

CITY OF MORAINE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005



Prepared by:
Department of Finance

James V. Kimmel
Finance Director



**Auditor of State
Betty Montgomery**

City Council
City of Moraine
4200 Dryden Road
Moraine, Ohio 45439

We have reviewed the *Independent Auditors' Report* of the City of Moraine, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2005 through December 31, 2005. 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 Moraine is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 22, 2006

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CITY OF MORAIN, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2005

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CITY OF MORAINE, OHIO

INTRODUCTORY SECTION





The logo of the City of Moraine, Ohio, is a circular seal. It features a central figure, possibly a person or a symbol, surrounded by the text "CITY OF MORAINÉ, OHIO" at the top and "PROGRESS THROUGH INTEGRITY" at the bottom. The seal is light blue and yellow.

City of Moraine

Finance Department

June 30, 2006

Honorable Mayor, Chairman of the Finance Committee, Council Members and Citizens of the City of Moraine, Ohio:

The Comprehensive Annual Financial Report of the City of Moraine, Ohio, for the fiscal year ended December 31, 2005, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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 reflects our continuing effort to disseminate clear and useful financial information to our users with the implementation of Statement No. 34.

The comprehensive annual report is presented in three sections:

1. The Introductory Section includes the table of contents, this transmittal letter, a list of principal officials, the City's organizational chart and the Certificate of Achievement.
2. The Financial Section includes the Independent Auditors' Report, the Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for non-major funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section includes social and economic data and financial trend information, and demonstrates the fiscal capacity of the City.

The City provides the following services: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services. This report includes all the funds of the City of Moraine and all of its component units, which make up the financial reporting entity for the City. Component units are legally separate entities for which the City is financially responsible. At December 31, 2005 the City had no component units.

Six other local governmental entities overlap the City's boundaries: Montgomery County, West Carrollton City School District, Kettering City School District, Jefferson Township Local School District, Miami Valley Regional Transit Authority and Montgomery County Community College. These organizations do not meet the reporting entity criteria of governmental generally accepted accounting principles and, therefore, are not included in the City's financial report.

HISTORY AND BACKGROUND

The area now known as the City of Moraine was so named because of the vast amounts of sand and gravel deposited over the terrain by the pre-historic Wisconsin glacier. Many of the hills and valleys in various parts of the City contain layers of the sand and gravel.

In February 1953, residents voted to detach from the Village of Kettering and form the Township of Moraine. The Township grew to Village status in July 1957. On May 12, 1965 Moraine became a City. The original City Charter was presented in 1966. The City adopted the Council-Manager form of city government. This form of government unifies the authority and political responsibility in an elected council and also centralizes the administrative responsibility. The Council is the governing body of the City and the City Manager is responsible for proper administration of the municipal government.

ECONOMIC CONDITION AND OUTLOOK

In 2005 the City of Moraine increased its income tax rate by ½% to 2%. This increase will allow the City to continue to provide services at its current level.

The City of Moraine welcomed 9 new business into the City and 6 other businesses reinvested in the city. With these additions the City will see the creation of 300 jobs and the retention of another 400 jobs once all investments are completed in 2006. Economic development programs such as the Enterprise Zone, Community Reinvestment Area, Forgiveness Loan, 166 and 504 Loans, 629 Grants, and Job Creation Tax Credit assisted in generating a capital investment worth of over \$60 million.

The dedication of our new and existing businesses has allowed the City of Moraine to continue to build upon several of its economic development strategic goals, which

include supporting our existing industrial base, strengthening the City's development resource base, and diversifying the City's overall business portfolio.

The City of Moraine worked collaboratively with the Cities of Dayton, Kettering, and Vandalia to create a regional Tax Sharing Agreement for the Delphi Corporation. This agreement allows Delphi to relocate current jobs and investment to any community facility while leaving each City whole in respect to income tax percentage and collection.

A Tax Increment Financing (TIF) Incentive District encompassing the proposed Oak Point development on Lamme Road was established by the City. The creation of this TIF Incentive District provides funding to proceed with the development of a single-family residential subdivision.

In 2005, the City received possession of the nearly 200 year-old Ellerton Cemetery with over 6,000 graves, located on Union Road. Founded in 1815, on five acres Ellerton is the resting place for several Revolutionary and Civil War soldiers.

During the year, there were seven new single-family home permits and no new multi-family apartment permits issued. In total, there were 187 building permits issued during the year with a total construction value of over \$5.4 million. Of the building permits issued there were 138 commercial permits and 49 residential permits.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Management of the City 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 a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

Budgetary control is maintained by a yearly appropriation and the encumbrance of appropriate balances with purchase orders before their release to vendors. Purchase orders that exceed appropriated balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at year-end. Activities of the General Fund, Special Revenue Funds, the Debt Service Fund and the Capital Improvement Fund are included in the annual appropriated budget. For

more detailed budget information, please see the Notes to the Required Supplementary Information included in this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Moraine for its comprehensive annual financial report for the year ended December 31, 2004. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an informative and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is applicable to one year only. The City of Moraine has received a Certificate of Achievement for the last 19 consecutive years (fiscal years ended 1986-2004). We believe our current report will also conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another Certificate.

Acknowledgments

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We should like to express our appreciation to all members of the Finance Department.

We should also like to thank the Mayor, members of City Council, the City Manager and Department and Division heads for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



James V. Kimmel
Finance Director

CITY OF MORAINE, OHIO

CITY COUNCIL

Robert Rosencrans, Mayor

Elaine Allison, Council Member (At Large)

Mike Meyers, Council Member (At Large)

Jacqueline Cole, Council Member (Ward 1)

John Shady, Council Member (Ward 2)

Thomas Watts, Council Member (Ward 3)

Bryon Blake, Council Member (Ward 4)

APPOINTED OFFICIALS

David Hicks, City Manager

Robert Portune, Law Director

James V. Kimmel, Finance Director

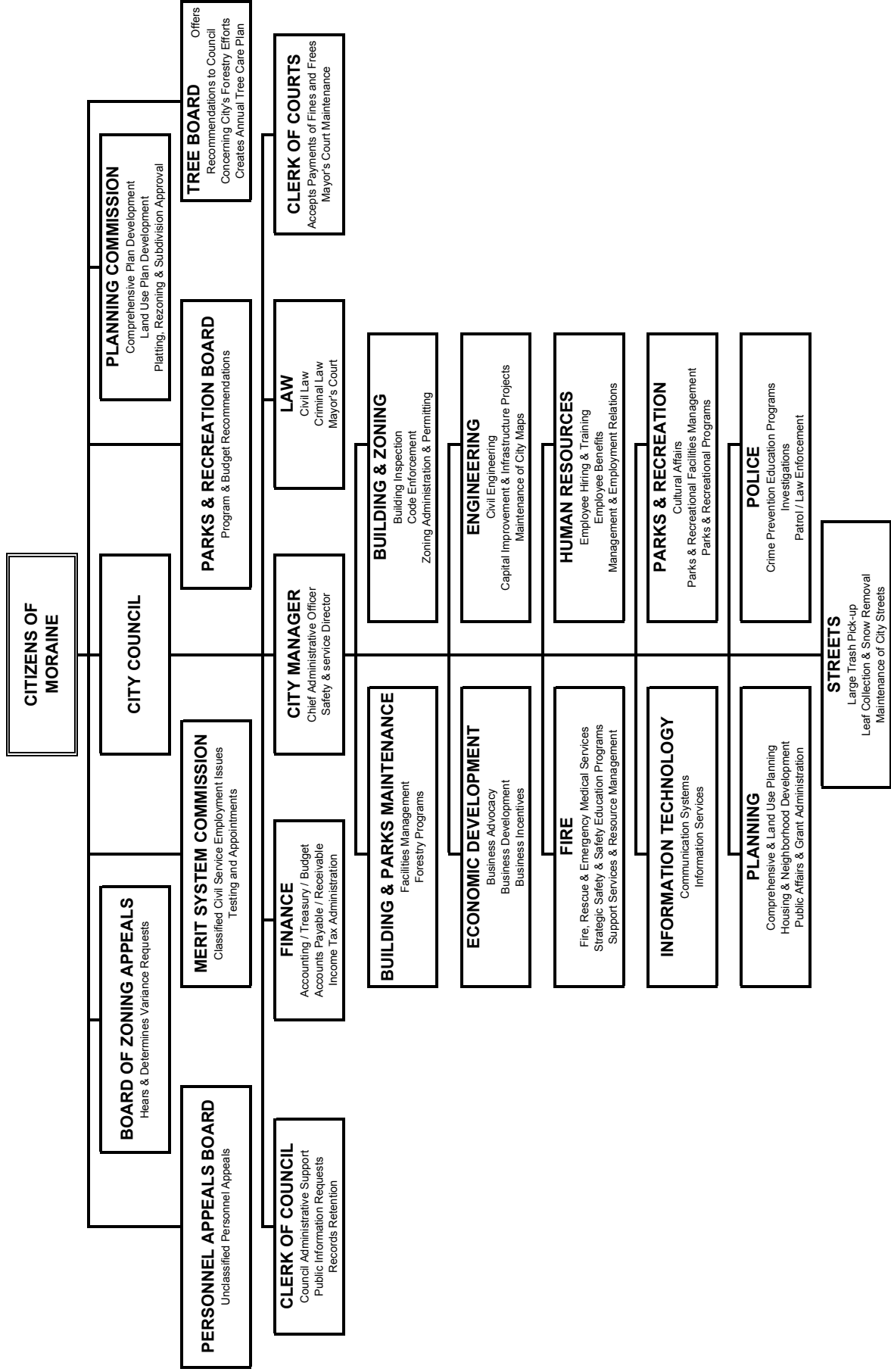
CITY OF MORAIN, OHIO

DEPARTMENT OF FINANCE

STAFF

James V. Kimmel	Finance Director
Jennifer A. Arp	Deputy Finance Director
Sherry L. Marcum	Financial Assistant
Paula G. Cox	Financial Assistant
Lora L. Marlett	Financial Assistant
Penny C. Tincher	Finance Clerk
Elizabeth G. Debrason	Finance Clerk
Amanda M. Haraldson	Finance Clerk

Organization of the City of Moraine



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Moraine,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

CITY OF MORAINE, OHIO

FINANCIAL SECTION





Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS
www.cshco.com

Independent Auditors' Report

Honorable Mayor, City Council
and City Manager
City of Moraine, Ohio

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Moraine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19, the City has implemented new financial reporting standards as required by the provisions of GASB Technical Bulletin No. 2004-2, *Recognition of Pension and Other Post-employment Benefit Expenditures/Expenses and Liabilities by Cost Sharing Employers* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2006 on our consideration of the City of Moraine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 15 through 20 and budgetary comparison information on pages 54 through 61 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Moraine's basic financial statements. The introductory section, combining financial statements, budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2006



CITY OF MORAINE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Our discussion and analysis of the City of Moraine's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2005.

FINANCIAL HIGHLIGHTS

1. The City's total net assets increased by over \$869,000. Net assets of governmental activities increased by over \$864,000 and net assets of business-type activities increased by \$4,897.
2. The Capital Improvement Fund reported general long-term debt issued of \$3.7 million, this was a bond anticipation note roll over.

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 also 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 non-major 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 Moraine 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 need 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: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services. Income taxes, property taxes, state shared taxes and charges for services finance most of these activities.
- **Business-type Activities** – These services include the Moraine Improvement Loan Program. Interest on the principal loaned makes up the charges for this service. The intent of this operation is to have return of principal and interest to cover cost of the program.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds is presented later in the Management's Discussion and Analysis section. 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 Finance Director, with approval of City 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 the General, Parks & Recreation, Economic Development and Capital Improvement funds.

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 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. Internal service funds are used to report activities that provide services to the City's other funds and departments.

Fiduciary Funds – The City’s fiduciary funds are used to account for undistributed receipts of the Moraine Mayor’s Court and miscellaneous deposits received by the City. All of the City’s fiduciary activities are reported in the Statement of Fiduciary Net Assets. We exclude these activities from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

The following two tables present condensed information on Net Assets and Changes in Net Assets for the year.

**Table 1
Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	2005	2004 As Restated	2005	2004	2005	2004 As Restated
Assets:						
Current and Other Assets	\$25,225,106	\$26,040,984	\$460,586	\$455,689	\$25,685,692	\$26,496,673
Capital Assets (Net)	<u>23,290,208</u>	<u>21,816,475</u>			<u>23,290,208</u>	<u>21,816,475</u>
Total Assets	48,515,314	47,857,459	460,586	455,689	48,975,900	48,313,148
Liabilities:						
Current and Other Liabilities	2,820,381	2,286,465			2,820,381	2,286,465
Long-term Liabilities:						
Due within One Year	711,619	1,135,616			711,619	1,135,616
Due in More Than One Year	<u>6,230,348</u>	<u>6,547,120</u>			<u>6,230,348</u>	<u>6,547,120</u>
Total Liabilities	9,762,348	9,969,201			9,762,348	9,969,201
Net Assets:						
Invested in Capital Assets Net of Debt	18,676,742	16,173,158			18,676,742	16,173,158
Restricted:						
Debt Service	120,701	141,194			120,701	141,194
Special Revenue	763,584	1,094,256			763,584	1,094,256
Capital Projects	3,491,093	6,025,773			3,491,093	6,025,773
Unrestricted	<u>15,700,846</u>	<u>14,453,877</u>	<u>460,586</u>	<u>455,689</u>	<u>16,161,432</u>	<u>14,909,566</u>
Total Net Assets	<u>\$38,752,966</u>	<u>\$37,888,258</u>	<u>\$460,586</u>	<u>\$455,689</u>	<u>\$39,213,552</u>	<u>\$38,343,947</u>

The net assets of the City increased by over \$869,600.

**Table 2
Changes in Net Assets**

	Governmental		Business-type		Totals	
	Activities		Activities		2005	2004
	2005	2004	2005	2004		
Revenues:						
Program Revenues:						
Charges for Services	\$1,293,007	\$1,112,651	\$1,530	\$3,447	\$1,294,537	\$1,116,098
Operating Grants	247,216	606,542			247,216	606,542
Capital Grants	<u>448,528</u>	<u>233,711</u>			<u>448,528</u>	<u>233,711</u>
Total Program Revenues	<u>1,988,751</u>	<u>1,952,904</u>	<u>1,530</u>	<u>3,447</u>	<u>1,990,281</u>	<u>1,956,351</u>
General Revenues:						
Income Taxes	18,711,202	14,508,566			18,711,202	14,508,566
Property Taxes	681,661	631,902			681,661	631,902
Other Taxes	98,203	91,693			98,203	91,693
Shared Revenues	774,274	829,436			774,274	829,436
Special Assessments		16,390				16,390
Rents and Royalties	35,125	65,390			35,125	65,390
Misc. Receipts & Reimb.	261,281	127,278			261,281	127,278
Investment Earnings	187,798	352,038	3,480	6,651	191,278	358,689
Gain – Sale of Capital	<u>29,282</u>	<u>25,237</u>			<u>29,282</u>	<u>25,237</u>
Total General Revenues	<u>20,778,826</u>	<u>16,647,930</u>	<u>3,480</u>	<u>6,651</u>	<u>20,782,306</u>	<u>16,654,581</u>
Total Revenues	<u>22,767,577</u>	<u>18,600,834</u>	<u>5,010</u>	<u>10,098</u>	<u>22,772,587</u>	<u>18,610,932</u>
Program Expenses:						
General Government	4,844,844	4,657,912	113		4,844,957	4,657,912
Public Safety	9,521,258	8,836,378			9,521,258	8,836,378
Highways & Streets	3,391,198	2,955,562			3,391,198	2,955,562
Sanitation	256,098	266,340			256,098	266,340
Culture & Recreation	3,187,996	2,891,794			3,187,996	2,891,794
Economic Development	540,541	315,864			540,541	315,864
Health and Welfare	158,934	163,309			158,934	163,309
Debt Service	<u>2,000</u>	<u>3,500</u>			<u>2,000</u>	<u>3,500</u>
Total Expenses	<u>21,902,869</u>	<u>20,090,659</u>	<u>113</u>		<u>21,902,982</u>	<u>20,090,659</u>
Increase (Decrease) in Net Assets	<u>\$864,708</u>	<u>(\$1,489,825)</u>	<u>\$4,897</u>	<u>\$10,098</u>	<u>\$869,605</u>	<u>(\$1,479,727)</u>

The following table presents the cost of each of the City's four largest programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

	Governmental Activities	
	Total Cost Of Services	Net Cost Of Services
Public Safety	\$9,521,258	\$9,427,884
General Government	4,844,844	4,097,690
Highways & Streets	3,391,198	3,325,111
Culture and Recreation	3,187,996	2,307,383
All Others	957,573	756,050

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the Balance Sheet – Governmental Funds) reported a combined fund balance of \$20.01 million, which is 2.6% lower than last year's total of \$20.55 million.

The City's General Fund experienced over a \$3,789,000 or 24.3% increase in revenues for 2005. The majority of this increase was due to the City's income taxes rate increase of ½% to 2%. Revenues exceeded expenditures by \$6.4 million prior to transfers to other funds. Transfers to other funds totaling \$3.6 million resulted in the \$2.9 million or 23.6% increase to the General Fund balance.

Revenues in the Parks and Recreation Fund increased by over \$160,000 or 21.6%. The majority of this increase was due to good attendance at the City's water park, Splash Moraine.

There was one economic development grants of \$90,000 received during 2005. Total expenditures in 2005 were \$239,642, which caused a decrease in fund balance of \$149,642.

The Capital Improvement Fund had an increase in revenues over \$397,000 or 26% in 2005. Most of this increase was do to the increase in the income tax rate to 2%. Total expenditures increased by over \$2.2 million or over 34.3%. The majority of the increase was due to the roll over of the \$3.7 million bond anticipation note.

The Moraine Loan Program Fund had one new \$10,000 loan during 2005. The City continued collections on active loans.

General Fund Budgeting Highlights

The City's budget is adopted on a fund basis. Before the budget is adopted the City Manager and Finance Director review the work papers of each department within the General Fund with City Council and then City Council adopts the budget on a fund basis.

During 2005, there were no revisions to the General Fund budget. There was approximately \$203,000 of carryover encumbrances that affected the final budget of the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The increase in governmental activities capital assets was the result of infrastructure projects completed during 2005 and projects that were still in process. The net increase was over \$3.8 million.

Debt Administration

The City has \$3.7 million in bond anticipation notes outstanding at year-end. The City also has \$785,959 of promissory notes payable and over \$127,000 of capital leases payable at year-end.

The City's overall legal debt margin was \$29,104,932 at year-end.

Detailed information relating to capital assets (note 5 page 42) and debt (starting with note 8 on page 44) 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 Moraine, 4200 Dryden Road, Moraine, Ohio 45439.

CITY OF MORaine, OHIO
Statement of Net Assets
December 31, 2005

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$20,912,496	\$449,209	\$21,361,705
Receivables			
Income Tax	2,545,528		2,545,528
Property Tax	702,705		702,705
Accounts	86,437	32	86,469
Intergovernmental	404,816		404,816
Loans (net of Allowance for uncollectible)	292,072	11,345	303,417
Inventories	160,115		160,115
Prepays	120,937		120,937
Total Current Assets	<u>25,225,106</u>	<u>460,586</u>	<u>25,685,692</u>
CAPITAL ASSETS (net of accumulated depreciation)			
Land	7,079,930		7,079,930
Infrastructure	4,573,860		4,573,860
Buildings and Improvements	7,293,075		7,293,075
Machinery and Equipment	2,843,044		2,843,044
Construction in Progress	1,500,299		1,500,299
Total Capital Assets	<u>23,290,208</u>		<u>23,290,208</u>
Total Assets	<u>48,515,314</u>	<u>460,586</u>	<u>48,975,900</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	921,907		921,907
Salaries and Benefits Payable	798,660		798,660
Insurance Claims Payable	397,109		397,109
Unearned Revenue	702,705		702,705
Total Current Liabilities	<u>2,820,381</u>		<u>2,820,381</u>
LONG TERM LIABILITIES			
Due within one year	711,619		711,619
Due in more than 1 year	6,230,348		6,230,348
Total Long Term Liabilities	<u>6,941,967</u>		<u>6,941,967</u>
Total Liabilities	<u>9,762,348</u>		<u>9,762,348</u>
NET ASSETS			
Invested in Capital Assets Net of Related Debt	18,676,742		18,676,742
Restricted for:			
Debt service	120,701		120,701
Special Revenue	763,584		763,584
Capital Projects	3,491,093		3,491,093
Unrestricted	15,700,846	460,586	16,161,432
Total Net Assets	<u>\$38,752,966</u>	<u>\$460,586</u>	<u>\$39,213,552</u>

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

CITY OF MORAINE, OHIO
Statement of Activities
For the Year Ended December 31, 2005

FUNCTIONS/PROGRAMS Primary Government:	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:							
General government	\$4,844,844	\$263,234	\$150,392	\$333,528	(\$4,097,690)		(\$4,097,690)
Public safety	9,521,258	9,373	84,001		(9,427,884)		(9,427,884)
Highways and streets	3,391,198	41,087		25,000	(3,325,111)		(3,325,111)
Sanitation	256,098				(256,098)		(256,098)
Culture and recreation	3,187,996	867,790	12,823	90,000	(2,307,383)		(2,307,383)
Economic development	540,541				(450,541)		(450,541)
Health and welfare	158,934	111,523			(47,411)		(47,411)
Debt service					0		0
Interest	2,000				(2,000)		(2,000)
Total Governmental Activities	<u>21,902,869</u>	<u>1,293,007</u>	<u>247,216</u>	<u>448,528</u>	<u>(19,914,118)</u>		<u>(19,914,118)</u>
Business Type Activities							
Loan Program	113	1,530				\$1,417	1,417
Total Business Type Activities	<u>113</u>	<u>1,530</u>				<u>1,417</u>	<u>1,417</u>
Total Primary Government	<u>\$21,902,982</u>	<u>\$1,294,537</u>	<u>\$247,216</u>	<u>\$448,528</u>	<u>(\$19,914,118)</u>	<u>\$1,417</u>	<u>(\$19,912,701)</u>
General Revenues							
Income tax					18,711,202		18,711,202
Property tax levied for							
General purposes					511,845		511,845
Police pensions					84,908		84,908
Fire pensions					84,908		84,908
Other taxes					98,203		98,203
Shared revenues					774,274		774,274
Rents and royalties					35,125		35,125
Miscellaneous receipts & reimbursements					261,281		261,281
Investment earnings					187,798	3,480	191,278
Gain on the sale of capital assets					29,282		29,282
Total General Revenues					<u>20,778,826</u>	<u>3,480</u>	<u>20,782,306</u>
Change in Net Assets					864,708	4,897	869,605
Net Assets - Beginning (as restated)					37,888,258	455,689	38,343,947
Net Assets - Ending					<u>\$38,752,966</u>	<u>\$460,586</u>	<u>\$39,213,552</u>

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

CITY OF MORAIN, OHIO
Balance Sheet - Governmental Funds
December 31, 2005

	GENERAL FUND	PARKS & RECREATION	ECONOMIC DEVELOPMENT	CAPITAL IMPROVEMENT	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
ASSETS						
Cash and Investments	\$12,808,798	\$142,601	\$1,387,317	\$3,893,020	\$991,781	\$19,223,517
Receivables						
Income Tax	2,298,600			246,928		2,545,528
Property Tax	532,889				169,816	702,705
Accounts	85,091	335		916	95	86,437
Intergovernmental	198,618				206,198	404,816
Loans (net of Allowance for uncollectible)			292,072			292,072
Due from Other Funds	1,145,000				100,000	1,245,000
Inventories	5,416				45,392	50,808
Prepays	118,070	2,424			359	120,853
Total Assets	<u>17,192,482</u>	<u>145,360</u>	<u>1,679,389</u>	<u>4,140,864</u>	<u>1,513,641</u>	<u>24,671,736</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	169,592	20,864	75,000	574,973	26,204	866,633
Salaries and Benefits Payable	417,387	52,056			326,173	795,616
Compensated Absences Payable	30,341	1,363			4,636	36,340
Due to Other Funds	100,000		1,145,000			1,245,000
Deferred Revenue	1,297,673			74,798	345,192	1,717,663
Total Liabilities	<u>2,014,993</u>	<u>74,283</u>	<u>1,220,000</u>	<u>649,771</u>	<u>702,205</u>	<u>4,661,252</u>
FUND BALANCES:						
Reserved for:						
Encumbrances	305,130	22,211		1,072,317	95,159	1,494,817
Prepays	118,070	2,424			359	120,853
Inventories	5,416				45,392	50,808
Loans			292,072			292,072
Unreserved, Undesignated, Reported in:						
General Fund	14,748,873					14,748,873
Special Revenue Funds		46,442	167,317		549,825	763,584
Debt Service Fund					120,701	120,701
Capital Projects Fund				2,418,776		2,418,776
Total Fund Balance	<u>15,177,489</u>	<u>71,077</u>	<u>459,389</u>	<u>3,491,093</u>	<u>811,436</u>	<u>20,010,484</u>
Total Liabilities and Fund Balances	<u>\$17,192,482</u>	<u>\$145,360</u>	<u>\$1,679,389</u>	<u>\$4,140,864</u>	<u>\$1,513,641</u>	
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:						23,244,984
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:						
Income tax receivable						980,224
Shared taxes receivable						34,734
Internal service funds are used by management to charge the costs of certain activities. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.						1,327,243
The following long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:						
Vacation, sick leave and compensatory time benefits						(2,231,236)
Bonds and notes payable						(4,485,960)
Capital lease obligations payable						(127,507)
Net Assets of Governmental Activities						<u>\$38,752,966</u>

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

CITY OF MORAIN, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	GENERAL FUND	PARKS & RECREATION	ECONOMIC DEVELOPMENT	CAPITAL IMPROVEMENT	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
REVENUES						
Taxes:						
Income	\$17,208,462			\$1,919,777		\$19,128,239
Property	517,003				\$164,658	681,661
Other	93,279				4,924	98,203
Shared Revenues	466,546				408,263	874,809
Licenses and Permits	95,469				1,210	96,679
Charges for Services	82,723	\$854,314			8,050	945,087
Fines	237,661			13,581		251,242
Investment Earnings	172,806	4,665			10,328	187,799
Contribution and Donations		3,030				3,030
Rents and Royalties	35,125					35,125
Intergovernmental	334,125	9,793	\$90,000	25,000	98,528	557,446
Miscellaneous Receipts & Reimbursements	143,333	34,119			83,829	261,281
Total Revenues	19,386,532	905,921	90,000	1,958,358	779,790	23,120,601
Expenditures						
Current:						
General government	4,321,533					4,321,533
Public Safety	7,495,435				1,114,699	8,610,134
Highways and streets	460,744				1,776,922	2,237,666
Sanitation	256,098					256,098
Economic development	160,631		239,642			400,273
Health and welfare	159,268					159,268
Culture and recreation	97,029	2,608,752				2,705,781
Debt service						
Principal				4,671,248	20,000	4,691,248
Interest				119,353	2,000	121,353
Capital Outlays:						
General government				227,892		227,892
Public Safety				364,028		364,028
Highways and streets				2,450,415		2,450,415
Economic development				600,000		600,000
Culture and recreation				239,228		239,228
Total Expenditures	12,950,738	2,608,752	239,642	8,672,164	2,913,621	27,384,917
Excess (deficiency) of Revenues Over (under) Expenditures	6,435,794	(1,702,831)	(149,642)	(6,713,806)	(2,133,831)	(4,264,316)
OTHER FINANCING SOURCES (USES)						
Sale of bond anticipation notes				3,700,000		3,700,000
Transfers in	37,485	1,500,000		17,679	2,143,364	3,698,528
Transfers out	(3,600,000)				(98,528)	(3,698,528)
Proceeds from the sale of capital assets	29,282					29,282
Total Other Financing Sources (Uses)	(3,533,233)	1,500,000		3,717,679	2,044,836	3,729,282
Net Change in Fund Balance	2,902,561	(202,831)	(149,642)	(2,996,127)	(88,995)	(535,034)
Fund Balance - Beginning	12,274,928	273,908	609,031	6,487,220	900,431	20,545,518
Fund Balance - Ending	\$15,177,489	\$71,077	\$459,389	\$3,491,093	\$811,436	20,010,484

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

Net change in fund balances - total governmental funds	(535,034)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of assets:	
Capital outlays	3,044,663
Depreciation expense	(1,540,592)
In the Statement of Activities, only the gain on the sale of city assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differ from the change in fund balance by the net book value of the asset sold.	(36,961)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Income taxes receivable and Shared taxes receivable	(382,303)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets	(3,700,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	4,691,248
Some expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Vacation, sick leave and compensatory time benefits	(261,039)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net Revenue (expense) of the internal funds is reported with governmental activities	(415,274)
Change in net assets of governmental activities	\$864,708

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

CITY OF MORaine, OHIO
Statement of Net Assets
Proprietary Funds
December 31, 2005

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
	MORaine LOAN PROGRAM	INTERNAL SERVICE FUNDS
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$449,209	\$1,688,979
Receivables	32	
Loans (net of Allowance for uncollectible)	11,345	
Inventories		109,307
Prepays		84
Total Current Assets	<u>460,586</u>	<u>1,798,370</u>
CAPITAL ASSETS (net of accumulated depreciation)		
Machinery and Equipment		45,224
Total Capital Assets		<u>45,224</u>
Total Assets	<u>460,586</u>	<u>1,843,594</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable		55,274
Salaries and Benefits Payable		3,044
Compensated Absences Payable		60,924
Insurance Claims Payable		397,109
Total Current Liabilities		<u>516,351</u>
Total Liabilities		<u>516,351</u>
NET ASSETS		
Invested in Capital assets net of related debt		45,224
Unrestricted	460,586	1,282,019
Total Net Assets	<u>\$460,586</u>	<u>\$1,327,243</u>

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

CITY OF MORaine, OHIO
Statement of Revenues, Expenses and Changes in Net Assets
PROPRIETARY FUNDS
For the Year Ended December 31, 2005

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
	MORaine LOAN PROGRAM	INTERNAL SERVICE FUNDS
Operating Revenues		
Charges for Services	\$1,530	\$1,977,285
Miscellaneous Receipts & Reimbursements		397,778
Total Operating Revenues	<u>1,530</u>	<u>2,375,063</u>
Operating Expenses		
Current:		
Cost of Services	113	2,792,537
Depreciation		15,878
Total Operating Expenses	<u>113</u>	<u>2,808,415</u>
Operating Income (Loss)	<u>1,417</u>	<u>(433,352)</u>
Non-operating revenues (expenses)		
Investment earnings	3,480	18,078
Total non-operating revenues (expenses)	<u>3,480</u>	<u>18,078</u>
Transfers in		0
Total Other Financing Sources(Uses)		<u>0</u>
Change in Net Assets	4,897	(415,274)
Total Net Assets - Beginning	455,689	1,742,517
Total Net Assets - Ending	<u>\$460,586</u>	<u>\$1,327,243</u>

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

CITY OF MORaine, OHIO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
	MORaine LOAN PROGRAM	INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities		
Cash received for services	\$33,902	\$1,977,285
Miscellaneous receipts & reimbursements		397,778
Cash paid to suppliers for goods or services		(2,579,745)
Cash paid to employees for services		(181,024)
Net cash provided (used) by operating activities	<u>33,902</u>	<u>(385,706)</u>
Cash Flows From Capital Assets and Related Financing Activities		
Acquisition of capital assets		(23,910)
Net cash provided by capital assets and related financing activities		<u>(23,910)</u>
Cash Flows From Investing Activities		
Investment earnings	3,480	18,078
Net Cash provided (used) by investing activities	<u>3,480</u>	<u>18,078</u>
Net increase (decrease) in cash	37,382	(391,538)
Cash at Beginning of year	411,827	2,080,517
Cash at end of year	<u>449,209</u>	<u>1,688,979</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	<u>\$1,417</u>	<u>(\$433,352)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		15,878
Plus loss on disposal of capital assets		1,410
(Increase) decrease in inventories		(22,063)
(Increase) decrease in prepaid expenses		(84)
Increase (decrease) in accounts payable		43,215
Increase (decrease) in salaries and benefits payable		(8,550)
		9,327
Increase (decrease) in insurance claims payable		8,513
(Increase) decrease in receivable	32,485	
Net cash provided (used) by operating activities	<u>\$33,902</u>	<u>(\$385,706)</u>

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

CITY OF MORAIN, OHIO
Statement of Fiduciary Net Assets
FIDUCIARY FUNDS
December 31, 2005

	Agency Funds
ASSETS	
Cash and Investments	\$68,322
Total Assets	68,322
 LIABILITIES	
Deposits	38,046
Due to Other Governments	3,657
Escrow Bonds and Deposits	26,619
Total Liabilities	\$68,322

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

CITY OF MORAINE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Moraine, Ohio, (the “City”) is a home rule municipal corporation under the laws of the State of Ohio and operates under its own Charter. The current Charter was adopted in 1966 and has subsequently been amended. As provided in the Charter, the City operates under a Council-Manager form of government. The City was incorporated in 1958 and gained city status in 1965.

The financial reporting entity consists of the primary government, component units and organizations that are included to ensure that financial statements are not misleading.

The primary government for the City includes the departments that provide the following services: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City 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.

B. Basis of Presentation

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 after November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

Government-wide Statements

The statement of net assets and the statement of activities display information about the primary government. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. These statements distinguish between those activities of the City that are governmental and those that are considered business type activities. Fiduciary Funds are not included as a part of the Government-wide Statements.

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 that 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 funds are 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 the State of Ohio.

Parks & Recreation Fund – This fund accounts for money received and expended for the Parks & Recreation department programs and activities.

Economic Development Grant Fund - This fund accounts for economic development projects that the City operates. These are funded with grant funds and general City funds.

Capital Improvement Fund – This fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary funds).

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

Proprietary Funds

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

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has one enterprise fund, the Moraine Improvement Loan Fund, which accounts for home improvement and business loans offered to residents and businesses located within the City.

Internal Service Funds – An internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City has three internal service funds. They are the City Garage Fund used to account for the cost of servicing the vehicles and maintenance equipment of City departments, the Health Insurance Program Fund used to accumulate and account for monies for the payment of health insurance costs for the employees of City departments and the Insurance Reserve Fund used to account for monies to cover legal services related to law suits and other expenditures where reimbursement is received from our general insurance carrier.

Fiduciary Funds

Fiduciary fund reporting focuses is on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City’s own programs. The City currently has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City’s agency funds account for undistributed receipts of the Moraine Mayor’s Court and miscellaneous deposits receive by the City.

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide statements, all proprietary and agency 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 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.

D. Basis of Accounting

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

Revenues – Exchange and 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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes are 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 fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of 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.

E. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, except the Health Insurance Program Fund, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as “Cash and Investments” on the financial statements.

Investments are reported at fair value, which is based on quoted market prices. For investments in open-end money market funds, fair value is determined by the fund’s share price.

The City of Moraine has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2005. STAROhio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on December 31, 2005.

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

F. Inventory

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

On fund financial statements, inventories of governmental funds are valued at cost, while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined using the first-in/first-out method. The proprietary fund inventories are recorded as expenses when used. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are used.

G. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

H. Capital Assets

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 bridges, culverts, curbs, sidewalks, storm sewers and streets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

<u>Class</u>	<u>Estimated Useful Life</u>
Land improvements	20 to 25 years
Buildings and improvements	20 to 40 years
Machinery & Equipment	2 to 25 years
Infrastructure	20 to 50 years

The City adopted GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” for 2003. One of the requirements under this statement is to account for infrastructure assets. The City has capitalized infrastructure assets that have been added during 2003, 2004 and 2005. Infrastructure assets placed into service prior to 2003 have been added to the financial statements in 2005.

I. Reserves and Designations

Reserves are portions of fund equity not appropriable for expenditures/expenses or are legally segregated for a specific future use, or both. The City recognizes reserves of fund balances for outstanding encumbrances, prepaid expenses, inventories and long-term loans.

Designations are tentative plans for financial resources used in a future period. Such plans or intent are subject to change. They may never be legally authorized or result in expenditure/expenses.

J. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation 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 liability includes the employees who are currently eligible to receive payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year end taking into consideration any limits specified in the City's personnel manual.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, a liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In proprietary funds the entire amount of compensated absences is reported as a fund liability.

K. 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.

L. *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.

M. *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.

N. *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 as non-operating 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.

O. *Extraordinary and Special Items*

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

P. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial

statements and accompanying notes. Actual results may differ from those estimates.

2. **PRIOR PERIOD ADJUSTMENTS**

The City has completed the requirements of GASB 34 in capitalizing its infrastructure. Also the City has uncovered some problems with its records after entering all the capital assets into a new asset program. The results of the above-mentioned adjustments are as follows:

Statement Of Net Assets 2004 – Governmental Activities

	As Reported 12/31/2004	As Adjusted 12/31/2004
Total Current Assets	\$26,040,984	\$26,040,984
Capital Assets		
Land	\$6,479,710	\$6,479,710
Infrastructure	2,672,861	4,330,308
Buildings and Improvements	7,669,541	7,669,541
Machinery and Equipment	3,043,857	2,972,416
Construction in Progress	<u>364,500</u>	<u>364,500</u>
Total Capital Assets	\$20,230,469	\$21,816,475
Total Assets	46,271,453	47,857,459
Total Liabilities	9,969,201	9,969,201
Net Assets		
Invested in Capital Assets		
Net of Related Debt	\$14,587,152	\$16,173,158
Total Net Assets	\$36,302,252	\$37,888,258

Net change in the total net assets for the restatement of the 2004 is a \$1,586,006 increase. The city added \$10,083,380 of infrastructure with \$8,553,146 of accumulated depreciation for assets in place before 1/1/2003. The rest of the adjustment was a net of \$55,772.

3. **DEPOSITS AND INVESTMENTS**

Deposits: At year-end, the carrying amount of the City’s deposits was \$2,974,362 and the bank balance was \$3,358,6001. Of the bank balance, \$309,226 was covered by Federal depository insurance. The remaining \$3,049,375 was uninsured and uncollateralized. GASB Statement No. 40 defines

this entire amount as being collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. The City also maintains \$6,555 of petty cash in the various departments.

Investments: The City's investment policy authorizes investment in fully collateralized repurchase agreements, United States Treasury Bonds and Notes, United States Treasury Bills, bankers' acceptances, commercial paper of the highest rating and such other investment instruments as permitted by the *Ohio Revised Code*. Financial institutions and agencies in which the City places its investments must be located within the United States. Funds invested by fiscal agents are maintained under the same criteria as those investments maintained by the City as stated above. Investments are carried at fair value.

At year-end, the City had the following investments:

Investment type	<u>Fair Value</u>	<u>Investment Maturing</u>		<u>Percent</u>
		<u>Less than One-Year</u>	<u>One to Five Years</u>	
Fannie Mae	\$3,500,277	\$ 74,836	\$3,425,441	18.8%
Fannie Mae Discount Notes	158,964	158,964		.9%
Fed Home Loan Back	516,763	338,663	178,100	2.8%
Fed Home Loan Bank Discount Notes	277,982	277,982		1.5%
Fed Home Loan Mtg Corp	352,302	44,231	308,071	1.9%
Freddie Mac	139,215	104,414	34,801	.7%
Ginni Mae	10,844,002		10,844,002	58.4%
Money Markets	1,124,286	1,124,286		6.1%
Us Treasury N/B	148,957	148,957		.8%
STAR Ohio	<u>1,515,805</u>	<u>1,515,805</u>		8.2%
Total Investments	\$18,578,553	\$3,788,138	\$14,790,415	

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from fluctuating interest rates and in accordance with the ORC, the City's investment policy limits investments in the portfolio to having an average life of five years or less. The investment policy also require sufficient liquidity to be maintained in the portfolio, and that investments be scheduled to mature concurrently with ongoing cash requirements so that the City's obligations can be met without selling securities.

	<u>Moody's/Standard & Poors Ratings</u>
Fannie Mae	Aaa/AAA
Fannie Mae Discount Notes	Aaa/AAA
Fed Home Loan Back	Aaa/AAA
Fed Home Loan Bank Discount Notes	Aaa/AAA
Fed Home Loan Mtg Corp	Aaa/AAA
Freddie Mac	Aaa/AAA
Ginni Mae	Aaa/AAA
Money Markets	unrated/unrated
Us Treasury N/B	Aaa/AAA
STAR Ohio	Unrated/AAAm

The city's investment policy authorized investment in the following securities and diversification limits:

<u>Diversification of Instrument</u>	<u>Maximum Percent Allowed</u>
U.S. Treasury Obligations	100%
Authorized U.S. Federal Agency Securities and U.S. Government-sponsored Corporations	100%
Nonnegotiable Certificates of Deposit	50%
Authorized Bankers Acceptance	20%
State of Ohio Treasurer's Investment Pool (STAR Ohio)	25%
Prime Commercial Paper	20%

4. **LOANS RECEIVABLE**

The City operates a long-term loan program as an enterprise fund. Loans receivable at December 31, 2005 were:

Loans Receivable	\$15,177
Less Allowance for bad debts	<u>3,832</u>
Net Loans Receivable	<u>\$11,345</u>

There are no outstanding loan commitments at December 31, 2005.

During 2001, as an economic development tool, the City began offering business loans that would be forgiven if the business met certain employment and financial conditions over the life of the loan. The first such loan was made during 2001. The loans receivable in the Economic Fund at December 31, 2005 is as follows:

Loans Receivable 1/1/2005	\$ 341,714
New Loans	75,000
Forgiven Loans	74,642
Loans Paid Off	50,000
Less allowance for bad debts	<u>0</u>
Loans Receivable 12/31/2005	<u>\$ 292,072</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

	Beginning Balance (As Restated)	Additions	Deletions	Ending Balance
Capital assets not being Depreciated:				
Land	\$ 6,479,710	\$600,220		\$ 7,079,930
Construction in progress	<u>364,500</u>	<u>1,328,339</u>	<u>(\$192,540)</u>	<u>1,500,299</u>
Subtotal	<u>6,844,210</u>	<u>1,928,559</u>	<u>(192,540)</u>	<u>8,580,229</u>
Capital assets being Depreciated:				
Buildings and improvements	12,298,491	6,013		12,304,504
Machinery and equipment	9,438,350	646,601	(1,286,837)	8,798,114
Infrastructure	<u>12,956,168</u>	<u>679,941</u>		<u>13,636,109</u>
Subtotal	<u>34,693,009</u>	<u>1,332,555</u>	<u>(1,286,837)</u>	<u>34,738,727</u>
Accumulated depreciation:				
Buildings and improvements	(4,628,950)	(382,479)		(5,011,429)
Machinery and equipment	(6,465,934)	(737,602)	1,248,466	(5,955,070)
Infrastructure	<u>(8,625,860)</u>	<u>(436,389)</u>		<u>(9,062,249)</u>
Subtotal	<u>(19,720,744)</u>	<u>(1,556,470)</u>	<u>1,248,466</u>	<u>(20,028,748)</u>
Net capital assets being Depreciated	<u>14,972,265</u>	<u>(223,915)</u>	<u>(38,371)</u>	<u>14,709,979</u>
Net capital assets	<u>\$ 21,816,475</u>	<u>\$ 1,704,644</u>	<u>(\$ 230,911)</u>	<u>\$ 23,290,208</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 216,546
Public Safety	458,604
Highways and Streets	571,370
Culture & Recreation	265,926
Health and Welfare	10,905
Economic Development	<u>11,135</u>
Total Annual Depreciation	<u>\$1,534,486</u>

Fixed assets of the Internal Service City Garage Fund include machinery and equipment with a cost of \$155,777 and accumulated depreciation of \$110,553 or Net Capital Assets of \$45,224.

6. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. Property taxes are levied each January 1 on the assessed value listed as of the prior January. Assessed values are established for real and public utility property at 35% of true value, and for tangible property at 25% of true value (excluding the first \$10,000 of value). Property values are required to be updated every three years and revalued every

six years. A revaluation was completed in 2002 and another is scheduled for January 2008.

The property tax calendar is as follows:

Levy date	January 1, 2004
Lien date	January 1, 2005
Tax bill mailed	January 20, 2005
First installment payment due	February 15, 2005
Second installment payment due	July 15, 2005

The assessed values for the City at the lien date of January 1, 2004, were as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$143,420,580
Public Utility Real	200,290
Tangible Personal	90,028,977
Public Utility Personal	43,539,980
Total	<u>\$277,189,827</u>

The County Treasurer collects property taxes on behalf of all taxing districts, including the City of Moraine. The County Auditor periodically remits to the City its portion of taxes collected. Property taxes may be paid in full on either an annual or semiannual basis.

Ohio law prohibits taxation of property from all taxing authorities in excess of \$10.00 (10.0 mills) per \$1,000 of assessed value without a vote of the citizens. The City's share is currently \$2.50 (2.5 mills) of assessed value.

7. **INCOME TAXES**

The City levies a two percent income tax on substantially all income earned within the City. In addition, City residents pay City tax on income earned outside the City; however, a credit is allowed for income taxes paid to another municipality.

Employers within the City withhold income tax on employee compensation and remit monthly. Corporations and individual taxpayers pay estimated taxes quarterly and file an annual declaration.

Council has designated that 10% of all income taxes are to be recorded in the Capital Projects Fund to help fund annual capital improvements.

8. **LONG-TERM OBLIGATIONS**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Special assessment bonds:					
1984 El-Bee Road, 10.0%	<u>\$20,000</u>		<u>\$20,000</u>		
Total special assessment Bonds	<u>20,000</u>		<u>20,000</u>		
Bond Anticipation Note	3,700,000	3,700,000	3,700,000	3,700,000	
Other:					
Accrued vacation, sick leave And comp time benefits	2,078,021	\$1,124,161	873,682	2,328,500	\$162,995
Ohio Public Works Commission Long-term Promissory Notes, 0.0%	318,670		27,710	290,960	27,710
National City Bank Capital Equipment Lease, 2.13%, 2.43% and 3.00%	228,421		100,914	127,507	100,914
Narayan, Inc. Long-term Promissory Note, 0.0%	175,000		50,000	125,000	50,000
Boxwood Properties, Inc Promissory Note, 0.0%	1,130,000		760,000	370,000	370,000
Montgomery County Equipment Loan, 0.0%	<u>32,624</u>		<u>32,624</u>		
Total other	<u>3,962,736</u>	<u>1,124,161</u>	<u>1,844,930</u>	<u>3,241,967</u>	<u>711,619</u>
Total long-term liabilities	<u>\$7,682,736</u>	<u>\$3,824,161</u>	<u>\$5,564,930</u>	<u>\$6,941,967</u>	<u>\$711,619</u>

9. **LEASES AND COMMITMENTS**

The City entered into no additional capital leases during 2005. The leases are for the purchase of computer equipment and software for the Police and Fire Divisions, Mayor's Court, and Finance. The lease periods are three years with semi-annual interest payments and annual principal payments and the interest rate are 2.13%, 2.43% and 3.00%

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:

<u>Year Ending December 31</u>	<u>Amount</u>
2006	103,715
2007	<u>27,111</u>
Total minimum lease payments	130,826
Less: Amount representing interest	<u>(3,319)</u>
Present value of minimum lease payments	<u>\$127,507</u>

As of December 31, 2005, the City had the following significant construction and other contractual commitments outstanding:

<u>Vendor</u>	<u>Outstanding Commitment</u>
Brumbaugh Construction Company	\$462,285
FMSM Engineers	74,989
Creative Impressions	52,654
Wagner Smith Company	49,882
Barge, Waggoner, Summer & Cannon, Inc.	16,281
M E Companies	2,518
R.B. Jergens Contractors, Inc.	1,516
Bowser Morner, Inc.	3,545
Envision-Works Inc.	500
Brandstetter Carroll Inc	476
EMH & T Inc.	<u>300</u>
Total	<u>\$664,946</u>

10. **BOND ANTICIPATION NOTES**

During the year the City rolled notes of \$3,700,000 with semi annual interest payments at 4.4% for Road Right of Way Acquisition. This note is a one-year note to be rolled in 2006. The Note is due the 4th day of March 2006 with interest payment of \$81,400 due at that time. The note was rolled along with issuing another \$1,300,000 into a \$5,000,000 bond anticipation note with a new interest rate of 4.1% with semi annual interest payments of \$102,500 due March 2008.

11. **OTHER LONG-TERM OBLIGATIONS**

Ohio Public Works Commission Long-term Promissory Notes

The following is a summary of debt transactions for the year ended December 31, 2005:

Loans payable, January 1, 2005	\$318,670
Loan payments	<u>27,710</u>
Loans payable December 31, 2005	<u>\$290,960</u>

The loan was an interest free loan for street improvements from the Ohio Public Works Commission issued in 1996 with the first payment due July 1, 1996. Semi-annual payments are due January 1st and July 1st each year.

Annual principal payments required on the Dryden Road Loan are:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>
2006	27,710	2011	\$27,710
2007	27,710	2012	27,710
2008	27,710	2013	27,710
2009	27,710	2014	27,710
2010	27,710	2015	27,710
		2016	13,860
			<u>\$290,960</u>

Narayan, Inc. Long-term Promissory Note

This loan is an interest free loan for the purchase of property from Narayan, Inc. Annual payments are due on the 3rd day of February. Annual principal payments required are:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>
2006	\$50,000
2007	<u>75,000</u>
Totals	<u>\$125,000</u>

Boxwood Properties, Inc. Long-term Promissory Note

This Loan is an interest free loan for the purchase of property from Boxwood Properties, Inc. Semi-annual payments are due the 15th day of March and September. Semi-annual payments required are:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>
2006	<u>\$370,000</u>

12. **PENSION PLAN OBLIGATIONS**

Substantially all City employees are covered by one of two pension plans, the Ohio Public Employees Retirement System (OPERS) or the Ohio Police and Fire Pension Fund (OP&F).

Ohio Public Employees Retirement System (OPERS)

OPERS administers three separate pension plans: 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; 2) The Member-directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. 3) The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO. Members of the MD do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the fund. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2005, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Plan members are required to contribute 8.5% of their annual covered salary and the City is required to contribute 13.55%. The City's contributions for the years ending December 31, 2003, 2004 and 2005, were \$687,459, \$673,514 and \$691,459, respectively, equal to the required contributions for the year.

Ohio Police and Fire Pension Fund (OP&F)

OP&F is a cost-sharing multiple-employer defined pension plan, which provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a publicly available financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164, or by calling (614) 228-2975.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 10.0% of their annual covered salary and the City is required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the plan for the years ending December 31, 2003, 2004 and 2005, were \$877,891, \$911,864, and \$965,274, respectively, equal to the required contributions for each year.

13. **OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

In addition to the pension benefits described in Note 12, both the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension Fund (OP&F) provide postretirement health care coverage, commonly referred to as OPEB (other post employment benefits). For both systems, the Ohio Revised Code provides the authority for public employers to fund postretirement health care through their contributions

Ohio Public Employees Retirement System OPEB

OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO), all of which are described in Note 12. OPERS provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit for members of both the TP and CO plans. Members of the MD plan do not qualify for post-employment health care coverage. Health care coverage for disability recipients and primary survivor recipients is available.

The 2005 employer contribution rate was 13.55%, of which 4.0% was used to fund health care. The City's contribution for the year ended December 31, 2005, was \$204,121 to fund post-employment benefits.

OPEB are advance-funded on an actuarially determined basis. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2004 was 8.0%. Individual base pay was assumed to increase 4.0% compounded annually with no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from .5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1.0% to 6.0% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

The number of active contributing participants to the TP and CO plans was 355,287 as of December 31, 2004; the date the latest actuarial review was performed. OPERS actuarially determined accrued liability for OPEB's at December 31, 2004, are \$29.5 billion with net assets available for OPEB of \$10.8 billion, leaving an unfunded actuarial liability of \$18.7 billion.

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 OPEB

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.

Health care funding and accounting is on a pay-as-you-go basis. The Ohio Revised Code provides that health care costs paid shall be included in the employer's contribution rate. In addition, all retirees and survivors are required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. The 2004 employer contribution rate was 19.5% of covered payroll for Police and 24.0% for Fire of which 7.75% was used to fund health insurance. The City's contribution for the year ended December 31, 2005 was \$200,999 for Police and \$148,392 for Fire to pay post-employment benefits.

The number of participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for Police and 10,528 for Fire. OP&F's total health care expense for the year ended December 31, 2004 was \$102,173,796, which was net of member contributions of \$55,665,341.

14. **INTERFUND TRANSACTIONS**

Interfund receivables and payables at December 31, 2005 were:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$1,145,000	\$100,000
Non-Major Funds	<u>100,000</u>	<u>1,145,000</u>
Total	<u>\$1,245,000</u>	<u>\$1,245,000</u>

Interfund transfers for 2005 were

<u>Fund</u>	<u>From Other Funds</u>	<u>To Other Funds</u>
General Fund	\$37,485	\$3,600,000
Parks & Rec.	1,500,000	
Capital Improvement Fund	17,679	
Non-Major Funds	<u>2,143,364</u>	<u>98,528</u>
Total	<u>\$3,698,528</u>	<u>\$3,698,528</u>

15. **CONTINGENT LIABILITIES**

The City is a defendant in various lawsuits and subject to various claims over which litigation has not yet commenced. Although the outcome of these matters is not presently determinable, in the opinion of management and the law director, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

16. **RISK MANAGEMENT**

Property and Liability Coverage

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In 1995 the City joined the Public Entities Pool of Ohio (PEP) for coverage of these risks. The risk of loss is transferred to the pool.

The following is a summary of insurance coverage through the pool at year-end:

General Liability	\$5,000,000 per occurrence
Automobile Liability	\$5,000,000 per occurrence
Real and Personal Property	\$19,700,635 per occurrence
Police Professional Liability	\$5,000,000 per occurrence
Public Officials Liability	\$5,000,000 per occurrence

Over the past three years the insurance coverages carried by the City have been substantially higher than the settlements made by our insurance carrier.

Health Insurance Coverage

The City provides health insurance coverage for its employees. This program is accounted for in the Internal Service Fund, Health Insurance Program Fund. This coverage is provided by the City self-funding a portion of the program with the balance of coverage provided by stop loss coverage through Phoenix Excess Risk Insurance Company. The stop loss carrier provides coverage as follows:

The City pays all claims up to \$60,000 per individual or \$2,028,758 in aggregate during the contract year, which runs from August 1 through July 31 of each year.

Stop loss reimbursements for the past three years:

<u>2003</u>	<u>2004</u>	<u>2005</u>
\$0	\$383,103	\$267,100

Below is a claim history for the past three years:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Claims liability at January 1	\$50,963	\$201,888	\$388,596
Claims incurred	1,330,919	2,119,040	2,105,984
Claims paid	(1,179,994)	(1,932,332)	(2,097,471)
Claims liability at December 31	<u>\$201,888</u>	<u>\$388,596</u>	<u>\$397,109</u>

17. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 1997, there were eleven series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the eleven series issued prior to January 1, 1997 could not be determined; however, their original issue amounts totaled \$32.9 million. There were no series issued after January 1, 1997.

18. DEFICIT FUND BALANCES

The Health Insurance Internal Service Fund had a deficit fund balance in the amount of \$152,259 at December 31, 2005. The deficit is a result of the application of generally accepted accounting principles and the recognition of accrued liabilities. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

19. CHANGE IN ACCOUNTING PRINCIPLE

For 2005, the City adopted the provisions of GASB Statement No. 40, Deposits and Investment Risk Disclosures. This statement modifies and expands existing disclosure requirements for deposits and investments. These additional disclosures can be found in Note 3.

The City also adopted the provisions of GASB Technical Bulletin 2004-002, Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost Sharing Employers. This technical bulletin requires governments to recognize pension expenditures/expenses in the period in which a payment relates even if the payment is not due until the next fiscal period. The implementation of the technical bulletin had no effect on the beginning fund balance of City.

CITY OF MORaine, OHIO

REQUIRED

SUPPLEMENTARY

INFORMATION



CITY OF MORAIN, OHIO
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUE				
Taxes				
Income	\$16,079,633	\$16,079,633	\$16,595,332	\$515,699
Property	480,957	480,957	517,003	36,046
Other	86,679	86,679	92,284	5,605
Shared Revenues	437,340	437,340	466,163	28,823
License and Permits	56,082	56,082	95,469	39,387
Charges for Services	41,148	41,148	69,534	28,386
Fines	302,733	302,733	233,999	(68,734)
Investment Earnings	420,629	420,629	310,380	(110,249)
Rents and Royalties	30,000	30,000	35,125	5,125
Intergovernmental	10,000	10,000	15,124	5,124
Miscellaneous Receipts & Reimbursements	45,244	45,244	143,332	98,088
Total Revenues	<u>17,990,445</u>	<u>17,990,445</u>	<u>18,573,745</u>	<u>583,300</u>
EXPENDITURES				
GENERAL GOVERNMENT:				
Council:				
Personnel services	19,289	19,289	14,600	4,689
General operating expenses	100,671	93,827	63,161	30,666
Total Council	<u>119,960</u>	<u>113,116</u>	<u>77,761</u>	<u>35,355</u>
Clerk of Council:				
Personnel services	80,688	79,688	75,731	3,957
General operating expenses	5,209	5,678	3,099	2,579
Total Clerk Council	<u>85,897</u>	<u>85,366</u>	<u>78,830</u>	<u>6,536</u>
City Manager's office:				
Personnel services	266,711	267,376	252,828	14,548
General operating expenses	74,587	98,169	86,286	11,883
Total City Manager's office	<u>341,298</u>	<u>365,545</u>	<u>339,114</u>	<u>26,431</u>
Clerk of Courts:				
Personnel services	113,241	112,816	107,334	5,482
General operating expenses	60,462	57,253	38,397	18,856
Total Clerk of Courts	<u>173,703</u>	<u>170,069</u>	<u>145,731</u>	<u>24,338</u>
Law Director:				
Personnel services	80,218	6,441	2,841	3,600
General operating expenses	112,452	214,972	209,724	5,248
Total Law Director	<u>192,670</u>	<u>221,413</u>	<u>212,565</u>	<u>8,848</u>
Merit Service				
Personnel services				
General operating expenses	9,119	8,750	7,374	1,376
Total Merit Service	<u>9,119</u>	<u>8,750</u>	<u>7,374</u>	<u>1,376</u>
Mayor:				
Personnel services	13,627	13,627	12,767	860
General operating expenses	43,367	31,337	18,509	12,828
Total Mayor	<u>56,994</u>	<u>44,964</u>	<u>31,276</u>	<u>13,688</u>

(continued)

CITY OF MORAINE, OHIO
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

(continued)

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
Finance:				
Personnel services	598,303	596,959	446,808	150,151
General operating expenses	60,670	58,844	42,254	16,590
Total Finance	658,973	655,803	489,062	166,741
Information Center:				
Personnel services	139,124	139,106	101,299	37,807
General operating expenses	500	518	517	1
Total Information Center	139,624	139,624	101,816	37,808
Public Buildings:				
Personnel services	1,584,154	1,582,022	1,369,016	213,006
General operating expenses	827,257	803,443	657,715	145,728
Total Public Buildings	2,411,411	2,385,465	2,026,731	358,734
General Miscellaneous:				
Personnel services	64,120	59,508	5,716	53,792
General operating expenses	458,351	486,831	436,887	49,944
Total General Miscellaneous	522,471	546,339	442,603	103,736
Information Technology				
Personnel services	89,926	89,926	72,280	17,646
General operating expenses	229,298	226,780	189,239	37,541
Total Information Technology	319,224	316,706	261,519	55,187
Human Resources				
Personnel services	92,818	92,818	87,222	5,596
General operating expenses	40,678	50,729	50,390	339
Total Human Resources	133,496	143,547	137,612	5,935
TOTAL GENERAL GOVERNMENT	5,164,840	5,196,707	4,351,994	844,713
PUBLIC SAFETY:				
Police:				
Personnel services	3,710,712	3,663,712	3,550,637	113,075
General operating expenses	579,852	580,471	532,238	48,233
Total Police	4,290,564	4,244,183	4,082,875	161,308
Fire:				
Personnel services	3,399,024	3,314,562	3,080,208	234,354
General operating expenses	355,968	377,415	347,007	30,408
Total Fire	3,754,992	3,691,977	3,427,215	264,762
Civil Defense				
Personnel services				
General operating expenses	8,500	8,500	7,675	825
Total Civil Defense	8,500	8,500	7,675	825
TOTAL PUBLIC SAFETY	8,054,056	7,944,660	7,517,765	426,895

(continued)

CITY OF MORAIN, OHIO
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

(continued)

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
HIGHWAYS AND STREETS:				
Engineering:				
Personnel services	186,748	177,751	173,334	4,417
General operating expenses	48,957	48,465	38,085	10,380
Total Engineering	<u>235,705</u>	<u>226,216</u>	<u>211,419</u>	<u>14,797</u>
Street Lighting:				
Personnel services				
General operating expenses	260,000	260,000	244,879	15,121
Total Street lighting	<u>260,000</u>	<u>260,000</u>	<u>244,879</u>	<u>15,121</u>
TOTAL HIGHWAYS AND STREETS	<u>495,705</u>	<u>486,216</u>	<u>456,298</u>	<u>29,918</u>
SANITATION:				
Waste Collection:				
Personnel services				
General operating expenses	293,530	291,530	277,659	13,871
Total Waste Collection	<u>293,530</u>	<u>291,530</u>	<u>277,659</u>	<u>13,871</u>
TOTAL SANITATION	<u>293,530</u>	<u>291,530</u>	<u>277,659</u>	<u>13,871</u>
HEALTH AND WELFARE:				
Health & Alcoholism:				
Personnel services				
General operating expenses	2,000	2,000	1,590	410
Total Health & Alcoholism	<u>2,000</u>	<u>2,000</u>	<u>1,590</u>	<u>410</u>
Board of Zoning Appeals:				
Personnel services				
General operating expenses	1,681	1,956	1,685	271
Total Board of Zoning Appeals	<u>1,681</u>	<u>1,956</u>	<u>1,685</u>	<u>271</u>
Building Inspection:				
Personnel services	140,161	139,492	130,871	8,621
General operating expenses	49,551	48,672	41,885	6,787
Total Building Inspection	<u>189,712</u>	<u>188,164</u>	<u>172,756</u>	<u>15,408</u>
TOTAL HEALTH AND WELFARE	<u>193,393</u>	<u>192,120</u>	<u>176,031</u>	<u>16,089</u>
CULTURE-RECREATION:				
Senior Citizens				
Personnel services				
General operating expenses	12,216	12,067	12,067	
Total senior citizens	<u>12,216</u>	<u>12,067</u>	<u>12,067</u>	
Summer Jobs:				
Personnel services	110,357	110,357	69,036	41,321
General operating expenses	1,500	1,500	713	787
Total Summer Jobs	<u>111,857</u>	<u>111,857</u>	<u>69,749</u>	<u>42,108</u>
Fire Works:				
Personnel services				
General operating expenses	30,000	30,000	15,000	15,000
Total Fire Works	<u>30,000</u>	<u>30,000</u>	<u>15,000</u>	<u>15,000</u>
TOTAL CULTURE-RECREATION	<u>154,073</u>	<u>153,924</u>	<u>96,816</u>	<u>57,108</u>

(continued)

CITY OF MORAIN, OHIO
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

(continued)

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
ECONOMIC DEVELOPMENT AND ASSISTANCE:				
Planning:				
Personnel services	122,664	122,929	121,903	1,026
General operating expenses	81,115	74,668	47,018	27,650
Total Planning	<u>203,779</u>	<u>197,597</u>	<u>168,921</u>	<u>28,676</u>
Planning Commission:				
Personnel services				
General operating expenses	9,186	8,816	5,523	3,293
Total Planning Commission	<u>9,186</u>	<u>8,816</u>	<u>5,523</u>	<u>3,293</u>
TOTAL ECONOMIC DEVELOPMENT AND ASSISTANCE	<u>212,965</u>	<u>206,413</u>	<u>174,444</u>	<u>31,969</u>
TOTAL EXPENDITURES	<u>14,568,562</u>	<u>14,471,570</u>	<u>13,051,007</u>	<u>1,420,563</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,421,883</u>	<u>3,518,875</u>	<u>5,522,738</u>	<u>2,003,863</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			37,485	37,485
Transfers out	(4,350,000)	(4,350,000)	(3,600,000)	750,000
Proceeds from the sale of capital assets			29,282	29,282
Total Other Financing Sources (Uses)	<u>(4,350,000)</u>	<u>(4,350,000)</u>	<u>(3,533,233)</u>	<u>816,767</u>
Net Change in Fund Balance	<u>(928,117)</u>	<u>(831,125)</u>	<u>1,989,505</u>	<u>2,820,630</u>
Fund Balance - Beginning	10,835,874	10,835,874	10,835,874	
Encumbrances	305,130	305,130	305,130	
Fund Balance - Ending	<u>\$10,212,887</u>	<u>\$10,309,879</u>	<u>\$13,130,509</u>	<u>\$2,820,630</u>

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO
PARKS AND RECREATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Taxes				
Charges for Services	\$714,596	\$714,596	\$854,312	\$139,716
Investment Earnings	8,753	8,753	4,130	(4,623)
Intergovernmental			9,793	9,793
Miscellaneous Receipts & Reimbursements	68	68	37,150	37,082
Total Revenues	<u>723,417</u>	<u>723,417</u>	<u>905,385</u>	<u>181,968</u>
EXPENDITURES				
Culture-Recreation				
Civic Center				
Personnel services	323,685	319,212	310,877	8,335
General operating expenses	82,584	89,327	65,758	23,569
Total Civic Center	<u>406,269</u>	<u>408,539</u>	<u>376,635</u>	<u>31,904</u>
Natatorium				
Personnel services	78,153	56,833	32,684	24,149
General operating expenses	162,020	168,686	149,810	18,876
Total Natatorium	<u>240,173</u>	<u>225,519</u>	<u>182,494</u>	<u>43,025</u>
Water Park				
Personnel services	575,831	542,745	534,498	8,247
General operating expenses	433,723	461,668	417,203	44,465
Total Water Park	<u>1,009,554</u>	<u>1,004,413</u>	<u>951,701</u>	<u>52,712</u>
Recreational Center				
Personnel services	758,723	753,723	664,592	89,131
General operating expenses	461,653	464,610	412,559	52,051
Total Recreational Center	<u>1,220,376</u>	<u>1,218,333</u>	<u>1,077,151</u>	<u>141,182</u>
Total Culture-Recreation	<u>2,876,372</u>	<u>2,856,804</u>	<u>2,587,981</u>	<u>268,823</u>
Total Expenses	<u>2,876,372</u>	<u>2,856,804</u>	<u>2,587,981</u>	<u>268,823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,152,955)</u>	<u>(2,133,387)</u>	<u>(1,682,596)</u>	<u>450,791</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	2,000,000	1,500,000	(500,000)
Total Other Financing Sources (Uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,500,000</u>	<u>(500,000)</u>
Net Change in Fund Balance	<u>(152,955)</u>	<u>(133,387)</u>	<u>(182,596)</u>	<u>(49,209)</u>
Fund Balance - Beginning	266,967	266,967	266,967	
Encumbrances	22,211	22,211	22,211	
Fund Balance - Ending	<u>\$136,223</u>	<u>\$155,791</u>	<u>106,582</u>	<u>(\$49,209)</u>

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO
ECONOMIC DEVELOPMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Charges for Services	\$0	\$0	\$50,000	\$50,000
Intergovernmental			90,000	90,000
Total Revenues			140,000	140,000
EXPENDITURES				
Economic development	\$200,000	\$290,000	\$165,000	\$125,000
Total Expenses	200,000	290,000	165,000	125,000
Excess (deficiency) of revenues over (under) expenditures	(200,000)	(290,000)	(25,000)	15,000
Net Change in Fund Balance	(200,000)	(290,000)	(25,000)	15,000
Fund Balance - Beginning	1,412,317	1,412,317	1,412,317	
Fund Balance - Ending	\$1,212,317	\$1,122,317	\$1,387,317	\$265,000

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2005

1. Budgets and Budgetary Accounting

An annual budget for all governmental fund types covering the period January 1 through December 31 of the following year showing estimated revenues and expenditures is submitted to the County Auditor as Secretary of the County Budget Commission. The budget is passed by City Council, after public hearings are held, by July 15 of each year, and submitted to the County Budget Commission by July 20 of each year.

The County Budget Commission certifies its actions relevant to the annual budget to the City by September 1. As part of this certification, the City receives an official certificate of estimated resources, which states the projected receipts by fund. On or about January 1, this certificate is amended to include any unencumbered fund balances from the preceding year. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations ordinance.

A temporary appropriations ordinance to control expenditures may be passed on or about January 1 of each year for the period of January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriations ordinance generally controls expenditures at the department level and may be amended or supplemented by Council during the year as required. Amendments to the appropriations ordinance made during the year increased original appropriations by approximately 4.4%. Total expenditures in any fund cannot exceed the estimated resources for that fund. Unencumbered appropriations lapse at year-end, while encumbered amounts are reappropriated in the following year's budget.

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The City's expenditure budget and appropriations ordinance are the same document. The appropriations ordinance controls expenditures at the departmental level with a detail breakdown by personal services, operating and capital expenditures/expenses. Supplemental appropriations are made to the budget during the year by the passage of ordinances. These supplemental appropriations are recommended by management to the City Council, but can only be adopted by formal passage of an

ordinance by City Council. The only authority that management has is to make transfers between accounts within the departmental appropriations. Any increase or decrease in appropriations for any department takes official Council action. During 2005, there were nine supplemental appropriations made totaling \$1,679,716.

While financial position, results of operations, and changes in fund balances are reported on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by State law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budget) – All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

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

The following table summarizes the adjustments necessary to reconcile GAAP basis statements to the budgetary basis statements for the City’s major funds.

Net Change in Fund Balance

	<u>General</u>	<u>Parks & Recreation</u>	<u>Economic Development</u>
GAAP Basis	\$2,902,561	(\$202,831)	(\$149,642)
Net Adjustment for Revenue Accruals	(812,787)	(536)	50,000
Net Adjustment for Expenditure Accruals	<u>(100,269)</u>	<u>20,771</u>	<u>74,642</u>
Budget Basis	<u>\$1,989,505</u>	<u>(\$182,596)</u>	<u>(\$25,000)</u>



CITY OF MORAINE, OHIO

COMBINING STATEMENTS

AND

INDIVIDUAL FUND STATEMENTS



**CITY OF MORaine, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2005**

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and Investments	\$871,080	\$120,701	\$991,781
Receivables			
Property Tax	169,816		169,816
Accounts	95		95
Intergovernmental	206,198		206,198
Due from Other Funds	100,000		100,000
Inventories	45,392		45,392
Prepays	359		359
Total Assets	<u>1,392,940</u>	<u>120,701</u>	<u>1,513,641</u>
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts Payable	26,204		26,204
Salaries and Benefits Payable	326,173		326,173
Compensated Absences Payable	4,636		4,636
Deferred Revenue	345,192		345,192
Total Current Liabilities	<u>702,205</u>		<u>702,205</u>
FUND BALANCES:			
Reserved For:			
Encumbrances	95,159		95,159
Prepays	359		359
Inventories	45,392		45,392
Unreserved	549,825	120,701	670,526
Total Fund Balance	<u>690,735</u>	<u>120,701</u>	<u>811,436</u>
Total Liabilities and Fund Balances	<u>\$1,392,940</u>	<u>\$120,701</u>	<u>\$1,513,641</u>

CITY OF MORAINE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Ended December 31, 2005

	<u>NONMAJOR SPECIAL REVENUE FUNDS</u>	<u>NONMAJOR DEBT SERVICE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES			
Taxes:			
Property	\$164,658		\$164,658
Other	4,924		4,924
Shared Revenues	408,263		408,263
Licenses and Permits	1,210		1,210
Charges for Services	8,050		8,050
Investment Earnings	8,821	\$1,507	10,328
Intergovernmental	98,528		98,528
Miscellaneous Receipts & Reimbursements	83,829		83,829
Total Revenues	<u>778,283</u>	<u>1,507</u>	<u>779,790</u>
EXPENDITURES			
Public Safety	1,114,699		1,114,699
Highways and streets	1,776,922		1,776,922
Debt service			
Principal		20,000	20,000
Interest		2,000	2,000
Total Expenditures	<u>2,891,621</u>	<u>22,000</u>	<u>2,891,621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,113,338)</u>	<u>(20,493)</u>	<u>(2,111,831)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,143,364		2,143,364
Transfers out	(98,528)		(98,528)
Total Other Financing Sources (Uses)	<u>2,044,836</u>		<u>2,044,836</u>
Net Change in Fund Balance	<u>(68,502)</u>	<u>(20,493)</u>	<u>(88,995)</u>
Fund Balance - Beginning	759,237	141,194	900,431
Fund Balance - Ending	<u>\$690,735</u>	<u>\$120,701</u>	<u>\$811,436</u>

CITY OF MORAIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2005

	STREET CONSTRUCTION AND MAINTENANCE	STATE HIGHWAY IMPROVEMENT	CEMETERY	MOTOR VEHICLE LICENSE TAX	ENFORCEMENT AND EDUCATION	POLICE PENSION	FIRE PENSION	FEDERAL LAW ENFORCEMENT	STATE LAW ENFORCEMENT	DRUG LAW ENFORCEMENT	F. E. M. A.	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS												
Cash and Investments	\$75,353	\$418,695	\$77,601	\$44,839	\$16,090	\$73,267	\$113,375	\$4,312	\$7,903	\$39,645	\$0	\$671,080
Receivables												
Property Tax												169,816
Accounts	179,722	15,383		11,093	95	84,908	84,908					95
Intergovernmental												206,198
Due from Other Funds	45,392					70,000	30,000					100,000
Inventories	359											45,392
Prepays												359
Total Assets	300,826	434,078	77,601	55,932	16,185	228,175	228,283	4,312	7,903	39,645		1,392,940
LIABILITIES AND FUND BALANCES												
CURRENT LIABILITIES												
Accounts Payable	26,204											26,204
Salaries and Benefits Payable	57,028					129,784	139,361					326,173
Compensated Absences Payable	4,636											4,636
Unearned Revenue	152,543	13,180		9,653		84,908	84,908					345,192
Total Current Liabilities	240,411	13,180		9,653		214,692	224,269					702,205
FUND BALANCES:												
Reserved For:												
Encumbrances	92,769		2,390									95,159
Prepays	359											359
Inventories	45,392											45,392
Debt service												
Unreserved	(78,105)	420,898	75,211	46,279	16,185	13,483	4,014	4,312	7,903	39,645		549,825
Total Fund Balance	60,415	420,898	77,601	46,279	16,185	13,483	4,014	4,312	7,903	39,645		690,735
Total Liabilities and Fund Balances	\$300,826	\$434,078	\$77,601	\$55,932	\$16,185	\$228,175	\$228,283	\$4,312	\$7,903	\$39,645	\$0	\$1,392,940

CITY OF MORAINE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2005

	STREET CONSTRUCTION AND MAINTENANCE	STATE HIGHWAY IMPROVEMENT	CEMETERY	MOTOR VEHICLE LICENSE TAX	ENFORCEMENT AND EDUCATION	POLICE PENSION	FIRE PENSION	FEDERAL LAW ENFORCEMENT	STATE LAW ENFORCEMENT	DRUG LAW ENFORCEMENT	F. E. M. A.	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES												
Taxes:												
Property						\$82,329	\$82,329					\$164,658
Other				\$20,753	\$1,210	2,462	2,462					4,924
Shared Revenues	\$358,448	\$29,062										408,263
Licenses and Permits												1,210
Charges for Services			\$8,050					\$41		\$776		8,050
Investment Earnings	3,529	3,227	(804)	188	124	729	1,079				\$98,528	8,821
Intergovernmental												83,829
Miscellaneous Receipts & Reimbursements			79,430					41	4,361	776		83,829
Total Revenues	361,977	32,289	86,676	20,911	1,334	85,520	85,870	41	4,361	776	98,528	778,283
EXPENDITURES												
Public Safety												
Highways and streets	1,762,973		9,075	4,874		481,456	616,874			16,369		1,114,699
Total Expenditures	1,762,973		9,075	4,874		481,456	616,874			16,369		1,776,922
Excess (deficiency) of Revenues	(1,400,996)	32,289	77,601	16,037	1,334	(395,936)	(531,004)	41	4,361	(15,593)	98,528	(2,113,338)
OTHER FINANCING SOURCES (USES)												
Transfers in	1,283,364					400,000	450,000					2,143,364
Transfers out											(98,528)	(98,528)
Total Other Financing Sources (Uses)	1,283,364					400,000	450,000				(98,528)	2,143,364
Net Change in Fund Balance	(107,632)	32,289	77,601	16,037	1,334	4,064	(81,004)	41	4,361	(15,593)		(68,502)
Fund Balance - Beginning	188,047	388,609	30,242	30,242	14,851	9,419	85,018	4,271	3,542	55,238		759,237
Fund Balance - Ending	\$60,415	\$420,898	\$77,601	\$46,279	\$16,185	\$13,483	\$4,014	\$4,312	\$7,903	\$39,645	\$0	\$69,735

CITY OF MORAINÉ, OHIO
STREET CONSTRUCTION AND MAINTENANCE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Shared Revenues	\$304,859	\$354,859	\$355,493	\$634
Investment Earnings	4,850	4,850	2,933	(1,917)
Total Revenues	<u>309,709</u>	<u>359,709</u>	<u>358,426</u>	<u>(1,283)</u>
EXPENDITURES				
Highways and Streets:				
Personnel Services	1,446,243	1,446,243	1,318,719	127,524
General Operating Expenses	503,024	507,026	439,333	67,693
Total Highways and Streets	<u>1,949,267</u>	<u>1,953,269</u>	<u>1,758,052</u>	<u>195,217</u>
Total Expenditures	<u>1,949,267</u>	<u>1,953,269</u>	<u>1,758,052</u>	<u>195,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,639,558)</u>	<u>(1,593,560)</u>	<u>(1,399,626)</u>	<u>193,934</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,500,000	1,543,000	1,293,364	(249,636)
Total Other Financing Sources (Uses)	<u>1,500,000</u>	<u>1,543,000</u>	<u>1,293,364</u>	<u>(249,636)</u>
Net Change in Fund Balance	<u>(139,558)</u>	<u>(50,560)</u>	<u>(106,262)</u>	<u>(55,702)</u>
Fund Balance - Beginning	120,496	120,496	120,496	
Encumbrances	61,378	61,378	61,378	
Fund Balance - Ending	<u>\$42,316</u>	<u>\$131,314</u>	<u>\$75,612</u>	<u>(\$55,702)</u>

CITY OF MORAIN, OHIO
STATE HIGHWAY IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUE				
Shared Revenues	\$24,718	\$24,718	\$28,824	\$4,106
Investment Earnings	8,473	8,473	7,246	(1,227)
Total Revenues	33,191	33,191	36,070	2,879
Excess (deficiency) of revenues over (under) expenditures	33,191	33,191	36,070	2,879
Net Change in Fund Balance	33,191	33,191	36,070	2,879
Fund Balance - Beginning	390,387	390,387	390,387	
Encumbrances				
Fund Balance - Ending	<u>\$423,578</u>	<u>\$423,578</u>	<u>\$426,457</u>	<u>\$2,879</u>

**CITY OF MORAIN, OHIO
CEMETERY FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Charges for Services	\$0		\$8,050	\$8,050
Investment Earnings			\$590	\$590
Miscellaneous Receipts & Reimbursements		50,000	79,429	29,429
Total Revenues		<u>50,000</u>	<u>88,069</u>	<u>38,069</u>
EXPENDITURES				
General Government		15,000	11,464	3,536
Total Expenditures		<u>15,000</u>	<u>11,464</u>	<u>3,536</u>
Excess (deficiency) of revenues over (under) expenditures		<u>35,000</u>	<u>76,605</u>	<u>41,605</u>
Net Change in Fund Balance		35,000	76,605	41,605
Fund Balance - Beginning				
Encumbrances		2,390	2,390	
Fund Balance - Ending	<u>\$0</u>	<u>\$37,390</u>	<u>\$78,995</u>	<u>\$41,605</u>

CITY OF MORaine, OHIO
MOTOR VEHICLE LICENSE TAX FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUE				
Shared Revenues	\$22,581	\$22,581	\$20,633	(\$1,948)
Investment Earnings	439	439	710	271
Total Revenues	<u>23,020</u>	<u>23,020</u>	<u>21,343</u>	<u>(1,677)</u>
EXPENDITURES				
Highways and Streets		8,000	4,874	3,126
Total Expenditures		<u>8,000</u>	<u>4,874</u>	<u>3,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,020</u>	<u>15,020</u>	<u>16,469</u>	<u>1,449</u>
Net Change in Fund Balance	23,020	15,020	16,469	1,449
Fund Balance - Beginning	29,202	29,202	29,202	
Fund Balance - Ending	<u>\$52,222</u>	<u>\$44,222</u>	<u>\$45,671</u>	<u>\$1,449</u>

CITY OF MORaine, OHIO
ENFORCEMENT AND EDUCATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
License and Permits	3,277	3,277	\$1,371	(\$1,906)
Investment Earnings	\$292	\$292	281	(11)
Total Revenues	<u>3,569</u>	<u>3,569</u>	<u>1,652</u>	<u>(1,917)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,569</u>	<u>3,569</u>	<u>1,652</u>	<u>(1,917)</u>
Net Change in Fund Balance	3,569	3,569	1,652	(1,917)
Fund Balance - Beginning	14,737	14,737	14,737	
Fund Balance - Ending	<u>\$18,306</u>	<u>\$18,306</u>	<u>\$16,389</u>	<u>(\$1,917)</u>

**CITY OF MORAIN, OHIO
POLICE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Taxes				
Property	\$76,654	\$76,654	\$82,329	\$5,675
Other	2,462	2,462	2,462	
Investment Earnings	1,639	1,639	1,773	134
Total Revenues	<u>80,755</u>	<u>80,755</u>	<u>86,564</u>	<u>5,809</u>
EXPENDITURES				
Public Safety:				
Personnel	460,407	460,407	442,773	17,634
General operating expense	1,000	1,000	955	45
Total Public Safety	<u>461,407</u>	<u>461,407</u>	<u>443,728</u>	<u>17,679</u>
Total Expenditures	<u>461,407</u>	<u>461,407</u>	<u>443,728</u>	<u>17,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(380,652)</u>	<u>(380,652)</u>	<u>(357,164)</u>	<u>23,488</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	400,000	400,000	400,000	
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	
Net Change in Fund Balance	19,348	19,348	42,836	23,488
Fund Balance - Beginning	31,789	31,789	31,789	
Fund Balance - Ending	<u>\$51,137</u>	<u>\$51,137</u>	<u>\$74,625</u>	<u>\$23,488</u>

CITY OF MORAIN, OHIO
FIRE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Taxes				
Property	\$76,654	\$76,654	\$82,329	\$5,675
Other	2,462	2,462	2,462	
Investment Earnings	2,458	2,458	2,484	26
Total Revenues	<u>81,574</u>	<u>81,574</u>	<u>87,275</u>	<u>5,701</u>
EXPENDITURES				
Public Safety:				
Personnel	516,586	516,586	493,588	22,998
General operating expense	1,000	1,000	955	45
Total Public Safety	<u>517,586</u>	<u>517,586</u>	<u>494,543</u>	<u>23,043</u>
Total Expenses	<u>517,586</u>	<u>517,586</u>	<u>494,543</u>	<u>23,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(436,012)</u>	<u>(436,012)</u>	<u>(407,268)</u>	<u>28,744</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	450,000	450,000	450,000	
Total Other Financing Sources (Uses)	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	
Net Change in Fund Balance	13,988	13,988	42,732	28,744
Fund Balance - Beginning	72,745	72,745	72,745	
Fund Balance - Ending	<u>\$86,733</u>	<u>\$86,733</u>	<u>\$115,477</u>	<u>\$28,744</u>

CITY OF MORaine, OHIO
FEDERAL LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Investment Earnings	84	84	\$80	(\$4)
Total Revenues	84	84	80	(4)
Excess (deficiency) of revenues over (under) expenditures	84	84	80	(4)
Net Change in Fund Balance	84	84	80	(4)
Fund Balance - Beginning	4,312	4,312	4,312	
Fund Balance - Ending	4,396	4,396	\$4,392	(\$4)

CITY OF MORaine, OHIO
STATE LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Investment Earnings	\$19	\$19	\$75	\$56
Miscellaneous Receipts & Reimbursements			4,399	4,399
Total Revenues	<u>19</u>	<u>19</u>	<u>4,474</u>	<u>4,455</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19</u>	<u>19</u>	<u>4,474</u>	<u>4,455</u>
Net Change in Fund Balance	19	19	4,474	4,455
Fund Balance - Beginning	3,576	3,576	3,576	
Fund Balance - Ending	<u>\$3,595</u>	<u>\$3,595</u>	<u>\$8,050</u>	<u>\$4,455</u>

CITY OF MORaine, OHIO
DRUG LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Investment Earnings	\$1,358	\$1,358	\$976	(\$382)
Miscellaneous Receipts & Reimbursements	211	211		(211)
Total Revenues	<u>1,569</u>	<u>1,569</u>	<u>976</u>	<u>(593)</u>
EXPENDITURES				
Public Safety	35,150	35,150	16,368	18,782
Total Expenditures	<u>35,150</u>	<u>35,150</u>	<u>16,368</u>	<u>18,782</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,581)</u>	<u>(33,581)</u>	<u>(15,392)</u>	<u>18,189</u>
Net Change in Fund Balance	(33,581)	(33,581)	(15,392)	18,189
Fund Balance - Beginning	55,773	55,773	55,773	
Fund Balance - Ending	<u>\$22,192</u>	<u>\$22,192</u>	<u>\$40,381</u>	<u>\$18,189</u>

CITY OF MORAIN, OHIO
F. E. M. A. FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Intergovernmental	\$0	\$98,528	\$98,528	\$0
Total Revenues		98,528	98,528	
Excess (deficiency) of revenues over (under) expenditures		98,528	98,528	
OTHER FINANCING SOURCES (USES)				
Transfers out		(98,528)	(98,528)	
Total Other Financing Sources (Uses)		(98,528)	(98,528)	
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$0	\$0	\$0	\$0

CITY OF MORAIN, OHIO
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUE				
Special Assessments	\$10,000	\$10,000	\$0	(\$10,000)
Investment Earnings	3,053	3,053	2,378	(675)
Total Revenues	<u>13,053</u>	<u>13,053</u>	<u>2,378</u>	<u>(10,675)</u>
EXPENDITURES				
Debt Service				
Principal	20,000	20,000	20,000	0
Interest	2,000	2,000	2,000	0
Total Expenditures	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,947)</u>	<u>(8,947)</u>	<u>(19,622)</u>	<u>(10,675)</u>
Net Change in Fund Balance	(8,947)	(8,947)	(19,622)	(10,675)
Fund Balance - Beginning	142,560	142,560	142,560	0
Fund Balance - Ending	<u><u>\$133,613</u></u>	<u><u>\$133,613</u></u>	<u><u>\$122,938</u></u>	<u><u>(\$10,675)</u></u>

CITY OF MORAIN, OHIO
CAPITAL IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2005

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Taxes				
Income	\$2,962,182	\$2,962,182	\$1,869,638	(\$1,092,544)
Fines	14,419	14,419	13,831	(588)
Intergovernmental	1,025,880	1,025,880	25,000	(1,000,880)
Miscellaneous Receipts & Reimbursements	500,000	500,000		(500,000)
Total Revenues	<u>4,502,481</u>	<u>4,502,481</u>	<u>1,908,469</u>	<u>(2,594,012)</u>
EXPENDITURES				
Capital Outlays:				
General Government	169,900	526,144	465,762	60,382
Public Safety	227,700	426,265	376,834	49,431
Highways and Streets	2,548,500	3,343,155	2,931,019	412,136
Culture-Recreation	2,893,500	2,375,466	280,038	2,095,428
Economic Development	200,000	600,000	600,000	
Debt Service				
Principal	4,685,839	4,685,839	4,671,248	14,591
Interest	92,891	119,891	119,353	538
Total Expenses	<u>10,818,330</u>	<u>12,076,760</u>	<u>9,444,254</u>	<u>2,632,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,315,849)</u>	<u>(7,574,279)</u>	<u>(7,535,785)</u>	<u>38,494</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of bonds	7,200,000	7,200,000	3,700,000	(3,500,000)
Proceeds from the sale of capital assets	15,007	15,007		(15,007)
Transfers in			17,679	17,679
Total Other Financing Sources (Uses)	<u>7,215,007</u>	<u>7,215,007</u>	<u>3,717,679</u>	<u>(3,497,328)</u>
Net Change in Fund Balance	899,158	(359,272)	(3,818,106)	(3,458,834)
Fund Balance - Beginning	6,638,808	6,638,808	6,638,808	
Encumbrances	1,072,317	1,072,317	1,072,317	
Fund Balance - Ending	<u>\$8,610,283</u>	<u>\$7,351,853</u>	<u>\$3,893,019</u>	<u>(\$3,458,834)</u>

CITY OF MORAIN, OHIO
Combining Statement of Net Assets
INTERNAL SERVICE FUNDS
December 31, 2005

	<u>CITY GARAGE</u>	<u>INSURANCE RESERVE</u>	<u>HEALTH INSURANCE</u>	<u>TOTALS</u>
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$173,390	\$1,270,739	\$244,850	\$1,688,979
Inventories	109,307			109,307
Prepays	84			84
Total Current Assets	<u>282,781</u>	<u>1,270,739</u>	<u>244,850</u>	<u>1,798,370</u>
CAPITAL ASSETS (net of accumulated depreciation)				
Machinery and Equipment	45,224			45,224
Total Capital Assets	<u>45,224</u>	<u>0</u>	<u>0</u>	<u>45,224</u>
Total Assets	<u>328,005</u>	<u>1,270,739</u>	<u>244,850</u>	<u>1,843,594</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	51,306	3,968		55,274
Salaries and Benefits Payable	3,044			3,044
Compensated Absences Payable	60,924			60,924
Insurance Claims Payable			397,109	397,109
Total Current Liabilities	<u>115,274</u>	<u>3,968</u>	<u>397,109</u>	<u>516,351</u>
NET ASSETS				
Invested in Capital Assets Net of Related Debt	45,224			45,224
Unreserved	167,507	1,266,771	(152,259)	1,282,019
Total Net Assets	<u>\$212,731</u>	<u>\$1,266,771</u>	<u>(\$152,259)</u>	<u>\$1,327,243</u>

CITY OF MORAIN, OHIO
Combining Statement of Revenues, Expenses and Changes in Net Assets
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2005

	<u>CITY GARAGE</u>	<u>INSURANCE RESERVE</u>	<u>HEALTH INSURANCE</u>	<u>TOTALS</u>
Operating Revenues				
Charges for Services	\$628,106		\$1,349,179	\$1,977,285
Miscellaneous Receipts & Reimbursements		17,393	380,385	397,778
Total Operating Revenues	<u>628,106</u>	<u>17,393</u>	<u>1,729,564</u>	<u>2,375,063</u>
Operating Expenses				
Current:				
Cost of Services	623,483	63,070	2,105,984	2,792,537
Depreciation	15,878			15,878
Total Operating Expenses	<u>639,361</u>	<u>63,070</u>	<u>2,105,984</u>	<u>2,808,415</u>
Operating Income (Loss)	<u>(11,255)</u>	<u>(45,677)</u>	<u>(376,420)</u>	<u>(433,352)</u>
Non-operating Revenues (Expenses)				
Investment Earnings		13,652	4,426	18,078
Total Non-operating Revenues (Expenses)		<u>13,652</u>	<u>4,426</u>	<u>18,078</u>
Change in Net Assets	(11,255)	(32,025)	(371,994)	(415,274)
Total Net Assets - Beginning	223,986	1,298,796	219,735	1,742,517
Total Net Assets - Ending	<u>\$212,731</u>	<u>\$1,266,771</u>	<u>(\$152,259)</u>	<u>\$1,327,243</u>

CITY OF MORAINÉ, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2005

	<u>City Garage</u>	<u>Insurance Reserve</u>	<u>Health Insurance Program</u>	<u>Totals</u>
Cash Flows From Operating Activities				
Cash received for services	\$628,106		\$1,349,179	\$1,977,285
Miscellaneous receipts & reimbursements		\$17,393	380,385	397,778
Cash paid to suppliers for goods or services	(423,172)	(59,102)	(2,097,471)	(2,579,745)
Cash paid to employees for services	(181,024)			(181,024)
Net cash provided (used) by operating activities	<u>23,910</u>	<u>(41,709)</u>	<u>(367,907)</u>	<u>(385,706)</u>
Cash Flows From Capital Assets and Related Financing Activities				
Acquisition of capital assets	(23,910)			(23,910)
Net cash provided by capital assets and related financing activities	<u>(23,910)</u>			<u>(23,910)</u>
Cash Flows From Investing Activities				
Investment earnings		13,652	4,426	18,078
Net Cash provided (used) by investing activities		<u>13,652</u>	<u>4,426</u>	<u>18,078</u>
Net increase (decrease) in cash	0	(28,057)	(363,481)	(391,538)
Cash at Beginning of year	<u>173,390</u>	<u>1,298,796</u>	<u>608,331</u>	<u>2,080,517</u>
Cash at end of year	<u><u>173,390</u></u>	<u><u>1,270,739</u></u>	<u><u>244,850</u></u>	<u><u>1,688,979</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(\$11,255)	(\$45,677)	(\$376,420)	(\$433,352)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	15,878			15,878
(Gain) Loss on disposal of capital assets	1,410			1,410
(Increase) decrease in inventories	(22,063)			(22,063)
(Increase) decrease in prepaid expenses	(84)			(84)
Increase (decrease) in accounts payable	39,247	3,968		43,215
Increase (decrease) in salaries and benefits payable	(8,550)			(8,550)
Increase (decrease) in compensated absences payable	9,327			9,327
Increase (decrease) in insurance claims payable			8,513	8,513
Net cash provided (used) by operating activities	<u>\$35,165</u>	<u>(\$41,709)</u>	<u>(\$367,907)</u>	<u>(\$385,706)</u>

CITY OF MORAINE, OHIO
Statement of Changes in Assets and Liabilities
AGENCY FUNDS
For the Year Ended December 31, 2005

	Balance December 31, 2004	Additions	Deductions	Balance December 31, 2005
Miscellaneous Agency Fund				
Assets:				
Cash and Investments	\$33,067	\$31,944	(\$26,965)	\$38,046
Total Assets	<u>33,067</u>	<u>31,944</u>	<u>(26,965)</u>	<u>38,046</u>
Liabilities:				
Deposits	33,067	31,944	(26,965)	38,046
Total Liabilities	<u>33,067</u>	<u>31,944</u>	<u>(26,965)</u>	<u>38,046</u>
Mayor's Court				
Assets:				
Cash and Investments	24,092	371,988	(365,804)	30,276
Total Assets	<u>24,092</u>	<u>371,988</u>	<u>(365,804)</u>	<u>30,276</u>
Liabilities:				
Due to Other Governments	4,531	54,509	(55,383)	3,657
Escrow Bonds	19,561	317,479	(310,421)	26,619
Total Liabilities	<u>24,092</u>	<u>371,988</u>	<u>(365,804)</u>	<u>30,276</u>
Totals - All Agency Funds				
Assets:				
Cash and Investments	57,159	403,932	(392,769)	68,322
Total Assets	<u>57,159</u>	<u>403,932</u>	<u>(392,769)</u>	<u>68,322</u>
Liabilities:				
Deposits	33,067	31,944	(26,965)	38,046
Due to Other Governments	4,531	54,509	(55,383)	3,657
Escrow Bonds	19,561	317,479	(310,421)	26,619
Total Liabilities	<u>\$57,159</u>	<u>\$403,932</u>	<u>(\$392,769)</u>	<u>\$68,322</u>

CITY OF MORAINE, OHIO

STATISTICAL SECTION



CITY OF MORAINE, OHIO

TABLE 1

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>HIGHWAYS AND STREETS</u>	<u>COMMUNITY DEVELOPMENT</u>
1996	\$1,784,891	\$5,715,983	\$1,630,266	\$128,315
1997	2,034,547	6,104,363	1,841,678	231,830
1998	2,239,371	6,352,935	1,904,070	1,100,914
1999	2,770,795	6,873,547	1,720,468	2,627,986
2000	3,512,513	7,114,763	1,777,436	928,859
2001	4,314,962	6,992,835	1,777,421	654,998
2002	4,153,383	7,433,908	1,911,954	159,125
2003	4,132,118	7,939,449	2,131,832 (2)	157,996
2004	4,657,912	8,836,378	2,955,562	315,864
2005	\$4,844,844	\$9,521,258	\$3,391,198	\$540,541

<u>FISCAL YEAR</u>	<u>HEALTH</u>	<u>RECREATION</u>	<u>SANITATION</u>	<u>TOTALS</u>
1996	\$450,413	\$557,664		\$11,220,495
1997	459,790	597,950		12,655,030
1998	533,278	723,524		15,249,598
1999	529,559	900,056		14,763,186
2000	523,590	2,217,163		16,480,969
2001	535,016	2,726,319		17,001,551
2002	611,342	2,796,209		17,065,921
2003	150,502 (2)	2,671,890	327,151 (2)	17,510,938
2004	163,309	2,891,794	266,340	20,087,159
2005	\$158,934	\$3,187,996	\$256,098	21,900,869

Source: City of Moraine, Department of Finance

(1) Includes General and Special Revenue Funds only.

(2) Engineering is now included in Highways and Streets, and Sanitation is broken out, both had been included in Health.

CITY OF MORAINE, OHIO

TABLE 2

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS**

FISCAL YEAR	MUNICIPAL INCOME TAXES	OTHER LOCAL TAXES	STATE SHARED TAXES AND PERMITS	INTER-GOVERNMENTAL AID, GRANTS
1996	\$11,829,176	\$640,384	\$692,154	\$35
1997	12,236,361	660,163	742,996	81,918
1998	12,730,609	749,579	770,457	1,055,367
1999	13,474,430	726,875	793,608	1,320,552
2000	14,048,786	803,800	829,820	355,398
2001	12,780,377	769,017	882,968	394,001
2002	13,272,808	601,889	788,633	2,199
2003	13,315,714	803,868	775,251	80,918
2004	13,091,511	723,595	1,033,093	467,498
2005	\$17,208,462 ⁽²⁾	\$779,864	\$971,488	\$442,446

FISCAL YEAR	CHARGES FOR SERVICES	FINES, COSTS, FORFEITURES, LICENSE AND PERMITS	INVESTMENT EARNINGS AND MISCELLANEOUS RECEIPTS	TOTAL
1996	\$71,301	\$288,180	\$879,427	\$14,400,657
1997	77,573	353,701	1,072,098	15,224,810
1998	90,380	347,444	1,343,166	17,087,002
1999	90,121	318,176	715,586	17,439,348
2000	612,055	264,769	1,502,510	18,417,138
2001	945,397	256,057	1,089,177	17,116,994
2002	969,671	370,071	1,179,262	17,184,533
2003	799,798	332,962	64,566	16,173,077
2004	\$757,259	\$270,568	\$571,874	\$16,915,398
2005	\$945,087	\$237,661	\$487,235	\$21,072,243

Source: City of Moraine, Department of Finance

(1) Includes General and Special Revenue Funds only.

(2) Income tax reate increased 1/2% to 2% in 2005

CITY OF MORAINE, OHIO
INCOME TAX REVENUES (1)
LAST TEN FISCAL YEARS

TABLE 3

FISCAL YEAR	AMOUNT
1996	13,915,566
1997	14,397,808
1998	14,996,458
1999	15,857,815
2000	16,529,110
2001	15,070,764
2002	15,611,943
2003	15,610,407
2004	14,614,100
2005	19,128,239 ⁽²⁾

Source: City of Moraine, Department of Finance

(2) Income tax reate increased 1/2% to 2% in 2005

CITY OF MORaine, OHIO

TABLE 4

**PROPERTY TAXES LEVIED AND COLLECTED
LAST TEN FISCAL YEARS**

<u>TAX YEAR</u>	<u>COLLECTION YEAR</u>	<u>TOTAL TAX LEVIED</u>	<u>TOTAL TAX COLLECTED</u>	<u>PERCENTAGE OF LEVIED COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>
1995/1996	1996	599,520	598,310	99%	22,934
1996/1997	1997	649,289	605,711	93%	51,589
1997/1998	1998	643,999	725,085	112%	22,983
1998/1999	1999	761,096	712,028	94%	22,549
1999/2000	2000	785,637	774,640	99%	21,396
2000/2001	2001	865,439	772,975	89%	4,861
2001/2002	2002	702,168	659,482	94%	17,413
2002/2003	2003	704,496	667,730	95%	20,189
2003/2004	2004	676,191	656,554	97%	7,553
2004/2005	2005	688,522	643,426	93%	32,657

<u>TAX YEAR</u>	<u>COLLECTION YEAR</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>TOTAL COLLECTIONS AS PERCENTAGE OF CURRENT LEVIED</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>OUTSTANDING DELINQUENT TAXES AS PERCENTAGE OF CURRENT LEVIED</u>
1995/1996	1996	621,244	96%	70,620	11%
1996/1997	1997	657,300	102%	32,983	5%
1997/1998	1998	748,068	98%	37,786	5%
1998/1999	1999	734,577	94%	44,027	6%
1999/2000	2000	796,036	92%	58,536	7%
2000/2001	2001	777,836	90%	41,851	5%
2001/2002	2002	676,895	96%	39,328	6%
2002/2003	2003	687,919	98%	44,630	6%
2003/2004	2004	664,107	98%	94,508	14%
2004/2005	2005	676,083	98%	85,108	12%

Source: Montgomery County Auditor's Office

CITY OF MORAINE, OHIO
ASSESSED VALUE AND CURRENT MARKET VALUE OF ALL TAXABLE PROPERTY
LAST TEN YEARS

TABLE 5

TAX YEAR	COLLECTION YEAR	REAL PROPERTY VALUES		PERSONAL PROPERTY VALUES		TOTAL VALUES	
		ASSESSED	CURRENT MARKET	ASSESSED	CURRENT MARKET	ASSESSED	CURRENT MARKET
1995	1996	112,596,340	321,316,457	128,377,545	441,395,211	240,973,885	762,711,668
1996	1997	119,721,830	342,062,371	141,511,099	467,405,754	261,232,929	809,468,125
1997	1998	118,468,210	338,480,600	140,486,427	437,030,368	258,954,637	775,510,968
1998	1999	121,605,300	347,443,714	182,833,188	609,174,463	304,438,488	956,618,177
1999	2000	133,092,460	380,264,171	181,162,506	605,991,774	314,254,966	986,255,945
2000	2001	142,314,180	406,611,943	205,335,030	657,394,322	347,649,210	1,064,006,265
2001	2002	126,933,070	362,665,914	153,934,084	558,811,469	280,867,154	921,477,383
2002	2003	143,861,880	411,033,943	139,672,009	499,939,404	283,533,889	910,973,347
2003	2004	136,275,770	389,359,343	124,348,177	439,749,670	260,623,947	829,109,013
2004	2005	143,620,870	410,345,343	133,568,957	486,939,323	277,189,827	897,284,666

Source: Montgomery County Auditor's Office

CITY OF MORaine, OHIO

TABLE 6

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
MUNICIPAL UNITS:										
General Fund	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Police Pension Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Fire Pension Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Municipal Rates	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>
COUNTY UNITS:										
General Fund	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Mental Retardation D & D	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Conservancy Tax										
Human Services Levy A	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21
Human Services Levy B	5.03	5.03	5.03	5.03	5.03	5.03	5.03	5.03	5.03	5.03
Human Services Levy III										
Human Services Levy IV										
Total County Rates	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>13.94</u>	<u>13.9</u>
OTHER UNITS:										
Montgomery County Community College	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Montgomery County Park District	1.2	1.2	1.2	1.2	1.2	1.8	1.8	1.8	1.8	1.8
Dayton - Montgomery Library	0.72	0.72	0.72	0.26	0.26	0.26	0.26	0.26	1.25	1.25
SCHOOL DISTRICT:										
Kettering / Moraine Community	53.1	53.1	53.1	53.1	53.1	56.3	56.3	60.9	67.8	67.8
West Carrollton Community	50.76	53.26	53.26	53.26	53.26	60.66	59.67	65.55	65.55	65.6
Jefferson Local School	56.4	56.4	56.4	61.9	61.9	61.9	61.9	61.9	61.9	61.9
Miamisburg Community	44.7									(1)
Joint Vocational School	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58

Source: Montgomery County Auditor's Office

(1) As of 1997 the City has no property in the school district

CITY OF MORAINE, OHIO
TABLE 7
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR	ASSESSMENTS BILLED	PENALTIES AND INTEREST ASSESSED	ASSESSMENTS DUE (1)	ASSESSMENTS COLLECTED	RATIO OF COLLECTIONS TO AMOUNT DUE	TOTAL	
						DELINQUENT OUTSTANDING ASSESSMENTS	ASSESSMENTS
1996	33,075		33,075	14,223	43%	\$18,852	
1997	36,750	\$8,186	63,788	50,309	79%	13,479	
1998	29,400	1,934	44,813	33,982	79%	10,831	
1999	27,825	22,297	60,953	52,717	86%	8,236	
2000	22,149	12,023	34,172	31,374	92%	2,798	
2001	19,148	25	19,173	25,250	132%	122	
2002	20,251	35	20,286	20,124	99%	175	
2003	17,842	53	17,895	17,719	99%	175	
2004	48,570	45	48,615	43,895	90%	5,968	
2005	61,018	1,183	62,201	43,751	70%	8,226	

Source: Montgomery County Auditor's Office

(1) Includes penalties and interest assessed and prior year delinquent outstanding assessments

CITY OF MORaine, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2005

TABLE 9

<u>JURISDICTION</u>	<u>NET OUTSTANDING DEBT</u>	<u>PERCENTAGE APPLICABLE TO CITY OF MORaine, OHIO</u>	<u>AMOUNT APPLICABLE TO CITY OF MORaine, OHIO</u>
CITY OF MORaine		100.00%	
MONTGOMERY COUNTY	\$49,512,232	4.12%	\$2,039,904
WEST CARROLLTON CITY SCHOOL DISTRICT	955,000	78.68%	751,394
KETTERING CITY SCHOOL DISTRICT	103,887,587	18.14%	18,845,208
MIAMI VALLEY REGIONAL TRANSIT AUTHORITY	8,765,000	4.12%	361,118
TOTAL			<u><u>\$21,997,624</u></u>

CITY OF MORaine, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

TABLE 10

YEAR	(1) POPULATION	(1) PER CAPITA INCOME	(1) MEDIAN AGE	(2) UNEMPLOYMENT RATE	(3) BANK DEPOSITS IN THOUSANDS
1996	6,250	11,166	32.5	3.9%	3,899,145
1997	6,758	11,166	32.5	3.8%	3,530,314
1998	6,854	11,792	32.9	4.1%	3,264,705
1999	7,568	11,792	32.9	3.1%	2,994,378
2000	6,897	11,792	32.9	3.7%	191,473
2001	6,897	11,792	32.9	4.4%	224,099
2002	6,897	16,880	32.5	5.6%	241,447
2003	6,897	16,880	32.5	6.3%	249,614
2004	6,897	16,880	32.5	6.2%	250,930
2005	6,897	16,880	32.5	5.8%	264,569

Sources:

(1) Miami Valley Regional Planning Commission; Information is updated every ten years in conjunction with the Census. The population figure shown is estimated using the most recent census plus the estimated population from the most recent annexation.

(2) Bureau of Unemployment - rates are for Montgomery County

(3) Federal Reserve Bank of Cleveland - amounts are for Montgomery County.

CITY OF MORaine, OHIO
CONSTRUCTION PROPERTY VALUES
LAST TEN FISCAL YEARS

TABLE 11

FISCAL YEAR	⁽¹⁾ COMMERCIAL CONSTRUCTION		⁽¹⁾ RESIDENTIAL CONSTRUCTION		⁽²⁾ REAL PROPERTY VALUE				PUBLIC UTILITY REAL
	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	AGRICULTURAL	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	
1996	153	4,603,145	123	1,115,128	1,900,143	86,137,800	85,049,114	148,229,400	387,371
1997	172	25,234,977	65	483,776	2,306,885	97,035,943	93,975,143	148,287,286	457,114
1998	102	48,761,033	56	1,089,758	2,235,800	97,887,457	94,903,429	142,958,257	495,657
1999	186	13,756,130	103	1,023,922	2,246,629	98,519,200	101,585,086	144,595,229	497,571
2000	146	14,239,220	75	869,527	2,692,600	107,704,571	102,491,514	166,750,057	625,428
2001	143	11,000,615	86	1,270,225	2,435,886	107,727,685	110,395,600	185,398,657	654,114
2002	189	23,105,175	78	652,497	2,527,571	108,508,171	111,609,229	139,433,886	587,057
2003	171	3,718,089	67	523,686	2,655,457	121,555,229	139,691,857	146,601,057	530,343
2004	175	22,236,407	84	1,124,326	2,873,057	122,627,743	131,965,829	131,317,200	575,514
2005	138	4,668,789	49	813,783	3,116,829	122,641,943	148,046,200	135,968,114	572,257

Sources:

(1) City of Moraine, Building Inspection Department

(2) Current market values as of January 1 for each year obtained from Montgomery County Auditor's Office.

CITY OF MORAIN, OHIO
PRINCIPAL TAXPAYERS
December 31, 2005

TABLE 12

<u>COMPANY</u>	<u>TAXES</u>	<u>ASSESSED VALUATION</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUATION</u>
Dayton Power & Light Company	\$3,394,736	\$37,869,810	13.66%
General Motors Corporation	744,639	11,711,020	4.22%
Vectren Engergy Delivery	457,214	5,092,040	1.84%
Capco 1998-D4	252,341	3,966,360	1.43%
RLG Kettering/Moraine LTD	221,211	3,477,050	1.25%
Cooper Tire Company	177,260	2,790,930	1.01%
Berry L M Servives	137,149	2,094,320	0.76%
Barbara Benz Trust	112,842	1,773,680	0.64%
Mantiff Dayton Hospital	94,697	1,489,480	0.54%
Nursing Home Purchasing, Inc.	94,358	1,488,200	0.54%
TOTAL REAL AND PERSONAL PROPERTY VALUATION		71,752,890	25.89%
ALL OTHERS		205,436,937	74.11%
TOTAL ASSESSED VALUATION		<u>\$277,189,827</u>	<u>100.00%</u>

Source: Montgomery County Auditor's Office

CITY OF MORAIN, OHIO

TABLE 13

**SUMMARY OF INSURANCE COVERAGE
DECEMBER 31, 2005**

Public Entities Pool of Ohio (Pottinger & Company) - Coverage as Follows:

Property -

\$18,637,798	-	Blanket building and contents (\$1,000 deductible)
\$1,036,333	-	Miscellaneous property (\$500 deductible)
\$3,000,000	-	Boiler and machinery (\$1,000 deductible)
\$775,754	-	EDP - hardware & software (\$250 deductible)
\$100,000	-	Valuable papers and records

Liability -

\$5,000,000	-	Bodily injury, property damage, personal injury & advertising - per occurrence
\$5,000,000	-	Public officials and employees (\$2,500 deductible)
\$5,000,000	-	Police professional (\$2,500 deductible)
\$5,000,000	-	Ambulance and attendants
\$1,000,000	-	Employee benefit liability (\$1,000 deductible)
\$10,000	-	Comprehensive crime

Vehicles -

\$5,000,000	-	Bodily injury and property damage
\$1,000,000	-	Uninsured motorists

Surety Bonds

\$100,000	-	James Kimmel - Finance Director
\$100,000	-	Jennifer Arp - Deputy Finance Director

Source: City of Moraine, Department of Finance

CITY OF MORAINE, OHIO
MISCELLANEOUS STATISTICS
December 31, 2005

TABLE 14

Date of incorporation	1965
Form of government	Council/Manager
Area	9.4 square miles
Miles of streets (Center Line Miles)	276.65
Number of street lights (Non-special assessment)	1,313
 Fire protection:	
Number of stations	3
Number of firemen and officers (full-time)	34
(exclusive of volunteer firemen - part-time)	20
 Police protection:	
Number of stations	1
Number of policemen and officers	33
 Building permits issued	
	Residential - 49
	Commercial - 138
 Recreation and culture:	
Parks	14
Civic center	1
Recreation Center	1
Swimming pools	1
Water Park	1

Source: City of Moraine, Department of Finance



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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***

Honorable Mayor, City Council
and City Manager
City of Moraine, Ohio

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 Moraine, Ohio, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2006, in which we noted the City adopted GASB Statement No. 40 and GASB Technical Bulletin 2004-2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Moraine'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 over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more 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 controls 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 of Moraine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other certain matters that we reported to management of the City of Moraine, Ohio in a separate letter dated June 28, 2006.

This report is intended solely for the information and use of the City of Moraine's management and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2006



**Auditor of State
Betty Montgomery**

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**CITY OF MORaine
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 5, 2006**