

**City of Rittman  
Wayne County, Ohio**

**Report Letter  
December 31, 2005**





**Auditor of State  
Betty Montgomery**

City Council  
City of Rittman  
30 North Main Street  
Rittman, Ohio 44270

We have reviewed the *Independent Auditor's Report* of the City of Rittman, Wayne County, prepared by Rea & Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

September 19, 2006

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**CITY OF RITTMAN  
WAYNE COUNTY, OHIO**

Report Letter

December 31, 2005

Table of Contents

	Page
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	1

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

July 7, 2006

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rittman as of and for the year ended December 31, 2005, which collectively comprise the City of Rittman's basic financial statements and have issued our report thereon dated July 7, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Rittman's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts 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 certain matters that we have reported to management of the City of Rittman in a separate letter dated July 7, 2006.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rittman's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Rittman in a separate letter dated July 7, 2006.

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

# **City of Rittman, Ohio**



**Comprehensive Annual Financial Report  
For the Year Ended  
December 31, 2005**





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*CITY OF RITTMAN, OHIO*

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Comprehensive Annual Financial Report

Year Ended December 31, 2005

Prepared by: Department of Finance



***City of Rittman, Ohio***  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2005**

Table of Contents

<b>Introductory Section</b>	<b>Page</b>
Letter of Transmittal.....	iii
City Officials .....	ix
Organizational Chart .....	x
Certificate of Achievement.....	xi
<b>Financial Section</b>	
Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	13
Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
General Fund .....	20
Emergency Medical Service Fund.....	21
Fire Department Levy Fund .....	22
Statement of Fund Net Assets – Proprietary Funds.....	23
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds .....	25
Notes to the Financial Statements .....	27
Combining Statements:	
Combining Statements – Nonmajor Governmental Funds:	
Fund Descriptions.....	55
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	58
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund .....	61
Emergency Medical Service Fund.....	65
Fire Department Levy Fund .....	66
Debt Retirement Fund .....	67
Capital Improvements Fund .....	68

***City of Rittman, Ohio***  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2005**

Table of Contents  
(Continued)

	<b>Page</b>
Nonmajor Funds:	
Street Maintenance and Repair Fund .....	69
State Highway Fund .....	70
Permissive Tax Fund .....	71
Permissive Tax II Fund .....	72
Police Pension Fund .....	73
Law Enforcement and Education Fund .....	74
Law Enforcement Fund .....	75
COPS Grant Fund.....	76
FEMA Grant Fund.....	77
Education and Recreation Assistance Fund.....	78
OEMA Grant Fund.....	79
Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
Water Fund .....	81
Sewer Fund.....	83

**Statistical Section**

Net Assets by Component - Last Four Years .....	85
Change in Net Assets - Last Four Years.....	86
Fund Balances, Governmental Funds - Last Four Years.....	87
Changes in Fund Balance, Governmental Funds - Last Ten Years.....	88
Schedules of Assessed Valuation, Estimated True Value and Property	
Tax Rates – all Direct and Overlapping Governments - Last Ten Years .....	89
Schedules of Principal Taxpayers - Last Ten Years.....	90
Schedules of Property Tax, Tangible Tax, Special Assessments, Levied/Billed and Collections, and Economic Indicators - Last Ten Years.....	
Ratios of Outstanding Debt by Type - Last Ten Years .....	93
Ratios of General Bonded Debt Outstanding - Last Ten Years.....	94
Direct and Overlapping Governmental Activities Debt – December 31, 2005 .....	95
Legal Debt Margin Information – Last Ten Years .....	96
Schedules of Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures and Revenue Bond Coverage – Last Ten Years .....	
Demographic and Economic Statistics .....	98
Schedules of Principal Employers – Last Three Years .....	99

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## INTRODUCTORY SECTION





**James Bell, CMFA**  
Finance Director



**CITY OFFICES**  
30 North Main Street  
Rittman, Ohio 44270  
330/925-2045  
e-mail: rittman@bright.net

July 7, 2006

Members of Rittman City Council and  
Citizens of Rittman, Ohio

The Comprehensive Annual Financial Report (CAFR) of the City of Rittman (the City), Ohio for the fiscal year ended December 31, 2005 is hereby submitted. This CAFR represents the official report of the City of Rittman's operations and financial position for the year ended December 31, 2005, and has been developed to accurately detail the status of the City finances to Rittman residents and elected officials, investment banks and underwriters and other interested parties. This report is presented in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". It is intended to provide pertinent and necessary information to the citizens of Rittman.

State law requires that the City prepare their financial statements in accordance with generally accepted accounting principles (GAAP) and to have an audit at least every two years. The financial statements, at a minimum, should be the basic financial statements of the City and include the notes to those statements. Although not required by law, management of the City has decided to prepare this CAFR and have an annual audit. A further discussion of the audit can be found later in this letter.

Responsibility for accuracy, completeness, and fairness of the presentation and for all disclosure rests with the City's management. We believe that 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. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

This report is presented in three sections: introductory, financial, and statistical. The introductory section includes a table of contents, letter of transmittal, the Government Finance Officers Association (GFOA) Certificate of Achievement for 2004, a list of public officials and an organizational chart. The financial section includes the Independent Auditor's Report, a 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 and other schedules providing detailed information relative to the basic financial statements. The statistical section presents financial, economic, social and demographic information about the City for the last 10 years. For the current year, the City starting implementing GASB Statement No. 44 "Economic Condition Reporting: The Statistical Section". The City will complete this implementation of GASB Statement No. 44 in 2006.

## **Reporting Entity**

For financial reporting purposes, the City includes in this report all funds, agencies, boards, and commissions that are controlled by, or dependent on, the City's Legislative branch. "Controlled by" or "dependent on" the City is determined on the basis of budget adoption, taxing authority, outstanding debts secured by revenues or general taxing authority of the City, and/or the City's obligation to fund any deficits that may occur. A more detailed description of the reporting entity can be found in Note 1(A) of the notes to the basic financial statements.

## **Background and General Information**

The City of Rittman is located in the north central part of the State of Ohio, within the boundaries of Wayne and Medina Counties. The City of Rittman is a home rule municipal corporation under the laws of the State of Ohio and, as such, operates under its own charter. The current charter was adopted in 1960 and has undergone three amendments since that time. The government consists of a Mayor and six-member Council. The Mayor and all members of City Council are elected to four-year terms. All of these officials are elected on an at-large basis.

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

## **2005 Initiatives**

The 2004 Street Improvements Project, which included the milling and paving of approximately five streets throughout the City, was completed in 2005. This project had been postponed due to the lack of bids. The project final cost of \$128,711 was partially funded by the Ohio Public Works Commission and by the permissive tax fund. Ohio Public Works Commission contributed \$57,908. Permissive tax funds used totaled \$35,723. Residents of the affected streets were responsible for approximately 27% of the cost of the project.

The 2005 Street Improvement Project was also completed in 2005. This project included the milling and paving of parts of five more streets. Cost of the project totaled \$164,512. This project was also partially funded by the Ohio Public Works Commission. Their contribution totaled \$57,155. City and resident contributions to the project were approximately 65%. Additionally, the City paid for the motor paving of a section of two more streets for a cost of \$23,000.

The most ambitious project for 2005 was the City's Water Plant Improvement Project in the effort to upgrade its water plant by installing sand filters for the removal of iron and manganese from the city's water supply. Start up at the plant began at the end of December 2005. Funds for this project came from a bond issue that was issued by the City in the amount of \$1.5 million. Part of the proceeds of the bond issue paid off outstanding debt from the construction of the water plant in 1978. Other funding received in 2005 included \$250,000 in grant money and \$250,000 in loan money from the Ohio Public Works Commission. Total expected cost of the project is \$2,000,000.

Continued work was done on Landis Ditch storm sewer. Partial completion of Phase II included the cleaning and reshaping of Landis Ditch following behind part of the shopping center on North Main Street and from East Sunset Drive to Industrial Street. Cost of this project was \$46,000 funded through the City's capital improvements fund.

## **Development Activities**

The City of Rittman anticipates seeing another banner year in 2006 and in the future with the strong residential growth. Development activity for the completion of the AmBilt Subdivision at Krabill and DeCoursey is currently under construction. Upon completion, the development will have forty-two lots of single family housing available.

In April 2005, the Scenic View Allotment Phase II development project was approved by the Rittman City Planning Commission, which calls for an additional thirty-three lots off Rufener Street. The infrastructure improvements of the storm sewer, street, water and sanitary are anticipated to be installed later this year and Phase II development construction of single family condominium units to begin shortly thereafter.

A strong commitment by City Council and the City Administration of increasing recreational activities in the infrastructure improvements of the City coupled with the anticipated residential growth, place Rittman in a strong position for continued positive growth. Early 2005, saw the purchase of the former Hardee's building by Linda and Bill Crawford and the renovation of the structure to relocate Crawford's Dari Delite to the building. More than \$250,000 in funds has been used for the purchase and rehabilitation of the structure by the Crawford's, which opened in early April of 2006.

## **Economic Condition and Outlook**

The City's two largest taxpayers are Morton International, which produces table salt and Caraustar Mill Group. Morton has not suffered any significant losses in employees during the recent recession. Caraustar, which manufactures cardboard containers for distribution of other company's projects, has recently announced that they will be exiting the cardboard container business and have placed Rittman facility up for sale. Should that facility not be sold by the end of the year, Caraustar has announced that it will phase out the facility and shut down its operations affecting approximately 170 employees. The City continues to work with Caraustar and prospective purchasers on purchasing the facility to continue to make it a viable employment center in the community.

Ongoing efforts to attract and retain jobs are taking place with the assistance of the Wayne Economic Development Council. Significant commercial interest is starting to take place in the City and this commercial and residential growth and expansion would lead us to believe the City is in a solid position due to its excellent infrastructure. Because of its adequate natural resource of water and the capacity through the wastewater treatment plant, the City is in a sound position to handle these development activities. Ongoing efforts to improve City's storm sewer system and streets continue as well as related water distribution line extensions and replacements.

## **Future Projects**

Community Development Block Grant (CDBG) funds are possibly available for 2006. Council has directed that ideas for possible plans to use these monies be submitted to them. Further sidewalk replacements in low-income areas are being considered at this time as is replacement of storm sewers in the Seneca Street area. Approximately \$34,000 would be available to complete one of these projects.

City council has requested that Phase III of the Landis Ditch project be completed in 2006 to further assist in minimizing localized flooding, specifically in the area of the shopping center on North Main Street which includes the IGA grocery store. This phase is contingent on the completion of Phase II. Phase II is planned to be completed in 2006.

Work continues on the completion of Phase II of the Landis Ditch Storm Sewer Project from Beech Street to Thonen Street, which will help eliminate localized flooding in the Frederick, Thonen and Beech Street areas. Funding for the project came from the City and CDBG Funds of \$66,000.

Phase II and Phase III of the Landis Ditch Drainage Project, which includes the cleaning and reshaping of Landis Ditch from East Sunset Drive behind the shopping center north to the corporation limits will begin construction in June of 2006. The estimated cost of the project is \$50,000 with the funding coming from the City's capital improvement fund.

Currently, under design is the replacement of the waterline from Industrial Street to Main Street on Ohio Avenue. As this is one of the older lines in the City, the City has experienced a number of waterline breaks in the Industrial Street area over the last few years and a determination was made that the line should be replaced. It is anticipated this line will be complete by the end of 2006.

### **Financial Information**

*Basis of Accounting.* The City's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. During the year, the accounting records are maintained on a cash basis for all fund types. To prepare this report, adjusting entries are prepared for the various funds to convert the cash basis records to modified accrual for all governmental funds, and accrual for the proprietary funds. The modified accrual basis of accounting requires revenue to be recognized when measurable and available within the business cycle (within two months after year end), and expenditures are recognized when the fund liability is incurred. Accounting records for the proprietary funds are converted to the accrual basis, whereby revenues are recognized in the period in which they are earned and expenses are recorded at the time liabilities are incurred. The basis of accounting and the various funds utilized by the City are fully described in Note 1 to the basic financial statements.

*Internal Accounting.* In developing the City's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

*Budgetary Control.* The annual tax budget for the City is prepared and filed with the Wayne and Medina County Auditors no later than July 20 of each year. After a public hearing, the County Budget Commission certifies to the City the revenues the City expects to receive during the upcoming calendar year. These amounts are added to the available balances at year-end to calculate the total amounts available for appropriation by fund. In September and October, City Council holds workshops with the City Manager and Finance Director to determine the City's budget requirements for the upcoming year. These amounts are then appropriated by Council ordinance. Additional funding can be procured by a request to Council and the passage of a supplemental appropriation ordinance.

The City maintains budgetary control on a non-GAAP basis by fund, and within each department. Budgetary control is also maintained at major object levels which include personal services, contractual services, supplies and materials, capital outlay, debt service, and other uses (including transfers by fund). For management purposes, the major object level is further defined, with budgeted amounts not to exceed the aggregate appropriated by Council.

Budgetary control is maintained by an encumbrance of the purchase commitment amounts prior to the release of purchase orders to vendors. Upon approval by the department head, the purchase requisitions are submitted to the finance department for the preparation of a purchase order, certification of the availability of funds, and encumbrance against the available appropriation.

At the end of the year, outstanding encumbrances are carried forward to the new year if the purchased item has not been received or the project has not been completed.

### **Financial Reporting**

This is the fourth year that the City has prepared its financial statements in accordance with GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". It should be noted that the City was not required to implement this reporting model until 2004. However, in an effort to fulfill our ongoing commitment of full disclosure to our citizens, it was only appropriate to use this reporting model as soon as all necessary information became available. GASB Statement No. 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 the accrual basis of accounting, which is similar to the basis of accounting followed by most businesses. The government-wide statements distinguish between those activities of the City that are governmental in nature 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 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 part of this new reporting model, management is also required to include a discussion and analysis of the City. This discussion follows the independent auditor's report, providing an assessment of the City's finances for 2005 and an objective outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain nonmajor funds of the City.

### **Cash Management**

The City's investment policy was vastly revised in 1996, with further modifications planned for 2006. The Finance Director may invest, on behalf of and in the name of the City, in obligations of the United States Government and certain federal agencies, certificates of deposit, savings accounts, NOW accounts, repurchase agreements, state and local government securities, and STAROhio, a statewide investment pool. The Association of Public Treasurers of the United States & Canada recognized the City's investment policy with a national certification.

During the fiscal year ended December 31, 2005, the City's cash resources were divided into investments approximately as follows: STAROhio 13%, time and demand deposits 59%, agencies 25%, and special assessment bonds 3%. The return on investment for 2005 was 3.04%. The average days to maturity as of December 31, 2005 was 226 days with an average yield to maturity of 3.76%.

## **Risk Management**

The primary technique used for risk management is the purchase of insurance policies from commercial insurers. The types of insurance carried include: general liability, public officials liability, police professional liability, employee medical insurance, and State of Ohio Workers' Compensation. Deductibles vary on these policies depending on past experience with the type of liability covered. Should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the City.

## **Independent Audit**

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

## **Certification of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rittman, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. The City has received this award since 1996, the first year that the City prepared and submitted a CAFR. The Certificate of Achievement is a prestigious national award, recognizing conformance to the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report conforms to Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgments**

The preparation of this report could not have been accomplished without the dedicated services of the administrative staff. The staff at the Wayne County Auditor's Office was helpful as always. I would also like to express my appreciation to Robert Kellogg, City Manager, for providing economic and future project information and to City Council for their support and commitment to responsible fiscal reporting. Special thanks to the staff at Lennon & Company for their help and commitment to serving their cliental. Last but not least, I would like to share my appreciation for former finance director James Bell and the support and recognition he has given me over the past eleven years.

Respectfully Submitted,



Lucinda L. Mann  
Finance Director/Treasurer

*City of Rittman, Ohio*

For the year ended December 31, 2005

*CITY OFFICIALS*

*Mayor*

William J. Robertson

*Council Members*

Steven L. Johnson, President  
Richard A. Lapehn  
James L. Johnson

Faye Telford  
Glen W. Russell  
Charles K. Copley

*City Manager*

Robert L. Kellogg

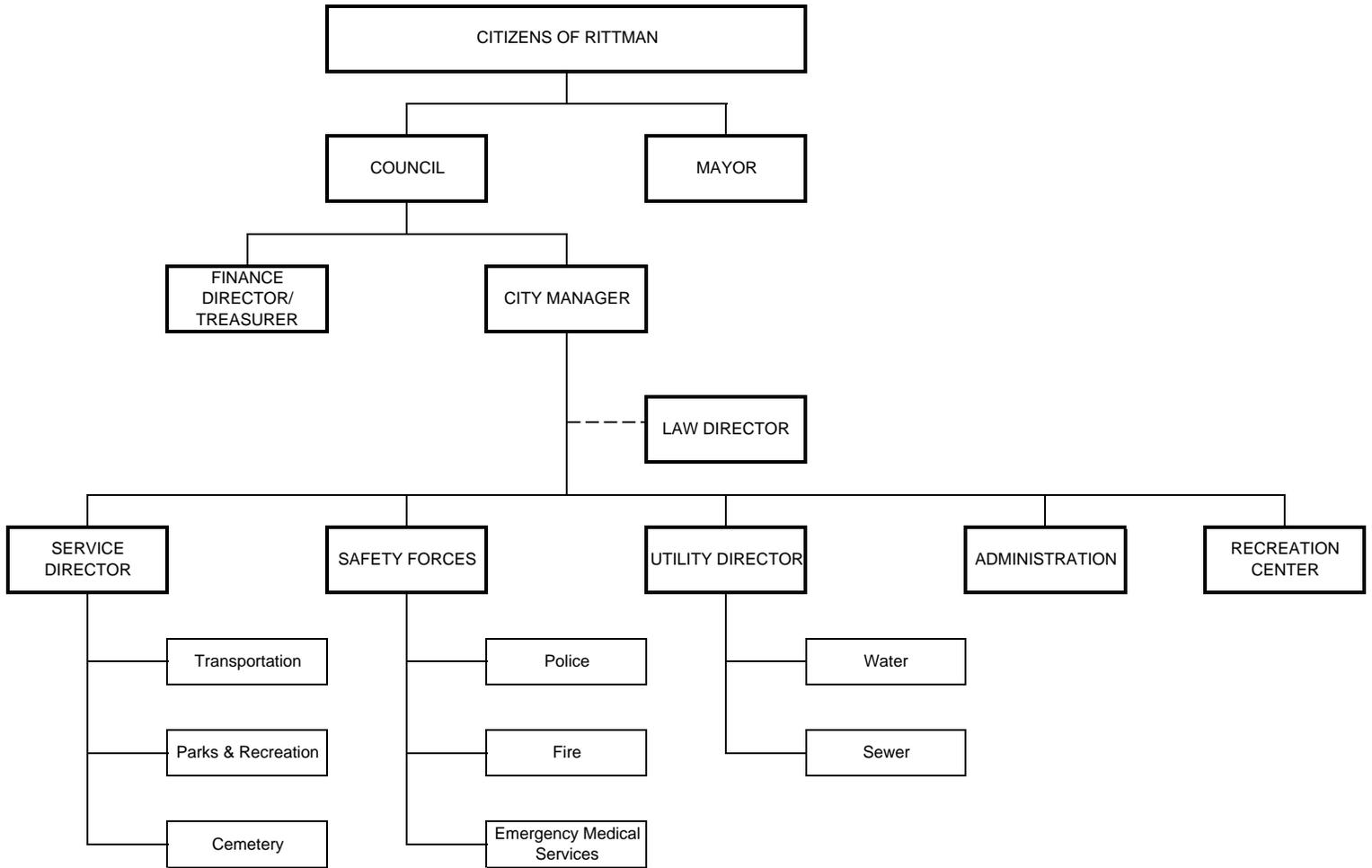
*Finance Director/Treasurer*

James A. Bell (December 31, 2005)  
Lucinda L. Mann (May, 2006)

*Director of Law*

G. Kevin Bower

*City of Rittman, Ohio*  
**Organizational Chart**  
**December 31, 2005**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rittman,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

*Jeffrey R. Emery*

Executive Director



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## FINANCIAL SECTION





# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

July 7, 2006

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

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rittman, Wayne County, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Rittman's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rittman, Wayne County, Ohio, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Emergency Medical Services and Fire Department Levy Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2006, on our consideration of the City of Rittman's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 12 and 20 through 22 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

*Hea & Associates, Inc.*

## ***City of Rittman, Ohio***

Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

The discussion and analysis of the City of Rittman's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to enhance their understanding of the City's financial performance.

### **Financial Highlights**

Key financial highlights for 2005 are as follows:

- The total net assets of the City increased \$444,182. Net assets of governmental activities increased \$113,721, which represents a 1.6% increase over year 2004. Net assets of business-type activities increased \$330,461 or 3.5% from year 2004.
- General revenues, for governmental activities, accounted for \$2,435,561 or 58% of total governmental activities revenue. Program specific revenues accounted for \$1,762,716 or 42% of total governmental activities revenue.
- Governmental activities net capital assets decreased \$203,361, primarily due to the City disposing of several assets and for the current year depreciation.
- The City had \$4,084,556 in expenses related to governmental activities; \$1,762,716 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$2,435,561 were sufficient to offset these program expenses.
- The general fund, the City's largest major governmental fund, had revenues of \$2,647,459 in 2005, or 63.7% of total governmental funds. Expenditures of the general fund were \$2,568,919, or 62.4% of total governmental funds. The general fund balance increased \$78,540, or 9.1% in 2005.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

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

## ***City of Rittman, Ohio***

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

### **Reporting the City as a Whole**

#### ***Statement of Net Assets and Statement of Activities***

While this document contains the large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and answers the question, "How did we do financially during 2005"? These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

In the statement of net assets and the statement of activities, the City is divided into two distinct kinds of activities:

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

### **Reporting the City's Most Significant Funds**

#### ***Fund Financial Statements***

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

## ***City of Rittman, Ohio***

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

### ***Governmental Funds***

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

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

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 16-22 of this report.

### ***Proprietary Funds***

Proprietary funds (water and sewer) have historically operated as *enterprise funds* and are used to report the same functions presented as business-type activities in the government-wide financial statements. Since they use the same basis of accounting as business-type activities, these fund statements will essentially match the information provided in statements for the City as a whole. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

### ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-53 of this report.

### ***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules, which can be found on pages 54-84 of this report.

## City of Rittman, Ohio

Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

### Government-Wide Financial Analysis

The statement of net assets provides the perspective of the City as a whole.

Table 1 below provides a summary of the City's net assets for 2005 compared to 2004:

**Table 1**  
**Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Assets</u>						
Current and other assets	\$ 3,358,798	\$ 3,291,512	\$ 1,886,871	\$ 2,748,652	\$ 5,245,669	\$ 6,040,164
Capital assets	<u>6,876,978</u>	<u>7,080,339</u>	<u>12,528,445</u>	<u>11,301,432</u>	<u>19,405,423</u>	<u>18,381,771</u>
Total assets	<u>10,235,776</u>	<u>10,371,851</u>	<u>14,415,316</u>	<u>14,050,084</u>	<u>24,651,092</u>	<u>24,421,935</u>
<u>Liabilities</u>						
Other liabilities	881,571	819,583	254,508	106,926	1,136,079	926,509
Long-term liabilities outstanding	<u>1,928,135</u>	<u>2,239,919</u>	<u>4,505,852</u>	<u>4,618,663</u>	<u>6,433,987</u>	<u>6,858,582</u>
Total liabilities	<u>2,809,706</u>	<u>3,059,502</u>	<u>4,760,360</u>	<u>4,725,589</u>	<u>7,570,066</u>	<u>7,785,091</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	5,149,061	5,004,792	8,118,388	8,280,010	13,267,449	13,284,802
Restricted	1,133,999	1,241,451	-	-	1,133,999	1,241,451
Unrestricted	<u>1,143,010</u>	<u>1,066,106</u>	<u>1,536,568</u>	<u>1,044,485</u>	<u>2,679,578</u>	<u>2,110,591</u>
Total net assets	<u>\$ 7,426,070</u>	<u>\$ 7,312,349</u>	<u>\$ 9,654,956</u>	<u>\$ 9,324,495</u>	<u>\$ 17,081,026</u>	<u>\$ 16,636,844</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2005, the City's assets exceeded liabilities by \$17,081,026. This amounts to \$7,426,070 in governmental activities and \$9,654,956 in business-type activities. Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 78.7% of total governmental and business-type assets. Capital assets include land, land improvements, buildings, equipment, infrastructure, and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2005, were \$13,267,449. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. As of December 31, 2005, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

## City of Rittman, Ohio

Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

A portion of the City's net assets, \$1,133,999 or 6.6%, represent resources that are subject to external restrictions on how they may be used. Of the total restricted net assets, \$1,009,202 is restricted for capital projects, debt service, and safety services programs. The governmental activities unrestricted net assets of \$1,143,010 may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 below shows the changes in net assets for governmental and business-type activities for year 2005 compared to 2004:

**Table 2**  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	Total
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,015,787	\$ 1,019,508	\$ 1,663,210	\$ 1,476,904	\$ 2,678,997	\$ 2,496,412
Operating grants, contributions, and interest	622,418	411,082	-	-	622,418	411,082
Capital grants and contributions	124,511	534,347	-	190,293	124,511	724,640
General revenues:						
Property taxes	631,703	734,986	-	-	631,703	734,986
Income taxes	1,098,339	967,959	366,113	350,163	1,464,452	1,318,122
Grants and entitlements	466,870	447,667	-	-	466,870	447,667
Investment earnings	150,889	90,961	426	200	151,315	91,161
Other	<u>87,760</u>	<u>104,757</u>	<u>16,553</u>	<u>-</u>	<u>104,313</u>	<u>104,757</u>
Total revenues	<u>4,198,277</u>	<u>4,311,267</u>	<u>2,046,302</u>	<u>2,017,560</u>	<u>6,244,579</u>	<u>6,328,827</u>
<b>Program Expenses</b>						
<i>Governmental Activities:</i>						
General government	649,857	588,195	-	-	649,857	588,195
Safety services	1,568,861	1,637,711	-	-	1,568,861	1,637,711
Public health and welfare	90,883	94,725	-	-	90,883	94,725
Transportation	914,231	605,120	-	-	914,231	605,120
Basic utility service	231,299	222,819	-	-	231,299	222,819
Leisure time activities	555,990	541,194	-	-	555,990	541,194
Interest and fiscal charges	73,435	108,889	-	-	73,435	108,889
<i>Business-Type Activities:</i>						
Water	-	-	721,354	757,763	721,354	757,763
Sewer	-	-	<u>994,487</u>	<u>1,018,288</u>	<u>994,487</u>	<u>1,018,288</u>
Total program expenses	<u>4,084,556</u>	<u>3,798,653</u>	<u>1,715,841</u>	<u>1,776,051</u>	<u>5,800,397</u>	<u>5,574,704</u>
Change in net assets	<u>\$ 113,721</u>	<u>\$ 512,614</u>	<u>\$ 330,461</u>	<u>\$ 241,509</u>	<u>\$ 444,182</u>	<u>\$ 754,123</u>

## ***City of Rittman, Ohio***

Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

### ***Governmental Activities***

Governmental activities net assets increased \$113,721 or 1.56% in 2005 over 2004. This increase was due mainly to the retirement of a capital lease and the completion of special assessment projects and the resulting addition of contributed and constructed infrastructure capital assets.

Safety services, which primarily supports the operations of the City's police, fire and emergency medical services, accounts for \$1,568,861 of expenses, or 38.4% of total governmental expenses of the City. These expenses were funded by \$237,060 in charges to users of services and operating grants. General government expenses, which primarily include legislative, executive and financial management, totaled \$649,857 or 15.9% of total governmental expenses. General government expenses were covered by \$288,456 of direct charges to users.

General revenues totaled \$2,435,561, and amounted to 58% of total revenues. These revenues primarily consist of property and income tax revenue of \$1,730,042, or 71% of total general revenues. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with a majority of the revenue being local government and local government revenue assistance. For 2005, these revenues totaled \$466,870, or 19.2% of the total general revenues.

### ***Business-Type Activities***

The water and sewer funds represent the City's business-type activities. These programs had program revenues of \$1,663,210 and expenses of \$1,715,841 for year 2005. Business-type activities did not receive any capital contributions in 2005, a decrease of \$190,293 compared to 2004. The 2004 contributions were made by local contractors in the form of water and sewer lines as a result of new and expanding housing developments in the City. Business-type activities reported an increase in net assets of \$330,461, or 3.5% as compared to 2004. For this year, the increase in net assets was attributed to operating activities as well as the completion of the wastewater treatment plant addition.

### ***Program Expenses***

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government-wide activities, the total cost of services and the net cost of services for 2005 compared to 2004. That is, it identifies the cost of these services supported by general revenues.

## City of Rittman, Ohio

Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

**Table 3**  
**Program Expenses**

	<u>2005</u>		<u>2004</u>		<u>Net Change</u>	
	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>
<i>Governmental Activities:</i>						
General government	\$ 649,857	\$ (361,401)	\$ 588,195	\$ (330,842)	\$ 61,662	\$ (30,559)
Safety services	1,568,861	(1,331,801)	1,637,711	(1,285,453)	(68,850)	(46,348)
Public health and welfare	90,883	(57,534)	94,725	(52,762)	(3,842)	(4,772)
Transportation	914,231	(214,048)	605,120	171,353	309,111	(385,401)
Basic utility services	231,299	37,183	222,819	35,200	8,480	1,983
Leisure time activities	555,990	(320,804)	541,194	(262,323)	14,796	(58,481)
Interest and fiscal charges	73,435	(73,435)	108,889	(108,889)	(35,454)	35,454
<i>Business-Type Activities:</i>						
Water	721,354	(77,581)	757,763	(225,041)	(36,409)	147,460
Sewer	994,487	24,950	1,018,288	116,187	(23,801)	(91,237)
Total expenses	<u>\$ 5,800,397</u>	<u>\$ (2,374,471)</u>	<u>\$ 5,574,704</u>	<u>\$ (1,942,570)</u>	<u>\$ 225,693</u>	<u>\$ (431,901)</u>

The dependence upon general revenues for governmental activities is apparent, with 41% of expenses supported through taxes and other general revenues.

### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general fund is the operating fund of the City. At the end of the year, the fund balance of the general fund was \$942,853, an 9.1% increase from the prior year. The primary reason for the increase of the general fund balance in 2005 was attributed to an increase in the amount resources received as income taxes, investment income and other revenue types. The fund balance of the debt retirement debt service fund increased \$25,007, or 47.4% in 2005. In the current year, this fund received transfers which were necessary to cover debt service payments, however, in the prior year the City used accumulated resources in the fund and did not receive any transfers. The decreased fund balance of \$43,207, or 14.9%, in the capital improvements capital projects fund is primarily the result of the expenditure requirements of the current year's projects exceeding the income tax revenue. The fund balance of the fire department levy special revenue fund decreased \$44,871, or 26% in 2005. This decrease was caused from the need of additional equipment and the payment of a fire truck lease in excess of current year tax and intergovernmental revenues. Finally, the emergency medical service special revenue fund's balance increased by \$69,332 or 22.8% over the 2004 fund balance. The increase was attributed to an decrease in expenditures.

## ***City of Rittman, Ohio***

Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

### ***Budgeting Highlights - General Fund***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations that are restricted by the amounts of anticipated revenues certified by the County Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

There were no significant changes from the original budgeted revenues as compared to the final budgeted amounts. Actual revenues exceeded the original amount by \$208,864. This difference was caused by the conservative budgeting nature of the original budgeting process.

Final budgeted expenditures exceeded the original budgeted expenditures by \$118,640. The majority of this change was reported in safety services which was due from the City entering into a new labor contract. Actual expenditures for the year were \$48,517 less than the final budgeted amounts. There were no individually significant events that led to this difference.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

At the end of year 2005, the City had \$19,405,423 (net of accumulated depreciation) invested in land, land improvements, buildings, equipment, and infrastructure. Of this total, \$6,876,978 was reported in governmental activities and \$12,528,445 was reported in business-type activities. Table 4 below reports year 2005 balances compared to 2004:

**Table 4**  
**Capital Assets, at Fiscal Year End**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 129,063	\$ 129,063	\$ 72,606	\$ 72,606	\$ 201,669	\$ 201,669
Land improvements	14,187	30,965	8,010	9,699	22,197	40,664
Buildings	4,500,518	4,633,197	5,927,806	4,351,480	10,428,324	8,984,677
Equipment	781,527	857,899	191,512	223,106	973,039	1,081,005
Infrastructure	1,451,683	1,429,215	6,328,511	6,475,302	7,780,194	7,904,517
Construction in progress	-	-	-	169,239	-	169,239
Total	<u>\$ 6,876,978</u>	<u>\$ 7,080,339</u>	<u>\$ 12,528,445</u>	<u>\$ 11,301,432</u>	<u>\$ 19,405,423</u>	<u>\$ 18,381,771</u>

## ***City of Rittman, Ohio***

Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

The most significant change during 2005 to the total amount of capital assets was an increase of \$93,964 and \$1,740,209 to infrastructure for governmental activities and to buildings for the business-type activities, respectively. For the governmental activities this increase was due to the completion of street improvements projects and other related developmental activities. For the business-type activities this increase was due to the completion of the wastewater treatment plant addition. See Note 5 to the basic financial statements for detail on the governmental and business-type activities capital assets.

### ***Debt Administration***

At December 31, 2005 the City had total long-term debt outstanding of \$6,217,204. Of this total, \$480,556 is due within one year and \$5,736,648 is due in more than one year. In 2005, the City received an OPWC loan to fund filtration system additions to the City's wastewater treatment plant. Table 5 below summarizes the bonds and loans outstanding:

**Table 5**  
**Outstanding Debt, at Fical Year End**

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenue bonds	\$ -	\$ -	\$ 1,119,700	\$ 1,137,600	\$ 1,119,700	\$ 1,137,600
OWDA loans	-	-	1,687,282	1,868,635	1,687,282	1,868,635
General obligation bonds	1,670,000	1,850,000	1,495,000	1,550,000	3,165,000	3,400,000
OPWC loans	14,550	24,250	141,647	-	156,197	24,250
Special assessment bonds	<u>81,283</u>	<u>68,897</u>	<u>7,742</u>	<u>15,187</u>	<u>89,025</u>	<u>84,084</u>
Total	<u>\$ 1,765,833</u>	<u>\$ 1,943,147</u>	<u>\$ 4,451,371</u>	<u>\$ 4,571,422</u>	<u>\$ 6,217,204</u>	<u>\$ 6,514,569</u>

All governmental long-term debt will be repaid by the debt retirement debt service fund. The revenues bonds and OWDA loans will be repaid by the sewer enterprise fund and the business-type special assessment and general obligation bonds will be repaid from the water enterprise fund.

At December 31, 2005 the City's overall legal debt margin was \$7,553,378, with an unvoted debt margin of \$2,486,424. The City's credit rating remained unchanged in 2005 as compared to 2004. See Note 7 to the basic financial statements for details on the City's long-term obligations.

## ***City of Rittman, Ohio***

Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

### **Current Issues Affecting Financial Condition**

Although the economic downturn has impacted the City's fund balances, the services that the City provides our citizens remained constant and efficient. In preparation for future negative impacts from the economic recession, the administration and City Council have entered into a new labor agreement with the American Federation of State, County and Municipal Employees (AFSCME) collective bargaining unit. The contract provides modest pay increases and a future component to help curtail the ever-increasing healthcare costs for the City without increasing the employees' contribution for coverage. Efficient uses of the City's workforce and cost containment measures have resulted in no layoffs of City employees during the recent economic downturn. In 2005, two full-time salaried employees have retired early and there are no immediate plans to replace those positions. This will save the City about \$100,000 annually.

Despite rising costs, such as fuel and health care, and moderate job growth the City remains optimistic in maintaining current City services. The City is experiencing growth in certain residential areas and is anticipating approximately sixty new homes and eight-three condominium units.

In the prior year, the City of Rittman refinanced the 1993 Safety Building bonds and the 2000 Recreation Center Bonds in 2004. The City will save \$137,000 from the refinancing of the two bond issues. The debt structure for these new issues will not extend the maturity for this debt.

To help offset rising operating expenses, City Council approved a 6% increase in sewer rates at the beginning of 2004. This was only the second sewer rate increase since January 1, 1988.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lucinda L. Mann, City of Rittman Finance Director, 30 North Main Street, Rittman, Ohio 44270, (330) 925-2063, or visit our web site at [www.rittman.com](http://www.rittman.com).

**City of Rittman, Ohio**

**Statement of Net Assets**

**December 31, 2005**

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 1,625,661	\$ 1,402,958	\$ 3,028,619
Cash and cash equivalents with fiscal agents	2,841	83,989	86,830
Receivables:			
Income tax	345,468	115,156	460,624
Property and other taxes	624,510	-	624,510
Accounts	156,192	202,878	359,070
Special assessments	92,388	-	92,388
Accrued interest	25,652	-	25,652
Due from other governments	405,100	-	405,100
Materials and supplies inventory	11,519	23,050	34,569
Prepaid items	31,551	17,526	49,077
Deferred charges	37,916	41,314	79,230
Nondepreciable capital assets	129,063	72,606	201,669
Depreciable capital assets, net	6,747,915	12,455,839	19,203,754
Total assets	<u>10,235,776</u>	<u>14,415,316</u>	<u>24,651,092</u>
<u>Liabilities:</u>			
Accounts payable	33,593	173,950	207,543
Accrued wages and benefits	84,179	14,048	98,227
Due to other governments	128,447	27,014	155,461
Deferred revenue	601,110	-	601,110
Income tax refunds payable	24,912	8,304	33,216
Matured bonds payable	2,000	10,200	12,200
Matured interest payable	841	3,760	4,601
Accrued interest payable	6,489	17,232	23,721
Long-term liabilities:			
Due within one year	296,457	308,873	605,330
Due in more than one year	1,631,678	4,196,979	5,828,657
Total liabilities	<u>2,809,706</u>	<u>4,760,360</u>	<u>7,570,066</u>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	5,149,061	8,118,388	13,267,449
Restricted for:			
Capital projects	319,878	-	319,878
Debt service	164,122	-	164,122
Safety services	525,202	-	525,202
Other purposes	124,797	-	124,797
Unrestricted	1,143,010	1,536,568	2,679,578
Total net assets	<u>\$ 7,426,070</u>	<u>\$ 9,654,956</u>	<u>\$ 17,081,026</u>

See accompanying notes to the basic financial statements.

**City of Rittman, Ohio**

**Statement of Activities**

**For the Year Ended December 31, 2005**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General government	\$ 649,857	\$ 288,456	\$ -	\$ -
Safety services	1,568,861	183,957	53,103	-
Public health and welfare	90,883	32,840	509	-
Transportation	914,231	33,952	541,720	124,511
Basic utility services	231,299	245,906	22,576	-
Leisure time activities	555,990	230,676	4,510	-
Interest and fiscal charges	73,435	-	-	-
Total governmental activities	<u>4,084,556</u>	<u>1,015,787</u>	<u>622,418</u>	<u>124,511</u>
<u>Business-Type Activities:</u>				
Water	721,354	643,773	-	-
Sewer	994,487	1,019,437	-	-
Total business-type activities	<u>1,715,841</u>	<u>1,663,210</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 5,800,397</u>	<u>\$ 2,678,997</u>	<u>\$ 622,418</u>	<u>\$ 124,511</u>

General revenues:  
 Property taxes levied for:  
     General purposes  
     Safety services  
 Income tax levied for:  
     General purposes  
     Capital improvements  
     Water utility services  
 Grants and entitlements not restricted to specific programs  
 Investment earnings  
 Other  
 Total general revenues

Change in net assets  
 Net assets, beginning of year  
 Net assets, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (361,401)	\$ -	\$ (361,401)
(1,331,801)	-	(1,331,801)
(57,534)	-	(57,534)
(214,048)	-	(214,048)
37,183	-	37,183
(320,804)	-	(320,804)
(73,435)	-	(73,435)
<u>(2,321,840)</u>	<u>-</u>	<u>(2,321,840)</u>
-	(77,581)	(77,581)
-	24,950	24,950
<u>-</u>	<u>(52,631)</u>	<u>(52,631)</u>
<u>(2,321,840)</u>	<u>(52,631)</u>	<u>(2,374,471)</u>
317,133	-	317,133
314,570	-	314,570
732,226	-	732,226
366,113	-	366,113
-	366,113	366,113
466,870	-	466,870
150,889	426	151,315
87,760	16,553	104,313
<u>2,435,561</u>	<u>383,092</u>	<u>2,818,653</u>
113,721	330,461	444,182
<u>7,312,349</u>	<u>9,324,495</u>	<u>16,636,844</u>
<u>\$ 7,426,070</u>	<u>\$ 9,654,956</u>	<u>\$ 17,081,026</u>

**City of Rittman, Ohio**

**Balance Sheet**

**Governmental Funds**

**December 31, 2005**

	General	Emergency Medical Service	Fire Department Levy	Debt Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>							
Equity in pooled cash and cash equivalents	\$ 796,886	\$ 381,753	\$ 126,652	\$ 77,774	\$ 211,947	\$ 30,649	\$1,625,661
Cash and cash equivalents:							
With fiscal agent	-	-	-	2,841	-	-	2,841
Receivables:							
Income tax	230,312	-	-	-	115,156	-	345,468
Property and other taxes	312,903	194,639	89,831	-	-	27,137	624,510
Accounts	123,744	22,048	-	-	-	10,400	156,192
Special assessments	-	-	-	92,388	-	-	92,388
Accrued interest	24,519	-	-	-	1,079	54	25,652
Due from other governments	246,471	9,460	4,523	-	-	144,646	405,100
Materials and supplies inventory	2,687	-	-	-	-	8,832	11,519
Prepaid items	28,697	2,686	-	-	-	168	31,551
Total assets	<u>\$1,766,219</u>	<u>\$ 610,586</u>	<u>\$ 221,006</u>	<u>\$ 173,003</u>	<u>\$ 328,182</u>	<u>\$ 221,886</u>	<u>\$3,320,882</u>
<b>Liabilities:</b>							
Accounts payable	\$ 22,043	\$ 637	\$ 604	\$ -	\$ -	\$ 10,309	\$ 33,593
Accrued wages and benefits	65,255	12,440	-	-	-	6,484	84,179
Due to other governments	92,887	11,668	120	-	-	23,772	128,447
Deferred revenue	626,573	212,681	92,641	92,388	73,737	119,228	1,217,248
Income tax refunds payable	16,608	-	-	-	8,304	-	24,912
Matured bonds payable	-	-	-	2,000	-	-	2,000
Matured interest payable	-	-	-	841	-	-	841
Total liabilities	<u>823,366</u>	<u>237,426</u>	<u>93,365</u>	<u>95,229</u>	<u>82,041</u>	<u>159,793</u>	<u>1,491,220</u>
<b>Fund balances:</b>							
Reserved for encumbrances	24,828	707	-	-	-	2,017	27,552
Unreserved:							
Designated:							
Cemetery improvements	96,277	-	-	-	-	-	96,277
Recreation center	289,094	-	-	-	-	-	289,094
Unreserved, undesignated,							
Reported in:							
General fund	532,654	-	-	-	-	-	532,654
Special revenue funds	-	372,453	127,641	-	-	60,076	560,170
Debt service fund	-	-	-	77,774	-	-	77,774
Capital projects fund	-	-	-	-	246,141	-	246,141
Total fund balances	<u>942,853</u>	<u>373,160</u>	<u>127,641</u>	<u>77,774</u>	<u>246,141</u>	<u>62,093</u>	<u>1,829,662</u>
Total liabilities and fund balances	<u>\$1,766,219</u>	<u>\$ 610,586</u>	<u>\$ 221,006</u>	<u>\$ 173,003</u>	<u>\$ 328,182</u>	<u>\$ 221,886</u>	<u>\$3,320,882</u>

See accompanying notes to the basic financial statements.

**City of Rittman, Ohio**

**Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2005**

Total governmental fund balances		\$ 1,829,662
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.		6,876,978
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property and other taxes	\$ 10,951	
Income taxes	117,183	
Accounts	780	
Intergovernmental	259,420	
Special assessments	92,837	
Charges for services	30,938	
Deferred charges	141,945	
Total		654,054
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(6,489)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (1,670,000)	
Special assessment bonds	(81,283)	
OPWC loan	(14,550)	
Compensated absences	(162,302)	
Total		<u>(1,928,135)</u>
Net assets of governmental activities		<u>\$ 7,426,070</u>

See accompanying notes to the basic financial statements.

**City of Rittman, Ohio**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2005**

	General	Emergency Medical Service	Fire Department Levy	Debt Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Income tax	\$ 735,843	\$ -	\$ -	\$ -	\$ 367,922	\$ -	\$1,103,765
Property and other taxes	323,312	199,515	93,404	-	-	27,904	644,135
Charges for services	787,719	120,503	-	-	33,952	-	942,174
Fines, licenses, and permits	93,685	-	-	-	-	2,306	95,991
Intergovernmental	526,380	30,523	10,075	-	176,473	427,378	1,170,829
Special assessments	-	-	-	16,114	-	-	16,114
Investment income	150,291	-	-	-	598	524	151,413
Contributions and donations	4,510	-	-	-	1,000	1,009	6,519
Other	25,719	-	-	519	-	107	26,345
Total revenue	<u>2,647,459</u>	<u>350,541</u>	<u>103,479</u>	<u>16,633</u>	<u>579,945</u>	<u>459,228</u>	<u>4,157,285</u>
<b>Expenditures:</b>							
Current:							
General government	581,230	3,749	1,746	206	45,694	521	633,146
Safety services	1,070,229	277,460	11,238	-	-	61,259	1,420,186
Public health and welfare	99,071	-	-	-	-	500	99,571
Transportation	174,453	-	-	-	229,554	416,946	820,953
Basic utility services	231,299	-	-	-	-	-	231,299
Leisure time activities	412,637	-	-	-	19,876	-	432,513
Capital outlay	-	-	-	-	78,198	-	78,198
Debt service:							
Principal retirement	-	-	132,400	202,926	-	-	335,326
Interest and fiscal charges	-	-	2,966	63,936	-	-	66,902
Total expenditures	<u>2,568,919</u>	<u>281,209</u>	<u>148,350</u>	<u>267,068</u>	<u>373,322</u>	<u>479,226</u>	<u>4,118,094</u>
Excess of revenues over (under) expenditures	<u>78,540</u>	<u>69,332</u>	<u>(44,871)</u>	<u>(250,435)</u>	<u>206,623</u>	<u>(19,998)</u>	<u>39,191</u>
<b>Other financing sources (uses):</b>							
Proceeds of bonds	-	-	-	25,612	-	-	25,612
Transfers - in	-	-	-	249,830	-	-	249,830
Transfers - out	-	-	-	-	(249,830)	-	(249,830)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,442</u>	<u>(249,830)</u>	<u>-</u>	<u>25,612</u>
Net change in fund balance	78,540	69,332	(44,871)	25,007	(43,207)	(19,998)	64,803
Fund balances at beginning of year	864,313	303,828	172,512	52,767	289,348	82,091	1,764,859
Fund balances at end of year	<u>\$ 942,853</u>	<u>\$ 373,160</u>	<u>\$ 127,641</u>	<u>\$ 77,774</u>	<u>\$ 246,141</u>	<u>\$ 62,093</u>	<u>\$1,829,662</u>

See accompanying notes to the basic financial statements.

**City of Rittman, Ohio**

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2005**

Net change in fund balances - Total governmental funds \$ 64,803

*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 capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	\$ 172,162	
Depreciation expense	(369,630)	
Excess of depreciation expense over capital asset additions		(197,468)

Governmental funds only report the disposal of capital assets to the extent proceeds are received  
from the sale. In the statement of activities, a gain or loss is reported for each disposal. (5,893)

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

Property and other taxes	\$ (12,431)	
Income taxes	(5,426)	
Intergovernmental	(32,760)	
Special assessments	13,914	
Charges for services	(16,269)	
Net change in deferred revenues during the year		(52,972)

Some items reported in the statement of activities do not require the use of current financial  
resources and therefore are not reported as expenditures in governmental funds. These  
activities consist of:

Decrease in compensated absences	\$ 2,070	
Amortization of deferred charges	(6,975)	
Decrease in accrued interest	442	
Total additional expenditures		(4,463)

Repayment of bond and loan principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the statement of net assets. 202,926

Payment of capital lease principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the statement of net assets. 132,400

Loan proceeds are reported as other financing sources in governmental funds and thus contribute  
to the change in fund balance. In the government-wide statements, however, issuing debt  
increases long-term liabilities in the statement of net assets and does not affect the  
statement of activities. (25,612)

Change in net assets of governmental activities \$ 113,721

See accompanying notes to the basic financial statements.

**City of Rittman, Ohio**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Income tax	\$ 650,000	\$ 650,000	\$ 737,979	\$ 87,979
Property and other taxes	295,000	295,000	326,523	31,523
Charges for services	772,485	772,485	789,054	16,569
Fines, licenses, and permits	84,000	84,000	93,345	9,345
Intergovernmental	520,053	520,053	518,749	(1,304)
Investment income	87,000	87,000	132,668	45,668
Contributions and donations	-	-	4,510	4,510
Other	9,300	9,300	23,874	14,574
Total revenue	2,417,838	2,417,838	2,626,702	208,864
<u>Expenditures:</u>				
Current:				
General government	596,491	603,151	601,491	1,660
Safety services	1,039,670	1,073,241	1,067,696	5,545
Public health and welfare	96,940	110,407	100,122	10,285
Transportation	183,205	195,566	178,501	17,065
Basic utility services	228,600	231,050	230,669	381
Leisure time activities	377,135	427,266	413,685	13,581
Total expenditures	2,522,041	2,640,681	2,592,164	48,517
Excess of revenues over (under) expenditures	(104,203)	(222,843)	34,538	257,381
<u>Other financing sources (uses):</u>				
Transfers - in	50,000	80,000	69,278	(10,722)
Transfers - out	(65,000)	(95,000)	(69,278)	25,722
Total other financing sources (uses)	(15,000)	(15,000)	-	15,000
Net change in fund balance	(119,203)	(237,843)	34,538	272,381
Fund balance at beginning of year	710,627	710,627	710,627	-
Prior year encumbrances appropriated	21,847	21,847	21,847	-
Fund balance at end of year	\$ 613,271	\$ 494,631	\$ 767,012	\$ 272,381

See accompanying notes to the basic financial statements.

**City of Rittman, Ohio**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Emergency Medical Service Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property and other taxes	\$ 183,500	\$ 183,500	\$ 201,587	\$ 18,087
Charges for services	100,650	100,650	124,797	24,147
Intergovernmental	27,700	27,700	30,523	2,823
Total revenue	<u>311,850</u>	<u>311,850</u>	<u>356,907</u>	<u>45,057</u>
<u>Expenditures:</u>				
Current:				
General government	4,000	4,000	3,749	251
Safety services	294,075	309,175	278,369	30,806
Total expenditures	<u>298,075</u>	<u>313,175</u>	<u>282,118</u>	<u>31,057</u>
Net change in fund balance	13,775	(1,325)	74,789	76,114
Fund balance at beginning of year	304,290	304,290	304,290	-
Prior year encumbrances appropriated	<u>1,793</u>	<u>1,793</u>	<u>1,793</u>	<u>-</u>
Fund balance at end of year	<u>\$ 319,858</u>	<u>\$ 304,758</u>	<u>\$ 380,872</u>	<u>\$ 76,114</u>

See accompanying notes to the basic financial statements.

**City of Rittman, Ohio**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Fire Department Levy Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property and other taxes	\$ 84,500	\$ 84,500	\$ 94,333	\$ 9,833
Intergovernmental	10,000	10,000	10,075	75
Total revenue	<u>94,500</u>	<u>94,500</u>	<u>104,408</u>	<u>9,908</u>
<u>Expenditures:</u>				
Current:				
General government	2,000	2,000	1,746	254
Safety services	152,000	152,000	145,880	6,120
Total expenditures	<u>154,000</u>	<u>154,000</u>	<u>147,626</u>	<u>6,374</u>
Net change in fund balance	(59,500)	(59,500)	(43,218)	16,282
Fund balance at beginning of year	<u>169,870</u>	<u>169,870</u>	<u>169,870</u>	-
Fund balance at end of year	<u>\$ 110,370</u>	<u>\$ 110,370</u>	<u>\$ 126,652</u>	<u>\$ 16,282</u>

See accompanying notes to the basic financial statements.

**City of Rittman, Ohio**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**December 31, 2005**

Business-Type Activities - Enterprise Funds

	Water	Sewer	Total
<u>Assets:</u>			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 1,219,549	\$ 183,409	\$ 1,402,958
Cash and cash equivalents:			
With fiscal agent	83,989	-	83,989
Receivables:			
Income tax	115,156	-	115,156
Accounts	54,697	148,181	202,878
Materials and supplies inventory	21,145	1,905	23,050
Prepaid items	10,763	6,763	17,526
Deferred charges	41,314	-	41,314
Total current assets	<u>1,546,613</u>	<u>340,258</u>	<u>1,886,871</u>
Non-current assets:			
Capital assets:			
Land	31,686	40,920	72,606
Depreciable capital assets, net	5,116,386	7,339,453	12,455,839
Total non-current assets	<u>5,148,072</u>	<u>7,380,373</u>	<u>12,528,445</u>
Total assets	<u>6,694,685</u>	<u>7,720,631</u>	<u>14,415,316</u>
<u>Liabilities:</u>			
Current liabilities:			
Accounts payable	160,228	13,722	173,950
Accrued wages and benefits	6,500	7,548	14,048
Compensated absences payable	14,953	15,594	30,547
Due to other governments	12,980	14,034	27,014
Income tax refunds payable	8,304	-	8,304
Matured bonds payable	10,200	-	10,200
Matured interest payable	3,760	-	3,760
Accrued interest payable	4,969	12,263	17,232
OPWC loans payable	6,250	-	6,250
OWDA loans payable	-	190,534	190,534
Mortgage revenue bonds payable	-	18,800	18,800
General obligation bonds payable	55,000	-	55,000
Special assessment bonds payable	7,742	-	7,742
Total current liabilities	<u>290,886</u>	<u>272,495</u>	<u>563,381</u>
Long-term liabilities:			
Compensated absences payable	13,281	10,653	23,934
OPWC loans payable, net of current portion	135,397	-	135,397
OWDA loans payable, net of current portion	-	1,496,748	1,496,748
Mortgage revenue bonds payable, net of current portion	-	1,100,900	1,100,900
General obligation bonds payable, net of current portion	1,440,000	-	1,440,000
Total long-term liabilities	<u>1,588,678</u>	<u>2,608,301</u>	<u>4,196,979</u>
Total liabilities	<u>1,879,564</u>	<u>2,880,796</u>	<u>4,760,360</u>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	3,544,997	4,573,391	8,118,388
Unrestricted	1,270,124	266,444	1,536,568
Total net assets	<u>\$ 4,815,121</u>	<u>\$ 4,839,835</u>	<u>\$ 9,654,956</u>

See accompanying notes to the basic financial statements.

**City of Rittman, Ohio**

**Statement of Revenues, Expenses and Changes in Fund Net Assets**

**Proprietary Funds**

**For the Year Ended December 31, 2005**

Business-Type Activities - Enterprise Funds

	Water	Sewer	Total
<u>Operating revenues:</u>			
Charges for services	\$ 643,773	\$ 1,019,437	\$ 1,663,210
Other	15,138	1,415	16,553
Total operating revenue	658,911	1,020,852	1,679,763
<u>Operating expenses:</u>			
Personal services	259,949	291,562	551,511
Contractual services	93,644	191,876	285,520
Supplies and materials	76,285	41,757	118,042
Other operating costs	94,010	105,000	199,010
Depreciation	120,712	214,993	335,705
Total operating expenses	644,600	845,188	1,489,788
Operating income (loss)	14,311	175,664	189,975
<u>Non-operating revenues (expenses):</u>			
Municipal income tax	366,113	-	366,113
Interest	426	-	426
Interest and fiscal charges	(63,491)	(149,299)	(212,790)
Loss on disposal of capital assets	(13,263)	-	(13,263)
Total non-operating revenues (expenses)	289,785	(149,299)	140,486
Change in net assets	304,096	26,365	330,461
Net assets at beginning of year	4,511,025	4,813,470	9,324,495
Net assets at end of year	\$ 4,815,121	\$ 4,839,835	\$ 9,654,956

See accompanying notes to the basic financial statements.

**City of Rittman, Ohio**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2005**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash flows from operating activities:			
Cash received from customers	\$ 666,432	\$ 1,017,332	\$ 1,683,764
Cash payments for employee services and benefits	(257,593)	(288,140)	(545,733)
Cash payments to suppliers for goods and services	(122,965)	(339,972)	(462,937)
Net cash provided by (used for) operating activities	<u>285,874</u>	<u>389,220</u>	<u>675,094</u>
Cash flows from noncapital financing activities:			
Income taxes received	368,989	-	368,989
Net cash provided by (used for) noncapital financing activities	<u>368,989</u>	<u>-</u>	<u>368,989</u>
Cash flows from capital and related financing activities:			
Proceeds of loans	141,647	-	141,647
Interest paid on debt	(59,887)	(149,495)	(209,382)
Principal payment on bonds	(62,445)	(199,253)	(261,698)
Acquisition of capital assets	(1,575,981)	-	(1,575,981)
Net cash provided by (used for) for capital and related financing activities	<u>(1,556,666)</u>	<u>(348,748)</u>	<u>(1,905,414)</u>
Cash flows from investing activities:			
Investment income	425	-	425
Net cash provided by (used for) investing activities	<u>425</u>	<u>-</u>	<u>425</u>
Net increase (decrease) in cash and cash equivalents	(901,378)	40,472	(860,906)
Cash and cash equivalents at beginning of year	2,204,916	142,937	2,347,853
Cash and cash equivalents at end of year	<u>\$ 1,303,538</u>	<u>\$ 183,409</u>	<u>\$ 1,486,947</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 14,311	\$ 175,664	\$ 189,975
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	120,712	214,993	335,705
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	2,377	(3,520)	(1,143)
Materials and supplies inventory	(7,223)	928	(6,295)
Prepaid items	(2,236)	(319)	(2,555)
Special assessment receivable	5,144	-	5,144
Increase (decrease) in liabilities:			
Accounts payable	150,267	(2,031)	148,236
Accrued wages and benefits	(1,135)	(785)	(1,920)
Compensated absences	3,358	3,882	7,240
Due to other governments	299	408	707
Net cash provided by (used for) operating activities	<u>\$ 285,874</u>	<u>\$ 389,220</u>	<u>\$ 675,094</u>

See accompanying notes to the financial statements.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The basic financial statements of the City of Rittman (the “City”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board Statements (FASB) and Interpretations issued on or before November 30, 1989, to its business-type activities and enterprise funds provided they do not conflict with or contradict GASB pronouncements. For the current year 2005, the City has implemented GASB Statement No. 40, “Deposit and Investment risk Disclosures”. At December 31, 2005, there was no effect on fund balance as a result of implementing GASB Statement 40. The City has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. The more significant of the City's accounting policies are described below.

**A. City Government and Reporting Entity**

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

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

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

**B. Basis of Presentation**

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

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

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

**C. Fund Accounting**

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

## *Notes to the Financial Statements*

### Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

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

Emergency Medical Service Fund: This special revenue fund is used to account for property taxes levied and other revenues for the operation of emergency medical services.

Fire Department Levy Fund: This special revenue fund is used to account for property taxes levied for the maintenance and acquisition of fire equipment.

Debt Retirement Fund: This debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal and interest.

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

### Proprietary Funds

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

Sewer Fund: The sewer fund accounts for the provision of sanitary sewer 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.

**D. Measurement Focus and Basis of Accounting**

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include 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 net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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

## *Notes to the Financial Statements*

### Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Property Tax Note 9). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

### Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

### Expenses/Expenditures

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

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

**E. Budgets and  
Budgetary Accounting**

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

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

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

On or about January 1 the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the Finance Director determines that revenue to be collected will be greater than or less than the prior estimates and the budget commission find the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended certificate issued for 2005.

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

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

## *Notes to the Financial Statements*

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

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

### **F. Deposits and Investments**

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

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

The City utilizes financial institutions to service bonded debt as principal and interest payments come due. These accounts' balances are presented in the accounts "Cash and cash equivalents with fiscal agents". The Water fund also has accounts with escrow agent during the year for a construction account.

### **G. Inventory of Supplies**

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

# City of Rittman, Ohio

## H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

## I. Capital Assets and Depreciation

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

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

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

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

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

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## J. Deferred Charges

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

## *Notes to the Financial Statements*

- K. Compensated Absences** Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.
- Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.
- L. Accrued Liabilities and Long-term Obligations** All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are also reported on the proprietary fund financial statements.
- In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.
- M. Capital Contributions** Contributions of capital in the proprietary fund financial statements arise from donations by developers, grants restricted for capital construction, and special assessments. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. The proprietary funds did not have any capital contributions during 2005.
- N. Fund Balance Reserves/Designations** Reserved or designated fund balances indicate that a portion of fund equity is not available for current appropriation or use. The unreserved or undesignated portions of fund equity reflected in the governmental funds are available for use within the specified purposes of the funds.
- The City reports amounts representing encumbrances outstanding as reservations of fund balance in the governmental funds. The City reports amounts set-aside for designation of cemetery improvements and recreation center operations.
- O. Interfund Transactions** During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. These amounts are eliminated in the governmental activities columns of the statement of net assets.

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

**P. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include amounts to provide transportation, general government, and public health and welfare services. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Q. Operating Revenues and Expenses**

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

**R. Estimates**

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

**NOTE 2 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenues, expenditures, and changes in fund balances - budget (Non-GAAP basis) and actual presented for the general fund and emergency medical service and fire department levy special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

## Notes to the Financial Statements

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

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the general fund and the emergency medical service and fire department levy special revenue funds are as follows:

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	<i>Net Change in Fund Balance</i>		
	<u>General</u>	<u>Emergency Medical Service</u>	<u>Fire Department Levy</u>
<i>GAAP Basis</i>	\$ 78,540	\$ 69,332	\$ (44,871)
<i>Revenue accruals</i>	48,521	6,366	929
<i>Expenditure accruals</i>	(122,397)	(1,790)	724
<i>Encumbrances (Budget Basis) outstanding at year end</i>	<u>29,874</u>	<u>881</u>	<u>-</u>
<i>Budget Basis</i>	<u>\$ 34,538</u>	<u>\$ 74,789</u>	<u>\$ (43,218)</u>

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### NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

The City has invested funds in STAROhio during 2005. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2005.

Interest earnings are distributed to the street maintenance and repair and state highway special revenue funds and the capital improvements capital projects fund based on daily cash balances and the remainder is reported in the general fund. The interest earned in the water bond escrow account is credited to the water enterprise fund. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$150,291, which includes \$133,542 assigned from other City funds.

*Deposits:* At year-end, the carrying amount of the City's deposits and petty cash was \$1,818,384 and the bank balances totaled \$1,908,094. Of the bank balances, \$1,686,302 was exposed to custodial credit risk. This amount was uninsured and collateral is held by the pledging financial institution's trust department, and not in the City's name.

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

*Investments:* As of December 31, 2005, the City had the following investments and maturities:

## Notes to the Financial Statements

<u>Investment type</u>	<u>Investment Maturities (in Years)</u>			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Federal Farm Credit Bank	\$ 200,000	\$ 200,000	\$ -	\$ -
Federal Home Loan Bank	400,000	-	400,000	-
Federal Home Loan Mortgage Corporation	199,717	199,717	-	-
STAROhio	408,325	N/A	N/A	N/A
Special assessment bonds	89,023	25,273	57,125	6,625
	<u>\$ 1,297,065</u>	<u>\$ 424,990</u>	<u>\$ 457,125</u>	<u>\$ 6,625</u>

*Custodial credit risk* for an investment is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments in Federal Farm Credit Banks Funding Corporation (FFCB), Federal Home Loan Bank (FHLB), and Federal Home Loan Mortgage Corporation (FHLMC), are held by the counterparty's trust department or agent and not in the City's name. The City's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

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

*Credit risk* is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAROhio an AAAM rating and FFCB, FHLB, and FHLMC an A-1 rating and the special assessment bonds are not rated. The City's investment policy requires certain credit ratings for some investments as allowed by state law.

*Concentration of credit risk* is the possibility of loss attributed to the magnitude of the City's investment in a single issuer. More than 5% of the City's investments are in FFCB, FHLB, and FHLMC. These investments are 15.42%, 30.84%, and 15.4%, respectively, of the City's total investments. At December 31, 2005 the City has 31.48% invested in STAROhio and 6.86% in special assessment bonds.

**NOTE 4 - RECEIVABLES**

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

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

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<u>Revenue description</u>	<u>Amount</u>
<i>Cents per gallon and excise tax</i>	\$ 124,969
<i>Homestead and rollback</i>	32,773
<i>Local government</i>	208,671
<i>Estate tax</i>	3,884
<i>Motor vehicle tax</i>	4,551
<i>Permissive sales tax</i>	13,642
<i>COPS schools grant</i>	<u>16,610</u>
<i>Total</i>	<u>\$ 405,100</u>

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**NOTE 5 - CAPITAL ASSETS**

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Capital asset activity for the year ending December 31, 2005 was as follows:

Governmental Activities: A summary of the governmental activities' capital assets as of December 31, 2005 follows:

*Notes to the Financial Statements*

<u>Governmental activities</u>	<u>Balance</u> <u>12/31/2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2005</u>
<i>Capital assets, not being depreciated:</i>				
<i>Land</i>	\$ 129,063	\$ -	\$ -	\$ 129,063
<i>Capital assets, being depreciated:</i>				
<i>Land improvements</i>	151,386	-	-	151,386
<i>Buildings</i>	5,738,959	7,275	(121,875)	5,624,359
<i>Infrastructure</i>	1,543,609	93,964	-	1,637,573
<i>Equipment</i>	2,623,640	70,923	(19,210)	2,675,353
<i>Total capital assets, being depreciated</i>	<u>10,057,594</u>	<u>172,162</u>	<u>(141,085)</u>	<u>10,088,671</u>
<i>Less accumulated depreciation:</i>				
<i>Land improvements</i>	(120,421)	(16,778)	-	(137,199)
<i>Buildings</i>	(1,105,762)	(139,954)	121,875	(1,123,841)
<i>Infrastructure</i>	(114,394)	(71,496)	-	(185,890)
<i>Equipment</i>	(1,765,741)	(141,402)	13,317	(1,893,826)
<i>Total accumulated depreciation</i>	<u>(3,106,318)</u>	<u>(369,630)</u>	<u>135,192</u>	<u>(3,340,756)</u>
<i>Total capital assets being depreciated, net</i>	<u>6,951,276</u>	<u>(197,468)</u>	<u>(5,893)</u>	<u>6,747,915</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 7,080,339</u>	<u>\$ (197,468)</u>	<u>\$ (5,893)</u>	<u>\$ 6,876,978</u>

Depreciation Expense: Depreciation expense charged to governmental functions for the year ending December 31, 2005 is as follows:

<u>Depreciation Expense:</u>	
<i>General government</i>	\$ 4,397
<i>Safety services</i>	152,315
<i>Public health and welfare</i>	1,269
<i>Leisure time activities</i>	123,477
<i>Transportation</i>	<u>88,172</u>
<i>Total depreciation expense</i>	<u>\$ 369,630</u>

City of Rittman, Ohio

Business-type Activities: A summary of the business-type activities' capital assets as of December 31, 2005 follows:

<u>Business-type activities</u>	<u>Balance</u> <u>12/31/2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2005</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 72,606	\$ -	\$ -	\$ 72,606
Construction in progress	169,239	-	(169,239)	-
Total capital assets, not being depreciated	<u>241,845</u>	<u>-</u>	<u>(169,239)</u>	<u>72,606</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	16,033	-	-	16,033
Buildings	6,514,118	1,740,209	(35,786)	8,218,541
Infrastructure	8,624,214	-	-	8,624,214
Equipment	1,457,512	5,011	(43,376)	1,419,147
Total capital assets, being depreciated	<u>16,611,877</u>	<u>1,745,220</u>	<u>(79,162)</u>	<u>18,277,935</u>
<i>Less accumulated depreciation:</i>				
Land improvements	(6,334)	(1,689)	-	(8,023)
Buildings	(2,162,638)	(157,136)	29,039	(2,290,735)
Infrastructure	(2,148,912)	(146,791)	-	(2,295,703)
Equipment	(1,234,406)	(30,089)	36,860	(1,227,635)
Total accumulated depreciation	<u>(5,552,290)</u>	<u>(335,705)</u>	<u>65,899</u>	<u>(5,822,096)</u>
Total capital assets being depreciated, net	<u>11,059,587</u>	<u>1,409,515</u>	<u>(13,263)</u>	<u>12,455,839</u>
Business-type activities capital assets, net	<u>\$ 11,301,432</u>	<u>\$ 1,409,515</u>	<u>\$ (182,502)</u>	<u>\$ 12,528,445</u>

**NOTE 6 - COMPENSATED ABSENCES**

City employees earn vacation leave at varying rates based upon length of service, from two to five weeks per year. All employees are allowed to carry over one week of vacation to be used within the following year. In the event of a termination of employment, death, or retirement, employees (or their estates) are paid for unused vacation leave.

City employees earn sick leave at the rate of 9.2 hours for each month worked. Sick leave accrual is continuous, without limit. In the case of death or retirement, employees (or the employees' estates) are paid between 480 to 600 hours of accumulated, unused sick leave.

*Notes to the Financial Statements*

**NOTE 7 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS**

*Governmental Activities:* A summary of the governmental activities' debt and other long-term obligations as of December 31, 2005 follows:

	<i>Balance</i>			<i>Amount</i>	<i>Amount</i>
	<i>January 1</i>	<i>Additions</i>	<i>Deletions</i>	<i>Outstanding</i>	<i>Due in</i>
				<i>December 31</i>	<i>One Year</i>
<b><u>Governmental activities</u></b>					
<b><u>General obligation bonds</u></b>					
<i>2004 Refunding Recreation Center</i>					
<i>Bonds 2.00 - 4.35%</i>	\$ 1,410,000	\$ -	\$ 70,000	\$ 1,340,000	\$ 70,000
<i>2005 Refunding Safety Building</i>					
<i>Bonds 2.00 - 2.75%</i>	<u>440,000</u>	<u>-</u>	<u>110,000</u>	<u>330,000</u>	<u>105,000</u>
<i>Total general obligation bonds</i>	<u>1,850,000</u>	<u>-</u>	<u>180,000</u>	<u>1,670,000</u>	<u>175,000</u>
 <b><u>Loans</u></b>					
<i>2002 OPWC loan</i>	<u>24,250</u>	<u>-</u>	<u>9,700</u>	<u>14,550</u>	<u>9,700</u>
 <b><u>Special assessment bonds</u></b>					
<i>1995 Ritter Drive 6.50%</i>	8,614	-	4,171	4,443	4,443
<i>1999 Metzger Avenue 6.00%</i>	1,027	-	1,027	-	-
<i>2002 Rufener Street 5.50%</i>	44,288	-	4,555	39,733	4,806
<i>2002 Street Improvement 5.00%</i>	14,968	-	3,473	11,495	3,646
<i>2004 Street Improvement 5.00%</i>	<u>-</u>	<u>25,612</u>	<u>-</u>	<u>25,612</u>	<u>4,635</u>
<i>Total special assessment bonds</i>	<u>68,897</u>	<u>25,612</u>	<u>13,226</u>	<u>81,283</u>	<u>17,530</u>
 <b><u>Other obligations</u></b>					
<i>Capital lease</i>	132,400	-	132,400	-	-
<i>Compensated absences</i>	<u>164,372</u>	<u>125,146</u>	<u>127,216</u>	<u>162,302</u>	<u>94,227</u>
<i>Total governmental activities</i>	<u>\$ 2,239,919</u>	<u>\$ 150,758</u>	<u>\$ 462,542</u>	<u>\$ 1,928,135</u>	<u>\$ 296,457</u>

City of Rittman, Ohio

Business-type Activities: A summary of the business-type activities' debt and other long-term obligations as of December 31, 2005 follows:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount</u> <u>Outstanding</u> <u>December 31</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
<b><u>Business-type activities</u></b>					
<u>Revenue bonds</u>					
<u>1993 Mortgage Revenue</u>					
Bonds 5.25%	\$ 1,137,600	\$ -	\$ 17,900	\$ 1,119,700	\$ 18,800
<u>General obligation bonds</u>					
<u>2004 Water Improvement</u>					
Bonds 2.0 - 4.7%	1,550,000	-	55,000	1,495,000	55,000
<u>Special assesment bonds</u>					
<u>2002 Sterling Avenue Waterline</u>					
Bonds 4.00%	15,187	-	7,445	7,742	7,742
<u>Total bonds</u>	<u>2,702,787</u>	<u>-</u>	<u>80,345</u>	<u>2,622,442</u>	<u>81,542</u>
<u>Loans</u>					
2005 OPWC loan 0%	-	141,647	-	141,647	6,250
1993 OWDA loan 5.00%	1,868,635	-	181,353	1,687,282	190,534
<u>Total loans</u>	<u>1,868,635</u>	<u>141,647</u>	<u>181,353</u>	<u>1,828,929</u>	<u>196,784</u>
<u>Other obligations</u>					
Compensated absences	47,241	35,957	28,717	54,481	30,547
<u>Total business-type activities</u>	<u>\$ 4,618,663</u>	<u>\$ 177,604</u>	<u>\$ 290,415</u>	<u>\$ 4,505,852</u>	<u>\$ 308,873</u>

General obligation bonds: General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes.

On July 12, 2004, the City issued \$1,410,000 and \$415,000 in general obligation bonds with interest rates varying between; 2.00%-4.35%, and 2.00%-2.75%, respectively. The bond issues were used to currently refund \$1,361,000 of outstanding recreation center bonds and \$415,000 of outstanding safety building bonds. As of December 31, 2005, both of the old bond issues were completely repaid. The refunding recreation center bonds will mature on December 1, 2020 and the safety building bonds will mature on December 1, 2008. These bonds will be paid from the debt retirement debt service fund.

## *Notes to the Financial Statements*

Special assessment bonds: Special assessment bonds are payable from the proceeds of assessments levied against the specific property owners who primarily benefited from the project. Special assessment debt will be serviced by the debt retirement debt service fund from payments received from the property owners. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

During the year, the City issued \$25,612 in special assessment bonds to provide resources for street improvement project costs.

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

Loans: The Ohio Water Development Authority (OWDA) loans were used for the construction, maintenance and operation of a wastewater facility. The loans are paid from revenues of the wastewater system. The 2002 Ohio Public Works Commission (OPWC) loan was for the improvement of an intersection located in the City. This loan ends in 2007 and is an interest-free loan. The 2005 Ohio Public Works Commission (OPWC) loan was for a new water filtration system to be used by the City. The City received \$141,647 in proceeds in 2005 with the remaining \$108,353 received in 2006. The loan ends in 2026 and is an interest-free loan.

Compensated absences: Sick leave benefits will be paid from the fund from which the person is paid. Most sick leave is paid from the general fund and the water and sewer enterprise funds.

The annual requirements to amortize all bonded debt and loans as of December 31, 2005, including interest payments of \$2,559,775, are as follows:

	<i>General</i>		<i>Special</i>		<i>OPWC &amp; OWDA Loans</i>	
	<i>Obligation Bonds</i>		<i>Assessment Bonds</i>		<i>Principal</i>	<i>Interest</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>		
2006	\$ 230,000	\$ 114,710	\$ 25,272	\$ 4,639	\$ 206,484	\$ 82,012
2007	245,000	109,880	13,766	3,362	217,529	72,366
2008	250,000	103,878	14,480	2,649	222,813	62,232
2009	135,000	97,003	11,009	1,898	233,461	51,585
2010	145,000	92,952	11,588	1,319	244,647	40,399
2011-2015	785,000	387,190	12,910	1,074	695,647	48,216
2016-2020	965,000	220,985	-	-	22,898	-
2021-2025	410,000	48,045	-	-	-	-
2026-2030	-	-	-	-	-	-
2031-2033	-	-	-	-	-	-
	<u>\$ 3,165,000</u>	<u>\$ 1,174,643</u>	<u>\$ 89,025</u>	<u>\$ 14,941</u>	<u>\$ 1,843,479</u>	<u>\$ 356,810</u>

	<i>Revenue Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2006	\$ 18,800	\$ 57,385	\$ 739,302
2007	19,800	56,421	738,124
2008	20,800	55,406	732,258
2009	21,800	54,340	606,096
2010	22,900	53,223	612,028
2011-2015	133,700	247,230	2,310,967
2016-2020	171,600	209,269	1,589,752
2021-2025	220,400	160,551	838,996
2026-2030	282,900	97,985	380,885
2031-2033	207,000	21,571	228,571
	<u>\$ 1,119,700</u>	<u>\$ 1,013,381</u>	<u>\$ 8,776,979</u>

**NOTE 8 - CAPITAL LEASE - LESSEE DISCLOSURE**

The City entered into a new capital lease during 2003 for the acquisition of a 2002 Sutphen Aerial Platform (fire truck). The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service payments in the basic financial statements for the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis.

Governmental activities capital assets consisting of equipment have been capitalized in the amount of \$410,600. The capitalized amount consists of \$260,600 and \$150,000 equal to the present value of the future minimum lease payments and the down payment respectively, at the time of acquisition.

## Notes to the Financial Statements

The final lease payment of \$132,400 and interest of \$2,966 was paid during the year.

### NOTE 9 - PROPERTY TAX

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Property taxes include amounts levied against all real and public utility property, and tangible personal (used in business) property located in the City. Real property taxes were levied after October 1, on the assessed value as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was in 2002 for both Wayne and Medina Counties. Public utility property taxes were levied after October 1, on the assessed value as of the prior December 31, and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at 100% of true value and on real property at 35% of assessed valuation. Tangible personal property taxes are levied on January 1 of the current year on the value listed as of December 31, of the prior year. Tangible personal property assessments are 25% of true value.

The full-tax rate for all City operations applied to taxable property for the year ended December 31, 2005 was \$7.5 and \$6.2 per \$1,000 of assessed valuation in Wayne and Medina Counties, respectively. For 2005, only 2.52% of the total valuations were attributed to property in Medina County.

The assessed values upon which the 2005 taxes were collected are as follows:

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<u>Property Category</u>	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>		
Residential and agricultural	\$ 68,994,860	70.08 %
Commercial and industrial	12,206,920	11.41
Public utilities	318,880	0.01
<u>Tangible Personal Property</u>		
General	17,135,184	15.92
Public utilities	2,683,240	2.58
<u>Total</u>	<u>\$ 101,339,084</u>	<u>100.00 %</u>

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due May 10; if paid semi-annually, the first payment is due May 10, with the remainder payable by September 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility, and tangible personal property taxes which became measurable as of December 31, 2005. However, since these tax collections will not be received during the available period nor are they intended to finance 2005 operations, the receivable is offset by a credit to deferred revenue.

#### **NOTE 10 - INCOME TAX**

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

#### **NOTE 11 - CONTINGENCIES**

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

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

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

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All full-time employees of the City, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: The Traditional Pension Plan (TP), a cost sharing, multiple-employer defined benefit pension plan and the Member-Directed Plan (MD), which is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The third plan is the Combined Plan (CO), cost-sharing, multiple-employer defined benefit pension plan. Under the CO Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP benefit. Member contributions, the investment which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan. All full-time uniformed City police participate in the Ohio Police and Fire Pension Fund (OP&F), also a cost-sharing, multiple-employer defined benefit pension plan. All members of these pension plans except those of the Member-Directed Plan are provided basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. Authority to establish and amend benefits for OPERS and OP&F is provided by the Ohio State Legislature and are codified in the Ohio Revised Code, Chapters 145 and 742 respectively.

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

OPERS: The Ohio Revised Code provides statutory authority for member and employer contributions. For 2005, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2005 member contribution rates were 8.5% for members in classifications other than law enforcement and public safety. Members in the law enforcement classification, which consists generally of sheriffs and township police, contributed at a rate of 10.1%. Public safety division contributed at 9%. For 2005, the employer pension contribution rate for the City was 13.55% of covered payroll, with 9.55% to fund pension obligations. The 2005 employer contribution rate for both the law enforcement and public safety divisions was 16.70% of covered payroll, with 12.70% to fund pension obligations. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ending December 31, 2005, 2004, and 2003 were \$158,978, \$161,519 and \$141,756, respectively.

The full amount has been contributed for 2004 and 2003. Approximately 74% had been contributed for 2005 with the remainder being reported as a liability within the respective funds.

OP&F: Plan members are required to contribute 10% of their covered salary to fund pension obligations, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. The portion used to fund pension obligations were 11.75% and 16.25% respectively for police officers and firefighters. Contributions are authorized by state statute. The City's required contributions to OP&F for the years ending December 31, 2005, 2004, and 2003 were \$45,211, \$40,461 and \$43,323, respectively. The full amount has been contributed for 2004 and 2003. Approximately 75% has been contributed for 2005 with the remainder being reported as a liability within the respective funds.

### **NOTE 13 - POSTEMPLOYMENT BENEFITS**

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The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, the Traditional Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO), all of which are described in Note 12. OPERS provide retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the TP and MD Plans; however, health care benefits are not statutorily guaranteed. Members of the MD Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB). A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2005 employer contribution rate for local government employers was 13.55% of covered payroll and 4.00% was the portion that was used to fund health care. For both the public safety and law enforcement divisions the 2005 employer rate was 16.70% of covered payroll and 4.00% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The City's contribution actually made to fund post employment benefits was \$66,588.

## *Notes to the Financial Statements*

OPEB are advanced-funded on an actuarially determined basis. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actual valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2004 (latest information available) was 8.00%. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%. Health care costs were assumed to increase 4.00% annually.

At year-end 2005, the number of active contributing participants in the TP and CO Plans totaled 376,109. As of December 31, 2004, the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2004 (latest information available) was \$10.8 billion.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

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

The health care coverage provided by the OP&F is considered an 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 the health care costs are 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 rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the post-employment health care program in 2004 and in 2005. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2005 that were used to fund post-employment benefits were \$29,820. The OP&F total health care expense for the year ended December 31, 2004, the last actuarial valuation available, was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

#### **NOTE 14 - RISK MANAGEMENT**

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

These risks are covered by commercial insurance policies purchased from independent third parties. The City purchases extended coverage insurance on all buildings and contents to \$19,191,403. Coverage is purchased on City vehicles for a combined single limit liability of \$1,000,000. The City purchases general liability insurance coverage with a \$1,000,000 limit per occurrence and \$2,000,000 aggregate. Other policies held by the City include law enforcement, public officials, boiler & machinery, inland marine, and commercial crime. An umbrella policy held by the City provides an additional \$5,000,000 of coverage over the policies listed above. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years.

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

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

## Notes to the Financial Statements

### NOTE 15 - FUND DEFICITS

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As of December 31, 2005, the police pension special revenue fund had a deficit of \$7,162. This deficit was the result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficits in other funds; however, this is done when cash is needed rather than when accruals occur.

### NOTE 16 – INTERFUND TRANSFERS

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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During the year the capital improvements fund transferred \$249,830 to the debt service fund for these purposes.

### NOTE 17- COMPLIANCE

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During the year the City had expenditures plus encumbrances in excess of appropriations which is a violation of the City's Charter. To prevent future violations, the City has implemented a corrective action plan, which includes more frequent monitoring of expenditures and obligations as compared to appropriations. The funds and related accounts are presented below:

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<u>Fund</u>	<u>Department</u>	<u>Object</u>	<u>Amount</u>
General	Division of mayor and administration	Contractual services	\$ 4,532
General	Division of street lighting	Supplies and materials	417
General	Division of pest and animal control	Supplies and materials	1,147
Capital Improvements	General government	Capital outlay	6,200
Water	Office of superintendent	Contractual services	59,707
Water	Office of superintendent	Supplies and materials	1,919
Sewer	Division of sewer maintenance	Capital outlay	4,449

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## Combining Statements

## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

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

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

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

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

**PERMISSIVE TAX II** – To account for the City’s share of motor vehicle registration fees levied by the City for maintaining city streets.

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

**LAW ENFORCEMENT AND EDUCATION** – To account for funds from the municipal court designated to enforce drunk driving laws and related educational programs.

**LAW ENFORCEMENT** – To account for funds from the municipal court designated for law enforcement programs.

**COMMUNITY ORIENTED POLICING SERVICES (COPS) GRANT** – To account for a federal grant and local matching funds used to finance community policing programs.

**FEDERAL EMERGENCY MANAGEMENT ASSOCIATION (FEMA) GRANT** – To account for monies received and expended for public assistance to help after area floods.

**EDUCATION AND RECREATION ASSISTANCE** – To account for monies received and expended for the Parks and Recreation Department programs and activities.

**OHIO EMERGENCY MANAGEMENT ASSOCIATION (OEMA) GRANT** – To account for monies received and expended for public assistance to help clean up after Hurricane Katrina.

**City of Rittman, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2005**

	Street Maintenance and Repair Fund	State Highway Fund	Permissive Tax Fund	Permissive Tax II Fund	Police Pension Fund	Law Enforcement and Education Fund	Law Enforcement Fund
<b>Assets:</b>							
Equity in pooled cash and cash equivalents	\$ 11,008	\$ 8,235	\$ -	\$ 4,104	\$ 3,315	\$ 1,450	\$ 1,110
<b>Receivables:</b>							
Property and other taxes	-	-	-	-	27,137	-	-
Accounts	-	-	-	-	-	-	91
Accrued interest	25	29	-	-	-	-	-
Due from other governments	119,806	9,714	4,990	8,652	1,484	-	-
Materials and supplies inventory	5,717	3,115	-	-	-	-	-
Prepaid items	168	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 136,724</b>	<b>\$ 21,093</b>	<b>\$ 4,990</b>	<b>\$ 12,756</b>	<b>\$ 31,936</b>	<b>\$ 1,450</b>	<b>\$ 1,201</b>
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	6,484	-	-	-	-	-	-
Due to other governments	12,772	-	-	-	11,000	-	-
Deferred revenue	74,239	6,020	4,990	5,881	28,098	-	-
<b>Total liabilities</b>	<b>93,495</b>	<b>6,020</b>	<b>4,990</b>	<b>5,881</b>	<b>39,098</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>							
Reserved for encumbrances	1,360	657	-	-	-	-	-
Unreserved, undesignated, Reported in:							
Special revenue funds	41,869	14,416	-	6,875	(7,162)	1,450	1,201
<b>Total fund balances</b>	<b>43,229</b>	<b>15,073</b>	<b>-</b>	<b>6,875</b>	<b>(7,162)</b>	<b>1,450</b>	<b>1,201</b>
<b>Total liabilities and fund balance</b>	<b>\$ 136,724</b>	<b>\$ 21,093</b>	<b>\$ 4,990</b>	<b>\$ 12,756</b>	<b>\$ 31,936</b>	<b>\$ 1,450</b>	<b>\$ 1,201</b>

<u>COPS Grant Fund</u>	<u>FEMA Grant Fund</u>	<u>Education and Recreation Assistance Fund</u>	<u>OEMA Grant Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 1,427	\$ -	\$ 30,649
-	-	-	-	27,137
-	-	-	10,309	10,400
-	-	-	-	54
-	-	-	-	144,646
-	-	-	-	8,832
-	-	-	-	168
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,427</u>	<u>\$ 10,309</u>	<u>\$ 221,886</u>
\$ -	\$ -	\$ -	\$ 10,309	\$ 10,309
-	-	-	-	6,484
-	-	-	-	23,772
-	-	-	-	119,228
-	-	-	10,309	159,793
-	-	-	-	2,017
-	-	1,427	-	60,076
-	-	1,427	-	62,093
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,427</u>	<u>\$ 10,309</u>	<u>\$ 221,886</u>

**City of Rittman, Ohio**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Special Revenue Funds**

**For the Year Ended December 31, 2005**

	Street Maintenance and Repair Fund	State Highway Fund	Permissive Tax Fund	Permissive Tax II Fund	Police Pension Fund	Law Enforcement and Education Fund	Law Enforcement Fund
Revenues:							
Property and other taxes	\$ -	\$ -	\$ -	\$ -	\$ 27,904	\$ -	\$ -
Fines, licenses, and permits	-	-	-	-	-	780	1,526
Intergovernmental	266,036	21,570	77,352	17,133	3,342	172	-
Investment income	220	304	-	-	-	-	-
Contributions and donations	-	-	-	-	-	500	-
Other	107	-	-	-	-	-	-
Total revenue	<u>266,363</u>	<u>21,874</u>	<u>77,352</u>	<u>17,133</u>	<u>31,246</u>	<u>1,452</u>	<u>1,526</u>
Expenditures:							
Current:							
General government	-	-	-	-	521	-	-
Safety services	-	-	-	-	34,700	300	680
Public health and welfare	-	-	-	-	-	-	-
Transportation	269,177	16,617	77,352	37,606	-	-	-
Total expenditures	<u>269,177</u>	<u>16,617</u>	<u>77,352</u>	<u>37,606</u>	<u>35,221</u>	<u>300</u>	<u>680</u>
Net change in fund balance	(2,814)	5,257	-	(20,473)	(3,975)	1,152	846
Fund balances at beginning of year	46,043	9,816	-	27,348	(3,187)	298	355
Fund balances at end of year	<u>\$ 43,229</u>	<u>\$ 15,073</u>	<u>\$ -</u>	<u>\$ 6,875</u>	<u>\$ (7,162)</u>	<u>\$ 1,450</u>	<u>\$ 1,201</u>

COPS Grant Fund	FEMA Grant Fund	Education and Recreation Assistance Fund	OEMA Grant Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 27,904
-	-	-	-	2,306
15,270	16,194	-	10,309	427,378
-	-	-	-	524
-	-	509	-	1,009
-	-	-	-	107
<u>15,270</u>	<u>16,194</u>	<u>509</u>	<u>10,309</u>	<u>459,228</u>
-	-	-	-	521
15,270	-	-	10,309	61,259
-	-	500	-	500
-	16,194	-	-	416,946
<u>15,270</u>	<u>16,194</u>	<u>500</u>	<u>10,309</u>	<u>479,226</u>
-	-	9	-	(19,998)
-	-	1,418	-	82,091
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,427</u>	<u>\$ -</u>	<u>\$ 62,093</u>

**Individual Fund Schedules of Revenues, Expenditures and  
Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual**

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Income tax	\$ 650,000	\$ 650,000	\$ 737,979	\$ 87,979
Property and other taxes	295,000	295,000	326,523	31,523
Charges for services	772,485	772,485	789,054	16,569
Fines, licenses, and permits	84,000	84,000	93,345	9,345
Intergovernmental	520,053	520,053	518,749	(1,304)
Investment income	87,000	87,000	132,668	45,668
Contributions and donations	-	-	4,510	4,510
Other	9,300	9,300	23,874	14,574
Total revenue	2,417,838	2,417,838	2,626,702	208,864
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government</b>				
Office of city council				
Personal services	34,197	34,197	33,221	976
Contractual services	4,469	5,969	5,967	2
Total office of city council	38,666	40,166	39,188	978
Department of mayor and administration				
Personal services	212,395	212,055	211,672	383
Contractual services	98,100	109,800	114,332	(4,532)
Supplies and materials	12,200	11,500	10,846	654
Total department of mayor and administration	322,695	333,355	336,850	(3,495)
Department of finance and tax				
Personal services	134,395	134,546	133,915	631
Contractual services	300	149	144	5
Other operating costs	10,000	6,450	5,537	913
Total department of finance and tax	144,695	141,145	139,596	1,549
Division of lands and buildings				
Personal services	13,885	13,885	13,335	550
Contractual services	3,000	3,000	2,358	642
Supplies and materials	4,000	4,150	3,992	158
Total division of lands and buildings	20,885	21,035	19,685	1,350
Department of law				
Personal services	24,050	24,050	24,033	17
Contractual services	10,000	17,950	17,939	11
Total department of law	34,050	42,000	41,972	28

(continued)

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Miscellaneous				
Personal services	17,500	6,050	5,961	89
Contractual services	18,000	19,400	18,239	1,161
Total miscellaneous	35,500	25,450	24,200	1,250
Total general government	596,491	603,151	601,491	1,660
Safety services				
Division of police				
Personal services	810,010	834,836	832,835	2,001
Contractual services	60,960	61,071	60,008	1,063
Supplies and materials	26,700	35,850	34,973	877
Total division of police	897,670	931,757	927,816	3,941
Division of fire				
Personal services	83,600	83,116	82,184	932
Contractual services	20,900	19,589	19,203	386
Supplies and materials	12,500	15,189	14,493	696
Total division of fire	117,000	117,894	115,880	2,014
Division of communications				
Personal services	2,500	2,500	2,497	3
Division of street lighting				
Contractual services	21,000	19,590	19,586	4
Supplies and materials	1,500	1,500	1,917	(417)
Total division of street lighting	22,500	21,090	21,503	(413)
Total safety services	1,039,670	1,073,241	1,067,696	5,545
Public health and welfare				
Cemetery board				
Personal services	47,040	59,958	59,347	611
Contractual services	925	809	714	95
Supplies and materials	1,800	1,900	1,463	437
Capital outlay	11,000	11,000	2,805	8,195
Total cemetery board	60,765	73,667	64,329	9,338
Board of health				
Contractual services	23,500	23,210	22,994	216
Division of pest and animal control				
Personal services	2,675	3,275	1,398	1,877
Contractual services	4,000	4,855	4,854	1
Supplies and materials	6,000	5,400	6,547	(1,147)
Total division of pest and animal control	12,675	13,530	12,799	731
Total public health and welfare	96,940	110,407	100,122	10,285

(continued)

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Transportation				
Division of street maintenance				
Personal services	98,255	89,066	83,701	5,365
Contractual services	40,650	54,500	53,838	662
Supplies and materials	25,300	33,000	24,129	8,871
Total division of street maintenance	164,205	176,566	161,668	14,898
Division of vehicle maintenance				
Contractual services	1,000	1,000	740	260
Supplies and materials	18,000	18,000	16,093	1,907
Total division of vehicle maintenance	19,000	19,000	16,833	2,167
Total transportation	183,205	195,566	178,501	17,065
Basic utility services				
Division of waste management				
Contractual services	228,600	231,050	230,669	381
Leisure time activities				
Division of parks				
Personal services	59,510	58,660	57,490	1,170
Contractual services	5,400	5,319	4,793	526
Supplies and materials	4,600	6,700	5,745	955
Total division of parks	69,510	70,679	68,028	2,651
Recreation center				
Personal services	171,525	177,603	174,251	3,352
Contractual services	98,500	130,089	127,574	2,515
Supplies and materials	37,300	33,992	31,009	2,983
Other operating costs	100	100	46	54
Total recreation center	307,425	341,784	332,880	8,904
Other leisure time activities				
Other operating costs	200	14,803	12,777	2,026
Total leisure time activities	377,135	427,266	413,685	13,581
Total expenditures	2,522,041	2,640,681	2,592,164	48,517
Excess of revenues over (under) expenditures	(104,203)	(222,843)	34,538	257,381

(continued)

***City of Rittman, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Other financing sources (uses):</u>				
Transfers - in	50,000	80,000	69,278	(10,722)
Transfers - out	(65,000)	(95,000)	(69,278)	25,722
Total other financing sources (uses)	(15,000)	(15,000)	-	15,000
Net change in fund balance	(119,203)	(237,843)	34,538	272,381
Fund balance at beginning of year	710,627	710,627	710,627	-
Prior year encumbrances appropriated	21,847	21,847	21,847	-
Fund balance at end of year	<u>\$ 613,271</u>	<u>\$ 494,631</u>	<u>\$ 767,012</u>	<u>\$ 272,381</u>

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Emergency Medical Service Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property and other taxes	\$ 183,500	\$ 183,500	\$ 201,587	\$ 18,087
Charges for services	100,650	100,650	124,797	24,147
Intergovernmental	27,700	27,700	30,523	2,823
Total revenue	<u>311,850</u>	<u>311,850</u>	<u>356,907</u>	<u>45,057</u>
<u>Expenditures:</u>				
Current:				
General government				
Miscellaneous				
Other operating costs	4,000	4,000	3,749	251
Safety services				
Division of emergency services				
Personal services	217,925	226,425	211,805	14,620
Contractual services	28,850	33,530	26,090	7,440
Supplies and materials	16,900	21,420	20,430	990
Other operating costs	15,200	15,200	15,000	200
Capital outlay	15,200	12,600	5,044	7,556
Total safety services	<u>294,075</u>	<u>309,175</u>	<u>278,369</u>	<u>30,806</u>
Total expenditures	<u>298,075</u>	<u>313,175</u>	<u>282,118</u>	<u>31,057</u>
Net change in fund balance	13,775	(1,325)	74,789	76,114
Fund balance at beginning of year	304,290	304,290	304,290	-
Prior year encumbrances appropriated	1,793	1,793	1,793	-
Fund balance at end of year	<u>\$ 319,858</u>	<u>\$ 304,758</u>	<u>\$ 380,872</u>	<u>\$ 76,114</u>

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Fire Department Levy Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property and other taxes	\$ 84,500	\$ 84,500	\$ 94,333	\$ 9,833
Intergovernmental	10,000	10,000	10,075	75
Total revenue	<u>94,500</u>	<u>94,500</u>	<u>104,408</u>	<u>9,908</u>
<u>Expenditures:</u>				
Current:				
General government				
Miscellaneous				
Other operating costs	<u>2,000</u>	<u>2,000</u>	<u>1,746</u>	<u>254</u>
Safety services				
Division of fire				
Capital outlay	<u>152,000</u>	<u>152,000</u>	<u>145,880</u>	<u>6,120</u>
Total expenditures	<u>154,000</u>	<u>154,000</u>	<u>147,626</u>	<u>6,374</u>
Net change in fund balance	(59,500)	(59,500)	(43,218)	16,282
Fund balance at beginning of year	<u>169,870</u>	<u>169,870</u>	<u>169,870</u>	-
Fund balance at end of year	<u>\$ 110,370</u>	<u>\$ 110,370</u>	<u>\$ 126,652</u>	<u>\$ 16,282</u>

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Debt Retirement Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Special assessments	\$ 15,000	\$ 15,000	\$ 16,114	\$ 1,114
Other	-	-	519	519
Total revenue	15,000	15,000	16,633	1,633
<u>Expenditures:</u>				
Current:				
Miscellaneous				
Other operating costs	200	250	206	44
Debt service:				
Principal retirement	202,930	202,930	202,926	4
Interest and fiscal charges	63,940	63,940	63,936	4
Total expenditures	267,070	267,120	267,068	52
Excess of revenues over (under) expenditures	(252,070)	(252,120)	(250,435)	1,685
<u>Other financing sources (uses):</u>				
Proceeds of bonds	20,000	20,000	25,612	5,612
Transfers - in	249,830	249,830	249,830	-
Total other financing sources (uses)	269,830	269,830	275,442	5,612
Net change in fund balance	17,760	17,710	25,007	7,297
Fund balance at beginning of year	52,767	52,767	52,767	-
Fund balance at end of year	\$ 70,527	\$ 70,477	\$ 77,774	\$ 7,297

**City of Rittman, 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, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Income tax	\$ 325,000	\$ 360,000	\$ 368,989	\$ 8,989
Charges for services	30,000	30,000	33,952	3,952
Intergovernmental	132,910	190,065	176,473	(13,592)
Investment income	3,000	3,000	-	(3,000)
Contributions and donations		1,000	1,000	-
Total revenue	<u>490,910</u>	<u>584,065</u>	<u>580,414</u>	<u>(3,651)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government				
Miscellaneous				
Other operating costs	37,000	37,000	34,769	2,231
Capital outlay	12,000	12,000	18,200	(6,200)
Total miscellaneous	<u>49,000</u>	<u>49,000</u>	<u>52,969</u>	<u>(3,969)</u>
Safety services				
Division of police				
Capital outlay	26,000	36,000	34,820	1,180
Transportation				
Division of street construction				
Contractual services	-	9,000	9,000	-
Capital outlay	285,000	285,000	253,957	31,043
Total division of street construction	<u>285,000</u>	<u>294,000</u>	<u>262,957</u>	<u>31,043</u>
Leisure time activities				
Division of parks				
Capital outlay	7,000	20,800	19,876	924
Capital outlay	-	2,700	2,700	-
Total expenditures	<u>367,000</u>	<u>402,500</u>	<u>373,322</u>	<u>29,178</u>
Excess of revenues over (under) expenditures	<u>123,910</u>	<u>181,565</u>	<u>207,092</u>	<u>25,527</u>
<b>Other financing sources (uses):</b>				
Transfers - out	(249,830)	(249,830)	(249,830)	-
Net change in fund balance	(125,920)	(68,265)	(42,738)	25,527
Fund balance at beginning of year	167,971	167,971	167,971	-
Prior year encumbrances appropriated	86,714	86,714	86,714	-
Fund balance at end of year	<u>\$ 128,765</u>	<u>\$ 186,420</u>	<u>\$ 211,947</u>	<u>\$ 25,527</u>

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Street Maintenance and Repair Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 257,000	\$ 257,000	\$ 258,375	\$ 1,375
Investment income	1,500	1,500	264	(1,236)
Other	-	-	107	107
Total revenue	258,500	258,500	258,746	246
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance				
Personal services	227,065	230,805	229,251	1,554
Contractual services	9,500	11,160	9,676	1,484
Supplies and materials	30,300	32,400	30,803	1,597
Total expenditures	266,865	274,365	269,730	4,635
Excess of revenues over (under) expenditures	(8,365)	(15,865)	(10,984)	4,881
<u>Other financing sources (uses):</u>				
Transfers - in	15,000	15,000	-	(15,000)
Net change in fund balance	6,635	(865)	(10,984)	(10,119)
Fund balance at beginning of year	20,632	20,632	20,632	-
Fund balance at end of year	\$ 27,267	\$ 19,767	\$ 9,648	\$ (10,119)

***City of Rittman, 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, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 20,200	\$ 20,200	\$ 20,949	\$ 749
Investment income	700	700	305	(395)
Total revenue	<u>20,900</u>	<u>20,900</u>	<u>21,254</u>	<u>354</u>
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance				
Personal services	4,000	4,060	3,957	103
Supplies and materials	17,200	17,140	14,947	2,193
Total expenditures	<u>21,200</u>	<u>21,200</u>	<u>18,904</u>	<u>2,296</u>
Net change in fund balance	(300)	(300)	2,350	2,650
Fund balance at beginning of year	5,228	5,228	5,228	-
Fund balance at end of year	<u>\$ 4,928</u>	<u>\$ 4,928</u>	<u>\$ 7,578</u>	<u>\$ 2,650</u>

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Permissive Tax Fund**  
**For the Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 63,000	\$ 77,750	\$ 77,352	\$ (398)
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street repair and maintenance				
Capital outlay	63,000	77,750	77,352	398
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Permissive Tax II Fund**  
**For the Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 17,000	\$ 22,000	\$ 17,051	\$ (4,949)
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street repair and maintenance				
Capital outlay	33,000	38,000	37,606	394
Net change in fund balance	(16,000)	(16,000)	(20,555)	(4,555)
Fund balance at beginning of year	24,659	24,659	24,659	-
Fund balance at end of year	\$ 8,659	\$ 8,659	\$ 4,104	\$ (4,555)

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Police Pension Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property and other taxes	\$ 25,600	\$ 25,600	\$ 28,193	\$ 2,593
Intergovernmental	3,000	3,000	3,342	342
Total revenue	<u>28,600</u>	<u>28,600</u>	<u>31,535</u>	<u>2,935</u>
<u>Expenditures:</u>				
Current:				
Miscellaneous				
Other operating costs	<u>600</u>	<u>600</u>	<u>521</u>	<u>79</u>
Safety services				
Division of police				
Personal services	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>-</u>
Total expenditures	<u>34,600</u>	<u>34,600</u>	<u>34,521</u>	<u>79</u>
Net change in fund balance	(6,000)	(6,000)	(2,986)	3,014
Fund balance at beginning of year	<u>6,301</u>	<u>6,301</u>	<u>6,301</u>	<u>-</u>
Fund balance at end of year	<u>\$ 301</u>	<u>\$ 301</u>	<u>\$ 3,315</u>	<u>\$ 3,014</u>

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Law Enforcement and Education Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines, licenses, and permits	\$ 700	\$ 700	\$ 780	\$ 80
Intergovernmental	-	-	172	172
Contributions and donations	-	-	500	500
Total revenue	<u>700</u>	<u>700</u>	<u>1,452</u>	<u>752</u>
<u>Expenditures:</u>				
Current:				
Safety services				
Division of police				
Supplies and materials	-	300	300	-
Capital outlay	700	400	-	400
Total expenditures	<u>700</u>	<u>700</u>	<u>300</u>	<u>400</u>
Net change in fund balance	-	-	1,152	1,152
Fund balance at beginning of year	<u>298</u>	<u>298</u>	<u>298</u>	<u>-</u>
Fund balance at end of year	<u>\$ 298</u>	<u>\$ 298</u>	<u>\$ 1,450</u>	<u>\$ 1,152</u>

**City of Rittman, 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, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines, licenses, and permits	\$ 1,000	\$ 1,000	\$ 1,435	\$ 435
<u>Expenditures:</u>				
Current:				
Safety services				
Division of police				
Capital outlay	500	700	680	20
Net change in fund balance	500	300	755	455
Fund balance at beginning of year	355	355	355	-
Fund balance at end of year	\$ 855	\$ 655	\$ 1,110	\$ 455

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**COPS Grant Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 15,270	\$ 15,270	\$ -
<u>Expenditures:</u>				
Current:				
Safety services				
Division of police				
Personal services	-	15,270	15,270	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**FEMA Grant Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Total revenue	\$ -	\$ 16,194	\$ 16,194	\$ -
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance				
Personal services	-	4,952	4,952	-
Contractual services	-	2,000	2,000	-
Supplies and materials	-	9,242	9,242	-
Total expenditures	-	16,194	16,194	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

***City of Rittman, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Education and Recreation Assistance Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Contributions and donations	\$ 5,500	\$ 5,500	\$ 509	\$ (4,991)
<u>Expenditures:</u>				
Current:				
Public health and welfare				
Board of health				
Contractual services	6,400	6,400	500	5,900
Supplies and materials	500	500	-	500
Total expenditures	6,900	6,900	500	6,400
Net change in fund balance	(1,400)	(1,400)	9	1,409
Fund balance at beginning of year	1,418	1,418	1,418	-
Fund balance at end of year	\$ 18	\$ 18	\$ 1,427	\$ 1,409

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**OEMA Grant Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance (deficit) at beginning of year	-	-	-	-
Fund balance (deficit) at end of year	\$ -	\$ -	\$ -	\$ -

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

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenses and Changes**  
**In Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**Water Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Municipal income tax	\$ 325,000	\$ 325,000	\$ 368,989	\$ 43,989
Charges for services	705,050	563,403	651,294	87,891
Investment income	150	150	402	252
Other	8,500	8,500	15,138	6,638
Total revenue	1,038,700	897,053	1,035,823	138,770
<b>Expenses:</b>				
Basic utility services				
Division of water supply				
Personal services	46,300	47,535	47,382	153
Contractual services	13,500	10,065	8,925	1,140
Supplies and materials	26,500	33,500	31,867	1,633
Capital outlay	5,000	200	-	200
Total division of water supply	91,300	91,300	88,174	3,126
Division of water distribution				
Personal services	67,740	57,890	57,114	776
Contractual services	5,000	5,000	3,222	1,778
Supplies and materials	16,000	16,000	11,524	4,476
Capital outlay	1,015,000	1,899,600	1,899,556	44
Total division of water distribution	1,103,740	1,978,490	1,971,416	7,074
Office of superintendent				
Personal services	170,677	165,683	153,125	12,558
Contractual services	129,300	145,974	205,681	(59,707)
Supplies and materials	29,550	35,050	36,969	(1,919)
Other operating costs	94,300	94,970	94,010	960
Capital outlay	2,500	-	-	-
Total office of superintendent	426,327	441,677	489,785	(48,108)
Debt service:				
Principal retirement	62,450	62,450	62,445	5
Interest and fiscal charges	59,890	59,890	59,887	3
Total expenses	1,743,707	2,633,807	2,671,707	(37,900)
Excess of revenues over (under) expenses	(705,007)	(1,736,754)	(1,635,884)	100,870

(continued)

***City of Rittman, Ohio***  
**Schedule of Revenues, Expenses and Changes**  
**In Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**Water Fund**  
**For the Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Other financing sources (uses):</u>				
Proceeds of OPWC loans	-	141,647	141,647	-
Net change in fund equity	(705,007)	(1,595,107)	(1,494,237)	100,870
Fund equity at beginning of year	2,119,986	2,119,986	2,119,986	-
Prior year encumbrances appropriated	74,370	74,370	74,370	-
Fund equity at end of year	<u>\$ 1,489,349</u>	<u>\$ 599,249</u>	<u>\$ 700,119</u>	<u>\$ 100,870</u>

**City of Rittman, Ohio**  
**Schedule of Revenues, Expenses and Changes**  
**In Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**Sewer Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 1,009,500	\$ 1,009,500	\$ 1,015,917	\$ 6,417
Other	500	500	1,415	915
Total revenue	1,010,000	1,010,000	1,017,332	7,332
<u>Expenses:</u>				
Basic utility services				
Office of superintendent				
Personal services	169,536	171,036	157,744	13,292
Contractual services	153,100	163,800	158,150	5,650
Supplies and materials	7,700	7,700	4,676	3,024
Other operating costs	105,000	105,000	105,000	-
Total office of superintendent	435,336	447,536	425,570	21,966
Division of sewer maintenance				
Personal services	67,000	53,600	53,028	572
Contractual services	8,000	16,700	14,452	2,248
Supplies and materials	8,000	9,900	9,378	522
Capital outlay	-	3,200	7,649	(4,449)
Total division of sewer maintenance	83,000	83,400	84,507	(1,107)
Division of wastewater treatment				
Personal services	77,100	78,100	77,383	717
Contractual services	41,700	40,400	31,648	8,752
Supplies and materials	23,000	24,000	19,154	4,846
Total division of wastewater treatment	141,800	142,500	128,185	14,315
Total basic utility services	660,136	673,436	638,262	35,174
Debt service:				
Principal retirement	199,253	199,253	199,253	-
Interest and fiscal charges	149,495	149,495	149,495	-
Total expenses	1,008,884	1,022,184	987,010	35,174
Excess of revenues over (under) expenses	1,116	(12,184)	30,322	42,506

(continued)

***City of Rittman, Ohio***  
**Schedule of Revenues, Expenses and Changes**  
**In Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**Sewer Fund**  
**For the Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Other financing sources (uses):</u>				
Transfers - in	348,748	348,748	348,748	-
Transfers - out	<u>(348,748)</u>	<u>(348,748)</u>	<u>(348,748)</u>	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	-
Net change in fund equity	1,116	(12,184)	30,322	42,506
Fund equity at beginning of year	131,725	131,725	131,725	-
Prior year encumbrances appropriated	11,213	11,213	11,213	-
Fund equity at end of year	<u>\$ 144,054</u>	<u>\$ 130,754</u>	<u>\$ 173,260</u>	<u>\$ 42,506</u>

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## STATISTICAL SECTION



**CITY OF RITTMAN, OHIO**  
**Net Assets by Component (1)**  
**Last Four Years (\$000 omitted)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>Governmental Activities</u></b>				
Invested in capital assets, net of related debt	\$ 4,765	\$ 4,701	\$ 5,005	\$ 5,149
Restricted	997	1,056	1,241	1,134
Unrestricted	<u>1,137</u>	<u>1,043</u>	<u>1,066</u>	<u>1,143</u>
Total governmental activities net assets	<u>\$ 6,899</u>	<u>\$ 6,800</u>	<u>\$ 7,312</u>	<u>\$ 7,426</u>
<b><u>Business-Type Activities</u></b>				
Invested in capital assets, net of related debt	\$ 7,595	\$ 8,003	\$ 8,280	\$ 8,118
Unrestricted	<u>1,427</u>	<u>1,080</u>	<u>1,044</u>	<u>1,537</u>
Total business-type activities net assets	<u>\$ 9,022</u>	<u>\$ 9,083</u>	<u>\$ 9,324</u>	<u>\$ 9,655</u>
<b><u>Primary Government</u></b>				
Invested in capital assets, net of related debt	\$ 12,360	\$ 12,704	\$ 13,285	\$ 13,267
Restricted	997	1,056	1,241	1,134
Unrestricted	<u>2,564</u>	<u>2,123</u>	<u>2,110</u>	<u>2,680</u>
Total primary government net assets	<u>\$ 15,921</u>	<u>\$ 15,883</u>	<u>\$ 16,636</u>	<u>\$ 17,081</u>

(1) accrual basis of accounting.

**CITY OF RITTMAN, OHIO**  
**Changes in Net Assets (1)**  
**Last Four Years (\$000 omitted)**

<b>Expenses</b>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental Activities:</b>				
General government	\$ 614	\$ 624	\$ 588	\$ 650
Safety services	1,463	1,489	1,638	1,569
Public health and welfare	88	100	95	91
Transportation	758	785	605	914
Basic utility services	208	215	223	231
Leisure time activities	511	538	541	556
Interest and fiscal charges	125	108	109	74
Total governmental activities expenses	<u>3,767</u>	<u>3,859</u>	<u>3,799</u>	<u>4,085</u>
<b>Business-Type Activities:</b>				
Water	606	655	758	721
Sewer	1,131	1,095	1,018	994
Total business-type activities	<u>1,737</u>	<u>1,750</u>	<u>1,776</u>	<u>1,715</u>
Total primary government expenses	<u>\$ 5,504</u>	<u>\$ 5,609</u>	<u>\$ 5,575</u>	<u>\$ 5,800</u>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
Charges for services	\$ 907	\$ 915	\$ 1,020	\$ 1,016
Operating grants, contributions and interest	327	420	411	622
Capital grants and contributions	209	140	534	125
Total governmental activities program revenues	<u>1,443</u>	<u>1,475</u>	<u>1,965</u>	<u>1,763</u>
<b>Business-Type Activities:</b>				
Charges for services	1,400	1,392	1,477	1,663
Capital grants and contributions	-	50	190	-
Total business-type activities program revenues	<u>1,400</u>	<u>1,442</u>	<u>1,667</u>	<u>1,663</u>
Total primary government program revenues	<u>\$ 2,843</u>	<u>\$ 2,917</u>	<u>\$ 3,632</u>	<u>\$ 3,426</u>
<b>Net (expense)/revenue</b>				
Governmental activities	\$ 2,324	\$ 2,384	\$ 1,834	\$ 2,322
Business-type activities	337	308	109	52
Total primary government net expense	<u>\$ 2,661</u>	<u>\$ 2,692</u>	<u>\$ 1,943</u>	<u>\$ 2,374</u>
<b>General Revenues and Other Changes in Net Assets</b>				
<b>Governmental Activities:</b>				
Property taxes levied for:				
General purposes	\$ 344	\$ 249	\$ 364	\$ 317
Safety services	338	244	371	315
Income tax levied for:				
General purposes	723	777	645	732
Capital improvements	361	388	323	366
Grants and entitlements not restricted to specific programs	540	457	448	467
Investment earnings	136	54	91	151
Capital contributions	342	-	-	-
Other	219	117	105	88
Total governmental activities	<u>3,003</u>	<u>2,286</u>	<u>2,347</u>	<u>2,436</u>
<b>Business-Type Activities:</b>				
Income tax levied for:				
Water utility services	420	369	350	366
Grants and entitlements not restricted to specific programs	-	-	-	-
Other	-	-	-	17
Capital contributions	98	-	-	-
Total business-type activities	<u>518</u>	<u>369</u>	<u>350</u>	<u>383</u>
Total primary government	<u>\$ 3,521</u>	<u>\$ 2,655</u>	<u>\$ 2,697</u>	<u>\$ 2,819</u>
<b>Change in net assets</b>				
Governmental activities	\$ 679	\$ (99)	\$ 513	\$ 114
Business-type activities	182	61	242	330
Total primary government	<u>\$ 861</u>	<u>\$ (38)</u>	<u>\$ 755</u>	<u>\$ 444</u>

(1) accrual basis of accounting.

**CITY OF RITTMAN, OHIO**  
**Fund Balances, Governmental Funds (1)**  
**Last Four Years (\$000 omitted)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Reserved	\$ 14	\$ -	\$ 18	\$ 25
Unreserved, designated	515	474	438	385
Unreserved	<u>469</u>	<u>304</u>	<u>408</u>	<u>533</u>
Total general fund	<u>\$ 998</u>	<u>\$ 778</u>	<u>\$ 864</u>	<u>\$ 943</u>
All Other Governmental Funds				
Reserved	\$ 30	\$ 1	\$ 88	\$ 3
Unreserved, reported in:				
Special revenue funds	627	532	557	560
Capital projects funds	74	115	203	246
Debt service fund	<u>135</u>	<u>152</u>	<u>53</u>	<u>78</u>
Total all other governmental funds	<u>\$ 866</u>	<u>\$ 800</u>	<u>\$ 901</u>	<u>\$ 887</u>

(1) modified accrual basis of accounting.

**CITY OF RITTMAN, OHIO**  
**Changes in Fund Balance, Governmental Funds (1)**  
**Last Ten Years (\$000 omitted)**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>REVENUES</u></b>										
Taxes	\$ 1,364	\$ 1,459	\$ 1,403	\$ 1,529	\$ 1,498	\$ 1,643	\$ 1,775	\$ 1,563	\$ 1,743	\$ 1,749
Charges for services	456	431	435	503	472	539	877	873	975	942
Fines, licenses and permits	66	60	63	73	68	133	78	85	33	96
Intergovernmental revenues	851	709	873	1,002	1,022	992	983	811	981	1,171
Special assessments	63	25	20	25	24	20	22	15	17	16
Investment income	276	311	307	247	416	267	141	55	92	151
Contributions and donations	-	-	-	-	-	-	-	6	3	6
Other	8	9	44	87	9	41	208	67	14	26
Total revenues	<u>3,084</u>	<u>3,004</u>	<u>3,145</u>	<u>3,466</u>	<u>3,509</u>	<u>3,635</u>	<u>4,084</u>	<u>3,475</u>	<u>3,858</u>	<u>4,157</u>
<b><u>EXPENDITURES</u></b>										
General government	418	470	472	539	624	569	608	615	583	633
Safety services	915	970	1,039	1,121	1,170	1,258	1,315	1,307	1,464	1,421
Public health and welfare	70	72	68	72	71	81	83	97	90	100
Transportation	390	617	390	456	441	497	709	713	529	821
Basic utility services	198	197	197	198	524	201	208	215	223	231
Community environment	-	-	3	-	-	-	-	-	-	-
Leisure time activities	72	99	95	93	195	223	374	398	394	432
Capital outlay	414	88	745	646	880	3,040	304	444	167	78
Debt service:										
Principal retirement	71	73	71	75	81	128	136	140	150	335
Interest and fiscal charges	53	51	48	46	82	117	126	110	115	67
Bond issuance costs	-	-	-	-	-	-	-	-	52	-
Total expenditures	<u>2,601</u>	<u>2,637</u>	<u>3,128</u>	<u>3,246</u>	<u>4,068</u>	<u>6,114</u>	<u>3,863</u>	<u>4,039</u>	<u>3,767</u>	<u>4,118</u>
Excess of revenues over (under) expenditures	<u>483</u>	<u>367</u>	<u>17</u>	<u>220</u>	<u>(559)</u>	<u>(2,479)</u>	<u>221</u>	<u>(564)</u>	<u>91</u>	<u>39</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>										
Proceeds of bonds	42	7	13	-	1,505	-	-	18	-	26
Proceeds of notes	-	-	-	-	-	-	53	-	-	-
Proceeds of loans	-	-	-	-	-	-	48	-	-	-
Inception of capital lease	-	-	-	-	-	-	-	261	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-	1,850	-
Sale of capital assets	-	-	-	-	-	-	-	-	30	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(1,784)	-
Transfers in	596	254	257	423	1,559	251	239	235	-	250
Transfer out	(596)	(254)	(257)	(423)	(1,559)	(251)	(239)	(235)	-	(250)
Total other financing sources (uses)	<u>42</u>	<u>7</u>	<u>13</u>	<u>-</u>	<u>1,505</u>	<u>-</u>	<u>101</u>	<u>279</u>	<u>96</u>	<u>26</u>
Net change in fund balance	<u>\$ 525</u>	<u>\$ 374</u>	<u>\$ 30</u>	<u>\$ 220</u>	<u>\$ 946</u>	<u>\$ (2,479)</u>	<u>\$ 322</u>	<u>\$ (285)</u>	<u>\$ 187</u>	<u>\$ 65</u>
Debt service as a percentage of noncapital expenditures	5.7%	4.9%	5.0%	4.7%	5.1%	8.0%	7.4%	7.0%	8.8%	10.0%

88

(1) Includes general, special revenue, debt service and capital projects funds for fiscal years 2002 - 2005. Fiscal years 1996 - 2001 includes general, special revenue, debt service, capital projects and expendable trust funds. Modified accrual basis of accounting.

**CITY OF RITTMAN, OHIO**  
**Schedules of Assessed Valuation, Estimated True Value and**  
**Property Tax Rates all Direct and Overlapping Governments**  
**Last Ten Years (\$000 omitted)**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>ASSESSED VALUATION</u></b>										
Real property	\$ 46,619	58,945	58,253	66,668	66,685	66,703	68,614	77,429	78,014	81,202
Public utility property	3,363	3,253	3,335	2,968	2,956	3,021	2,099	2,360	2,467	3,002
Tangible personal property	17,357	18,670	19,632	20,340	20,345	18,441	17,822	17,571	15,243	17,135
Total	<u>\$ 67,339</u>	<u>80,868</u>	<u>81,220</u>	<u>89,976</u>	<u>89,986</u>	<u>88,165</u>	<u>88,535</u>	<u>97,360</u>	<u>95,724</u>	<u>101,339</u>
<b><u>ESTIMATED VALUATION</u></b>										
Total	<u>\$ 192,397</u>	<u>231,051</u>	<u>232,058</u>	<u>257,073</u>	<u>257,104</u>	<u>251,901</u>	<u>252,956</u>	<u>278,171</u>	<u>273,496</u>	<u>289,540</u>
Assessed value as a Percentage of Actual Value	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%

Note: Property in the City of Rittman is reassessed once every six years on average. The county assesses property at approximately 35% of actual value for real, public utility and residential property. Estimated actual value is calculated by dividing assessed value by this percentage. Tax rates are per \$1,000 of assessed value.

**PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS (MILLS PER \$1,000 VALUATION)**

Wayne County	8.35	8.35	8.35	8.35	8.75	8.75	8.75	8.75	9.65	9.65
Medina County	7.27	7.25	7.25	7.22	7.20	7.19	7.06	8.24	8.23	6.20
School	54.80	54.80	54.80	54.80	54.80	54.80	54.80	43.00	42.50	60.60
Vocational school	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Milton Township	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.90	6.90	6.60
Chippewa Township	6.70	6.70	6.70	4.00	6.70	6.70	6.70	7.50	7.50	5.50
Mental Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City of Rittman	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.10	7.10	7.50
Wayne County Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>97.32</u>	<u>97.30</u>	<u>97.30</u>	<u>94.57</u>	<u>97.65</u>	<u>97.64</u>	<u>97.51</u>	<u>87.59</u>	<u>87.98</u>	<u>102.15</u>

Source: Wayne County Auditor, Medina County Auditor

Note: The property tax rates represent their collection year.

**CITY OF RITTMAN, OHIO**  
**Schedules of Principal Taxpayers**  
**Last Ten Years**

	1996			1997			1998			1999			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b>Taxpayer</b>															
Caraustar Mill Group, Inc.	\$ -		0.00%	\$ -		0.00%	\$ -		0.00%	\$ -		0.00%	\$ 8,139,350	1	12.09%
Morton International, Inc.	992,900	3	1.47%	1,002,240	3	1.49%	1,002,240	3	1.49%	1,013,610	2	1.51%	5,259,850	2	7.81%
Laria Chevrolet Buick	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Unilock Ohio, Inc.	-		0.00%	-		0.00%	-		0.00%	312,540	7	0.46%	606,040	7	0.90%
Ohio Edison	1,293,580	2	1.92%	1,367,120	1	2.03%	1,367,120	1	2.03%	-		0.00%	1,245,940	4	1.85%
Imperial Plastics, Inc.	219,000	10	0.33%	-		0.00%	-		0.00%	219,000	10	0.33%	-		0.00%
Northern Health Facilities	591,970	5	0.88%	591,970	6	0.88%	591,970	6	0.88%	597,940	4	0.89%	597,940	8	0.89%
Oscar & Christine Gross	-		0.00%	-		0.00%	-		0.00%	681,660	3	1.01%	-		0.00%
Rittman Market Square	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
United Telephone	-		0.00%	794,880	5	1.18%	794,880	5	1.18%	-		0.00%	544,010	9	0.81%
Rittman Associates	-		0.00%	-		0.00%	-		0.00%	-		0.00%	536,620	10	0.80%
Premier Pontiac GMC	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Rittman Shopping Center	412,080	6	0.61%	398,360	7	0.59%	398,360	7	0.59%	536,620	5	0.80%	-		0.00%
Rittman Acres Ltd.	-		0.00%	-		0.00%	-		0.00%	339,670	6	0.50%	-		0.00%
CPI	-		0.00%	1,164,200	2	1.73%	1,164,200	2	1.73%	1,200,870	1	1.78%	2,981,610	3	4.43%
Columbia Gas	727,930	4	1.08%	840,890	4	1.25%	840,890	4	1.25%	-		0.00%	814,820	5	1.21%
Strickland Mason, Inc.	-		0.00%	-		0.00%	-		0.00%	-		0.00%	713,500	6	1.06%
City of Rittman	-		0.00%	315,700		0.47%	315,700		0.47%	-		0.00%	-		0.00%
Vicent & Rose Tricomi	275,200	8	0.41%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Tenneco Packaging, Inc.	2,080,750	1	3.09%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Chippewa Valley Bank	228,210	9	0.34%	228,210	10	0.34%	228,210	10	0.34%	228,210	9	0.34%	-		0.00%
Villas Limited	293,380	7	0.44%	293,380	9	0.44%	293,380	9	0.44%	293,380	8	0.44%	-		0.00%
Total of above	<u>\$ 7,115,000</u>		<u>10.57%</u>	<u>\$ 6,996,950</u>		<u>8.65%</u>	<u>\$ 6,996,950</u>		<u>8.61%</u>	<u>\$ 5,423,500</u>		<u>6.03%</u>	<u>\$21,439,680</u>		<u>23.83%</u>
Total City	<u>\$67,338,429</u>			<u>\$80,867,752</u>			<u>\$81,220,920</u>			<u>\$ 89,975,002</u>			<u>\$89,986,000</u>		

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

**CITY OF RITTMAN, OHIO**  
**Schedules of Principal Taxpayers**  
**Last Ten Years**

	2001			2002			2003			2004			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b>Taxpayer</b>															
Caraustar Mill Group, Inc.	\$ 8,543,030	1	12.69%	\$ 9,244,310	1	13.73%	\$ 7,109,830	1	10.56%	\$ 6,917,290	2	10.27%	\$ 7,702,920	1	11.44%
Morton International, Inc.	4,989,250	2	7.41%	5,725,730	2	8.50%	5,655,570	2	8.40%	7,388,520	1	10.97%	6,319,260	2	9.38%
Laria Chevrolet Buick	-		0.00%	887,230	3	1.32%	1,301,890	3	1.93%	988,770	4	1.47%	1,423,530	3	2.11%
Unilock Ohio, Inc.	586,210	7	0.87%	-		0.00%	-		0.00%	1,031,980	3	1.53%	1,131,890	4	1.68%
Ohio Edison	824,700	4	1.22%	787,950	4	1.17%	799,310	4	1.19%	799,310	5	1.19%	823,360	5	1.22%
Imperial Plastics, Inc.	505,780	9	0.75%	563,350	6	0.84%	580,320	6	0.86%	446,290	10	0.66%	731,790	6	1.09%
Northern Health Facilities	597,940	6	0.89%	597,940	5	0.89%	638,770	5	0.95%	638,770	6	0.95%	638,770	7	0.95%
Oscar & Christine Gross	-		0.00%	432,290	10	0.64%	-		0.00%	489,140	7	0.73%	534,480	8	0.79%
Rittman Market Square	-		0.00%	-		0.00%	-		0.00%	-		0.00%	452,270	9	0.67%
United Telephone	469,240	10	0.70%	456,580	9	0.68%	449,950	8	0.67%	449,950	9	0.67%	375,460	10	0.56%
Rittman Associates	516,720	8	0.77%	516,720	7	0.77%	452,300	7	0.67%	452,300	8	0.67%	-		0.00%
Premier Pontiac GMC	657,520	5	0.98%	473,850	8	0.70%	403,850	10	0.60%	-		0.00%	-		0.00%
Rittman Shopping Center	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Rittman Acres Ltd.	-		0.00%	-		0.00%	406,030	9	0.60%	-		0.00%	-		0.00%
CPI	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Columbia Gas	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Strickland Mason, Inc.	921,920	3	1.37%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
City of Rittman	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Vicent & Rose Tricomi	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Tenneco Packaging, Inc.	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Chippewa Valley Bank	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Villas Limited	-		0.00%	-		0.00%	-		0.00%	-		0.00%	-		0.00%
Total of above	<u>\$18,612,310</u>		<u>21.11%</u>	<u>\$19,685,950</u>		<u>22.24%</u>	<u>\$17,797,820</u>		<u>18.28%</u>	<u>\$19,602,320</u>		<u>20.48%</u>	<u>\$ 20,133,730</u>		<u>19.87%</u>
Total City	<u>\$88,165,000</u>			<u>\$88,534,000</u>			<u>\$97,359,000</u>			<u>\$95,723,701</u>			<u>\$101,339,084</u>		

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

**CITY OF RITTMAN, OHIO**  
**Schedules of Property Tax, Tangible Tax, Special Assessments,**  
**Levied/Billed and Collections, and Economic Indicators**  
**Last Ten Years (\$000 omitted)**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>PROPERTY TAX</u></b>										
Net tax levy	\$ 328	312	339	362	382	413	490	495	496	593
Taxes collected	\$ 287	315	324	355	375	406	459	462	464	561
Percentage collected	88%	101%	96%	98%	98%	98%	94%	93%	94%	95%
<b><u>TANGIBLE TAX</u></b>										
Billed	\$ 140	161	125	147	133	132	147	133	240	149
Collected	\$ 134	155	125	147	133	132	145	114	239	144
Percentage collected	96%	96%	100%	100%	100%	100%	99%	86%	100%	97%
Delinquent	5	5	-	-	-	-	-	-	-	-
<b><u>SPECIAL ASSESSMENTS</u></b>										
Billed	\$ 35	29	22	25	24	21	21	21	26	25
Collected	\$ 30	30	21	25	24	20	21	17	24	25
Percentage collected	86%	104%	96%	100%	100%	95%	100%	81%	92%	100%
Delinquent	\$ 1	-	1	1	-	2	-	-	-	-
<b><u>COMMUNITY ECONOMIC INDICATORS</u></b>										
Commercial										
Number of building permits issued	-	4	7	11	17	10	10	15	12	7
Value of building permits issued	\$ -	1,961	2,043	280	4,114	591	938	1,002	2,468	8,281
Residential										
Number of building permits issued	9	7	14	118	67	148	191	180	147	145
Value of building permits issued	\$ 704	610	1,161	1,312	2,242	4,469	6,405	4,002	5,211	12,031
Registered voters, November election (City of Rittman)										
	3,022	3,087	3,867	3,073	3,265	2,939	3,089	3,837	3,742	3,845
Financial Institution Deposits	\$ 856,765	1,785,711	1,833,954	1,598,818	916,326	1,027,953	1,188,627	1,177,332	522,783	539,643

Source: Wayne and Medina County Auditors  
Wayne County Board of Elections  
Ohio Department of Job and Family Services  
Federal Reserve Board and City of Rittman Zoning Department

**CITY OF RITTMAN, OHIO**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Years (\$000 omitted)**

Fiscal Year	Governmental Activities (1)					Business-Type Activities (1)					Total Primary Government
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Capital Leases	Revenue Bonds	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	OWDA Loans		
1996	\$ 835	\$ 116	\$ -	\$ -	\$ 1,252	\$ 506	\$ -	\$ -	\$ 3,155	\$ 5,864	
1997	785	100	-	-	1,240	415	-	-	3,016	5,556	
1998	730	96	-	-	1,228	319	-	-	2,869	5,242	
1999	675	77	-	-	1,215	222	-	-	2,716	4,905	
2000	2,115	60	-	-	1,201	114	-	-	2,554	6,044	
2001	2,006	42	-	-	1,186	-	-	-	2,384	5,618	
2002	1,895	75	44	-	1,171	-	-	-	2,206	5,391	
2003	1,776	81	34	261	1,155	-	22	-	2,041	5,370	
2004	1,850	69	24	132	1,138	1,550	15	-	1,869	6,647	
2005	1,670	81	14	-	1,120	1,495	8	142	1,687	6,217	

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

**CITY OF RITTMAN, OHIO**

**Ratios of General Bonded Debt Outstanding  
Last Ten Years (\$000 omitted, except per capita)**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Revenue Bonds	Total		
1996	\$ 1,341	\$ 1,252	\$ 2,593	3.85%	\$ 422.11
1997	1,200	1,240	2,440	3.02%	397.20
1998	1,049	1,228	2,277	2.80%	370.67
1999	897	1,215	2,112	2.35%	343.81
2000	2,229	1,201	3,430	3.81%	543.24
2001	2,006	1,186	3,192	3.62%	505.54
2002	1,895	1,171	3,066	3.46%	485.59
2003	1,776	1,155	2,931	3.01%	464.21
2004	3,400	1,138	4,538	4.74%	718.72
2005	3,165	1,120	4,285	4.23%	678.65

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

**CITY OF RITTMAN, OHIO**

**Direct and Overlapping Governmental Activities Debt (\$000 omitted)**

**December 31, 2005**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Percentage applicable to City (1)</b>	<b>Amount applicable to City</b>
Rittman Exempted Village School District	\$ 9,500	91.24%	\$ 8,668
Wayne County, Ohio	13,973	4.94%	690
Subtotal, overlapping debt			690
<b>City of Rittman governmental activities direct debt</b>			<u>1,765</u>
<b>Total direct and overlapping debt</b>			<u>\$ 2,455</u>

(1) Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF RITTMAN, OHIO**  
**Legal Debt Margin Information**  
**Last Ten Years**

**Legal Debt Margin Calculation for**  
**Year Ending December 31, 2005**

	<u>Unvoted</u>	<u>Overall</u>
Total assessed valuation	\$ 101,339,084	101,339,084
Debt limitation - 5.5% of assessed valuation	<u>5,573,650</u>	
Debt limitation - 10.5% of assessed valuation		<u>10,640,604</u>
Debt applicable to limitation:		
Gross indebtedness	6,217,204	6,217,204
Exempt debt:		
Sewer revenue bonds	1,119,700	1,119,700
OWDA loans	1,687,282	1,687,282
OPWC loans	156,197	156,197
Special assessment bonds	89,025	89,025
Amount available in debt service fund	<u>77,774</u>	<u>77,774</u>
Total debt applicable to limitation	<u>3,087,226</u>	<u>3,087,226</u>
Legal debt margin	<u>\$ 2,486,424</u>	<u>7,553,378</u>

96

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$ 7,070,535	\$ 8,491,114	\$ 8,528,197	\$ 9,447,375	\$ 9,448,530	\$ 9,257,325	\$ 9,296,070	\$ 10,222,695	\$ 10,050,989	\$ 10,640,604
Total net debt applicable to limit	1,355,000	1,210,000	1,055,000	900,001	2,228,984	2,006,000	1,895,000	1,623,663	3,164,919	3,087,226
Legal debt margin	\$ 5,715,535	\$ 7,281,114	\$ 7,473,197	\$ 8,547,374	\$ 7,219,546	\$ 7,251,325	\$ 7,401,070	\$ 8,599,032	\$ 6,886,070	\$ 7,553,378
Total net debt applicable to limit as a percentage of debt limit	19.16%	14.25%	12.37%	9.53%	23.59%	21.67%	20.38%	15.88%	31.49%	29.01%

**CITY OF RITTMAN, OHIO**  
**Schedules of Ratio of Annual Debt Service Expenditures for General Bonded Debt**  
**to Total General Governmental Expenditures and**  
**Revenue Bond Coverage**  
**Last Ten Years (\$000 omitted)**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>GENERAL BONDED DEBT</u></b>										
Debt service	\$ 124	124	120	120	162	245	135	140	22	203
General governmental expenditures	\$ 2,600	2,637	3,128	3,246	4,068	6,114	3,863	4,039	3,767	4,118
Ratio of debt service to general governmental expenditures	4.77	4.70	3.84	3.70	3.98	4.01	3.49	3.47	0.58	4.93
<b><u>REVENUE BOND COVERAGE</u></b>										
Sewer:										
Direct revenue	\$ 909	870	915	882	909	921	965	913	1,052	1,021
Operating expense (1)	\$ 457	838	637	476	652	681	673	693	644	630
Net available	\$ 452	32	278	406	257	240	292	220	408	391
Principal	\$ 11	12	13	13	-	14	15	16	17	18
Interest	\$ 65	64	64	63	62	62	61	60	59	58
Total debt service	\$ 76	76	77	76	62	76	76	76	76	76
Coverage	5.95	0.42	3.61	5.34	4.15	3.16	3.84	2.89	5.37	5.14

Note: All years presented are reported on a GAAP basis.  
(1) excludes depreciation

**CITY OF RITTMAN, OHIO**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<u>Year</u>	<u>Population</u>	<u>School Enrollment</u>	<u>County Unemployment Rate</u>
1996	6,143	1,380	4.3%
1997	6,143	1,373	4.2%
1998	6,143	1,344	3.2%
1999	6,143	1,307	3.5%
2000	6,314	1,273	3.1%
2001	6,314	1,209	3.9%
2002	6,314	1,239	4.7%
2003	6,314	1,216	4.4%
2004	6,314	1,162	4.7%
2005	6,314	1,153	5.3%

**MISCELLANEOUS STATISTICS**

Date of incorporation	1960
Form of government	Mayor-Council-Manager
Area (square miles)	6.1
Number of parks	12
Miles of Streets	39.5
Number of street lights	508
Number of traffic lights	5
Fire Protection	
Number of stations	1
Number volunteers	30
Police Protection	
Number of stations	1
Number of full-time officers	8

**CITY OF RITTMAN, OHIO**  
**Schedules of Principal Employers**  
**Last Three Years**

Employer	2003			2004			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Morton International, Inc.	293	1	1.49%	278	1	1.48%	281	1	1.51%
Rittman Local School District	238	3	1.21	227	3	1.21	215	2	1.16
City of Rittman	197	5	1.00	188	5	1.00	186	3	1.00
Northern Health Facilities	198	4	1.01	209	4	1.11	180	4	0.97
Caraustar Mill Group, Inc.	240	2	1.22	172	2	0.91	163	5	0.88
Imperial Plastics, Inc.	105	6	0.53	95	6	0.51	83	6	0.45
Unilock Ohio, Inc.	53	8	0.27	53	8	0.28	63	7	0.34
Laria Chevrolet Buick	62	7	0.31	61	7	0.32	54	8	0.29
Promotional Fixtures	41	9	0.21	41	9	0.22	44	9	0.24
Swiss Woodcraft, Inc.	36	10	0.18	27	10	0.14	40	10	0.22
	<u>1,463</u>		<u>5.95%</u>	<u>1,351</u>		<u>5.72%</u>	<u>1,309</u>		<u>5.54%</u>





**Auditor of State  
Betty Montgomery**

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**CITY OF RITTMAN**

**WAYNE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 3, 2006**