,000 in Water System Refunding Revenue Bonds in order to advance refund the \$7,840,000 of Water System Improvement Revenue Bonds outstanding in the water fund.

**Combining Statements and
Individual Fund Schedules**

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Downtown Improvement Fund - To account for the improvement of the City's downtown area.

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

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Debt Service Funds

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

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

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

Nonmajor Capital Projects Funds

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

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

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

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

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

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City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2001

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$676,036	\$105,929	\$176,079	\$958,044
Accrued Interest Receivable	288	136	0	424
Accounts Receivable	60,058	0	0	60,058
Intergovernmental Receivable	84,579	0	0	84,579
Special Assessments Receivable	0	164,299	0	164,299
<i>Total Assets</i>	<u>\$820,961</u>	<u>\$270,364</u>	<u>\$176,079</u>	<u>\$1,267,404</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$3,918	\$0	\$0	\$3,918
Accrued Wages	9,191	0	0	9,191
Intergovernmental Payable	4,662	0	0	4,662
Deferred Revenue	58,678	164,299	0	222,977
<i>Total Liabilities</i>	<u>76,449</u>	<u>164,299</u>	<u>0</u>	<u>240,748</u>
Fund Balances				
Reserved for Encumbrances	7,363	0	254,349	261,712
Unreserved, Undesignated (Deficit), Reported in:				
Special Revenue Funds	737,149	0	0	737,149
Debt Service Funds	0	106,065	0	106,065
Capital Projects Funds	0	0	(78,270)	(78,270)
<i>Total Fund Balances</i>	<u>744,512</u>	<u>106,065</u>	<u>176,079</u>	<u>1,026,656</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$820,961</u>	<u>\$270,364</u>	<u>\$176,079</u>	<u>\$1,267,404</u>

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2001

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Special Assessments	\$0	\$8,860	\$0	\$8,860
Intergovernmental	334,412	0	135,149	469,561
Interest	24,459	16,876	0	41,335
Fines, Licenses and Permits	3,924	0	1,200	5,124
Charges for Services	283,798	0	0	283,798
Contributions and Donations	12,460	0	0	12,460
Other	1,462	0	0	1,462
<i>Total Revenues</i>	<u>660,515</u>	<u>25,736</u>	<u>136,349</u>	<u>822,600</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	5,277	0	0	5,277
Transportation	705,542	0	0	705,542
Public Health and Welfare	2,500	0	0	2,500
Leisure Time Activities	8,189	0	0	8,189
Basic Utility Service	237,049	0	0	237,049
Capital Outlay	0	0	298,047	298,047
Debt Service:				
Principal Retirement	0	8,860	0	8,860
Interest and Fiscal Charges	0	12,221	0	12,221
<i>Total Expenditures</i>	<u>958,557</u>	<u>21,081</u>	<u>298,047</u>	<u>1,277,685</u>
Excess of Revenues Over (Under) Expenditures	(298,042)	4,655	(161,698)	(455,085)
Other Financing Sources				
Transfers In	419,469	0	290,500	709,969
<i>Net Change in Fund Balances</i>	121,427	4,655	128,802	254,884
<i>Fund Balances Beginning of Year</i>	<u>623,085</u>	<u>101,410</u>	<u>47,277</u>	<u>771,772</u>
<i>Fund Balances End of Year</i>	<u><u>\$744,512</u></u>	<u><u>\$106,065</u></u>	<u><u>\$176,079</u></u>	<u><u>\$1,026,656</u></u>

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2001

	Gas Tax Motor Vehicle License	State Highway	Permissive Motor Vehicle License
Assets			
Equity in Pooled Cash and Cash Equivalents	\$61,659	\$164,465	\$12,697
Accrued Interest Receivable	58	213	0
Accounts Receivable	0	0	5,161
Intergovernmental Receivable	74,360	6,078	0
<i>Total Assets</i>	<u>\$136,077</u>	<u>\$170,756</u>	<u>\$17,858</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$936	\$1,241	\$0
Accrued Wages	9,191	0	0
Intergovernmental Payable	4,662	0	0
Deferred Revenue	45,490	3,737	0
<i>Total Liabilities</i>	<u>60,279</u>	<u>4,978</u>	<u>0</u>
Fund Balances			
Reserved for Encumbrances	625	319	4,103
Unreserved, Undesignated	75,173	165,459	13,755
<i>Total Fund Balances</i>	<u>75,798</u>	<u>165,778</u>	<u>17,858</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$136,077</u>	<u>\$170,756</u>	<u>\$17,858</u>

Parking Meter	Solid Waste	Law Enforcement	Enforcement and Education
\$28,947	\$1,346	\$18,147	\$8,833
0	0	0	0
0	41,205	0	85
0	0	0	0
<u>\$28,947</u>	<u>\$42,551</u>	<u>\$18,147</u>	<u>\$8,918</u>
\$500	\$0	\$0	\$0
0	0	0	0
0	0	0	0
0	0	0	0
<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	1,863	0
<u>28,447</u>	<u>42,551</u>	<u>16,284</u>	<u>8,918</u>
<u>28,447</u>	<u>42,551</u>	<u>18,147</u>	<u>8,918</u>
<u>\$28,947</u>	<u>\$42,551</u>	<u>\$18,147</u>	<u>\$8,918</u>

(continued)

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2001

	Cemetery Maintenance	Permissive	Emergency Medical Service Equipment
Assets			
Equity in Pooled Cash and Cash Equivalents	\$122,125	\$59,315	\$99,380
Accrued Interest Receivable	0	0	0
Accounts Receivable	2,482	0	11,125
Intergovernmental Receivable	0	2,923	1,218
<i>Total Assets</i>	<u>\$124,607</u>	<u>\$62,238</u>	<u>\$111,723</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$1,241	\$0
Accrued Wages	0	0	0
Intergovernmental Payable	0	0	0
Deferred Revenue	532	0	8,919
<i>Total Liabilities</i>	<u>532</u>	<u>1,241</u>	<u>8,919</u>
Fund Balances			
Reserved for Encumbrances	0	453	0
Unreserved, Undesignated	124,075	60,544	102,804
<i>Total Fund Balances</i>	<u>124,075</u>	<u>60,997</u>	<u>102,804</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$124,607</u>	<u>\$62,238</u>	<u>\$111,723</u>

Downtown Improvement	Performing Arts	Total Nonmajor Special Revenue Funds
\$86,595	\$12,527	\$676,036
0	17	288
0	0	60,058
0	0	84,579
<u>\$86,595</u>	<u>\$12,544</u>	<u>\$820,961</u>
\$0	\$0	\$3,918
0	0	9,191
0	0	4,662
0	0	58,678
<u>0</u>	<u>0</u>	<u>76,449</u>
0	0	7,363
86,595	12,544	737,149
<u>86,595</u>	<u>12,544</u>	<u>744,512</u>
<u>\$86,595</u>	<u>\$12,544</u>	<u>\$820,961</u>

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2001

	Gas Tax Motor Vehicle License	State Highway	Permissive Motor Vehicle License
Revenues			
Intergovernmental	\$276,023	\$7,311	\$24,161
Interest	892	22,908	0
Fines, Licenses and Permits	1,109	0	0
Charges for Services	0	0	0
Contributions and Donations	0	0	0
Other	1,462	0	0
<i>Total Revenues</i>	<u>279,486</u>	<u>30,219</u>	<u>24,161</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police	0	0	0
Transportation	637,607	16,303	21,014
Public Health and Welfare	0	0	0
Leisure Time Activities	0	0	0
Basic Utility Service	0	0	0
<i>Total Expenditures</i>	<u>637,607</u>	<u>16,303</u>	<u>21,014</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(358,121)	13,916	3,147
Other Financing Sources			
Transfers In	<u>400,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	41,879	13,916	3,147
<i>Fund Balances Beginning of Year</i>	<u>33,919</u>	<u>151,862</u>	<u>14,711</u>
<i>Fund Balances End of Year</i>	<u>\$75,798</u>	<u>\$165,778</u>	<u>\$17,858</u>

Parking Meter	Solid Waste	Law Enforcement	Enforcement and Education
\$0	\$0	\$0	\$0
0	0	0	0
0	0	1,780	1,035
0	239,240	0	0
0	0	0	0
0	0	0	0
0	239,240	1,780	1,035
0	0	3,966	1,311
1,000	0	0	0
0	0	0	0
0	0	0	0
0	237,049	0	0
1,000	237,049	3,966	1,311
(1,000)	2,191	(2,186)	(276)
0	19,469	0	0
(1,000)	21,660	(2,186)	(276)
29,447	20,891	20,333	9,194
\$28,447	\$42,551	\$18,147	\$8,918

(continued)

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2001

	Cemetery Maintenance	Permissive	Emergency Medical Service Equipment
Revenues			
Intergovernmental	\$0	\$26,917	\$0
Interest	0	0	0
Fines, Licenses and Permits	0	0	0
Charges for Services	14,035	0	30,523
Contributions and Donations	0	0	0
Other	0	0	0
<i>Total Revenues</i>	<u>14,035</u>	<u>26,917</u>	<u>30,523</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police	0	0	0
Transportation	0	27,069	0
Public Health and Welfare	0	0	2,500
Leisure Time Activities	0	0	0
Basic Utility Service	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>27,069</u>	<u>2,500</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	14,035	(152)	28,023
Other Financing Sources			
Transfers In	0	0	0
<i>Net Change in Fund Balances</i>	14,035	(152)	28,023
<i>Fund Balances Beginning of Year</i>	<u>110,040</u>	<u>61,149</u>	<u>74,781</u>
<i>Fund Balances End of Year</i>	<u>\$124,075</u>	<u>\$60,997</u>	<u>\$102,804</u>

Downtown Improvement	Performing Arts	Total Nonmajor Special Revenue Funds
\$0	\$0	\$334,412
0	659	24,459
0	0	3,924
0	0	283,798
5,025	7,435	12,460
0	0	1,462
<u>5,025</u>	<u>8,094</u>	<u>660,515</u>
0	0	5,277
2,549	0	705,542
0	0	2,500
0	8,189	8,189
0	0	237,049
<u>2,549</u>	<u>8,189</u>	<u>958,557</u>
2,476	(95)	(298,042)
0	0	419,469
2,476	(95)	121,427
<u>84,119</u>	<u>12,639</u>	<u>623,085</u>
<u>\$86,595</u>	<u>\$12,544</u>	<u>\$744,512</u>

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2001

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,152	\$101,777	\$105,929
Accrued Interest Receivable	0	136	136
Special Assessments Receivable	0	164,299	164,299
<i>Total Assets</i>	<u>\$4,152</u>	<u>\$266,212</u>	<u>\$270,364</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$0	\$164,299	\$164,299
Fund Balances			
Unreserved, Undesignated	4,152	101,913	106,065
<i>Total Liabilities and Fund Balances</i>	<u>\$4,152</u>	<u>\$266,212</u>	<u>\$270,364</u>

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2001

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Special Assessments	\$0	\$8,860	\$8,860
Interest	0	16,876	16,876
<i>Total Revenues</i>	<u>0</u>	<u>25,736</u>	<u>25,736</u>
Expenditures			
Debt Service:			
Principal Retirement	0	8,860	8,860
Interest and Fiscal Charges	0	12,221	12,221
<i>Total Expenditures</i>	<u>0</u>	<u>21,081</u>	<u>21,081</u>
<i>Net Change in Fund Balances</i>	0	4,655	4,655
<i>Fund Balances Beginning of Year</i>	<u>4,152</u>	<u>97,258</u>	<u>101,410</u>
<i>Fund Balances End of Year</i>	<u><u>\$4,152</u></u>	<u><u>\$101,913</u></u>	<u><u>\$106,065</u></u>

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2001

	<u>Park Improvement</u>	<u>Recreation and Park</u>	<u>Grants</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,692	\$18,035	\$155,352	\$176,079
<i>Total Assets</i>	<u>\$2,692</u>	<u>\$18,035</u>	<u>\$155,352</u>	<u>\$176,079</u>
Liabilities and Fund Balances				
Liabilities				
<i>Total Liabilities</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Fund Balances				
Reserved for Encumbrances	0	0	254,349	254,349
Unreserved, Undesignated (Deficit)	2,692	18,035	(98,997)	(78,270)
<i>Total Fund Balances</i>	<u>2,692</u>	<u>18,035</u>	<u>155,352</u>	<u>176,079</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,692</u>	<u>\$18,035</u>	<u>\$155,352</u>	<u>\$176,079</u>

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2001

	North Main Street Widening	Park Improvement	Recreation and Park	Grants	Total Nonmajor Capital Projects Funds
Revenues					
Intergovernmental	\$0	\$0	\$0	\$135,149	\$135,149
Fines, Licenses and Permits	0	0	1,200	0	1,200
<i>Total Revenues</i>	0	0	1,200	135,149	136,349
Expenditures					
Capital Outlay	27,750	0	0	270,297	298,047
<i>Excess of Revenues Over (Under) Expenditures</i>	(27,750)	0	1,200	(135,148)	(161,698)
Other Financing Sources					
Transfers In	0	0	0	290,500	290,500
<i>Net Change in Fund Balances</i>	(27,750)	0	1,200	155,352	128,802
<i>Fund Balances Beginning of Year</i>	27,750	2,692	16,835	0	47,277
<i>Fund Balances End of Year</i>	<u>\$0</u>	<u>\$2,692</u>	<u>\$18,035</u>	<u>\$155,352</u>	<u>\$176,079</u>

Combining Statements - Fiduciary Funds

Fiduciary Funds

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

Private-Purpose Trust Fund

Cemetery Memorial Fund - This fund received an endowment with the interest to be used for the decoration of graves in the City's cemetery.

Agency Fund

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

City of Orrville, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended December 31, 2001

	<u>Beginning Balance 12/31/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 12/31/01</u>
Deposits in Escrow				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$40,266	\$6,660	\$18,544	\$28,382
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Deposits Held and Due to Others	\$40,266	\$6,660	\$18,544	\$28,382
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$471,000	\$501,000	\$471,047	(\$29,953)
Income Taxes	1,590,352	1,575,000	1,608,513	33,513
Other Local Taxes	0	0	470,708	470,708
Intergovernmental	618,268	612,300	770,693	158,393
Interest	229,717	227,500	282,749	55,249
Fees, Licenses and Permits	7,068	7,000	17,373	10,373
Rentals	31,302	31,000	32,828	1,828
Charges for Services	176,706	175,000	193,448	18,448
Contributions and Donations	0	0	1,050	1,050
Other	454,386	450,000	61,144	(388,856)
<i>Total Revenues</i>	<u>3,578,799</u>	<u>3,578,800</u>	<u>3,909,553</u>	<u>330,753</u>
Expenditures				
Current:				
General Government:				
City Council:				
Personal Services	22,140	25,200	24,379	821
City Hall:				
Personal Services	116,761	132,900	117,781	15,119
Purchased Services	21,011	23,780	20,279	3,501
Materials and Supplies	13,622	15,383	13,470	1,913
Total City Hall	<u>151,394</u>	<u>172,063</u>	<u>151,530</u>	<u>20,533</u>
Employee Benefits:				
Personal Services	0	0	50,098	(50,098)
Finance Department:				
Personal Services	60,181	68,500	55,580	12,920
Purchased Services	27,235	31,000	32,497	(1,497)
Materials and Supplies	879	1,000	1,697	(697)
Total Finance Department	<u>88,295</u>	<u>100,500</u>	<u>89,774</u>	<u>10,726</u>
Data Processing:				
Personal Services	17,581	19,815	16,462	3,353
Purchased Services	20,734	23,600	18,213	5,387
Materials and Supplies	16,078	18,300	10,199	8,101
Total Data Processing	<u>\$54,393</u>	<u>\$61,715</u>	<u>\$44,874</u>	<u>\$16,841</u>

(continued)

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Income Tax:				
Personal Services	\$42,083	\$47,900	\$45,257	\$2,643
Purchased Services	66,134	75,275	57,943	17,332
Materials and Supplies	3,339	3,800	12,507	(8,707)
Total Income Tax	<u>111,556</u>	<u>126,975</u>	<u>115,707</u>	<u>11,268</u>
Law Department:				
Personal Services	14,057	16,000	15,216	784
Purchased Services	24,590	27,650	40,819	(13,169)
Total Law Department	<u>38,647</u>	<u>43,650</u>	<u>56,035</u>	<u>(12,385)</u>
Mayor's Office:				
Personal Services	13,618	15,500	15,083	417
Administrative:				
Personal Services	148,257	168,750	152,583	16,167
Purchased Services	223,191	253,005	179,064	73,941
Materials and Supplies	68,958	75,309	48,969	26,340
Total Administrative	<u>440,406</u>	<u>497,064</u>	<u>380,616</u>	<u>116,448</u>
Total General Government	<u>920,449</u>	<u>1,042,667</u>	<u>928,096</u>	<u>114,571</u>
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	1,072,048	1,219,732	1,134,757	84,975
Purchased Services	50,869	57,900	58,097	(197)
Materials and Supplies	54,499	61,931	44,249	17,682
Total Police	<u>1,177,416</u>	<u>1,339,563</u>	<u>1,237,103</u>	<u>102,460</u>
Fire:				
Fire Department:				
Personal Services	237,798	270,271	256,984	13,287
Purchased Services	45,334	51,600	44,351	7,249
Materials and Supplies	48,624	54,769	51,995	2,774
Total Fire	<u>331,756</u>	<u>376,640</u>	<u>353,330</u>	<u>23,310</u>
Total Security of Persons and Property	<u>\$1,509,172</u>	<u>\$1,716,203</u>	<u>\$1,590,433</u>	<u>\$125,770</u>

(continued)

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Transportation:				
Street:				
Personal Services	\$266,643	\$303,500	\$303,096	\$404
Purchased Services	41,647	46,808	26,756	20,052
Materials and Supplies	78,286	88,900	103,930	(15,030)
Total Transportation	<u>386,576</u>	<u>439,208</u>	<u>433,782</u>	<u>5,426</u>
Public Health and Welfare:				
Animal Control:				
Purchased Services	351	400	725	(325)
Materials and Supplies	14,672	16,700	13,354	3,346
Total Animal Control	<u>15,023</u>	<u>17,100</u>	<u>14,079</u>	<u>3,021</u>
Cemetery:				
Personal Services	105,867	120,500	108,035	12,465
Purchased Services	6,769	7,680	7,405	275
Materials and Supplies	14,860	16,900	14,367	2,533
Total Cemetery	<u>127,496</u>	<u>145,080</u>	<u>129,807</u>	<u>15,273</u>
Total Public Health and Welfare	<u>142,519</u>	<u>162,180</u>	<u>143,886</u>	<u>18,294</u>
Leisure Time Activities:				
Park:				
Personal Services	114,828	130,700	143,895	(13,195)
Purchased Services	9,166	10,380	9,650	730
Materials and Supplies	28,470	32,320	26,068	6,252
Total Park	<u>152,464</u>	<u>173,400</u>	<u>179,613</u>	<u>(6,213)</u>
Pool:				
Personal Services	70,196	79,900	73,121	6,779
Purchased Services	10,403	11,775	12,123	(348)
Materials and Supplies	13,063	14,860	14,427	433
Total Pool	<u>93,662</u>	<u>106,535</u>	<u>99,671</u>	<u>6,864</u>
Recreation:				
Personal Services	7,468	8,500	7,277	1,223
Materials and Supplies	3,426	3,900	3,171	729
Total Recreation	<u>10,894</u>	<u>12,400</u>	<u>10,448</u>	<u>1,952</u>
Total Leisure Time Activities	<u>257,020</u>	<u>292,335</u>	<u>289,732</u>	<u>2,603</u>
<i>Total Expenditures</i>	<u>\$3,215,736</u>	<u>\$3,652,593</u>	<u>\$3,385,929</u>	<u>\$266,664</u>

(continued)

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<i>Excess of Revenues Over (Under) Expenditures</i>	\$363,063	(\$73,793)	\$523,624	\$597,417
Other Financing Uses				
Operating Transfers Out	<u>(890,860)</u>	<u>(1,014,000)</u>	<u>(890,177)</u>	<u>123,823</u>
<i>Net Change in Fund Balance</i>	(527,797)	(1,087,793)	(366,553)	721,240
<i>Fund Balance Beginning of Year</i>	2,148,621	2,148,621	2,148,621	0
Prior Year Encumbrances Appropriated	<u>55,268</u>	<u>55,268</u>	<u>55,268</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,676,092</u></u>	<u><u>\$1,116,096</u></u>	<u><u>\$1,837,336</u></u>	<u><u>\$721,240</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$1,050,000	\$1,050,000	\$1,000,307	(\$49,693)
Intergovernmental	0	0	30,127	30,127
Other	0	0	8,123	8,123
<i>Total Revenues</i>	1,050,000	1,050,000	1,038,557	(11,443)
Expenditures				
Capital Outlay	1,417,336	1,631,336	1,197,257	434,079
<i>Excess of Revenues Under Expenditures</i>	(367,336)	(581,336)	(158,700)	422,636
Other Financing Uses				
Operating Transfers Out	(290,500)	(290,500)	(290,500)	0
<i>Net Change in Fund Balance</i>	(657,836)	(871,836)	(449,200)	422,636
<i>Fund Balance Beginning of Year</i>	1,961,666	1,961,666	1,961,666	0
Prior Year Encumbrances Appropriated	231,036	231,036	231,036	0
<i>Fund Balance End of Year</i>	<u>\$1,534,866</u>	<u>\$1,320,866</u>	<u>\$1,743,502</u>	<u>\$422,636</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$133,000	\$133,000	\$228,215	\$95,215
Charges for Services	2,238,700	2,238,700	1,993,096	(245,604)
Other	0	0	14,474	14,474
<i>Total Revenues</i>	<u>2,371,700</u>	<u>2,371,700</u>	<u>2,235,785</u>	<u>(135,915)</u>
Expenses				
Personal Services	826,985	826,985	809,559	17,426
Purchased Services	359,571	359,571	381,297	(21,726)
Materials and Supplies	1,437,920	1,437,920	194,354	1,243,566
Utilities	117,300	117,300	93,405	23,895
Capital Outlay	0	0	939,891	(939,891)
Debt Service:				
Principal Retirement	719,100	719,100	517,729	201,371
Interest and Fiscal Charges	13,300	13,300	193,153	(179,853)
<i>Total Expenses</i>	<u>3,474,176</u>	<u>3,474,176</u>	<u>3,129,388</u>	<u>344,788</u>
<i>Excess of Revenues Under Expenses</i>	(1,102,476)	(1,102,476)	(893,603)	208,873
Operating Transfers In	486,000	486,000	0	(486,000)
Operating Transfers Out	(394,000)	(394,000)	0	394,000
<i>Net Change in Fund Equity</i>	(1,010,476)	(1,010,476)	(893,603)	116,873
<i>Fund Equity Beginning of Year</i>	4,183,856	4,183,856	4,183,856	0
Prior Year Encumbrances Appropriated	855,836	855,836	855,836	0
<i>Fund Equity End of Year</i>	<u>\$4,029,216</u>	<u>\$4,029,216</u>	<u>\$4,146,089</u>	<u>\$116,873</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Electric Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$627,509	\$649,000	\$684,235	\$35,235
Charges for Services	17,993,536	18,609,766	18,136,060	(473,706)
Other	154,218	159,500	326,313	166,813
<i>Total Revenues</i>	<u>18,775,263</u>	<u>19,418,266</u>	<u>19,146,608</u>	<u>(271,658)</u>
Expenses				
Personal Services	5,250,503	5,402,670	5,085,537	317,133
Purchased Services	4,630,673	4,764,877	2,278,358	2,486,519
Materials and Supplies	10,511,113	10,815,741	9,811,782	1,003,959
Utilities	699,235	719,500	747,940	(28,440)
Capital Outlay	1,063,243	1,072,359	1,978,391	(906,032)
Other	325,745	325,745	500,644	(174,899)
Debt Service:				
Principal Retirement	1,496,012	1,539,369	1,215,000	324,369
Interest and Fiscal Charges	447,657	460,631	605,118	(144,487)
<i>Total Expenses</i>	<u>24,424,181</u>	<u>25,100,892</u>	<u>22,222,770</u>	<u>2,878,122</u>
<i>Excess of Revenues Under Expenses</i>	(5,648,918)	(5,682,626)	(3,076,162)	2,606,464
Sale of Fixed Assets	483	500	60,203	59,703
Proceeds of Notes	0	0	1,200,000	1,200,000
Operating Transfers In	3,306,753	3,420,000	470,708	(2,949,292)
Operating Transfers Out	<u>(2,745,433)</u>	<u>(2,825,000)</u>	<u>0</u>	<u>2,825,000</u>
<i>Net Change in Fund Equity</i>	(5,087,115)	(5,087,126)	(1,345,251)	3,741,875
<i>Fund Equity Beginning of Year</i>	12,564,372	12,564,372	12,564,372	0
Prior Year Encumbrances Appropriated	<u>1,074,445</u>	<u>1,074,445</u>	<u>1,074,445</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$8,551,702</u>	<u>\$8,551,691</u>	<u>\$12,293,566</u>	<u>\$3,741,875</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$143,000	\$143,000	\$175,410	\$32,410
Charges for Services	2,885,651	2,885,651	2,444,517	(441,134)
Other	2,935	2,935	19,055	16,120
<i>Total Revenues</i>	<u>3,031,586</u>	<u>3,031,586</u>	<u>2,638,982</u>	<u>(392,604)</u>
Expenses				
Personal Services	1,058,600	1,058,600	944,108	114,492
Purchased Services	591,550	591,550	614,165	(22,615)
Materials and Supplies	1,522,692	1,522,692	383,087	1,139,605
Utilities	147,300	147,300	147,097	203
Capital Outlay	59,979	59,979	840,109	(780,130)
Debt Service:				
Principal Retirement	564,693	567,693	325,443	242,250
Interest and Fiscal Charges	221,307	221,307	432,138	(210,831)
<i>Total Expenses</i>	<u>4,166,121</u>	<u>4,169,121</u>	<u>3,686,147</u>	<u>482,974</u>
<i>Excess of Revenues Under Expenses</i>	(1,134,535)	(1,137,535)	(1,047,165)	90,370
Operating Transfers In	836,000	836,000	0	(836,000)
Operating Transfers Out	(735,500)	(735,500)	0	735,500
<i>Net Change in Fund Equity</i>	(1,034,035)	(1,037,035)	(1,047,165)	(10,130)
<i>Fund Equity Beginning of Year</i>	3,269,688	3,269,688	3,269,688	0
Prior Year Encumbrances Appropriated	413,535	413,535	413,535	0
<i>Fund Equity End of Year</i>	<u>\$2,649,188</u>	<u>\$2,646,188</u>	<u>\$2,636,058</u>	<u>(\$10,130)</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Gas Tax Motor Vehicle License Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$270,000	\$270,000	\$282,545	\$12,545
Interest	0	0	834	834
Fines, Licenses, and Permits	0	0	1,109	1,109
Other	1,000	1,000	1,462	462
<i>Total Revenues</i>	<u>271,000</u>	<u>271,000</u>	<u>285,950</u>	<u>14,950</u>
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Personal Services	629,000	629,000	550,988	78,012
Purchased Services	18,400	18,400	27,487	(9,087)
Materials and Supplies	77,193	77,193	66,460	10,733
<i>Total Expenditures</i>	<u>724,593</u>	<u>724,593</u>	<u>644,935</u>	<u>79,658</u>
<i>Excess of Revenues Under Expenditures</i>	(453,593)	(453,593)	(358,985)	94,608
Other Financing Uses				
Operating Transfers In	500,000	500,000	400,000	(100,000)
<i>Net Change in Fund Balance</i>	46,407	46,407	41,015	(5,392)
<i>Fund Balance Beginning of Year</i>	15,448	15,448	15,448	0
Prior Year Encumbrances Appropriated	4,293	4,293	4,293	0
<i>Fund Balance End of Year</i>	<u>\$66,148</u>	<u>\$66,148</u>	<u>\$60,756</u>	<u>(\$5,392)</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$21,000	\$21,000	\$7,817	(\$13,183)
Interest	0	0	22,695	22,695
<i>Total Revenues</i>	<u>21,000</u>	<u>21,000</u>	<u>30,512</u>	<u>9,512</u>
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	3,000	3,000	619	2,381
Materials and Supplies	28,486	28,486	16,254	12,232
<i>Total Expenditures</i>	<u>31,486</u>	<u>31,486</u>	<u>16,873</u>	<u>14,613</u>
<i>Net Change in Fund Balance</i>	(10,486)	(10,486)	13,639	24,125
<i>Fund Balance Beginning of Year</i>	145,880	145,880	145,880	0
Prior Year Encumbrances Appropriated	3,386	3,386	3,386	0
<i>Fund Balance End of Year</i>	<u>\$138,780</u>	<u>\$138,780</u>	<u>\$162,905</u>	<u>\$24,125</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Motor Vehicle License Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$62,200	\$62,200	\$19,000	(\$43,200)
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	4,000	4,000	12,475	(8,475)
Materials and Supplies	72,795	72,795	12,642	60,153
<i>Total Expenditures</i>	<u>76,795</u>	<u>76,795</u>	<u>25,117</u>	<u>51,678</u>
<i>Net Change in Fund Balance</i>	(14,595)	(14,595)	(6,117)	8,478
<i>Fund Balance Beginning of Year</i>	1,116	1,116	1,116	0
Prior Year Encumbrances Appropriated	<u>13,595</u>	<u>13,595</u>	<u>13,595</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$116</u>	<u>\$116</u>	<u>\$8,594</u>	<u>\$8,478</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Meter Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	<u>2,500</u>	<u>2,500</u>	<u>500</u>	<u>2,000</u>
<i>Net Change in Fund Balance</i>	(2,500)	(2,500)	(500)	2,000
<i>Fund Balance Beginning of Year</i>	<u>29,447</u>	<u>29,447</u>	<u>29,447</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$26,947</u></u>	<u><u>\$26,947</u></u>	<u><u>\$28,947</u></u>	<u><u>\$2,000</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Solid Waste Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$250,000	\$250,000	\$238,544	(\$11,456)
Expenditures				
Current:				
Basic Utility Service:				
Solid Waste Services:				
Purchased Services	<u>265,000</u>	<u>265,000</u>	<u>257,623</u>	<u>7,377</u>
<i>Excess of Revenues Under Expenditures</i>	(15,000)	(15,000)	(19,079)	(4,079)
Other Financing Sources				
Operating Transfers In	<u>20,000</u>	<u>20,000</u>	<u>19,469</u>	<u>(531)</u>
<i>Net Change in Fund Balance</i>	5,000	5,000	390	(4,610)
<i>Fund Balance Beginning of Year</i>	<u>956</u>	<u>956</u>	<u>956</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,956</u></u>	<u><u>\$5,956</u></u>	<u><u>\$1,346</u></u>	<u><u>(\$4,610)</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Licenses and Permits	\$2,000	\$2,000	\$1,780	(\$220)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	2,380	2,380	0	2,380
Purchased Services	0	0	2,586	(2,586)
Materials and Supplies	6,200	6,200	3,243	2,957
<i>Total Expenditures</i>	<u>8,580</u>	<u>8,580</u>	<u>5,829</u>	<u>2,751</u>
<i>Net Change in Fund Balance</i>	(6,580)	(6,580)	(4,049)	2,531
<i>Fund Balance Beginning of Year</i>	<u>20,333</u>	<u>20,333</u>	<u>20,333</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$13,753</u>	<u>\$13,753</u>	<u>\$16,284</u>	<u>\$2,531</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Licenses and Permits	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$950</u>	<u>(\$50)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	2,580	2,580	0	2,580
Purchased Services	0	0	848	(848)
Materials and Supplies	<u>6,300</u>	<u>6,300</u>	<u>463</u>	<u>5,837</u>
<i>Total Expenditures</i>	<u>8,880</u>	<u>8,880</u>	<u>1,311</u>	<u>7,569</u>
<i>Net Change in Fund Balance</i>	(7,880)	(7,880)	(361)	7,519
<i>Fund Balance Beginning of Year</i>	<u>9,194</u>	<u>9,194</u>	<u>9,194</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,314</u>	<u>\$1,314</u>	<u>\$8,833</u>	<u>\$7,519</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Maintenance Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$25,000	\$25,000	\$17,900	(\$7,100)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	25,000	25,000	17,900	(7,100)
<i>Fund Balance Beginning of Year</i>	<u>104,225</u>	<u>104,225</u>	<u>104,225</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$129,225</u>	<u>\$129,225</u>	<u>\$122,125</u>	<u>(\$7,100)</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$20,000	\$20,000	\$23,994	\$3,994
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	10,000	10,000	9,876	124
Materials and Supplies	32,068	32,068	28,855	3,213
<i>Total Expenditures</i>	<u>42,068</u>	<u>42,068</u>	<u>38,731</u>	<u>3,337</u>
<i>Net Change in Fund Balance</i>	(22,068)	(22,068)	(14,737)	7,331
<i>Fund Balance Beginning of Year</i>	60,290	60,290	60,290	0
Prior Year Encumbrances Appropriated	<u>12,068</u>	<u>12,068</u>	<u>12,068</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$50,290</u>	<u>\$50,290</u>	<u>\$57,621</u>	<u>\$7,331</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Emergency Medical Service Equipment Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$25,000	\$25,000	\$30,302	\$5,302
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Materials and Supplies	5,000	5,000	2,500	2,500
<i>Net Change in Fund Balance</i>	20,000	20,000	27,802	7,802
<i>Fund Balance Beginning of Year</i>	71,578	71,578	71,578	0
<i>Fund Balance End of Year</i>	<u>\$91,578</u>	<u>\$91,578</u>	<u>\$99,380</u>	<u>\$7,802</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Downtown Improvement Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$0	\$0	\$5,025	\$5,025
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	<u>0</u>	<u>0</u>	<u>2,549</u>	<u>(2,549)</u>
<i>Excess of Revenues Over Expenditures</i>	0	0	2,476	2,476
Other Financing Uses				
Operating Transfers Out	<u>(84,000)</u>	<u>(84,000)</u>	<u>0</u>	<u>84,000</u>
<i>Net Change in Fund Balance</i>	(84,000)	(84,000)	2,476	86,476
<i>Fund Balance Beginning of Year</i>	<u>84,119</u>	<u>84,119</u>	<u>84,119</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$119</u>	<u>\$119</u>	<u>\$86,595</u>	<u>\$86,476</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Performing Arts Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$300	\$300	\$747	\$447
Contributions and Donations	8,000	8,000	7,435	(565)
<i>Total Revenues</i>	<u>8,300</u>	<u>8,300</u>	<u>8,182</u>	<u>(118)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Performing Arts:				
Purchased Services	300	300	7,525	(7,225)
Materials and Supplies	8,000	8,000	664	7,336
<i>Total Expenditures</i>	<u>8,300</u>	<u>8,300</u>	<u>8,189</u>	<u>111</u>
<i>Net Change in Fund Balance</i>	0	0	(7)	(7)
<i>Fund Balance Beginning of Year</i>	<u>12,534</u>	<u>12,534</u>	<u>12,534</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,534</u></u>	<u><u>\$12,534</u></u>	<u><u>\$12,527</u></u>	<u><u>(\$7)</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2001

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

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$25,000	\$25,000	\$20,459	(\$4,541)
Interest	4,500	4,500	5,141	641
<i>Total Revenues</i>	<u>29,500</u>	<u>29,500</u>	<u>25,600</u>	<u>(3,900)</u>
Expenditures				
Debt Service:				
Principal Retirement	9,178	9,178	8,860	318
Interest and Fiscal Charges	12,522	12,522	12,221	301
<i>Total Expenditures</i>	<u>21,700</u>	<u>21,700</u>	<u>21,081</u>	<u>619</u>
<i>Net Change in Fund Balance</i>	7,800	7,800	4,519	(3,281)
<i>Fund Balance Beginning of Year</i>	<u>97,258</u>	<u>97,258</u>	<u>97,258</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$105,058</u>	<u>\$105,058</u>	<u>\$101,777</u>	<u>(\$3,281)</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
North Main Street Widening Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other	\$0	\$14,670	\$0	(\$14,670)
Expenditures				
Capital Outlay	<u>14,670</u>	<u>42,420</u>	<u>27,750</u>	<u>14,670</u>
<i>Net Change in Fund Balance</i>	(14,670)	(27,750)	(27,750)	0
<i>Fund Balance Beginning of Year</i>	13,080	13,080	13,080	0
Prior Year Encumbrances Appropriated	<u>14,670</u>	<u>14,670</u>	<u>14,670</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$13,080</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Improvement Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>2,692</u>	<u>2,692</u>	<u>2,692</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,692</u></u>	<u><u>\$2,692</u></u>	<u><u>\$2,692</u></u>	<u><u>\$0</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation and Park Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Licenses and Permits	\$1,500	\$1,500	\$1,200	(\$300)
Expenditures				
Capital Outlay	500	500	0	500
<i>Net Change in Fund Balance</i>	1,000	1,000	1,200	200
<i>Fund Balance Beginning of Year</i>	16,835	16,835	16,835	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$17,835</u>	<u>\$17,835</u>	<u>\$18,035</u>	<u>\$200</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Grants Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$581,000	\$581,000	\$135,149	(\$445,851)
Expenditures				
Capital Outlay	581,000	581,000	524,646	56,354
<i>Excess of Revenues Under Expenditures</i>	0	0	(389,497)	(389,497)
Other Financing Sources				
Operating Transfers In	0	396,525	290,500	(106,025)
<i>Net Change in Fund Balance</i>	0	396,525	(98,997)	(495,522)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$0</u>	<u>\$396,525</u>	<u>(\$98,997)</u>	<u>(\$495,522)</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Employee Health Insurance Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$25,000	\$25,000	\$42,120	\$17,120
Charges for Services	940,000	940,000	1,128,871	\$188,871
Other	29,000	29,000	2,296	(26,704)
<i>Total Revenues</i>	<u>994,000</u>	<u>994,000</u>	<u>1,173,287</u>	<u>179,287</u>
Expenditures				
Contractual Services	1,261,200	1,411,200	1,320,765	90,435
<i>Net Change in Fund Balance</i>	(267,200)	(417,200)	(147,478)	269,722
Fund Balance Beginning of Year	<u>880,862</u>	<u>890,862</u>	<u>890,862</u>	<u>0</u>
Fund Balance End of Year	<u>\$613,662</u>	<u>\$473,662</u>	<u>\$743,384</u>	<u>\$269,722</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Memorial Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$200	\$200	\$204	\$4
Expenditures				
Current:				
Cemetery:				
Other	<u>273</u>	<u>273</u>	<u>273</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(73)	(73)	(69)	4
<i>Fund Balance Beginning of Year</i>	<u>4,152</u>	<u>4,152</u>	<u>4,152</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,079</u></u>	<u><u>\$4,079</u></u>	<u><u>\$4,083</u></u>	<u><u>\$4</u></u>

Statistical Section

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

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

	2001		2000	1999
	Full Accrual (2)	Modified Accrual		
Program Revenues				
Charges for Services	\$529,690	N/A	N/A	N/A
Operating Grants and Contributions	367,877	N/A	N/A	N/A
Capital Grants and Contributions	171,351	N/A	N/A	N/A
General Revenues				
Property Taxes	\$483,588	\$471,047	\$431,700	\$1,070,738
Income Taxes	2,588,695	2,594,930	2,637,057	2,626,006
Other Local Taxes	470,708	470,708	0	0
Special Assessments	0	8,860	78,968	70,328
Intergovernmental	752,755	1,208,110	1,317,306	600,413
Interest	282,992	282,992	363,909	213,160
Fines, Licenses, and Permits	0	22,623	16,760	41,074
Rentals	0	32,828	0	0
Charges for Services	0	479,129	503,888	476,046
Contributions and Gifts	0	13,510	17,810	0
Other	70,965	70,965	405,497	109,971
Total	\$5,718,621	\$5,655,702	\$5,772,895	\$5,207,736
Expenses/Expenditures				
General Government	\$849,687	\$844,855	\$1,480,689	\$1,532,689
Security of Persons and Property: (1)			1,359,979	1,125,793
Police	1,264,380	1,213,840	N/A	N/A
Fire	471,736	383,512	N/A	N/A
Transportation	1,999,708	1,129,278	1,109,183	975,683
Public Health and Welfare	129,335	146,672	124,620	113,483
Community Development	0	0	0	84,683
Leisure Time Activities	356,011	296,834	248,407	180,858
Basic Utility Services	237,049	237,049	247,849	184,866
Capital Outlay	0	1,254,462	1,421,262	649,360
Debt Service				
Principal Retirement	0	8,860	255,000	265,000
Interest and Fiscal Charges	12,175	12,221	24,538	20,738
Total	\$5,320,081	\$5,527,583	\$6,271,527	\$5,133,153

Source: City financial records

(1) 2001 was the first year subcategories were identified for police and fire.

(2) 2001 was the first year full accrual was used.

1998	1997	1996	1995	1994	1993	1992
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$1,053,839	\$827,876	\$797,928	\$1,042,347	\$1,067,624	\$1,155,977	\$1,058,741
2,667,839	2,464,708	2,460,140	2,686,250	2,568,841	2,218,636	2,131,297
0	0	0	0	0	0	0
22,449	32,205	0	0	0	0	0
745,648	819,624	440,284	88,474	50,445	232,196	56,881
259,664	188,666	145,479	224,099	223,069	200,845	238,863
30,071	36,697	51,071	28,830	29,925	23,357	27,917
0	0	0	0	0	0	0
424,050	386,799	316,294	322,984	340,249	339,808	337,220
0	0	0	0	0	0	0
265,947	141,581	277,185	188,032	100,457	118,921	113,178
<u>\$5,469,507</u>	<u>\$4,898,156</u>	<u>\$4,488,381</u>	<u>\$4,581,016</u>	<u>\$4,380,610</u>	<u>\$4,289,740</u>	<u>\$3,964,097</u>
\$1,411,851	\$1,385,603	\$1,592,922	\$1,483,807	\$1,376,705	\$1,320,340	\$1,316,672
1,439,599	1,084,348	1,122,375	1,263,592	1,101,652	1,106,066	1,031,686
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
1,383,089	1,209,195	781,303	732,200	769,827	703,832	714,179
200	102,386	125,526	1,629	111,424	117,141	106,916
20,412	37,976	11,815	22,144	24,283	14,914	9,752
182,038	165,168	175,732	175,227	169,160	168,340	160,525
326,764	272,951	241,415	239,499	261,098	286,472	246,765
484,479	228,259	1,569,546	1,931,072	2,159,489	1,664,935	748,003
21,000	19,242	316,000	41,100	40,100	40,097	54,100
8,866	12,617	20,998	8,514	11,087	13,662	16,775
<u>\$5,278,298</u>	<u>\$4,517,745</u>	<u>\$5,957,632</u>	<u>\$5,898,784</u>	<u>\$6,024,825</u>	<u>\$5,435,799</u>	<u>\$4,405,373</u>

City of Orrville, Ohio
Real Property Tax Levies And Collections
Last Ten Years

Year	Total Tax Levy (1)	Total Collections (2)	Percent of Total Collections To Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2001	\$351,743	\$345,054	98.10 %	\$6,689	1.90 %
2000	347,639	344,573	99.12	2,186	0.63
1999	332,783	316,446	95.09	6,719	2.02
1998	330,279	313,851	95.03	8,976	2.72
1997	310,660	306,192	98.56	8,102	2.61
1996	251,370	250,668	99.72	4,725	1.88
1995	268,749	257,734	95.90	11,015	4.10
1994	245,922	238,416	96.95	7,506	3.05
1993	240,969	220,514	91.51	20,455	8.49
1992	231,429	213,184	92.12	18,245	7.88

Source: Wayne County, Ohio; County Auditor

- (1) Includes homestead/rollback taxes assessed locally but distributed through the State and reported as intergovernmental revenue.
- (2) Includes the amounts billed and collected for City property taxes and special assessments for the recent tax collection years. "Billed" includes current charges, plus current and delinquent additions. "Collected" includes collections of current "Billed" and delinquencies.

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

Year (1)	Real Property		Public Utility Property		Tangible Personal Property		Total		Ratio
	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value	
2001	\$121,989,850	\$348,542,429	\$3,632,920	\$4,128,318	\$47,813,902	\$191,255,608	\$173,436,672	\$543,926,355	31.89 %
2000	121,356,540	346,732,971	2,811,990	3,195,443	45,578,894	182,315,576	169,747,424	532,243,991	31.89
1999	116,613,000	333,180,000	3,319,780	3,772,477	41,889,730	167,558,920	161,822,510	504,511,397	32.08
1998	112,608,720	321,739,200	3,437,800	3,906,591	45,293,320	181,173,280	161,339,840	506,819,071	31.83
1997	107,586,730	307,390,657	3,438,850	3,907,784	39,044,288	156,177,152	150,069,868	467,475,593	32.10
1996	87,671,500	250,490,000	3,404,320	3,868,545	34,653,755	138,615,020	125,729,575	392,973,565	31.99
1995	83,931,710	239,804,886	3,726,970	4,235,193	38,670,088	154,680,352	126,328,768	398,720,431	31.68
1994	81,504,470	232,869,914	3,714,150	4,220,625	39,723,131	158,892,524	124,941,751	395,983,063	31.55
1993	75,062,960	214,465,600	3,668,030	4,168,216	39,828,257	159,313,028	118,559,247	377,946,844	31.37
1992	72,890,420	208,258,343	3,583,920	4,072,636	41,847,964	167,391,856	118,322,304	379,722,835	31.16

Source: Wayne County, Ohio; County Auditor

(1) The year represents collection year.

(2) This amount is calculated based on the following percentages:

Real property is assessed at thirty-five percent of actual value.

Public utility is assessed at eighty-eight percent of actual value.

Tangible personal is assessed at twenty-five percent of actual value.

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

Year	City of Orrville	Wayne County	Orrville		Wayne County Joint			Townships	Other (a)	Total
			City Schools	Schools	Vocational School	School				
2001	\$2.80	\$8.75	\$46.60	\$46.60	\$4.10	\$4.10	\$0.40	\$1.75	\$64.40	
2000	2.80	8.75	46.60	46.60	4.10	4.10	0.40	1.75	64.40	
1999	2.80	8.75	46.60	46.60	4.10	4.10	0.40	1.75	64.40	
1998	2.80	8.35	46.66	46.66	4.10	4.10	0.40	1.75	64.06	
1997	2.80	8.35	48.06	48.06	4.10	4.10	0.40	1.75	65.46	
1996	2.80	8.35	46.80	46.80	4.10	4.10	0.40	1.75	64.20	
1995	2.80	8.35	46.80	46.80	4.10	4.10	0.40	1.75	64.20	
1994	2.80	8.35	42.00	42.00	4.10	4.10	0.40	1.00	58.65	
1993	2.80	7.35	42.00	42.00	4.10	4.10	0.40	1.00	57.65	
1992	2.80	7.35	42.00	42.00	4.10	4.10	0.40	1.00	57.65	

(a) Includes Wayne Holmes Mental Health 1 mill levy in all years and Orrville Library .75 mill levy 1995-2001.

Source: Wayne County, Ohio; County Auditor

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

Year	Total Assessments Due	Current Collections (2)	Ratio of Collections to Amount Due
2001	\$8,860	\$8,860	100 %
2000	12,728	11,785	93
1999	24,570	23,409	95
1998	24,910	23,140	93
1997	33,064	32,205	97
1996	21,380	20,389	95
1995	24,367	23,789	98
1994	24,007	23,048	96
1993	23,985	23,477	98
1992	24,291	23,414	96

Source: Wayne County, Ohio; County Auditor

- (1) Represents special assessments collected by the County for the retirement of debt.
- (2) Includes the amounts billed and collected for City special assessments for recent tax collection years. "Billed" includes current charges. "Collected" includes collections of current "billed" and delinquencies.

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

Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service To Total General Governmental Expenditures
2001	\$0	\$0	\$0	\$5,527,583	0.00 %
2000	0	0	0	6,271,527	0.00
1999	0	0	0	5,133,153	0.00
1998	0	0	0	5,278,298	0.00
1997	0	0	0	4,517,745	0.00
1996	25,000	1,469	26,469	5,957,632	0.44
1995	25,000	2,938	27,938	5,898,784	0.47
1994	25,000	4,406	29,406	6,024,825	0.49
1993	25,000	6,875	31,875	5,435,799	0.59
1992	41,000	4,013	45,013	4,405,373	1.02

Source: City financial records

City of Orrville, Ohio
Revenue Bond Coverage
Last Ten Years

Fund/Year	Operating Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements (2)			Coverage
				Principal	Interest	Total	
Electric Fund:							
1992	\$15,735,322	\$12,507,375	\$3,227,947	\$510,000	\$1,449,358	\$1,959,358	1.65
1993	15,397,970	11,754,959	3,643,011	555,000	1,414,678	1,969,678	1.85
1994	16,229,419	12,578,970	3,650,449	590,000	1,374,383	1,964,383	1.86
1995	15,859,085	12,070,051	3,789,034	630,000	1,335,378	1,965,378	1.93
1996	16,188,414	12,437,163	3,751,251	670,000	1,291,278	1,961,278	1.91
1997	16,554,437	12,036,514	4,517,923	930,000	1,156,644	2,086,644	2.17
1998	17,689,972	12,533,335	5,156,637	1,020,000	1,069,939	2,089,939	2.47
1999	17,636,132	13,995,474	3,640,658	1,130,000	871,517	2,001,517	1.82
2000	17,574,117	14,533,866	3,040,251	1,165,000	808,294	1,973,294	1.54
2001	18,587,224	15,781,278	2,805,946	1,215,000	761,289	1,976,289	1.42
Water Fund:							
1992	\$1,562,032	\$1,211,376	\$350,656	\$65,000	\$7,150	\$72,150	4.86
1993	1,921,904	978,579	943,325	65,000	3,575	68,575	13.76
1994	2,009,043	1,077,145	931,898	195,000	264,766	459,766	2.03
1995	2,078,934	1,058,443	1,020,491	200,000	522,804	722,804	1.41
1996	2,179,181	1,179,560	999,621	210,000	515,204	725,204	1.38
1997	2,535,039	1,230,510	1,304,529	220,000	506,279	726,279	1.80
1998	2,564,567	1,113,054	1,451,513	230,000	496,379	726,379	2.00
1999	2,543,489	1,207,619	1,335,870	240,000	485,684	725,684	1.84
2000	2,480,785	1,335,435	1,145,350	250,000	474,284	724,284	1.58
2001	2,452,066	1,536,782	915,284	265,000	492,380	757,380	1.21
Sewer Fund:							
1992	\$2,006,638	\$999,721	\$1,006,917	\$165,000	\$555,424	\$720,424	1.40
1993	2,016,047	1,074,013	942,034	175,000	545,936	720,936	1.31
1994-2001 (3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: City Financial Records

- (1) Total operating expenses exclusive of depreciation.
- (2) Includes principal and interest of revenue bonds only.
- (3) Revenue bonds in the sewer fund were retired in 1993.

City of Orrville, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2001

	General Obligation Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Orrville
City of Orrville	\$0	100.00 %	\$0
Wayne County	12,478,500	9.70	1,210,415
Orrville City Schools	3,070,000	82.50	2,532,750
Total Overlapping Debt	15,548,500		3,743,165
Total Direct and Overlapping Debt	\$15,548,500		\$3,743,165

Source: Wayne County, Ohio; County Auditor

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

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

<u>Year</u>	<u>Population</u>	<u>Net General Obligation Bonded Debt</u>	<u>Assessed Value</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net General Obligation Bonded Debt Per Capita</u>
1996-2001 (1)	N/A	N/A	N/A	N/A	N/A
1995	8,127	\$25,000	\$126,328,768	0.02%	\$3.08
1994	8,034	50,000	124,941,751	0.04	6.22
1993	7,955	75,000	118,559,247	0.06	9.43
1992	8,012	100,000	118,322,304	0.08	12.48

Source: Wayne County, Ohio; County Auditor

(1) General obligation debt was retired in 1995.

City of Orrville, Ohio
Computation of Legal Debt Margin
December 31, 2001

Assessed Value		\$173,436,672
Legal Debt Margin:		
Debt Limitation - 10.5% of Assessed Value		18,210,851
Debt Applicable to Limitation:		
Special Assessment Bonds	\$163,310	
Notes	1,200,000	
OPWC Loan	1,027,525	
OWDA Loans	4,347,631	
Revenue Bonds	7,482,200	
Mortgage Revenue Bonds	<u>14,701,720</u>	
Gross Indebtedness		
(Total Voted and Unvoted Debt)	<u>28,922,386</u>	
Less: Debt Outside Limitations:		
Special Assessments Bonds	163,310	
OPWC Loan	1,027,525	
OWDA Loans	4,347,631	
Revenue Bonds	7,482,200	
Mortgage Revenue Bonds	<u>14,701,720</u>	
Total Debt Outside Limitations	<u>27,722,386</u>	
Total Debt Applicable to Limitation - Within 10.5% Limitations	1,200,000	
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>0</u>	
Net Debt Within 10.5% Limitation		<u>1,200,000</u>
Overall Debt Margin Within 10.5% Limitation		<u>\$17,010,851</u>

Unvoted Debt Limitation - 5.5% of Assessed Valuation		\$9,539,017
Gross Indebtedness Authorized by Council	<u>\$28,922,386</u>	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	<u>27,722,386</u>	
Debt Within 5 1/2% Limitations	1,200,000	
Less Amount Available in Debt Service Fund	<u>0</u>	
Net Debt Within 5.5% Limitation		<u>1,200,000</u>
Unvoted Debt Margin Within 5.5% Limitation		<u>\$8,339,017</u>

Source: City Financial Records

City of Orrville, Ohio
Demographic Statistics
Last Five Censuses

Year	Population
2000	8,551
1990	7,712
1980	7,511
1970	7,408
1960	6,511

2000 Census Information:

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

Source: U.S. Bureau of the Census

City of Orrville, Ohio

Principal Employers

December 31, 2001

<u>Employer</u>	<u>Nature of Business or Activity</u>	<u>Approximate Number of Employees</u>
J.M. Smucker Company	Processing of Jams, Jellies and Preserves	832
Will-Burt Company, Incorporated	Manufacturer of Heating Equipment	300
Quality Castings Company	Manufacturer of Castings	285
Smith Dairy Products Company	Processing of Dairy Products	220
Contours, Incorporated	Fabrication of Formed Wire Products	200
University of Akron/Wayne College	Higher Education	200
City of Orrville/Orville Utilities	Local Government/Public Utilities	199
Rosemont Analytical	Manufacturer of Pnuematic Devices	186
Orrville City Schools	Education	175
Dunlap Hospital	Health Care	170

Source: Wayne County, Ohio; County Auditor

City of Orrville, Ohio

Principal Taxpayers

December 31, 2001

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percent of Total Assessed Value</u>
United Telephone	\$1,172,570	0.68 %
J.M. Smucker	1,010,748	0.58
Pennsylvania Lines	416,610	0.24
Gradall	357,466	0.21
Contours	288,811	0.17
East Ohio Gas	239,090	0.14
Smith Dairy	234,404	0.14
WillBurt	233,878	0.13
Quality Castings Corporation	165,610	0.10
Technocast, Incorporated	<u>146,229</u>	<u>0.08</u>
Totals	<u>\$4,265,416</u>	<u>2.47 %</u>
Total Assessed Valuation	<u>\$173,436,672</u>	

Source: Wayne County, Ohio; County Auditor

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

Year	Property Value (2)	Residential		Commercial (1)		Industrial (1)		Domestic Bank Deposits in the County (in thousands)
		Number of Units	Value	Number of Units	Value	Number of Units	Value	
2001	\$173,436,672	21	\$2,758,768	2	\$490,000	1	\$18,000	\$1,027,953
2000	169,747,424	23	4,199,766	2	1,000,000	1	800,000	916,326
1999	161,822,510	18	2,950,793	2	3,300,000	1	1,500,000	1,598,818
1998	161,339,840	26	4,167,556	0	0	1	150,000	1,833,954
1997	150,069,868	29	4,942,274	1	752,000	0	0	1,785,711
1996	125,729,575	29	5,270,594	4	716,000	0	0	856,765
1995	126,328,768	38	4,159,750	5	295,000	1	6,000,000	935,634
1994	124,941,751	31	3,267,470	3	11,765,000	2	850,000	961,594
1993	118,559,247	43	3,523,300	1	290,000	0	0	786,000
1992	118,322,304	51	3,619,408	4	56,400	4	2,590,000	706,000

Sources: City building permits reports
Federal Reserve Bank of Cleveland

(1) Number of units include new construction only

(2) Represents total assessed value

City of Orrville, Ohio
Miscellaneous Statistics
December 31, 2001

Date of Incorporation	October 5, 1951
Form of Government	Charter (Mayor/Council)
Area	3705 acres
Miles of Streets	45
Miles of Storm Sewers	150
Number of Traffic Lights	1,595
Hospital	1
Employees:	
(Not including Police and Fire)	
Full-Time	142
Part-Time	2
Fire Protection:	
Number of Stations	2
Number of Firefighters and Officers	38
Police Protection:	
Number of Stations	1
Number of Police Officers	
Full-Time	14
Part-Time	3
Building Permits Issued:	
(Including Additions to	
Previously Constructed Buildings)	193
Recreation and Culture:	
Number of Parks	5
Number of Libraries	1
Number of Swimming Pools	1
Number of Tennis Courts	6
Number of Baseball and Softball Diamonds	4
Municipal Utilities:	
Miles of Water Mains	57
Miles of Electric Lines	260
Miles of Sanitary Sewer	42
Number of Consumers:	
Water	
Residential	3,000
Commercial	350
Electric	
Residential	5,650
Commercial	731
Industrial	14
Sewer	
Residential	2,095
Commercial	304

Source: City Records

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City of Orrville

Mayor

Dennis Steiner

City Council President

David Handwerk

City Council Members

Tom Purdy

Ron Brillhart

Dennis Landaw

Phil Kamp

Bob Weaver

Rich Corfman

Deborah Garrett



Public Utility Board President

Robert Magilo

Public Utility Board Members

James Ritchie

Ken Stuter

William Sampson

Phyllis Gype



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
Columbus, Ohio 43216-1140
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800-282-0370
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CITY OF ORRVILLE

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 16, 2002**