

**Mary Taylor, CPA**  
Auditor of State



CITY OF ORRVILLE  
WAYNE COUNTY

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# Mary Taylor, CPA

Auditor of State

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

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

To the Mayor and City Council Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orrville, Wayne County, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the City's management in a separate letter dated June 13, 2008.

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### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 13, 2008.

We intend this report solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

June 13, 2008



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Mayor and City Council Members:

### Compliance

We have audited the compliance of the City of Orrville, Wayne County, Ohio (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Orrville, Wayne County, Ohio, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2007.

### Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

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Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that the City's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the City's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

#### **Federal Awards Expenditures Schedule**

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Orrville, Wayne County, Ohio as of and for the year ended December 31, 2007, and have issued our report thereon dated June 13, 2008. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Federal Awards Expenditures Schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

June 13, 2008



**CITY OF ORRVILLE  
WAYNE COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b> <i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	Not available	20.205	\$348,252
<b>U.S. DEPARTMENT OF COMMUNITY PLANNING AND DEVELOPMENT</b> <i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant	Not available	14.228	351,454
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b> <i>Passed Through Ohio Department of Health and Safety</i>			
Assistance to Firefighters Grant	Not available	97.044	<u>45,425</u>
<b>Total</b>			<b><u><u>\$745,131</u></u></b>

**CITY OF ORRVILLE  
WAYNE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**CITY OF ORRVILE  
WAYNE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2007**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Community Development Block Grant CFDA # 14.228; Highway Planning and Construction CFDA # 20.205
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



**CITY OF ORRVILLE, OHIO**

**COMPREHENSIVE**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2007**

James D. Leggett  
Finance Director

Prepared by the City Finance Department



**City of Orrville, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2007*  
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June 13, 2008

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

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

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

State statutes require the City of Orrville (the City) to be subjected to an annual examination by the Auditor of State. The Auditor of State's office rendered an opinion on the City's financial statements as of December 31, 2007, and the Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

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

### ***Profile of the Government***

The City, founded in 1864, is located in Wayne County in northeastern Ohio, approximately 50 miles south of the City of Cleveland. The City was incorporated as a Village in 1913 and later became a City in 1951. The City's 2000 population was 8,551, according to the U.S. Census. The Safety Service Department estimates the population in 2007 to be 8,886.

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

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

Becky L. Jewell  
Safety-Service Director

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

David T. Handwerk  
Mayor

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

Dennis L. Forrer  
Personnel Manager

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

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

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

### ***Local Economy***

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

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

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

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

The County has a strong agricultural economy with 1,830 farms covering 259,000 acres. The average farm size in the County is 142 acres. There is also 4,097,000 bushels of commercial grain storage capacity. In 2006 (latest information) the County-wide receipts from agriculture were \$198,400,000. The County ranked first in the State in the production of hay, and second in the production of oats. Wayne County farmers owned 88,900 head of cattle and calves, and 33,900 milk cows, ranking the County number one in the State. The County maintains forty two acres of fairgrounds situated in the southwest portion of the nearby City of Wooster. The fairgrounds are the home of the annual County Fair and are used year round to stable privately-owned horses, for flea markets and for art and craft shows. Paid attendance to the 2007 County fair was 112,000.

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

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

	<b>Percent of Assessed Valuation</b>
Residential	66.5 %
Commercial	16.7
Industrial	16.5
Agricultural	0.3

Source: County Auditor.

Residents of the City have access to a wide range of educational and cultural facilities. Wayne College, a branch campus of the University of Akron, was founded in 1972 on 163 acres located within the City. Their enrollment in 2007 was 1,843 students. Wayne College offers general, technical and continuing education programs. Students choosing general studies may transfer to a four-year college or university after the first two basic years at the campus. Those choosing technical education programs may obtain associate degrees from the University of Akron.

The County is also the home of the College of Wooster, the Ohio Agricultural Research and Development Center and the Agricultural Technical Institute. The College of Wooster, a private nonprofit college opened its doors in 1870 with a faculty of 5 and a student body of 34. The College is a source of cultural and educational opportunities usually limited to more metropolitan areas. The faculty consists of 134 full time members and 34 part-time members. In all approximately 700 full and part time employees work on the 240 acre campus making the college one of the largest employers in the County. Wooster College had a fall 2007 enrollment of approximately 1,800. Lectures, concerts, plays, recitals, arts shows and public forums draw residents from across the County. The College's Ohio Light Opera Company attracts thousands of residents each year as well as over 24,000 visitors from outside the County.

The Ohio Agricultural Research and Development Center (OARDC), a division of Ohio State University, is also located in the County. OARDC conducts basic and applied research in agriculture, home economics and related fields and helps train graduate students in these fields. At any given time, the OARDC scientists are conducting more that 600 different research projects. In addition to the extensive research facilities, OARDC houses the 85-acre Secrest Arboretum and a formal rose garden, both of which are popular attractions. The OARDC employs 300 research and support staff.

The Ohio State Agricultural Technical Institute (ATI) is located in Wooster Ohio. It is an associate degree-granting program within the College of Food, Agriculture, and Environmental Sciences at the Ohio State University. It is the largest institution of its kind in the U.S. enrolling approximately 800 students and offering 28 programs of study. On December 5, 2007 a four student team took first place in the first annual Ohio Turfgrass Foundation Student Turf Bowl. The competition was held at the 41<sup>st</sup> Ohio Turfgrass Foundation Conference and Show held in Columbus, Ohio.

### ***City Employees***

The City has 219 employees, including 30 members of the City's volunteer fire department (who are paid on a per-call basis). The number of full-time employees has remained relatively constant over the past several years. A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining. Some full-time employees are represented by the following bargaining units:

<b>Bargaining Unit</b>	<b>Expiration Date Of Current Agreement</b>	<b>Number of Employees</b>
United City Workers Ohio Patrolmen's	December 31, 2009	81
Benevolent Association	December 31, 2009	16

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

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

### ***Long-Term Financial Planning***

The City prefers to pay for its capital items from the Capital Improvement Fund. However, in November of 2006, an increase of one-quarter percent in the municipal income tax rate was defeated by the voters, thus restricting the amount of receipts into the Capital Improvement Fund. The plan at present is to fund major capital expenditures by issuing debt. Economic Development Bonds were issued in 2007 to provide monies for the purchase of land and the development of a new industrial park.

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

### ***Relevant Financial Policies***

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

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

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

### ***Major Initiatives***

The City and its utilities have completed a number of projects in 2007.

The Service Department, with the help of a grant from the Wayne County Revolving Loan Fund, repaved a portion of West Market Street in the downtown area. The department also started the process of establishing a truck route in the City. Engineering work was performed as well as public meetings held.

The City, in conjunction with Main Street Orrville, spent more than \$300,000 of Community Block Grant money on projects in the downtown area. These projects were primarily percentage grants to the business owners for renovations and improvements to their facilities.

The City also purchased approximately 80 acres of property that will become the new industrial park. A grant was also secured to extend Dairy Lane to that new property. That extension was completed in 2007.

The Wastewater Utility treated 795 million gallons of effluent during 2007, with 184 million reused by the power plant. The plant is currently operating at 70 percent of its rated capacity. In 2007 the utility installed new automated aeration equipment and new chemical feed and storage equipment. The utility also completed the design of a project to improve digester operations. The Wastewater facility was also nominated for a Governor's award for innovative process operations.

The Electric Utility operated at over 82 percent capacity this year. A new system peak was set on August 8, 2007 at 58,300kw. The power plant burned 209,700 tons of coal in 2007 at a cost of \$9,533,043.

The Electric Utility also contracted to participate in three American Municipal Power-Ohio projects that will start providing power in 2012. These projects are the construction of three hydroelectric facilities on the Ohio River, the Prairie State Energy Campus coal fired power plant in Illinois, and the AMP-Generating station which is a coal fired power plant located in southern Ohio.

The Water Utility treated approximately 657 million gallons of water during 2007. During the year they completed two major projects. Two water lines that were more than 100 years old were replaced. The first one was West Market Street from Depot Street to Crown Hill Road. The second one was South Main Street from Chestnut Street to the City limits. This line will also allow for future growth to the south.

The Water Utility also cleaned and rebuilt three production wells and implemented the last phase of the Source Water Area Protection Program.

Organizations located within the City have also completed a number of projects in 2007.

The Orrville Public Library has traditionally ranked nationally as a top ten library with a customer base between 10,000 and 25,000 people. In 2007 the total circulation for the library was 539,275 which reflects a 16 percent increase over 2006.

Round Top Windows, a manufacturer of specialty windows, completed construction on a 35,000 square foot facility at a cost of approximately \$4 million.

Paragon Stone purchased the former 84 Lumber building and converted it to a manufacturing facility.

Spectrum Brands, a manufacturer of potting soil, expanded their facility by building a 52,000 square foot warehouse expansion.

The J.M. Smucker Company broke ground on a new corporate office building at a cost of approximately \$15 million. They also expanded the company store at a cost of approximately \$2 million.

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

### ***Awards and Acknowledgements***

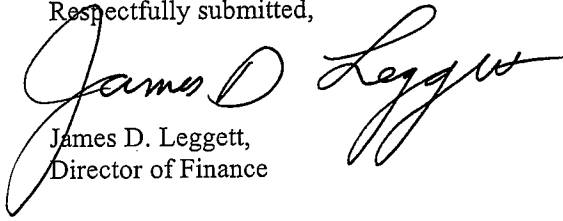
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orrville for its comprehensive financial report for the fiscal year ended December 31, 2006. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

A sincere thanks also goes to the Local Government Services Section of Auditor of State Mary Taylor's Office for their assistance in the organization and final review of our 2007 Comprehensive Annual Financial Report.

Respectfully submitted,

A handwritten signature in black ink that reads "James D. Leggett". The signature is written in a cursive style with a large, looping initial "J".

James D. Leggett,  
Director of Finance



**City of Orrville, Ohio**

*City Officials*

ELECTED OFFICIALS

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

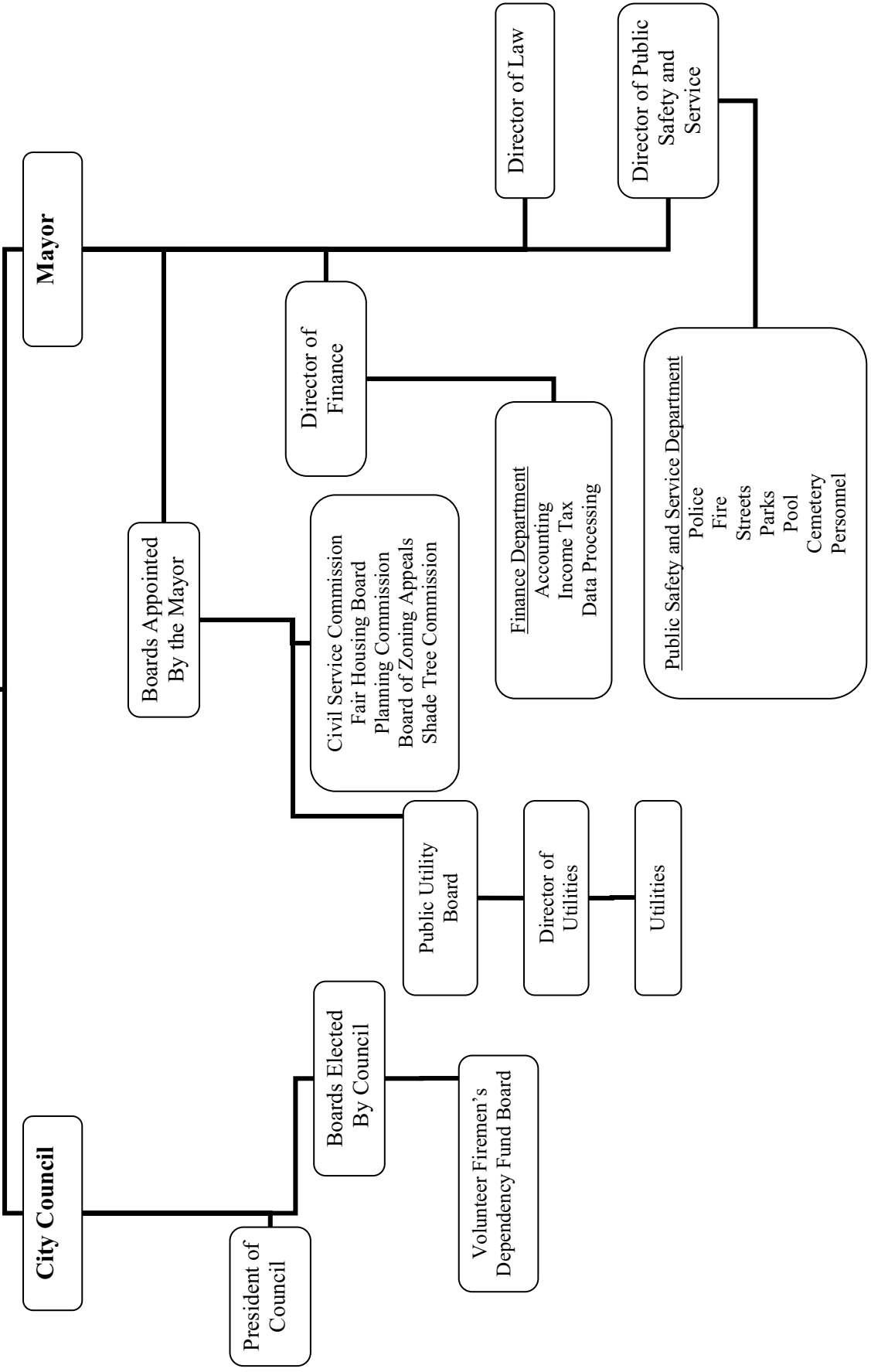
APPOINTED OFFICIALS

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

UTILITY BOARD MEMBERS

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

**Citizens of Orrville  
(Voters)**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Orrville  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2006

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



*Chloe S. Cox*

President

*Jeffrey R. Emer*

Executive Director

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Mayor and City Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orrville, Wayne County, Ohio (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orrville, Wayne County, Ohio, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

June 13, 2008

**City of Orrville, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2007*  
*Unaudited*

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The discussion and analysis for the City of Orrville's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2007. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter and the basic financial statements.

### **Financial Highlights**

Financial highlights for 2007 are as follows:

- Total Net Assets increased \$3,819,476. Net Assets of governmental activities increased \$1,246,711 which represents a 2.7 percent increase from 2006. Net assets of business-type activities increased \$2,572,765 from 2006.
- Total Assets of Governmental Activities increased \$2,842,191 or 6.0 percent above the 2006 level.
- Total Assets of Business Type Activities increased \$988,153 or 1.3 percent above the 2006 level.
- Total Liabilities of Governmental Activities increased \$1,595,480. This is an increase of 138 percent from the previous year.
- Total Liabilities of Business-Type Activities decreased \$1,584,612. This is a reduction of 7.8 percent from the previous year.
- Total Capital Assets increased \$891,782 which represents a 1.0 percent increase.
- Total Long Term Liabilities decreased \$1,996,777 or 10.8 percent during 2007.

### **Using this Annual Financial Report**

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

The Statement of Net Assets and the Statement of Changes in Net Assets provides summarized information showing the effects of the operations for the year 2007 and how they effected the operations of the City as a whole.

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

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

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

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

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

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

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

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

***Reporting on the Most Significant Funds of the City of Orrville***

*Fund Financial Statements*

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

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

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

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

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



**City of Orrville, Ohio**  
*Management's Discussion and Analysis*  
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**The City of Orrville as a Whole**

The Statement of Net Assets provides an overall view of the City. Table one shows a summary of the City's net assets for 2007 as they compare to 2006.

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current and Other Assets	\$7,589,767	\$5,898,710	\$28,339,044	\$27,091,539	\$35,928,811	\$32,990,249
Capital Assets, Net	42,971,261	41,820,127	46,411,851	46,671,203	89,383,112	88,491,330
<i>Total Assets</i>	<u>50,561,028</u>	<u>47,718,837</u>	<u>74,750,895</u>	<u>73,762,742</u>	<u>125,311,923</u>	<u>121,481,579</u>
<b>Liabilities</b>						
Current Liabilities	1,015,463	877,303	4,122,655	2,253,170	5,138,118	3,130,473
Long-Term Liabilities:						
Due Within One Year	260,870	152,004	2,890,832	2,748,928	3,151,702	2,900,932
Due in More Than One Year	1,471,828	123,374	11,791,662	15,387,663	13,263,490	15,511,037
<i>Total Liabilities</i>	<u>2,748,161</u>	<u>1,152,681</u>	<u>18,805,149</u>	<u>20,389,761</u>	<u>21,553,310</u>	<u>21,542,442</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	41,910,539	41,706,949	30,554,543	29,057,655	72,465,082	70,764,604
Restricted for:						
Capital Projects	1,484,362	1,613,790	0	0	1,484,362	1,613,790
Debt Service	215,007	240,462	3,022,749	2,949,687	3,237,756	3,190,149
Street Repair and Maintenance	470,584	424,442	0	0	470,584	424,442
Solid Waste Services	54,643	68,355	0	0	54,643	68,355
Law Enforcement and Education	20,024	19,951	0	0	20,024	19,951
Cemetery Maintenance	263,763	236,639	0	0	263,763	236,639
EMS Equipment	162,903	134,874	0	0	162,903	134,874
Performing Arts	5,354	5,859	0	0	5,354	5,859
Replacement and Improvement	0	0	2,300,000	2,300,000	2,300,000	2,300,000
Unrestricted	3,225,688	2,114,835	20,068,454	19,065,639	23,294,142	21,180,474
<i>Total Net Assets</i>	<u>\$47,812,867</u>	<u>\$46,566,156</u>	<u>\$55,945,746</u>	<u>\$53,372,981</u>	<u>\$103,758,613</u>	<u>\$99,939,137</u>

Total assets increased in 2007 by \$3,830,344. The increase in total assets is primarily due to an increase in current assets, mainly cash and income taxes receivable. Total assets for Governmental Activities increased by \$2,842,191. This is due to income tax receipts being greater than anticipated thus increasing the cash balance. The increase was primarily in withholdings and net profits. The City also issued \$1,500,000 in Economic Development Bonds of which \$961,932 was used to purchase land for an industrial park. The remaining \$538,068 is still in the form of cash and will be used to develop the park. The total assets for Business-Type Activities increased by \$988,153. Capital Assets decreased, but this was more than offset by an increase of cash, primarily in the electric utility.

**City of Orrville, Ohio**  
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The increase of \$1,595,480 in total liabilities for the Governmental Activities is due to the issuance of \$1,500,000 in Economic Development Bonds and a slight decrease in the outstanding Special Assessment Bonds. The reduction of \$1,584,612 in the total liabilities for the Business-Type Activities is primarily the result of the payments on the revenue bonds and loans in the enterprise funds. All three utilities have long-term debt.

Total net assets in Governmental Activities increased by \$1,246,711. This is largely a result of increased income tax revenues in 2007. This increase was due to increased income tax withholdings and net profits from several local businesses.

Total Net Assets for the Business-Type Activities increased by \$2,572,765 due primarily to the fact that overall revenues exceeded expenses in the utilities, due primarily to the Electric Utility.

The City also works hard to increase net assets through our investment program. Investment earnings for the City were \$1,343,174 in 2007. This is a \$161,021 increase over 2006 and reflects the increase in cash to invest, due to higher income tax revenues.

Table 2 shows the changes in net assets for the year ended December 31, 2007, for both our Governmental Activities and our Business-Type Activities.

**Table 2**  
**Change in Net Assets**

	Governmental Activities		Business - Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$699,547	\$728,678	\$30,317,697	\$31,549,154	\$31,017,244	\$32,277,832
Operating Grants and Contributions	673,322	496,986	0	0	673,322	496,986
Capital Grants and Contributions	850,713	293,860	301,372	0	1,152,085	293,860
<b>Total Program Revenues</b>	<b>2,223,582</b>	<b>1,519,524</b>	<b>30,619,069</b>	<b>31,549,154</b>	<b>32,842,651</b>	<b>33,068,678</b>
General Revenues:						
Property Taxes	485,053	469,385	0	0	485,053	469,385
Income Taxes	4,348,859	2,860,410	0	0	4,348,859	2,860,410
Other Local Taxes	897,363	851,218	0	0	897,363	851,218
Grants and Entitlements	514,543	579,014	0	0	514,543	579,014
Investment Earnings	236,379	217,144	1,106,795	965,009	1,343,174	1,182,153
Miscellaneous	88,388	35,116	623,615	333,385	712,003	368,501
<b>Total General Revenues</b>	<b>6,570,585</b>	<b>5,012,287</b>	<b>1,730,410</b>	<b>1,298,394</b>	<b>8,300,995</b>	<b>6,310,681</b>
<b>Total Revenues</b>	<b>\$8,794,167</b>	<b>\$6,531,811</b>	<b>\$32,349,479</b>	<b>\$32,847,548</b>	<b>\$41,143,646</b>	<b>\$39,379,359</b>

(continued)

**City of Orrville, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2007*  
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**Table 2**  
**Change in Net Assets (continued)**

	Governmental Activities		Business - Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Program Expenses</b>						
General Government	\$1,323,894	\$1,151,757	\$0	\$0	\$1,323,894	\$1,151,757
Security of Persons and Property:						
Police	1,538,833	1,565,658	0	0	1,538,833	1,565,658
Fire	614,516	601,531	0	0	614,516	601,531
Transportation	2,289,247	2,229,194	0	0	2,289,247	2,229,194
Public Health and Welfare	187,718	142,615	0	0	187,718	142,615
Leisure Time Activities	348,947	318,858	0	0	348,947	318,858
Basic Utility Service	307,678	273,951	0	0	307,678	273,951
Interest and Fiscal Charges	39,260	8,877	0	0	39,260	8,877
Enterprise Operations	0	0	30,673,978	30,693,450	30,673,978	30,693,450
Total Program Expenses	6,650,093	6,292,441	30,673,978	30,693,450	37,324,071	36,985,891
Increase in Net Assets						
Before Transfers	2,144,074	239,370	1,675,402	2,154,098	3,819,476	2,393,468
Transfers	(897,363)	(851,218)	897,363	851,218	0	0
Increase/(Decrease) in Net Assets	1,246,711	(611,848)	2,572,765	3,005,316	3,819,476	2,393,468
Net Assets Beginning of Year	46,566,156	47,178,004	53,372,981	50,367,665	99,939,137	97,545,669
Net Assets End of Year	\$47,812,867	\$46,566,156	\$55,945,746	\$53,372,981	\$103,758,613	\$99,939,137

***Governmental Activities***

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

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

The City's income tax was established by ordinance to be effective January 1, 1961 at a rate of .6 percent. The rate was later increased by resolution to 1 percent effective October 1, 1970. The rate has remained at that level since then. This rate is much lower than the state average for municipalities that have an income tax. The income tax accounted for revenues of \$4,348,859 in 2007. These revenues were split between the General Fund and the Capital Improvements Fund with an allocation of 80 percent to the General Fund and 20 percent to the Capital Improvements Fund. The allocation percentage is set by resolution and historically has changed from time to time depending on the balances in the two aforementioned funds. The allocation has been 65 - 35 percent, 60 - 40 percent as well as 70 - 30 percent. This practice of putting a percentage of income tax revenue into the Capital Improvements Fund has been an excellent tool for the City in making capital improvements without the need to issue debt. In the last several years some major projects have been accomplished with monies from the Capital Improvements Fund, such as the reconstruction and repaving of North Main Street.

**City of Orrville, Ohio**  
*Management's Discussion and Analysis*  
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The level of revenue from the income tax increased in 2007. This was partially the result of an increase in withholding taxes; however, the largest increase was from taxes on net profits from some of our corporate citizens.

Transportation represents the largest expense of the Governmental Activities. This expense of \$2,289,247 represents 34.4 percent of the total expenses of the Governmental Activities. These funds are used to maintain the streets and the equipment used for the streets.

Our Fire Department is a part-time department with a full-time Chief. The City is very committed to maintaining a very efficient department. Regular meetings, drills, and training sessions are held. There is a strong emphasis on equipment with a new heavy rescue truck having been purchased in the last several years. The Department's functions include firefighting, emergency medical service including paramedic service, fire prevention education, and investigation. The Fire Department expenses account for 9 percent of the Governmental Activities expenses. The Department also contracts with surrounding townships to provide firefighting and emergency medical services. The revenues generated by these contracts are reported under the charges for services area.

Our Police Department is also funded through the general fund. The Department is a full-time 24-hour a day, 365-days a year Department. Each patrol car is now equipped with a laptop computer to assist the officers in accessing information while on duty. The expenses for the Department for the year 2007 were \$1,538,833. This accounts for 23.1 percent of the expenses for Governmental Activities.

***Business-Type Activities***

The City also operates a Utility Department that consists of three utilities. The largest from an asset and revenue standpoint is the electric utility. This utility consists of a coal fired generation plant and distribution system that serves the City and surrounding area with reliable and competitively priced power. In 2007, the electric utility sold 290,581,000 KWH of electricity to generate \$25,460,273 in charges for services revenue. They burned 209,700 tons of coal at a cost of \$9,533,043.

The Water utility treats 1,800,000 gallons of water per day with a capacity to treat an additional 1,900,000 per day. The water plant is the newest of the utility facilities. It was put into service in 1996. The raw water is supplied from various wells. The plant currently serves 3,000 residential customers and 350 industrial and commercial customers.

The Sewer facility treated 795 million gallons of sewage during 2007, which is slightly higher than the level of operation experienced in 2006. This facility was last upgraded in 1990 and currently operates at 70 percent capacity. The plant is controlled by a modern SCADA (computer) system. A video surveillance system monitors strategic locations throughout the facility 24 hours a day. The plant currently serves 3,300 residential customers and 330 industrial and commercial customers. The utility maintains 42 miles of sanitary sewer lines.

The revenues and expenses for all three of these utilities are reported under the Business-Type Activities on Table 2. Reviewing this table shows the majority of the City's revenues and expenses flow through the Utility Department. The revenues for the Utility Department come primarily from charges for service. In 2007 this amount of \$30,317,697 accounted for approximately 94 percent of the revenues. The total expenses for the utilities were \$30,673,978, leaving a surplus of \$2,572,765 for the Business-Type Activities.

**City of Orrville, Ohio**  
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The increase in the balances in the Utility Funds during 2007 was primarily due to the increase in the Electric Revenue Fund created by significant wholesale sales.

### **The City's Funds**

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. The general fund revenues of \$5,645,386 are substantially higher than 2006, due to increased income tax revenue. Expenditures of \$3,726,203 are very similar to 2006. Although this shows a surplus of \$1,919,183, the true picture is somewhat different. Some of the revenue collected in the general fund is from the collection of the Kilowatt-hour tax that is then passed back through the Electric Revenue Fund by way of a transfer. When these receipts and other transfers are eliminated, the true surplus is \$806,850. The capital improvement fund revenues of \$821,189 are larger than 2006 because a portion of the increased income tax revenue is distributed to this fund. The expenditures of \$2,061,968 are substantially greater than 2006, leaving a deficit of \$1,240,780. The deficit is created by expenditures that could no longer be delayed, such as the purchase of property for the new industrial park, and the engineering work on the alternate truck route. After including the proceeds of \$1,500,000 from the issuance of general obligation bonds, the net change in fund balance is \$259,220.

Information about the business-type funds starts on page 21. These funds are accounted for on an accrual basis. The sewer fund had operating revenues of \$1,949,714 which were less than operating expenses of \$2,051,729. The electric fund had operating revenues of \$26,077,287 and operating expenses of \$25,009,179 and the water fund had operating revenues of \$2,914,311 and operating expenses of \$2,404,169.

### ***Budgeting Highlights***

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

For the general fund, the original budgeted revenues and the final budgeted revenues were \$4,555,688 and the actual revenues were \$5,868,866. Of this \$1,313,178 difference, most was due to higher than anticipated income tax revenues and interest earnings. The final expenditures of \$3,855,342 compare favorably with the final budget figure of \$4,124,091. The difference of \$268,749 is primarily due to lower payroll expenditures in both the Police and Fire departments. This lower level in the Police Department was a result of operating below full staffing. Our Fire Department is a part time department, therefore fewer than anticipated fire calls result in lower payroll expenditures. Lower than anticipated transfers from the General Fund also contributed to the favorable variance.

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

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

**City of Orrville, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

**Capital Assets and Debt Administration**

***Capital Assets***

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$2,512,207	\$1,544,125	\$669,804	\$669,804	\$3,182,011	\$2,213,929
Buildings and Improvements	3,532,305	3,541,892	11,703,384	12,122,531	15,235,689	15,664,423
Equipment	579,753	478,947	3,639,234	3,103,144	4,218,987	3,582,091
Vehicles	746,024	830,438	358,818	389,407	1,104,842	1,219,845
Electric - Generation/ Transmission/Distribution Infrastructure	0	0	18,846,085	19,880,324	18,846,085	19,880,324
	35,600,972	35,424,725	11,194,526	10,505,993	46,795,498	45,930,718
<b>Totals</b>	<b>\$42,971,261</b>	<b>\$41,820,127</b>	<b>\$46,411,851</b>	<b>\$46,671,203</b>	<b>\$89,383,112</b>	<b>\$88,491,330</b>

Total Capital Assets for the City of Orrville for the year ended December 31, 2007 amounted to \$89,383,112, which reflects a \$891,782 increase from the 2006 figure of \$88,491,330.

The most significant project completed in 2007 was the purchase of 80 acres of property for the new industrial park at a cost of \$961,932.

The City has a formal capital asset policy, which outlines the procedures for purchasing, receiving, and disposing of capital assets. The policy contains forms and includes a tagging process, which was instituted in 2005. For additional information see Note 7 to the basic financial statements.

***Debt***

The outstanding debt for the City of Orrville as of December 31, 2007 was \$17,908,693. This balance reflects a reduction of \$317,200 from the previous year's balance of \$18,225,893, a reduction of 1.7 percent.

**Outstanding Debt at Year End**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Special Assessment Bonds	\$98,790	\$113,178	\$0	\$0	\$98,790	\$113,178
Economic Development Bonds	1,500,000	0	0	0	1,500,000	0
Mortgage Revenue Bonds	0	0	5,072,004	8,130,290	5,072,004	8,130,290
Revenue Bonds	0	0	5,507,150	5,890,982	5,507,150	5,890,982
OWDA Loans	0	0	2,285,881	2,666,132	2,285,881	2,666,132
OPWC Loan	0	0	1,264,868	725,311	1,264,868	725,311
Notes Payable	0	0	2,180,000	700,000	2,180,000	700,000
<b>Totals</b>	<b>\$1,598,790</b>	<b>\$113,178</b>	<b>\$16,309,903</b>	<b>\$18,112,715</b>	<b>\$17,908,693</b>	<b>\$18,225,893</b>

**City of Orrville, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2007*  
*Unaudited*

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The Governmental Activities issued debt in 2007 in the form of Economic Development Bonds which amounted to \$1,500,000. They also carry a small amount of debt (\$98,790) in Special Assessment Bonds, which were issued after our Downtown Improvement Project (Streetscape) was finished and for residential sidewalk installation. The bonds cover the amount of unpaid property owner assessments. The payments on these bonds come from the assessments collected by the County Auditor on property tax duplicates.

The Utility department carries the vast majority of the debt, the largest debt being that of the Electric Utility. Most of this debt is in Mortgage Revenue Bonds that were originally issued in the 1980's for major upgrades to the power plant. These bonds were refinanced in 1997. The Electric Utility also has an outstanding bond anticipation general obligation note. One piece of this note is in the amount of \$600,000 and is for the purpose of financing the precipitator improvement project, which was completed in 2002. The precipitator is part of the pollution control system at the power plant. The other portion is in the amount of \$1,580,000 and was issued to call a portion of the Mortgage Revenue Bonds. The note was issued in 2007 and is due in 2008. The Water Utility carries two kinds of debt. Water System Improvement Revenue Bonds were issued in 1994 for the construction of a new treatment plant and then refunded in 2002. They are scheduled to be paid off in 2018. The Water Utility also has three interest free loans from the OPWC; the oldest is scheduled to be paid off in 2018. The two newest loans which were both issued in 2007 are scheduled to be paid off in 2027 and 2037. The Sewer Utility has two loans from the Ohio Water Development Authority which were used to defease the original mortgage revenue bonds issued to construct the treatment plant. These loans will be paid off in 2012 and 2013. Total debt service payments for the Electric Utility in 2007 were \$4,206,905, for the Sewer Utility \$542,768, and for the Water Utility \$707,155.

The administration and City Council are both very committed to controlling and managing the debt. Over the last eight years, we have been able to manage the cash balances of the City to a point that debt issuance is not necessary for capital improvement except in extreme cases or instances where it is fiscally better to issue debt rather than spend reserves. For additional information see Notes 9 and 10 to the basic financial statements.

### **Current Financial Issues**

The City's finances during 2007 reflected a positive outcome. Income tax revenues were up, and revenues for the Utilities as a whole showed an increase. The increase in the electric utility more than offset slight decreases in the water and wastewater utilities. The City as a whole operated in a surplus position due to controlled spending. The strength of the City was evident, as the services to our citizens remained at a high level. Our police department operated with two less full time officers and the fire department remained at full force. Our street department continued to repair and improve streets, and plow snow. Our park system operated on a slightly reduced schedule. All three utilities remained fully staffed, providing quality service. There were no lay-offs.

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

The City placed an income tax increase on the November 2006 ballot. The increase for .25 percent was defeated by the voters. The increase was to be designated for capital improvements. As a result of this, the capital fund balance decreased during 2007. Debt also had to be issued and capital expenditures will be prioritized in the future. Some planned expenditures will be delayed.

**City of Orrville, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2007*  
*Unaudited*

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The construction of the park in the south end of town remains halted. The City continues with its sidewalk improvement plan that requires sidewalks on every street throughout the City. This plan has been very successful to date and will continue until every street within the City has sidewalks. The City also has a long-range street-paving plan, which will result in all streets within the City being either asphalt or concrete. This program will replace the chip and seal program that is currently in place, however, this plan will be slowed due to the failure of the tax increase.

The City is in the process of developing a second industrial park. This park will allow for future controlled industrial growth. The current park is nearing full capacity. Property has been purchased and a grant has been secured to assist with the installation of infrastructure.

The City is a member of Main Street Ohio, and has been awarded an additional grant to improve the downtown business district. The grant provided funds for some renovations during 2007, and will continue to be used in 2008.

The Utility Departments continue to grow and improve. The Sewer Utility installed automated aeration equipment and also installed new chemical feed and storage equipment. The Water Utility completed two large projects in 2007 as they upgraded two water lines on South Main Street and West Market Street. They continue to install radio read water meter modules. The Water Utility continues to research new water supply. The Electric Utility continued to sell power into the wholesale market. The Electric Utility contracted with AMP-Ohio to participate in three electric generating projects. These projects will provide base load power for the future. The Technical Services area of the Electric Utility completed Phase II of the Mapguide project which enables users on the utility network to have access to the GIS maps using web browser interface. They also implemented an open source solution for monitoring network integrality.

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

### **Contacting the City's Finance Department**

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



**City of Orrville, Ohio**

*Statement of Net Assets*

December 31, 2007

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$5,032,439	\$17,329,678	\$22,362,117
Cash Equivalents Held by Trustee	0	5,730	5,730
Investments Held by Trustee	0	3,067,951	3,067,951
Materials and Supplies Inventory	159,242	3,792,805	3,952,047
Accrued Interest Receivable	68,048	266,809	334,857
Accounts Receivable	68,323	3,488,762	3,557,085
Internal Balances	117,819	(117,819)	0
Intergovernmental Receivable	325,210	0	325,210
Prepaid Items	10,939	52,533	63,472
Deferred Charges	0	452,595	452,595
Income Taxes Receivable	1,194,160	0	1,194,160
Property Taxes Receivable	498,502	0	498,502
Special Assessments Receivable	115,085	0	115,085
Nondepreciable Capital Assets	2,512,207	669,804	3,182,011
Depreciable Capital Assets, Net	40,459,054	45,742,047	86,201,101
<i>Total Assets</i>	<u>50,561,028</u>	<u>74,750,895</u>	<u>125,311,923</u>
<b>Liabilities</b>			
Accounts Payable	174,298	1,066,197	1,240,495
Accrued Wages	138,274	252,243	390,517
Intergovernmental Payable	137,255	259,921	397,176
Accrued Interest Payable	31,985	119,979	151,964
Claims Payable	0	72,174	72,174
Deferred Revenue	464,100	0	464,100
Vacation Benefits Payable	69,551	172,141	241,692
Notes Payable	0	2,180,000	2,180,000
Long-Term Liabilities:			
Due Within One Year	260,870	2,890,832	3,151,702
Due In More Than One Year	1,471,828	11,791,662	13,263,490
<i>Total Liabilities</i>	<u>2,748,161</u>	<u>18,805,149</u>	<u>21,553,310</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	41,910,539	30,554,543	72,465,082
Restricted for:			
Capital Projects	1,484,362	0	1,484,362
Debt Service	215,007	3,022,749	3,237,756
Electric Replacement and Improvement	0	1,500,000	1,500,000
Water Replacement and Improvement	0	800,000	800,000
Street Repair and Maintenance	470,584	0	470,584
Solid Waste Services	54,643	0	54,643
Law Enforcement and Education	20,024	0	20,024
Cemetery Maintenance	263,763	0	263,763
EMS Equipment	162,903	0	162,903
Performing Arts	5,354	0	5,354
Unrestricted	3,225,688	20,068,454	23,294,142
<i>Total Net Assets</i>	<u>\$47,812,867</u>	<u>\$55,945,746</u>	<u>\$103,758,613</u>

See accompanying notes to the basic financial statements

**City of Orrville, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2007

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$1,323,894	\$158,784	\$61,468	\$406,576
Security of Persons and Property:				
Police	1,538,833	14,367	0	0
Fire	614,516	52,225	0	0
Transportation	2,289,247	11,843	599,351	444,137
Public Health and Welfare	187,718	116,240	0	0
Leisure Time Activities	348,947	65,720	12,503	0
Basic Utility Service	307,678	280,368	0	0
Interest and Fiscal Charges	39,260	0	0	0
<i>Total Governmental Activities</i>	<u>6,650,093</u>	<u>699,547</u>	<u>673,322</u>	<u>850,713</u>
<b>Business-Type Activities:</b>				
Sewer	2,235,400	1,948,555	0	0
Electric	25,725,633	25,460,273	0	0
Water	2,712,945	2,908,869	0	301,273
<i>Total Business-Type Activities</i>	<u>30,673,978</u>	<u>30,317,697</u>	<u>0</u>	<u>301,273</u>
<i>Total - Primary Government</i>	<u>\$37,324,071</u>	<u>\$31,017,244</u>	<u>\$673,322</u>	<u>\$1,151,986</u>

**General Revenues**

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

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Assets

*Net Assets Beginning of Year*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$697,066)	\$0	(\$697,066)
(1,524,466)	0	(1,524,466)
(562,291)	0	(562,291)
(1,233,916)	0	(1,233,916)
(71,478)	0	(71,478)
(270,724)	0	(270,724)
(27,310)	0	(27,310)
(39,260)	0	(39,260)
<u>(4,426,511)</u>	<u>0</u>	<u>(4,426,511)</u>
0	(286,845)	(286,845)
0	(265,360)	(265,360)
<u>0</u>	<u>497,197</u>	<u>497,197</u>
<u>0</u>	<u>(55,008)</u>	<u>(55,008)</u>
<u>(4,426,511)</u>	<u>(55,008)</u>	<u>(4,481,519)</u>
485,053	0	485,053
897,363	0	897,363
3,490,470	0	3,490,470
858,389	0	858,389
514,543	0	514,543
236,379	1,106,795	1,343,174
<u>88,388</u>	<u>623,615</u>	<u>712,003</u>
6,570,585	1,730,410	8,300,995
<u>(897,363)</u>	<u>897,363</u>	<u>0</u>
<u>5,673,222</u>	<u>2,627,773</u>	<u>8,300,995</u>
1,246,711	2,572,765	3,819,476
<u>46,566,156</u>	<u>53,372,981</u>	<u>99,939,137</u>
<u>\$47,812,867</u>	<u>\$55,945,746</u>	<u>\$103,758,613</u>

**City of Orrville, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2007*

	<u>General</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,245,389	\$1,782,046	\$1,005,004	\$5,032,439
Materials and Supplies Inventory	159,242	0	0	159,242
Accrued Interest Receivable	65,218	0	2,830	68,048
Accounts Receivable	22,411	0	45,912	68,323
Intergovernmental Receivable	78,693	0	246,517	325,210
Prepaid Items	10,939	0	0	10,939
Income Taxes Receivable	955,328	238,832	0	1,194,160
Property Taxes Receivable	498,502	0	0	498,502
Special Assessments Receivable	0	0	115,085	115,085
<i>Total Assets</i>	<u>\$4,035,722</u>	<u>\$2,020,878</u>	<u>\$1,415,348</u>	<u>\$7,471,948</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$30,797	\$85,659	\$57,842	\$174,298
Accrued Wages	120,539	0	17,735	138,274
Intergovernmental Payable	119,379	33	17,843	137,255
Deferred Revenue	1,141,170	151,403	287,179	1,579,752
<i>Total Liabilities</i>	<u>1,411,885</u>	<u>237,095</u>	<u>380,599</u>	<u>2,029,579</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	92,442	133,597	208,946	434,985
Unreserved, Undesignated, Reported in:				
General Fund	2,531,395	0	0	2,531,395
Special Revenue Funds	0	0	786,946	786,946
Debt Service Funds	0	0	131,907	131,907
Capital Projects Funds (Deficit)	0	1,650,186	(93,050)	1,557,136
<i>Total Fund Balances</i>	<u>2,623,837</u>	<u>1,783,783</u>	<u>1,034,749</u>	<u>5,442,369</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,035,722</u>	<u>\$2,020,878</u>	<u>\$1,415,348</u>	<u>\$7,471,948</u>

See accompanying notes to the basic financial statements

**City of Orrville, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2007*

<b>Total Governmental Fund Balances</b>	<b>\$5,442,369</b>
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	42,971,261
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	34,402
Income Taxes	757,015
Grants	203,867
Special Assessments	115,085
Charges for Services	5,283
Total	1,115,652
The accumulated overpayments to the internal service fund.	117,819
Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(69,551)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(31,985)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Special Assessment Bonds	(98,790)
General Obligation Bonds	(1,500,000)
Compensated Absences	(133,908)
Total	(1,732,698)
<i>Net Assets of Governmental Activities</i>	<b>\$47,812,867</b>

See accompanying notes to the basic financial statements

**City of Orrville, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$479,755	\$0	\$0	\$479,755
Income Taxes	3,114,740	764,456	0	3,879,196
Other Local Taxes	897,363	0	0	897,363
Special Assessments	0	0	22,759	22,759
Intergovernmental	556,927	0	1,479,329	2,036,256
Interest	225,628	0	10,751	236,379
Fines, Licenses and Permits	35,235	0	4,935	40,170
Rentals	31,200	0	0	31,200
Charges for Services	261,596	211	348,122	609,929
Contributions and Donations	3,076	8,000	9,427	20,503
Other	39,866	48,522	0	88,388
<i>Total Revenues</i>	<u>5,645,386</u>	<u>821,189</u>	<u>1,875,323</u>	<u>8,341,898</u>
<b>Expenditures</b>				
Current:				
General Government	989,284	0	45,487	1,034,771
Security of Persons and Property:				
Police	1,472,187	0	3,862	1,476,049
Fire	413,333	0	0	413,333
Transportation	446,542	0	776,400	1,222,942
Public Health and Welfare	146,632	0	12,375	159,007
Leisure Time Activities	258,225	0	10,323	268,548
Basic Utility Service	0	0	307,678	307,678
Capital Outlay	0	2,061,969	788,336	2,850,305
Debt Service:				
Principal Retirement	0	0	14,388	14,388
Interest and Fiscal Charges	0	0	7,911	7,911
<i>Total Expenditures</i>	<u>3,726,203</u>	<u>2,061,969</u>	<u>1,966,760</u>	<u>7,754,932</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,919,183</u>	<u>(1,240,780)</u>	<u>(91,437)</u>	<u>586,966</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued	0	1,500,000	0	1,500,000
Transfers In	0	0	214,970	214,970
Transfers Out	(1,112,333)	0	0	(1,112,333)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,112,333)</u>	<u>1,500,000</u>	<u>214,970</u>	<u>602,637</u>
<i>Net Change in Fund Balances</i>	806,850	259,220	123,533	1,189,603
<i>Fund Balances Beginning of Year</i>	<u>1,816,987</u>	<u>1,524,563</u>	<u>911,216</u>	<u>4,252,766</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,623,837</u></u>	<u><u>\$1,783,783</u></u>	<u><u>\$1,034,749</u></u>	<u><u>\$5,442,369</u></u>

See accompanying notes to the basic financial statements

**City of Orrville, Ohio**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2007*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$1,189,603
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
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 Asset Additions	2,572,804
	Current Year Depreciation	<u>(1,414,293)</u>
	Total	1,158,511
Governmental Funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(7,377)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Property Taxes	5,298
	Income Taxes	469,663
	Grants	(18,181)
	Special Assessments	(1,469)
	Charges for Services	<u>(3,042)</u>
	Total	452,269
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		14,388
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		(31,349)
Proceeds of bonds is an other financing source in the governmental funds, but increases liabilities in governmental activities.		
		(1,500,000)
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	28,292
	Vacation Benefits Payable	<u>3,491</u>
	Total	31,783
The change in the accumulated underpayments to the internal service fund for governmental funds is reported for the year.		
		<u>(61,117)</u>
<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$1,246,711</u></u>

See accompanying notes to the basic financial statements

**City of Orrville, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$438,500	\$438,500	\$479,755	\$41,255
Income Taxes	2,224,450	2,224,450	3,314,447	1,089,997
Other Local Taxes	850,000	850,000	897,363	47,363
Intergovernmental	630,838	630,838	584,237	(46,601)
Interest	154,300	154,300	222,195	67,895
Fines, Licenses and Permits	26,500	26,500	35,655	9,155
Rentals	30,000	30,000	31,200	1,200
Charges for Services	200,100	200,100	261,072	60,972
Contributions and Donations	0	0	3,076	3,076
Other	1,000	1,000	39,866	38,866
<i>Total Revenues</i>	<u>4,555,688</u>	<u>4,555,688</u>	<u>5,868,866</u>	<u>1,313,178</u>
<b>Expenditures</b>				
Current:				
General Government	1,106,059	1,105,059	1,035,937	69,122
Security of Persons and Property:				
Police	1,618,812	1,618,812	1,483,608	135,204
Fire	450,686	450,686	416,935	33,751
Transportation	516,355	516,355	504,912	11,443
Public Health and Welfare	155,200	155,200	155,816	(616)
Leisure Time Activities	277,979	277,979	258,134	19,845
<i>Total Expenditures</i>	<u>4,125,091</u>	<u>4,124,091</u>	<u>3,855,342</u>	<u>268,749</u>
<i>Excess of Revenues Over Expenditures</i>	430,597	431,597	2,013,524	1,581,927
<b>Other Financing Uses</b>				
Transfers Out	(1,219,500)	(1,219,500)	(1,112,333)	107,167
<i>Net Change in Fund Balance</i>	(788,903)	(787,903)	901,191	1,689,094
<i>Fund Balance Beginning of Year</i>	1,123,754	1,123,754	1,123,754	0
Prior Year Encumbrances Appropriated	97,223	97,223	97,223	0
<i>Fund Balance End of Year</i>	<u>\$432,074</u>	<u>\$433,074</u>	<u>\$2,122,168</u>	<u>\$1,689,094</u>

See accompanying notes to the basic financial statements



**City of Orrville, Ohio**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2007*

	Business-Type Activities				Business-Type Activity - Internal Service Fund
	Sewer	Electric	Water	Total	
<b>Assets</b>					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$4,219,820	\$9,421,334	\$930,870	\$14,572,024	\$457,654
<i>Restricted Assets:</i>					
Cash Equivalents Held by Trustee	0	4,637	1,093	5,730	0
Investments Held by Trustee	0	1,659,947	460,255	2,120,202	0
<i>Receivables:</i>					
Accounts	233,589	2,893,144	362,029	3,488,762	0
Accrued Interest	72,700	160,929	25,930	259,559	7,250
Materials and Supplies Inventory	190,948	3,311,623	290,234	3,792,805	0
Prepaid Items	7,880	36,773	7,880	52,533	0
<i>Total Current Assets</i>	<u>4,724,937</u>	<u>17,488,387</u>	<u>2,078,291</u>	<u>24,291,615</u>	<u>464,904</u>
<i>Non-Current Assets:</i>					
<i>Restricted Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	0	1,500,000	800,000	2,300,000	0
Investments Held by Trustee	0	592,632	355,117	947,749	0
Deferred Charges	16,911	299,359	136,325	452,595	0
Land	112,498	153,936	403,370	669,804	0
Depreciable Capital Assets, Net	7,169,844	23,889,476	14,682,727	45,742,047	0
<i>Total Non-Current Assets</i>	<u>7,299,253</u>	<u>26,435,403</u>	<u>16,377,539</u>	<u>50,112,195</u>	<u>0</u>
<i>Total Assets</i>	<u>12,024,190</u>	<u>43,923,790</u>	<u>18,455,830</u>	<u>74,403,810</u>	<u>464,904</u>
<b>Liabilities</b>					
<i>Current Liabilities:</i>					
Accounts Payable	112,285	823,615	130,297	1,066,197	0
Accrued Wages	29,735	191,073	31,435	252,243	0
Intergovernmental Payable	33,765	191,707	34,449	259,921	0
Compensated Absences Payable	63,405	159,214	52,882	275,501	0
Accrued Interest Payable	44,614	54,017	21,348	119,979	0
Loans Payable	458,222	0	82,109	540,331	0
Vacation Benefits Payable	24,025	123,779	24,337	172,141	0
Revenue Bonds Payable	0	1,635,000	440,000	2,075,000	0
Notes Payable	0	2,180,000	0	2,180,000	0
Claims Payable	0	0	0	0	72,174
<i>Total Current Liabilities</i>	<u>766,051</u>	<u>5,358,405</u>	<u>816,857</u>	<u>6,941,313</u>	<u>72,174</u>
<i>Long-Term Liabilities:</i>					
Compensated Absences Payable (net of current portion)	78,663	161,165	37,262	277,090	0
Loans Payable (net of current portion)	1,827,659	0	1,182,759	3,010,418	0
Revenue Bonds Payable (net of current portion)	0	3,437,004	5,067,150	8,504,154	0
<i>Total Long-Term Liabilities</i>	<u>1,906,322</u>	<u>3,598,169</u>	<u>6,287,171</u>	<u>11,791,662</u>	<u>0</u>
<i>Total Liabilities</i>	<u>2,672,373</u>	<u>8,956,574</u>	<u>7,104,028</u>	<u>18,732,975</u>	<u>72,174</u>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	5,013,372	17,090,767	8,450,404	30,554,543	0
<i>Restricted for</i>					
Replacement and Improvement	0	1,500,000	800,000	2,300,000	0
Debt Service	0	2,227,632	795,117	3,022,749	0
Unrestricted	4,338,445	14,148,817	1,306,281	19,793,543	392,730
<i>Total Net Assets</i>	<u>\$9,351,817</u>	<u>\$34,967,216</u>	<u>\$11,351,802</u>	<u>55,670,835</u>	<u>\$392,730</u>

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

	274,911
Net assets of business-type activities	<u>\$55,945,746</u>

See accompanying notes to the basic financial statements

**City of Orrville, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2007*

	Business-Type	
	Sewer	Electric
<b>Operating Revenues</b>		
Charges for Services	\$1,948,555	\$25,460,273
Other	1,159	617,014
<i>Total Operating Revenues</i>	<u>1,949,714</u>	<u>26,077,287</u>
<b>Operating Expenses</b>		
Personal Services	969,450	5,590,608
Purchased Services	217,307	3,123,510
Materials and Supplies	172,201	12,831,517
Utilities	124,710	903,791
Depreciation	568,061	2,278,410
Claims	0	0
Other	0	281,343
<i>Total Operating Expenses</i>	<u>2,051,729</u>	<u>25,009,179</u>
<i>Operating Income (Loss)</i>	<u>(102,015)</u>	<u>1,068,108</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest and Fiscal Charges	(159,529)	(594,022)
Operating Grants	0	0
Interest	219,809	708,763
<i>Total Non-Operating Revenues (Expenses)</i>	<u>60,280</u>	<u>114,741</u>
<i>Income (Loss) before Transfers</i>	(41,735)	1,182,849
Transfers In	0	897,363
<i>Change in Net Assets</i>	(41,735)	2,080,212
<i>Net Assets Beginning of Year</i>	<u>9,393,552</u>	<u>32,887,004</u>
<i>Net Assets End of Year</i>	<u><u>\$9,351,817</u></u>	<u><u>\$34,967,216</u></u>

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

Change in net assets of business-type activities

See accompanying notes to the basic financial statements

Activities		Business-Type Activity - Internal Service Fund
Water	Total	
\$2,908,869	\$30,317,697	\$1,251,295
5,442	623,615	0
<u>2,914,311</u>	<u>30,941,312</u>	<u>1,251,295</u>
1,007,900	7,567,958	0
338,805	3,679,622	102,380
173,549	13,177,267	0
150,459	1,178,960	0
733,456	3,579,927	0
0	0	1,382,472
0	281,343	0
<u>2,404,169</u>	<u>29,465,077</u>	<u>1,484,852</u>
<u>510,142</u>	<u>1,476,235</u>	<u>(233,557)</u>
(282,910)	(1,036,461)	0
301,273	301,273	0
148,390	1,076,962	29,833
<u>166,753</u>	<u>341,774</u>	<u>29,833</u>
676,895	1,818,009	(203,724)
0	897,363	0
<u>676,895</u>	<u>2,715,372</u>	<u>(203,724)</u>
<u>10,674,907</u>		<u>596,454</u>
<u>\$11,351,802</u>		<u>\$392,730</u>
	(142,607)	
	<u>\$2,572,765</u>	

**City of Orrville, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2007

	Business-Type Activities				Business-Type Activities - Internal Service Fund
	Sewer	Electric	Water	Total	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>					
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$1,964,183	\$25,693,442	\$2,925,512	\$30,583,137	\$0
Cash Received from Transactions with Other Funds	0	0	0	0	1,251,295
Other Cash Receipts	1,159	617,014	5,442	623,615	0
Cash Payments to Employees for Services	(956,444)	(5,697,241)	(1,034,488)	(7,688,173)	0
Cash Payments for Goods and Services	(423,085)	(16,683,072)	(591,692)	(17,697,849)	(102,380)
Cash Payments for Claims	0	0	0	0	(1,393,815)
Other Cash Payments	0	(281,343)	0	(281,343)	0
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>585,813</u>	<u>3,648,800</u>	<u>1,304,774</u>	<u>5,539,387</u>	<u>(244,900)</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Operating Grants	0	0	301,273	301,273	0
Transfers In	0	897,363	0	897,363	0
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>0</u>	<u>897,363</u>	<u>301,273</u>	<u>1,198,636</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from OPWC Loans	0	0	600,000	600,000	0
Proceeds from Sale of Notes	0	2,180,000	0	2,180,000	0
Principal Paid on Revenue Bonds	0	(3,120,000)	(425,000)	(3,545,000)	0
Interest Paid on Revenue Bonds	0	(358,983)	(221,712)	(580,695)	0
Principal Paid on OWDA Loans	(442,292)	0	0	(442,292)	0
Interest Paid on OWDA Loans	(100,476)	0	0	(100,476)	0
Principal Paid on OPWC Loan	0	0	(60,443)	(60,443)	0
Principal Paid on Notes	0	(700,000)	0	(700,000)	0
Interest Paid on Notes	0	(27,922)	0	(27,922)	0
Sale of Capital Assets	0	3,549	164	3,713	0
Payments for Capital Acquisitions	(350,446)	(1,187,272)	(1,786,570)	(3,324,288)	0
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(893,214)</u>	<u>(3,210,628)</u>	<u>(1,893,561)</u>	<u>(5,997,403)</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>					
Purchase of Investments	0	(198,037)	(712)	(198,749)	0
Interest on Investments	217,372	560,815	109,474	887,661	36,265
<i>Net Cash Provided by Investing Activities</i>	<u>217,372</u>	<u>362,778</u>	<u>108,762</u>	<u>688,912</u>	<u>36,265</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(90,029)	1,698,313	(178,752)	1,429,532	(208,635)
<i>Cash and Cash Equivalents Beginning of Year</i>	4,309,849	9,227,658	1,910,715	15,448,222	666,289
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,219,820</u>	<u>\$10,925,971</u>	<u>\$1,731,963</u>	<u>\$16,877,754</u>	<u>\$457,654</u>

(continued)

**City of Orrville, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
*For the Year Ended December 31, 2007*

	Business-Type Activities				Business-Type Activities - Internal Service Fund
	Sewer	Electric	Water	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>					
Operating Income (Loss)	(\$102,015)	\$1,068,108	\$510,142	\$1,476,235	(\$233,557)
Adjustments:					
Depreciation	568,061	2,278,410	733,456	3,579,927	0
(Increase) Decrease in Assets:					
Accounts Receivable	15,628	233,169	16,643	265,440	0
Prepaid Items	375	1,749	375	2,499	0
Materials and Supplies Inventory	10,505	(36,861)	15,186	(11,170)	0
Increase (Decrease) in Liabilities:					
Accounts Payable	80,253	210,857	55,559	346,669	0
Accrued Wages	3,270	23,565	3,477	30,312	0
Vacation Benefits Payable	(2,937)	5,218	2,419	4,700	0
Compensated Absences Payable	11,117	(147,216)	(35,186)	(171,285)	0
Intergovernmental Payable	1,556	11,801	2,703	16,060	0
Claims Payable	0		0	0	(11,343)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$585,813</u>	<u>\$3,648,800</u>	<u>\$1,304,774</u>	<u>\$5,539,387</u>	<u>(\$244,900)</u>

Non Cash Transactions:

During 2007, the electric and water enterprise funds had a change in fair value of investments of \$8,388 and \$3,493, respectively.

See accompanying notes to the basic financial statements

**City of Orrville, Ohio**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*December 31, 2007*

	Private Purpose Trust	
	Cemetery Memorial	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$4,363	\$56,596
Accrued Interest Receivable	56	0
<i>Total Assets</i>	4,419	\$56,596
<b>Liabilities</b>		
Deposits Held and Due to Others	0	\$56,596
<b>Net Assets</b>		
Held in Trust for Cemetery	392	
Endowments	4,027	
<i>Total Net Assets</i>	\$4,419	

See accompanying notes to the basic financial statements

**City of Orrville, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Fund*  
*For the Year Ended December 31, 2007*

	Private-Purpose Trust
	Cemetery Memorial
<b>Additions</b>	
Interest	\$215
<b>Deductions</b>	
Materials and Supplies	75
<i>Change in Net Assets</i>	140
<i>Net Assets Beginning of Year</i>	4,279
<i>Net Assets End of Year</i>	\$4,419

See accompanying notes to the basic financial statements

**City of Orrville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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**Note 1 - Description of the City and Reporting Entity**

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

***Reporting Entity***

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

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

The City is associated with one jointly governed organization, the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program, an insurance purchasing pool. This organization is presented in Note 16 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

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

***A. Basis of Presentation***

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



**City of Orrville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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

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

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

**B. Fund Accounting**

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

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

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

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

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

**City of Orrville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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

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

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

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

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

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

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

### **C. Measurement Focus**

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

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

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

**City of Orrville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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

***D. Basis of Accounting***

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

**City of Orrville, Ohio**  
*Notes to the Basic Financial Statements*  
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***E. Cash and Cash Equivalents***

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

During 2007, investments were limited to federal national mortgage association bonds, federal home loan mortgage corporation notes, federal home loan bank notes, U.S. Treasury bills, manuscript bonds and STAROhio, the State Treasurer’s Investment Pool.

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

STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on December 31, 2007.

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the general fund, gasoline tax motor vehicle license, state highway and performing arts special revenue funds, the special assessment bond retirement debt service fund, the park improvement capital projects fund, the employee self-insurance internal service fund, the cemetery memorial private-purpose trust fund, and the sewer, electric, and water enterprise funds. Interest revenue credited to the general fund during 2007 amounted to \$225,628 which includes \$91,139 assigned from other City funds.

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

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

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

***G. Inventory***

Inventories are presented at cost on a weighted average basis and are expended/expensed when used. Inventory consists of expendable supplies.

***H. Restricted Assets***

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

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***I. Capital Assets***

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

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

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

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

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

***J. Interfund Balances***

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

***K. Compensated Absences***

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

**City of Orrville, Ohio**  
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employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net assets rather than as a long-term liability.

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

***L. Bond Issuance Costs***

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

***M. Deferred Loss on Refunding***

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

***N. Bond Discount***

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

***O. Accrued Liabilities and Long-Term Obligations***

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments 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 are recognized as a liability on the governmental fund financial statements when due.

***P. Fund Balance Reserves***

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

***Q. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through

**City of Orrville, Ohio**  
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constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$7,999,389 of restricted net assets, none of which are restricted by enabling legislation.

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

***R. Operating Revenues and Expenses***

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

***S. Internal Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

***T. Extraordinary and Special Items***

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

***U. Estimates***

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

***V. Budgetary Process***

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

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

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

**Note 3 – Change in Accounting Principles**

For 2007, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues” and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The implementation of this statement did not result in any change to the City’s financial statements. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the OP&F post-employment healthcare plans in the amount of \$63,586 and \$17,332, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the City’s financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the City’s financial statements.

**Note 4 - Budgetary Basis of Accounting**

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



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

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

Net Change in Fund Balance	
GAAP Basis	\$806,850
Net Adjustment for Revenue Accruals	223,480
Net Adjustment for Expenditure Accruals	(5,918)
Encumbrances	<u>(123,221)</u>
Budget Basis	<u><u>\$901,191</u></u>

**Note 5 - Deposits and Investments**

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

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

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

### **Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the City's deposits was \$10,302,059 and the bank balance was \$11,283,971. Of the bank balance \$400,000 was covered by Federal depository insurance and \$10,883,971 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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**Investments**

As of December 31, 2007, the City had the following investments:

	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-2	Over 2
Federal National Mortgage Association Bonds	\$2,005,580	\$1,007,092	\$998,488	\$0
Federal Home Loan Mortgage Corporation Notes	3,008,011	1,001,250	1,006,961	999,800
Federal Home Loan Bank Notes	3,008,254	0	2,007,143	1,001,111
US Treasury Bills	3,067,951	461,784	2,606,167	0
Manuscript Bonds	1,598,790	135,870	139,510	1,323,410
STAROhio	2,506,112	2,506,112	0	0
<b>Total Portfolio</b>	<b>\$15,194,698</b>	<b>\$5,112,108</b>	<b>\$6,758,269</b>	<b>\$3,324,321</b>

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the City purchases all investments with the intention to hold them until maturity. The City also generally limits security purchases to those that mature within five years of the settlement date.

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

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

**Concentration of Credit Risk** is defined as having five percent or more of the City's investments invested in the securities of a single issuer. The City's investment policy requires diversification of the portfolio but only states that the investments should be distributed as evenly as possible among the various instruments and institutions. The following is the City's allocation as of December 31, 2007:

Investment Issuer	Percentage of Investments
Federal National Mortgage Association Bonds	13.20%
Federal Home Loan Mortgage Corporation Notes	19.80
Federal Home Loan Bank Notes	19.80
US Treasury Bills	20.19
STAROhio	16.49
Manuscript Bonds	10.52

**City of Orrville, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 6 - Receivables**

Receivables at December 31, 2007, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments and accounts (billings for utility service). All allowances for uncollectibles represent estimates of uncollectible receivables in the accounts receivable classification. Taxes, intergovernmental, special assessments and interest receivable are deemed collectible in full.

	Accounts Receivable	Allowance for Uncollectibles	Net Accounts Receivable
Governmental	\$68,708	\$385	\$68,323
Business-Type	3,490,782	2,020	3,488,762

Special assessments expected to be collected in more than one year amount to \$82,920 in the Special Assessment Bond Retirement Fund. The amount of delinquent special assessments outstanding at year-end is \$16,295.

**A. Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

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

The full tax rate for all City operations for the year ended December 31, 2007, was \$2.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Orrville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivables represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007 and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified basis the revenue is deferred.

***B. Income Taxes***

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

The City's income tax ordinance requires twenty percent of the income tax revenues to be used to finance governmental and business-type capital improvements. As a result, this portion of the revenue is allocated to the capital improvement capital projects fund each year. The remaining income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2007, the proceeds were allocated to the general fund and the capital improvements fund.

***C. Intergovernmental Receivables***

A summary of intergovernmental receivables follows:

	Amount
<b>Governmental Activities</b>	
Gasoline Tax	\$161,935
Auto Regulation	79,844
Local Government	55,336
Homestead and Rollback	16,325
Estate Tax	6,879
Permissive Motor Vehicle License Tax	4,737
Immobilization Fees	100
Liquor Permits	54
Total	\$325,210

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**Note 7 - Capital Assets**

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance 12/31/06	Additions	Deductions	Balance 12/31/07
<b>Governmental Activities</b>				
Capital Assets, not being depreciated:				
Land	\$1,544,125	\$968,082	\$0	\$2,512,207
Capital Assets, being Depreciated				
Buildings and Improvements	6,597,431	182,987	0	6,780,418
Equipment	1,891,253	281,116	(5,371)	2,166,998
Vehicles	2,451,851	69,495	(73,209)	2,448,137
Infrastructure	49,241,662	1,071,124	0	50,312,786
Total Capital Assets, being Depreciated	<u>60,182,197</u>	<u>1,604,722</u>	<u>(78,580)</u>	<u>61,708,339</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,055,539)	(192,575)	0	(3,248,114)
Equipment	(1,412,308)	(180,308)	5,371	(1,587,245)
Vehicles	(1,621,413)	(146,532)	65,832	(1,702,113)
Infrastructure	(13,816,935)	(894,878)	0	(14,711,813)
Total Accumulated Depreciation	<u>(19,906,195)</u>	<u>(1,414,293) *</u>	<u>71,203</u>	<u>(21,249,285)</u>
Total Capital Assets, being Depreciated, net	<u>40,276,002</u>	<u>190,429</u>	<u>(7,377)</u>	<u>40,459,054</u>
Governmental Activities Capital Assets, Net	<u>\$41,820,127</u>	<u>\$1,158,511</u>	<u>(\$7,377)</u>	<u>\$42,971,261</u>
<b>Business-Type Activities</b>				
Capital Assets, not being depreciated:				
Land	\$669,804	\$0	\$0	\$669,804
Capital Assets, being Depreciated				
Buildings and Improvements	20,375,573	239,514	0	20,615,087
Equipment	7,352,083	1,133,852	(11,350)	8,474,585
Vehicles	1,784,264	29,571	(70,520)	1,743,315
Electric - Generation/Transmission/Distribution	61,568,846	564,292	0	62,133,138
Infrastructure	23,805,842	1,357,059	0	25,162,901
Total Capital Assets, being Depreciated	<u>114,886,608</u>	<u>3,324,288</u>	<u>(81,870)</u>	<u>118,129,026</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(8,253,042)	(658,661)	0	(8,911,703)
Equipment	(4,248,939)	(594,049)	7,637	(4,835,351)
Vehicles	(1,394,857)	(60,160)	70,520	(1,384,497)
Electric - Generation/Transmission/Distribution	(41,688,522)	(1,598,531)	0	(43,287,053)
Infrastructure	(13,299,849)	(668,526)	0	(13,968,375)
Total Accumulated Depreciation	<u>(68,885,209)</u>	<u>(3,579,927)</u>	<u>78,157</u>	<u>(72,386,979)</u>
Total Capital Assets, being Depreciated, net	<u>46,001,399</u>	<u>(255,639)</u>	<u>(3,713)</u>	<u>45,742,047</u>
Business-Type Activities Capital Assets, Net	<u>\$46,671,203</u>	<u>(\$255,639)</u>	<u>(\$3,713)</u>	<u>\$46,411,851</u>

**City of Orrville, Ohio**  
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\* Depreciation expense was charged to governmental activities as follows:

General Government	\$100,862
Security of Persons and Property:	
Police	47,492
Fire	181,472
Transportation	985,542
Public Health and Welfare	26,028
Leisure Time Activities	72,897
Total Depreciation Expense	\$1,414,293

**Note 8 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2007, the City contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Deductible	Coverage
EMC Insurance	Commercial Property	\$50,000	\$151,111,113
	Auto Liability	250	1,000,000
	Auto Liability	500	1,000,000
	General Liability	0	1,000,000
	Umbrella Liability	0	10,000,000
	Public Officials Liability	3,000	1,000,000
	Boiler and Machinery	200,000	151,111,113
Scottsdale Insurance	Police Professional Liability	5,000	1,000,000
	Public Officials Liability	3,500	2,000,000
Selective Insurance	Commercial Property	500	12,246,661

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

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

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The City manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health and dental coverage through AultCare, the third party administrator of the program, which reviews and pays the claims. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$50,000 per employee, per year. The family/employee plus one/single premiums were \$739.98/\$494.29/\$260.57 for medical and \$49.00/\$31.00/\$15.00 for dental, respectively. AultCare charges the City a medical administration fee of \$18.53 per employee per month and a dental administration fee of \$1.97 per employee per month.

The claims liability of \$72,174 reported in the self-insurance fund at December 31, 2007, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

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

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2006	\$48,770	\$1,338,030	\$1,303,283	\$83,517
2007	83,517	1,382,472	1,393,815	72,174

**Note 9 - Long-Term Debt**

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>Governmental Activities</b>			
Street Improvement Special Assessment - 1996	5.60%	\$93,242	December 1, 2011
Street Improvement Special Assessment - 2000	6.75	95,170	December 1, 2015
Sidewalk Installation Special Assessment - 2003	5.50	7,976	October 1, 2008
Economic Development General Obligation Bonds	5.00	1,500,000	August 1, 2017
<b>Business-Type Activities</b>			
OPWC Water System Improvement Loan - 1999	0.00	1,208,853	July 1, 2018
OPWC Water System Improvement Loan - 2007	0.00	500,000	July 1, 2037
OPWC Water System Improvement Loan - 2007	0.00	100,000	July 1, 2027
OWDA Water Pollution Control Loan - 1993	3.54	7,185,000	July 1, 2012
OWDA Sewer Improvement Loan - 1972	5.50	157,361	July 1, 2013
Water System Refunding Revenue Bonds - 2002	1.90-4.75	8,135,000	December 1, 2018
Electric System Mortgage Revenue Refunding and Improvement Bonds - 1997	3.75-5.10	15,230,000	December 1, 2017



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A schedule of changes in bonds and other long-term obligations of the City during 2007 follows:

	Amount Outstanding 12/31/06	Additions	Deletions	Amount Outstanding 12/31/07	Amounts Due in One Year
<b>Governmental Activities</b>					
<u>Special Assessment Bonds</u>					
<u>with Governmental Commitment</u>					
1996 Street Improvement	\$42,000	\$0	\$7,000	\$35,000	\$8,000
2000 Street Improvement	67,730	0	5,710	62,020	6,100
2003 Sidewalk Installation	3,448	0	1,678	1,770	1,770
Total Special Assessment Bonds	113,178	0	14,388	98,790	15,870
Economic Development Bonds	0	1,500,000	0	1,500,000	120,000
Compensated Absences	162,200	8,511	36,803	133,908	125,000
Total Governmental Activities	<u>\$275,378</u>	<u>\$1,508,511</u>	<u>\$51,191</u>	<u>\$1,732,698</u>	<u>\$260,870</u>
<b>Business-Type Activities</b>					
OPWC Water System					
Improvement Loan - 1999	\$725,311	\$0	\$60,443	\$664,868	\$60,443
Improvement Loan - 2007	0	500,000	0	500,000	16,666
Improvement Loan - 2007	0	100,000	0	100,000	5,000
Total OPWC Water System	725,311	600,000	60,443	1,264,868	82,109
OWDA Water Pollution Control Loan	2,856,730	0	435,329	2,421,401	450,876
Unamortized Accounting Loss	(248,164)	0	(62,041)	(186,123)	0
Net OWDA Water Pollution Control Loan	2,608,566	0	373,288	2,235,278	450,876
OWDA Sewer Improvement Loan	57,566	0	6,963	50,603	7,346
<u>Mortgage Revenue Bonds</u>					
Water System Refunding Bonds	6,385,000	0	425,000	5,960,000	440,000
Unamortized Accounting Loss	(494,018)	0	(41,168)	(452,850)	0
Net Water System Refunding Revenue Bonds	5,890,982	0	383,832	5,507,150	440,000
Electric System Mortgage Revenue					
Refunding and Improvement Bonds	8,285,000	0	3,120,000	5,165,000	1,635,000
Unamortized Discount	(38,040)	0	(3,381)	(34,659)	0
Unamortized Accounting Loss	(116,670)	0	(58,333)	(58,337)	0
Net Electric System Mortgage Revenue Refunding and Improvement Bonds	8,130,290	0	3,058,286	5,072,004	1,635,000
Compensated Absences	723,876	45,932	217,217	552,591	275,501
Total Business-Type Activities	<u>\$18,136,591</u>	<u>\$645,932</u>	<u>\$4,100,029</u>	<u>\$14,682,494</u>	<u>\$2,890,832</u>

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

**City of Orrville, Ohio**  
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with property tax revenue. As of year end, \$961,932 of the bond proceeds had been spent. The OPWC loan will be paid from the water fund and the OWDA loans will be paid from the sewer fund.

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

***Revenue Bonds***

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

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

Restricted assets relating to the water revenue bonds at December 31, 2007, were as follows:

Restricted Assets Held by City	
Replacement and Improvement	\$800,000
Restricted Assets Held by the Trustee	
Mortgage Revenue Bond Debt Service	\$816,465

The City has pledged future revenues to repay the Water System Refunding Revenue Bonds. The bonds are payable solely from net revenues and are payable through 2018. Annual principal and interest payments on the bonds are expected to require less than 39 percent of net revenues and less than 20 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$7,659,095. Principal and interest paid for the current year were \$646,712, total net revenues were \$1,693,261 and total revenues were \$3,363,974.

***Mortgage Revenue Bonds***

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

In 1997, the City issued \$15,230,000 in Electric System Mortgage Revenue Refunding and Improvement Bonds with a discount of \$71,850 to advance refund \$11,805,000 of outstanding electric system mortgage revenue bonds. The remaining portion of the 1989 revenue bonds were completely repaid by the City in 1999. The 1997 Electric System Mortgage Revenue Refunding and Improvement bonds included serial bonds (for refunding) which will mature on December 1, 2010 and term bonds (for improvements) which were to mature on December 1, 2013 and December 1, 2017 in the amounts of \$500,000 and \$1,060,000, respectively. On September 18, 2007, the City issued a bond anticipation note for \$1,580,000 in order to redeem the callable portion of term bonds maturing after December 1, 2010 (See Note 10).

**City of Orrville, Ohio**  
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Restricted assets relating to the electric mortgage revenue bonds at December 31, 2007, were as follows:

Restricted Assets Held by City	
Replacement and Improvement	\$1,500,000
Restricted Assets Held by the Trustee	
Mortgage Revenue Bond Debt Service	\$2,257,216

The City has pledged future revenues to repay the Electric System Mortgage Revenue Refunding and Improvement Bonds. The bonds are payable solely from net revenues and are payable through 2018. Annual principal and interest payments on the bonds are expected to require less than 71 percent of net revenues and less than 13 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$6,250,558. Principal and interest paid for the current year were \$3,478,983, total net revenues were \$4,952,644 and total revenues were \$27,683,413.

As of December 31, 2007, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$16,634,151 and the unvoted legal debt margin was \$7,998,841. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2007 are as follows:

Year Ending December 31	Governmental Activities				
	Special		General		
	Assessment Bonds		Obligation Bonds		
	Principal	Interest	Principal	Interest	
2008	\$15,870	\$6,909	\$120,000	\$75,000	
2009	14,510	5,800	125,000	69,000	
2010	15,950	4,760	130,000	62,750	
2011	17,420	3,616	140,000	56,250	
2012	7,920	2,365	145,000	49,250	
2013-2017	27,120	3,740	840,000	130,250	
Total	\$98,790	\$27,190	\$1,500,000	\$442,500	
Year Ending December 31	Business-Type Activities				
	Ohio Public	OWDA Water		OWDA Sewer	
	Works Commission	Pollution Control		Improvement Loan	
	Principal	Principal	Interest	Principal	Interest
2008	\$82,109	\$450,876	\$81,762	\$7,346	\$2,783
2009	82,109	466,978	65,660	7,750	2,379
2010	82,109	483,655	49,003	8,176	1,953
2011	82,109	500,929	31,710	8,626	1,504
2012	82,109	518,963	13,677	9,100	1,029
2013-2017	410,545	0	0	9,605	521
2018-2022	168,772	0	0	0	0
2022-2027	108,335	0	0	0	0
2028-2032	83,335	0	0	0	0
2033-2037	83,335	0	0	0	0
Total	\$1,264,867	\$2,421,401	\$241,812	\$50,603	\$10,169

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Business-Type Activities				
Year Ending December 31	Water System Refunding		Electric System	
	Revenue Bonds		Mortgage Revenue Refunding and Improvement Bonds	
	Principal	Interest	Principal	Interest
2008	\$440,000	\$256,175	\$1,635,000	\$335,004
2009	455,000	239,675	1,725,000	249,824
2010	475,000	221,930	1,805,000	166,940
2011	495,000	202,930	0	0
2012	515,000	182,883	0	0
2013-2017	2,915,000	563,915	0	0
2018	665,000	31,588	0	0
Total	\$5,960,000	\$1,699,095	\$5,165,000	\$751,768

***Industrial Revenue Bonds***

The City authorized the issuance of industrial development revenue bonds for two commercial entities. The aggregate outstanding principal amount was \$8,307,774 at December 31, 2007. The City is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the City's debt presentation. There has not been and is not any condition of default under the bonds or the related financing documents.

**Note 10 - Notes Payable**

A summary of the note transactions for the year ended December 31, 2007, follows:

	Outstanding 12/31/06	Issued	Retired	Outstanding 12/31/07
Enterprise Funds:				
4.00% Electric Improvement Notes	\$700,000	\$0	(\$700,000)	\$0
4.00% Electric Improvement Notes	0	2,180,000	0	2,180,000
Total	\$700,000	\$2,180,000	(\$700,000)	\$2,180,000

In 2007, the City issued an electric improvement note. A portion of the note was used to refinance \$600,000 in Electric Improvement Notes for the precipitator improvement project, which was completed in 2002. Another portion of the note issued, in the amount of \$1,580,000, was used to refund the term bond portion of the Electric System Mortgage Revenue Refunding and Improvement Bonds. The refunded bonds have been completely repaid.

All of the notes are bond anticipation notes, are backed by the full faith and credit of the City, and mature September 22, 2008. The note liability is reflected in the fund which received the proceeds and will repay the debt.

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**Note 11 - Compensated Absences**

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

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

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

**Note 12 - Defined Benefit Pension Plans**

***A. Ohio Public Employees Retirement System***

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.17 percent of covered payroll. For the period July 1 through June 30, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 to December 31,

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2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$585,775, \$773,141 and \$647,212 respectively; 88.50 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$16,536 made by the City and \$11,343 made by the plan members.

***B. Ohio Police and Fire Pension Fund***

**Plan Description** - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to the OP&F for police and firefighters were \$90,197 and \$11,050 for the year ended December 31, 2007, \$92,838 and \$10,737 for the year ended December 31, 2006, and \$85,936 and \$9,803 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 82.15 percent has been contributed for police and 66.03 percent has been contributed for firefighters for 2007.

**Note 13 - Postemployment Benefits**

***A. Ohio Public Employees Retirement System***

**Plan Description** - OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional 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 Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

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Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006 and 2005 were \$447,726, \$384,435 and \$271,083 respectively; 88.50 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***B. Police and Firemen's Disability and 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 healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B premium reimbursement and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit or is a spouse or eligible dependent child of such person.

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 healthcare 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 the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating

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employers are required to contribute to the pension plan a 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 firefighters, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for employee healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police and firefighters were \$47,751 and \$4,324 for the year ended December 31, 2007, \$61,233 and \$5,121 for the year ended December 31, 2006, and \$56,681 and \$4,675 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 82.15 percent has been contributed for police and 66.03 percent has been contributed for firefighters for 2007.

## **Note 14 - Contingent Liabilities**

### ***A. Litigation***

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

### ***B. Federal and State Grants***

The City participates in several federal and state assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2007, the audits of certain of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

## **Note 15 - Interfund Transfers**

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

\$201,372 was transferred from the general fund to the gas tax motor vehicle license special revenue fund to supplement the funds available for maintaining City streets. \$13,598 was transferred from the general fund to the solid waste special revenue fund to provide a discount on sanitation service for the City's senior citizens. \$897,363 was transferred from the general fund, giving the electric enterprise fund the kilowatt per hour taxes.



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**Note 16 - Insurance Purchasing Pool**

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

**Note 17 – Donor Restricted Endowments**

The City's private purpose trust fund includes donor restricted endowments. Endowments, in the amount of \$4,027, represent the principal portion. The amount of interest on donor restricted investments that is available for expenditures by the City is \$392 and is included as held in trust for cemetery. State law permits the City to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that the interest should be used for the decoration of specifically named graves.

## Combining Statements and Individual Fund Schedules

### Fund Descriptions – Nonmajor Governmental Funds

#### *Nonmajor Special Revenue Funds*

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

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

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

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

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

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

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

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

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

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

***FEMA Grant Fund*** -To account for federal grant monies which are used for emergency management services.

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

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

(continued)

## **Fund Descriptions – Nonmajor Governmental Funds (continued)**

### ***Nonmajor Debt Service Funds***

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

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

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

### ***Nonmajor Capital Projects Funds***

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

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

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

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

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

**City of Orrville, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2007*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$787,000	\$130,044	\$87,960	\$1,005,004
Accrued Interest Receivable	938	1,863	29	2,830
Accounts Receivable	45,912	0	0	45,912
Intergovernmental Receivable	246,517	0	0	246,517
Special Assessments Receivable	0	115,085	0	115,085
<i>Total Assets</i>	<u>\$1,080,367</u>	<u>\$246,992</u>	<u>\$87,989</u>	<u>\$1,415,348</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$57,097	\$0	\$745	\$57,842
Accrued Wages	17,735	0	0	17,735
Intergovernmental Payable	17,843	0	0	17,843
Deferred Revenue	172,094	115,085	0	287,179
<i>Total Liabilities</i>	<u>264,769</u>	<u>115,085</u>	<u>745</u>	<u>380,599</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	28,652	0	180,294	208,946
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	786,946	0	0	786,946
Debt Service Funds	0	131,907	0	131,907
Capital Projects Funds (Deficit)	0	0	(93,050)	(93,050)
<i>Total Fund Balances</i>	<u>815,598</u>	<u>131,907</u>	<u>87,244</u>	<u>1,034,749</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,080,367</u>	<u>\$246,992</u>	<u>\$87,989</u>	<u>\$1,415,348</u>

**City of Orrville, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2007*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Special Assessments	\$0	\$22,759	\$0	\$22,759
Intergovernmental	636,616	0	842,713	1,479,329
Interest	3,676	6,965	110	10,751
Fines, Licenses and Permits	3,935	0	1,000	4,935
Charges for Services	348,122	0	0	348,122
Contributions and Donations	9,427	0	0	9,427
<i>Total Revenues</i>	<u>1,001,776</u>	<u>29,724</u>	<u>843,823</u>	<u>1,875,323</u>
<b>Expenditures</b>				
Current:				
General Government	45,425	62	0	45,487
Security of Persons and Property:				
Police	3,862	0	0	3,862
Transportation	776,400	0	0	776,400
Public Health and Welfare	12,375	0	0	12,375
Leisure Time Activities	10,323	0	0	10,323
Basic Utility Service	307,678	0	0	307,678
Capital Outlay	0	0	788,336	788,336
Debt Service:				
Principal Retirement	0	14,388	0	14,388
Interest and Fiscal Charges	0	7,911	0	7,911
<i>Total Expenditures</i>	<u>1,156,063</u>	<u>22,361</u>	<u>788,336</u>	<u>1,966,760</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(154,287)	7,363	55,487	(91,437)
<b>Other Financing Sources</b>				
Transfers In	214,970	0	0	214,970
<i>Net Change in Fund Balances</i>	60,683	7,363	55,487	123,533
<i>Fund Balances Beginning of Year</i>	<u>754,915</u>	<u>124,544</u>	<u>31,757</u>	<u>911,216</u>
<i>Fund Balances End of Year</i>	<u><u>\$815,598</u></u>	<u><u>\$131,907</u></u>	<u><u>\$87,244</u></u>	<u><u>\$1,034,749</u></u>

**City of Orrville, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2007*

	Gas Tax Motor Vehicle License	State Highway	Permissive Motor Vehicle License
<b>Assets</b>			
Equity in Pooled Cash and			
Cash Equivalents	\$33,562	\$63,411	\$94,398
Accrued Interest Receivable	9	846	0
Accounts Receivable	0	0	0
Intergovernmental Receivable	223,646	18,134	0
<i>Total Assets</i>	<u>\$257,217</u>	<u>\$82,391</u>	<u>\$94,398</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$2,097	\$0	\$55,000
Accrued Wages	17,735	0	0
Intergovernmental Payable	17,843	0	0
Deferred Revenue	158,037	12,814	0
<i>Total Liabilities</i>	<u>195,712</u>	<u>12,814</u>	<u>55,000</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	3,238	3,271	3,794
Unreserved, Undesignated	58,267	66,306	35,604
<i>Total Fund Balances</i>	<u>61,505</u>	<u>69,577</u>	<u>39,398</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$257,217</u>	<u>\$82,391</u>	<u>\$94,398</u>

Parking Meter	Solid Waste	Law Enforcement	Enforcement and Education
\$15,812	\$16,525	\$9,862	\$9,986
0	0	0	0
0	38,118	151	25
0	0	0	0
<u>\$15,812</u>	<u>\$54,643</u>	<u>\$10,013</u>	<u>\$10,011</u>
\$0	\$0	\$0	\$0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
15,812	54,643	10,013	10,011
15,812	54,643	10,013	10,011
<u>\$15,812</u>	<u>\$54,643</u>	<u>\$10,013</u>	<u>\$10,011</u>

(continued)

**City of Orrville, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2007*

	Cemetery Maintenance	Permissive	Emergency Medical Service Equipment
<b>Assets</b>			
Equity in Pooled Cash and			
Cash Equivalents	\$261,720	\$119,125	\$157,328
Accrued Interest Receivable	0	0	0
Accounts Receivable	2,043	0	5,575
Intergovernmental Receivable	0	4,737	0
<i>Total Assets</i>	<u>\$263,763</u>	<u>\$123,862</u>	<u>\$162,903</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$0	\$0
Accrued Wages	0	0	0
Intergovernmental Payable	0	0	0
Deferred Revenue	1,243	0	0
<i>Total Liabilities</i>	<u>1,243</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	0	18,349	0
Unreserved, Undesignated	262,520	105,513	162,903
<i>Total Fund Balances</i>	<u>262,520</u>	<u>123,862</u>	<u>162,903</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$263,763</u>	<u>\$123,862</u>	<u>\$162,903</u>



Performing Arts	Total Nonmajor Special Revenue Funds
\$5,271	\$787,000
83	938
0	45,912
0	246,517
<u>\$5,354</u>	<u>\$1,080,367</u>
\$0	\$57,097
0	17,735
0	17,843
0	172,094
<u>0</u>	<u>264,769</u>
0	28,652
<u>5,354</u>	<u>786,946</u>
<u>5,354</u>	<u>815,598</u>
<u>\$5,354</u>	<u>\$1,080,367</u>

**City of Orrville, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2007*

	Gas Tax Motor Vehicle License	State Highway	Permissive Motor Vehicle License
<b>Revenues</b>			
Intergovernmental	\$396,487	\$32,148	\$97,137
Interest	135	3,150	0
Fines, Licenses and Permits	0	0	0
Charges for Services	0	0	0
Contributions and Donations	0	0	0
<i>Total Revenues</i>	<u>396,622</u>	<u>35,298</u>	<u>97,137</u>
<b>Expenditures</b>			
Current:			
General Government	0	0	0
Security of Persons and Property:			
Police	0	0	0
Transportation	624,119	23,026	92,859
Public Health and Welfare	0	0	0
Leisure Time Activities	0	0	0
Basic Utility Service	0	0	0
<i>Total Expenditures</i>	<u>624,119</u>	<u>23,026</u>	<u>92,859</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(227,497)	12,272	4,278
<b>Other Financing Sources</b>			
Transfers In	201,372	0	0
<i>Net Change in Fund Balances</i>	(26,125)	12,272	4,278
<i>Fund Balances Beginning of Year</i>	<u>87,630</u>	<u>57,305</u>	<u>35,120</u>
<i>Fund Balances End of Year</i>	<u><u>\$61,505</u></u>	<u><u>\$69,577</u></u>	<u><u>\$39,398</u></u>

Parking Meter	Solid Waste	Law Enforcement	Enforcement and Education
\$0	\$0	\$0	\$0
0	0	0	0
0	0	3,098	837
0	280,368	0	0
0	0	0	0
0	280,368	3,098	837
0	0	0	0
0	0	3,485	377
2,500	0	0	0
0	0	0	0
0	0	0	0
0	307,678	0	0
2,500	307,678	3,485	377
(2,500)	(27,310)	(387)	460
0	13,598	0	0
(2,500)	(13,712)	(387)	460
18,312	68,355	10,400	9,551
<u>\$15,812</u>	<u>\$54,643</u>	<u>\$10,013</u>	<u>\$10,011</u>

(continued)

**City of Orrville, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Year Ended December 31, 2007*

	Cemetery Maintenance	Permissive	FEMA Grant
<b>Revenues</b>			
Intergovernmental	\$0	\$65,419	\$45,425
Interest	0	0	0
Fines, Licenses and Permits	0	0	0
Charges for Services	27,350	0	0
Contributions and Donations	0	0	0
<i>Total Revenues</i>	<u>27,350</u>	<u>65,419</u>	<u>45,425</u>
<b>Expenditures</b>			
Current:			
General Government	0	0	45,425
Security of Persons and Property:			
Police	0	0	0
Transportation	0	33,896	0
Public Health and Welfare	0	0	0
Leisure Time Activities	0	0	0
Basic Utility Service	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>33,896</u>	<u>45,425</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	27,350	31,523	0
<b>Other Financing Sources</b>			
Transfers In	0	0	0
<i>Net Change in Fund Balances</i>	27,350	31,523	0
<i>Fund Balances Beginning of Year</i>	<u>235,170</u>	<u>92,339</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$262,520</u></u>	<u><u>\$123,862</u></u>	<u><u>\$0</u></u>

Emergency Medical Service Equipment	Performing Arts	Total Nonmajor Special Revenue Funds
\$0	\$0	\$636,616
0	391	3,676
0	0	3,935
40,404	0	348,122
0	9,427	9,427
40,404	9,818	1,001,776
0	0	45,425
0	0	3,862
0	0	776,400
12,375	0	12,375
0	10,323	10,323
0	0	307,678
12,375	10,323	1,156,063
28,029	(505)	(154,287)
0	0	214,970
28,029	(505)	60,683
134,874	5,859	754,915
\$162,903	\$5,354	\$815,598

**City of Orrville, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Debt Service Funds*  
*December 31, 2007*

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$4,152	\$125,892	\$130,044
Accrued Interest Receivable	0	1,863	1,863
Special Assessments Receivable	0	115,085	115,085
<i>Total Assets</i>	<u>\$4,152</u>	<u>\$242,840</u>	<u>\$246,992</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Deferred Revenue	\$0	\$115,085	\$115,085
<b>Fund Balances</b>			
Unreserved, Undesignated	4,152	127,755	131,907
<i>Total Liabilities and Fund Balances</i>	<u>\$4,152</u>	<u>\$242,840</u>	<u>\$246,992</u>

**City of Orrville, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Debt Service Funds*  
*For the Year Ended December 31, 2007*

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
<b>Revenues</b>			
Special Assessments	\$0	\$22,759	\$22,759
Interest	0	6,965	6,965
<i>Total Revenues</i>	<u>0</u>	<u>29,724</u>	<u>29,724</u>
<b>Expenditures</b>			
Current:			
General Government	0	62	62
Debt Service:			
Principal Retirement	0	14,388	14,388
Interest and Fiscal Charges	0	7,911	7,911
<i>Total Expenditures</i>	<u>0</u>	<u>22,361</u>	<u>22,361</u>
<i>Net Change in Fund Balances</i>	0	7,363	7,363
<i>Fund Balances Beginning of Year</i>	<u>4,152</u>	<u>120,392</u>	<u>124,544</u>
<i>Fund Balances End of Year</i>	<u><u>\$4,152</u></u>	<u><u>\$127,755</u></u>	<u><u>\$131,907</u></u>

**City of Orrville, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2007*

	Park Improvement	Recreation and Park	Grants	Community Development Block Grant	Total Nonmajor Capital Projects Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,104	\$24,635	\$4,878	\$56,343	\$87,960
Accrued Interest Receivable	29	0	0	0	29
<i>Total Assets</i>	<u>\$2,133</u>	<u>\$24,635</u>	<u>\$4,878</u>	<u>\$56,343</u>	<u>\$87,989</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$0	\$745	745
<b>Fund Balances</b>					
Reserved for Encumbrances	0	0	88,991	91,303	180,294
Unreserved, Undesignated (Deficit)	2,133	24,635	(84,113)	(35,705)	(93,050)
<i>Total Fund Balances</i>	<u>2,133</u>	<u>24,635</u>	<u>4,878</u>	<u>55,598</u>	<u>87,244</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,133</u>	<u>\$24,635</u>	<u>\$4,878</u>	<u>\$56,343</u>	<u>\$87,989</u>



**City of Orrville, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2007*

	Park Improvement	Recreation and Park	Grants	Community Development Block Grant	Total Nonmajor Capital Projects Funds
<b>Revenues</b>					
Intergovernmental	\$0	\$0	\$436,137	\$406,576	\$842,713
Interest	110	0	0	0	110
Fines, Licenses and Permits	0	1,000	0	0	1,000
<i>Total Revenues</i>	110	1,000	436,137	406,576	843,823
<b>Expenditures</b>					
Capital Outlay	0	0	436,137	352,199	788,336
<i>Net Change in Fund Balances</i>	110	1,000	0	54,377	55,487
<i>Fund Balances Beginning of Year</i>	2,023	23,635	4,878	1,221	31,757
<i>Fund Balances End of Year</i>	<u>\$2,133</u>	<u>\$24,635</u>	<u>\$4,878</u>	<u>\$55,598</u>	<u>\$87,244</u>

## **Fund Descriptions - Fiduciary Funds**

### ***Fiduciary Funds***

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

### ***Private-Purpose Trust Fund***

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

### ***Agency Fund***

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

**City of Orrville, Ohio**  
*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Fiscal Year Ended December 31, 2007*

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	<u>Beginning Balance 12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 12/31/07</u>
<b>Deposits in Escrow</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$55,671	\$1,650	\$725	\$56,596
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities</b>				
Deposits Held and Due to Others	\$55,671	\$1,650	\$725	\$56,596
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$438,500	\$438,500	\$479,755	\$41,255
Income Taxes	2,224,450	2,224,450	3,314,447	1,089,997
Other Local Taxes	850,000	850,000	897,363	47,363
Intergovernmental	630,838	630,838	584,237	(46,601)
Interest	154,300	154,300	222,195	67,895
Fines, Licenses and Permits	26,500	26,500	35,655	9,155
Rentals	30,000	30,000	31,200	1,200
Charges for Services	200,100	200,100	261,072	60,972
Contributions and Donations	0	0	3,076	3,076
Other	1,000	1,000	39,866	38,866
<i>Total Revenues</i>	4,555,688	4,555,688	5,868,866	1,313,178
<b>Expenditures</b>				
Current:				
General Government:				
City Council:				
Personal Services	31,635	31,635	30,802	833
City Hall:				
Personal Services	143,150	143,150	132,048	11,102
Purchased Services	19,185	19,185	21,475	(2,290)
Utilities	10,450	10,450	8,000	2,450
Materials and Supplies	9,660	9,660	7,989	1,671
Total City Hall	182,445	182,445	169,512	12,933
Finance Department:				
Personal Services	73,150	73,150	65,401	7,749
Purchased Services	45,495	45,495	45,801	(306)
Materials and Supplies	1,863	1,863	1,500	363
Total Finance Department	120,508	120,508	112,702	7,806
Personnel:				
Personal Services	88,770	88,770	83,840	4,930
Purchased Services	7,801	7,801	6,148	1,653
Utilities	980	980	814	166
Materials and Supplies	5,846	5,846	3,487	2,359
Total Personnel	\$103,397	\$103,397	\$94,289	\$9,108
Data Processing:				
Personal Services	20,870	20,870	19,318	1,552
Purchased Services	29,487	29,487	18,945	10,542
Utilities	1,300	1,300	1,594	(294)
Materials and Supplies	7,446	7,446	3,711	3,735
Total Data Processing	\$59,103	\$59,103	\$43,568	\$15,535

(continued)

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Income Tax:				
Personal Services	\$59,000	\$59,000	\$55,401	\$3,599
Utilities	630	630	533	97
Materials and Supplies	5,827	5,827	5,241	586
<b>Total Income Tax</b>	<b>65,457</b>	<b>65,457</b>	<b>61,175</b>	<b>4,282</b>
Law Department:				
Personal Services	27,860	27,860	26,574	1,286
Purchased Services	25,943	24,943	15,869	9,074
<b>Total Law Department</b>	<b>53,803</b>	<b>52,803</b>	<b>42,443</b>	<b>10,360</b>
Mayor's Office:				
Personal Services	17,465	17,465	16,614	851
Materials and Supplies	50	50	0	50
<b>Total Mayor's Office</b>	<b>17,515</b>	<b>17,515</b>	<b>16,614</b>	<b>901</b>
Administrative:				
Personal Services	200,079	200,079	193,699	6,380
Purchased Services	247,656	247,656	250,872	(3,216)
Materials and Supplies	24,461	24,461	20,261	4,200
<b>Total Administrative</b>	<b>472,196</b>	<b>472,196</b>	<b>464,832</b>	<b>7,364</b>
<b>Total General Government</b>	<b>1,106,059</b>	<b>1,105,059</b>	<b>1,035,937</b>	<b>69,122</b>
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	1,435,650	1,435,650	1,314,523	121,127
Purchased Services	76,615	76,615	78,798	(2,183)
Utilities	17,100	17,100	16,059	1,041
Materials and Supplies	89,447	89,447	74,228	15,219
<b>Total Police</b>	<b>1,618,812</b>	<b>1,618,812</b>	<b>1,483,608</b>	<b>135,204</b>
Fire:				
Fire Department:				
Personal Services	333,480	333,480	314,050	19,430
Purchased Services	51,614	51,614	45,857	5,757
Utilities	13,570	13,570	14,024	(454)
Materials and Supplies	52,022	52,022	43,004	9,018
<b>Total Fire</b>	<b>450,686</b>	<b>450,686</b>	<b>416,935</b>	<b>33,751</b>
<b>Total Security of Persons and Property</b>	<b>\$2,069,498</b>	<b>\$2,069,498</b>	<b>\$1,900,543</b>	<b>\$168,955</b>

(continued)

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Transportation:				
Street:				
Personal Services	\$313,600	\$313,600	\$277,123	\$36,477
Purchased Services	92,456	92,456	115,643	(23,187)
Utilities	0	0	2,125	(2,125)
Materials and Supplies	110,299	110,299	110,021	278
Total Transportation	516,355	516,355	504,912	11,443
Public Health and Welfare:				
Animal Control:				
Purchased Services	1,360	1,360	3,665	(2,305)
Materials and Supplies	30,400	30,400	16,612	13,788
Total Animal Control	31,760	31,760	20,277	11,483
Cemetery:				
Personal Services	86,050	86,050	100,952	(14,902)
Purchased Services	7,722	7,722	13,311	(5,589)
Utilities	5,900	5,900	4,930	970
Materials and Supplies	23,768	23,768	16,346	7,422
Total Cemetery	123,440	123,440	135,539	(12,099)
Total Public Health and Welfare	155,200	155,200	155,816	(616)
Leisure Time Activities:				
Park:				
Personal Services	118,600	118,600	108,740	9,860
Purchased Services	15,515	15,515	20,919	(5,404)
Utilities	8,850	8,850	8,324	526
Materials and Supplies	29,189	29,189	24,359	4,830
Total Park	172,154	172,154	162,342	9,812
Pool:				
Personal Services	71,925	71,925	71,855	70
Purchased Services	6,229	6,229	4,793	1,436
Utilities	5,620	5,620	6,565	(945)
Materials and Supplies	19,251	19,251	10,544	8,707
Total Pool	103,025	103,025	93,757	9,268
Recreation:				
Materials and Supplies	2,800	2,800	2,035	765
Total Leisure Time Activities	277,979	277,979	258,134	19,845
<i>Total Expenditures</i>	\$4,125,091	\$4,124,091	\$3,855,342	\$268,749

(continued)

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of Revenues Over Expenditures</i>	\$430,597	\$431,597	\$2,013,524	\$1,581,927
<b>Other Financing Uses</b>				
Transfers Out	(1,219,500)	(1,219,500)	(1,112,333)	107,167
<i>Net Change in Fund Balance</i>	(788,903)	(787,903)	901,191	1,689,094
<i>Fund Balance Beginning of Year</i>	1,123,754	1,123,754	1,123,754	0
Prior Year Encumbrances Appropriated	97,223	97,223	97,223	0
<i>Fund Balance End of Year</i>	\$432,074	\$433,074	\$2,122,168	\$1,689,094



**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Capital Improvements Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Income Taxes	\$600,000	\$600,000	\$814,383	\$214,383
Intergovernmental	0	0	100,000	100,000
Charges for Services	200	200	211	11
Contributions and Gifts	0	0	8,000	8,000
Other	0	0	48,522	48,522
<i>Total Revenues</i>	600,200	600,200	971,116	370,916
<b>Expenditures</b>				
Capital Outlay	1,259,873	2,819,873	2,232,682	587,191
<i>Excess of Revenues Under Expenditures</i>	(659,673)	(2,219,673)	(1,261,566)	958,107
<b>Other Financing Sources</b>				
Proceeds of Bonds	0	1,500,000	1,500,000	0
<i>Net Change in Fund Balance</i>	(659,673)	(719,673)	238,434	958,107
<i>Fund Balance Beginning of Year</i>	1,116,533	1,116,533	1,116,533	0
Prior Year Encumbrances Appropriated	207,823	207,823	207,823	0
<i>Fund Balance End of Year</i>	<u>\$664,683</u>	<u>\$604,683</u>	<u>\$1,562,790</u>	<u>\$958,107</u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Sewer Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$115,800	\$115,800	\$217,372	\$101,572
Charges for Services	1,917,500	1,917,500	1,964,183	46,683
Sale of Capital Assets	1,500	1,500	0	(1,500)
Other	200	200	1,159	959
<i>Total Revenues</i>	<u>2,035,000</u>	<u>2,035,000</u>	<u>2,182,714</u>	<u>147,714</u>
<b>Expenses</b>				
Personal Services	1,166,200	1,166,200	956,888	209,312
Purchased Services	859,558	859,808	187,570	672,238
Materials and Supplies	215,523	215,523	234,194	(18,671)
Utilities	152,605	152,605	138,463	14,142
Other	72,794	72,794	0	72,794
Capital Outlay	1,453,300	1,453,300	976,579	476,721
Debt Service:				
Principal Retirement	0	0	442,292	(442,292)
Interest and Fiscal Charges	0	0	100,476	(100,476)
<i>Total Expenses</i>	<u>3,919,980</u>	<u>3,920,230</u>	<u>3,036,462</u>	<u>883,768</u>
<i>Excess of Revenues Under Expenses</i>	(1,884,980)	(1,885,230)	(853,748)	1,031,482
Transfers Out	(120,000)	(120,000)	0	120,000
<i>Net Change in Fund Equity</i>	(2,004,980)	(2,005,230)	(853,748)	1,151,482
<i>Fund Equity Beginning of Year</i>	4,110,969	4,110,969	4,110,969	0
Prior Year Encumbrances Appropriated	198,880	198,880	198,880	0
<i>Fund Equity End of Year</i>	<u>\$2,304,869</u>	<u>\$2,304,619</u>	<u>\$3,456,101</u>	<u>\$1,151,482</u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Electric Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$240,300	\$240,300	\$560,815	\$320,515
Charges for Services	27,767,800	27,767,800	25,693,442	(2,074,358)
Sale of Capital Assets	2,000	2,000	3,549	1,549
Notes Issued	600,000	2,180,000	2,180,000	0
Other	322,300	322,300	617,014	294,714
<i>Total Revenues</i>	<u>28,932,400</u>	<u>30,512,400</u>	<u>29,054,820</u>	<u>(1,457,580)</u>
<b>Expenses</b>				
Personal Services	6,210,061	6,209,861	5,697,241	512,620
Purchased Services	3,579,339	3,579,839	3,323,572	256,267
Materials and Supplies	19,029,671	17,731,330	14,780,331	2,950,999
Utilities	925,556	925,556	918,519	7,037
Capital Outlay	1,118,962	1,455,803	1,455,803	0
Other	340,000	340,000	281,343	58,657
Debt Service:				
Principal Retirement	2,560,124	4,120,124	3,820,000	300,124
Interest and Fiscal Charges	375,000	395,000	386,905	8,095
<i>Total Expenses</i>	<u>34,138,713</u>	<u>34,757,513</u>	<u>30,663,714</u>	<u>4,093,799</u>
<i>Excess of Revenues Under Expenses</i>	(5,206,313)	(4,245,113)	(1,608,894)	2,636,219
Transfers In	871,316	871,316	897,363	26,047
<i>Net Change in Fund Equity</i>	(4,334,997)	(3,373,797)	(711,531)	2,662,266
<i>Fund Equity Beginning of Year</i>	6,581,396	6,581,396	6,581,396	0
Prior Year Encumbrances Appropriated	2,443,589	2,443,589	2,443,589	0
<i>Fund Equity End of Year</i>	<u>\$4,689,988</u>	<u>\$5,651,188</u>	<u>\$8,313,454</u>	<u>\$2,662,266</u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Water Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$82,940	\$82,940	\$109,474	\$26,534
Charges for Services	3,015,490	3,015,490	2,925,512	(89,978)
Sale of Capital Assets	780	780	164	(616)
Operating Grants	2,000,000	2,000,000	301,273	(1,698,727)
OPWC Loans Issued	1,350,000	527,532	600,000	72,468
Other	3,670	3,670	5,442	1,772
<i>Total Revenues</i>	<u>6,452,880</u>	<u>5,630,412</u>	<u>3,941,865</u>	<u>(1,688,547)</u>
<b>Expenses</b>				
Personal Services	1,402,963	1,282,963	1,034,784	248,179
Purchased Services	584,028	584,278	315,342	268,936
Materials and Supplies	529,150	529,150	316,731	212,419
Utilities	165,400	165,400	150,459	14,941
Capital Outlay	3,517,193	3,497,393	2,036,133	1,461,260
Debt Service:				
Principal Retirement	506,000	506,000	485,443	20,557
Interest and Fiscal Charges	200,000	200,000	221,712	(21,712)
<i>Total Expenses</i>	<u>6,904,734</u>	<u>6,765,184</u>	<u>4,560,604</u>	<u>2,204,580</u>
<i>Excess of Revenues Under Expenses</i>	(451,854)	(1,134,772)	(618,739)	516,033
Transfers Out	(290,000)	(290,000)	0	290,000
<i>Net Change in Fund Equity</i>	(741,854)	(1,424,772)	(618,739)	806,033
<i>Fund Equity Beginning of Year</i>	1,384,448	1,384,448	1,384,448	0
Prior Year Encumbrances Appropriated	524,459	524,459	524,459	0
<i>Fund Equity End of Year</i>	<u>\$1,167,053</u>	<u>\$484,135</u>	<u>\$1,290,168</u>	<u>\$806,033</u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Gas Tax Motor Vehicle License Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$350,000	\$350,000	\$420,874	\$70,874
Interest	500	500	482	(18)
<i>Total Revenues</i>	<u>350,500</u>	<u>350,500</u>	<u>421,356</u>	<u>70,856</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Street Repair and Maintenance:				
Personal Services	563,000	563,000	509,441	53,559
Contractual Services	13,608	13,608	9,257	4,351
Materials and Supplies	99,023	99,023	88,613	10,410
Utilities	18,760	18,760	17,083	1,677
<i>Total Expenditures</i>	<u>694,391</u>	<u>694,391</u>	<u>624,394</u>	<u>69,997</u>
<i>Excess of Revenues Under Expenditures</i>	(343,891)	(343,891)	(203,038)	140,853
<b>Other Financing Sources</b>				
Transfers In	350,000	350,000	201,372	(148,628)
<i>Net Change in Fund Balance</i>	6,109	6,109	(1,666)	(7,775)
<i>Fund Balance Beginning of Year</i>	14,812	14,812	14,812	0
Prior Year Encumbrances Appropriated	15,081	15,081	15,081	0
<i>Fund Balance End of Year</i>	<u>\$36,002</u>	<u>\$36,002</u>	<u>\$28,227</u>	<u>(\$7,775)</u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*State Highway Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$29,000	\$29,000	\$34,125	\$5,125
Interest	4,000	4,000	3,077	(923)
Property Tax	100	100	0	(100)
<i>Total Revenues</i>	<u>33,100</u>	<u>33,100</u>	<u>37,202</u>	<u>4,102</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	17,500	17,500	6,999	10,501
Materials and Supplies	21,661	21,661	19,298	2,363
<i>Total Expenditures</i>	<u>39,161</u>	<u>39,161</u>	<u>26,297</u>	<u>12,864</u>
<i>Net Change in Fund Balance</i>	(6,061)	(6,061)	10,905	16,966
<i>Fund Balance Beginning of Year</i>	49,074	49,074	49,074	0
Prior Year Encumbrances Appropriated	161	161	161	0
<i>Fund Balance End of Year</i>	<u>\$43,174</u>	<u>\$43,174</u>	<u>\$60,140</u>	<u>\$16,966</u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permissive Motor Vehicle License Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$45,000	\$100,000	\$97,137	(\$2,863)
<b>Expenditures</b>				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	7,394	62,394	87,269	(24,875)
Materials and Supplies	45,897	45,897	11,778	34,119
<i>Total Expenditures</i>	<u>53,291</u>	<u>108,291</u>	<u>99,047</u>	<u>9,244</u>
<i>Net Change in Fund Balance</i>	(8,291)	(8,291)	(1,910)	6,381
<i>Fund Balance Beginning of Year</i>	29,222	29,222	29,222	0
Prior Year Encumbrances Appropriated	<u>8,291</u>	<u>8,291</u>	<u>8,291</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$29,222</u>	<u>\$29,222</u>	<u>\$35,603</u>	<u>\$6,381</u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Parking Meter Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,500)	(2,500)	(2,500)	0
<i>Fund Balance Beginning of Year</i>	<u>18,312</u>	<u>18,312</u>	<u>18,312</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$15,812</u></u>	<u><u>\$15,812</u></u>	<u><u>\$15,812</u></u>	<u><u>\$0</u></u>



**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Solid Waste Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$295,000	\$295,000	\$291,669	(\$3,331)
<b>Expenditures</b>				
Current:				
Basic Utility Service:				
Solid Waste Services:				
Purchased Services	300,000	310,000	308,565	1,435
<i>Excess of Revenues Under Expenditures</i>	(5,000)	(15,000)	(16,896)	(1,896)
<b>Other Financing Sources</b>				
Transfers In	2,000	2,000	13,598	11,598
<i>Net Change in Fund Balance</i>	(3,000)	(13,000)	(3,298)	9,702
<i>Fund Balance Beginning of Year</i>	18,936	18,936	18,936	0
<i>Fund Balance End of Year</i>	<u>\$15,936</u>	<u>\$5,936</u>	<u>\$15,638</u>	<u>\$9,702</u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Law Enforcement Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines, Licenses and Permits	\$1,500	\$1,500	\$3,007	\$1,507
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Materials and Supplies	<u>6,000</u>	<u>6,000</u>	<u>3,485</u>	<u>2,515</u>
<i>Net Change in Fund Balance</i>	(4,500)	(4,500)	(478)	4,022
<i>Fund Balance Beginning of Year</i>	<u>10,340</u>	<u>10,340</u>	<u>10,340</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,840</u></u>	<u><u>\$5,840</u></u>	<u><u>\$9,862</u></u>	<u><u>\$4,022</u></u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Enforcement and Education Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines, Licenses and Permits	\$1,000	\$1,000	\$876	(\$124)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	1,020	1,020	0	1,020
Purchased Services	1,000	1,000	127	873
Materials and Supplies	2,000	2,000	250	1,750
<i>Total Expenditures</i>	<u>4,020</u>	<u>4,020</u>	<u>377</u>	<u>3,643</u>
<i>Net Change in Fund Balance</i>	(3,020)	(3,020)	499	3,519
<i>Fund Balance Beginning of Year</i>	<u>9,487</u>	<u>9,487</u>	<u>9,487</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,467</u></u>	<u><u>\$6,467</u></u>	<u><u>\$9,986</u></u>	<u><u>\$3,519</u></u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Cemetery Maintenance Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$20,000	\$20,000	\$27,125	\$7,125
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	20,000	20,000	27,125	7,125
<i>Fund Balance Beginning of Year</i>	<u>234,595</u>	<u>234,595</u>	<u>234,595</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$254,595</u></u>	<u><u>\$254,595</u></u>	<u><u>\$261,720</u></u>	<u><u>\$7,125</u></u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permissive Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$62,000	\$62,000	\$65,254	\$3,254
<b>Expenditures</b>				
Current:				
Transportation:				
Street Repair and Maintenance:				
Purchased Services	20,544	20,544	9,796	10,748
Materials and Supplies	74,735	74,735	49,680	25,055
<i>Total Expenditures</i>	<u>95,279</u>	<u>95,279</u>	<u>59,476</u>	<u>35,803</u>
<i>Net Change in Fund Balance</i>	(33,279)	(33,279)	5,778	39,057
<i>Fund Balance Beginning of Year</i>	82,320	82,320	82,320	0
Prior Year Encumbrances Appropriated	<u>5,679</u>	<u>5,679</u>	<u>5,679</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$54,720</u>	<u>\$54,720</u>	<u>\$93,777</u>	<u>\$39,057</u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*FEMA Grant Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$61,845	\$61,845	\$45,425	(\$16,420)
<b>Expenditures</b>				
Capital Outlay	<u>61,845</u>	<u>61,845</u>	<u>45,425</u>	<u>16,420</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Emergency Medical Service Equipment Fund  
 For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$20,000	\$20,000	\$41,057	\$21,057
<b>Expenditures</b>				
Current:				
Public Health and Welfare:				
Emergency Medical Service:				
Materials and Supplies	15,000	15,000	12,375	2,625
<i>Net Change in Fund Balance</i>	5,000	5,000	28,682	23,682
<i>Fund Balance Beginning of Year</i>	128,646	128,646	128,646	0
<i>Fund Balance End of Year</i>	<u>\$133,646</u>	<u>\$133,646</u>	<u>\$157,328</u>	<u>\$23,682</u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Performing Arts Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$200	\$200	\$426	\$226
Contributions and Donations	10,000	10,000	9,427	(573)
<i>Total Revenues</i>	<u>10,200</u>	<u>10,200</u>	<u>9,853</u>	<u>(347)</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities:				
Performing Arts:				
Purchased Services	12,000	12,000	10,000	2,000
Materials and Supplies	1,000	1,000	323	677
<i>Total Expenditures</i>	<u>13,000</u>	<u>13,000</u>	<u>10,323</u>	<u>2,677</u>
<i>Net Change in Fund Balance</i>	(2,800)	(2,800)	(470)	2,330
<i>Fund Balance Beginning of Year</i>	<u>5,741</u>	<u>5,741</u>	<u>5,741</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,941</u></u>	<u><u>\$2,941</u></u>	<u><u>\$5,271</u></u>	<u><u>\$2,330</u></u>



**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Obligation Bond Retirement Fund*  
*For the Year Ended December 31, 2007*

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

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Special Assessment Bond Retirement Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Special Assessments	\$23,300	\$23,300	\$22,759	(\$541)
Interest	2,600	2,600	7,220	4,620
<i>Total Revenues</i>	<u>25,900</u>	<u>25,900</u>	<u>29,979</u>	<u>4,079</u>
<b>Expenditures</b>				
Contractual Services	501	501	62	439
Debt Service:				
Principal Retirement	14,388	14,388	14,388	0
Interest and Fiscal Charges	7,911	7,911	7,911	0
<i>Total Expenditures</i>	<u>22,800</u>	<u>22,800</u>	<u>22,361</u>	<u>439</u>
<i>Net Change in Fund Balance</i>	3,100	3,100	7,618	4,518
<i>Fund Balance Beginning of Year</i>	<u>118,274</u>	<u>118,274</u>	<u>118,274</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$121,374</u>	<u>\$121,374</u>	<u>\$125,892</u>	<u>\$4,518</u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Park Improvement Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$50	\$50	\$114	\$64
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	50	50	114	64
<i>Fund Balance Beginning of Year</i>	<u>1,990</u>	<u>1,990</u>	<u>1,990</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,040</u></u>	<u><u>\$2,040</u></u>	<u><u>\$2,104</u></u>	<u><u>\$64</u></u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recreation and Park Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines, Licenses and Permits	\$1,000	\$1,000	\$1,000	\$0
<b>Expenditures</b>				
Capital Outlay	<u>500</u>	<u>500</u>	<u>0</u>	<u>500</u>
<i>Net Change in Fund Balance</i>	500	500	1,000	500
<i>Fund Balance Beginning of Year</i>	<u>23,635</u>	<u>23,635</u>	<u>23,635</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$24,135</u></u>	<u><u>\$24,135</u></u>	<u><u>\$24,635</u></u>	<u><u>\$500</u></u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Grants Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$761,763	\$520,149	\$436,137	(\$84,012)
<b>Expenditures</b>				
Capital Outlay	<u>81,641</u>	<u>528,127</u>	<u>525,128</u>	<u>2,999</u>
<i>Net Change in Fund Balance</i>	680,122	(7,978)	(88,991)	(81,013)
<i>Fund Balance (Deficit) Beginning of Year</i>	(67,064)	(67,064)	(67,064)	0
Prior Year Encumbrances Appropriated	<u>71,942</u>	<u>71,942</u>	<u>71,942</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$685,000</u></u>	<u><u>(\$3,100)</u></u>	<u><u>(\$84,113)</u></u>	<u><u>(\$81,013)</u></u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Community Development Block Grant Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$486,983	\$486,983	\$406,576	(\$80,407)
<b>Expenditures</b>				
Capital Outlay	<u>7,722</u>	<u>488,203</u>	<u>443,502</u>	<u>44,701</u>
<i>Net Change in Fund Balance</i>	479,261	(1,220)	(36,926)	(35,706)
<i>Fund Balance (Deficit) Beginning of Year</i>	(6,501)	(6,501)	(6,501)	0
Prior Year Encumbrances Appropriated	<u>7,722</u>	<u>7,722</u>	<u>7,722</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$480,482</u></u>	<u><u>\$1</u></u>	<u><u>(\$35,705)</u></u>	<u><u>(\$35,706)</u></u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Employee Health Insurance Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$21,000	\$25,500	\$36,265	\$10,765
Charges for Services	<u>1,362,000</u>	<u>1,332,100</u>	<u>1,251,295</u>	<u>(80,805)</u>
<i>Total Revenues</i>	<u>1,383,000</u>	<u>1,357,600</u>	<u>1,287,560</u>	<u>(70,040)</u>
<b>Expenses</b>				
Contractual Services	132,500	132,500	102,380	30,120
Claims	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,393,815</u>	<u>206,185</u>
<i>Total Expenses</i>	<u>1,732,500</u>	<u>1,732,500</u>	<u>1,496,195</u>	<u>236,305</u>
<i>Net Change in Fund Equity</i>	(349,500)	(374,900)	(208,635)	166,265
<i>Fund Equity Beginning of Year</i>	<u>666,289</u>	<u>666,289</u>	<u>666,289</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$316,789</u></u>	<u><u>\$291,389</u></u>	<u><u>\$457,654</u></u>	<u><u>\$166,265</u></u>

**City of Orrville, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Cemetery Memorial Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$100	\$100	\$226	\$126
<b>Expenses</b>				
Current:				
Cemetery:				
Materials and Supplies	<u>75</u>	<u>75</u>	<u>75</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	25	25	151	126
<i>Fund Equity Beginning of Year</i>	<u>4,212</u>	<u>4,212</u>	<u>4,212</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$4,237</u></u>	<u><u>\$4,237</u></u>	<u><u>\$4,363</u></u>	<u><u>\$126</u></u>



## Statistical Section

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

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

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Governmental Activities</b>			
Invested in Capital Assets,			
Net of Related Debt	\$41,910,539	\$41,706,949	\$42,058,605
Restricted:			
Capital Projects	1,484,362	1,613,790	2,050,035
Debt Service	215,007	240,462	240,691
Street Repair and Maintenance	470,584	424,442	370,016
Solid Waste Services	54,643	68,355	43,100
Law Enforcement and Education	20,024	19,951	19,323
Cemetery Maintenance	263,763	236,639	220,720
EMS Equipment	162,903	134,874	107,040
Performing Arts	5,354	5,859	7,475
Other Purposes	0	0	0
Unrestricted	<u>3,225,688</u>	<u>2,114,835</u>	<u>2,060,999</u>
<i>Total Governmental Activities Net Assets</i>	<u>47,812,867</u>	<u>46,566,156</u>	<u>47,178,004</u>
<b>Business Type - Activities</b>			
Invested in Capital Assets,			
Net of Related Debt	\$30,554,543	\$29,057,655	\$27,780,982
Restricted:			
Debt Service	3,022,749	2,949,687	2,891,452
Replacement and Improvement	2,300,000	2,300,000	2,300,000
Unrestricted	<u>20,068,454</u>	<u>19,065,639</u>	<u>17,395,231</u>
<i>Total Business-Type Activities Net Assets</i>	<u>55,945,746</u>	<u>53,372,981</u>	<u>50,367,665</u>
<b>Primary Government</b>			
Invested in Capital Assets,			
Net of Related Debt	\$72,465,082	\$70,764,604	\$69,839,587
Restricted	7,999,389	7,994,059	8,249,852
Unrestricted	<u>23,294,142</u>	<u>21,180,474</u>	<u>19,456,230</u>
<i>Total Primary Government Net Assets</i>	<u>\$103,758,613</u>	<u>\$99,939,137</u>	<u>\$97,545,669</u>

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

2004	2003	2002	2001
\$42,024,483	\$41,548,787	\$41,466,826	\$41,777,029
1,913,814	2,626,487	2,253,537	2,446,493
247,391	254,609	108,155	106,176
431,651	457,891	0	0
42,187	38,324	0	0
23,157	25,870	0	0
203,195	177,957	0	0
74,640	151,004	0	0
7,195	7,035	0	0
0	0	815,174	1,047,404
1,658,350	1,828,711	2,325,102	2,665,004
46,626,063	47,116,675	46,968,794	48,042,106
\$26,780,181	\$25,498,301	\$22,993,813	\$22,736,960
3,347,240	0	0	0
2,300,000	2,300,000	2,300,000	3,000,000
16,059,704	20,711,414	24,116,145	25,383,195
48,487,125	48,509,715	49,409,958	51,120,155
\$68,804,664	\$67,047,088	\$64,460,639	\$64,513,989
8,590,470	6,039,177	5,476,866	6,600,073
17,718,054	22,540,125	26,441,247	28,048,199
\$95,113,188	\$95,626,390	\$96,378,752	\$99,162,261

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

	2007	2006	2005	2004	2003	2002	2001
<b>Program Revenues</b>							
<b>Governmental Activities:</b>							
Charges for Services:							
General Government	\$158,784	\$111,390	\$113,000	\$120,248	\$74,858	\$117,682	\$100,453
Security of Persons and Property:							
Police	14,367	15,276	14,506	26,054	7,712	41,896	7,345
Fire	52,225	46,025	46,024	36,290	30,843	16,955	28,619
Transportation	11,843	11,581	30,141	300	8,876	0	0
Public Health and Welfare	116,240	105,827	100,576	128,734	101,730	119,624	84,534
Leisure Time Activities	65,720	62,139	72,621	56,284	62,010	83,495	69,499
Basic Utility Services	280,368	285,636	269,752	256,665	251,735	241,799	239,240
Subtotal - Charges for Services	699,547	637,874	646,620	624,575	537,764	621,451	529,690
Operating Grants and Contributions:							
General Government	61,468	15,600	16,205	14,092	13,699	0	8,571
Security of Persons and Property:							
Police	0	0	0	0	0	0	805
Fire	0	0	0	2,125	2,900	0	16,639
Transportation	599,351	562,367	540,752	445,050	401,629	445,010	334,427
Public Health and Welfare	0	0	0	0	2,300	0	0
Leisure Time Activities	12,503	9,823	10,290	9,900	8,062	9,546	7,435
Basic Utility Services	0	0	0	0	0	0	0
Subtotal - Operating Grants and Contributions	673,322	587,790	567,247	471,167	428,590	454,556	367,877
Capital Grants and Contributions:							
General Government	406,576	13,017	95,944	0	0	0	0
Transportation	444,137	280,843	186,662	819,983	678,138	420,132	171,351
Subtotal - Capital Grants and Contributions	850,713	293,860	282,606	819,983	678,138	420,132	171,351
<b>Total Governmental Activities Program Revenues</b>	<b>2,223,582</b>	<b>1,519,524</b>	<b>1,496,473</b>	<b>1,915,725</b>	<b>1,644,492</b>	<b>1,496,139</b>	<b>1,068,918</b>
<b>Business-Type Activities:</b>							
Charges for Services:							
Sewer	1,948,555	2,009,263	1,980,067	1,905,641	1,910,975	1,937,219	1,990,473
Electric	25,460,273	26,606,260	25,220,891	21,615,342	19,509,574	17,964,859	18,260,911
Water	2,908,869	2,933,631	2,591,906	2,512,014	2,403,171	2,356,946	2,433,011
Subtotal - Charges for Services	30,317,697	31,549,154	29,792,864	26,032,997	23,823,720	22,259,024	22,684,395
Capital Grants and Contributions							
Water	301,273	0	0	0	0	0	0
<b>Total Business-Type Activities Program Revenues</b>	<b>30,618,970</b>	<b>31,549,154</b>	<b>29,792,864</b>	<b>26,032,997</b>	<b>23,823,720</b>	<b>22,259,024</b>	<b>22,684,395</b>
<b>Total Primary Government Program Revenues</b>	<b>32,842,552</b>	<b>33,068,678</b>	<b>31,289,337</b>	<b>27,948,722</b>	<b>25,468,212</b>	<b>23,755,163</b>	<b>23,753,313</b>
<b>Expenses</b>							
<b>Governmental Activities:</b>							
General Government	1,323,894	1,151,757	1,075,509	970,814	968,370	945,989	849,687
Security of Persons and Property:							
Police	1,538,833	1,565,658	1,360,423	1,425,870	1,421,121	1,224,678	1,264,380
Fire	614,516	601,531	531,847	357,766	541,831	525,596	471,736
Transportation	2,289,247	2,229,194	1,590,642	2,478,398	2,007,903	2,672,156	1,999,708
Public Health and Welfare	187,718	142,615	118,376	179,941	192,459	170,233	129,335
Leisure Time Activities	348,947	318,858	252,386	308,917	357,372	389,710	356,011
Basic Utility Services	307,678	273,951	282,403	279,895	274,386	272,076	237,049
Interest and Fiscal Charges	39,260	8,877	9,706	10,726	11,013	11,557	12,175
Subtotal - Governmental Activities Expenses	6,650,093	6,292,441	5,221,292	6,012,327	5,774,455	6,211,995	5,320,081
<b>Business-Type Activities:</b>							
Sewer	2,235,400	2,064,871	1,942,249	2,035,090	1,957,912	1,951,178	1,880,750
Electric	25,725,633	25,754,322	25,247,053	23,143,664	21,681,059	20,841,038	18,886,654
Water	2,712,945	2,874,257	2,425,269	2,682,953	2,554,952	3,077,462	2,775,140
Subtotal - Business-Type Activities Expenses	30,673,978	30,693,450	29,614,571	27,861,707	26,193,923	25,869,678	23,542,544
<b>Total Primary Government Program Expenses</b>	<b>37,324,071</b>	<b>36,985,891</b>	<b>34,835,863</b>	<b>33,874,034</b>	<b>31,968,378</b>	<b>32,081,673</b>	<b>28,862,625</b>
<b>Net (Expense)/Revenue</b>							
Governmental Activities	(4,426,511)	(4,772,917)	(3,724,819)	(4,096,602)	(4,129,963)	(4,715,856)	(4,251,163)
Business-Type Activities	(55,008)	855,704	178,293	(1,828,710)	(2,370,203)	(3,610,654)	(858,149)
<b>Total Primary Government Net Expense</b>	<b>(\$4,481,519)</b>	<b>(\$3,917,213)</b>	<b>(\$3,546,526)</b>	<b>(\$5,925,312)</b>	<b>(\$6,500,166)</b>	<b>(\$8,326,510)</b>	<b>(\$5,109,312)</b>

(continued)

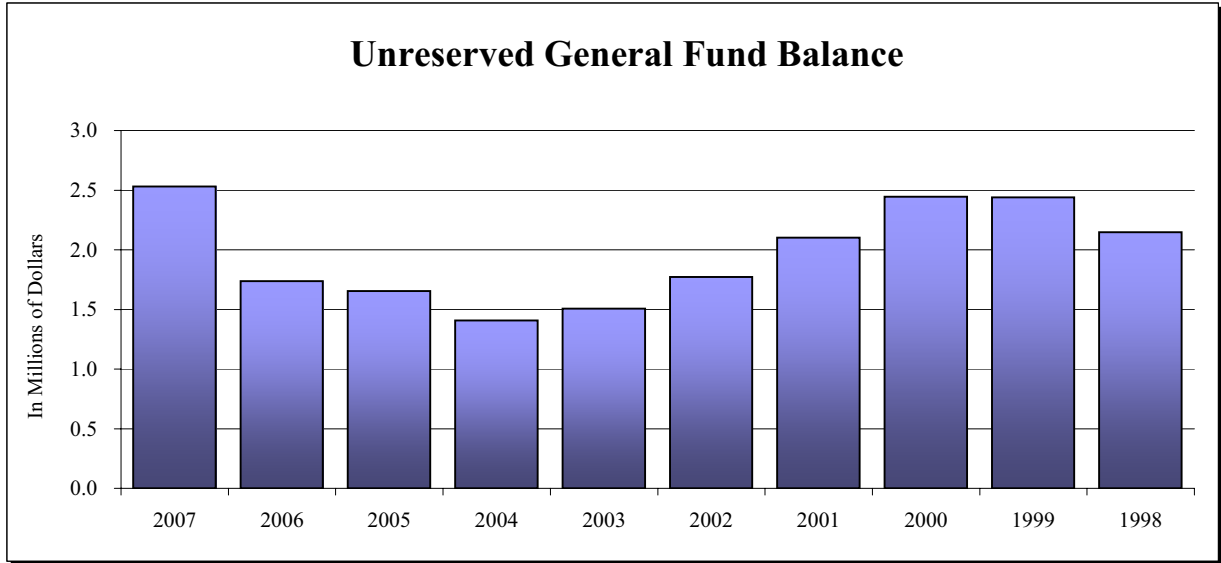
**City of Orrville, Ohio**  
*Changes in Net Assets (continued)*  
*Last Seven Years*  
*(Accrual Basis of Accounting)*

	2007	2006	2005	2004	2003	2002	2001
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental Activities:							
Taxes:							
Property and Other Local Taxes Levied for:							
General Purposes	\$485,053	\$469,385	\$524,516	\$536,388	\$476,914	\$446,237	\$483,588
Kilowatt per Hour Taxes Levied for:							
General Purposes	897,363	851,218	837,438	802,505	782,502	767,505	470,708
Municipal Income Taxes Levied for: (1)							
General Purposes	3,490,470	2,299,733	2,195,463	2,013,058	2,088,233	1,705,027	1,596,438
Capital Outlay	858,389	560,677	534,765	365,734	872,403	588,206	992,257
Grants and Entitlements not Restricted to							
Specific Programs	514,543	579,014	717,533	497,937	631,092	620,248	752,755
Investment Income	236,379	217,144	139,056	80,061	81,948	107,127	282,992
Gain on Sale of Capital Assets	0	0	0	0	0	500	0
Transfers	(897,363)	(851,218)	(837,438)	(802,505)	(782,502)	(793,326)	(470,708)
Miscellaneous	88,388	35,116	165,427	112,812	127,254	201,020	70,965
<i>Total Governmental Activities</i>	<u>5,673,222</u>	<u>4,161,069</u>	<u>4,276,760</u>	<u>3,605,990</u>	<u>4,277,844</u>	<u>3,642,544</u>	<u>4,178,995</u>
Business-Type Activities:							
Investment Income	1,106,795	965,009	325,135	292,975	357,932	511,810	1,062,693
Transfers	897,363	851,218	837,438	802,505	782,502	793,326	470,708
Gain on Sale of Capital Assets	0	0	0	17,131	1,754	4,700	60,203
Miscellaneous	623,615	333,385	539,674	693,509	327,772	590,621	359,842
<i>Total Business-Type Activities</i>	<u>2,627,773</u>	<u>2,149,612</u>	<u>1,702,247</u>	<u>1,806,120</u>	<u>1,469,960</u>	<u>1,900,457</u>	<u>1,953,446</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>8,300,995</u>	<u>6,310,681</u>	<u>5,979,007</u>	<u>5,412,110</u>	<u>5,747,804</u>	<u>5,543,001</u>	<u>6,132,441</u>
<b>Change in Net Assets</b>							
Governmental Activities	1,246,711	(611,848)	551,941	(490,612)	147,881	(1,073,312)	(72,168)
Business-Type Activities	2,572,765	3,005,316	1,880,540	(22,590)	(900,243)	(1,710,197)	1,095,297
<i>Total Primary Government Change in Net Assets</i>	<u>\$3,819,476</u>	<u>\$2,393,468</u>	<u>\$2,432,481</u>	<u>(\$513,202)</u>	<u>(\$752,362)</u>	<u>(\$2,783,509)</u>	<u>\$1,023,129</u>

(1) Income Tax revenue increased in 2007 due to higher net profits of corporations within the City and higher taxes from withholding.

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

	2007	2006	2005	2004	2003
<b>General Fund</b>					
Reserved	\$92,442	\$80,051	\$56,479	\$34,228	\$25,157
Unreserved	2,531,395	1,736,936	1,653,693	1,408,511	1,506,925
<b>Total General Fund</b>	<u>2,623,837</u>	<u>1,816,987</u>	<u>1,710,172</u>	<u>1,442,739</u>	<u>1,532,082</u>
<b>All Other Governmental Funds</b>					
Reserved	342,543	273,104	408,775	258,006	991,349
Unreserved, Undesignated, Reported in:					
Special Revenue funds	786,946	732,225	474,957	636,263	734,105
Debt Service funds	131,907	124,544	117,076	113,349	108,004
Capital Projects funds	1,557,136	1,305,906	1,562,445	1,626,555	1,533,720
<b>Total All Other Governmental Funds</b>	<u>2,818,532</u>	<u>2,435,779</u>	<u>2,563,253</u>	<u>2,634,173</u>	<u>3,367,178</u>
<b>Total Governmental Funds</b>	<u><u>\$5,442,369</u></u>	<u><u>\$4,252,766</u></u>	<u><u>\$4,273,425</u></u>	<u><u>\$4,076,912</u></u>	<u><u>\$4,899,260</u></u>



2002	2001	2000	1999	1998
\$45,241	\$139,653	\$181,511	\$215,591	\$159,954
1,772,376	2,102,190	2,443,891	2,440,318	2,146,235
1,817,617	2,241,843	2,625,402	2,655,909	2,306,189
425,987	470,772	232,592	771,367	362,357
698,477	729,417	596,685	587,899	426,438
106,722	106,065	101,410	0	0
1,787,430	1,884,283	2,218,880	2,107,254	2,144,678
3,018,616	3,190,537	3,149,567	3,466,520	2,933,473
\$4,836,233	\$5,432,380	\$5,774,969	\$6,122,429	\$5,239,662

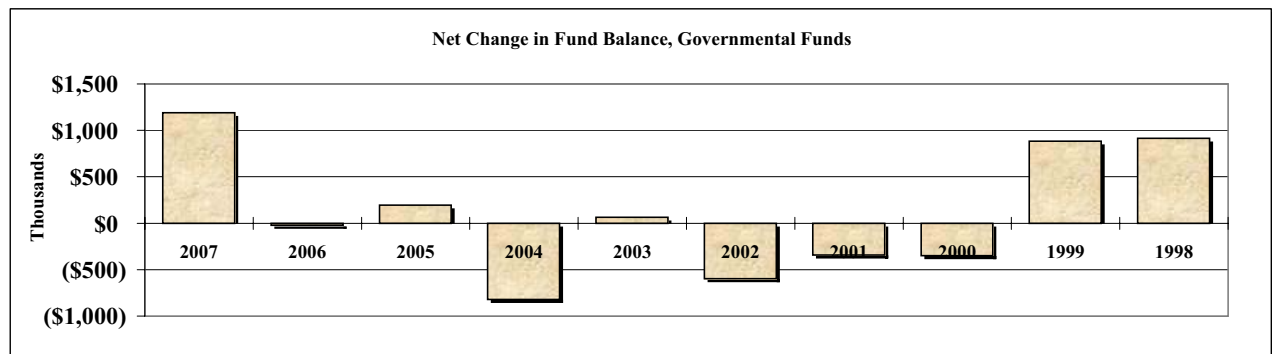
**City of Orrville, Ohio**  
*Changes in Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*

	2007	2006	2005	2004	2003	2002
<b>Revenues</b>						
Property Taxes	\$479,755	\$492,470	\$485,085	\$580,710	\$442,911	\$466,911
Municipal Income Taxes	3,879,196	2,780,220	2,700,645	2,575,080	2,910,735	2,371,048
Other Local Taxes	897,363	851,218	837,438	802,505	782,502	767,505
Special Assessments	22,759	12,822	12,518	12,129	8,961	16,977
Intergovernmental	2,036,256	1,598,760	1,359,658	1,708,192	1,733,338	1,530,312
Interest	236,379	217,144	139,056	81,999	81,948	107,127
Fines, Licenses and Permits	40,170	134,415	130,687	40,277	27,812	53,817
Rentals	31,200	31,200	31,600	31,500	0	31,700
Charges for Services	609,929	556,639	484,450	553,287	499,551	544,303
Contributions and Donations	20,503	9,823	10,290	9,900	8,062	9,546
Other	88,388	35,116	165,427	112,812	127,254	201,020
<i>Total Revenues</i>	<u>8,341,898</u>	<u>6,719,827</u>	<u>6,356,854</u>	<u>6,508,391</u>	<u>6,623,074</u>	<u>6,100,266</u>
<b>Expenditures</b>						
Current:						
General Government	1,034,771	954,490	1,000,293	859,525	877,044	838,937
Security of Persons and Property:						
Police	1,476,049	1,525,428	1,378,888	1,370,432	1,366,492	1,344,277
Fire (1)	413,333	386,844	374,293	393,870	381,581	386,818
Transportation	1,222,942	1,058,560	1,226,957	1,167,448	1,139,246	1,220,558
Public Health and Welfare	159,007	116,383	118,486	255,971	205,711	153,395
Community Development	0	0	0	0	0	0
Leisure Time Activities	268,548	236,039	218,033	214,635	273,331	318,917
Basic Utilities Service	307,678	273,951	282,403	279,895	274,386	272,076
Capital Outlay	2,850,305	1,314,669	701,247	1,963,528	1,247,979	1,347,873
Debt Service:						
Principal Retirement	14,388	13,941	12,518	12,129	10,400	9,120
Interest and Fiscal Charges	7,911	8,963	9,785	10,801	10,956	11,616
<i>Total Expenditures</i>	<u>7,754,932</u>	<u>5,889,268</u>	<u>5,322,903</u>	<u>6,528,234</u>	<u>5,787,126</u>	<u>5,903,587</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>586,966</u>	<u>830,559</u>	<u>1,033,951</u>	<u>(19,843)</u>	<u>835,948</u>	<u>196,679</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	0	0	0	0	1,605	500
Special Assessment Bonds Issued	0	0	0	0	7,976	0
General Obligation Bonds Issued	1,500,000	0	0	0	0	0
Notes Issued	0	0	0	0	0	0
Transfers In	214,970	163,570	213,564	307,093	340,974	427,727
Transfers Out	(1,112,333)	(1,014,788)	(1,051,002)	(1,109,598)	(1,123,476)	(1,221,053)
<i>Total Other Financing Sources (Uses)</i>	<u>602,637</u>	<u>(851,218)</u>	<u>(837,438)</u>	<u>(802,505)</u>	<u>(772,921)</u>	<u>(792,826)</u>
<i>Net Change in Fund Balances</i>	<u>\$1,189,603</u>	<u>(\$20,659)</u>	<u>\$196,513</u>	<u>(\$822,348)</u>	<u>\$63,027</u>	<u>(\$596,147)</u>

Debt Service as a Percentage of Noncapital Expenditures

	0.43%	0.48%	0.48%	0.50%	0.47%	0.46%
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(1) Prior to 2001, Police and Fire expenditures were grouped together in Security of Persons and Property.





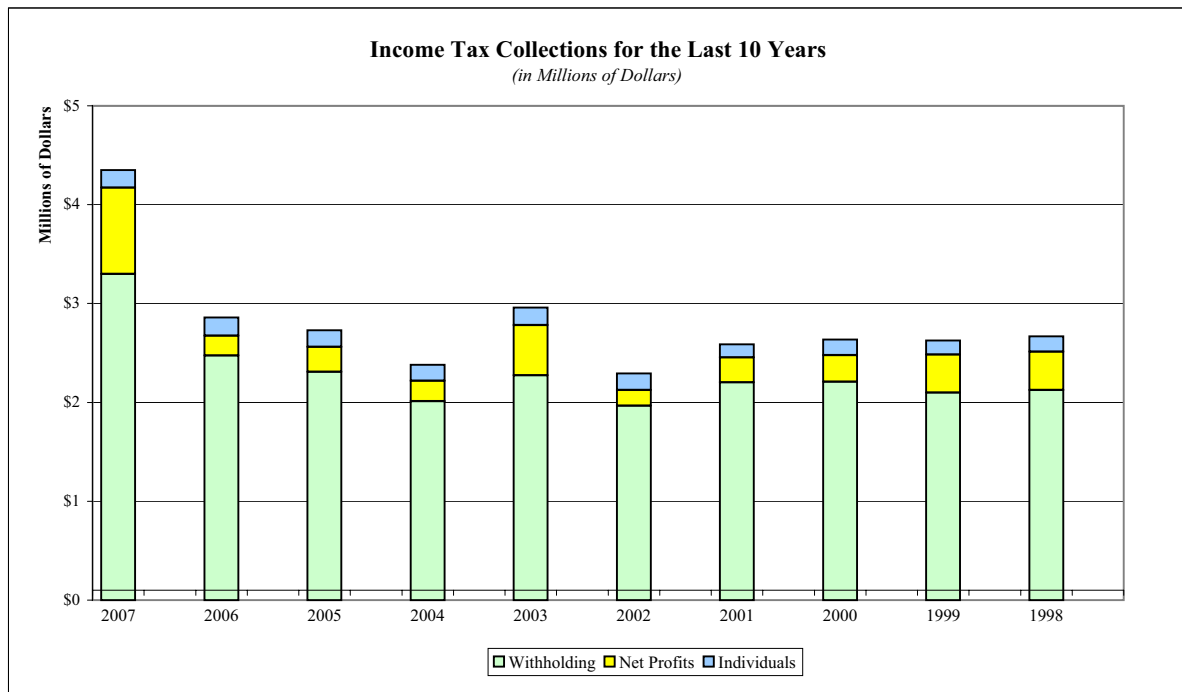
2001	2000	1999	1998
\$471,047	\$431,700	\$1,070,738	\$1,053,839
2,594,930	2,637,057	2,626,006	2,667,839
470,708	0	0	0
8,860	78,968	70,328	22,449
1,208,110	1,317,306	600,413	745,648
282,992	363,909	213,160	259,664
22,623	16,760	41,074	30,071
32,828	0	0	0
479,129	503,888	476,046	424,050
13,510	17,810	0	0
70,965	405,497	109,971	740,271
<u>5,655,702</u>	<u>5,772,895</u>	<u>5,207,736</u>	<u>5,943,831</u>
844,855	1,480,689	1,532,689	1,411,851
	1,359,979	1,125,793	1,439,599
1,213,840	0	0	0
383,512	0	0	0
1,129,278	1,109,183	975,683	1,383,089
146,672	124,620	113,483	200
0	0	84,683	20,412
296,834	248,407	180,858	182,038
237,049	247,849	184,866	326,764
1,254,462	1,421,262	649,360	484,479
8,860	255,000	265,000	21,000
12,221	24,538	20,738	8,866
<u>5,527,583</u>	<u>6,271,527</u>	<u>5,133,153</u>	<u>5,278,298</u>
<u>128,119</u>	<u>(498,632)</u>	<u>74,583</u>	<u>665,533</u>
0	0	4,791	60
0	95,170	0	0
0	0	0	0
0	0	250,000	250,000
709,969	421,292	767,607	429,106
(1,180,677)	(365,290)	(214,214)	(429,106)
<u>(470,708)</u>	<u>151,172</u>	<u>808,184</u>	<u>250,060</u>
<u>(\$342,589)</u>	<u>(\$347,460)</u>	<u>\$882,767</u>	<u>\$915,593</u>
0.49%	5.76%	6.37%	0.62%

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

Tax Year	Tax Rate	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2007	1.00%	\$4,348,859	\$3,299,393	75.87%	\$873,005	20.07%	\$176,461	4.06%
2006	1.00	2,860,410	2,474,541	86.51	200,229	7.00	185,641	6.49
2005	1.00	2,730,228	2,308,681	84.56	254,184	9.31	167,363	6.13
2004	1.00	2,378,792	2,010,079	84.50	210,047	8.83	158,665	6.67
2003	1.00	2,960,636	2,273,472	76.79	508,637	17.18	178,526	6.03
2002	1.00	2,293,233	1,965,071	85.69	159,380	6.95	168,782	7.36
2001	1.00	2,588,695	2,200,908	85.02	254,728	9.84	133,059	5.14
2000	1.00	2,637,057	2,210,381	83.82	266,870	10.12	159,806	6.06
1999	1.00	2,626,006	2,097,916	79.89	384,972	14.66	143,117	5.45
1998	1.00	2,667,839	2,124,400	79.63	389,504	14.60	153,934	5.77

(1) 2001 through 2007 are on an Accrual Basis and 1998 through 2000 are on a Modified Accrual Basis

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



**City of Orrville, Ohio**  
*Income Tax Filers by Income Level*  
*Tax Years 2007 and 1998*

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Tax Year 2007

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<u>Income Range</u>	<u>Number of Filers</u>	<u>Percent of Filers</u>	<u>Taxable Income</u>	<u>Percent of Taxable Income</u>
Over \$100,000	83	7.76 %	\$22,012,661	46.44 %
75,001-100,000	68	6.36	5,712,745	12.05
50,001-75,000	139	13.00	8,408,877	17.74
25,000-50,000	207	19.36	7,493,470	15.81
Under 25,000	572	53.51	3,769,062	7.95
Total	1,069	100.00	\$47,396,815	100.00

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Tax Year 1998

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<u>Income Range</u>	<u>Number of Filers</u>	<u>Percent of Filers</u>	<u>Taxable Income</u>	<u>Percent of Taxable Income</u>
Over \$100,000	49	4.11 %	\$10,438,786	30.79 %
75,001-100,000	39	3.27	3,365,397	9.93
50,001-75,000	96	8.06	5,715,222	16.85
25,000-50,000	230	19.31	8,332,844	24.57
Under 25,000	777	65.24	6,056,001	17.86
Total	1,191	100.00	\$33,908,250	100.00

Source: City Income Tax Department

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Type of Customer:</b>										
Residential	\$5,752,018	\$5,309,598	\$5,455,605	\$4,676,994	\$4,457,499	\$4,611,187	\$4,252,857	\$4,071,801	\$4,051,190	\$3,977,083
Industrial (1)	13,379,497	16,079,431	14,621,760	12,550,867	10,716,879	9,150,554	9,786,084	9,463,406	9,070,673	9,444,957
Commercial	6,091,331	5,001,317	4,930,071	4,196,891	4,141,717	3,989,364	4,017,402	3,562,884	3,745,760	3,507,109
Government	237,427	215,914	213,455	190,590	193,479	213,754	204,568	244,390	233,493	245,500
<b>Total</b>	<b>\$25,460,273</b>	<b>\$26,606,260</b>	<b>\$25,220,891</b>	<b>\$21,615,342</b>	<b>\$19,509,574</b>	<b>\$17,964,859</b>	<b>\$18,260,911</b>	<b>\$17,342,481</b>	<b>\$17,101,116</b>	<b>\$17,174,649</b>

(1) Industrial sales were higher in 2006 due to a larger amount of wholesale electric sold to other utilities.

**City of Orrville, Ohio**  
*Principal Electric Customers*  
 2007 and 1998

<i>2007</i>		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Quality Castings Company	\$3,096,851	12.16 %
J M Smucker Company	1,382,087	5.43
Ross Sandcastings	1,192,442	4.68
Smith Dairy	1,182,921	4.65
Contours	983,617	3.86
WillBurt	510,930	2.01
JLG	468,007	1.84
Marshallville Corporation	398,469	1.57
Dunlap Hospital	283,541	1.11
American Weatherseal	199,835	0.79
<b>Total</b>	<b>\$9,698,700</b>	<b>38.09 %</b>
<b>Total Electric Charges for Services</b>	<b>\$25,460,273</b>	

<i>1998</i>		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Quality Castings Company	\$2,471,284	14.39 %
Technocast	1,194,860	6.96
American Commercial Vehicles	852,450	4.96
J M Smucker Company	720,554	4.20
Smith Dairy	814,626	4.74
Contours	466,183	2.71
Marshallville Corporation	325,822	1.90
WillBurt	287,700	1.68
Orrville Products	187,084	1.09
Rosemount Analytical	149,231	0.85
<b>Total</b>	<b>\$7,469,794</b>	<b>43.49 %</b>
<b>Total Electric Charges for Services</b>	<b>\$17,174,649</b>	

**City of Orrville, Ohio**

*Electric Rates Per Month*

*Last Ten Years*

	2007	2006	2005	2004
<b>Residential:</b>				
First 50 KWH	\$6.4300	\$6.4300	\$6.3700	\$6.1300
Next 250 KWH - per KWH	0.0633	0.0633	0.0627	0.0603
Next 750 KWH - per KWH	0.0565	0.0565	0.0559	0.0537
All Over 1050 KWH - per KWH	0.0506	0.0506	0.0501	0.0481
<b>General Service:</b>				
<b>Small:</b>				
Minimum Charge	9.6600	9.6600	9.5600	9.1900
First 100 KWH - per KWH	0.0965	0.0965	0.0955	0.0918
Next 200 KWH - per KWH	0.0753	0.0753	0.0746	0.0717
All Over 300 KWH - per KWH	0.0642	0.0642	0.0636	0.0612
<b>Medium (per KVA):</b>				
Minimum Charge - per KVA	1.7600	1.7600	1.7400	1.6800
First 60 KWH Block - per KWH	0.1053	0.1053	0.1043	0.1003
Second 60 KWH Block - per KWH	0.0812	0.0812	0.0804	0.0773
Third 80 KWH Block - per KWH	0.0565	0.0565	0.0559	0.0537
Fourth 100 KWH Block - per KWH	0.0490	0.0490	0.0485	0.0466
All Over 300 KWH - per KWH	0.0434	0.0434	0.0430	0.0414
<b>Large (per KVA):</b>				
Minimum Charge - per KVA	1.6200	1.6200	1.6000	1.5400
First 50 KWH Block - per KWH	0.1014	0.1014	0.1004	0.0965
Second 50 KWH Block - per KWH	0.0614	0.0614	0.0608	0.0584
Over 100 KWH Block but not				
Exceeding 100,000 KWH - per KWH	0.0452	0.0452	0.0448	0.0430
All Over Sum of Prior Amounts - per KWH	0.0403	0.0403	0.0399	0.0383
<b>Industrial (per KVA):</b>				
Minimum Charge - per KVA	3.2000	3.2000	3.1700	3.0500
First 30 KWH Block - per KWH	0.1254	0.1254	0.0124	0.1194
Second 170 KWH Block per KVA:				
2,000 KWH - per KWH	0.0805	0.0805	0.0797	0.0766
8,000 KWH - per KWH	0.0684	0.0684	0.0677	0.0651
90,000 KWH - per KWH	0.0565	0.0565	0.0559	0.0537
Over 100,000 KWH - per KWH	0.0441	0.0441	0.0437	0.0420
Third Block Over 200,000 KWH - per KWH	0.0370	0.0370	0.0366	0.0352
All Over Sum of Prior Amounts - per KWH	0.0362	0.0362	0.0358	0.0344

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

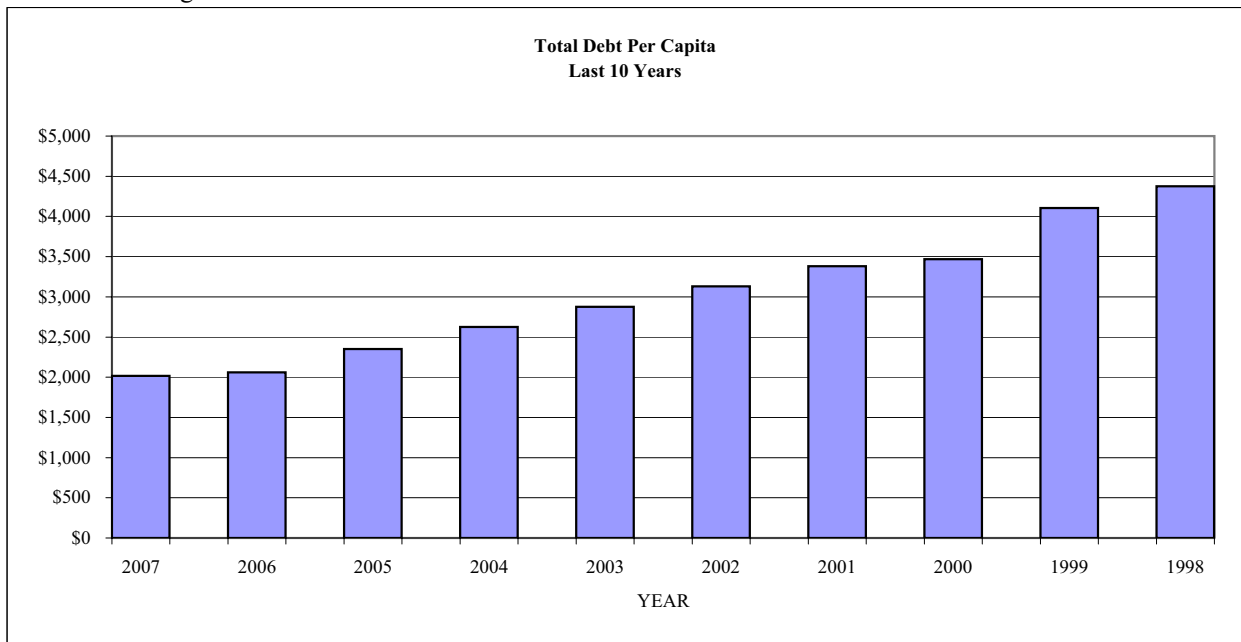
2003	2002	2001	2000	1999	1998
\$6.1300	\$6.1300	\$6.1300	\$6.1300	\$6.1300	\$6.1300
0.0603	0.0603	0.0603	0.0603	0.0603	0.0603
0.0537	0.0537	0.0537	0.0537	0.0537	0.0537
0.0481	0.0481	0.0481	0.0481	0.0481	0.0481
9.1900	9.1900	9.1900	9.1900	9.1900	9.1900
0.0918	0.0918	0.0918	0.0918	0.0918	0.0918
0.0717	0.0717	0.0717	0.0717	0.0717	0.0717
0.0612	0.0612	0.0612	0.0612	0.0612	0.0612
1.6800	1.6800	1.6800	1.6800	1.6800	1.6800
0.1003	0.1003	0.1003	0.1003	0.1003	0.1003
0.0773	0.0773	0.0773	0.0773	0.0773	0.0773
0.0537	0.0537	0.0537	0.0537	0.0537	0.0537
0.0466	0.0466	0.0466	0.0466	0.0466	0.0466
0.0414	0.0414	0.0414	0.0414	0.0414	0.0414
1.5400	1.5400	1.5400	1.5400	1.5400	1.5400
0.0965	0.0965	0.0965	0.0965	0.0965	0.0965
0.0584	0.0584	0.0584	0.0584	0.0584	0.0584
0.0430	0.0430	0.0430	0.0430	0.0430	0.0430
0.0383	0.0383	0.0383	0.0383	0.0383	0.0383
3.0500	3.0500	3.0500	3.0500	3.0500	3.0500
0.1194	0.1194	0.1194	0.1194	0.1194	0.1194
0.0766	0.0766	0.0766	0.0766	0.0766	0.0766
0.0651	0.0651	0.0651	0.0651	0.0651	0.0651
0.0537	0.0537	0.0537	0.0537	0.0537	0.0537
0.0420	0.0420	0.0420	0.0420	0.0420	0.0420
0.0352	0.0352	0.0352	0.0352	0.0352	0.0352
0.0344	0.0344	0.0344	0.0344	0.0344	0.0344

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

Year	Governmental Activities			Business-Type		
	Notes	General Obligation Bonds	Special Assessment Bonds	Notes	Revenue Bonds	Mortgage Revenue Bonds
2007	\$0	\$1,500,000	\$98,790	\$2,180,000	\$5,507,150	\$5,072,004
2006	0	0	113,178	700,000	5,890,982	8,130,290
2005	0	0	127,119	800,000	6,264,814	9,563,576
2004	0	0	139,637	900,000	6,623,646	10,941,862
2003	0	0	151,766	1,000,000	6,977,478	12,255,148
2002	0	0	154,190	1,100,000	7,321,310	13,503,434
2001	0	0	163,310	1,200,000	7,482,200	14,701,720
2000	0	0	172,170	160,000	7,741,400	15,855,006
1999	250,000	0	82,000	320,000	7,985,600	16,958,292
1998	250,000	0	97,000	480,000	8,330,000	18,650,000

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

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





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Activities

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<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$2,285,881	\$1,264,868	\$17,908,693	11.57%	\$2,015
2,666,132	725,311	18,225,893	11.83	2,060
3,031,009	785,754	20,572,272	13.50	2,351
3,381,049	846,197	22,832,391	15.08	2,626
3,716,768	906,639	25,007,799	16.51	2,876
4,039,068	967,082	27,085,084	17.96	3,129
4,347,629	1,027,525	28,922,384	19.42	3,382
4,643,319	1,087,966	29,659,861	19.91	3,469
4,926,582	1,148,409	31,670,883	32.49	4,107
5,941,494	0	33,748,494	34.63	4,376

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**City of Orrville, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2007*

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
<b>Direct - City of Orrville</b>			
Special Assessment Bonds	\$98,790	100.00 %	\$98,790
General Obligation Bonds	<u>1,500,000</u>	100.00	<u>1,500,000</u>
<i>Total Direct Debt</i>	<u>1,598,790</u>		<u>1,598,790</u>
<b>Overlapping</b>			
Orrville City School District			
General Obligation Bonds	2,575,000	80.39	2,070,043
Tax Anticipation Note	70,000	80.39	56,273
Capital Lease	13,000,000	80.39	10,450,700
Wayne County			
General Obligation Bonds	<u>10,067,500</u>	8.74	<u>879,900</u>
<i>Total Overlapping Debt</i>	<u>25,712,500</u>		<u>13,456,915</u>
Total	<u><u>\$27,311,290</u></u>		<u><u>\$15,055,705</u></u>

Source: County Auditor

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

**City of Orrville, Ohio**

*Legal Debt Margin*

*Last Seven Years*

	2007	2006	2005	2004
Total Assessed Property Value	\$172,706,200	\$179,868,790	\$174,782,986	\$175,391,238
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	18,134,151	18,886,223	18,352,214	18,416,080
Debt Outstanding:				
Revenue Bonds	\$5,960,000	\$6,385,000	\$6,800,000	\$7,200,000
Mortgage Revenue Bonds	5,165,000	8,285,000	9,780,000	11,220,000
General Obligation Bonds	1,500,000	0	0	0
Special Assessment Bonds	98,790	113,178	127,119	139,637
Bond Anticipation Notes	2,180,000	700,000	800,000	900,000
OPWC Loans	1,264,868	725,311	785,754	846,197
OWDA Loans	2,472,004	2,914,296	3,341,214	3,753,295
Total Gross Indebtedness	18,640,662	19,122,785	21,634,087	24,059,129
Less:				
Revenue Bonds	(5,960,000)	(6,385,000)	(6,800,000)	(7,200,000)
Mortgage Revenue Bonds	(5,165,000)	(8,285,000)	(9,780,000)	(11,220,000)
Special Assessment Bonds	(98,790)	(113,178)	(127,119)	(139,637)
Bond Anticipation Notes	(2,180,000)	(700,000)	(800,000)	(900,000)
OPWC Loans	(1,264,868)	(725,311)	(785,754)	(846,197)
OWDA Loans	(2,472,004)	(2,914,296)	(3,341,214)	(3,753,295)
Total Net Debt Applicable to Debt Limit	1,500,000	0	0	0
Legal Debt Margin Within 10 ½ % Limitations	\$16,634,151	\$18,886,223	\$18,352,214	\$18,416,080
Legal Debt Margin as a Percentage of the Debt Limit	91.73%	100.00%	100.00%	100.00%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	\$9,498,841	\$9,892,783	\$9,613,064	\$9,646,518
Total Gross Indebtedness	18,640,662	19,122,785	21,634,087	24,059,129
Less:				
Revenue Bonds	(5,960,000)	(6,385,000)	(6,800,000)	(7,200,000)
Mortgage Revenue Bonds	(5,165,000)	(8,285,000)	(9,780,000)	(11,220,000)
Special Assessment Bonds	(98,790)	(113,178)	(127,119)	(139,637)
Bond Anticipation Notes	(2,180,000)	(700,000)	(800,000)	(900,000)
OPWC Loans	(1,264,868)	(725,311)	(785,754)	(846,197)
OWDA Loans	(2,472,004)	(2,914,296)	(3,341,214)	(3,753,295)
Net Debt Within 5 ½ % Limitations	1,500,000	0	0	0
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$7,998,841	\$9,892,783	\$9,613,064	\$9,646,518
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	84.21%	100.00%	100.00%	100.00%

Source: City Financial Records

Note: 2001 was the earliest information available.

2003	2002	2001
<u>\$186,133,520</u>	<u>\$173,436,672</u>	<u>\$169,747,424</u>
19,544,020	18,210,851	17,823,480
\$7,595,000	\$7,980,000	\$7,482,200
12,595,000	13,905,000	14,701,720
0	0	0
151,766	154,190	163,310
1,000,000	1,100,000	1,200,000
906,639	967,082	1,027,525
4,151,055	4,535,396	4,347,631
26,399,460	28,641,668	28,922,386
(7,595,000)	(7,980,000)	(7,482,200)
(12,595,000)	(13,905,000)	(14,701,720)
(151,766)	(154,190)	(163,310)
(1,000,000)	(1,100,000)	(1,200,000)
(906,639)	(967,082)	(1,027,525)
(4,151,055)	(4,535,396)	(4,347,631)
0	0	0
<u>\$19,544,020</u>	<u>\$18,210,851</u>	<u>\$17,823,480</u>
100.00%	100.00%	100.00%
<u>\$10,237,344</u>	<u>\$9,539,017</u>	<u>\$9,336,108</u>
26,399,460	28,641,668	28,922,386
(7,595,000)	(7,980,000)	(7,482,200)
(12,595,000)	(13,905,000)	(14,701,720)
(151,766)	(154,190)	(163,310)
(1,000,000)	(1,100,000)	(1,200,000)
(906,639)	(967,082)	(1,027,525)
(4,151,055)	(4,535,396)	(4,347,631)
0	0	0
<u>\$10,237,344</u>	<u>\$9,539,017</u>	<u>\$9,336,108</u>
100.00%	100.00%	100.00%

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

Year	Electric Operating Revenues (1)	Electric Operating Expenses (2)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2007	\$27,683,413	\$22,730,769	\$4,952,644	\$3,120,000	\$358,983	1.42
2006	28,346,534	22,920,021	5,426,513	1,495,000	399,691	2.86
2005	26,694,430	22,803,540	3,890,890	1,440,000	327,995	2.20
2004	23,254,909	20,148,363	3,106,546	1,375,000	640,384	1.54
2003	20,852,917	19,022,457	1,830,460	1,310,000	544,252	0.99
2002	19,538,733	17,566,833	1,971,900	1,260,000	740,121	0.99
2001	19,705,834	15,781,278	3,924,556	1,215,000	761,289	1.99
2000	17,574,117	14,533,866	3,040,251	1,165,000	808,294	1.54
1999	17,636,132	13,995,474	3,640,658	1,130,000	871,517	1.82
1998	17,689,972	12,533,335	5,156,637	1,020,000	1,069,939	2.47

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

(2) Operating expenses do not include depreciation.

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

Year	Water Operating Revenues (1)	Water Operating Expenses (2)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2007	\$3,363,974	\$1,670,713	\$1,693,261	\$425,000	\$221,712	2.62
2006	3,090,791	1,741,923	1,348,868	415,000	242,379	2.05
2005	2,694,596	1,390,760	1,303,836	400,000	259,292	1.98
2004	2,590,025	1,619,417	970,608	395,000	304,307	1.39
2003	2,459,971	1,484,096	975,875	385,000	298,947	1.43
2002	2,454,413	1,931,137	523,276	263,294	272,061	0.98
2001	2,674,119	1,536,782	1,137,337	265,000	492,380	1.50
2000	2,480,785	1,335,435	1,145,350	250,000	474,284	1.58
1999	2,543,489	1,207,619	1,335,870	240,000	485,684	1.84
1998	2,564,567	1,113,054	1,451,513	230,000	496,379	2.00

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

(2) Operating expenses do not include depreciation.

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

<b>2007</b>	
Employer	Employees
J.M. Smucker Company	1,100
JLG, Incorporated	495
Smith Dairy Products Company	329
Quality Castings Company	318
Will-Burt Company, Incorporated	294
University of Akron - Wayne College	232
Dunlap Hospital	241
Orrville City Schools	210
Contours Bekaert, Incorporated	195
City of Orrville/Orrville Utilities (1)	181
<b>Total</b>	<b>3,595</b>
<b>Total Employment within the City</b>	<b>n/a</b>

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

Source: Wayne County, Ohio: County Auditor

n/a - Information not available

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

Note: 2001 was the earliest information available.



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

Year	Population (1)	Total Personal Income (4)	Personal Income Per Capita (2)	Median Household Income (2)	Median Age (2)	Wayne County Unemployment Rate (3)
2007	8,886	\$154,785,234	\$17,419	\$36,500	35.5	5.0%
2006	8,847	154,105,893	17,419	36,500	35.5	4.5
2005	8,751	152,433,669	17,419	36,500	35.5	5.0
2004	8,695	151,458,205	17,419	36,500	35.5	5.3
2003	8,695	151,458,205	17,419	36,500	35.5	5.1
2002	8,656	150,778,864	17,419	36,500	35.5	4.9
2001	8,551	148,949,869	17,419	36,500	35.5	3.9
2000	8,551	148,949,869	17,419	36,500	35.5	3.3
1999	7,712	97,464,256	12,638	28,399	34.5	3.6
1998	7,712	97,464,256	12,638	28,399	34.5	3.4

(1) Sources:

- (a) Years 2002 through 2007 - Orrville Safety Service Department Estimates
- (b) Year 2000 and 2001 - 2000 Federal Census, U.S. Census Bureau
- (c) Years 1998 and 1999 - 1990 Federal Census, U.S. Census Bureau

(2) Source: U.S. Census Bureau

- (a) Years 2000 - 2007 - 2000 Federal Census
- (b) Years 1998 and 1999 - 1990 Federal Census

(3) U.S. Bureau of Labor Statistics

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

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

Function/Program	2007	2006	2005	2004	2003	2002
<b>General Government</b>						
City Council	9.00	9.00	9.00	9.00	9.00	9.00
Finance	4.00	4.00	4.00	4.00	4.00	4.00
Tax	1.00	1.00	1.00	1.00	1.00	1.00
Law	1.00	1.00	1.00	1.00	1.00	1.00
Administration	19.00	21.00	19.00	19.00	21.00	22.00
Custodial	2.00	2.00	2.00	2.00	2.00	2.00
Civil Service	3.00	3.00	3.00	3.00	3.00	3.00
Utility Board	5.00	5.00	5.00	5.00	5.00	5.00
<b>Security of Persons and Property</b>						
Police	14.00	17.00	17.00	16.00	16.00	18.00
Police - Dispatchers	7.00	5.00	5.00	5.00	5.00	6.00
School Crossing Guards	5.00	4.00	4.00	5.00	5.00	4.00
Fire	38.00	39.00	32.00	33.00	44.00	33.00
<b>Community Development</b>						
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00
<b>Transportation</b>						
Street, Park & Cemetery	17.00	15.00	16.00	16.00	18.00	19.00
<b>Basic Utility Services</b>						
Electric - Meter Readers	3.00	3.00	3.00	3.00	2.00	3.00
Electric - Operations	18.00	18.00	18.00	19.00	20.00	18.00
Electric - Maintenance	26.00	25.00	24.00	24.00	25.00	28.00
Electric - Distribution	20.00	19.00	19.00	21.00	20.00	22.00
Electric - Fiber Optics	3.00	3.00	3.00	3.00	3.00	3.00
Water - Operations	8.00	8.00	8.00	8.00	7.00	7.00
Water - Maintenance	5.00	3.00	3.00	3.00	3.00	4.00
Sewer - Operations	7.00	7.00	7.00	7.00	7.00	7.00
Sewer - Maintenance	3.00	3.00	2.00	2.00	2.00	2.00
<b>Totals:</b>	<u>219.00</u>	<u>216.00</u>	<u>206.00</u>	<u>210.00</u>	<u>224.00</u>	<u>222.00</u>

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

(1) Information prior to 2002 is not available

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

Function/Program	2007	2006	2005	2004	2003	2002
<b>General Government</b>						
<i>Council and Clerk</i>						
Number of Ordinances Passed	22	64	54	40	45	57
Number of Resolutions Passed	76	16	22	17	26	17
Number of Planning Commission docket items	51	67	62	55	56	69
Zoning Board of Appeals docket items	6	10	10	12	10	19
<i>Finance Department</i>						
Number of checks/ vouchers issued	5,810	5,568	5,398	5,404	5,297	5,370
Amount of checks written	\$49,109,112	\$48,792,992	\$73,789,581	\$53,607,377	\$81,763,807	\$147,562,726
Interest earnings for fiscal year (cash basis)	\$1,162,009	\$976,168	\$583,131	\$270,030	\$310,961	\$1,474,219
Number of Receipts issued	1,815	1,824	1,837	1,865	1,912	1,920
Number of Journal Entries issued	653	616	560	739	801	790
Number of Budget Adjustments issued	8	3	5	5	0	2
<i>Income Tax Department</i>						
Number of Individual Returns	1,065	1,089	1,084	1,148	1,118	1,168
Number of Business Returns	509	494	439	434	486	476
Number of business withholding accounts	489	448	467	464	452	447
Amount of Penalties and Interest Collected	\$123	\$125	\$315	\$267	\$212	\$295
Annual number of Corporate withholding forms processed	2,109	1,973	1,858	1,856	1,833	1,773
Annual number of balance due statements forms processed	49	34	40	28	45	51
Annual number of estimated payment forms processed	594	611	643	641	639	646
Annual number of reconciliations of withholdings processed	493	486	431	501	517	492
<i>Civil Service</i>						
Number of police entry tests administered	1	0	1	0	0	0
Number of police promotional tests administered	0	1	1	0	0	0
Number of hires of Police Officers from certified lists	1	0	1	0	0	0
Number of promotions from police certified lists	0	2	0	0	0	0
<i>Building Department Indicators</i>						
New Construction Permits Issued	54	96	65	72	83	93
Estimated Value of Construction	\$15,170,164	\$30,392,960	\$9,503,390	\$11,745,253	\$10,704,259	\$12,990,827
Number of permits issued	166	173	182	163	164	164
Amount of Revenue generated from permits	\$3,290	\$4,972	\$5,195	\$5,164	\$5,461	\$3,019
<b>Security of Persons &amp; Property</b>						
<i>Police</i>						
Total Calls for Services	N/A	N/A	N/A	9,928	10,841	10,240
Number of traffic citations issued	705	1,839	1,903	1,018	1,021	852
Number of parking citations issued	N/A	N/A	N/A	117	175	98
Number of criminal arrests	320	361	316	445	489	514
Number of accident reports completed	225	197	231	205	239	249
Part 1 Offenses (major offenses)	247	258	236	218	211	269
DUI Arrests	42	53	36	54	72	48
Motor Vehicle Accidents	225	197	231	205	239	249
<i>Fire</i>						
EMS Calls	353	326	302	277	231	275
Ambulance Billing Collections (net)	\$101,496	\$63,970	\$63,927	\$56,548	\$42,435	\$46,866
Fire Calls	219	144	154	178	160	171
Fires with Loss	19	37	50	52	68	51
Fire Losses	\$496,560	\$143,400	\$366,000	\$130,000	\$1,354,464	\$214,400
Fire Safety Inspections	68	60	48	47	60	31
Number of times Mutual Aid given to Fire and EMS	37	31	39	42	35	54
Number of times Mutual Aid received for Fire and EMS	6	7	8	5	4	3
<b>Public Health and Welfare</b>						
Cemetery burials	70	64	86	79	79	79
Cemetery sale of lots	79	25	27	47	17	41
Cemetery receipts	\$78,112	\$45,236	\$56,711	\$63,104	\$50,633	\$68,482

(continued)

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

Function/Program	2007	2006	2005	2004	2003	2002
<b>Leisure Time Activities</b>						
<i>Recreation</i>						
Recreation Swimming pool receipts	\$41,963	\$42,854	\$49,730	\$37,947	\$41,751	\$51,722
<b>Community Development</b>						
Grant amounts received due to Economic Development Dept.	\$1,350,126	\$292,053	\$344,679	\$581,799	\$1,183,125	\$365,825
<b>Basic Utility Services</b>						
Refuse disposal per year (in tons)	3,229	2,966	3,108	3,835	3,391	3,126
Refuse disposal costs per year	\$306,670	\$299,057	\$282,402	\$280,861	\$273,066	\$271,458
Annual recycling tonnage (excluding leaf, and compost items)	368	334	364	393	345	384
Percentage of waste recycled	11.39%	11.30%	11.70%	10.33%	10.00%	13.00%
<b>Transportation</b>						
Street Improvements - asphalt overlay (linear feet)	15,797	500	610	761	827	691
Street Repair (Curbs, aprons, berms, asphalt) (hours)	2,463	1,210	1,058	692	481	423
Paint Striping (hours)	340	247	347	256	169	558
Street Sweeper (hours)	471	340	207	376	382	485
Cold Patch (hours)	66	243	343	290	426	274
Snow & Ice Removal regular hours	707	109	216	481	155	90
Snow & Ice Removal overtime hours	386	48	359	53	248	158
Sewer Crew (hours)	815	1,269	768	1,317	1,312	1,972
Sewer jet, Vac-all, other services (hours)	142	307	88	79	421	469
Landscaping Stump-Chipper service (hours)	1,099	183	N/A	N/A	N/A	N/A
Leaf collection (hours)	933	803	684	621	544	684
Holiday lights setup (hours)	66	50	47	22	46	66
Equipment repair/body shop (hours)	808	1,110	788	1,061	884	921
Sign department (hours)	173	157	85	67	393	257
Number of Trees Planted per year	27	117	73	93	73	80
Tons of snow melting salt purchased (Nov-Mar)	332	305	1,154	835	350	1,416
Cost of salt purchased	\$13,334	\$11,236	\$24,348	\$19,475	\$8,636	\$22,702
Vehicle repair/body shop	\$1,821	\$1,765	\$1,574	\$1,374	\$1,219	\$1,596
<b>Water Department</b>						
Water Rates per 1st 100 Cu ft of water used	\$2.71	\$2.63	\$2.56	\$2.48	\$2.41	\$2.34
Avg. number of water accounts billed monthly (Cu. Ft.)	103,533	204,347	224,383	112,465	105,356	101,650
Total Water Collections Annually (Including P&I)	\$2,973,543	\$2,902,394	\$2,681,687	\$2,541,640	\$2,433,893	\$2,465,341
<b>Sewer Department</b>						
Sewer Rates per 1st 100 Cu ft of water used	\$2.64	\$2.64	\$2.64	\$2.64	\$2.64	\$2.64
Total flow of sewer treatment plant (Billions of Gallons)	0.795	0.777	0.717	0.790	0.743	0.639
Average daily flow (Millions of gallons per day)	2.163	2.130	2.040	2.250	2.110	1.750
Tons of dry sludge removed	338	178	395	377	133	334

(1) Information prior to 2002 is not available

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

Function/Program	2007	2006	2005	2004
<b>General Government</b>				
Square Footage Occupied	71,554	71,554	71,554	71,554
Administrative Vehicles	4	4	4	3
Inspection Vehicles	1	1	1	1
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building	11,700	11,700	11,700	11,700
Vehicles	9	9	9	9
<b>Fire</b>				
Stations	2	2	2	2
Square Footage of Building	10,900	10,900	10,900	10,900
Vehicles	12	12	12	12
<b>Recreation</b>				
Number of Parks	6	6	6	6
Number of Pools	1	1	1	1
Number of Tennis Courts	6	6	6	6
Number of Baseball Diamonds	7	7	7	7
Vehicles	1	1	1	1
<b>Transportation</b>				
Streets (miles)	46	46	46	46
Storm Sewers (miles)	150	150	150	150
Service Vehicles	22	22	22	22
<b>Sewer Department</b>				
Sanitary Sewers (miles)	42	42	42	42
Vehicles	7	7	7	7
<b>Water Department</b>				
Water Lines (miles)	57	57	57	57
Vehicles	12	12	12	12

2003	2002	2001	2000	1999	1998
71,554	71,554	71,554	71,554	71,554	71,554
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
11,700	11,700	11,700	9,460	9,460	9,460
9	9	9	9	9	9
2	2	2	2	2	2
10,900	10,900	10,900	11,016	11,016	11,016
11	11	11	11	11	11
6	6	6	6	6	6
1	1	1	1	1	1
6	6	6	6	6	6
7	7	7	7	7	7
1	1	1	1	1	1
46	46	46	46	46	46
150	150	150	150	150	150
22	22	22	22	21	21
42	42	42	42	42	42
7	7	7	7	7	7
57	57	57	57	57	57
12	12	12	12	12	12

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**Mary Taylor, CPA**  
Auditor of State

**CITY OF ORRVILLE**

**WAYNE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 5, 2008**