

CITY OF TROTWOOD, OHIO

Single Audit Reports

December 31, 2003



**Auditor of State
Betty Montgomery**

City Council
City of Trotwood
3035 Olive Road
Trotwood, Ohio 45426

We have reviewed the Independent Auditor's Report of the City of Trotwood, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 17, 2004

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**Report on compliance and on internal control over financial reporting
based on an audit of financial statements performed in accordance with
Government Auditing Standards**

August 10, 2004

To the Honorable Mayor and City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Trotwood, Ohio (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 10, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2003-1, 2003-2 and 2003-3.

Internal Control Over Financial Reporting

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

This report is intended solely for the information and use of the audit committee, management, the Auditor of State, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Plattenburg & Associates, Inc.", written in dark ink.

Plattenburg & Associates, Inc.
Certified Public Accountants



Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB *Circular A-133*

August 10, 2004

To the Honorable Mayor and City Council:

Compliance

We have audited the compliance of the City of Trotwood, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The City's major federal program is identified in the summary of auditor's results portion of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the City as of and for the year ended December 31, 2003, and have issued our report thereon dated August 10, 2004. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, City Council, the Auditor of State, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Plattenburg & Associates, Inc.
Certified Public Accountants

CITY OF TROTWOOD, OHIO

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

<u>Federal Grantor/Pass - Through Grantor, Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA</u>	<u>Receipts</u>	<u>Disbursements</u>
<u>United States Department of Justice- Office of Justice Program</u>				
Direct Funding				
Equitable Sharing Funds	0571200	16.XXX	\$86,168	\$77,436
Local Law Enforcement Block Grant	01-LB-BX-1434	16.592	0	16,654
	02-LB-BX-2729		0	67,479
	03-LB-BX-0838		50,090	1,514
Total Local Law Enforcement Block Grant			50,090	85,647
Subtotal - Department of Justice			\$136,258	\$163,083
<u>United States Department of Homeland Security</u>				
Direct Funding				
Assistance to Firefighters Grant	EMW-2002-FG-10717	97.044	\$148,235	\$76,067
Passed Through Ohio Emergency Management Agency:				
FEMA Grant	FEMA-1453-DR-113-775	83.544	14,750	14,750
Subtotal - Department of Homeland Security			\$162,985	\$90,817
<u>United States Department of Transportation</u>				
Passed Through Ohio Department of Transportation:				
Highway Planning and Construction	PID13905	20.205	\$253,583	\$0
Subtotal - Department of Transportation			\$253,583	\$0
<u>United States Department of HUD</u>				
Passed Through Montgomery County:				
Community Development Block Grant:				
NEP / Townview Phase II	B-01-UC-39-0004	14.218	\$190,328	\$184,117
CDBG - West Third Street	B-01-UC-39-0004		33,750	48,750
Subtotal - Department of HUD			\$224,078	\$232,867
TOTALS			\$776,904	\$486,767

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

(1) Information not available

**CITY OF TROTWOOD, OHIO
DECEMBER 31, 2003**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under Section .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	CFDA #14.218 Community Development Block Grant CFDA #83.544 FEMA Grant
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

**CITY OF TROTWOOD, OHIO
DECEMBER 31, 2003**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505 (CONTINUED)**

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

Finding Number
2003-1

Ohio Rev. Code Section 5705.41(D), states that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section of code provides the following exception to this requirement:

If no certificate is issued at the time the contract or order is presented, the fiscal officer may execute a then and now certificate that states, that there was, at the time of the making such contract or order, and at the time of the execution of such a certificate, a sufficient sum appropriated for the purpose of such contract and in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. If the amount involved is greater than one thousand dollars, the taxing authority must authorize the drawing of a warrant with a resolution or ordinance within thirty days from the execution of the then and now.

During the period tested, expenditures were certified after incurring obligations. Not certifying the availability of funds and recording the related encumbrances in the budgetary accounts could result in the City's expenditures exceeding amounts appropriated at the legal level of control. The City should obtain the required certification of the availability of funds, for all City funds, prior to a liability being incurred.

Finding Number
2003-2

Ohio Rev. Code Section 5705.41(B), prohibits making any expenditure of money unless it has been properly appropriated. Expenditures exceeded appropriations in the following funds, however, this did not result in a negative cash fund balance for these funds: General Fund Community Development, General Fund Transportation and Street Repair, Special Revenue Fire Levy Fund, Special Revenue Lighting Assessment Fund, Special Revenue Law Enforcement Trust Fund, Special Revenue Government Equity Program Fund, Special Revenue Fire Levy Fund, and Capital Projects Park Acquisition and Development Fund in the following amounts respectively; \$33,474, \$13,118, \$1,430, \$293, \$4,091, \$8,017, \$1,430, and \$580. The City should periodically review budgetary data to ensure updates are made as required by the Ohio Revised Code.

Finding Number
2003-3

Ohio Rev. Code Section 5705.39, states the total appropriations from each fund should not exceed the total estimated revenue available for expenditure as certified by the budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The City's appropriations exceeded estimated revenues in the following at year end: Special Revenue Grants Fund and Capital Projects Public Works Facility Construction Fund by the following amounts respectively: \$271,695 and \$3,152. The City's appropriations exceeded estimated revenue in the following fund on the original budget: Capital Projects Park Acquisition and Development Fund by \$100,645. The City should periodically review budgetary data to ensure updates are made as required by the Ohio Revised Code.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

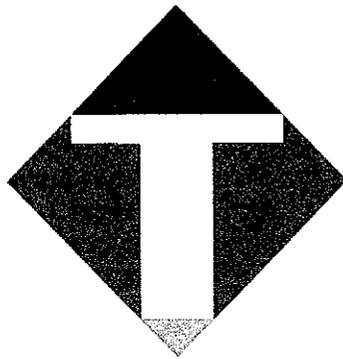
None Noted

**CITY OF TROTWOOD, OHIO
DECEMBER 31, 2003**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partial Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u>
2002-001	ORC 5705.41 (D) - Expenditures were certified after incurring obligations.	No	Repeated as finding 2003-001.
2002-002	ORC 5705.36 Estimated resources were not amended to accurately reflect amounts that are going to be received.	Yes	N/A

CITY OF TROTWOOD, OHIO



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2003**

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CITY OF TROTWOOD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2003

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

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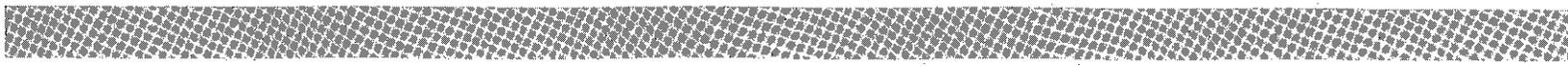
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INTRODUCTORY SECTION



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August 10, 2004

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

We are pleased to present the comprehensive annual financial report of the City of Trotwood, Ohio, for the fiscal year ended December 31, 2003. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The City of Trotwood is a major suburb within a diversified regional economy characterized by relatively low unemployment, an expanding housing market, continued job growth and stable major employers. Nearby Wright Patterson Air Force Base employs approximately 22,000 making it the largest single-site employer in the State of Ohio. Delphi Automotive Systems employs more than 10,000 in its several area facilities. Companies such as Airborne Express, Standard Register, General Motors Truck Group, NCR Corporation and LEXIS-NEXIS are included among the list of other top regional employers. Good Samaritan Hospital and the Dayton Veterans Administration Center are major employers within Dayton close to Trotwood. Although none of these facilities are physically located in Trotwood, the City benefits by having these employment opportunities for the numerous Trotwood residents who work for these enterprises. Trotwood is home to the corporate headquarters of Moto Franchise Corporation, a national photo finishing chain.

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

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

MAJOR INITIATIVES

Despite experiencing the fiscal difficulties faced by most communities across the country, 2003 was a year of high achievement for the City of Trotwood. The bar was raised in 2002 by the City Council when it engaged in the City's first ever comprehensive strategic planning process. In

August, the City Council again engaged in this process and identified 20 action items to be completed. To accomplish this aggressive agenda, the City Manager created multi-departmental performance teams for each item. To date, a majority of these items have been accomplished with the others near completion.

In 2003, the City made major strides to revitalize the Salem Avenue Corridor, highlighted with the announcement of the City's intent to create a new Town Centre at the site currently known as the Salem Mall. The City has assembled a team composed of a professional developer, an architectural firm, a professional fundraiser and City staff to accomplish this task. The City has also been a major player in partnering with the private sector to improve and stimulate new investment along the Salem Avenue Corridor. These partnerships include the redevelopment of the Mel Farr property, the donation to the City of the Kon-Tiki Theatre, the construction of a new White Castle Restaurant and Family Dollar Store, and the redevelopment of the former K-Mart property. The City and SAVISCO (Salem Avenue Vision Coalition) also coordinated a Charrette Design Planning Workshop to identify solutions for the beautification and enhancement of the Salem Avenue Corridor. Over 75 businesses, community leaders and dignitaries attended the workshop.

In 2003, the City also boldly moved forward on addressing the need to replace inadequate public facilities. In March, the City completed the construction of new public works facility, the first new public facility for the City in over two decades. In November, the voters approved the replacement of four fire levies paving the way for the construction of two new fire stations and the acquisition of badly needed equipment.

In March, the City's Police Department received national accreditation from the Commission on Accreditation for Law Enforcement Agencies, Inc. The City also received the Distinguished Budget Presentation Award from the Government Finance Officers Association. This is the sixth consecutive year the City has received this award.

In the area of Parks and Recreation, the City engaged in a number of partnerships to elevate services while controlling costs. The most significant of these was the partnership with the Jewish Community Center and the Greater Dayton YMCA to operate the outdoor pool at the Jewish Community Center. The City also partnered with the Jewish Community Center and Montgomery County Parks and Recreation to enhance its Summer Day Camp Programs. Also in 2003, the city completed improvements to North Broadway Park and began improvements to John Wolfe Park.

The City was also very successful in 2003 in acquiring grant funding. The Public Works Department received three Issue II Grants totaling \$1,415,000 for 1) improvement to West Third Street from Olive Road to Bricker Road, 2) the elimination of the Olive Road Pumping Station by installation of a gravity sewer line, 3) the rehabilitation of a collapsed storm sewer at Denlinger and Shiloh Springs. The Fire Department received a Federal Fire Act Grant in the amount of \$147,000 for the establishment of a Health and Wellness program and a State grant in the amount of \$34,000 to purchase a pen-based EMS Reporting System. The Planning and Development Department was successful in acquiring a \$295,000 ED/GE Grant for the retention of Moto Franchise Inc. headquarters and another \$400,000 ED/GE Grant for the demolition of the J.C. Penny's building. This department was also successful in obtaining \$300,00 in CDBG funds for the Kon-Tiki demolition, the West Third Street Project (Phase II) and the demolition of abandoned homes in Crown Point.

In 2003, the City made major strides to strengthen its financial position. One of the ways this was accomplished was by bringing income tax collections in-house resulting in an increase in collections of \$700,000 over 2002 figures. The City also developed a five-year financial model to improve its long-range financial planning capacity. Steps were also taken to better control future labor costs by negotiating with the Police Patrol Union a two-tiered benefit plan for new

hires and health care cost containment features. These cost control measures have been passed on to non-union personnel and also subject of 2004 negotiating with the Fire and Public Works unions. The City also took advantage of low interest rates by consolidating a significant portion of its debt into one bond issue.

Perhaps the most significant financial accomplishment occurred in December of 2003, when the City Council adopted for 2004 the City's first General Fund balanced budget since the merger of Trotwood with Madison Township. This balanced budget was accomplished without the layoff of any City personnel despite the budget being \$800,000 less than the current year's figures.

INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

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

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

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

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

DEBT ADMINISTRATION

At year-end, the City had five debt obligations outstanding. These issues included \$3,790,000 for a general obligation bond and \$2,135,000 for four one-year bond anticipation notes for a total of \$5,925,000 subject to bonded debt limitations.

In addition the City entered into a 10-year loan agreement in 2001 with the Ohio Public Works Commission to finance a sewer lift station renovation project that has a \$43,828 principal balance as of December 31, 2003.

The liability of compensated absences experienced a net increase of \$20,666 at December 31, 2003.

CASH MANAGEMENT

Temporarily idle cash during the year was invested in overnight repurchase agreements and the State Treasurer's investment pool (STAR Ohio). Total interest earned by the City in 2003 amounted to \$48,210.

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

RISK MANAGEMENT

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

OTHER INFORMATION

Independent Audit. The State of Ohio requires an annual audit by either the Auditor of State or by an independent accounting firm. The general purpose financial statements of the City of Trotwood, Ohio for the fiscal year ended December 31, 2003, have been audited by Plattenburg and Associates, Inc. Their unqualified opinion has been included in this report.

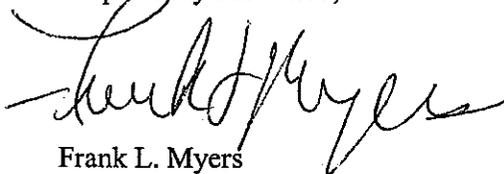
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Trotwood for its comprehensive annual financial report for the fiscal year ended December 31, 2002. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

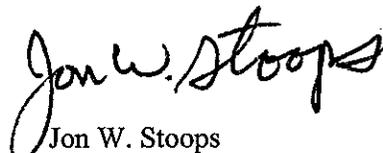
In addition, the City received the GFOA Award for Distinguished Budget Presentation for its annual operating budget for the fiscal year beginning January 1, 2003. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

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

Respectfully submitted,



Frank L. Myers
City Manager



Jon W. Stoops
Finance Director

CITY OF TROTWOOD, OHIO
List of Elected and Appointed Officials
December 31, 2003

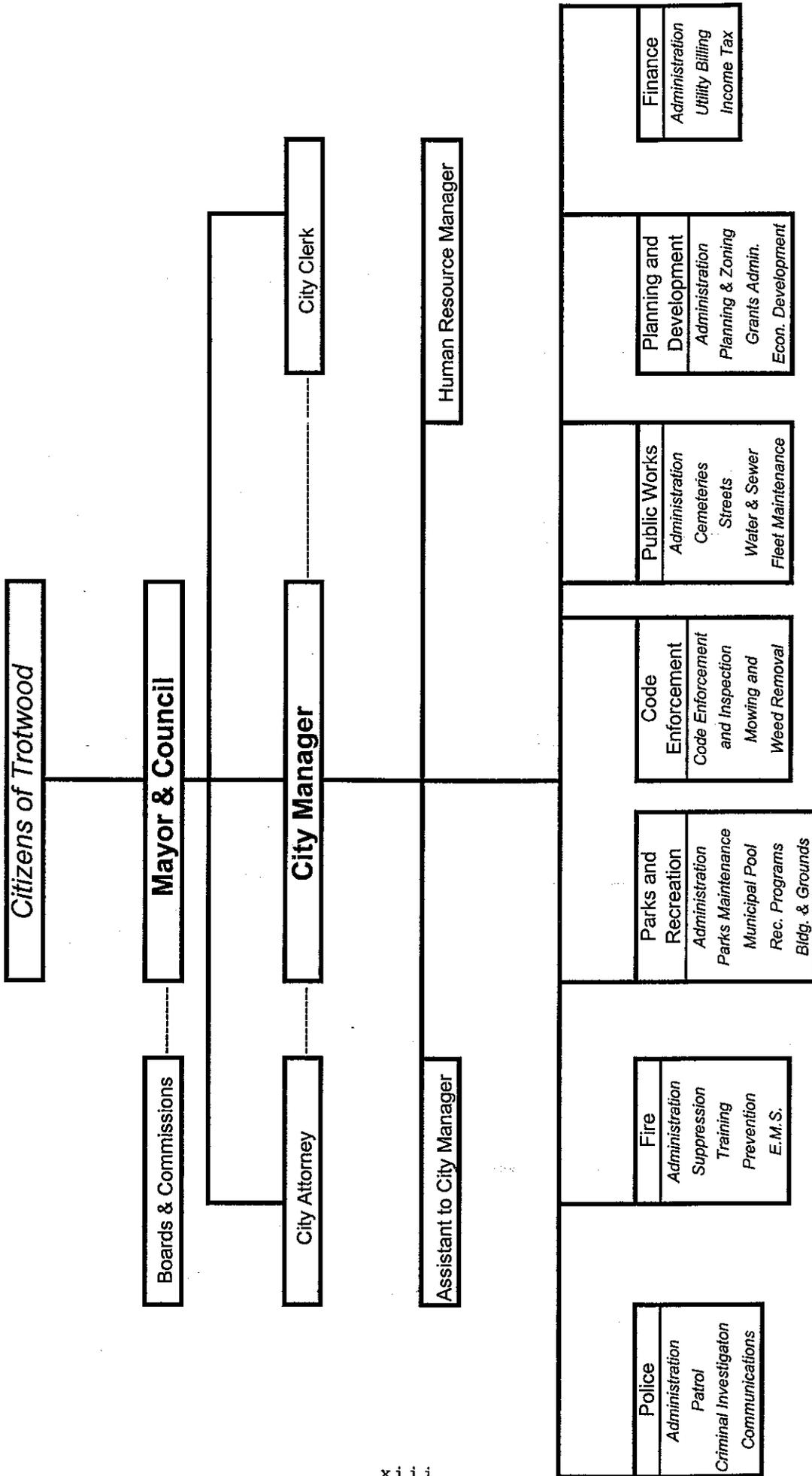
ELECTED OFFICIALS

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

APPOINTED OFFICIALS

Frank L. Myers	City Manager
Lois M. Singleton	Clerk of Council
Jon W. Stoops	Finance Director
Paul F. Hutsonpillar	Fire Chief
Vacant	Human Resource Manager
Philip B. Herron	Law Director
Terry M. Lodge	Parks & Recreation Director
Michael J. Lucking	Planning & Development Director
Michael E. Etter	Police Chief
Thomas N. Odenigbo	Public Works Director

CITY OF TROTWOOD, OHIO
 Organization Chart
 December 31, 2003



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Trotwood,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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

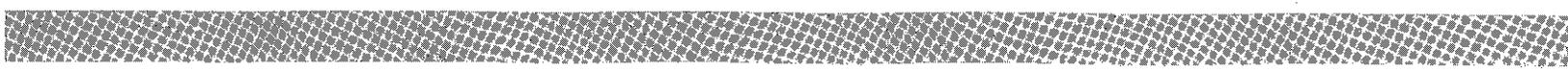


President

Executive Director



FINANCIAL SECTION



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August 10, 2004

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood, Ohio, (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 17, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of December 31, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information

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

Combining Financial Statements and Individual Fund Schedules

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

Introductory and Statistical Sections

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



Plattenburg & Associates, Inc.
Certified Public Accountants

City of Trotwood

Management's Discussion and Analysis For The Year Ended December 31, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Trotwood's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2003.

FINANCIAL HIGHLIGHTS

- The City's total net assets decreased \$0.23 million. Net assets of governmental activities decreased \$0.22 million, net assets of business-type activities decreased by \$0.01 million.
- The General Fund reported an increase in fund balance of \$0.15 million.
- Business-type operations reflected an operating loss of \$1,650.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2003 compared to 2002.

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Assets						
Current And Other Assets	\$12.39	\$11.75	\$1.58	\$1.29	\$13.97	\$13.04
Capital Assets, Net	<u>7.42</u>	<u>7.16</u>	<u>1.00</u>	<u>1.07</u>	<u>8.42</u>	<u>8.23</u>
Total Assets	<u>19.81</u>	<u>18.91</u>	<u>2.58</u>	<u>2.36</u>	<u>22.39</u>	<u>21.27</u>
Liabilities						
Current and Other Liabilities	7.43	9.69	1.63	1.40	9.06	11.09
Long-Term Liabilities:						
Due within One Year	0.86	1.41	0.03	0.05	0.89	1.46
Due in More Than One Year	<u>4.31</u>	<u>0.38</u>	<u>0.09</u>	<u>0.07</u>	<u>4.40</u>	<u>0.45</u>
Total Liabilities	<u>12.60</u>	<u>11.48</u>	<u>1.75</u>	<u>1.52</u>	<u>14.35</u>	<u>13.00</u>
Net Assets						
Invested in Capital Assets Net of Debt	2.22	2.29	0.67	0.67	2.89	2.96
Restricted:						
Debt Services	0.07	0.07	0.00	0.00	0.07	0.07
Capital Projects	0.15	0.00	0.00	0.00	0.15	0.00
Special Revenue	1.86	1.62	0.00	0.00	1.86	1.62
Unrestricted	<u>2.91</u>	<u>3.45</u>	<u>0.16</u>	<u>0.17</u>	<u>3.07</u>	<u>3.62</u>
Total Net Assets	<u>\$7.21</u>	<u>\$7.43</u>	<u>\$0.83</u>	<u>\$0.84</u>	<u>\$8.04</u>	<u>\$8.27</u>

Total net assets of the City as a whole decreased \$0.23 million. Net assets of the City's governmental activities decreased \$0.22 million. The decrease in net assets was mainly due to the increase in debt, particularly the conversion of short-term notes to long-term bonded debt.

The net assets of the City's business-type activities decreased \$0.01 million from 2002. The decrease in net assets is a result of a water and sewer user charge structure that provides minimal coverage for increasing costs of operations.

Table 2 shows the changes in net assets for the year ended December 31, 2003. Since this is the first year the City has prepared financial statements following GASB Statement 34, revenue and expenditure comparisons to the prior year are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets
(In Millions)

	Governmental	Business-Type	Total
	Activities	Activities	Total
	<u>2003</u>	<u>2003</u>	<u>2003</u>
Revenues			
Program Revenues:			
Charges for Services	\$1.12	\$2.99	\$4.11
Operating Grants, Contributions	2.16	0.00	2.16
Capital Grants and Contributions	<u>0.11</u>	<u>0.00</u>	<u>0.11</u>
Total Program Revenues	<u>3.39</u>	<u>2.99</u>	<u>6.38</u>
General Revenues:			
Property Taxes	3.81	0.00	3.81
Income Taxes	5.55	0.00	5.55
Grants and Entitlements	2.49	0.00	2.49
Payment in Lieu of Taxes	0.16	0.00	0.16
Unrestricted Contributions	0.01	0.00	0.01
Investment Earnings	0.05	0.00	0.05
Refunds and Reimbursements	0.04	0.00	0.04
Other Revenues	<u>0.27</u>	<u>0.00</u>	<u>0.27</u>
Total General Revenues	<u>12.38</u>	<u>0.00</u>	<u>12.38</u>
Total Revenues	<u>\$15.77</u>	<u>\$2.99</u>	<u>\$18.76</u>
Program Expenses:			
General Government	\$3.27	\$0.00	\$3.27
Public Safety	9.10	0.00	9.10
Leisure Time Activities	0.44	0.00	0.44
Community Development	1.38	0.00	1.38
Transportation and Street Repair	1.56	0.00	1.56
Interest and Fiscal Charges	0.24	0.00	0.24
Water Utility	0.00	1.08	1.08
Sewer Utility	0.00	0.86	0.86
Refuse Collection	<u>0.00</u>	<u>1.06</u>	<u>1.06</u>
Total Expenses	<u>15.99</u>	<u>3.00</u>	<u>18.99</u>
Increase (Decrease) in Net Assets	<u>(\$0.22)</u>	<u>(\$0.01)</u>	<u>(\$0.23)</u>

Governmental Activities

The City of Trotwood experienced a resurgence of municipal income tax revenues in 2003. These revenues represent 45% of the City's governmental activities total general revenue and saw an approximate increase of 13.3% in 2003 compared to 2002. The change was partially due to the City severed its contract for income tax collections in December 2002 and became wholly responsible for collection activity by our own staff. Our staff identified substantial amounts from prior year collections owed to us by the City of Dayton and commenced a more aggressive approach in dealing with delinquent accounts.

Governmental activities program expenses for 2003 were as follows:

General Government	20.44%
Public Safety	56.89%
Leisure Time Activities	2.77%
Community Development	8.63%
Transportation and Street Repair	9.79%
Interest and Fiscal Charges	<u>1.48%</u>
Total	<u>100.00%</u>

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

Business-Type Activities

Business-type activities include water, sewer, and refuse collection. These programs had revenues of \$2.99 million and expenses of \$3.00 million for fiscal year 2003. Business activities receive no support from tax revenues. The business activities net assets at the end of the year was \$0.84 million, which decreased \$0.01 million from 2002.

The City of Trotwood's water and sewer maintenance division services approximately 2800 accounts within the territory which was part of the City prior to the 1996 merger with Madison Township. The City operates approximately 37.5 miles of water lines and 31 miles of sanitary sewer lines within the territory, to distribute water supplied by the City of Dayton and collect sewerage returned to Dayton for treatment at their facilities. The water fund had an operating loss of \$0.10 million for 2003. The sewer fund had operating income of \$0.03 million in 2003.

THE CITY'S FUNDS

Information about the City's major governmental funds is presented in the Fund Financial Statements (see table of contents). These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$15.03 million and expenditures of \$17.64 million. Within the General fund revenues exceeded expenditures, before other financing sources (uses) by \$0.61 million; within the Street Construction, Maintenance and Repair Fund expenditures exceeded revenues, before other financing sources (uses) by \$833; and within the Fire Levy Fund expenditures exceeded revenues, before other financing sources (uses) by \$0.70 million.

General Fund Budgeting Highlights

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

As the City completed the year, its General Fund balance reported an actual fund balance of \$1,624,213, on a Non-GAAP Budgetary Basis.

Variations from the final budget amounts to the actual amounts are primarily due to the following reasons: The City overestimated the public safety and leisure time activities expenditures for 2003.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 3
Capital Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$2.70	\$2.70	\$0.00	\$0.00	\$2.70	\$2.70
Buildings and Improvements	3.96	2.83	0.00	0.00	3.96	2.83
Vehicles and Equipment	7.15	6.79	0.29	0.29	7.44	7.08
Infrastructure	0.00	0.00	8.44	8.35	8.44	8.35
Construction in Progress	0.00	0.57	0.00	0.00	0.00	0.57
Accumulated Depreciation	<u>(6.39)</u>	<u>(5.73)</u>	<u>(7.73)</u>	<u>(7.57)</u>	<u>(14.12)</u>	<u>(13.30)</u>
Totals	<u>\$7.42</u>	<u>\$7.16</u>	<u>\$1.00</u>	<u>\$1.07</u>	<u>\$8.42</u>	<u>\$8.23</u>

The increase in net capital assets was the result of the completion of the new Public Works Facility.

Debt

At year-end the City had \$3,833,828 in general obligation bonds, special assessment bonds and Ohio Public Works loans.

Table 4
Outstanding Debt at Year End

<u>Governmental Activities:</u>	<u>2003</u>	<u>2002</u>
<u>General Obligation Bonds</u>		
6.70% 1992 Governmental Center Renovations	\$0	\$610,000
5.11% 2003 Various Purpose Bonds and Advance Refunding	<u>3,790,000</u>	<u>0</u>
Total General Obligation Bonds	<u>3,790,000</u>	<u>610,000</u>
<u>Special Assessment Bonds</u>		
6.35% 1994 Oakview Estates Street Improvements	<u>0</u>	<u>655,000</u>
Total Special Assessment Bonds	<u>0</u>	<u>655,000</u>
<u>Business-Type Activities:</u>		
<u>Loans</u>		
3.00% 2001 OPWC Loan	<u>43,828</u>	<u>46,077</u>
Total Loans	<u>43,828</u>	<u>46,077</u>
Total Debt	<u>\$3,833,828</u>	<u>\$1,311,077</u>

The Various Purpose Improvement general obligation bonds will be paid with available revenue in the General Fund, Street Construction, Repair and Maintenance Fund, Water Fund, Sewer Fund (with the latter three based on a cost allocation for the Public Works Facility construction).

The City's legal debt margin within limitation was \$11,959,117 at year-end.

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

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City of Trotwood
Statement of Net Assets
December 31, 2003

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$4,204,156	\$333,641	\$4,537,797
Receivables:			
Taxes	5,958,552	0	5,958,552
Accounts	40,662	696,432	737,094
Special Assessments	742,172	553,396	1,295,568
Intergovernmental	1,261,955	0	1,261,955
Inventory	29,378	0	29,378
Prepaid Items	149,607	0	149,607
Nondepreciable Capital Assets	2,694,941	0	2,694,941
Depreciable Capital Assets, Net	4,724,241	999,908	5,724,149
Total Assets	19,805,664	2,583,377	22,389,041
Liabilities:			
Accounts Payable	233,408	804,996	1,038,404
Accrued Wages and Benefits	695,395	21,661	717,056
Accrued Interest Payable	29,352	0	29,352
Deferred Revenue	4,591,523	553,396	5,144,919
General Obligation Notes Payable	1,885,000	250,000	2,135,000
Long-Term Liabilities:			
Due Within One Year	860,197	35,333	895,530
Due In More Than One Year	4,305,942	82,454	4,388,396
Total Liabilities	12,600,817	1,747,840	14,348,657
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,223,206	670,979	2,894,185
Restricted for:			
Debt Service	67,883	0	67,883
Capital Projects	147,478	0	147,478
Special Revenue	1,854,918	0	1,854,918
Unrestricted	2,911,362	164,558	3,075,920
Total Net Assets	\$7,204,847	\$835,537	\$8,040,384

See accompanying notes.

City of Trotwood
Statement of Activities
For the Fiscal Year Ended December 31, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$3,269,998	\$332,856	\$0	\$0
Public Safety	9,100,949	615,507	380,036	0
Leisure Time Activities	443,832	13,372	1,512	0
Community Development	1,379,794	133,884	635,697	0
Transportation & Street Repair	1,565,807	21,832	1,142,053	106,428
Interest and Fiscal Charges	236,000	0	0	0
Total Governmental Activities	15,996,380	1,117,451	2,159,298	106,428
Business-Type Activities:				
Water Utility	1,077,621	972,345	0	0
Sewer Utility	858,921	891,692	0	0
Refuse Collection	1,057,825	1,125,001	0	0
Total Business-Type Activities	2,994,367	2,989,038	0	0
Totals	\$18,990,747	\$4,106,489	\$2,159,298	\$106,428

General Revenues:
Income Taxes
Property Taxes Levied for:
 General Purposes
 Special Revenue Purposes
 Debt Service
Grants and Entitlements not Restricted to Specific Programs
Payment in Lieu of Taxes
Unrestricted Contributions
Investment Earnings
Refunds & Reimbursements
Other Revenues

Total General Revenues & Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$2,937,142)	\$0	(\$2,937,142)
(8,105,406)	0	(8,105,406)
(428,948)	0	(428,948)
(610,213)	0	(610,213)
(295,494)	0	(295,494)
(236,000)	0	(236,000)
<u>(12,613,203)</u>	<u>0</u>	<u>(12,613,203)</u>
0	(105,276)	(105,276)
0	32,771	32,771
0	67,176	67,176
<u>0</u>	<u>(5,329)</u>	<u>(5,329)</u>
<u>(\$12,613,203)</u>	<u>(\$5,329)</u>	<u>(\$12,618,532)</u>
5,554,897	0	5,554,897
3,772,145	0	3,772,145
34,903	0	34,903
7,290	0	7,290
2,490,076	0	2,490,076
164,298	0	164,298
5,355	0	5,355
47,089	1,121	48,210
41,490	0	41,490
270,908	0	270,908
<u>12,388,451</u>	<u>1,121</u>	<u>12,389,572</u>
(224,752)	(4,208)	(228,960)
<u>7,429,599</u>	<u>839,745</u>	<u>8,269,344</u>
<u>\$7,204,847</u>	<u>\$835,537</u>	<u>\$8,040,384</u>

City of Trotwood
Balance Sheet
Governmental Funds
December 31, 2003

	General	Street Construction, Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$1,654,499	\$585,471	\$21,179	\$1,854,652	\$4,115,801
Receivables:					
Taxes	2,642,902	432,804	2,074,320	808,526	5,958,552
Accounts	0	0	0	40,662	40,662
Special Assessments	573,638	0	0	168,534	742,172
Intergovernmental	667,959	425,661	0	168,335	1,261,955
Interfund	82,799	0	0	0	82,799
Inventory	0	29,378	0	0	29,378
Prepaid Items	82,284	44,882	22,441	0	149,607
Total Assets	5,704,081	1,518,196	2,117,940	3,040,709	12,380,926
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	100,453	43,954	21,838	67,163	233,408
Accrued Wages and Benefits	452,900	29,593	106,276	106,626	695,395
Compensated Absences	40,587	2,047	2,175	2,175	46,984
Interfund Payable	0	0	0	82,799	82,799
Deferred Revenue	3,467,862	812,301	2,074,320	997,839	7,352,322
General Obligation Notes Payable	0	0	0	1,885,000	1,885,000
Total Liabilities	4,061,802	887,895	2,204,609	3,141,602	10,295,908
Fund Balances:					
Reserved for Encumbrances	62,205	60,495	11,729	218,571	353,000
Reserved for Inventory	0	29,378	0	0	29,378
Reserved for Prepays	82,284	44,882	22,441	0	149,607
Unreserved, Undesignated, Reported in:					
General Fund	1,497,790	0	0	0	1,497,790
Special Revenue Funds	0	495,546	(120,839)	560,356	935,063
Debt Service Funds	0	0	0	53,108	53,108
Capital Projects Funds	0	0	0	(932,928)	(932,928)
Total Fund Balances	1,642,279	630,301	(86,669)	(100,893)	2,085,018
Total Liabilities and Fund Balances	\$5,704,081	\$1,518,196	\$2,117,940	\$3,040,709	\$12,380,926

See accompanying notes.

City of Trotwood
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 December 31, 2003

Total Governmental Fund Balance \$2,085,018

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. 7,419,182

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

Delinquent Property Taxes	1,151,854	
Intergovernmental	866,773	
Other	<u>742,172</u>	
		2,760,799

An internal service fund is used by management to charge
 back costs to individual funds. The assets and
 liabilities of the internal service fund are included in
 governmental activities in the statement of net assets. 88,355

In the statement of net assets interest payable is accrued when
 incurred, whereas in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources. (29,352)

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

Compensated Absences	<u>(804,551)</u>	
		(804,551)

Long-term liabilities, are not due and payable in the current
 period and therefore are not reported in the funds. (4,314,604)

Net Assets of Governmental Activities \$7,204,847

See accompanying notes.

City of Trotwood
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2003

	General	Street Construction, Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$7,098,783	\$342,639	\$1,031,626	\$808,336	\$9,281,384
Fines, Licenses & Permits	310,049	0	0	97,788	407,837
Charges for Services	177,451	0	167	797,110	974,728
Investment Earnings	18,445	5,176	511	22,958	47,090
Intergovernmental	1,460,863	849,535	161,969	1,311,536	3,783,903
Special Assessments	63,042	0	0	18,874	81,916
Other Revenues	265,494	7,222	3,496	179,350	455,562
Total Revenues	9,394,127	1,204,572	1,197,769	3,235,952	15,032,420
Expenditures:					
Current:					
General Government	2,405,893	0	0	0	2,405,893
Public Safety	4,843,740	0	1,817,756	1,729,741	8,391,237
Leisure Time Activities	385,638	0	0	1,166	386,804
Community Development	656,721	0	0	697,530	1,354,251
Transportation & Street Repair	293,008	888,749	0	68,654	1,250,411
Capital Outlay	177,976	256,234	54,921	1,733,382	2,222,513
Debt Service:					
Principal Retirement	21,333	60,422	26,512	1,310,218	1,418,485
Interest and Fiscal Charges	0	0	0	206,648	206,648
Total Expenditures	8,784,309	1,205,405	1,899,189	5,747,339	17,636,242
Excess of Revenues Over (Under) Expenditures	609,818	(833)	(701,420)	(2,511,387)	(2,603,822)
Other Financing Sources (Uses):					
Proceeds of Capital Leases	155,763	0	0	0	155,763
Proceeds from Sale of Capital Assets	2,953	0	0	0	2,953
Proceeds of Long-Term Capital-Related Debt	0	0	0	3,790,000	3,790,000
Proceeds of refunding bonds	0	0	0	1,231,186	1,231,186
Payments to refunded bond escrow agent	0	0	0	(1,231,186)	(1,231,186)
Transfers In	0	50,600	568,000	0	618,600
Transfers (Out)	(618,600)	0	0	0	(618,600)
Total Other Financing Sources (Uses)	(459,884)	50,600	568,000	3,790,000	3,948,716
Net Change in Fund Balance	149,934	49,767	(133,420)	1,278,613	1,344,894
Fund Balance Beginning of Year	1,501,035	619,932	49,121	(1,379,506)	790,582
Change in Reserve for Inventory and Prepaid	(8,690)	(39,398)	(2,370)	0	(50,458)
Fund Balance End of Year	\$1,642,279	\$630,301	(\$86,669)	(\$100,893)	\$2,085,018

See accompanying notes.

City of Trotwood
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended December 31, 2003

Net Change in Fund Balance - Total Governmental Funds \$1,344,894

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

Governmental funds report capital asset additions as expenditures.
 However, in the statement of activities, the cost of those assets is
 allocated over their estimated useful lives as depreciation
 expense. This is the amount of the difference between capital
 asset additions and depreciation in the current period. 266,864

Governmental funds only report the disposal of assets to the
 extent proceeds are received from the sale. In the statement
 of activities, a gain or loss is reported for each disposal. The
 amount of the proceeds must be removed and the gain or loss
 on the disposal of capital assets must be recognized. This is the
 amount of the difference between the proceeds and the gain or loss. (6,199)

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

Delinquent Property Taxes	87,851	
Intergovernmental	866,773	
Other	<u>(212,170)</u>	
		742,454

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 1,418,485

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. (29,352)

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

Compensated Absences	35,576	
Change in Inventory	<u>(50,458)</u>	
		(14,882)

The internal service fund used by management to charge back costs
 to individual funds is not reported in the district-wide statement of
 activities. Governmental fund expenditures and the related internal
 service fund revenues are eliminated. The net revenue (expense) of
 the internal service fund is allocated among the governmental activities. (1,253)

Proceeds from debt issues are an other financing source in the funds,
 but a debt issue increases long-term liabilities in the statement
 of net assets. (3,945,763)

Change in Net Assets of Governmental Activities	<u><u>(\$224,752)</u></u>
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See accompanying notes.

City of Trotwood
Statement of Net Assets
Proprietary Funds
December 31, 2003

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Refuse	Total Business-Type Activities	
Assets:					
Equity in Pooled Cash and Investments	\$119,268	\$119,578	\$94,795	\$333,641	\$88,355
Receivables:					
Accounts	284,386	253,487	158,559	696,432	0
Special Assessments	67,819	67,819	417,758	553,396	0
Total Current Assets	471,473	440,884	671,112	1,583,469	88,355
Depreciable Capital Assets, Net	687,523	312,385	0	999,908	0
Total Assets	1,158,996	753,269	671,112	2,583,377	88,355
Liabilities:					
Current Liabilities:					
Accounts Payable	351,707	289,428	163,861	804,996	0
Accrued Wages and Benefits	10,872	10,789	0	21,661	0
Compensated Absences	8,818	8,818	0	17,636	0
Deferred Revenue	67,819	67,819	417,758	553,396	0
General Obligation Notes Payable	250,000	0	0	250,000	0
Long-Term Liabilities Due Within One Year	10,098	7,599	0	17,697	0
Total Current Liabilities	699,314	384,453	581,619	1,665,386	0
Long-Term Liabilities:					
Compensated Absences	10,611	10,611	0	21,222	0
Bonds, Notes & Loans Payable	22,003	39,229	0	61,232	0
Total Liabilities	731,928	434,293	581,619	1,747,840	0
Net Assets:					
Invested in Capital Assets, Net of Related Debt	655,422	265,557	0	920,979	0
Unrestricted	(228,354)	53,419	89,493	(85,442)	88,355
Total Net Assets	\$427,068	\$318,976	\$89,493	\$835,537	\$88,355

See accompanying notes.

City of Trotwood
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2003

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Refuse	Total Business-Type Activities	
Operating Revenues:					
Charges for Services	\$937,369	\$854,522	\$906,967	\$2,698,858	\$23,500
Special Assessments	34,976	37,170	218,034	290,180	0
Total Operating Revenues	972,345	891,692	1,125,001	2,989,038	23,500
Operating Expenses:					
Personal Services	163,935	162,615	0	326,550	0
Contractual Services	777,874	642,446	1,049,706	2,470,026	25,659
Materials and Supplies	16,688	0	7,828	24,516	0
Depreciation	114,081	51,081	0	165,162	0
Other Expenses	2,055	2,088	291	4,434	0
Total Operating Expenses	1,074,633	858,230	1,057,825	2,990,688	25,659
Operating Income (Loss)	(102,288)	33,462	67,176	(1,650)	(2,159)
Non-Operating Revenues (Expenses):					
Investment Earnings	319	333	469	1,121	906
Interest (Expense)	(2,988)	(691)	0	(3,679)	0
Total Non-Operating Revenues (Expenses)	(2,669)	(358)	469	(2,558)	906
Change in Net Assets	(104,957)	33,104	67,645	(4,208)	(1,253)
Net Assets Beginning of Year	532,025	285,872	21,848	839,745	89,608
Net Assets End of Year	\$427,068	\$318,976	\$89,493	\$835,537	\$88,355

See accompanying notes.

City of Trotwood
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2003

	Business-Type Activities -Enterprise Funds			Total Business-Type Activities	Governmental Activities- Internal Service Fund
	Water	Sewer	Refuse		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$943,139	\$900,097	\$1,059,881	\$2,903,117	\$23,500
Cash Payments to Employees	(159,349)	(158,073)	0	(317,422)	0
Cash Payments to Suppliers	(749,236)	(654,359)	(975,447)	(2,379,042)	(25,659)
Net Cash Provided (Used) by Operating Activities	34,554	87,665	84,434	206,653	(2,159)
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	(18,577)	(74,307)	0	(92,884)	0
Debt Proceeds	250,000	0	0	250,000	0
Debt Principal Payments	(275,000)	(2,249)	0	(277,249)	0
Debt Interest Payments	(7,113)	(691)	0	(7,804)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(50,690)	(77,247)	0	(127,937)	0
Cash Flows from Investing Activities:					
Earnings on Investments	319	333	469	1,121	906
Net Cash Provided (Used) by Investing Activities	319	333	469	1,121	906
Net Increase (Decrease) in Cash and Cash Equivalents	(15,817)	10,751	84,903	79,837	(1,253)
Cash and Cash Equivalents Beginning of Year	135,085	108,827	9,892	253,804	89,608
Cash and Cash Equivalents End of Year	119,268	119,578	94,795	333,641	88,355
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	(102,288)	33,462	67,176	(1,650)	(2,159)
Adjustments:					
Depreciation	114,081	51,081	0	165,162	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	(29,206)	8,405	(65,120)	(85,921)	0
Increase (Decrease) in Payables	56,877	25,973	82,378	165,228	0
Increase (Decrease) in Accrued Liabilities	(4,910)	(31,256)	0	(36,166)	0
Net Cash Provided (Used) by Operating Activities	\$34,554	\$87,665	\$84,434	\$206,653	(\$2,159)

See accompanying notes.

City of Trotwood

Notes to the Basic Financial Statements
For The Year Ended December 31, 2003

1. DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

Reporting Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

Fund Financial Statements

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

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

Sewer Fund - To account for the provision of sewerage services including maintenance of City-owned sewer lines. The sewerage collection system does not serve the entire City; Montgomery County provides water service to that portion of the City formerly known as Madison Township.

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

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on the accumulation of resources to cover the uninsured cost of collision repairs to City vehicles.

Fiduciary Funds

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Cash and Cash Equivalents

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

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

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest-bearing depository accounts are presented on the statement of net assets/balance sheet as "Cash and Cash Equivalents in Segregated Accounts".

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

Following Ohio Revised Code, the City has specified the funds to receive an allocation of interest earnings. Interest revenue during 2003 amounted to \$48,210.

Inventory and Prepaid Items

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

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

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

Capital Assets

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

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

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

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

Interfund Balances

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

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving 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, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

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

Estimates

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

3. DEPOSITS AND INVESTMENTS

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

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty day;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository with which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amount equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Deposits collateralized by investment pools are classified as Category 3 deposits per GASB Statement No. 3.

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

Deposits:

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

Investments:

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

A. Deposits

At year end, the carrying amount of the City's deposits was (\$38,518) and the bank balance was \$344,362. Federal Depository Insurance covered \$184,899 of the deposits and bank balance. All remaining deposits were classified as Category 3.

B. Investments

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

<u>Categorized Investments</u>	<u>Category 3</u>	<u>Carrying Value/ Fair Value</u>
Repurchase Agreement	\$2,600,711	\$2,600,711
StarOhio(1)	0	<u>1,975,604</u>
		<u>\$4,576,315</u>

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

4. RECEIVABLES

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

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

Special assessments expected to be collected amounts to approximately \$1,295,568.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2003 for real and public utility property taxes represents collections of the 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) is for 2003 taxes.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. The 2003 public utility property taxes became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

The 2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value.

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

Real Property	\$290,982,840
Tangible Personal Property	<u>34,182,924</u>
Total Valuation	<u>\$325,165,764</u>

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

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

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

Income Taxes

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

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

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2003, the City joined in the Public Entities Pool of Ohio (PEP), established as a risk sharing self insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance program for its members. PEP is a corporation governed by a seven member board of directors, consisting of representatives elected by the 230 participating governments.

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

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Legal Liability for Third Party Claims	\$2,000,000	\$10,000
Automobile Liability	2,000,000	2,500
Law Enforcement Operations	2,000,000	25,000
Wrongful Acts (Public Officials)	2,000,000	10,000
Real and Personal Property	10,299,121	5,000
Miscellaneous Property	250,000	Per Schedule
Data Processing	100,000	5,000

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

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

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

Settled claims have not exceeded this coverage in any of the past three years.

In the early 1980's, the City established a self-insurance fund to finance deductible costs incurred by the City. Over the years, the Fleet Insurance Fund has been funded by transfers from the General Fund. In 2003, \$25,659 was paid from the fund for repairs to fleet vehicles damaged in accidents that were not covered by insurance.

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$2,694,941	\$ 0	\$ 0	\$2,694,941
Construction in Progress	<u>570,706</u>	<u>0</u>	<u>(570,706)</u>	<u>0</u>
Total Capital Assets, not being depreciated	<u>3,265,647</u>	<u>0</u>	<u>(570,706)</u>	<u>2,694,941</u>
Capital Assets, being depreciated:				
Buildings and Improvements	2,832,818	1,131,424	0	3,964,242
Vehicles and Equipment	<u>6,794,518</u>	<u>390,550</u>	<u>(39,599)</u>	<u>7,145,469</u>
Total Capital Assets, being depreciated	<u>9,627,336</u>	<u>1,521,974</u>	<u>(39,599)</u>	<u>11,109,711</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,434,260)	(106,238)	0	(1,540,498)
Vehicles and Equipment	<u>(4,300,206)</u>	<u>(578,166)</u>	<u>33,400</u>	<u>(4,844,972)</u>
Total Accumulated Depreciation	<u>(5,734,466)</u>	<u>(684,404)</u>	<u>33,400</u>	<u>(6,385,470)</u>
Total Capital Assets, being depreciated, net	<u>3,892,870</u>	<u>837,570</u>	<u>(6,199)</u>	<u>4,724,241</u>
Governmental Activities Capital Assets, net	<u>\$7,158,517</u>	<u>\$837,570</u>	<u>(\$576,905)</u>	<u>\$7,419,182</u>
Business-Type Activities				
Capital Assets, being depreciated:				
Vehicles and Equipment	\$292,436	\$ 0	\$ 0	\$292,436
Infrastructure	<u>8,350,121</u>	<u>92,884</u>	<u>0</u>	<u>8,443,005</u>
Total Capital Assets, being depreciated	<u>8,642,557</u>	<u>92,884</u>	<u>0</u>	<u>8,735,441</u>
Less Accumulated Depreciation:				
Vehicles and Equipment	(256,152)	(5,589)	0	(261,741)
Infrastructure	<u>(7,314,219)</u>	<u>(159,573)</u>	<u>0</u>	<u>(7,473,792)</u>
Total Accumulated Depreciation	<u>(7,570,371)</u>	<u>(165,162)</u>	<u>0</u>	<u>(7,735,533)</u>
Total Capital Assets, being depreciated, net	<u>1,072,186</u>	<u>(72,278)</u>	<u>0</u>	<u>999,908</u>
Business-Type Activities Capital Assets, Net	<u>\$1,072,186</u>	<u>(\$72,278)</u>	<u>\$ 0</u>	<u>\$999,908</u>

The City of Trotwood is applying the transition provisions for General Infrastructure Assets (streets, curbs, sidewalks, and culverts). These provisions require only the reporting of the current year additions for General Infrastructure Assets, however there were no General Infrastructure Assets additions for the current year. General Infrastructure Assets acquired prior to January 1, 2003 must be reported by the 2007 fiscal year to comply with the transition provisions. The City decided not to use the modified approach for reporting General Infrastructure Assets.

Depreciation expense was charged to governmental functions as follows:

General Government	\$78,910
Public Safety	396,767
Leisure Time Activities	57,429
Community Development	18,146
Transportation & Street Repair	<u>133,152</u>
	<u>\$684,404</u>

7. COMPENSATED ABSENCES

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

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

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

8. NOTES PAYABLE

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
Bond Anticipation Notes:				
Governmental Activities:				
1.77% Industrial Park Improvement	\$1,800,000	\$ 0	(\$1,800,000)	\$ 0
2.25% Park Improvement	200,000	0	(200,000)	0
1.77% Public Works Facility Construction	1,355,000	0	(1,355,000)	0
1.37% Fire Facilities Improvement	0	850,000	0	850,000
1.47% Park Improvement	0	190,000	0	190,000
1.47% Curb & Gutter	0	150,000	0	150,000
1.44% Industrial Park Improvement	<u>0</u>	<u>695,000</u>	<u>0</u>	<u>695,000</u>
Total Governmental Activities	3,355,000	1,885,000	(3,355,000)	1,885,000
Business-Type Activities:				
2.25% Water System Improvement	\$275,000	\$ 0	(\$275,000)	\$ 0
1.47% Water System Improvement	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>250,000</u>
Total Business-Type Activities	275,000	250,000	(275,000)	250,000
Total Bond Anticipation Notes	<u>\$3,630,000</u>	<u>\$2,135,000</u>	<u>(\$3,630,000)</u>	<u>\$2,135,000</u>

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

9. LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
<u>General Obligation Bonds</u>					
6.70% 1992 Government Center Renovations*	\$610,000	\$0	(\$610,000)	\$0	\$0
5.11% 2003 Various Purpose Bonds and Advanced Refunding	<u>0</u>	<u>3,790,000</u>	<u>0</u>	<u>3,790,000</u>	<u>145,000</u>
Total General Obligation Bonds	<u>610,000</u>	<u>3,790,000</u>	<u>(610,000)</u>	<u>3,790,000</u>	<u>145,000</u>
<u>Special Assessment Bonds</u>					
6.35% 1994 Oakview Estates Street Improvements*	<u>655,000</u>	<u>0</u>	<u>(655,000)</u>	<u>0</u>	<u>0</u>
Total Special Assessment Bonds	<u>655,000</u>	<u>0</u>	<u>(655,000)</u>	<u>0</u>	<u>0</u>
Capital Leases	522,326	155,763	(153,485)	524,604	173,113
Compensated Absences	<u>840,127</u>	<u>61,835</u>	<u>(50,427)</u>	<u>851,535</u>	<u>542,084</u>
Total Governmental Activities	<u>\$2,627,453</u>	<u>\$4,007,598</u>	<u>(\$1,468,912)</u>	<u>\$5,166,139</u>	<u>\$860,197</u>

* \$1,200,000 of the \$1,265,000 represents advanced refunding in August of 2003.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities					
<u>Loans</u>					
3.00% 2001 OPWC Loan	<u>\$46,077</u>	<u>\$ 0</u>	<u>(\$2,249)</u>	<u>\$43,828</u>	<u>\$4,599</u>
Capital Lease	<u>80,395</u>	<u>0</u>	<u>(45,294)</u>	<u>35,101</u>	<u>13,098</u>
Compensated Absences	<u>29,742</u>	<u>13,376</u>	<u>(4,260)</u>	<u>38,858</u>	<u>17,636</u>
Total Business-Type Activities	<u>\$156,214</u>	<u>\$13,376</u>	<u>(\$51,803)</u>	<u>\$117,787</u>	<u>\$35,333</u>

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

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

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>		<u>OPWC Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$145,000	\$184,524	\$4,599	\$1,280
2005	155,000	186,259	4,739	1,141
2006	160,000	178,339	4,882	999
2007	175,000	170,163	5,029	852
2008	175,000	161,220	5,180	698
2009-2013	1,045,000	659,957	19,399	1,179
2014-2018	865,000	392,959	0	0
2019-2023	785,000	197,246	0	0
2024-2026	<u>285,000</u>	<u>29,638</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,790,000</u>	<u>\$2,160,305</u>	<u>\$43,828</u>	<u>\$6,149</u>

10. ADVANCE REFUNDING

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

The City partially advance refunded the 1992 Government Center renovation general obligation bonds and the 1994 Oakview Estates street improvement special assessment bonds to reduce its total debt payments over the next 13 years by \$55,027 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$26,953.

11. LEASES

A. Capital Leases

The City entered into a capital lease for a new telephone system and leases vehicles and equipment under capital leases that extend into prior years.

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

<u>Year Ending December 31</u>	
2004	\$204,243
2005	132,247
2006	133,528
2007	60,282
2008	25,384
2009-2013	<u>46,538</u>
Total minimum lease payments	602,222
Less: Amount representing interest	<u>(42,517)</u>
Present value of minimum lease payments	<u>\$559,705</u>

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements. These expenditures are reflected as program expenditures on a budgetary basis.

12. PENSION PLANS

Public Employees Retirement System

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

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

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.55 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2003, 2002 and 2001 were \$346,390, \$355,685, and \$348,076, respectively. The full amount has been contributed for 2002 and 2001 and 74% has been contributed for 2003.

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for the years ending December 31, 2003, 2002 and 2001 were \$863,290, \$816,059 and \$799,644, respectively. The full amount has been contributed for 2002 and 2001 and 72% has been contributed for 2003.

13. POST EMPLOYMENT BENEFITS

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.55 percent of covered payroll; 5.00 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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

At year end 2003, the number of active contributing participants in the Traditional and Combined Plans totaled 364,881. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$127,021. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

Ohio Police and Fire Pension Fund

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

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

The City's actual contributions for the current year that were used to fund postemployment benefits were \$214,402 for police and \$104,569 for fire. The OP&F's total health care expenses for the year ended December 31, 2002, (the latest information available) were \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

14. JOINTLY GOVERNED ORGANIZATIONS

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Dayton and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreation facilities, water supply, sewage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective counties, the representatives selected by each county caucus, a nongovernmental member and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$12,613 for the operation of the Commission during 2003.

The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters, which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS services by volunteers, two representatives appointed by the members who are provided Fire/EMS services by a combination of full-time employees and volunteers and a representative appointed by members who are provided Fire/EMS services by full-time employees. Payments to the Alliance are made from the General Fund. The City contributed \$6,581 for the operation of the Alliance during 2003.

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

15. INTERFUND BALANCES

Individual fund interfund receivable and payable balances at fiscal year end are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$82,799	\$0
Special Revenue:		
Grants	<u>0</u>	<u>82,799</u>
Totals	<u>\$82,799</u>	<u>\$82,799</u>

16. COMPLIANCE AND ACCOUNTABILITY

At December 31, 2003, one of the City's funds had a deficit fund balance (original budget basis) in the following amount: Capital Projects Park Acquisition and Development Fund (\$100,645).

At December 31, 2003, two of the City's funds had a deficit fund balance (actual budget basis) in the following amounts: Special Revenue Grants Fund (\$271,695) and Capital Projects Public Works Facility Construction Fund (\$3,152).

At December 31, 2003, expenditures plus outstanding encumbrances exceeded appropriations at the legal level of control in the following amounts: General Fund Community Development (\$33,474), General Fund Transportation and Street Repair (\$13,118), Special Revenue Fire Levy Fund (\$1,430), Special Revenue Lighting Assessment Fund (\$293), Special Revenue Law Enforcement Trust Fund (\$4,091), Special Revenue Government Equity Program Fund (\$8,017), Special Revenue Fire Levy Fund (\$1,430) and Capital Projects Park Acquisition and Development Fund (\$580).

Fund Deficits

The following individual funds had deficit fund balances at December 31, 2003:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Fire Levy	\$86,669
Curbs/Gutters/Sidewalk Assessment	55,407
Capital Projects:	
Park Acquisition & Development	148,773
Industrial Park	694,614
Fire Facility Improvements	67,016

Fund deficits were a result from the City's policy to utilize short-term bond anticipation notes. The City has obtained reduced interest expense and additional flexibility through the use of short-term debt. However, fund deficits have resulted since short-term debt is reported within the associated fund rather than in the Governmental Activities long-term liabilities.

17. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY

Changes in Accounting Principles

For 2003, the City has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis-omnibus" and GASB Statement No. 38 "Certain Financial Statement Note Disclosures".

GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The government-wide financial statements split the City's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2002, caused by the conversion to the accrual basis of accounting.

Restatement of Fund Balance

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the District as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Street Construction, Maintenance & Repair</u>	<u>Fire Levy</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, December 31, 2002	\$1,430,780	\$619,932	\$49,121	(\$1,379,506)	\$720,327
Fund Reclassification	<u>70,255</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>70,255</u>
Adjusted Fund Balances, December 31, 2002	<u>\$1,501,035</u>	<u>\$619,932</u>	<u>\$49,121</u>	<u>(\$1,379,506)</u>	\$790,582
GASB 34 Adjustments:					
Capital Assets					\$7,158,517
Compensated Absences Payable					(840,127)
Deferred Revenue					2,018,345
Internal Service, Net Assets					89,608
Long Term Liabilities					<u>(1,787,326)</u>
Governmental Activities Net Assets, December 31, 2002					<u>\$7,429,599</u>

At December 31, 2002, capital leases were restated in the Enterprise Funds. This restatement had the following effect on fund equity as it was previously reported:

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
Fund Equity, December 31, 2002	\$552,824	\$270,668	\$21,848	\$845,340
Capital Leases	<u>(20,799)</u>	<u>15,204</u>	<u>0</u>	<u>(5,595)</u>
Adjusted Net Assets, December 31, 2002	<u>\$532,025</u>	<u>\$285,872</u>	<u>\$21,848</u>	<u>\$839,745</u>

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

City of Trotwood
Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$7,519,972	\$7,318,266	\$7,180,535	(\$137,731)
Fines, Licenses & Permits	324,707	265,500	310,050	44,550
Intergovernmental	1,550,446	1,536,451	1,480,462	(55,989)
Special Assessments	66,022	43,900	63,042	19,142
Charges for Services	161,233	211,000	153,955	(57,045)
Investment Earnings	36,360	79,000	34,719	(44,281)
Other Revenues	288,700	4,000	275,669	271,669
Total Revenues	9,947,440	9,458,117	9,498,432	40,315
Expenditures:				
Current:				
<u>General Government</u>				
Mayor and Council	187,845	180,359	175,014	5,345
City Manager	270,849	243,434	252,348	(8,914)
Finance	390,015	330,637	363,374	(32,737)
Utility Billing	89,321	90,435	83,220	7,215
Income Tax	277,425	252,997	258,475	(5,478)
Law Director	195,577	158,364	182,218	(23,854)
Public Works Administration	265,475	283,284	247,341	35,943
Building and Grounds	237,429	222,448	221,211	1,237
Fleet Maintenance	161,648	153,429	150,606	2,823
Personnel	129,073	158,619	120,256	38,363
Non-Departmental	290,426	256,116	270,588	(14,472)
Total General Government	2,495,083	2,330,122	2,324,651	5,471
<u>Public Safety</u>				
Police Administration	448,572	400,983	417,931	(16,948)
Police Patrol	3,606,681	3,757,485	3,360,318	397,167
Criminal Investigation	939,980	947,745	875,772	71,973
Police Communications	225,935	355,705	210,502	145,203
Total Public Safety	5,221,168	5,461,918	4,864,523	597,395

Continued

City of Trotwood
Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Leisure Time Activities</u>				
Parks and Recreation Administration	144,890	132,485	134,993	(2,508)
Parks Maintenance	168,016	184,068	156,539	27,529
Municipal Pool	51,015	66,966	47,530	19,436
Cemeteries	49,233	54,090	45,870	8,220
Recreation Programs	24,193	96,430	22,540	73,890
Total Leisure Time Activities	437,347	534,039	407,472	126,567
<u>Community Development</u>				
Planning and Development Administration	253,150	216,386	235,858	(19,472)
Planning Public Relations	4,293	4,000	4,000	0
Planning and Zoning	105,653	96,353	98,436	(2,083)
Code Enforcement and Inspection	253,890	225,419	236,547	(11,128)
Mowing and Weed Removal	18,150	17,000	16,910	90
Grants Administration	68,443	62,887	63,768	(881)
Total Community Development	703,579	622,045	655,519	(33,474)
<u>Transportation & Street Repair</u>				
Street Lighting	282,409	250,000	263,118	(13,118)
Total Transportation & Street Repair	282,409	250,000	263,118	(13,118)
Capital Outlay	195,699	98,659	180,874	(82,215)
Debt Service:				
Principal Retirement	21,333	21,333	21,333	0
Total Expenditures	9,356,618	9,318,116	8,717,490	600,626
Excess of Revenues Over (Under) Expenditures	590,822	140,001	780,942	640,941
Other financing sources (uses):				
Transfers (Out)	(663,953)	(618,600)	(618,600)	0
Total Other Financing Sources (Uses)	(663,953)	(618,600)	(618,600)	0
Net Change in Fund Balance	(73,131)	(478,599)	162,342	640,941
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,461,871	1,461,871	1,461,871	0
Fund Balance End of Year	\$1,388,740	\$983,272	\$1,624,213	\$640,941

See accompanying notes to the required supplementary information.

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:-				
Taxes	\$353,851	\$347,690	\$342,639	(\$5,051)
Intergovernmental	875,390	876,300	847,654	(28,646)
Investment Earnings	5,345	9,000	5,176	(3,824)
Other Revenues	7,458	20,961	7,222	(13,739)
Total Revenues	1,242,044	1,253,951	1,202,691	(51,260)
Expenditures:				
Current:				
Transportation & Street Repair	994,239	1,108,951	1,021,679	87,272
Capital Outlay	264,323	318,845	273,286	45,559
Debt Service:				
Principal Retirement	60,422	60,422	60,422	0
Total Expenditures	1,318,984	1,488,218	1,355,387	132,831
Excess of Revenues Over (Under) Expenditures	(76,940)	(234,267)	(152,696)	81,571
Other financing sources (uses):				
Transfers In	52,256	50,600	50,600	0
Total Other Financing Sources (Uses)	52,256	50,600	50,600	0
Net Change in Fund Balance	(24,684)	(183,667)	(102,096)	81,571
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	588,820	588,820	588,820	0
Fund Balance End of Year	\$564,136	\$405,153	\$486,724	\$81,571

See accompanying notes to the required supplementary information.

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:-				
Taxes	\$1,084,284	\$1,109,814	\$1,031,626	(\$78,188)
Intergovernmental	170,236	151,000	161,969	10,969
Charges for Services	176	0	167	167
Investment Earnings	537	2,000	511	(1,489)
Other Revenues	3,674	62,083	3,496	(58,587)
Total Revenues	1,258,907	1,324,897	1,197,769	(127,128)
Expenditures:				
Current:				
Public Safety	1,809,972	1,860,187	1,862,108	(1,921)
Capital Outlay	29,052	31,143	30,652	491
Debt Service:				
Principal Retirement	26,512	26,512	26,512	0
Total Expenditures	1,865,536	1,917,842	1,919,272	(1,430)
Excess of Revenues Over (Under) Expenditures	(606,629)	(592,945)	(721,503)	(128,558)
Other financing sources (uses):				
Transfers In	596,993	568,000	568,000	0
Total Other Financing Sources (Uses)	596,993	568,000	568,000	0
Net Change in Fund Balance	(9,636)	(24,945)	(153,503)	(128,558)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	159,904	159,904	159,904	0
Fund Balance End of Year	\$150,268	\$134,959	\$6,401	(\$128,558)

See accompanying notes to the required supplementary information.

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1. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the program or budget center level for the General fund and the fund level for all other budgeted funds.

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

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

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

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

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

Net Change in Fund Balance

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Fire Levy</u>
GAAP Basis	\$149,934	\$49,767	(\$133,420)
Net Adjustment for Revenue Accruals	(54,411)	(1,881)	0
Net Adjustment for Expenditure Accruals	164,274	(51,233)	(4,611)
Encumbrances	<u>(97,455)</u>	<u>(98,749)</u>	<u>(15,472)</u>
Budget Basis	<u>\$162,342</u>	<u>(\$102,096)</u>	<u>(\$153,503)</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

City of Trotwood
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$941,423	\$53,974	\$859,255	\$1,854,652
Receivables:				
Taxes	624,289	184,237	0	808,526
Accounts	40,662	0	0	40,662
Special Assessments	168,534	0	0	168,534
Intergovernmental	168,335	0	0	168,335
Total Assets	1,943,243	238,211	859,255	3,040,709
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	60,670	866	5,627	67,163
Accrued Wages and Benefits	106,626	0	0	106,626
Compensated Absences	2,175	0	0	2,175
Interfund Payable	82,799	0	0	82,799
Deferred Revenue	813,602	184,237	0	997,839
General Obligation Notes Payable	150,000	0	1,735,000	1,885,000
Total Liabilities	1,215,872	185,103	1,740,627	3,141,602
Fund Balances:				
Reserved for Encumbrances	167,015	0	51,556	218,571
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	560,356	0	0	560,356
Debt Service Funds	0	53,108	0	53,108
Capital Projects Funds	0	0	(932,928)	(932,928)
Total Fund Balances	727,371	53,108	(881,372)	(100,893)
Total Liabilities and Fund Balances	\$1,943,243	\$238,211	\$859,255	\$3,040,709

City of Trotwood
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Fiscal Year Ended December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$666,508	\$141,828	\$0	\$808,336
Fines, Licenses & Permits	90,038	0	7,750	97,788
Charges for Services	797,110	0	0	797,110
Investment Earnings	12,167	658	10,133	22,958
Intergovernmental	1,291,607	19,929	0	1,311,536
Special Assessments	14,722	4,152	0	18,874
Other Revenues	2,072	12,980	164,298	179,350
Total Revenues	2,874,224	179,547	182,181	3,235,952
Expenditures:				
Current:				
Public Safety	1,727,573	0	2,168	1,729,741
Leisure Time Activities	1,166	0	0	1,166
Community Development	561,925	0	135,605	697,530
Transportation & Street Repair	68,654	0	0	68,654
Capital Outlay	740,408	0	992,974	1,733,382
Debt Service:				
Principal Retirement	45,218	1,265,000	0	1,310,218
Interest and Fiscal Charges	0	168,168	38,480	206,648
Total Expenditures	3,144,944	1,433,168	1,169,227	5,747,339
Excess of Revenues Over (Under) Expenditures	(270,720)	(1,253,621)	(987,046)	(2,511,387)
Other Financing Sources (Uses):				
Proceeds of Long-Term Capital-Related Debt	0	1,298,140	2,491,860	3,790,000
Proceeds of refunding bonds	0	1,231,186	0	1,231,186
Payments to refunded bond escrow agent	0	(1,231,186)	0	(1,231,186)
Total Other Financing Sources (Uses)	0	1,298,140	2,491,860	3,790,000
Net Change in Fund Balance	(270,720)	44,519	1,504,814	1,278,613
Fund Balance Beginning of Year	998,091	8,589	(2,386,186)	(1,379,506)
Fund Balance End of Year	\$727,371	\$53,108	(\$881,372)	(\$100,893)

City of Trotwood
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2003

	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment
Assets:					
Equity in Pooled Cash and Investments	\$89,903	\$81,333	\$35,220	\$28,260	\$98,515
Receivables:					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Special Assessments	0	0	0	0	133,198
Intergovernmental	23,538	0	0	0	0
Total Assets	113,441	81,333	35,220	28,260	231,713
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	3,922
Accrued Wages and Benefits	1,546	0	0	0	0
Compensated Absences	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Deferred Revenue	19,795	0	0	0	133,198
General Obligation Notes Payable	0	0	0	0	150,000
Total Liabilities	21,341	0	0	0	287,120
Fund Balances:					
Reserved for Encumbrances	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	92,100	81,333	35,220	28,260	(55,407)
Total Fund Balances	92,100	81,333	35,220	28,260	(55,407)
Total Liabilities and Fund Balances	\$113,441	\$81,333	\$35,220	\$28,260	\$231,713

Lighting Assessment	Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy
\$15,641	\$0	\$50,485	\$4,270	\$57,333	\$125,872	\$352,776
0	0	0	0	0	0	624,289
0	0	0	0	0	0	40,662
35,336	0	0	0	0	0	0
0	144,797	0	0	0	0	0
<u>50,977</u>	<u>144,797</u>	<u>50,485</u>	<u>4,270</u>	<u>57,333</u>	<u>125,872</u>	<u>1,017,727</u>
0	38,118	0	0	4,236	5,387	9,007
0	1,805	0	0	0	2,737	100,538
0	0	0	0	0	0	2,175
0	82,799	0	0	0	0	0
35,336	984	0	0	0	0	624,289
0	0	0	0	0	0	0
<u>35,336</u>	<u>123,706</u>	<u>0</u>	<u>0</u>	<u>4,236</u>	<u>8,124</u>	<u>736,009</u>
0	150,778	0	0	170	7,185	8,882
<u>15,641</u>	<u>(129,687)</u>	<u>50,485</u>	<u>4,270</u>	<u>52,927</u>	<u>110,563</u>	<u>272,836</u>
<u>15,641</u>	<u>21,091</u>	<u>50,485</u>	<u>4,270</u>	<u>53,097</u>	<u>117,748</u>	<u>281,718</u>
<u>\$50,977</u>	<u>\$144,797</u>	<u>\$50,485</u>	<u>\$4,270</u>	<u>\$57,333</u>	<u>\$125,872</u>	<u>\$1,017,727</u>

Continued

City of Trotwood
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2003

	Police Levy	Total Nonmajor Special Revenue Funds
Assets:		
Equity in Pooled Cash and Investments	\$1,815	\$941,423
Receivables:		
Taxes	0	624,289
Accounts	0	40,662
Special Assessments	0	168,534
Intergovernmental	0	168,335
Total Assets	1,815	1,943,243
Liabilities and Fund Balances:		
Liabilities:		
Accounts Payable	0	60,670
Accrued Wages and Benefits	0	106,626
Compensated Absences	0	2,175
Interfund Payable	0	82,799
Deferred Revenue	0	813,602
General Obligation Notes Payable	0	150,000
Total Liabilities	0	1,215,872
Fund Balances:		
Reserved for Encumbrances	0	167,015
Unreserved, Undesignated, Reported in: Special Revenue Funds	1,815	560,356
Total Fund Balances	1,815	727,371
Total Liabilities and Fund Balances	\$1,815	\$1,943,243

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City of Trotwood
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended December 31, 2003

	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment
Revenues:					
Taxes	\$0	\$142,937	\$0	\$0	\$0
Fines, Licenses & Permits	0	0	0	1,100	0
Charges for Services	0	0	0	0	18,187
Investment Earnings	1,308	1,311	79	273	712
Intergovernmental	43,404	0	242,317	0	0
Special Assessments	0	0	0	0	10,469
Other Revenues	0	0	0	0	0
Total Revenues	44,712	144,248	242,396	1,373	29,368
Expenditures:					
Current:					
Public Safety	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Development	0	0	0	0	0
Transportation & Street Repair	46,655	0	0	0	4,592
Capital Outlay	33,000	160,000	107,378	0	53,564
Debt Service:					
Principal Retirement	0	0	0	0	0
Total Expenditures	79,655	160,000	107,378	0	58,156
Net Change in Fund Balance	(34,943)	(15,752)	135,018	1,373	(28,788)
Fund Balance Beginning of Year	127,043	97,085	(99,798)	26,887	(26,619)
Fund Balance End of Year	\$92,100	\$81,333	\$35,220	\$28,260	(\$55,407)

Lighting Assessment	Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy
\$0	\$0	\$0	\$0	\$0	\$0	\$523,571
0	0	0	592	88,346	0	0
0	0	0	0	0	0	778,923
135	0	548	40	562	1,312	5,869
0	770,038	50,090	0	0	103,242	82,516
4,253	0	0	0	0	0	0
0	1,000	0	0	0	0	1,072
<u>4,388</u>	<u>771,038</u>	<u>50,638</u>	<u>632</u>	<u>88,908</u>	<u>104,554</u>	<u>1,391,951</u>
0	72,182	9,000	0	11,941	0	1,634,450
0	1,166	0	0	0	0	0
0	469,791	0	0	0	92,134	0
293	17,114	0	0	0	0	0
0	169,235	76,647	0	69,731	0	70,853
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,218</u>
<u>293</u>	<u>729,488</u>	<u>85,647</u>	<u>0</u>	<u>81,672</u>	<u>92,134</u>	<u>1,750,521</u>
4,095	41,550	(35,009)	632	7,236	12,420	(358,570)
<u>11,546</u>	<u>(20,459)</u>	<u>85,494</u>	<u>3,638</u>	<u>45,861</u>	<u>105,328</u>	<u>640,288</u>
<u>\$15,641</u>	<u>\$21,091</u>	<u>\$50,485</u>	<u>\$4,270</u>	<u>\$53,097</u>	<u>\$117,748</u>	<u>\$281,718</u>

Continued

City of Trotwood
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended December 31, 2003

	Police Levy	Total Nonmajor Special Revenue Funds
Revenues:		
Taxes	\$0	\$666,508
Fines, Licenses & Permits	0	90,038
Charges for Services	0	797,110
Investment Earnings	18	12,167
Intergovernmental	0	1,291,607
Special Assessments	0	14,722
Other Revenues	0	2,072
Total Revenues	18	2,874,224
Expenditures:		
Current:		
Public Safety	0	1,727,573
Leisure Time Activities	0	1,166
Community Development	0	561,925
Transportation & Street Repair	0	68,654
Capital Outlay	0	740,408
Debt Service:		
Principal Retirement	0	45,218
Total Expenditures	0	3,144,944
Net Change in Fund Balance	18	(270,720)
Fund Balance Beginning of Year	1,797	998,091
Fund Balance End of Year	\$1,815	\$727,371

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City of Trotwood
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 December 31, 2003

	Park Acquisition and Development	Public Works Facility Construction	Industrial Park	Townview Revitalization	Fire Facility Improvements
Assets:					
Equity in Pooled Cash and Investments	\$41,227	\$1	\$386	\$2	\$785,152
Total Assets	41,227	1	386	2	785,152
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	2,168
General Obligation Notes Payable	190,000	0	695,000	0	850,000
Total Liabilities	190,000	0	695,000	0	852,168
Fund Balances:					
Reserved for Encumbrances	37,197	0	0	0	12,832
Unreserved, Undesignated, Reported in: Capital Projects Funds	(185,970)	1	(694,614)	2	(79,848)
Total Fund Balances	(148,773)	1	(694,614)	2	(67,016)
Total Liabilities and Fund Balances	\$41,227	\$1	\$386	\$2	\$785,152

Salem Mall Tax Increment	Total Nonmajor Capital Projects Funds
<u>\$32,487</u>	<u>\$859,255</u>
<u>32,487</u>	<u>859,255</u>
3,459	5,627
<u>0</u>	<u>1,735,000</u>
<u>3,459</u>	<u>1,740,627</u>
1,527	51,556
<u>27,501</u>	<u>(932,928)</u>
<u>29,028</u>	<u>(881,372)</u>
<u>\$32,487</u>	<u>\$859,255</u>

City of Trotwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2003

	Park Acquisition and Development	Public Works Facility Construction	Industrial Park	Townview Revitalization	Fire Facility Improvements
Revenues:					
Fines, Licenses & Permits	\$7,750	\$0	\$0	\$0	\$0
Investment Earnings	1,608	1,960	12	0	6,218
Other Revenues	0	0	0	0	0
Total Revenues	9,358	1,960	12	0	6,218
Expenditures:					
Current:					
Public Safety	0	0	0	0	2,168
Community Development	0	0	0	0	0
Capital Outlay	169,293	752,615	0	0	71,066
Debt Service:					
Interest and Fiscal Charges	2,393	15,922	20,165	0	0
Total Expenditures	171,686	768,537	20,165	0	73,234
Excess of Revenues Over (Under) Expenditures	(162,328)	(766,577)	(20,153)	0	(67,016)
Other Financing Sources (Uses):					
Proceeds of Long-Term Capital-Related Debt	0	1,355,000	1,136,860	0	0
Total Other Financing Sources (Uses)	0	1,355,000	1,136,860	0	0
Net Change in Fund Balance	(162,328)	588,423	1,116,707	0	(67,016)
Fund Balance Beginning of Year	13,555	(588,422)	(1,811,321)	2	0
Fund Balance End of Year	(\$148,773)	\$1	(\$694,614)	\$2	(\$67,016)

Salem Mall Tax Increment	Total Nonmajor Capital Projects Funds
\$0	\$7,750
335	10,133
<u>164,298</u>	<u>164,298</u>
 164,633	 <u>182,181</u>
0	2,168
135,605	135,605
0	992,974
<u>0</u>	<u>38,480</u>
 135,605	 <u>1,169,227</u>
 <u>29,028</u>	 <u>(987,046)</u>
 <u>0</u>	 <u>2,491,860</u>
 <u>0</u>	 <u>2,491,860</u>
 29,028	 1,504,814
 <u>0</u>	 <u>(2,386,186)</u>
 <u>\$29,028</u>	 <u>(\$881,372)</u>

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	State Highway Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$49,163	\$46,650	\$43,252	(\$3,398)
Investment Earnings	1,487	4,000	1,308	(2,692)
Total Revenues	50,650	50,650	44,560	(6,090)
Expenditures:				
Current:				
Transportation & Street Repair	59,845	73,470	58,733	14,737
Capital Outlay	33,625	33,000	33,000	0
Total Expenditures	93,470	106,470	91,733	14,737
Net Change in Fund Balance	(42,820)	(55,820)	(47,173)	8,647
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	137,078	137,078	137,078	0
Fund Balance End of Year	\$94,258	\$81,258	\$89,905	\$8,647

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

Motor Vehicle
 License Tax
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$152,600	\$150,000	\$142,937	(\$7,063)
Investment Earnings	1,400	4,000	1,311	(2,689)
Total Revenues	154,000	154,000	144,248	(9,752)
Expenditures:				
Current:				
Capital Outlay	160,000	337,049	335,000	2,049
Total Expenditures	160,000	337,049	335,000	2,049
Net Change in Fund Balance	(6,000)	(183,049)	(190,752)	(7,703)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	272,085	272,085	272,085	0
Fund Balance End of Year	\$266,085	\$89,036	\$81,333	(\$7,703)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

Permissive
 Use Tax
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$343,588	\$110,000	\$242,317	\$132,317
Investment Earnings	112	700	79	(621)
Total Revenues	343,700	110,700	242,396	131,696
Expenditures:				
Current:				
Capital Outlay	110,000	110,000	194,716	(84,716)
Total Expenditures	110,000	110,000	194,716	(84,716)
Net Change in Fund Balance	233,700	700	47,680	46,980
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(12,460)	(12,460)	(12,460)	0
Fund Balance End of Year	\$221,240	(\$11,760)	\$35,220	\$46,980

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Drug Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$1,602	\$1,500	\$1,100	(\$400)
Investment Earnings	398	500	273	(227)
Total Revenues	2,000	2,000	1,373	(627)
Expenditures:				
Current:				
Public Safety	5,000	8,000	0	8,000
Total Expenditures	5,000	8,000	0	8,000
Net Change in Fund Balance	(3,000)	(6,000)	1,373	7,373
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	26,887	26,887	26,887	0
Fund Balance End of Year	\$23,887	\$20,887	\$28,260	\$7,373

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Curbs/Gutters/ Sidewalks Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$103,000	\$103,000	\$10,469	(\$92,531)
Charges for Services	0	0	18,187	18,187
Investment Earnings	1,400	1,400	712	(688)
Total Revenues	104,400	104,400	29,368	(75,032)
Expenditures:				
Current:				
Transportation & Street Repair	692	0	670	(670)
Capital Outlay	150,308	229,401	145,555	83,846
Total Expenditures	151,000	229,401	146,225	83,176
Excess of Revenues Over (Under) Expenditures	(46,600)	(125,001)	(116,857)	8,144
Other financing sources (uses):				
Debt Proceeds	150,000	150,000	150,000	0
Total Other Financing Sources (Uses)	150,000	150,000	150,000	0
Net Change in Fund Balance	103,400	24,999	33,143	8,144
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	61,450	61,450	61,450	0
Fund Balance End of Year	\$164,850	\$86,449	\$94,593	\$8,144

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Lighting Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$0	\$0	\$4,253	\$4,253
Investment Earnings	0	100	135	35
Total Revenues	0	100	4,388	4,288
Expenditures:				
Current:				
Transportation & Street Repair	0	0	293	(293)
Total Expenditures	0	0	293	(293)
Net Change in Fund Balance	0	100	4,095	3,995
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,545	11,545	11,545	0
Fund Balance End of Year	\$11,545	\$11,645	\$15,640	\$3,995

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$580,110	\$963,000	\$651,839	(\$311,161)
Other Revenues	890	0	1,000	1,000
Total Revenues	581,000	963,000	652,839	(310,161)
Expenditures:				
Current:				
Public Safety	40,871	115,840	117,819	(1,979)
Leisure Time Activities	404	0	1,166	(1,166)
Community Development	162,609	509,187	468,757	40,430
Transportation & Street Repair	5,937	0	17,114	(17,114)
Capital Outlay	95,179	266,760	274,376	(7,616)
Total Expenditures	305,000	891,787	879,232	12,555
Net Change in Fund Balance	276,000	71,213	(226,393)	(297,606)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(45,302)	(45,302)	(45,302)	0
Fund Balance End of Year	\$230,698	\$25,911	(\$271,695)	(\$297,606)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Local Law Enforcement Block Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,978	\$67,479	\$50,090	(\$17,389)
Investment Earnings	22	100	548	448
Total Revenues	2,000	67,579	50,638	(16,941)
Expenditures:				
Current:				
Public Safety	7,091	10,000	9,000	1,000
Capital Outlay	60,389	77,295	76,647	648
Total Expenditures	67,480	87,295	85,647	1,648
Net Change in Fund Balance	(65,480)	(19,716)	(35,009)	(15,293)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	85,494	85,494	85,494	0
Fund Balance End of Year	\$20,014	\$65,778	\$50,485	(\$15,293)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$562	\$500	\$592	\$92
Investment Earnings	38	100	40	(60)
Total Revenues	600	600	632	32
Expenditures:				
Current:				
Public Safety	2,500	2,500	0	2,500
Total Expenditures	2,500	2,500	0	2,500
Net Change in Fund Balance	(1,900)	(1,900)	632	2,532
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,638	3,638	3,638	0
Fund Balance End of Year	\$1,738	\$1,738	\$4,270	\$2,532

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Law Enforcement Trust Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$40,741	\$40,000	\$88,347	\$48,347
Investment Earnings	259	1,000	562	(438)
Total Revenues	41,000	41,000	88,909	47,909
Expenditures:				
Current:				
Public Safety	4,012	21,500	11,941	9,559
Capital Outlay	23,488	56,250	69,900	(13,650)
Total Expenditures	27,500	77,750	81,841	(4,091)
Net Change in Fund Balance	13,500	(36,750)	7,068	43,818
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	45,860	45,860	45,860	0
Fund Balance End of Year	\$59,360	\$9,110	\$52,928	\$43,818

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

Government
 Equity Program
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$101,944	\$103,140	\$103,242	\$102
Investment Earnings	1,296	100	1,312	1,212
Total Revenues	103,240	103,240	104,554	1,314
Expenditures:				
Current:				
Community Development	89,065	93,350	101,367	(8,017)
Total Expenditures	89,065	93,350	101,367	(8,017)
Net Change in Fund Balance	14,175	9,890	3,187	(6,703)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	110,183	110,183	110,183	0
Fund Balance End of Year	\$124,358	\$120,073	\$113,370	(\$6,703)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Rescue Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$630,003	\$494,147	\$523,571	\$29,424
Intergovernmental	99,290	80,800	82,516	1,716
Charges for Services	987,055	852,955	820,302	(32,653)
Investment Earnings	7,062	10,000	5,869	(4,131)
Other Revenues	1,290	0	1,072	1,072
Total Revenues	1,724,700	1,437,902	1,433,330	(4,572)
Expenditures:				
Current:				
Public Safety	1,712,161	1,716,294	1,670,516	45,778
Capital Outlay	27,401	24,272	25,635	(1,363)
Debt Service:				
Principal Retirement	45,218	45,218	45,218	0
Total Expenditures	1,784,780	1,785,784	1,741,369	44,415
Net Change in Fund Balance	(60,080)	(347,882)	(308,039)	39,843
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	649,420	649,420	649,420	0
Fund Balance End of Year	\$589,340	\$301,538	\$341,381	\$39,843

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Police Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$18	\$18
Total Revenues	0	0	18	18
Expenditures:				
Current:				
Public Safety	0	1,730	0	1,730
Total Expenditures	0	1,730	0	1,730
Net Change in Fund Balance	0	(1,730)	18	1,748
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,796	1,796	1,796	0
Fund Balance End of Year	<u>\$1,796</u>	<u>\$66</u>	<u>\$1,814</u>	<u>\$1,748</u>

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Debt Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$16,139	\$143,248	\$141,828	(\$1,420)
Intergovernmental	2,268	19,900	19,929	29
Special Assessments	472	2,000	4,152	2,152
Investment Earnings	75	1,000	658	(342)
Other Revenues	1,265	2,269	11,120	8,851
Total Revenues	20,219	168,417	177,687	9,270
Expenditures:				
Current:				
Debt Service:				
Principal Retirement	133,303	1,265,000	1,265,000	0
Interest and Fiscal Charges	17,717	184,160	168,131	16,029
Total Expenditures	151,020	1,449,160	1,433,131	16,029
Excess of Revenues Over (Under) Expenditures	(130,801)	(1,280,743)	(1,255,444)	25,299
Other financing sources (uses):				
Debt Proceeds	147,931	1,300,000	1,300,000	0
Total Other Financing Sources (Uses)	147,931	1,300,000	1,300,000	0
Net Change in Fund Balance	17,130	19,257	44,556	25,299
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,591	8,591	8,591	0
Fund Balance End of Year	\$25,721	\$27,848	\$53,147	\$25,299

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Park Acquisition and Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$7,600	\$5,000	\$7,750	\$2,750
Investment Earnings	1,577	500	1,608	1,108
Total Revenues	9,177	5,500	9,358	3,858
Expenditures:				
Current:				
Capital Outlay	458,656	205,910	206,490	(580)
Debt Service:				
Principal Retirement	52,832	200,000	200,000	0
Interest and Fiscal Charges	1,212	4,588	4,588	0
Total Expenditures	512,700	410,498	411,078	(580)
Excess of Revenues Over (Under) Expenditures	(503,523)	(404,998)	(401,720)	3,278
Other financing sources (uses):				
Debt Proceeds	186,323	190,000	190,000	0
Total Other Financing Sources (Uses)	186,323	190,000	190,000	0
Net Change in Fund Balance	(317,200)	(214,998)	(211,720)	3,278
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	216,555	216,555	216,555	0
Fund Balance End of Year	(\$100,645)	\$1,557	\$4,835	\$3,278

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Public Works Facility Construction Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$1,993	\$0	\$1,960	\$1,960
Total Revenues	1,993	0	1,960	1,960
Expenditures:				
Current:				
Capital Outlay	8,717	781,217	781,217	0
Debt Service:				
Principal Retirement	1,355,000	1,355,000	1,355,000	0
Interest and Fiscal Charges	15,268	23,917	23,917	0
Total Expenditures	1,378,985	2,160,134	2,160,134	0
Excess of Revenues Over (Under) Expenditures	(1,376,992)	(2,160,134)	(2,158,174)	1,960
Other financing sources (uses):				
Debt Proceeds	1,378,007	1,380,000	1,355,000	(25,000)
Total Other Financing Sources (Uses)	1,378,007	1,380,000	1,355,000	(25,000)
Net Change in Fund Balance	1,015	(780,134)	(803,174)	(23,040)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	800,022	800,022	800,022	0
Fund Balance End of Year	\$801,037	\$19,888	(\$3,152)	(\$23,040)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Industrial Park Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$12	\$0	\$12	\$12
Other Revenues	9,576	10,000	1,860	(8,140)
Total Revenues	9,588	10,000	1,872	(8,128)
Expenditures:				
Current:				
Debt Service:				
Principal Retirement	1,800,000	1,800,000	1,800,000	0
Interest and Fiscal Charges	33,448	33,860	33,440	420
Total Expenditures	1,833,448	1,833,860	1,833,440	420
Excess of Revenues Over (Under) Expenditures	(1,823,860)	(1,823,860)	(1,831,568)	(7,708)
Other financing sources (uses):				
Debt Proceeds	1,830,000	1,830,000	1,830,000	0
Total Other Financing Sources (Uses)	1,830,000	1,830,000	1,830,000	0
Net Change in Fund Balance	6,140	6,140	(1,568)	(7,708)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,955	1,955	1,955	0
Fund Balance End of Year	\$8,095	\$8,095	\$387	(\$7,708)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Townview Revitalization Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government	0	0	0	(0)
Total Expenditures	0	0	0	(0)
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1	1	1	0
Fund Balance End of Year	\$1	\$1	\$1	\$0

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Fire Facility Improvements Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$6,218	\$6,218
Total Revenues	0	0	6,218	6,218
Expenditures:				
Current:				
Public Safety	148,142	0	15,000	(15,000)
Capital Outlay	701,858	850,000	71,066	778,934
Total Expenditures	850,000	850,000	86,066	763,934
Excess of Revenues Over (Under) Expenditures	(850,000)	(850,000)	(79,848)	770,152
Other financing sources (uses):				
Debt Proceeds	850,000	850,000	850,000	0
Total Other Financing Sources (Uses)	850,000	850,000	850,000	0
Net Change in Fund Balance	0	0	770,152	770,152
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$770,152	\$770,152

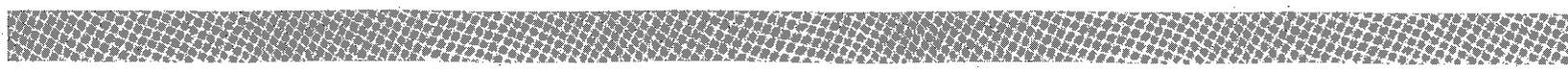
City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Salem Mall Tax Increment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$317	\$0	\$335	\$335
Other Revenues	155,683	156,000	164,298	8,298
Total Revenues	156,000	156,000	164,633	8,633
Expenditures:				
Current:				
Community Development	30,000	141,500	136,880	4,620
Total Expenditures	30,000	141,500	136,880	4,620
Net Change in Fund Balance	126,000	14,500	27,753	13,253
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$126,000	\$14,500	\$27,753	\$13,253

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**STATISTICAL
SECTION**



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Table 1

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

Fiscal Year	Public Safety	Leisure Time Activities	Community Development	Transportation		General Government	Capital Outlay	Debt Service	Totals
				and Street Repair					
1994	\$ 1,516,669	\$ 167,187	\$ 213,947	\$ 307,025	\$ 503,065	\$ 333,066	\$ 1,834,920	\$ 4,875,879	
1995	1,567,858	284,546	245,164	297,097	512,266	356,380	217,760	3,481,071	
1996	4,998,213	462,219	419,046	603,037	1,243,802	1,157,534	190,211	9,074,062	
1997	5,628,372	517,888	619,783	876,823	1,672,448	1,203,875	165,524	10,684,713	
1998	6,174,414	501,355	543,837	947,620	1,932,626	648,885	166,737	10,915,474	
1999	7,252,708	609,445	596,412	1,246,778	2,377,437	1,887,440	157,206	14,127,426	
2000	7,438,266	760,948	976,552	1,267,681	2,123,683	4,042,240	167,320	16,776,690	
2001	7,442,020	523,486	879,813	1,087,664	2,023,525	1,563,347	312,136	13,831,991	
2002	7,777,073	472,069	903,893	1,079,879	2,264,896	2,740,330	400,676	15,638,816	
2003	8,391,237	386,804	1,354,251	1,250,411	2,405,893	2,222,513	1,625,133	17,636,242	

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

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

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

Table 2

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

Fiscal Year	Taxes	Inter-governmental	Charges for Services	Fines			Investment Earnings (3)	Other	Totals
				Licenses and Permits (4)	Special Assessments				
1994	\$ 2,453,147	556,664	132,188	78,333	48,963	13,990	53,312	3,336,597	
1995	2,625,395	568,982	101,735	65,910	50,980	26,647	81,315	3,520,964	
1996	7,319,915	1,836,003	97,458	150,210	155,340	213,526	363,042	10,135,494	
1997	8,126,145	2,746,420	169,047	118,564	150,276	344,174	134,063	11,788,689	
1998	8,497,665	2,303,450	168,883	86,129	163,528	421,628	334,449	11,975,732	
1999	8,222,606	2,784,498	194,391	117,007	164,776	350,442	233,558	12,067,278	
2000	8,599,117	5,651,530	258,561	97,621	35,125	277,116	632,213	15,551,283	
2001	7,217,614	3,388,698	930,892	336,245	56,291	266,207	405,669	12,601,616	
2002	8,896,998	3,000,994	1,198,249	326,212	67,633	89,372	109,328	13,688,786	
2003	9,281,384	3,783,903	974,728	407,837	81,916	47,090	455,562	15,032,420	

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

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

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

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

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

Table 3

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

Collection Year	Current Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Collections to Levy	Accumulated Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Levy
1994	305,665	296,326	96.9%	20,476	316,802	103.6%	38,384	12.6%
1995	312,861	305,264	97.6%	12,619	317,883	101.6%	40,338	12.9%
1996	3,454,535	3,348,295	96.9%	122,931	3,471,246	100.5%	311,058	9.0%
1997	3,423,538	3,307,469	96.6%	180,827	3,488,296	101.9%	407,438	11.9%
1998	3,586,795	3,363,483	93.8%	213,223	3,576,706	99.7%	457,354	12.8%
1999	3,595,449	3,326,513	92.5%	164,897	3,491,410	97.1%	516,332	14.4%
2000	3,617,628	3,412,978	94.3%	201,459	3,614,437	99.9%	749,139	20.7%
2001	2,674,945	2,469,131	92.3%	127,627	2,596,758	97.1%	519,906	19.4%
2002	4,283,899	3,946,140	92.1%	240,612	4,186,752	97.7%	1,064,003	24.8%
2003	4,352,675	4,228,200	97.1%	304,584	4,532,784	104.1%	1,151,854	26.5%

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

(2) Includes penalties and interest assessed on delinquent accounts.

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

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

Collection Year (2)	Real Property (3)		Tangible Personal Property (4)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1994	74,188,940	211,968,400	19,546,621	57,132,886	93,735,561	269,101,286
1995	74,599,300	213,140,857	21,263,588	62,468,795	95,862,888	275,609,652
1996	208,671,570	596,204,486	43,594,586	118,176,216	252,266,156	714,380,702
1997	237,522,630	678,636,086	45,562,117	125,829,820	283,084,747	804,465,906
1998	238,080,730	680,230,657	47,109,594	133,094,881	285,190,324	813,325,538
1990	240,984,190	688,526,257	47,280,164	133,137,482	288,264,354	821,663,739
2000	257,846,260	736,703,600	45,178,732	128,800,379	303,024,992	865,503,979
2001	256,864,550	733,898,714	41,837,819	120,407,485	298,702,369	854,306,199
2002	253,910,830	725,459,514	37,320,990	131,370,826	291,231,820	856,830,340
2003	290,982,840	831,379,543	34,182,924	118,258,564	325,165,764	949,638,107

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

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

Table 5

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

Collection Year (2)	City of	Montgomery	Madison	Trotwood-	Miami Valley	Dayton-	Total
	Trotwood	County	Township	Madison City School District	Career Technology Center	Montgomery County Library	
1994	3.44	16.64	8.70	45.86	2.58	-	77.22
1995	3.44	16.64	8.70	45.86	2.58	0.72	77.94
1996	15.64	16.64	-	55.76	2.58	0.72	91.34
1997	15.14	16.64	-	53.74	2.58	0.72	88.82
1998	15.14	16.64	-	53.74	2.58	0.26	88.36
1999	15.14	16.64	-	53.74	2.58	0.26	88.36
2000	15.14	16.64	-	52.64	2.58	0.26	87.26
2001	11.64	17.24	-	52.64	2.58	0.26	84.36
2002	17.39	17.24	-	52.91	2.58	0.26	90.38
2003	17.39	17.24	-	61.05	2.58	0.26	98.52

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

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

Table 6

CITY OF TROTWOOD, OHIO
Principal Property Taxpayers
December 31, 2003

Taxpayer	Nature of Business	Total Assessed Valuation	Percent of Total Assessed Valuation
Dayton Power & Light Company	Electric utility	\$ 6,532,920	2.01%
Bradley Operating Company	Shopping center	4,689,730	1.44%
Lowes Companies, Inc.	Home improvement store	4,127,720	1.27%
Verizon (GTE)	Telephone utility	3,251,130	1.00%
Castlebrook Capital Company	Apartment complex	2,940,200	0.90%
Home Depot USA Inc.	Home improvement store	2,386,120	0.73%
Sears Roebuck & Co.	Department store	2,352,820	0.72%
Tramlaw LLC	Department store	2,112,990	0.65%
Kmart Corporation	Department store	2,077,080	0.64%
Belle Meadows	Apartment complex	1,912,930	0.59%
Total		<u>32,383,640</u>	<u>9.96%</u>
All other taxpayers		<u>292,782,124</u>	<u>90.04%</u>
Total assessed valuation		<u>\$ 325,165,764</u>	<u>100.00%</u>

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

Table 7

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

Fiscal Year	Tax Rate (2)	Withholding Collections	Non-Withholding Collections	Gross Collections	Refunds	Net Collections
1994	2.25%	1,751,704	509,288	2,260,992	46,521	2,214,471
1995	2.25%	1,855,048	514,643	2,369,691	42,409	2,327,282
1996	2.25%	3,240,045	512,219	3,752,264	50,802	3,701,462
1997	2.25%	3,771,936	1,054,627	4,826,563	47,021	4,779,542
1998	2.25%	3,896,912	1,169,711	5,066,623	60,975	5,005,648
1999	2.25%	3,856,813	1,105,972	4,962,785	88,653	4,874,132
2000	2.25%	4,291,798	899,892	5,191,690	89,641	5,102,049
2001	2.25%	4,252,227	934,710	5,186,937	77,363	5,109,574
2002	2.25%	3,805,335	1,049,399	4,854,734	97,184	4,757,550
2003	2.25%	4,480,516	1,021,549	5,502,065	62,092	5,439,973

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

(2) The tax rate increased from 1.75% to 2.25% effective July 1, 1993.

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

Table 8

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

Collection Year	Current Assessments Due	Current Assessment Collections	Percent of Current Assessments Collected	Delinquent Assessment Collections	Total Assessment Collections	Ratio of Total Collections to Current	Outstanding Delinquent Assessments (2)	Ratio of Delinquent Assessments to Current Due
1994	55,271	49,844	90.2%	10,746	60,590	109.6%	50,686	91.7%
1995	67,082	43,307	64.6%	5,597	48,904	72.9%	77,510	115.5%
1996	321,553	249,620	77.6%	34,606	284,226	88.4%	234,209	72.8%
1997	331,315	256,813	77.5%	41,565	298,378	90.1%	295,708	89.3%
1998	322,508	247,381	76.7%	49,200	296,581	92.0%	346,498	107.4%
1999	358,225	277,660	77.5%	53,600	331,260	92.5%	N/A	N/A
2000	304,019	176,635	58.1%	50,802	227,437	74.8%	543,907	178.9%
2001	238,955	N/A	N/A	N/A	237,249	99.3%	633,289	265.0%
2002	350,595	N/A	N/A	N/A	284,262	81.1%	708,533	202.1%
2003	349,418	N/A	N/A	N/A	366,845	105.0%	816,139	233.6%

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

(2) Includes penalties and interest assessed on delinquent accounts.

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

N/A=Not Available

CITY OF TROTWOOD, OHIO
 Computation of Legal Debt Margin
 December 31, 2003

Assessed valuation		\$ 325,165,764
Overall Debt Limitation - 10.50% of assessed valuation	\$ 34,142,405	
Gross bonded indebtedness	\$ 5,925,000	
Less: Self-supported debt	<u>-</u>	
Net debt within 10.50% limitation	<u>5,925,000</u>	
Legal debt margin within 10.50% limitation	\$ <u>28,217,405</u>	
Unvoted Debt Limitation - 5.50% of assessed valuation	\$ 17,884,117	
Gross indebtedness	\$ 5,925,000	
Less: Self-supported debt	<u>-</u>	
Net debt within 5.50% limitation	<u>5,925,000</u>	
Legal debt margin within 5.50% limitation	\$ <u>11,959,117</u>	

Table 10

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

Fiscal Year	Population (2)	Assessed Valuation	Gross Bonded Debt	Debt Service Cash Balance	Self-Supported Bonded Debt	Net Bonded Debt	Ratio of Net	
							Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
1994	8,779	\$ 93,735,561	\$ 1,735,000	\$ 24,770	-	\$ 1,710,230	1.82%	\$ 194.81
1995	8,779	95,862,888	1,690,000	27,582	-	1,662,418	1.73%	189.36
1996	29,358	252,266,156	1,640,000	2,313	-	1,637,687	0.65%	55.78
1997	29,358	283,084,747	1,585,000	1,530	-	1,583,470	0.56%	53.94
1998	29,358	285,190,324	1,525,000	45,923	-	1,479,077	0.52%	50.38
1999	29,358	288,264,354	1,470,000	8,986	-	1,461,014	0.51%	49.77
2000	27,420	303,024,992	1,405,000	597	-	1,404,403	0.46%	51.22
2001	27,420	298,702,369	1,335,000	2,440	-	1,332,560	0.45%	48.60
2002	27,420	291,231,820	1,265,000	8,589	-	1,256,411	0.43%	45.82
2003	27,420	325,165,764	3,790,000	53,974	-	3,736,026	1.15%	136.25

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

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

N/A = Not Available

Table 11

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

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures (3)	Ratio of Debt Service to General Governmental Expenditures
1994	\$ 25,000	\$ 62,345	\$ 87,345	\$ 4,875,879	1.8%
1995	45,000	117,190	162,190	3,481,071	4.7%
1996	50,000	113,948	163,948	9,074,062	1.8%
1997	55,000	110,055	165,055	10,684,713	1.5%
1998	60,000	106,160	166,160	10,915,474	1.5%
1999	55,000	101,615	156,615	14,127,426	1.1%
2000	65,000	97,720	162,720	16,776,690	1.0%
2001	70,000	96,365	166,365	13,831,991	1.2%
2002	70,000	89,849	159,849	15,638,816	1.0%
2003	65,000	82,463	147,463	17,636,242	0.8%

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

(2) Includes special assessment bonds with a governmental commitment.

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

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

Table 12

CITY OF TROTWOOD, OHIO
 Computation of Direct and Overlapping Net General Obligation Debt
 December 31, 2003

Jurisdiction	Assessed Value (1)	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Trotwood (2)	Amount Applicable to Trotwood
City of Trotwood	\$ 325,165,764	\$ 3,790,000	100.00%	<u>\$ 3,790,000</u>
<u>Overlapping:</u>				
Trotwood-Madison City School District	267,227,304	36,269,625 (3)	94.04%	34,108,616
Montgomery County	10,076,911,930	35,982,639 (1)	3.23%	<u>1,161,102</u>
Sub-total - Overlapping Debt				<u>35,269,718</u>
Total Direct and Overlapping Debt				<u>\$ 39,059,718</u>

Notes: (1) Source: Montgomery County, Ohio; Auditor's Office.
 (2) Percentage of gross indebtedness of the City's overlapping political subdivisions determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.
 (3) Source: Ohio Municipal Advisory Council.

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

Fiscal Year	Population (2)	Public School Enrollment (3)	Unemployment Rate Montgomery County (4)
1994	8,779	4,138	5.4%
1995	8,779	4,255	4.8%
1996	29,358	4,453	4.0%
1997	29,358	4,282	4.4%
1998	29,358	4,157	4.0%
1999	29,358	4,217	4.0%
2000	27,420	3,811	3.9%
2001	27,420	3,854	4.3%
2002	27,420	3,676	5.6%
2003	27,420	3,422	6.3%

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

Table 14

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

Fiscal Year	Real Property Value (2)*		Total	Commercial/Industrial Construction (3)		Residential Construction (3)		Bank Deposits (4)*
	Commercial/Industrial	Residential		Number of Permits	Estimated Value	Number of Permits	Estimated Value	
1994	\$ 83,903	\$ 128,065	\$ 211,968	10	\$ 27,568,000	67	\$ 2,279,175	\$ 280,404
1995	84,617	128,524	213,141	9	712,722	50	1,613,706	289,857
1996	181,416	414,788	596,204	9	4,797,475	88	7,683,329	286,673
1997	192,713	485,923	678,636	14	1,582,647	65	2,724,376	283,474
1998	194,351	485,880	680,231	39	3,434,551	47	4,737,199	266,048
1999	201,610	486,917	688,527	24	902,965	35	4,864,228	263,170
2000	202,375	534,329	736,704	129	15,809,088	131	2,747,275	254,565
2001	196,217	537,681	733,898	19	1,361,059	162	6,168,382	250,995
2002	184,515	540,898	725,413	222	32,671,760	132	4,279,785	240,975
2003	204,884	626,496	831,380	145	6,256,175	254	4,300,249	227,621

* Amounts expressed in thousands

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

(2) Estimated actual value.

(3) Montgomery County; Building regulations Division

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

(5) Source: Federal Deposit Insurance Corporation.

N/A=Not Available

Table 15

CITY OF TROTWOOD, OHIO
Principal Employers by Municipal Income Tax Withheld
December 31, 2003

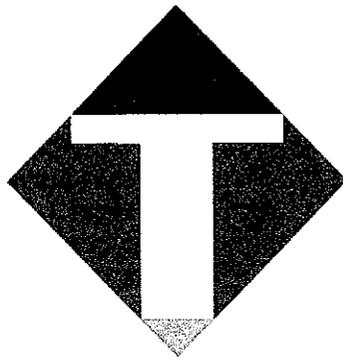
Employer	Nature of Business	Amount of Municipal Income Tax Withheld	Percent of Total Municipal Income Tax Revenue
Trotwood-Madison City School District	Public education	\$ 413,599	7.52%
Maria Joseph Center	Retirement community	229,056	4.16%
City of Trotwood	Local government	175,077	3.18%
Montgomery County	Transportation facility	129,008	2.35%
Federal Mogul Sintered Products	Manufacturing	105,569	1.92%
Wal Mart Associates, Inc.	Retail sales	99,314	1.81%
Evangelical Retirement Villages of Dayton	Retirement community	95,603	1.74%
Jewish Federation of Greater Dayton	Cultural/recreation center	81,537	1.48%
Lowes Home Centers, Inc	Retail sales	64,898	1.18%
Applied Mechanical Systems	HVAC contractor	57,537	1.05%
Total		<u>1,451,198</u>	<u>26.38%</u>
All other municipal income tax revenue		<u>4,049,867</u>	<u>73.62%</u>
Gross municipal income tax revenue		<u>\$ 5,501,065</u>	<u>100.00%</u>

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

CITY OF TROTWOOD, OHIO
Miscellaneous Statistics
December 31, 2003

Date of incorporation	September 16, 1901
Date present charter adopted	November 3, 1964
Form of government	Council/Manager
Number of permanent full-time employees	131
Area in square miles	28
City of Trotwood facilities and services:	
Miles of streets (lane-miles)	362
Miles of storm sewers	39
Street lights	1,285
Police Protection:	
Number of stations	1
Number of full-time officers	54
Calls for service	36,108
Fire Protection and EMS:	
Number of stations	3
Number of full-time firefighters	26
Calls for service-	
Fire	860
EMS	3,966
Average response time (minutes)-	
Fire	4.5
EMS	4.5
Parks and Recreation:	
Community centers	1
Parks	7
Park acreage	152
Swimming Pools	1
Water System:	
Miles of water mains	37.5
Number of fire hydrants	1,096
Number of accounts	2,800
Sewerage System:	
Miles of sanitary sewers	31
Number of accounts	2,800
Facilities and services not included in the reporting entity:	
Public Education:	
Number of elementary schools	5
Number of secondary schools	2
Recreation and Culture:	
Libraries	1
Sports arena/conference centers	1
State and county park acreage	2,545

CITY OF TROTWOOD, OHIO



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2003**

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CITY OF TROTWOOD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2003

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

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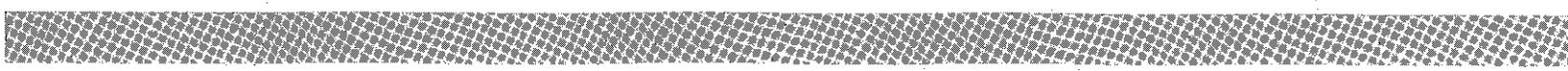
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INTRODUCTORY SECTION



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August 10, 2004

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

We are pleased to present the comprehensive annual financial report of the City of Trotwood, Ohio, for the fiscal year ended December 31, 2003. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The City of Trotwood is a major suburb within a diversified regional economy characterized by relatively low unemployment, an expanding housing market, continued job growth and stable major employers. Nearby Wright Patterson Air Force Base employs approximately 22,000 making it the largest single-site employer in the State of Ohio. Delphi Automotive Systems employs more than 10,000 in its several area facilities. Companies such as Airborne Express, Standard Register, General Motors Truck Group, NCR Corporation and LEXIS-NEXIS are included among the list of other top regional employers. Good Samaritan Hospital and the Dayton Veterans Administration Center are major employers within Dayton close to Trotwood. Although none of these facilities are physically located in Trotwood, the City benefits by having these employment opportunities for the numerous Trotwood residents who work for these enterprises. Trotwood is home to the corporate headquarters of Moto Franchise Corporation, a national photo finishing chain.

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

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

MAJOR INITIATIVES

Despite experiencing the fiscal difficulties faced by most communities across the country, 2003 was a year of high achievement for the City of Trotwood. The bar was raised in 2002 by the City Council when it engaged in the City's first ever comprehensive strategic planning process. In

August, the City Council again engaged in this process and identified 20 action items to be completed. To accomplish this aggressive agenda, the City Manager created multi-departmental performance teams for each item. To date, a majority of these items have been accomplished with the others near completion.

In 2003, the City made major strides to revitalize the Salem Avenue Corridor, highlighted with the announcement of the City's intent to create a new Town Centre at the site currently known as the Salem Mall. The City has assembled a team composed of a professional developer, an architectural firm, a professional fundraiser and City staff to accomplish this task. The City has also been a major player in partnering with the private sector to improve and stimulate new investment along the Salem Avenue Corridor. These partnerships include the redevelopment of the Mel Farr property, the donation to the City of the Kon-Tiki Theatre, the construction of a new White Castle Restaurant and Family Dollar Store, and the redevelopment of the former K-Mart property. The City and SAVISCO (Salem Avenue Vision Coalition) also coordinated a Charrette Design Planning Workshop to identify solutions for the beautification and enhancement of the Salem Avenue Corridor. Over 75 businesses, community leaders and dignitaries attended the workshop.

In 2003, the City also boldly moved forward on addressing the need to replace inadequate public facilities. In March, the City completed the construction of new public works facility, the first new public facility for the City in over two decades. In November, the voters approved the replacement of four fire levies paving the way for the construction of two new fire stations and the acquisition of badly needed equipment.

In March, the City's Police Department received national accreditation from the Commission on Accreditation for Law Enforcement Agencies, Inc. The City also received the Distinguished Budget Presentation Award from the Government Finance Officers Association. This is the sixth consecutive year the City has received this award.

In the area of Parks and Recreation, the City engaged in a number of partnerships to elevate services while controlling costs. The most significant of these was the partnership with the Jewish Community Center and the Greater Dayton YMCA to operate the outdoor pool at the Jewish Community Center. The City also partnered with the Jewish Community Center and Montgomery County Parks and Recreation to enhance its Summer Day Camp Programs. Also in 2003, the city completed improvements to North Broadway Park and began improvements to John Wolfe Park.

The City was also very successful in 2003 in acquiring grant funding. The Public Works Department received three Issue II Grants totaling \$1,415,000 for 1) improvement to West Third Street from Olive Road to Bricker Road, 2) the elimination of the Olive Road Pumping Station by installation of a gravity sewer line, 3) the rehabilitation of a collapsed storm sewer at Denlinger and Shiloh Springs. The Fire Department received a Federal Fire Act Grant in the amount of \$147,000 for the establishment of a Health and Wellness program and a State grant in the amount of \$34,000 to purchase a pen-based EMS Reporting System. The Planning and Development Department was successful in acquiring a \$295,000 ED/GE Grant for the retention of Moto Franchise Inc. headquarters and another \$400,000 ED/GE Grant for the demolition of the J.C. Penny's building. This department was also successful in obtaining \$300,00 in CDBG funds for the Kon-Tiki demolition, the West Third Street Project (Phase II) and the demolition of abandoned homes in Crown Point.

In 2003, the City made major strides to strengthen its financial position. One of the ways this was accomplished was by bringing income tax collections in-house resulting in an increase in collections of \$700,000 over 2002 figures. The City also developed a five-year financial model to improve its long-range financial planning capacity. Steps were also taken to better control future labor costs by negotiating with the Police Patrol Union a two-tiered benefit plan for new

hires and health care cost containment features. These cost control measures have been passed on to non-union personnel and also subject of 2004 negotiating with the Fire and Public Works unions. The City also took advantage of low interest rates by consolidating a significant portion of its debt into one bond issue.

Perhaps the most significant financial accomplishment occurred in December of 2003, when the City Council adopted for 2004 the City's first General Fund balanced budget since the merger of Trotwood with Madison Township. This balanced budget was accomplished without the layoff of any City personnel despite the budget being \$800,000 less than the current year's figures.

INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

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

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

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

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

DEBT ADMINISTRATION

At year-end, the City had five debt obligations outstanding. These issues included \$3,790,000 for a general obligation bond and \$2,135,000 for four one-year bond anticipation notes for a total of \$5,925,000 subject to bonded debt limitations.

In addition the City entered into a 10-year loan agreement in 2001 with the Ohio Public Works Commission to finance a sewer lift station renovation project that has a \$43,828 principal balance as of December 31, 2003.

The liability of compensated absences experienced a net increase of \$20,666 at December 31, 2003.

CASH MANAGEMENT

Temporarily idle cash during the year was invested in overnight repurchase agreements and the State Treasurer's investment pool (STAR Ohio). Total interest earned by the City in 2003 amounted to \$48,210.

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

RISK MANAGEMENT

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

OTHER INFORMATION

Independent Audit. The State of Ohio requires an annual audit by either the Auditor of State or by an independent accounting firm. The general purpose financial statements of the City of Trotwood, Ohio for the fiscal year ended December 31, 2003, have been audited by Plattenburg and Associates, Inc. Their unqualified opinion has been included in this report.

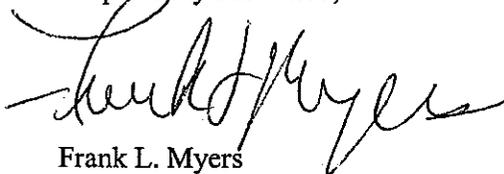
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Trotwood for its comprehensive annual financial report for the fiscal year ended December 31, 2002. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

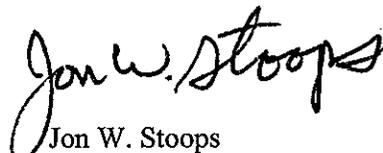
In addition, the City received the GFOA Award for Distinguished Budget Presentation for its annual operating budget for the fiscal year beginning January 1, 2003. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

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

Respectfully submitted,



Frank L. Myers
City Manager



Jon W. Stoops
Finance Director

CITY OF TROTWOOD, OHIO
List of Elected and Appointed Officials
December 31, 2003

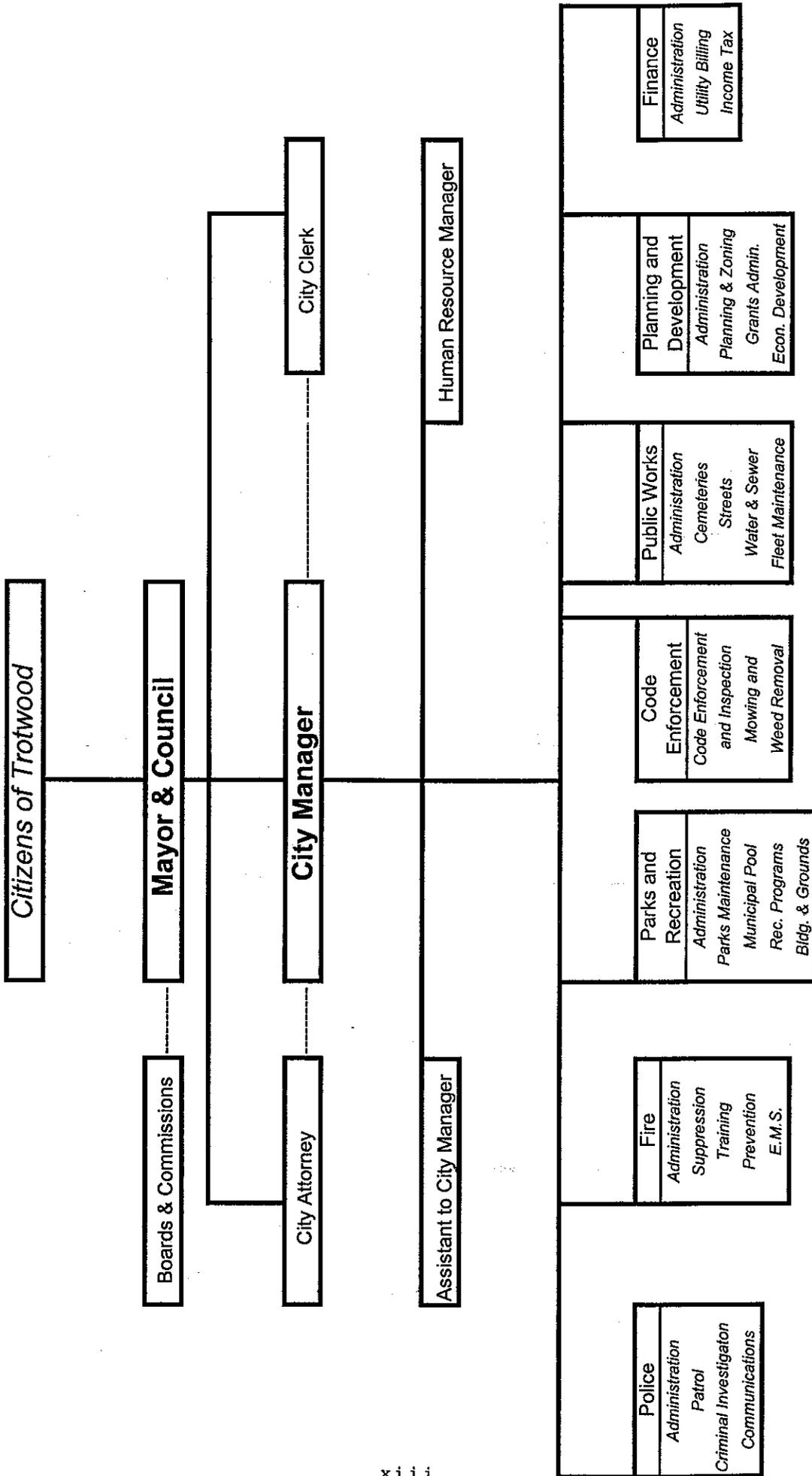
ELECTED OFFICIALS

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

APPOINTED OFFICIALS

Frank L. Myers	City Manager
Lois M. Singleton	Clerk of Council
Jon W. Stoops	Finance Director
Paul F. Hutsonpillar	Fire Chief
Vacant	Human Resource Manager
Philip B. Herron	Law Director
Terry M. Lodge	Parks & Recreation Director
Michael J. Lucking	Planning & Development Director
Michael E. Etter	Police Chief
Thomas N. Odenigbo	Public Works Director

CITY OF TROTWOOD, OHIO
 Organization Chart
 December 31, 2003



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Trotwood,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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



President

Executive Director



FINANCIAL SECTION



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August 10, 2004

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood, Ohio, (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 17, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of December 31, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information

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

Combining Financial Statements and Individual Fund Schedules

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

Introductory and Statistical Sections

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



Plattenburg & Associates, Inc.
Certified Public Accountants

City of Trotwood

Management's Discussion and Analysis For The Year Ended December 31, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Trotwood's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2003.

FINANCIAL HIGHLIGHTS

- The City's total net assets decreased \$0.23 million. Net assets of governmental activities decreased \$0.22 million, net assets of business-type activities decreased by \$0.01 million.
- The General Fund reported an increase in fund balance of \$0.15 million.
- Business-type operations reflected an operating loss of \$1,650.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2003 compared to 2002.

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Assets						
Current And Other Assets	\$12.39	\$11.75	\$1.58	\$1.29	\$13.97	\$13.04
Capital Assets, Net	<u>7.42</u>	<u>7.16</u>	<u>1.00</u>	<u>1.07</u>	<u>8.42</u>	<u>8.23</u>
Total Assets	<u>19.81</u>	<u>18.91</u>	<u>2.58</u>	<u>2.36</u>	<u>22.39</u>	<u>21.27</u>
Liabilities						
Current and Other Liabilities	7.43	9.69	1.63	1.40	9.06	11.09
Long-Term Liabilities:						
Due within One Year	0.86	1.41	0.03	0.05	0.89	1.46
Due in More Than One Year	<u>4.31</u>	<u>0.38</u>	<u>0.09</u>	<u>0.07</u>	<u>4.40</u>	<u>0.45</u>
Total Liabilities	<u>12.60</u>	<u>11.48</u>	<u>1.75</u>	<u>1.52</u>	<u>14.35</u>	<u>13.00</u>
Net Assets						
Invested in Capital Assets Net of Debt	2.22	2.29	0.67	0.67	2.89	2.96
Restricted:						
Debt Services	0.07	0.07	0.00	0.00	0.07	0.07
Capital Projects	0.15	0.00	0.00	0.00	0.15	0.00
Special Revenue	1.86	1.62	0.00	0.00	1.86	1.62
Unrestricted	<u>2.91</u>	<u>3.45</u>	<u>0.16</u>	<u>0.17</u>	<u>3.07</u>	<u>3.62</u>
Total Net Assets	<u>\$7.21</u>	<u>\$7.43</u>	<u>\$0.83</u>	<u>\$0.84</u>	<u>\$8.04</u>	<u>\$8.27</u>

Total net assets of the City as a whole decreased \$0.23 million. Net assets of the City's governmental activities decreased \$0.22 million. The decrease in net assets was mainly due to the increase in debt, particularly the conversion of short-term notes to long-term bonded debt.

The net assets of the City's business-type activities decreased \$0.01 million from 2002. The decrease in net assets is a result of a water and sewer user charge structure that provides minimal coverage for increasing costs of operations.

Table 2 shows the changes in net assets for the year ended December 31, 2003. Since this is the first year the City has prepared financial statements following GASB Statement 34, revenue and expenditure comparisons to the prior year are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets
(In Millions)

	Governmental	Business-Type	Total
	Activities	Activities	Total
	<u>2003</u>	<u>2003</u>	<u>2003</u>
Revenues			
Program Revenues:			
Charges for Services	\$1.12	\$2.99	\$4.11
Operating Grants, Contributions	2.16	0.00	2.16
Capital Grants and Contributions	<u>0.11</u>	<u>0.00</u>	<u>0.11</u>
Total Program Revenues	<u>3.39</u>	<u>2.99</u>	<u>6.38</u>
General Revenues:			
Property Taxes	3.81	0.00	3.81
Income Taxes	5.55	0.00	5.55
Grants and Entitlements	2.49	0.00	2.49
Payment in Lieu of Taxes	0.16	0.00	0.16
Unrestricted Contributions	0.01	0.00	0.01
Investment Earnings	0.05	0.00	0.05
Refunds and Reimbursements	0.04	0.00	0.04
Other Revenues	<u>0.27</u>	<u>0.00</u>	<u>0.27</u>
Total General Revenues	<u>12.38</u>	<u>0.00</u>	<u>12.38</u>
Total Revenues	<u>\$15.77</u>	<u>\$2.99</u>	<u>\$18.76</u>
Program Expenses:			
General Government	\$3.27	\$0.00	\$3.27
Public Safety	9.10	0.00	9.10
Leisure Time Activities	0.44	0.00	0.44
Community Development	1.38	0.00	1.38
Transportation and Street Repair	1.56	0.00	1.56
Interest and Fiscal Charges	0.24	0.00	0.24
Water Utility	0.00	1.08	1.08
Sewer Utility	0.00	0.86	0.86
Refuse Collection	<u>0.00</u>	<u>1.06</u>	<u>1.06</u>
Total Expenses	<u>15.99</u>	<u>3.00</u>	<u>18.99</u>
Increase (Decrease) in Net Assets	<u>(\$0.22)</u>	<u>(\$0.01)</u>	<u>(\$0.23)</u>

Governmental Activities

The City of Trotwood experienced a resurgence of municipal income tax revenues in 2003. These revenues represent 45% of the City's governmental activities total general revenue and saw an approximate increase of 13.3% in 2003 compared to 2002. The change was partially due to the City severed its contract for income tax collections in December 2002 and became wholly responsible for collection activity by our own staff. Our staff identified substantial amounts from prior year collections owed to us by the City of Dayton and commenced a more aggressive approach in dealing with delinquent accounts.

Governmental activities program expenses for 2003 were as follows:

General Government	20.44%
Public Safety	56.89%
Leisure Time Activities	2.77%
Community Development	8.63%
Transportation and Street Repair	9.79%
Interest and Fiscal Charges	<u>1.48%</u>
Total	<u>100.00%</u>

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

Business-Type Activities

Business-type activities include water, sewer, and refuse collection. These programs had revenues of \$2.99 million and expenses of \$3.00 million for fiscal year 2003. Business activities receive no support from tax revenues. The business activities net assets at the end of the year was \$0.84 million, which decreased \$0.01 million from 2002.

The City of Trotwood's water and sewer maintenance division services approximately 2800 accounts within the territory which was part of the City prior to the 1996 merger with Madison Township. The City operates approximately 37.5 miles of water lines and 31 miles of sanitary sewer lines within the territory, to distribute water supplied by the City of Dayton and collect sewerage returned to Dayton for treatment at their facilities. The water fund had an operating loss of \$0.10 million for 2003. The sewer fund had operating income of \$0.03 million in 2003.

THE CITY'S FUNDS

Information about the City's major governmental funds is presented in the Fund Financial Statements (see table of contents). These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$15.03 million and expenditures of \$17.64 million. Within the General fund revenues exceeded expenditures, before other financing sources (uses) by \$0.61 million; within the Street Construction, Maintenance and Repair Fund expenditures exceeded revenues, before other financing sources (uses) by \$833; and within the Fire Levy Fund expenditures exceeded revenues, before other financing sources (uses) by \$0.70 million.

General Fund Budgeting Highlights

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

As the City completed the year, its General Fund balance reported an actual fund balance of \$1,624,213, on a Non-GAAP Budgetary Basis.

Variations from the final budget amounts to the actual amounts are primarily due to the following reasons: The City overestimated the public safety and leisure time activities expenditures for 2003.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 3
Capital Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$2.70	\$2.70	\$0.00	\$0.00	\$2.70	\$2.70
Buildings and Improvements	3.96	2.83	0.00	0.00	3.96	2.83
Vehicles and Equipment	7.15	6.79	0.29	0.29	7.44	7.08
Infrastructure	0.00	0.00	8.44	8.35	8.44	8.35
Construction in Progress	0.00	0.57	0.00	0.00	0.00	0.57
Accumulated Depreciation	<u>(6.39)</u>	<u>(5.73)</u>	<u>(7.73)</u>	<u>(7.57)</u>	<u>(14.12)</u>	<u>(13.30)</u>
Totals	<u>\$7.42</u>	<u>\$7.16</u>	<u>\$1.00</u>	<u>\$1.07</u>	<u>\$8.42</u>	<u>\$8.23</u>

The increase in net capital assets was the result of the completion of the new Public Works Facility.

Debt

At year-end the City had \$3,833,828 in general obligation bonds, special assessment bonds and Ohio Public Works loans.

Table 4
Outstanding Debt at Year End

<u>Governmental Activities:</u>	<u>2003</u>	<u>2002</u>
<u>General Obligation Bonds</u>		
6.70% 1992 Governmental Center Renovations	\$0	\$610,000
5.11% 2003 Various Purpose Bonds and Advance Refunding	<u>3,790,000</u>	<u>0</u>
Total General Obligation Bonds	<u>3,790,000</u>	<u>610,000</u>
<u>Special Assessment Bonds</u>		
6.35% 1994 Oakview Estates Street Improvements	<u>0</u>	<u>655,000</u>
Total Special Assessment Bonds	<u>0</u>	<u>655,000</u>
<u>Business-Type Activities:</u>		
<u>Loans</u>		
3.00% 2001 OPWC Loan	<u>43,828</u>	<u>46,077</u>
Total Loans	<u>43,828</u>	<u>46,077</u>
Total Debt	<u>\$3,833,828</u>	<u>\$1,311,077</u>

The Various Purpose Improvement general obligation bonds will be paid with available revenue in the General Fund, Street Construction, Repair and Maintenance Fund, Water Fund, Sewer Fund (with the latter three based on a cost allocation for the Public Works Facility construction).

The City's legal debt margin within limitation was \$11,959,117 at year-end.

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

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City of Trotwood
Statement of Net Assets
December 31, 2003

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$4,204,156	\$333,641	\$4,537,797
Receivables:			
Taxes	5,958,552	0	5,958,552
Accounts	40,662	696,432	737,094
Special Assessments	742,172	553,396	1,295,568
Intergovernmental	1,261,955	0	1,261,955
Inventory	29,378	0	29,378
Prepaid Items	149,607	0	149,607
Nondepreciable Capital Assets	2,694,941	0	2,694,941
Depreciable Capital Assets, Net	4,724,241	999,908	5,724,149
Total Assets	19,805,664	2,583,377	22,389,041
Liabilities:			
Accounts Payable	233,408	804,996	1,038,404
Accrued Wages and Benefits	695,395	21,661	717,056
Accrued Interest Payable	29,352	0	29,352
Deferred Revenue	4,591,523	553,396	5,144,919
General Obligation Notes Payable	1,885,000	250,000	2,135,000
Long-Term Liabilities:			
Due Within One Year	860,197	35,333	895,530
Due In More Than One Year	4,305,942	82,454	4,388,396
Total Liabilities	12,600,817	1,747,840	14,348,657
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,223,206	670,979	2,894,185
Restricted for:			
Debt Service	67,883	0	67,883
Capital Projects	147,478	0	147,478
Special Revenue	1,854,918	0	1,854,918
Unrestricted	2,911,362	164,558	3,075,920
Total Net Assets	\$7,204,847	\$835,537	\$8,040,384

See accompanying notes.

City of Trotwood
Statement of Activities
For the Fiscal Year Ended December 31, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$3,269,998	\$332,856	\$0	\$0
Public Safety	9,100,949	615,507	380,036	0
Leisure Time Activities	443,832	13,372	1,512	0
Community Development	1,379,794	133,884	635,697	0
Transportation & Street Repair	1,565,807	21,832	1,142,053	106,428
Interest and Fiscal Charges	236,000	0	0	0
Total Governmental Activities	15,996,380	1,117,451	2,159,298	106,428
Business-Type Activities:				
Water Utility	1,077,621	972,345	0	0
Sewer Utility	858,921	891,692	0	0
Refuse Collection	1,057,825	1,125,001	0	0
Total Business-Type Activities	2,994,367	2,989,038	0	0
Totals	\$18,990,747	\$4,106,489	\$2,159,298	\$106,428

General Revenues:
Income Taxes
Property Taxes Levied for:
 General Purposes
 Special Revenue Purposes
 Debt Service
Grants and Entitlements not Restricted to Specific Programs
Payment in Lieu of Taxes
Unrestricted Contributions
Investment Earnings
Refunds & Reimbursements
Other Revenues

Total General Revenues & Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$2,937,142)	\$0	(\$2,937,142)
(8,105,406)	0	(8,105,406)
(428,948)	0	(428,948)
(610,213)	0	(610,213)
(295,494)	0	(295,494)
(236,000)	0	(236,000)
<u>(12,613,203)</u>	<u>0</u>	<u>(12,613,203)</u>
0	(105,276)	(105,276)
0	32,771	32,771
0	67,176	67,176
<u>0</u>	<u>(5,329)</u>	<u>(5,329)</u>
<u>(\$12,613,203)</u>	<u>(\$5,329)</u>	<u>(\$12,618,532)</u>
5,554,897	0	5,554,897
3,772,145	0	3,772,145
34,903	0	34,903
7,290	0	7,290
2,490,076	0	2,490,076
164,298	0	164,298
5,355	0	5,355
47,089	1,121	48,210
41,490	0	41,490
270,908	0	270,908
<u>12,388,451</u>	<u>1,121</u>	<u>12,389,572</u>
(224,752)	(4,208)	(228,960)
<u>7,429,599</u>	<u>839,745</u>	<u>8,269,344</u>
<u>\$7,204,847</u>	<u>\$835,537</u>	<u>\$8,040,384</u>

City of Trotwood
Balance Sheet
Governmental Funds
December 31, 2003

	General	Street Construction, Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$1,654,499	\$585,471	\$21,179	\$1,854,652	\$4,115,801
Receivables:					
Taxes	2,642,902	432,804	2,074,320	808,526	5,958,552
Accounts	0	0	0	40,662	40,662
Special Assessments	573,638	0	0	168,534	742,172
Intergovernmental	667,959	425,661	0	168,335	1,261,955
Interfund	82,799	0	0	0	82,799
Inventory	0	29,378	0	0	29,378
Prepaid Items	82,284	44,882	22,441	0	149,607
Total Assets	5,704,081	1,518,196	2,117,940	3,040,709	12,380,926
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	100,453	43,954	21,838	67,163	233,408
Accrued Wages and Benefits	452,900	29,593	106,276	106,626	695,395
Compensated Absences	40,587	2,047	2,175	2,175	46,984
Interfund Payable	0	0	0	82,799	82,799
Deferred Revenue	3,467,862	812,301	2,074,320	997,839	7,352,322
General Obligation Notes Payable	0	0	0	1,885,000	1,885,000
Total Liabilities	4,061,802	887,895	2,204,609	3,141,602	10,295,908
Fund Balances:					
Reserved for Encumbrances	62,205	60,495	11,729	218,571	353,000
Reserved for Inventory	0	29,378	0	0	29,378
Reserved for Prepays	82,284	44,882	22,441	0	149,607
Unreserved, Undesignated, Reported in:					
General Fund	1,497,790	0	0	0	1,497,790
Special Revenue Funds	0	495,546	(120,839)	560,356	935,063
Debt Service Funds	0	0	0	53,108	53,108
Capital Projects Funds	0	0	0	(932,928)	(932,928)
Total Fund Balances	1,642,279	630,301	(86,669)	(100,893)	2,085,018
Total Liabilities and Fund Balances	\$5,704,081	\$1,518,196	\$2,117,940	\$3,040,709	\$12,380,926

See accompanying notes.

City of Trotwood
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 December 31, 2003

Total Governmental Fund Balance \$2,085,018

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. 7,419,182

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

Delinquent Property Taxes	1,151,854	
Intergovernmental	866,773	
Other	<u>742,172</u>	
		2,760,799

An internal service fund is used by management to charge
 back costs to individual funds. The assets and
 liabilities of the internal service fund are included in
 governmental activities in the statement of net assets. 88,355

In the statement of net assets interest payable is accrued when
 incurred, whereas in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources. (29,352)

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

Compensated Absences	<u>(804,551)</u>	
		(804,551)

Long-term liabilities, are not due and payable in the current
 period and therefore are not reported in the funds. (4,314,604)

Net Assets of Governmental Activities \$7,204,847

See accompanying notes.

City of Trotwood
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2003

	General	Street Construction, Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$7,098,783	\$342,639	\$1,031,626	\$808,336	\$9,281,384
Fines, Licenses & Permits	310,049	0	0	97,788	407,837
Charges for Services	177,451	0	167	797,110	974,728
Investment Earnings	18,445	5,176	511	22,958	47,090
Intergovernmental	1,460,863	849,535	161,969	1,311,536	3,783,903
Special Assessments	63,042	0	0	18,874	81,916
Other Revenues	265,494	7,222	3,496	179,350	455,562
Total Revenues	9,394,127	1,204,572	1,197,769	3,235,952	15,032,420
Expenditures:					
Current:					
General Government	2,405,893	0	0	0	2,405,893
Public Safety	4,843,740	0	1,817,756	1,729,741	8,391,237
Leisure Time Activities	385,638	0	0	1,166	386,804
Community Development	656,721	0	0	697,530	1,354,251
Transportation & Street Repair	293,008	888,749	0	68,654	1,250,411
Capital Outlay	177,976	256,234	54,921	1,733,382	2,222,513
Debt Service:					
Principal Retirement	21,333	60,422	26,512	1,310,218	1,418,485
Interest and Fiscal Charges	0	0	0	206,648	206,648
Total Expenditures	8,784,309	1,205,405	1,899,189	5,747,339	17,636,242
Excess of Revenues Over (Under) Expenditures	609,818	(833)	(701,420)	(2,511,387)	(2,603,822)
Other Financing Sources (Uses):					
Proceeds of Capital Leases	155,763	0	0	0	155,763
Proceeds from Sale of Capital Assets	2,953	0	0	0	2,953
Proceeds of Long-Term Capital-Related Debt	0	0	0	3,790,000	3,790,000
Proceeds of refunding bonds	0	0	0	1,231,186	1,231,186
Payments to refunded bond escrow agent	0	0	0	(1,231,186)	(1,231,186)
Transfers In	0	50,600	568,000	0	618,600
Transfers (Out)	(618,600)	0	0	0	(618,600)
Total Other Financing Sources (Uses)	(459,884)	50,600	568,000	3,790,000	3,948,716
Net Change in Fund Balance	149,934	49,767	(133,420)	1,278,613	1,344,894
Fund Balance Beginning of Year	1,501,035	619,932	49,121	(1,379,506)	790,582
Change in Reserve for Inventory and Prepaid	(8,690)	(39,398)	(2,370)	0	(50,458)
Fund Balance End of Year	\$1,642,279	\$630,301	(\$86,669)	(\$100,893)	\$2,085,018

See accompanying notes.

City of Trotwood
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended December 31, 2003

Net Change in Fund Balance - Total Governmental Funds \$1,344,894

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

Governmental funds report capital asset additions as expenditures.
 However, in the statement of activities, the cost of those assets is
 allocated over their estimated useful lives as depreciation
 expense. This is the amount of the difference between capital
 asset additions and depreciation in the current period. 266,864

Governmental funds only report the disposal of assets to the
 extent proceeds are received from the sale. In the statement
 of activities, a gain or loss is reported for each disposal. The
 amount of the proceeds must be removed and the gain or loss
 on the disposal of capital assets must be recognized. This is the
 amount of the difference between the proceeds and the gain or loss. (6,199)

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

Delinquent Property Taxes	87,851	
Intergovernmental	866,773	
Other	<u>(212,170)</u>	
		742,454

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 1,418,485

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. (29,352)

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

Compensated Absences	35,576	
Change in Inventory	<u>(50,458)</u>	
		(14,882)

The internal service fund used by management to charge back costs
 to individual funds is not reported in the district-wide statement of
 activities. Governmental fund expenditures and the related internal
 service fund revenues are eliminated. The net revenue (expense) of
 the internal service fund is allocated among the governmental activities. (1,253)

Proceeds from debt issues are an other financing source in the funds,
 but a debt issue increases long-term liabilities in the statement
 of net assets. (3,945,763)

Change in Net Assets of Governmental Activities	<u><u>(\$224,752)</u></u>
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See accompanying notes.

City of Trotwood
Statement of Net Assets
Proprietary Funds
December 31, 2003

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Refuse	Total Business-Type Activities	
Assets:					
Equity in Pooled Cash and Investments	\$119,268	\$119,578	\$94,795	\$333,641	\$88,355
Receivables:					
Accounts	284,386	253,487	158,559	696,432	0
Special Assessments	67,819	67,819	417,758	553,396	0
Total Current Assets	471,473	440,884	671,112	1,583,469	88,355
Depreciable Capital Assets, Net	687,523	312,385	0	999,908	0
Total Assets	1,158,996	753,269	671,112	2,583,377	88,355
Liabilities:					
Current Liabilities:					
Accounts Payable	351,707	289,428	163,861	804,996	0
Accrued Wages and Benefits	10,872	10,789	0	21,661	0
Compensated Absences	8,818	8,818	0	17,636	0
Deferred Revenue	67,819	67,819	417,758	553,396	0
General Obligation Notes Payable	250,000	0	0	250,000	0
Long-Term Liabilities Due Within One Year	10,098	7,599	0	17,697	0
Total Current Liabilities	699,314	384,453	581,619	1,665,386	0
Long-Term Liabilities:					
Compensated Absences	10,611	10,611	0	21,222	0
Bonds, Notes & Loans Payable	22,003	39,229	0	61,232	0
Total Liabilities	731,928	434,293	581,619	1,747,840	0
Net Assets:					
Invested in Capital Assets, Net of Related Debt	655,422	265,557	0	920,979	0
Unrestricted	(228,354)	53,419	89,493	(85,442)	88,355
Total Net Assets	\$427,068	\$318,976	\$89,493	\$835,537	\$88,355

See accompanying notes.

City of Trotwood
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2003

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Refuse	Total Business-Type Activities	
Operating Revenues:					
Charges for Services	\$937,369	\$854,522	\$906,967	\$2,698,858	\$23,500
Special Assessments	34,976	37,170	218,034	290,180	0
Total Operating Revenues	972,345	891,692	1,125,001	2,989,038	23,500
Operating Expenses:					
Personal Services	163,935	162,615	0	326,550	0
Contractual Services	777,874	642,446	1,049,706	2,470,026	25,659
Materials and Supplies	16,688	0	7,828	24,516	0
Depreciation	114,081	51,081	0	165,162	0
Other Expenses	2,055	2,088	291	4,434	0
Total Operating Expenses	1,074,633	858,230	1,057,825	2,990,688	25,659
Operating Income (Loss)	(102,288)	33,462	67,176	(1,650)	(2,159)
Non-Operating Revenues (Expenses):					
Investment Earnings	319	333	469	1,121	906
Interest (Expense)	(2,988)	(691)	0	(3,679)	0
Total Non-Operating Revenues (Expenses)	(2,669)	(358)	469	(2,558)	906
Change in Net Assets	(104,957)	33,104	67,645	(4,208)	(1,253)
Net Assets Beginning of Year	532,025	285,872	21,848	839,745	89,608
Net Assets End of Year	\$427,068	\$318,976	\$89,493	\$835,537	\$88,355

See accompanying notes.

City of Trotwood
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2003

	Business-Type Activities -Enterprise Funds			Total Business-Type Activities	Governmental Activities- Internal Service Fund
	Water	Sewer	Refuse		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$943,139	\$900,097	\$1,059,881	\$2,903,117	\$23,500
Cash Payments to Employees	(159,349)	(158,073)	0	(317,422)	0
Cash Payments to Suppliers	(749,236)	(654,359)	(975,447)	(2,379,042)	(25,659)
Net Cash Provided (Used) by Operating Activities	34,554	87,665	84,434	206,653	(2,159)
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	(18,577)	(74,307)	0	(92,884)	0
Debt Proceeds	250,000	0	0	250,000	0
Debt Principal Payments	(275,000)	(2,249)	0	(277,249)	0
Debt Interest Payments	(7,113)	(691)	0	(7,804)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(50,690)	(77,247)	0	(127,937)	0
Cash Flows from Investing Activities:					
Earnings on Investments	319	333	469	1,121	906
Net Cash Provided (Used) by Investing Activities	319	333	469	1,121	906
Net Increase (Decrease) in Cash and Cash Equivalents	(15,817)	10,751	84,903	79,837	(1,253)
Cash and Cash Equivalents Beginning of Year	135,085	108,827	9,892	253,804	89,608
Cash and Cash Equivalents End of Year	119,268	119,578	94,795	333,641	88,355
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	(102,288)	33,462	67,176	(1,650)	(2,159)
Adjustments:					
Depreciation	114,081	51,081	0	165,162	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	(29,206)	8,405	(65,120)	(85,921)	0
Increase (Decrease) in Payables	56,877	25,973	82,378	165,228	0
Increase (Decrease) in Accrued Liabilities	(4,910)	(31,256)	0	(36,166)	0
Net Cash Provided (Used) by Operating Activities	\$34,554	\$87,665	\$84,434	\$206,653	(\$2,159)

See accompanying notes.

City of Trotwood

Notes to the Basic Financial Statements
For The Year Ended December 31, 2003

1. DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

Reporting Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

Fund Financial Statements

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

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

Sewer Fund - To account for the provision of sewerage services including maintenance of City-owned sewer lines. The sewerage collection system does not serve the entire City; Montgomery County provides water service to that portion of the City formerly known as Madison Township.

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

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on the accumulation of resources to cover the uninsured cost of collision repairs to City vehicles.

Fiduciary Funds

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Cash and Cash Equivalents

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

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

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest-bearing depository accounts are presented on the statement of net assets/balance sheet as "Cash and Cash Equivalents in Segregated Accounts".

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

Following Ohio Revised Code, the City has specified the funds to receive an allocation of interest earnings. Interest revenue during 2003 amounted to \$48,210.

Inventory and Prepaid Items

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

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

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

Capital Assets

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

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

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

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

Interfund Balances

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

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving 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, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

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

Estimates

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

3. DEPOSITS AND INVESTMENTS

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

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty day;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository with which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amount equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Deposits collateralized by investment pools are classified as Category 3 deposits per GASB Statement No. 3.

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

Deposits:

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

Investments:

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

A. Deposits

At year end, the carrying amount of the City's deposits was (\$38,518) and the bank balance was \$344,362. Federal Depository Insurance covered \$184,899 of the deposits and bank balance. All remaining deposits were classified as Category 3.

B. Investments

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

<u>Categorized Investments</u>	<u>Category 3</u>	<u>Carrying Value/ Fair Value</u>
Repurchase Agreement	\$2,600,711	\$2,600,711
StarOhio(1)	0	<u>1,975,604</u>
		<u>\$4,576,315</u>

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

4. RECEIVABLES

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

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

Special assessments expected to be collected amounts to approximately \$1,295,568.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2003 for real and public utility property taxes represents collections of the 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) is for 2003 taxes.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. The 2003 public utility property taxes became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

The 2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value.

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

Real Property	\$290,982,840
Tangible Personal Property	<u>34,182,924</u>
Total Valuation	<u>\$325,165,764</u>

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

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

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

Income Taxes

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

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

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2003, the City joined in the Public Entities Pool of Ohio (PEP), established as a risk sharing self insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance program for its members. PEP is a corporation governed by a seven member board of directors, consisting of representatives elected by the 230 participating governments.

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

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Legal Liability for Third Party Claims	\$2,000,000	\$10,000
Automobile Liability	2,000,000	2,500
Law Enforcement Operations	2,000,000	25,000
Wrongful Acts (Public Officials)	2,000,000	10,000
Real and Personal Property	10,299,121	5,000
Miscellaneous Property	250,000	Per Schedule
Data Processing	100,000	5,000

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

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

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

Settled claims have not exceeded this coverage in any of the past three years.

In the early 1980's, the City established a self-insurance fund to finance deductible costs incurred by the City. Over the years, the Fleet Insurance Fund has been funded by transfers from the General Fund. In 2003, \$25,659 was paid from the fund for repairs to fleet vehicles damaged in accidents that were not covered by insurance.

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$2,694,941	\$ 0	\$ 0	\$2,694,941
Construction in Progress	<u>570,706</u>	<u>0</u>	<u>(570,706)</u>	<u>0</u>
Total Capital Assets, not being depreciated	<u>3,265,647</u>	<u>0</u>	<u>(570,706)</u>	<u>2,694,941</u>
Capital Assets, being depreciated:				
Buildings and Improvements	2,832,818	1,131,424	0	3,964,242
Vehicles and Equipment	<u>6,794,518</u>	<u>390,550</u>	<u>(39,599)</u>	<u>7,145,469</u>
Total Capital Assets, being depreciated	<u>9,627,336</u>	<u>1,521,974</u>	<u>(39,599)</u>	<u>11,109,711</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,434,260)	(106,238)	0	(1,540,498)
Vehicles and Equipment	<u>(4,300,206)</u>	<u>(578,166)</u>	<u>33,400</u>	<u>(4,844,972)</u>
Total Accumulated Depreciation	<u>(5,734,466)</u>	<u>(684,404)</u>	<u>33,400</u>	<u>(6,385,470)</u>
Total Capital Assets, being depreciated, net	<u>3,892,870</u>	<u>837,570</u>	<u>(6,199)</u>	<u>4,724,241</u>
Governmental Activities Capital Assets, net	<u>\$7,158,517</u>	<u>\$837,570</u>	<u>(\$576,905)</u>	<u>\$7,419,182</u>
Business-Type Activities				
Capital Assets, being depreciated:				
Vehicles and Equipment	\$292,436	\$ 0	\$ 0	\$292,436
Infrastructure	<u>8,350,121</u>	<u>92,884</u>	<u>0</u>	<u>8,443,005</u>
Total Capital Assets, being depreciated	<u>8,642,557</u>	<u>92,884</u>	<u>0</u>	<u>8,735,441</u>
Less Accumulated Depreciation:				
Vehicles and Equipment	(256,152)	(5,589)	0	(261,741)
Infrastructure	<u>(7,314,219)</u>	<u>(159,573)</u>	<u>0</u>	<u>(7,473,792)</u>
Total Accumulated Depreciation	<u>(7,570,371)</u>	<u>(165,162)</u>	<u>0</u>	<u>(7,735,533)</u>
Total Capital Assets, being depreciated, net	<u>1,072,186</u>	<u>(72,278)</u>	<u>0</u>	<u>999,908</u>
Business-Type Activities Capital Assets, Net	<u>\$1,072,186</u>	<u>(\$72,278)</u>	<u>\$ 0</u>	<u>\$999,908</u>

The City of Trotwood is applying the transition provisions for General Infrastructure Assets (streets, curbs, sidewalks, and culverts). These provisions require only the reporting of the current year additions for General Infrastructure Assets, however there were no General Infrastructure Assets additions for the current year. General Infrastructure Assets acquired prior to January 1, 2003 must be reported by the 2007 fiscal year to comply with the transition provisions. The City decided not to use the modified approach for reporting General Infrastructure Assets.

Depreciation expense was charged to governmental functions as follows:

General Government	\$78,910
Public Safety	396,767
Leisure Time Activities	57,429
Community Development	18,146
Transportation & Street Repair	<u>133,152</u>
	<u>\$684,404</u>

7. COMPENSATED ABSENCES

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

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

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

8. NOTES PAYABLE

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
Bond Anticipation Notes:				
Governmental Activities:				
1.77% Industrial Park Improvement	\$1,800,000	\$ 0	(\$1,800,000)	\$ 0
2.25% Park Improvement	200,000	0	(200,000)	0
1.77% Public Works Facility Construction	1,355,000	0	(1,355,000)	0
1.37% Fire Facilities Improvement	0	850,000	0	850,000
1.47% Park Improvement	0	190,000	0	190,000
1.47% Curb & Gutter	0	150,000	0	150,000
1.44% Industrial Park Improvement	<u>0</u>	<u>695,000</u>	<u>0</u>	<u>695,000</u>
Total Governmental Activities	3,355,000	1,885,000	(3,355,000)	1,885,000
Business-Type Activities:				
2.25% Water System Improvement	\$275,000	\$ 0	(\$275,000)	\$ 0
1.47% Water System Improvement	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>250,000</u>
Total Business-Type Activities	275,000	250,000	(275,000)	250,000
Total Bond Anticipation Notes	<u>\$3,630,000</u>	<u>\$2,135,000</u>	<u>(\$3,630,000)</u>	<u>\$2,135,000</u>

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

9. LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
<u>General Obligation Bonds</u>					
6.70% 1992 Government Center Renovations*	\$610,000	\$0	(\$610,000)	\$0	\$0
5.11% 2003 Various Purpose Bonds and Advanced Refunding	<u>0</u>	<u>3,790,000</u>	<u>0</u>	<u>3,790,000</u>	<u>145,000</u>
Total General Obligation Bonds	<u>610,000</u>	<u>3,790,000</u>	<u>(610,000)</u>	<u>3,790,000</u>	<u>145,000</u>
<u>Special Assessment Bonds</u>					
6.35% 1994 Oakview Estates Street Improvements*	<u>655,000</u>	<u>0</u>	<u>(655,000)</u>	<u>0</u>	<u>0</u>
Total Special Assessment Bonds	<u>655,000</u>	<u>0</u>	<u>(655,000)</u>	<u>0</u>	<u>0</u>
Capital Leases	522,326	155,763	(153,485)	524,604	173,113
Compensated Absences	<u>840,127</u>	<u>61,835</u>	<u>(50,427)</u>	<u>851,535</u>	<u>542,084</u>
Total Governmental Activities	<u>\$2,627,453</u>	<u>\$4,007,598</u>	<u>(\$1,468,912)</u>	<u>\$5,166,139</u>	<u>\$860,197</u>

* \$1,200,000 of the \$1,265,000 represents advanced refunding in August of 2003.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities					
<u>Loans</u>					
3.00% 2001 OPWC Loan	<u>\$46,077</u>	<u>\$ 0</u>	<u>(\$2,249)</u>	<u>\$43,828</u>	<u>\$4,599</u>
Capital Lease	<u>80,395</u>	<u>0</u>	<u>(45,294)</u>	<u>35,101</u>	<u>13,098</u>
Compensated Absences	<u>29,742</u>	<u>13,376</u>	<u>(4,260)</u>	<u>38,858</u>	<u>17,636</u>
Total Business-Type Activities	<u>\$156,214</u>	<u>\$13,376</u>	<u>(\$51,803)</u>	<u>\$117,787</u>	<u>\$35,333</u>

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

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

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>		<u>OPWC Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$145,000	\$184,524	\$4,599	\$1,280
2005	155,000	186,259	4,739	1,141
2006	160,000	178,339	4,882	999
2007	175,000	170,163	5,029	852
2008	175,000	161,220	5,180	698
2009-2013	1,045,000	659,957	19,399	1,179
2014-2018	865,000	392,959	0	0
2019-2023	785,000	197,246	0	0
2024-2026	<u>285,000</u>	<u>29,638</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,790,000</u>	<u>\$2,160,305</u>	<u>\$43,828</u>	<u>\$6,149</u>

10. ADVANCE REFUNDING

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

The City partially advance refunded the 1992 Government Center renovation general obligation bonds and the 1994 Oakview Estates street improvement special assessment bonds to reduce its total debt payments over the next 13 years by \$55,027 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$26,953.

11. LEASES

A. Capital Leases

The City entered into a capital lease for a new telephone system and leases vehicles and equipment under capital leases that extend into prior years.

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

<u>Year Ending December 31</u>	
2004	\$204,243
2005	132,247
2006	133,528
2007	60,282
2008	25,384
2009-2013	<u>46,538</u>
Total minimum lease payments	602,222
Less: Amount representing interest	<u>(42,517)</u>
Present value of minimum lease payments	<u>\$559,705</u>

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements. These expenditures are reflected as program expenditures on a budgetary basis.

12. PENSION PLANS

Public Employees Retirement System

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

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

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.55 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2003, 2002 and 2001 were \$346,390, \$355,685, and \$348,076, respectively. The full amount has been contributed for 2002 and 2001 and 74% has been contributed for 2003.

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for the years ending December 31, 2003, 2002 and 2001 were \$863,290, \$816,059 and \$799,644, respectively. The full amount has been contributed for 2002 and 2001 and 72% has been contributed for 2003.

13. POST EMPLOYMENT BENEFITS

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.55 percent of covered payroll; 5.00 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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

At year end 2003, the number of active contributing participants in the Traditional and Combined Plans totaled 364,881. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$127,021. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

Ohio Police and Fire Pension Fund

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

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

The City's actual contributions for the current year that were used to fund postemployment benefits were \$214,402 for police and \$104,569 for fire. The OP&F's total health care expenses for the year ended December 31, 2002, (the latest information available) were \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

14. JOINTLY GOVERNED ORGANIZATIONS

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Dayton and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreation facilities, water supply, sewage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective counties, the representatives selected by each county caucus, a nongovernmental member and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$12,613 for the operation of the Commission during 2003.

The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters, which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS services by volunteers, two representatives appointed by the members who are provided Fire/EMS services by a combination of full-time employees and volunteers and a representative appointed by members who are provided Fire/EMS services by full-time employees. Payments to the Alliance are made from the General Fund. The City contributed \$6,581 for the operation of the Alliance during 2003.

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

15. INTERFUND BALANCES

Individual fund interfund receivable and payable balances at fiscal year end are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$82,799	\$0
Special Revenue:		
Grants	<u>0</u>	<u>82,799</u>
Totals	<u>\$82,799</u>	<u>\$82,799</u>

16. COMPLIANCE AND ACCOUNTABILITY

At December 31, 2003, one of the City's funds had a deficit fund balance (original budget basis) in the following amount: Capital Projects Park Acquisition and Development Fund (\$100,645).

At December 31, 2003, two of the City's funds had a deficit fund balance (actual budget basis) in the following amounts: Special Revenue Grants Fund (\$271,695) and Capital Projects Public Works Facility Construction Fund (\$3,152).

At December 31, 2003, expenditures plus outstanding encumbrances exceeded appropriations at the legal level of control in the following amounts: General Fund Community Development (\$33,474), General Fund Transportation and Street Repair (\$13,118), Special Revenue Fire Levy Fund (\$1,430), Special Revenue Lighting Assessment Fund (\$293), Special Revenue Law Enforcement Trust Fund (\$4,091), Special Revenue Government Equity Program Fund (\$8,017), Special Revenue Fire Levy Fund (\$1,430) and Capital Projects Park Acquisition and Development Fund (\$580).

Fund Deficits

The following individual funds had deficit fund balances at December 31, 2003:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Fire Levy	\$86,669
Curbs/Gutters/Sidewalk Assessment	55,407
Capital Projects:	
Park Acquisition & Development	148,773
Industrial Park	694,614
Fire Facility Improvements	67,016

Fund deficits were a result from the City's policy to utilize short-term bond anticipation notes. The City has obtained reduced interest expense and additional flexibility through the use of short-term debt. However, fund deficits have resulted since short-term debt is reported within the associated fund rather than in the Governmental Activities long-term liabilities.

17. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY

Changes in Accounting Principles

For 2003, the City has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis-omnibus" and GASB Statement No. 38 "Certain Financial Statement Note Disclosures".

GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The government-wide financial statements split the City's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2002, caused by the conversion to the accrual basis of accounting.

Restatement of Fund Balance

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the District as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Street Construction, Maintenance & Repair</u>	<u>Fire Levy</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, December 31, 2002	\$1,430,780	\$619,932	\$49,121	(\$1,379,506)	\$720,327
Fund Reclassification	<u>70,255</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>70,255</u>
Adjusted Fund Balances, December 31, 2002	<u>\$1,501,035</u>	<u>\$619,932</u>	<u>\$49,121</u>	<u>(\$1,379,506)</u>	\$790,582
GASB 34 Adjustments:					
Capital Assets					\$7,158,517
Compensated Absences Payable					(840,127)
Deferred Revenue					2,018,345
Internal Service, Net Assets					89,608
Long Term Liabilities					<u>(1,787,326)</u>
Governmental Activities Net Assets, December 31, 2002					<u>\$7,429,599</u>

At December 31, 2002, capital leases were restated in the Enterprise Funds. This restatement had the following effect on fund equity as it was previously reported:

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
Fund Equity, December 31, 2002	\$552,824	\$270,668	\$21,848	\$845,340
Capital Leases	<u>(20,799)</u>	<u>15,204</u>	<u>0</u>	<u>(5,595)</u>
Adjusted Net Assets, December 31, 2002	<u>\$532,025</u>	<u>\$285,872</u>	<u>\$21,848</u>	<u>\$839,745</u>

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

City of Trotwood
 Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$7,519,972	\$7,318,266	\$7,180,535	(\$137,731)
Fines, Licenses & Permits	324,707	265,500	310,050	44,550
Intergovernmental	1,550,446	1,536,451	1,480,462	(55,989)
Special Assessments	66,022	43,900	63,042	19,142
Charges for Services	161,233	211,000	153,955	(57,045)
Investment Earnings	36,360	79,000	34,719	(44,281)
Other Revenues	288,700	4,000	275,669	271,669
Total Revenues	9,947,440	9,458,117	9,498,432	40,315
Expenditures:				
Current:				
<u>General Government</u>				
Mayor and Council	187,845	180,359	175,014	5,345
City Manager	270,849	243,434	252,348	(8,914)
Finance	390,015	330,637	363,374	(32,737)
Utility Billing	89,321	90,435	83,220	7,215
Income Tax	277,425	252,997	258,475	(5,478)
Law Director	195,577	158,364	182,218	(23,854)
Public Works Administration	265,475	283,284	247,341	35,943
Building and Grounds	237,429	222,448	221,211	1,237
Fleet Maintenance	161,648	153,429	150,606	2,823
Personnel	129,073	158,619	120,256	38,363
Non-Departmental	290,426	256,116	270,588	(14,472)
Total General Government	2,495,083	2,330,122	2,324,651	5,471
<u>Public Safety</u>				
Police Administration	448,572	400,983	417,931	(16,948)
Police Patrol	3,606,681	3,757,485	3,360,318	397,167
Criminal Investigation	939,980	947,745	875,772	71,973
Police Communications	225,935	355,705	210,502	145,203
Total Public Safety	5,221,168	5,461,918	4,864,523	597,395

Continued

City of Trotwood
Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Leisure Time Activities</u>				
Parks and Recreation Administration	144,890	132,485	134,993	(2,508)
Parks Maintenance	168,016	184,068	156,539	27,529
Municipal Pool	51,015	66,966	47,530	19,436
Cemeteries	49,233	54,090	45,870	8,220
Recreation Programs	24,193	96,430	22,540	73,890
Total Leisure Time Activities	437,347	534,039	407,472	126,567
<u>Community Development</u>				
Planning and Development Administration	253,150	216,386	235,858	(19,472)
Planning Public Relations	4,293	4,000	4,000	0
Planning and Zoning	105,653	96,353	98,436	(2,083)
Code Enforcement and Inspection	253,890	225,419	236,547	(11,128)
Mowing and Weed Removal	18,150	17,000	16,910	90
Grants Administration	68,443	62,887	63,768	(881)
Total Community Development	703,579	622,045	655,519	(33,474)
<u>Transportation & Street Repair</u>				
Street Lighting	282,409	250,000	263,118	(13,118)
Total Transportation & Street Repair	282,409	250,000	263,118	(13,118)
Capital Outlay	195,699	98,659	180,874	(82,215)
Debt Service:				
Principal Retirement	21,333	21,333	21,333	0
Total Expenditures	9,356,618	9,318,116	8,717,490	600,626
Excess of Revenues Over (Under) Expenditures	590,822	140,001	780,942	640,941
Other financing sources (uses):				
Transfers (Out)	(663,953)	(618,600)	(618,600)	0
Total Other Financing Sources (Uses)	(663,953)	(618,600)	(618,600)	0
Net Change in Fund Balance	(73,131)	(478,599)	162,342	640,941
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,461,871	1,461,871	1,461,871	0
Fund Balance End of Year	\$1,388,740	\$983,272	\$1,624,213	\$640,941

See accompanying notes to the required supplementary information.

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:-				
Taxes	\$353,851	\$347,690	\$342,639	(\$5,051)
Intergovernmental	875,390	876,300	847,654	(28,646)
Investment Earnings	5,345	9,000	5,176	(3,824)
Other Revenues	7,458	20,961	7,222	(13,739)
Total Revenues	1,242,044	1,253,951	1,202,691	(51,260)
Expenditures:				
Current:				
Transportation & Street Repair	994,239	1,108,951	1,021,679	87,272
Capital Outlay	264,323	318,845	273,286	45,559
Debt Service:				
Principal Retirement	60,422	60,422	60,422	0
Total Expenditures	1,318,984	1,488,218	1,355,387	132,831
Excess of Revenues Over (Under) Expenditures	(76,940)	(234,267)	(152,696)	81,571
Other financing sources (uses):				
Transfers In	52,256	50,600	50,600	0
Total Other Financing Sources (Uses)	52,256	50,600	50,600	0
Net Change in Fund Balance	(24,684)	(183,667)	(102,096)	81,571
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	588,820	588,820	588,820	0
Fund Balance End of Year	\$564,136	\$405,153	\$486,724	\$81,571

See accompanying notes to the required supplementary information.

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:-				
Taxes	\$1,084,284	\$1,109,814	\$1,031,626	(\$78,188)
Intergovernmental	170,236	151,000	161,969	10,969
Charges for Services	176	0	167	167
Investment Earnings	537	2,000	511	(1,489)
Other Revenues	3,674	62,083	3,496	(58,587)
Total Revenues	1,258,907	1,324,897	1,197,769	(127,128)
Expenditures:				
Current:				
Public Safety	1,809,972	1,860,187	1,862,108	(1,921)
Capital Outlay	29,052	31,143	30,652	491
Debt Service:				
Principal Retirement	26,512	26,512	26,512	0
Total Expenditures	1,865,536	1,917,842	1,919,272	(1,430)
Excess of Revenues Over (Under) Expenditures	(606,629)	(592,945)	(721,503)	(128,558)
Other financing sources (uses):				
Transfers In	596,993	568,000	568,000	0
Total Other Financing Sources (Uses)	596,993	568,000	568,000	0
Net Change in Fund Balance	(9,636)	(24,945)	(153,503)	(128,558)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	159,904	159,904	159,904	0
Fund Balance End of Year	\$150,268	\$134,959	\$6,401	(\$128,558)

See accompanying notes to the required supplementary information.

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1. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the program or budget center level for the General fund and the fund level for all other budgeted funds.

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

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

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

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

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

Net Change in Fund Balance

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Fire Levy</u>
GAAP Basis	\$149,934	\$49,767	(\$133,420)
Net Adjustment for Revenue Accruals	(54,411)	(1,881)	0
Net Adjustment for Expenditure Accruals	164,274	(51,233)	(4,611)
Encumbrances	<u>(97,455)</u>	<u>(98,749)</u>	<u>(15,472)</u>
Budget Basis	<u>\$162,342</u>	<u>(\$102,096)</u>	<u>(\$153,503)</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

City of Trotwood
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$941,423	\$53,974	\$859,255	\$1,854,652
Receivables:				
Taxes	624,289	184,237	0	808,526
Accounts	40,662	0	0	40,662
Special Assessments	168,534	0	0	168,534
Intergovernmental	168,335	0	0	168,335
Total Assets	1,943,243	238,211	859,255	3,040,709
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	60,670	866	5,627	67,163
Accrued Wages and Benefits	106,626	0	0	106,626
Compensated Absences	2,175	0	0	2,175
Interfund Payable	82,799	0	0	82,799
Deferred Revenue	813,602	184,237	0	997,839
General Obligation Notes Payable	150,000	0	1,735,000	1,885,000
Total Liabilities	1,215,872	185,103	1,740,627	3,141,602
Fund Balances:				
Reserved for Encumbrances	167,015	0	51,556	218,571
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	560,356	0	0	560,356
Debt Service Funds	0	53,108	0	53,108
Capital Projects Funds	0	0	(932,928)	(932,928)
Total Fund Balances	727,371	53,108	(881,372)	(100,893)
Total Liabilities and Fund Balances	\$1,943,243	\$238,211	\$859,255	\$3,040,709

City of Trotwood
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Fiscal Year Ended December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$666,508	\$141,828	\$0	\$808,336
Fines, Licenses & Permits	90,038	0	7,750	97,788
Charges for Services	797,110	0	0	797,110
Investment Earnings	12,167	658	10,133	22,958
Intergovernmental	1,291,607	19,929	0	1,311,536
Special Assessments	14,722	4,152	0	18,874
Other Revenues	2,072	12,980	164,298	179,350
Total Revenues	2,874,224	179,547	182,181	3,235,952
Expenditures:				
Current:				
Public Safety	1,727,573	0	2,168	1,729,741
Leisure Time Activities	1,166	0	0	1,166
Community Development	561,925	0	135,605	697,530
Transportation & Street Repair	68,654	0	0	68,654
Capital Outlay	740,408	0	992,974	1,733,382
Debt Service:				
Principal Retirement	45,218	1,265,000	0	1,310,218
Interest and Fiscal Charges	0	168,168	38,480	206,648
Total Expenditures	3,144,944	1,433,168	1,169,227	5,747,339
Excess of Revenues Over (Under) Expenditures	(270,720)	(1,253,621)	(987,046)	(2,511,387)
Other Financing Sources (Uses):				
Proceeds of Long-Term Capital-Related Debt	0	1,298,140	2,491,860	3,790,000
Proceeds of refunding bonds	0	1,231,186	0	1,231,186
Payments to refunded bond escrow agent	0	(1,231,186)	0	(1,231,186)
Total Other Financing Sources (Uses)	0	1,298,140	2,491,860	3,790,000
Net Change in Fund Balance	(270,720)	44,519	1,504,814	1,278,613
Fund Balance Beginning of Year	998,091	8,589	(2,386,186)	(1,379,506)
Fund Balance End of Year	\$727,371	\$53,108	(\$881,372)	(\$100,893)

City of Trotwood
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2003

	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment
Assets:					
Equity in Pooled Cash and Investments	\$89,903	\$81,333	\$35,220	\$28,260	\$98,515
Receivables:					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Special Assessments	0	0	0	0	133,198
Intergovernmental	23,538	0	0	0	0
Total Assets	113,441	81,333	35,220	28,260	231,713
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	3,922
Accrued Wages and Benefits	1,546	0	0	0	0
Compensated Absences	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Deferred Revenue	19,795	0	0	0	133,198
General Obligation Notes Payable	0	0	0	0	150,000
Total Liabilities	21,341	0	0	0	287,120
Fund Balances:					
Reserved for Encumbrances	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	92,100	81,333	35,220	28,260	(55,407)
Total Fund Balances	92,100	81,333	35,220	28,260	(55,407)
Total Liabilities and Fund Balances	\$113,441	\$81,333	\$35,220	\$28,260	\$231,713

Lighting Assessment	Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy
\$15,641	\$0	\$50,485	\$4,270	\$57,333	\$125,872	\$352,776
0	0	0	0	0	0	624,289
0	0	0	0	0	0	40,662
35,336	0	0	0	0	0	0
0	144,797	0	0	0	0	0
<u>50,977</u>	<u>144,797</u>	<u>50,485</u>	<u>4,270</u>	<u>57,333</u>	<u>125,872</u>	<u>1,017,727</u>
0	38,118	0	0	4,236	5,387	9,007
0	1,805	0	0	0	2,737	100,538
0	0	0	0	0	0	2,175
0	82,799	0	0	0	0	0
35,336	984	0	0	0	0	624,289
0	0	0	0	0	0	0
<u>35,336</u>	<u>123,706</u>	<u>0</u>	<u>0</u>	<u>4,236</u>	<u>8,124</u>	<u>736,009</u>
0	150,778	0	0	170	7,185	8,882
<u>15,641</u>	<u>(129,687)</u>	<u>50,485</u>	<u>4,270</u>	<u>52,927</u>	<u>110,563</u>	<u>272,836</u>
<u>15,641</u>	<u>21,091</u>	<u>50,485</u>	<u>4,270</u>	<u>53,097</u>	<u>117,748</u>	<u>281,718</u>
<u>\$50,977</u>	<u>\$144,797</u>	<u>\$50,485</u>	<u>\$4,270</u>	<u>\$57,333</u>	<u>\$125,872</u>	<u>\$1,017,727</u>

Continued

City of Trotwood
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2003

	Police Levy	Total Nonmajor Special Revenue Funds
Assets:		
Equity in Pooled Cash and Investments	\$1,815	\$941,423
Receivables:		
Taxes	0	624,289
Accounts	0	40,662
Special Assessments	0	168,534
Intergovernmental	0	168,335
Total Assets	1,815	1,943,243
Liabilities and Fund Balances:		
Liabilities:		
Accounts Payable	0	60,670
Accrued Wages and Benefits	0	106,626
Compensated Absences	0	2,175
Interfund Payable	0	82,799
Deferred Revenue	0	813,602
General Obligation Notes Payable	0	150,000
Total Liabilities	0	1,215,872
Fund Balances:		
Reserved for Encumbrances	0	167,015
Unreserved, Undesignated, Reported in: Special Revenue Funds	1,815	560,356
Total Fund Balances	1,815	727,371
Total Liabilities and Fund Balances	\$1,815	\$1,943,243

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City of Trotwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2003

	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment
Revenues:					
Taxes	\$0	\$142,937	\$0	\$0	\$0
Fines, Licenses & Permits	0	0	0	1,100	0
Charges for Services	0	0	0	0	18,187
Investment Earnings	1,308	1,311	79	273	712
Intergovernmental	43,404	0	242,317	0	0
Special Assessments	0	0	0	0	10,469
Other Revenues	0	0	0	0	0
Total Revenues	44,712	144,248	242,396	1,373	29,368
Expenditures:					
Current:					
Public Safety	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Development	0	0	0	0	0
Transportation & Street Repair	46,655	0	0	0	4,592
Capital Outlay	33,000	160,000	107,378	0	53,564
Debt Service:					
Principal Retirement	0	0	0	0	0
Total Expenditures	79,655	160,000	107,378	0	58,156
Net Change in Fund Balance	(34,943)	(15,752)	135,018	1,373	(28,788)
Fund Balance Beginning of Year	127,043	97,085	(99,798)	26,887	(26,619)
Fund Balance End of Year	\$92,100	\$81,333	\$35,220	\$28,260	(\$55,407)

Lighting Assessment	Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy
\$0	\$0	\$0	\$0	\$0	\$0	\$523,571
0	0	0	592	88,346	0	0
0	0	0	0	0	0	778,923
135	0	548	40	562	1,312	5,869
0	770,038	50,090	0	0	103,242	82,516
4,253	0	0	0	0	0	0
0	1,000	0	0	0	0	1,072
<u>4,388</u>	<u>771,038</u>	<u>50,638</u>	<u>632</u>	<u>88,908</u>	<u>104,554</u>	<u>1,391,951</u>
0	72,182	9,000	0	11,941	0	1,634,450
0	1,166	0	0	0	0	0
0	469,791	0	0	0	92,134	0
293	17,114	0	0	0	0	0
0	169,235	76,647	0	69,731	0	70,853
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,218</u>
<u>293</u>	<u>729,488</u>	<u>85,647</u>	<u>0</u>	<u>81,672</u>	<u>92,134</u>	<u>1,750,521</u>
4,095	41,550	(35,009)	632	7,236	12,420	(358,570)
<u>11,546</u>	<u>(20,459)</u>	<u>85,494</u>	<u>3,638</u>	<u>45,861</u>	<u>105,328</u>	<u>640,288</u>
<u>\$15,641</u>	<u>\$21,091</u>	<u>\$50,485</u>	<u>\$4,270</u>	<u>\$53,097</u>	<u>\$117,748</u>	<u>\$281,718</u>

Continued

City of Trotwood
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended December 31, 2003

	Police Levy	Total Nonmajor Special Revenue Funds
Revenues:		
Taxes	\$0	\$666,508
Fines, Licenses & Permits	0	90,038
Charges for Services	0	797,110
Investment Earnings	18	12,167
Intergovernmental	0	1,291,607
Special Assessments	0	14,722
Other Revenues	0	2,072
Total Revenues	18	2,874,224
Expenditures:		
Current:		
Public Safety	0	1,727,573
Leisure Time Activities	0	1,166
Community Development	0	561,925
Transportation & Street Repair	0	68,654
Capital Outlay	0	740,408
Debt Service:		
Principal Retirement	0	45,218
Total Expenditures	0	3,144,944
Net Change in Fund Balance	18	(270,720)
Fund Balance Beginning of Year	1,797	998,091
Fund Balance End of Year	\$1,815	\$727,371

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City of Trotwood
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 December 31, 2003

	Park Acquisition and Development	Public Works Facility Construction	Industrial Park	Townview Revitalization	Fire Facility Improvements
Assets:					
Equity in Pooled Cash and Investments	\$41,227	\$1	\$386	\$2	\$785,152
Total Assets	41,227	1	386	2	785,152
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	2,168
General Obligation Notes Payable	190,000	0	695,000	0	850,000
Total Liabilities	190,000	0	695,000	0	852,168
Fund Balances:					
Reserved for Encumbrances	37,197	0	0	0	12,832
Unreserved, Undesignated, Reported in: Capital Projects Funds	(185,970)	1	(694,614)	2	(79,848)
Total Fund Balances	(148,773)	1	(694,614)	2	(67,016)
Total Liabilities and Fund Balances	\$41,227	\$1	\$386	\$2	\$785,152

Salem Mall Tax Increment	Total Nonmajor Capital Projects Funds
<u>\$32,487</u>	<u>\$859,255</u>
<u>32,487</u>	<u>859,255</u>
3,459	5,627
<u>0</u>	<u>1,735,000</u>
<u>3,459</u>	<u>1,740,627</u>
1,527	51,556
<u>27,501</u>	<u>(932,928)</u>
<u>29,028</u>	<u>(881,372)</u>
<u>\$32,487</u>	<u>\$859,255</u>

City of Trotwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2003

	Park Acquisition and Development	Public Works Facility Construction	Industrial Park	Townview Revitalization	Fire Facility Improvements
Revenues:					
Fines, Licenses & Permits	\$7,750	\$0	\$0	\$0	\$0
Investment Earnings	1,608	1,960	12	0	6,218
Other Revenues	0	0	0	0	0
Total Revenues	9,358	1,960	12	0	6,218
Expenditures:					
Current:					
Public Safety	0	0	0	0	2,168
Community Development	0	0	0	0	0
Capital Outlay	169,293	752,615	0	0	71,066
Debt Service:					
Interest and Fiscal Charges	2,393	15,922	20,165	0	0
Total Expenditures	171,686	768,537	20,165	0	73,234
Excess of Revenues Over (Under) Expenditures	(162,328)	(766,577)	(20,153)	0	(67,016)
Other Financing Sources (Uses):					
Proceeds of Long-Term Capital-Related Debt	0	1,355,000	1,136,860	0	0
Total Other Financing Sources (Uses)	0	1,355,000	1,136,860	0	0
Net Change in Fund Balance	(162,328)	588,423	1,116,707	0	(67,016)
Fund Balance Beginning of Year	13,555	(588,422)	(1,811,321)	2	0
Fund Balance End of Year	(\$148,773)	\$1	(\$694,614)	\$2	(\$67,016)

Salem Mall Tax Increment	Total Nonmajor Capital Projects Funds
\$0	\$7,750
335	10,133
<u>164,298</u>	<u>164,298</u>
 164,633	 <u>182,181</u>
0	2,168
135,605	135,605
0	992,974
<u>0</u>	<u>38,480</u>
 135,605	 <u>1,169,227</u>
 <u>29,028</u>	 <u>(987,046)</u>
 <u>0</u>	 <u>2,491,860</u>
 <u>0</u>	 <u>2,491,860</u>
 29,028	 1,504,814
 <u>0</u>	 <u>(2,386,186)</u>
 <u>\$29,028</u>	 <u>(\$881,372)</u>

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	State Highway Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$49,163	\$46,650	\$43,252	(\$3,398)
Investment Earnings	1,487	4,000	1,308	(2,692)
Total Revenues	50,650	50,650	44,560	(6,090)
Expenditures:				
Current:				
Transportation & Street Repair	59,845	73,470	58,733	14,737
Capital Outlay	33,625	33,000	33,000	0
Total Expenditures	93,470	106,470	91,733	14,737
Net Change in Fund Balance	(42,820)	(55,820)	(47,173)	8,647
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	137,078	137,078	137,078	0
Fund Balance End of Year	\$94,258	\$81,258	\$89,905	\$8,647

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

Motor Vehicle
 License Tax
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$152,600	\$150,000	\$142,937	(\$7,063)
Investment Earnings	1,400	4,000	1,311	(2,689)
Total Revenues	154,000	154,000	144,248	(9,752)
Expenditures:				
Current:				
Capital Outlay	160,000	337,049	335,000	2,049
Total Expenditures	160,000	337,049	335,000	2,049
Net Change in Fund Balance	(6,000)	(183,049)	(190,752)	(7,703)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	272,085	272,085	272,085	0
Fund Balance End of Year	\$266,085	\$89,036	\$81,333	(\$7,703)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

Permissive
 Use Tax
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$343,588	\$110,000	\$242,317	\$132,317
Investment Earnings	112	700	79	(621)
Total Revenues	343,700	110,700	242,396	131,696
Expenditures:				
Current:				
Capital Outlay	110,000	110,000	194,716	(84,716)
Total Expenditures	110,000	110,000	194,716	(84,716)
Net Change in Fund Balance	233,700	700	47,680	46,980
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(12,460)	(12,460)	(12,460)	0
Fund Balance End of Year	\$221,240	(\$11,760)	\$35,220	\$46,980

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Drug Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$1,602	\$1,500	\$1,100	(\$400)
Investment Earnings	398	500	273	(227)
Total Revenues	2,000	2,000	1,373	(627)
Expenditures:				
Current:				
Public Safety	5,000	8,000	0	8,000
Total Expenditures	5,000	8,000	0	8,000
Net Change in Fund Balance	(3,000)	(6,000)	1,373	7,373
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	26,887	26,887	26,887	0
Fund Balance End of Year	\$23,887	\$20,887	\$28,260	\$7,373

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Curbs/Gutters/ Sidewalks Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$103,000	\$103,000	\$10,469	(\$92,531)
Charges for Services	0	0	18,187	18,187
Investment Earnings	1,400	1,400	712	(688)
Total Revenues	104,400	104,400	29,368	(75,032)
Expenditures:				
Current:				
Transportation & Street Repair	692	0	670	(670)
Capital Outlay	150,308	229,401	145,555	83,846
Total Expenditures	151,000	229,401	146,225	83,176
Excess of Revenues Over (Under) Expenditures	(46,600)	(125,001)	(116,857)	8,144
Other financing sources (uses):				
Debt Proceeds	150,000	150,000	150,000	0
Total Other Financing Sources (Uses)	150,000	150,000	150,000	0
Net Change in Fund Balance	103,400	24,999	33,143	8,144
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	61,450	61,450	61,450	0
Fund Balance End of Year	\$164,850	\$86,449	\$94,593	\$8,144

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Lighting Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$0	\$0	\$4,253	\$4,253
Investment Earnings	0	100	135	35
Total Revenues	0	100	4,388	4,288
Expenditures:				
Current:				
Transportation & Street Repair	0	0	293	(293)
Total Expenditures	0	0	293	(293)
Net Change in Fund Balance	0	100	4,095	3,995
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,545	11,545	11,545	0
Fund Balance End of Year	\$11,545	\$11,645	\$15,640	\$3,995

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$580,110	\$963,000	\$651,839	(\$311,161)
Other Revenues	890	0	1,000	1,000
Total Revenues	581,000	963,000	652,839	(310,161)
Expenditures:				
Current:				
Public Safety	40,871	115,840	117,819	(1,979)
Leisure Time Activities	404	0	1,166	(1,166)
Community Development	162,609	509,187	468,757	40,430
Transportation & Street Repair	5,937	0	17,114	(17,114)
Capital Outlay	95,179	266,760	274,376	(7,616)
Total Expenditures	305,000	891,787	879,232	12,555
Net Change in Fund Balance	276,000	71,213	(226,393)	(297,606)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(45,302)	(45,302)	(45,302)	0
Fund Balance End of Year	\$230,698	\$25,911	(\$271,695)	(\$297,606)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Local Law Enforcement Block Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,978	\$67,479	\$50,090	(\$17,389)
Investment Earnings	22	100	548	448
Total Revenues	2,000	67,579	50,638	(16,941)
Expenditures:				
Current:				
Public Safety	7,091	10,000	9,000	1,000
Capital Outlay	60,389	77,295	76,647	648
Total Expenditures	67,480	87,295	85,647	1,648
Net Change in Fund Balance	(65,480)	(19,716)	(35,009)	(15,293)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	85,494	85,494	85,494	0
Fund Balance End of Year	\$20,014	\$65,778	\$50,485	(\$15,293)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$562	\$500	\$592	\$92
Investment Earnings	38	100	40	(60)
Total Revenues	600	600	632	32
Expenditures:				
Current:				
Public Safety	2,500	2,500	0	2,500
Total Expenditures	2,500	2,500	0	2,500
Net Change in Fund Balance	(1,900)	(1,900)	632	2,532
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,638	3,638	3,638	0
Fund Balance End of Year	\$1,738	\$1,738	\$4,270	\$2,532

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Law Enforcement Trust Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$40,741	\$40,000	\$88,347	\$48,347
Investment Earnings	259	1,000	562	(438)
Total Revenues	41,000	41,000	88,909	47,909
Expenditures:				
Current:				
Public Safety	4,012	21,500	11,941	9,559
Capital Outlay	23,488	56,250	69,900	(13,650)
Total Expenditures	27,500	77,750	81,841	(4,091)
Net Change in Fund Balance	13,500	(36,750)	7,068	43,818
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	45,860	45,860	45,860	0
Fund Balance End of Year	\$59,360	\$9,110	\$52,928	\$43,818

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

Government
 Equity Program
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$101,944	\$103,140	\$103,242	\$102
Investment Earnings	1,296	100	1,312	1,212
Total Revenues	103,240	103,240	104,554	1,314
Expenditures:				
Current:				
Community Development	89,065	93,350	101,367	(8,017)
Total Expenditures	89,065	93,350	101,367	(8,017)
Net Change in Fund Balance	14,175	9,890	3,187	(6,703)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	110,183	110,183	110,183	0
Fund Balance End of Year	\$124,358	\$120,073	\$113,370	(\$6,703)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Rescue Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$630,003	\$494,147	\$523,571	\$29,424
Intergovernmental	99,290	80,800	82,516	1,716
Charges for Services	987,055	852,955	820,302	(32,653)
Investment Earnings	7,062	10,000	5,869	(4,131)
Other Revenues	1,290	0	1,072	1,072
Total Revenues	1,724,700	1,437,902	1,433,330	(4,572)
Expenditures:				
Current:				
Public Safety	1,712,161	1,716,294	1,670,516	45,778
Capital Outlay	27,401	24,272	25,635	(1,363)
Debt Service:				
Principal Retirement	45,218	45,218	45,218	0
Total Expenditures	1,784,780	1,785,784	1,741,369	44,415
Net Change in Fund Balance	(60,080)	(347,882)	(308,039)	39,843
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	649,420	649,420	649,420	0
Fund Balance End of Year	\$589,340	\$301,538	\$341,381	\$39,843

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Police Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$18	\$18
Total Revenues	0	0	18	18
Expenditures:				
Current:				
Public Safety	0	1,730	0	1,730
Total Expenditures	0	1,730	0	1,730
Net Change in Fund Balance	0	(1,730)	18	1,748
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,796	1,796	1,796	0
Fund Balance End of Year	<u>\$1,796</u>	<u>\$66</u>	<u>\$1,814</u>	<u>\$1,748</u>

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Debt Retirement Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$16,139	\$143,248	\$141,828	(\$1,420)
Intergovernmental	2,268	19,900	19,929	29
Special Assessments	472	2,000	4,152	2,152
Investment Earnings	75	1,000	658	(342)
Other Revenues	1,265	2,269	11,120	8,851
Total Revenues	20,219	168,417	177,687	9,270
Expenditures:				
Current:				
Debt Service:				
Principal Retirement	133,303	1,265,000	1,265,000	0
Interest and Fiscal Charges	17,717	184,160	168,131	16,029
Total Expenditures	151,020	1,449,160	1,433,131	16,029
Excess of Revenues Over (Under) Expenditures	(130,801)	(1,280,743)	(1,255,444)	25,299
Other financing sources (uses):				
Debt Proceeds	147,931	1,300,000	1,300,000	0
Total Other Financing Sources (Uses)	147,931	1,300,000	1,300,000	0
Net Change in Fund Balance	17,130	19,257	44,556	25,299
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,591	8,591	8,591	0
Fund Balance End of Year	\$25,721	\$27,848	\$53,147	\$25,299

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Park Acquisition and Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$7,600	\$5,000	\$7,750	\$2,750
Investment Earnings	1,577	500	1,608	1,108
Total Revenues	9,177	5,500	9,358	3,858
Expenditures:				
Current:				
Capital Outlay	458,656	205,910	206,490	(580)
Debt Service:				
Principal Retirement	52,832	200,000	200,000	0
Interest and Fiscal Charges	1,212	4,588	4,588	0
Total Expenditures	512,700	410,498	411,078	(580)
Excess of Revenues Over (Under) Expenditures	(503,523)	(404,998)	(401,720)	3,278
Other financing sources (uses):				
Debt Proceeds	186,323	190,000	190,000	0
Total Other Financing Sources (Uses)	186,323	190,000	190,000	0
Net Change in Fund Balance	(317,200)	(214,998)	(211,720)	3,278
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	216,555	216,555	216,555	0
Fund Balance End of Year	(\$100,645)	\$1,557	\$4,835	\$3,278

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Public Works Facility Construction Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$1,993	\$0	\$1,960	\$1,960
Total Revenues	1,993	0	1,960	1,960
Expenditures:				
Current:				
Capital Outlay	8,717	781,217	781,217	0
Debt Service:				
Principal Retirement	1,355,000	1,355,000	1,355,000	0
Interest and Fiscal Charges	15,268	23,917	23,917	0
Total Expenditures	1,378,985	2,160,134	2,160,134	0
Excess of Revenues Over (Under) Expenditures	(1,376,992)	(2,160,134)	(2,158,174)	1,960
Other financing sources (uses):				
Debt Proceeds	1,378,007	1,380,000	1,355,000	(25,000)
Total Other Financing Sources (Uses)	1,378,007	1,380,000	1,355,000	(25,000)
Net Change in Fund Balance	1,015	(780,134)	(803,174)	(23,040)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	800,022	800,022	800,022	0
Fund Balance End of Year	\$801,037	\$19,888	(\$3,152)	(\$23,040)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Industrial Park Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$12	\$0	\$12	\$12
Other Revenues	9,576	10,000	1,860	(8,140)
Total Revenues	9,588	10,000	1,872	(8,128)
Expenditures:				
Current:				
Debt Service:				
Principal Retirement	1,800,000	1,800,000	1,800,000	0
Interest and Fiscal Charges	33,448	33,860	33,440	420
Total Expenditures	1,833,448	1,833,860	1,833,440	420
Excess of Revenues Over (Under) Expenditures	(1,823,860)	(1,823,860)	(1,831,568)	(7,708)
Other financing sources (uses):				
Debt Proceeds	1,830,000	1,830,000	1,830,000	0
Total Other Financing Sources (Uses)	1,830,000	1,830,000	1,830,000	0
Net Change in Fund Balance	6,140	6,140	(1,568)	(7,708)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,955	1,955	1,955	0
Fund Balance End of Year	\$8,095	\$8,095	\$387	(\$7,708)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Townview Revitalization Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government	0	0	0	(0)
Total Expenditures	0	0	0	(0)
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1	1	1	0
Fund Balance End of Year	\$1	\$1	\$1	\$0

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Fire Facility Improvements Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$6,218	\$6,218
Total Revenues	0	0	6,218	6,218
Expenditures:				
Current:				
Public Safety	148,142	0	15,000	(15,000)
Capital Outlay	701,858	850,000	71,066	778,934
Total Expenditures	850,000	850,000	86,066	763,934
Excess of Revenues Over (Under) Expenditures	(850,000)	(850,000)	(79,848)	770,152
Other financing sources (uses):				
Debt Proceeds	850,000	850,000	850,000	0
Total Other Financing Sources (Uses)	850,000	850,000	850,000	0
Net Change in Fund Balance	0	0	770,152	770,152
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$770,152	\$770,152

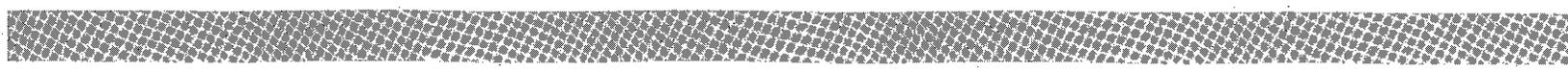
City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Salem Mall Tax Increment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$317	\$0	\$335	\$335
Other Revenues	155,683	156,000	164,298	8,298
Total Revenues	156,000	156,000	164,633	8,633
Expenditures:				
Current:				
Community Development	30,000	141,500	136,880	4,620
Total Expenditures	30,000	141,500	136,880	4,620
Net Change in Fund Balance	126,000	14,500	27,753	13,253
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$126,000	\$14,500	\$27,753	\$13,253

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STATISTICAL SECTION



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Table 1

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

Fiscal Year	Public Safety	Leisure Time Activities	Community Development	Transportation		General Government	Capital Outlay	Debt Service	Totals
				and Street Repair					
1994	\$ 1,516,669	\$ 167,187	\$ 213,947	\$ 307,025	\$ 503,065	\$ 333,066	\$ 1,834,920	\$ 4,875,879	
1995	1,567,858	284,546	245,164	297,097	512,266	356,380	217,760	3,481,071	
1996	4,998,213	462,219	419,046	603,037	1,243,802	1,157,534	190,211	9,074,062	
1997	5,628,372	517,888	619,783	876,823	1,672,448	1,203,875	165,524	10,684,713	
1998	6,174,414	501,355	543,837	947,620	1,932,626	648,885	166,737	10,915,474	
1999	7,252,708	609,445	596,412	1,246,778	2,377,437	1,887,440	157,206	14,127,426	
2000	7,438,266	760,948	976,552	1,267,681	2,123,683	4,042,240	167,320	16,776,690	
2001	7,442,020	523,486	879,813	1,087,664	2,023,525	1,563,347	312,136	13,831,991	
2002	7,777,073	472,069	903,893	1,079,879	2,264,896	2,740,330	400,676	15,638,816	
2003	8,391,237	386,804	1,354,251	1,250,411	2,405,893	2,222,513	1,625,133	17,636,242	

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

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

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

Table 2

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

Fiscal Year	Taxes	Inter-governmental	Charges for Services	Fines			Investment Earnings (3)	Other	Totals
				Licenses and Permits (4)	Special Assessments				
1994	\$ 2,453,147	556,664	132,188	78,333	48,963	13,990	53,312	3,336,597	
1995	2,625,395	568,982	101,735	65,910	50,980	26,647	81,315	3,520,964	
1996	7,319,915	1,836,003	97,458	150,210	155,340	213,526	363,042	10,135,494	
1997	8,126,145	2,746,420	169,047	118,564	150,276	344,174	134,063	11,788,689	
1998	8,497,665	2,303,450	168,883	86,129	163,528	421,628	334,449	11,975,732	
1999	8,222,606	2,784,498	194,391	117,007	164,776	350,442	233,558	12,067,278	
2000	8,599,117	5,651,530	258,561	97,621	35,125	277,116	632,213	15,551,283	
2001	7,217,614	3,388,698	930,892	336,245	56,291	266,207	405,669	12,601,616	
2002	8,896,998	3,000,994	1,198,249	326,212	67,633	89,372	109,328	13,688,786	
2003	9,281,384	3,783,903	974,728	407,837	81,916	47,090	455,562	15,032,420	

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

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

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

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

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

Table 3

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

Collection Year	Current Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Collections to Levy	Accumulated Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Levy
1994	305,665	296,326	96.9%	20,476	316,802	103.6%	38,384	12.6%
1995	312,861	305,264	97.6%	12,619	317,883	101.6%	40,338	12.9%
1996	3,454,535	3,348,295	96.9%	122,931	3,471,246	100.5%	311,058	9.0%
1997	3,423,538	3,307,469	96.6%	180,827	3,488,296	101.9%	407,438	11.9%
1998	3,586,795	3,363,483	93.8%	213,223	3,576,706	99.7%	457,354	12.8%
1999	3,595,449	3,326,513	92.5%	164,897	3,491,410	97.1%	516,332	14.4%
2000	3,617,628	3,412,978	94.3%	201,459	3,614,437	99.9%	749,139	20.7%
2001	2,674,945	2,469,131	92.3%	127,627	2,596,758	97.1%	519,906	19.4%
2002	4,283,899	3,946,140	92.1%	240,612	4,186,752	97.7%	1,064,003	24.8%
2003	4,352,675	4,228,200	97.1%	304,584	4,532,784	104.1%	1,151,854	26.5%

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

(2) Includes penalties and interest assessed on delinquent accounts.

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

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

Collection Year (2)	Real Property (3)		Tangible Personal Property (4)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1994	74,188,940	211,968,400	19,546,621	57,132,886	93,735,561	269,101,286
1995	74,599,300	213,140,857	21,263,588	62,468,795	95,862,888	275,609,652
1996	208,671,570	596,204,486	43,594,586	118,176,216	252,266,156	714,380,702
1997	237,522,630	678,636,086	45,562,117	125,829,820	283,084,747	804,465,906
1998	238,080,730	680,230,657	47,109,594	133,094,881	285,190,324	813,325,538
1990	240,984,190	688,526,257	47,280,164	133,137,482	288,264,354	821,663,739
2000	257,846,260	736,703,600	45,178,732	128,800,379	303,024,992	865,503,979
2001	256,864,550	733,898,714	41,837,819	120,407,485	298,702,369	854,306,199
2002	253,910,830	725,459,514	37,320,990	131,370,826	291,231,820	856,830,340
2003	290,982,840	831,379,543	34,182,924	118,258,564	325,165,764	949,638,107

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

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

Table 5

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

Collection Year (2)	City of	Montgomery	Madison	Trotwood-	Miami Valley	Dayton-	Total
	Trotwood	County	Township	Madison City School District	Career Technology Center	Montgomery County Library	
1994	3.44	16.64	8.70	45.86	2.58	-	77.22
1995	3.44	16.64	8.70	45.86	2.58	0.72	77.94
1996	15.64	16.64	-	55.76	2.58	0.72	91.34
1997	15.14	16.64	-	53.74	2.58	0.72	88.82
1998	15.14	16.64	-	53.74	2.58	0.26	88.36
1999	15.14	16.64	-	53.74	2.58	0.26	88.36
2000	15.14	16.64	-	52.64	2.58	0.26	87.26
2001	11.64	17.24	-	52.64	2.58	0.26	84.36
2002	17.39	17.24	-	52.91	2.58	0.26	90.38
2003	17.39	17.24	-	61.05	2.58	0.26	98.52

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

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

Table 6

CITY OF TROTWOOD, OHIO
Principal Property Taxpayers
December 31, 2003

Taxpayer	Nature of Business	Total Assessed Valuation	Percent of Total Assessed Valuation
Dayton Power & Light Company	Electric utility	\$ 6,532,920	2.01%
Bradley Operating Company	Shopping center	4,689,730	1.44%
Lowes Companies, Inc.	Home improvement store	4,127,720	1.27%
Verizon (GTE)	Telephone utility	3,251,130	1.00%
Castlebrook Capital Company	Apartment complex	2,940,200	0.90%
Home Depot USA Inc.	Home improvement store	2,386,120	0.73%
Sears Roebuck & Co.	Department store	2,352,820	0.72%
Tramlaw LLC	Department store	2,112,990	0.65%
Kmart Corporation	Department store	2,077,080	0.64%
Belle Meadows	Apartment complex	1,912,930	0.59%
Total		<u>32,383,640</u>	<u>9.96%</u>
All other taxpayers		<u>292,782,124</u>	<u>90.04%</u>
Total assessed valuation		<u>\$ 325,165,764</u>	<u>100.00%</u>

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

Table 7

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

Fiscal Year	Tax Rate (2)	Withholding Collections	Non-Withholding Collections	Gross Collections	Refunds	Net Collections
1994	2.25%	1,751,704	509,288	2,260,992	46,521	2,214,471
1995	2.25%	1,855,048	514,643	2,369,691	42,409	2,327,282
1996	2.25%	3,240,045	512,219	3,752,264	50,802	3,701,462
1997	2.25%	3,771,936	1,054,627	4,826,563	47,021	4,779,542
1998	2.25%	3,896,912	1,169,711	5,066,623	60,975	5,005,648
1999	2.25%	3,856,813	1,105,972	4,962,785	88,653	4,874,132
2000	2.25%	4,291,798	899,892	5,191,690	89,641	5,102,049
2001	2.25%	4,252,227	934,710	5,186,937	77,363	5,109,574
2002	2.25%	3,805,335	1,049,399	4,854,734	97,184	4,757,550
2003	2.25%	4,480,516	1,021,549	5,502,065	62,092	5,439,973

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

(2) The tax rate increased from 1.75% to 2.25% effective July 1, 1993.

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

Table 8

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

Collection Year	Current Assessments Due	Current Assessment Collections	Percent of Current Assessments Collected	Delinquent Assessment Collections	Total Assessment Collections	Ratio of Total Collections to Current	Outstanding Delinquent Assessments (2)	Ratio of Delinquent Assessments to Current Due
1994	55,271	49,844	90.2%	10,746	60,590	109.6%	50,686	91.7%
1995	67,082	43,307	64.6%	5,597	48,904	72.9%	77,510	115.5%
1996	321,553	249,620	77.6%	34,606	284,226	88.4%	234,209	72.8%
1997	331,315	256,813	77.5%	41,565	298,378	90.1%	295,708	89.3%
1998	322,508	247,381	76.7%	49,200	296,581	92.0%	346,498	107.4%
1999	358,225	277,660	77.5%	53,600	331,260	92.5%	N/A	N/A
2000	304,019	176,635	58.1%	50,802	227,437	74.8%	543,907	178.9%
2001	238,955	N/A	N/A	N/A	237,249	99.3%	633,289	265.0%
2002	350,595	N/A	N/A	N/A	284,262	81.1%	708,533	202.1%
2003	349,418	N/A	N/A	N/A	366,845	105.0%	816,139	233.6%

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

(2) Includes penalties and interest assessed on delinquent accounts.

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

N/A=Not Available

CITY OF TROTWOOD, OHIO
 Computation of Legal Debt Margin
 December 31, 2003

Assessed valuation		\$ 325,165,764
Overall Debt Limitation - 10.50% of assessed valuation	\$ 34,142,405	
Gross bonded indebtedness	\$ 5,925,000	
Less: Self-supported debt	<u>-</u>	
Net debt within 10.50% limitation	<u>5,925,000</u>	
Legal debt margin within 10.50% limitation	\$ <u>28,217,405</u>	
Unvoted Debt Limitation - 5.50% of assessed valuation	\$ 17,884,117	
Gross indebtedness	\$ 5,925,000	
Less: Self-supported debt	<u>-</u>	
Net debt within 5.50% limitation	<u>5,925,000</u>	
Legal debt margin within 5.50% limitation	\$ <u>11,959,117</u>	

Table 10

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

Fiscal Year	Population (2)	Assessed Valuation	Gross Bonded Debt	Debt Service Cash Balance	Self-Supported Bonded Debt	Net Bonded Debt	Ratio of Net	
							Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
1994	8,779	\$ 93,735,561	\$ 1,735,000	\$ 24,770	-	\$ 1,710,230	1.82%	\$ 194.81
1995	8,779	95,862,888	1,690,000	27,582	-	1,662,418	1.73%	189.36
1996	29,358	252,266,156	1,640,000	2,313	-	1,637,687	0.65%	55.78
1997	29,358	283,084,747	1,585,000	1,530	-	1,583,470	0.56%	53.94
1998	29,358	285,190,324	1,525,000	45,923	-	1,479,077	0.52%	50.38
1999	29,358	288,264,354	1,470,000	8,986	-	1,461,014	0.51%	49.77
2000	27,420	303,024,992	1,405,000	597	-	1,404,403	0.46%	51.22
2001	27,420	298,702,369	1,335,000	2,440	-	1,332,560	0.45%	48.60
2002	27,420	291,231,820	1,265,000	8,589	-	1,256,411	0.43%	45.82
2003	27,420	325,165,764	3,790,000	53,974	-	3,736,026	1.15%	136.25

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

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

N/A = Not Available

Table 11

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

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures (3)	Ratio of Debt Service to General Governmental Expenditures
1994	\$ 25,000	\$ 62,345	\$ 87,345	\$ 4,875,879	1.8%
1995	45,000	117,190	162,190	3,481,071	4.7%
1996	50,000	113,948	163,948	9,074,062	1.8%
1997	55,000	110,055	165,055	10,684,713	1.5%
1998	60,000	106,160	166,160	10,915,474	1.5%
1999	55,000	101,615	156,615	14,127,426	1.1%
2000	65,000	97,720	162,720	16,776,690	1.0%
2001	70,000	96,365	166,365	13,831,991	1.2%
2002	70,000	89,849	159,849	15,638,816	1.0%
2003	65,000	82,463	147,463	17,636,242	0.8%

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

(2) Includes special assessment bonds with a governmental commitment.

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

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

Table 12

CITY OF TROTWOOD, OHIO
 Computation of Direct and Overlapping Net General Obligation Debt
 December 31, 2003

Jurisdiction	Assessed Value (1)	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Trotwood (2)	Amount Applicable to Trotwood
City of Trotwood	\$ 325,165,764	\$ 3,790,000	100.00%	<u>\$ 3,790,000</u>
<u>Overlapping:</u>				
Trotwood-Madison City School District	267,227,304	36,269,625 (3)	94.04%	34,108,616
Montgomery County	10,076,911,930	35,982,639 (1)	3.23%	<u>1,161,102</u>
Sub-total - Overlapping Debt				<u>35,269,718</u>
Total Direct and Overlapping Debt				<u>\$ 39,059,718</u>

Notes: (1) Source: Montgomery County, Ohio; Auditor's Office.
 (2) Percentage of gross indebtedness of the City's overlapping political subdivisions determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.
 (3) Source: Ohio Municipal Advisory Council.

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

Fiscal Year	Population (2)	Public School Enrollment (3)	Unemployment Rate Montgomery County (4)
1994	8,779	4,138	5.4%
1995	8,779	4,255	4.8%
1996	29,358	4,453	4.0%
1997	29,358	4,282	4.4%
1998	29,358	4,157	4.0%
1999	29,358	4,217	4.0%
2000	27,420	3,811	3.9%
2001	27,420	3,854	4.3%
2002	27,420	3,676	5.6%
2003	27,420	3,422	6.3%

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

Table 14

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

Fiscal Year	Real Property Value (2)*		Total	Commercial/Industrial Construction (3)		Residential Construction (3)		Bank Deposits (4)*
	Commercial/Industrial	Residential		Number of Permits	Estimated Value	Number of Permits	Estimated Value	
1994	\$ 83,903	\$ 128,065	\$ 211,968	10	\$ 27,568,000	67	\$ 2,279,175	\$ 280,404
1995	84,617	128,524	213,141	9	712,722	50	1,613,706	289,857
1996	181,416	414,788	596,204	9	4,797,475	88	7,683,329	286,673
1997	192,713	485,923	678,636	14	1,582,647	65	2,724,376	283,474
1998	194,351	485,880	680,231	39	3,434,551	47	4,737,199	266,048
1999	201,610	486,917	688,527	24	902,965	35	4,864,228	263,170
2000	202,375	534,329	736,704	129	15,809,088	131	2,747,275	254,565
2001	196,217	537,681	733,898	19	1,361,059	162	6,168,382	250,995
2002	184,515	540,898	725,413	222	32,671,760	132	4,279,785	240,975
2003	204,884	626,496	831,380	145	6,256,175	254	4,300,249	227,621

* Amounts expressed in thousands

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

(2) Estimated actual value.

(3) Montgomery County; Building regulations Division

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

(5) Source: Federal Deposit Insurance Corporation.

N/A=Not Available

Table 15

CITY OF TROTWOOD, OHIO
Principal Employers by Municipal Income Tax Withheld
December 31, 2003

Employer	Nature of Business	Amount of Municipal Income Tax Withheld	Percent of Total Municipal Income Tax Revenue
Trotwood-Madison City School District	Public education	\$ 413,599	7.52%
Maria Joseph Center	Retirement community	229,056	4.16%
City of Trotwood	Local government	175,077	3.18%
Montgomery County	Transportation facility	129,008	2.35%
Federal Mogul Sintered Products	Manufacturing	105,569	1.92%
Wal Mart Associates, Inc.	Retail sales	99,314	1.81%
Evangelical Retirement Villages of Dayton	Retirement community	95,603	1.74%
Jewish Federation of Greater Dayton	Cultural/recreation center	81,537	1.48%
Lowes Home Centers, Inc	Retail sales	64,898	1.18%
Applied Mechanical Systems	HVAC contractor	57,537	1.05%
Total		<u>1,451,198</u>	<u>26.38%</u>
All other municipal income tax revenue		<u>4,049,867</u>	<u>73.62%</u>
Gross municipal income tax revenue		<u>\$ 5,501,065</u>	<u>100.00%</u>

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

CITY OF TROTWOOD, OHIO
Miscellaneous Statistics
December 31, 2003

Date of incorporation	September 16, 1901
Date present charter adopted	November 3, 1964
Form of government	Council/Manager
Number of permanent full-time employees	131
Area in square miles	28
City of Trotwood facilities and services:	
Miles of streets (lane-miles)	362
Miles of storm sewers	39
Street lights	1,285
Police Protection:	
Number of stations	1
Number of full-time officers	54
Calls for service	36,108
Fire Protection and EMS:	
Number of stations	3
Number of full-time firefighters	26
Calls for service-	
Fire	860
EMS	3,966
Average response time (minutes)-	
Fire	4.5
EMS	4.5
Parks and Recreation:	
Community centers	1
Parks	7
Park acreage	152
Swimming Pools	1
Water System:	
Miles of water mains	37.5
Number of fire hydrants	1,096
Number of accounts	2,800
Sewerage System:	
Miles of sanitary sewers	31
Number of accounts	2,800
Facilities and services not included in the reporting entity:	
Public Education:	
Number of elementary schools	5
Number of secondary schools	2
Recreation and Culture:	
Libraries	1
Sports arena/conference centers	1
State and county park acreage	2,545



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**CITY OF TROTWOOD
MONTGOMERY COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 28, 2004**