
CITY OF TROTWOOD, OHIO

Yellow Book Report

December 31, 2004



**Auditor of State
Betty Montgomery**

The Honorable Mayor and
Members of the City Council
City of Trotwood
Trotwood, Ohio

We have reviewed the *Independent Auditor's Report* of the City of Trotwood, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

September 2, 2005

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

June 16, 2005

The Honorable Mayor and Members of the
City Council of the City of Trotwood

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Trotwood, Ohio (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.


Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-1, 2004-2, 2004-3 and 2004-4.

This report is intended solely for the information of management, the Auditor of State and the Honorable City Council of the City of Trotwood, Ohio and is not intended to be and should not be used by anyone other than these specified parties.



Plattenburg & Associates, Inc.
Certified Public Accountants

**Schedule of Findings
December 31, 2004**

Finding Number 2004-001

Non Compliance Citation

Ohio Revised Code Section 5705.41D states that no contracts or orders involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. During the year certain expenditures were not properly encumbered prior to incurring the obligation. Failure to properly certify funds could result in overspending funds.

Finding Number 2004-002

Non Compliance Citation

Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. At year end the following funds had disbursements exceeding appropriations at the legal level of control:

General Fund:

General Government	
Mayor and Council	\$10,125
City Manager	5,275
Finance	7,195
Building and Grounds	7,673
Public Safety	
Capital Outlay	30,195
Leisure Time Activities	
Parks and Recreation Administration	1,929
Community Development	
Planning and Development Administration	29,569
Planning and Zoning	1,297
Transportation and Street Repair	
Street Lighting	200,448
Capital Outlay	133,428
Special Revenue:	
State Highway	1,833
Fire Levy	109,331
Rescue Levy	41,871
Capital Projects:	
Salem Mall Tax Increment	25,379

During the year, the City had disbursements exceeding appropriations in the following funds:

Special Revenue:	
Curb/Gutter/Sidewalk Assessment	\$88,893
Law Enforcement Trust	4,223
Capital Projects	
Salem Mall Tax Increment	179,229
West Third Street Improvement	1,601,000
Internal Service	19,221

Finding Number 2004-003

Non Compliance Citation

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated resources. At the beginning of the year the following funds had appropriations exceeding estimated resources:

Special Revenue:	
Motor Vehicle License Tax	\$12,167
Grants	82,798
Debt Retirement	103,710
Capital Projects:	
Public Works Facility Construction	489,995
Industrial Park	10,211

At year end, the City had appropriations exceeding estimated resources in the following funds:

Special Revenue:	
Motor Vehicle License Tax	\$166,167
Grants	74,149
Capital Projects:	
Fire Facility Improvements	9,848

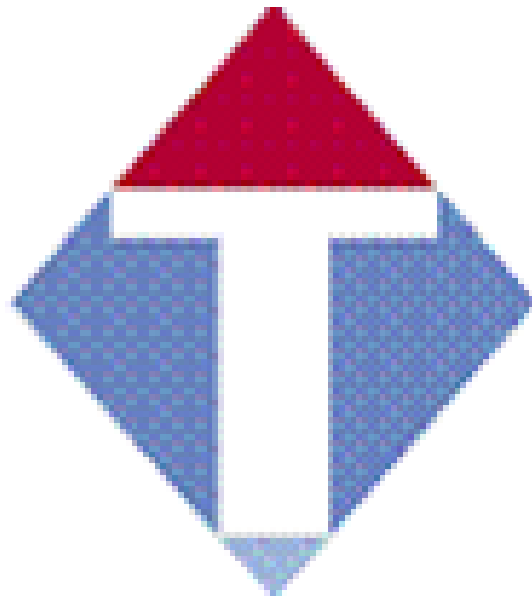
Finding Number 2004-004

Non Compliance Citation

Ohio Revised Code Section 5705.10 provides that money paid into any fund shall be used only for purposes for which such fund is established. The following funds had negative cash fund balances at year end:

Special Revenue:	
Motor Vehicle License Tax	\$145,550
Permissive Use Tax	160,473
Grants	385,503
Capital Projects:	
West Third Street Improvements	806,679

Comprehensive Annual Financial Report



**City of Trotwood
Trotwood, Ohio
December 31, 2004**

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CITY OF TROTWOOD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004

PREPARED BY:
DEPARTMENT OF FINANCE
JON W. STOOPS
FINANCE DIRECTOR

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INTRODUCTORY SECTION

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Trotwood City Council

Donald K. McLaurin
Mayor
Darreyl D. Davis
Vice-Mayor
Barbara J. Staggs
At Large
Joyce Sutton Cameron
Ward 1
Rap Hankins
Ward 2
Ronald Vaughn
Ward 3
Oscar L. Holliday
Ward 4
Lois M. Singleton
Clerk of Council

June 16, 2005

To the Mayor, Members of
City Council and Citizens of
City of Trotwood, Ohio

We are pleased to present the comprehensive annual financial report of the City of Trotwood, Ohio, for the fiscal year ended December 31, 2004. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This Comprehensive Annual Financial Report incorporates GASB Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Statement No. 34 was developed to make annual financial reports of state and local governments easier to understand and more useful to those who make decisions using governmental financial information. This report represents and reflects upon the City's financial operations and condition to the City's residents, its elected officials, management personnel, financial institutions, City bondholders, rating agencies and all other parties interested in the financial affairs of the City.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes the transmittal letter, the City's organizational chart and a list of principal officials. The financial section begins with the Report of the Independent Accountants and includes the Management's Discussion and Analysis, the Basic Financial Statements Combining Statements for the non-major funds and other schedules that provide detailed information relative to the Basic Financial Statements. The statistical section includes selected economic data, financial trend and demographic information, generally presented on a multi-year basis.

THE REPORTING ENTITY AND ITS SERVICES

The City of Trotwood is located in Montgomery County on the western limits of the City of Dayton, Ohio. It is approximately seventy miles west of the state capitol, Columbus, and sixty miles north of Cincinnati. Interstate 70 and 75 intersect each other approximately five miles northeast of Trotwood.

The City is a political subdivision of the State of Ohio, incorporated as a village in 1901 and as a city in 1971. It is a home rule municipal corporation under Article XVIII of the Ohio Constitution utilizing the council-manager form of government. Governing direction is provided by the home rule charter first adopted in 1964 and subsequently amended. On January 1, 1996, the City merged with Madison Township more than tripling its population and land area. The resulting community is the fourth most populous city in Montgomery County with 27,420 residents and its land area (over 28 square miles) is surpassed only by the City of Dayton.

Overall policy direction is the responsibility of the City Council which is composed of the Mayor and six Councilpersons, four elected from geographic districts and two elected at-large. The Mayor is directly elected at-large. The Mayor and all members of council are elected to staggered four-year terms, with elections every two years.

City Council is responsible, among other things, for passing ordinances, adopting the budget and hiring the City Manager, Law Director and Clerk of Council. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the directors of City departments.

The City provides many services for the benefit of its citizens including police protection, fire protection, emergency medical service, street maintenance and repair, parks maintenance, recreation programs, water and sewer utilities within a portion of the city, refuse collection, code enforcement, planning and zoning and other administrative services.

The financial reporting entity includes all the funds of the primary government (i.e., the City of Trotwood as legally defined). No other entities operating in the City and/or for the benefit of its citizens meet the criteria for inclusion in the reporting entity and are, thus, not included in this report.

ECONOMIC CONDITION AND OUTLOOK

The City of Trotwood is a major suburb within a diversified regional economy characterized by relatively low unemployment, modest job growth and stable major employers. Nearby Wright Patterson Air Force Base employs approximately 22,000 making it the largest single-site employer in the State of Ohio. Delphi Automotive Systems employs more than 8,000 in its several area facilities. Companies such as Menlo Worldwide, Behr America, General Motors Truck Group, NCR Corporation and LEXIS-NEXIS are included among the list of other top regional employers. Good Samaritan Hospital and the Dayton Veterans Administration Center are major employers within Dayton close to Trotwood. Although none of these facilities are physically located in Trotwood, the City benefits by having these employment opportunities for the numerous Trotwood residents who work for these enterprises. Trotwood is home to the corporate headquarters of Moto Franchise Corporation, a national photo finishing chain.

The City's Salem Avenue shopping district has served as the commercial hub of northwest Montgomery County for many years. Salem Mall had previously been the anchor of the district, but due to recent rapidly declining occupancy, was acquired by the City in 2004 for redevelopment purposes. The adjacent Consumer Square shopping center is a major draw in the district, as are several "big box" retailers such as Wal-Mart, K-Mart, Lowe's, Target and Home Depot. Nearby, Hara Arena draws large crowds to its facilities for various shows, conferences and sporting activities.

The "Trotwood Connector," a limited access highway on a north-south axis through the center of the City was completed in 2000 and provides access for potential development of several large adjacent tracts. The City in 2001 completed the installation of streets and utilities to make a 38-acre site west of the Connector available as a light industrial park. An additional 30 acres adjacent to the Industrial Park were acquired in 2002 for future expansion.

MAJOR INITIATIVES

The City of Trotwood made several noteworthy initiatives in 2004 while continuing to cope with the fiscal difficulties faced by most communities across the country. Additional milestones were seen in pursuit of the November 2003 announcement of the City's intent to create a new mixed use town center at the site currently known as the Salem Mall. Other economic development objectives were also achieved in 2004. Ambitious projects to improve City facilities and infrastructure were underway during the year. Also the City continued its success in obtaining grant commitments to aid vital projects.

The efforts to advance the New Town center project followed three parallel tracks during 2004, seeking to expand the City's control of the site, to attract private developers to participate in the project and to maximize the tax increment financing capacity that could be derived from parcels in this vicinity for public improvements that would be needed.

Anticipating possible resistance from the owner of the central portion of the site to agree to a sale, the City undertook a blight study and secured Planning Commission approval for a Salem Mall Urban Renewal Plan as a precursor to potential eminent domain acquisition. As events transpired, mutual agreement was reached in July for the City to purchase the central "spine" of the mall and adjoining parking area for \$3,500,000. A one year note in this amount was issued in September in order to finalize a closing in early October. The City engaged a real estate management firm to oversee winding down the occupancy of the remaining few mall tenants and also commenced preparation of a bid package for demolition of the vacant J. C. Penney anchor store structure.

Concurrently, the concept plan for future uses of the Salem Mall site was refined by consulting architects to create a marketing package for presentation to various private developers who might have potential interest in partnering on this project. As a result, in late 2004, the City was presented a "pre-development" agreement proposal by General Growth Properties, a major national retail developer, that would serve as a feasibility study and lead to a formal redevelopment plan.

To secure a satisfactory financing arrangement for the project, the City also identified 280 acres of property at and around the site for inclusion in a New Town Center TIF District. The City successfully conducted negotiations with the Trotwood-Madison School Board to accept a 30 year term for utilization of incremental assessed values within the district for financing public improvements. Legislation was adopted concurrently by the School Board and by the City in December to authorize creation of the TIF District reflecting this mutual agreement.

Other economic development successes during 2004 included the announcement of the first tenant for the City's Industrial Park. O'Danny Boy, a specialty ice cream products distributor, presented plans for a 5,500 square foot office and warehouse building on a 1.7 acre parcel. Also, the City negotiated the sale of a vacant fire station to a truck fabrication firm under a development agreement providing for its use as a handicapped van customizing facility. In addition, the NRP Group, a residential developer that has demonstrated success with infill housing production in other Ohio cities, submitted plans to construct approximately 55 dwellings on vacant lots in the Crown Point neighborhood. In August, the renovation of the Moto Franchise Corporation headquarters was completed utilizing a \$295,000 County grant in exchange for a commitment to remain in Trotwood.

The City actively worked on several municipal facilities and infrastructure improvements during 2004. A \$99,000 project in John Wolfe Park was completed, adding a new playground structure with a rubberized play surface, and related park benches and walkways. The City acquired a 4.7 acre parcel on Little Richmond Road immediately west of the Connector to serve as the site of a new south Fire Station. An architectural firm was engaged to undertake construction design for the fire station. The City completed with developer participation a traffic signal installation and intersection improvement at the entrance to the new Walgreen's pharmacy on Salem Avenue.

A \$1.7 million construction contract was awarded for the West Third Street Phase I reconstruction project. This project on our southern border, which is also designated as U.S. Route 35, received grant support from the Ohio Public Works Commission, Ohio Department of Transportation, Montgomery County and Jefferson Township to accomplish widening, resurfacing and installation of curbs, gutters and sidewalks. The City was also successful in securing grant funding for Phase II of this improvement and initiated design engineering for extension of comparable upgrades further west on West Third Street. Another completed project utilizing an OPWC grant was the rehabilitation of a collapsed storm sewer at Denlinger and Shiloh Springs.

During the year attention was given to strategic initiatives to assure the ongoing provision of the full array of important municipal services. The 2004 annual street resurfacing program provided 7.1 miles of overlay at a cost of \$403,000. Also the City repaired 3,500 feet of deteriorated curbs in conjunction with the overlay program. The City renewed its partnership for a second year with the Jewish Community Center and the Greater Dayton YMCA to operate the outdoor pool at the Jewish Community Center, in lieu of reopening the municipal pool. In November, the City gained voter approval for the renewal of the 2 mill emergency medical service levy for an additional five years, which will assure continuation of more than \$500,000 annually in support of medic staffing and operating costs.

The City was also awarded Ohio Public Works Commission grant funding for two other projects planned for 2005: 1) the elimination of the Olive Road Pumping Station, which has been a perennial maintenance problem, by installation of a new gravity sewer line, and 2) resurfacing and reconstructing curbs and gutters on the .6 mile four lane segment of Salem Avenue from Westbrook to Olive Road.

INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. It is management's belief that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

In addition, the government maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. The level of budgetary for the General Fund is at the budget center or department level (e.g., Police Patrol, Street Maintenance, Fleet Maintenance). The legal level of budgetary control for other funds is at the fund level.

The City also maintains an encumbrance accounting system as one method of maintaining budgetary control. Purchase orders which result in overruns of appropriations are not processed until additional appropriations are made available either by ordinance of City Council or administrative transfer from another appropriation. Open encumbrances are reported as reservations of fund balance at year-end.

DEBT ADMINISTRATION

At year-end, the City had nine debt obligations outstanding. These issues included \$3,645,000 for a general obligation bond and \$6,170,000 for eight one-year bond anticipation notes for a total of \$9,815,000 subject to bonded debt limitations.

In addition the 10-year loan agreement that the City entered into with the Ohio Public Works Commission in 2001 to finance a sewer lift station renovation project has a \$36,876 principal balance as of December 31, 2004.

CASH MANAGEMENT

Temporarily idle cash during the year was invested in overnight repurchase agreements and the State Treasurer's investment pool (STAR Ohio). Total interest earned by the City in 2004 amounted to \$45,052.

The aim of the City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, the majority of deposits and investments were either insured by federal depository insurance or collateralized.

RISK MANAGEMENT

By statute and court decisions, Ohio retains only limited tort immunity for local government. In addition to potential tort liabilities, the City is liable for employees' Workers' Compensation claims, plus the risk of casualty loss to real and personal property owned by the City, and must provide faithful performance bonds for certain City officials.

OTHER INFORMATION

Independent Audit. The State of Ohio requires an annual audit by either the Auditor of State or by an independent accounting firm. The basic financial statements of the City of Trotwood, Ohio for the fiscal year ended December 31, 2004 have been audited by Plattenburg and Associates, Inc. Their unqualified opinion has been included in this report.

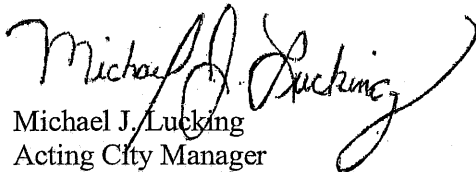
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Trotwood for its comprehensive annual financial report for the fiscal year ended December 31, 2003. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City received the GFOA Award for Distinguished Budget Presentation for its annual operating budget for the fiscal year beginning January 1, 2004. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

Acknowledgements. The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department, and other City departments as well, who assisted and contributed to the preparation of this report. Finally, special acknowledgement is given to the Mayor and City Council for their continuing support and commitment to responsible fiscal reporting.

Respectfully submitted,


Michael J. Lucking
Acting City Manager


Jon W. Stoops
Finance Director

CITY OF TROTWOOD, OHIO
List of Elected and Appointed Officials
December 31, 2004

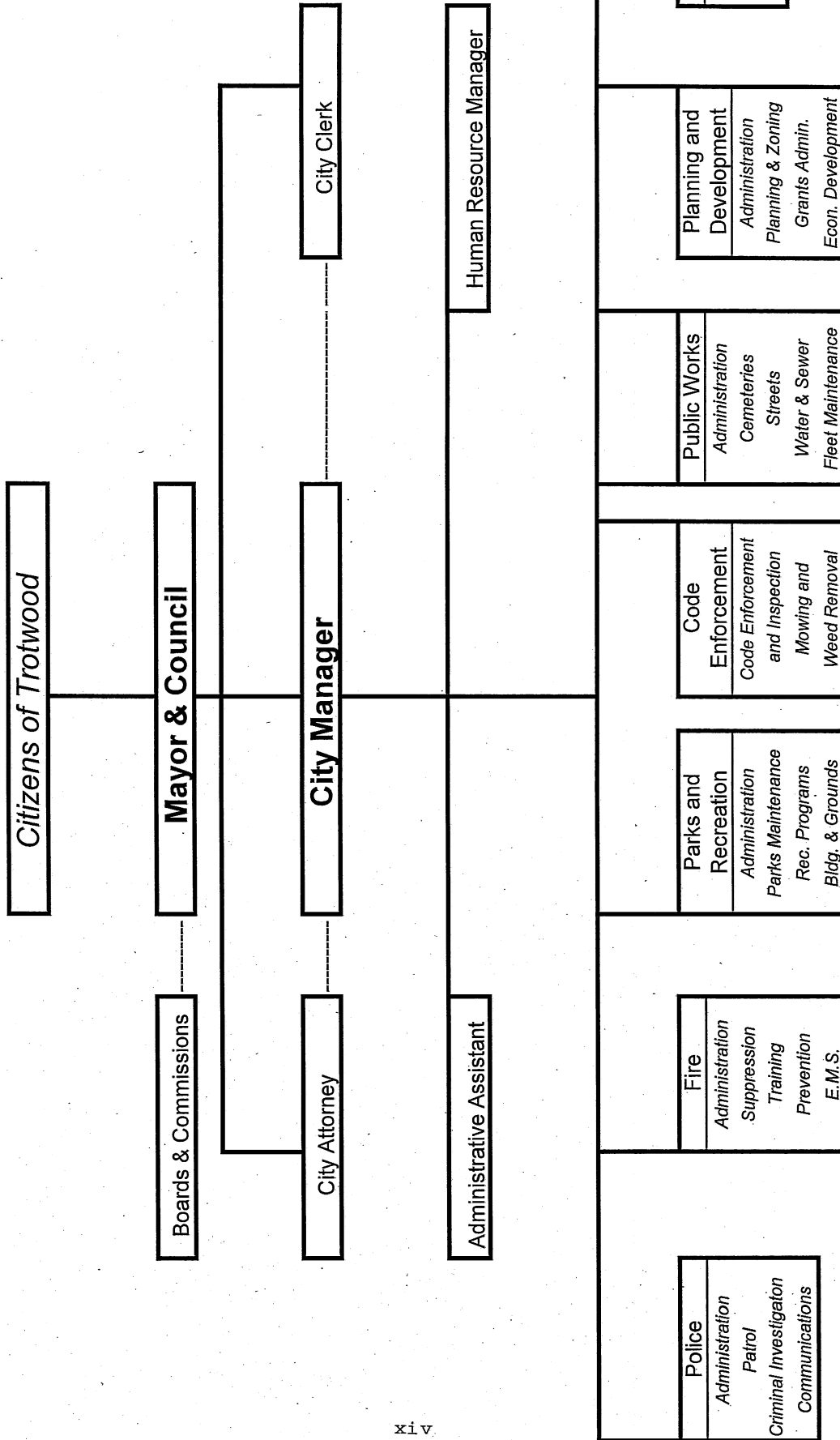
ELECTED OFFICIALS

Donald K. McLaurin	Mayor
Darreyl D. Davis (Vice-Mayor)	Councilmember At Large
Barbara J. Staggs	Councilmember At Large
Joyce Sutton-Cameron	Councilmember, District 1
Rap Hankins	Councilmember, District 2
Charles R. Vaughn	Councilmember, District 3
Oscar L. Holliday	Councilmember, District 4

APPOINTED OFFICIALS

Michael J. Lucking	City Manager (Acting)
Lois M. Singleton	Clerk of Council
Jon W. Stoops	Finance Director
Vacant	Fire Chief
Barbara Brooks	Human Resource Manager
Stephen M. McHugh	Law Director
Terry Lodge	Parks & Recreation Director
Michael J. Lucking	Planning & Development Director
Michael E. Etter	Police Chief
Thomas Odenigbo	Public Works Director

CITY OF TROTWOOD, OHIO
 Organization Chart
 December 31, 2004



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Trotwood,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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



President

Executive Director

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FINANCIAL SECTION

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June 16, 2005

REPORT OF INDEPENDENT ACCOUNTANTS

The Honorable Mayor and Members of the
City Council of the City of Trotwood

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 Trotwood, Ohio, (the City) as of and for the year ended December 31, 2004, 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 an opinion on these financial statements based on our audit.

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

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 Trotwood, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, 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 16, 2005 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 grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information

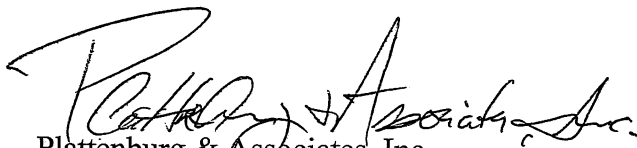
The Management's Discussion and Analysis information and the budgetary information listed in the table of contents as required supplementary information is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in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

Combining Financial Statements and Individual Fund Schedules

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City, taken as a whole. The accompanying information identified in the table of contents as combining statements and individual fund schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Introductory and Statistical Sections

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.



Plattenburg & Associates, Inc.
Certified Public Accountants

City of Trotwood

Management's Discussion and Analysis For The Year Ended December 31, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Trotwood's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2004.

FINANCIAL HIGHLIGHTS

- The City's total net assets decreased \$10,181. Net assets of governmental activities decreased \$8,267, net assets of business-type activities decreased by \$1,914.
- The General Fund reported a decrease in fund balance of \$162,238.
- Business-type operations reflected an operating loss of \$11,929.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City's financial situation as a whole and to give a detailed view of the City's fiscal condition.

The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These reports provide information that will help the reader to determine if the City of Trotwood is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes to those assets. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

- **Governmental Activities** - Most of the City's services are reported here including police, fire, rescue, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, intergovernmental revenue, charges for services, and interest finance most of these activities.
- **Business-Type Activities** - These services include Water, Sewer, Refuse Collection and Stormwater. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Information about the City's major funds is presented in the Fund Financial Statements (see table of contents). Fund financial statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the City, with approval of Council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are General; Street Construction, Maintenance and Repair; Salem Mall Tax Increment; Fire Levy; Water; and Refuse.

Governmental Funds - Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds - When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2004 compared to 2003.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Assets						
Current And Other Assets	\$12,236,875	\$12,788,317	\$1,583,469	\$1,481,599	\$13,820,344	\$14,269,916
Capital Assets, Net	<u>7,419,182</u>	<u>11,550,853</u>	<u>999,908</u>	<u>873,001</u>	<u>8,419,090</u>	<u>12,423,854</u>
Total Assets	<u>19,656,057</u>	<u>24,339,170</u>	<u>2,583,377</u>	<u>2,354,600</u>	<u>22,239,434</u>	<u>26,693,770</u>
Liabilities						
Long-Term Liabilities	5,166,138	4,799,063	117,787	101,651	5,283,925	4,900,714
Other Liabilities	<u>7,434,678</u>	<u>12,824,516</u>	<u>1,630,053</u>	<u>1,419,326</u>	<u>9,064,731</u>	<u>14,243,842</u>
Total Liabilities	<u>12,600,816</u>	<u>17,623,579</u>	<u>1,747,840</u>	<u>1,520,977</u>	<u>14,348,656</u>	<u>19,144,556</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	2,223,206	1,676,251	670,979	589,122	2,894,185	2,265,373
Restricted	2,070,279	1,887,487	0	0	2,070,279	1,887,487
Unrestricted	<u>2,911,363</u>	<u>3,632,843</u>	<u>164,558</u>	<u>244,501</u>	<u>3,075,921</u>	<u>3,877,344</u>
Total Net Assets	<u>\$7,204,848</u>	<u>\$7,196,581</u>	<u>\$835,537</u>	<u>\$833,623</u>	<u>\$8,040,385</u>	<u>\$8,030,204</u>

Total net assets of the City as a whole decreased \$10,181. Net assets of the City's governmental activities decreased \$8,267.

The net assets of the City's business-type activities decreased \$1,914 from 2003.

Table 2 shows the changes in net assets for the year ended December 31, 2004 and revenue and expense comparisons to 2003.

Table 2
Changes in Net Assets

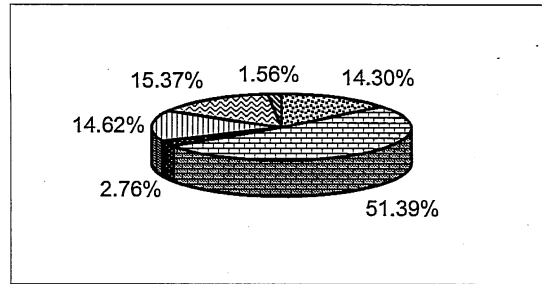
	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Revenues						
Program Revenues:						
Charges for Services	\$1,117,451	\$1,559,214	\$2,989,038	\$2,633,147	\$4,106,489	\$4,192,361
Operating Grants, Contributions	2,159,298	1,980,059	0	0	2,159,298	1,980,059
Capital Grants and Contributions	<u>106,428</u>	<u>841,261</u>	<u>0</u>	<u>0</u>	<u>106,428</u>	<u>841,261</u>
Total Program Revenues	<u>3,383,177</u>	<u>4,380,534</u>	<u>2,989,038</u>	<u>2,633,147</u>	<u>6,372,215</u>	<u>7,013,681</u>
General Revenues:						
Income Taxes	5,554,897	5,640,632	0	0	5,554,897	5,640,632
Property Taxes	3,814,338	4,638,908	0	0	3,814,338	4,638,908
Grants and Entitlements	2,490,076	1,567,345	0	0	2,490,076	1,567,345
Payment in Lieu of Taxes	164,298	170,064	0	0	164,298	170,064
Unrestricted Contributions	5,355	0	0	0	5,355	0
Investment Earnings	47,089	43,794	1,121	1,258	48,210	45,052
Refunds & Reimbursements	41,490	0	0	0	41,490	0
Other Revenues	<u>270,908</u>	<u>503,482</u>	<u>0</u>	<u>286,162</u>	<u>270,908</u>	<u>789,644</u>
Total General Revenues	<u>12,388,451</u>	<u>12,564,225</u>	<u>1,121</u>	<u>287,420</u>	<u>12,389,572</u>	<u>12,851,645</u>
Total Revenues	<u>15,771,628</u>	<u>16,944,759</u>	<u>2,990,159</u>	<u>2,920,567</u>	<u>18,761,787</u>	<u>19,865,326</u>
Program Expenses:						
General Government	3,269,998	2,424,667	0	0	3,269,998	2,424,667
Public Safety	9,100,949	8,712,931	0	0	9,100,949	8,712,931
Leisure Time Activities	443,832	468,158	0	0	443,832	468,158
Community Development	1,379,794	2,478,991	0	0	1,379,794	2,478,991
Transportation & Street Repair	1,565,807	2,603,908	0	0	1,565,807	2,603,908
Interest and Fiscal Charges	236,000	264,371	0	0	236,000	264,371
Water Utility	0	0	1,077,621	1,050,022	1,077,621	1,050,022
Sewer Utility	0	0	858,921	883,254	858,921	883,254
Refuse	0	0	1,057,825	986,635	1,057,825	986,635
Stormwater	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,570</u>	<u>0</u>	<u>2,570</u>
Total Expenses	<u>15,996,380</u>	<u>16,953,026</u>	<u>2,994,367</u>	<u>2,922,481</u>	<u>18,990,747</u>	<u>19,875,507</u>
Increase (Decrease) in Net Assets	(224,752)	(8,267)	(4,208)	(1,914)	(228,960)	(10,181)
Net Assets Beginning of Year	<u>7,429,600</u>	<u>7,204,848</u>	<u>839,745</u>	<u>835,537</u>	<u>8,269,345</u>	<u>8,040,385</u>
Net Assets End of Year	<u>\$7,204,848</u>	<u>\$7,196,581</u>	<u>\$835,537</u>	<u>\$833,623</u>	<u>\$8,040,385</u>	<u>\$8,030,204</u>

Governmental Activities

The City of Trotwood's income taxes and property taxes are the largest source of revenue. These revenues represent 82% of the City's governmental activities total general revenue and saw an approximate increase of 9.7% in 2004 compared to 2003. The change was due mostly to an increase in property tax collections.

Governmental activities program expenses for 2004 were as follows:

General Government	14.30%
Public Safety	51.39%
Leisure Time Activities	2.76%
Community Development	14.62%
Transportation and Street Repair	15.37%
Interest and Fiscal Charges	1.56%
Total	<u>100.00%</u>



General Government include legislative and administration expenses, including City Council, the City Manager's office, the Law Director, Finance, Human Resources, Building Maintenance, Fleet Maintenance, Public Works Administration and various non-department charges.

Business-Type Activities

Business-type activities include Water, Sewer, Refuse Collection and Stormwater. These programs had revenues of \$2,920,567 and expenses of \$2,922,481 for fiscal year 2004. Business activities receive no support from tax revenues. The business activities net assets at the end of the year was \$833,623, which decreased \$1,914 from 2003.

The City of Trotwood's water and sewer maintenance division services approximately 2,800 accounts within the territory which was part of the City prior to the 1996 merger with Madison Township. The City operates approximately 37.5 miles of water lines and 31 miles of sanitary sewer lines within the territory, to distribute water supplied by the City of Dayton and collect sewerage returned to Dayton for treatment at their facilities. The water fund had an operating loss of \$97,332 for 2004. The sewer fund had operating income of \$14,598 in 2004.

THE CITY'S FUNDS

Information about the City's major governmental funds is presented in the Fund Financial Statements (see table of contents). These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$16,435,245 and expenditures of \$21,478,839. Within the General fund revenues exceeded expenditures, before other financing sources (uses) by \$498,027; within the Street Construction, Maintenance and Repair Fund expenditures exceeded revenues, before other financing sources (uses) by \$366,779; and within the Fire Levy Fund expenditures exceeded revenues, before other financing sources (uses) by \$131,851; and within the Salem Mall Tax Increment Fund expenditures exceeded revenues, before other financing sources (uses) by \$3,765,858.

The General Fund had a net change in fund balance of (\$162,238). This is due to a slight increase in public safety and debt retirement expenditures. The Street Construction, Maintenance and Repair Fund had a net change in fund balance of (\$129,379). This is due to a decrease in project grant money received from the State and an increase in street construction projects in the City. The Fire Levy Fund had a fund balance of \$208,980 compared to (\$86,669) in 2003. This increase was due to an increase in tax revenue. The Salem Mall Tax Increment Fund had a net change in fund balance of (\$3,765,858). This is due to the purchase of the Salem Mall by the City. Proprietary Funds are presented in the fund financial statements (see Table of Contents). The Water Fund had a change in net assets of (\$100,728). This is due to an increase in personal services and interest expense. The Refuse Fund had a change in net assets of \$88,033. This is due to a decrease in contractual services for trash collection.

General Fund Budgeting Highlights

The City's General Fund budget is formally adopted at the program or budget center level. Financial reports, which compare actual performance with the budget, are prepared monthly and presented to the Council so the Council is able to review the financial status and measure the effectiveness of the budgetary controls.

As the City completed the year, its General Fund balance reported an actual fund balance of \$1,225,000, on a Non-GAAP Budgetary Basis.

Variations from the final budget amounts to the original amounts are primarily due to the following reasons: The City underestimated the public safety and general government expenditures for 2004.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Land	\$2,694,941	\$5,770,331	\$0	\$12,026	\$2,694,941	\$5,782,357
Building and Improvements	3,964,242	4,601,252	0	0	3,964,242	4,601,252
Vehicles	7,145,469	7,150,343	292,436	292,436	7,437,905	7,442,779
Infrastructure	0	444,984	8,443,005	8,443,005	8,443,005	8,887,989
Construction in Progress	0	323,021	0	0	0	323,021
Accumulated Depreciation	(6,385,470)	(6,739,078)	(7,735,533)	(7,874,466)	(14,121,003)	(14,613,544)
Totals	<u>\$7,419,182</u>	<u>\$11,550,853</u>	<u>\$999,908</u>	<u>\$873,001</u>	<u>\$8,419,090</u>	<u>\$12,423,854</u>

The increase in net capital assets was the result of the acquisition of the Salem Mall site.

Debt

At year-end the City had \$3,681,876 in general obligation bonds and Ohio Public Works loans.

Table 4
Outstanding Debt at Year End

<u>Governmental Activities:</u>	<u>2003</u>	<u>2004</u>
<u>General Obligation Bonds</u>		
5.11% 2003 Various Purpose Bonds	<u>\$3,790,000</u>	<u>\$3,645,000</u>
Total General Obligation Bonds	<u>3,790,000</u>	<u>3,645,000</u>
<u>Business-Type Activities:</u>		
<u>Loans</u>		
3.00% 2001 OPWC Loan	<u>43,828</u>	<u>36,876</u>
Total Loans	<u>43,828</u>	<u>36,876</u>
Total Debt	<u>\$3,833,828</u>	<u>\$3,681,876</u>

The Various Purpose Improvement general obligation bonds will be paid with available revenue in the General Fund, Street Construction, Repair and Maintenance Fund and the Debt Service Fund.

The City's legal debt margin within limitation was \$7,903,841 at year-end.

Detailed information relating to capital assets and debt is presented in the notes to the financial statements.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, City of Trotwood, 3035 Olive Road, Trotwood, Ohio 45426-2600.

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City of Trotwood
Statement of Net Assets
December 31, 2004

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$2,875,974	\$250,576	\$3,126,550
Restricted Cash and Investments	8,589	0	8,589
Receivables:			
Taxes	6,303,341	0	6,303,341
Accounts	62,256	731,411	793,667
Intergovernmental	2,702,067	0	2,702,067
Special Assessments	753,777	514,562	1,268,339
Internal Balances	14,950	(14,950)	0
Prepays	480,990	0	480,990
Inventory	67,363	0	67,363
Nondepreciable Capital Assets	6,093,352	12,026	6,105,378
Depreciable Capital Assets, Net	5,457,501	860,975	6,318,476
Total Assets	24,820,160	2,354,600	27,174,760
Liabilities:			
Accounts Payable	394,901	654,806	1,049,707
Accrued Wages and Benefits	810,824	24,958	835,782
Accrued Interest Payable	83,706	0	83,706
Unearned Revenue	5,590,085	514,562	6,104,647
General Obligation Notes Payable	5,945,000	225,000	6,170,000
Long-Term Liabilities:			
Due Within One Year	786,119	35,952	822,071
Due In More Than One Year	4,012,944	65,699	4,078,643
Total Liabilities	17,623,579	1,520,977	19,144,556
Net Assets:			
Invested in Capital Assets, Net of Related Debt	1,676,251	589,122	2,265,373
Restricted for:			
Special Revenue	1,779,029	0	1,779,029
Debt Service	108,458	0	108,458
Unrestricted	3,632,843	244,501	3,877,344
Total Net Assets	\$7,196,581	\$833,623	\$8,030,204

See accompanying notes to the basic financial statements.

City of Trotwood
Statement of Activities
For the Fiscal Year Ended December 31, 2004

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$2,424,667	\$248,314	\$0	\$0
Public Safety	8,712,931	1,002,634	293,848	0
Leisure Time Activities	468,158	20,444	1,196	0
Community Development	2,478,991	268,738	523,538	32,922
Transportation and Street Repair	2,603,908	19,084	1,161,477	808,339
Interest and Fiscal Charges	264,371	0	0	0
Total Governmental Activities	16,953,026	1,559,214	1,980,059	841,261
Business-Type Activities:				
Water	1,050,022	922,730	0	0
Sewer	883,254	876,218	0	0
Refuse	986,635	834,199	0	0
Stormwater	2,570	0	0	0
Total Business-Type Activities	2,922,481	2,633,147	0	0
Totals	\$19,875,507	\$4,192,361	\$1,980,059	\$841,261

General Revenues:
Income Taxes
Property Taxes Levied for:
 General Purposes
 Debt Service Purposes
Grants and Entitlements not Restricted to Specific Programs
Payment in Lieu of Taxes
Investment Earnings
Other Revenues

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$2,176,353)	\$0	(\$2,176,353)
(7,416,449)	0	(7,416,449)
(446,518)	0	(446,518)
(1,653,793)	0	(1,653,793)
(615,008)	0	(615,008)
(264,371)	0	(264,371)
(12,572,492)	0	(12,572,492)
0	(127,292)	(127,292)
0	(7,036)	(7,036)
0	(152,436)	(152,436)
0	(2,570)	(2,570)
0	(289,334)	(289,334)
(\$12,572,492)	(\$289,334)	(\$12,861,826)
5,640,632	0	5,640,632
4,511,669	0	4,511,669
127,239	0	127,239
1,567,345	0	1,567,345
170,064	0	170,064
43,794	1,258	45,052
503,482	286,162	789,644
12,564,225	287,420	12,851,645
(8,267)	(1,914)	(10,181)
7,204,848	835,537	8,040,385
\$7,196,581	\$833,623	\$8,030,204

City of Trotwood
Balance Sheet
Governmental Funds
December 31, 2004

	General	Street Construction. Maintenance and Repair	Fire Levy	Salem Mall Tax Increment	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Investments	\$987,785	\$455,740	\$12,820	\$439,189	\$901,994	\$2,797,528
Restricted Cash and Investments	0	0	0	0	8,589	8,589
Receivables:						
Taxes	3,031,499	399,623	2,129,013	0	743,206	6,303,341
Accounts	0	0	0	0	62,256	62,256
Intergovernmental	686,338	917,946	115,361	0	982,422	2,702,067
Special Assessments	570,679	0	0	0	183,098	753,777
Interfund	384,613	0	0	0	0	384,613
Prepays	84,557	46,122	350,311	0	0	480,990
Inventory	0	67,363	0	0	0	67,363
Total Assets	5,745,471	1,886,794	2,607,505	439,189	2,881,565	13,560,524
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	151,716	39,235	25,318	73,039	104,365	393,673
Accrued Wages and Benefits	495,235	43,077	128,252	2,980	141,280	810,824
Compensated Absences	24,257	2,047	581	0	581	27,466
Interfund Payable	0	0	0	0	369,663	369,663
Deferred Revenue	3,594,222	1,263,528	2,244,374	0	1,729,576	8,831,700
General Obligation Notes Payable	0	0	0	4,100,000	1,845,000	5,945,000
Total Liabilities	4,265,430	1,347,887	2,398,525	4,176,019	4,190,465	16,378,326
Fund Balances:						
Reserved for Encumbrances	44,692	26,826	2,846	84,145	932,388	1,090,897
Reserved for Inventory	0	67,363	0	0	0	67,363
Reserved for Prepays	84,557	46,122	350,311	0	0	480,990
Unreserved, Undesignated, Reported in:						
General Fund	1,350,792	0	0	0	0	1,350,792
Special Revenue Funds	0	398,596	(144,177)	0	(356,809)	(102,390)
Debt Service Funds	0	0	0	0	78,043	78,043
Capital Projects Funds	0	0	0	(3,820,975)	(1,962,522)	(5,783,497)
Total Fund Balances	1,480,041	538,907	208,980	(3,736,830)	(1,308,900)	(2,817,802)
Total Liabilities and Fund Balances	\$5,745,471	\$1,886,794	\$2,607,505	\$439,189	\$2,881,565	\$13,560,524

See accompanying notes to the basic financial statements.

City of Trotwood
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
December 31, 2004

Total Governmental Fund Balance (\$2,817,802)

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 11,550,853

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

Income Taxes	395,559	
Delinquent Property Taxes	920,219	
Intergovernmental	1,172,061	
Other	<u>753,776</u>	
		3,241,615

An internal service fund is used by management to charge
back costs to individual funds. The assets and
liabilities of the internal service fund are included in
governmental activities in the statement of net assets. 77,218

In the statement of net assets interest payable is accrued when
incurred, whereas in the governmental funds interest is
reported as a liability only when it will require the use of
current financial resources. (83,706)

Some liabilities reported in the statement of net assets do not
require the use of current financial resources and therefore
are not reported as liabilities in governmental funds.

Compensated Absences	<u>(879,395)</u>	
		(879,395)

Long-term liabilities, are not due and payable in the current
period and therefore are not reported in the funds. (3,892,202)

Net Assets of Governmental Activities \$7,196,581

See accompanying notes to the basic financial statements.

City of Trotwood
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2004

	General	Street Construction. Maintenance and Repair	Fire Levy	Salem Mall Tax Increment	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$7,214,567	\$337,832	\$1,791,762	\$0	\$771,456	\$10,115,617
Fines, Licenses & Permits	262,999	0	0	0	79,431	342,430
Charges for Services	203,944	0	528	107,806	840,366	1,152,644
Investment Earnings	18,201	4,357	2,259	5,442	13,535	43,794
Intergovernmental	1,418,405	681,051	266,943	0	1,706,677	4,073,076
Special Assessments	57,919	0	0	0	27,167	85,086
Other Revenues	397,672	31,102	1,328	170,632	21,864	622,598
Total Revenues	9,573,707	1,054,342	2,062,820	283,880	3,460,496	16,435,245
Expenditures:						
Current:						
General Government	2,312,200	0	0	0	0	2,312,200
Public Safety	4,936,947	0	1,530,841	0	1,834,709	8,302,497
Leisure Time Activities	390,252	0	0	0	0	390,252
Community Development	599,217	0	0	557,665	570,850	1,727,732
Transportation and Street Repair	243,112	1,011,117	0	0	1,080,644	2,334,873
Capital Outlay	418,486	310,785	528,555	3,492,073	1,028,967	5,778,866
Debt Service:						
Principal Retirement	82,370	77,851	126,293	0	135,888	422,402
Interest and Fiscal Charges	93,096	21,368	8,982	0	86,571	210,017
Total Expenditures	9,075,680	1,421,121	2,194,671	4,049,738	4,737,629	21,478,839
Excess of Revenues Over (Under) Expenditures	498,027	(366,779)	(131,851)	(3,765,858)	(1,277,133)	(5,043,594)
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	3,835	0	0	0	61,554	65,389
Inception of Capital Lease	0	37,400	0	0	0	37,400
Transfers In	0	200,000	427,500	0	36,600	664,100
Transfers (Out)	(664,100)	0	0	0	0	(664,100)
Total Other Financing Sources (Uses)	(660,265)	237,400	427,500	0	98,154	102,789
Net Change in Fund Balance	(162,238)	(129,379)	295,649	(3,765,858)	(1,178,979)	(4,940,805)
Fund Balance Beginning of Year	1,642,279	630,301	(86,669)	29,028	(129,921)	2,085,018
Change in Reserve for Inventory	0	37,985	0	0	0	37,985
Fund Balance End of Year	\$1,480,041	\$538,907	\$208,980	(\$3,736,830)	(\$1,308,900)	(\$2,817,802)

See accompanying notes to the basic financial statements.

City of Trotwood
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2004

Net Change in Fund Balance - Total Governmental Funds (\$4,940,805)

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

Governmental funds report capital asset additions 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 of the difference between capital
asset additions and depreciation in the current period.

Capital assets used in governmental activities	4,779,404	
Depreciation Expense	<u>(611,043)</u>	4,168,361

Governmental funds only report the disposal of assets to the
extent proceeds are received from the sale. In the statement
of activities, a gain or loss is reported for each disposal. The
amount of the proceeds must be removed and the gain or loss
on the disposal of capital assets must be recognized. This is the
amount of the difference between the proceeds and the gain or loss.

(36,690)

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

Income Taxes	395,559	
Delinquent Property Taxes	(231,635)	
Intergovernmental	305,287	
Other	<u>11,604</u>	480,815

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

422,402

In the statement of activities interest expense is accrued when incurred,
whereas in governmental funds an interest expenditure is reported
when due.

(54,354)

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	(74,844)	
Change in Inventory	<u>37,985</u>	(36,859)

The internal service fund used by management to charge back costs
to individual funds is not reported in the district-wide statement of
activities. Governmental fund expenditures and the related internal
service fund revenues are eliminated. The net revenue (expense) of
the internal service fund is allocated among the governmental activities.

(11,137)

Proceeds from debt issues are an other financing source in the funds,
but a debt issue increases long-term liabilities in the statement
of net assets.

0

Change in Net Assets of Governmental Activities	<u><u>(\$8,267)</u></u>
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See accompanying notes to the basic financial statements.

City of Trotwood
Statement of Net Assets
Proprietary Funds
December 31, 2004

	Business-Type Activities -Enterprise Funds				
	Water	Refuse	Other Enterprise Funds	Total Business-Type Activities	Governmental Activities- Internal Service Fund
Assets:					
Equity in Pooled Cash and Investments	\$101,718	\$236	\$148,622	\$250,576	\$78,446
Receivables:					
Accounts	279,448	177,290	274,673	731,411	0
Special Assessments	69,754	375,054	69,754	514,562	0
Total Current Assets	450,920	552,580	493,049	1,496,549	78,446
Nondepreciable Capital Assets	0	0	12,026	12,026	0
Depreciable Capital Assets, Net	573,235	0	287,740	860,975	0
Total Assets	1,024,155	552,580	792,815	2,369,550	78,446
Liabilities:					
Current Liabilities:					
Accounts Payable	347,131	0	307,675	654,806	1,228
Accrued Wages and Benefits	12,541	0	12,417	24,958	0
Compensated Absences	10,221	0	10,221	20,442	0
Interfund Payable	0	0	14,950	14,950	0
Deferred Revenue	69,754	375,054	69,754	514,562	0
General Obligation Notes Payable	225,000	0	0	225,000	0
Long-Term Liabilities Due Within One Year	10,700	0	4,810	15,510	0
Total Current Liabilities	675,347	375,054	419,827	1,470,228	1,228
Long-Term Liabilities:					
Compensated Absences	11,165	0	11,165	22,330	0
Bonds, Notes & Loans Payable	11,303	0	32,066	43,369	0
Total Liabilities	697,815	375,054	463,058	1,535,927	1,228
Net Assets:					
Invested in Capital Assets, Net of Related Debt	326,232	0	262,890	589,122	0
Unrestricted	108	177,526	66,867	244,501	77,218
Total Net Assets	\$326,340	\$177,526	\$329,757	\$833,623	\$77,218

See accompanying notes to the basic financial statements.

City of Trotwood
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2004

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Refuse	Other Enterprise Funds	Total Business-Type Activities	
Operating Revenues:					
Charges for Services	\$922,730	\$834,199	\$876,218	\$2,633,147	\$38,304
Other Revenues	26,295	240,101	19,766	286,162	0
Total Operating Revenues	949,025	1,074,300	895,984	2,919,309	38,304
Operating Expenses:					
Personal Services	172,797	0	168,590	341,387	0
Contactual Services	734,207	978,437	675,768	2,388,412	1,228
Materials and Supplies	24,298	8,106	13,969	46,373	33,206
Depreciation	114,288	0	24,645	138,933	0
Other Expenses	767	92	984	1,843	15,799
Total Operating Expenses	1,046,357	986,635	883,956	2,916,948	50,233
Operating Income (Loss)	(97,332)	87,665	12,028	2,361	(11,929)
Non-Operating Revenues (Expenses):					
Investment Earnings	269	368	621	1,258	792
Interest (Expense)	(3,665)	0	(1,868)	(5,533)	0
Total Non-Operating Revenues (Expenses)	(3,396)	368	(1,247)	(4,275)	792
Change in Net Assets	(100,728)	88,033	10,781	(1,914)	(11,137)
Net Assets Beginning of Year	427,068	89,493	318,976	835,537	88,355
Net Assets End of Year	\$326,340	\$177,526	\$329,757	\$833,623	\$77,218

See accompanying notes to the basic financial statements.

City of Trotwood
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2004

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Refuse	Other Enterprise Funds	Total Business-Type Activities	
Cash Flows from Operating Activities:					
Cash Received from Customers	\$968,670	\$1,055,569	\$896,034	\$2,920,273	\$38,304
Cash Payments to Employees	(160,974)	0	(158,704)	(319,678)	0
Cash Payments to Suppliers	(786,752)	(1,150,496)	(700,011)	(2,637,259)	(49,005)
Net Cash Provided (Used) by Operating Activities	20,944	(94,927)	37,319	(36,664)	(10,701)
Cash Flows from Noncapital Financing Activities:					
Payments from Other Funds	0	0	14,950	14,950	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	14,950	14,950	0
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	0	0	(12,026)	(12,026)	0
Debt Proceeds	225,000	0	0	225,000	0
Debt Principal Payments	(260,098)	0	(9,952)	(270,050)	0
Debt Interest Payments	(3,665)	0	(1,868)	(5,533)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(38,763)	0	(23,846)	(62,609)	0
Cash Flows from Investing Activities:					
Earnings on Investments	269	368	621	1,258	792
Net Cash Provided (Used) by Cash Flows from Investing Activities	269	368	621	1,258	792
Net Increase (Decrease) in Cash and Cash Equivalents	(17,550)	(94,559)	29,044	(83,065)	(9,909)
Cash and Cash Equivalents Beginning of Year	119,268	94,795	119,578	333,641	88,355
Cash and Cash Equivalents End of Year	101,718	236	148,622	250,576	78,446
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	(97,332)	87,665	12,028	2,361	(11,929)
Adjustments:					
Depreciation	114,288	0	24,645	138,933	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	3,003	23,973	(23,121)	3,855	0
Increase (Decrease) in Payables	(4,576)	(163,861)	18,247	(150,190)	1,228
Increase (Decrease) in Accrued Liabilities	3,626	0	3,585	7,211	0
Increase (Decrease) in Deferred Revenue	1,935	(42,704)	1,935	(38,834)	0
Net Cash Provided (Used) by Operating Activities	\$20,944	(\$94,927)	\$37,319	(\$36,664)	(\$10,701)

See accompanying notes to the basic financial statements.

City of Trotwood

Notes to the Basic Financial Statements For The Year Ended December 31, 2004

1. DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Trotwood is a political subdivision incorporated in 1901 under the laws and constitution of the State of Ohio. The City is a suburb of Dayton located in Montgomery County in the southwestern portion of the state. Trotwood is located approximately 70 miles west of Columbus and sixty miles north of Cincinnati. Interstates 70 and 75 intersect approximately five miles northeast of the City.

Reporting Entity

The City is a home rule municipal corporation under Article XVIII of the Ohio Constitution utilizing the council-manager form of government. Governing direction is provided by the city charter first adopted in 1964 and subsequently amended. Overall policy direction is the responsibility of the City Council, which is composed of the Mayor and six Councilpersons, four elected from geographic districts and two at-large. The City provides many services for the benefit of its citizens including police protection, fire protection, emergency medical service, street maintenance and repair, parks maintenance, recreation programs, water distribution, sewage collection and refuse collection. On January 1, 1996, the City merged with Madison Township more than tripling its population and land area. The resulting community is the fourth most populous city in Montgomery County and is surpassed in land area only by the City of Dayton.

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. There are no component units included as part of this report.

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 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 enterprise funds provided they do not conflict with or contradict GASB pronouncements. For proprietary funds, the City has elected not to follow subsequent private-sector guidance. The most significant of the City's accounting policies are described below.

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.

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 net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Eliminations have been made to minimize double counting of internal activities. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. 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 and/or the general laws of Ohio.

Street Construction, Maintenance and Repair – This special revenue fund accounts for the portion of state gasoline taxes and motor vehicle registration fees designated for upkeep and maintenance of streets within the City, as well as property taxes likewise designated.

Fire Levy Special Revenue Fund – This special revenue fund accounts for property taxes levied for the provision of fire protection and prevention services within the City.

Salem Mall Tax Increment – This capital projects fund accounts for resources related to the Salem Mall Tax Increment.

The other governmental funds of the City account for grants and other resources that are generally restricted to use for a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on 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:

Water Fund – To account for the provision of water services including maintenance of City-owned water lines. The City's water distribution system does not serve the entire City; Montgomery County provides water service to that portion of the City formerly known as Madison Township.

Refuse Fund – To account for the provision of refuse and recycling collection services for all residents in the City of Trotwood.

Internal Service Funds - Internal service funds account 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 the accumulation of resources to cover the uninsured cost of collision repairs to City vehicles.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: agency funds, pension trust funds, investment trust funds and private-purpose trust funds. Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Trust funds are used to account for assets held 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 currently has no agency or trust funds.

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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within thirty 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. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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 the current year-end, but which were levied to finance future operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On 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.

Cash and Cash Equivalents

To improve cash management the City's cash and investments are pooled. Monies for all funds, except cash and investments held in segregated accounts, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the balance sheet.

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost. For investments in open-end mutual funds, fair value is determined by the fund's share price.

For purposes of the statement of cash flows and for presentation on the statement of net assets/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

Following Ohio Revised Code, the City has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund amounted to \$18,201. This amount included \$220 assigned from other City funds.

Inventory and Prepaid Items

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

The City of Trotwood is applying the transition provisions for General Infrastructure Assets (streets, curbs, sidewalks, and culverts). These provisions require only the reporting of the current year additions for General Infrastructure Assets for years 2003 through 2006. General Infrastructure Assets acquired prior to January 1, 2003 must be reported by the 2007 fiscal year to comply with the transition provisions. The City has elected not to use the modified approach for reporting General Infrastructure Assets.

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective proprietary funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure consists of culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The City uses a \$2,000 capitalization threshold.

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

<u>Description</u>	Governmental	Business-Type
	Activities	Activities
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-45 years	20-45 years
Machinery and Equipment	3-20 years	3-20 years
Infrastructure	15-45 years	15-45 years

Interfund Balances

On fund financial statements, long-term interfund loans are classified as "advances to/from other funds" on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts, as well as any short-term interfund balances, are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances, inventories, and prepaids are recorded as a reservation of fund balance.

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 the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

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

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

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.

3. DEPOSITS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

Statutes require the classification of funds held by the City into three categories.

Category 1 consists of "active" funds – those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds – those funds not required for use within the current period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds – those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;
- 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;

- Written repurchase agreements in the securities listed above provided that the market value of securities subject to the repurchase agreement must exceed 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 day;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository with which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amount equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Deposits collateralized by investment pools are classified as Category 3 deposits per GASB Statement No. 3.

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- | | |
|------------|---|
| Category 1 | Insured or collateralized with securities held by the City or by its agent in the City's name. |
| Category 2 | Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. |
| Category 3 | Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. |

Investments:

- | | |
|------------|--|
| Category 1 | Insured or registered, with securities held by the City or its agent in the City's name. |
| Category 2 | Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. |
| Category 3 | Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name. |

A. Deposits

At year end, the carrying amount of the City's deposits was \$38,100 and the bank balance was \$223,432. Federal Depository Insurance covered \$100,000 of the deposits and bank balance. All remaining deposits were classified as Category 3.

B. Investments

The City's investments at year end are summarized below:

<u>Categorized Investments</u>	<u>Category 3</u>	<u>Carrying Value/ Fair Value</u>
Repurchase Agreement	\$1,096,154	\$1,096,154
StarOhio(1)	0	<u>2,000,885</u>
		<u>\$3,097,039</u>

(1) Investment is not categorized because it is not evidenced by securities that exist in physical or book entry form.

4. RECEIVABLES

Receivables at year end, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, interfund receivables and accounts receivable.

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

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 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) is for 2004 taxes.

The 2004 real property taxes are levied after October 1, 2003, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005 operations.

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. The 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

The 2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value.

The assessed values of real and tangible personal property upon which current year property tax receipts were based are as follows:

Real Property	\$290,157,130
Tangible Personal Property	<u>32,003,608</u>
Total Valuation	<u>\$322,160,738</u>

Real property taxes are payable annually or semi-annually. The first payment is due January 20 with the remainder payable by June 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of year end for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at year end, nor were they levied to finance current year operations. The receivable is therefore offset by deferred revenue.

Income Taxes

The City levies a 2.25% income tax on substantially all income earned within the City. In addition, residents are required to pay City income tax on income earned outside the City with a credit up to 2.25% allowed for income taxes paid to other municipalities. 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.

5. 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. Since October 2003, the City has been a member in the Public Entities Pool of Ohio (PEP), established as a risk sharing self insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance program for its members. PEP is a corporation governed by a seven member board of directors, consisting of representatives elected by the 230 participating governments.

The City pays an annual premium to the PEP. The agreement provides that the PEP will be self sustaining through member premiums and excess insurance. The types of coverages and deductibles per occurrences as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Legal Liability for Third Party Claims	\$2,000,000	\$10,000
Automobile Liability	2,000,000	2,500
Law Enforcement Operations	2,000,000	25,000
Wrongful Acts (Public Officials)	2,000,000	10,000
Real and Personal Property	10,553,700	5,000
Vehicles	3,884,512	500
Miscellaneous Property	553,254	Per Schedule
Data Processing	150,000	5,000

The Pool retains general, automobile, police professional and public official's liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$2,000,000 in aggregate per year.

Automobile physical damage risks are retained by the Pool up to \$25,000 for each accident and location. Reinsurance coverage is provided at different levels depending on the type of vehicle.

All property risks, which include physical damage coverage on specialized-use vehicles (fire trucks and emergency vehicles), are fully reinsured. Property risks up to \$25,000 are reinsured on an individual member basis.

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

6. CAPITAL ASSETS

Capital asset activity for the current year end was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$2,694,941	\$3,075,390	\$0	\$5,770,331
Construction in Progress	0	323,021	0	323,021
Capital Assets, being depreciated:				
Buildings and Improvements	3,964,242	645,210	(8,200)	4,601,252
Equipment	7,145,469	290,799	(285,925)	7,150,343
Infrastructure	<u>0</u>	<u>444,984</u>	<u>0</u>	<u>444,984</u>
Total Capital Assets	<u>13,804,652</u>	<u>4,779,404</u>	<u>(294,125)</u>	<u>18,289,931</u>
Less Accumulated Depreciation:				
Buildings and Improvements	1,540,498	119,244	(8,200)	1,651,542
Equipment	4,844,972	476,959	(249,235)	5,072,696
Infrastructure	<u>0</u>	<u>14,840</u>	<u>0</u>	<u>14,840</u>
Total Accumulated Depreciation	<u>6,385,470</u>	<u>611,043</u>	<u>(257,435)</u>	<u>6,739,078</u>
Governmental Activities Capital Assets, net	<u>\$7,419,182</u>	<u>\$4,168,361</u>	<u>(\$36,690)</u>	<u>\$11,550,853</u>

Business-Type Activities

Capital Assets, not being depreciated:				
Land	\$0	\$12,026	\$0	\$12,026
Capital Assets, being depreciated:				
Equipment	292,436	0	0	292,436
Infrastructure	<u>8,443,005</u>	<u>0</u>	<u>0</u>	<u>8,443,005</u>
Total Capital Assets	<u>8,735,441</u>	<u>12,026</u>	<u>0</u>	<u>8,747,467</u>
Less Accumulated Depreciation:				
Equipment	261,741	5,589	0	267,330
Infrastructure	<u>7,473,792</u>	<u>133,344</u>	<u>0</u>	<u>7,607,136</u>
Total Accumulated Depreciation	<u>7,735,533</u>	<u>138,933</u>	<u>0</u>	<u>7,874,466</u>
Business-Type Activities Capital Assets, Net	<u>\$999,908</u>	<u>(\$126,907)</u>	<u>\$ 0</u>	<u>\$873,001</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$94,390
Public Safety	312,109
Leisure Time Activities	56,505
Community Development	14,590
Transportation	<u>133,449</u>
	<u>\$611,043</u>

7. COMPENSATED ABSENCES

Employees earn vacation leave ranging from 10 to 25 days per year based on length of service, except for firefighters who earn vacation leave on a pro-rated basis utilizing a 2,912-hour work year. The maximum accrual, which can be carried forward in a year, is 160 hours or one year's accumulation, whichever ever is greater. The City is liable for all accrued vacation upon separation or retirement.

Sick leave is accrued at the rate of 1-1/4 days for each month of service completed; firefighters accrue sick leave at the rate of 1-3/4 days per month. Accumulated sick leave in excess of 600 hours may be converted to vacation time on a 3-to-1 basis with a maximum of 10 days in any calendar year or to pay on a 3-to-1 basis with a maximum of 10 days in any calendar year. Upon retirement from active service with the City, employees with 10 to 20 years of service may convert one-third of unused sick leave (maximum 125 days) to pay; employees retiring with over 20 years of active service may convert one-half unused sick leave (maximum 130 days).

Five personal days are granted to each full-time employee of the City. Personal days must be taken within the calendar year and may not be carried forward. Additional personal time may be earned by employees who do not use any sick leave.

8. NOTES PAYABLE

A summary of the note transactions for the current year end are as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
Bond Anticipation Notes:				
Governmental Activities:				
1.37% Fire Facilities Improvement	\$850,000	\$0	(\$850,000)	\$0
1.47% Park Improvement	190,000	0	(190,000)	0
1.47% Curb & Gutter	150,000	0	(150,000)	0
1.44% Industrial Park Improvement	695,000	0	(695,000)	0
1.54% Fire Facilities Improvement	0	850,000	0	850,000
1.54% Salem Mall Area Improvement	0	600,000	0	600,000
1.70% Park Improvement	0	145,000	0	145,000
1.70% Curb and Gutter	0	60,000	0	60,000
2.18% Industrial Park Improvement	0	695,000	0	695,000
2.25% Curb and Gutter (A)	0	95,000	0	95,000
1.94% Salem Mall Series (A)	<u>0</u>	<u>3,500,000</u>	<u>0</u>	<u>3,500,000</u>
Total Governmental Activities	1,885,000	5,945,000	(1,885,000)	5,945,000
Business-Type Activities:				
1.47% Water System Improvement	\$250,000	\$ 0	(\$250,000)	\$ 0
1.70% Water System Improvement	<u>0</u>	<u>225,000</u>	<u>0</u>	<u>225,000</u>
Total Business-Type Activities	250,000	225,000	(250,000)	225,000
Total Bond Anticipation Notes	<u>\$2,135,000</u>	<u>\$6,170,000</u>	<u>(\$2,135,000)</u>	<u>\$6,170,000</u>

All of the notes are bond anticipation notes, are backed by the full faith and credit of the City, and mature within one year. The note liability is reflected in the fund which received the proceeds.

9. LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
<u>Bonds Payable</u>					
5.11% 2003 Various Purpose Bonds	<u>\$3,790,000</u>	<u>\$0</u>	<u>(\$145,000)</u>	<u>\$3,645,000</u>	<u>\$155,000</u>
Capital Leases	524,604	37,400	(277,402)	284,602	89,035
Compensated Absences	<u>851,535</u>	<u>68,353</u>	<u>(50,427)</u>	<u>869,461</u>	<u>542,084</u>
Total Governmental Activities	<u>\$5,166,139</u>	<u>\$105,753</u>	<u>(\$472,829)</u>	<u>\$4,799,063</u>	<u>\$786,119</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities					
<u>Loans</u>					
3.00% 2001 OPWC Loan	\$43,828	\$ 0	(\$6,952)	\$36,876	\$2,386
Capital Lease	35,101	0	(13,098)	22,003	10,700
Compensated Absences	<u>38,858</u>	<u>21,550</u>	<u>(17,636)</u>	<u>42,772</u>	<u>22,866</u>
Total Business-Type Activities	<u>\$117,787</u>	<u>\$21,550</u>	<u>(\$37,686)</u>	<u>\$101,651</u>	<u>\$35,952</u>

Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund, Special Revenue Fund or Enterprise Fund.

Principal and interest requirements to retire the City's long-term obligations outstanding at year end are as follows:

<u>Year Ending December 31</u>	General Obligation Bonds		OPWC Loan	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$155,000	\$186,259	\$2,386	\$553
2006	160,000	178,339	4,882	999
2007	175,000	170,163	5,029	852
2008	175,000	161,220	5,180	698
2009	190,000	152,278	5,338	541
2010-2014	1,095,000	606,558	14,061	638
2015-2019	770,000	348,757	0	0
2020-2024	730,000	157,132	0	0
2025-2026	<u>195,000</u>	<u>15,075</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,645,000</u>	<u>\$1,975,781</u>	<u>\$36,876</u>	<u>\$4,281</u>

10. PRIOR YEAR ADVANCE REFUNDING

In August 2003, the City issued \$3,790,000 in Various Purpose General Obligation Bonds with an interest rate of 5.11%. A portion of the bond proceeds were used to advance refund \$585,000 of outstanding 1992 Government Center renovation general obligation bonds with an interest rate of 6.70% and \$615,000 of outstanding 1994 Oakview Estates street improvement special assessment bonds with an interest rate of 6.35%. The net proceeds of \$1,231,186 (after payment of \$49,497 in underwriting fees and other issuance cost) were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the 1992 Government Center renovation general obligation bonds, and the 1994 Oakview Estates street improvement special assessment bonds. As a result, the 1992 Government Center renovation general obligation bonds and the 1994 Oakview Estates street improvement special assessment bonds are considered to be defeased and the liability of the bonds has been removed from the Governmental Activities long-term liabilities.

The escrow fund paid off the entire amount of the defeased debt issues in October 2004 and no amounts remain outstanding.

11. LEASES

A. Capital Leases

The City entered into a capital lease for a new paint stripper and equipment under capital leases that extend into prior years.

The City's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", and have been recorded on the government-wide statements. The leased assets have been capitalized for the amount of the present value of the minimum lease payments at the inception of the lease. The following is a schedule of the future long-term minimum lease payments required under the capital lease, and the present value of the minimum lease payments is as follows:

<u>Year Ending</u> <u>December 31</u>	
2005	\$111,739
2006	109,100
2007	33,536
2008	33,536
2009	25,384
2010	<u>21,154</u>
Total minimum lease payments	334,449
Less: Amount representing interest	<u>(27,844)</u>
Present value of minimum lease payments	<u>\$306,605</u>

12. PENSION PLANS

Public Employees Retirement System

All full-time employees, other than full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Members have a choice of three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contribution plan, which invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustment to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.55 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2004, 2003 and 2002 were \$332,559, \$346,390, and \$355,685, respectively. The full amount has been contributed for 2003 and 2002 and 71% has been contributed for 2004.

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for the years ending December 31, 2004, 2003 and 2002 were \$926,735, \$863,290 and \$816,059, respectively. The full amount has been contributed for 2003 and 2002 and 73% has been contributed for 2004.

13. POST EMPLOYMENT BENEFITS

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.55 percent of covered payroll; 4.00 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rates plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At year end 2004, the number of active contributing participants in the Traditional and Combined Plans totaled 369,885. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$98,110. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

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

Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during the current year. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for the current year that were used to fund postemployment benefits were \$227,885 for police and \$114,103 for fire. The OP&F's total health care expenses for the year ended December 31, 2003, (the latest information available) were \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

14. JOINTLY GOVERNED ORGANIZATIONS

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Dayton and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreation facilities, water supply, sewage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective counties, the representatives selected by each county caucus, a nongovernmental member and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$12,613 for the operation of the Commission during 2004.

The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters, which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS services by volunteers, two representatives appointed by the members who are provided Fire/EMS services by a combination of full-time employees and volunteers and a representative appointed by members who are provided Fire/EMS services by full-time employees. Payments to the Alliance are made from the Fire Levy Fund. The City contributed \$6,581 for the operation of the Alliance during 2004.

The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced and that County economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships and cities within Montgomery County and the County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County. The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those in communities experiencing less economic growth. In 2000, the City agreed to be a member for an additional 10 years, ending December 31, 2011. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the General Fund. The City did not contribute to the operation of the ED/GE during 2003.

15. INTERFUND TRANSACTIONS

Interfund transactions at year end, consisted of the following individual fund receivables and payables:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$384,613	\$0	\$0	\$664,100
Street Construction,				
Maintenance and Repair	0	0	200,000	0
Fire Levy Fund	<u>0</u>	<u>0</u>	<u>427,500</u>	<u>0</u>
Nonmajor Funds:				
Permissive Use Tax	0	4,672	0	0
Grants	0	162,983	0	0
Park Acquisition and Development	0	0	36,600	0
West Third Street Improvements	0	202,008	0	0
Stormwater	<u>0</u>	<u>14,950</u>	<u>0</u>	<u>0</u>
Total Nonmajor Funds	<u>0</u>	<u>384,613</u>	<u>36,600</u>	<u>0</u>
 Total All Funds	 <u>\$384,613</u>	 <u>\$384,613</u>	 <u>\$664,100</u>	 <u>\$664,100</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

16. COMPLIANCE AND ACCOUNTABILITY

Compliance

Ohio Revised Code Section 5705.41D states that no contracts or orders involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. During the year certain expenditures were not properly encumbered prior to incurring the obligation. Failure to properly certify funds could result in overspending funds.

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated resources. At the beginning of the year the following funds had appropriations exceeding estimated resources:

Special Revenue:	
Motor Vehicle License Tax	\$12,167
Grants	82,798
Debt Retirement	103,710
Capital Projects:	
Public Works Facility Construction	489,995
Industrial Park	10,211

At year end, the City had appropriations exceeding estimated resources in the following funds:

Special Revenue:	
Motor Vehicle License Tax	\$166,167
Grants	74,149
Capital Projects:	
Fire Facility Improvements	9,848

Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. At year end the following funds had disbursements exceeding appropriations at the legal level of control:

General Fund:	
General Government	
Mayor and Council	\$10,125
City Manager	5,275
Finance	7,195
Building and Grounds	7,673
Public Safety	
Capital Outlay	30,195
Leisure Time Activities	
Parks and Recreation Administration	1,929
Community Development	
Planning and Development Administration	29,569
Planning and Zoning	1,297
Transportation and Street Repair	
Street Lighting	200,448
Capital Outlay	133,428

Special Revenue:	
State Highway	1,833
Fire Levy	109,331
Rescue Levy	41,871
Capital Projects:	
Salem Mall Tax Increment	25,379

During the year, the City had disbursements exceeding appropriations in the following funds:

Special Revenue:	
Curb/Gutter/Sidewalk Assessment	\$88,893
Law Enforcement Trust	4,223
Capital Projects	
Salem Mall Tax Increment	179,229
West Third Street Improvement	1,601,000
Internal Service	19,221

Ohio Revised Code Section 5705.10 provides that money paid into any fund shall be used only for purposes for which such fund is established. The following funds had negative cash fund balances at year end:

Special Revenue:	
Motor Vehicle License Tax	\$145,550
Permissive Use Tax	160,473
Grants	385,503
Capital Projects:	
West Third Street Improvements	806,679

Accountability

The following individual funds had deficit fund balances/net assets at year end:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Permissive Use Tax	\$4,672
Curbs/Gutters/Sidewalk Assessment	104,643
Grants	150,425
Rescue Levy	81,003
Capital Projects:	
Salem Mall Tax Increment	3,736,830
Park Acquisition & Development	137,707
Industrial Park	694,611
Fire Facility Improvements	394,172
West Third Street Improvements	99,325
Enterprise:	
Stormwater	2,543

17. CONSTRUCTION AND OTHER COMMITMENTS

At year end, uncompleted construction contracts are as follows:

<u>Description</u>	<u>Remaining Commitment</u>
West Third Street	\$760,473

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

City of Trotwood
Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,985,273	\$7,209,045	\$7,033,316	(\$175,729)
Fines, Licenses & Permits	261,203	290,750	262,999	(27,751)
Intergovernmental	1,312,969	1,368,910	1,321,999	(46,911)
Special Assessments	57,523	44,000	57,919	13,919
Charges for Services	202,551	234,500	203,944	(30,556)
Investment Earnings	18,077	20,000	18,201	(1,799)
Other Revenues	394,956	4,000	397,672	393,672
Total Revenues	9,232,552	9,171,205	9,296,050	124,845
Expenditures:				
Current:				
General Government				
Mayor and Council	174,769	178,117	188,242	(10,125)
City Manager	182,539	191,336	196,611	(5,275)
Finance	331,422	349,776	356,971	(7,195)
Utility Billing	80,988	87,414	87,231	183
Income Tax	275,650	308,587	296,899	11,688
Law Director	207,754	228,535	223,769	4,766
Public Works Administration	224,216	261,786	241,500	20,286
Building and Grounds	219,379	228,617	236,290	(7,673)
Fleet Maintenance	130,813	145,744	140,897	4,847
Personnel	118,928	141,277	128,096	13,181
Non-Departmental	235,342	260,791	253,484	7,307
Capital Outlay	17,867	27,000	19,244	7,756
Total General Government	2,199,667	2,408,980	2,369,234	39,746
Public Safety				
Police Administration	378,916	421,070	408,126	12,944
Police Patrol	3,194,934	3,445,211	3,441,224	3,987
Criminal Investigation	744,651	802,085	802,054	31
Police Communications	252,950	313,600	272,449	41,151
Capital Outlay	64,767	39,565	69,760	(30,195)
Total Public Safety	4,636,218	5,021,531	4,993,613	27,918
Leisure Time Activities				
Parks and Recreation Administration	136,176	144,744	146,673	(1,929)
Parks Maintenance	139,667	173,606	150,434	23,172
Municipal Pool	37,137	40,000	40,000	0
Cemeteries	45,487	57,425	48,994	8,431
Recreation Programs	18,344	23,159	19,758	3,401
Capital Outlay	5,173	5,575	5,572	3
Total Leisure Time Activities	381,984	444,509	411,431	33,078

City of Trotwood
Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Community Development</u>				
Planning and Development Administration	200,212	186,077	215,646	(29,569)
Planning and Zoning	93,927	99,871	101,168	(1,297)
Code Enforcement and Inspection	201,038	238,108	216,536	21,572
Mowing and Weed Removal	14,695	17,000	15,828	1,172
Grants Administration	62,117	67,036	66,906	130
Total Community Development	571,989	608,092	616,084	(7,992)
<u>Transportation & Street Repair</u>				
Street Lighting	414,495	246,000	446,448	(200,448)
Total Transportation & Street Repair	414,495	246,000	446,448	(200,448)
Capital Outlay	147,573	23,836	157,264	(133,428)
Debt Service:				
Principal Retirement	74,911	82,370	82,370	0
Interest and Fiscal Charges	86,433	80,710	93,096	(12,386)
Total Expenditures	8,513,270	8,916,028	9,169,540	(253,512)
Excess of Revenues Over (Under) Expenditures	719,282	255,177	126,510	(128,667)
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	3,809	3,000	3,835	835
Advances (Out)	(13,880)	0	(14,950)	(14,950)
Transfers (Out)	(582,589)	(627,500)	(627,500)	0
Total Other Financing Sources (Uses)	(592,660)	(624,500)	(638,615)	(14,115)
Net Change in Fund Balance	126,622	(369,323)	(512,105)	(142,782)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,737,105	1,737,105	1,737,105	0
Fund Balance End of Year	\$1,863,727	\$1,367,782	\$1,225,000	(\$142,782)

See accompanying notes to the required supplementary information.

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$363,633	\$339,531	\$337,832	(\$1,699)
Intergovernmental	684,329	783,140	635,774	(147,366)
Investment Earnings	4,690	6,000	4,357	(1,643)
Other Revenues	73,734	0	68,502	68,502
Total Revenues	1,126,386	1,128,671	1,046,465	(82,206)
Expenditures:				
Current:				
Transportation & Street Repair	935,619	1,030,606	1,005,364	25,242
Capital Outlay	289,225	310,344	310,785	(441)
Debt Service:				
Principal Retirement	74,073	77,851	77,851	0
Interest and Fiscal Charges	19,886	21,368	21,368	0
Total Expenditures	1,318,803	1,440,169	1,415,368	24,801
Excess of Revenues Over (Under) Expenditures	(192,417)	(311,498)	(368,903)	(57,405)
Other financing sources (uses):				
Transfers In	215,274	200,000	200,000	0
Total Other Financing Sources (Uses)	215,274	200,000	200,000	0
Net Change in Fund Balance	22,857	(111,498)	(168,903)	(57,405)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	585,473	585,473	585,473	0
Fund Balance End of Year	\$608,330	\$473,975	\$416,570	(\$57,405)

See accompanying notes to the required supplementary information.

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$1,810,145	\$1,818,717	\$1,791,762	(\$26,955)
Intergovernmental	269,682	237,870	266,943	29,073
Charges for Services	533	0	528	528
Investment Earnings	2,282	900	2,259	1,359
Other Revenues	1,342	0	1,328	1,328
Total Revenues	2,083,984	2,057,487	2,062,820	5,333
Expenditures:				
Current:				
Public Safety	1,654,768	1,723,815	1,841,110	(117,295)
Capital Outlay	475,229	536,708	528,744	7,964
Debt Service:				
Principal Retirement	114,253	126,293	126,293	0
Interest and Fiscal Charges	8,073	8,982	8,982	0
Total Expenditures	2,252,323	2,395,798	2,505,129	(109,331)
Excess of Revenues Over (Under) Expenditures	(168,339)	(338,311)	(442,309)	(103,998)
Other financing sources (uses):				
Transfers In	431,886	427,500	427,500	0
Total Other Financing Sources (Uses)	431,886	427,500	427,500	0
Net Change in Fund Balance	263,547	89,189	(14,809)	(103,998)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	21,179	21,179	21,179	0
Fund Balance End of Year	\$284,726	\$110,368	\$6,370	(\$103,998)

See accompanying notes to the required supplementary information.

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1. 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 program or budget center level for the General fund and the fund level for all other budgeted funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City. 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 final amended certificate of estimated resources issued during the year.

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.

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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund, street construction, maintenance and repair fund and fire levy fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund, street construction, maintenance and repair fund and fire levy fund.

Net Change in Fund Balance

	Street Construction, Maintenance and		
	<u>General</u>	<u>Repair</u>	<u>Fire Levy</u>
GAAP Basis	(\$162,238)	(\$129,379)	\$295,649
Net Adjustment for Revenue Accruals	(277,657)	(45,277)	0
Net Adjustment for Expenditure Accruals	59,744	44,925	(304,008)
Encumbrances	(131,954)	(39,172)	(6,450)
Budget Basis	<u>(\$512,105)</u>	<u>(\$168,903)</u>	<u>(\$14,809)</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

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NONMAJOR FUNDS

Special Revenue Funds: Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

State Highway - To account for the remaining 7.5% of the City's share of state gasoline taxes and motor vehicle license fees. State law requires that such monies be spent on state highways construction and improvements.

Motor Vehicle License Tax - To account for the City's share of motor vehicle registration fees. State law requires that such monies be spent on street construction and maintenance of certain specified roads.

Permissive Use Tax - To account for the \$5 license tax levied by the City. This money is used for the maintenance of street projects.

Drug Law Enforcement - To account for monies designated to be used for drug law enforcement.

Curbs/Gutters/Sidewalks Assessment - To account for monies designated to be used for curb, gutter and sidewalk assessments.

Lighting Assessment - To account for monies designated to be used for lighting assessments.

Grants - To account for revenues received from federal, state and local grants such as Community Development Block Grants, State Issue II grants and grants from Montgomery County.

Local Law Enforcement Block - To account for grant payments from the Federal Local Law Enforcement Block Grant program required to be used for specified law enforcement purposes.

Enforcement and Education - To account for monies received from fines for operating a motor vehicle under the influence of alcohol or other mind altering substances. State law requires that these proceeds be used to enforce such laws or to educate the public about such laws.

Law Enforcement Trust - To account for the fines generated in the prosecution of those in possession of contraband and the proceeds gained from the sale of confiscated contraband. This money may be spent for any law enforcement activity.

Government Equity Program - To account for Montgomery County shared revenues from its Government Equity formula allocation program which is to be used for economic development activities.

Rescue Levy - To account for property taxes levied for the provision of emergency medical services provided within the City by the Trotwood Rescue Unit.

Police Levy – To account for property taxes previously levied for the partial provision of police protection services within the City.

Debt Service Funds: The Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessments levies when the government is obligated in some manner for payment.

Debt Retirement - To accumulate monies for the payment of long-term and short-term debt.

Capital Projects Funds: The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Park Acquisition and Development – To account for residential subdivision fees paid in lieu of parkland dedication to be used for the acquisition and development of city parks, and for other resources designated for the same purposes.

Public Works Facility Construction – To account for debt proceeds issued to construct a new public works garage and office building.

Industrial Park – To account for site acquisition and infrastructure installation for an industrial park development project on Olive Road.

Townview Revitalization – To account for the reconstruction and upgrading of streets, curbs and gutters, sidewalks and storm drains in the targeted Townview neighborhood.

Fire Facility Improvements – To account for the debt proceeds issued to improve the fire facility.

West Third Street Improvement – To account for improvements to West Third Street.

Enterprise Funds: The Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges.

Sewer – To account for the provision of sewer services including maintenance of City-owned sewer lines.

Stormwater – To account for the provision of stormwater services.

City of Trotwood
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$338,054	\$69,454	\$494,486	\$901,994
Restricted Cash and Investments	0	8,589	0	8,589
Receivables:				
Taxes	574,042	169,164	0	743,206
Accounts	62,256	0	0	62,256
Intergovernmental	589,013	9,156	384,253	982,422
Special Assessments	183,098	0	0	183,098
Total Assets	1,746,463	256,363	878,739	2,881,565
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	54,006	0	50,359	104,365
Accrued Wages and Benefits	141,280	0	0	141,280
Compensated Absences	581	0	0	581
Interfund Payable	167,655	0	202,008	369,663
Deferred Revenue	1,289,072	178,320	262,184	1,729,576
General Obligation Notes Payable	155,000	0	1,690,000	1,845,000
Total Liabilities	1,807,594	178,320	2,204,551	4,190,465
Fund Balances:				
Reserved for Encumbrances	295,678	0	636,710	932,388
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	(356,809)	0	0	(356,809)
Debt Service Funds	0	78,043	0	78,043
Capital Projects Funds	0	0	(1,962,522)	(1,962,522)
Total Fund Balances	(61,131)	78,043	(1,325,812)	(1,308,900)
Total Liabilities and Fund Balances	\$1,746,463	\$256,363	\$878,739	\$2,881,565

City of Trotwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$629,109	\$142,347	\$0	\$771,456
Fines, Licenses & Permits	64,481	0	14,950	79,431
Charges for Services	840,366	0	0	840,366
Investment Earnings	6,717	1,497	5,321	13,535
Intergovernmental	770,622	19,665	916,390	1,706,677
Special Assessments	25,705	1,462	0	27,167
Other Revenues	2,013	19,851	0	21,864
Total Revenues	2,339,013	184,822	936,661	3,460,496
Expenditures:				
Current:				
Public Safety	1,800,745	0	33,964	1,834,709
Community Development	570,850	0	0	570,850
Transportation and Street Repair	64,929	0	1,015,715	1,080,644
Capital Outlay	705,346	0	323,621	1,028,967
Debt Service:				
Principal Retirement	40,888	95,000	0	135,888
Interest and Fiscal Charges	6,311	64,887	15,373	86,571
Total Expenditures	3,189,069	159,887	1,388,673	4,737,629
Excess of Revenues Over (Under) Expenditures	(850,056)	24,935	(452,012)	(1,277,133)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	61,554	0	0	61,554
Transfers In	0	0	36,600	36,600
Total Other Financing Sources (Uses)	61,554	0	36,600	98,154
Net Change in Fund Balance	(788,502)	24,935	(415,412)	(1,178,979)
Fund Balance Beginning of Year	727,371	53,108	(910,400)	(129,921)
Fund Balance End of Year	(\$61,131)	\$78,043	(\$1,325,812)	(\$1,308,900)

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City of Trotwood
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment	Lighting Assessment
Assets:						
Equity in Pooled Cash and Investments	\$34,175	\$15,739	\$0	\$30,779	\$50,532	\$15,641
Receivables:						
Taxes	0	0	0	0	0	0
Accounts	0	0	0	0	0	0
Intergovernmental	24,818	0	195,693	0	0	0
Special Assessments	0	0	0	0	150,175	32,923
Total Assets	58,993	15,739	195,693	30,779	200,707	48,564
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	6,053	0	0	0	175	0
Accrued Wages and Benefits	1,047	0	0	0	0	0
Compensated Absences	0	0	0	0	0	0
Interfund Payable	0	0	4,672	0	0	0
Deferred Revenue	20,437	0	195,693	0	150,175	32,923
General Obligation Notes Payable	0	0	0	0	155,000	0
Total Liabilities	27,537	0	200,365	0	305,350	32,923
Fund Balances:						
Reserved for Encumbrances	3,825	16,142	155,801	0	5,894	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	27,631	(403)	(160,473)	30,779	(110,537)	15,641
Total Fund Balances	31,456	15,739	(4,672)	30,779	(104,643)	15,641
Total Liabilities and Fund Balances	\$58,993	\$15,739	\$195,693	\$30,779	\$200,707	\$48,564

Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy	Police Levy	Total Nonmajor Special Revenue Funds
\$0	\$40,448	\$4,872	\$60,048	\$83,682	\$307	\$1,831	\$338,054
0	0	0	0	0	574,042	0	574,042
0	0	0	0	0	62,256	0	62,256
338,262	0	0	0	0	30,240	0	589,013
0	0	0	0	0	0	0	183,098
338,262	40,448	4,872	60,048	83,682	666,845	1,831	1,746,463
40,142	0	0	0	26	7,610	0	54,006
0	0	0	0	4,277	135,956	0	141,280
0	0	0	0	581	0	0	581
162,983	0	0	0	0	0	0	167,655
285,562	0	0	0	0	604,282	0	1,289,072
0	0	0	0	0	0	0	155,000
488,687	0	0	0	4,884	747,848	0	1,807,594
108,136	5,321	0	0	559	0	0	295,678
(258,561)	35,127	4,872	60,048	78,239	(81,003)	1,831	(356,809)
(150,425)	40,448	4,872	60,048	78,798	(81,003)	1,831	(61,131)
\$338,262	\$40,448	\$4,872	\$60,048	\$83,682	\$666,845	\$1,831	\$1,746,463

City of Trotwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2004

	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment	Lighting Assessment
Revenues:						
Taxes	\$0	\$145,147	\$0	\$0	\$0	\$0
Fines, Licenses & Permits	0	0	0	2,855	0	0
Charges for Services	0	0	0	0	8,463	0
Investment Earnings	625	1,214	270	264	628	0
Intergovernmental	51,290	0	0	0	0	0
Special Assessments	0	0	0	0	25,705	0
Other Revenues	600	0	0	0	0	0
Total Revenues	52,515	146,361	270	3,119	34,796	0
Expenditures:						
Current:						
Public Safety	0	0	0	600	0	0
Community Development	0	0	0	0	0	0
Transportation and Street Repair	62,810	0	0	0	2,119	0
Capital Outlay	50,349	211,955	40,162	0	79,145	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	2,768	0
Total Expenditures	113,159	211,955	40,162	600	84,032	0
Excess of Revenues Over (Under) Expenditures	(60,644)	(65,594)	(39,892)	2,519	(49,236)	0
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balance	(60,644)	(65,594)	(39,892)	2,519	(49,236)	0
Fund Balance Beginning of Year	92,100	81,333	35,220	28,260	(55,407)	15,641
Fund Balance End of Year	\$31,456	\$15,739	(\$4,672)	\$30,779	(\$104,643)	\$15,641

Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy	Police Levy	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$483,962	\$0	\$629,109
0	0	560	61,066	0	0	0	64,481
0	0	0	0	0	831,903	0	840,366
0	315	42	531	895	1,917	16	6,717
572,259	22,670	0	0	49,596	74,807	0	770,622
0	0	0	0	0	0	0	25,705
508	0	0	0	70	835	0	2,013
572,767	22,985	602	61,597	50,561	1,393,424	16	2,339,013
71,647	1,413	0	0	0	1,727,085	0	1,800,745
481,339	0	0	0	89,511	0	0	570,850
0	0	0	0	0	0	0	64,929
191,297	31,609	0	54,646	0	46,183	0	705,346
0	0	0	0	0	40,888	0	40,888
0	0	0	0	0	3,543	0	6,311
744,283	33,022	0	54,646	89,511	1,817,699	0	3,189,069
(171,516)	(10,037)	602	6,951	(38,950)	(424,275)	16	(850,056)
0	0	0	0	0	61,554	0	61,554
0	0	0	0	0	61,554	0	61,554
(171,516)	(10,037)	602	6,951	(38,950)	(362,721)	16	(788,502)
21,091	50,485	4,270	53,097	117,748	281,718	1,815	727,371
(\$150,425)	\$40,448	\$4,872	\$60,048	\$78,798	(\$81,003)	\$1,831	(\$61,131)

City of Trotwood
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	Park Acquisition and Development	Public Works Facility Construction	Industrial Park	Townview Revitalization	Fire Facility Improvements
Assets:					
Equity in Pooled Cash and Investments	\$7,293	\$1	\$389	\$2	\$486,801
Receivables:					
Intergovernmental	0	0	0	0	0
Total Assets	<u>7,293</u>	<u>1</u>	<u>389</u>	<u>2</u>	<u>486,801</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	30,973
Interfund Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
General Obligation Notes Payable	145,000	0	695,000	0	850,000
Total Liabilities	<u>145,000</u>	<u>0</u>	<u>695,000</u>	<u>0</u>	<u>880,973</u>
Fund Balances:					
Reserved for Encumbrances	0	0	0	0	51,425
Unreserved, Undesignated, Reported in:					
Capital Projects Funds	(137,707)	1	(694,611)	2	(445,597)
Total Fund Balances	<u>(137,707)</u>	<u>1</u>	<u>(694,611)</u>	<u>2</u>	<u>(394,172)</u>
Total Liabilities and Fund Balances	<u>\$7,293</u>	<u>\$1</u>	<u>\$389</u>	<u>\$2</u>	<u>\$486,801</u>

<u>West Thrid Street Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$0	\$494,486
<u>384,253</u>	<u>384,253</u>
<u>384,253</u>	<u>878,739</u>
19,386	50,359
202,008	202,008
262,184	262,184
0	1,690,000
<u>483,578</u>	<u>2,204,551</u>
585,285	636,710
<u>(684,610)</u>	<u>(1,962,522)</u>
<u>(99,325)</u>	<u>(1,325,812)</u>
<u>\$384,253</u>	<u>\$878,739</u>

City of Trotwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2004

	Park Acquisition and Development	Public Works Facility Construction	Industrial Park	Townview Revitalization	Fire Facility Improvements
Revenues:					
Fines, Licenses & Permits	\$14,950	\$0	\$0	\$0	\$0
Investment Earnings	62	0	3	0	5,256
Intergovernmental	0	0	0	0	0
Total Revenues	15,012	0	3	0	5,256
Expenditures:					
Current:					
Public Safety	0	0	0	0	33,964
Transportation and Street Repair	0	0	0	0	0
Capital Outlay	37,192	0	0	0	286,429
Debt Service:					
Interest and Fiscal Charges	3,354	0	0	0	12,019
Total Expenditures	40,546	0	0	0	332,412
Excess of Revenues Over (Under) Expenditures	(25,534)	0	3	0	(327,156)
Other Financing Sources (Uses):					
Transfers In	36,600	0	0	0	0
Total Other Financing Sources (Uses)	36,600	0	0	0	0
Net Change in Fund Balance	11,066	0	3	0	(327,156)
Fund Balance Beginning of Year	(148,773)	1	(694,614)	2	(67,016)
Fund Balance End of Year	(\$137,707)	\$1	(\$694,611)	\$2	(\$394,172)

West Thrid Street Improvement	Total Nonmajor Capital Projects Funds
\$0	\$14,950
0	5,321
916,390	916,390
916,390	936,661
0	33,964
1,015,715	1,015,715
0	323,621
0	15,373
1,015,715	1,388,673
(99,325)	(452,012)
0	36,600
0	36,600
(99,325)	(415,412)
0	(910,400)
(\$99,325)	(\$1,325,812)

City of Trotwood
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2004

	Sewer	Stormwater	Total Nonmajor Enterprise Funds
Assets:			
Equity in Pooled Cash and Investments	\$136,215	\$12,407	\$148,622
Receivables:			
Accounts	274,673	0	274,673
Special Assessments	69,754	0	69,754
Total Current Assets	480,642	12,407	493,049
Nondepreciable Capital Assets	12,026	0	12,026
Depreciable Capital Assets, Net	287,740	0	287,740
Total Assets	780,408	12,407	792,815
Liabilities:			
Current Liabilities:			
Accounts Payable	307,675	0	307,675
Accrued Wages and Benefits	12,417	0	12,417
Compensated Absences	10,221	0	10,221
Interfund Payable	0	14,950	14,950
Deferred Revenue	69,754	0	69,754
Long-Term Liabilities Due Within One Year	4,810	0	4,810
Total Current Liabilities	404,877	14,950	419,827
Long-Term Liabilities:			
Compensated Absences	11,165	0	11,165
Bonds, Notes & Loans Payable	32,066	0	32,066
Total Liabilities	448,108	14,950	463,058
Net Assets:			
Invested in Capital Assets, Net of Related Debt	262,890	0	262,890
Unrestricted	69,410	(2,543)	66,867
Total Net Assets	\$332,300	(\$2,543)	\$329,757

City of Trotwood
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2004

	Sewer	Stormwater	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for Services	\$876,218	\$0	\$876,218
Other Revenues	19,766	0	19,766
Total Operating Revenues	895,984	0	895,984
Operating Expenses:			
Personal Services	168,590	0	168,590
Contactual Services	673,198	2,570	675,768
Materials and Supplies	13,969	0	13,969
Depreciation	24,645	0	24,645
Other Expenses	984	0	984
Total Operating Expenses	881,386	2,570	883,956
Operating Income (Loss)	14,598	(2,570)	12,028
Non-Operating Revenues (Expenses):			
Investment Earnings	594	27	621
Interest (Expense)	(1,868)	0	(1,868)
Total Non-Operating Revenues (Expenses)	(1,274)	27	(1,247)
Change in Net Assets	13,324	(2,543)	10,781
Net Assets Beginning of Year	318,976	0	318,976
Net Assets End of Year	\$332,300	(\$2,543)	\$329,757

City of Trotwood
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2004

	Sewer	Stormwater	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$896,034	\$0	\$896,034
Cash Payments to Employees	(158,704)	0	(158,704)
Cash Payments to Suppliers	(697,441)	(2,570)	(700,011)
Net Cash Provided (Used) by Operating Activities	39,889	(2,570)	37,319
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	14,950	14,950
Net Cash Provided (Used) by Noncapital Financing Activities	0	14,950	14,950
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(12,026)	0	(12,026)
Debt Principal Payments	(9,952)	0	(9,952)
Debt Interest Payments	(1,868)	0	(1,868)
Net Cash Provided (Used) by Capital and Related Financing Activities	(23,846)	0	(23,846)
Cash Flows from Investing Activities:			
Earnings on Investments	594	27	621
Net Cash Provided (Used) by Cash Flows from Investing Activities	594	27	621
Net Increase (Decrease) in Cash and Cash Equivalents	16,637	12,407	29,044
Cash and Cash Equivalents Beginning of Year	119,578	0	119,578
Cash and Cash Equivalents End of Year	136,215	12,407	148,622
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	14,598	(2,570)	12,028
Adjustments:			
Depreciation	24,645	0	24,645
Changes in Assets & Liabilities:			
(Increase) Decrease in Receivables	(23,121)	0	(23,121)
Increase (Decrease) in Payables	18,247	0	18,247
Increase (Decrease) in Accrued Liabilities	3,585	0	3,585
Increase (Decrease) in Deferred Revenue	1,935	0	1,935
Net Cash Provided (Used) by Operating Activities	\$39,889	(\$2,570)	\$37,319

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	State Highway Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$59,706	\$59,150	\$50,652	(\$8,498)
Investment Earnings	737	2,000	625	(1,375)
Other Revenues	707	0	600	600
Total Revenues	61,150	61,150	51,877	(9,273)
Expenditures:				
Current:				
Transportation & Street Repair	57,144	65,650	67,134	(1,484)
Capital Outlay	42,856	50,000	50,349	(349)
Total Expenditures	100,000	115,650	117,483	(1,833)
Net Change in Fund Balance	(38,850)	(54,500)	(65,606)	(11,106)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	89,905	89,905	89,905	0
Fund Balance End of Year	\$51,055	\$35,405	\$24,299	(\$11,106)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Motor Vehicle License Tax Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$156,499	\$2,500	\$1,214	(\$1,286)
Total Revenues	156,500	2,500	1,214	(1,286)
Expenditures:				
Capital Outlay	250,000	250,000	228,097	21,903
Total Expenditures	250,000	250,000	228,097	21,903
Net Change in Fund Balance	(93,500)	(247,500)	(226,883)	20,617
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	81,333	81,333	81,333	0
Fund Balance End of Year	(\$12,167)	(\$166,167)	(\$145,550)	\$20,617

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Permissive Use Tax Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$8	\$0	\$0	\$0
Intergovernmental	0	220,000	0	(220,000)
Investment Earnings	219,992	0	271	271
Total Revenues	220,000	220,000	271	(219,729)
Expenditures:				
Capital Outlay	220,000	220,000	195,964	24,036
Total Expenditures	220,000	220,000	195,964	24,036
Net Change in Fund Balance	0	0	(195,693)	(195,693)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	35,220	35,220	35,220	0
Fund Balance End of Year	\$35,220	\$35,220	(\$160,473)	(\$195,693)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Drug Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$1,144	\$1,000	\$2,855	\$1,855
Investment Earnings	106	250	264	14
Total Revenues	1,250	1,250	3,119	1,869
Expenditures:				
Current:				
Public Safety	1,250	1,250	600	650
Total Expenditures	1,250	1,250	600	650
Net Change in Fund Balance	0	0	2,519	2,519
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	28,261	28,261	28,261	0
Fund Balance End of Year	<u>\$28,261</u>	<u>\$28,261</u>	<u>\$30,780</u>	<u>\$2,519</u>

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Curbs/Gutters/ Sidewalks Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$21,359	\$32,210	\$25,705	(\$6,505)
Charges for Services	7,032	0	8,463	8,463
Investment Earnings	522	500	628	128
Total Revenues	28,913	32,710	34,796	2,086
Expenditures:				
Current:				
Transportation & Street Repair	1,197	0	1,944	(1,944)
Capital Outlay	54,763	91,723	88,961	2,762
Debt Service:				
Principal Retirement	92,337	150,000	150,000	0
Interest and Fiscal Charges	1,704	2,199	2,768	(569)
Total Expenditures	150,001	243,922	243,673	249
Excess of Revenues Over (Under) Expenditures	(121,088)	(211,212)	(208,877)	2,335
Other financing sources (uses):				
Debt Proceeds	128,796	155,000	155,000	0
Total Other Financing Sources (Uses)	128,796	155,000	155,000	0
Net Change in Fund Balance	7,708	(56,212)	(53,877)	2,335
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	98,516	98,516	98,516	0
Fund Balance End of Year	\$106,224	\$42,304	\$44,639	\$2,335

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Lighting Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government	0	0	0	(0)
Total Expenditures	0	0	0	(0)
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	15,639	15,639	15,639	0
Fund Balance End of Year	\$15,639	\$15,639	\$15,639	\$0

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$654,499	\$1,161,720	\$663,372	(\$498,348)
Other Revenues	501	0	508	508
Total Revenues	655,000	1,161,720	663,880	(497,840)
Expenditures:				
Current:				
General Government	22,345	31,560	32,975	(1,415)
Public Safety	48,936	85,583	72,215	13,368
Community Development	423,015	817,572	624,244	193,328
Capital Outlay	160,703	218,355	237,150	(18,795)
Total Expenditures	654,999	1,153,070	966,584	186,486
Net Change in Fund Balance	1	8,650	(302,704)	(311,354)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(82,799)	(82,799)	(82,799)	0
Fund Balance End of Year	(\$82,798)	(\$74,149)	(\$385,503)	(\$311,354)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Local Law Enforcement Block Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$50,094	\$50,900	\$22,670	(\$28,230)
Investment Earnings	696	700	315	(385)
Total Revenues	50,790	51,600	22,985	(28,615)
Expenditures:				
Current:				
Public Safety	1,846	10,000	1,413	8,587
Capital Outlay	48,244	40,090	36,930	3,160
Total Expenditures	50,090	50,090	38,343	11,747
Net Change in Fund Balance	700	1,510	(15,358)	(16,868)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	50,486	50,486	50,486	0
Fund Balance End of Year	\$51,186	\$51,996	\$35,128	(\$16,868)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$512	\$500	\$560	\$60
Investment Earnings	38	50	42	(8)
Total Revenues	550	550	602	52
Expenditures:				
Current:				
Public Safety	550	550	0	550
Total Expenditures	550	550	0	550
Net Change in Fund Balance	0	0	602	602
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,270	4,270	4,270	0
Fund Balance End of Year	\$4,270	\$4,270	\$4,872	\$602

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Law Enforcement Trust Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$41,341	\$41,000	\$61,066	\$20,066
Investment Earnings	359	700	531	(169)
Total Revenues	41,700	41,700	61,597	19,897
Expenditures:				
Current:				
Public Safety	6,456	24,236	4,236	20,000
Capital Outlay	83,284	69,910	54,646	15,264
Total Expenditures	89,740	94,146	58,882	35,264
Net Change in Fund Balance	(48,040)	(52,446)	2,715	55,161
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	57,333	57,333	57,333	0
Fund Balance End of Year	\$9,293	\$4,887	\$60,048	\$55,161

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Government Equity Program Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$49,821	\$49,590	\$49,596	\$6
Investment Earnings	899	1,200	895	(305)
Other Revenues	70	0	70	70
Total Revenues	50,790	50,790	50,561	(229)
Expenditures:				
Current:				
Community Development	72,360	104,861	93,196	11,665
Total Expenditures	72,360	104,861	93,196	11,665
Net Change in Fund Balance	(21,570)	(54,071)	(42,635)	11,436
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	125,871	125,871	125,871	0
Fund Balance End of Year	\$104,301	\$71,800	\$83,236	\$11,436

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Rescue Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$520,464	\$486,275	\$483,962	(\$2,313)
Intergovernmental	80,449	68,845	74,807	5,962
Charges for Services	871,425	840,000	810,309	(29,691)
Investment Earnings	2,062	7,000	1,917	(5,083)
Other Revenues	67,095	120,000	62,389	(57,611)
Total Revenues	1,541,495	1,522,120	1,433,384	(88,736)
Expenditures:				
Current:				
Public Safety	1,613,253	1,642,946	1,695,334	(52,388)
Capital Outlay	43,947	56,700	46,183	10,517
Debt Service:				
Principal Retirement	37,781	40,888	40,888	0
Interest and Fiscal Charges	3,371	3,543	3,543	0
Total Expenditures	1,698,352	1,744,077	1,785,948	(41,871)
Net Change in Fund Balance	(156,857)	(221,957)	(352,564)	(130,607)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	352,778	352,778	352,778	0
Fund Balance End of Year	\$195,921	\$130,821	\$214	(\$130,607)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Police Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$16	\$16
Total Revenues	0	0	16	16
Expenditures:				
Current:				
General Government	0	0	0	(0)
Total Expenditures	0	0	0	(0)
Net Change in Fund Balance	0	0	16	16
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,814	1,814	1,814	0
Fund Balance End of Year	<u>\$1,814</u>	<u>\$1,814</u>	<u>\$1,830</u>	<u>\$16</u>

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Debt Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$147,768	\$143,295	\$142,347	(\$948)
Intergovernmental	20,414	18,830	19,665	835
Special Assessments	1,518	2,000	1,462	(538)
Investment Earnings	655	600	631	31
Other Revenues	5,036	5,000	4,851	(149)
Total Revenues	175,391	169,725	168,956	(769)
Expenditures:				
Debt Service:				
Principal Retirement	218,392	95,000	95,000	0
Interest and Fiscal Charges	114,683	50,724	49,887	837
Total Expenditures	333,075	145,724	144,887	837
Net Change in Fund Balance	(157,684)	24,001	24,069	68
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	53,974	53,974	53,974	0
Fund Balance End of Year	(\$103,710)	\$77,975	\$78,043	\$68

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Park Acquisition and Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$19,443	\$3,000	\$14,950	\$11,950
Investment Earnings	81	100	62	(38)
Total Revenues	19,524	3,100	15,012	11,912
Expenditures:				
Capital Outlay	1,151	1,449	1,153	296
Debt Service:				
Principal Retirement	94,001	190,000	190,000	0
Interest and Fiscal Charges	594	2,793	2,793	0
Total Expenditures	95,746	194,242	193,946	296
Excess of Revenues Over (Under) Expenditures	(76,222)	(191,142)	(178,934)	12,208
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	0	60,000	0	(60,000)
Debt Proceeds	188,576	145,000	145,000	0
Total Other Financing Sources (Uses)	188,576	205,000	145,000	(60,000)
Net Change in Fund Balance	112,354	13,858	(33,934)	(47,792)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	41,228	41,228	41,228	0
Fund Balance End of Year	\$153,582	\$55,086	\$7,294	(\$47,792)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Public Works Facility Construction Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$10,000	\$0	(\$10,000)
Total Revenues	0	10,000	0	(10,000)
Expenditures:				
Debt Service:				
Principal Retirement	489,996	0	0	0
Total Expenditures	489,996	0	0	(0)
Net Change in Fund Balance	(489,996)	10,000	0	(10,000)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1	1	1	0
Fund Balance End of Year	(\$489,995)	\$10,001	\$1	(\$10,000)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Industrial Park Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$3	\$0	\$3	\$3
Total Revenues	3	0	3	3
Expenditures:				
Debt Service:				
Principal Retirement	705,598	695,000	695,000	0
Total Expenditures	705,598	695,000	695,000	0
Excess of Revenues Over (Under) Expenditures	(705,595)	(695,000)	(694,997)	3
Other financing sources (uses):				
Debt Proceeds	694,997	695,000	695,000	0
Total Other Financing Sources (Uses)	694,997	695,000	695,000	0
Net Change in Fund Balance	(10,598)	0	3	3
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	387	387	387	0
Fund Balance End of Year	(\$10,211)	\$387	\$390	\$3

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Townview Revitalization Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government	0	0	0	(0)
Total Expenditures	0	0	0	(0)
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Fire Facility Improvements Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$5,224	\$0	\$5,256	\$5,256
Total Revenues	5,224	0	5,256	5,256
Expenditures:				
Current:				
Public Safety	6,804	418,355	5,159	413,196
Capital Outlay	486,396	365,000	368,827	(3,827)
Debt Service:				
Principal Retirement	1,120,950	850,000	850,000	0
Interest and Fiscal Charges	15,850	11,645	12,019	(374)
Total Expenditures	1,630,000	1,645,000	1,236,005	408,995
Excess of Revenues Over (Under) Expenditures	(1,624,776)	(1,645,000)	(1,230,749)	414,251
Other financing sources (uses):				
Debt Proceeds	844,776	850,000	850,000	0
Total Other Financing Sources (Uses)	844,776	850,000	850,000	0
Net Change in Fund Balance	(780,000)	(795,000)	(380,749)	414,251
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	785,152	785,152	785,152	0
Fund Balance End of Year	\$5,152	(\$9,848)	\$404,403	\$414,251

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	West Thrid Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$1,318,400	\$794,321	(\$524,079)
Other Revenues	0	282,600	0	(282,600)
Total Revenues	0	1,601,000	794,321	(806,679)
Expenditures:				
Capital Outlay	0	1,601,000	1,601,000	0
Total Expenditures	0	1,601,000	1,601,000	0
Net Change in Fund Balance	0	0	(806,679)	(806,679)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	(\$806,679)	(\$806,679)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2004

	Salem Mall Tax Increment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$204	\$100,000	\$5,442	(\$94,558)
Investment Earnings	4,035	100	107,806	107,706
Other Revenues	6,366	164,000	170,064	6,064
Total Revenues	10,605	264,100	283,312	19,212
Expenditures:				
Current:				
Community Development	23,395	564,734	598,040	(33,306)
Capital Outlay	136,605	3,500,000	3,492,073	7,927
Total Expenditures	160,000	4,064,734	4,090,113	(25,379)
Excess of Revenues Over (Under) Expenditures	(149,395)	(3,800,634)	(3,806,801)	(6,167)
Other financing sources (uses):				
Debt Proceeds	153,495	4,100,000	4,100,568	568
Total Other Financing Sources (Uses)	153,495	4,100,000	4,100,568	568
Net Change in Fund Balance	4,100	299,366	293,767	(5,599)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	32,487	32,487	32,487	0
Fund Balance End of Year	\$36,587	\$331,853	\$326,254	(\$5,599)

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STATISTICAL SECTION

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Table 1

CITY OF TROTWOOD, OHIO
General Government Expenditures by Function (1)
Last Ten Fiscal Years (2)

Fiscal Year	Public Safety	Leisure Time Activities	Community Development	Transportation and Street Repair	General Government	Capital Outlay	Debt Service	Totals
1995	\$1,567,858	\$284,546	\$245,164	\$297,097	\$512,266	\$356,380	\$217,760	\$3,481,071
1996	4,998,213	462,219	419,046	603,037	1,243,802	1,157,534	190,211	9,074,062
1997	5,628,372	517,888	619,783	876,823	1,672,448	1,203,875	165,524	10,684,713
1998	6,174,414	501,355	543,837	947,620	1,932,626	648,885	166,737	10,915,474
1999	7,252,708	609,445	596,412	1,246,778	2,377,437	1,887,440	157,206	14,127,426
2000	7,438,266	760,948	976,552	1,267,681	2,123,683	4,042,240	167,320	16,776,690
2001	7,442,020	523,486	879,813	1,087,664	2,023,525	1,563,347	312,136	13,831,991
2002	7,777,073	472,069	903,893	1,079,879	2,264,896	2,740,330	400,676	15,638,816
2003	8,391,237	386,804	1,354,251	1,250,411	2,405,893	2,222,513	1,625,133	17,636,242
2004	8,302,497	390,252	1,727,732	2,334,873	2,312,200	5,778,866	632,419	21,478,839

Notes: (1) Includes general, special revenue, debt service, and capital projects funds.
(2) On January 1, 1996, the City merged with Madison Township.

Basis of presentation: For the year ended December 31, 1997, the City presented for the first time, general purpose financial statements by fund type and account group. Thus, they are not comparable to the cash basis financial statements presented in prior years.

Table 2

CITY OF TROTWOOD, OHIO
General Government Revenues by Source (1)
Last Ten Fiscal Years (2)

Fiscal Year	Taxes	Inter-governmental	Charges for Services	Fines Licenses and Permits (4)	Special Assessments	Investment Earnings (3)	Other	Totals
1995	\$2,625,395	\$568,982	\$101,735	\$65,910	\$50,980	\$26,647	\$81,315	\$3,520,964
1996	7,319,915	1,836,003	97,458	150,210	155,340	213,526	363,042	10,135,494
1997	8,126,145	2,746,420	169,047	118,564	150,276	344,174	134,063	11,788,689
1998	8,497,665	2,303,450	168,883	86,129	163,528	421,628	334,449	11,975,732
1999	8,222,606	2,784,498	194,391	117,007	164,776	350,442	233,558	12,067,278
2000	8,599,117	5,651,530	258,561	97,621	35,125	277,116	632,213	15,551,283
2001	7,217,614	3,388,698	930,892	336,245	56,291	266,207	405,669	12,601,616
2002	8,896,998	3,000,994	1,198,249	326,212	67,633	89,372	109,328	13,688,786
2003	9,281,384	3,783,903	974,728	407,837	81,916	47,090	455,562	15,032,420
2004	10,115,617	4,073,076	1,152,644	342,430	85,086	43,794	622,598	16,435,245

Notes:

(1) Includes general, special revenue, debt service, and capital projects funds.

(2) On January 1, 1996, the City merged with Madison Township.

(3) Prior to fiscal year 1997 investment revenue includes rental revenue subsequently included in other revenue.

(4) Commencing fiscal year 2001, cable franchise fees included in fines, licenses and permits rather than taxes.

Basis of presentation: For the year ended December 31, 1997, the City presented for the first time, general purpose financial statements by fund type and account group. Thus, they are not comparable to the cash basis financial statements presented in prior years.

Table 3

CITY OF TROTWOOD, OHIO
Property Tax Levies and Collections
Last Ten Fiscal Years (1)

Collection Year	Current Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Collections to Levy	Accumulated Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Levy
1995	\$312,861	\$305,264	97.6%	\$12,619	\$317,883	101.6%	\$40,338	12.9%
1996	3,454,535	3,348,295	96.9%	122,951	3,471,246	100.5%	311,058	9.0%
1997	3,423,538	3,307,469	96.6%	180,827	3,488,296	101.9%	407,438	11.9%
1998	3,586,795	3,363,483	93.8%	213,223	3,576,706	99.7%	457,354	12.8%
1999	3,595,449	3,326,513	92.5%	164,897	3,491,410	97.1%	516,332	14.4%
2000	3,617,628	3,412,978	94.3%	201,459	3,614,437	99.9%	749,139	20.7%
2001	2,674,945	2,469,131	92.3%	127,627	2,596,758	97.1%	519,906	19.4%
2002	4,283,899	3,946,140	92.1%	240,612	4,186,752	97.7%	1,064,003	24.8%
2003	4,352,675	4,228,200	97.1%	304,584	4,532,784	104.1%	1,151,854	26.5%
2004	5,140,731	4,956,250	96.4%	410,790	5,367,040	104.4%	920,219	17.9%

Notes: (1) On January 1, 1996, the City merged with Madison Township.
(2) Includes penalties and interest assessed on delinquent accounts.

Source: Montgomery County, Ohio; Auditor's Office.

Table 4

CITY OF TROTWOOD, OHIO
Assessed and Estimated Actual Values of Taxable Property
Last Ten Fiscal Years (1)

Collection Year (2)	Real Property (3)		Tangible Personal Property (4)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1995	\$74,599,300	\$213,140,857	\$21,263,588	\$62,468,795	\$95,862,888	\$275,609,652
1996	208,671,570	596,204,486	43,594,586	118,176,216	252,266,156	714,380,702
1997	237,522,630	678,636,086	45,562,117	125,829,820	283,084,747	804,465,906
1998	238,080,730	680,230,657	47,109,594	133,094,881	285,190,324	813,325,538
1999	240,984,190	688,526,257	47,280,164	133,137,482	288,264,354	821,663,739
2000	257,846,260	736,703,600	45,178,732	128,800,379	303,024,992	865,503,979
2001	256,864,550	733,898,714	41,837,819	120,407,485	298,702,369	854,306,199
2002	253,910,830	725,459,514	37,320,990	131,370,826	291,231,820	856,830,340
2003	290,982,840	831,379,543	34,182,924	118,258,564	325,165,764	949,638,107
2004	290,157,130	829,020,371	32,003,608	110,266,240	322,160,738	939,286,611

Notes:

- (1) On January 1, 1996, the City merged with Madison Township.
 (2) Assessed value is determined in the year prior to its collection.
 (3) All real property is currently assessed at 35% of estimated market value.
 (4) All tangible personal property (machinery/equipment and inventory) is currently assessed at 25% of net book value except for public utility tangible personal property which is assessed partially at 88% partially at 25% of net book value.

Source: Montgomery County, Ohio; Auditor's Office.

Table 5

CITY OF TROTWOOD, OHIO
Property Tax Rates - Direct and Overlapping Governments
(per \$1,000 of assessed valuation)
Last Ten Fiscal Years (1)

Collection Year (2)	City of Trotwood	Montgomery County	Madison Township	Trotwood- Madison City School District	Miami Valley Career Technology Center	Dayton- Montgomery County Library	Total
1995	3.44	16.64	8.70	45.86	2.58	0.72	77.94
1996	15.64	16.64	-	55.76	2.58	0.72	91.34
1997	15.14	16.64	-	53.74	2.58	0.72	88.82
1998	15.14	16.64	-	53.74	2.58	0.26	88.36
1999	15.14	16.64	-	53.74	2.58	0.26	88.36
2000	15.14	16.64	-	52.64	2.58	0.26	87.26
2001	11.64	17.24	-	52.64	2.58	0.26	84.36
2002	17.39	17.24	-	52.91	2.58	0.26	90.38
2003	17.39	17.24	-	61.05	2.58	0.26	98.52
2004	17.39	18.24	-	60.85	2.58	0.26	99.32

Notes: (1) On January 1, 1996, the City merged with Madison Township.
(2) Tax rate is determined and assessed in the year prior to collection.

Source: Montgomery County, Ohio; Auditor's Office.

Table 6

CITY OF TROTWOOD, OHIO
Principal Property Taxpayers
December 31, 2004

Taxpayer	Nature of Business	Total Assessed Valuation	Percent of Total Assessed Valuation
Dayton Power & Light Company	Electric utility	\$6,567,340	2.04%
Bradley Operating Company	Shopping center	4,689,650	1.46%
Lowes Companies, Inc.	Home improvement store	3,958,520	1.23%
Verizon (GTE)	Telephone utility	3,155,070	0.98%
Castlebrook Capital Company	Apartment complex	2,693,600	0.84%
Home Depot USA Inc.	Home improvement store	2,417,160	0.75%
Sears Roebuck & Co.	Department store	2,373,510	0.74%
Kmart Corporation	Department store	2,151,440	0.67%
Tramlaw LLC	Department store	2,112,990	0.66%
Belle Meadows	Apartment complex	1,912,930	0.59%
Total		32,032,210	9.94%
All other taxpayers		290,128,528	90.06%
Total assessed valuation		\$322,160,738	100.00%

Source: Montgomery County, Ohio; Auditor's Office.

Table 7

CITY OF TROTWOOD, OHIO
Income Tax Collections
Last Ten Fiscal Years (1)

Fiscal Year	Tax Rate (2)	Withholding Collections	Non-Withholding Collections	Gross Collections	Refunds	Net Collections
1995	2.25%	\$1,855,048	\$514,643	\$2,369,691	\$42,409	\$2,327,282
1996	2.25%	3,240,045	512,219	3,752,264	50,802	3,701,462
1997	2.25%	3,771,936	1,054,627	4,826,563	47,021	4,779,542
1998	2.25%	3,896,912	1,169,711	5,066,623	60,975	5,005,648
1999	2.25%	3,856,813	1,105,972	4,962,785	88,653	4,874,132
2000	2.25%	4,291,798	899,892	5,191,690	89,641	5,102,049
2001	2.25%	4,252,227	934,710	5,186,937	77,363	5,109,574
2002	2.25%	3,805,335	1,049,399	4,854,734	97,184	4,757,550
2003	2.25%	4,480,516	1,021,549	5,502,065	62,092	5,439,973
2004	2.25%	4,249,749	956,303	5,206,052	102,219	5,103,833

Notes:

- (1) On January 1, 1996, the City merged with Madison Township.
 (2) The tax rate increased from 1.75% to 2.25% effective July 1, 1993.

Source:

City of Dayton, Ohio; Division of Revenue and Taxation; and
 City of Trotwood Income Tax Support Services Division.

Table 8

CITY OF TROTWOOD, OHIO
Special Assessment Billings and Collections
Last Ten Fiscal Years (1)

Collection Year	Current Assessments Due	Current Assessment Collections	Percent of Current Assessments Collected	Delinquent Assessment Collections	Total Assessment Collections	Ratio of Total Collections to Current	Outstanding Delinquent Assessments (2)	Ratio of Delinquent Assessments to Current Due
1995	\$67,082	\$43,307	64.6%	\$5,597	\$48,904	72.9%	\$77,510	115.5%
1996	321,553	249,620	77.6%	34,606	284,226	88.4%	234,209	72.8%
1997	331,315	256,813	77.5%	41,565	298,378	90.1%	295,708	89.3%
1998	322,508	247,381	76.7%	49,200	296,581	92.0%	346,498	107.4%
1999	358,225	277,660	77.5%	53,600	331,260	92.5%	N/A	N/A
2000	304,019	176,635	58.1%	50,802	227,437	74.8%	543,907	178.9%
2001	238,955	N/A	N/A	N/A	237,249	99.3%	633,289	265.0%
2002	350,595	N/A	N/A	N/A	284,262	81.1%	708,533	202.1%
2003	349,418	N/A	N/A	N/A	366,845	105.0%	816,139	233.6%
2004	567,231	N/A	N/A	N/A	402,911	71.0%	745,556	131.4%

Notes: (1) On January 1, 1996, the City merged with Madison Township.
(2) Includes penalties and interest assessed on delinquent accounts.

Source: Montgomery County, Ohio; Auditor's Office.

N/A=Not Available

Table 9

CITY OF TROTWOOD, OHIO
Computation of Legal Debt Margin
December 31, 2004

\$322,160,738

Assessed valuation

Overall Debt Limitation -
10.50% of assessed valuation

\$33,826,877

Gross bonded indebtedness
Less: Self-supported debt

\$9,815,000

-

Net debt within 10.50% limitation

9,815,000

Legal debt margin within 10.50% limitation

\$24,011,877

Unvoted Debt Limitation -
5.50% of assessed valuation

\$17,718,841

Gross indebtedness
Less: Self-supported debt

\$9,815,000

-

Net debt within 5.50% limitation

9,815,000

Legal debt margin within 5.50% limitation

\$7,903,841

Table 10

CITY OF TROTWOOD, OHIO
Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years (1)

Fiscal Year	Population (2)	Assessed Valuation	Gross Bonded Debt	Debt Service Cash Balance	Self-Supported Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
1995	8,779	\$95,862,888	\$1,690,000	\$27,582	-	\$1,662,418	1.73%	\$189
1996	29,358	252,266,156	1,640,000	2,313	-	1,637,687	0.65%	55.78
1997	29,358	283,084,747	1,585,000	1,530	-	1,583,470	0.56%	53.94
1998	29,358	285,190,324	1,525,000	45,923	-	1,479,077	0.52%	50.38
1999	29,358	288,264,354	1,470,000	8,986	-	1,461,014	0.51%	49.77
2000	27,420	303,024,992	1,405,000	597	-	1,404,403	0.46%	51.22
2001	27,420	298,702,369	1,335,000	2,440	-	1,332,560	0.45%	48.60
2002	27,420	291,231,820	1,265,000	8,589	-	1,256,411	0.43%	45.82
2003	27,420	325,165,764	3,790,000	53,974	-	3,736,026	1.15%	136.25
2004	27,420	322,160,738	3,645,000	78,043	-	3,566,957	1.11%	130.09

Notes: (1) On January 1, 1996, the City merged with Madison Township.

(2) Source: U.S. Census Bureau and Miami Valley Regional Planning Commission.

Table 11

CITY OF TROTWOOD, OHIO
Ratio of Annual Debt Service Expenditures for General Obligation
Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years (1)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
1995	\$45,000	\$117,190	\$162,190	\$3,481,071	4.7%
1996	50,000	113,948	163,948	9,074,062	1.8%
1997	55,000	110,055	165,055	10,684,713	1.5%
1998	60,000	106,160	166,160	10,915,474	1.5%
1999	55,000	101,615	156,615	14,127,426	1.1%
2000	65,000	97,720	162,720	16,776,690	1.0%
2001	70,000	96,365	166,365	13,831,991	1.2%
2002	70,000	89,849	159,849	15,638,816	1.0%
2003	65,000	82,463	147,463	17,636,242	0.8%
2004	145,000	184,524	329,524	21,478,839	1.5%

Notes:

- (1) On January 1, 1996, the City merged with Madison Township.
(2) Includes general, special revenue, debt service and capital projects funds.

Basis of presentation: For the year ended December 31, 1997, the City presented for the first time, general purpose financial statements by fund type and account group. Thus, they are not comparable to the cash basis financial statements presented in prior years.

Table 12

CITY OF TROTWOOD, OHIO
Computation of Direct and Overlapping Net General Obligation Debt
December 31, 2004

Jurisdiction	Assessed Value (1)	Net General Obligation Bonded Debt Outstanding (2)	Percentage Applicable to Trotwood (3)	Amount Applicable to Trotwood
City of Trotwood		\$3,645,000	100.00%	\$3,645,000
Overlapping:				
Trotwood-Madison City School District		34,813,000	93.80%	32,654,594
Greater Dayton Regional Transit Authority		12,880,000	3.23%	416,024
Montgomery County		32,892,639	3.23%	1,062,432
Sub-total - Overlapping Debt				33,717,026
Total Direct and Overlapping Debt				\$37,778,050

Notes: (1) Source: Montgomery County, Ohio; Auditor's Office.

(2) Source: Ohio Municipal Advisory Council.

(3) Percentage of gross indebtedness of the City's overlapping political subdivisions determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

Table 13

CITY OF TROTWOOD, OHIO
Demographic Statistics
Last Ten Fiscal Years (1)

<u>Fiscal Year</u>	<u>Population (2)</u>	<u>Public School Enrollment (3)</u>	<u>Unemployment Rate Montgomery County (4)</u>
1995	8,779	4,255	4.8%
1996	29,358	4,453	4.0%
1997	29,358	4,282	4.4%
1998	29,358	4,157	4.0%
1999	29,358	4,217	4.0%
2000	27,420	3,811	3.9%
2001	27,420	3,854	4.3%
2002	27,420	3,676	5.6%
2003	27,420	3,422	6.3%
2004	27,420	3,268	6.2%

Notes:

- (1) On January 1, 1996, the City merged with Madison Township.
 (2) Source: U.S. Census Bureau and Miami Valley Regional Planning Commission.
 (3) Source: Trotwood-Madison City School District, Superintendent's Office.
 (4) Source: Ohio Bureau of Employment Services, Labor Market Information Division (average annual rates).

Table 14

CITY OF TROTWOOD, OHIO
Real Property Value, Construction and Bank Deposits
Last Ten Fiscal Years (1)

Fiscal Year	Real Property Value (2)*			Commercial/Industrial Construction (3)		Residential Construction (3)		Bank Deposits (4)*
	Commercial/ Industrial	Residential	Total	Number of Permits	Estimated Value	Number of Permits	Estimated Value	
1995	\$84,617	\$128,524	\$213,141	9	\$712,722	50	\$1,613,706	\$289,857
1996	181,416	414,788	596,204	9	4,797,475	88	7,683,329	286,673
1997	192,713	485,923	678,636	14	1,582,647	65	2,724,376	283,474
1998	194,351	485,880	680,231	39	3,434,551	47	4,737,199	266,048
1999	201,610	486,917	688,527	24	902,965	35	4,864,228	263,170
2000	202,375	534,329	736,704	129	15,809,088	131	2,747,275	254,565
2001	196,217	537,681	733,898	19	1,361,059	162	6,168,382	250,995
2002	184,515	540,898	725,413	222	32,671,760	132	4,279,785	240,975
2003	204,884	626,496	831,380	145	6,256,175	254	4,300,249	227,621
2004	198,187	630,833	829,020	122	4,690,538	32	3,448,152	215,329

* Amounts expressed in thousands

Notes: (1) On January 1, 1996, the City merged with Madison Township.

(2) Estimated actual value.

(3) Source: City of Trotwood; Building and Code Enforcement Division.

(4) Source: Federal Deposit Insurance Corporation.

Table 15

CITY OF TROTWOOD, OHIO
Principal Employers by Municipal Income Tax Withheld
December 31, 2004

Employer	Nature of Business	Amount of Municipal Income Tax Withheld	Percent of Total Municipal Income Tax Revenue
Trotwood-Madison City School District	Public education	\$428,380	8.23%
Maria Joseph Center	Retirement community	268,219	5.15%
City of Trotwood	Local government	172,220	3.31%
Montgomery County	Transportation facility	134,261	2.58%
Wal Mart Associates, Inc.	Retail sales	96,667	1.86%
Evangelical Retirement Villages of Dayton	Retirement community	90,870	1.75%
Federal Mogul Sintered Products	Manufacturing	90,471	1.74%
Jewish Federation of Greater Dayton	Cultural/recreation center	79,978	1.54%
Applied Mechanical Systems	HVAC contractor	73,266	1.41%
Lowes Home Centers, Inc.	Retail sales	64,148	1.24%
Total		<u>1,498,480</u>	<u>28.78%</u>
All other municipal income tax revenue		<u>4,049,867</u>	<u>71.22%</u>
Gross municipal income tax revenue		<u>\$5,206,052</u>	<u>100.00%</u>

Source: City of Trotwood, Ohio; Income Tax Support Services.

Table 16

CITY OF TROTWOOD, OHIO

Miscellaneous Statistics

December 31, 2004

Date of incorporation	September 16, 1901
Date present charter adopted	November 3, 1964
Form of government	Council/Manager
Number of permanent full-time employees	128
Area in square miles	28

City of Trotwood facilities and services:

Miles of streets (lane-miles)	362
Miles of storm sewers	39
Street lights	1,285

Police Protection:

Number of stations	1
Number of full-time officers	51
Calls for service	36,782

Fire Protection and EMS:

Number of stations	3
Number of full-time firefighters	25
Calls for service-	
Fire	962
EMS	3,739

Average response time (minutes)-

Fire	6.6
EMS	6.0

Average call per day 12.8

Average call duration 62 minutes

Parks and Recreation:

Parks	9
Park acreage	169

Water System:

Miles of water mains	37.5
Number of fire hydrants	1,096
Number of accounts	2,800

Sewerage System:

Miles of sanitary sewers	31
Number of accounts	2,800

Facilities and services not included in the reporting entity:

Public Education:

Number of elementary schools	5
Number of secondary schools	2

Recreation and Culture:

Libraries	1
Sports arena/conference centers	1
State and county park acreage	2,545



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

**CITY OF TROTWOOD
MONTGOMERY COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 15, 2005**