

Mary Taylor, CPA
Auditor of State

CITY OF ORRVILLE
WAYNE COUNTY

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Mary Taylor, CPA

Auditor of State

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

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

To the Mayor and City Council Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orrville, Wayne County, Ohio, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

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

We noted a matter that we reported to the City's management in a separate letter dated June 11, 2007.

Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, and City Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 11, 2007

CITY OF ORRVILLE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2006

James D. Leggett
Finance Director

Prepared by the City Finance Department

Introductory Section

City of Orrville, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
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207 North Main Street | Orrville, Ohio 44667-1639 | Phone (330) 684-5000 | FAX (330) 684-5023 | www.orrville.com

June 11, 2007

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

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual report with Auditor of State within 150 days of fiscal year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State statutes require the City of Orrville (the City) to be subjected to an annual examination by the Auditor of State. The Auditor of State's office rendered an opinion on the City's financial statements as of December 31, 2006, and the Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

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

Profile of the Government

The City, founded in 1864, is located in Wayne County in northeastern Ohio, approximately 50 miles south of the City of Cleveland. The City was incorporated as a Village in 1913 and later became a City in 1951. The City's 2000 population was 8,551, according to the U.S. Census. The Safety Service Department estimates the population in 2006 to be 8,847.

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

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

Becky L. Jewell
Safety-Service Director

James D. Leggett
Finance Director
P.O. Box 61

Dennis R. Steiner
Mayor

Daniel R. Lutz
Law Director
100 N. Vine St.
330-683-5010

Dennis L. Forrer
Human Resources Manager

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

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

The Council is required to adopt a temporary appropriation measure in January and then, by April 1, a permanent appropriation measure for that year. This annual budget serves as the foundation for the City of Orrville's financial planning and control. The budget is prepared at the personal services and other object level within each fund. For the personal service object level the Director of Finance has been authorized to allocate and maintain appropriations within each department. For the other object level the Director of Finance has been authorized to allocate appropriations within each department and any object level which he maintains on his books, other than personal services. Transfers between funds, however, need special approval from Council.

Local Economy

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

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

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

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

The County has a strong agricultural economy with 1,860 farms covering 257,000 acres. The average farm size in the County is 138 acres. There is also 4,500,000 bushels of commercial grain storage capacity. In 2005 (latest information) the receipts from agriculture were \$192,890,000. The County ranked first in the State in the production of hay, and second in the production of oats. Wayne County farmers owned 92,500 head of cattle and calves, and 33,800 milk cows, ranking the County number one in the State. The County maintains forty two acres of fairgrounds situated in the southwest portion of the nearby City of Wooster. The fairgrounds are the home of the annual County Fair and are used year round to stable privately-owned horses, for flea markets and for art and craft shows. Paid attendance to the 2006 County fair was 102,021.

Several private and public golf courses and campgrounds are situated in the County.

The City's area is 6.13 square miles, broken down by value as follows:

	Percent of Assessed Valuation
Residential	66.5 %
Commercial	16.7
Industrial	16.5
Agricultural	0.3

Source: County Auditor.

Residents of the City have access to a wide range of educational and cultural facilities. Wayne College, a branch campus of the University of Akron, was founded in 1972 on 163 acres located within the City. Their enrollment in 2006 was 1,800 credit, and 2,000 non-credit students. Wayne College offers general, technical and continuing education programs. Students choosing general studies may transfer to a four-year college or university after the first two basic years at the campus. Those choosing technical education programs may obtain associate degrees from the University of Akron.

The County is also the home of the College of Wooster, the Ohio Agricultural Research and Development Center and the Agricultural Technical Institute. The College of Wooster, a private nonprofit college opened its doors in 1870 with a faculty of 5 and a student body of 34. The College is a source of cultural and educational opportunities usually limited to more metropolitan areas. The faculty consists of 134 full time members and 34 part-time members. The College had a fall 2006 enrollment of more than 1,800. Lectures, concerts, plays, recitals, arts shows and public forums draw residents from across the County. The College's Ohio Light Opera Company attracts thousands of residents each year as well as over 24,000 visitors from outside the County.

The Ohio Agricultural Research and Development Center (OARDC), a division of Ohio State University, is also located in the County. OARDC conducts basic and applied research in agriculture, home economics and related fields and helps train graduate students in these fields. At any given time, the OARDC scientists are conducting more that 600 different research projects. In addition to the extensive research facilities, OARDC houses the 85-acre Secrest Arboretum and a formal rose garden, both of which are popular attractions.

The Ohio State Agricultural Technical Institute (ATI) is located south of OARDC and had a fall 2006 enrollment of more than 800. ATI offers a two-year Associate of Applied Science specialized degree in Agriculture Technologies. In 2006, ATI was ranked #1 in the U.S. by Community College Week in the awarding of associate degrees in agriculture and related sciences, a position they have held since 2001.

City Employees

The City has 194 full-time employees; including 39 members of the City's volunteer fire department (who are paid on a per-call basis). The number of full-time employees has remained relatively constant over the past several years. A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining. Some full-time employees are represented by the following bargaining units:

Bargaining Unit	Expiration Date Of Current Agreement	Number of Employees
United City Workers	December 31, 2009	70
Ohio Patrolmen's Benevolent Association	December 31, 2006	17

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

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

Long-Term Financial Planning

The long term plan for funding capital projects for the General City infrastructure was to adopt an increase of one-quarter percent to the income tax with the entire increased amount being designated for capital expenditures. The tax issue failed in the November 2006 election. Council now plans to borrow monies needed to fund necessary capital items. The first item will be land for a new industrial park. The City will issue bonds for economic development in the Sewer fund for this and future projects.

The City has debt for its three utilities. Future borrowings are not anticipated for the Waste Water or the Electric Utilities. Their capital expenses will be paid from excess working capital. The Water Utility will rely on grants and loans for its future capital projects. All three utilities will be subject to rate increases.

Relevant Financial Policies

The City has ordinances in place that determine the split of the revenue received from the municipal income tax. The current split is 20 percent to the Capital Improvement Fund and 80 percent to the General Fund.

There are also ordinances in place to put a certain portion of Cemetery receipts into the Cemetery Improvement Fund. The interest from this fund will be used for cemetery maintenance. A portion of the Emergency Medical Service revenues are placed in the EMS Equipment Fund to purchase capital items used in the Fire Department for Emergency Medical Service.

An ordinance is also in place to allocate the expenses of the Finance, Law, and Personnel Departments among the various enterprise funds and the General Fund.

Major Initiatives

The City and its various utilities have completed a number of projects in 2006.

In 2006 Heartland Point was opened in the downtown business district of Orrville. Heartland Point is a community gathering place where citizens can learn what is going on in Orrville. The building also contains meeting rooms and a café.

The Orrville Public Library was named nationally the seventh best out of 1,770 libraries with a customer base between 10,000 and 25,000 people. This recognition comes from the Hennen's American Public Library Ratings, a national rating organization. The Library was opened and dedicated in 2000.

The Wayne County Homebuilders Parade of Homes took place in the Marsh Ridge development on the West side of Orrville in the summer of 2006. The development provides much needed residential building sites within the City.

Spectrum Brands, a manufacturer of fertilizer and potting soil expanded their facility by building a 350,000 square foot distribution center, and in May of 2006 their site was annexed into the City.

American Weather Seal, a manufacturer of windows began construction on a \$9 million facility on the north edge of town on what is planned to be the first site of a new industrial park.

JLG, a manufacturer of lifting equipment is reopening its 300,000 square foot manufacturing facility that they vacated several years ago. In 2006 they moved some of their manufacturing back into this building.

The Orrville City School System broke ground on a new middle school which is the first phase of a plan to construct three new buildings and creating a campus type setting with the elementary, middle school and high school buildings located in close proximity to each other.

The Service Department resurfaced West Oak Street, West Paradise Street and Maple Street at a cost of \$147,000. They also resurfaced the tennis courts in Orr park and upgraded the electric service in the park and placed it underground.

The Wastewater Utility treated 777 million gallons of effluent during 2006, with 168 million reused by the power plant. The plant is currently operating at 70 percent of capacity.

During 2006 an Automated High Flow Line was installed and the trunk sewer system was extended to the Crownhill Road/Schrock Road area to facilitate the annexation of the Spectrum Brands property.

The Electric Utility operated at over 75 percent capacity this year. All departments received State association safety awards for accident prevention. The major project for the year was the rebuilding of Boiler #11. This unit accounts for 60 percent of our Wholesale Market sales. The utility also received its EPA operation permit which is good for the next 5 years.

The Water Utility treated approximately 1.6 million gallons of water per day during 2006. During the year they completed upgrades to the water distribution system on South Vine Street and West Sassafras Street and installed new mains on West High, South Mill and East Pine Streets.

The Water Utility also cleaned two lime lagoons and cleaned three production wells, including the rebuilding of pumps and motors.

Awards and Acknowledgements

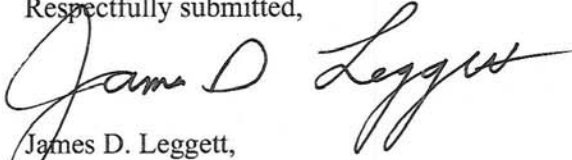
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orrville for its comprehensive financial report for the fiscal year ended December 31, 2005. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

A sincere thanks also goes to the Local Government Services Section of Auditor of State Mary Taylor's Office for their assistance in the organization and final review of our 2006 Comprehensive Annual Financial Report.

Respectfully submitted,



James D. Leggett,
Director of Finance

City of Orrville, Ohio

City Officials

ELECTED OFFICIALS

Mayor.....Dennis Steiner
President of Council..... David Handwerk
Council MemberRich Corfman
Council Member Julie Leathers
Council Member Lyle Baker
Council Member Dennis Landlaw
Council Member Tom Purdy
Council Member Bob Weaver

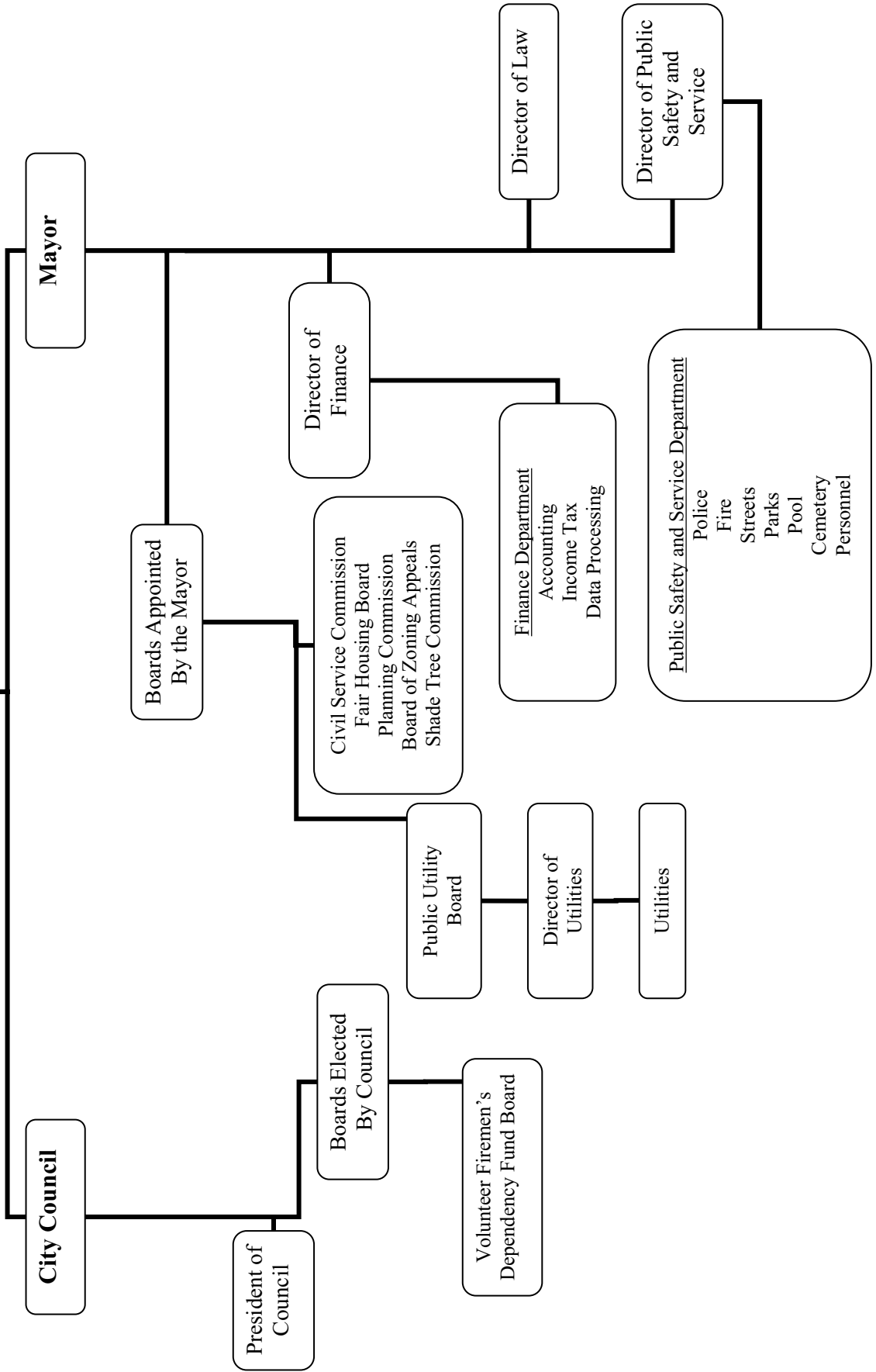
APPOINTED OFFICIALS

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

UTILITY BOARD MEMBERS

President of Board..... Roland Lehman Jr.
Board Member Robert Maglio
Board Member Dave Shrader
Board Member Gary Gossard
Board Member Kenneth Stuter

**Citizens of Orrville
(Voters)**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Orrville
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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.



President

Executive Director

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Financial Section



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Mayor and City Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orrville, Wayne County, Ohio, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orrville, Wayne County, Ohio, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 11, 2007

City of Orrville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2006
Unaudited

The discussion and analysis for the City of Orrville's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2006. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter and the basic financial statements.

Financial Highlights

Financial highlights for 2006 are as follows:

- Total Net Assets increased \$2,393,468. Net Assets of governmental activities decreased \$611,848 which represents a 1.3 percent decrease from 2005. Net assets of business-type activities increased \$3,005,316 from 2005.
- Total Assets of Governmental Activities decreased \$926,160 or 1.9 percent below the 2005 level.
- Total Assets of Business Type Activities increased \$811,890 or 1.1 percent above the 2005 level.
- Total Liabilities of Governmental Activities decreased \$314,312. This is a reduction of 21.4 percent from the previous year.
- Total Liabilities of Business-Type Activities decreased \$2,193,426. This is a reduction of 9.7 percent from the previous year.
- Total Capital Assets decreased \$1,369,750 which represents a 1.5 percent decrease.
- Total Long Term Liabilities decreased \$2,049,910 or 10.0 percent during 2006.

Using this Annual Financial Report

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

The Statement of Net Assets and the Statement of Changes in Net Assets provides summarized information showing the effects of the operations for the year 2006 and how they effected the operations of the City as a whole.

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

Reporting the City of Orrville as a Whole

Statement of Net Assets and Statement of Activities

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

City of Orrville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2006
Unaudited

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

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

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

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

Reporting on the Most Significant Funds of the City of Orrville

Fund Financial Statements

The fund financial statements begin on page 16. Fund financial reports give a detailed report of the activities within the funds. The City currently has twenty-six funds, as presented in this report. These funds are in existence to provide a multitude of services to the citizens of Orrville. Some funds provide for safety forces, some provide for streets, some provide for electric service, some provide for water service, and some provide for sewer service. Some provide for purchase of capital assets and infrastructure. One even provides health care for the City's employees. Each fund is in some ways an entity unto itself. Each fund has a designated revenue stream and restricted uses for the monies within the fund.

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

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match, except for the internal service fund allocations.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds are private-purpose trust and agency.

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The City of Orrville as a Whole

The Statement of Net Assets provides an overall view of the City. Table one shows a summary of the City's net assets for 2006 as they compare to 2005.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and Other Assets	\$5,898,710	\$6,464,312	\$27,091,539	\$25,270,457	\$32,990,249	\$31,734,769
Capital Assets, Net	41,820,127	42,180,685	46,671,203	47,680,395	88,491,330	89,861,080
<i>Total Assets</i>	47,718,837	48,644,997	73,762,742	72,950,852	121,481,579	121,595,849
Liabilities						
Current Liabilities	877,303	1,182,350	2,253,170	2,405,951	3,130,473	3,588,301
Long-Term Liabilities:						
Due Within One Year	152,004	132,659	2,748,928	2,563,591	2,900,932	2,696,250
Due in More Than One Year	123,374	151,984	15,387,663	17,613,645	15,511,037	17,765,629
<i>Total Liabilities</i>	1,152,681	1,466,993	20,389,761	22,583,187	21,542,442	24,050,180
Net Assets						
Invested in Capital Assets, Net of Related Debt	41,706,949	42,058,605	29,057,655	27,780,982	70,764,604	69,839,587
Restricted for:						
Capital Projects	1,613,790	2,050,035	0	0	1,613,790	2,050,035
Debt Service	240,462	240,691	2,949,687	2,891,452	3,190,149	3,132,143
Street Repair and Maintenance	424,442	370,016	0	0	424,442	370,016
Solid Waste Services	68,355	43,100	0	0	68,355	43,100
Law Enforcement and Education	19,951	19,323	0	0	19,951	19,323
Cemetery Maintenance	236,639	220,720	0	0	236,639	220,720
EMS Equipment	134,874	107,040	0	0	134,874	107,040
Performing Arts	5,859	7,475	0	0	5,859	7,475
Replacement and Improvement	0	0	2,300,000	2,300,000	2,300,000	2,300,000
Unrestricted	2,114,835	2,060,999	19,065,639	17,395,231	21,180,474	19,456,230
<i>Total Net Assets</i>	\$46,566,156	\$47,178,004	\$53,372,981	\$50,367,665	\$99,939,137	\$97,545,669

Total assets decreased in 2006 by \$114,270. The decrease in total assets is primarily due to capital outlay being less than the annual depreciation on capital assets. This is the result of conservative spending on capital assets dictated by the levels of the capital funds. Total assets for Governmental Activities decreased by \$926,160. This is due to a reduction in the current assets caused by a reduction in accounts receivable, as well as the aforementioned reduction in capital expenditures. The total assets for Business-Type Activities increased by \$811,890. Although the Capital Assets decreased, this was offset by an increase of cash.

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The reduction of \$314,312 in total liabilities for the Governmental Activities is due to a reduction in both current and long-term liabilities. The greatest impact is created by a decrease in current liabilities due to lower accounts payable, while the reduction in long-term liabilities is minimal as payments reduce the outstanding balance on small Special Assessment Bonds. The reduction of \$2,193,426 in the total liabilities for the Business-Type Activities is slightly due to a reduction in accounts payable but primarily the result of the payments on the revenue bonds and loans in the enterprise funds. All three utilities have long-term debt.

Total net assets in Governmental Activities decreased by \$611,848. This is primarily a result of increased transportation expenditures in 2006.

Total Net Assets for the Business-Type Activities increased by \$3,005,316 due primarily to the fact revenues exceeded expenses in the three utilities, particularly in the Electric Utility.

The City also works hard to increase net assets through our investment program. Investment earnings for the City were \$1,182,153 in 2006. This is a \$717,692 increase over 2005 and reflects the increase in interest rates throughout the year in the type of investments that municipalities are permitted to purchase.

Table 2 shows the changes in net assets for the year ended December 31, 2006, for both our Governmental Activities and our Business-Type Activities.

Table 2
Change in Net Assets

	Governmental Activities		Business - Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues:						
Charges for Services	\$728,678	\$646,620	\$31,549,154	\$29,792,864	\$32,277,832	\$30,439,484
Operating Grants and Contributions	496,986	567,247	0	0	496,986	567,247
Capital Grants and Contributions	293,860	282,606	0	0	293,860	282,606
Total Program Revenues	1,519,524	1,496,473	31,549,154	29,792,864	33,068,678	31,289,337
General Revenues:						
Property Taxes	469,385	524,516	0	0	469,385	524,516
Income Taxes	2,860,410	2,730,228	0	0	2,860,410	2,730,228
Other Local Taxes	851,218	837,438	0	0	851,218	837,438
Grants and Entitlements	579,014	717,533	0	0	579,014	717,533
Investment Earnings	217,144	139,056	965,009	325,135	1,182,153	464,191
Miscellaneous	35,116	165,427	333,385	539,674	368,501	705,101
Total General Revenues	5,012,287	5,114,198	1,298,394	864,809	6,310,681	5,979,007
Total Revenues	\$6,531,811	\$6,610,671	\$32,847,548	\$30,657,673	\$39,379,359	\$37,268,344

(continued)

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Table 2
Change in Net Assets (continued)

	Governmental Activities		Business - Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Program Expenses						
General Government	\$1,151,757	\$1,075,509	\$0	\$0	\$1,151,757	\$1,075,509
Security of Persons and Property:						
Police	1,565,658	1,360,423	0	0	1,565,658	1,360,423
Fire	601,531	531,847	0	0	601,531	531,847
Transportation	2,229,194	1,590,642	0	0	2,229,194	1,590,642
Public Health and Welfare	142,615	118,376	0	0	142,615	118,376
Leisure Time Activities	318,858	252,386	0	0	318,858	252,386
Basic Utility Service	273,951	282,403	0	0	273,951	282,403
Interest and Fiscal Charges	8,877	9,706	0	0	8,877	9,706
Enterprise Operations	0	0	30,693,450	29,614,571	30,693,450	29,614,571
Total Program Expenses	6,292,441	5,221,292	30,693,450	29,614,571	36,985,891	34,835,863
Increase in Net Assets						
Before Transfers	239,370	1,389,379	2,154,098	1,043,102	2,393,468	2,432,481
Transfers	(851,218)	(837,438)	851,218	837,438	0	0
Increase/(Decrease) in Net Assets	(611,848)	551,941	3,005,316	1,880,540	2,393,468	2,432,481
Net Assets Beginning of Year	47,178,004	46,626,063	50,367,665	48,487,125	97,545,669	95,113,188
Net Assets End of Year	\$46,566,156	\$47,178,004	\$53,372,981	\$50,367,665	\$99,939,137	\$97,545,669

Governmental Activities

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

The City also receives money from grants which have limitations on how and where the dollars can be spent. The City received a grant for a detention basin, and a grant for downtown improvement that carried such limitations.

The City's income tax was established by ordinance to be effective January 1, 1961 at a rate of .6 percent. The rate was later increased by resolution to 1 percent effective October 1, 1970. The rate has remained at that level since then. This rate is much lower than the state average for municipalities that have an income tax. The income tax accounted for revenues of \$2,860,410 in 2006. These revenues were split between the General Fund and the Capital Improvements Fund with an allocation of 80 percent to the General Fund and 20 percent to the Capital Improvements Fund. The allocation percentage is set by resolution and historically has changed from time to time depending on the balances in the two aforementioned funds. The allocation has been 65 - 35 percent, 60 - 40 percent as well as 70 - 30 percent. This practice of putting a percentage of income tax revenue into the Capital Improvements Fund has been an excellent tool for the City in making capital improvements without the need to issue debt. In the last several years some major projects have been accomplished with monies from the Capital Improvements Fund, such as the reconstruction and repaving of North Main Street.

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The level of revenue from the income tax increased in 2006. This was the result of an increase in withholding taxes and taxes from individuals.

Transportation represents the largest expense of the Governmental Activities. This expense of \$2,229,194 represents 35 percent of the total expenses of the Governmental Activities. These funds are used to maintain the streets and the equipment used for the streets.

Our Fire Department is a part-time department with a full-time Chief. The City is very committed to maintaining a very efficient department. Regular meetings, drills, and training sessions are held. There is a strong emphasis on equipment with a new heavy rescue truck having been purchased in the last several years. The Department's functions include firefighting, emergency medical service including paramedic service, fire prevention education, and investigation. The Fire Department expenses account for 10 percent of the Governmental Activities expenses. The Department also contracts with surrounding townships to provide firefighting and emergency medical services. The revenues generated by these contracts are reported under the charges for services area.

Our Police Department is also funded through the general fund. The Department is a full-time 24-hour a day, 365-days a year Department. Each patrol car is now equipped with a laptop computer to assist the officers in accessing information while on duty. The expenses for the Department for the year 2006 were \$1,565,658. This accounts for 25 percent of the expenses for Governmental Activities.

Business-Type Activities

The City also operates a Utility Department that consists of three utilities. The largest from an asset and revenue standpoint is the electric utility. This utility consists of a coal fired generation plant and distribution system that serves the City and surrounding area with reliable and competitively priced power. In 2006, the electric utility sold 279,546,000 KWH of electricity to generate \$26,606,260 in charges for services revenue. They burned 190,835 tons of coal at a cost of \$6,677,200.

The Water utility treats 1,600,000 gallons of water per day with a capacity to treat an additional 2,100,000 per day. The water plant is the newest of the utility facilities. It was put into service in 1996. The raw water is supplied from various wells. The plant currently serves 3,000 residential customers and 350 industrial and commercial customers.

The Sewer facility treated 777 million gallons of sewage during 2006, which is similar to the level of operation experienced in 2005. This facility was last upgraded in 1990 and currently operates at 70 percent capacity. The plant is controlled by a modern SCADA (computer) system. A video surveillance system monitors strategic locations throughout the facility 24 hours a day. The plant currently serves 3,326 residential customers and 326 industrial and commercial customers.

The revenues and expenses for all three of these utilities are reported under the Business-Type Activities on Table 2. Reviewing this table shows the majority of the City's revenues and expenses flow through the Utility Department. The revenues for the Utility Department come primarily from charges for service. In 2006 this amount of \$31,549,154 accounted for approximately 96 percent of the revenues. The total expenses for the utilities were \$30,693,450, leaving a surplus of \$3,005,316 for the Business-Type Activities.

The increase in the balances in the Utility Funds during 2006 was primarily due to the increase in the Electric Revenue Fund created by significant wholesale sales.

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The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. The general fund had revenues of \$4,726,362 and expenditures of \$3,604,759, both very similar to 2005. Although this shows a surplus of \$1,121,603, the true picture is somewhat different. Some of the revenue collected in the general fund is from the collection of the Kilowatt-hour tax that is then passed back through the Electric Revenue Fund by way of a transfer. When these receipts and other transfers are eliminated, the true surplus is \$106,815. The capital improvements fund had revenues of \$668,129, similar to 2005, and expenditures of \$1,123,430, substantially greater than 2005, leaving a deficit of \$455,301. The deficit is created by expenditures that could no longer be delayed, such as replacing two police cruisers, repairs on several streets, and the City's portion of the detention basin and Dairy Lane projects.

Information about the business-type funds starts on page 21. These funds are accounted for on an accrual basis. The sewer fund had operating revenues of \$2,011,584 which exceeded operating expenses of \$1,869,582. The electric fund had operating revenues of \$26,933,525 and operating expenses of \$25,095,324 and the water fund had operating revenues of \$2,937,430 and operating expenses of \$2,469,314.

Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. All recommendations for appropriation changes come to Council from the Finance Director. The Finance Committee of Council reviews them, and makes their recommendations to the Council as a whole.

For the general fund, the original budgeted revenues and the final budgeted revenues were \$4,247,226 and the actual revenues were \$4,793,122. Of this \$545,896 difference, most was due to higher than anticipated income tax revenues and intergovernmental revenues.

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

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

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Capital Assets and Debt Administration

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$1,544,125	\$1,479,263	\$669,804	\$678,203	\$2,213,929	\$2,157,466
Buildings and Improvements	3,541,892	3,578,774	12,122,531	12,768,371	15,664,423	16,347,145
Equipment	478,947	456,707	3,103,144	2,976,177	3,582,091	3,432,884
Vehicles	830,438	981,932	389,407	363,436	1,219,845	1,345,368
Electric - Generation/ Transmission/Distribution Infrastructure	0	0	19,880,324	20,337,436	19,880,324	20,337,436
	<u>35,424,725</u>	<u>35,684,009</u>	<u>10,505,993</u>	<u>10,556,772</u>	<u>45,930,718</u>	<u>46,240,781</u>
Totals	<u>\$41,820,127</u>	<u>\$42,180,685</u>	<u>\$46,671,203</u>	<u>\$47,680,395</u>	<u>\$88,491,330</u>	<u>\$89,861,080</u>

Total Capital Assets for the City of Orrville for the year ended December 31, 2006 amounted to \$88,491,330, which reflects a \$1,369,750 decrease from the 2005 figure of \$89,861,080.

The most significant project completed in 2006 was the Crown Hill Detention Basin at a cost of \$288,445.

The City has a formal capital asset policy, which outlines the procedures for purchasing, receiving, and disposing of capital assets. The policy contains forms and includes a tagging process, which was instituted in 2005. For additional information see Note 9 to the basic financial statements.

Debt

The outstanding debt for the City of Orrville as of December 31, 2006 was \$18,225,893. This balance reflects a reduction of \$2,346,279 from the previous year's balance of \$20,572,272, a reduction of 11.4 percent.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Special Assessment Bonds	\$113,178	\$127,119	\$0	\$0	\$113,178	\$127,119
Mortgage Revenue Bonds	0	0	8,130,290	9,563,576	8,130,290	9,563,576
Revenue Bonds	0	0	5,890,982	6,264,814	5,890,982	6,264,814
OWDA Loans	0	0	2,666,132	3,031,009	2,666,132	3,031,009
OPWC Loan	0	0	725,311	785,754	725,311	785,754
Notes Payable	0	0	700,000	800,000	700,000	800,000
Totals	<u>\$113,178</u>	<u>\$127,119</u>	<u>\$18,112,715</u>	<u>\$20,445,153</u>	<u>\$18,225,893</u>	<u>\$20,572,272</u>

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As can be seen from the above table the Governmental Activities have very little debt. The small amount of debt (\$113,178) is in Special Assessment Bonds, which were issued after our Downtown Improvement Project (Streetscape) was finished and for residential sidewalk installation. The bonds cover the amount of unpaid property owner assessments. The payments on these bonds come from the assessments collected by the County Auditor on property tax duplicates.

The Utility department carries the vast majority of the debt, the largest debt being that of the Electric Utility. Most of this debt is in Mortgage Revenue Bonds that were originally issued in the 1980's for major upgrades to the power plant. These bonds were refinanced in 1997. The Electric Utility also has an outstanding bond anticipation general obligation note in the amount of \$700,000. This note, which is due in 2007, was issued in 2006 for the purpose of financing the precipitator improvement project, which was completed in 2002. The precipitator is part of the pollution control system at the power plant. The Water Utility carries two kinds of debt. Water System Improvement Revenue Bonds were issued in 1994 for the construction of a new treatment plant and then refunded in 2002. They are scheduled to be paid off in 2018. The Water Utility also has an interest free loan from the OPWC, which is also scheduled to be paid off in 2018. The Sewer Utility has two loans from the Ohio Water Development Authority which were used to defease the original mortgage revenue bonds issued to construct the treatment plant. These loans will be paid off in 2012 and 2013. The total debt service obligation for the Electric Utility in 2006 was \$2,721,177, for the Sewer Utility \$542,767, and for the Water Utility \$717,822.

The administration and City Council are both very committed to controlling and managing the debt. Over the last eight years, we have been able to manage the cash balances of the City to a point that debt issuance is not necessary for capital improvement except in extreme cases or instances where it is fiscally better to issue debt rather than spend reserves. For additional information see Notes 10 and 11 to the basic financial statements.

Current Financial Issues

The City's finances during 2006 reflected a positive outcome. Income tax revenues were up, and revenues from all three utilities showed an increase. The City as a whole operated in a surplus position due to controlled spending. The strength of the City was evident, as the services to our citizens remained at a high level. Our police department operated with one less full time officer and the fire department remained at full force. Our street department continued to repair and improve streets, and plow snow. Our park system operated on a slightly reduced schedule. All three utilities remained fully staffed, providing quality service. There were no lay-offs.

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

The City placed an income tax increase on the November 2006 ballot. The increase for .25 percent was defeated by the voters. The increase was to be designated for capital improvements. As a result of this, the capital fund balance decreased during 2006 and capital expenditures will be prioritized in the future. Some planned expenditures will be delayed, and others will be covered by issuing debt.

The construction of the park in the south end of town has been halted. The City continues with its sidewalk improvement plan that requires sidewalks on every street throughout the City. This plan has been very

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successful to date and will continue until every street within the City has sidewalks. The City also has a long-range street-paving plan, which will result in all streets within the City being either asphalt or concrete. This program will replace the chip and seal program that is currently in place, however, this plan will be slowed due to the failure of the tax increase.

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

The City became a member of Main Street Ohio in 2005, and has been awarded a grant to improve the downtown business district. The grant provided funds for some renovations during 2006, and will continue to be used in 2007.

The Utility Departments continue to grow and improve. The Sewer utility extended a trunk line to a newly annexed portion located in the Southwest section of the City. The Water Utility upgraded the water distribution system on several of the City residential streets as part of its long term plan to improve the distribution system. They continue to install radio read water meter modules. The water utility continues to research new water supply. The Electric Utility continued to sell power into the wholesale market. A major rebuild was performed on Boiler 11 that allows this unit to operate as a base loaded unit and accounts for 60 percent of sales in the wholesale market. The Technical Services area of the Electric Utility completed the installation of radio read electric meters in rural routes. They also completed Phase I of the Mapguide project which enables users on the utility network to have access to the GIS maps using web browser interface. They also remodeled the control room at the power plant.

The Mayor, Directors, and Council work very hard to keep the City's debt low. However, small amounts of debt will have to be incurred in the future. The majority of capital expenditures will come from reserve funds. We watch our funds closely and make sure monies are budgeted to provide for proper maintenance of our equipment and facilities. Our superintendents, managers, and directors are all involved in our budget process. Our budget is developed from the bottom up with the emphasis of good stewardship of our ratepayers and taxpayers money.

Contacting the City's Finance Department

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

City of Orrville, Ohio

Statement of Net Assets

December 31, 2006

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,330,181	\$15,910,032	\$19,240,213
Cash Equivalents in Segregated Accounts	0	204,479	204,479
Investments in Segregated Accounts	0	2,801,699	2,801,699
Materials and Supplies Inventory	131,099	3,781,635	3,912,734
Accrued Interest Receivable	65,182	264,229	329,411
Accounts Receivable	82,937	3,754,202	3,837,139
Internal Balances	178,936	(178,936)	0
Intergovernmental Receivable	496,900	0	496,900
Prepaid Items	10,186	55,032	65,218
Deferred Charges	0	499,167	499,167
Income Taxes Receivable	974,131	0	974,131
Property Taxes Receivable	512,604	0	512,604
Special Assessments Receivable	116,554	0	116,554
Nondepreciable Capital Assets	1,544,125	669,804	2,213,929
Depreciable Capital Assets, Net	40,276,002	46,001,399	86,277,401
<i>Total Assets</i>	<u>47,718,837</u>	<u>73,762,742</u>	<u>121,481,579</u>
Liabilities			
Accounts Payable	60,766	719,528	780,294
Accrued Wages	122,503	221,931	344,434
Intergovernmental Payable	136,856	243,861	380,717
Accrued Interest Payable	636	116,892	117,528
Claims Payable	0	83,517	83,517
Deferred Revenue	483,500	0	483,500
Vacation Benefits Payable	73,042	167,441	240,483
Notes Payable	0	700,000	700,000
Long-Term Liabilities:			
Due Within One Year	152,004	2,748,928	2,900,932
Due In More Than One Year	123,374	15,387,663	15,511,037
<i>Total Liabilities</i>	<u>1,152,681</u>	<u>20,389,761</u>	<u>21,542,442</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	41,706,949	29,057,655	70,764,604
Restricted for:			
Capital Projects	1,613,790	0	1,613,790
Debt Service	240,462	2,949,687	3,190,149
Electric Replacement and Improvement	0	1,500,000	1,500,000
Water Replacement and Improvement	0	800,000	800,000
Street Repair and Maintenance	424,442	0	424,442
Solid Waste Services	68,355	0	68,355
Law Enforcement and Education	19,951	0	19,951
Cemetery Maintenance	236,639	0	236,639
EMS Equipment	134,874	0	134,874
Performing Arts	5,859	0	5,859
Unrestricted	2,114,835	19,065,639	21,180,474
<i>Total Net Assets</i>	<u>\$46,566,156</u>	<u>\$53,372,981</u>	<u>\$99,939,137</u>

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Activities
For the Year Ended December 31, 2006

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
General Government	\$1,151,757	\$111,390	\$15,600	\$13,017
Security of Persons and Property:				
Police	1,565,658	15,276	0	0
Fire	601,531	46,025	0	0
Transportation	2,229,194	102,385	471,563	280,843
Public Health and Welfare	142,615	105,827	0	0
Leisure Time Activities	318,858	62,139	9,823	0
Basic Utility Service	273,951	285,636	0	0
Interest and Fiscal Charges	8,877	0	0	0
<i>Total Governmental Activities</i>	<u>6,292,441</u>	<u>728,678</u>	<u>496,986</u>	<u>293,860</u>
Business-Type Activities:			0	
Sewer	2,064,871	2,009,263	0	0
Electric	25,754,322	26,606,260	0	0
Water	2,874,257	2,933,631	0	0
<i>Total Business-Type Activities</i>	<u>30,693,450</u>	<u>31,549,154</u>	<u>0</u>	<u>0</u>
<i>Total - Primary Government</i>	<u>\$36,985,891</u>	<u>\$32,277,832</u>	<u>\$496,986</u>	<u>\$293,860</u>

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(1,011,750)	\$0	(\$1,011,750)
(1,550,382)	0	(1,550,382)
(555,506)	0	(555,506)
(1,374,403)	0	(1,374,403)
(36,788)	0	(36,788)
(246,896)	0	(246,896)
11,685	0	11,685
(8,877)	0	(8,877)
(4,772,917)	0	(4,772,917)
0	(55,608)	(55,608)
0	851,938	851,938
0	59,374	59,374
0	855,704	855,704
(4,772,917)	855,704	(3,917,213)
469,385	0	469,385
851,218	0	851,218
2,299,733	0	2,299,733
560,677	0	560,677
579,014	0	579,014
217,144	965,009	1,182,153
35,116	333,385	368,501
5,012,287	1,298,394	6,310,681
(851,218)	851,218	0
4,161,069	2,149,612	6,310,681
(611,848)	3,005,316	2,393,468
47,178,004	50,367,665	97,545,669
<u>\$46,566,156</u>	<u>\$53,372,981</u>	<u>\$99,939,137</u>

City of Orrville, Ohio

Balance Sheet

Governmental Funds

December 31, 2006

	<u>General</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,220,977	\$1,324,356	\$784,848	\$3,330,181
Materials and Supplies Inventory	131,099	0	0	131,099
Accrued Interest Receivable	61,784	0	3,398	65,182
Accounts Receivable	25,122	0	57,815	82,937
Intergovernmental Receivable	131,186	100,000	265,714	496,900
Prepaid Items	10,186	0	0	10,186
Income Taxes Receivable	779,305	194,826	0	974,131
Property Taxes Receivable	512,604	0	0	512,604
Special Assessments Receivable	0	0	116,554	116,554
<i>Total Assets</i>	<u>\$2,872,263</u>	<u>\$1,619,182</u>	<u>\$1,228,329</u>	<u>\$5,719,774</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$17,172	\$37,073	\$6,521	\$60,766
Accrued Wages	109,255	0	13,248	122,503
Intergovernmental Payable	121,308	76	15,472	136,856
Deferred Revenue	807,541	57,470	281,872	1,146,883
<i>Total Liabilities</i>	<u>1,055,276</u>	<u>94,619</u>	<u>317,113</u>	<u>1,467,008</u>
Fund Balances				
Reserved for Encumbrances	80,051	170,750	102,354	353,155
Unreserved, Undesignated, Reported in:				
General Fund	1,736,936	0	0	1,736,936
Special Revenue Funds	0	0	732,225	732,225
Debt Service Funds	0	0	124,544	124,544
Capital Projects Funds (Deficit)	0	1,353,813	(47,907)	1,305,906
<i>Total Fund Balances</i>	<u>1,816,987</u>	<u>1,524,563</u>	<u>911,216</u>	<u>4,252,766</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,872,263</u>	<u>\$1,619,182</u>	<u>\$1,228,329</u>	<u>\$5,719,774</u>

See accompanying notes to the basic financial statements

City of Orrville, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2006*

Total Governmental Fund Balances	\$4,252,766
<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 the funds	41,820,127
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	29,104
Income Taxes	287,352
Grants	222,048
Special Assessments	116,554
Charges for Services	8,325
Total	663,383
The accumulated overpayments to the internal service fund.	178,936
Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(73,042)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(636)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Special Assessment Bonds	(113,178)
Compensated Absences	(162,200)
Total	(275,378)
<i>Net Assets of Governmental Activities</i>	\$46,566,156

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$492,470	\$0	\$0	\$492,470
Income Taxes	2,235,581	544,639	0	2,780,220
Other Local Taxes	851,218	0	0	851,218
Special Assessments	0	0	12,822	12,822
Intergovernmental	660,059	101,400	837,301	1,598,760
Interest	194,396	0	22,748	217,144
Fines, Licenses and Permits	31,988	0	102,427	134,415
Rentals	31,200	0	0	31,200
Charges for Services	216,239	135	340,265	556,639
Contributions and Donations	50	0	9,773	9,823
Other	13,161	21,955	0	35,116
<i>Total Revenues</i>	<u>4,726,362</u>	<u>668,129</u>	<u>1,325,336</u>	<u>6,719,827</u>
Expenditures				
Current:				
General Government	954,490	0	0	954,490
Security of Persons and Property:				
Police	1,523,496	0	1,932	1,525,428
Fire	386,844	0	0	386,844
Transportation	411,422	0	647,138	1,058,560
Public Health and Welfare	104,321	0	12,062	116,383
Leisure Time Activities	224,186	0	11,853	236,039
Basic Utility Service	0	0	273,951	273,951
Capital Outlay	0	1,123,430	191,239	1,314,669
Debt Service:				
Principal Retirement	0	0	13,941	13,941
Interest and Fiscal Charges	0	0	8,963	8,963
<i>Total Expenditures</i>	<u>3,604,759</u>	<u>1,123,430</u>	<u>1,161,079</u>	<u>5,889,268</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,121,603</u>	<u>(455,301)</u>	<u>164,257</u>	<u>830,559</u>
Other Financing Sources (Uses)				
Transfers In	0	0	163,570	163,570
Transfers Out	(1,014,788)	0	0	(1,014,788)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,014,788)</u>	<u>0</u>	<u>163,570</u>	<u>(851,218)</u>
<i>Net Change in Fund Balances</i>	106,815	(455,301)	327,827	(20,659)
<i>Fund Balances Beginning of Year</i>	<u>1,710,172</u>	<u>1,979,864</u>	<u>583,389</u>	<u>4,273,425</u>
<i>Fund Balances End of Year</i>	<u>\$1,816,987</u>	<u>\$1,524,563</u>	<u>\$911,216</u>	<u>\$4,252,766</u>

City of Orrville, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2006*

Net Change in Fund Balances - Total Governmental Funds (\$20,659)

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

Governmental funds report capital outlays as expenditures.

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

Capital Asset Additions	1,072,933
Current Year Depreciation	<u>(1,431,780)</u>

Total	(358,847)
-------	-----------

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.

(1,711)

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

Property Taxes	(23,085)
Income Taxes	80,190
Grants	(238,723)
Special Assessments	(12,822)
Charges for Services	<u>6,424</u>

Total	(188,016)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

13,941

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

86

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

Compensated Absences	(4,676)
Vacation Benefits Payable	<u>(7,366)</u>

Total	(12,042)
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The change in the accumulated underpayments to the internal service fund for governmental funds is reported for the year.

(44,600)

Change in Net Assets of Governmental Activities

(\$611,848)

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$427,400	\$427,400	\$492,470	\$65,070
Income Taxes	2,050,000	2,050,000	2,172,547	122,547
Other Local Taxes	800,000	800,000	851,218	51,218
Intergovernmental	608,176	608,176	830,300	222,124
Interest	103,500	103,500	155,910	52,410
Fines, Licenses and Permits	26,500	26,500	32,231	5,731
Rentals	30,000	30,000	31,200	1,200
Charges for Services	195,650	195,650	214,035	18,385
Contributions and Donations	0	0	50	50
Other	6,000	6,000	13,161	7,161
<i>Total Revenues</i>	<u>4,247,226</u>	<u>4,247,226</u>	<u>4,793,122</u>	<u>545,896</u>
Expenditures				
Current:				
General Government	1,165,591	1,165,591	981,458	184,133
Security of Persons and Property:				
Police	1,559,378	1,559,378	1,536,842	22,536
Fire	443,329	443,329	403,681	39,648
Transportation	464,868	464,868	439,677	25,191
Public Health and Welfare	153,852	153,852	104,254	49,598
Leisure Time Activities	251,874	251,874	233,270	18,604
<i>Total Expenditures</i>	<u>4,038,892</u>	<u>4,038,892</u>	<u>3,699,182</u>	<u>339,710</u>
<i>Excess of Revenues Over Expenditures</i>	208,334	208,334	1,093,940	885,606
Other Financing Uses				
Transfers Out	(1,202,000)	(1,202,000)	(1,014,788)	187,212
<i>Net Change in Fund Balance</i>	(993,666)	(993,666)	79,152	1,072,818
<i>Fund Balance Beginning of Year</i>	960,651	960,651	960,651	0
Prior Year Encumbrances Appropriated	83,951	83,951	83,951	0
<i>Fund Balance End of Year</i>	<u>\$50,936</u>	<u>\$50,936</u>	<u>\$1,123,754</u>	<u>\$1,072,818</u>

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2006

	Business-Type Activities				Business-Type Activity - Internal Service Fund
	Sewer	Electric	Water	Total	
Assets					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$4,309,849	\$7,524,984	\$1,108,910	\$12,943,743	\$666,289
Restricted Assets:					
Held by Trustee:					
Cash Equivalents in Segregated Accounts	0	202,674	1,805	204,479	0
Investments in Segregated Accounts	0	1,391,229	445,783	1,837,012	0
Receivables:					
Accounts	249,217	3,126,313	378,672	3,754,202	0
Accrued Interest	70,263	146,568	33,716	250,547	13,682
Materials and Supplies Inventory	201,453	3,274,762	305,420	3,781,635	0
Prepaid Items	8,255	38,522	8,255	55,032	0
<i>Total Current Assets</i>	<u>4,839,037</u>	<u>15,705,052</u>	<u>2,282,561</u>	<u>22,826,650</u>	<u>679,971</u>
<i>Non-Current Assets:</i>					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents					
Held by Trustee:	0	1,500,000	800,000	2,300,000	0
Investments in Segregated Accounts	0	633,635	331,052	964,687	0
Deferred Charges	21,885	328,564	148,718	499,167	0
Land	112,498	153,936	403,370	669,804	0
Depreciable Capital Assets, Net	7,387,459	24,984,163	13,629,777	46,001,399	0
<i>Total Non-Current Assets</i>	<u>7,521,842</u>	<u>27,600,298</u>	<u>15,312,917</u>	<u>50,435,057</u>	<u>0</u>
<i>Total Assets</i>	<u>12,360,879</u>	<u>43,305,350</u>	<u>17,595,478</u>	<u>73,261,707</u>	<u>679,971</u>
Liabilities					
<i>Current Liabilities:</i>					
Accounts Payable	32,032	612,758	74,738	719,528	0
Accrued Wages	26,465	167,508	27,958	221,931	0
Intergovernmental Payable	32,209	179,906	31,746	243,861	0
Compensated Absences Payable	38,593	176,642	45,959	261,194	0
Accrued Interest Payable	52,576	41,728	22,588	116,892	0
Loans Payable	442,291	0	60,443	502,734	0
Vacation Benefits Payable	26,962	118,561	21,918	167,441	0
Revenue Bonds Payable	0	1,560,000	425,000	1,985,000	0
Notes Payable	0	700,000	0	700,000	0
Claims Payable	0	0	0	0	83,517
<i>Total Current Liabilities</i>	<u>651,128</u>	<u>3,557,103</u>	<u>710,350</u>	<u>4,918,581</u>	<u>83,517</u>
<i>Long-Term Liabilities:</i>					
Compensated Absences Payable (net of current portion)	92,358	290,953	79,371	462,682	0
Loans Payable (net of current portion)	2,223,841	0	664,868	2,888,709	0
Revenue Bonds Payable (net of current portion)	0	6,570,290	5,465,982	12,036,272	0
<i>Total Long-Term Liabilities</i>	<u>2,316,199</u>	<u>6,861,243</u>	<u>6,210,221</u>	<u>15,387,663</u>	<u>0</u>
<i>Total Liabilities</i>	<u>2,967,327</u>	<u>10,418,346</u>	<u>6,920,571</u>	<u>20,306,244</u>	<u>83,517</u>
Net Assets					
Invested in Capital Assets, Net of Related Debt	4,855,710	16,636,373	7,565,572	29,057,655	0
Restricted for					
Replacement and Improvement	0	1,500,000	800,000	2,300,000	0
Debt Service	0	2,193,635	756,052	2,949,687	0
Unrestricted	4,537,842	12,556,996	1,553,283	18,648,121	596,454
<i>Total Net Assets</i>	<u>\$9,393,552</u>	<u>\$32,887,004</u>	<u>\$10,674,907</u>	<u>52,955,463</u>	<u>\$596,454</u>

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

Net assets of business-type activities	417,518
	\$53,372,981

See accompanying notes to the basic financial statements

City of Orrville, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006*

	Business-Type	
	Sewer	Electric
Operating Revenues		
Charges for Services	\$2,009,263	\$22,358,796
Electric/Water Charges Pledged as Security for Revenue Bonds	0	4,247,464
Other	2,321	327,265
<i>Total Operating Revenues</i>	<u>2,011,584</u>	<u>26,933,525</u>
Operating Expenses		
Personal Services	920,611	5,768,020
Purchased Services	138,989	2,610,761
Materials and Supplies	92,476	13,623,331
Utilities	132,018	917,909
Depreciation	585,488	2,175,303
Claims	0	0
<i>Total Operating Expenses</i>	<u>1,869,582</u>	<u>25,095,324</u>
<i>Operating Income (Loss)</i>	<u>142,002</u>	<u>1,838,201</u>
Non-Operating Revenues (Expenses)		
Interest and Fiscal Charges	(174,912)	(555,659)
Interest	208,374	561,791
<i>Total Non-Operating Revenues (Expenses)</i>	<u>33,462</u>	<u>6,132</u>
<i>Income (Loss) before Transfers</i>	175,464	1,844,333
Transfers In	0	851,218
<i>Change in Net Assets</i>	175,464	2,695,551
<i>Net Assets Beginning of Year</i>	<u>9,218,088</u>	<u>30,191,453</u>
<i>Net Assets End of Year</i>	<u><u>\$9,393,552</u></u>	<u><u>\$32,887,004</u></u>

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

Change in net assets of business-type activities

See accompanying notes to the basic financial statements

Activities		Business-Type Activity - Internal Service Fund
Water	Total	
\$1,588,256	\$25,956,315	\$1,272,634
1,345,375	5,592,839	0
3,799	333,385	0
<u>2,937,430</u>	<u>31,882,539</u>	<u>1,272,634</u>
1,001,612	7,690,243	0
429,623	3,179,373	124,752
150,231	13,866,038	0
160,457	1,210,384	0
727,391	3,488,182	0
0	0	1,338,030
<u>2,469,314</u>	<u>29,434,220</u>	<u>1,462,782</u>
468,116	2,448,319	(190,148)
(383,111)	(1,113,682)	0
153,361	923,526	41,483
<u>(229,750)</u>	<u>(190,156)</u>	<u>41,483</u>
238,366	2,258,163	(148,665)
0	851,218	0
238,366	3,109,381	(148,665)
<u>10,436,541</u>		<u>745,119</u>
<u>\$10,674,907</u>		<u>\$596,454</u>
	<u>(104,065)</u>	
	<u>\$3,005,316</u>	

City of Orrville, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006

	Business-Type Activities				Business-Type Activities - Internal Service Fund
	Sewer	Electric	Water	Total	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash Received from Customers	\$2,040,903	\$26,868,284	\$2,813,618	\$31,722,805	\$0
Cash Received from Transactions with Other Funds	0	0	0	0	1,272,634
Other Cash Receipts	2,321	327,265	3,799	333,385	0
Cash Payments to Employees for Services	(897,706)	(5,538,330)	(969,929)	(7,405,965)	0
Cash Payments for Goods and Services	(392,513)	(17,588,440)	(756,249)	(18,737,202)	(125,052)
Cash Payments for Claims	0	0	0	0	(1,303,283)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>753,005</u>	<u>4,068,779</u>	<u>1,091,239</u>	<u>5,913,023</u>	<u>(155,701)</u>
Cash Flows from Noncapital Financing Activities					
Transfers In	0	851,218	0	851,218	0
Cash Flows from Capital and Related Financing Activities					
Proceeds from Sale of Notes	0	700,000	0	700,000	0
Principal Paid on Revenue Bonds	0	(1,495,000)	(415,000)	(1,910,000)	0
Interest Paid on Revenue Bonds	0	(399,691)	(242,379)	(642,070)	0
Principal Paid on OWDA Loans	(426,918)	0	0	(426,918)	0
Interest Paid on OWDA Loans	(115,849)	0	0	(115,849)	0
Principal Paid on OPWC Loan	0	0	(60,443)	(60,443)	0
Principal Paid on Notes	0	(800,000)	0	(800,000)	0
Interest Paid on Notes	0	(26,486)	0	(26,486)	0
Sale of Capital Assets	1,020	567	432	2,019	0
Payments for Capital Acquisitions	(365,961)	(1,633,950)	(481,098)	(2,481,009)	0
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(907,708)</u>	<u>(3,654,560)</u>	<u>(1,198,488)</u>	<u>(5,760,756)</u>	<u>0</u>
Cash Flows from Investing Activities					
Sale of Investments	0	200,422	502	200,924	0
Interest on Investments	164,541	327,177	84,548	576,266	32,809
<i>Net Cash Flows Provided by Investing Activities</i>	<u>164,541</u>	<u>527,599</u>	<u>85,050</u>	<u>777,190</u>	<u>32,809</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	9,838	1,793,036	(22,199)	1,780,675	(122,892)
<i>Cash and Cash Equivalents Beginning of Year</i>	4,300,011	7,434,622	1,932,914	13,667,547	789,181
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,309,849</u>	<u>\$9,227,658</u>	<u>\$1,910,715</u>	<u>\$15,448,222</u>	<u>\$666,289</u>

(continued)

City of Orrville, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2006

	Business-Type Activities				Business-Type Activities - Internal Service Fund
	Sewer	Electric	Water	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$142,002	\$1,838,201	\$468,116	\$2,448,319	(\$190,148)
Adjustments:					
Depreciation	585,488	2,175,303	727,391	3,488,182	0
(Increase) Decrease in Assets:					
Accounts Receivable	31,640	262,024	(120,013)	173,651	0
Prepaid Items	(959)	8,618	(304)	7,355	0
Materials and Supplies Inventory	(23,443)	(240,140)	(59,581)	(323,164)	0
Increase (Decrease) in Liabilities:					
Accounts Payable	(4,710)	(205,308)	43,882	(166,136)	(300)
Accrued Wages	2,183	14,507	1,344	18,034	0
Vacation Benefits Payable	484	15,469	(7)	15,946	0
Compensated Absences Payable	10,112	158,069	23,614	191,795	0
Intergovernmental Payable	10,208	42,036	6,797	59,041	0
Claims Payable	0	0	0	0	34,747
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$753,005</u>	<u>\$4,068,779</u>	<u>\$1,091,239</u>	<u>\$5,913,023</u>	<u>(\$155,701)</u>

Non Cash Transactions:

During 2006, the electric and water enterprise funds had a change in fair value of investments of \$7,402 and \$2,686, respectively.

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2006

	Private Purpose	
	Trust	
	Cemetery	Agency
	Memorial	
Assets		
Equity in Pooled Cash and Cash Equivalents	\$4,212	\$55,671
Accrued Interest Receivable	67	0
<i>Total Assets</i>	4,279	\$55,671
Liabilities		
Deposits Held and Due to Others	0	\$55,671
Net Assets		
Held in Trust for Cemetery	252	
Endowments	4,027	
<i>Total Net Assets</i>	\$4,279	

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended December 31, 2006

	Private-Purpose Trust
	Cemetery Memorial
Additions	
Interest	\$201
Deductions	
Materials and Supplies	75
<i>Change in Net Assets</i>	126
<i>Net Assets Beginning of Year</i>	4,153
<i>Net Assets End of Year</i>	\$4,279

See accompanying notes to the basic financial statements

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Description of the City and Reporting Entity

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

Reporting Entity

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

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

The City is associated with one jointly governed organization, the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program, an insurance purchasing pool. This organization is presented in Note 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

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

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

B. Fund Accounting

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

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

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

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

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

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

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

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

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

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

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

C. Measurement Focus

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

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

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

E. Cash and Cash Equivalents

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

During 2006, investments were limited to federal national mortgage association bonds, federal home loan mortgage corporation notes, federal home loan bank notes, U.S. Treasury bills, manuscript bonds and STAROhio, the State Treasurer’s Investment Pool.

Investments are reported at fair value which is based on quoted market prices.

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 SEC 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, 2006.

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the general fund, gasoline tax motor vehicle license, state highway and performing arts special revenue funds, the special assessment bond retirement debt service fund, the park improvement capital projects fund, the employee self-insurance internal service fund, the cemetery memorial private-purpose trust fund, and the sewer, electric, and water enterprise funds. Interest revenue credited to the general fund during 2006 amounted to \$194,396 which includes \$120,381 assigned from other City funds.

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

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

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

H. Restricted Assets

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

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

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

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

J. Interfund Balances

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service. Since the City's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net assets rather than as a long-term liability.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination payments and those the City has identified as probable of receiving payment in the future (those employees who will be eligible to receive termination payments within the next ten years). The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

L. Bond Issuance Costs

Bond issuance costs for underwriting fees and bond insurance for the sewer fund's OWDA water pollution control loan, the electric fund's mortgage revenue bonds and the water fund's revenue bonds are being amortized using the straight-line method over the life of the bonds in the City's enterprise funds. The straight-line method of amortization is not materially different from the effective-interest method.

M. Deferred Loss on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of refunding loans and bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the new debt and is presented net of the OWDA loan payable and revenue bonds on the statement of net assets.

N. Bond Discount

Bond discounts are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts are presented as a decrease of the face amount of the bonds payable.

O. Accrued Liabilities and Long-Term Obligations

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

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

P. Fund Balance Reserves

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

Q. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$7,994,059 of restricted net assets, none of which are restricted by enabling legislation.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

R. Operating Revenues and Expenses

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

S. Interfund Activity

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

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

T. Extraordinary and Special Items

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

U. Estimates

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

V. Budgetary Process

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

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

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

Note 3 – Change in Accounting Principles

For 2006, the City has implemented GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section” and GASB Statement No. 47, “Accounting for Termination Benefits.”

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplementary information in the statistical section.

GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits. The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the City.

Note 4 - Budgetary Basis of Accounting

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

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

Net Change in Fund Balance	
GAAP Basis	\$106,815
Net Adjustment for Revenue Accruals	66,760
Net Adjustment for Expenditure Accruals	2,800
Encumbrances	<u>(97,223)</u>
Budget Basis	<u><u>\$79,152</u></u>

Note 5 - Deposits and Investments

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

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

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

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

6. The State Treasurer's investment pool (STAROhio); and,
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds deposited with the financial institution, or by a single collateral pool established by the financial institution. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

At year-end, the carrying amount of the City's deposits was \$12,951,360 and the bank balance was \$13,237,363. Of the bank balance \$200,000 was covered by Federal depository insurance and \$13,037,363 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments

Investments are reported at fair value. As of December 31, 2006, the City had the following investments:

	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-2	3-9
Federal National Mortgage Association Bonds	\$1,997,370	\$0	\$1,997,370	\$0
Federal Home Loan Mortgage Corporation Notes	998,380	0	998,380	0
Federal Home Loan Bank Notes	2,996,800	1,999,740	997,060	0
US Treasury Bills	2,801,699	2,801,699	0	0
Manuscript Bonds	113,178	0	0	113,178
STAROhio	447,487	447,487	0	0
Total Portfolio	\$9,354,914	\$5,248,926	\$3,992,810	\$113,178

City of Orrville, Ohio
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For the Year Ended December 31, 2006

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. To minimize this risk the City purchases all investments with the intention to hold until maturity. The City also generally limits security purchases to those that mature within five years of the settlement date.

Credit Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All investments of the City carry a rating of AAA by Standard & Poor's, except for STAROhio which carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the 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 Federal National Mortgage Association Bonds, Federal Home Loan Mortgage Corporation Notes and Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk is defined as having five percent or more of the City's investments invested in the securities of a single issuer. The City's investment policy requires diversification of the portfolio but only states that the investments should be distributed as evenly as possible among the various instruments and institutions. The following is the City's allocation as of December 31, 2006:

Investment Issuer	Percentage of Investments
Federal National Mortgage Association Bonds	21.35%
Federal Home Loan Mortgage Corporation Notes	10.67
Federal Home Loan Bank Notes	32.03
US Treasury Bills	29.95

Note 6 - Receivables

Receivables at December 31, 2006, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments and accounts (billings for utility service). All allowances for uncollectibles represent estimates of uncollectible receivables in the accounts receivable classification. Taxes, intergovernmental, special assessments and interest receivable are deemed collectible in full.

	Accounts Receivable	Allowance for Uncollectibles	Net Accounts Receivable
Governmental	\$86,835	\$3,898	\$82,937
Business-Type	4,005,280	251,078	3,754,202

Special assessments expected to be collected in more than one year amount to \$98,790 in the Special Assessment Bond Retirement Fund. The amount of delinquent special assessments outstanding at year-end is \$3,376.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2006, was \$2.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$146,949,540
Tangible Personal Property	24,033,760
Public Utility Property	<u>1,722,900</u>
Total	<u><u>\$172,706,200</u></u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Orrville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivables represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2006 and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified basis the revenue is deferred.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

B. Income Taxes

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

The City's income tax ordinance requires twenty percent of the income tax revenues to be used to finance governmental and business-type capital improvements. As a result, this portion of the revenue is allocated to the capital improvement capital projects fund each year. The remaining income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2006, the proceeds were allocated to the general fund and the capital improvements fund.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amount
Governmental Activities	
Gasoline Tax	\$183,536
Ohio Department Of Development Grant	100,000
Local Government	89,409
Auto Regulation	77,606
Estate Tax	25,431
Homestead and Rollback	15,826
Permissive Motor Vehicle License Tax	4,572
Immobilization Fees	300
Liquor Permits	220
	\$496,900
Total	\$496,900

Note 7 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2006, the City contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Deductible	Coverage
EMC Insurance	Commercial Property	\$50,000	\$135,034,842
	Auto Liability	500	1,000,000
	Auto Liability	1,000	1,000,000
	General Liability	0	1,000,000
	Umbrella Liability	10,000	5,000,000
	Public Officials Liability	3,500	2,000,000
	Boiler and Machinery	200,000	93,448,490
Scottsdale Insurance	Police Professional Liability	5,000	1,000,000
	Public Officials Liability	3,500	2,000,000
Selective Insurance	Commercial Property	500	12,038,250

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

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

The City manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health and dental coverage through AultCare, the third party administrator of the program, which reviews and pays the claims. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$50,000 per employee, per year. The family/employee plus one/single premiums were \$739.98/\$494.29/\$260.57 for medical and \$40.00/\$26.00/\$13.00 for dental, respectively. AultCare charges the City a medical administration fee of \$18.59 per employee per month and a dental administration fee of \$1.95 per employee per month.

The claims liability of \$83,517 reported in the self-insurance fund at December 31, 2006, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

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

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2005	\$98,326	\$1,061,563	\$1,111,119	\$48,770
2006	48,770	1,338,030	1,303,283	83,517

Note 8 - Compensated Absences

City employees earn vacation leave at varying rates based upon length of service, from two to five weeks per year. Vacation is required to be taken within one year of the date it is earned. In the event of a termination of employment, death, or retirement, employees (or their estates) are paid for unused vacation leave. Outstanding unused vacation is reflected as vacation benefits payable on the statement of net assets.

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

City of Orrville, Ohio
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For the Year Ended December 31, 2006

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

Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance 12/31/05	Additions	Deductions	Balance 12/31/06
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$1,479,263	\$64,862	\$0	\$1,544,125
Capital Assets, being Depreciated				
Buildings and Improvements	6,450,333	148,876	(1,778)	6,597,431
Equipment	1,765,091	134,164	(8,000)	1,891,255
Vehicles	2,426,508	59,564	(34,221)	2,451,851
Infrastructure	48,576,193	665,467	0	49,241,660
Total Capital Assets, being Depreciated	59,218,125	1,008,071	(43,999)	60,182,197
Less Accumulated Depreciation:				
Buildings and Improvements	(2,871,559)	(185,758)	1,778	(3,055,539)
Equipment	(1,296,984)	(123,324)	8,000	(1,412,308)
Vehicles	(1,455,976)	(197,947)	32,510	(1,621,413)
Infrastructure	(12,892,184)	(924,751)	0	(13,816,935)
Total Accumulated Depreciation	(18,516,703)	(1,431,780) *	42,288	(19,906,195)
Total Capital Assets, being Depreciated, net	40,701,422	(423,709)	(1,711)	40,276,002
Governmental Activities Capital Assets, Net	\$42,180,685	(\$358,847)	(\$1,711)	\$41,820,127
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$669,804	\$0	\$0	\$669,804
Capital Assets, being Depreciated				
Buildings and Improvements	20,235,736	144,689	(4,852)	20,375,573
Equipment	7,020,670	339,440	(8,027)	7,352,083
Vehicles	1,695,642	109,000	(20,378)	1,784,264
Electric - Generation/Transmission/Distribution	60,475,707	1,093,139	0	61,568,846
Infrastructure	23,011,103	794,739	0	23,805,842
Total Capital Assets, being Depreciated	112,438,858	2,481,007	(33,257)	114,886,608
Less Accumulated Depreciation:				
Buildings and Improvements	(7,591,516)	(665,358)	3,832	(8,253,042)
Equipment	(3,714,266)	(542,133)	7,460	(4,248,939)
Vehicles	(1,335,390)	(79,413)	19,946	(1,394,857)
Electric - Generation/Transmission/Distribution	(40,138,271)	(1,550,251)	0	(41,688,522)
Infrastructure	(12,648,824)	(651,025)	0	(13,299,849)
Total Accumulated Depreciation	(65,428,267)	(3,488,180)	31,238	(68,885,209)
Total Capital Assets, being Depreciated, net	47,010,591	(1,007,173)	(2,019)	46,001,399
Business-Type Activities Capital Assets, Net	\$47,680,395	(\$1,007,173)	(\$2,019)	\$46,671,203

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

* Depreciation expense was charged to governmental activities as follows:

General Government	\$90,498
Security of Persons and Property:	
Police	42,116
Fire	202,437
Transportation	1,002,283
Public Health and Welfare	24,708
Leisure Time Activities	69,738
Total Depreciation Expense	<u>\$1,431,780</u>

Note 10 - Notes Payable

A summary of the note transactions for the year ended December 31, 2006, follows:

	Outstanding 12/31/05	Issued	Retired	Outstanding 12/31/06
Enterprise Funds:				
3.32% Electric Improvement Notes	\$800,000	\$0	(\$800,000)	\$0
4.00% Electric Improvement Notes	0	700,000	0	700,000
Total	<u>\$800,000</u>	<u>\$700,000</u>	<u>(\$800,000)</u>	<u>\$700,000</u>

In 2006, the City rolled over \$700,000 in Electric Improvement Notes to refinance the precipitator improvement project, which was completed in 2002.

All of the notes are bond anticipation notes, are backed by the full faith and credit of the City, and mature September 22, 2007. The note liability is reflected in the fund which received the proceeds and will repay the debt.

Note 11 - Long-Term Debt

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

A schedule of changes in bonds and other long-term obligations of the City during 2006 follows:

	Amount Outstanding 12/31/05	Additions	Deletions	Amount Outstanding 12/31/06	Amounts Due in One Year
Governmental Activities					
<u>Special Assessment Bonds</u>					
<u>with Governmental Commitment</u>					
1996 Street Improvement	\$49,000	\$0	\$7,000	\$42,000	\$7,000
2000 Street Improvement	73,080	0	5,350	67,730	5,710
2003 Sidewalk Installation	5,039	0	1,591	3,448	1,678
Total Special Assessment Bonds	127,119	0	13,941	113,178	14,388
Compensated Absences	157,524	123,394	118,718	162,200	137,616
Total Governmental Activities	<u>\$284,643</u>	<u>\$123,394</u>	<u>\$132,659</u>	<u>\$275,378</u>	<u>\$152,004</u>
Business-Type Activities					
OPWC Water System					
Improvement Loan	\$785,754	\$0	\$60,443	\$725,311	\$60,443
OWDA Water Pollution Control Loan	3,277,048	0	420,318	2,856,730	435,329
Unamortized Accounting Loss	(310,205)	0	(62,041)	(248,164)	0
Net OWDA Water Pollution Control Loan	2,966,843	0	358,277	2,608,566	435,329
OWDA Sewer Improvement Loan	64,166	0	6,600	57,566	6,962
<u>Mortgage Revenue Bonds</u>					
Water System Refunding Bonds	6,800,000	0	415,000	6,385,000	425,000
Unamortized Accounting Loss	(535,186)	0	(41,168)	(494,018)	0
Net Water System Refunding Revenue Bonds	6,264,814	0	373,832	5,890,982	425,000
Electric System Mortgage Revenue					
Refunding and Improvement Bonds	9,780,000	0	1,495,000	8,285,000	1,560,000
Unamortized Discount	(41,421)	0	(3,381)	(38,040)	0
Unamortized Accounting Loss	(175,003)	0	(58,333)	(116,670)	0
Net Electric System Mortgage Revenue Refunding and Improvement Bonds	9,563,576	0	1,433,286	8,130,290	1,560,000
Compensated Absences	532,083	358,023	166,230	723,876	261,194
Total Business-Type Activities	<u>\$20,177,236</u>	<u>\$358,023</u>	<u>\$2,398,668</u>	<u>\$18,136,591</u>	<u>\$2,748,928</u>

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

Revenue Bonds

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

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

Restricted assets relating to the water revenue bonds at December 31, 2006, were as follows:

Restricted Assets Held by City	
Replacement and Improvement	\$800,000
Restricted Assets Held by the Trustee	
Mortgage Revenue Bond Debt Service	\$778,640

Mortgage Revenue Bonds

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

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

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Restricted assets relating to the electric mortgage revenue bonds at December 31, 2006, were as follows:

Restricted Assets Held by City	
Replacement and Improvement	\$1,500,000
Restricted Assets Held by the Trustee	
Mortgage Revenue Bond Debt Service	\$2,227,538

As of December 31, 2006, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$18,134,151 and the unvoted legal debt margin was \$9,498,841. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2006 are as follows:

Year Ending December 31	Governmental Activities				
	Special Assessment Bonds				
	Principal	Interest			
2007	\$14,388	\$7,912			
2008	15,870	6,909			
2009	14,510	5,800			
2010	15,950	4,760			
2011	17,420	3,616			
2012-2015	35,040	6,106			
Total	\$113,178	\$35,103			
Business-Type Activities					
Year Ending December 31	Ohio Public Works Commission	OWDA Water Pollution Control		OWDA Sewer Improvement Loan	
	Principal	Principal	Interest	Principal	Interest
2007	\$60,443	\$435,329	\$97,310	\$6,962	\$3,166
2008	60,443	450,876	81,762	7,346	2,783
2009	60,443	466,978	65,660	7,750	2,379
2010	60,443	483,655	31,710	8,176	1,953
2011	60,443	500,929	31,710	8,626	1,504
2012-2016	302,210	518,963	13,677	18,706	1,549
2017-2018	120,886	0	0	0	0
Total	\$725,311	\$2,856,730	\$321,829	\$57,566	\$13,334

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Year Ending December 31	Business-Type Activities			
	Water System Refunding		Electric System	
	Revenue Bonds		Mortgage Revenue Refunding and Improvement Bonds	
	Principal	Interest	Principal	Interest
2007	\$425,000	\$271,050	\$1,560,000	\$406,830
2008	440,000	256,175	1,635,000	335,004
2009	455,000	239,675	1,725,000	249,824
2010	475,000	221,930	1,805,000	166,940
2011	495,000	202,930	190,000	79,060
2012-2016	2,790,000	685,770	1,110,000	241,470
2017-2018	1,305,000	92,615	260,000	13,260
Total	\$6,385,000	\$1,970,145	\$8,285,000	\$1,492,388

Industrial Revenue Bonds

The City authorized the issuance of industrial development revenue bonds for two commercial entities. The aggregate outstanding principal amount was \$8,790,498 at December 31, 2006. The City is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the City's debt presentation. There has not been and is not any condition of default under the bonds or the related financing documents.

Note 12 - Contractual Commitments

As of December 31, 2006, the City had two contractual commitments. Contracts with GE Baker Construction for the stormwater detention basin and with Tri-Mor Corporation for Dairy Lane improvements had \$138,273 and \$27,819 remaining, respectively.

Note 13 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The City's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$773,141, \$647,212 and \$654,485 respectively; 83.46 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$18,489 made by the City and \$12,146 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$92,838 and \$10,737 for the year ended December 31, 2006, \$85,936 and \$9,803 for the year ended December 31, 2005 and \$84,157 and \$12,357 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004. 73.88 percent and 74.03 percent, respectively, have been contributed for 2006.

Note 14 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$384,435. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. Police and Firemen's Disability and Pension Fund

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

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$61,233 for police and \$5,121 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 15 - Contingent Liabilities

A. Litigation

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

B. Federal and State Grants

The City participates in several federal and state assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2006, the audits of certain of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Note 16 - Interfund Transfers

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

\$150,000 was transferred from the general fund to the gas tax motor vehicle license special revenue fund to supplement the funds available for maintaining City streets. \$13,570 was transferred from the general fund to the solid waste special revenue fund to provide a discount on sanitation service for the City's senior citizens. \$851,218 was transferred from the general fund, giving the electric enterprise fund the kilowatt per hour taxes.

Note 17 - Insurance Purchasing Pool

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

City of Orrville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 18 – Donor Restricted Endowments

The City's private purpose trust fund includes donor restricted endowments. Endowments, in the amount of \$4,027, represent the principal portion. The amount of interest on donor restricted investments that is available for expenditures by the City is \$252 and is included as held in trust for cemetery. State law permits the City to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that the interest should be used for the decoration of specifically named graves.

**Combining Statements and
Individual Fund Schedules**

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Debt Service Funds

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

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

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

Nonmajor Capital Projects Funds

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

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

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

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

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

Community Development Block Grant Fund To account for federal grant monies used for various capital projects of the City.

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$630,698	\$122,426	\$31,724	\$784,848
Accrued Interest Receivable	1,247	2,118	33	3,398
Accounts Receivable	57,815	0	0	57,815
Intergovernmental Receivable	265,714	0	0	265,714
Special Assessments Receivable	0	116,554	0	116,554
<i>Total Assets</i>	<u>\$955,474</u>	<u>\$241,098</u>	<u>\$31,757</u>	<u>\$1,228,329</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$6,521	\$0	\$0	\$6,521
Accrued Wages	13,248	0	0	13,248
Intergovernmental Payable	15,472	0	0	15,472
Deferred Revenue	165,318	116,554	0	281,872
<i>Total Liabilities</i>	<u>200,559</u>	<u>116,554</u>	<u>0</u>	<u>317,113</u>
Fund Balances				
Reserved for Encumbrances	22,690	0	79,664	102,354
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	732,225	0	0	732,225
Debt Service Funds	0	124,544	0	124,544
Capital Projects Funds (Deficit)	0	0	(47,907)	(47,907)
<i>Total Fund Balances</i>	<u>754,915</u>	<u>124,544</u>	<u>31,757</u>	<u>911,216</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$955,474</u>	<u>\$241,098</u>	<u>\$31,757</u>	<u>\$1,228,329</u>

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Special Assessments	\$0	\$12,822	\$0	\$12,822
Intergovernmental	458,179	0	379,122	837,301
Interest	5,101	17,550	97	22,748
Fines, Licenses and Permits	100,727	0	1,700	102,427
Charges for Services	340,265	0	0	340,265
Contributions and Donations	9,773	0	0	9,773
<i>Total Revenues</i>	<u>914,045</u>	<u>30,372</u>	<u>380,919</u>	<u>1,325,336</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	1,932	0	0	1,932
Transportation	647,138	0	0	647,138
Public Health and Welfare	12,062	0	0	12,062
Leisure Time Activities	11,853	0	0	11,853
Basic Utility Service	273,951	0	0	273,951
Capital Outlay	0	0	191,239	191,239
Debt Service:				
Principal Retirement	0	13,941	0	13,941
Interest and Fiscal Charges	0	8,963	0	8,963
<i>Total Expenditures</i>	<u>946,936</u>	<u>22,904</u>	<u>191,239</u>	<u>1,161,079</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(32,891)	7,468	189,680	164,257
Other Financing Sources				
Transfers In	163,570	0	0	163,570
<i>Net Change in Fund Balances</i>	130,679	7,468	189,680	327,827
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>624,236</u>	<u>117,076</u>	<u>(157,923)</u>	<u>583,389</u>
<i>Fund Balances End of Year</i>	<u><u>\$754,915</u></u>	<u><u>\$124,544</u></u>	<u><u>\$31,757</u></u>	<u><u>\$911,216</u></u>

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	Gas Tax Motor Vehicle License	State Highway	Permissive Motor Vehicle License
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$29,893	\$49,235	\$37,514
Accrued Interest Receivable	356	773	0
Accounts Receivable	0	0	0
Intergovernmental Receivable	241,556	19,586	0
<i>Total Assets</i>	<u>\$271,805</u>	<u>\$69,594</u>	<u>\$37,514</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$3,895	\$0	\$2,394
Accrued Wages	13,248	0	0
Intergovernmental Payable	15,472	0	0
Deferred Revenue	151,560	12,289	0
<i>Total Liabilities</i>	<u>184,175</u>	<u>12,289</u>	<u>2,394</u>
Fund Balances			
Reserved for Encumbrances	11,185	161	5,897
Unreserved, Undesignated	76,445	57,144	29,223
<i>Total Fund Balances</i>	<u>87,630</u>	<u>57,305</u>	<u>35,120</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$271,805</u>	<u>\$69,594</u>	<u>\$37,514</u>

Parking Meter	Solid Waste	Law Enforcement	Enforcement and Education
\$18,312	\$18,936	\$10,340	\$9,487
0	0	0	0
0	49,419	60	64
0	0	0	0
<u>\$18,312</u>	<u>\$68,355</u>	<u>\$10,400</u>	<u>\$9,551</u>
\$0	\$0	\$0	\$0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
18,312	68,355	10,400	9,551
18,312	68,355	10,400	9,551
<u>\$18,312</u>	<u>\$68,355</u>	<u>\$10,400</u>	<u>\$9,551</u>

(continued)

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2006

	Cemetery Maintenance	Permissive	Emergency Medical Service Equipment
Assets			
Equity in Pooled Cash and Cash Equivalents	\$234,595	\$87,999	\$128,646
Accrued Interest Receivable	0	0	0
Accounts Receivable	2,044	0	6,228
Intergovernmental Receivable	0	4,572	0
<i>Total Assets</i>	<u>\$236,639</u>	<u>\$92,571</u>	<u>\$134,874</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$232	\$0
Accrued Wages	0	0	0
Intergovernmental Payable	0	0	0
Deferred Revenue	1,469	0	0
<i>Total Liabilities</i>	<u>1,469</u>	<u>232</u>	<u>0</u>
Fund Balances			
Reserved for Encumbrances	0	5,447	0
Unreserved, Undesignated	235,170	86,892	134,874
<i>Total Fund Balances</i>	<u>235,170</u>	<u>92,339</u>	<u>134,874</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$236,639</u>	<u>\$92,571</u>	<u>\$134,874</u>

Performing Arts	Total Nonmajor Special Revenue Funds
\$5,741	\$630,698
118	1,247
0	57,815
0	265,714
<u>\$5,859</u>	<u>\$955,474</u>
\$0	\$6,521
0	13,248
0	15,472
0	165,318
<u>0</u>	<u>200,559</u>
0	22,690
5,859	732,225
<u>5,859</u>	<u>754,915</u>
<u>\$5,859</u>	<u>\$955,474</u>

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Gas Tax Motor Vehicle License	State Highway	Permissive Motor Vehicle License
Revenues			
Intergovernmental	\$342,691	\$27,603	\$23,384
Interest	1,837	2,800	0
Fines, Licenses and Permits	90,804	7,363	0
Charges for Services	0	0	0
Contributions and Donations	0	0	0
<i>Total Revenues</i>	<u>435,332</u>	<u>37,766</u>	<u>23,384</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police	0	0	0
Transportation	561,243	30,537	21,165
Public Health and Welfare	0	0	0
Leisure Time Activities	0	0	0
Basic Utility Service	0	0	0
<i>Total Expenditures</i>	<u>561,243</u>	<u>30,537</u>	<u>21,165</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(125,911)	7,229	2,219
Other Financing Sources			
Transfers In	150,000	0	0
<i>Net Change in Fund Balances</i>	24,089	7,229	2,219
<i>Fund Balances Beginning of Year</i>	<u>63,541</u>	<u>50,076</u>	<u>32,901</u>
<i>Fund Balances End of Year</i>	<u><u>\$87,630</u></u>	<u><u>\$57,305</u></u>	<u><u>\$35,120</u></u>

Parking Meter	Solid Waste	Law Enforcement	Enforcement and Education
\$0	\$0	\$0	\$0
0	0	0	0
0	0	1,560	1,000
0	285,636	0	0
0	0	0	0
0	285,636	1,560	1,000
0	0	1,708	224
2,500	0	0	0
0	0	0	0
0	0	0	0
0	273,951	0	0
2,500	273,951	1,708	224
(2,500)	11,685	(148)	776
0	13,570	0	0
(2,500)	25,255	(148)	776
20,812	43,100	10,548	8,775
\$18,312	\$68,355	\$10,400	\$9,551

(continued)

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2006

	Cemetery Maintenance	Permissive	Emergency Medical Service Equipment
Revenues			
Intergovernmental	\$0	\$64,501	\$0
Interest	0	0	0
Fines, Licenses and Permits	0	0	0
Charges for Services	14,733	0	39,896
Contributions and Donations	0	0	0
<i>Total Revenues</i>	<u>14,733</u>	<u>64,501</u>	<u>39,896</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police	0	0	0
Transportation	0	31,693	0
Public Health and Welfare	0	0	12,062
Leisure Time Activities	0	0	0
Basic Utility Service	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>31,693</u>	<u>12,062</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	14,733	32,808	27,834
Other Financing Sources			
Transfers In	0	0	0
<i>Net Change in Fund Balances</i>	14,733	32,808	27,834
<i>Fund Balances Beginning of Year</i>	<u>220,437</u>	<u>59,531</u>	<u>107,040</u>
<i>Fund Balances End of Year</i>	<u><u>\$235,170</u></u>	<u><u>\$92,339</u></u>	<u><u>\$134,874</u></u>

Performing Arts	Total Nonmajor Special Revenue Funds
\$0	\$458,179
464	5,101
0	100,727
0	340,265
<u>9,773</u>	<u>9,773</u>
 10,237	 <u>914,045</u>
 0	 1,932
0	647,138
0	12,062
11,853	11,853
<u>0</u>	<u>273,951</u>
 11,853	 <u>946,936</u>
 (1,616)	 (32,891)
 <u>0</u>	 <u>163,570</u>
 (1,616)	 130,679
 <u>7,475</u>	 <u>624,236</u>
 <u>\$5,859</u>	 <u>\$754,915</u>

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2006

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,152	\$118,274	\$122,426
Accrued Interest Receivable	0	2,118	2,118
Special Assessments Receivable	0	116,554	116,554
<i>Total Assets</i>	<u>\$4,152</u>	<u>\$236,946</u>	<u>\$241,098</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$0	\$116,554	\$116,554
Fund Balances			
Unreserved, Undesignated	4,152	120,392	124,544
<i>Total Liabilities and Fund Balances</i>	<u>\$4,152</u>	<u>\$236,946</u>	<u>\$241,098</u>

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2006

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Special Assessments	\$0	\$12,822	\$12,822
Interest	0	17,550	17,550
<i>Total Revenues</i>	<u>0</u>	<u>30,372</u>	<u>30,372</u>
Expenditures			
Debt Service:			
Principal Retirement	0	13,941	13,941
Interest and Fiscal Charges	0	8,963	8,963
<i>Total Expenditures</i>	<u>0</u>	<u>22,904</u>	<u>22,904</u>
<i>Net Change in Fund Balances</i>	0	7,468	7,468
<i>Fund Balances Beginning of Year</i>	<u>4,152</u>	<u>112,924</u>	<u>117,076</u>
<i>Fund Balances End of Year</i>	<u>\$4,152</u>	<u>\$120,392</u>	<u>\$124,544</u>

City of Orrville, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006

	<u>Park Improvement</u>	<u>Recreation and Park</u>	<u>Grants</u>	<u>Community Development Block Grant</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,990	\$23,635	\$4,878	\$1,221	\$31,724
Accrued Interest Receivable	33	0	0	0	33
<i>Total Assets</i>	<u>\$2,023</u>	<u>\$23,635</u>	<u>\$4,878</u>	<u>\$1,221</u>	<u>\$31,757</u>
Liabilities and Fund Balances					
Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Fund Balances					
Reserved for Encumbrances	0	0	71,942	7,722	79,664
Unreserved, Undesignated (Deficit)	2,023	23,635	(67,064)	(6,501)	(47,907)
<i>Total Fund Balances</i>	<u>2,023</u>	<u>23,635</u>	<u>4,878</u>	<u>1,221</u>	<u>31,757</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,023</u>	<u>\$23,635</u>	<u>\$4,878</u>	<u>\$1,221</u>	<u>\$31,757</u>

City of Orrville, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2006

	North Main Street Widening	Park Improvement	Recreation and Park	Grants	Community Development Block Grant	Total Nonmajor Capital Projects Funds
Revenues						
Intergovernmental	\$205,132	\$0	\$0	\$160,973	\$13,017	\$379,122
Interest	0	97	0	0	0	97
Fines, Licenses and Permits	0	0	1,700	0	0	1,700
<i>Total Revenues</i>	205,132	97	1,700	160,973	13,017	380,919
Expenditures						
Capital Outlay	18,470	0	0	160,973	11,796	191,239
<i>Net Change in Fund Balances</i>	186,662	97	1,700	0	1,221	189,680
<i>Fund Balances (Deficit)</i>						
<i>Beginning of Year</i>	(186,662)	1,926	21,935	4,878	0	(157,923)
<i>Fund Balances End of Year</i>	<u>\$0</u>	<u>\$2,023</u>	<u>\$23,635</u>	<u>\$4,878</u>	<u>\$1,221</u>	<u>\$31,757</u>

Fund Descriptions - Fiduciary Funds

Fiduciary Funds

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

Private-Purpose Trust Fund

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

Agency Fund

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

City of Orrville, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended December 31, 2006

	<u>Beginning Balance 12/31/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 12/31/06</u>
Deposits in Escrow				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$68,346	\$32,619	\$45,294	\$55,671
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Deposits Held and Due to Others	\$68,346	\$32,619	\$45,294	\$55,671
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$427,400	\$427,400	\$492,470	\$65,070
Income Taxes	2,050,000	2,050,000	2,172,547	122,547
Other Local Taxes	800,000	800,000	851,218	51,218
Intergovernmental	608,176	608,176	830,300	222,124
Interest	103,500	103,500	155,910	52,410
Fines, Licenses and Permits	26,500	26,500	32,231	5,731
Rentals	30,000	30,000	31,200	1,200
Charges for Services	195,650	195,650	214,035	18,385
Contributions and Donations	0	0	50	50
Other	6,000	6,000	13,161	7,161
<i>Total Revenues</i>	<u>4,247,226</u>	<u>4,247,226</u>	<u>4,793,122</u>	<u>545,896</u>
Expenditures				
Current:				
General Government:				
City Council:				
Personal Services	31,113	31,113	30,314	799
City Hall:				
Personal Services	144,162	144,162	144,162	0
Purchased Services	29,856	29,856	29,331	525
Materials and Supplies	9,662	9,662	7,112	2,550
Total City Hall	<u>183,680</u>	<u>183,680</u>	<u>180,605</u>	<u>3,075</u>
Employee Benefits:				
Personal Services	90,101	90,101	90,101	0
Purchased Services	9,032	9,032	4,978	4,054
Materials and Supplies	5,316	5,316	2,964	2,352
Total Employee Benefits	<u>104,449</u>	<u>104,449</u>	<u>98,043</u>	<u>6,406</u>
Finance Department:				
Personal Services	67,057	67,057	66,684	373
Purchased Services	41,464	41,464	41,464	0
Materials and Supplies	1,899	1,899	1,006	893
Total Finance Department	<u>110,420</u>	<u>110,420</u>	<u>109,154</u>	<u>1,266</u>
Data Processing:				
Personal Services	18,236	18,236	18,236	0
Purchased Services	38,962	38,962	16,707	22,255
Materials and Supplies	7,256	7,256	3,470	3,786
Total Data Processing	<u>\$64,454</u>	<u>\$64,454</u>	<u>\$38,413</u>	<u>\$26,041</u>

(continued)

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Income Tax:				
Personal Services	\$54,925	\$54,925	\$53,848	\$1,077
Purchased Services	83,963	83,963	745	83,218
Materials and Supplies	4,300	4,300	3,192	1,108
Total Income Tax	143,188	143,188	57,785	85,403
Law Department:				
Personal Services	28,070	28,070	26,577	1,493
Purchased Services	23,872	23,872	16,688	7,184
Total Law Department	51,942	51,942	43,265	8,677
Mayor's Office:				
Personal Services	17,455	17,455	17,422	33
Materials and Supplies	50	50	0	50
Total Mayor's Office	17,505	17,505	17,422	83
Administrative:				
Personal Services	185,952	185,952	185,952	0
Purchased Services	254,851	254,851	202,468	52,383
Materials and Supplies	18,037	18,037	18,037	0
Total Administrative	458,840	458,840	406,457	52,383
Total General Government	1,165,591	1,165,591	981,458	184,133
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	1,394,040	1,394,040	1,376,654	17,386
Purchased Services	89,503	89,503	89,503	0
Materials and Supplies	75,835	75,835	70,685	5,150
Total Police	1,559,378	1,559,378	1,536,842	22,536
Fire:				
Fire Department:				
Personal Services	334,685	334,685	311,225	23,460
Purchased Services	61,635	61,635	54,294	7,341
Materials and Supplies	47,009	47,009	38,162	8,847
Total Fire	443,329	443,329	403,681	39,648
Total Security of Persons and Property	\$2,002,707	\$2,002,707	\$1,940,523	\$62,184

(continued)

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation:				
Street:				
Personal Services	\$268,370	\$268,370	\$247,647	\$20,723
Purchased Services	95,923	95,923	95,923	0
Materials and Supplies	100,575	100,575	96,107	4,468
Total Transportation	464,868	464,868	439,677	25,191
Public Health and Welfare:				
Animal Control:				
Purchased Services	1,005	1,005	1,005	0
Materials and Supplies	30,900	30,900	609	30,291
Total Animal Control	31,905	31,905	1,614	30,291
Cemetery:				
Personal Services	93,159	93,159	78,475	14,684
Purchased Services	10,637	10,637	8,512	2,125
Materials and Supplies	18,151	18,151	15,653	2,498
Total Cemetery	121,947	121,947	102,640	19,307
Total Public Health and Welfare	153,852	153,852	104,254	49,598
Leisure Time Activities:				
Park:				
Personal Services	110,688	110,688	110,688	0
Purchased Services	18,034	18,034	15,953	2,081
Materials and Supplies	21,592	21,592	20,184	1,408
Total Park	150,314	150,314	146,825	3,489
Pool:				
Personal Services	69,750	69,750	65,098	4,652
Purchased Services	9,460	9,460	5,448	4,012
Materials and Supplies	17,550	17,550	13,877	3,673
Total Pool	96,760	96,760	84,423	12,337
Recreation:				
Materials and Supplies	4,800	4,800	2,022	2,778
Total Leisure Time Activities	251,874	251,874	233,270	18,604
<i>Total Expenditures</i>	\$4,038,892	\$4,038,892	\$3,699,182	\$339,710

(continued)

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of Revenues Over Expenditures</i>	\$208,334	\$208,334	\$1,093,940	\$885,606
Other Financing Uses				
Transfers Out	(1,202,000)	(1,202,000)	(1,014,788)	187,212
<i>Net Change in Fund Balance</i>	(993,666)	(993,666)	79,152	1,072,818
<i>Fund Balance Beginning of Year</i>	960,651	960,651	960,651	0
Prior Year Encumbrances Appropriated	83,951	83,951	83,951	0
<i>Fund Balance End of Year</i>	\$50,936	\$50,936	\$1,123,754	\$1,072,818

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$500,000	\$500,000	\$528,881	\$28,881
Intergovernmental	0	0	1,400	1,400
Charges for Services	200	200	135	(65)
Other	0	0	21,955	21,955
<i>Total Revenues</i>	500,200	500,200	552,371	52,171
Expenditures				
Capital Outlay	1,345,391	1,345,391	1,304,371	41,020
<i>Net Change in Fund Balance</i>	(845,191)	(845,191)	(752,000)	93,191
<i>Fund Balance Beginning of Year</i>	1,807,942	1,807,942	1,807,942	0
Prior Year Encumbrances Appropriated	60,591	60,591	60,591	0
<i>Fund Balance End of Year</i>	<u>\$1,023,342</u>	<u>\$1,023,342</u>	<u>\$1,116,533</u>	<u>\$93,191</u>

City of Orrville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$115,800	\$115,800	\$164,542	\$48,742
Charges for Services	1,895,500	1,895,500	2,040,903	145,403
Sale of Capital Assets	1,500	1,500	1,019	(481)
Other	1,200	1,200	2,321	1,121
<i>Total Revenues</i>	<u>2,014,000</u>	<u>2,014,000</u>	<u>2,208,785</u>	<u>194,785</u>
Expenses				
Personal Services	1,126,249	1,126,249	897,706	228,543
Purchased Services	801,245	801,245	223,639	577,606
Materials and Supplies	213,779	213,779	158,937	54,842
Utilities	145,368	145,368	136,023	9,345
Capital Outlay	465,477	465,477	438,755	26,722
Debt Service:				
Principal Retirement	426,918	426,918	426,918	0
Interest and Fiscal Charges	115,849	115,849	115,849	0
<i>Total Expenses</i>	<u>3,294,885</u>	<u>3,294,885</u>	<u>2,397,827</u>	<u>897,058</u>
<i>Excess of Revenues Under Expenses</i>	(1,280,885)	(1,280,885)	(189,042)	1,091,843
Transfers Out	(155,900)	(155,900)	0	155,900
<i>Net Change in Fund Equity</i>	(1,436,785)	(1,436,785)	(189,042)	1,247,743
<i>Fund Equity Beginning of Year</i>	4,087,026	4,087,026	4,087,026	0
Prior Year Encumbrances Appropriated	212,985	212,985	212,985	0
<i>Fund Equity End of Year</i>	<u>\$2,863,226</u>	<u>\$2,863,226</u>	<u>\$4,110,969</u>	<u>\$1,247,743</u>

City of Orrville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Electric Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$211,700	\$211,700	\$327,178	\$115,478
Charges for Services	26,930,900	26,930,900	26,868,284	(62,616)
Sale of Capital Assets	1,000	1,000	566	(434)
Notes Issued	700,000	700,000	700,000	0
Other	401,300	401,300	327,265	(74,035)
<i>Total Revenues</i>	<u>28,244,900</u>	<u>28,244,900</u>	<u>28,223,293</u>	<u>(21,607)</u>
Expenses				
Personal Services	5,835,092	5,835,092	5,540,491	294,601
Purchased Services	2,846,614	3,408,614	3,085,996	322,618
Materials and Supplies	15,230,640	16,168,440	15,962,346	206,094
Utilities	938,040	938,040	930,565	7,475
Capital Outlay	1,684,710	1,684,910	1,684,910	0
Debt Service:				
Principal Retirement	2,295,000	2,295,000	2,295,000	0
Interest and Fiscal Charges	426,177	426,177	426,177	0
<i>Total Expenses</i>	<u>29,256,273</u>	<u>30,756,273</u>	<u>29,925,485</u>	<u>830,788</u>
<i>Excess of Revenues Under Expenses</i>	(1,011,373)	(2,511,373)	(1,702,192)	809,181
Transfers In	680,500	680,500	851,218	170,718
<i>Net Change in Fund Equity</i>	(330,873)	(1,830,873)	(850,974)	979,899
<i>Fund Equity Beginning of Year</i>	6,012,997	6,012,997	6,012,997	0
Prior Year Encumbrances Appropriated	1,419,373	1,419,373	1,419,373	0
<i>Fund Equity End of Year</i>	<u>\$7,101,497</u>	<u>\$5,601,497</u>	<u>\$6,581,396</u>	<u>\$979,899</u>

City of Orrville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$52,600	\$52,600	\$84,545	\$31,945
Charges for Services	2,835,360	2,835,360	2,813,618	(21,742)
Sale of Capital Assets	0	0	432	432
Other	7,230	7,230	3,799	(3,431)
<i>Total Revenues</i>	<u>2,895,190</u>	<u>2,895,190</u>	<u>2,902,394</u>	<u>7,204</u>
Expenses				
Personal Services	1,053,332	1,053,332	970,217	83,115
Purchased Services	539,820	539,820	511,935	27,885
Materials and Supplies	419,831	419,831	323,989	95,842
Utilities	167,957	167,957	160,457	7,500
Capital Outlay	864,878	864,878	765,137	99,741
Debt Service:				
Principal Retirement	475,443	475,443	475,443	0
Interest and Fiscal Charges	242,379	242,379	242,379	0
<i>Total Expenses</i>	<u>3,763,640</u>	<u>3,763,640</u>	<u>3,449,557</u>	<u>314,083</u>
<i>Excess of Revenues Under Expenses</i>	(868,450)	(868,450)	(547,163)	321,287
Transfers Out	(114,471)	(114,471)	0	114,471
<i>Net Change in Fund Equity</i>	(982,921)	(982,921)	(547,163)	435,758
<i>Fund Equity Beginning of Year</i>	1,776,572	1,776,572	1,776,572	0
Prior Year Encumbrances Appropriated	155,039	155,039	155,039	0
<i>Fund Equity End of Year</i>	<u>\$948,690</u>	<u>\$948,690</u>	<u>\$1,384,448</u>	<u>\$435,758</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Gas Tax Motor Vehicle License Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$225,000	\$225,000	\$316,710	\$91,710
Interest	100	100	1,652	1,552
Fines, Licenses, and Permits	100,000	100,000	90,804	(9,196)
<i>Total Revenues</i>	<u>325,100</u>	<u>325,100</u>	<u>409,166</u>	<u>84,066</u>
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Personal Services	559,016	559,016	465,287	93,729
Purchased Services	33,058	33,058	28,020	5,038
Materials and Supplies	84,706	84,706	82,186	2,520
<i>Total Expenditures</i>	<u>676,780</u>	<u>676,780</u>	<u>575,493</u>	<u>101,287</u>
<i>Excess of Revenues Under Expenditures</i>	(351,680)	(351,680)	(166,327)	185,353
Other Financing Sources				
Transfers In	350,000	350,000	150,000	(200,000)
<i>Net Change in Fund Balance</i>	(1,680)	(1,680)	(16,327)	(14,647)
<i>Fund Balance Beginning of Year</i>	20,089	20,089	20,089	0
Prior Year Encumbrances Appropriated	11,050	11,050	11,050	0
<i>Fund Balance End of Year</i>	<u>\$29,459</u>	<u>\$29,459</u>	<u>\$14,812</u>	<u>(\$14,647)</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$22,000	\$22,000	\$25,497	\$3,497
Interest	3,100	3,100	3,208	108
Fines, Licenses and Permits	6,000	6,000	7,363	1,363
<i>Total Revenues</i>	<u>31,100</u>	<u>31,100</u>	<u>36,068</u>	<u>4,968</u>
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	173,371	173,371	166,818	6,553
Materials and Supplies	31,504	31,504	14,251	17,253
<i>Total Expenditures</i>	<u>204,875</u>	<u>204,875</u>	<u>181,069</u>	<u>23,806</u>
<i>Net Change in Fund Balance</i>	(173,775)	(173,775)	(145,001)	28,774
<i>Fund Balance Beginning of Year</i>	51,701	51,701	51,701	0
Prior Year Encumbrances Appropriated	142,374	142,374	142,374	0
<i>Fund Balance End of Year</i>	<u>\$20,300</u>	<u>\$20,300</u>	<u>\$49,074</u>	<u>\$28,774</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Motor Vehicle License Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$23,384</u>	<u>(\$21,616)</u>
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	5,000	5,000	19,137	(14,137)
Materials and Supplies	<u>44,606</u>	<u>44,606</u>	<u>7,925</u>	<u>36,681</u>
<i>Total Expenditures</i>	<u>49,606</u>	<u>49,606</u>	<u>27,062</u>	<u>22,544</u>
<i>Net Change in Fund Balance</i>	(4,606)	(4,606)	(3,678)	928
<i>Fund Balance Beginning of Year</i>	28,294	28,294	28,294	0
Prior Year Encumbrances Appropriated	<u>4,606</u>	<u>4,606</u>	<u>4,606</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$28,294</u></u>	<u><u>\$28,294</u></u>	<u><u>\$29,222</u></u>	<u><u>\$928</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Meter Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,500)	(2,500)	(2,500)	0
<i>Fund Balance Beginning of Year</i>	<u>20,812</u>	<u>20,812</u>	<u>20,812</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$18,312</u></u>	<u><u>\$18,312</u></u>	<u><u>\$18,312</u></u>	<u><u>\$0</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Solid Waste Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$295,000	\$295,000	\$281,340	(\$13,660)
Expenditures				
Current:				
Basic Utility Service:				
Solid Waste Services:				
Purchased Services	<u>318,803</u>	<u>318,803</u>	<u>297,754</u>	<u>21,049</u>
<i>Excess of Revenues Under Expenditures</i>	(23,803)	(23,803)	(16,414)	7,389
Other Financing Sources				
Transfers In	<u>6,000</u>	<u>6,000</u>	<u>13,570</u>	<u>7,570</u>
<i>Net Change in Fund Balance</i>	(17,803)	(17,803)	(2,844)	14,959
<i>Fund Balance (Deficit) Beginning of Year</i>	(2,023)	(2,023)	(2,023)	0
Prior Year Encumbrances Appropriated	<u>23,803</u>	<u>23,803</u>	<u>23,803</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,977</u></u>	<u><u>\$3,977</u></u>	<u><u>\$18,936</u></u>	<u><u>\$14,959</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$2,500	\$2,500	\$1,500	(\$1,000)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Materials and Supplies	7,264	7,264	1,708	5,556
<i>Net Change in Fund Balance</i>	(4,764)	(4,764)	(208)	4,556
<i>Fund Balance Beginning of Year</i>	10,284	10,284	10,284	0
Prior Year Encumbrances Appropriated	264	264	264	0
<i>Fund Balance End of Year</i>	<u>\$5,784</u>	<u>\$5,784</u>	<u>\$10,340</u>	<u>\$4,556</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Licenses and Permits	\$1,000	\$1,000	\$936	(\$64)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	1,020	1,020	0	1,020
Materials and Supplies	1,530	1,530	224	1,306
<i>Total Expenditures</i>	<u>2,550</u>	<u>2,550</u>	<u>224</u>	<u>2,326</u>
<i>Net Change in Fund Balance</i>	(1,550)	(1,550)	712	2,262
<i>Fund Balance Beginning of Year</i>	<u>8,775</u>	<u>8,775</u>	<u>8,775</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,225</u></u>	<u><u>\$7,225</u></u>	<u><u>\$9,487</u></u>	<u><u>\$2,262</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Maintenance Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$20,000	\$20,000	\$14,708	(\$5,292)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	20,000	20,000	14,708	(5,292)
<i>Fund Balance Beginning of Year</i>	<u>219,887</u>	<u>219,887</u>	<u>219,887</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$239,887</u></u>	<u><u>\$239,887</u></u>	<u><u>\$234,595</u></u>	<u><u>(\$5,292)</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	<u>\$72,000</u>	<u>\$72,000</u>	<u>\$64,588</u>	<u>(\$7,412)</u>
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	65,000	65,000	21,660	43,340
Materials and Supplies	<u>20,254</u>	<u>20,254</u>	<u>17,863</u>	<u>2,391</u>
<i>Total Expenditures</i>	<u>85,254</u>	<u>85,254</u>	<u>39,523</u>	<u>45,731</u>
<i>Net Change in Fund Balance</i>	(13,254)	(13,254)	25,065	38,319
<i>Fund Balance Beginning of Year</i>	52,001	52,001	52,001	0
Prior Year Encumbrances Appropriated	<u>5,254</u>	<u>5,254</u>	<u>5,254</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$44,001</u></u>	<u><u>\$44,001</u></u>	<u><u>\$82,320</u></u>	<u><u>\$38,319</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Emergency Medical Service Equipment Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$20,000	\$20,000	\$37,677	\$17,677
Expenditures				
Current:				
Public Health and Welfare:				
Emergency Medical Service:				
Materials and Supplies	15,000	15,000	12,062	2,938
<i>Net Change in Fund Balance</i>	5,000	5,000	25,615	20,615
<i>Fund Balance Beginning of Year</i>	103,031	103,031	103,031	0
<i>Fund Balance End of Year</i>	<u>\$108,031</u>	<u>\$108,031</u>	<u>\$128,646</u>	<u>\$20,615</u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Performing Arts Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$250	\$250	\$392	\$142
Contributions and Donations	8,500	8,500	9,773	1,273
<i>Total Revenues</i>	<u>8,750</u>	<u>8,750</u>	<u>10,165</u>	<u>1,415</u>
Expenditures				
Current:				
Leisure Time Activities:				
Performing Arts:				
Purchased Services	12,000	12,000	11,400	600
Materials and Supplies	1,000	1,000	453	547
<i>Total Expenditures</i>	<u>13,000</u>	<u>13,000</u>	<u>11,853</u>	<u>1,147</u>
<i>Net Change in Fund Balance</i>	(4,250)	(4,250)	(1,688)	2,562
<i>Fund Balance Beginning of Year</i>	<u>7,429</u>	<u>7,429</u>	<u>7,429</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,179</u></u>	<u><u>\$3,179</u></u>	<u><u>\$5,741</u></u>	<u><u>\$2,562</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2006

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

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$11,931	\$11,931	\$12,822	\$891
Interest	13,469	13,469	16,176	2,707
<i>Total Revenues</i>	<u>25,400</u>	<u>25,400</u>	<u>28,998</u>	<u>3,598</u>
Expenditures				
Debt Service:				
Principal Retirement	14,000	14,000	13,941	59
Interest and Fiscal Charges	9,300	9,300	8,963	337
<i>Total Expenditures</i>	<u>23,300</u>	<u>23,300</u>	<u>22,904</u>	<u>396</u>
<i>Net Change in Fund Balance</i>	2,100	2,100	6,094	3,994
<i>Fund Balance Beginning of Year</i>	<u>112,180</u>	<u>112,180</u>	<u>112,180</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$114,280</u></u>	<u><u>\$114,280</u></u>	<u><u>\$118,274</u></u>	<u><u>\$3,994</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
North Main Street Widening Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$212,060	\$212,060	\$205,132	(\$6,928)
Expenditures				
Capital Outlay	<u>209,172</u>	<u>209,172</u>	<u>205,132</u>	<u>4,040</u>
<i>Net Change in Fund Balance</i>	2,888	2,888	0	(2,888)
<i>Fund Balance (Deficit) Beginning of Year</i>	(209,172)	(209,172)	(209,172)	0
Prior Year Encumbrances Appropriated	<u>209,172</u>	<u>209,172</u>	<u>209,172</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,888</u></u>	<u><u>\$2,888</u></u>	<u><u>\$0</u></u>	<u><u>(\$2,888)</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Improvement Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$100	\$100	\$76	(\$24)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	100	100	76	(24)
<i>Fund Balance Beginning of Year</i>	<u>1,914</u>	<u>1,914</u>	<u>1,914</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,014</u></u>	<u><u>\$2,014</u></u>	<u><u>\$1,990</u></u>	<u><u>(\$24)</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation and Park Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Licenses and Permits	\$700	\$700	\$1,700	\$1,000
Expenditures				
Capital Outlay	<u>500</u>	<u>500</u>	<u>0</u>	<u>500</u>
<i>Net Change in Fund Balance</i>	200	200	1,700	1,500
<i>Fund Balance Beginning of Year</i>	<u>21,935</u>	<u>21,935</u>	<u>21,935</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$22,135</u></u>	<u><u>\$22,135</u></u>	<u><u>\$23,635</u></u>	<u><u>\$1,500</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Grants Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$574,000	\$574,000	\$160,973	(\$413,027)
Expenditures				
Capital Outlay	<u>574,000</u>	<u>574,000</u>	<u>232,915</u>	<u>341,085</u>
<i>Net Change in Fund Balance</i>	0	0	(71,942)	(71,942)
<i>Fund Balance Beginning of Year</i>	<u>4,878</u>	<u>4,878</u>	<u>4,878</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$4,878</u></u>	<u><u>\$4,878</u></u>	<u><u>(\$67,064)</u></u>	<u><u>(\$71,942)</u></u>

City of Orrville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$400,000	\$400,000	\$13,017	(\$386,983)
Expenditures				
Capital Outlay	<u>0</u>	<u>240,000</u>	<u>19,518</u>	<u>220,482</u>
<i>Net Change in Fund Balance</i>	400,000	160,000	(6,501)	(166,501)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$400,000</u>	<u>\$160,000</u>	<u>(\$6,501)</u>	<u>(\$166,501)</u>

City of Orrville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Employee Health Insurance Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$21,000	\$21,000	\$32,809	\$11,809
Charges for Services	<u>1,362,000</u>	<u>1,333,100</u>	<u>1,272,634</u>	<u>(60,466)</u>
<i>Total Revenues</i>	<u>1,383,000</u>	<u>1,354,100</u>	<u>1,305,443</u>	<u>(48,657)</u>
Expenses				
Contractual Services	132,400	132,400	125,052	7,348
Claims	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,303,283</u>	<u>296,717</u>
<i>Total Expenses</i>	<u>1,732,400</u>	<u>1,732,400</u>	<u>1,428,335</u>	<u>304,065</u>
<i>Net Change in Fund Equity</i>	(349,400)	(378,300)	(122,892)	255,408
<i>Fund Equity Beginning of Year</i>	788,881	788,881	788,881	0
Prior Year Encumbrances Appropriated	<u>300</u>	<u>300</u>	<u>300</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$439,781</u>	<u>\$410,881</u>	<u>\$666,289</u>	<u>\$255,408</u>

City of Orrville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Cemetery Memorial Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$100	\$100	\$159	\$59
Expenses				
Current:				
Cemetery:				
Materials and Supplies	<u>75</u>	<u>75</u>	<u>75</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	25	25	84	59
<i>Fund Equity Beginning of Year</i>	<u>4,128</u>	<u>4,128</u>	<u>4,128</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$4,153</u></u>	<u><u>\$4,153</u></u>	<u><u>\$4,212</u></u>	<u><u>\$59</u></u>

Statistical Section

Statistical Section

This part of the City of Orrville, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S9</i>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S10 – S15</i>
These schedules contain information to help the reader assess the City's most significant local revenue, the municipal income tax and electric charges for services.	
<i>Debt Capacity</i>	<i>S16 – S23</i>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	<i>S24 – S25</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	<i>S26 – S31</i>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2001; schedules presenting government-wide information include information beginning in that year.

City of Orrville, Ohio
Net Assets By Component
Last Seven Years
(Accrual Basis of Accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$41,706,949	\$42,058,605	\$42,024,483
Restricted:			
Capital Projects	1,613,790	2,050,035	1,913,814
Debt Service	240,462	240,691	247,391
Street Repair and Maintenance	424,442	370,016	431,651
Solid Waste Services	68,355	43,100	42,187
Law Enforcement and Education	19,951	19,323	23,157
Cemetery Maintenance	236,639	220,720	203,195
EMS Equipment	134,874	107,040	74,640
Performing Arts	5,859	7,475	7,195
Other Purposes	0	0	0
Unrestricted	<u>2,114,835</u>	<u>2,060,999</u>	<u>1,658,350</u>
<i>Total Governmental Activities Net Assets</i>	<u><u>\$46,566,156</u></u>	<u><u>\$47,178,004</u></u>	<u><u>\$46,626,063</u></u>
Business Type - Activities			
Invested in Capital Assets, Net of Related Debt	\$29,057,655	\$27,780,982	\$26,780,181
Restricted:			
Debt Service	2,949,687	2,891,452	3,347,240
Replacement and Improvement	2,300,000	2,300,000	2,300,000
Unrestricted	<u>19,065,639</u>	<u>17,395,231</u>	<u>16,059,704</u>
<i>Total Business-Type Activities Net Assets</i>	<u><u>\$53,372,981</u></u>	<u><u>\$50,367,665</u></u>	<u><u>\$48,487,125</u></u>
Primary Government			
Invested in Capital Assets, Net of Related Debt	\$70,764,604	\$69,839,587	\$68,804,664
Restricted	7,994,059	8,249,852	8,590,470
Unrestricted	<u>21,180,474</u>	<u>19,456,230</u>	<u>17,718,054</u>
<i>Total Primary Government Net Assets</i>	<u><u>\$99,939,137</u></u>	<u><u>\$97,545,669</u></u>	<u><u>\$95,113,188</u></u>

Note: 2003 was the first year other purposes was further classified.

2003	2002	2001	2000
\$41,548,787	\$41,466,826	\$41,777,029	\$41,792,612
2,626,487	2,253,537	2,446,493	2,506,332
254,609	108,155	106,176	129,225
457,891	0	0	0
38,324	0	0	0
25,870	0	0	0
177,957	0	0	0
151,004	0	0	0
7,035	0	0	0
0	815,174	1,047,404	688,443
1,828,711	2,325,102	2,665,004	2,997,662
<u>\$47,116,675</u>	<u>\$46,968,794</u>	<u>\$48,042,106</u>	<u>\$48,114,274</u>
\$25,498,301	\$22,993,813	\$22,736,960	\$19,906,274
0	0	0	0
2,300,000	2,300,000	3,000,000	3,000,000
20,711,414	24,116,145	25,383,195	27,118,584
<u>\$48,509,715</u>	<u>\$49,409,958</u>	<u>\$51,120,155</u>	<u>\$50,024,858</u>
\$67,047,088	\$64,460,639	\$64,513,989	\$61,698,886
6,039,177	5,476,866	6,600,073	6,324,000
22,540,125	26,441,247	28,048,199	30,116,246
<u>\$95,626,390</u>	<u>\$96,378,752</u>	<u>\$99,162,261</u>	<u>\$98,139,132</u>

City of Orrville, Ohio
Changes in Net Assets
Last Six Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003	2002	2001
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	\$111,390	\$113,000	\$120,248	\$74,858	\$117,682	\$100,453
Security of Persons and Property:						
Police	15,276	14,506	26,054	7,712	41,896	7,345
Fire	46,025	46,024	36,290	30,843	16,955	28,619
Transportation	102,385	30,141	300	8,876	0	0
Public Health and Welfare	105,827	100,576	128,734	101,730	119,624	84,534
Leisure Time Activities	62,139	72,621	56,284	62,010	83,495	69,499
Basic Utility Services	285,636	269,752	256,665	251,735	241,799	239,240
Subtotal - Charges for Services	<u>728,678</u>	<u>646,620</u>	<u>624,575</u>	<u>537,764</u>	<u>621,451</u>	<u>529,690</u>
Operating Grants and Contributions:						
General Government	15,600	16,205	14,092	13,699	0	8,571
Security of Persons and Property:						
Police	0	0	0	0	0	805
Fire	0	0	2,125	2,900	0	16,639
Transportation	471,563	540,752	445,050	401,629	445,010	334,427
Public Health and Welfare	0	0	0	2,300	0	0
Leisure Time Activities	9,823	10,290	9,900	8,062	9,546	7,435
Basic Utility Services	0	0	0	0	0	0
Subtotal - Operating Grants and Contributions	<u>496,986</u>	<u>567,247</u>	<u>471,167</u>	<u>428,590</u>	<u>454,556</u>	<u>367,877</u>
Capital Grants and Contributions:						
General Government	13,017	95,944	0	0	0	0
Transportation	280,843	186,662	819,983	678,138	420,132	171,351
Subtotal - Capital Grants and Contributions	<u>293,860</u>	<u>282,606</u>	<u>819,983</u>	<u>678,138</u>	<u>420,132</u>	<u>171,351</u>
<i>Total Governmental Activities Program Revenues</i>	<u>1,519,524</u>	<u>1,496,473</u>	<u>1,915,725</u>	<u>1,644,492</u>	<u>1,496,139</u>	<u>1,068,918</u>
Business-Type Activities:						
Charges for Services:						
Sewer	2,009,263	1,980,067	1,905,641	1,910,975	1,937,219	1,990,473
Electric	26,606,260	25,220,891	21,615,342	19,509,574	17,964,859	18,260,911
Water	2,933,631	2,591,906	2,512,014	2,403,171	2,356,946	2,433,011
<i>Total Business-Type Activities Program Revenues</i>	<u>31,549,154</u>	<u>29,792,864</u>	<u>26,032,997</u>	<u>23,823,720</u>	<u>22,259,024</u>	<u>22,684,395</u>
<i>Total Primary Government Program Revenues</i>	<u>33,068,678</u>	<u>31,289,337</u>	<u>27,948,722</u>	<u>25,468,212</u>	<u>23,755,163</u>	<u>23,753,313</u>
Expenses						
Governmental Activities:						
General Government	1,151,757	1,075,509	970,814	968,370	945,989	849,687
Security of Persons and Property:						
Police	1,565,658	1,360,423	1,425,870	1,421,121	1,224,678	1,264,380
Fire	601,531	531,847	357,766	541,831	525,596	471,736
Transportation	2,229,194	1,590,642	2,478,398	2,007,903	2,672,156	1,999,708
Public Health and Welfare	142,615	118,376	179,941	192,459	170,233	129,335
Leisure Time Activities	318,858	252,386	308,917	357,372	389,710	356,011
Basic Utility Services	273,951	282,403	279,895	274,386	272,076	237,049
Interest and Fiscal Charges	8,877	9,706	10,726	11,013	11,557	12,175
<i>Total Governmental Activities Expenses</i>	<u>6,292,441</u>	<u>5,221,292</u>	<u>6,012,327</u>	<u>5,774,455</u>	<u>6,211,995</u>	<u>5,320,081</u>
Business-Type Activities:						
Sewer	2,064,871	1,942,249	2,035,090	1,957,912	1,951,178	1,880,750
Electric	25,754,322	25,247,053	23,143,664	21,681,059	20,841,038	18,886,654
Water	2,874,257	2,425,269	2,682,953	2,554,952	3,077,462	2,775,140
<i>Total Business-Type Activities Expenses</i>	<u>30,693,450</u>	<u>29,614,571</u>	<u>27,861,707</u>	<u>26,193,923</u>	<u>25,869,678</u>	<u>23,542,544</u>
<i>Total Primary Government Program Expenses</i>	<u>36,985,891</u>	<u>34,835,863</u>	<u>33,874,034</u>	<u>31,968,378</u>	<u>32,081,673</u>	<u>28,862,625</u>
Net (Expense)/Revenue						
Governmental Activities						
	(4,772,917)	(3,724,819)	(4,096,602)	(4,129,963)	(4,715,856)	(4,251,163)
Business-Type Activities						
	855,704	178,293	(1,828,710)	(2,370,203)	(3,610,654)	(858,149)
<i>Total Primary Government Net Expense</i>	<u>(\$3,917,213)</u>	<u>(\$3,546,526)</u>	<u>(\$5,925,312)</u>	<u>(\$6,500,166)</u>	<u>(\$8,326,510)</u>	<u>(\$5,109,312)</u>

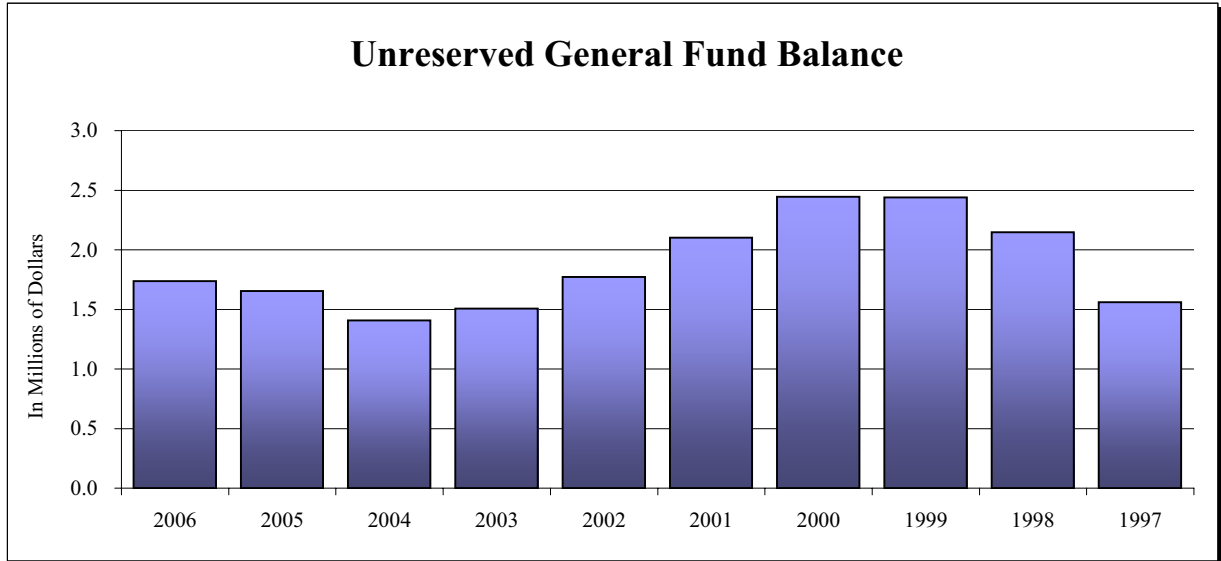
(continued)

City of Orrville, Ohio
Changes in Net Assets (continued)
Last Six Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003	2002	2001
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes:						
Property and Other Local Taxes Levied for:						
General Purposes	\$469,385	\$524,516	\$536,388	\$476,914	\$446,237	\$483,588
Kilowatt per Hour Taxes Levied for:						
General Purposes	851,218	837,438	802,505	782,502	767,505	470,708
Municipal Income Taxes Levied for:						
General Purposes	2,299,733	2,195,463	2,013,058	2,088,233	1,705,027	1,596,438
Capital Outlay	560,677	534,765	365,734	872,403	588,206	992,257
Grants and Entitlements not Restricted to						
Specific Programs	579,014	717,533	497,937	631,092	620,248	752,755
Investment Income	217,144	139,056	80,061	81,948	107,127	282,992
Gain on Sale of Capital Assets	0	0	0	0	500	0
Transfers	(851,218)	(837,438)	(802,505)	(782,502)	(793,326)	(470,708)
Miscellaneous	35,116	165,427	112,812	127,254	201,020	70,965
<i>Total Governmental Activities</i>	<u>4,161,069</u>	<u>4,276,760</u>	<u>3,605,990</u>	<u>4,277,844</u>	<u>3,642,544</u>	<u>4,178,995</u>
Business-Type Activities:						
Investment Income	965,009	325,135	292,975	357,932	511,810	1,062,693
Transfers	851,218	837,438	802,505	782,502	793,326	470,708
Gain on Sale of Capital Assets	0	0	17,131	1,754	4,700	60,203
Miscellaneous	333,385	539,674	693,509	327,772	590,621	359,842
<i>Total Business-Type Activities</i>	<u>2,149,612</u>	<u>1,702,247</u>	<u>1,806,120</u>	<u>1,469,960</u>	<u>1,900,457</u>	<u>1,953,446</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>6,310,681</u>	<u>5,979,007</u>	<u>5,412,110</u>	<u>5,747,804</u>	<u>5,543,001</u>	<u>6,132,441</u>
Change in Net Assets						
Governmental Activities	(611,848)	551,941	(490,612)	147,881	(1,073,312)	(72,168)
Business-Type Activities	3,005,316	1,880,540	(22,590)	(900,243)	(1,710,197)	1,095,297
<i>Total Primary Government Change in Net Assets</i>	<u>\$2,393,468</u>	<u>\$2,432,481</u>	<u>(\$513,202)</u>	<u>(\$752,362)</u>	<u>(\$2,783,509)</u>	<u>\$1,023,129</u>

City of Orrville, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003	2002
General Fund					
Reserved	\$80,051	\$56,479	\$34,228	\$25,157	\$45,241
Unreserved	1,736,936	1,653,693	1,408,511	1,506,925	1,772,376
Total General Fund	<u>1,816,987</u>	<u>1,710,172</u>	<u>1,442,739</u>	<u>1,532,082</u>	<u>1,817,617</u>
All Other Governmental Funds					
Reserved	273,104	408,775	258,006	991,349	425,987
Unreserved, Undesignated, Reported in:					
Special Revenue funds	732,225	474,957	636,263	734,105	698,477
Debt Service funds	124,544	117,076	113,349	108,004	106,722
Capital Projects funds	1,305,906	1,562,445	1,626,555	1,533,720	1,787,430
Total All Other Governmental Funds	<u>2,435,779</u>	<u>2,563,253</u>	<u>2,634,173</u>	<u>3,367,178</u>	<u>3,018,616</u>
Total Governmental Funds	<u>\$4,252,766</u>	<u>\$4,273,425</u>	<u>\$4,076,912</u>	<u>\$4,899,260</u>	<u>\$4,836,233</u>



2001	2000	1999	1998	1997
\$139,653	\$181,511	\$215,591	\$159,954	\$171,450
2,102,190	2,443,891	2,440,318	2,146,235	1,560,348
2,241,843	2,625,402	2,655,909	2,306,189	1,731,798
470,772	232,592	771,367	362,357	285,970
729,417	596,685	587,899	426,438	420,083
106,065	101,410	0	0	0
1,884,283	2,218,880	2,107,254	2,144,678	1,886,218
3,190,537	3,149,567	3,466,520	2,933,473	2,592,271
\$5,432,380	\$5,774,969	\$6,122,429	\$5,239,662	\$4,324,069

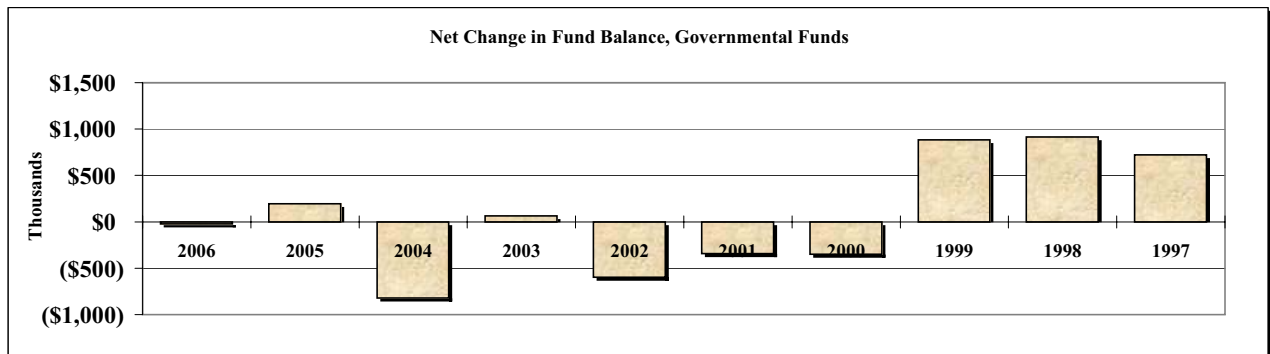
City of Orrville, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003	2002	2001
Revenues						
Property Taxes	\$492,470	\$485,085	\$580,710	\$442,911	\$466,911	\$471,047
Municipal Income Taxes	2,780,220	2,700,645	2,575,080	2,910,735	2,371,048	2,594,930
Other Local Taxes	851,218	837,438	802,505	782,502	767,505	470,708
Special Assessments	12,822	12,518	12,129	8,961	16,977	8,860
Intergovernmental	1,598,760	1,359,658	1,708,192	1,733,338	1,530,312	1,208,110
Interest	217,144	139,056	81,999	81,948	107,127	282,992
Fines, Licenses and Permits	134,415	130,687	40,277	27,812	53,817	22,623
Rentals	31,200	31,600	31,500	0	31,700	32,828
Charges for Services	556,639	484,450	553,287	499,551	544,303	479,129
Contributions and Donations	9,823	10,290	9,900	8,062	9,546	13,510
Other	35,116	165,427	112,812	127,254	201,020	70,965
<i>Total Revenues</i>	<u>6,719,827</u>	<u>6,356,854</u>	<u>6,508,391</u>	<u>6,623,074</u>	<u>6,100,266</u>	<u>5,655,702</u>
Expenditures						
Current:						
General Government	954,490	1,000,293	859,525	877,044	838,937	844,855
Security of Persons and Property:						
Police	1,525,428	1,378,888	1,370,432	1,366,492	1,344,277	1,213,840
Fire (1)	386,844	374,293	393,870	381,581	386,818	383,512
Transportation	1,058,560	1,226,957	1,167,448	1,139,246	1,220,558	1,129,278
Public Health and Welfare	116,383	118,486	255,971	205,711	153,395	146,672
Community Development	0	0	0	0	0	0
Leisure Time Activities	236,039	218,033	214,635	273,331	318,917	296,834
Basic Utilities Service	273,951	282,403	279,895	274,386	272,076	237,049
Capital Outlay	1,314,669	701,247	1,963,528	1,247,979	1,347,873	1,254,462
Debt Service:						
Principal Retirement	13,941	12,518	12,129	10,400	9,120	8,860
Interest and Fiscal Charges	8,963	9,785	10,801	10,956	11,616	12,221
<i>Total Expenditures</i>	<u>5,889,268</u>	<u>5,322,903</u>	<u>6,528,234</u>	<u>5,787,126</u>	<u>5,903,587</u>	<u>5,527,583</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>830,559</u>	<u>1,033,951</u>	<u>(19,843)</u>	<u>835,948</u>	<u>196,679</u>	<u>128,119</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	0	0	0	1,605	500	0
Special Assessment Bonds Issued	0	0	0	7,976	0	0
Notes Issued	0	0	0	0	0	0
Transfers In	163,570	213,564	307,093	340,974	427,727	709,969
Transfers Out	(1,014,788)	(1,051,002)	(1,109,598)	(1,123,476)	(1,221,053)	(1,180,677)
<i>Total Other Financing Sources (Uses)</i>	<u>(851,218)</u>	<u>(837,438)</u>	<u>(802,505)</u>	<u>(772,921)</u>	<u>(792,826)</u>	<u>(470,708)</u>
<i>Net Change in Fund Balances</i>	<u>(\$20,659)</u>	<u>\$196,513</u>	<u>(\$822,348)</u>	<u>\$63,027</u>	<u>(\$596,147)</u>	<u>(\$342,589)</u>

Debt Service as a Percentage of Noncapital Expenditures

	0.48%	0.48%	0.50%	0.47%	0.46%	0.49%
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(1) Prior to 2001, Police and Fire expenditures were grouped together in Security of Persons and Property.



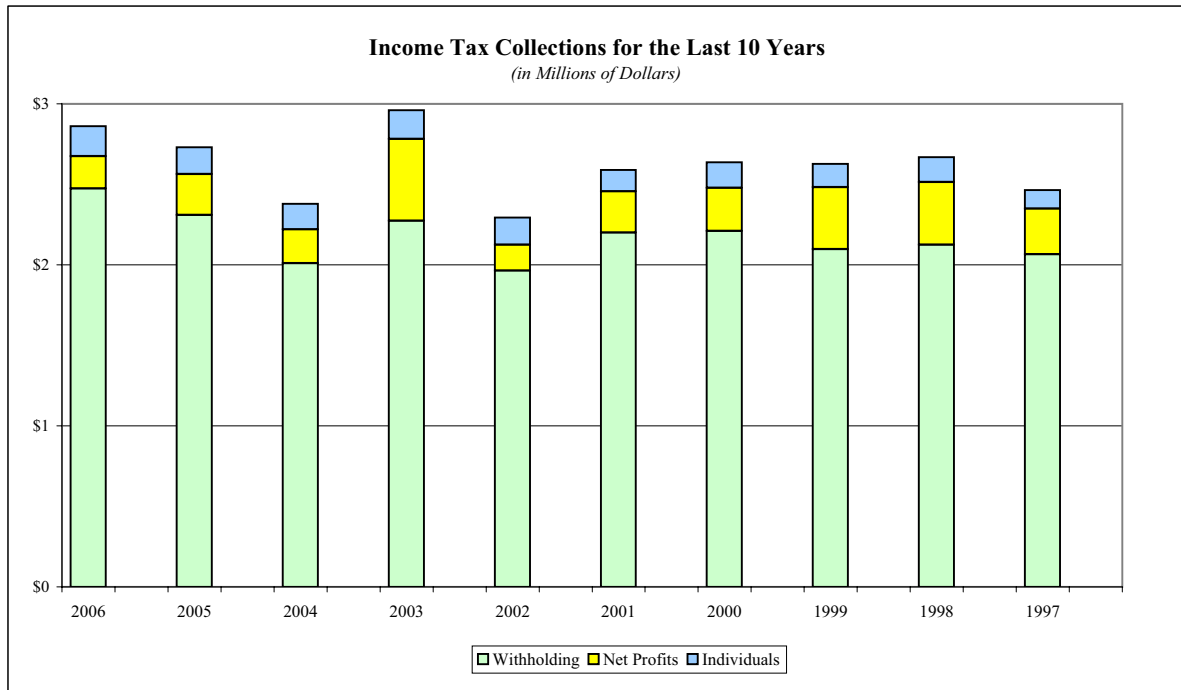
2000	1999	1998	1997
\$431,700	\$1,070,738	\$1,053,839	\$827,876
2,637,057	2,626,006	2,667,839	2,464,708
0	0	0	0
78,968	70,328	22,449	32,205
1,317,306	600,413	745,648	819,624
363,909	213,160	259,664	188,666
16,760	41,074	30,071	36,697
0	0	0	0
503,888	476,046	424,050	386,799
17,810	0	0	0
405,497	109,971	740,271	481,623
<u>5,772,895</u>	<u>5,207,736</u>	<u>5,943,831</u>	<u>5,238,198</u>
1,480,689	1,532,689	1,411,851	1,385,603
1,359,979	1,125,793	1,439,599	1,084,348
0	0	0	0
0	0	0	0
1,109,183	975,683	1,383,089	1,209,195
124,620	113,483	200	102,386
0	84,683	20,412	37,976
248,407	180,858	182,038	165,168
247,849	184,866	326,764	272,951
1,421,262	649,360	484,479	228,259
255,000	265,000	21,000	19,242
24,538	20,738	8,866	12,617
<u>6,271,527</u>	<u>5,133,153</u>	<u>5,278,298</u>	<u>4,517,745</u>
<u>(498,632)</u>	<u>74,583</u>	<u>665,533</u>	<u>720,453</u>
0	4,791	60	243
95,170	0	0	0
0	250,000	250,000	0
421,292	767,607	429,106	545,766
<u>(365,290)</u>	<u>(214,214)</u>	<u>(429,106)</u>	<u>(545,766)</u>
<u>151,172</u>	<u>808,184</u>	<u>250,060</u>	<u>243</u>
<u>(\$347,460)</u>	<u>\$882,767</u>	<u>\$915,593</u>	<u>\$720,696</u>
5.76%	6.37%	0.62%	0.74%

City of Orrville, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year	Tax Rate	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2006	1.00%	\$2,860,410	\$2,474,541	86.51%	\$200,229	7.00%	\$185,641	6.49%
2005	1.00	2,730,228	2,308,681	84.56	254,184	9.31	167,363	6.13
2004	1.00	2,378,792	2,010,079	84.50	210,047	8.83	158,665	6.67
2003	1.00	2,960,636	2,273,472	76.79	508,637	17.18	178,526	6.03
2002	1.00	2,293,233	1,965,071	85.69	159,380	6.95	168,782	7.36
2001	1.00	2,588,695	2,200,908	85.02	254,728	9.84	133,059	5.14
2000	1.00	2,637,057	2,210,381	83.82	266,870	10.12	159,806	6.06
1999	1.00	2,626,006	2,097,916	79.89	384,972	14.66	143,117	5.45
1998	1.00	2,667,839	2,124,400	79.63	389,504	14.60	153,934	5.77
1997	1.00	2,464,708	2,065,425	83.80	284,674	11.55	114,609	4.65

(1) 2001 through 2006 are on an Accrual Basis and 1997 through 2000 are on a Modified Accrual Basis

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



City of Orrville, Ohio
Income Tax Filers by Income Level
Tax Years 2006 and 1997

Tax Year 2006

<u>Income Range</u>	<u>Number of Filers</u>	<u>Percent of Filers</u>	<u>Taxable Income</u>	<u>Percent of Taxable Income</u>
Over 100,000	112	6.91 %	\$45,775,324	62.24 %
75,001-100,000	61	3.76	5,150,280	7.00
50,001-75,000	147	9.06	8,696,961	11.82
25,000-50,000	243	14.98	8,734,619	11.88
Under 25,000	1,059	65.29	5,192,298	7.06
Total	1,622	100.00	\$73,549,482	100.00

Tax Year 1997

<u>Income Range</u>	<u>Number of Filers</u>	<u>Percent of Filers</u>	<u>Taxable Income</u>	<u>Percent of Taxable Income</u>
Over 100,000	59	3.30 %	\$43,682,733	81.53 %
75,001-100,000	19	1.06	1,624,475	3.03
50,001-75,000	21	1.18	1,723,685	3.22
25,000-50,000	63	3.53	2,274,077	4.24
Under 25,000	1,624	90.93	4,275,233	7.98
Total	1,786	100.00	\$53,580,203	100.00

Source: City Income Tax Department

City of Orrville, Ohio
Electric Sold by Type of Customer
Last Ten Years

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Type of Customer:										
Residential	\$5,309,598	\$5,455,605	\$4,676,994	\$4,457,499	\$4,611,187	\$4,252,857	\$4,071,801	\$4,051,190	\$3,977,083	\$3,959,822
Industrial	16,079,431	14,621,760	12,550,867	10,716,879	9,150,554	9,786,084	9,463,406	9,070,673	9,444,957	8,451,478
Commercial	5,001,317	4,930,071	4,196,891	4,141,717	3,989,364	4,017,402	3,562,884	3,745,760	3,507,109	3,449,270
Government	215,914	213,455	190,590	193,479	213,754	204,568	244,390	233,493	245,500	240,626
Total	\$26,606,260	\$25,220,891	\$21,615,342	\$19,509,574	\$17,964,859	\$18,260,911	\$17,342,481	\$17,101,116	\$17,174,649	\$16,101,196

City of Orrville, Ohio
Principal Electric Customers
2006 and 1997

<i>2006</i>		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Quality Castings Company	\$3,368,637	12.66 %
J M Smucker Company	1,479,256	5.56
Ross Sandcastings	1,321,791	4.97
Smith Dairy	1,183,989	4.45
Contours	941,353	3.54
WillBurt	403,853	1.52
JLG	389,044	1.46
Marshallville Corporation	320,037	1.20
Dunlap Hospital	285,754	1.07
American Weatherseal	275,312	1.04
Total	\$9,969,026	37.47 %
Total Electric Charges for Services	\$26,606,260	
<i>1997</i>		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Quality Castings Company	\$2,417,374	15.01 %
Technocast	1,180,797	7.33
American Commercial Vehicles	829,954	5.15
J M Smucker Company	819,639	5.09
Smith Dairy	701,101	4.35
Contours	470,687	2.92
Marshallville Corporation	313,446	1.95
WillBurt	303,465	1.88
Orrville Products	168,811	1.05
Rosemount Analytical	147,148	0.89
Total	\$7,352,422	45.66 %
Total Electric Charges for Services	\$16,101,196	

City of Orrville, Ohio

Electric Rates Per Month

Last Ten Years

	2006	2005	2004	2003
Residential:				
First 50 KWH	\$6.4300	\$6.3700	\$6.1300	\$6.1300
Next 250 KWH - per KWH	0.0633	0.0627	0.0603	0.0603
Next 750 KWH - per KWH	0.0565	0.0559	0.0537	0.0537
All Over 1050 KWH - per KWH	0.0506	0.0501	0.0481	0.0481
General Service:				
Small:				
Minimum Charge	9.6600	9.5600	9.1900	9.1900
First 100 KWH - per KWH	0.0965	0.0955	0.0918	0.0918
Next 200 KWH - per KWH	0.0753	0.0746	0.0717	0.0717
All Over 300 KWH - per KWH	0.0642	0.0636	0.0612	0.0612
Medium (per KVA):				
Minimum Charge - per KVA	1.7600	1.7400	1.6800	1.6800
First 60 KWH Block - per KWH	0.1053	0.1043	0.1003	0.1003
Second 60 KWH Block - per KWH	0.0812	0.0804	0.0773	0.0773
Third 80 KWH Block - per KWH	0.0565	0.0559	0.0537	0.0537
Fourth 100 KWH Block - per KWH	0.0490	0.0485	0.0466	0.0466
All Over 300 KWH - per KWH	0.0434	0.0430	0.0414	0.0414
Large (per KVA):				
Minimum Charge - per KVA	1.6200	1.6000	1.5400	1.5400
First 50 KWH Block - per KWH	0.1014	0.1004	0.0965	0.0965
Second 50 KWH Block - per KWH	0.0614	0.0608	0.0584	0.0584
Over 100 KWH Block but not				
Exceeding 100,000 KWH - per KWH	0.0452	0.0448	0.0430	0.0430
All Over Sum of Prior Amounts - per KWH	0.0403	0.0399	0.0383	0.0383
Industrial (per KVA):				
Minimum Charge - per KVA	3.2000	3.1700	3.0500	3.0500
First 30 KWH Block - per KWH	0.1254	0.0124	0.1194	0.1194
Second 170 KWH Block per KVA:				
2,000 KWH - per KWH	0.0805	0.0797	0.0766	0.0766
8,000 KWH - per KWH	0.0684	0.0677	0.0651	0.0651
90,000 KWH - per KWH	0.0565	0.0559	0.0537	0.0537
Over 100,000 KWH - per KWH	0.0441	0.0437	0.0420	0.0420
Third Block Over 200,000 KWH - per KWH	0.0370	0.0366	0.0352	0.0352
All Over Sum of Prior Amounts - per KWH	0.0362	0.0358	0.0344	0.0344

Note: Rates can be changed by the Public Utilities Board with approval and passage by City Council

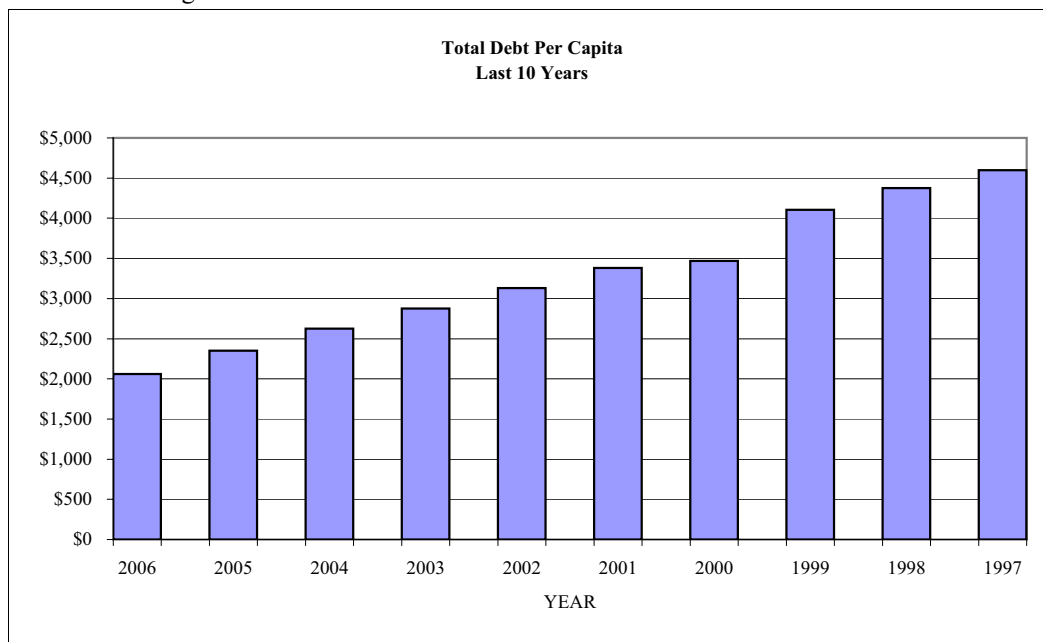
2002	2001	2000	1999	1998	1997
\$6.1300	\$6.1300	\$6.1300	\$6.1300	\$6.1300	\$6.1300
0.0603	0.0603	0.0603	0.0603	0.0603	0.0603
0.0537	0.0537	0.0537	0.0537	0.0537	0.0537
0.0481	0.0481	0.0481	0.0481	0.0481	0.0481
9.1900	9.1900	9.1900	9.1900	9.1900	9.1900
0.0918	0.0918	0.0918	0.0918	0.0918	0.0918
0.0717	0.0717	0.0717	0.0717	0.0717	0.0717
0.0612	0.0612	0.0612	0.0612	0.0612	0.0612
1.6800	1.6800	1.6800	1.6800	1.6800	1.6800
0.1003	0.1003	0.1003	0.1003	0.1003	0.1003
0.0773	0.0773	0.0773	0.0773	0.0773	0.0773
0.0537	0.0537	0.0537	0.0537	0.0537	0.0537
0.0466	0.0466	0.0466	0.0466	0.0466	0.0466
0.0414	0.0414	0.0414	0.0414	0.0414	0.0414
1.5400	1.5400	1.5400	1.5400	1.5400	1.5400
0.0965	0.0965	0.0965	0.0965	0.0965	0.0965
0.0584	0.0584	0.0584	0.0584	0.0584	0.0584
0.0430	0.0430	0.0430	0.0430	0.0430	0.0430
0.0383	0.0383	0.0383	0.0383	0.0383	0.0383
3.0500	3.0500	3.0500	3.0500	3.0500	3.0500
0.1194	0.1194	0.1194	0.1194	0.1194	0.1194
0.0766	0.0766	0.0766	0.0766	0.0766	0.0766
0.0651	0.0651	0.0651	0.0651	0.0651	0.0651
0.0537	0.0537	0.0537	0.0537	0.0537	0.0537
0.0420	0.0420	0.0420	0.0420	0.0420	0.0420
0.0352	0.0352	0.0352	0.0352	0.0352	0.0352
0.0344	0.0344	0.0344	0.0344	0.0344	0.0344

City of Orrville, Ohio
*Ratio of Outstanding Debt to
 Total Personal Income and Debt Per Capita
 Last Ten Years*

Year	Governmental Activities		Business-Type		
	Notes	Special Assessment Bonds	Notes	Revenue Bonds	Mortgage Revenue Bonds
2006	\$0	\$113,178	\$700,000	\$5,890,982	\$8,130,290
2005	0	127,119	800,000	6,264,814	9,563,576
2004	0	139,637	900,000	6,623,646	10,941,862
2003	0	151,766	1,000,000	6,977,478	12,255,148
2002	0	154,190	1,100,000	7,321,310	13,503,434
2001	0	163,310	1,200,000	7,482,200	14,701,720
2000	0	172,170	160,000	7,741,400	15,855,006
1999	250,000	82,000	320,000	7,985,600	16,958,292
1998	250,000	97,000	480,000	8,330,000	18,650,000
1997	0	118,000	640,000	8,560,000	19,890,000

Note: Population and Personal Income data are presented on page S25.

Note: In 1997 and 1998 debt is presented gross instead of net of the discount and accounting losses.



Activities

OWDA Loans	OPWC Loans	Total Debt	Percentage of Personal Income	Per Capita
\$2,666,132	\$725,311	\$18,225,893	11.83%	\$2,060
3,031,009	785,754	20,572,272	13.50	2,351
3,381,049	846,197	22,832,391	15.08	2,626
3,716,768	906,639	25,007,799	16.51	2,876
4,039,068	967,082	27,085,084	17.96	3,129
4,347,629	1,027,525	28,922,384	19.42	3,382
4,643,319	1,087,966	29,659,861	19.91	3,469
4,926,582	1,148,409	31,670,883	32.49	4,107
5,941,494	0	33,748,494	34.63	4,376
6,263,353	0	35,471,353	36.39	4,600

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City of Orrville, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2006

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Orrville			
Special Assessment Bonds	\$113,178	100.00 %	\$113,178
Overlapping			
Orrville City School District			
General Obligation Bonds	2,670,000	80.39	2,146,413
Tax Anticipation Note	140,000	80.39	112,546
Capital Lease	13,000,000	80.39	10,450,700
Wayne County			
General Obligation Bonds	10,653,500	8.74	931,116
<i>Total Overlapping Debt</i>	26,463,500		13,640,775
Total	\$26,576,678		\$13,753,953

Source: County Auditor

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

City of Orrville, Ohio

Legal Debt Margin

Last Six Years

	2006	2005	2004
Total Assessed Property Value	<u>\$172,706,200</u>	<u>\$179,868,790</u>	<u>\$174,782,986</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>18,134,151</u>	<u>18,886,223</u>	<u>18,352,214</u>
Debt Outstanding:			
Revenue Bonds	\$6,385,000	\$6,800,000	\$7,200,000
Mortgage Revenue Bonds	8,285,000	9,780,000	11,220,000
Special Assessment Bonds	113,178	127,119	139,637
Bond Anticipation Notes	700,000	800,000	900,000
OPWC Loans	725,311	785,754	846,197
OWDA Loans	<u>2,914,296</u>	<u>3,341,214</u>	<u>3,753,295</u>
Total Gross Indebtedness	19,122,785	21,634,087	24,059,129
Less:			
Revenue Bonds	(6,385,000)	(6,800,000)	(7,200,000)
Mortgage Revenue Bonds	(8,285,000)	(9,780,000)	(11,220,000)
Special Assessment Bonds	(113,178)	(127,119)	(139,637)
Bond Anticipation Notes	(700,000)	(800,000)	(900,000)
OPWC Loans	(725,311)	(785,754)	(846,197)
OWDA Loans	<u>(2,914,296)</u>	<u>(3,341,214)</u>	<u>(3,753,295)</u>
Total Net Debt Applicable to Debt Limit	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$18,134,151</u>	<u>\$18,886,223</u>	<u>\$18,352,214</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$9,498,841</u>	<u>\$9,892,783</u>	<u>\$9,613,064</u>
Total Gross Indebtedness	19,122,785	21,634,087	24,059,129
Less:			
Revenue Bonds	(6,385,000)	(6,800,000)	(7,200,000)
Mortgage Revenue Bonds	(8,285,000)	(9,780,000)	(11,220,000)
Special Assessment Bonds	(113,178)	(127,119)	(139,637)
Bond Anticipation Notes	(700,000)	(800,000)	(900,000)
OPWC Loans	(725,311)	(785,754)	(846,197)
OWDA Loans	<u>(2,914,296)</u>	<u>(3,341,214)</u>	<u>(3,753,295)</u>
Net Debt Within 5 ½ % Limitations	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$9,498,841</u>	<u>\$9,892,783</u>	<u>\$9,613,064</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%

Source: City Financial Records

Note: 2001 was the earliest information available.

2003	2002	2001
<u>\$175,391,238</u>	<u>\$186,133,520</u>	<u>\$173,436,672</u>
<u>18,416,080</u>	<u>19,544,020</u>	<u>18,210,851</u>
\$7,595,000	\$7,980,000	\$7,482,200
12,595,000	13,905,000	14,701,720
151,766	154,190	163,310
1,000,000	1,100,000	1,200,000
906,639	967,082	1,027,525
<u>4,151,055</u>	<u>4,535,396</u>	<u>4,347,631</u>
26,399,460	28,641,668	28,922,386
(7,595,000)	(7,980,000)	(7,482,200)
(12,595,000)	(13,905,000)	(14,701,720)
(151,766)	(154,190)	(163,310)
(1,000,000)	(1,100,000)	(1,200,000)
(906,639)	(967,082)	(1,027,525)
<u>(4,151,055)</u>	<u>(4,535,396)</u>	<u>(4,347,631)</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$18,416,080</u>	<u>\$19,544,020</u>	<u>\$18,210,851</u>
100.00%	100.00%	100.00%
<u>\$9,646,518</u>	<u>\$10,237,344</u>	<u>\$9,539,017</u>
26,399,460	28,641,668	28,922,386
(7,595,000)	(7,980,000)	(7,482,200)
(12,595,000)	(13,905,000)	(14,701,720)
(151,766)	(154,190)	(163,310)
(1,000,000)	(1,100,000)	(1,200,000)
(906,639)	(967,082)	(1,027,525)
<u>(4,151,055)</u>	<u>(4,535,396)</u>	<u>(4,347,631)</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$9,646,518</u>	<u>\$10,237,344</u>	<u>\$9,539,017</u>
100.00%	100.00%	100.00%

City of Orrville, Ohio
Pledged Revenue Coverage
Electric System Mortgage Revenue Bonds
Last Ten Years

Year	Electric Operating Revenues (1)	Electric Operating Expenses (2)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2006	\$28,346,534	\$22,920,021	\$5,426,513	\$1,495,000	\$399,691	2.86
2005	26,694,430	22,803,540	3,890,890	1,440,000	327,995	2.20
2004	23,254,909	20,148,363	3,106,546	1,375,000	640,384	1.54
2003	20,852,917	19,022,457	1,830,460	1,310,000	544,252	0.99
2002	19,538,733	17,566,833	1,971,900	1,260,000	740,121	0.99
2001	19,705,834	15,781,278	3,924,556	1,215,000	761,289	1.99
2000	17,574,117	14,533,866	3,040,251	1,165,000	808,294	1.54
1999	17,636,132	13,995,474	3,640,658	1,130,000	871,517	1.82
1998	17,689,972	12,533,335	5,156,637	1,020,000	1,069,939	2.47
1997	16,554,437	12,036,514	4,517,923	930,000	1,156,644	2.17

(1) Operating Revenues include transfers in and interest revenue, in accordance with the bond indenture agreements.

(2) Operating expenses do not include depreciation.

City of Orrville, Ohio
Pledged Revenue Coverage
Water System Revenue Bonds
Last Ten Years

Year	Water Operating Revenues (1)	Water Operating Expenses (2)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2006	\$3,090,791	\$1,741,923	\$1,348,868	\$415,000	\$242,379	2.05
2005	2,694,596	1,390,760	1,303,836	400,000	259,292	1.98
2004	2,590,025	1,619,417	970,608	395,000	304,307	1.39
2003	2,459,971	1,484,096	975,875	385,000	298,947	1.43
2002	2,454,413	1,931,137	523,276	263,294	272,061	0.98
2001	2,674,119	1,536,782	1,137,337	265,000	492,380	1.50
2000	2,480,785	1,335,435	1,145,350	250,000	474,284	1.58
1999	2,543,489	1,207,619	1,335,870	240,000	485,684	1.84
1998	2,564,567	1,113,054	1,451,513	230,000	496,379	2.00
1997	2,535,039	1,230,510	1,304,529	220,000	506,279	1.80

(1) Operating Revenues include transfers in and interest revenue, in accordance with the bond indenture agreements.

(2) Operating expenses do not include depreciation.

City of Orrville, Ohio
Principal Employers
Current Year and Five Years Ago

2006	
Employer	Employees
J.M. Smucker Company	1,100
JLG, Incorporated	375
Smith Dairy Products Company	329
Quality Castings Company	318
Will-Burt Company, Incorporated	290
University of Akron - Wayne College	215
Dunlap Hospital	215
Orrville City Schools	210
Contours Bekaert, Incorporated	195
City of Orrville/Orrville Utilities (1)	194
Total	3,441
Total Employment within the City	n/a

2001	
Employer	Employees
J.M. Smucker Company	832
Will-Burt Company, Incorporated	300
Quality Castings Company	285
Smith Dairy Products Company	220
Contours, Incorporated	200
University of Akron - Wayne College	200
City of Orrville/Orrville Utilities	199
Rosemont Analytical	186
Orrville City Schools	175
Dunlap Hospital	170
Total	2,767
Total Employment within the City	n/a

Source: Wayne County, Ohio: County Auditor

n/a - Information not available

(1) This number does not include the City's part-time employees.

Note: 2001 was the earliest information available.

City of Orrville, Ohio
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (4)</u>	<u>Personal Income Per Capita (2)</u>	<u>Median Household Income (2)</u>	<u>Median Age (2)</u>	<u>Wayne County Unemployment Rate (3)</u>
2006	8,847	\$154,105,893	\$17,419	\$36,500	35.5	4.5%
2005	8,751	152,433,669	17,419	36,500	35.5	5.0
2004	8,695	151,458,205	17,419	36,500	35.5	5.3
2003	8,695	151,458,205	17,419	36,500	35.5	5.1
2002	8,656	150,778,864	17,419	36,500	35.5	4.9
2001	8,551	148,949,869	17,419	36,500	35.5	3.9
2000	8,551	148,949,869	17,419	36,500	35.5	3.3
1999	7,712	97,464,256	12,638	28,399	34.5	3.6
1998	7,712	97,464,256	12,638	28,399	34.5	3.4
1997	7,712	97,464,256	12,638	28,399	34.5	4.3

(1) Sources:

(a) Years 2002 through 2006 - Orrville Safety Service Department Estimates

(b) Year 2000 and 2001 - 2000 Federal Census, U.S. Census Bureau

(c) Years 1997 through 1999 - 1990 Federal Census, U.S. Census Bureau

(2) Source: U.S. Census Bureau

(a) Years 2000 - 2006 - 2000 Federal Census

(b) Years 1997 through 1999 - 1990 Federal Census

(3) U.S. Bureau of Labor Statistics

(4) Computation of per capita personal income multiplied by population

City of Orrville, Ohio
City Government Employees by Function/Program
Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
General Government					
City Council	9.00	9.00	9.00	9.00	9.00
Finance	4.00	4.00	4.00	4.00	4.00
Tax	1.00	1.00	1.00	1.00	1.00
Law	1.00	1.00	1.00	1.00	1.00
Administration	21.00	19.00	19.00	21.00	22.00
Custodial	2.00	2.00	2.00	2.00	2.00
Civil Service	3.00	3.00	3.00	3.00	3.00
Utility Board	5.00	5.00	5.00	5.00	5.00
Security of Persons and Property					
Police	17.00	17.00	16.00	16.00	18.00
Police - Dispatchers	5.00	5.00	5.00	5.00	6.00
School Crossing Guards	4.00	4.00	5.00	5.00	4.00
Fire	39.00	32.00	33.00	44.00	33.00
Community Development					
Economic Development	1.00	1.00	1.00	1.00	1.00
Transportation					
Street, Park & Cemetery	15.00	16.00	16.00	18.00	19.00
Basic Utility Services					
Electric - Meter Readers	3.00	3.00	3.00	2.00	3.00
Electric - Operations	18.00	18.00	19.00	20.00	18.00
Electric - Maintenance	25.00	24.00	24.00	25.00	28.00
Electric - Distribution	19.00	19.00	21.00	20.00	22.00
Electric - Fiber Optics	3.00	3.00	3.00	3.00	3.00
Water - Operations	8.00	8.00	8.00	7.00	7.00
Water - Maintenance	3.00	3.00	3.00	3.00	4.00
Sewer - Operations	7.00	7.00	7.00	7.00	7.00
Sewer - Maintenance	3.00	2.00	2.00	2.00	2.00
Totals:	<u>216.00</u>	<u>206.00</u>	<u>210.00</u>	<u>224.00</u>	<u>222.00</u>

Source: City Payroll Department Quarterly Multiple Worksite Report
Method: Using 1.0 for each employee of the City at December 31.

(1) Information prior to 2002 is not available

City of Orrville, Ohio
Operating Indicators by Function/Program
Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
General Government					
<i>Council and Clerk</i>					
Number of Ordinances Passed	64	54	40	45	57
Number of Resolutions Passed	16	22	17	26	17
Number of Planning Commission docket items	67	62	55	56	69
Zoning Board of Appeals docket items	10	10	12	10	19
<i>Finance Department</i>					
Number of checks/ vouchers issued	5,568	5,398	5,404	5,297	5,370
Amount of checks written	\$48,792,992	\$73,789,581	\$53,607,377	\$81,763,807	\$147,562,726
Interest earnings for fiscal year (cash basis)	\$976,168	\$583,131	\$270,030	\$310,961	\$1,474,219
Number of Receipts issued	1,824	1,837	1,865	1,912	1,920
Number of Journal Entries issued	616	560	739	801	790
Number of Budget Adjustments issued	3	5	5	0	2
<i>Income Tax Department</i>					
Number of Individual Returns	1,089	1,084	1,148	1,118	1,168
Number of Business Returns	494	439	434	486	476
Number of business withholding accounts	448	467	464	452	447
Amount of Penalties and Interest Collected	\$125	\$315	\$267	\$212	\$295
Annual number of Corporate withholding forms processed	1,973	1,858	1,856	1,833	1,773
Annual number of balance due statements forms processed	34	40	28	45	51
Annual number of estimated payment forms processed	611	643	641	639	646
Annual number of reconciliations of withholdings processed	486	431	501	517	492
<i>Civil Service</i>					
Number of police entry tests administered	0	1	0	0	0
Number of police promotional tests administered	1	1	0	0	0
Number of hires of Police Officers from certified lists	0	1	0	0	0
Number of promotions from police certified lists	2	0	0	0	0
<i>Building Department Indicators</i>					
New Construction Permits Issued	96	65	72	83	93
Estimated Value of Construction	\$30,392,960	\$9,503,390	\$11,745,253	\$10,704,259	\$12,990,827
Number of permits issued	173	182	163	164	164
Amount of Revenue generated from permits	\$4,972	\$5,195	\$5,164	\$5,461	\$3,019
Security of Persons & Property					
<i>Police</i>					
Total Calls for Services	N/A	N/A	9,928	10,841	10,240
Number of traffic citations issued	1,839	1,903	1,018	1,021	852
Number of parking citations issued	N/A	N/A	117	175	98
Number of criminal arrests	361	316	445	489	514
Number of accident reports completed	197	231	205	239	249
Part 1 Offenses (major offenses)	258	236	218	211	269
DUI Arrests	53	36	54	72	48
Motor Vehicle Accidents	197	231	205	239	249
<i>Fire</i>					
EMS Calls	326	302	277	231	275
Ambulance Billing Collections (net)	\$63,970	\$63,927	\$56,548	\$42,435	\$46,866
Fire Calls	144	154	178	160	171
Fires with Loss	37	50	52	68	51
Fire Losses	\$143,400	\$366,000	\$130,000	\$1,354,464	\$214,400
Fire Safety Inspections	60	48	47	60	31
Number of times Mutual Aid given to Fire and EMS	31	39	42	35	54
Number of times Mutual Aid received for Fire and EMS	7	8	5	4	3
Public Health and Welfare					
Cemetery burials	64	86	79	79	79
Cemetery sale of lots	25	27	47	17	41
Cemetery receipts	\$45,236	\$56,711	\$63,104	\$50,633	\$68,482

(continued)

City of Orrville, Ohio
Operating Indicators by Function/Program (continued)
Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
Leisure Time Activities					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$42,854	\$49,730	\$37,947	\$41,751	\$51,722
Community Development					
Grant amounts received due to Economic Development Dept.	\$292,053	\$344,679	\$581,799	\$1,183,125	\$365,825
Basic Utility Services					
Refuse disposal per year (in tons)	2,966	3,108	3,835	3,391	3,126
Refuse disposal costs per year	\$299,057	\$282,402	\$280,861	\$273,066	\$271,458
Annual recycling tonnage (excluding leaf, and compost items)	334	364	393	345	384
Percentage of waste recycled	11.30%	11.70%	10.33%	10.00%	13.00%
Transportation					
Street Improvements - asphalt overlay (linear feet)	500	610	761	827	691
Street Repair (Curbs, aprons, berms, asphalt) (hours)	1,210	1,058	692	481	423
Paint Striping (hours)	247	347	256	169	558
Street Sweeper (hours)	340	207	376	382	485
Cold Patch (hours)	243	343	290	426	274
Snow & Ice Removal regular hours	109	216	481	155	90
Snow & Ice Removal overtime hours	48	359	53	248	158
Sewer Crew (hours)	1,269	768	1,317	1,312	1,972
Sewer jet, Vac-all, other services (hours)	307	88	79	421	469
Landscaping Stump-Chipper service (hours)	183	N/A	N/A	N/A	N/A
Leaf collection (hours)	803	684	621	544	684
Holiday lights setup (hours)	50	47	22	46	66
Equipment repair/body shop (hours)	1,110	788	1,061	884	921
Sign department (hours)	157	85	67	393	257
Number of Trees Planted per year	117	73	93	73	80
Tons of snow melting salt purchased (Nov-Mar)	305	1,154	835	350	1,416
Cost of salt purchased	\$11,236	\$24,348	\$19,475	\$8,636	\$22,702
Vehicle repair/body shop	\$1,765	\$1,574	\$1,374	\$1,219	\$1,596
Water Department					
Water Rates per 1st 100 Cu ft of water used	\$2.63	\$2.56	\$2.48	\$2.41	\$2.34
Avg. number of water accounts billed monthly (Cu. Ft.)	204,347	224,383	112,465	105,356	101,650
Total Water Collections Annually (Including P&I)	\$2,902,394	\$2,681,687	\$2,541,640	\$2,433,893	\$2,465,341
Sewer Department					
Sewer Rates per 1st 100 Cu ft of water used	\$2.64	\$2.64	\$2.64	\$2.64	\$2.64
Total flow of sewer treatment plant (Billions of Gallons)	0.777	0.717	0.790	0.743	0.639
Average daily flow (Millions of gallons per day)	2.130	2.040	2.250	2.110	1.750
Tons of dry sludge removed	178	395	377	133	334

(1) Information prior to 2002 is not available

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City of Orrville, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2006	2005	2004	2003
General Government				
Square Footage Occupied	71,554	71,554	71,554	71,554
Administrative Vehicles	4	4	3	3
Inspection Vehicles	1	1	1	1
Police				
Stations	1	1	1	1
Square Footage of Building	11,700	11,700	11,700	11,700
Vehicles	9	9	9	9
Fire				
Stations	2	2	2	2
Square Footage of Building	10,900	10,900	10,900	10,900
Vehicles	12	12	12	11
Recreation				
Number of Parks	6	6	6	6
Number of Pools	1	1	1	1
Number of Tennis Courts	6	6	6	6
Number of Baseball Diamonds	7	7	7	7
Vehicles	1	1	1	1
Other Public Works				
Streets (miles)	46	46	46	46
Storm Sewers (miles)	150	150	150	150
Service Vehicles	22	22	22	22
Sewer Department				
Sanitary Sewers (miles)	42	42	42	42
Vehicles	7	7	7	7
Water Department				
Water Lines (miles)	57	57	57	57
Vehicles	12	12	12	12

2002	2001	2000	1999	1998	1997
71,554	71,554	71,554	71,554	71,554	71,554
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
11,700	11,700	9,460	9,460	9,460	9,460
9	9	9	9	9	9
2	2	2	2	2	2
10,900	10,900	11,016	11,016	11,016	11,016
11	11	11	11	11	11
6	6	6	6	6	6
1	1	1	1	1	1
6	6	6	6	6	6
7	7	7	7	7	7
1	1	1	1	1	1
46	46	46	46	46	46
150	150	150	150	150	150
22	22	22	21	21	21
42	42	42	42	42	42
7	7	7	7	7	7
57	57	57	57	57	57
12	12	12	12	12	12

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Mary Taylor, CPA
Auditor of State

CITY OF ORRVILLE

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 12, 2007**