

# City of Rittman, Ohio



**Comprehensive Annual Financial Report  
For the Year Ended  
December 31, 2013**





# Dave Yost • Auditor of State

Members of Council and Management  
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, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

June 24, 2014

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# **City of Rittman, Ohio**

**Comprehensive Annual Financial Report  
For the Year Ended December 31, 2013**

**Issued by: Finance Department  
Pamela Keener, Finance Director**



## **INTRODUCTORY SECTION**

*City of Rittman, Ohio*

**Comprehensive Annual Financial Report  
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*City of Rittman, Ohio*

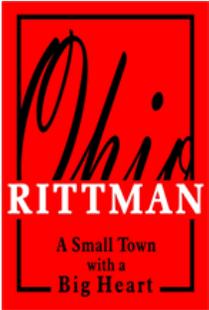
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**The City of Rittman Offices**

30 North Main Street  
Rittman, Ohio 44270  
330-925-2064  
[www.rittman.com](http://www.rittman.com)

Pamela Keener  
Finance Director  
[pkeener@rittman.com](mailto:pkeener@rittman.com)

June 5, 2014

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, 2013 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management’s discussion and analysis (MD&A) immediately follows the Independent Auditor’s Report. The MD&A provides a narrative introduction, overview and analysis of the basic financial statements and complements this letter of transmittal and should be read in conjunction with it.

The City’s Finance Department is responsible for management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed its anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

In developing and revising the City’s accounting and reporting control systems, consideration is given to the adequacy of internal controls to provide reasonable but not absolute assurance regarding the safeguarding of assets from loss, theft, or misuse and reliability of financial records for preparing the City’s financial statements in conformity with GAAP and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

As management, we believe the data presented is accurate in all material aspects and that all disclosures necessary to enable the reader to acquire the maximum understanding of the City’s financial activity have been included.

## **The City of Rittman**

The City of Rittman is located in the north central part of the State of Ohio, within the boundaries of Wayne and Medina Counties. The City of Rittman is a home rule municipal corporation under the laws of the State of Ohio and, as such, operates under its own charter. The current charter was adopted in 1960 and has undergone three amendments since that time. The government consists of a Mayor and six-member council.

The Mayor and all members of City Council are elected to four-year terms. All of these officials are elected on an at-large basis.

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

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

The annual budget serves as the foundation for the City's financial planning and control. The City complies with the requirements of the Ohio Revised Code in the adoption of the Budget. Appropriations for the operation of various City departments are established through the passage of an ordinance by City Council. Budgetary control is facilitated through the maintenance of an encumbrance system for purchase orders, and through the use of the City's automated financial system.

The appropriated budget is prepared by fund, (e.g., General Fund), department (e.g., Police) and line item (e.g., Personal Services). The City Council may pass supplemental appropriations at any time by ordinance. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. The General Fund is presented in the basic financial statements, beginning on page 22. For other funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 67.

## **2013 Initiatives**

In 2013, due to both time and financial constraints, street improvements were limited to a street rejuvenation process on Douglas Drive and South Fork.

Several vehicles in the City's aging fleet were replaced in 2013. The City purchased a new utility van, for the utilities department and a Bobcat mini track hoe for the street department. The fire department also purchased a new fire truck in 2013.

In 2013, the City continued to replace utility meters with devices that will automatically transfer reads to a central computer located at City Hall. With the meter upgrade, the City will be able to perform initial reads, final reads and check for leaks without sending employees out in the field. This project will enable the City to more efficiently utilize personnel.

## **Development Activities**

As reported previously, the 300 acre site that was once Rittman's largest employer was purchased by Hull and Associates under the company name of Urban Renewables II (URII). The City entered into a development agreement with URII to assist them in water treatment to help speed up the cleanup process. This agreement allows the City to have some control with the future of how the land is developed. The buildings of the old paper plant have been demolished and should be totally cleared by the end of the summer of 2014. The City continues to work with Wayne Economic Development Council (WEDC) to prepare to market this land as a new Industrial Park for the City. WEDC and URII are excited about this property as it is the only site available at this time in Wayne County with two separate rail spurs to service new manufacturing facilities. Inquiries have already been made regarding this land which should help Rittman's economic condition in the future years to come.

## **Long-term Financial Planning**

In an effort to be proactive instead of reactive, the City continually evaluates its revenues and expenditures, especially those under its control. To ensure ongoing sustainability and infrastructure replacement, City Council voted to cap the income tax credit granted to residents who work outside the City and pay taxes to other municipalities. Also, the creation of the solid waste utility, the implementation of the meter replacement project and the feasibility study of a septage receiving facility are all examples of the City working towards remaining a sustainable entity.

In 2010, the Administration adopted a five-year capital improvement program to assess the City's ability to meet the needs of the community in future years. One component of the plan is long-term financial projections, which are intended to indicate the need for continued cost containment or revenue enhancement efforts. The five-year capital plan was updated and adopted in 2013.

## **Economic Condition and Outlook**

Governmental fund balances remained consistent in 2013. Slight increases in actual revenues versus budgeted revenues and slight decreases in actual expenditures versus appropriations helped contribute to the insignificant change in fund balances between 2012 and 2013.

The continued reduction of local government funding will continue into 2014. The City's governing body, administration, and employees are committed to working together to provide quality services to the residents. The future impact of the initiatives undertaken in 2013, combined with the imminent redevelopment of the large vacant industrial site, should allow the City to gain some financial strength in 2014. However, the City will remain vigilant in evaluating their financial position and be proactive wherever possible by implementing revenue enhancing or cost cutting measures. Administration will continue to look for other ways to expand the City's tax base, focusing on small businesses looking to relocate or revitalization of vacant property. Looking forward, the City is optimistic that the financial position of the City will improve.

## **Independent Audit**

The City is not legally required to obtain an independent annual audit. The minimum requirement is for the State of Ohio to perform an audit, directly or indirectly, through an independent auditing firm at least every two years. The City, consistent with the professional manner in which it has conducted its financial affairs, has chosen to fund annual audits. The City has engaged Rea & Associates, Incorporated, to audit the City's financial records. The auditor's unmodified 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, 2012. The City has received this award since 1996, the first year that the City prepared and submitted a CAFR. The Certificate of Achievement is a prestigious national award, recognizing conformance to the highest standards for preparation of state and local government financial reports.

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

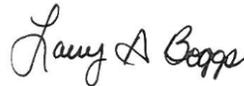
## **Acknowledgments**

The preparation of this report could not have been accomplished without the dedicated services of the administrative staff. We wish to express our appreciation to members of other City departments who assisted and contributed to the preparation of this report. In addition, gratitude is extended to the independent accounting firm of James G. Zupka, Certified Public Accountants, Incorporated, for their advice and guidance. City Council also deserves a special acknowledgment for their support and commitment to responsible fiscal reporting.

Respectfully Submitted,



Pamela Keener  
Finance Director



Larry A. Boggs  
City Manager

*City of Rittman, Ohio*

**City Officials  
For the Year Ended December 31, 2013**

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*Mayor*

William Robertson

*Council Members*

Rick Hanlon  
David Williams  
Lynn Beaumont

Darrell Carey  
Steve Johnson  
Glen Russell, President

*City Manager*

Larry Boggs

*Finance Director/Treasurer*

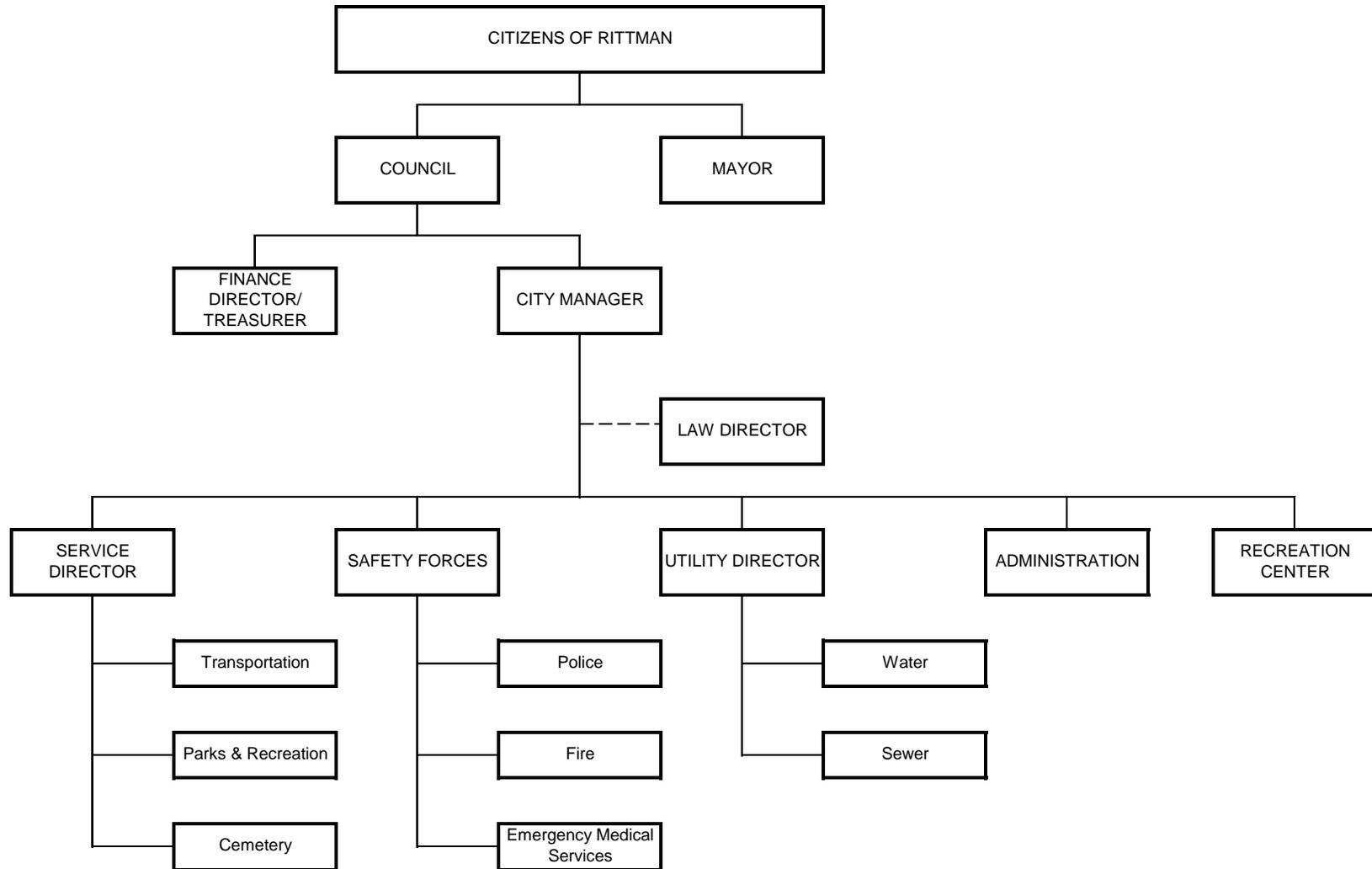
Pamela Keener

*Director of Law*

G. Kevin Bower

*City of Rittman, Ohio*

**Organizational Chart  
For the Year Ended December 31, 2013**



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Government Finance Officers Association

**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, 2012**

Executive Director/CEO

**FINANCIAL SECTION**

June 5, 2014

To Members of Council and Management  
City of Rittman  
Wayne County, Ohio  
30 N. Main St.  
Rittman, OH 44270

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rittman, Wayne County, Ohio, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rittman, Wayne County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, the emergency medical service fund and the fire department levy fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2014, on our consideration of the City's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Medina, Ohio



## *City of Rittman, Ohio*

### **Management's Discussion and Analysis For the Year Ended December 31, 2013**

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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, 2013. 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 2013 are as follows:

- The total net position of the City increased \$401,453. Net position of governmental activities increased \$86,837, which represents a 1.13 percent increase from 2012. Net position of business-type activities increased \$314,616 or 2.73 percent from 2012.
- General revenues, for governmental activities, accounted for \$2,264,536 or 63.30 percent of total governmental activities revenue. Program specific revenues accounted for \$1,312,837 or 36.70 percent of total governmental activities revenue.
- Governmental activities' capital assets, net of accumulated depreciation, increased \$127,972, primarily due to current year capital additions exceeding current year depreciation.
- The City had \$3,490,536 in expenses related to governmental activities; \$1,312,837 of those expenses was offset by program specific charges for services, grants, and contributions. General revenues (primarily taxes) of \$2,264,536 were sufficient to offset those program expenses.
- The General Fund, the City's largest major governmental fund, had revenues and other financing sources of \$2,241,354 in 2013, or 55.46 percent of total governmental funds. Expenditures and other financing uses of the General Fund were \$2,292,800, or 59.14 percent of total governmental funds. The General Fund balance decreased \$51,446, or 6.40 percent in 2013.

#### **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 Position 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 four major governmental funds and three major enterprise funds.

## *City of Rittman, Ohio*

### **Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2013**

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

##### *Statement of Net Position and Statement of Activities*

While this document contains information about the funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and answers the question, "How did we do financially during 2013?" 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 position and changes in net position. This change in net position 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 Position 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 services, transportation, leisure time activities, and basic utility services. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a fee-for-usage basis to recover all or a significant portion of the expenses of the goods or services provided. The City's business-type activities include water, sewer, and solid waste services.

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

##### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the activities within the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the General Fund, Emergency Medical Service Fund, Fire Department Levy Fund and Capital Improvements Fund. An analysis of the City's major governmental funds begins on page 11.

## *City of Rittman, Ohio*

### **Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2013**

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#### ***Governmental Funds***

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

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

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 18-24 of this report.

#### ***Proprietary Funds***

Proprietary funds (Water, Sewer, and Solid Waste) 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 25-27 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are not reflected in the government-wide financial statements because resources are not available to support the City's own programs. The City has only agency funds to report within the fiduciary fund category. Agency funds are reported on a full accrual basis of accounting and only present a statement of fiduciary net position. The basic fiduciary fund financial statement can be found on page 28 of this report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-57 of this report.

## City of Rittman, Ohio

### Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2013

#### 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 58-88 of this report.

#### Government-Wide Financial Analysis

The Statement of Net Position provides the perspective of the City as a whole.

Table 1 below provides a summary of the City's net position for 2013 compared to 2012:

**Table 1 - Net Position**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
<b><u>Assets</u></b>						
Current and Other Assets	\$ 3,634,384	\$ 3,613,454	\$ 2,174,811	\$ 2,138,581	\$ 5,809,195	\$ 5,752,035
Capital Assets	6,057,904	5,929,932	12,134,317	12,267,575	18,192,221	18,197,507
<b>Total Assets</b>	<b>9,692,288</b>	<b>9,543,386</b>	<b>14,309,128</b>	<b>14,406,156</b>	<b>24,001,416</b>	<b>23,949,542</b>
<b><u>Liabilities</u></b>						
Other Liabilities	206,097	277,542	207,759	365,992	413,856	643,534
Long-term Liabilities	1,194,261	1,060,494	2,257,287	2,510,698	3,451,548	3,571,192
<b>Total Liabilities</b>	<b>1,400,358</b>	<b>1,338,036</b>	<b>2,465,046</b>	<b>2,876,690</b>	<b>3,865,404</b>	<b>4,214,726</b>
<b><u>Deferred Inflows of Resources</u></b>						
Property Taxes	517,235	517,492	-	-	517,235	517,492
<b><u>Net Position</u></b>						
Net Investment in Capital Assets	5,061,904	5,053,799	9,963,169	9,838,234	15,025,073	14,892,033
Restricted	1,744,441	1,575,094	-	-	1,744,441	1,575,094
Unrestricted	968,350	1,058,965	1,880,913	1,691,232	2,849,263	2,750,197
<b>Total Net Position</b>	<b>\$ 7,774,695</b>	<b>\$ 7,687,858</b>	<b>\$ 11,844,082</b>	<b>\$ 11,529,466</b>	<b>\$ 19,618,777</b>	<b>\$ 19,217,324</b>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2013, the City's assets exceeded liabilities and deferred inflows of resources by \$19,618,777. This amounts to \$7,774,695 in governmental activities and \$11,844,082 in business-type activities. Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 75.80 percent of total governmental and business-type assets. Capital assets include land, construction in progress, land improvements, buildings, equipment, and infrastructure. These capital assets are used to provide services to citizens and are not available for future spending. The net investment of capital assets component of net position at December 31, 2013, was \$15,025,073. 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, 2013, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

## City of Rittman, Ohio

### Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2013

A portion of the City's governmental activities' net position, \$1,744,441 or 22.44 percent, represent resources that are subject to external restrictions on how they may be used. Of the total governmental activities restricted net position, \$649,097 is for capital projects, \$12,120 is for debt service, \$641,922 is for safety services, \$435,690 is for streets and highways, and \$5,612 is for other purposes. The governmental activities unrestricted net position of \$968,350 may be used to meet the City's ongoing obligations to citizens and creditors.

Table 2 below shows the changes in net position for governmental and business-type activities for year 2013 compared to 2012:

**Table 2 - Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 823,951	\$ 985,276	\$ 2,244,044	\$ 2,167,604	\$ 3,067,995	\$ 3,152,880
Operating Grants and Contributions	461,206	420,612	-	-	461,206	420,612
Capital Grants and Contributions	27,680	432,043	27,924	101,844	55,604	533,887
<i>General Revenues:</i>						
Property and Other Taxes	676,750	641,134	-	-	676,750	641,134
Municipal Income Taxes	1,201,864	1,214,600	400,621	405,030	1,602,485	1,619,630
Grants and Entitlements	353,131	373,798	-	-	353,131	373,798
Investment Income	14,317	29,096	1,407	5,550	15,724	34,646
Other	18,474	15,910	9,807	33,967	28,281	49,877
<b>Total Revenues</b>	<b>3,577,373</b>	<b>4,112,469</b>	<b>2,683,803</b>	<b>2,713,995</b>	<b>6,261,176</b>	<b>6,826,464</b>
<b>Program Expenses</b>						
<i>Governmental Activities:</i>						
General Government	607,813	596,980	-	-	607,813	596,980
Safety Services	1,728,144	1,612,952	-	-	1,728,144	1,612,952
Public Health Services	113,295	104,064	-	-	113,295	104,064
Transportation	480,856	658,367	-	-	480,856	658,367
Basic Utility Services	501	142,612	-	-	501	142,612
Leisure Time Activities	523,520	494,577	-	-	523,520	494,577
Interest and Fiscal Charges	36,407	40,796	-	-	36,407	40,796
<i>Business-type Activities:</i>						
Water	-	-	948,474	872,791	948,474	872,791
Sewer	-	-	1,042,688	1,100,506	1,042,688	1,100,506
Solid Waste	-	-	378,025	234,887	378,025	234,887
<b>Total Program Expenses</b>	<b>3,490,536</b>	<b>3,650,348</b>	<b>2,369,187</b>	<b>2,208,184</b>	<b>5,859,723</b>	<b>5,858,532</b>
Excess Revenues Over Expenditures	86,837	462,121	314,616	505,811	401,453	967,932
Transfers	-	(34,837)	-	34,837	-	-
<b>Change in Net Position</b>	<b>\$ 86,837</b>	<b>\$ 427,284</b>	<b>\$ 314,616</b>	<b>\$ 540,648</b>	<b>\$ 401,453</b>	<b>\$ 967,932</b>

## *City of Rittman, Ohio*

### **Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2013**

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#### ***Governmental Activities***

Governmental activities increased the City's net position by \$86,837 during 2013. This increase was due mainly to a decrease in expenses of \$159,812 or 4.38 percent which was attributable to a decrease in transportation expense of \$177,511, due to street improvement projects completed in 2012. This increase was partially offset by a reduction in governmental revenues of \$535,096 or 13.01 percent, which was attributable to a decrease in capital grants of \$404,363, due to the receipt of OPWC street improvement grants in 2012. The creation of the Solid Waste Fund which shifted basic utility service activities from governmental activities to business-type activities had an impact on both revenue and expenses. The creation of the Solid Waste Fund was due to the expansion of solid waste services to include leaf pickup and brush chipping, in addition to trash and recycling.

Governmental revenue is comprised of program revenue and general revenue. Program revenues accounted for \$1,312,837 or 36.70 percent of total governmental revenue and the most significant category was charges for services which totaled \$823,951 and reflected a decrease of \$161,325 or 16.37 percent as compared to 2012 due in large part to the creation of the Solid Waste enterprise fund in 2012. General revenues totaled \$2,264,536, and amounted to 63.30 percent of total revenues. These revenues primarily consist of property and other taxes and income taxes totaling \$1,878,614, or 82.96 percent of the general revenues. The other major contributor to general revenues is grants and entitlements not restricted to specific programs, with a majority of the revenue being state and locally shared taxes. For 2013, these revenues totaled \$353,151, or 15.59 percent of the total general revenues.

Safety services, which primarily supports the operations of the City's police, fire and emergency medical services, accounts for \$1,728,144 of expenses, or 49.51 percent of total governmental expenses of the City. These expenses were funded by \$325,241 in charges to users of services and operating grants and contributions. Transportation expenses, which primarily include repairs and maintenance of the City's roads, totaled \$480,856 or 13.78 percent of total governmental expenses. Transportation expenses were covered by \$385,488 of operating and capital grants and contributions. General government expenses, which primarily include legislative, executive and financial management, totaled \$607,813 or 17.41 percent of total governmental expenses. General government expenses were covered by \$372,557 of direct charges to users, and operating grants and contributions.

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

The water, sewer, and solid waste funds represent the City's business-type activities. Business-type activities reported an increase in net position of \$314,616, or 2.73 percent as compared to 2012. These programs had revenues of \$2,683,803 and expenses of \$2,369,187 for the year 2013. Charges for services account for 83.61 percent of total business-type revenues. The increase in charges for services of \$76,440 or 3.53 percent is mainly attributable to the new solid waste fund, previously reported in governmental activities. Expenses in business-type activities increased by \$161,003 or 7.29 percent, also primarily due to reporting solid waste activity as business-type activity in 2013.

## City of Rittman, Ohio

### Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2013

#### *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 2013 compared to 2012. That is, it identifies the cost of these services supported by general revenues.

**Table 3 - Program Expenses**

	<u>2013</u>		<u>2012</u>		<u>Net Change</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<i>Governmental Activities:</i>						
General Government	\$ 607,813	\$ 235,256	\$ 596,980	\$ 226,740	\$ 10,833	\$ 8,516
Safety Services	1,728,144	1,402,903	1,612,952	1,385,316	115,192	17,587
Public Health Services	113,295	77,436	104,064	66,652	9,231	10,784
Transportation	480,856	95,368	658,367	(135,598)	(177,511)	230,966
Basic Utility Services	501	(10,979)	142,612	(58,161)	(142,111)	47,182
Leisure Time Activities	523,520	341,308	494,577	286,672	28,943	54,636
Interest and Fiscal Charges	36,407	36,407	40,796	40,796	(4,389)	(4,389)
<i>Business-type Activities:</i>						
Water	948,474	408,193	872,791	258,883	75,683	149,310
Sewer	1,042,688	(221,735)	1,100,506	(276,992)	(57,818)	55,257
Solid Waste	378,025	(89,239)	234,887	(43,155)	143,138	(46,084)
<b>Total Expenses</b>	<u>\$ 5,859,723</u>	<u>\$ 2,274,918</u>	<u>\$ 5,858,532</u>	<u>\$ 1,751,153</u>	<u>\$ 1,191</u>	<u>\$ 523,765</u>

The dependence upon general revenues for government-wide activities is apparent, with over 38.82 percent of expenses supported through general revenues.

#### **Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The General Fund is the operating fund of the City. At the end of the year, the fund balance of the General Fund was \$751,797, a 6.40 percent decrease from the prior year. The primary factor causing the decrease in the General Fund balance in 2013 was the creation of the Solid Waste Fund which removed the basic utility service and the related charges for service from the General Fund.

The other three major funds are the Emergency Medical Service Fund, Fire Department Levy Fund, and the Capital Improvements Fund. The Emergency Medical Service Fund balance increased \$36,233 or 7.59 percent over 2012. The revenue in this fund is comprised mostly of charges for services, followed by property and other taxes and related intergovernmental revenues. Overall, revenue increased slightly \$4,776 or 1.17 percent. Expenditures decreased \$32,444 or 7.95 percent. The City's emergency medical service is staffed with part-time employees, and expenditures vary based upon the level of staffing in the station and the volume and timing of activity, specifically multiple calls. Fund balance in the Fire Department Levy Fund decreased \$185,756 or 83.15 percent from 2012 due to the purchase of fire equipment. Fund balance in the City's Capital Improvements Fund increased \$269,920 or 469.25 percent over 2012 due to the timing and level of infrastructure expenditures.

*City of Rittman, Ohio*

**Management’s Discussion and Analysis (Continued)  
For the Year Ended December 31, 2013**

Table 4 below reports year 2013 balances compared to 2012:

**Table 4 - Changes in Fund Balance**

	Fund Balance		Increase (Decrease)	Percent Change
	December 31, 2013	December 31, 2012		
	General	\$ 751,797		
Emergency Medical Service	513,611	477,378	36,233	7.59%
Fire Department Levy	37,656	223,412	(185,756)	-83.15%
Capital Improvements	327,442	57,522	269,920	469.25%
Other Governmental Funds	365,511	269,799	95,712	35.48%
	<u>\$ 1,996,017</u>	<u>\$ 1,831,354</u>	<u>\$ 164,663</u>	

***Budgeting Highlights - General Fund***

The City’s budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City’s appropriations that are restricted by the amounts of anticipated revenues certified by the County Budget Commission in accordance with the ORC. Therefore, the City’s plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly. Final budgeted revenues and other financing sources of \$2,165,753 were \$53,535 higher than the original amount mainly due to an increase in intergovernmental. The continuation of historically low interest rates also required revision of the original estimate. Actual revenues exceeded the final amount by \$107,130, primarily due to intergovernmental and income taxes.

Final budgeted expenditures and other financing uses were higher than the original budgeted expenditures by \$102,870. The most significant increases were in transportation and general government expenditures as a result of unanticipated increases in personal service cost (payroll expenditures). Actual expenditures for the year were \$190,399 less than the final budgeted amounts. These differences were caused by conservative budgeting coupled with cost containment measures. There were no individually significant events that led to these differences.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of year 2013, the City had \$18,192,221 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings, equipment, and infrastructure. Of this total, \$6,057,904 was reported in governmental activities and \$12,134,317 was reported in business-type activities. Table 5 below reports year 2013 balances compared to 2012:

*City of Rittman, Ohio*

**Management's Discussion and Analysis (Continued)  
For the Year Ended December 31, 2013**

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land	\$ 202,508	\$ 167,508	\$ 63,936	\$ 63,936	\$ 266,444	\$ 231,444
Land Improvements	-	-	23,960	26,955	23,960	26,955
Buildings	3,492,063	3,604,002	4,829,016	5,049,489	8,321,079	8,653,491
Equipment	786,228	474,731	683,418	679,475	1,469,646	1,154,206
Infrastructure	1,577,105	1,683,691	6,481,403	6,445,023	8,058,508	8,128,714
Construction in Progress	-	-	52,584	2,697	52,584	2,697
<b>Total</b>	<b>\$ 6,057,904</b>	<b>\$ 5,929,932</b>	<b>\$ 12,134,317</b>	<b>\$ 12,267,575</b>	<b>\$ 18,192,221</b>	<b>\$ 18,197,507</b>

Depreciation exceeding asset additions caused decreases in infrastructure. The City's investment in capital assets increased by \$127,972 or 2.16 percent for governmental activities and decreased by \$133,258 or 1.09 percent for business-type activities when comparing 2013 to 2012, which reflects the City's commitment to a long-term goal of meeting its infrastructure and facilities' needs. In 2012, management updated the five-year capital plan that provides for building and infrastructure improvements to complement the City's current capital assets. See Note 8 to the basic financial statements for detail on the governmental and business-type activities capital assets.

***Debt Administration***

At December 31, 2013, the City had total long-term debt outstanding of \$3,167,148. Of this total, \$263,195 is due within one year and \$2,903,953 is due in more than one year. Table 6 below summarizes the bonds, loans and capital lease outstanding:

**Table 6 - Outstanding Debt, at Year End**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenue Bonds	\$ -	\$ -	\$ 859,400	\$ 886,100	\$ 859,400	\$ 886,100
OWDA Loans	-	-	-	133,002	-	133,002
General Obligation Bonds	776,000	865,000	1,027,500	1,109,000	1,803,500	1,974,000
Loans	220,000	-	-	-	220,000	-
OPWC Loans	-	-	284,248	301,239	284,248	301,239
Capital Lease	-	11,133	-	-	-	11,133
<b>Total</b>	<b>\$ 996,000</b>	<b>\$ 876,133</b>	<b>\$ 2,171,148</b>	<b>\$ 2,429,341</b>	<b>\$ 3,167,148</b>	<b>\$ 3,305,474</b>

Governmental general obligation bonds will be repaid by the Debt Retirement Debt Service Fund. Loans will be repaid from the fund that received the loan. The revenue bonds and OWDA loans will be repaid by the Sewer Enterprise Fund and the OPWC loans will be repaid from the Water Enterprise Fund. The business-type general obligation bonds will be repaid from both the Water Enterprise Fund and the Sewer Enterprise Fund.

## *City of Rittman, Ohio*

### **Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2013**

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At December 31, 2013, the City's overall legal debt margin was \$7,844,147, with an unvoted debt margin of \$3,145,887. The City's credit rating remained unchanged in 2013 as compared to 2012. See Note 10 to the basic financial statements for details on the City's long-term obligations.

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

During the volatile economic times spanning the last several years, efficient use of the City's workforce and cost containment measures have resulted in no layoffs of City employees which continued throughout 2013.

The City continues to see a reduction in local government funding as a result of cuts at the state level. Local government funding has decreased by 25 percent since 2009.

During 2010, the Council adopted a five-year capital improvement program which was updated in 2013. The plan will be used to assess the City's ability to meet the needs of the community in future years. One component of the plan is long-term financial projections, which are intended to indicate the need for continued cost containment or revenue enhancement efforts. In 2013, the City continued to replace utility meters. A process of street rejuvenation was performed on Douglas Drive and South Fork. It is the City's intention to continue with the street rejuvenation process every four years which will add to the street's useful life.

The City also has excess capacity at both the water and waste water treatment plants. In an effort to defray fixed costs, the City will 2013; to evaluate provision of utility services to areas outside the City limits, either by agreement or possible annexation. In 2012, the City began studying the feasibility of constructing a septage receiving facility. Unfortunately, the septage receiving station project was postponed in 2013; however, the project was in bid in 2014 and looks to be a promising venture for the City as it appears the City would be able to recoup its costs after a few years and actually generate revenue.

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

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Director, 30 North Main Street, Rittman, Ohio 44270.

*City of Rittman, Ohio*

**Statement of Net Position  
December 31, 2013**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,776,770	\$ 1,529,280	\$ 3,306,050
Cash and Cash Equivalents:			
In Segregated Accounts	2,841	13,913	16,754
Assets Held for Resale	11,150	-	11,150
Materials and Supplies Inventory	9,867	65,936	75,803
Accounts Receivable	38,255	354,572	392,827
Accrued Interest Receivable	1,985	-	1,985
Intergovernmental Receivable	394,721	3,474	398,195
Internal Balances	10,000	(10,000)	-
Prepaid Items	17,580	9,071	26,651
Municipal Income Taxes Receivable	502,397	167,465	669,862
Property and Other Taxes Receivable	723,467	-	723,467
Special Assessments Receivable	145,351	-	145,351
Restricted Assets:			
Customer Deposits	-	41,100	41,100
Nondepreciable Capital Assets	202,508	116,520	319,028
Depreciable Capital Assets	5,855,396	12,017,797	17,873,193
<b>Total Assets</b>	<u>9,692,288</u>	<u>14,309,128</u>	<u>24,001,416</u>
<b>LIABILITIES</b>			
Accounts Payable	28,342	94,276	122,618
Accrued Wages and Benefits	66,799	16,696	83,495
Intergovernmental Payable	84,366	22,285	106,651
Matured Interest Payable	841	3,713	4,554
Matured Bonds Payable	2,000	10,200	12,200
Accrued Interest Payable	3,092	13,203	16,295
Customer Deposits Payable	-	41,100	41,100
Income Tax Refund Payable	18,857	6,286	25,143
Unearned Revenue	1,800	-	1,800
Long-term Liabilities:			
Due within one year	260,588	171,762	432,350
Due in more than one year	933,673	2,085,525	3,019,198
<b>Total Liabilities</b>	<u>1,400,358</u>	<u>2,465,046</u>	<u>3,865,404</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	517,235	-	517,235
<b>Total Deferred Inflows of Resources</b>	<u>517,235</u>	<u>-</u>	<u>517,235</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,061,904	9,963,169	15,025,073
Restricted for:			
Debt Service	12,120	-	12,120
Capital Projects	649,097	-	649,097
Streets and Highways	435,690	-	435,690
Safety Services	641,922	-	641,922
Other Purposes	5,612	-	5,612
Unrestricted	968,350	1,880,913	2,849,263
<b>Total Net Position</b>	<u>\$ 7,774,695</u>	<u>\$ 11,844,082</u>	<u>\$ 19,618,777</u>

The notes to the basic financial statements are an integral part of this statement.

*City of Rittman, Ohio*

**Statement of Activities  
For the Year Ended December 31, 2013**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
Safety Services	\$ 1,728,144	\$ 245,458	\$ 79,783	\$ -
Public Health Services	113,295	35,859	-	-
Leisure Time Activities	523,520	180,827	1,385	-
Basic Utility Services	501	-	11,480	-
Transportation	480,856	-	357,808	27,680
General Government	607,813	361,807	10,750	-
Interest and Fiscal Charges	36,407	-	-	-
<b>Total Governmental activities</b>	<u>3,490,536</u>	<u>823,951</u>	<u>461,206</u>	<u>27,680</u>
<b>Business-type activities:</b>				
Water	948,474	537,668	-	2,613
Sewer	1,042,688	1,251,847	-	12,576
Solid Waste	378,025	454,529	-	12,735
<b>Total Business-type activities</b>	<u>2,369,187</u>	<u>2,244,044</u>	<u>-</u>	<u>27,924</u>
<b>Total Primary Government</b>	<u>\$ 5,859,723</u>	<u>\$ 3,067,995</u>	<u>\$ 461,206</u>	<u>\$ 55,604</u>

**General Revenues:**

Property and Other Taxes levied for:

General Purposes

Safety Services

Municipal Income Taxes levied for:

General Purposes

Capital Outlay

Water Utility Services

Grants & Entitlements not restricted to specific programs

Investment Income

All Other Revenues

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

**Net Position - End of Year**

The notes to the basic financial statements are an integral part of this statement.

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**Net (Expense) Revenue and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,402,903)	\$ -	\$ (1,402,903)
(77,436)	-	(77,436)
(341,308)	-	(341,308)
10,979	-	10,979
(95,368)	-	(95,368)
(235,256)	-	(235,256)
(36,407)	-	(36,407)
<u>(2,177,699)</u>	<u>-</u>	<u>(2,177,699)</u>
-	(408,193)	(408,193)
-	221,735	221,735
-	89,239	89,239
<u>-</u>	<u>(97,219)</u>	<u>(97,219)</u>
<u>(2,177,699)</u>	<u>(97,219)</u>	<u>(2,274,918)</u>
379,989	-	379,989
296,761	-	296,761
801,243	-	801,243
400,621	-	400,621
-	400,621	400,621
353,131	-	353,131
14,317	1,407	15,724
18,474	9,807	28,281
<u>2,264,536</u>	<u>411,835</u>	<u>2,676,371</u>
86,837	314,616	401,453
<u>7,687,858</u>	<u>11,529,466</u>	<u>19,217,324</u>
<u>\$ 7,774,695</u>	<u>\$ 11,844,082</u>	<u>\$ 19,618,777</u>

*City of Rittman, Ohio*

**Balance Sheet  
Governmental Funds  
December 31, 2013**

	General Fund	Emergency Medical Service	Fire Department Levy	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 613,866	\$ 506,276	\$ 47,481	\$ 268,088	\$ 341,059	\$ 1,776,770
Cash and Cash Equivalents:						
In Segregated Accounts	-	-	-	-	2,841	2,841
Assets Held for Resale	-	-	-	11,150	-	11,150
Materials and Supplies Inventory	2,555	-	-	-	7,312	9,867
Accrued Interest Receivable	1,908	-	-	-	77	1,985
Accounts Receivable	16,260	21,770	-	-	225	38,255
Interfund Receivable	10,000	-	-	12,937	-	22,937
Intergovernmental Receivable	141,200	13,461	6,751	-	233,309	394,721
Prepaid Items	14,708	2,245	627	-	-	17,580
Municipal Income Taxes Receivable	334,932	-	-	167,465	-	502,397
Property and Other Taxes Receivable	403,220	195,665	95,613	-	28,969	723,467
Special Assessments Receivable	-	-	-	131,655	13,696	145,351
<b>Total Assets</b>	<b>1,538,649</b>	<b>739,417</b>	<b>150,472</b>	<b>591,295</b>	<b>627,488</b>	<b>3,647,321</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 15,207	\$ 2,003	2,792	-	\$ 8,340	\$ 28,342
Accrued Wages and Benefits	40,990	13,150	8,637	-	4,022	66,799
Intergovernmental Payable	63,232	7,475	7,395	-	6,264	84,366
Matured Interest Payable	-	-	-	-	841	841
Matured Bonds Payable	-	-	-	-	2,000	2,000
Accrued Interest Payable	-	-	-	-	216	216
Interfund Payable	-	-	-	-	12,937	12,937
Income Tax Refund Payable	12,571	-	-	6,286	-	18,857
Unearned Revenue	1,800	-	-	-	-	1,800
<b>Total Liabilities</b>	<b>133,800</b>	<b>22,628</b>	<b>18,824</b>	<b>6,286</b>	<b>34,620</b>	<b>216,158</b>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	261,091	156,178	76,699	-	23,267	517,235
Unavailable Revenue - Delinquent Property Taxes	35,081	22,490	10,542	-	3,184	71,297
Unavailable Revenue - Income Taxes	251,825	-	-	125,912	-	377,737
Unavailable Revenue - Other	105,055	24,510	6,751	131,655	200,906	468,877
<b>Total Deferred Inflows of Resources</b>	<b>653,052</b>	<b>203,178</b>	<b>93,992</b>	<b>257,567</b>	<b>227,357</b>	<b>1,435,146</b>
<b>Fund Balances:</b>						
Nonspendable	17,263	2,245	627	-	7,312	27,447
Restricted	-	511,366	37,029	327,442	358,199	1,234,036
Committed	555	-	-	-	-	555
Assigned	292,241	-	-	-	-	292,241
Unassigned	441,738	-	-	-	-	441,738
<b>Total Fund Balances</b>	<b>751,797</b>	<b>513,611</b>	<b>37,656</b>	<b>327,442</b>	<b>365,511</b>	<b>1,996,017</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,538,649</b>	<b>\$ 739,417</b>	<b>\$ 150,472</b>	<b>\$ 591,295</b>	<b>\$ 627,488</b>	<b>\$ 3,647,321</b>

The notes to the basic financial statements are an integral part of this statement.

*City of Rittman, Ohio*

**Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
December 31, 2013**

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**Total Governmental Funds Balance** \$ 1,996,017

*Amounts reported for Governmental Activities in the Statement of Net Position  
are different because:*

Capital Assets used in Governmental Activities are not financial resources  
and, therefore, are not reported in the funds 6,057,904

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

Delinquent property taxes	\$ 71,297	
Municipal income taxes	377,737	
Special assessments	145,351	
Intergovernmental	303,331	
Charges for services	20,195	
Total		917,911

In the Statement of Activities, interest is accrued on outstanding  
bonds, whereas in Governmental funds, an interest expenditure  
is reported when due. (2,876)

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

General obligation bonds	(776,000)	
Loans	(220,000)	
Compensated absences	(198,261)	
Total		(1,194,261)

**Net Position of Governmental Activities** \$ 7,774,695

The notes to the basic financial statements are an integral part of this statement.

*City of Rittman, Ohio*

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2013**

	General	Emergency Medical	Fire Department	Capital Improvements	Other Governmental	Total Governmental
	Fund	Service	Levy		Funds	Funds
<b>REVENUES</b>						
Property and Other Taxes	\$ 369,191	\$ 173,330	\$ 85,397	\$ -	\$ 25,625	\$ 653,543
Municipal Income Taxes	802,153	-	-	401,076	-	1,203,229
Intergovernmental	387,555	44,920	50,810	-	336,925	820,210
Investment Income	13,829	-	-	-	488	14,317
Fines, Licenses, and Permits	46,224	-	-	-	1,307	47,531
Charges for Services	554,458	192,205	-	39	6,020	752,722
Contributions and Donations	10,000	-	-	8,600	-	18,600
Special Assessments	-	-	-	109,301	13,258	122,559
All Other Revenues	14,576	1,259	-	-	963	16,798
<b>Total Revenues</b>	<b>2,197,986</b>	<b>411,714</b>	<b>136,207</b>	<b>519,016</b>	<b>384,586</b>	<b>3,649,509</b>
<b>EXPENDITURES</b>						
Current:						
Safety Services	975,777	372,938	540,729	28,203	4,093	1,921,740
Public Health Services	107,448	-	-	-	13,401	120,849
Leisure Time Activities	423,789	-	-	37,499	-	461,288
Basic Utility Services	501	-	-	-	-	501
Transportation	116,906	-	-	-	262,712	379,618
General Government	626,379	2,543	1,234	30,122	370	660,648
Capital Outlay	-	-	-	24,740	-	24,740
Debt Service:						
Principal Retirement	7,000	-	-	-	100,133	107,133
Interest and Fiscal Charges	-	-	-	-	36,697	36,697
<b>Total Expenditures</b>	<b>2,257,800</b>	<b>375,481</b>	<b>541,963</b>	<b>120,564</b>	<b>417,406</b>	<b>3,713,214</b>
Excess of Revenues Over (Under) Expenditures	(59,814)	36,233	(405,756)	398,452	(32,820)	(63,705)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Capital Assets	1,368	-	-	-	-	1,368
Loans Issued	42,000	-	185,000	-	-	227,000
Transfers In	-	-	35,000	-	128,532	163,532
Transfers Out	(35,000)	-	-	(128,532)	-	(163,532)
<b>Total Other Financing Sources (Uses)</b>	<b>8,368</b>	<b>-</b>	<b>220,000</b>	<b>(128,532)</b>	<b>128,532</b>	<b>228,368</b>
Net Change in Fund Balances	(51,446)	36,233	(185,756)	269,920	95,712	164,663
Fund Balances - Beginning of Year	803,243	477,378	223,412	57,522	269,799	1,831,354
<b>Fund Balances - End of Year</b>	<b>\$ 751,797</b>	<b>\$ 513,611</b>	<b>\$ 37,656</b>	<b>\$ 327,442</b>	<b>\$ 365,511</b>	<b>\$ 1,996,017</b>

The notes to the basic financial statements are an integral part of this statement.

*City of Rittman, Ohio*

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2013**

**Net Change in Fund Balances-Total Governmental Funds** \$ 164,663

*Amounts reported for Governmental Activities in the Statement of Activities are different because:*

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

Capital outlay	\$	580,029	
Depreciation		(450,874)	
Total			129,155

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (1,183)

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

Delinquent property taxes		23,207	
Municipal income taxes		(1,365)	
Special assessments		(103,518)	
Intergovernmental		12,956	
Charges for services		(3,601)	
Total			(72,321)

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of various loans. (227,000)

Repayment of bond principal and capital leases are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 107,133

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.

Compensated absences		(13,900)	
Accrued interest on bonds		290	
Total			(13,610)

**Change in Net Position of Governmental Activities** \$ 86,837

The notes to the basic financial statements are an integral part of this statement.

*City of Rittman, Ohio*

**Statement of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Municipal Income Taxes	\$ 780,000	\$ 780,000	\$ 801,532	\$ 21,532
Property and Other Taxes	263,300	257,900	266,300	8,400
Charges for Services	595,696	595,696	546,820	(48,876)
Fines, Licenses and Permits	116,080	116,080	129,216	13,136
Intergovernmental	317,942	359,877	422,488	62,611
Investment Income	20,000	20,000	30,433	10,433
Contributions and Donations	2,000	19,000	10,000	(9,000)
All Other Revenues	12,200	12,200	14,726	2,526
<b>Total Revenues</b>	<u>2,107,218</u>	<u>2,160,753</u>	<u>2,221,515</u>	<u>60,762</u>
<b>EXPENDITURES</b>				
Current:				
Safety Services	1,041,605	1,057,625	1,006,858	50,767
Public Health Services	113,522	114,622	106,862	7,760
Leisure Time Activities	461,258	481,458	426,958	54,500
Basic Utility Services	-	-	165	(165)
Transportation	124,355	146,355	117,445	28,910
General Government	617,979	651,529	607,902	43,627
<b>Total Expenditures</b>	<u>2,358,719</u>	<u>2,451,589</u>	<u>2,266,190</u>	<u>185,399</u>
Excess of Revenues Over (Under) Expenditures	<u>(251,501)</u>	<u>(290,836)</u>	<u>(44,675)</u>	<u>246,161</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	1,368	1,368
Advances In	-	-	50,000	50,000
Advances Out	-	(10,000)	(10,000)	-
Transfer In	5,000	5,000	-	(5,000)
Transfers Out	(40,000)	(40,000)	(35,000)	5,000
<b>Total Other Financing Sources (Uses)</b>	<u>(35,000)</u>	<u>(45,000)</u>	<u>6,368</u>	<u>51,368</u>
Net Change in Fund Balance	(286,501)	(335,836)	(38,307)	297,529
Fund Balance - Beginning of Year	604,004	604,004	604,004	-
Prior Year Encumbrances Appropriated	31,708	31,708	31,708	-
<b>Fund Balance - End of Year</b>	<u>\$ 349,211</u>	<u>\$ 299,876</u>	<u>\$ 597,405</u>	<u>\$ 297,529</u>

The notes to the basic financial statements are an integral part of this statement.

*City of Rittman, Ohio*

**Statement of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual  
Emergency Medical Service Fund  
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Property and Other Taxes	\$ 155,800	\$ 155,800	\$ 160,230	\$ 4,430
Intergovernmental	41,080	41,080	33,440	(7,640)
Charges for Services	171,700	171,700	213,009	41,309
All Other Revenues	500	500	1,920	1,420
<b>Total Revenues</b>	<u>369,080</u>	<u>369,080</u>	<u>408,599</u>	<u>39,519</u>
<b>Expenditures:</b>				
Current:				
Safety Services	452,892	457,892	380,882	77,010
General Government	3,550	3,550	2,543	1,007
<b>Total Expenditures</b>	<u>456,442</u>	<u>461,442</u>	<u>383,425</u>	<u>78,017</u>
Net Change in Fund Balance	(87,362)	(92,362)	25,174	117,536
Fund Balance - Beginning of Year	470,652	470,652	470,652	-
Prior Year Encumbrances Appropriated	8,392	8,392	8,392	-
<b>Fund Balance - End of Year</b>	<u>\$ 391,682</u>	<u>\$ 386,682</u>	<u>\$ 504,218</u>	<u>\$ 117,536</u>

The notes to the basic financial statements are an integral part of this statement.

*City of Rittman, Ohio*

**Statement of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual  
Fire Department Levy Fund  
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and Other Taxes	\$ 77,550	\$ 77,550	\$ 78,909	\$ 1,359
Intergovernmental	12,250	266,600	50,811	(215,789)
<b>Total Revenues</b>	<u>89,800</u>	<u>344,150</u>	<u>129,720</u>	<u>(214,430)</u>
<b>Expenditures:</b>				
Current:				
Safety Services	149,279	513,579	359,178	154,401
General Government	2,000	2,000	1,234	766
<b>Total Expenditures</b>	<u>151,279</u>	<u>515,579</u>	<u>360,412</u>	<u>155,167</u>
Excess of Revenues Over (Under) Expenditures	<u>(61,479)</u>	<u>(171,429)</u>	<u>(230,692)</u>	<u>(59,263)</u>
<b>Other Financing Sources</b>				
Transfers In	35,000	35,000	35,000	-
<b>Total Other Financing Sources</b>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Net Change in Fund Balance	(26,479)	(136,429)	(195,692)	(59,263)
Fund Balance - Beginning of Year	233,781	233,781	233,781	-
Prior Year Encumbrances Appropriated	5,104	5,104	5,104	-
<b>Fund Balance - End of Year</b>	<u>\$ 212,406</u>	<u>\$ 102,456</u>	<u>\$ 43,193</u>	<u>\$ (59,263)</u>

The notes to the basic financial statements are an integral part of this statement.

*City of Rittman, Ohio*

**Statement of Fund Net Position  
Proprietary Funds  
December 31, 2013**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Solid Waste Fund</b>	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 519,312	\$ 883,629	\$ 126,339	\$ 1,529,280
Cash and Cash Equivalents:				
In Segregated Accounts	13,913	-	-	13,913
Materials and Supplies Inventory	33,898	32,038	-	65,936
Accounts Receivable	78,523	193,939	82,110	354,572
Intergovernmental Receivable	-	-	3,474	3,474
Prepaid Items	3,599	3,509	1,963	9,071
Restricted Assets:				
Customer Deposits	41,100	-	-	41,100
Income Taxes Receivable	167,465	-	-	167,465
<b>Total Current Assets</b>	<u>857,810</u>	<u>1,113,115</u>	<u>213,886</u>	<u>2,184,811</u>
<b>Noncurrent Assets:</b>				
Capital Assets:				
Land	31,686	32,250	-	63,936
Construction in Progress	23,315	29,269	-	52,584
Depreciable Assets, Net of Depreciation	5,240,347	6,752,758	24,692	12,017,797
<b>Total Noncurrent Assets</b>	<u>5,295,348</u>	<u>6,814,277</u>	<u>24,692</u>	<u>12,134,317</u>
<b>Total Assets</b>	<u>6,153,158</u>	<u>7,927,392</u>	<u>238,578</u>	<u>14,319,128</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	12,248	27,465	54,563	94,276
Accrued Wages and Benefits	7,379	8,313	1,004	16,696
Compensated Absences Payable	17,667	24,706	2,398	44,771
Customer Deposits Payable	41,100	-	-	41,100
Intergovernmental Payable	9,008	11,860	1,417	22,285
Interfund Payable	-	-	10,000	10,000
Matured Bonds Payable	10,200	-	-	10,200
Matured Interest Payable	3,713	-	-	3,713
Accrued Interest Payable	3,556	9,647	-	13,203
Income Tax Refund Payable	6,286	-	-	6,286
General Obligation Bonds Payable	70,000	12,000	-	82,000
Revenue Bonds Payable	-	28,000	-	28,000
OPWC Loans Payable	16,991	-	-	16,991
<b>Total Current Liabilities</b>	<u>198,148</u>	<u>121,991</u>	<u>69,382</u>	<u>389,521</u>
<b>Noncurrent Liabilities:</b>				
Compensated Absences Payable	15,790	24,157	1,421	41,368
General Obligation Bonds Payable	920,000	25,500	-	945,500
Revenue Bonds Payable	-	831,400	-	831,400
OPWC Loans Payable	267,257	-	-	267,257
<b>Total Noncurrent Liabilities</b>	<u>1,203,047</u>	<u>881,057</u>	<u>1,421</u>	<u>2,085,525</u>
<b>Total Liabilities</b>	<u>1,401,195</u>	<u>1,003,048</u>	<u>70,803</u>	<u>2,475,046</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	4,021,100	5,917,377	24,692	9,963,169
Unrestricted	730,863	1,006,967	143,083	1,880,913
<b>Total Net Position</b>	<u>\$4,751,963</u>	<u>\$6,924,344</u>	<u>\$167,775</u>	<u>\$11,844,082</u>

The notes to the basic financial statements are an integral part of this statement.

*City of Rittman, Ohio*

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For The Year Ended December 31, 2013**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Solid Waste Fund</b>	
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 537,668	1,251,847	454,529	2,244,044
Miscellaneous	8,228	1,229	350	9,807
<b>Total Operating Revenues</b>	<u>545,896</u>	<u>1,253,076</u>	<u>454,879</u>	<u>2,253,851</u>
<b>OPERATING EXPENSES</b>				
Salaries	305,931	357,702	41,522	705,155
Materials and Supplies	143,964	28,552	564	173,080
Contractual Services	135,789	224,236	330,790	690,815
Depreciation	222,860	292,042	5,149	520,051
Other	91,981	90,000	-	181,981
<b>Total Operating Expense</b>	<u>900,525</u>	<u>992,532</u>	<u>378,025</u>	<u>2,271,082</u>
Operating Income (Loss)	<u>(354,629)</u>	<u>260,544</u>	<u>76,854</u>	<u>(17,231)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest	288	999	120	1,407
Interest and Fiscal Charges	(47,949)	(50,156)	-	(98,105)
Municipal Income Taxes	400,621	-	-	400,621
<b>Total Nonoperating Revenues (Expenses)</b>	<u>352,960</u>	<u>(49,157)</u>	<u>120</u>	<u>303,923</u>
Capital Contributions	2,613	12,576	12,735	27,924
Change in Net Position	944	223,963	89,709	314,616
Net Position - Beginning of Year	4,751,019	6,700,381	78,066	11,529,466
<b>Net Position - End of Year</b>	<u>\$4,751,963</u>	<u>\$6,924,344</u>	<u>\$167,775</u>	<u>\$11,844,082</u>

The notes to the basic financial statements are an integral part of this statement.

*City of Rittman, Ohio*

**Statement of Cash Flows  
Proprietary Funds  
For The Year Ended December 31, 2013**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Charges for Services	\$ 551,835	\$ 1,269,418	\$ 453,434	\$ 2,274,687
Cash Payments to Employees for Services	(302,568)	(353,393)	(45,522)	(701,483)
Cash Payments for Goods and Services	(202,804)	(276,085)	(360,836)	(839,725)
Other Cash Payments	(91,981)	(90,000)	-	(181,981)
Net Cash Provided by (Used in) Operating Activities	<u>(45,518)</u>	<u>549,940</u>	<u>47,076</u>	<u>551,498</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Income Taxes Received	400,767	-	-	400,767
Advances In	-	-	10,000	10,000
Net Cash Provided by Noncapital Financing Activities	<u>400,767</u>	<u>-</u>	<u>10,000</u>	<u>410,767</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Contributions	2,613	12,576	12,681	27,870
Principal Paid on Debt	(86,991)	(171,202)	-	(258,193)
Interest Paid on Debt	(48,165)	(50,521)	-	(98,686)
Payments for Capital Acquisitions	(174,673)	(212,120)	-	(386,793)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(307,216)</u>	<u>(421,267)</u>	<u>12,681</u>	<u>(715,802)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments	289	1,493	165	1,947
Net Cash Provided by Investing Activities	<u>289</u>	<u>1,493</u>	<u>165</u>	<u>1,947</u>
Net Increase in Cash and Cash Equivalents	48,322	130,166	69,922	248,410
Cash and Cash Equivalents - Beginning of Year	526,003	753,463	56,417	1,335,883
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 574,325</u>	<u>\$ 883,629</u>	<u>\$ 126,339</u>	<u>\$ 1,584,293</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (354,629)	\$ 260,544	\$ 76,854	\$ (17,231)
Adjustments:				
Depreciation	222,860	292,042	5,149	520,051
(Increase) Decrease in Assets:				
Accounts Receivable	6,739	18,142	(1,445)	23,436
Materials and Supplies Inventory	88,880	86,491	-	175,371
Prepaid Items	4,294	384	(1,963)	2,715
Increase (Decrease) in Liabilities:				
Accounts Payable	(19,020)	(112,506)	(27,546)	(159,072)
Accrued Wages and Benefits	1,081	867	(247)	1,701
Compensated Absences Payable	4,069	4,343	(3,630)	4,782
Intergovernmental Payable	(792)	(367)	(96)	(1,255)
Customer Deposits Payable	1,000	-	-	1,000
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ (45,518)</u>	<u>\$ 549,940</u>	<u>\$ 47,076</u>	<u>\$ 551,498</u>

The notes to the basic financial statements are an integral part of this statement.

*City of Rittman, Ohio*

**Statement of Fiduciary Net Position  
Agency Funds  
December 31, 2013**

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	<u>Agency Funds</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 6,187</u>
<b>Liabilities</b>	
Deposits Held and Due to Others	<u>\$ 6,187</u>

The notes to the basic financial statements are an integral part of this statement.

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements For The Year Ended December 31, 2013**

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#### **NOTE 1: DESCRIPTION OF THE CITY AND REPORTING ENTITY**

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

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The City has no blended or discretely presented component units.

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

##### **A. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position 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 Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **A. Basis of Presentation (Continued)**

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

##### Fund Financial Statements

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

##### **B. Fund Accounting**

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

##### 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 deferred outflows of resources and the related current liabilities and deferred inflows of resources (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 deferred outflows of resources and liabilities and deferred inflows of resources 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.

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Fund Accounting (Continued)**

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

*Fire Department Levy Fund* This Special Revenue Fund is to account for property taxes levied for the maintenance and acquisition of fire equipment.

*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.

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

##### 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 net position, changes in net position, and cash flows. The City's only proprietary funds are classified as enterprise funds. Enterprise activities are financed and operated in a manner similar to private sector business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

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

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

*Solid Waste Fund* The Solid Waste Fund accounts for the operation of the City's solid waste (refuse, leaves, and brush) pickup and disposal services.

##### Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The Fiduciary Fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City does not have trust funds. The agency funds account for unclaimed funds and returnable bonds. The City's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for the activities of the unclaimed funds and for deposits received from contractors and developers which will be refunded upon successful completion of the projects.

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g. revenue) and decreases (e.g. expenses) in total net position.

###### 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 deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

###### Revenues - Exchange and Non-exchange Transactions

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

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. Measurement Focus and Basis of Accounting (Continued)**

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Property Tax Note 12). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

##### Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, there were no deferred outflows of resources in 2013.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, intergovernmental grants, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

##### Expenses/Expenditures

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

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Budgets and Budgetary Accounting**

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

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

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

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the Finance Director determines that revenue to be collected will be greater than or less than the prior estimates and the Commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended certificate issued for 2013.

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

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

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. Budgets and Budgetary Accounting (Continued)**

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

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

##### **E. Deposits and Investments**

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

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

The City utilizes financial institutions to service bonded debt as principal and interest payments come due. These account balances are presented as "Cash and Cash Equivalents in Segregated Accounts." The Water Fund also has accounts within restricted accounts during the year for customer deposits.

##### **F. Inventory of Supplies**

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

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2013, 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.

**H. 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 position 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 position and in the respective funds.

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

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

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

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **I. 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.

##### **J. Accrued Liabilities and Long-term Obligations**

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

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

##### **K. Capital Contributions**

Contributions of capital in the government-wide and 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.

##### **L. Fund Balance**

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

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

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements** (Continued) **For The Year Ended December 31, 2013**

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#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

##### **L. Fund Balance** (Continued)

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

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

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, typically the finance director, or by State Statute.

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

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

##### **M. 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 Position.

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **M. Interfund Transactions (Continued)**

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed. As a general rule, interfund services provided and used are not eliminated in the process of consolidation in the government-wide Statement of Activities.

##### **N. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net investment in capital assets component of net position 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 position is 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 position restricted for other purposes include amounts to provide general government, and public health services. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

##### **O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer treatment, water, and solid waste 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.

##### **P. 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.

##### **Q. Interfund Balances**

On fund financial statements, interfund loans are classified as "Interfund Receivable/Payable" on the balance sheet and if they are long-term loans an equal offset should be included in nonspendable fund balance unless the proceeds from their collection are restricted, committed, or assigned. This provision indicates that the loans do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

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**NOTE 3: CHANGES IN ACCOUNTING PRINCIPALS**

For 2013, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by the City.

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the City.

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*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

**NOTE 4: FUND BALANCES**

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

	General	Emergency Medical Service	Fire Department Levy	Capital Improvements	Other Governmental Funds	Total
<i>Nonspendable</i>						
Prepaid Items	\$ 14,708	\$ 2,245	\$ 627	\$ -	\$ -	\$ 17,580
Inventories	2,555	-	-	-	7,312	9,867
<i>Total Nonspendable</i>	<u>17,263</u>	<u>2,245</u>	<u>627</u>	<u>-</u>	<u>7,312</u>	<u>27,447</u>
<i>Restricted</i>						
Emergency Services	-	511,366	-	-	-	511,366
Streets and Highways	-	-	-	-	253,745	253,745
Law Enforcement	-	-	-	-	33,454	33,454
Education and Recreation Assistance	-	-	-	-	5,612	5,612
Fire Department	-	-	37,029	-	-	37,029
Debt Service	-	-	-	-	1,300	1,300
Cemetery Capital Improvements	-	-	-	-	64,088	64,088
Capital Improvements	-	-	-	327,442	-	327,442
<i>Total Restricted</i>	<u>-</u>	<u>511,366</u>	<u>37,029</u>	<u>327,442</u>	<u>358,199</u>	<u>1,234,036</u>
<i>Committed</i>						
Recreation	555	-	-	-	-	555
<i>Total Committed</i>	<u>555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>555</u>
<i>Assigned</i>						
Fiscal Year 2014 Appropriations	282,909	-	-	-	-	282,909
Purchases on Order	9,332	-	-	-	-	9,332
<i>Total Assigned</i>	<u>292,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>292,241</u>
<i>Unassigned</i>						
	441,738	-	-	-	-	441,738
<i>Total Fund Balance</i>	<u>\$ 751,797</u>	<u>\$ 513,611</u>	<u>\$ 37,656</u>	<u>\$ 327,442</u>	<u>\$ 365,511</u>	<u>\$ 1,996,017</u>

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

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**NOTE 5: BUDGETARY BASIS OF ACCOUNTING**

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

The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual presented for the General Fund, Emergency Medical Service Fund, and Fire Department Levy Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and
- (c) Encumbrances are treated as expenditures (budget basis) rather than as a part of restricted, committed, and assigned fund balances (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, Emergency Medical Service Fund, and Fire Department Levy Fund are as follows:

	<u>General</u>	<u>Emergency Medical Service</u>	<u>Fire Department Levy</u>
GAAP Basis	\$ (51,446)	\$ 36,233	\$ (185,756)
Revenue Accruals	31,529	(3,115)	(191,489)
Expenditure Accruals	(5,012)	(5,886)	185,840
Encumbrances (Budget Basis) outstanding at year end	<u>(13,378)</u>	<u>(2,058)</u>	<u>(4,287)</u>
Budget Basis	<u>\$ (38,307)</u>	<u>\$ 25,174</u>	<u>\$ (195,692)</u>

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 6: DEPOSITS AND INVESTMENTS**

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

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

The City invested funds in STAR Ohio during 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2013.

The City invested funds in STAR Plus during 2013. STAR Plus is an innovative program that leverages the safety of Federal Deposit Insurance Corporation with the convenience of a single account while offering competitive yields.

Interest earnings are distributed to the Sewer and the Solid Waste Enterprise funds, Street Maintenance and Repair and the State Highway Special Revenue funds based on daily cash balances, and the remainder is reported in the General Fund. The interest earned in the Water Bond Escrow account is credited to the Water Enterprise Fund. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$13,829, which includes \$9,293 assigned from other City funds.

**Deposits:** At year-end, the carrying amount of the City's deposits was \$3,356,172 and the bank balances totaled \$3,377,032. Of the bank balances, \$1,856,241 was exposed to custodial credit risk. This amount was uninsured and collateral is held by the pledging financial institution's trust department, and not in the City's name.

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

**NOTE 6: DEPOSITS AND INVESTMENTS** (Continued)

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

**Investments:** As of December 31, 2013, the City had the following investments and maturities:

Investment type	Fair Value	Less than 1 Year
STAROhio	\$ 13,919	\$ 13,919

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. The weighted average of maturity of the portfolio held by STAR Ohio as of December 31, 2013 is 53 days.

*Credit risk* is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio an AAAM rating. The City's investment policy requires certain credit ratings for some investments as allowed by state law.

**NOTE 7: RECEIVABLES**

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

In the governmental activities, due from other governments consists primarily of entitlements to be received from the state:

Revenue Description	Amount
Cents Per Gallon and Excise Tax	\$ 117,850
Homestead and Rollback	44,784
Local Government	118,036
Motor Vehicle Tax	23,602
Permissive Sales Tax	89,270
Miscellaneous	1,179
Total Intergovernmental Receivable	\$ 394,721

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

**NOTE 8: CAPITAL ASSETS**

Capital asset activity for the year ending December 31, 2013 is as follows:

**Governmental Activities:** A summary of the governmental activities' capital assets as of December 31, 2013 follows:

	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/13</u>
<b><u>Governmental Activities</u></b>				
Capital Assets, not being depreciated:				
Land	\$ 167,508	\$ 35,000	\$ -	\$ 202,508
Total Capital Assets, not being depreciated	<u>167,508</u>	<u>35,000</u>	<u>-</u>	<u>202,508</u>
Capital Assets, being depreciated:				
Land Improvements	119,026	-	-	119,026
Buildings	5,697,136	33,484	-	5,730,620
Infrastructure	2,429,031	19,705	-	2,448,736
Equipment	3,254,368	491,840	(68,559)	3,677,649
Total Capital Assets, being depreciated	<u>11,499,561</u>	<u>545,029</u>	<u>(68,559)</u>	<u>11,976,031</u>
Less Accumulated depreciation:				
Land Improvements	(119,026)	-	-	(119,026)
Buildings	(2,093,134)	(145,423)	-	(2,238,557)
Infrastructure	(745,340)	(126,291)	-	(871,631)
Equipment	(2,779,637)	(179,160)	67,376	(2,891,421)
Total Accumulated depreciation	<u>(5,737,137)</u>	<u>(450,874)</u>	<u>67,376</u>	<u>(6,120,635)</u>
Total Capital Assets being depreciated, net	<u>5,762,424</u>	<u>94,155</u>	<u>(1,183)</u>	<u>5,855,396</u>
<b>Governmental Activities Capital Assets, net</b>	<u><u>\$ 5,929,932</u></u>	<u><u>\$ 129,155</u></u>	<u><u>\$ (1,183)</u></u>	<u><u>\$ 6,057,904</u></u>

The amount of depreciation expense that was charged to governmental functions for the year ended December 31, 2013 is as follows:

<u>Depreciation Expense:</u>	
General Government	\$ 10,232
Safety Services	183,311
Public Health	4,114
Leisure Time Activities	103,429
Transportation	149,788
	<u><u>\$ 450,874</u></u>

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

**NOTE 8: CAPITAL ASSETS** (Continued)

**Business-type Activities:** A summary of the business-type activities' capital assets as of December 31, 2013 follows:

	Balance 12/31/12	Additions	Deletions	Balance 12/31/13
<b><u>Business-type Activities</u></b>				
Capital Assets, not being depreciated:				
Land	\$ 63,936	\$ -	\$ -	\$ 63,936
Construction in Progress	2,697	49,887	-	52,584
Total Capital Assets not being depreciated	66,633	49,887	-	116,520
Capital Assets, being depreciated:				
Land Improvements	40,922	-	-	40,922
Buildings	8,900,782	13,120	-	8,913,902
Infrastructure	9,832,904	209,222	-	10,042,126
Equipment	1,745,280	114,564	-	1,859,844
Total Capital Assets, being depreciated	20,519,888	336,906	-	20,856,794
Less Accumulated depreciation:				
Land Improvements	(13,967)	(2,995)	-	(16,962)
Buildings	(3,851,293)	(233,593)	-	(4,084,886)
Infrastructure	(3,387,881)	(172,842)	-	(3,560,723)
Equipment	(1,065,805)	(110,621)	-	(1,176,426)
Total Accumulated depreciation	(8,318,946)	(520,051)	-	(8,838,997)
Total Capital Assets being depreciated, net	12,200,942	(183,145)	-	12,017,797
<b>Business-type Activities Capital Assets, net</b>	<b>\$ 12,267,575</b>	<b>\$ (133,258)</b>	<b>\$ -</b>	<b>\$ 12,134,317</b>

The amount of depreciation expense that was charged to the Water, Sewer, and Solid Waste funds for the year ended December 31, 2013 is as follows:

<u>Depreciation Expense:</u>	
Water	\$ 222,860
Sewer	292,042
Solid Waste	5,149
	<b>\$ 520,051</b>

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

**NOTE 9: COMPENSATED ABSENCES**

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

In the event of a termination of employment, death, or retirement, employees (or their estates) are paid for unused vacation leave.

City employees earn sick leave at the rate of 4.6 hours for every 80 hours worked. Sick leave accrual is continuous, without limit. In the case of death or retirement, employees (or the employees' estates) are paid between 600 to 650 hours of accumulated, unused sick leave.

**NOTE 10: BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS**

**Governmental Activities:** A summary of the governmental activities' debt and other long-term obligations as of December 31, 2013 follows:

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount Outstanding December 31</u>	<u>Amount Due in One Year</u>
<b><u>Governmental Activities</u></b>					
<b><u>General Obligation Bonds</u></b>					
2004 Refunding Recreation Center Bonds 2.00 - 4.35%	\$ 800,000	\$ -	\$ 85,000	\$ 715,000	\$ 90,000
2009 Emergency Dispatch Communications Bonds 4.25%	65,000	-	4,000	61,000	4,000
<b>Total General Obligation Bonds</b>	<u>865,000</u>	<u>-</u>	<u>89,000</u>	<u>776,000</u>	<u>94,000</u>
<b><u>Other Obligations</u></b>					
Capital Lease	11,133	-	11,133	-	-
2013 Loan - Wayne Savings Community Bank 2.25%	-	185,000	-	185,000	35,204
2013 Loan - Rittman EVSD 0%	-	35,000	7,000	28,000	7,000
2013 Loan - Rittman CIC 0%	-	7,000	-	7,000	-
Compensated Absences	184,361	130,576	116,676	198,261	124,384
<b>Total Other Obligations</b>	<u>195,494</u>	<u>357,576</u>	<u>134,809</u>	<u>418,261</u>	<u>166,588</u>
<b>Total Governmental Activities</b>	<u>\$ 1,060,494</u>	<u>\$ 357,576</u>	<u>\$ 223,809</u>	<u>\$ 1,194,261</u>	<u>\$ 260,588</u>

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

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

**Business-type Activities:** A summary of the business-type activities' debt and other long-term obligations as of December 31, 2013 follows:

	Balance January 1	Additions	Deletions	Amount Outstanding December 31	Amount Due in One Year
<b><u>Business-type Activities</u></b>					
<b><u>Revenue Bonds</u></b>					
1993 Mortgage Revenue Bonds 5.2%	\$ 886,100	\$ -	\$ 26,700	\$ 859,400	\$ 28,000
<b><u>General Obligation Bonds</u></b>					
2004 Water Improvement Bonds 2.0-4.7%	1,060,000	-	70,000	990,000	70,000
2011 Sewer Vehicle Acquisition Bonds 3.75%	49,000		11,500	37,500	12,000
Total General Obligation Bonds	1,109,000	-	81,500	1,027,500	82,000
Total Bonds	1,995,100	-	108,200	1,886,900	110,000
<b><u>Loans</u></b>					
2010 OPWC Loan 0%	132,489	-	4,491	127,998	4,491
2005 OPWC Loan 0%	168,750	-	12,500	156,250	12,500
1993 OWDA Loan 5%	133,002	-	133,002	-	-
Total Loans	434,241	-	149,993	284,248	16,991
<b><u>Other Obligations</u></b>					
Compensated Absences	81,357	49,308	44,526	86,139	44,771
<b>Total Business-type Activities</b>	<b>\$ 2,510,698</b>	<b>\$ 49,308</b>	<b>\$ 302,719</b>	<b>\$ 2,257,287</b>	<b>\$ 171,762</b>

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds will be retired from the Debt Service Fund using general property taxes, and from the Water and Sewer Funds using resources within these funds.

On July 12, 2004, the City issued \$1,410,000 and \$415,000 in general obligation bonds with interest rates varying between; 2.00-4.35 percent, and 2.00-2.75 percent, respectively. The bond issues were used to refund \$1,361,000 of outstanding recreation center bonds with an interest rate of 5.30 percent, and to refund \$415,000 of outstanding safety building bonds with an average interest rate of 4.84 percent. As of December 31, 2013, all of the defeased bonds have been called and subsequently redeemed. The refunding recreation center bonds will mature on December 1, 2020.

In 2009, the City issued \$77,000 in bonds with an interest rate of 4.25 percent and will mature in 2024. These bonds were issued to replace and improve the City's 911 emergency dispatch communication system.

In 2012, the City received \$59,500 from the issuance of the 2011 general obligation bonds with an interest rate of 3.75 percent and will mature in 2016. These bonds were issued for the purpose of improving the City's sewer system.

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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

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, 2032) were issued for the purpose of constructing and improving the wastewater treatment facilities.

The City has pledged future revenues to repay OPWC loans in the Water Fund. The debt is payable solely from revenues and is payable through 2025. In 2013, the annual principal payment on the loan required 2.29 percent of operating revenues and 1.36 percent of total revenues. The total principal remaining to be paid on the loan is \$156,250. Principal paid in the current year was \$12,500, total operating revenues were \$545,896 and total revenues were \$919,398.

The City has pledged future revenues to repay revenue bonds and OWDA loans in the Sewer Fund. The debt is payable solely from operating revenues and is payable through 2033. In 2013, the annual principal and interest payments on the bonds and loans required 16.63 percent of operating revenues and 16.45 percent of total revenues. The total principal and interest remaining to be paid on the bonds and loans is \$1,362,014. Principal and interest paid in the current year was \$208,384, total operating revenues were \$1,253,076 and total revenues were \$1,266,651.

The 2005 Ohio Public Works Commission (OPWC) loan was for a new water filtration system to be used by the City. The City received \$141,647 in proceeds in 2005, with the remaining \$108,353 received in 2006. The loan ends in 2026 and is an interest-free loan.

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

The 2010 OPWC loan was for waterline improvements on Salt Street and Terrace Street. The City received \$134,735 in proceeds in 2011. The loan ends in 2042 and is an interest-free loan.

In 2013, the City received a loan of \$185,000 from Wayne Savings Community Bank with an interest rate of 2.25 percent. The loan was used to purchase a fire truck. The loan matures in 2017.

In 2013, the City received a loan of \$35,000 from Rittman Exempted Village School District. There is no annual interest rate. The loan was used to purchase land. The loan matures in 2017.

In 2013, the City received a loan of \$7,000 from Rittman Community Improvement Corporation. There is no annual interest rate. The loan is used for loan payments on the 2013 loan from Rittman Exempted Village School District. The loan matures upon the City converting the land purchased with the loan from Rittman Exempted Village School District for the City's use or selling the land to another entity.

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

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

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

The annual requirements to amortize all bonded debt and loans as of December 31, 2013, including interest payments of \$4,102,065, are as follows:

<u>Year</u>	General Obligation Bonds		Loans	
	Principal	Interest	Principal	Interest
	2014	\$ 176,000	\$ 75,994	\$ 42,204
2015	187,500	69,293	43,209	3,370
2016	193,000	61,984	44,023	2,556
2017	185,000	54,282	44,856	1,723
2018	205,000	46,690	38,708	871
2019-2023	745,000	112,932	-	-
2024-2028	112,000	5,233	-	-
2029-2033	-	-	-	-
2034-2038	-	-	-	-
2039-2042	-	-	-	-
	\$ 1,803,500	\$ 426,408	\$ 213,000	\$ 12,895

<u>Year</u>	Revenue Bonds		OPWC Loans	
	Principal	Interest	Principal	Total
	2014	\$ 28,000	\$ 44,044	\$ 16,991
2015	29,500	42,609	16,991	392,472
2016	31,000	41,097	16,991	390,651
2017	32,600	39,509	16,991	374,961
2018	34,200	37,838	16,991	380,298
2019-2023	199,400	161,012	84,956	1,303,300
2024-2028	256,000	104,397	53,706	531,336
2029-2033	248,700	32,108	22,456	303,264
2034-2038	-	-	22,456	22,456
2039-2042	-	-	15,719	15,719
	\$ 859,400	\$ 502,614	\$ 284,248	\$ 4,102,065

**NOTE 11: CAPITAL LEASE – LESSEE DISCLOSURE**

Capital lease payments are reflected as debt service payments in the basic financial statements for the governmental funds. These expenditures are reflected as functional expenditures on a budgetary basis.

In prior years, governmental activities' capital assets consisting of equipment have been capitalized in the amount of \$55,891. The capitalized amount is equal to the present value of the future minimum lease payments at the time of acquisition.

In 2013, the capital lease was fully retired.

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

**NOTE 12: PROPERTY TAX**

Property taxes include amounts levied against all real and public utility property, and tangible personal property located in the City. Real property taxes were levied after October 1, on the assessed value as of the prior January 1, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was in 2008 for Wayne County and 2011 for Medina County.

Public utility property taxes were levied after October 1 on the assessed value as of the prior December 31 and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at 100 percent of true value and on real property at 35 percent of assessed valuation.

The full-tax rate for all City operations applied to taxable property for the year ended December 31, 2013 was \$7.00 and \$5.80 per \$1,000 of assessed valuation in Wayne and Medina counties, respectively. For 2013, only 2.49 percent of the total valuations were attributed to property in Medina County.

The assessed values upon which the 2013 taxes were collected are as follows:

<u>Property Category</u>	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>		
Residential and agricultural	\$76,880,660	81.82
Commercial and industrial	14,895,610	15.85
<u>Tangible Personal Property</u>		
Public utilities	2,188,940	2.33
Total	<u>\$93,965,210</u>	<u>100.00</u>

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

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, 2013. However, since these tax collections will not be received during the available period nor are they intended to finance 2013 operations, the receivable is offset by a credit to deferred inflows of resources.

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 13: INCOME TAX**

The City levies and collects an income tax of 1.5 percent on all income earned within the City, as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 1.5 percent of the tax paid to another municipality. City Council voted to cap the credit at 1.0 percent, effective January 1, 2012. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated taxes at least quarterly and to file a final return annually. Income tax revenues are distributed between the General Fund (50 percent), the Water Enterprise Fund (25 percent), and the Capital Improvements Capital Projects Fund (25 percent).

#### **NOTE 14: CONTINGENCIES**

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

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

#### **NOTE 15: PENSION PLANS**

##### **Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting [www.opers.org/investments/cafr.shtml](http://www.opers.org/investments/cafr.shtml), by writing to OPERS, 277 E. Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 15: PENSION PLANS** (Continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2013, the members of all three plans were required to contribute 10.00 percent of their annual covered salaries. The City's contribution rate was 14.00 percent of covered payroll. The pension allocation for the Traditional and Combined Plans was 13.00 percent during calendar year 2013. The City's required pension contributions for the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$214,817, \$165,116, and \$170,755, respectively; 90.75 percent has been contributed for 2013 and 100 percent has been contributed for 2012 and 2011. The unpaid contribution to fund pension obligations for 2013 is recorded as a short-term liability within the respective funds.

#### **Ohio Police and Fire Pension Fund**

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

From January 1, 2013 thru July 1, 2013, Plan members were required to contribute 10.00 percent of their annual covered salary. From July 2, 2013 thru December 31, 2013, Plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, the City is required to contribute 19.50 percent and 24.0 percent for police officers and firefighters, respectively.

The portion of the City's contributions to fund pension obligations from January 1, 2013 thru May 31, 2013, for both police officers and firefighters was 14.81 percent and 19.31 percent, respectively. The portion of the City's contributions to fund pension obligations from June 1, 2013 thru December 31, 2013 for both police officers and firefighters was 16.65 percent and 21.15 percent, respectively. The City's contributions for pension obligations to the OP&F for the years ended December 31, 2013, 2012, and 2011 were \$70,574, \$55,319, and \$60,564, respectively; 72.85 percent has been contributed for 2013 and 100 percent has been contributed for 2012 and 2011. The unpaid contribution to fund pension obligations for 2013 is recorded as a short-term liability within the respective funds.

#### **Ohio Public Employees Retirement System**

*Plan Description* - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans; the Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan is a defined contribution plan; and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan.

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 16: POST-EMPLOYMENT BENEFITS**

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting [www.opers.org/investments/cafr.shtml](http://www.opers.org/investments/cafr.shtml), by writing to OPERS, 277 E. Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

*Funding Policy* - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage. The 2013 local government employer contribution rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for local government employers. Active members do not make contributions to the OPEB Plan.

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.00 percent during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.00 percent during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2.00 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's actual employer contributions for December 31, 2013, 2012 and 2011 which were used to fund post-employment benefits were \$16,524, \$66,046, and \$68,302, respectively; 90.75 percent has been contributed for 2013 and 100 percent has been contributed for 2012 and 2011. The unpaid contribution to fund pension obligations for 2013 is recorded as a short-term liability within the respective funds.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00 percent of the employer contributions toward the health care fund after the end of the transition period.

## *City of Rittman, Ohio*

### **Notes to the Basic Financial Statements (Continued) For The Year Ended December 31, 2013**

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#### **NOTE 16: POST-EMPLOYMENT BENEFITS (Continued)**

##### **Ohio Police and Fire Pension Fund**

*Plan Description* - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 E. Town Street, Columbus, OH 43215-5164. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

*Funding Policy* - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 Trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 4.69 percent of covered payroll from January 1, 2013 thru May 31, 2013 and 2.85 percent of covered payroll from June 1, 2013 thru December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of the Sections 115 and 401(h).

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

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**NOTE 16: POST-EMPLOYMENT BENEFITS** (Continued)

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for pension obligations to the OP&F for the years ended December 31, 2013, 2012, and 2011 were \$15,963, \$29,287, and \$32,063, respectively; 72.85 percent has been contributed for 2013 and 100 percent has been contributed for 2012 and 2011. The unpaid contribution to fund pension obligations for 2013 is recorded as a short-term liability within the respective funds.

**NOTE 17: RISK MANAGEMENT**

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

These risks are covered by commercial insurance policies purchased from independent third parties. The City purchases extended coverage insurance on all buildings and contents to \$27,034,960. 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 \$3,000,000 aggregate. Other policies held by the City include law enforcement, public officials, boiler & machinery, inland marine, and commercial crime. An umbrella policy held by the City provides an additional \$5,000,000 of coverage over the policies listed above. There were no settled claims from these risks that have exceeded commercial insurance coverage nor has insurance coverage been significantly reduced in the past three years.

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

**NOTE 18: INTERFUND TRANSFERS**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During the year, the Capital Improvements Fund transferred \$128,532 to the Debt Service Fund and the General Fund transferred \$35,000 to the Fire Department Levy Fund for these purposes.

*City of Rittman, Ohio*

**Notes to the Basic Financial Statements**  
(Continued)  
**For The Year Ended December 31, 2013**

**NOTE 19: INTERFUND RECEIVABLES AND PAYABLES**

Internal borrowing consists of internal bonds issued by the City to finance projects internally rather than through outside parties. For reporting purposes, these internal bonds were reflected as an interfund receivable in the Capital Improvements Fund and an interfund payable in the Other Governmental Funds.

Following is a detail of the Interfund Receivable/Payable, by debt issue, as of December 31, 2013:

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
<b><u>Governmental Activities</u></b>				
2009 Street Improvement				
Issued 2009, Maturity 2014, Rate 5.00%	\$ 5,584	\$ -	\$ 2,724	\$ 2,860
2010 Street Improvement				
Issued 2010, Maturity 2015, Rate 5.00%	14,758	-	4,681	10,077
<b>Total Governmental Activities</b>	<b>\$ 20,342</b>	<b>\$ -</b>	<b>\$ 7,405</b>	<b>\$ 12,937</b>

Of the \$12,937 balance, \$5,161 will be repaid in more than one year.

In addition to the City's internal bonds outstanding, the General Fund provided temporary funding in the amount of \$10,000 to the Solid Waste fund until funds are received. This loan will be repaid within one year.

**NOTE 20: OTHER COMMITMENTS**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are components of fund balance for subsequent year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. As of December 31, 2013, the City's commitments for encumbrances in the governmental funds were as follows:

	Encumbrances Outstanding
General	\$ 9,332
Emergency Medical Service	1,058
Fire Department Levy	2,217
Nonmajor Funds:	
Special Revenue Funds	1,421
Total	<b>\$ 14,028</b>

**Combining Statements**

## *City of Rittman, Ohio*

### **Combining Statements Fund Descriptions December 31, 2013**

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#### *Non-Major Special Revenue Funds*

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

##### *Street Maintenance and Repair*

Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees restricted for maintenance of streets within the City.

##### *State Highway*

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

##### *Permissive Tax*

Required by the Ohio Revised Code to account for that portion of motor vehicle registration fees allocated to assist in maintaining those city streets designated as contributing to the effective and efficient flow of traffic through and within the county. During 2013, this fund had no budget.

##### *Permissive Tax II*

To account for the City's share of motor vehicle registration fees levied by the City for maintaining city streets.

##### *Police Pension*

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

##### *Law Enforcement and Education*

To account for funds from the municipal court restricted to enforce drunk driving laws and related educational programs.

##### *Law Enforcement*

To account for funds from the municipal court restricted for law enforcement programs.

##### *Law Enforcement Assistance Grant*

To account for funds to be used for law enforcement and public safety programs.

##### *Education and Recreation Assistance*

To account for monies received and expended for the Parks and Recreation Department programs and activities.

## *City of Rittman, Ohio*

### **Combining Statements Fund Descriptions December 31, 2013**

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#### *Non-Major Debt Service Fund*

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

##### *Debt Retirement*

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

#### *Non-Major Capital Project Fund*

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

##### *Cemetery Endowment*

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

#### *Fiduciary Funds*

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

#### *Agency Funds*

##### *Unclaimed Funds*

To account for stale dated checks issued by the City for various expenses. These dollars are held in this fund until a legal claim is made.

##### *Returnable Bonds*

To hold deposits for various aspects of construction such as inspections, street openings, grade settings, and building deposits and to hold as agent monies received for insurance which are to be remitted as required.

*City of Rittman, Ohio*

**Combining Balance Sheet  
Non-Major Governmental Funds  
December 31, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 262,518	\$ 14,453	\$ 64,088	\$ 341,059
Cash and Cash Equivalents:				
In Segregated Accounts	-	2,841	-	2,841
Materials and Supplies Inventory	7,312	-	-	7,312
Accrued Interest Receivable	77	-	-	77
Accounts Receivable	225	-	-	225
Intergovernmental Receivable	233,309	-	-	233,309
Property Taxes Receivable	28,969	-	-	28,969
Special Assessments Receivable	-	13,696	-	13,696
<b>Total Assets</b>	<u>532,410</u>	<u>30,990</u>	<u>64,088</u>	<u>627,488</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 8,340	\$ -	\$ -	\$ 8,340
Accrued Wages and Benefits	4,022	-	-	4,022
Intergovernmental Payable	6,264	-	-	6,264
Matured Interest Payable	-	841	-	841
Matured Bonds Payable	-	2,000	-	2,000
Accrued Interest Payable	-	216	-	216
Interfund Payable	-	12,937	-	12,937
<b>Total Liabilities</b>	<u>18,626</u>	<u>15,994</u>	<u>-</u>	<u>34,620</u>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	23,267	-	-	23,267
Unavailable Revenue - Delinquent Property Taxes	3,184	-	-	3,184
Unavailable Revenue - Other	187,210	13,696	-	200,906
<b>Total Deferred Inflows of Resources</b>	<u>213,661</u>	<u>13,696</u>	<u>-</u>	<u>227,357</u>
<b>Fund Balances:</b>				
Nonspendable	7,312	-	-	7,312
Restricted	292,811	1,300	64,088	358,199
<b>Total Fund Balances</b>	<u>300,123</u>	<u>1,300</u>	<u>64,088</u>	<u>365,511</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 532,410</u>	<u>\$ 30,990</u>	<u>\$ 64,088</u>	<u>\$ 627,488</u>

*City of Rittman, Ohio*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For The Year Ended December 31, 2013**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>				
Property and Other Taxes	\$ 25,625	\$ -	\$ -	\$ 25,625
Intergovernmental	336,925	-	-	336,925
Investment Income	488	-	-	488
Fines, Licenses, and Permits	1,307	-	-	1,307
Charges for Services	-	-	6,020	6,020
Special Assessments	-	13,258	-	13,258
All Other Revenues	963	-	-	963
<b>Total Revenues</b>	<u>365,308</u>	<u>13,258</u>	<u>6,020</u>	<u>384,586</u>
<b>EXPENDITURES</b>				
Current:				
Safety Services	4,093	-	-	4,093
Public Health Services	-	-	13,401	13,401
Transportation	262,712	-	-	262,712
General Government	370	-	-	370
Debt Service:				
Principal Retirement	-	100,133	-	100,133
Interest and Fiscal Charges	-	36,697	-	36,697
<b>Total Expenditures</b>	<u>267,175</u>	<u>136,830</u>	<u>13,401</u>	<u>417,406</u>
Excess of Revenues Over (Under) Expenditures	<u>98,133</u>	<u>(123,572)</u>	<u>(7,381)</u>	<u>(32,820)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer In	-	128,532	-	128,532
<b>Total Other Financing Sources</b>	<u>-</u>	<u>128,532</u>	<u>-</u>	<u>128,532</u>
Net Change in Fund Balances	98,133	4,960	(7,381)	95,712
Fund Balances - Beginning of Year	201,990	(3,660)	71,469	269,799
<b>Fund Balances - End of Year</b>	<u>\$ 300,123</u>	<u>\$ 1,300</u>	<u>\$ 64,088</u>	<u>\$ 365,511</u>

*City of Rittman, Ohio*

**Combining Balance Sheet  
Non-Major Special Revenue Funds  
December 31, 2013**

	Street Maintenance and Repair	State Highway	Permissive Tax	Permissive Tax II	Police Pension	Law Enforcement and Education	Law Enforcement	Education and Recreation Assistance	Nonmajor Special Revenue Funds
<b>ASSETS</b>									
Equity in Pooled Cash and Cash Equivalents	\$ 95,089	\$ 36,132	\$ -	\$ 94,974	\$ 19,619	\$ 1,753	\$ 9,339	\$ 5,612	\$ 262,518
Materials and Supplies Inventory	2,332	4,980	-	-	-	-	-	-	7,312
Accrued Interest Receivable	56	21	-	-	-	-	-	-	77
Accounts Receivable	-	-	-	-	-	-	225	-	225
Intergovernmental Receivable	130,843	10,609	85,574	3,696	2,587	-	-	-	233,309
Property Taxes Receivable	-	-	-	-	28,969	-	-	-	28,969
<b>Total Assets</b>	<u>\$ 228,320</u>	<u>\$ 51,742</u>	<u>\$ 85,574</u>	<u>\$ 98,670</u>	<u>\$ 51,175</u>	<u>\$ 1,753</u>	<u>\$ 9,564</u>	<u>\$ 5,612</u>	<u>\$ 532,410</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts Payable	\$ 5,926	\$ 2,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,340
Accrued Wages and Benefits	3,636	386	-	-	-	-	-	-	4,022
Intergovernmental Payable	6,264	-	-	-	-	-	-	-	6,264
<b>Total Liabilities</b>	<u>15,826</u>	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,626</u>
<b>Deferred Inflows of Resources:</b>									
Property Taxes	-	-	-	-	23,267	-	-	-	23,267
Unavailable Revenue - Delinquent Property Taxes	-	-	-	-	3,184	-	-	-	3,184
Unavailable Revenue - Other	88,201	7,152	85,574	3,696	2,587	-	-	-	187,210
<b>Total Deferred Inflows of Resources</b>	<u>88,201</u>	<u>7,152</u>	<u>85,574</u>	<u>3,696</u>	<u>29,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,661</u>
<b>Fund Balances:</b>									
Nonspendable	2,332	4,980	-	-	-	-	-	-	7,312
Restricted	121,961	36,810	-	94,974	22,137	1,753	9,564	5,612	292,811
<b>Total Fund Balances</b>	<u>124,293</u>	<u>41,790</u>	<u>-</u>	<u>94,974</u>	<u>22,137</u>	<u>1,753</u>	<u>9,564</u>	<u>5,612</u>	<u>300,123</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 228,320</u>	<u>\$ 51,742</u>	<u>\$ 85,574</u>	<u>\$ 98,670</u>	<u>\$ 51,175</u>	<u>\$ 1,753</u>	<u>\$ 9,564</u>	<u>\$ 5,612</u>	<u>\$ 532,410</u>

*City of Rittman, Ohio*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Special Revenue Funds  
For The Year Ended December 31, 2013**

	Street Maintenance and Repair	State Highway	Permissive Tax II	Police Pension	Law Enforcement and Education	Law Enforcement	Education and Recreation Assistance	Nonmajor Special Revenue Funds
<b>REVENUES</b>								
Property and Other Taxes	\$ -	\$ -	\$ -	\$ 25,625	\$ -	\$ -	\$ -	\$ 25,625
Intergovernmental	265,527	21,325	46,029	4,044	-	-	-	336,925
Interest	355	133	-	-	-	-	-	488
Fines, Licenses, and Permits	-	-	-	-	373	934	-	1,307
All Other Revenues	963	-	-	-	-	-	-	963
<b>Total Revenues</b>	<b>266,845</b>	<b>21,458</b>	<b>46,029</b>	<b>29,669</b>	<b>373</b>	<b>934</b>	<b>-</b>	<b>365,308</b>
<b>EXPENDITURES</b>								
Current:								
Safety Services	-	-	-	2,600	1,493	-	-	4,093
Transportation	222,743	12,170	27,799	-	-	-	-	262,712
General Government	-	-	-	370	-	-	-	370
<b>Total Expenditures</b>	<b>222,743</b>	<b>12,170</b>	<b>27,799</b>	<b>2,970</b>	<b>1,493</b>	<b>-</b>	<b>-</b>	<b>267,175</b>
Excess of Revenues Over (Under) Expenditures	44,102	9,288	18,230	26,699	(1,120)	934	-	98,133
Fund Balances - Beginning of Year	80,191	32,502	76,744	(4,562)	2,873	8,630	5,612	201,990
<b>Fund Balances - End of Year</b>	<b>\$ 124,293</b>	<b>\$ 41,790</b>	<b>\$ 94,974</b>	<b>\$ 22,137</b>	<b>\$ 1,753</b>	<b>\$ 9,564</b>	<b>\$ 5,612</b>	<b>\$ 300,123</b>

*City of Rittman, Ohio*

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2013**

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
<b>Unclaimed Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 908	\$ 229	\$ -	\$ 1,137
<b>Liabilities</b>				
Deposits Held and Due to Others	\$ 908	\$ 229	\$ -	\$ 1,137
<b>Returnable Bonds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 20,642	\$ 11,450	\$ 27,042	\$ 5,050
<b>Liabilities</b>				
Deposits Held and Due to Others	\$ 20,642	\$ 11,450	\$ 27,042	\$ 5,050
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 21,550	\$ 11,679	\$ 27,042	\$ 6,187
<b>Liabilities</b>				
Deposits Held and Due to Others	\$ 21,550	\$ 11,679	\$ 27,042	\$ 6,187

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

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Municipal Income Taxes	\$ 780,000	\$ 780,000	\$ 801,532	\$ 21,532
Property and Other Taxes	263,300	257,900	266,300	8,400
Charges for Services	595,696	595,696	546,820	(48,876)
Fines, Licenses, and Permits	116,080	116,080	129,216	13,136
Intergovernmental	317,942	359,877	422,488	62,611
Investment Income	20,000	20,000	30,433	10,433
Contributions and Donations	2,000	19,000	10,000	(9,000)
All Other Revenues	12,200	12,200	14,726	2,526
<b>Total Revenues</b>	<b>2,107,218</b>	<b>2,160,753</b>	<b>2,221,515</b>	<b>60,762</b>
<b>Expenditures:</b>				
Current:				
Safety Services				
Division of Police				
Personal Services	904,198	920,198	874,349	45,849
Other than Personal Services	107,667	107,687	104,981	2,706
Total Division of Police	1,011,865	1,027,885	979,330	48,555
Division of Street Lighting				
Other than Personal Services	29,740	29,740	27,528	2,212
Total Safety Services	1,041,605	1,057,625	1,006,858	50,767
Public Health Services				
Cemetery Board				
Personal Services	62,673	63,773	65,244	(1,471)
Other than Personal Services	10,024	10,024	9,101	923
Total Cemetery Board	72,697	73,797	74,345	(548)
Board of Health				
Other than Personal Services	23,600	23,600	23,195	405

(Continued)

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund (continued)  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Division of Pest and Animal Control				
Personal Services	3,225	3,225	753	2,472
Other than Personal Services	14,000	14,000	8,569	5,431
Total Division of Pest and Animal Control	<u>17,225</u>	<u>17,225</u>	<u>9,322</u>	<u>7,903</u>
Total Public Health Services	<u>113,522</u>	<u>114,622</u>	<u>106,862</u>	<u>7,760</u>
Leisure Time Activities				
Division of Parks				
Personal Services	65,898	67,098	72,050	(4,952)
Other than Personal Services	13,280	13,280	11,705	1,575
Total Division of Parks	<u>79,178</u>	<u>80,378</u>	<u>83,755</u>	<u>(3,377)</u>
Recreation Center				
Personal Services	211,150	214,150	197,618	16,532
Other Expenses	170,930	186,930	145,585	41,345
Total Recreation Center	<u>382,080</u>	<u>401,080</u>	<u>343,203</u>	<u>57,877</u>
Total Leisure Time Activities	<u>461,258</u>	<u>481,458</u>	<u>426,958</u>	<u>54,500</u>
Basic Utility Services				
Division of Waste Management				
Other than Personal Services	-	-	165	(165)
Transportation				
Division of Street Maintenance				
Personal Services	81,633	103,633	94,759	8,874
Other than Personal Services	25,063	25,063	16,468	8,595
Total Division of Street Maintenance	<u>106,696</u>	<u>128,696</u>	<u>111,227</u>	<u>17,469</u>

(Continued)

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund (continued)  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Division of Vehicle Maintenance				
Other than Personal Services	17,659	17,659	6,218	11,441
Total Transportation	124,355	146,355	117,445	28,910
General Government				
Office of City Council				
Personal Services	40,110	40,360	34,598	5,762
Other than Personal Services	7,000	7,000	4,795	2,205
Total Office of City Council	47,110	47,360	39,393	7,967
Department of Mayor and Administration				
Personal Services	177,461	181,461	207,827	(26,366)
Other than Personal Services	123,248	123,248	109,656	13,592
Total Department of Mayor and Administration	300,709	304,709	317,483	(12,774)
Department of Finance and Tax				
Personal Services	147,748	173,748	156,891	16,857
Other than Personal Services	6,200	6,200	5,806	394
Total Department of Finance and Tax	153,948	179,948	162,697	17,251
Division of Lands and Buildings				
Personal Services	14,925	15,225	9,009	6,216
Other than Personal Services	8,154	15,154	9,828	5,326
Total Division of Lands and Buildings	23,079	30,379	18,837	11,542
Department of Law				
Personal Services	36,420	36,920	29,149	7,771
Other than Personal Services	7,000	12,500	5,916	6,584
Total Department of Law	43,420	49,420	35,065	14,355

(Continued)

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund (continued)  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Miscellaneous				
Personal Services	7,500	7,500	6,362	1,138
Other than Personal Services	42,213	32,213	28,065	4,148
Total Miscellaneous	<u>49,713</u>	<u>39,713</u>	<u>34,427</u>	<u>5,286</u>
Total General Government	<u>617,979</u>	<u>651,529</u>	<u>607,902</u>	<u>43,627</u>
<b>Total Expenditures</b>	<u><u>2,358,719</u></u>	<u><u>2,451,589</u></u>	<u><u>2,266,190</u></u>	<u><u>185,399</u></u>
Excess of Revenues Over (Under) Expenditures	<u>(251,501)</u>	<u>(290,836)</u>	<u>(44,675)</u>	<u>246,161</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	1,368	1,368
Advances In	-	-	50,000	50,000
Advances Out	-	(10,000)	(10,000)	-
Transfer In	5,000	5,000	-	(5,000)
Transfers Out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(35,000)</u>	<u>5,000</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(35,000)</u>	<u>(45,000)</u>	<u>6,368</u>	<u>51,368</u>
Net Change in Fund Balance	(286,501)	(335,836)	(38,307)	297,529
Fund Balance - Beginning of Year	604,004	604,004	604,004	-
Prior Year Encumbrances Appropriated	31,708	31,708	31,708	-
<b>Fund Balance - End of Year</b>	<u><u>\$ 349,211</u></u>	<u><u>\$ 299,876</u></u>	<u><u>\$ 597,405</u></u>	<u><u>\$ 297,529</u></u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Emergency Medical Service Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Property and Other Taxes	\$155,800	\$155,800	\$ 160,230	\$ 4,430
Intergovernmental	41,080	41,080	33,440	(7,640)
Charges for Services	171,700	171,700	213,009	41,309
All Other Revenues	500	500	1,920	1,420
<b>Total Revenues</b>	<u>369,080</u>	<u>369,080</u>	<u>408,599</u>	<u>39,519</u>
<b>Expenditures:</b>				
Current:				
Safety Services				
Division of Emergency Services				
Personal Services	278,230	283,230	279,619	3,611
Other than Personal Services	87,819	87,819	68,775	19,044
Capital Outlay	86,843	86,843	32,488	54,355
Total Safety Services	<u>452,892</u>	<u>457,892</u>	<u>380,882</u>	<u>77,010</u>
General Government				
Other than Personal Services	3,550	3,550	2,543	1,007
<b>Total Expenditures</b>	<u>456,442</u>	<u>461,442</u>	<u>383,425</u>	<u>78,017</u>
Net Change in Fund Balance	(87,362)	(92,362)	25,174	117,536
Fund Balance - Beginning of Year	470,652	470,652	470,652	-
Prior Year Encumbrances Appropriated	8,392	8,392	8,392	-
Fund Balance - End of Year	<u>\$391,682</u>	<u>\$386,682</u>	<u>\$ 504,218</u>	<u>\$ 117,536</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Fire Department Levy Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Property and Other Taxes	\$ 77,550	\$ 77,550	\$ 78,909	\$ 1,359
Intergovernmental	12,250	266,600	50,811	(215,789)
<b>Total Revenues</b>	<u>89,800</u>	<u>344,150</u>	<u>129,720</u>	<u>(214,430)</u>
<b>Expenditures:</b>				
Current:				
Safety Services				
Division of Emergency Services				
Personal Services	84,958	86,458	79,233	7,225
Other than Personal Services	41,996	42,096	32,446	9,650
Capital Outlay	22,325	385,025	247,499	137,526
Total Safety Services	<u>149,279</u>	<u>513,579</u>	<u>359,178</u>	<u>154,401</u>
General Government				
Other than Personal Services	2,000	2,000	1,234	766
<b>Total Expenditures</b>	<u>151,279</u>	<u>515,579</u>	<u>360,412</u>	<u>155,167</u>
Excess of Revenues Over (Under) Expenditures	<u>(61,479)</u>	<u>(171,429)</u>	<u>(230,692)</u>	<u>(59,263)</u>
<b>Other Financing Sources</b>				
Transfers In	35,000	35,000	35,000	-
<b>Total Other Financing Sources</b>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Net Change in Fund Balance	(26,479)	(136,429)	(195,692)	(59,263)
Fund Balance - Beginning of Year	233,781	233,781	233,781	-
Prior Year Encumbrances Appropriated	5,104	5,104	5,104	-
Fund Balance - End of Year	<u>\$ 212,406</u>	<u>\$ 102,456</u>	<u>\$ 43,193</u>	<u>\$ (59,263)</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Capital Improvements Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$390,000	\$390,000	\$ 400,767	\$ 10,767
Intergovernmental	300,000	393,600	109,301	(284,299)
Special Assessments	15,000	15,000	10,699	(4,301)
Contributions and Donations	-	-	8,600	8,600
Other	-	-	1,491	1,491
<b>Total Revenues</b>	<u>705,000</u>	<u>798,600</u>	<u>530,858</u>	<u>(267,742)</u>
<b>Expenditures:</b>				
Current:				
Safety Services				
Division of Police				
Capital Outlay	10,500	25,100	28,203	(3,103)
Leisure Time Activities				
Division of Parks				
Capital Outlay	22,666	52,666	52,531	135
Transportation				
Division of Street Construction				
Capital Outlay	150,000	400,000	24,740	375,260
General Government				
Miscellaneous				-
Other than Personal Services	23,000	23,000	22,903	97
Capital Outlay	104,000	104,000	7,219	96,781
Total General Government	<u>127,000</u>	<u>127,000</u>	<u>30,122</u>	<u>96,878</u>
<b>Total Expenditures</b>	<u>310,166</u>	<u>604,766</u>	<u>135,596</u>	<u>469,170</u>
Excess of Revenues Over (Under) Expenditures	<u>394,834</u>	<u>193,834</u>	<u>395,262</u>	<u>201,428</u>
<b>Other Financing (Uses)</b>				
Advances Out	-	-	(50,000)	(50,000)
Transfers Out	(128,532)	(128,532)	(128,532)	-
<b>Total Other Financing (Uses)</b>	<u>(128,532)</u>	<u>(128,532)</u>	<u>(178,532)</u>	<u>(50,000)</u>
Net Change in Fund Balance	266,302	65,302	216,730	151,428
Fund Balance - Beginning of Year, Restated	49,129	49,129	49,129	-
Prior Year Encumbrances Appropriated	15,166	15,166	15,166	-
Fund Balance - End of Year	<u>\$330,597</u>	<u>\$129,597</u>	<u>\$ 281,025</u>	<u>\$ 151,428</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Street Maintenance and Repair Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$261,000	\$261,000	\$264,193	\$ 3,193
Investment Income	100	100	234	134
All Other Revenues	200	200	963	763
<b>Total Revenues</b>	<u>261,300</u>	<u>261,300</u>	<u>265,390</u>	<u>4,090</u>
<b>Expenditures:</b>				
Current:				
Transportation				
Division of Street Maintenance				
Personal Services	192,031	195,431	163,729	31,702
Other than Personal Services	60,922	60,922	57,564	3,358
<b>Total Expenditures</b>	<u>252,953</u>	<u>256,353</u>	<u>221,293</u>	<u>35,060</u>
Net Change in Fund Balance	8,347	4,947	44,097	39,150
Fund Balance - Beginning of Year	45,773	45,773	45,773	-
Prior Year Encumbrances	403	403	403	-
Fund Balance - End of Year	<u>\$ 54,523</u>	<u>\$ 51,123</u>	<u>\$ 90,273</u>	<u>\$ 39,150</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
State Highway Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$21,100	\$21,100	\$21,218	\$ 118
Investment Income	100	100	96	(4)
<b>Total Revenues</b>	<u>21,200</u>	<u>21,200</u>	<u>21,314</u>	<u>114</u>
<b>Expenditures:</b>				
Current:				
Transportation				
Division of Street Maintenance				
Personal Services	7,527	7,527	7,565	(38)
Other than Personal Services	29,424	29,424	16,165	13,259
<b>Total Expenditures</b>	<u>36,951</u>	<u>36,951</u>	<u>23,730</u>	<u>13,221</u>
Net Change in Fund Balance	(15,751)	(15,751)	(2,416)	13,335
Fund Balance - Beginning of Year	28,876	28,876	28,876	-
Prior Year Encumbrances	7,224	7,224	7,224	-
Fund Balance - End of Year	<u>\$20,349</u>	<u>\$20,349</u>	<u>\$33,684</u>	<u>\$ 13,335</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Permissive Tax II Fund  
For The Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$50,000	\$ 50,000	\$49,703	\$ (297)
<b>Total Revenues</b>	<u>50,000</u>	<u>50,000</u>	<u>49,703</u>	<u>(297)</u>
<b>Expenditures:</b>				
Current:				
Transportation				
Division of Street Maintenance				
Other than Personal Services	46,000	71,000	27,799	43,201
<b>Total Expenditures</b>	<u>46,000</u>	<u>71,000</u>	<u>27,799</u>	<u>43,201</u>
Net Change in Fund Balance	4,000	(21,000)	21,904	42,904
Fund Balance - Beginning of Year	73,070	73,070	73,070	-
Fund Balance - End of Year	<u>\$77,070</u>	<u>\$ 52,070</u>	<u>\$94,974</u>	<u>\$ 42,904</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Police Pension Fund  
For The Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Property and Other Taxes	\$22,800	\$22,800	\$ 23,673	\$ 873
Intergovernmental	5,541	5,541	4,044	(1,497)
<b>Total Revenues</b>	<u>28,341</u>	<u>28,341</u>	<u>27,717</u>	<u>(624)</u>
<b>Expenditures:</b>				
Current:				
Safety Services				
Division of Police				
Personal Services	30,000	30,000	12,100	17,900
General Government				
Other than Personal Services	600	600	370	230
<b>Total Expenditures</b>	<u>30,600</u>	<u>30,600</u>	<u>12,470</u>	<u>18,130</u>
Net Change in Fund Balance	(2,259)	(2,259)	15,247	17,506
Fund Balance - Beginning of Year	4,372	4,372	4,372	-
Fund Balance - End of Year	<u>\$ 2,113</u>	<u>\$ 2,113</u>	<u>\$ 19,619</u>	<u>\$ 17,506</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Law Enforcement and Education Fund  
For The Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines, Licenses, and Permits	\$ 500	\$ 500	\$ 375	\$ (125)
<b>Total Revenues</b>	<u>500</u>	<u>500</u>	<u>375</u>	<u>(125)</u>
<b>Expenditures:</b>				
Current:				
Safety Services				
Division of Police				
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>1,493</u>	<u>(493)</u>
<b>Total Expenditures</b>	<u>1,000</u>	<u>1,000</u>	<u>1,493</u>	<u>(493)</u>
Net Change in Fund Balance	(500)	(500)	(1,118)	(618)
Fund Balance - Beginning of Year	<u>2,871</u>	<u>2,871</u>	<u>2,871</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 2,371</u></u>	<u><u>\$ 2,371</u></u>	<u><u>\$ 1,753</u></u>	<u><u>\$ (618)</u></u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Law Enforcement Fund  
For The Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines, Licenses, and Permits	\$ 1,000	\$ 1,000	\$ 709	\$ (291)
<b>Total Revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>709</u>	<u>(291)</u>
<b>Expenditures:</b>				
Current:				
Safety Services				
Division of Police				
Capital Outlay	1,000	1,500	-	1,500
<b>Total Expenditures</b>	<u>1,000</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Net Change in Fund Balance	-	(500)	709	1,209
Fund Balance - Beginning of Year	8,630	8,630	8,630	-
Fund Balance - End of Year	<u>\$ 8,630</u>	<u>\$ 8,130</u>	<u>\$ 9,339</u>	<u>\$ 1,209</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Law Enforcement Assistance Grant Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 200	\$ 200	\$ -	\$ (200)
<b>Total Revenues</b>	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
<b>Expenditures:</b>				
Current:				
Safety Services				
Division of Police				
Other than Personal Services	300	200	-	200
<b>Total Expenditures</b>	<u>300</u>	<u>200</u>	<u>-</u>	<u>200</u>
Net Change in Fund Balance	(100)	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<u>\$ (100)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Education and Recreation Assistance Fund  
For The Year Ended December 31, 2013**

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

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Debt Retirement Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special Assessments	\$ 8,340	\$ 8,340	\$ 13,258	\$ 4,918
<b>Total Revenues</b>	<u>8,340</u>	<u>8,340</u>	<u>13,258</u>	<u>4,918</u>
<b>Expenditures:</b>				
Current:				
General Government				
Other than Personal Services	500	500	-	500
Debt Service				
Principal	107,538	107,538	107,539	(1)
Interest & Fiscal Charges	36,820	36,820	36,820	-
Total Debt Service	<u>144,358</u>	<u>144,358</u>	<u>144,359</u>	<u>(1)</u>
<b>Total Expenditures</b>	<u>144,858</u>	<u>144,858</u>	<u>144,359</u>	<u>499</u>
Excess of Revenues Over (Under) Expenditures	<u>(136,518)</u>	<u>(136,518)</u>	<u>(131,101)</u>	<u>5,417</u>
<b>Other Financing Sources</b>				
Transfers In	128,532	128,532	128,532	-
<b>Total Other Financing Sources</b>	<u>128,532</u>	<u>128,532</u>	<u>128,532</u>	<u>-</u>
Net Change in Fund Balance	(7,986)	(7,986)	(2,569)	5,417
Fund Balance - Beginning of Year	17,022	17,022	17,022	-
Fund Balance - End of Year	<u>\$ 9,036</u>	<u>\$ 9,036</u>	<u>\$ 14,453</u>	<u>\$ 5,417</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Cemetery Endowment Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$ 6,000	\$ 6,000	\$ 6,420	\$ 420
<b>Total Revenues</b>	<u>6,000</u>	<u>6,000</u>	<u>6,420</u>	<u>420</u>
<b>Expenditures:</b>				
Current:				
Public Health Services				
Capital Outlay	5,000	17,250	13,400	3,850
<b>Total Expenditures</b>	<u>5,000</u>	<u>17,250</u>	<u>13,400</u>	<u>3,850</u>
Net Change in Fund Balance	1,000	(11,250)	(6,980)	4,270
Fund Balance - Beginning of Year	71,068	71,068	71,068	-
Fund Balance - End of Year	<u>\$ 72,068</u>	<u>\$ 59,818</u>	<u>\$ 64,088</u>	<u>\$ 4,270</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenses and Changes in Fund Equity -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Water Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 390,000	\$ 390,000	\$ 400,767	\$ 10,767
Intergovernmental	-	-	2,613	2,613
Charges for Services	528,000	528,000	538,343	10,343
Investment Income	20	20	289	269
All Other Revenues	1,000	1,000	4,992	3,992
<b>Total Revenues</b>	<b>919,020</b>	<b>919,020</b>	<b>947,004</b>	<b>27,984</b>
<b>Expenses:</b>				
Current:				
Basic Utility Services				
Office of Superintendent				
Personal Services	132,145	134,345	89,805	44,540
Other than Personal Services	254,054	274,054	240,376	33,678
Total Office of Superintendent	386,199	408,399	330,181	78,218
Division of Water Treatment				
Personal Services	86,749	88,249	94,814	(6,565)
Other than Personal Services	54,732	71,432	23,350	48,082
Capital Outlay	121,508	124,808	37,152	87,656
Total Division of Water Treatment	262,989	284,489	155,316	129,173
Division of Water Distribution				
Personal Services	113,100	115,100	118,343	(3,243)
Other than Personal Services	28,990	36,990	40,692	(3,702)
Capital Outlay	316,447	504,572	142,157	362,415
Total Division of Water Distribution	458,537	656,662	301,192	355,470
Total Basic Utility Services	1,107,725	1,349,550	786,689	562,861
Debt Service				
Principal	86,991	86,991	86,991	-
Interest & Fiscal Charges	45,263	45,263	45,263	-
Total Debt Service	132,254	132,254	132,254	-
<b>Total Expenses</b>	<b>1,239,979</b>	<b>1,481,804</b>	<b>918,943</b>	<b>562,861</b>

(Continued)

*City of Rittman, Ohio*

**Schedule of Revenues, Expenses and Changes in Fund Equity -  
Budget (Non-GAAP Budgetary Basis) and Actual  
Water Fund (continued)  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Excess of Revenues Over (Under) Expenses	(320,959)	(562,784)	28,061	590,845
<b>Other Financing Sources</b>				
Capital Contribution- OPWC Grant	242,199	242,199	-	(242,199)
Capital Contribution - Tap-in Fee	5,000	5,000	8,500	3,500
<b>Total Other Financing Sources</b>	247,199	247,199	8,500	(238,699)
Net Change in Fund Equity	(73,760)	(315,585)	36,561	352,146
Fund Equity - Beginning of Year	390,931	390,931	390,931	-
Prior Year Encumbrances Appropriated	124,500	124,500	124,500	-
Fund Equity - End of Year	<u>\$ 441,671</u>	<u>\$ 199,846</u>	<u>\$ 551,992</u>	<u>\$ 352,146</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenses and Changes in Fund Equity-  
Budget (Non-GAAP Budgetary Basis) and Actual  
Sewer Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 3,075	\$ 3,075
Charges for Services	1,292,000	1,292,000	1,268,189	(23,811)
Investment Income	5,000	5,000	1,493	(3,507)
All Other Revenues	1,000	1,000	1,229	229
<b>Total Revenues</b>	<b>1,298,000</b>	<b>1,298,000</b>	<b>1,273,986</b>	<b>(24,014)</b>
<b>Expenses:</b>				
Current:				
Basic Utility Services				
Office of Superintendent				
Personal Services	128,025	130,225	115,147	15,078
Other than Personal Services	291,521	323,521	307,959	15,562
Capital Outlay	-	22,500	-	22,500
Total Office of Superintendent	419,546	476,246	423,106	53,140
Division of Sewer Maintenance				
Personal Services	109,213	111,213	103,165	8,048
Other than Personal Services	29,416	35,541	14,551	20,990
Capital Outlay	268,769	268,769	12,398	256,371
Total Division of Sewer Maintenance	407,398	415,523	130,114	285,409
Division of Wastewater Treatment				
Personal Services	124,021	126,221	135,173	(8,952)
Other than Personal Services	75,738	75,738	46,569	29,169
Capital Outlay	332,829	332,829	210,956	121,873
Total Division of Wastewater Treatment	532,588	534,788	392,698	142,090
Total Basic Utility Services	1,359,532	1,426,557	945,918	480,639
Debt Service				
Principal	171,202	171,202	171,202	-
Interest & Fiscal Charges	51,547	51,547	50,521	1,026
Total Debt Service	222,749	222,749	221,723	1,026
<b>Total Expenses</b>	<b>1,582,281</b>	<b>1,649,306</b>	<b>1,167,641</b>	<b>481,665</b>

(Continued)

*City of Rittman, Ohio*

**Schedule of Revenues, Expenses and Changes in Fund Equity-  
Budget (Non-GAAP Budgetary Basis) and Actual  
Sewer Fund (continued)  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues Over (Under) Expenses	(284,281)	(351,306)	106,345	457,651
<b>Other Financing Sources (Uses)</b>				
Capital Contribution - Tap-in Fee	6,000	6,000	9,500	3,500
Transfers In	625,000	647,500	300,000	(347,500)
Transfers Out	(625,000)	(647,500)	(300,000)	347,500
<b>Total Other Financing Sources (Uses)</b>	<u>6,000</u>	<u>6,000</u>	<u>9,500</u>	<u>3,500</u>
Net Change in Fund Equity	(278,281)	(345,306)	115,845	461,151
Fund Equity - Beginning of Year	537,328	537,328	537,328	-
Prior Year Encumbrances Appropriated	216,137	216,137	216,137	-
Fund Equity - End of Year	<u>\$ 475,184</u>	<u>\$ 408,159</u>	<u>\$ 869,310</u>	<u>\$ 461,151</u>

*City of Rittman, Ohio*

**Schedule of Revenues, Expenses and Changes in Fund Equity-  
Budget (Non-GAAP Budgetary Basis) and Actual  
Solid Waste Fund  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 13,500	\$ 13,500	\$ 12,681	\$ (819)
Charges for Services	448,000	448,000	453,084	5,084
Investment Income	1,000	1,000	165	(835)
All Other Revenues	-	-	350	350
<b>Total Revenues</b>	<u>462,500</u>	<u>462,500</u>	<u>466,280</u>	<u>3,780</u>
<b>Expenses:</b>				
Current:				
Basic Utility Services				
Division of Solid Waste				
Personal Services	67,120	43,472	45,522	(2,050)
Other than Personal Services	342,000	416,953	392,893	24,060
<b>Total Expenses</b>	<u>409,120</u>	<u>460,425</u>	<u>438,415</u>	<u>22,010</u>
Excess of Revenues Over (Under) Expenses	<u>53,380</u>	<u>2,075</u>	<u>27,865</u>	<u>25,790</u>
<b>Other Financing Sources</b>				
Advances In	-	10,000	10,000	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Equity	53,380	12,075	37,865	25,790
Fund Equity - Beginning of Year	6,287	6,287	6,287	-
Prior Year Encumbrances Appropriated	50,130	50,130	50,130	-
Fund Equity - End of Year	<u>\$ 109,797</u>	<u>\$ 68,492</u>	<u>\$ 94,282</u>	<u>\$ 25,790</u>

**STATISTICAL SECTION**

# City of Rittman, Ohio

## Statistical Section

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This part of City of Rittman's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S-3 - S-7
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and municipal income tax.	S-8 - S-12
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S-13 - S-18
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S-19 - S-20
<b>Operating Information</b> These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S-21 - S-26

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



# City of Rittman, Ohio

## Net Position by Component (\$000 omitted) Accrual Basis of Accounting

### Last Ten Fiscal Years

**Table 1**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 5,062	\$ 5,054	\$ 4,631	\$ 4,861	\$ 5,059	\$ 5,216	\$ 5,079	\$ 5,123	\$ 5,149	\$ 5,005
Restricted:	1,745	1,575	1,670	1,265	1,140	968	948	1,090	1,134	1,241
Unrestricted	968	1,059	973	1,192	1,195	1,045	994	1,288	1,143	1,066
<i>Total Governmental Activities Net Position</i>	<u>\$7,775</u>	<u>\$7,688</u>	<u>\$7,274</u>	<u>\$7,318</u>	<u>\$7,394</u>	<u>\$7,229</u>	<u>\$7,021</u>	<u>\$7,501</u>	<u>\$7,426</u>	<u>\$7,312</u>
<b>Business Type - Activities</b>										
Net Investment in Capital Assets	\$ 9,963	\$ 9,838	\$ 9,020	\$ 8,910	\$ 8,841	\$ 8,575	\$ 8,557	\$ 8,199	\$ 8,118	\$ 8,280
Unrestricted	1,881	1,691	1,990	1,754	1,808	1,664	1,618	1,728	1,537	1,044
<i>Total Business-Type Activities Net Position</i>	<u>\$ 11,844</u>	<u>\$ 11,529</u>	<u>\$ 11,010</u>	<u>\$ 10,664</u>	<u>\$ 10,649</u>	<u>\$ 10,239</u>	<u>\$ 10,175</u>	<u>\$ 9,927</u>	<u>\$ 9,655</u>	<u>\$ 9,324</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 15,025	\$ 14,892	\$ 13,651	\$ 13,771	\$ 13,900	\$ 13,791	\$ 13,636	\$ 13,322	\$ 13,267	\$ 13,285
Restricted	1,745	1,575	1,670	1,265	1,140	968	948	1,090	1,134	1,241
Unrestricted	2,849	2,750	2,963	2,946	3,003	2,709	2,612	3,016	2,680	2,110
<i>Total Primary Government Net Position</i>	<u>\$ 19,619</u>	<u>\$ 19,217</u>	<u>\$ 18,284</u>	<u>\$ 17,982</u>	<u>\$ 18,043</u>	<u>\$ 17,468</u>	<u>\$ 17,196</u>	<u>\$ 17,428</u>	<u>\$ 17,081</u>	<u>\$ 16,636</u>

The periods noted above do not reflect amounts restated.

# City of Rittman, Ohio

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

### Last Ten Fiscal Years

**Table 2**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Safety Services	\$ 245	\$ 187	\$ 236	\$ 220	\$ 240	\$ 272	\$ 230	\$ 183	\$ 184	\$ 225
Public Health and Welfare	36	37	41	33	14	35	22	21	33	39
Leisure Time Activities	181	208	235	228	263	262	199	232	231	264
Basic utility services	-	183	460	439	456	382	375	374	246	235
Transportation	-	-	-	8	2	5	-	41	34	-
General Government	362	370	310	287	290	258	248	286	288	257
Operating Grants and Contributions:	461	421	419	504	662	572	635	416	622	411
Capital Grants and Contributions:	28	432	41	104	206	74	1	16	125	534
<i>Total Governmental Activities Program Revenues</i>	<u>1,313</u>	<u>1,838</u>	<u>1,742</u>	<u>1,823</u>	<u>2,133</u>	<u>1,860</u>	<u>1,710</u>	<u>1,569</u>	<u>1,763</u>	<u>1,965</u>
Business-Type Activities:										
Charges for Services:										
Water	538	561	514	362	401	441	390	384	644	425
Sewer	1,252	1,336	1,292	1,279	1,294	1,220	1,200	1,166	1,019	1,052
Solid Waste	454	271	-	-	-	-	-	-	-	-
Capital Grants and Contributions	28	102	159	18	110	-	-	-	-	190
<i>Total Business-Type Activities Program Revenues</i>	<u>2,272</u>	<u>2,270</u>	<u>1,965</u>	<u>1,659</u>	<u>1,805</u>	<u>1,661</u>	<u>1,590</u>	<u>1,550</u>	<u>1,663</u>	<u>1,667</u>
<i>Total Primary Government Program Revenues</i>	<u>3,585</u>	<u>4,108</u>	<u>3,707</u>	<u>3,482</u>	<u>3,938</u>	<u>3,521</u>	<u>3,300</u>	<u>3,119</u>	<u>3,426</u>	<u>3,632</u>
<b>Expenses</b>										
Governmental Activities:										
Safety Services	1,728	1,613	1,692	1,666	1,639	1,812	1,750	1,634	1,569	1,638
Public Health and Welfare	113	104	97	116	134	97	97	93	91	95
Leisure Time Activities	524	495	497	511	608	650	982	548	556	541
Basic Utility Services	1	143	412	459	385	384	364	351	231	223
Transportation	481	658	609	783	878	823	812	675	914	605
General Government	608	597	662	664	747	665	653	622	650	588
Interest and Fiscal Charges	36	41	48	52	50	69	73	66	74	109
<i>Total Governmental Activities Expenses</i>	<u>3,491</u>	<u>3,651</u>	<u>4,017</u>	<u>4,251</u>	<u>4,441</u>	<u>4,500</u>	<u>4,731</u>	<u>3,989</u>	<u>4,085</u>	<u>3,799</u>
Business-Type Activities										
Water	948	873	791	967	797	905	726	785	721	758
Sewer	1,043	1,100	1,063	1,046	1,023	995	952	974	994	1,018
Solid Waste	378	235	-	-	-	-	-	-	-	-
<i>Total Business-Type Activities Expenses</i>	<u>2,369</u>	<u>2,208</u>	<u>1,854</u>	<u>2,013</u>	<u>1,820</u>	<u>1,900</u>	<u>1,678</u>	<u>1,759</u>	<u>1,715</u>	<u>1,776</u>
<i>Total Primary Government Program Expenses</i>	<u>5,860</u>	<u>5,859</u>	<u>5,871</u>	<u>6,264</u>	<u>6,261</u>	<u>6,400</u>	<u>6,409</u>	<u>5,748</u>	<u>5,800</u>	<u>5,575</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(2,178)	(1,813)	(2,275)	(2,428)	(2,308)	(2,640)	(3,021)	(2,420)	(2,322)	(1,834)
Business-Type Activities	(97)	62	111	(354)	(15)	(239)	(88)	(209)	(52)	(109)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(2,275)</u>	<u>(1,751)</u>	<u>(2,164)</u>	<u>(2,782)</u>	<u>(2,323)</u>	<u>(2,879)</u>	<u>(3,109)</u>	<u>(2,629)</u>	<u>(2,374)</u>	<u>(1,943)</u>

Continued

# City of Rittman, Ohio

## Changes in Net Position (\$000 omitted) (continued) Accrual Basis of Accounting

### Last Ten Fiscal Years

**Table 2**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Taxes:										
Property and Other Local Taxes Levied For:										
General Purposes	380	369	366	345	380	324	359	304	317	364
Safety Services	297	272	266	238	267	319	333	329	315	371
Income Taxes Levied For:										
General Purposes	801	810	664	723	783	601	671	745	732	645
Capital Improvements	401	405	332	361	392	299	335	373	366	323
Grants and Entitlements not Restricted to										
Specific Programs	353	374	525	609	567	479	555	506	467	448
Investment Earnings	14	29	31	46	57	121	193	147	151	91
Gain (Loss) on Sale of Capital Assets	-	5	-	-	-	-	-	-	-	-
Other	19	11	47	31	26	704	95	91	88	105
Transfers	-	(35)	-	-	-	-	-	-	-	-
<i>Total Governmental Activities</i>	<u>2,265</u>	<u>2,240</u>	<u>2,231</u>	<u>2,353</u>	<u>2,472</u>	<u>2,847</u>	<u>2,541</u>	<u>2,495</u>	<u>2,436</u>	<u>2,347</u>
Business-Type Activities										
Income Taxes Levied For:										
Water Utility Services	401	405	332	361	392	302	335	373	366	350
Other	11	19	20	9	24	-	1	108	17	-
Gain (Loss) on Sale of Capital Assets	-	20	-	-	-	-	-	-	-	-
Transfers	-	35	-	-	-	-	-	-	-	-
<i>Total Business-Type Activities</i>	<u>412</u>	<u>479</u>	<u>352</u>	<u>370</u>	<u>416</u>	<u>302</u>	<u>336</u>	<u>481</u>	<u>383</u>	<u>350</u>
<i>Total Primary Government</i>	<u>2,677</u>	<u>2,719</u>	<u>2,583</u>	<u>2,723</u>	<u>2,888</u>	<u>3,149</u>	<u>2,877</u>	<u>2,976</u>	<u>2,819</u>	<u>2,697</u>
<b>Change in Net Position</b>										
Governmental Activities	87	427	(44)	(75)	164	207	(480)	75	114	513
Business-Type Activities	315	541	463	16	401	63	248	272	331	241
<i>Total Primary Government Change in Net Position</i>	<u>\$ 402</u>	<u>\$ 968</u>	<u>\$ 419</u>	<u>\$ (59)</u>	<u>\$ 565</u>	<u>\$ 270</u>	<u>\$ (232)</u>	<u>\$ 347</u>	<u>\$ 445</u>	<u>\$ 754</u>

The periods noted above do not reflect amounts restated.

*City of Rittman, Ohio*

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

**Last Ten Fiscal Years**

**Table 3**

	2013	2012	2011	Restated 2010	2009	2008	2007	2006	2005	2004
<b>General Fund</b>										
Nonspendable	\$ 17	\$ 21	\$ 22	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	1	6	6	27	-	-	-	-	-	-
Assigned	292	259	219	276	-	-	-	-	-	-
Unassigned	442	517	535	502	-	-	-	-	-	-
Reserved	-	-	-	-	44	9	14	13	25	18
Unreserved, Designated	-	-	-	-	152	230	273	335	385	438
Unreserved	-	-	-	-	765	655	686	684	533	408
<b>Total General Fund</b>	<b>\$ 752</b>	<b>\$ 803</b>	<b>\$ 782</b>	<b>\$ 828</b>	<b>\$ 961</b>	<b>\$ 894</b>	<b>\$ 973</b>	<b>\$ 1,032</b>	<b>\$ 943</b>	<b>\$ 864</b>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 10	\$ 9	\$ 15	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,234	1,027	1,295	1,112	-	-	-	-	-	-
Unassigned	-	(8)	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	74	-	43	9	3	88
Unreserved, Undesignated (Deficit), Reported in:										
Special Revenue funds	-	-	-	-	667	514	663	508	560	557
Debt Service funds	-	-	-	-	49	88	91	88	78	53
Capital Projects funds	-	-	-	-	56	90	(333)	176	246	203
<b>Total All Other Governmental Funds</b>	<b>\$ 1,244</b>	<b>\$ 1,028</b>	<b>\$ 1,310</b>	<b>\$ 1,121</b>	<b>\$ 846</b>	<b>\$ 692</b>	<b>\$ 464</b>	<b>\$ 781</b>	<b>\$ 887</b>	<b>\$ 901</b>
<b>Total Governmental Funds</b>	<b>\$ 1,996</b>	<b>\$ 1,831</b>	<b>\$ 2,092</b>	<b>\$ 1,949</b>	<b>\$ 1,807</b>	<b>\$ 1,586</b>	<b>\$ 1,437</b>	<b>\$ 1,813</b>	<b>\$ 1,830</b>	<b>\$ 1,765</b>

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

# City of Rittman, Ohio

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

### Last Ten Fiscal Years

**Table 4**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Taxes	\$ 1,857	\$ 1,716	\$ 1,612	\$ 1,686	\$ 1,679	\$ 1,669	\$ 1,724	\$ 1,682	\$ 1,749	\$ 1,743
Charges for Services	753	989	1,225	1,159	1,171	1,094	1,027	1,076	942	975
Fines, Licenses and Permits	48	36	33	29	31	90	96	94	96	33
Intergovernmental	820	1,099	955	1,075	1,255	1,091	1,159	943	1,171	981
Special Assessments	122	14	18	83	23	18	17	20	16	17
Investment Income	14	29	34	46	57	123	196	149	151	92
Contributions and Donations	19	4	5	30	200	5	20	5	6	3
Other	17	16	45	16	46	655	66	33	26	14
<b>Total Revenues</b>	<b>3,650</b>	<b>3,903</b>	<b>3,927</b>	<b>4,124</b>	<b>4,462</b>	<b>4,745</b>	<b>4,305</b>	<b>4,002</b>	<b>4,157</b>	<b>3,858</b>
<b>Expenditures</b>										
Current:										
Safety Services	1,922	1,593	1,504	1,465	1,464	1,619	1,560	1,469	1,421	1,464
Public Health and Welfare	121	125	96	112	132	95	96	92	100	90
Leisure Time Activities	461	439	423	460	484	531	868	428	432	394
Basic Utility Services	1	143	412	460	385	384	364	351	231	223
Transportation	379	1,186	557	588	791	724	705	592	821	529
General Government	660	549	648	641	728	657	648	642	633	583
Capital Outlay	25	-	6	113	212	312	167	193	78	167
Debt Service:										
Principal Retirement	107	99	94	94	84	212	206	202	335	150
Interest and Fiscal Charges	37	41	45	49	47	65	68	61	67	115
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	52
<b>Total Expenditures</b>	<b>3,713</b>	<b>4,175</b>	<b>3,785</b>	<b>3,982</b>	<b>4,327</b>	<b>4,599</b>	<b>4,682</b>	<b>4,030</b>	<b>4,118</b>	<b>3,767</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(63)</i>	<i>(272)</i>	<i>142</i>	<i>142</i>	<i>135</i>	<i>146</i>	<i>(377)</i>	<i>(28)</i>	<i>39</i>	<i>91</i>
<b>Other Financing Sources (Uses)</b>										
Bonds Issued	-	-	-	-	77	-	-	12	26	-
Proceeds of Loans	227	-	-	-	-	-	-	-	-	-
Inception of Capital Lease	-	-	-	-	-	56	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	1,850
Sale of Capital Assets	1	11	-	-	-	-	-	-	-	30
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(1,784)
Transfers In	164	135	198	165	202	305	313	308	250	-
Transfers Out	(164)	(135)	(198)	(165)	(202)	(305)	(313)	(308)	(250)	-
<b>Total Other Financing Sources (Uses)</b>	<b>228</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>77</b>	<b>56</b>	<b>-</b>	<b>12</b>	<b>26</b>	<b>96</b>
<b>Net Change in Fund Balances</b>	<b>\$ 165</b>	<b>\$ (261)</b>	<b>\$ 142</b>	<b>\$ 142</b>	<b>\$ 212</b>	<b>\$ 202</b>	<b>\$ (377)</b>	<b>\$ (16)</b>	<b>\$ 65</b>	<b>\$ 187</b>
Debt Service as a Percentage of Noncapital Expenditures										
	4.6%	4.1%	3.7%	3.7%	3.2%	6.5%	6.1%	6.9%	10.0%	8.8%

Note: In 2012, the Debt Service as a Percentage of Noncapital Expenditures was calculated using the amounts from the financial statements. In 2011 and prior, this percentages was calculated using the rounded amounts from this table.

*City of Rittman, Ohio*

Assessed Valuations and Estimated True Values

**Last Ten Years**

**Table 5**

Collection Year	Real Property			Tangible Personal Property		Tangible Personal Property		Total			Weighted Average Tax Rate
	Assessed Value		Estimated Actual Value	Public Utility		General Business		Assessed Value	Estimated Value	Assessed Value	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Value	Assessed Value	Estimated Value				
2013	\$ 76,880,660	\$ 14,895,610	\$ 262,217,914	\$ 2,188,940	\$ 2,487,432	\$ -	\$ -	\$ 93,965,210	\$ 264,705,346	35.50%	
2012	76,732,240	15,069,240	262,289,943	1,901,800	2,161,136	-	-	93,703,280	264,451,079	35.43	
2011	82,363,310	12,266,040	270,369,571	1,794,390	2,039,080	72,830	1,456,600	96,496,570	273,865,251	35.24	
2010	82,547,380	12,138,700	270,531,657	1,788,410	2,032,284	104,498	1,671,968	96,578,988	274,235,909	35.22	
2009	83,553,170	13,670,050	277,780,629	1,544,980	2,305,940	238,177	3,810,832	99,006,377	283,897,401	34.87	
2008	79,896,630	12,806,990	264,867,486	1,617,040	2,413,493	6,552,905	52,423,240	100,873,565	319,704,219	26.84	
2007	79,113,160	12,140,590	260,725,000	1,999,340	2,984,090	11,528,225	61,483,867	104,781,315	325,192,957	26.17	
2006	75,426,750	11,373,170	247,999,771	1,735,490	2,590,284	16,911,260	67,645,040	105,446,670	318,235,095	30.63	
2005	68,994,860	12,206,920	232,005,086	3,002,120	3,411,500	17,135,184	68,540,736	101,339,084	303,957,322	32.63	
2004	67,081,670	10,931,910	222,895,943	2,466,630	2,802,989	15,243,491	60,973,964	95,723,701	286,672,895	32.78	

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

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

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

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

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

*City of Rittman, Ohio*

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

**Last Ten Years**

**Table 6**

Collection Year	City of Rittman Direct Rates					Overlapping Rates				
	General Fund	Fire	Ambulance & E.M.S.	Police Pension Fund	Total City	Wayne County	Milton Township	Rittman Exempted Village School District	Special District	Total Direct & Overlapping Rates
2013	\$3.40	\$ 1.00	\$ 2.30	\$ 0.30	\$ 7.00	\$ 9.25	\$ 0.50	\$ 63.35	\$ 4.85	\$ 84.95
2012	3.50	1.00	2.30	0.30	7.10	9.25	0.50	63.35	7.10	87.30
2011	3.50	1.00	2.30	0.30	7.10	9.25	0.50	63.35	7.10	87.30
2010	3.50	1.00	2.30	0.30	7.10	9.65	0.50	63.20	7.10	87.55
2009	3.50	1.00	2.30	0.30	7.10	9.65	0.50	63.35	7.10	87.70
2008	3.50	1.00	2.30	0.30	7.10	9.65	0.50	63.05	6.35	86.65
2007	3.50	1.00	2.30	0.30	7.10	9.65	0.50	59.60	6.35	83.20
2006	3.50	1.00	2.30	0.30	7.10	9.65	0.50	60.30	6.10	83.65
2005	3.50	1.40	2.30	0.30	7.50	9.65	0.50	60.30	6.10	84.05
2004	3.50	1.40	2.30	0.30	7.50	9.65	0.50	54.80	6.10	78.55

Source: Wayne County, Ohio; County Auditor

*City of Rittman, Ohio*

Property Tax Levies and Collections

**Last Ten Years**

**Table 7**

<u>Collection Year</u>	<u>Total Current Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
2013	\$ 698,165	\$ 646,184	92.55%	\$ 18,981	\$ 665,165	95.27%	\$ 41,738	5.98%
2012	653,468	605,464	92.65	20,645	626,109	95.81	48,095	7.36
2011	647,538	624,538	96.45	18,954	643,492	99.38	28,337	4.38
2010	631,097	612,955	97.13	18,674	631,629	100.08	17,304	2.74
2009	614,600	607,491	98.84	18,636	626,127	101.88	20,103	3.27
2008	659,419	654,378	99.24	29,887	684,265	103.77	12,723	1.93
2007	618,998	615,750	99.48	25,667	641,417	103.62	5,313	0.86
2006	607,628	572,976	94.30	14,168	587,144	96.63	19,990	3.29
2005	593,000	561,000	94.60	24,707	585,707	98.77	6,057	1.02
2004	495,777	464,229	93.64	23,154	487,383	98.31	8,073	1.63

Source: Wayne County Auditor

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

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

*City of Rittman, Ohio*

Principal Taxpayers – Real Estate

**2013 and 2004**

**Table 8**

Taxpayer	2013			2004		
	Real Property Assessed Valuation	Rank	Percentage of Real Assessed Valuation	Real Property Assessed Valuation	Rank	Percentage of Real Assessed Valuation
Morton International, Inc	\$1,796,650	1	1.96 %	\$7,388,520	1	9.47 %
Oscar & Christine Gross	827,890	2	0.90	489,140	7	0.63
Rittman Nursing Property, LLC	670,860	3	0.73	-	-	-
Unilock Ohio, Inc.	515,840	4	0.56	1,031,980	3	1.32
Priority II, LLC	488,610	5	0.53	-	-	-
Rittman Market Square, LLC	466,190	6	0.51	-	-	-
Urban Renewables II LLC	443,080	7	0.48	-	-	-
Rittman Acres Limited Partnership	353,860	8	0.40	-	-	-
Villas Limited	351,180	9	0.38	-	-	-
Thompson Services, Inc.	33,460	10	0.04	-	-	-
Caraustar Paperboard Corporation	-	-	-	6,917,290	2	8.87
Laria Management Ltd.	-	-	-	988,770	4	1.27
Ohio Edison	-	-	-	799,310	5	1.02
Northern Health Facilities	-	-	-	638,770	6	0.82
Rittman Associates, Ltd.	-	-	-	452,300	8	0.58
United Telephone	-	-	-	449,950	9	0.58
Imperial Plastics, Inc	-	-	-	446,290	10	0.57
<b>Total</b>	<b>\$5,947,620</b>		<b>6.48 %</b>	<b>\$19,602,320</b>		<b>25.13 %</b>
<b>Total Assessed Valuation</b>	<b>\$91,776,270</b>			<b>\$78,013,580</b>		

Source: Wayne County Auditor

*City of Rittman, Ohio*

Municipal Income Tax Collections By Source  
Cash Basis of Accounting

**Last Ten Years**

**Table 9**

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Collected</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2013	1.50%	1,596,239	\$ 940,392	58.91%	\$ 125,714	7.88%	\$ 530,133	33.21%
2012	1.50	1,463,098	934,132	63.85	155,728	10.64	373,238	25.51
2011	1.50	1,309,294	899,890	68.73	65,964	5.04	343,440	26.23
2010	1.50	1,468,579	853,353	58.11	282,912	19.26	332,314	22.63
2009	1.50	1,379,284	861,707	62.47	153,419	11.12	364,158	26.40
2008	1.50	1,372,190	879,694	64.11	111,710	8.14	380,786	27.75
2007	1.50	1,343,468	892,875	66.46	87,519	6.51	363,074	27.03
2006	1.50	1,506,935	1,016,445	67.22	99,167	6.56	396,405	26.22
2005	1.50	1,475,958	978,148	66.27	92,210	6.25	405,599	27.48
2004	1.50	1,372,388	908,415	66.19	67,131	4.89	396,841	28.92

Source: City of Rittman; Department of Budget and Finance; Income Tax Division

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

*City of Rittman, Ohio*

Ratio of Outstanding Debt by Type

**Last Ten Years**

**Table 10**

Year	Governmental Activities (1)					Business-Type Activities (1)					Total Debt	Percentage of Personal Income (3)	Per Capita (3)
	General Obligation Bonds	Special Assessment Bonds (2)	OPWC Loans	Loans	Capital Leases	Revenue Bonds	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	OWDA Loans			
2013	\$ 776,000	\$ -	\$ -	\$ 220,000	\$ -	\$ 859,400	\$ 1,027,500	\$ -	\$ 284,248	\$ -	3,167,148	2.53%	488
2012	865,000	-	-	-	11,133	886,100	1,109,000	-	301,239	133,002	3,305,474	2.64%	509
2011	954,000	-	-	-	21,722	931,500	1,130,000	-	309,735	389,249	3,736,206	2.98%	576
2010	1,038,000	-	-	-	31,793	1,015,600	1,195,000	-	187,500	633,148	4,101,041	3.27%	632
2009	1,122,000	-	-	-	41,370	1,038,500	1,260,000	-	200,000	865,295	4,527,165	4.47%	717
2008	1,120,000	43,208	-	-	50,479	1,060,300	1,320,000	-	212,500	1,086,256	4,892,743	4.83%	775
2007	1,310,000	60,008	-	-	-	1,081,100	1,380,000	-	225,000	1,296,569	5,352,677	5.28%	848
2006	1,495,000	75,982	4,850	-	-	1,100,900	1,440,000	-	237,500	1,496,748	5,850,980	5.77%	927
2005	1,670,000	81,283	14,550	-	-	1,119,700	1,495,000	7,742	141,647	1,687,282	6,217,204	6.14%	985
2004	1,850,000	68,897	24,250	-	132,400	1,137,600	1,550,000	15,187	-	1,868,635	6,646,969	6.56%	1,053

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

(2) Includes internal bonds

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

Source: City Records

*City of Rittman, Ohio*

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

**Last Ten Years**

**Table 11**

<u>Year</u>	<u>General Obligation Bonds (1)</u>	<u>Resources Available for Repayment</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2013	\$ 1,803,500	1,300	1,802,200	0.68 %	277.65
2012	\$ 1,974,000	-	1,974,000	0.75	304.11
2011	2,084,000	22,959	2,061,041	0.75	317.52
2010	2,233,000	22,775	2,210,225	0.81	340.51
2009	2,382,000	49,064	2,332,936	0.82	369.49
2008	2,440,000	88,393	2,351,607	0.74	372.44
2007	3,196,000	90,669	3,105,331	0.95	491.82
2006	2,935,000	105,388	2,829,612	0.89	448.15
2005	3,165,000	77,774	3,087,226	1.02	488.95
2004	3,400,000	52,767	3,347,233	1.17	530.13

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

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

*City of Rittman, Ohio*

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

**December 31, 2013**

**Table 12**

	General Obligation Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
<b>Governmental Unit</b>			
Rittman Exempted Village School District	\$ 7,626	87.07 %	\$ 6,640
Wayne County, Ohio	<u>7,025</u>	4.15	<u>292</u>
<i>Subtotal, Overlapping Debt</i>			<u>6,931</u>
City of Rittman governmental activities direct debt			<u>\$ 996</u>
Total Direct and Overlapping Debt			<u><u>\$ 7,927</u></u>

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

Source: City Records, Wayne County Auditor, and Rittman Exempted Village School District

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# City of Rittman, Ohio

## Legal Debt Margin

### Last Ten Fiscal Years

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Assessed Property Value	<u>\$ 93,965,210</u>	<u>\$ 93,703,280</u>	<u>\$ 96,496,570</u>	<u>\$ 96,578,988</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$ 9,866,347</u>	<u>\$ 9,838,844</u>	<u>\$ 10,132,140</u>	<u>\$ 10,140,794</u>
Debt Outstanding:				
General Obligation Bonds	1,803,500	1,974,000	2,084,000	2,233,000
Revenue Bonds	859,400	886,100	931,500	1,015,600
Special Assessment Bonds	-	-	-	-
OPWC Loans	284,248	301,239	309,735	187,500
OWDA Loans	-	133,002	389,249	633,148
Loans	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Gross Indebtedness	3,167,148	3,294,341	3,714,484	4,069,248
Less:				
Sewer Revenue Bonds	(859,400)	(886,100)	(931,500)	(1,015,600)
Special Assessment Bonds	-	-	-	-
OPWC Loans	(284,248)	(301,239)	(309,735)	(187,500)
OWDA Loans	-	(133,002)	(389,249)	(633,148)
General Obligation Bond Retirement Fund Balance	<u>(1,300)</u>	<u>-</u>	<u>(22,959)</u>	<u>(22,775)</u>
Total Net Debt Applicable to Debt Limit	<u>2,022,200</u>	<u>1,974,000</u>	<u>2,061,041</u>	<u>2,210,225</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$ 7,844,147</u>	<u>\$ 7,864,844</u>	<u>\$ 8,071,099</u>	<u>\$ 7,930,569</u>
Legal Debt Margin as a Percentage of the Debt Limit	79.50%	79.94%	79.66%	78.20%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$5,168,087</u>	<u>\$5,153,680</u>	<u>\$5,307,311</u>	<u>\$5,311,844</u>
Total Gross Indebtedness	3,167,148	3,294,341	3,714,484	4,069,248
Less:				
Sewer Revenue Bonds	(859,400)	(886,100)	(931,500)	(1,015,600)
Special Assessment Bonds	-	-	-	-
Mortgage Revenue Bonds	(284,248)	(301,239)	(309,735)	(187,500)
OWDA Loans	-	(133,002)	(389,249)	(633,148)
General Obligation Bond Retirement Fund Balance	<u>(1,300)</u>	<u>-</u>	<u>(22,959)</u>	<u>(22,775)</u>
Net Debt Within 5 ½ % Limitations	<u>2,022,200</u>	<u>1,974,000</u>	<u>2,061,041</u>	<u>2,210,225</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$ 3,145,887</u>	<u>\$ 3,179,680</u>	<u>\$ 3,246,270</u>	<u>\$ 3,101,619</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	60.87%	61.70%	61.17%	58.39%

Source: City Financial Records

**Table 13**

2009	2008	2007	2006	2005	2004
<u>\$ 99,006,377</u>	<u>\$ 100,873,565</u>	<u>\$ 104,781,315</u>	<u>\$ 105,446,670</u>	<u>\$ 101,339,084</u>	<u>\$ 95,723,701</u>
<u>\$ 10,395,670</u>	<u>\$ 10,591,724</u>	<u>\$ 11,002,038</u>	<u>\$ 11,071,900</u>	<u>\$ 10,640,604</u>	<u>\$ 10,050,989</u>
2,382,000	2,440,000	3,196,000	2,935,000	3,165,000	3,400,000
1,038,500	1,060,300	1,081,100	1,100,900	1,119,700	1,137,600
42,758	43,208	60,007	75,982	89,025	84,084
200,000	212,500	225,000	242,350	156,197	24,250
865,295	1,086,256	1,296,569	1,496,748	1,687,282	1,868,635
-	-	-	-	-	-
<u>4,528,553</u>	<u>4,842,264</u>	<u>5,858,676</u>	<u>5,850,980</u>	<u>6,217,204</u>	<u>6,514,569</u>
(1,038,500)	(1,060,300)	(1,081,100)	(1,100,900)	(1,119,700)	(1,137,600)
(42,758)	(43,208)	(60,007)	(75,982)	(89,025)	(84,084)
(200,000)	(212,500)	(225,000)	(242,350)	(156,197)	(24,250)
(865,295)	(1,086,256)	(1,296,569)	(1,496,748)	(1,687,282)	(1,868,635)
(49,064)	(88,393)	(90,669)	(105,388)	(77,774)	(52,767)
<u>2,332,936</u>	<u>2,351,607</u>	<u>3,105,331</u>	<u>2,829,612</u>	<u>3,087,226</u>	<u>3,347,233</u>
<u>\$ 8,062,734</u>	<u>\$ 8,240,117</u>	<u>\$ 7,896,707</u>	<u>\$ 8,242,288</u>	<u>\$ 7,553,378</u>	<u>\$ 6,703,756</u>
77.56%	77.80%	71.77%	74.44%	70.99%	66.70%
<u>\$5,445,351</u>	<u>\$5,548,046</u>	<u>\$5,762,972</u>	<u>\$5,799,567</u>	<u>\$5,573,650</u>	<u>\$5,264,804</u>
4,528,553	4,842,264	5,858,676	5,850,980	6,217,204	6,514,569
(1,038,500)	(1,060,300)	(1,081,100)	(1,100,900)	(1,119,700)	(1,137,600)
(42,758)	(43,208)	(60,007)	(75,982)	(89,025)	(84,084)
(200,000)	(212,500)	(225,000)	(242,350)	(156,197)	(24,250)
(865,295)	(1,086,256)	(1,296,569)	(1,496,748)	(1,687,282)	(1,868,635)
(49,064)	(88,393)	(90,669)	(105,388)	(77,774)	(52,767)
<u>2,332,936</u>	<u>2,351,607</u>	<u>3,105,331</u>	<u>2,829,612</u>	<u>3,087,226</u>	<u>3,347,233</u>
<u>\$ 3,112,415</u>	<u>\$ 3,196,439</u>	<u>\$ 2,657,641</u>	<u>\$ 2,969,955</u>	<u>\$ 2,486,424</u>	<u>\$ 1,917,571</u>
57.16%	57.61%	46.12%	51.21%	44.61%	36.42%

*City of Rittman, Ohio*

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

**Last Ten Fiscal Years**

**Table 14**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>General Bonded Debt</u></b>										
Debt Service	\$ 107	\$ 100	\$ 94	\$ 94	\$ 84	\$ 207	\$ 206	\$ 202	\$ 203	\$ 22
General Governmental Expenditures	3,713	4,175	3,785	3,982	4,327	4,599	4,682	4,031	4,118	3,767
Ratio of Debt Service to General Governmental Expenditures	2.88	2.40	2.48	2.36	1.94	4.50	4.40	5.01	4.93	0.58
<b><u>Revenue Bond Coverage</u></b>										
Sewer										
Direct Revenue	1,252	1,335	1,292	1,279	1,294	1,221	1,200	1,257	1,021	1,052
Operating expense (1)	701	775	738	735	699	660	608	622	630	644
Net available	551	560	554	544	595	561	592	635	391	408
Principal	27	45	84	23	22	21	20	19	18	17
Interest	45	48	52	53	54	55	56	57	58	59
Total Debt Service	72	93	136	76	76	76	76	76	76	76
Coverage	7.65	6.02	4.07	7.16	7.83	7.38	7.79	8.36	5.14	5.37

Source: City Financial Records

(1) Excludes depreciation

*City of Rittman, Ohio*

Principal Employers

**2013 and 2004**

**Table 15**

Employer	Industry	2013		2004		2004	
		Number of W-2's processed	Rank	Percentage of Total City W-2's processed	Number of W-2's processed	Rank	Percentage of Total City W-2's processed
Morton International, Inc.	Salt Mines	257	1	7.74%	278	1	9.23%
Rittman Local School District	Public Education	230	2	6.93	227	2	7.54
City of Rittman	Municipal Government	196	3	5.90	188	4	6.24
Embassy Autumnwood Management	Health Care	120	4	3.61			0.00
Laria Chevrolet Buick	Automobile Dealership	69	5	2.08	61	7	2.03
Unilock Ohio, Inc.	Excavation	66	6	1.99	53	8	1.76
PEC Management - Burger King	Food Service	66	7	1.99	-		0.00
Bauman Orchard	Orchard	58	8	1.75	-		0.00
Mull Iron	Metal Fabricating	52	9	1.57	-		0.00
Rittman IGA	Grocery Store	48	10	1.45	-		0.00
Northern Health Facilities	Health Care	-		0.00	209	3	6.94
Caraustar Mill Group, Inc.	Paper recycling	-		0.00	172	5	5.71
Imperial Plastics, Inc	Plastics	-		0.00	95	6	3.16
Promotional Fixtures	Marketing	-		0.00	41	9	1.36
Swiss Woodcraft, Inc.	Cabinet manufacturer	-		0.00	27	10	0.90
Total		1,162		34.99%	1,351		44.87%
Total W-2's Processed		3,321			3,011		

Source: City of Rittman

# City of Rittman, Ohio

## Demographic and Economic Statistics

### Last Ten Years

**Table 16**

Year	Population (1)	Total Personal Income (1) (000 omitted)	Personal Income Per Capita (1)	Median Family Income (1)	School Enrollment (2)	Unemployment Rate (3)			City Square Miles (4)
						Wayne County	Medina County	State of Ohio	
2013	6,491	\$ 125,413	\$ 19,321	\$ 43,837	1,111	5.8 %	6.1 %	6.6 %	6.43
2012	6,491	125,413	19,321	43,837	1,155	5.6	5.9	7.0	6.43
2011	6,491	125,413	19,321	43,837	1,140	7.7	6.7	8.6	6.43
2010	6,491	125,413	19,321	43,837	1,135	9.4	7.8	10.0	6.43
2009	6,314	101,333	16,049	41,643	1,155	9.9	8.3	10.1	6.24
2008	6,314	101,333	16,049	41,643	1,097	5.6	5.8	6.5	6.24
2007	6,314	101,333	16,049	41,643	1,063	5.0	5.8	5.6	6.24
2006	6,314	101,333	16,049	41,643	1,121	4.6	4.7	5.4	6.24
2005	6,314	101,333	16,049	41,643	1,153	4.9	4.7	5.9	6.24
2004	6,314	101,333	16,049	41,643	1,162	5.3	4.9	5.9	6.24

Sources:

(1) U. S. Census 2000 for 2004 thru 2009  
 U. S. Census 2010 for 2010 thru 2013

(2) School District Records

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

(4) City Records

*City of Rittman, Ohio*

Full Time Employees by Function/Program

**Last Ten Years**

**Table 17**

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Government</b>										
City Council	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Mayor	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
City Manager	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Law	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	2.00	2.00	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00
Tax	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administration	0.50	0.50	1.00	1.00	1.00	2.50	2.50	2.50	2.50	2.50
<b>Security of Persons and Property</b>										
Police	12.00	12.00	12.00	12.00	11.50	11.00	11.00	11.00	11.00	11.50
Police - School Guards	1.00	1.00	1.50	1.50	1.50	5.00	5.00	5.00	6.50	6.50
Police - Dispatchers	4.50	4.50	4.50	4.50	5.50	5.00	5.00	5.00	6.00	5.00
Police - Animal Wardens	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00
Fire	11.50	11.50	12.00	14.50	14.50	14.50	14.50	14.50	16.50	16.00
<b>Public Health Services</b>										
Emergency Medical Services	14.50	14.50	15.00	15.00	15.00	15.50	15.50	15.50	15.50	15.50
Cemetery	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00
<b>Leisure Time Activities</b>										
Recreation	13.00	13.00	10.50	12.50	12.50	12.00	12.00	12.00	12.00	13.00
Parks	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00
<b>Transportation</b>										
Service	2.00	2.00	2.00	2.00	2.00	2.50	2.50	2.50	2.50	2.50
Street M&R	3.00	3.00	4.50	5.50	5.50	7.00	7.00	7.00	5.00	6.00
<b>Basic Utility Services</b>										
Solid Waste	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water	5.50	5.50	4.50	4.75	4.75	5.00	5.00	5.00	4.00	5.00
Waste Water	6.00	6.00	5.50	5.75	5.75	4.00	4.00	4.00	4.00	4.00
<b>Totals:</b>	<b>86.00</b>	<b>86.00</b>	<b>84.50</b>	<b>90.50</b>	<b>91.00</b>	<b>95.50</b>	<b>95.50</b>	<b>95.50</b>	<b>97.00</b>	<b>99.00</b>

Source: City Payroll Department Attendance Cards at Year End

Method: Using 1.00 for each full-time employee and 0.50 for each part-time

and seasonal employee at year end. Some employees are split between multiple functions/programs

# City of Rittman, Ohio

## Operating Indicators by Function/Program

### Last Ten Years

**Table 18**

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Government</b>										
Council and Clerk										
Number of Ordinances Passed	26	37	31	29	31	37	28	30	36	47
Number of Resolutions Passed	23	25	23	11	21	19	10	14	18	19
Number of Planning Commission docket items	1	-	-	1	-	2	1	5	6	11
Zoning Board of Appeals docket items	1	3	5	1	4	4	7	9	9	11
Finance Department										
Number of checks/vouchers issued	1,923	1,724	1,847	1,961	2,165	2,424	2,497	2,483	2,436	3,877
Amount of checks written	\$ 6,056,147	\$ 7,205,354	\$ 5,889,329	\$ 5,973,160	\$ 6,252,415	\$ 6,698,892	\$ 66,500,835	\$ 5,927,649	\$ 6,947,390	\$ 7,260,449
Number of payroll checks issued	3,052	3,158	3,309	3,305	3,386	3,415	3,351	3,346	3,410	3,397
Interest earning for fiscal year (cash basis)	\$ 37,968	\$ 32,385	\$ 43,921	\$ 40,458	\$ 81,002	\$ 127,981	\$ 202,302	\$ 157,201	\$ 133,639	\$ 89,796
Number of receipts issued	2,435	2,374	2,447	2,328	2,039	1,990	1,980	1,972	1,997	1,842
General fund receipts (cash basis)	\$ 2,222,883	\$ 2,457,148	\$ 2,707,878	\$ 2,766,788	\$ 2,905,901	\$ 2,908,884	\$ 2,832,218	\$ 2,828,136	\$ 2,678,059	\$ 2,596,735
General fund expenditures (cash basis)	\$ 2,311,190	\$ 2,431,428	\$ 2,763,070	\$ 2,719,082	\$ 2,894,932	\$ 2,909,987	\$ 2,798,914	\$ 2,706,074	\$ 2,432,279	\$ 2,376,547
General fund cash balances	\$ 547,405	\$ 635,711	\$ 569,260	\$ 624,452	\$ 552,889	\$ 554,138	\$ 549,732	\$ 520,281	\$ 382,840	\$ 273,493
Income Tax Department										
Number of individual returns	3,468	3,451	3,532	3,452	3,441	3,523	3,485	4,460	3,971	4,077
Number of business returns	418	437	409	360	357	426	465	473	380	407
Number of business withholding accounts	484	493	495	446	384	243	308	2,880	2,797	2,664
Amount of penalties and interest collected	\$ 29,635	\$ 35,036	\$ 31,264	\$ 31,997	\$ 25,596	\$ 22,498	\$ 24,710	\$ 44,694	\$ 21,829	\$ 17,185
Civil Services										
Number of police entry tests administered	n/a	n/a	n/a	n/a	n/a	n/a	13	n/a	n/a	n/a
Number of dispatcher entry tests administered	n/a	n/a	12	n/a						
Number of hires of Police Officers from certified lists	n/a	n/a	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a
Number of hires of Dispatchers from certified lists	n/a	n/a	1	n/a						

*City of Rittman, Ohio*

Operating Indicators by Function/Program (continued)

**Last Ten Years**

**Table 18**

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Building Department Indicators</b>										
Number of zoning permits issued	49	65	60	64	46	46	68	140	145	165
Number of new housing permits issued	6	8	9	4	4	6	10	14	20	38
Estimated Value of Construction	\$ 1,663,818	\$ 2,477,301	\$ 1,727,841	\$ 698,107	\$ 15,491,375	\$ 910,574	\$ 7,667,346	\$ 2,712,612	\$ 12,030,811	\$ 2,468,000
Amount of Revenue generated from permits	\$ 5,646	\$ 2,743	\$ 3,040	\$ 1,834	\$ 13,324	\$ 2,190	\$ 4,418	\$ 5,246	\$ 11,850	\$ 10,982
<b>Security of Persons and Property</b>										
<b>Police</b>										
Total Calls for Services	979	8,902	10,189	12,954	7,996	9,932	7,829	7,773	n/a	4,787
Number of traffic citations issued	288	228	264	663	213	414	443	419	n/a	391
Number of parking citations issued	233	210	342	387	280	294	267	493	n/a	435
Number of criminal arrests	317	464	423	463	520	543	475	454	n/a	426
Number of accident reports completed	107	115	122	107	121	122	132	130	n/a	121
Injury accidents	10	12	9	8	8	8	15	15	n/a	13
Stolen vehicles	8	5	3	1	6	9	14	15	n/a	16
Incident reports	560	546	597	595	482	599	721	611	n/a	506
DUI arrests	14	26	20	15	14	25	47	26	n/a	31
Burglary	87	46	63	66	55	52	49	32	n/a	19
Thefts	142	285	255	345	180	221	107	93	n/a	97
Robberies	3	1	4	5	6	6	4	1	n/a	1
Homicides	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gasoline costs of fleet	\$ 29,535	\$ 31,450	\$ 29,876	\$ 21,721	\$ 16,852	\$ 30,536	\$ 26,487	\$ 22,000	\$ 18,460	\$ 14,358
Total calls handled through communication center	14,670	13,836	13,652	14,584	11,173	13,582	18,998	16,845	n/a	13,269

*City of Rittman, Ohio*

Operating Indicators by Function/Program (continued)

**Last Ten Years**

**Table 18**

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Fire/EMS</b>										
EMS total runs	913	910	961	852	878	817	872	787	735	784
EMS transports	598	571	646	530	618	557	636	579	450	568
Ambulance billing collections (net)	\$ 201,529	\$ 181,390	\$ 190,899	\$ 173,138	\$ 186,981	\$ 168,748	\$ 171,068	\$ 111,701	\$ 114,413	\$ 109,333
Fire calls	137	165	160	159	196	194	192	n/a	n/a	n/a
Fires with loss	2	6	5	3	4	8	4	n/a	n/a	n/a
Fires with losses exceeding \$10K	2	2	3	1	1	n/a	1	n/a	n/a	n/a
Fire Losses	\$ 96,000	\$ 50,000	\$ 206,000	\$ 45,000	\$ 84,500	\$ 13,000	\$ 18,000	n/a	n/a	n/a
Fire safety inspections	31	21	15	31	58	28	20	n/a	n/a	n/a
Number of times mutual aid received for fire and EMS	22	28	31	36	22	35	46	n/a	n/a	n/a
<b>Public Health and Welfare</b>										
Cemetery Burials	37	42	45	39	44	32	30	34	45	38
Cemetery cremations	5	11	6	14	13	8	13	4	9	6
Cemetery sale of lots	37	29	56	29	38	34	15	26	41	44
Cemetery receipts	\$ 38,509	\$ 3,162	\$ 47,180	\$ 30,479	\$ 37,183	\$ 35,314	\$ 21,811	\$ 25,847	\$ 38,065	\$ 35,438
<b>Leisure Time Activities</b>										
<b>Recreation</b>										
Recreation Center membership receipts	\$ 135,960	\$ 157,405	\$ 165,794	\$ 161,523	\$ 150,607	\$ 171,172	\$ 128,679	\$ 156,885	\$ 159,191	\$ 168,244
Recreation Center Silver Sneaker receipts	\$ 28,533	\$ 24,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recreation Center rental receipts	\$ 17,409	\$ 16,747	\$ 18,398	\$ 16,167	\$ 16,776	\$ 15,160	\$ 8,376	\$ 15,598	\$ 18,024	\$ 17,139
Recreation Center program receipts	\$ 1,678	\$ 34,414	\$ 45,424	\$ 49,758	\$ 52,578	\$ 60,110	\$ 47,353	\$ 50,426	\$ 46,357	\$ 41,288
Recreation Center miscellaneous receipts	\$ 11,259	\$ 4,700	\$ 10,254	\$ 37,381	\$ 17,428	\$ 27,153	\$ 25,643	\$ 20,476	\$ 20,409	\$ 13,972
Total Recreation Department receipts	\$ 208,070	\$ 237,549	\$ 239,870	\$ 264,829	\$ 237,389	\$ 273,595	\$ 210,050	\$ 243,384	\$ 243,981	\$ 240,643

*City of Rittman, Ohio*

Operating Indicators by Function/Program (continued)

**Last Ten Years**

**Table 18**

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Transportation</b>										
Crackseal Coating Program - Annual Cost	\$ 2,156	\$ 7,695	\$ 11,333	\$ 29,347	\$ -	\$ 11,456	\$ 14,850	\$ 17,000	\$ 16,632	\$ 15,348
Paint Striping - Annual Cost	\$ -	\$ 11,766	\$ 11,766	\$ 11,874	\$ 9,918	\$ 12,545	n/a	\$ 10,000	\$ 9,288	\$ 6,888
Leaf collection - disposal costs	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 4,701	\$ 1,540	\$ 3,489	\$ 3,565	\$ 2,445
Cost of salt purchased	\$ 28,089	\$ 17,321	\$ 18,312	\$ 28,112	\$ 16,206	\$ 23,206	\$ 26,889	\$ 22,732	\$ 39,020	\$ 32,436
<b>Water Department</b>										
Water rates per 1st 300 Cu ft of water used	\$ 10.00	\$ 10.00	\$ 10.00	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.40
Annual total of utility accounts billed	30,182	30,017	30,017	29,964	30,048	33,780	29,715	29,791	29,695	29,333
Annual total Water Collections Billed	\$ 514,778	\$ 519,310	\$ 485,910	\$ 364,715	\$ 355,291	\$ 349,999	\$ 358,757	\$ 375,263	\$ 363,723	\$ 366,846
Avg. water billed monthly (Gallons)	14,733	15,252	13,546	12,454	12,712	12,181	12,905	15,186	13,006	15,329
Total water collections annually (Including P&I)	\$ 538,343	\$ 542,819	\$ 488,740	\$ 404,617	\$ 396,095	\$ 361,428	\$ 359,042	\$ 364,517	\$ 371,453	\$ 366,800
<b>Waste Water Department</b>										
Waste water rates per 1st 300 Cu ft of water used	\$ 27.00	\$ 23.00	\$ 23.00	\$ 31.00	\$ 31.00	\$ 25.78	\$ 24.33	\$ 22.96	\$ 21.66	\$ 21.66
Annual total sewer collections billed	\$ 1,193,740	\$ 1,273,560	\$ 1,256,262	\$ 1,208,474	\$ 1,165,163	\$ 1,048,802	\$ 1,028,074	\$ 1,229,844	\$ 969,035	\$ 918,648
Total sewer collections annually	\$ 1,268,189	\$ 1,314,473	\$ 1,310,780	\$ 1,263,609	\$ 2,053,066	\$ 1,149,011	\$ 1,154,935	\$ 1,110,995	\$ 983,697	\$ 917,436

Source: City of Rittman

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

# City of Rittman, Ohio

## Capital Assets Statistics by Function/Program

### Last Ten Years

**Table 19**

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Government</b>										
Number of Buildings	1	1	1	1	1	1	1	1	1	1
Administrative Vehicles	1	1	1	1	1	1	1	1	1	1
<b>Safety - Police/Fire</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles - Police	10	10	10	9	9	9	9	9	9	8
Vehicles - Fire	8	7	7	8	8	7	6	6	6	6
<b>Emergency Medical Services</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	4	4	5	5	3	3
<b>Recreation</b>										
Number of Buildings	1	1	1	1	1	1	1	1	1	1
Number of Shelters/Pavilions	3	3	3	3	3	3	3	3	3	3
Number of Parks	12	12	12	12	12	11	11	11	11	11
Number of Pools	1	1	1	1	1	1	1	1	1	1
Number of Baseball Diamonds	8	8	8	8	8	8	8	8	8	8
Number of Skateboarding Areas	0	0	0	0	0	0	1	1	1	1
Number of Tot Lots	9	9	9	9	9	9	9	9	9	9
Vehicles	0	0	1	2	1	1	1	1	1	1
<b>Transportation</b>										
Number of Buildings	2	2	2	2	2	2	2	2	2	2
Salt Building	1	1	1	1	1	1	1	1	1	1
Streets (Center Lane Miles)	41	41	41	41	41	41	41	41	41	41
Storm Sewers (Miles)	19	19	19	19	19	19	19	19	19	19
Service Vehicles	11	11	11	11	12	12	15	15	14	13
<b>Public Health and Welfare</b>										
Number of Buildings	1	1	1	1	1	1	1	1	1	1
Service Vehicles	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Pole Building	1	1	1	1	1	1	1	1	1	1
Water Lines (Miles)	44	44	44	44	44	44	44	44	44	44
Vehicles	5	4	3	6	6	6	7	7	7	7
<b>Waste Water</b>										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Sanitary Sewers (Miles)	39	39	39	39	39	39	39	39	39	39
Vehicles	5	5	5	7	7	7	7	6	6	6

Source: City of Rittman's capital asset records



Rea & associates *a brighter way*

# City of Rittman

## Wayne County, Ohio

### *Reports Issued Pursuant to Government Auditing Standards*

For the Year Ended  
December 31, 2013

**City of Rittman**  
**Wayne County, Ohio**  
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June 5, 2014

To Members of Council and Management  
City of Rittman  
Wayne County, Ohio  
30 N. Main St.  
Rittman, OH 44270

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rittman, Wayne County, Ohio (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Schedule of Findings*, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying *Schedule of Findings* to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

### **City's Response to Findings**

The City's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

Medina, Ohio

**City of Rittman**  
**Wayne County, Ohio**  
*Schedule of Findings*  
*December 31, 2013*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number:** 2013-001

**Material Weakness – Internal Controls over Financial Reporting**

**Criteria:** The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 122 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client’s internal control over financial reporting. This new standard requires the audit to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, SAS No. 122 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

**Condition:** There were material audit adjustments made to the financial statements presented for audit.

**Cause:** There were three factors that resulted in audit adjustments to the financial statements, each independent of the other, identified below:

A February 2013 Council Resolution authorizing an advance repayment between the General fund and Capital Improvement fund was not posted during 2013.

Property Tax receivable information relating to Property Tax Delinquencies provided by the County was inaccurate.

The Municipal Income Tax receivable estimation method used did not fully take into consideration the significant increase in income tax revenues in the current year due to the City’s decrease in its tax credit, which first took effect for tax year 2013.

**Effect:** The conditions described above resulted in material audit adjustments. These conditions resulted in an overstatement of interfund receivable by \$50,000; an overstatement of interfund payable of \$50,000; an understatement of property and other taxes receivable of \$29,558; and an understatement of municipal income taxes receivable of \$120,080. The tax adjustments also impacted Deferred Inflows of Resources (modified accrual basis) and revenues (accrual basis), respectively.

**Recommendation:** To ensure the City’s financial statements and notes to the financial statements are complete and accurate, the City should adopt procedures, including a final review of the statements and notes by the Finance Director, to identify and correct errors and omissions.

**City of Rittman**  
**Wayne County, Ohio**  
*Schedule of Findings (Continued)*  
*December 31, 2013*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number:** 2013-001 (Continued)

**Material Weakness – Internal Controls over Financial Reporting**

**Management’s Response:**

Although the City, specifically the Finance Director, agrees the ultimate responsibility for complete and accurate GAAP financial statements and notes rely with the Finance Director, there is some discernment when the City hires a private accounting firm to compile the Comprehensive Annual Financial Statements (CAFR) and two of the material audit adjustments were related to GAAP sections compiled by the firm. Regarding the advance repayment, the current administration can’t address the rationale as to why the advance was never posted in the accounting system. In the future, the Finance Director will ensure due diligence is used by both the City and accounting firm in assuring the GAAP financial statements are completely and accurately compiled. In addition, the current Finance Director will ensure all budgetary legislation passed by Council is timely entered into the system.



# Dave Yost • Auditor of State

**CITY OF RITTMAN**

**WAYNE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 8, 2014**