

**City of Rittman
Wayne County, Ohio**

* * * *

Report Letter

December 31, 2006



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Rittman, Wayne County, prepared by Rea & Associates, Inc., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 4, 2007

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CITY OF RITTMAN

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

July 30, 2007

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rittman as of and for the year ended December 31, 2006, which collectively comprise the City of Rittman's basic financial statements and have issued our report thereon dated July 30, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Rittman's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rittman's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Rittman in a separate letter dated July 30, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rittman's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Rittman in a separate letter dated July 30, 2007.

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

Rea & Associates, Inc.

City of Rittman, Ohio



**Comprehensive Annual Financial Report
For the Year Ended
December 31, 2006**



CITY OF RITTMAN, OHIO

Comprehensive Annual Financial Report

Year Ended December 31, 2006

Prepared by: Department of Finance

City of Rittman, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2006

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Year Ended December 31, 2006

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INTRODUCTORY SECTION



CITY OFFICES
30 North Main Street
Rittman, Ohio 44270
330/925-2064
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Lucinda Mann
Finance Director

July 30, 2007

Members of Rittman City Council and
Citizens of Rittman, Ohio

The Comprehensive Annual Financial Report (CAFR) of the City of Rittman (the "City") for the fiscal year ended December 31, 2006 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Reporting Entity

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

The City of Rittman

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

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

2006 Initiatives

Landis Ditch reshaping and cleanup continued in 2006. Sections north and west of the shopping center area were redone with additional stone added to control erosion. The section behind the shopping center area is still not complete. Retaining walls supporting the ditch need to be replaced causing concern that further ditching into the creek bed will weaken the walls further and create a cave-in. Until the walls are replaced, further ditching is not recommended. Cost of continuing this project in 2006 was \$45,000 funded through the city's capital improvements fund.

Community Development Block Grant (CDBG) money was used to replace the sidewalks on South State Street between East Ohio Avenue and Grant Street. This project tied into a previous year's CDBG project of sidewalk replacement on Grant Street creating a more pleasant, consistent appearance for the neighborhood.

The finishing touches on the Sterling Water Plant Improvement Project were completed. The plant's addition for the removal of iron and manganese went on-line at the very end of December 2005. Further adjustments to the system were made and the project finalized in May.

Completed engineering for the East Ohio Avenue water line replacement project included the bidding of the project toward the end of the year. The bids opened in December were awarded in January 2007 when actual construction started.

Development Activities

As in most of the United States, 2006 did not see as much residential growth as anticipated due to a slowing of the housing market. Although AmBilt Subdivision had a section available for development, no houses have been started at the present time. Some continued building has occurred in the Overlook South development and Hills and Dales Subdivision but at a slow rate. As housing interest rates steady, the city is looking forward to continued growth within the city.

The Rittman Exempted Village Schools completed construction of their new Rittman Elementary School on Metzger Avenue revamping and expanding the former West Hill Elementary School at the end of the summer 2006. School opened in the new facility and has become a jewel for the City of a fine educational facility. It has added an important asset to the City's potential growth.

Economic Condition and Outlook

The City saw the loss of one of its major employers during 2006. The Caraustar Mill Group ceased operating in September. This created a loss of approximately 170 employees and \$120,000 in city income tax collections. The facility was put up for sale with some interest in the land. Currently Caraustar still employs several people that are working at the site. They have entered into Phase 1 of an EPA required investigation of potential ground contaminates due to the nature of their business. At this time, no contamination has been found but in order to sell the property, three required phases must be performed to comply with the EPA. Rittman Community Improvement Corporation has investigated taking over the property for development to supplement their offerings of available land for industrial development but cannot do anything until a release from the EPA which, may take a couple years. At that time it is felt either Rittman Community Improvement Corporation or another party will take interest in developing this valuable piece of property. With its available utilities and rail accessibility, the property will be an asset to be developed in Rittman's future.

The City's largest employer is Morton International, which produces table salt. It continues to be a steady, reliable employer and has not suffered loss of employee in the continued recession.

The city continues to attract commercial interest with several companies considering Rittman for a site to move to. New construction on Morningstar Drive expected to begin in 2007 is for a plastics and design plant which produces plastic molds. Because of its adequate natural resource of water and the capacity through the wastewater treatment plant, the City is in a sound position to handle these development activities. Ongoing efforts to improve the City's storm sewer system and streets continue as well as related water distribution line extensions and replacements.

Under the guidance of Rittman Chamber of Commerce, the downtown businesses are attempting to improve the appearance of downtown. With the help of a landscaper the downtown businesses came up with a plan. In place of trees that used to line the street, flower boxes constructed of locally made Unilock block have been built and decorated with live flowers. In some areas the section where the trees have been removed, plain blocks will be laid. Future projects are planned down the road.

Future Projects

CDBG funds are available for 2007. Council has directed that the CDBG monies be used for more sidewalk replacement, this time on East Sunset Drive, and more storm sewer repairs. The CDBG money will be used to purchase the materials needed to replace storm sewers on North Seneca Street.

Under consideration by the City for possibly the end of 2007 or in 2008 is the replacement or revamping of the wastewater lift station on Milton Road at the Southfork Development. After consideration of the age of the lift station and continued problems with flooding issues by runoff water, the lift station became the focus of attention for replacement.

A study is being done during 2007 to examine water flows throughout the City in an effort to analyze and detect possible problems. The construction of another water tower in the City to equalize flow and maintain consistent coverage will be assessed at the conclusion of the study. Other possible projects that may be ascertained could be the replacement of smaller water lines with larger lines or line extensions to equalize flow from one area to the other.

Rittman Exempted School District began another phase of their plans to consolidate their buildings into a campus like setting. In June 2007 Hauenstein Hall, a school building built in the 1930's and formerly used for various grades of school over the year, was demolished. Plans for the former North Street Elementary School have not been finalized but may include conversion to a maintenance building/sports locker room building.

Also removed were the old visitors' side football stadium bleachers. The school system is in process at the time of revamping the visitors' side of the football field to open up the area, replace the bleachers and replace the concession stand. This will make the stadium much more appealing and in line with more modern day standards.

Financial Information

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

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

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

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

Budgetary control is maintained by an encumbrance of the purchase commitment amounts prior to the release of purchase orders to vendors. Upon approval by the department head, the purchase requisitions are submitted to the finance department for the preparation of a purchase order, certification of the availability of funds, and encumbrance against the available appropriation. At the end of the year, outstanding encumbrances are carried forward to the new year if the purchased item has not been received or the project has not been completed.

Financial Reporting

The City has prepared its financial statements in accordance with GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". GASB Statement No. 34 creates basic financial statements for reporting on the City's financial activities as follows:

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

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

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

As part of this reporting model, management is also required to include a discussion and analysis of the City. This discussion follows the independent auditor's report, providing an assessment of the City's finances for 2006 and an objective outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain nonmajor funds of the City.

Cash Management

The City's investment policy was vastly revised in 1996, with further modifications planned for 2007. The Finance Director may invest, on behalf of and in the name of the City, in obligations of the United States Government and certain federal agencies, certificates of deposit, savings accounts, NOW accounts, repurchase agreements, state and local government securities, and STAR Ohio, a statewide investment pool. The Association of Public Treasurers of the United States & Canada recognized the City's investment policy with a national certification.

During the fiscal year ended December 31, 2006, the City's cash resources were divided into investments approximately as follows: STAR Ohio 10%, time and demand deposits 67%, agencies 19%, and special assessment bonds 3%. The return on investment for 2006 was 4.22%. The average days to maturity as of December 31, 2006 was 196 days with an average yield to maturity of 4.35%.

Risk Management

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

Independent Audit

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

Certification of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rittman, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005. The City has received this award since 1996, the first year that the City prepared and submitted a CAFR. The Certificate of Achievement is a prestigious national award, recognizing conformance to the highest standards for preparation of state and local government financial reports.

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

Acknowledgments

The preparation of this report could not have been accomplished without the dedicated services of the administrative staff. The staff at the Wayne County Auditor's Office was helpful as always. I would also like to express my appreciation to Robert Kellogg, City Manager and to City Council for their support and commitment to responsible fiscal reporting. Special thanks to the staff at Lennon and Company for their help and commitment to serving their cliental.

Respectfully Submitted,



Lucinda L. Mann
Finance Director

City of Rittman, Ohio

For the year ended December 31, 2006

CITY OFFICIALS

Mayor

William J. Robertson

Council Members

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

Faye Telford
Glen W. Russell
Charles K. Copley

City Manager

Larry Boggs

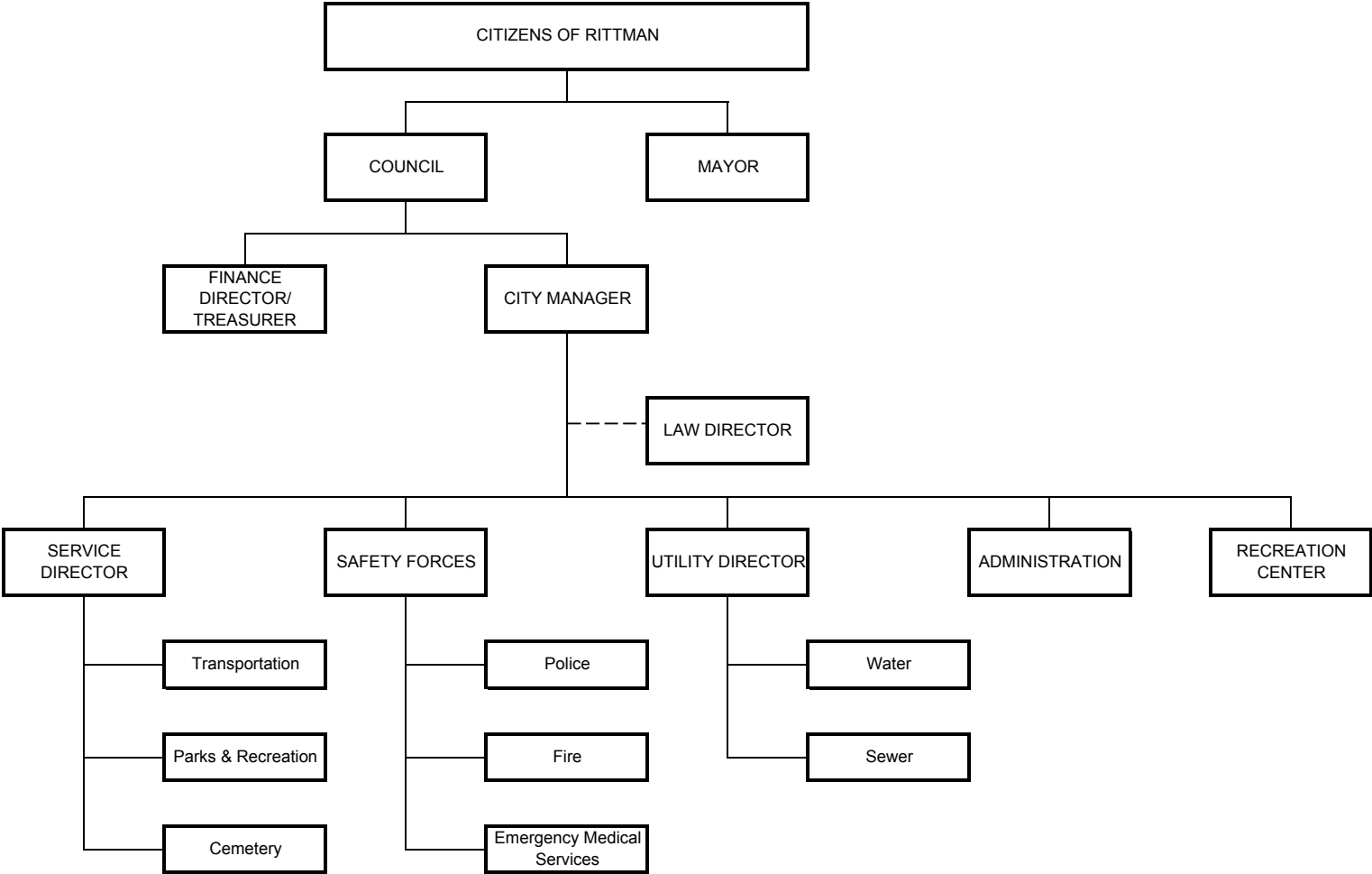
Finance Director/Treasurer

Lucinda L. Mann

Director of Law

G. Kevin Bower

City of Rittman, Ohio
Organizational Chart
December 31, 2006



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rittman
Ohio

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



FINANCIAL SECTION



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

July 30, 2007

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rittman, Ohio, as of and for the year ended December 31, 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 of Rittman's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2007, on our consideration of the City of Rittman's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

Hea & Associates, Inc.

City of Rittman, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)

The discussion and analysis of the City of Rittman's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- The total net assets of the City increased \$346,705. Net assets of governmental activities increased \$74,878, which represents a 1.0% increase over year 2005. Net assets of business-type activities increased \$271,827 or 2.8% from year 2005.
- General revenues, for governmental activities, accounted for \$2,495,203 or 61.4% of total governmental activities revenue. Program specific revenues accounted for \$1,568,565 or 38.6% of total governmental activities revenue.
- Governmental activities net capital assets decreased \$210,216, primarily due to the City disposing of several assets and for the current year depreciation.
- The City had \$3,988,890 in expenses related to governmental activities; \$1,568,565 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$2,495,203 were sufficient to offset these program expenses.
- The general fund, the City's largest major governmental fund, had revenues of \$2,773,153 in 2006, or 69.3% of total governmental funds. Expenditures of the general fund were \$2,616,946, or 64.9% of total governmental funds. The general fund balance increased \$89,207, or 9.5% in 2006.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

City of Rittman, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)

Reporting the City as a Whole

Statement of Net Assets and Statement of Activities

While this document contains the large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and answers the question, "How did we do financially during 2006"? These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

City of Rittman, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)

Governmental Funds

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

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

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

Proprietary Funds

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

Notes to the Financial Statements

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

Other Information

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

City of Rittman, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)

Government-Wide Financial Analysis

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

Table 1 below provides a summary of the City's net assets for 2006 compared to 2005:

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Activities</u> <u>2006</u>	<u>Activities</u> <u>2005</u>	<u>Activities</u> <u>2006</u>	<u>Activities</u> <u>2005</u>	<u>Activities</u> <u>2006</u>	<u>Activities</u> <u>2005</u>
<u>Assets</u>						
Current and other assets	\$ 3,417,563	\$ 3,358,798	\$ 1,905,270	\$ 1,886,871	\$ 5,322,833	\$ 5,245,669
Capital assets	<u>6,666,762</u>	<u>6,876,978</u>	<u>12,442,673</u>	<u>12,528,445</u>	<u>19,109,435</u>	<u>19,405,423</u>
Total assets	<u>10,084,325</u>	<u>10,235,776</u>	<u>14,347,943</u>	<u>14,415,316</u>	<u>24,432,268</u>	<u>24,651,092</u>
<u>Liabilities</u>						
Other liabilities	900,417	881,571	105,323	254,508	1,005,740	1,136,079
Long-term liabilities outstanding	<u>1,682,960</u>	<u>1,928,135</u>	<u>4,315,837</u>	<u>4,505,852</u>	<u>5,998,797</u>	<u>6,433,987</u>
Total liabilities	<u>2,583,377</u>	<u>2,809,706</u>	<u>4,421,160</u>	<u>4,760,360</u>	<u>7,004,537</u>	<u>7,570,066</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	5,122,795	5,149,061	8,198,912	8,118,388	13,321,707	13,267,449
Restricted	1,090,383	1,133,999	-	-	1,090,383	1,133,999
Unrestricted	<u>1,287,770</u>	<u>1,143,010</u>	<u>1,727,871</u>	<u>1,536,568</u>	<u>3,015,641</u>	<u>2,679,578</u>
Total net assets	<u>\$ 7,500,948</u>	<u>\$ 7,426,070</u>	<u>\$ 9,926,783</u>	<u>\$ 9,654,956</u>	<u>\$ 17,427,731</u>	<u>\$ 17,081,026</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2006, the City's assets exceeded liabilities by \$17,427,731. This amounts to \$7,500,948 in governmental activities and \$9,926,783 in business-type activities. Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 78.2% of total governmental and business-type assets. Capital assets include land, land improvements, buildings, equipment, infrastructure, and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2006, were \$13,321,707. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. As of December 31, 2006, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

City of Rittman, Ohio

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A portion of the City's net assets, \$1,090,383 or 6.3%, represent resources that are subject to external restrictions on how they may be used. Of the total restricted net assets, \$256,451 is restricted for capital projects, \$170,608 for debt service, \$447,411 for safety services programs and \$215,913 for other purposes. The governmental activities unrestricted net assets of \$1,287,770 may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 below shows the changes in net assets for governmental and business-type activities for year 2006 compared to 2005:

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	Total
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,137,189	\$ 1,015,787	\$ 1,550,345	\$ 1,663,210	\$ 2,687,534	\$ 2,678,997
Operating grants, contributions, and interest	415,730	622,418	-	-	415,730	622,418
Capital grants and contributions	15,646	124,511	-	-	15,646	124,511
General revenues:						
Property taxes	632,754	631,703	-	-	632,754	631,703
Income taxes	1,118,034	1,098,339	372,678	366,113	1,490,712	1,464,452
Grants and entitlements	506,340	466,870	-	-	506,340	466,870
Investment earnings	147,052	150,889	1,867	426	148,919	151,315
Other	91,023	87,760	106,379	16,553	197,402	104,313
Total revenues	<u>4,063,768</u>	<u>4,198,277</u>	<u>2,031,269</u>	<u>2,046,302</u>	<u>6,095,037</u>	<u>6,244,579</u>
Program Expenses						
<i>Governmental Activities:</i>						
General government	622,089	649,857	-	-	622,089	649,857
Safety services	1,633,644	1,568,861	-	-	1,633,644	1,568,861
Public health and welfare	92,882	90,883	-	-	92,882	90,883
Transportation	674,763	914,231	-	-	674,763	914,231
Basic utility service	350,993	231,299	-	-	350,993	231,299
Leisure time activities	548,091	555,990	-	-	548,091	555,990
Interest and fiscal charges	66,428	73,435	-	-	66,428	73,435
<i>Business-Type Activities:</i>						
Water	-	-	785,236	721,354	785,236	721,354
Sewer	-	-	974,206	994,487	974,206	994,487
Total program expenses	<u>3,988,890</u>	<u>4,084,556</u>	<u>1,759,442</u>	<u>1,715,841</u>	<u>5,748,332</u>	<u>5,800,397</u>
Change in net assets	<u>\$ 74,878</u>	<u>\$ 113,721</u>	<u>\$ 271,827</u>	<u>\$ 330,461</u>	<u>\$ 346,705</u>	<u>\$ 444,182</u>

City of Rittman, Ohio

Management's Discussion and Analysis
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(Unaudited)

Governmental Activities

Governmental activities net assets increased \$74,848 or 1.0% in 2006 over 2005. This increase was due mainly to continued conservative spending measures. The City's funding for these governmental activities come from a variety of sources, the most significant being charges for services and income tax.

Safety services, which primarily supports the operations of the City's police, fire and emergency medical services, accounts for \$1,633,644 of expenses, or 41.0% of total governmental expenses of the City. These expenses were funded by \$196,648 in charges to users of services and operating grants. General government expenses, which primarily include legislative, executive and financial management, totaled \$622,089 or 15.6% of total governmental expenses. General government expenses were covered by \$291,272 of direct charges to users and operating grants.

General revenues totaled \$2,495,203, and amounted to 61.4% of total revenues. These revenues primarily consist of property and income tax revenue of \$1,750,788, or 70.2% of total general revenues. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with a majority of the revenue being local government and local government revenue assistance. For 2006, these revenues totaled \$506,340, or 20.3% of the total general revenues.

Business-Type Activities

The water and sewer funds represent the City's business-type activities. These programs had program revenues of \$1,550,345 and expenses of \$1,759,442 for year 2006. Business-type activities reported an increase in net assets of \$271,827, or 2.8% as compared to 2005.

Program Expenses

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government-wide activities, the total cost of services and the net cost of services for 2006 compared to 2005. That is, it identifies the cost of these services supported by general revenues.

City of Rittman, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)

Table 3
Program Expenses

	<u>2006</u>		<u>2005</u>		<u>Net Change</u>	
	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>
<i>Governmental Activities:</i>						
General government	\$ 622,089	\$ (330,817)	\$ 649,857	\$ (361,401)	\$ (27,768)	\$ 30,584
Safety services	1,633,644	(1,436,996)	1,568,861	(1,331,801)	64,783	(105,195)
Public health and welfare	92,882	(71,705)	90,883	(57,534)	1,999	(14,171)
Transportation	674,763	(267,895)	914,231	(214,048)	(239,468)	(53,847)
Basic utility services	350,993	69,799	231,299	37,183	119,694	32,616
Leisure time activities	548,091	(316,283)	555,990	(320,804)	(7,899)	4,521
Interest and fiscal charges	66,428	(66,428)	73,435	(73,435)	(7,007)	7,007
<i>Business-Type Activities:</i>						
Water	785,236	(401,399)	721,354	(77,581)	63,882	(323,818)
Sewer	974,206	192,302	994,487	24,950	(20,281)	167,352
Total expenses	<u>\$ 5,748,332</u>	<u>\$ (2,629,422)</u>	<u>\$ 5,800,397</u>	<u>\$ (2,374,471)</u>	<u>\$ (52,065)</u>	<u>\$ (254,951)</u>

The dependence upon general revenues for governmental activities is apparent, with 45.7% of expenses supported through taxes and other general revenues.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general fund is the operating fund of the City. At the end of the year, the fund balance of the general fund was \$1,032,060, a 9.5% increase from the prior year. The primary reason for the increase of the general fund balance in 2006 was attributed to an increase in the amount resources received as charges for services, intergovernmental and other revenue types. The fund balance of the debt retirement debt service fund increased \$10,496, or 13.5% in 2006. In the current year, this fund received transfers which were necessary to cover debt service payments as well as \$12,229 in proceeds from special assessment bonds. The decreased fund balance of \$69,342, or 28.2%, in the capital improvements capital projects fund is primarily the result of the expenditure requirements of the current year's projects exceeding the income tax revenue. The fund balance of the fire department levy special revenue fund decreased \$2,145 or 1.7% in 2006. The decrease was attributed to an increase in expenditures. Finally, the emergency medical service special revenue fund's balance decreased by \$107,256 or 28.7% over the 2005 fund balance. The decrease was attributed to an increase in expenditures due to a purchase of three road rescue vehicles.

City of Rittman, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)

Budgeting Highlights - General Fund

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

Final revenues exceeded the original amount by \$110,000. Actual revenues exceeded the original amount by \$250,026. These differences were caused by the conservative budgeting nature of the original budgeting process.

Final budgeted expenditures exceeded the original budgeted expenditures by \$223,183. The majority of this change was reported in basic utility services and general government. Actual expenditures for the year were \$79,321 less than the final budgeted amounts. There were no individually significant events that led to these differences.

Capital Assets and Debt Administration

Capital Assets

At the end of year 2006, the City had \$19,109,435 (net of accumulated depreciation) invested in land, land improvements, buildings, equipment, infrastructure and construction in progress. Of this total, \$6,666,762 was reported in governmental activities and \$12,442,673 was reported in business-type activities. Table 4 below reports year 2006 balances compared to 2005:

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 129,063	\$ 129,063	\$ 72,606	\$ 72,606	\$ 201,669	\$ 201,669
Land improvements	11,045	14,187	6,320	8,010	17,365	22,197
Buildings	4,361,609	4,500,518	5,986,346	5,927,806	10,347,955	10,428,324
Equipment	784,198	781,527	164,396	191,512	948,594	973,039
Infrastructure	1,380,847	1,451,683	6,183,609	6,328,511	7,564,456	7,780,194
Construction in progress	-	-	29,396	-	29,396	-
Total	<u>\$ 6,666,762</u>	<u>\$ 6,876,978</u>	<u>\$ 12,442,673</u>	<u>\$ 12,528,445</u>	<u>\$ 19,109,435</u>	<u>\$ 19,405,423</u>

City of Rittman, Ohio

Management's Discussion and Analysis
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The most significant change during 2006 to the total amount of capital assets was a decrease of \$138,909 and \$144,902 to buildings for governmental activities and to infrastructure for the business-type activities, respectively. For the governmental activities this decrease was due primarily due to the disposal of a Fritz Park building and current year depreciation. For the business-type activities this decrease was due to mainly from current year depreciation. See Note 5 to the basic financial statements for detail on the governmental and business-type activities capital assets.

Debt Administration

At December 31, 2006 the City had total long-term debt outstanding of \$5,850,980. Of this total, \$498,303 is due within one year and \$5,352,677 is due in more than one year. In 2006, the City received an OPWC loan to fund additions to the City's wastewater treatment plant. Table 5 below summarizes the bonds and loans outstanding:

Table 5
Outstanding Debt, at Fical Year End

	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2004</u>
Revenue bonds	\$ -	\$ -	\$ 1,100,900	\$ 1,119,700	\$ 1,100,900	\$ 1,119,700
OWDA loans	-	-	1,496,748	1,687,282	1,496,748	1,687,282
General obligation bonds	1,495,000	1,670,000	1,440,000	1,495,000	2,935,000	3,165,000
OPWC loans	4,850	14,550	237,500	141,647	242,350	156,197
Special assessment bonds	<u>75,982</u>	<u>81,283</u>	<u>-</u>	<u>7,742</u>	<u>75,982</u>	<u>89,025</u>
Total	<u>\$ 1,575,832</u>	<u>\$ 1,765,833</u>	<u>\$ 4,275,148</u>	<u>\$ 4,451,371</u>	<u>\$ 5,850,980</u>	<u>\$ 6,217,204</u>

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

At December 31, 2006 the City's overall legal debt margin was \$8,225,170, with an unvoted debt margin of \$2,952,837. The City's credit rating remained unchanged in 2006 as compared to 2005. See Note 7 to the basic financial statements for details on the City's long-term obligations.

City of Rittman, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)

Current Issues Affecting Financial Condition

Although the economic downturn has impacted the City's fund balances, the services that the City provides our citizens remained constant and efficient. In preparation for future negative impacts from the economic recession, the administration and City Council have entered into a new labor agreement with the American Federation of State, County and Municipal Employees (AFSCME) collective bargaining unit. The contract provides modest pay increases and a future component to help curtail the ever-increasing healthcare costs for the City without increasing the employees' contribution for coverage. Efficient uses of the City's workforce and cost containment measures have resulted in no layoffs of City employees during the recent economic downturn.

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

Contacting the City's Financial Management

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

City of Rittman, Ohio

Statement of Net Assets

December 31, 2006

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 1,616,092	\$ 1,503,222	\$ 3,119,314
Cash and cash equivalents with fiscal agents	2,841	13,973	16,814
Receivables:			
Income tax	343,840	114,613	458,453
Property and other taxes	694,960	-	694,960
Accounts	160,932	203,061	363,993
Special assessments	88,345	-	88,345
Accrued interest	14,996	-	14,996
Due from other governments	415,959	-	415,959
Materials and supplies inventory	12,647	19,359	32,006
Prepaid items	35,086	13,405	48,491
Deferred charges	31,865	37,637	69,502
Nondepreciable capital assets	129,063	102,002	231,065
Depreciable capital assets, net	6,537,699	12,340,671	18,878,370
Total assets	<u>10,084,325</u>	<u>14,347,943</u>	<u>24,432,268</u>
<u>Liabilities:</u>			
Accounts payable	48,094	27,668	75,762
Accrued wages and benefits	73,930	14,837	88,767
Due to other governments	133,782	28,583	162,365
Deferred revenue	625,224	-	625,224
Income tax refunds payable	10,539	3,513	14,052
Matured bonds payable	2,000	10,200	12,200
Matured interest payable	841	3,713	4,554
Accrued interest payable	6,007	16,809	22,816
Long-term liabilities:			
Due within one year	245,972	306,146	552,118
Due in more than one year	1,436,988	4,009,691	5,446,679
Total liabilities	<u>2,583,377</u>	<u>4,421,160</u>	<u>7,004,537</u>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	5,122,795	8,198,912	13,321,707
Restricted for:			
Capital projects	256,451	-	256,451
Debt service	170,608	-	170,608
Safety services	447,411	-	447,411
Other purposes	215,913	-	215,913
Unrestricted	1,287,770	1,727,871	3,015,641
Total net assets	<u>\$ 7,500,948</u>	<u>\$ 9,926,783</u>	<u>\$ 17,427,731</u>

See accompanying notes to the basic financial statements.

City of Rittman, 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
<u>Governmental Activities:</u>				
General government	\$ 622,089	\$ 286,272	\$ 5,000	\$ -
Safety services	1,633,644	182,890	13,758	-
Public health and welfare	92,882	20,797	380	-
Transportation	674,763	40,831	350,391	15,646
Basic utility services	350,993	374,591	46,201	-
Leisure time activities	548,091	231,808	-	-
Interest and fiscal charges	66,428	-	-	-
Total governmental activities	<u>3,988,890</u>	<u>1,137,189</u>	<u>415,730</u>	<u>15,646</u>
<u>Business-Type Activities:</u>				
Water	785,236	383,837	-	-
Sewer	974,206	1,166,508	-	-
Total business-type activities	<u>1,759,442</u>	<u>1,550,345</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 5,748,332</u>	<u>\$ 2,687,534</u>	<u>\$ 415,730</u>	<u>\$ 15,646</u>

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

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

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (330,817)	\$ -	\$ (330,817)
(1,436,996)	-	(1,436,996)
(71,705)	-	(71,705)
(267,895)	-	(267,895)
69,799	-	69,799
(316,283)	-	(316,283)
(66,428)	-	(66,428)
<u>(2,420,325)</u>	<u>-</u>	<u>(2,420,325)</u>
-	(401,399)	(401,399)
-	192,302	192,302
-	(209,097)	(209,097)
<u>(2,420,325)</u>	<u>(209,097)</u>	<u>(2,629,422)</u>
304,005	-	304,005
328,749	-	328,749
745,356	-	745,356
372,678	-	372,678
-	372,678	372,678
506,340	-	506,340
147,052	1,867	148,919
91,023	106,379	197,402
<u>2,495,203</u>	<u>480,924</u>	<u>2,976,127</u>
74,878	271,827	346,705
<u>7,426,070</u>	<u>9,654,956</u>	<u>17,081,026</u>
<u>\$ 7,500,948</u>	<u>\$ 9,926,783</u>	<u>\$ 17,427,731</u>

City of Rittman, Ohio

Balance Sheet

Governmental Funds

December 31, 2006

	General	Emergency Medical Service	Fire Department Levy	Debt Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>							
Equity in pooled cash and cash equivalents	\$ 870,612	\$ 273,040	\$ 146,316	\$ 88,270	\$ 145,351	\$ 92,503	\$1,616,092
With fiscal agent	-	-	-	2,841	-	-	2,841
<u>Receivables:</u>							
Income tax	229,227	-	-	-	114,613	-	343,840
Property and other taxes	355,762	208,525	99,768	-	-	30,905	694,960
Accounts	134,386	26,546	-	-	-	-	160,932
Special assessments	-	-	-	88,345	-	-	88,345
Accrued interest	14,782	-	-	-	-	214	14,996
Due from other governments	231,601	9,439	4,513	-	-	170,406	415,959
Materials and supplies inventory	2,772	-	-	-	-	9,875	12,647
Prepaid items	29,649	4,022	753	-	-	662	35,086
Total assets	<u>\$1,868,791</u>	<u>\$ 521,572</u>	<u>\$ 251,350</u>	<u>\$ 179,456</u>	<u>\$ 259,964</u>	<u>\$ 304,565</u>	<u>\$3,385,698</u>
<u>Liabilities:</u>							
Accounts payable	\$ 46,053	\$ 1,157	\$ 884	\$ -	\$ -	\$ -	\$ 48,094
Accrued wages and benefits	45,306	15,468	6,514	-	-	6,642	73,930
Due to other governments	83,297	14,320	15,315	-	-	20,850	133,782
Deferred revenue	655,049	224,723	103,141	88,345	79,652	152,224	1,303,134
Income tax refunds payable	7,026	-	-	-	3,513	-	10,539
Matured bonds payable	-	-	-	2,000	-	-	2,000
Matured interest payable	-	-	-	841	-	-	841
Total liabilities	<u>836,731</u>	<u>255,668</u>	<u>125,854</u>	<u>91,186</u>	<u>83,165</u>	<u>179,716</u>	<u>1,572,320</u>
<u>Fund balances:</u>							
Reserved for encumbrances	13,267	854	7,427	-	346	275	22,169
<u>Unreserved:</u>							
<u> Designated:</u>							
Cemetery improvements	99,756	-	-	-	-	-	99,756
Recreation center	235,573	-	-	-	-	-	235,573
<u> Unreserved, undesignated,</u>							
<u> Reported in:</u>							
General fund	683,464	-	-	-	-	-	683,464
Special revenue funds	-	265,050	118,069	-	-	124,574	507,693
Debt service fund	-	-	-	88,270	-	-	88,270
Capital projects fund	-	-	-	-	176,453	-	176,453
Total fund balances	<u>1,032,060</u>	<u>265,904</u>	<u>125,496</u>	<u>88,270</u>	<u>176,799</u>	<u>124,849</u>	<u>1,813,378</u>
Total liabilities and fund balances	<u>\$1,868,791</u>	<u>\$ 521,572</u>	<u>\$ 251,350</u>	<u>\$ 179,456</u>	<u>\$ 259,964</u>	<u>\$ 304,565</u>	<u>\$3,385,698</u>

See accompanying notes to the basic financial statements.

City of Rittman, Ohio

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

Total governmental fund balances \$ 1,813,378

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in funds. 6,666,762

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

Property and other taxes	\$ 61,552	
Income taxes	238,957	
Accounts	750	
Intergovernmental	279,163	
Special assessments	88,345	
Charges for services	9,143	
Deferred charges	<u>31,865</u>	
Total		709,775

Accrued interest payable is not due and payable in the current
period and therefore is not reported in the funds. (6,007)

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

General obligation bonds	\$ (1,495,000)	
Special assessment bonds	(75,982)	
OPWC loan	(4,850)	
Compensated absences	<u>(107,128)</u>	
Total		<u>(1,682,960)</u>

Net assets of governmental activities \$ 7,500,948

See accompanying notes to the basic financial statements.

City of Rittman, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2006

	General	Emergency Medical Service	Fire Department Levy	Debt Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:							
Income tax	\$ 733,526	\$ -	\$ -	\$ -	\$ 366,763	\$ -	\$1,100,289
Property and other taxes	280,244	185,071	89,027	-	-	27,811	582,153
Charges for services	910,158	124,806	-	-	40,831	-	1,075,795
Fines, licenses, and permits	92,266	-	-	-	-	1,695	93,961
Intergovernmental	576,990	31,537	12,371	-	-	321,422	942,320
Special assessments	-	-	-	20,138	-	-	20,138
Investment income	147,052	-	-	-	-	1,680	148,732
Contributions and donations	5,000	-	-	-	-	380	5,380
Other	27,917	-	-	-	3,768	1,543	33,228
Total revenue	<u>2,773,153</u>	<u>341,414</u>	<u>101,398</u>	<u>20,138</u>	<u>411,362</u>	<u>354,531</u>	<u>4,001,996</u>
Expenditures:							
Current:							
General government	606,015	3,256	1,528	12	30,074	490	641,375
Safety services	977,914	310,213	154,015	-	1,135	25,890	1,469,167
Public health and welfare	92,907	-	-	-	-	-	92,907
Transportation	177,066	-	-	-	134,961	280,395	592,422
Basic utility services	350,993	-	-	-	-	-	350,993
Leisure time activities	412,051	-	-	-	15,369	-	427,420
Capital outlay	-	135,201	-	-	57,935	-	193,136
Debt service:							
Principal retirement	-	-	-	202,230	-	-	202,230
Interest and fiscal charges	-	-	-	60,859	-	-	60,859
Total expenditures	<u>2,616,946</u>	<u>448,670</u>	<u>155,543</u>	<u>263,101</u>	<u>239,474</u>	<u>306,775</u>	<u>4,030,509</u>
Excess of revenues over (under) expenditures	<u>156,207</u>	<u>(107,256)</u>	<u>(54,145)</u>	<u>(242,963)</u>	<u>171,888</u>	<u>47,756</u>	<u>(28,513)</u>
Other financing sources (uses):							
Bonds issued	-	-	-	12,229	-	-	12,229
Transfers - in	-	-	52,000	241,230	-	15,000	308,230
Transfers - out	(67,000)	-	-	-	(241,230)	-	(308,230)
Total other financing sources (uses)	<u>(67,000)</u>	<u>-</u>	<u>52,000</u>	<u>253,459</u>	<u>(241,230)</u>	<u>15,000</u>	<u>12,229</u>
Net change in fund balance	89,207	(107,256)	(2,145)	10,496	(69,342)	62,756	(16,284)
Fund balances at beginning of year	942,853	373,160	127,641	77,774	246,141	62,093	1,829,662
Fund balances at end of year	<u>\$1,032,060</u>	<u>\$ 265,904</u>	<u>\$ 125,496</u>	<u>\$ 88,270</u>	<u>\$ 176,799</u>	<u>\$ 124,849</u>	<u>\$1,813,378</u>

See accompanying notes to the basic financial statements.

City of Rittman, Ohio

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

Net change in fund balances - Total governmental funds \$ (16,284)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities,
the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	\$ 193,136	
Depreciation expense	<u>(400,123)</u>	
Excess of depreciation expense over capital asset additions		(206,987)

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. (3,229)

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

Property and other taxes	\$ 50,601	
Income taxes	17,745	
Accounts	(30)	
Intergovernmental	19,743	
Special assessments	(4,492)	
Charges for services	<u>(21,795)</u>	
Net change in deferred revenues during the year		61,772

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

Decrease in compensated absences	\$ 55,174	
Amortization of deferred charges	(6,051)	
Decrease in accrued interest	<u>482</u>	
Total additional expenses		49,605

Repayment of bond and loan principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net assets. 202,230

Loan proceeds are reported as other financing sources in governmental funds and thus contribute
to the change in fund balance. In the government-wide statements, however, issuing debt
increases long-term liabilities in the statement of net assets and does not affect the
statement of activities. (12,229)

Change in net assets of governmental activities \$ 74,878

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Income tax	\$ 720,000	\$ 720,000	\$ 753,467	\$ 33,467
Property and other taxes	320,000	320,000	281,985	(38,015)
Charges for services	796,518	906,518	890,550	(15,968)
Fines, licenses, and permits	93,500	93,500	88,206	(5,294)
Intergovernmental	505,080	505,080	577,261	72,181
Investment income	88,000	88,000	159,367	71,367
Contributions and donations	500	500	5,000	4,500
Other	9,800	9,800	27,588	17,788
Total revenue	<u>2,533,398</u>	<u>2,643,398</u>	<u>2,783,424</u>	<u>140,026</u>
<u>Expenditures:</u>				
Current:				
General government	595,549	659,159	633,822	25,337
Safety services	978,495	1,001,721	992,785	8,936
Public health and welfare	102,430	106,913	94,484	12,429
Transportation	167,959	181,430	176,974	4,456
Basic utility services	246,000	346,000	340,785	5,215
Leisure time activities	420,320	438,713	415,765	22,948
Total expenditures	<u>2,510,753</u>	<u>2,733,936</u>	<u>2,654,615</u>	<u>79,321</u>
Excess of revenues over (under) expenditures	<u>22,645</u>	<u>(90,538)</u>	<u>128,809</u>	<u>219,347</u>
<u>Other financing sources (uses):</u>				
Transfers - in	80,000	80,000	80,000	-
Transfers - out	(147,000)	(147,000)	(147,000)	-
Total other financing sources (uses)	<u>(67,000)</u>	<u>(67,000)</u>	<u>(67,000)</u>	<u>-</u>
Net change in fund balance	(44,355)	(157,538)	61,809	219,347
Fund balance at beginning of year	767,012	767,012	767,012	-
Prior year encumbrances appropriated	<u>29,874</u>	<u>29,874</u>	<u>29,874</u>	<u>-</u>
Fund balance at end of year	<u>\$ 752,531</u>	<u>\$ 639,348</u>	<u>\$ 858,695</u>	<u>\$ 219,347</u>

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property and other taxes	\$ 196,600	\$ 196,600	\$ 186,413	\$ (10,187)
Charges for services	127,955	127,955	117,143	(10,812)
Intergovernmental	29,700	29,700	31,537	1,837
Total revenue	<u>354,255</u>	<u>354,255</u>	<u>335,093</u>	<u>(19,162)</u>
<u>Expenditures:</u>				
Current:				
General government	4,200	4,200	3,256	944
Safety services	482,950	489,931	441,717	48,214
Total expenditures	<u>487,150</u>	<u>494,131</u>	<u>444,973</u>	<u>49,158</u>
Net change in fund balance	(132,895)	(139,876)	(109,880)	29,996
Fund balance at beginning of year	380,872	380,872	380,872	-
Prior year encumbrances appropriated	<u>881</u>	<u>881</u>	<u>881</u>	<u>-</u>
Fund balance at end of year	<u>\$ 248,858</u>	<u>\$ 241,877</u>	<u>\$ 271,873</u>	<u>\$ 29,996</u>

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property and other taxes	\$ 87,000	\$ 87,000	\$ 89,600	\$ 2,600
Intergovernmental	10,000	10,000	12,371	2,371
Total revenue	<u>97,000</u>	<u>97,000</u>	<u>101,971</u>	<u>4,971</u>
<u>Expenditures:</u>				
Current:				
General government	2,000	2,000	1,528	472
Safety services	150,500	153,500	140,206	13,294
Total expenditures	<u>152,500</u>	<u>155,500</u>	<u>141,734</u>	<u>13,766</u>
Excess of revenues over (under) expenditures	<u>(55,500)</u>	<u>(58,500)</u>	<u>(39,763)</u>	<u>18,737</u>
<u>Other financing sources (uses):</u>				
Transfers - in	<u>52,000</u>	<u>52,000</u>	<u>52,000</u>	<u>-</u>
Net change in fund balance	(3,500)	(6,500)	12,237	18,737
Fund balance at beginning of year	<u>126,652</u>	<u>126,652</u>	<u>126,652</u>	<u>-</u>
Fund balance at end of year	<u>\$ 123,152</u>	<u>\$ 120,152</u>	<u>\$ 138,889</u>	<u>\$ 18,737</u>

See accompanying notes to the basic financial statements.

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

Business-Type Activities - Enterprise Funds

	Water	Sewer	Total
<u>Assets:</u>			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 1,033,226	\$ 469,996	\$ 1,503,222
Cash and cash equivalents:			
With fiscal agent	13,973	-	13,973
Receivables:			
Income tax	114,613	-	114,613
Accounts	56,340	146,721	203,061
Materials and supplies inventory	15,459	3,900	19,359
Prepaid items	6,146	7,259	13,405
Deferred charges	37,637	-	37,637
Total current assets	<u>1,277,394</u>	<u>627,876</u>	<u>1,905,270</u>
Non-current assets:			
Capital assets:			
Land	31,686	40,920	72,606
Construction in progress	29,396	-	29,396
Depreciable capital assets, net	<u>5,213,893</u>	<u>7,126,778</u>	<u>12,340,671</u>
Total non-current assets	<u>5,274,975</u>	<u>7,167,698</u>	<u>12,442,673</u>
Total assets	<u>6,552,369</u>	<u>7,795,574</u>	<u>14,347,943</u>
<u>Liabilities:</u>			
Current liabilities:			
Accounts payable	7,159	20,509	27,668
Accrued wages and benefits	6,979	7,858	14,837
Compensated absences payable	6,593	7,074	13,667
Due to other governments	13,530	15,053	28,583
Income tax refunds payable	3,513	-	3,513
Matured bonds payable	10,200	-	10,200
Matured interest payable	3,713	-	3,713
Accrued interest payable	4,752	12,057	16,809
OPWC loans payable	12,500	-	12,500
OWDA loans payable	-	200,179	200,179
Mortgage revenue bonds payable	-	19,800	19,800
General obligation bonds payable	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total current liabilities	<u>128,939</u>	<u>282,530</u>	<u>411,469</u>
Long-term liabilities:			
Compensated absences payable	14,775	12,247	27,022
OPWC loans payable, net of current portion	225,000	-	225,000
OWDA loans payable, net of current portion	-	1,296,569	1,296,569
Mortgage revenue bonds payable, net of current portion	-	1,081,100	1,081,100
General obligation bonds payable, net of current portion	<u>1,380,000</u>	<u>-</u>	<u>1,380,000</u>
Total long-term liabilities	<u>1,619,775</u>	<u>2,389,916</u>	<u>4,009,691</u>
Total liabilities	<u>1,748,714</u>	<u>2,672,446</u>	<u>4,421,160</u>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	3,628,862	4,570,050	8,198,912
Unrestricted	<u>1,174,793</u>	<u>553,078</u>	<u>1,727,871</u>
Total net assets	<u>\$ 4,803,655</u>	<u>\$ 5,123,128</u>	<u>\$ 9,926,783</u>

See accompanying notes to the basic financial statements.

City of Rittman, Ohio

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended December 31, 2006

Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Operating revenues:</u>			
Charges for services	\$ 383,837	\$ 1,166,508	\$ 1,550,345
Other	15,388	90,991	106,379
Total operating revenue	<u>399,225</u>	<u>1,257,499</u>	<u>1,656,724</u>
<u>Operating expenses:</u>			
Personal services	244,271	281,525	525,796
Contractual services	157,466	215,493	372,959
Supplies and materials	66,835	36,322	103,157
Other operating costs	84,632	89,000	173,632
Depreciation	170,082	212,675	382,757
Total operating expenses	<u>723,286</u>	<u>835,015</u>	<u>1,558,301</u>
Operating income (loss)	<u>(324,061)</u>	<u>422,484</u>	<u>98,423</u>
<u>Non-operating revenues (expenses):</u>			
Municipal income tax	372,678	-	372,678
Interest	1,867	-	1,867
Interest and fiscal charges	(61,950)	(139,191)	(201,141)
Total non-operating revenues (expenses)	<u>312,595</u>	<u>(139,191)</u>	<u>173,404</u>
Change in net assets	(11,466)	283,293	271,827
Net assets at beginning of year	<u>4,815,121</u>	<u>4,839,835</u>	<u>9,654,956</u>
Net assets at end of year	<u>\$ 4,803,655</u>	<u>\$ 5,123,128</u>	<u>\$ 9,926,783</u>

See accompanying notes to the basic financial statements.

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

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash flows from operating activities:			
Cash received from customers	\$ 397,582	\$ 1,258,959	\$ 1,656,541
Cash payments for employee services and benefits	(250,008)	(287,024)	(537,032)
Cash payments to suppliers for goods and services	(460,103)	(336,617)	(796,720)
Net cash provided by (used for) operating activities	(312,529)	635,318	322,789
Cash flows from noncapital financing activities:			
Income taxes received	376,734	-	376,734
Net cash provided by (used for) noncapital financing activities	376,734	-	376,734
Cash flows from capital and related financing activities:			
Proceeds of loans	108,353	-	108,353
Interest paid on debt	(58,490)	(139,397)	(197,887)
Principal payment on bonds	(75,242)	(209,334)	(284,576)
Acquisition of capital assets	(296,985)	-	(296,985)
Net cash provided by (used for) for capital and related financing activities	(322,364)	(348,731)	(671,095)
Cash flows from investing activities:			
Investment income	1,820	-	1,820
Net cash provided by (used for) investing activities	1,820	-	1,820
Net increase (decrease) in cash and cash equivalents	(256,339)	286,587	30,248
Cash and cash equivalents at beginning of year	1,303,538	183,409	1,486,947
Cash and cash equivalents at end of year	\$ 1,047,199	\$ 469,996	\$ 1,517,195
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (324,061)	\$ 422,484	\$ 98,423
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	170,082	212,675	382,757
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(1,643)	1,460	(183)
Materials and supplies inventory	5,686	(1,995)	3,691
Prepaid items	4,617	(496)	4,121
Increase (decrease) in liabilities:			
Accounts payable	(161,373)	6,787	(154,586)
Accrued wages and benefits	479	310	789
Compensated absences	(6,866)	(6,926)	(13,792)
Due to other governments	550	1,019	1,569
Net cash provided by (used for) operating activities	\$ (312,529)	\$ 635,318	\$ 322,789

See accompanying notes to the financial statements.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Rittman (the “City”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board Statements (FASB) and Interpretations issued on or before November 30, 1989, to its business-type activities and enterprise funds provided they do not conflict with or contradict GASB pronouncements. For the current year 2006, the City has implemented GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section”, GASB Statement No 46, “Net Assets Restricted by Enabling Legislation” 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 46 establishes that any amount of the primary government’s net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements and GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits. At December 31, 2006, there was no effect on fund balance as a result of implementing these two GASB Statements. The City has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. The more significant of the City’s accounting policies are described below.

A. City Government and Reporting Entity

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

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

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

B. Basis of Presentation

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

Government-wide Financial Statements

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

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

Notes to the Financial Statements

Fund Financial Statements

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

C. Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

Proprietary Funds

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

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

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

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of 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.

Notes to the Financial Statements

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

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Property Tax Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

**E. Budgets and
Budgetary Accounting**

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

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

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

On or about January 1 the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the Finance Director determines that revenue to be collected will be greater than or less than the prior estimates and the budget commission find the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended certificate issued for 2006.

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

Notes to the Financial Statements

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

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

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

F. Deposits and Investments

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

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

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

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

H. 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. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

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

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

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

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

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

Notes to the Financial Statements

- J. Deferred Charges** Bond issuance costs are recorded as expenditures when incurred on the governmental fund statements. Bond issuance costs are recorded as deferred charges and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method, on the government-wide and proprietary fund financial statements.
- K. Compensated Absences** Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.
- Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.
- L. Accrued Liabilities and Long-term Obligations** All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are also reported on the proprietary fund financial statements.
- In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.
- M. Capital Contributions** Contributions of capital in the proprietary fund financial statements arise from donations by developers, grants restricted for capital construction, and special assessments. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. The proprietary funds did not have any capital contributions during 2006.
- N. Fund Balance Reserves/Designations** Reserved or designated fund balances indicate that a portion of fund equity is not available for current appropriation or use. The unreserved or undesignated portions of fund equity reflected in the governmental funds are available for use within the specified purposes of the funds.
- The City reports amounts representing encumbrances outstanding as reservations of fund balance in the governmental funds. The City reports amounts set-aside for designation of cemetery improvements and recreation center operations.

City of Rittman, Ohio

O. Interfund Transactions

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

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

P. Net Assets

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

Q. Operating Revenues and Expenses

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

R. Estimates

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

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

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

Notes to the Financial Statements

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

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

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

	Net Change in Fund Balance		
	<u>General</u>	Emergency Medical <u>Service</u>	Fire Department <u>Levy</u>
GAAP Basis	\$ 89,207	\$ (107,256)	\$ (2,145)
Revenue accruals	90,271	(6,321)	573
Expenditure accruals	(103,174)	4,864	21,236
Encumbrances (Budget Basis) outstanding at year end	<u>(14,495)</u>	<u>(1,167)</u>	<u>(7,427)</u>
Budget Basis	<u>\$ 61,809</u>	<u>\$ (109,880)</u>	<u>\$ 12,237</u>

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

The City has invested funds in STAROhio during 2006. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2006.

Interest earnings are distributed to the street maintenance and repair and state highway special revenue funds and the capital improvements capital projects fund based on daily cash balances and the remainder is reported in the general fund. The interest earned in the water bond escrow account is credited to the water enterprise fund. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$147,052, which includes \$122,589 assigned from other City funds.

Deposits: At year-end, the carrying amount of the City's deposits and petty cash was \$2,152,878 and the bank balances totaled \$2,254,728. Of the bank balances, \$1,937,360 was exposed to custodial credit risk. This amount was uninsured and collateral is held by the pledging financial institution's trust department, and not in the City's name.

Notes to the Financial Statements

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

Investments: As of December 31, 2006, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		Less than <u>1</u>	<u>1 - 5</u>
Federal Home Loan Bank	\$ 597,422	\$ -	\$ 597,422
STAROhio	309,487	N/A	N/A
Special assessment bonds	<u>76,341</u>	<u>16,334</u>	<u>60,007</u>
	<u>\$ 983,250</u>	<u>\$ 16,334</u>	<u>\$ 657,429</u>

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

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

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

City of Rittman, Ohio

Concentration of credit risk is the possibility of loss attributed to the magnitude of the City's investment in a single issuer. More than 5% of the City's investments are in FHLB. These investments are 60.76% of the City's total investments. At December 31, 2006 the City has 31.48% invested in STAROhio and 7.76% in special assessment bonds.

NOTE 4 - RECEIVABLES

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

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

<u>Revenue description</u>	<u>Amount</u>
Cents per gallon and excise tax	\$ 15,109
Homestead and rollback	32,738
Local government	206,264
Estate tax	8,034
Motor vehicle tax	110,683
Permissive sales tax	42,920
Miscellaneous	<u>211</u>
Total	<u>\$ 415,959</u>

Notes to the Financial Statements

NOTE 5 - CAPITAL ASSETS

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

Governmental Activities: A summary of the governmental activities' capital assets as of December 31, 2006 follows:

<u>Governmental activities</u>	Balance 12/31/2005	Increases	Decreases	Balance 12/31/2006
Capital assets, not being depreciated:				
Land	\$ 129,063	\$ -	\$ -	\$ 129,063
Capital assets, being depreciated:				
Land improvements	151,386	-	(6,873)	144,513
Buildings	5,624,359	-	(10,907)	5,613,452
Infrastructure	1,637,573	-	-	1,637,573
Equipment	2,675,353	193,136	(37,043)	2,831,446
Total capital assets, being depreciated	<u>10,088,671</u>	<u>193,136</u>	<u>(54,823)</u>	<u>10,226,984</u>
Less accumulated depreciation:				
Land improvements	(137,199)	(3,142)	6,873	(133,468)
Buildings	(1,123,841)	(138,909)	10,907	(1,251,843)
Infrastructure	(185,890)	(70,836)	-	(256,726)
Equipment	(1,893,826)	(187,236)	33,814	(2,047,248)
Total accumulated depreciation	<u>(3,340,756)</u>	<u>(400,123)</u>	<u>51,594</u>	<u>(3,689,285)</u>
Total capital assets being depreciated, net	<u>6,747,915</u>	<u>(206,987)</u>	<u>(3,229)</u>	<u>6,537,699</u>
Governmental activities capital assets, net	<u>\$ 6,876,978</u>	<u>\$ (206,987)</u>	<u>\$ (3,229)</u>	<u>\$ 6,666,762</u>

Depreciation Expense: Depreciation expense charged to governmental functions for the year ending December 31, 2006 is as follows:

<u>Depreciation Expense:</u>	
General government	\$ 4,699
Safety services	180,182
Public health and welfare	1,059
Leisure time activities	120,671
Transportation	<u>93,512</u>
Total depreciation expense	<u>\$ 400,123</u>

City of Rittman, Ohio

Business-type Activities: A summary of the business-type activities' capital assets as of December 31, 2006 follows:

<u>Business-type activities</u>	<u>Balance</u> <u>12/31/2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2006</u>
Capital assets, not being depreciated:				
Land	\$ 72,606	\$ -	\$ -	\$ 72,606
Construction in progress	-	29,396	-	29,396
Total capital assets, not being depreciated	<u>72,606</u>	<u>29,396</u>	<u>-</u>	<u>102,002</u>
Capital assets, being depreciated:				
Land improvements	16,033	-	-	16,033
Buildings	8,218,541	267,589	-	8,486,130
Infrastructure	8,624,214	-	-	8,624,214
Equipment	1,419,147	-	(5,158)	1,413,989
Total capital assets, being depreciated	<u>18,277,935</u>	<u>267,589</u>	<u>(5,158)</u>	<u>18,540,366</u>
Less accumulated depreciation:				
Land improvements	(8,023)	(1,690)	-	(9,713)
Buildings	(2,290,735)	(209,049)	-	(2,499,784)
Infrastructure	(2,295,703)	(144,902)	-	(2,440,605)
Equipment	(1,227,635)	(27,116)	5,158	(1,249,593)
Total accumulated depreciation	<u>(5,822,096)</u>	<u>(382,757)</u>	<u>5,158</u>	<u>(6,199,695)</u>
Total capital assets being depreciated, net	<u>12,455,839</u>	<u>(115,168)</u>	<u>-</u>	<u>12,340,671</u>
Business-type activities capital assets, net	<u>\$ 12,528,445</u>	<u>\$ (85,772)</u>	<u>\$ -</u>	<u>\$ 12,442,673</u>

NOTE 6 - COMPENSATED ABSENCES

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

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

Notes to the Financial Statements

NOTE 7 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

Governmental Activities: A summary of the governmental activities' debt and other long-term obligations as of December 31, 2006 follows:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	Amount <u>Outstanding</u> <u>December 31</u>	Amount <u>Due in</u> <u>One Year</u>
<u>Governmental activities</u>					
<u>General obligation bonds</u>					
2004 Refunding Recreation Center					
Bonds 2.00 - 4.35%	\$ 1,340,000	\$ -	\$ 70,000	\$ 1,270,000	\$ 75,000
2005 Refunding Safety Building					
Bonds 2.00 - 2.75%	330,000	-	105,000	225,000	110,000
Total general obligation bonds	<u>1,670,000</u>	<u>-</u>	<u>175,000</u>	<u>1,495,000</u>	<u>185,000</u>
 <u>Loans</u>					
2002 OPWC loan	<u>14,550</u>	<u>-</u>	<u>9,700</u>	<u>4,850</u>	<u>4,850</u>
 <u>Special assessment bonds</u>					
1995 Ritter Drive 6.50%	4,443	-	4,443	-	-
2002 Rufener Street 5.50%	39,733	-	4,806	34,927	5,070
2002 Street Improvement 5.00%	11,495	-	3,646	7,849	3,829
2004 Street Improvement 5.00%	25,612	-	4,635	20,977	4,867
2006 Street Improvement 5.00%	<u>-</u>	<u>12,229</u>	<u>-</u>	<u>12,229</u>	<u>2,208</u>
Total special assessment bonds	<u>81,283</u>	<u>12,229</u>	<u>17,530</u>	<u>75,982</u>	<u>15,974</u>
 <u>Other obligations</u>					
Compensated absences	<u>162,302</u>	<u>39,053</u>	<u>94,227</u>	<u>107,128</u>	<u>40,148</u>
Total governmental activities	<u>\$ 1,928,135</u>	<u>\$ 51,282</u>	<u>\$ 296,457</u>	<u>\$ 1,682,960</u>	<u>\$ 245,972</u>

City of Rittman, Ohio

Business-type Activities: A summary of the business-type activities' debt and other long-term obligations as of December 31, 2006 follows:

	Balance January 1	Additions	Deletions	Amount Outstanding December 31	Amount Due in One Year
<u>Business-type activities</u>					
<u>Revenue bonds</u>					
1993 Mortgage Revenue					
Bonds 5.25%	\$ 1,119,700	\$ -	\$ 18,800	\$ 1,100,900	\$ 19,800
<u>General obligation bonds</u>					
2004 Water Improvement					
Bonds 2.0 - 4.7%	1,495,000	-	55,000	1,440,000	60,000
<u>Special assesment bonds</u>					
2002 Sterling Avenue Waterline					
Bonds 4.00%	7,742	-	7,742	-	-
Total bonds	2,622,442	-	81,542	2,540,900	79,800
<u>Loans</u>					
2005 OPWC loan 0%	141,647	108,353	12,500	237,500	12,500
1993 OWDA loan 5.00%	1,687,282	-	190,534	1,496,748	200,179
Total loans	1,828,929	108,353	203,034	1,734,248	212,679
<u>Other obligations</u>					
Compensated absences	54,481	16,755	30,547	40,689	13,667
Total business-type activities	\$ 4,505,852	\$ 125,108	\$ 315,123	\$ 4,315,837	\$ 306,146

General obligation bonds: General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes. On July 12, 2004, the City issued \$1,410,000 and \$415,000 in general obligation bonds with interest rates varying between; 2.00%-4.35%, and 2.00%-2.75%, respectively. The bond issues were used to currently refund \$1,361,000 of outstanding recreation center bonds with an interest rate of 5.30%, and to refund \$415,000 of outstanding safety building bonds with an average interest rate of 4.84%. The refunding recreation center bonds will mature on December 1, 2020 and the safety building bonds will mature on December 1, 2008. These bonds will be paid from the debt retirement debt service fund.

Notes to the Financial Statements

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

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

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

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

The annual requirements to amortize all bonded debt and loans as of December 31, 2006, including interest payments of \$2,301,029, are as follows:

	General		Special		OPWC & OWDA Loans	
	Obligation Bonds		Assessment Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
2007	245,000	109,880	15,974	3,923	217,529	72,366
2008	250,000	103,878	16,801	3,097	222,813	62,232
2009	135,000	97,003	13,449	2,227	233,461	51,585
2010	145,000	92,952	14,153	1,523	244,647	40,399
2011	145,000	88,240	8,977	784	256,399	28,646
2012-2016	815,000	358,236	6,628	364	451,749	19,570
2017-2021	890,000	180,570	-	-	62,500	-
2022-2026	310,000	29,175	-	-	50,000	-
	<u>\$ 2,935,000</u>	<u>\$ 1,059,934</u>	<u>\$ 75,982</u>	<u>\$ 11,918</u>	<u>\$ 1,739,098</u>	<u>\$ 274,798</u>

	Revenue Bonds		
	Principal	Interest	Total
2007	19,800	56,421	740,893
2008	20,800	55,406	735,027
2009	21,800	54,340	608,865
2010	22,900	53,223	614,797
2011	24,100	52,050	604,196
2012-2016	140,600	240,378	2,032,525
2017-2021	180,400	200,476	1,513,946
2022-2026	231,700	149,255	770,130
2027-2031	297,400	83,486	380,886
2032-2033	141,400	10,962	152,362
	<u>\$ 1,100,900</u>	<u>\$ 955,997</u>	<u>\$ 8,153,627</u>

NOTE 8 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property, and tangible personal (used in business) property located in the City. Real property taxes were levied after October 1, on the assessed value as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was in 2002 for both Wayne and Medina Counties. Public utility property taxes were levied after October 1, on the assessed value as of the prior December 31, and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at 100% of true value and on real property at 35% of assessed valuation. Tangible personal property taxes are levied on January 1 of the current year on the value listed as of December 31, of the prior year. Tangible personal property assessments are 25% of true value. The tangible personal property tax is being phased out, the assessment percentage for all property including inventory is 18.75%. This will be reduced to 12.5% for 2007, 6.25% for 2008 and zero for 2009.

Notes to the Financial Statements

The full-tax rate for all City operations applied to taxable property for the year ended December 31, 2006 was \$7.5 and \$5.8 per \$1,000 of assessed valuation in Wayne and Medina Counties, respectively. For 2006, only 0.3% of the total valuations were attributed to property in Medina County.

The assessed values upon which the 2006 taxes were collected are as follows:

<u>Property Category</u>	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>		
Residential and agricultural	\$ 75,426,750	71.53 %
Commercial and industrial	11,350,860	10.76
Public utilities	22,310	0.02
<u>Tangible Personal Property</u>		
General	16,911,260	16.04
Public utilities	<u>1,735,490</u>	<u>1.65</u>
Total	<u>\$ 105,446,670</u>	<u>100.00 %</u>

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

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

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility, and tangible personal property taxes which became measurable as of December 31, 2006. However, since these tax collections will not be received during the available period nor are they intended to finance 2006 operations, the receivable is offset by a credit to deferred revenue.

NOTE 9 - INCOME TAX

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

NOTE 10 - CONTINGENCIES

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

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

OPERS: The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2006 member contribution rates were 9% for members in classifications other than law enforcement and public safety. Members in the law enforcement classification, which consists generally of sheriffs and township police, contributed at a rate of 10.1%. Public safety division contributed at 9%. For 2006, the employer pension contribution rate for the City was 13.7% of covered payroll, with 9.7% to fund pension obligations. The 2006 employer contribution rate for both the law enforcement and public safety divisions was 16.93% of covered payroll, with 12.93% to fund pension obligations. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ending December 31, 2006, 2005, and 2004 were \$164,431, \$158,978 and \$161,519, respectively.

The full amount has been contributed for 2005 and 2004. Approximately 75% had been contributed for 2006 with the remainder being reported as a liability within the respective funds.

OP&F: Plan members are required to contribute 10% of their covered salary to fund pension obligations, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. The portion used to fund pension obligations were 11.75% and 16.25% respectively for police officers and firefighters. Contributions are authorized by state statute. The City's required contributions to OP&F for the years ending December 31, 2006, 2005, and 2004 were \$49,257, \$45,211 and \$40,461, respectively. The full amount has been contributed for 2005 and 2004. Approximately 77% has been contributed for 2006 with the remainder being reported as a liability within the respective funds.

NOTE 12 - POSTEMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, the Traditional Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO), all of which are described in Note 11. OPERS provide retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the TP and MD Plans; however, health care benefits are not statutorily guaranteed. Members of the MD Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB). A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2006 employer contribution rate for local government employers was 13.70% of covered payroll and 4.00% was the portion that was used to fund health care. For both the public safety and law enforcement divisions the 2006 employer rate was 16.93% of covered payroll and 4.00% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The City's contribution actually made to fund post employment benefits was \$67,807.

Notes to the Financial Statements

OPEB are advanced-funded on an actuarially determined basis. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actual valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2005 (latest information available) was 6.50%. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%. Health care costs were assumed to increase 4.00% annually.

At year-end 2006, the number of active contributing participants in the TP and CO Plans totaled 369,214. As of December 31, 2005, the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2005 (latest information available) was \$11.1 billion.

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

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

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

The health care coverage provided by the OP&F is considered an OPEB as described in GASB Statement No.12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that the health care costs are paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go-basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the post-employment health care program in 2005 and in 2006. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund post-employment benefits were \$32,489. The OP&F total health care expense for the year ended December 31, 2005, the last actuarial valuation 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.

NOTE 13 - RISK MANAGEMENT

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

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

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

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

Notes to the Financial Statements

NOTE 14 - FUND DEFICITS

As of December 31, 2006, the police pension special revenue fund had a deficit of \$1,019. This deficit was the result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficits in other funds; however, this is done when cash is needed rather than when accruals occur.

NOTE 15 – INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During the year the capital improvements fund transferred \$241,230 to the debt service fund and the general fund transferred \$52,000 and \$15,000 to the fire department levy and street maintenance and repair funds, respectively, for these purposes.

NOTE 16 – SUBSEQUENT EVENT NOTE

On July 9, 2007 the City passed an ordinance to issue bond anticipation notes (BAN's) in the amount of \$506,000 with annual interest rate of 4.76%. The BAN's, scheduled to mature on July 18, 2008, were issued to fund the cost of replacing the roof of the City's Recreation Center. Debt service payments for the BAN's will be made from either of the following: (1) from a settlement of a pending lawsuit against the original contractor of a roof project; (2) the issuance of 20-year bond issue, which will be retired from resources of the capital improvement fund.

Combining Statements

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

	Street Maintenance and Repair Fund	State Highway Fund	Permissive Tax Fund	Permissive Tax II Fund	Police Pension Fund
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 48,999	\$ 12,182	\$ -	\$ 21,152	\$ 5,618
Receivables:					
Property and other taxes	-	-	-	-	30,905
Accrued interest	147	67	-	-	-
Due from other governments	116,358	9,434	34,474	8,446	1,483
Materials and supplies inventory	3,601	6,274	-	-	-
Prepaid items	662	-	-	-	-
Total assets	<u>\$ 169,767</u>	<u>\$ 27,957</u>	<u>\$ 34,474</u>	<u>\$ 29,598</u>	<u>\$ 38,006</u>
<u>Liabilities:</u>					
Accrued wages and benefits	\$ 6,642	\$ -	\$ -	\$ -	\$ -
Due to other governments	13,850	-	-	-	7,000
Deferred revenue	73,972	5,998	34,474	5,755	32,025
Total liabilities	<u>94,464</u>	<u>5,998</u>	<u>34,474</u>	<u>5,755</u>	<u>39,025</u>
<u>Fund balances:</u>					
Reserved for encumbrances	275	-	-	-	-
Unreserved, undesignated, Reported in:					
Special revenue funds	75,028	21,959	-	23,843	(1,019)
Total fund balances	<u>75,303</u>	<u>21,959</u>	<u>-</u>	<u>23,843</u>	<u>(1,019)</u>
Total liabilities and fund balances	<u>\$ 169,767</u>	<u>\$ 27,957</u>	<u>\$ 34,474</u>	<u>\$ 29,598</u>	<u>\$ 38,006</u>

Law Enforcement and Education Fund	Law Enforcement Fund	Education and Recreation Assistance Fund	OEMA Grant Fund	Total Nonmajor Special Revenue Funds
\$ 1,241	\$ 1,504	\$ 1,807	\$ -	\$ 92,503
-	-	-	-	30,905
-	-	-	-	214
11	200	-	-	170,406
-	-	-	-	9,875
-	-	-	-	662
<u>\$ 1,252</u>	<u>\$ 1,704</u>	<u>\$ 1,807</u>	<u>\$ -</u>	<u>\$ 304,565</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,642
-	-	-	-	20,850
-	-	-	-	152,224
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,716</u>
-	-	-	-	275
<u>1,252</u>	<u>1,704</u>	<u>1,807</u>	<u>-</u>	<u>124,574</u>
<u>1,252</u>	<u>1,704</u>	<u>1,807</u>	<u>-</u>	<u>124,849</u>
<u>\$ 1,252</u>	<u>\$ 1,704</u>	<u>\$ 1,807</u>	<u>\$ -</u>	<u>\$ 304,565</u>

City of Rittman, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2006

	Street Maintenance and Repair Fund	State Highway Fund	Permissive Tax Fund	Permissive Tax II Fund	Police Pension Fund
<u>Revenues:</u>					
Property and other taxes	\$ -	\$ -	\$ -	\$ -	\$ 27,811
Fines, licenses, and permits	-	-	-	-	-
Intergovernmental	278,547	22,585	-	16,968	3,322
Investment income	1,019	661	-	-	-
Contributions and donations	-	-	-	-	-
Other	1,543	-	-	-	-
Total revenue	<u>281,109</u>	<u>23,246</u>	<u>-</u>	<u>16,968</u>	<u>31,133</u>
<u>Expenditures:</u>					
Current:					
General government	-	-	-	-	490
Safety services	-	-	-	-	24,500
Transportation	264,035	16,360	-	-	-
Total expenditures	<u>264,035</u>	<u>16,360</u>	<u>-</u>	<u>-</u>	<u>24,990</u>
Excess of revenues over (under) expenditures	<u>17,074</u>	<u>6,886</u>	<u>-</u>	<u>16,968</u>	<u>6,143</u>
Other financing sources (uses):					
Transfers - in	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	32,074	6,886	-	16,968	6,143
Fund balances at beginning of year	<u>43,229</u>	<u>15,073</u>	<u>-</u>	<u>6,875</u>	<u>(7,162)</u>
Fund balances at end of year	<u>\$ 75,303</u>	<u>\$ 21,959</u>	<u>\$ -</u>	<u>\$ 23,843</u>	<u>\$ (1,019)</u>

Law Enforcement and Education Fund	Law Enforcement Fund	Education and Recreation Assistance Fund	OEMA Grant Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 27,811
502	1,193	-	-	1,695
-	-	-	-	321,422
-	-	-	-	1,680
-	-	380	-	380
-	-	-	-	1,543
<u>502</u>	<u>1,193</u>	<u>380</u>	<u>-</u>	<u>354,531</u>
-	-	-	-	490
700	690	-	-	25,890
-	-	-	-	280,395
<u>700</u>	<u>690</u>	<u>-</u>	<u>-</u>	<u>306,775</u>
<u>(198)</u>	<u>503</u>	<u>380</u>	<u>-</u>	<u>47,756</u>
-	-	-	-	15,000
(198)	503	380	-	62,756
1,450	1,201	1,427	-	62,093
<u>\$ 1,252</u>	<u>\$ 1,704</u>	<u>\$ 1,807</u>	<u>\$ -</u>	<u>\$ 124,849</u>

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

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Income tax	\$ 720,000	\$ 720,000	\$ 753,467	\$ 33,467
Property and other taxes	320,000	320,000	281,985	(38,015)
Charges for services	796,518	906,518	890,550	(15,968)
Fines, licenses, and permits	93,500	93,500	88,206	(5,294)
Intergovernmental	505,080	505,080	577,261	72,181
Investment income	88,000	88,000	159,367	71,367
Contributions and donations	500	500	5,000	4,500
Other	9,800	9,800	27,588	17,788
Total revenue	<u>2,533,398</u>	<u>2,643,398</u>	<u>2,783,424</u>	<u>140,026</u>
<u>Expenditures:</u>				
Current:				
General government				
Office of city council				
Personal services	33,835	33,835	33,825	10
Contractual services	5,969	5,047	4,765	282
Total office of city council	<u>39,804</u>	<u>38,882</u>	<u>38,590</u>	<u>292</u>
Department of mayor and administration				
Personal services	215,555	219,485	210,275	9,210
Contractual services	99,500	147,085	138,805	8,280
Supplies and materials	10,700	15,090	14,739	351
Total department of mayor and administration	<u>325,755</u>	<u>381,660</u>	<u>363,819</u>	<u>17,841</u>
Department of finance and tax				
Personal services	137,265	134,080	130,033	4,047
Contractual services	200	200	145	55
Other operating costs	7,000	7,000	5,326	1,674
Total department of finance and tax	<u>144,465</u>	<u>141,280</u>	<u>135,504</u>	<u>5,776</u>
Division of lands and buildings				
Personal services	13,805	13,805	13,705	100
Contractual services	2,500	3,350	3,323	27
Supplies and materials	4,500	3,650	3,395	255
Total division of lands and buildings	<u>20,805</u>	<u>20,805</u>	<u>20,423</u>	<u>382</u>
Department of law				
Personal services	24,520	24,520	24,514	6
Contractual services	15,000	26,285	26,285	-
Total department of law	<u>39,520</u>	<u>50,805</u>	<u>50,799</u>	<u>6</u>

(continued)

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Miscellaneous				
Personal services	7,200	7,800	7,251	549
Contractual services	18,000	17,927	17,436	491
Total miscellaneous	25,200	25,727	24,687	1,040
Total general government	595,549	659,159	633,822	25,337
Safety services				
Division of police				
Personal services	853,885	858,182	852,190	5,992
Contractual services	65,410	76,006	74,066	1,940
Supplies and materials	34,200	40,665	40,621	44
Total division of police	953,495	974,853	966,877	7,976
Division of fire				
Personal services	-	737	482	255
Contractual services	-	250	250	-
Supplies and materials	-	386	386	-
Total division of fire	-	1,373	1,118	255
Division of communications				
Personal services	2,500	2,500	2,497	3
Division of street lighting				
Contractual services	21,000	22,131	21,430	701
Supplies and materials	1,500	864	863	1
Total division of street lighting	22,500	22,995	22,293	702
Total safety services	978,495	1,001,721	992,785	8,936
Public health and welfare				
Cemetery board				
Personal services	52,255	52,655	51,721	934
Contractual services	850	860	812	48
Supplies and materials	1,850	1,850	1,679	171
Capital outlay	11,000	12,200	2,246	9,954
Total cemetery board	65,955	67,565	56,458	11,107
Board of health				
Contractual services	23,500	24,523	24,523	-
Division of pest and animal control				
Personal services	2,975	1,475	958	517
Contractual services	4,000	5,850	5,845	5
Supplies and materials	6,000	7,500	6,700	800
Total division of pest and animal control	12,975	14,825	13,503	1,322
Total public health and welfare	102,430	106,913	94,484	12,429

(continued)

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Transportation				
Division of street maintenance				
Personal services	81,859	81,859	81,323	536
Contractual services	39,800	48,620	47,279	1,341
Supplies and materials	27,300	30,390	28,214	2,176
Total division of street maintenance	148,959	160,869	156,816	4,053
Division of vehicle maintenance				
Contractual services	1,000	2,380	2,265	115
Supplies and materials	18,000	18,181	17,893	288
Total division of vehicle maintenance	19,000	20,561	20,158	403
Total transportation	167,959	181,430	176,974	4,456
Basic utility services				
Division of waste management				
Contractual services	246,000	346,000	340,785	5,215
Leisure time activities				
Division of parks				
Personal services	59,820	59,820	59,666	154
Contractual services	5,850	6,535	4,865	1,670
Supplies and materials	4,800	4,115	3,853	262
Total division of parks	70,470	70,470	68,384	2,086
Recreation center				
Personal services	189,800	189,800	187,611	2,189
Contractual services	121,750	139,443	124,343	15,100
Supplies and materials	38,000	36,700	34,163	2,537
Other operating costs	100	2,100	1,264	836
Total recreation center	349,650	368,043	347,381	20,662
Other leisure time activities				
Other operating costs	200	200	-	200
Total leisure time activities	420,320	438,713	415,765	22,948
Total expenditures	2,510,753	2,733,936	2,654,615	79,321
Excess of revenues over (under) expenditures	22,645	(90,538)	128,809	219,347

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Other financing sources (uses):</u>				
Transfers - in	80,000	80,000	80,000	-
Transfers - out	(147,000)	(147,000)	(147,000)	-
Total other financing sources (uses)	(67,000)	(67,000)	(67,000)	-
Net change in fund balance	(44,355)	(157,538)	61,809	219,347
Fund balance at beginning of year	767,012	767,012	767,012	-
Prior year encumbrances appropriated	29,874	29,874	29,874	-
Fund balance at end of year	<u>\$ 752,531</u>	<u>\$ 639,348</u>	<u>\$ 858,695</u>	<u>\$ 219,347</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property and other taxes	\$ 196,600	\$ 196,600	\$ 186,413	\$ (10,187)
Charges for services	127,955	127,955	117,143	(10,812)
Intergovernmental	29,700	29,700	31,537	1,837
Total revenue	<u>354,255</u>	<u>354,255</u>	<u>335,093</u>	<u>(19,162)</u>
<u>Expenditures:</u>				
Current:				
General government				
Miscellaneous				
Other operating costs	<u>4,200</u>	<u>4,200</u>	<u>3,256</u>	<u>944</u>
Safety services				
Division of emergency services				
Personal services	251,550	251,931	215,559	36,372
Contractual services	33,000	33,300	27,282	6,018
Supplies and materials	23,700	25,200	21,478	3,722
Other operating costs	23,700	23,900	23,867	33
Capital outlay	<u>151,000</u>	<u>155,600</u>	<u>153,531</u>	<u>2,069</u>
Total safety services	<u>482,950</u>	<u>489,931</u>	<u>441,717</u>	<u>48,214</u>
Total expenditures	<u>487,150</u>	<u>494,131</u>	<u>444,973</u>	<u>49,158</u>
Net change in fund balance	(132,895)	(139,876)	(109,880)	29,996
Fund balance at beginning of year	380,872	380,872	380,872	-
Prior year encumbrances appropriated	<u>881</u>	<u>881</u>	<u>881</u>	<u>-</u>
Fund balance at end of year	<u>\$ 248,858</u>	<u>\$ 241,877</u>	<u>\$ 271,873</u>	<u>\$ 29,996</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property and other taxes	\$ 87,000	\$ 87,000	\$ 89,600	\$ 2,600
Intergovernmental	10,000	10,000	12,371	2,371
Total revenue	97,000	97,000	101,971	4,971
<u>Expenditures:</u>				
Current:				
General government				
Miscellaneous				
Other operating costs	2,000	2,000	1,528	472
Safety services				
Division of fire				
Personal services	89,300	92,300	83,636	8,664
Contractual services	25,600	25,600	24,228	1,372
Supplies and materials	16,060	16,060	14,314	1,746
Capital outlay	19,540	19,540	18,028	1,512
Total safety services	150,500	153,500	140,206	13,294
Total expenditures	152,500	155,500	141,734	13,766
Excess of revenues over (under) expenditures	(55,500)	(58,500)	(39,763)	18,737
<u>Other financing sources (uses):</u>				
Transfers - in	52,000	52,000	52,000	-
Net change in fund balance	(3,500)	(6,500)	12,237	18,737
Fund balance at beginning of year	126,652	126,652	126,652	-
Fund balance at end of year	\$ 123,152	\$ 120,152	\$ 138,889	\$ 18,737

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Special assessments	\$ 25,000	\$ 25,000	\$ 20,138	\$ (4,862)
<u>Expenditures:</u>				
Current:				
Miscellaneous				
Other operating costs	250	250	22	228
Debt service:				
Principal retirement	202,250	202,250	202,230	20
Interest and fiscal charges	60,900	60,900	60,859	41
Total expenditures	263,400	263,400	263,111	289
Excess of revenues over (under) expenditures	(238,400)	(238,400)	(242,973)	(4,573)
<u>Other financing sources (uses):</u>				
Proceeds of bonds	15,000	15,000	12,229	(2,771)
Transfers - in	241,230	241,230	241,230	-
Total other financing sources (uses)	256,230	256,230	253,459	(2,771)
Net change in fund balance	17,830	17,830	10,486	(7,344)
Fund balance at beginning of year	77,774	77,774	77,774	-
Fund balance at end of year	\$ 95,604	\$ 95,604	\$ 88,260	\$ (7,344)

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Income tax	\$ 360,000	\$ 360,000	\$ 376,734	\$ 16,734
Charges for services	15,000	15,000	41,910	26,910
Other	-	-	3,768	3,768
Total revenue	<u>375,000</u>	<u>375,000</u>	<u>422,412</u>	<u>47,412</u>
<u>Expenditures:</u>				
Current:				
General government				
Miscellaneous				
Other operating costs	35,500	35,500	34,663	837
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>3,715</u>	<u>6,285</u>
Total miscellaneous	<u>45,500</u>	<u>45,500</u>	<u>38,378</u>	<u>7,122</u>
Safety services				
Division of police				
Capital outlay	<u>28,000</u>	<u>28,000</u>	<u>24,435</u>	<u>3,565</u>
Transportation				
Division of street construction				
Contractual services	2,000	2,000	450	1,550
Capital outlay	<u>49,000</u>	<u>169,450</u>	<u>169,146</u>	<u>304</u>
Total division of street construction	<u>51,000</u>	<u>171,450</u>	<u>169,596</u>	<u>1,854</u>
Leisure time activities				
Division of parks				
Capital outlay	<u>7,000</u>	<u>15,850</u>	<u>15,369</u>	<u>481</u>
Total expenditures	<u>131,500</u>	<u>260,800</u>	<u>247,778</u>	<u>13,022</u>
Excess of revenues over (under) expenditures	<u>243,500</u>	<u>114,200</u>	<u>174,634</u>	<u>60,434</u>
<u>Other financing sources (uses):</u>				
Transfers - out	<u>(241,230)</u>	<u>(241,230)</u>	<u>(241,230)</u>	<u>-</u>
Net change in fund balance	2,270	(127,030)	(66,596)	60,434
Fund balance at beginning of year	<u>211,947</u>	<u>211,947</u>	<u>211,947</u>	<u>-</u>
Fund balance at end of year	<u>\$ 214,217</u>	<u>\$ 84,917</u>	<u>\$ 145,351</u>	<u>\$ 60,434</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 283,000	\$ 283,000	\$ 281,728	\$ (1,272)
Investment income	500	500	897	397
Other	-	-	1,543	1,543
Total revenue	<u>283,500</u>	<u>283,500</u>	<u>284,168</u>	<u>668</u>
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance				
Personal services	237,375	245,045	236,515	8,530
Contractual services	25,500	16,860	8,205	8,655
Supplies and materials	33,300	36,300	16,457	19,843
Total expenditures	<u>296,175</u>	<u>298,205</u>	<u>261,177</u>	<u>37,028</u>
Excess of revenues over (under) expenditures	<u>(12,675)</u>	<u>(14,705)</u>	<u>22,991</u>	<u>37,696</u>
<u>Other financing sources (uses):</u>				
Transfers - in	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	2,325	295	37,991	37,696
Fund balance at beginning of year	9,648	9,648	9,648	-
Prior year encumbrances appropriated	<u>1,360</u>	<u>1,360</u>	<u>1,360</u>	<u>-</u>
Fund balance at end of year	<u>\$ 13,333</u>	<u>\$ 11,303</u>	<u>\$ 48,999</u>	<u>\$ 37,696</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 22,200	\$ 22,200	\$ 22,843	\$ 643
Investment income	500	500	623	123
Total revenue	<u>22,700</u>	<u>22,700</u>	<u>23,466</u>	<u>766</u>
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance				
Personal services	4,500	6,800	6,800	-
Supplies and materials	18,200	18,857	12,994	5,863
Total expenditures	<u>22,700</u>	<u>25,657</u>	<u>19,794</u>	<u>5,863</u>
Net change in fund balance	-	(2,957)	3,672	6,629
Fund balance at beginning of year	7,578	7,578	7,578	-
Prior year encumbrances appropriated	657	657	657	-
Fund balance at end of year	<u>\$ 8,235</u>	<u>\$ 5,278</u>	<u>\$ 11,907</u>	<u>\$ 6,629</u>

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

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

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 17,500	\$ 17,500	\$ 17,048	\$ (452)
<u>Expenditures:</u>				
Current:				
Total expenditures	-	-	-	-
Net change in fund balance	17,500	17,500	17,048	(452)
Fund balance at beginning of year	4,104	4,104	4,104	-
Fund balance at end of year	<u>\$ 21,604</u>	<u>\$ 21,604</u>	<u>\$ 21,152</u>	<u>\$ (452)</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property and other taxes	\$ 26,100	\$ 26,100	\$ 27,971	\$ 1,871
Intergovernmental	3,000	3,000	3,322	322
Total revenue	<u>29,100</u>	<u>29,100</u>	<u>31,293</u>	<u>2,193</u>
<u>Expenditures:</u>				
Current:				
Miscellaneous				
Other operating costs	600	600	490	110
Safety services				
Division of police				
Personal services	28,500	28,500	28,500	-
Total expenditures	<u>29,100</u>	<u>29,100</u>	<u>28,990</u>	<u>110</u>
Net change in fund balance	-	-	2,303	2,303
Fund balance at beginning of year	3,315	3,315	3,315	-
Fund balance at end of year	<u>\$ 3,315</u>	<u>\$ 3,315</u>	<u>\$ 5,618</u>	<u>\$ 2,303</u>

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

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines, licenses, and permits	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 491</u>	<u>\$ (209)</u>
<u>Expenditures:</u>				
Current:				
Safety services				
Division of police				
Capital outlay	<u>700</u>	<u>700</u>	<u>700</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(209)</u>	<u>(209)</u>
Fund balance at beginning of year	<u>1,450</u>	<u>1,450</u>	<u>1,450</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,450</u></u>	<u><u>\$ 1,450</u></u>	<u><u>\$ 1,241</u></u>	<u><u>\$ (209)</u></u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines, licenses, and permits	\$ 1,000	\$ 1,000	\$ 1,084	\$ 84
<u>Expenditures:</u>				
Current:				
Safety services				
Division of police				
Capital outlay	700	700	690	10
Net change in fund balance	300	300	394	94
Fund balance at beginning of year	1,110	1,110	1,110	-
Fund balance at end of year	\$ 1,410	\$ 1,410	\$ 1,504	\$ 94

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Contributions and donations	\$ 1,000	\$ 1,000	\$ 380	\$ (620)
<u>Expenditures:</u>				
Current:				
Public health and welfare				
Board of health				
Contractual services	1,000	1,000	-	1,000
Net change in fund balance	-	-	380	380
Fund balance at beginning of year	1,427	1,427	1,427	-
Fund balance at end of year	\$ 1,427	\$ 1,427	\$ 1,807	\$ 380

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Total revenue	\$ -	\$ 10,310	\$ 10,309	\$ (1)
<u>Expenditures:</u>				
Current:				
Division of police				
Personal services	-	8,888	8,888	-
Contractual services	-	106	105	1
Supplies and materials	-	1,316	1,316	-
Total expenditures	-	10,310	10,309	1
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

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

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

	Budgeted Amounts			Variance with Final budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 360,000	\$ 360,000	\$ 376,734	\$ 16,734
Charges for services	510,400	406,400	382,194	(24,206)
Investment income	350	350	1,815	1,465
Other	7,500	11,500	15,388	3,888
Total revenue	<u>878,250</u>	<u>778,250</u>	<u>776,131</u>	<u>(2,119)</u>
<u>Expenses:</u>				
Basic utility services				
Division of water supply				
Personal services	46,990	48,258	48,042	216
Contractual services	14,500	20,450	18,661	1,789
Supplies and materials	33,500	34,000	21,138	12,862
Capital outlay	5,000	-	3,338	(3,338)
Total division of water supply	<u>99,990</u>	<u>102,708</u>	<u>91,179</u>	<u>11,529</u>
Division of water distribution				
Personal services	53,380	54,904	54,903	1
Contractual services	5,000	5,000	4,786	214
Supplies and materials	13,000	19,500	15,410	4,090
Capital outlay	100,000	686,208	419,830	266,378
Total division of water distribution	<u>171,380</u>	<u>765,612</u>	<u>494,929</u>	<u>270,683</u>
Office of superintendent				
Personal services	159,160	157,036	147,401	9,635
Contractual services	143,000	170,886	165,167	5,719
Supplies and materials	34,600	28,074	24,614	3,460
Other operating costs	94,500	94,500	92,929	1,571
Capital outlay	2,500	-	-	-
Total office of superintendent	<u>433,760</u>	<u>450,496</u>	<u>430,111</u>	<u>20,385</u>
Debt service:				
Principal retirement	62,743	67,503	75,242	(7,739)
Interest and fiscal charges	58,490	58,490	58,490	-
Total expenses	<u>826,363</u>	<u>1,444,809</u>	<u>1,149,951</u>	<u>294,858</u>
Excess of revenues over (under) expenses	<u>51,887</u>	<u>(666,559)</u>	<u>(373,820)</u>	<u>292,739</u>

(continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Other financing sources (uses):</u>				
Proceeds of OPWC loans	-	100,000	108,353	8,353
Net change in fund equity	51,887	(566,559)	(265,467)	301,092
Fund equity at beginning of year	700,119	700,119	700,119	-
Prior year encumbrances appropriated	592,836	592,836	592,836	-
Fund equity at end of year	<u>\$ 1,344,842</u>	<u>\$ 726,396</u>	<u>\$ 1,027,488</u>	<u>\$ 301,092</u>

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

	Budgeted Amounts			Variance with Final budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 1,009,500	\$ 1,009,500	\$ 1,167,968	\$ 158,468
Other	500	500	90,991	90,491
Total revenue	1,010,000	1,010,000	1,258,959	248,959
<u>Expenses:</u>				
Basic utility services				
Office of superintendent				
Personal services	162,460	162,475	156,732	5,743
Contractual services	158,200	179,388	171,539	7,849
Supplies and materials	8,700	8,976	8,481	495
Other operating costs	105,000	105,000	89,000	16,000
Total office of superintendent	434,360	455,839	425,752	30,087
Division of sewer maintenance				
Personal services	50,880	51,880	51,854	26
Contractual services	9,000	9,300	8,597	703
Supplies and materials	8,000	10,500	9,790	710
Total division of sewer maintenance	67,880	71,680	70,241	1,439
Division of wastewater treatment				
Personal services	78,925	78,925	78,825	100
Contractual services	35,200	40,771	37,930	2,841
Supplies and materials	27,000	27,000	20,041	6,959
Total division of wastewater treatment	141,125	146,696	136,796	9,900
Total basic utility services	643,365	674,215	632,789	41,426
Debt service:				
Principal retirement	209,334	209,334	209,334	-
Interest and fiscal charges	139,397	139,397	139,397	-
Total expenses	992,096	1,022,946	981,520	41,426
Excess of revenues over (under) expenses	17,904	(12,946)	277,439	290,385

(continued)

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

	<u>Budgeted Amounts</u>			Variance with Final budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Other financing sources (uses):</u>				
Transfers - in	348,731	348,731	348,731	-
Transfers - out	<u>(348,731)</u>	<u>(348,731)</u>	<u>(348,731)</u>	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	-
Net change in fund equity	17,904	(12,946)	277,439	290,385
Fund equity at beginning of year	173,260	173,260	173,260	-
Prior year encumbrances appropriated	<u>10,150</u>	<u>10,150</u>	<u>10,150</u>	-
Fund equity at end of year	<u>\$ 201,314</u>	<u>\$ 170,464</u>	<u>\$ 460,849</u>	<u>\$ 290,385</u>

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	S2 - S7
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue source(s), the property tax (and the income tax).	S8 - S13
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S14 - S19
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S20 - S22
Operating Information 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.	S23 - S25

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

City of Rittman, Ohio

Net Assets by Component (1)
Last Five Years (\$000 omitted)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Governmental Activities</u>					
Invested in capital assets, net of related debt	\$ 5,123	\$ 5,149	\$ 5,005	\$ 4,701	\$ 4,765
Restricted	1,090	1,134	1,241	1,056	997
Unrestricted	<u>1,288</u>	<u>1,143</u>	<u>1,066</u>	<u>1,043</u>	<u>1,137</u>
Total governmental activities net assets	<u>\$ 7,501</u>	<u>\$ 7,426</u>	<u>\$ 7,312</u>	<u>\$ 6,800</u>	<u>\$ 6,899</u>
<u>Business-Type Activities</u>					
Invested in capital assets, net of related debt	\$ 8,199	\$ 8,118	\$ 8,280	\$ 8,003	\$ 7,595
Unrestricted	<u>1,728</u>	<u>1,537</u>	<u>1,044</u>	<u>1,080</u>	<u>1,427</u>
Total business-type activities net assets	<u>\$ 9,927</u>	<u>\$ 9,655</u>	<u>\$ 9,324</u>	<u>\$ 9,083</u>	<u>\$ 9,022</u>
<u>Primary Government</u>					
Invested in capital assets, net of related debt	\$ 13,322	\$ 13,267	\$ 13,285	\$ 12,704	\$ 12,360
Restricted	1,090	1,134	1,241	1,056	997
Unrestricted	<u>3,016</u>	<u>2,680</u>	<u>2,110</u>	<u>2,123</u>	<u>2,564</u>
Total primary government net assets	<u>\$ 17,428</u>	<u>\$ 17,081</u>	<u>\$ 16,636</u>	<u>\$ 15,883</u>	<u>\$ 15,921</u>

(1) accrual basis of accounting.



City of Rittman, Ohio

Changes in Net Assets (1)

Last Five Years (\$000 omitted)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenses					
Governmental Activities:					
General government	\$ 622	\$ 650	\$ 588	\$ 624	\$ 614
Safety services	1,634	1,569	1,638	1,489	1,463
Public health and welfare	93	91	95	100	88
Transportation	675	914	605	785	758
Basic utility services	351	231	223	215	208
Leisure time activities	548	556	541	538	511
Interest and fiscal charges	66	74	109	108	125
Total governmental activities expenses	<u>3,989</u>	<u>4,085</u>	<u>3,799</u>	<u>3,859</u>	<u>3,767</u>
Business-Type Activities:					
Water	785	721	758	655	606
Sewer	974	994	1,018	1,095	1,131
Total business-type activities	<u>1,759</u>	<u>1,715</u>	<u>1,776</u>	<u>1,750</u>	<u>1,737</u>
Total primary government expenses	<u>\$ 5,748</u>	<u>\$ 5,800</u>	<u>\$ 5,575</u>	<u>\$ 5,609</u>	<u>\$ 5,504</u>
Program Revenues					
Governmental Activities:					
Charges for services					
General government	\$ 286	\$ 288	\$ 257	\$ 235	\$ 231
Safety services	183	184	225	148	133
Public health and welfare	21	33	39	39	35
Transportation	41	34	-	42	93
Basic utility services	374	246	235	230	224
Leisure time activities	232	231	264	221	191
Operating grants, contributions and interest	416	622	411	420	327
Capital grants and contributions	16	125	534	140	209
Total governmental activities program revenues	<u>1,569</u>	<u>1,763</u>	<u>1,965</u>	<u>1,475</u>	<u>1,443</u>
Business-Type Activities:					
Charges for services					
Water	384	644	425	479	435
Sewer	1,166	1,019	1,052	913	965
Capital grants and contributions	-	-	190	50	-
Total business-type activities program revenues	<u>1,550</u>	<u>1,663</u>	<u>1,667</u>	<u>1,442</u>	<u>1,400</u>
Total primary government program revenues	<u>\$ 3,119</u>	<u>\$ 3,426</u>	<u>\$ 3,632</u>	<u>\$ 2,917</u>	<u>\$ 2,843</u>
Net (expense)/revenue					
Governmental activities	\$ 2,420	\$ 2,322	\$ 1,834	\$ 2,384	\$ 2,324
Business-type activities	209	52	109	308	337
Total primary government net expense	<u>\$ 2,629</u>	<u>\$ 2,374</u>	<u>\$ 1,943</u>	<u>\$ 2,692</u>	<u>\$ 2,661</u>

(Continued)

City of Rittman, Ohio

Changes in Net Assets (1)

Last Five Years (\$000 omitted)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Property taxes levied for:					
General purposes	\$ 304	\$ 317	\$ 364	\$ 249	\$ 344
Safety services	329	315	371	244	338
Income tax levied for:					
General purposes	745	732	645	777	723
Capital improvements	373	366	323	388	361
Grants and entitlements not restricted to specific progra	506	467	448	457	540
Investment earnings	147	151	91	54	136
Capital contributions	-	-	-	-	342
Other	91	88	105	117	219
Total governmental activities	<u>2,495</u>	<u>2,436</u>	<u>2,347</u>	<u>2,286</u>	<u>3,003</u>
Business-Type Activities:					
Income tax levied for:					
Water utility services	373	366	350	369	420
Other	108	17	-	-	-
Capital contributions	-	-	-	-	98
Total business-type activities	<u>481</u>	<u>383</u>	<u>350</u>	<u>369</u>	<u>518</u>
Total primary government	<u>\$ 2,976</u>	<u>\$ 2,819</u>	<u>\$ 2,697</u>	<u>\$ 2,655</u>	<u>\$ 3,521</u>
Change in net assets					
Governmental activities	\$ 75	\$ 114	\$ 513	\$ (99)	\$ 679
Business-type activities	272	330	242	61	182
Total primary government	<u>\$ 347</u>	<u>\$ 444</u>	<u>\$ 755</u>	<u>\$ (38)</u>	<u>\$ 861</u>

(1) accrual basis of accounting.

City of Rittman, Ohio

Fund Balances, Governmental Funds (1)
Last Five Years (\$000 omitted)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund					
Reserved	\$ 13	\$ 25	\$ 18	\$ -	\$ 14
Unreserved, designated	335	385	438	474	515
Unreserved	<u>684</u>	<u>533</u>	<u>408</u>	<u>304</u>	<u>469</u>
Total general fund	<u>\$ 1,032</u>	<u>\$ 943</u>	<u>\$ 864</u>	<u>\$ 778</u>	<u>\$ 998</u>
All Other Governmental Funds					
Reserved	\$ 9	\$ 3	\$ 88	\$ 1	\$ 30
Unreserved, reported in:					
Special revenue funds	508	560	557	532	627
Capital projects funds	176	246	203	115	74
Debt service fund	<u>88</u>	<u>78</u>	<u>53</u>	<u>152</u>	<u>135</u>
Total all other governmental funds	<u>\$ 781</u>	<u>\$ 887</u>	<u>\$ 901</u>	<u>\$ 800</u>	<u>\$ 866</u>

(1) modified accrual basis of accounting.

City of Rittman, Ohio

Changes in Fund Balance, Governmental Funds (1)
Last Ten Years (\$000 omitted)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<u>REVENUES</u>										
Taxes	\$ 1,682	\$ 1,749	\$ 1,743	\$ 1,563	\$ 1,775	\$ 1,643	\$ 1,498	\$ 1,529	\$ 1,403	\$ 1,459
Charges for services	1,076	942	975	873	877	539	472	503	435	431
Fines, licenses and permits	94	96	33	85	78	133	68	73	63	60
Intergovernmental revenues	943	1,171	981	811	983	992	1,022	1,002	873	709
Special assessments	20	16	17	15	22	20	24	25	20	25
Investment income	149	151	92	55	141	267	416	247	307	311
Contributions and donations	5	6	3	6	-	-	-	-	-	-
Other	33	26	14	67	208	41	9	87	44	9
Total revenues	<u>4,002</u>	<u>4,157</u>	<u>3,858</u>	<u>3,475</u>	<u>4,084</u>	<u>3,635</u>	<u>3,509</u>	<u>3,466</u>	<u>3,145</u>	<u>3,004</u>
<u>EXPENDITURES</u>										
General government	642	633	583	615	608	569	624	539	472	470
Safety services	1,469	1,421	1,464	1,307	1,315	1,258	1,170	1,121	1,039	970
Public health and welfare	92	100	90	97	83	81	71	72	68	72
Transportation	592	821	529	713	709	497	441	456	390	617
Basic utility services	351	231	223	215	208	201	524	198	197	197
Community environment	-	-	-	-	-	-	-	-	3	-
Leisure time activities	428	432	394	398	374	223	195	93	95	99
Capital outlay	193	78	167	444	304	3,040	880	646	745	88
Debt service:										
Principal retirement	202	335	150	140	136	128	81	75	71	73
Interest and fiscal charges	61	67	115	110	126	117	82	46	48	51
Bond issuance costs	-	-	52	-	-	-	-	-	-	-
Total expenditures	<u>4,030</u>	<u>4,118</u>	<u>3,767</u>	<u>4,039</u>	<u>3,863</u>	<u>6,114</u>	<u>4,068</u>	<u>3,246</u>	<u>3,128</u>	<u>2,637</u>
Excess of revenues over (under) expenditures	<u>(28)</u>	<u>39</u>	<u>91</u>	<u>(564)</u>	<u>221</u>	<u>(2,479)</u>	<u>(559)</u>	<u>220</u>	<u>17</u>	<u>367</u>
<u>OTHER FINANCING SOURCES (USES)</u>										
Bonds issued	12	26	-	18	-	-	1,505	-	13	7
Proceeds of notes	-	-	-	-	53	-	-	-	-	-
Proceeds of loans	-	-	-	-	48	-	-	-	-	-
Inception of capital lease	-	-	-	261	-	-	-	-	-	-
Issuance of refunding bonds	-	-	1,850	-	-	-	-	-	-	-
Sale of capital assets	-	-	30	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(1,784)	-	-	-	-	-	-	-
Transfers in	308	250	-	235	239	251	1,559	423	257	254
Transfer out	(308)	(250)	-	(235)	(239)	(251)	(1,559)	(423)	(257)	(254)
Total other financing sources (uses)	<u>12</u>	<u>26</u>	<u>96</u>	<u>279</u>	<u>101</u>	<u>-</u>	<u>1,505</u>	<u>-</u>	<u>13</u>	<u>7</u>
Net change in fund balance	<u>\$ (16)</u>	<u>\$ 65</u>	<u>\$ 187</u>	<u>\$ (285)</u>	<u>\$ 322</u>	<u>\$ (2,479)</u>	<u>\$ 946</u>	<u>\$ 220</u>	<u>\$ 30</u>	<u>\$ 374</u>
Debt service as a percentage of noncapital expenditures	6.9%	10.0%	8.8%	7.0%	7.4%	8.0%	5.1%	4.7%	5.0%	4.9%

(1) Includes general, special revenue, debt service and capital projects funds for fiscal years 2002 - 2005. Fiscal years 1997 - 2001 includes general, special revenue, debt service, capital projects and expendable trust funds. Modified accrual basis of accounting.

City of Rittman, Ohio

Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property				Total All Classes		Ratio
	Assessed Value		Estimated Actual Value	Public Utility		General Business		Assessed Value	Estimated Actual Value	
	Residential/Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
2006	\$ 75,426,750	\$ 11,373,170	\$ 247,999,771	\$ 1,735,490	\$ 1,972,148	\$ 16,911,260	\$ 90,193,387	\$ 105,446,670	\$ 340,165,306	31.00%
2005	68,994,860	12,206,920	232,005,086	3,002,120	3,411,500	17,135,184	68,540,736	101,339,084	303,957,322	33.34
2004	67,081,670	10,931,910	222,895,943	2,466,630	2,802,989	15,243,491	60,973,964	95,723,701	286,672,895	33.39
2003	65,302,140	12,138,110	221,257,857	2,348,170	2,668,375	17,570,580	70,282,320	97,359,000	294,208,552	33.09
2002	58,518,950	10,105,950	196,071,143	2,087,540	2,372,205	17,821,512	71,286,048	88,533,952	269,729,395	32.82
2001	56,744,600	9,970,230	190,613,800	3,009,410	3,419,784	18,441,215	73,764,860	88,165,455	267,798,444	32.92
2000	56,247,710	10,451,050	190,567,886	2,942,680	3,343,955	20,345,022	81,380,088	89,986,462	275,291,928	32.69
1999	56,230,150	10,451,050	190,517,714	2,953,850	3,356,648	20,339,952	81,359,808	89,975,002	275,234,170	32.69
1998	49,530,020	8,739,520	166,484,400	3,318,910	3,771,489	19,632,470	78,529,880	81,220,920	248,785,769	32.65
1997	49,305,260	9,648,110	168,438,200	3,244,440	3,686,864	18,669,942	74,679,768	80,867,752	246,804,832	32.77

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

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

Source: Medina and Wayne County Auditor

City of Rittman, Ohio

Schedules of Principal Taxpayers - Real Property
2006 and 2003

	2006			2003 (1)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>						
Caraustar Mill Group, Inc.	\$ 1,224,700	1	1.62%	\$ 1,224,700	1	1.62%
Morton International, Inc.	991,100	2	1.31%	984,460	2	1.31%
Laria Management, Ltd.	286,870	8	0.38%	279,890	8	0.37%
Kenneth Maibach & David Rufen	-		0.00%	256,250	9	0.34%
Imperial Plastics, Inc.	241,370	10	0.32%	-		0.00%
Northern Health Facilities	638,770	3	0.85%	638,770	3	0.85%
Oscar & Christine Gross	534,480	4	0.71%	489,140	4	0.65%
Rittman Market Square	452,270	5	0.60%	-		0.00%
Unilock Ohio, Inc.	-		0.00%	255,800	10	0.34%
Priority II, LLC	244,260	9	0.32%	-		0.00%
Rittman Associates, Ltd.	-		0.00%	452,300	5	0.60%
Rittman Acres Ltd.	353,740	6	0.47%	406,030	6	0.54%
Villas Limited	317,590	7	0.42%	317,590	7	0.42%
Total of above	<u>\$ 5,285,150</u>		<u>7.01%</u>	<u>\$ 5,304,930</u>		<u>10.76%</u>
Total City	<u>\$75,426,750</u>			<u>\$ 49,305,260</u>		

Source: Wayne County Auditor

(1) Information prior to 2003 not available.

City of Rittman, Ohio

Schedules of Principal Taxpayers - Personal Property
2006 and 2003

	2006			2003 (1)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>						
Caraustar Mill Group, Inc.	\$ 1,327,930	2	7.85%	\$ 5,692,590	2	33.66%
Morton International, Inc.	3,252,700	1	19.23%	6,404,060	1	37.87%
Laria Chevrolet Buick	872,760	3	5.16%	988,770	3	5.85%
Unilock Ohio, Inc.	672,960	5	3.98%	776,180	4	4.59%
Imperial Plastics, Inc.	351,140	6	2.08%	446,290	5	2.64%
J & O Plastics, Inc.	304,390	7	1.80%	316,510	7	1.87%
Koch Glitsch	296,320	8	1.75%	-		0.00%
Swiss Woodcraft	201,950	9	1.19%	245,110	8	1.45%
Premier Pontiac GMC	730,740	4	4.32%	415,790	6	2.46%
Rite Aid	123,880	10	0.73%	127,250	9	0.75%
BLA Investments, Inc.	-		0.00%	122,680	10	0.73%
Total of above	<u>\$ 8,134,770</u>		<u>48.10%</u>	<u>\$ 15,535,230</u>		<u>83.21%</u>
Total City	<u>\$16,911,260</u>			<u>\$ 18,669,942</u>		

Source: Wayne County Auditor

(1) Information prior to 2003 not available.

City of Rittman, Ohio

Schedules of Principal Taxpayers - Public Utility
2006 and 2003

	2006			2003 (1)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>						
Ohio Edison	\$ 885,340	1	51.01%	\$ 779,310	1	44.90%
United Telephone	326,390	2	18.81%	449,950	2	25.93%
Columbia Gas	259,660	3	14.96%	251,730	3	14.50%
New Cingular Wireless PCS	18,580	5	1.07%	-		0.00%
American Transmission Systems	111,210	4	6.41%	-		0.00%
Total of above	<u>\$ 1,601,180</u>		<u>92.26%</u>	<u>\$ 1,480,990</u>		<u>45.65%</u>
Total City	<u>\$1,735,490</u>			<u>\$ 3,244,440</u>		

Source: Wayne County Auditor

(1) Information prior to 2003 not available.

City of Rittman, Ohio

Income Tax Rates and Collections

Last Ten Years

<u>Tax Year (1)</u>	<u>Tax Rate (2)</u>	<u>Total Tax Collected</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2006	1.50%	\$1,512,016	\$1,016,445	67.22%	\$ 99,167	6.56%	\$ 396,405	26.22%
2005	1.50	1,475,958	978,148	66.27	92,210	6.25	405,599	27.48
2004	1.50	1,372,388	908,415	66.19	67,131	4.89	396,841	28.92
2003	1.50	1,465,986	982,375	67.01	78,102	5.33	405,508	27.66
2002	1.50	1,391,738	985,279	70.79	60,924	4.38	345,535	24.83
2001	1.50	1,373,050	963,893	70.20	65,976	4.81	343,181	24.99
2000	1.50	1,352,149	958,255	70.87	64,104	4.74	329,790	24.39
1999	1.50	1,239,249	856,537	69.12	76,839	6.20	305,873	24.68
1998	1.50	1,242,128	864,623	69.61	85,609	6.89	291,896	23.50
1997	1.50	\$1,242,526	\$ 852,779	68.63	\$ 115,195	9.27	\$ 274,552	22.10

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

City of Rittman, Ohio

Property Tax Levies And Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2006	607,628	572,976	94.30%	14,168	587,144	96.63%	19,990	3.29%
2005	593,000	561,000	94.60%	24,707	585,707	98.77%	6,057	1.02%
2004	495,777	464,229	93.64%	23,154	487,383	98.31%	8,073	1.63%
2003	494,827	461,991	93.36%	16,890	478,881	96.78%	16,395	3.31%
2002	490,000	459,000	93.67%	11,048	470,048	95.93%	13,408	2.74%
2001	413,000	406,000	98.31%	12,591	418,591	101.35%	16,224	3.93%
2000	382,000	375,000	98.17%	7,475	382,475	100.12%	8,300	2.17%
1999	362,000	355,000	98.07%	15,495	370,495	102.35%	13,670	3.78%
1998	339,000	324,000	95.58%	9,000	333,000	98.23%	9,000	2.65%
1997	312,000	315,000	100.96%	10,000	325,000	104.17%	10,000	3.21%

Source: Wayne and Medina County Auditor

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

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

City of Rittman, Ohio

Ratios of Outstanding Debt by Type
Last Ten Years (\$000 omitted)

Fiscal Year	Governmental Activities (1)				Revenue Bonds	Business-Type Activities (1)				Total Primary Government
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Capital Leases		General Obligation Bonds	Special Assessment Bonds	OPWC Loans	OWDA Loans	
2006	1,495	76	5	-	1,101	1,440	-	238	1,497	5,852
2005	1,670	81	15	-	1,120	1,495	8	142	1,687	6,218
2004	1,850	69	24	132	1,138	1,550	15	-	1,869	6,647
2003	1,776	81	34	261	1,155	-	22	-	2,041	5,370
2002	1,895	75	44	-	1,171	-	-	-	2,206	5,391
2001	2,006	42	-	-	1,186	-	-	-	2,384	5,618
2000	2,115	60	-	-	1,201	114	-	-	2,554	6,044
1999	675	77	-	-	1,215	222	-	-	2,716	4,905
1998	730	96	-	-	1,228	319	-	-	2,869	5,242
1997	785	100	-	-	1,240	415	-	-	3,016	5,556

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

City of Rittman, Ohio

Ratios of General Bonded Debt Outstanding (1)
Last Ten Years (\$000 omitted, except per capita)

General Bonded Debt Outstanding (2)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2006	2,935	1,101	4,036	3.83%	694.38
2005	3,165	1,120	4,285	4.23%	678.65
2004	3,400	1,138	4,538	4.74%	718.72
2003	1,776	1,155	2,931	3.01%	464.21
2002	1,895	1,171	3,066	3.46%	485.59
2001	2,006	1,186	3,192	3.62%	505.54
2000	2,229	1,201	3,430	3.81%	543.24
1999	897	1,215	2,112	2.35%	343.81
1998	1,049	1,228	2,277	2.80%	370.67
1997	1,200	1,240	2,440	3.02%	397.20

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

(1) Information regarding the City's ratio of outstanding debt to personal income was not available at the time of this report.

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

City of Rittman, Ohio

Legal Debt Margin

Last Ten Years

	2006	2005	2004	2003
Total Assessed Property Value	<u>\$105,446,670</u>	<u>\$101,339,084</u>	<u>\$95,723,701</u>	<u>\$97,359,000</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>11,071,900</u>	<u>10,640,604</u>	<u>10,050,989</u>	<u>10,222,695</u>
Debt Outstanding:				
General Obligation Bonds	\$2,935,000	\$3,165,000	\$3,400,000	\$1,776,000
Revenue Bonds	1,100,900	1,119,700	1,137,600	1,154,600
Special Assessment Bonds	75,982	89,025	84,084	103,754
OPWC Loans	242,350	156,197	24,250	33,950
OWDA Loans	<u>1,496,748</u>	<u>1,687,282</u>	<u>1,868,635</u>	<u>2,041,249</u>
Total Gross Indebtedness	5,850,980	6,217,204	6,514,569	5,109,553
Less:				
Sewer revenue bonds	(1,100,900)	(1,119,700)	(1,137,600)	(1,154,600)
Special Assessment Bonds	(75,982)	(89,025)	(84,084)	(103,754)
OPWC Loans	(242,350)	(156,197)	(24,250)	(33,950)
OWDA Loans	(1,496,748)	(1,687,282)	(1,868,635)	(2,041,249)
General Obligation Bond Retirement Fund Balance	<u>(105,388)</u>	<u>(77,774)</u>	<u>(52,767)</u>	<u>(152,337)</u>
Total Net Debt Applicable to Debt Limit	<u>2,829,612</u>	<u>3,087,226</u>	<u>3,347,233</u>	<u>1,623,663</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$8,242,288</u>	<u>\$7,553,378</u>	<u>\$6,703,756</u>	<u>\$8,599,032</u>
Legal Debt Margin as a Percentage of the Debt Limit	74.44%	70.99%	66.70%	84.12%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$5,799,567</u>	<u>\$5,573,650</u>	<u>\$5,264,804</u>	<u>\$5,354,745</u>
Total Gross Indebtedness	5,850,980	6,217,204	6,514,569	5,109,553
Less:				
Sewer revenue bonds	(1,100,900)	(1,119,700)	(1,137,600)	(1,154,600)
Special Assessment Bonds	(75,982)	(89,025)	(84,084)	(103,754)
OPWC Loans	(242,350)	(156,197)	(24,250)	(33,950)
OWDA Loans	(1,496,748)	(1,687,282)	(1,868,635)	(2,041,249)
General Obligation Bond Retirement Fund Balance	<u>(105,388)</u>	<u>(77,774)</u>	<u>(52,767)</u>	<u>(152,337)</u>
Net Debt Within 5 ½ % Limitations	<u>2,829,612</u>	<u>3,087,226</u>	<u>3,347,233</u>	<u>1,623,663</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$2,969,955</u>	<u>\$2,486,424</u>	<u>\$1,917,571</u>	<u>\$3,731,082</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	51.21%	44.61%	36.42%	69.68%

Source: City Financial Records

2002	2001	2000	1999	1998	1997
<u>\$88,534,562</u>	<u>\$88,165,455</u>	<u>\$89,986,462</u>	<u>\$89,975,502</u>	<u>\$81,220,340</u>	<u>\$80,867,752</u>
<u>9,296,129</u>	<u>9,257,373</u>	<u>9,448,579</u>	<u>9,447,428</u>	<u>8,528,136</u>	<u>8,491,114</u>
\$1,895,000	\$2,006,000	\$2,228,984	\$896,997	\$1,049,127	\$1,200,374
1,170,800	1,186,200	1,200,800	1,214,700	1,227,900	1,240,500
74,665	41,798	60,477	76,572	96,152	99,966
43,650	-	-	-	-	-
<u>2,205,546</u>	<u>2,384,186</u>	<u>2,554,021</u>	<u>2,715,637</u>	<u>2,869,432</u>	<u>3,015,783</u>
5,389,661	5,618,184	6,044,282	4,903,906	5,242,611	5,556,623
(1,170,800)	(1,186,200)	(1,200,800)	(1,214,700)	(1,227,900)	(1,240,500)
(74,665)	(41,798)	(60,477)	(76,572)	(96,152)	(99,966)
(43,650)	-	-	-	-	-
<u>(2,205,546)</u>	<u>(2,384,186)</u>	<u>(2,554,021)</u>	<u>(2,715,637)</u>	<u>(2,869,432)</u>	<u>(3,015,783)</u>
<u>(135,363)</u>	<u>(83,901)</u>	<u>(85,430)</u>	<u>(82,030)</u>	<u>(382,608)</u>	<u>(371,186)</u>
<u>1,759,637</u>	<u>1,922,099</u>	<u>2,143,554</u>	<u>814,967</u>	<u>666,519</u>	<u>829,188</u>
<u>\$7,536,492</u>	<u>\$7,335,274</u>	<u>\$7,305,025</u>	<u>\$8,632,461</u>	<u>\$7,861,617</u>	<u>\$7,661,926</u>
81.07%	79.24%	77.31%	91.37%	92.18%	90.23%
<u>\$4,869,401</u>	<u>\$4,849,100</u>	<u>\$4,949,255</u>	<u>\$4,948,653</u>	<u>\$4,467,119</u>	<u>\$4,447,726</u>
5,389,661	5,618,184	6,044,282	4,903,906	5,242,611	5,556,623
(1,170,800)	(1,186,200)	(1,200,800)	(1,214,700)	(1,227,900)	(1,240,500)
(74,665)	(41,798)	(60,477)	(76,572)	(96,152)	(99,966)
(43,650)	-	-	-	-	-
<u>(2,205,546)</u>	<u>(2,384,186)</u>	<u>(2,554,021)</u>	<u>(2,715,637)</u>	<u>(2,869,432)</u>	<u>(3,015,783)</u>
<u>(135,363)</u>	<u>(83,901)</u>	<u>(85,430)</u>	<u>(82,030)</u>	<u>(382,608)</u>	<u>(371,186)</u>
<u>1,759,637</u>	<u>1,922,099</u>	<u>2,143,554</u>	<u>814,967</u>	<u>666,519</u>	<u>829,188</u>
<u>\$3,109,764</u>	<u>\$2,927,001</u>	<u>\$2,805,701</u>	<u>\$4,133,686</u>	<u>\$3,800,600</u>	<u>\$3,618,538</u>
63.86%	60.36%	56.69%	83.53%	85.08%	81.36%

City of Rittman, Ohio

Direct and Overlapping Governmental Activities Debt (\$000 omitted)
December 31, 2006

Governmental Unit	<u>Debt Outstanding</u>	<u>Percentage applicable to City (1)</u>	<u>Amount applicable to City</u>
Rittman Exempted Village School District	\$ 8,860	91.24%	8,084
Wayne County, Ohio	13,366	4.94%	690
Subtotal, overlapping debt			<u>8,774</u>
City of Rittman governmental activities direct debt			<u>1,576</u>
Total direct and overlapping debt			<u>\$ 10,350</u>

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

City of Rittman, Ohio

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>GENERAL BONDED DEBT</u>										
Debt service	202	203	22	140	135	245	162	120	120	124
General governmental expenditu	4,031	4,118	3,767	4,039	3,863	6,114	4,068	3,246	3,128	2,637
Ratio of debt service to general governmental expenditures	5.01	4.93	0.58	3.47	3.49	4.01	3.98	3.70	3.84	4.70
<u>REVENUE BOND COVERAGE</u>										
Sewer:										
Direct revenue	1,257	1,021	1,052	913	965	921	909	882	915	870
Operating expense (1)	835	630	644	693	673	681	652	476	637	838
Net available	422	391	408	220	292	240	257	406	278	32
Principal	19	18	17	16	15	14	-	13	13	12
Interest	57	58	59	60	61	62	62	63	64	64
Total debt service	76	76	76	76	76	76	62	76	77	76
Coverage	5.55	5.14	5.37	2.89	3.84	3.16	4.15	5.34	3.61	0.42

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

City of Rittman, Ohio

Schedules of Principal Employers
2006 and 2003

Employer	Industry	2006			2003 (1)		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Morton International, Inc.	Salt mines	279	1	9.27%	293	1	9.73%
Rittman Local School District	Public education	209	2	6.94%	238	3	7.90%
City of Rittman	Municipal government	191	3	6.34%	197	5	6.54%
Northern Health Facilities	Health care	154	4	5.11%	198	4	6.58%
Caraustar Mill Group, Inc.	Paper recycling	161	5	5.35%	240	2	7.97%
Imperial Plastics, Inc.	Plastics	75	6	2.49%	105	6	3.49%
Unilock Ohio, Inc.	Excavation	72	7	2.39%	53	8	1.76%
Laria Chevrolet Buick	Automobile dealership	51	8	1.69%	62	7	2.06%
Promotional Fixtures	Marketing	48	9	1.59%	41	9	1.36%
Swiss Woodcraft, Inc.	Cabinet manufacturer	41	10	1.36%	36	10	1.20%
Total		<u>1,281</u>			<u>1,463</u>		
Total employment within the City		<u>3011 (2)</u>			<u>3011 (2)</u>		

Source: The City of Rittman

- (1) Information before 2003 is not available.
- (2) Labor statistics only available for 2002.

City of Rittman, Ohio

Demographic and Economic Statistics

Last Ten Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (1)</u>	<u>Per Capita Income (1)</u>	<u>Median Family Income (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (2)</u>			<u>City Square Miles (3)</u>
						<u>Wayne County</u>	<u>Medina County</u>	<u>State of Ohio</u>	
2006	6,171	99,038	16,049	41,643	1,121	4.6%	4.7%	5.5%	6.1
2005	6,314	101,333	16,049	41,643	1,153	4.9%	4.7%	5.9%	6.1
2004	6,314	101,333	16,049	41,643	1,162	5.3%	4.9%	5.9%	6.1
2003	6,314	101,333	16,049	41,643	1,216	5.1%	5.0%	6.1%	6.1
2002	6,314	101,333	16,049	41,643	1,239	4.9%	4.5%	5.7%	6.1
2001	6,314	101,333	16,049	41,643	1,209	3.9%	3.7%	4.2%	6.1
2000	6,314	101,333	16,049	41,643	1,273	3.1%	3.2%	41.0%	6.1
1999	6,143	n/a	n/a	n/a	1,307	3.5%	3.4%	4.3%	6.1
1998	6,143	n/a	n/a	n/a	1,344	3.2%	3.2%	4.3%	6.1
1997	6,143	n/a	n/a	n/a	1,373	4.2%	3.7%	4.6%	6.1

(1) U.S. Census Bureau 2000

(2) Ohio Bureau of Employment Services; Department of Labor, Bureau of Labor Statistics

(3) City Records

City of Rittman, Ohio

Full-Time Equivalent City Government Employees by Function/Program
Last Five Years (1)

<u>Function/Program</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Government					
Council	3.00	3.00	3.00	3.00	3.00
Mayor	0.05	0.05	0.05	0.05	0.05
Finance	2.00	2.00	2.00	2.00	2.00
Tax	1.00	1.00	1.00	1.00	1.00
City Manager	1.00	1.00	1.00	1.00	1.00
Law	1.00	1.00	1.00	1.00	1.00
Administration	2.50	2.50	2.50	2.50	2.50
Security of Persons and Property					
Police	11.00	11.00	11.50	12.00	12.50
Police - School Guards	5.00	6.50	6.50	5.50	5.00
Police - Dispatchers	5.00	6.00	5.00	5.00	4.50
Police - Animal Wardens	1.00	1.00	1.00	0.00	0.00
Fire	14.50	16.50	16.00	16.00	14.00
Public Health Services					
Emergency Medical Services	15.50	15.50	15.50	14.00	13.00
Cemetery	1.00	1.00	1.00	1.00	1.00
Leisure Time Activities					
Recreation	12.00	12.00	13.00	11.50	12.00
Parks	1.00	1.00	1.00	1.00	1.00
Transportation					
Service	2.50	2.50	2.50	3.50	3.50
Street M&R	7.00	5.00	6.00	6.00	6.00
Basic Utility Services					
Water	5.00	4.00	5.00	5.00	5.00
Wastewater	4.00	4.00	4.00	5.00	5.00
Totals:	<u>95.05</u>	<u>96.55</u>	<u>98.55</u>	<u>96.05</u>	<u>93.05</u>

Source: City Payroll Department Attendance Cards at Year End

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(1) Information prior to 2002 is not available

City of Rittman, 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	30	36	47	35	31
Number of Resolutions Passed	14	18	19	4	10
Number of Planning Commission docket items	5	6	11	4	4
Zoning Board of Appeals docket items	9	9	11	11	9
<i>Finance Department</i>					
Number of checks/ vouchers issued	2,483	2,436	3,877	2,618	2,606
Amount of checks written	5,927,649	6,947,390	7,260,449	6,173,985	610,750
Interest earnings for fiscal year (cash basis)	3,346	3,410	3,397	3,467	3,492
Number of Journal Entries issued	1,972	1,997	1,842	1,902	n/a
General Fund Expenditures (cash basis in thousands)	2,828,136	2,678,059	2,596,735	2,522,852	2,487,356
General Fund Cash Balances (in thousands)	n/a	2,432,279	2,376,547	2,426,831	2,350,826
<i>Income Tax Department</i>					
Number of Individual Returns	4,460	3,971	4,077	4,805	4,365
Number of Business Returns	473	380	407	399	397
Number of business withholding accounts	2,880	2,797	2,664	2,625	2,568
Amount of Penalties and Interest Collected	44,694	21,829	17,185	28,923	16,951
<i>Civil Service</i>					
Number of police entry tests administered	-	-	-	36	-
Number of dispatcher entry tests administered	-	12	-	-	17
Number of hires of Police Officers from certified lists	-	-	-	1	-
Number of hires of Dispatchers from certified lists	-	1	-	-	-

(continued)

City of Rittman, Ohio

Operating Indicators by Function/Program (continued)

Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
Building Department Indicators					
No. Zoning Permits Issued	140	145	165	195	198
No. of New Housing Permits Issued	14	20	38	29	51
Estimated Value of Construction	2,712,612	12,030,811	2,468,000	5,003,102	7,457,223
Amount of Revenue generated from permits	5,246	11,850	10,982	8,416	6,162
Security of Persons & Property					
Police					
Total Calls for Services	7,773	n/a	4,787	3,830	5,493
Number of traffic citations issued	419	n/a	391	428	421
Number of parking citations issued	493	n/a	435	702	161
Number of criminal arrests	454	n/a	426	346	435
Number of accident reports completed	130	n/a	121	120	144
Injury accidents	15	n/a	13	13	18
Stolen vehicles	15	n/a	16	8	15
Incident reports	611	n/a	506	484	595
DUI Arrests	26	n/a	31	28	48
Burglary	32	n/a	19	19	40
Thefts	93	n/a	97	73	96
Robberies	1	n/a	1	1	-
Homicides	-	n/a	-	-	-
Gasoline costs of fleet	22,000	18,460	14,358	13,164	11,428
Total Calls Handled Through Communication Center	16,845	n/a	13,269	12,487	11,199
2005 Data unavailable					
Fire/EMS					
EMS Total Runs	787	735	784	684	670
EMS Transports	579	450	568	516	n/a
Ambulance Billing Collections (net)	111,701	114,413	109,333	74,955	71,905
Public Health and Welfare					
Cemetery burials	34	45	38	45	43
Cemetery cremations	4	9	6	3	5
Cemetery sale of lots	26	41	44	40	34
Cemetery receipts	25,847	38,065	35,438	38,258	30,946
Leisure Time Activities					
Recreation					
Recreation Swimming pool receipts	-	27,857	34,556	42,043	36,570
Recreation Mens & Womens Leagues receipts	-	18,979	25,216	22,282	23,880
Senior Van Fees	-	2,955	3,056	3,050	3,580
Playground Registration	-	2,390	2,210	1,785	1,930
Ellenwood Facilities rentals	-	23,237	25,792	26,767	31,447
Total Recreation Department receipts	-	75,418	90,829	95,926	97,407

(continued)

City of Rittman, 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 Center membership receipts	156,885	159,191	168,244	156,825	135,461
Recreation Center rental receipts	15,598	18,024	17,139	17,814	13,063
Recreation Center program receipts	50,426	46,357	41,288	40,974	34,034
Recreation Center miscellaneous receipts	20,476	20,409	13,972	15,378	53,973
Total Recreation Department receipts	<u>243,384</u>	<u>243,981</u>	<u>240,643</u>	<u>230,990</u>	<u>236,531</u>
Transportation					
Crackseal Coating Program - Annual Cost	17,000	16,632	15,348	17,653	18,844
Paint Striping - Annual Cost	10,000	9,288	6,888	8,706	5,965
Leaf collection - disposal costs	3,489	3,565	2,445	2,288	2,712
Cost of salt purchased	22,732	39,020	32,436	34,723	14,278
Water Department					
Water Rates per 1st 300 Cu ft of water used	7	7	7	7	7
Annual Total of utility accounts billed	29,791	29,695	29,333	28,967	28,503
Annual Total Water Collections Billed	375,263	363,723	366,846	361,024	363,477
Avg. water billed monthly (Gallons)	15,186	13,006	15,329	19,209	19,383
Total Water Collections Annually (Including P&I)	364,517	371,453	366,800	374,095	368,149
Wastewater Department					
Wastewater Rates per 1st 300 Cu ft of water used	23	22	22	20	20
Annual Total Sewer Collections Billed	1,229,844	969,035	918,648	852,413	853,283
Total Sewer Collections Annually	1,110,995	983,697	917,436	881,995	865,304

Source: The City of Rittman

(1) Information prior to 2002 is not available



Mary Taylor, CPA
Auditor of State

CITY OF RITTMAN

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 18, 2007