



**Auditor of State
Betty Montgomery**

CITY OF TROY
MIAMI COUNTY

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Troy
Miami County
100 South Market Street
Troy, Ohio 45373

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 the City of Troy, Miami County, 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 6, 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 financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the 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 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the City's management in a separate letter dated August 6, 2004.

City of Troy
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the finance committee, management, Mayor, and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

August 6, 2004

Troy OHIO, USA

www.troy-ohio-usa.com



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

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CITY OF TROY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

PREPARED BY:
RICHARD L. CULTICE, CITY AUDITOR

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INTRODUCTORY SECTION

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City of Troy, Ohio



August 6, 2004

The Honorable Mayor,
Members of City Council
and Citizens of Troy, Ohio

The Comprehensive Annual Financial Report of the City of Troy, Ohio for the fiscal year ended December 31, 2003 is submitted herewith. The Department of Finance prepared the report. The responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the City of Troy, specifically with the Department of Finance. We believe that the enclosed data is accurate in all material respects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. We further believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity 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 this transmittal letter, the government'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 and Notes to Basic Financial Statements that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds, and other schedules that provide detailed information relative to the Basic Financial Statements. The statistical section includes selected economic data, financial trends and demographic information, generally presented on a multi-year basis

CITY OVERVIEW

Troy, Ohio is a progressive city with a reputation for its “can do” attitude, hospitality, and pride in its accomplishments. Located along I-75 ten miles north of the I-75 and I-70 interchange, Troy is ideally situated.

The City of Troy is home to approximately 21,999 people. While new residents move in at a slow, even pace, Troy continues to have a substantial number of long-time residents. People who move to Troy tend to continue to live here, even after they have raised their families. Troy has a reputation for community pride, friendliness and hospitality, along with respect for its past and great hopes for its future. The community offers a diverse mix of people, places and activities to enjoy. Destinations in the City are accessible without congestion or inconvenience.

The City was founded in 1814 and is a statutory municipal corporation under the laws of the State Of Ohio. The City operates under a Council-Mayor form of government and provides the following services: public safety, public services, health, recreation, and development.

ECONOMIC CONDITIONS AND OUTLOOK

Troy, Ohio USA is a remarkably accessible small city with big-city advantages. Troy’s central location and excellent transportation access continue to be as important to the local economic climate as they were in 1807, when Troy was selected as the county seat for newly-formed Miami County. Then, the Great Miami River and post roads allowed the easiest travel of those times to all of Miami County and major transportation routes to the rest of the rapidly growing nation. Later, the Miami & Erie Canal provided a strong economic boost, which was soon followed by major railroad lines and the Dixie Highway. These advantages helped Troy establish a strong manufacturing base that added to its economic strength as an agricultural service center.

Today, Troy still reaps great economic benefits from its strategic location in the strong western Ohio transportation network. The Troy community is served by four interchanges on Interstate Route 75, one of the nation’s most heavily traveled north/south highways. Just 10 minutes to the south is the intersection of I-75 and I-70, which adds excellent east/west access to the rest of the nation. Easy access and fast travel to dispersed plants throughout the entire eastern half of the country allow Troy businesses to meet the just-in-time needs of modern industry. Major arterial highways connect from I-75 to all parts of the city. These include 3 state highways and the old Dixie Highway. In addition to easy automobile and truck movement, rail service continues to provide economical transportation of bulk products through Troy on one of the nation’s heaviest-traveled Class A lines.

International airfreight and travel are only 15 minutes away from Troy, at Dayton International Airport. Over two-thirds of the nation’s population and businesses are within the nation’s largest 90-minute air travel market, enabling Troy businesses to provide same-day delivery to even distant customers. The airport is one of the world’s largest air cargo centers and provides both small and heavy freight service throughout the world.

Modern services are available throughout the city, yet Downtown Troy continues to thrive and maintain its old-fashioned charm. Recent street and pedestrian improvements were important in the effort to revitalize Downtown Troy. These included Troy Main Street's highly successful 2003 "Sculptures on the Square" public art exhibition which attracted visitors from around the world during the entire summer. Private property owners also continued to improve their buildings, adding to the great investment in public amenities. New Downtown Troy businesses included small shops and two new restaurants, the Bamboo Grill and the Night Sky Cafe. Several of the building renovations were partially assisted through the City's Downtown Building Repair Loan Program. Many others were wholly financed by the individual property owners.

During 2003, Troy continued to attract major new retail and commercial development that added more choices for Troy residents. Significant new projects included major expansions of Kroger and Wal-Mart. Culver's purchased one of the last vacant lots near I-75 on West Main Street, and Ruby Tuesday entered the Troy market by purchasing and replacing a former Golden Corral franchise building. The Town Park Drive development broke ground, and will be home to future offices, restaurant and retail shops. Walgreens opened a Troy store in a central location, and Tim Hortons also broke ground close to Downtown Troy. Goodwill built a new store, helping to initiate a new commercial area at the vacant site of a former hotel at the I-75 interchange. Older shopping centers continued to attract replacement tenants for small shops that ran through their business cycle. Occupancy of even older commercial spaces remains high, generally with only short-term vacancies. Both the Troy Chamber of Commerce and Troy Main Street help new businesses to fill Troy locations.

Troy works hard to attract businesses and industries that fuel a strong local economy. Working through a public/private partnership, the City of Troy and the Troy Development Council support companies whose products will be in demand far into the future. These efforts have helped establish a well-diversified industrial base that uses the advantages of local expertise in metalworking and new technologies in plastics, robotics, electronics, aerospace, and other high technology industries. The Enterprise Zone, Community Reinvestment Area, and Revolving Loan Programs have provided development incentives as an inducement for businesses and industry to locate or expand in Troy. Since 1990, over 880 million dollars has been invested in non-residential construction, machinery, equipment, furniture, and fixtures for businesses and industries. These companies have created over 6,000 jobs for the people of the Troy community. Significant industrial sector projects in 2003 included a new location and expansion of the Troy Lumber Company and expansion of Raymath Company, a small machine shop that has nearly doubled in size in the past four years. Both were partially assisted through the Revolving Loan program. Industrial retooling continued at several Troy factories, including the newly renamed MTPD television picture tube plant, which added more new equipment for rear projection and flat screens. A new Enterprise Zone agreement also helped encourage a retooling at Faurecia Exhaust Systems, which added additional automobile manufacturers to its customer base.

Each of the industrial expansion projects adds to the Troy economic base, and helps encourage more future growth in jobs and investment. Retention and expansion of existing plants is widely considered to be even more important than attracting new industries. During 2003, the Troy Development Council initiated a new, continuous R&E program that includes visits to selected CEOs by a peer CEO who volunteers his time to the program. These visits have already started to provide advance information that helps TDC connect our existing businesses with resources they did not know are available. The goal is to help encourage our companies to stay in Troy and to expand their operations here, rather than open another branch plant somewhere else. Our entire community is working hard to insure that Troy can continue to add to the foundation we have built, creating more opportunities and ensuring that local businesses can compete in the global marketplace right here in Troy, Ohio USA.

MAJOR INITIATIVES

The City places a high priority on quality of life and effectively delivering services to the citizens of Troy. This priority continued during 2003. There were no interruptions in the delivery of services to the citizens. During the year, there were a number of major public improvements. Major activity in 2003 includes:

- Finalized a water main extension to the City of West Milton, working in conjunction with Miami County and the City of West Milton. Working with the Miami County Sanitary Engineer and the City of West Milton, agreements were worked out for West Milton to purchase Troy water through the existing City-County agreements providing for the City to sell an average of 1MGD (Million Gallons per Day) of water to Miami County. The County usage was less than half of the average permitted to be sold. West Milton, a small Miami County community, was under EPA mandates to find an alternate water supply for its citizens. Adding West Milton's usage to the agreement will still leave capacity with the City-County Agreement. Troy's cost, less than \$1 million, was funded through the sale of bonds, which permits the City to take advantage of borrowing money during a time of record low interest rates and repay the debt through the revenues of the sale of the water to West Milton. With excellent bids received on this project, funds were available to complete another utility line extension to improve service.
- A \$3 million major renovation to the Troy Memorial Stadium neared completion. The improvement to the facility was funded through the sale of bonds.
- Continuation of the programs of paving, repairing catch basins, improving manholes, and installing handicap ramps at curbs.
- Contracted out the collection of ambulance bills to a private company, improving efficiency of collections, saving staff time, and assuring compliance with related laws.
- Started work with a consultant to look at upgrades to the City's telecommunication system and how to integrate the system with those of other entities and to work toward broadband capabilities as an economic development tool.
- Continued the Sidewalk Replacement Program to replace sidewalks that had become a safety hazard due to damage or grade separation; removed trees that had caused some of the sidewalk damage, and replaced many of the removed trees.

- Authorized the design to replace or improve City facilities, including the Cemetery Maintenance Building and salt storage facilities.
- In 2003 the City of Troy established its first Tax Increment Financing (TIF) District. The District is located in the northwest area of the City, along the I-75 corridor. The provisions of this economic development tool include:
 - The City issued bonds to fund and expedite a public roadway project. The bond payments will be financed through the property tax increments on the future building improvements, several of which have already been completed. The developer is responsible for any debt service deficiency payments on the bonds.
 - The establishment of the roadway helped secure the expansion of Wal-Mart into a “Super Center” in a shopping district just south of the TIF.
 - The mixed-use development within the District permits areas of commercial retail and office (40% minimum) and other business to encourage job growth on several levels.
- Continued to look for funding to improve the Treasure Island area, including connections to parks on the north side of the Great Miami River.
- Continued the application for Ohio Public Works Commission funds for infrastructure improvements.
- Continued the update of the Comprehensive Plan, which is the City’s most important planning and development tool.
- Commenced a quarterly newsletter to help keep residents informed about activities and projects within their community.

Troy also continued other enhancements, including:

- Continued the funding partnerships with the Troy Development Council and Troy Main Street.
- Continued development of the Wellhead Protection Program to safeguard Troy’s water supply.
- Provided training to improve the proficiency and safety of City employees.

DEPARTMENTAL FOCUS – ENGINEERING DIVISION

The City of Troy was first platted as the county seat in 1807. As a designed city, Troy was able to develop roadways and infrastructure that would bring forward homes and businesses from its most humble beginnings. Today maintaining the city’s ever aging and ever growing infrastructure is one of our many priorities. The City Engineer directs the City Engineering Division as a part of the Public Works Department. Included in the engineering division mission is to maintain and improve all aspects of the City’s right-of way. This is accomplished with some grand projects such as mapping, both on paper and with computers, all of the city’s infrastructures; to other tasks such as inspecting the installation of new roadways and bridges; even the installation of new sidewalks. Sidewalk and roadway maintenance and safety is one of the key mission components for all of our citizens.

2003 was a year with a construction boom in the City of Troy. Residential subdivisions were growing on all sides of the City. Residents moved into the first new subdivision in many years on the northeast side of town, and that sparked more interest in this side of town. The west side of town, where most of the growth has occurred in the past ten (10) years also continued to grow.

The 2003 Miami County Homearama assisted in the completion of Meadowpoint Drive from Stanfield to Washington Road. This connection has helped to provide more direct access for the residents on the far west side of the city.

Since the first housing was built, all residential subdivisions within the City have been lined with sidewalks. It was also common in the early years for trees to be planted in the curb lawn. Over the course of decades, sidewalks next to the trees have been raised or severely damaged due to the root system of the trees. This damage caused the sidewalks to be very unsafe for pedestrians or other users. Maintenance of the sidewalks is the responsibility of the property owners, and in many locations that maintenance was not being done. In an effort to provide safe walkways for all residents, the City of Troy undertook a major Sidewalk Repair Program. Using sections of the Ohio Revised Code, the City embarked on a major assessment program to provide safe sidewalks. Property owners have the option of repairing the sidewalks on their own, or the City will do the work and bill the property owner. At that point the owners have the option to pay for the work or to allow the cost to be assessed to the property taxes over a five (5) year period.

The Engineering Division began the project by evaluating the condition of all the city sidewalks and then focused on two (2) neighborhoods known as Sherwood and Westbrook. Sidewalks in these neighborhoods contain some of the worst conditions and therefore it was selected as the location of the first phase of the Sidewalk Repair Program.

Sidewalks in the Sherwood and Westbrook neighborhoods were reviewed and those sidewalk blocks that needed to be repaired were marked. Property owners were given notice and were given time to repair the sidewalks adjacent to their property. At the end of the prescribed timeframe, the City bid the remaining sidewalk work.

In preparation for the construction, during early 2003, City crews removed hundreds of silver maple trees from the curb lawns in Sherwood and Westbrook. Two (2) construction crews then started to replace the sidewalks for the first phase of the program. In the fall of 2003, more than 300 trees were planted in the two neighborhoods in the City's effort to provide the necessary reforestation to maintain Troy's status as a "Tree City USA".

As the work was going on in this first phase, Engineering Division staff started the entire process over again in the second phase of the Sidewalk Repair Program. The next area targeted involved neighborhoods surrounding the City's elementary schools. Construction of sidewalks in these neighborhoods continue; and the third of a multi-year Sidewalk Repair Program is progressing.

Within a five to seven year period, the City expects to have addressed all existing sidewalks requiring repair and will also begin the installation of sidewalks in those areas that never had sidewalks installed. This effort will provide safe walkways for all pedestrians throughout the City.

FUTURE PROJECTS

Troy's plans for the future are based on maintaining and improving the quality of life of the community.

Activities in this regard will include:

- Continue economic development efforts to bring high quality jobs to the community for current and future residents.
- Complete the Troy Memorial Stadium renovation project.
- Complete the Comprehensive Plan.
- Use low interest rates to fund a number of projects, including constructing a new swimming pool, relocating fire station two, continuing a well maintained roadway network, constructing the first phase of the sidewalk replacement program, and constructing a new Cemetery Maintenance Building to better serve the employees and citizens.
- Foster and encourage strategic annexation.
- Maintain an excellent working relationship with other local governmental entities.
- Look for ways to help traffic flow in heavily traveled areas.
- Continue to work with Troy Main Street and the downtown merchants in keeping the downtown active and vital.
- Continue to provide appropriate training for employees.
- Continue to improve park and green space areas for aesthetic purposes and to meet community needs.
- Utilize grants and other governmental funds (i.e., OPWC) where possible for projects.
- Monitor the condition of all City facilities and see that they are properly maintained.

For a more-in-depth analysis of the City's current economic condition, please see the Management Discussion and Analysis (MD&A) portion of the report in the Financial Section.

INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

We believe that the City's internal control structure adequately safeguarded assets and provided reasonable assurance of proper recording of financial transactions. It is further our intention to review these controls in depth on an ongoing basis for continued refinements and improvements.

Budgetary control is maintained at the fund level by the use of encumbrances for purchase order amounts to vendors. Open encumbrances are reported as reservations of the fund balance for the governmental fund types at December 31, 2003.

CASH MANAGEMENT

Cash temporarily idle during the year, was invested in demand deposits, certificates of deposit, U.S. Treasuries and the State Treasurer's Investment Pool (Star Ohio). The City earned \$1,241,899 on all investments for the year ended December 31, 2003.

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

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. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. See Notes to Basic Financial Statements for more in-depth information.

Out of concern for the welfare of City employees, two special programs are provided:

Employee Assistance Plan (EAP) - Through EmployeeCare of Miami Valley Hospital in Dayton, the City provides employees and their families free 24-hour counseling services. In addition to counseling sessions, there is a 24-hour hotline. A satellite office for the EAP Program has also been established in Troy. This counseling process is based upon and centered on complete confidentiality for the person using the program. The EAP also provides on-site counseling for situations such as the loss of a co-worker or the debriefing of safety employees following a critical event. The EAP further provides on-site seminars/workshops with topics such as stress management, holiday stress, dealing with angry citizens, and others geared to the needs of the staff.

Wellness Program – This program has existed for approximately 15 years. Since 2002, the City has contracted with the local Upper Valley Medical Center, Troy, Ohio for the service. The City is provided an on-site nurse sixteen hours per month. Employees can establish base-line medical data with the nurse so that physical/medical problems/improvements can be measured. A Wellness Committee of employees has been formed to suggest possible programs and services. To date, some of the benefits provided by the Wellness Program include: cholesterol screening, blood pressure checks, statistics, hearing exams, TB screening, health fair, flu shots, stress management, diabetes screening, etc., and the opportunity to take advantage of various screenings at a reduced cost for the employee/spouse. As a result of screenings and discussions with the nurse, some employees have been referred for further medical evaluation. In addition, the wellness program encourages regular exercise. The program elements were extended to include monthly paycheck “fliers”, which provide a variety of information in a simple one-page format. Employees are encouraged to share the fliers with their families.

INDEPENDENT AUDIT

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The State Auditor's Office has completed an audit of the financial statements. Their opinion on the City's financial statements is included in the financial section of this Comprehensive Annual Financial Report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Troy, Ohio, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, with contents conforming to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The City of Troy, Ohio, received a Certificate of Achievement for the 14th time for the year ended December 31, 2002. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGEMENTS


The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the City Auditor and other City departments. We express our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Mayor and City Council of the City of Troy, preparation of this report would not have been possible.

Respectfully submitted,
City of Troy, Ohio



David E. Anderson
Director of Public Service and Safety



Richard L. Cultice
City Auditor

CITY OF TROY, OHIO

Listing of Principal City Officials

December 31, 2003

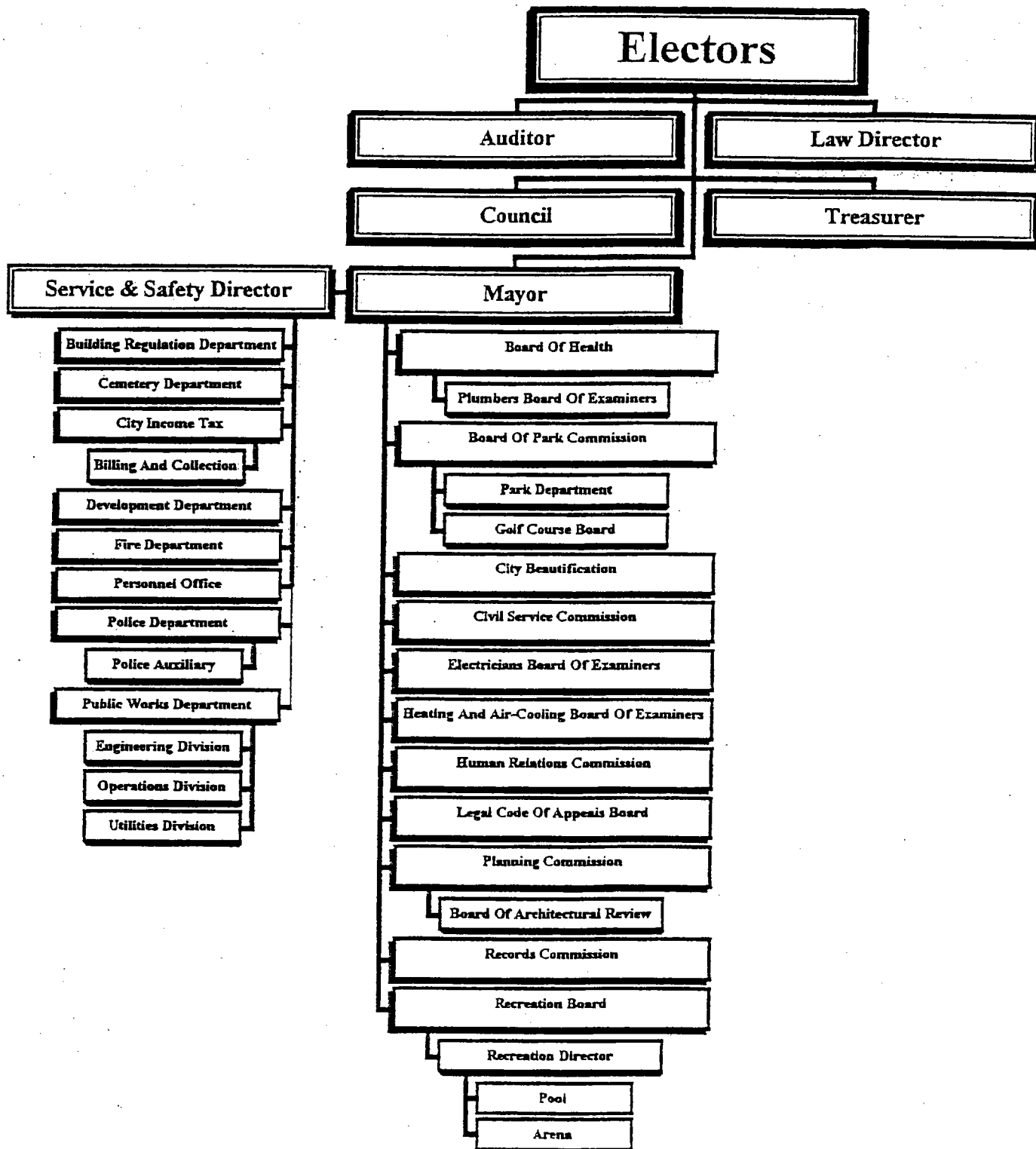
Elected Officials

Mayor	Peter E. Jenkins
President of Council	William F. Lohrer
Councilmember-at-Large	Michael L. Beamish
Councilmember-at-Large	Richard L. Cultice
Councilmember-at-Large	Shirley M. Saxton
Councilmember, First Ward	Craig E. Wise
Councilmember, Second Ward	Martha A. Baker
Councilmember, Third Ward	Ted S. Mercer
Councilmember, Fourth Ward	Raymond R. Bretland
Treasurer	Edward L. Cox
Director of Law	W. McGregor Dixon, Jr.
Auditor	R. Craig Helmer

Appointed Officials

Director of Public Service and Safety	David E. Anderson
Clerk of Council	Sue Knight

CITY OF TROY, OHIO



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Troy,
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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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Troy
Miami County
100 South Market Street
Troy, Ohio 45373

To the Honorable Mayor and City Council:

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 Troy, Miami County, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Troy, Miami County, 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 13, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 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.

The Management Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual (Non-GAAP Budgetary Basis) – General Fund, are not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Betty Montgomery
Auditor of State

August 6, 2004

City of Troy

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Troy'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 \$3.87 million. Net assets of governmental activities decreased \$6.47 million, net assets of business-type activities increased by \$2.60 million.
- The General Fund reported a net change in fund balance of (\$.92) million.
- Business-type operations reflected operating income of \$.39 million.

USING THIS ANNUAL FINANCIAL REPORT

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

The statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other 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 Troy is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

- **Governmental Activities** - Most of the City's services are reported here including police, fire, 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, Hobart Arena, swimming pool, parking meter, Miami Shores and stadium. 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 is presented in the Fund Financial Statements (see table of contents). Fund financial statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the City, with approval of council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are General, Capital Improvement, Water and Sanitary Sewer.

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.

Fiduciary Funds - The City is the fiscal agent for one private purpose trust and six agency funds. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Statement of Changes in Assets and Liabilities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

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	\$57.26	\$57.01	\$19.67	\$18.55	\$76.93	\$75.56
Capital Assets, Net	<u>34.69</u>	<u>35.00</u>	<u>47.02</u>	<u>45.02</u>	<u>81.71</u>	<u>80.02</u>
Total Assets	<u>91.95</u>	<u>92.01</u>	<u>66.69</u>	<u>63.57</u>	<u>158.64</u>	<u>155.58</u>
Liabilities						
Current and Other						
Liabilities	8.14	4.30	2.19	1.13	10.33	5.43
Long-Term Liabilities:						
Due within One Year	1.20	0.81	1.45	1.49	2.65	2.30
Due in More Than One Year	<u>6.66</u>	<u>4.48</u>	<u>18.18</u>	<u>18.68</u>	<u>24.84</u>	<u>23.16</u>
Total Liabilities	<u>16.00</u>	<u>9.59</u>	<u>21.82</u>	<u>21.30</u>	<u>37.82</u>	<u>30.89</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	28.24	30.65	27.98	26.36	56.22	57.01
Restricted:						
Debt Services	0.84	0.91	0.00	0.00	0.84	0.91
Capital Projects	3.43	3.72	0.00	0.00	3.43	3.72
Special Revenue	8.22	8.92	0.00	0.00	8.22	8.92
Unrestricted	<u>35.22</u>	<u>38.22</u>	<u>16.89</u>	<u>15.91</u>	<u>52.11</u>	<u>54.13</u>
Total Net Assets	<u>\$75.95</u>	<u>\$82.42</u>	<u>\$44.87</u>	<u>\$42.27</u>	<u>\$120.82</u>	<u>\$124.69</u>

Total net assets of the City as a whole decreased \$3.87 million. Net assets of the City's governmental activities decreased \$6.47 million. The decrease in net assets was mainly due to the increase in debt, which was from issuance of \$5.80 million of bond anticipation notes and \$1.80 million of tax incremental financing bonds.

The net assets of the City's business-type activities increased \$2.60 million from 2002. The increase in net assets is a result of the increase in net capital assets. The City added \$2.94 million in Construction in Progress for 2003.

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 Activities	Business-Type Activities	Total
	<u>2003</u>	<u>2003</u>	<u>2003</u>
Revenues			
Program Revenues:			
Charges for Services	\$1.46	\$9.12	\$10.58
Operating Grants, Contributions	0.82	0.00	0.82
Capital Grants and Contributions	<u>0.54</u>	<u>2.77</u>	<u>3.31</u>
Total Program Revenues	<u>2.82</u>	<u>11.89</u>	<u>14.71</u>
General Revenues:			
Property Taxes	1.44	0.00	1.44
Income Taxes	11.48	0.00	11.48
Grants and Entitlements	1.41	0.00	1.41
Unrestricted Contributions	0.20	0.00	0.20
Investment Earnings	1.02	0.21	1.23
Refunds & Reimbursements	0.12	0.00	0.12
Other Revenues	<u>0.30</u>	<u>1.32</u>	<u>1.62</u>
Total General Revenues	<u>15.97</u>	<u>1.53</u>	<u>17.50</u>
Total Revenues	<u>\$18.79</u>	<u>\$13.42</u>	<u>\$32.21</u>
Program Expenses:			
General Government	\$3.79	\$0.00	\$3.79
Public Safety	8.32	0.00	8.32
Leisure Time Activities	2.20	0.00	2.20
Community Development	1.37	0.00	1.37
Basic Utility Service	1.98	0.00	1.98
Transportation & Street Repair	6.76	0.00	6.76
Public Health & Welfare	0.40	0.00	0.40
Interest and Fiscal Charges	0.15	0.00	0.15
Water Utility	0.00	5.80	5.80
Sewer Utility	0.00	3.62	3.62
Arena Facilities	0.00	0.75	0.75
Pool	0.00	0.10	0.10
Parking	0.00	0.04	0.04
Golf Course	<u>0.00</u>	<u>0.80</u>	<u>0.80</u>
Total Expenses	<u>24.97</u>	<u>11.11</u>	<u>36.08</u>
Increase (Decrease) in Net Assets before Transfers	<u>(\$6.18)</u>	<u>\$2.31</u>	<u>(\$3.87)</u>
Transfers – Internal Activities	<u>(0.29)</u>	<u>0.29</u>	<u>0.00</u>
Increase (Decrease) in Net Assets	<u>(\$6.47)</u>	<u>\$2.60</u>	<u>(\$3.87)</u>

Governmental Activities

Troy has continued attracting large-scale employers to our city in the year 2003, thereby injecting the local economy with jobs and increasing the City's commercial tax base. The 1.75% income tax is the largest source of revenue for the City. Revenues generated by the earnings tax represent more than 73% of the City's governmental activities general revenues. During 2003, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2003 earnings tax revenues increased approximately 0.2% over 2002 tax revenues.

Governmental activities program expenses for 2003 were as follows:

General Government	15.15%
Public Safety	33.30%
Leisure Time Activities	8.82%
Community Development	5.50%
Basic Utility Service	7.91%
Transportation & Street Repair	27.06%
Public Health & Welfare	1.60%
Interest and Fiscal Charges	0.62%
Other	<u>0.04%</u>
Total	<u>100.00%</u>

General Government include legislative and executive as well as judicial expenses. Leaf and brush pickup, storm sewer projects, aggressive street resurfacing program, amenities in the parks, and police and fire services all culminate into a full service city.

Business-Type Activities

Business-type activities, include water, sewer, Hobart Arena, swimming pool, parking meter, Miami Shores and the stadium. These programs had revenues of \$13.70 million and expenses of \$11.10 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 \$44.87 million, which increased \$2.60 million from 2002.

The City of Troy's Water Department serves 9,281 customers, this represents a population base of nearly 21,999 people. The average daily consumption for the city is 5.17 million gallons and 128.81 miles of water mains in its distribution system. The water fund had operating income of \$0.39 million for 2003.

The City of Troy's Sewer Department includes 119.22 miles of sanitary sewer main, which provide the collection and treatment of public wastewater. Miles of sanitary sewer main increase 0.06 miles from 2002. The Sewer fund had operating income of \$0.73 million for 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 \$19.09 million and expenditures of \$25.60 million. Within the General fund revenues exceeded expenditures, before other financing sources (uses) by \$0.43 million; and within the Capital Improvement Fund expenditures exceeded revenues, before other financing sources (uses) by \$4.47 million.

General Fund Budgeting Highlights

The City's General Fund budget is formally adopted at the fund 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 \$34,459,846, 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 underestimated the taxes revenue amount and overestimated the general government and public safety expenditures for 2003.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 3
Capital 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>
Land	\$11.64	\$11.19	\$0.54	\$0.52	\$12.18	\$11.71
Building and Improvements	10.54	10.38	37.41	37.41	47.95	47.79
Equipment	7.23	7.00	8.00	7.76	15.23	14.76
Infrastructure	19.71	19.58	20.27	19.61	39.98	39.19
Construction in Progress	0.09	0.00	3.22	0.58	3.31	0.58
Accumulated Depreciation	<u>(14.52)</u>	<u>(13.15)</u>	<u>(22.42)</u>	<u>(20.86)</u>	<u>(36.94)</u>	<u>(34.01)</u>
Totals	<u>\$34.69</u>	<u>\$35.00</u>	<u>\$47.02</u>	<u>\$45.02</u>	<u>\$81.71</u>	<u>\$80.02</u>

The increase in net capital assets was the result of the increase in construction in progress for various projects for the City.

Debt

At year-end the City had \$25,419,000 in general obligation bonds and special assessment bonds.

Table 4
Outstanding Debt at Year End

<u>Governmental Activities:</u>	<u>2003</u>	<u>2002</u>
<u>General Obligation Bonds</u>		
6.25% Central Maintenance Facility	\$240,000	\$320,000
6.25% McKaig Storm Sewer Phase I	90,000	120,000
7.13% McKaig Storm Sewer Phase II	200,000	240,000
6.00% Westbrook Storm Sewer	0	35,000
4.70% Safety Facilities Improvement	705,000	1,035,000
2.00% Stadium Improvement	3,000,000	3,055,000
6.00% Tax Increment Financing	<u>1,800,000</u>	<u>0</u>
Total General Obligation Bonds	<u>6,035,000</u>	<u>4,805,000</u>
<u>Special Assessment Bonds</u>		
8.50% Street Improvement – Exp. Farm Road	18,000	27,000
7.13% Street Improvement – St. Rt. 55	70,000	84,000
7.35% Street Improvement – Dorset Road	240,000	280,000
3.35% Street Improvement – Exp. Farm Road	<u>80,000</u>	<u>90,000</u>
Total Special Assessment Bonds	<u>408,000</u>	<u>481,000</u>
<u>Business-Type Activities:</u>		
<u>General Obligation Bonds</u>		
6.25% Southwest Interceptor Sewer	\$210,000	\$280,000
3.35% Water Improvement Towers	1,755,000	1,935,000
4.70% Wastewater System Improvement	3,255,000	3,450,000
4.55% Waterplant Expansion I	3,780,000	3,980,000
5.75% Golf Course Improvement	206,000	267,000
4.38% Waterplant Expansion II	5,550,000	5,825,000
4.35% Wastewater System Improvement	2,850,000	2,965,000
0.00% Wastewater Improvement IIIC&VA	425,000	450,000
2.00% Water Line Extension	<u>945,000</u>	<u>1,020,000</u>
Total General Obligation Bonds	<u>18,976,000</u>	<u>20,172,000</u>
Total Debt	<u>\$25,419,000</u>	<u>\$25,458,000</u>

Special Assessment Street Improvement Bonds will be paid with special assessment revenue.

The Various Purpose Improvement general obligation bonds will be paid with property tax revenues via transfers from the General Fund.

The City's legal debt margin within limitation was \$47,856,774 at year-end.

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

ECONOMIC FACTORS

The City of Troy is currently in a strong financial position, but it must be stated that the City is not immune to economic conditions that have negatively affected many public and private entities. The City of Troy's systems of budgeting and internal controls are well regarded, and the City is well prepared to meet the challenges of the future. In addition, management has been committed to providing its residents with full disclosure of the financial position of the City.

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 City Auditor, City of Troy, 100 South Market Street, Troy, Ohio 45373.

City of Troy, Ohio
Statement of Net Assets
December 31, 2003

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$48,273,463	\$18,679,791	\$66,953,254
Receivables:			
Taxes	2,478,197	0	2,478,197
Accounts	479,870	482,036	961,906
Interest	370,287	46,150	416,437
Intergovernmental	2,933,350	0	2,933,350
Notes	1,939,511	0	1,939,511
Special Assessments	790,297	0	790,297
Inventory	0	467,260	467,260
Nondepreciable Capital Assets	11,721,982	3,756,773	15,478,755
Depreciable Capital Assets, Net	22,963,372	43,263,848	66,227,220
Total Assets	91,950,329	66,695,858	158,646,187
Liabilities:			
Accounts Payable	373,764	86,865	460,629
Accrued Wages and Benefits	804,207	149,206	953,413
Retainage Payable	141,812	62,786	204,598
Accrued Interest Payable	18,389	91,120	109,509
Deferred Revenue	2,807,330	0	2,807,330
General Obligation Notes Payable	4,000,000	1,800,000	5,800,000
Long-Term Liabilities:			
Due Within One Year	1,195,262	1,448,106	2,643,368
Due In More Than One Year	6,663,712	18,182,557	24,846,269
Total Liabilities	16,004,476	21,820,640	37,825,116
Net Assets:			
Invested in Capital Assets, Net of Related Debt	28,242,354	27,981,971	56,224,325
Restricted for:			
Debt Service	839,944	0	839,944
Capital Projects	3,429,251	0	3,429,251
Special Revenue	8,220,443	0	8,220,443
Unrestricted	35,213,861	16,893,247	52,107,108
Total Net Assets	\$75,945,853	\$44,875,218	\$120,821,071

See accompanying notes.

City of Troy, Ohio
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	\$3,786,639	\$138,020	\$5,038	\$0
Public Safety	8,321,750	853,784	0	0
Leisure Time Activities	2,203,202	121,394	0	0
Community Development	1,374,320	0	160,398	56,000
Basic Utility Service	1,975,881	280,127	0	60,775
Transportation & Street Repair	6,761,973	25,514	654,360	426,905
Public health and welfare	400,308	45,457	0	0
Interest and Fiscal Charges	154,684	0	0	0
Other	8,122	0	0	0
Total Governmental Activities	24,986,879	1,464,296	819,796	543,680
Business-Type Activities:				
Water Utility	5,797,672	4,437,826	0	93,640
Sewer Utility	3,622,033	3,985,418	0	15,884
Arena Facilities	748,989	71,472	0	0
Pool	102,640	35,145	0	0
Parking	40,896	19,145	0	0
Golf Course	787,547	572,205	0	0
Stadium Facilities	0	0	0	2,656,502
Total Business-Type Activities	11,099,777	9,121,211	0	2,766,026
Totals	\$36,086,656	\$10,585,507	\$819,796	\$3,309,706

General Revenues:
Income Taxes
Property Taxes Levied for:
 General Purposes
 Special Revenue Purposes
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Contributions
Investment Earnings
Refunds & Reimbursements
Other Revenues
Transfers-Internal Activities

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
(\$3,643,581)	\$0	(\$3,643,581)
(7,467,966)	0	(7,467,966)
(2,081,808)	0	(2,081,808)
(1,157,922)	0	(1,157,922)
(1,634,979)	0	(1,634,979)
(5,655,194)	0	(5,655,194)
(354,851)	0	(354,851)
(154,684)	0	(154,684)
(8,122)	0	(8,122)
<u>(22,159,107)</u>	<u>0</u>	<u>(22,159,107)</u>
0	(1,266,206)	(1,266,206)
0	379,269	379,269
0	(677,517)	(677,517)
0	(67,495)	(67,495)
0	(21,751)	(21,751)
0	(215,342)	(215,342)
0	2,656,502	2,656,502
<u>0</u>	<u>787,460</u>	<u>787,460</u>
<u>(\$22,159,107)</u>	<u>\$787,460</u>	<u>(\$21,371,647)</u>
11,467,066	0	11,467,066
1,442,545	0	1,442,545
3,637	0	3,637
1,406,330	0	1,406,330
200,730	0	200,730
1,028,663	213,236	1,241,899
117,697	0	117,697
304,989	1,318,708	1,623,697
(286,800)	286,800	0
<u>15,684,857</u>	<u>1,818,744</u>	<u>17,503,601</u>
(6,474,250)	2,606,204	(3,868,046)
<u>82,420,103</u>	<u>42,269,014</u>	<u>124,689,117</u>
<u>\$75,945,853</u>	<u>\$44,875,218</u>	<u>\$120,821,071</u>

City of Troy, Ohio
Balance Sheet
Governmental Funds
December 31, 2003

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$35,047,597	\$5,555,518	\$7,670,348	\$48,273,463
Receivables:				
Taxes	2,292,004	0	186,193	2,478,197
Accounts	464,558	0	15,312	479,870
Interest	364,405	0	5,882	370,287
Intergovernmental	925,935	0	2,007,415	2,933,350
Notes	0	0	1,939,511	1,939,511
Special Assessments	6,152	302,139	482,006	790,297
Total Assets	39,100,651	5,857,657	12,306,667	57,264,975
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	212,704	141,470	19,590	373,764
Accrued Wages and Benefits	752,310	0	51,897	804,207
Compensated Absences	39,779	0	4,688	44,467
Retainage Payable	3,926	137,886	0	141,812
Deferred Revenue	2,362,176	302,139	2,473,170	5,137,485
General Obligation Notes Payable	235,000	3,615,000	150,000	4,000,000
Total Liabilities	3,605,895	4,196,495	2,699,345	10,501,735
Fund Balances:				
Reserved for Encumbrances	404,749	689,891	793,603	1,888,243
Reserved for Notes Receivable	0	0	1,939,511	1,939,511
Unreserved, Undesignated, Reported in:				
General Fund	35,090,007	0	0	35,090,007
Special Revenue Funds	0	0	5,452,931	5,452,931
Debt Service Funds	0	0	376,327	376,327
Capital Projects Funds	0	971,271	1,044,950	2,016,221
Total Fund Balances	35,494,756	1,661,162	9,607,322	46,763,240
Total Liabilities and Fund Balances	\$39,100,651	\$5,857,657	\$12,306,667	\$57,264,975

See accompanying notes.

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

Total Governmental Fund Balance		\$46,763,240
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.		34,685,354
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	96,676	
Intergovernmental	1,375,247	
Other	<u>858,232</u>	
		2,330,155
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.		(18,389)
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>(1,371,507)</u>	
		(1,371,507)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(6,443,000)</u>
Net Assets of Governmental Activities		<u><u>\$75,945,853</u></u>

See accompanying notes.

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

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$12,607,349	\$0	\$471,439	\$13,078,788
Fines, Licenses & Permits	106,826	0	20,538	127,364
Charges for Services	1,028,351	0	260,317	1,288,668
Investment Earnings	1,001,010	0	27,654	1,028,664
Intergovernmental	1,700,874	56,000	947,160	2,704,034
Special Assessments	776	70,129	103,332	174,237
Other Revenues	534,009	0	156,453	690,462
Total Revenues	16,979,195	126,129	1,986,893	19,092,217
Expenditures:				
Current:				
General Government	4,027,664	0	57,605	4,085,269
Public Safety	8,025,594	0	0	8,025,594
Leisure Time Activities	1,713,550	0	111,047	1,824,597
Community Development	894,679	223,050	12,976	1,130,705
Basic Utility Service	1,888,840	0	0	1,888,840
Transportation & Street Repair	0	0	2,065,992	2,065,992
Public health and welfare	0	0	405,234	405,234
Capital Outlay	0	4,377,379	945,331	5,322,710
Debt Service:				
Principal Retirement	0	0	643,000	643,000
Interest and Fiscal Charges	0	0	201,597	201,597
Other	0	0	8,122	8,122
Total Expenditures	16,550,327	4,600,429	4,450,904	25,601,660
Excess of Revenues Over (Under) Expenditures	428,868	(4,474,300)	(2,464,011)	(6,509,443)
Other Financing Sources (Uses):				
Proceeds of Long-Term Capital-Related Debt	0	0	1,800,000	1,800,000
Transfers In	819,500	0	1,657,853	2,477,353
Transfers (Out)	(2,164,153)	0	(600,000)	(2,764,153)
Total Other Financing Sources (Uses)	(1,344,653)	0	2,857,853	1,513,200
Net Change in Fund Balance	(915,785)	(4,474,300)	393,842	(4,996,243)
Fund Balance Beginning of Year	36,410,541	6,135,462	9,213,480	51,759,483
Fund Balance End of Year	\$35,494,756	\$1,661,162	\$9,607,322	\$46,763,240

See accompanying notes.

City of Troy, Ohio
 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 (\$4,996,243)

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

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

Capital assets used in governmental activities	1,347,269	
Depreciation Expense	<u>(1,592,670)</u>	(245,401)

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. (71,648)

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

Delinquent Property Taxes	(20,982)	
Intergovernmental	(157,201)	
Other	<u>(174,695)</u>	(352,878)

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 643,000

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 46,913

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.

Pension Obligation	416,080	
Compensated Absences	<u>(114,073)</u>	302,007

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. (1,800,000)

Change in Net Assets of Governmental Activities	<u><u>(\$6,474,250)</u></u>
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See accompanying notes.

City of Troy, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2003

	Business-Type Activities -Enterprise Funds			Total Business-Type Activities
	Water	Sanitary Sewer	Other Enterprise Funds	
Assets:				
Equity in Pooled Cash and Investments	\$8,548,240	\$9,802,402	\$329,149	\$18,679,791
Receivables:				
Accounts	241,384	199,683	40,969	482,036
Interest	23,619	21,904	627	46,150
Inventory	467,260	0	0	467,260
Total Current Assets	9,280,503	10,023,989	370,745	19,675,237
Nondepreciable Capital Assets	244,234	162,700	3,349,839	3,756,773
Depreciable Capital Assets, Net	21,785,168	18,286,744	3,191,936	43,263,848
Total Assets	31,309,905	28,473,433	6,912,520	66,695,858
Liabilities:				
Current Liabilities:				
Accounts Payable	31,915	36,603	18,347	86,865
Accrued Wages and Benefits	67,312	53,532	28,362	149,206
Compensated Absences	84,665	43,587	38,088	166,340
Retainage Payable	62,786	0	0	62,786
Accrued Interest Payable	50,576	39,557	987	91,120
General Obligation Notes Payable	440,000	1,230,000	130,000	1,800,000
Long-Term Liabilities Due Within One Year	760,000	456,766	65,000	1,281,766
Total Current Liabilities	1,497,254	1,860,045	280,784	3,638,083
Long-Term Liabilities:				
Compensated Absences	270,356	119,164	36,153	425,673
Bonds, Notes & Loans Payable	11,270,000	6,345,884	141,000	17,756,884
Total Liabilities	13,037,610	8,325,093	457,937	21,820,640
Net Assets:				
Invested in Capital Assets, Net of Related Debt	9,999,402	11,646,794	6,335,775	27,981,971
Unrestricted	8,272,893	8,501,546	118,808	16,893,247
Total Net Assets	\$18,272,295	\$20,148,340	\$6,454,583	\$44,875,218

See accompanying notes.

City of Troy, Ohio
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			
	Water	Sanitary Sewer	Other Enterprise Funds	Total Business-Type Activities
Operating Revenues:				
Charges for Services	\$4,437,826	\$3,985,418	\$693,527	\$9,116,771
Fines, Licenses and Permits	0	0	4,440	4,440
Other Revenues	1,041,592	42,524	234,592	1,318,708
Total Operating Revenues	5,479,418	4,027,942	932,559	10,439,919
Operating Expenses:				
Personal Services	1,394,459	1,183,920	729,986	3,308,365
Contractual Services	605,122	458,289	223,322	1,286,733
Materials and Supplies	2,234,771	387,162	435,864	3,057,797
Depreciation	785,446	682,986	195,936	1,664,368
Leisure Time	0	0	16,574	16,574
Other Expenses	67,295	581,622	63,607	712,524
Total Operating Expenses	5,087,093	3,293,979	1,665,289	10,046,361
Operating Income (Loss)	392,325	733,963	(732,730)	393,558
Non-Operating Revenues (Expenses):				
Investment Earnings	102,444	107,695	3,097	213,236
Interest (Expense)	(710,579)	(328,054)	(14,783)	(1,053,416)
Total Non-Operating Revenues (Expenses)	(608,135)	(220,359)	(11,686)	(840,180)
Income (Loss) Before Contributions & Transfers	(215,810)	513,604	(744,416)	(446,622)
Capital Grants and Contributions	93,640	15,884	2,656,502	2,766,026
Transfers In	0	0	506,300	506,300
Transfers (Out)	(109,750)	(109,750)	0	(219,500)
Change in Net Assets	(231,920)	419,738	2,418,386	2,606,204
Net Assets Beginning of Year	18,504,215	19,728,602	4,036,197	42,269,014
Net Assets End of Year	\$18,272,295	\$20,148,340	\$6,454,583	\$44,875,218

See accompanying notes.

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

	Business-Type Activities -Enterprise Funds			
	Water	Sanitary Sewer	Other Enterprise Funds	Total Business-Type Activities
Cash Flows from Operating Activities:				
Cash Received from Customers	\$5,525,736	\$4,102,684	\$920,509	\$10,548,929
Cash Payments to Employees	(1,374,376)	(1,182,554)	(729,335)	(3,286,265)
Cash Payments to Suppliers	(2,451,232)	(1,458,165)	(769,955)	(4,679,352)
Net Cash Provided (Used) by Operating Activities	1,700,128	1,461,965	(578,781)	2,583,312
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	0	0	506,300	506,300
Payments to Other Funds	(109,750)	(109,750)	0	(219,500)
Net Cash Provided (Used) by Noncapital Financing Activities	(109,750)	(109,750)	506,300	286,800
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(751,545)	(93,588)	(53,817)	(898,950)
Debt Proceeds	440,000	1,230,000	130,000	1,800,000
Debt Principal Payments	(730,000)	(446,769)	(61,000)	(1,237,769)
Debt Interest Payments	(736,205)	(353,727)	(15,353)	(1,105,285)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,777,750)	335,916	(170)	(1,442,004)
Cash Flows from Investing Activities:				
Earnings on Investments	136,957	139,703	3,385	280,045
Net Cash Provided (Used) by Cash Flows from Investing Activities	136,957	139,703	3,385	280,045
Net Increase (Decrease) in Cash and Cash Equivalents	(50,415)	1,827,834	(69,266)	1,708,153
Cash and Cash Equivalents Beginning of Year	8,598,655	7,974,568	398,415	16,971,638
Cash and Cash Equivalents End of Year	8,548,240	9,802,402	329,149	18,679,791
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	392,325	733,963	(732,730)	393,558
Adjustments:				
Depreciation	785,446	682,986	195,936	1,664,368
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	46,318	74,742	(12,050)	109,010
(Increase) Decrease in Inventory	449,992	0	0	449,992
Increase (Decrease) in Payables	5,964	(31,092)	(30,588)	(55,716)
Increase (Decrease) in Accrued Liabilities	20,083	1,366	651	22,100
Net Cash Provided (Used) by Operating Activities	\$1,700,128	\$1,461,965	(\$578,781)	\$2,583,312
Schedule of Noncash Capital Activities:				
During the fiscal year, these amounts were received representing noncash contributions of:				
Capital Assets	\$93,640	\$15,884	\$2,656,502	\$2,766,026

See accompanying notes.

City of Troy, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2003

	<u>Cemetery</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Investments	\$268,577	\$134,001
Receivables:		
Interest	1,830	54
Total Assets	<u>270,407</u>	<u>\$134,055</u>
Liabilities:		
Accounts Payable	0	1,167
Other Liabilities	0	132,888
Total Liabilities	<u>0</u>	<u>\$134,055</u>
Net Assets:		
Restricted for Endowment - Expendable	160,315	
Restricted for Endowment - Nonexpendable	110,092	
Total Net Assets	<u>\$270,407</u>	

See accompanying notes.

City of Troy, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund.
For the Fiscal Year Ended December 31, 2003

	<u>Cemetery</u>
Additions:	
Investment Earnings	\$4,073
Other	248
Total Additions	<u>4,321</u>
Deductions:	
Public Health and Welfare	<u>7,632</u>
Total Deductions	<u>7,632</u>
Change in Net Assets	(3,311)
Net Assets Beginning of Year	<u>273,718</u>
Net Assets End of Year	<u><u>\$270,407</u></u>

See accompanying notes.

City of Troy

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

1. DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Troy, Ohio was founded in 1814 and is a statutory municipal corporation under the laws of the State of Ohio. The City operates under a Council - Mayor form of government and provides the following services: public safety, public services, health, recreation, and development.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. Council and the Mayor have direct responsibility for these activities.

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

The Miami Valley Risk Management Association, Inc. (MVRMA) is a risk sharing insurance pool established for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. The members formed a not-for-profit corporation known as Miami Valley Risk Management Association, Inc. for the purpose of administering the pool. The subscribing members of the self-insurance pool include the Cities of Beavercreek, Blue Ash, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming, and the Village of Indian Hill. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA.

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 general laws of Ohio.

Capital Improvement Capital Projects Fund – This capital projects fund accounts for various capital projects financed by governmental funds.

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. The City does not have an internal service fund.

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 – This fund accounts for provision of water treatment and distribution to the residents and commercial users of the water system.

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

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 Funds are 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 one private purpose trust funds and six agency 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 financial statements.

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.

During the year the City invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's quoted share price at year-end.

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 the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenues during 2003 amounted to \$1,245,972.

Inventory

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.

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 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 will capitalize capital assets with a cost of \$5,000 or more.

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, full month convention method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	15-40 years	15-40 years
Machinery and Equipment	5-20 years	5-20 years
Infrastructure	35-60 years	35-60 years
Automobiles & Trucks	3-20 years	5-20 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 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 capital 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 two-year 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 days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

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

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

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

Deposits:

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

Investments:

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

A. Deposits

At year end, the carrying amount of the City's deposits was \$3,770,408 and the bank balance was \$3,875,990. Federal Depository Insurance covered \$238,650 of the deposits and bank balance and \$264,335 was specifically collateralized. All remaining deposits were classified as Category 3.

B. Investments

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

	<u>Category</u>			<u>Carrying Value/ Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Federal Government				
Securities	\$ 0	\$58,781,361	\$ 0	\$58,781,361
Repurchase Agreement	0	0	1,770,074	1,770,074
Troy General Long-Term				
Debt Obligations Held By				
Expendable Trust Fund	206,000	0	0	206,000
Money Market Fund (1)	N/A	N/A	N/A	1,092,136
STAR Ohio (1)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>1,735,853</u>
Total	<u>\$206,000</u>	<u>\$58,781,361</u>	<u>\$1,770,074</u>	<u>\$63,585,424</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 and shared revenues, special assessments, accrued interest on investments, accounts and notes receivable.

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

Special assessments expected to be collected in more than one year amounts to approximately \$790,297 in the Bond Retirement Fund.

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.

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 100 percent of true value. 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.

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	\$359,593,630
Public Utility	11,242,060
Tangible Personal Property	<u>138,549,520</u>
Total Valuation	<u>\$509,385,210</u>

Real property taxes are payable annually or semi-annually. The first payment is due February 14 with the remainder payable by July 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 1.75% income tax on substantially all income earned within the City. If an individual pays income taxes to another municipality, the amount paid to that municipality can be used as a credit to offset the amount owed to the City of Troy. The offsetting credit cannot exceed Troy's income tax rate of 1.75%. 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

Miami Valley Risk Management Association, Inc.

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. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. The pool consists of sixteen municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability. The City pays an annual premium to MVRMA for this coverage. The agreement provides that the MVRMA will be self-sustaining through member premiums and excess insurance. The deductible per occurrence for all types of claims is \$2,500. The joint insurance pool will cover additional claims per occurrence up to \$997,500 for casualty, \$747,500 for auto physical damage, \$0-\$22,500 for crime (determined by type of claim), \$247,500 for property and \$2,500 for boiler and machinery except all wastewater treatment plants and electrical substations which would be \$7,500 per occurrence.

Excess insurance coverage will cover additional claims up to the limits listed below:

General Liability (including Police Professional Liability)	\$12 million per occurrence
Automobile Liability	\$12 million per occurrence \$1 million per occurrence self insured retention (SIR) \$11 million per occurrence excess SIR – Government Entities Mutual (GEM)/Endurance Specialty Insurance Limited
Employment Practice Liability	\$1 million per occurrence SIR \$11 million per occurrence excess SIR – GEM/Endurance Specialty Insurance Limited
Public Officials Liability	\$1 million per occurrence SIR \$11 million per occurrence excess SIR – GEM/Endurance Specialty Insurance Limited
Property	\$100 million per occurrence \$250,000 per occurrence SIR \$100 million per occurrence excess SIR – Chubb/Federal Ins.
Boiler and Machinery (Included in Property Policy)	\$100 million per occurrence \$5,000 per occurrence SIR except all waste water treatment/sewage, water treatment/pumping stations and any electrical substations which would be \$10,000 per occurrence \$100 million per occurrence excess SIR – Chubb/Federal Ins.
Flood (Property)	\$25 million per occurrence and annual aggregate (Excludes Zone A) excess property SIR \$1 million per occurrence and annual aggregate (Zone B and Shaded X) excess property SIR
Earthquake (Property)	\$25 million per occurrence and annual aggregate excess property SIR

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

Workers' Compensation Group Rating Program

For the current fiscal year the City of Troy participated in the Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all the Cities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than the individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Funding Pool". This "equity pooling" arrangement ensures that each participant share equally in the overall performance of the GRP.

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	\$11,190,023	\$446,866	\$ 0	\$11,636,889
Construction in Progress	<u>0</u>	<u>85,093</u>	<u>0</u>	<u>85,093</u>
Total Capital Assets, not being depreciated	<u>11,190,023</u>	<u>531,959</u>	<u>0</u>	<u>11,721,982</u>
Capital Assets, being depreciated:				
Buildings and Improvements	10,383,765	159,981	(5,935)	10,537,811
Machinery and Equipment	6,995,177	520,908	(288,873)	7,227,212
Infrastructure	<u>19,581,898</u>	<u>131,738</u>	<u>0</u>	<u>19,713,636</u>
Total Capital Assets, being depreciated	<u>36,960,840</u>	<u>812,627</u>	<u>(294,808)</u>	<u>37,478,659</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,086,764)	(370,884)	3,858	(1,453,790)
Machinery and Equipment	(3,454,187)	(882,353)	221,985	(4,114,555)
Infrastructure	<u>(8,607,509)</u>	<u>(339,433)</u>	<u>0</u>	<u>(8,946,942)</u>
Total Accumulated Depreciation	<u>(13,148,460)</u>	<u>(1,592,670)</u>	<u>225,843</u>	<u>(14,515,287)</u>
Total Capital Assets, being depreciated, net	<u>23,812,380</u>	<u>(780,043)</u>	<u>(68,965)</u>	<u>22,963,372</u>
Governmental Activities Capital Assets, net	<u>\$35,002,403</u>	<u>(\$248,084)</u>	<u>(\$68,965)</u>	<u>\$34,685,354</u>

Business-Type Activities

Capital Assets, not being depreciated:				
Land	\$520,561	\$18,122	\$ 0	\$538,683
Construction in Progress	<u>575,071</u>	<u>2,939,609</u>	<u>(296,590)</u>	<u>3,218,090</u>
Total Capital Assets, not being depreciated:	<u>1,095,632</u>	<u>2,957,731</u>	<u>(296,590)</u>	<u>3,756,773</u>
Capital Assets, being depreciated:				
Buildings and Improvements	37,406,305	0	0	37,406,305
Machinery and Equipment	7,760,507	456,632	(211,725)	8,005,414
Infrastructure	<u>19,609,864</u>	<u>659,573</u>	<u>0</u>	<u>20,269,437</u>
Total Capital Assets, being depreciated	<u>64,776,676</u>	<u>1,116,205</u>	<u>(211,725)</u>	<u>65,681,156</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(10,108,949)	(932,228)	0	(11,041,177)
Machinery and Equipment	(1,814,135)	(303,651)	93,572	(2,024,214)
Infrastructure	<u>(8,929,211)</u>	<u>(422,706)</u>	<u>0</u>	<u>(9,351,917)</u>
Total Accumulated Depreciation	<u>(20,852,295)</u>	<u>(1,658,585)</u>	<u>93,572</u>	<u>(22,417,308)</u>
Total Capital Assets, being depreciated, net	<u>43,924,381</u>	<u>(542,380)</u>	<u>(118,153)</u>	<u>43,263,848</u>
Business-Type Activities Capital Assets, Net	<u>\$45,020,013</u>	<u>\$2,415,351</u>	<u>(\$414,743)</u>	<u>\$47,020,621</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$170,997
Public Safety	406,246
Leisure Time Activities	353,689
Transportation & Street Repair	561,589
Basic Utility	60,991
Community Development	<u>39,158</u>
	<u>\$1,592,670</u>

7. COMPENSATED ABSENCES

Compensated absences are accrued as they are earned by employees if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

For Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the respective Governmental Fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group. Compensated absences of Proprietary Funds are recorded as an expense and liability of the respective proprietary fund.

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>
General Fund:				
Bond Anticipation Note	\$0	\$235,000	\$0	\$235,000
Special Revenue Fund:				
Bond Anticipation Note	0	150,000	0	150,000
Capital Projects Fund				
Bond Anticipation Note	0	3,615,000	0	3,615,000
Enterprise Fund:				
Bond Anticipation Note	<u>0</u>	<u>1,800,000</u>	<u>0</u>	<u>1,800,000</u>
Total	<u>\$ 0</u>	<u>\$5,800,000</u>	<u>\$ 0</u>	<u>\$5,800,000</u>

All of the notes are bond anticipation notes and 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 OBLIGATIONS

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>					
6.25% Central Maintenance Facility	\$320,000	\$ 0	(\$80,000)	\$240,000	\$80,000
6.25% McKaig Storm Sewer Phase II	120,000	0	(30,000)	90,000	30,000
7.13% McKaig Storm Sewer Phase III	240,000	0	(40,000)	200,000	40,000
6.00% Westbrook Storm Sewer	35,000	0	(35,000)	0	0
4.70% Safety Facilities Improvement	1,035,000	0	(330,000)	705,000	345,000
2.00% Stadium Improvement	3,055,000	0	(55,000)	3,000,000	110,000
6.00% Tax Increment Financing	<u>0</u>	<u>1,800,000</u>	<u>0</u>	<u>1,800,000</u>	<u>0</u>
Total General Obligation Bonds	<u>4,805,000</u>	<u>1,800,000</u>	<u>(570,000)</u>	<u>6,035,000</u>	<u>605,000</u>
<u>Special Assessment Bonds</u>					
8.50% Street Improvement-Exp. Farm Rd.	27,000	0	(9,000)	18,000	9,000
7.13% Street Improvement-St. Rt. 55	84,000	0	(14,000)	70,000	14,000
7.35% Street Improvement-Dorset Rd.	280,000	0	(40,000)	240,000	40,000
3.35% Street Improvement-Exp. Farm Rd.	<u>90,000</u>	<u>0</u>	<u>(10,000)</u>	<u>80,000</u>	<u>10,000</u>
Total Special Assessment Bonds	<u>481,000</u>	<u>0</u>	<u>(73,000)</u>	<u>408,000</u>	<u>73,000</u>
Compensated Absences	<u>1,257,434</u>	<u>228,023</u>	<u>(69,483)</u>	<u>1,415,974</u>	<u>517,262</u>
Total Governmental Activities	<u>\$6,543,434</u>	<u>\$2,028,023</u>	<u>(\$712,483)</u>	<u>\$7,858,974</u>	<u>\$1,195,262</u>
Business-Type Activities					
<u>General Obligation Bonds</u>					
6.25% Southwest Interceptor Sewer	\$280,000	\$0	(\$70,000)	\$210,000	\$70,000
3.35% Water Improvement Towers	1,935,000	0	(180,000)	1,755,000	185,000
4.70% Wastewater System Improvement	3,450,000	0	(195,000)	3,255,000	200,000
4.55% Waterplant Expansion I	3,980,000	0	(200,000)	3,780,000	205,000
5.75% Golf Course Improvement	267,000	0	(61,000)	206,000	65,000
4.38% Waterplant Expansion II	5,825,000	0	(275,000)	5,550,000	280,000
4.35% Wastewater System Improvement	2,965,000	0	(115,000)	2,850,000	120,000
0.00% Wastewater Improvement IIIC&VA	450,000	0	(25,000)	425,000	25,000
2.00% Water Line Extension	<u>1,020,000</u>	<u>0</u>	<u>(75,000)</u>	<u>945,000</u>	<u>90,000</u>
Total General Obligation Bonds	<u>20,172,000</u>	<u>0</u>	<u>(1,196,000)</u>	<u>18,976,000</u>	<u>1,240,000</u>
<u>Notes Payable</u>					
5.50% Ohio Water Development Authority, Sewer System Improvements	<u>\$104,416</u>	<u>\$ 0</u>	<u>(\$41,766)</u>	<u>\$62,650</u>	<u>\$41,766</u>
Compensated Absences	<u>560,356</u>	<u>32,314</u>	<u>(657)</u>	<u>592,013</u>	<u>166,340</u>
Total Business-Type Activities	<u>\$20,836,772</u>	<u>\$32,314</u>	<u>(\$1,238,423)</u>	<u>\$19,630,663</u>	<u>\$1,448,106</u>

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

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

<u>Year Ending</u> <u>December 31</u>	<u>General</u> <u>Obligation Bonds</u>		<u>Special</u> <u>Assessment Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$1,845,000	\$1,230,321	\$73,000	\$27,913	\$41,766	\$2,871
2005	1,959,000	1,167,524	73,000	22,775	20,884	574
2006	1,637,000	1,077,440	64,000	17,628	0	0
2007	1,460,000	1,001,488	64,000	13,235	0	0
2008	1,510,000	931,595	64,000	8,833	0	0
2009-2013	7,965,000	3,420,926	70,000	5,915	0	0
2014-2018	6,150,000	1,450,143	0	0	0	0
2019-2023	1,455,000	489,325	0	0	0	0
2024-2028	390,000	264,300	0	0	0	0
2029-2033	515,000	134,100	0	0	0	0
2034	125,000	7,500	0	0	0	0
Total	<u>\$25,011,000</u>	<u>\$11,174,662</u>	<u>\$408,000</u>	<u>\$96,299</u>	<u>\$62,650</u>	<u>\$3,445</u>

The Special assessment bonds are backed by the full faith and credit of the City and are repaid from the resources of the debt service fund. The City levies an assessment against the effected property owners.

10. PENSION PLANS

Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS 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. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio 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 in which member 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 adjustments 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 \$836,613, \$799,317, and \$771,133, respectively. The full amount has been contributed for 2002 and 2001 and 100% 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 defined benefit pension plan 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 \$1,019,641, \$974,685 and \$918,712, respectively. The full amount has been contributed for 2002 and 2001 and 73% has been contributed for 2003.

11. POST EMPLOYMENT BENEFITS

Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides retirement, disability, survivor, and postretirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for postretirement health care coverage, age and service retirees must have 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 OPERS 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 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 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 \$308,713. 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 \$189,291 for police and \$175,460 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.

12. CONSTRUCTION AND OTHER COMMITMENTS

The City had the following outstanding commitments at year end:

Projects	Amount
Water Treatment Plant	\$571,503
Stadium Improvements	344,186
Wastewater Treatment Plant	186,454
Pool Design	283,523
Salt Barn	182,500
West Market Street Improvements	40,146
Other	<u>897,069</u>
Total	<u>\$2,505,381</u>

13. 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 City as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	Capital <u>Improvements</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, December 31, 2002	\$2,526,362	\$6,135,462	\$11,251,471	\$19,913,295
Fund Reclassification	<u>33,884,179</u>	<u>0</u>	<u>(2,037,991)</u>	<u>31,846,188</u>
Adjusted Fund Balances, December 31, 2002	<u>\$36,410,541</u>	<u>\$6,135,462</u>	<u>\$9,213,480</u>	\$51,759,483
GASB 34 Adjustments:				
Capital Assets				\$35,002,403
Compensated Absences Payable				(1,257,434)
Accrued Wages and Benefits				(416,080)
Deferred Revenue				2,683,033
Interest Payable				(65,302)
Long Term Liabilities				<u>(5,286,000)</u>
Governmental Activities Net Assets, December 31, 2002				<u>\$82,420,103</u>

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

	<u>Water</u>	Sanitary <u>Sewer</u>	Other <u>Enterprise</u>	<u>Total</u>
Fund Equity, December 31, 2002	\$18,633,917	\$19,694,787	\$4,083,476	\$42,412,180
Capital Assets	<u>(129,702)</u>	<u>33,815</u>	<u>(47,279)</u>	<u>(143,166)</u>
Adjusted Net Assets, December 31, 2002	<u>\$18,504,215</u>	<u>\$19,728,602</u>	<u>\$4,036,197</u>	<u>\$42,269,014</u>

14. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2003 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$819,500	\$2,164,153
Street Construction, Repair and Maintenance	700,000	0
Cemetery	290,000	0
Safety-Income Tax	0	600,000
Bond Retirement	464,853	0
OPWC Project Fund	203,000	0
Water	0	109,750
Sanitary Sewer	0	109,750
Hobart Arena	320,000	0
Swimming Pool	100,000	0
Parking Meter	35,000	0
Miami Shores	<u>51,300</u>	<u>0</u>
	<u>\$2,983,653</u>	<u>\$2,983,653</u>

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

15. DONOR-RESTRICTED ENDOWMENT

The City administers an endowment fund, which is restricted by the donor for the purposes of cemetery maintenance and improvement. Donor-restricted endowments are reported at fair value. The amount of net appreciation on investments of donor-restricted endowments that is available for authorization for expenditure by the City is \$160,315. The City authorizes expenditures from donor-restricted endowment in compliance with the wishes expressed by the donor and the Ohio Revised Ohio.

16. SUBSEQUENT EVENTS

After year end, the City issued Bond Anticipation Notes in the amount of \$5,800,000 to finance the following projects: Hobart Arena improvements and renovations, construction of a cemetery maintenance facility, acquiring generators for the water and sewer systems, improvements to the Miami Shores Golf Course, acquiring a fire truck, acquiring real estate for use as a municipal parking lot, constructing sidewalks on several streets, improvements to municipal streets, and constructing a municipal swimming pool. The notes were authorized by the City on March 15, 2004.

On June 21, 2004, the City provided for the issuance and sale of bonds in the aggregate amount of \$10,265,000 to finance the following projects: constructing of the cemetery maintenance building, acquiring generators for the water and sewer systems, constructing a municipal swimming pool, constructing and rehabilitating sanitary sewers of the Municipal Sanitary System, paying the City's portion of costs of improving and widening Elm Street, and constructing a municipal fire station.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

City of Troy, Ohio
 Schedule of Revenues, Expenditures 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	\$13,959,235	\$11,682,112	\$12,630,950	\$948,838
Fines, Licenses & Permits	120,559	111,000	109,087	(1,913)
Intergovernmental	1,911,967	1,970,242	1,730,035	(240,207)
Special Assessments	858	1,000	776	(224)
Charges for Services	1,117,066	899,468	1,010,772	111,304
Investment Earnings	1,628,164	1,401,000	1,473,237	72,237
Other Revenues	594,735	220,000	538,143	318,143
Total Revenues	19,332,584	16,284,822	17,493,000	1,208,178
Expenditures:				
Current:				
General Government	4,933,486	4,431,395	4,155,746	275,649
Public Safety	9,038,019	7,980,028	7,613,219	366,809
Leisure Time Activities	2,139,516	1,786,816	1,802,232	(15,416)
Community Development	1,195,586	1,000,819	1,007,108	(6,289)
Basic Utility Service	2,258,099	1,793,844	1,902,121	(108,277)
Total Expenditures	19,564,706	16,992,902	16,480,426	512,476
Excess of Revenues Over (Under) Expenditures	(232,122)	(708,080)	1,012,574	1,720,654
Other financing sources (uses):				
Debt Proceeds	259,713	0	235,000	235,000
Transfers In	7,426,173	7,995,700	6,719,539	(1,276,161)
Transfers (Out)	(9,572,798)	(9,419,603)	(8,063,693)	1,355,910
Total Other Financing Sources (Uses)	(1,886,912)	(1,423,903)	(1,109,154)	314,749
Net Change in Fund Balance	(2,119,034)	(2,131,983)	(96,580)	2,035,403
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	34,556,426	34,556,426	34,556,426	0
Fund Balance End of Year	\$32,437,392	\$32,424,443	\$34,459,846	\$2,035,403

See accompanying notes to the required supplementary information.

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 fund level for all 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 is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$915,785)
Net Adjustment for Revenue Accruals	6,648,844
Net Adjustment for Expenditure Accruals	(5,292,356)
Encumbrances	<u>(537,283)</u>
Budget Basis	<u>(\$96,580)</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$5,828,111	\$376,287	\$1,465,950	\$7,670,348
Receivables:				
Taxes	186,193	0	0	186,193
Accounts	15,312	0	0	15,312
Interest	5,842	40	0	5,882
Intergovernmental	656,997	0	1,350,418	2,007,415
Notes	1,939,511	0	0	1,939,511
Special Assessments	0	482,006	0	482,006
Total Assets	8,631,966	858,333	2,816,368	12,306,667
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	19,590	0	0	19,590
Accrued Wages and Benefits	51,897	0	0	51,897
Compensated Absences	4,688	0	0	4,688
Deferred Revenue	640,746	482,006	1,350,418	2,473,170
General Obligation Notes Payable	150,000	0	0	150,000
Total Liabilities	866,921	482,006	1,350,418	2,699,345
Fund Balances:				
Reserved for Encumbrances	372,603	0	421,000	793,603
Reserved for Notes Receivable	1,939,511	0	0	1,939,511
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	5,452,931	0	0	5,452,931
Debt Service Funds	0	376,327	0	376,327
Capital Projects Funds	0	0	1,044,950	1,044,950
Total Fund Balances	7,765,045	376,327	1,465,950	9,607,322
Total Liabilities and Fund Balances	\$8,631,966	\$858,333	\$2,816,368	\$12,306,667

City of Troy, Ohio
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 Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$96,439	\$375,000	\$0	\$471,439
Fines, Licenses & Permits	20,538	0	0	20,538
Charges for Services	260,317	0	0	260,317
Investment Earnings	26,199	1,455	0	27,654
Intergovernmental	947,160	0	0	947,160
Special Assessments	0	103,332	0	103,332
Other Revenues	156,453	0	0	156,453
Total Revenues	1,507,106	479,787	0	1,986,893
Expenditures:				
Current:				
General Government	57,605	0	0	57,605
Leisure Time Activities	111,047	0	0	111,047
Community Development	12,976	0	0	12,976
Transportation & Street Repair	2,065,992	0	0	2,065,992
Public health and welfare	405,234	0	0	405,234
Capital Outlay	64,883	0	880,448	945,331
Debt Service:				
Principal Retirement	0	643,000	0	643,000
Interest and Fiscal Charges	0	201,597	0	201,597
Other	0	8,122	0	8,122
Total Expenditures	2,717,737	852,719	880,448	4,450,904
Excess of Revenues Over (Under) Expenditures	(1,210,631)	(372,932)	(880,448)	(2,464,011)
Other Financing Sources (Uses):				
Proceeds of Long-Term Capital-Related Debt	0	0	1,800,000	1,800,000
Transfers In	990,000	464,853	203,000	1,657,853
Transfers (Out)	(600,000)	0	0	(600,000)
Total Other Financing Sources (Uses)	390,000	464,853	2,003,000	2,857,853
Net Change in Fund Balance	(820,631)	91,921	1,122,552	393,842
Fund Balance Beginning of Year	8,585,676	284,406	343,398	9,213,480
Fund Balance End of Year	\$7,765,045	\$376,327	\$1,465,950	\$9,607,322

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

	Street Construction, Maintenance and Repair	State Highway Improvement	Cemetery	Safety - Income Tax
Assets:				
Equity in Pooled Cash and Investments	\$352,657	\$44,334	\$92,239	\$3,096,769
Receivables:				
Taxes	0	0	0	128,178
Accounts	2,033	0	10,533	0
Interest	0	160	0	0
Intergovernmental	341,381	27,679	0	0
Notes	0	0	0	0
Total Assets	696,071	72,173	102,772	3,224,947
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	17,763	0	827	0
Accrued Wages and Benefits	40,114	0	11,783	0
Compensated Absences	4,046	0	642	0
Deferred Revenue	282,652	22,917	0	0
General Obligation Notes Payable	150,000	0	0	0
Total Liabilities	494,575	22,917	13,252	0
Fund Balances:				
Reserved for Encumbrances	99,950	0	18,008	0
Reserved for Notes Receivable	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	101,546	49,256	71,512	3,224,947
Total Fund Balances	201,496	49,256	89,520	3,224,947
Total Liabilities and Fund Balances	\$696,071	\$72,173	\$102,772	\$3,224,947

Municipal Real Property	Miami Conservancy District	Recreational Programs	Parks and Recreation Improvement	Community Development Block Grant	Parking Improvement	Drug Law Enforcement
\$868,978	\$73,183	\$120,732	\$128,892	\$247,106	\$157,706	\$7,276
0	58,015	0	0	0	0	0
0	0	826	0	0	885	0
2,377	0	250	333	764	377	0
14,367	2,672	0	0	270,898	0	0
0	0	0	0	1,939,511	0	0
<u>885,722</u>	<u>133,870</u>	<u>121,808</u>	<u>129,225</u>	<u>2,458,279</u>	<u>158,968</u>	<u>7,276</u>
0	0	0	0	1,000	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
3,592	60,687	0	0	270,898	0	0
0	0	0	0	0	0	0
<u>3,592</u>	<u>60,687</u>	<u>0</u>	<u>0</u>	<u>271,898</u>	<u>0</u>	<u>0</u>
195,354	0	5,872	0	53,419	0	0
0	0	0	0	1,939,511	0	0
<u>686,776</u>	<u>73,183</u>	<u>115,936</u>	<u>129,225</u>	<u>193,451</u>	<u>158,968</u>	<u>7,276</u>
<u>882,130</u>	<u>73,183</u>	<u>121,808</u>	<u>129,225</u>	<u>2,186,381</u>	<u>158,968</u>	<u>7,276</u>
<u>\$885,722</u>	<u>\$133,870</u>	<u>\$121,808</u>	<u>\$129,225</u>	<u>\$2,458,279</u>	<u>\$158,968</u>	<u>\$7,276</u>

Continued

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

	Law Enforcement	Cemetery Endowment	Total Nonmajor Special Revenue Funds
Assets:			
Equity in Pooled Cash and Investments	\$31,775	\$606,464	\$5,828,111
Receivables:			
Taxes	0	0	186,193
Accounts	0	1,035	15,312
Interest	0	1,581	5,842
Intergovernmental	0	0	656,997
Notes	0	0	1,939,511
Total Assets	31,775	609,080	8,631,966
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	0	0	19,590
Accrued Wages and Benefits	0	0	51,897
Compensated Absences	0	0	4,688
Deferred Revenue	0	0	640,746
General Obligation Notes Payable	0	0	150,000
Total Liabilities	0	0	866,921
Fund Balances:			
Reserved for Encumbrances	0	0	372,603
Reserved for Notes Receivable	0	0	1,939,511
Unreserved, Undesignated, Reported in: Special Revenue Funds	31,775	609,080	5,452,931
Total Fund Balances	31,775	609,080	7,765,045
Total Liabilities and Fund Balances	\$31,775	\$609,080	\$8,631,966

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

	Street Construction, Maintenance and Repair	State Highway Improvement	Cemetery	Safety - Income Tax
Revenues:				
Taxes	\$0	\$0	\$0	\$40,004
Fines, Licenses & Permits	1,357	0	0	0
Charges for Services	4,406	0	118,458	0
Investment Earnings	0	213	0	0
Intergovernmental	733,794	57,571	0	0
Other Revenues	47,466	283	1,463	0
Total Revenues	787,023	58,067	119,921	40,004
Expenditures:				
Current:				
General Government	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Development	0	0	0	0
Transportation & Street Repair	1,995,888	70,069	0	0
Public health and welfare	0	0	405,234	0
Capital Outlay	0	0	0	0
Total Expenditures	1,995,888	70,069	405,234	0
Excess of Revenues Over (Under) Expenditures	(1,208,865)	(12,002)	(285,313)	40,004
Other Financing Sources (Uses):				
Transfers In	700,000	0	290,000	0
Transfers (Out)	0	0	0	(600,000)
Total Other Financing Sources (Uses)	700,000	0	290,000	(600,000)
Net Change in Fund Balance	(508,865)	(12,002)	4,687	(559,996)
Fund Balance Beginning of Year	710,361	61,258	84,833	3,784,943
Fund Balance End of Year	\$201,496	\$49,256	\$89,520	\$3,224,947

Municipal Real Property	Miami Conservancy District	Recreational Programs	Parks and Recreation Improvement	Community Development Block Grant	Parking Improvement	Drug Law Enforcement
\$0	\$55,226	\$0	\$0	\$1,209	\$0	\$0
0	0	0	0	0	16,820	815
0	0	122,171	0	0	885	0
11,772	0	1,984	1,826	327	2,032	0
44,725	5,035	0	0	106,035	0	0
2,032	0	3,370	19,032	80,985	362	0
<u>58,529</u>	<u>60,261</u>	<u>127,525</u>	<u>20,858</u>	<u>188,556</u>	<u>20,099</u>	<u>815</u>
0	57,605	0	0	0	0	0
0	0	97,515	13,532	0	0	0
0	0	0	0	12,976	0	0
0	0	0	0	0	35	0
0	0	0	0	0	0	0
64,883	0	0	0	0	0	0
<u>64,883</u>	<u>57,605</u>	<u>97,515</u>	<u>13,532</u>	<u>12,976</u>	<u>35</u>	<u>0</u>
(6,354)	2,656	30,010	7,326	175,580	20,064	815
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(6,354)	2,656	30,010	7,326	175,580	20,064	815
888,484	70,527	91,798	121,899	2,010,801	138,904	6,461
<u>\$882,130</u>	<u>\$73,183</u>	<u>\$121,808</u>	<u>\$129,225</u>	<u>\$2,186,381</u>	<u>\$158,968</u>	<u>\$7,276</u>

Continued

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

	Law Enforcement	Cemetery Endowment	Total Nonmajor Special Revenue Funds
Revenues:			
Taxes	\$0	\$0	\$96,439
Fines, Licenses & Permits	1,546	0	20,538
Charges for Services	0	14,397	260,317
Investment Earnings	0	8,045	26,199
Intergovernmental	0	0	947,160
Other Revenues	27	1,433	156,453
Total Revenues	1,573	23,875	1,507,106
Expenditures:			
Current:			
General Government	0	0	57,605
Leisure Time Activities	0	0	111,047
Community Development	0	0	12,976
Transportation & Street Repair	0	0	2,065,992
Public health and welfare	0	0	405,234
Capital Outlay	0	0	64,883
Total Expenditures	0	0	2,717,737
Excess of Revenues Over (Under) Expenditures	1,573	23,875	(1,210,631)
Other Financing Sources (Uses):			
Transfers In	0	0	990,000
Transfers (Out)	0	0	(600,000)
Total Other Financing Sources (Uses)	0	0	390,000
Net Change in Fund Balance	1,573	23,875	(820,631)
Fund Balance Beginning of Year	30,202	585,205	8,585,676
Fund Balance End of Year	\$31,775	\$609,080	\$7,765,045

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

	OPWC Project Fund	TIF 2003 Fund	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$120,950	\$1,345,000	\$1,465,950
Receivables:			
Intergovernmental	1,350,418	0	1,350,418
Total Assets	<u>1,471,368</u>	<u>1,345,000</u>	<u>2,816,368</u>
Liabilities and Fund Balances:			
Liabilities:			
Deferred Revenue	1,350,418	0	1,350,418
Total Liabilities	<u>1,350,418</u>	<u>0</u>	<u>1,350,418</u>
Fund Balances:			
Reserved for Encumbrances	0	421,000	421,000
Unreserved, Undesignated, Reported in: Capital Projects Funds	120,950	924,000	1,044,950
Total Fund Balances	<u>120,950</u>	<u>1,345,000</u>	<u>1,465,950</u>
Total Liabilities and Fund Balances	<u>\$1,471,368</u>	<u>\$1,345,000</u>	<u>\$2,816,368</u>

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

	OPWC Project Fund	TIF 2003 Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Capital Outlay	425,448	455,000	880,448
Total Expenditures	425,448	455,000	880,448
Excess of Revenues Over (Under) Expenditures	(425,448)	(455,000)	(880,448)
Other Financing Sources (Uses):			
Proceeds of Long-Term Capital-Related Debt	0	1,800,000	1,800,000
Transfers In	203,000	0	203,000
Total Other Financing Sources (Uses)	203,000	1,800,000	2,003,000
Net Change in Fund Balance	(222,448)	1,345,000	1,122,552
Fund Balance Beginning of Year	343,398	0	343,398
Fund Balance End of Year	<u>\$120,950</u>	<u>\$1,345,000</u>	<u>\$1,465,950</u>

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City of Troy, Ohio
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2003

	Hobart Arena	Swimming Pool	Parking Meter	Miami Shores
Assets:				
Equity in Pooled Cash and Investments	\$87,160	\$102,529	\$56,751	\$50,762
Receivables:				
Accounts	40,229	0	240	500
Interest	0	0	169	458
Total Current Assets	127,389	102,529	57,160	51,720
Nondepreciable Capital Assets	20,900	10,450	189,961	46,997
Depreciable Capital Assets, Net	2,537,683	61,979	18,900	573,374
Total Assets	2,685,972	174,958	266,021	672,091
Liabilities:				
Current Liabilities:				
Accounts Payable	15,957	617	0	1,773
Accrued Wages and Benefits	15,445	0	1,485	11,432
Compensated Absences	10,078	0	597	27,413
Accrued Interest Payable	0	0	0	987
General Obligation Notes Payable	45,000	0	0	85,000
Long-Term Liabilities Due Within One Year	0	0	0	65,000
Total Current Liabilities	86,480	617	2,082	191,605
Long-Term Liabilities:				
Compensated Absences	8,037	0	476	27,640
Bonds, Notes & Loans Payable	0	0	0	141,000
Total Liabilities	94,517	617	2,558	360,245
Net Assets:				
Invested in Capital Assets, Net of Related Debt	2,558,583	72,429	208,861	414,371
Unrestricted	32,872	101,912	54,602	(102,525)
Total Net Assets	\$2,591,455	\$174,341	\$263,463	\$311,846

Stadium	Total Nonmajor Enterprise Funds
\$31,947	\$329,149
0	40,969
0	627
<u>31,947</u>	<u>370,745</u>
3,081,531	3,349,839
0	3,191,936
<u>3,113,478</u>	<u>6,912,520</u>
0	18,347
0	28,362
0	38,088
0	987
0	130,000
0	65,000
<u>0</u>	<u>280,784</u>
0	36,153
0	141,000
<u>0</u>	<u>457,937</u>
3,081,531	6,335,775
31,947	118,808
<u>\$3,113,478</u>	<u>\$6,454,583</u>

City of Troy, Ohio
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2003

	Hobart Arena	Swimming Pool	Parking Meter	Miami Shores
Operating Revenues:				
Charges for Services	\$71,472	\$35,145	\$14,705	\$572,205
Fines, Licenses and Permits	0	0	4,440	0
Other Revenues	205,327	1,039	308	15,918
Total Operating Revenues	276,799	36,184	19,453	588,123
Operating Expenses:				
Personal Services	308,966	44,942	32,612	343,466
Contractual Services	154,532	18,376	0	50,414
Materials and Supplies	140,629	29,611	1,856	263,768
Depreciation	114,288	8,750	2,139	70,759
Leisure Time	15,957	617	0	0
Other Expenses	14,617	344	4,289	44,357
Total Operating Expenses	748,989	102,640	40,896	772,764
Operating Income (Loss)	(472,190)	(66,456)	(21,443)	(184,641)
Non-Operating Revenues (Expenses):				
Investment Earnings	0	0	881	2,216
Interest (Expense)	0	0	0	(14,783)
Total Non-Operating Revenues (Expenses)	0	0	881	(12,567)
Income (Loss) Before Contributions & Transfers	(472,190)	(66,456)	(20,562)	(197,208)
Capital Grants and Contributions	0	0	0	0
Transfers In	320,000	100,000	35,000	51,300
Change in Net Assets	(152,190)	33,544	14,438	(145,908)
Net Assets Beginning of Year	2,743,645	140,797	249,025	457,754
Net Assets End of Year	\$2,591,455	\$174,341	\$263,463	\$311,846

Stadium	Total Nonmajor Enterprise Funds
\$0	\$693,527
0	4,440
<u>12,000</u>	<u>234,592</u>
<u>12,000</u>	<u>932,559</u>
0	729,986
0	223,322
0	435,864
0	195,936
0	16,574
<u>0</u>	<u>63,607</u>
<u>0</u>	<u>1,665,289</u>
<u>12,000</u>	<u>(732,730)</u>
0	3,097
<u>0</u>	<u>(14,783)</u>
<u>0</u>	<u>(11,686)</u>
12,000	(744,416)
2,656,502	2,656,502
<u>0</u>	<u>506,300</u>
2,668,502	2,418,386
<u>444,976</u>	<u>4,036,197</u>
<u>\$3,113,478</u>	<u>\$6,454,583</u>

City of Troy, Ohio
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2003

	Hobart Arena	Swimming Pool	Parking Meter	Miami Shores
Cash Flows from Operating Activities:				
Cash Received from Customers	\$265,279	\$36,184	\$19,423	\$587,623
Cash Payments to Employees	(304,319)	(45,282)	(32,862)	(346,872)
Cash Payments to Suppliers	(328,730)	(48,879)	(6,145)	(386,201)
Net Cash Provided (Used) by Operating Activities	(367,770)	(57,977)	(19,584)	(145,450)
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	320,000	100,000	35,000	51,300
Net Cash Provided (Used) by Noncapital Financing Activities	320,000	100,000	35,000	51,300
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	0	0	(21,000)	(32,817)
Debt Proceeds	45,000	0	0	85,000
Debt Principal Payments	0	0	0	(61,000)
Debt Interest Payments	0	0	0	(15,353)
Net Cash Provided (Used) by Capital and Related Financing Activities	45,000	0	(21,000)	(24,170)
Cash Flows from Investing Activities:				
Earnings on Investments	0	0	958	2,427
Net Cash Provided (Used) by Cash Flows from Investing Activities	0	0	958	2,427
Net Increase (Decrease) in Cash and Cash Equivalents	(2,770)	42,023	(4,626)	(115,893)
Cash and Cash Equivalents Beginning of Year	89,930	60,506	61,377	166,655
Cash and Cash Equivalents End of Year	87,160	102,529	56,751	50,762
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(472,190)	(66,456)	(21,443)	(184,641)
Adjustments:				
Depreciation	114,288	8,750	2,139	70,759
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	(11,520)	0	(30)	(500)
Increase (Decrease) in Payables	(2,995)	69	0	(27,662)
Increase (Decrease) in Accrued Liabilities	4,647	(340)	(250)	(3,406)
Net Cash Provided (Used) by Operating Activities	(\$367,770)	(\$57,977)	(\$19,584)	(\$145,450)
Schedule of Noncash Capital Activities:				
During the fiscal year, these amounts were received representing noncash contributions of:				
Capital Assets	\$0	\$0	\$0	\$0

Stadium	Total Nonmajor Enterprise Funds
\$12,000	\$920,509
0	(729,335)
0	(769,955)
12,000	(578,781)
0	506,300
0	506,300
0	(53,817)
0	130,000
0	(61,000)
0	(15,353)
0	(170)
0	3,385
0	3,385
12,000	(69,266)
19,947	398,415
31,947	329,149
12,000	(732,730)
0	195,936
0	(12,050)
0	(30,588)
0	651
\$12,000	(\$578,781)
\$2,656,502	\$2,656,502

City of Troy, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2003

	Stouder Playground			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$9,987	\$3,606	\$75	\$13,518
Receivables:				
Interest	40	27	40	27
Total Assets	10,027	3,633	115	13,545
Liabilities:				
Other Liabilities	10,027	3,633	115	13,545
Total Liabilities	\$10,027	\$3,633	\$115	\$13,545

	Paul G. Duke			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$9,907	\$1,129	\$71	\$10,965
Receivables:				
Interest	40	27	40	27
Total Assets	9,947	1,156	111	10,992
Liabilities:				
Other Liabilities	9,947	1,156	111	10,992
Total Liabilities	\$9,947	\$1,156	\$111	\$10,992

	Unclaimed Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$2,906	\$219	\$0	\$3,125
Total Assets	2,906	219	0	3,125
Liabilities:				
Other Liabilities	2,906	219	0	3,125
Total Liabilities	\$2,906	\$219	\$0	\$3,125

Continued

City of Troy, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2003

	Tri-Centennial			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$876	\$18	\$0	\$894
Total Assets	876	18	0	894
Liabilities:				
Other Liabilities	876	18	0	894
Total Liabilities	\$876	\$18	\$0	\$894

	Imprest Cash			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$1,275	\$500	\$0	\$1,775
Total Assets	1,275	500	0	1,775
Liabilities:				
Other Liabilities	1,275	500	0	1,775
Total Liabilities	\$1,275	\$500	\$0	\$1,775

	Enterprise Zone			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$82,074	\$21,650	\$0	\$103,724
Total Assets	82,074	21,650	0	103,724
Liabilities:				
Accounts Payable	0	1,167	0	1,167
Other Liabilities	82,074	20,483	0	102,557
Total Liabilities	\$82,074	\$21,650	\$0	\$103,724

Continued

City of Troy, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2003

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$107,025	\$27,122	\$146	\$134,001
Receivables:				
Interest	80	54	80	54
Total Assets	<u>107,105</u>	<u>27,176</u>	<u>226</u>	<u>134,055</u>
Liabilities:				
Accounts Payable	0	1,167	0	1,167
Other Liabilities	107,105	26,009	226	132,888
Total Liabilities	<u>\$107,105</u>	<u>\$27,176</u>	<u>\$226</u>	<u>\$134,055</u>

City of Troy, Ohio
 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:				
Fines, Licenses & Permits	\$1,784	\$1,500	\$1,357	(\$143)
Intergovernmental	952,423	703,000	724,463	21,463
Charges for Services	8,188	3,000	6,228	3,228
Other Revenues	62,402	43,000	47,466	4,466
Total Revenues	1,024,797	750,500	779,514	29,014
Expenditures:				
Current:				
Transportation & Street Repair	2,371,280	2,271,280	2,090,286	180,994
Total Expenditures	2,371,280	2,271,280	2,090,286	180,994
Excess of Revenues Over (Under) Expenditures	(1,346,483)	(1,520,780)	(1,310,772)	210,008
Other financing sources (uses):				
Debt Proceeds	197,199	150,000	150,000	0
Transfers In	920,263	700,000	700,000	0
Total Other Financing Sources (Uses)	1,117,462	850,000	850,000	0
Net Change in Fund Balance	(229,021)	(670,780)	(460,772)	210,008
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	711,790	711,790	711,790	0
Fund Balance End of Year	\$482,769	\$41,010	\$251,018	\$210,008

City of Troy, Ohio
 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 Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$49,765	\$51,000	\$56,814	\$5,814
Investment Earnings	588	500	671	171
Other Revenues	248	100	283	183
Total Revenues	50,601	51,600	57,768	6,168
Expenditures:				
Current:				
Transportation & Street Repair	60,639	72,639	71,388	1,251
Total Expenditures	60,639	72,639	71,388	1,251
Net Change in Fund Balance	(10,038)	(21,039)	(13,620)	7,419
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	58,031	58,031	58,031	0
Fund Balance End of Year	\$47,993	\$36,992	\$44,411	\$7,419

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

	Cemetery Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$111,901	\$100,700	\$116,816	\$16,116
Other Revenues	1,401	100	1,463	1,363
Total Revenues	113,302	100,800	118,279	17,479
Expenditures:				
Current:				
Public Health and Welfare	419,204	429,204	419,303	9,901
Total Expenditures	419,204	429,204	419,303	9,901
Excess of Revenues Over (Under) Expenditures	(305,902)	(328,404)	(301,024)	27,380
Other financing sources (uses):				
Transfers In	277,798	290,000	290,000	0
Total Other Financing Sources (Uses)	277,798	290,000	290,000	0
Net Change in Fund Balance	(28,104)	(38,404)	(11,024)	27,380
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	85,257	85,257	85,257	0
Fund Balance End of Year	\$57,153	\$46,853	\$74,233	\$27,380

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

	Safety - Income Tax Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$85,850	\$0	\$69,353	\$69,353
Total Revenues	85,850	0	69,353	69,353
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	85,850	0	69,353	69,353
Other financing sources (uses):				
Transfers (Out)	(600,000)	(600,000)	(600,000)	0
Total Other Financing Sources (Uses)	(600,000)	(600,000)	(600,000)	0
Net Change in Fund Balance	(514,150)	(600,000)	(530,647)	69,353
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,627,416	3,627,416	3,627,416	0
Fund Balance End of Year	<u>\$3,113,266</u>	<u>\$3,027,416</u>	<u>\$3,096,769</u>	<u>\$69,353</u>

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

	Municipal Real Property Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$59,026	\$54,047	\$54,271	\$224
Investment Earnings	20,575	16,000	18,918	2,918
Other Revenues	2,209	0	2,031	2,031
Total Revenues	81,810	70,047	75,220	5,173
Expenditures:				
Current:				
Capital Outlay	564,579	264,579	260,883	3,696
Total Expenditures	564,579	264,579	260,883	3,696
Net Change in Fund Balance	(482,769)	(194,532)	(185,663)	8,869
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	860,789	860,789	860,789	0
Fund Balance End of Year	\$378,020	\$666,257	\$675,126	\$8,869

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

	Miami Conservancy District Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$55,297	\$54,456	\$55,226	\$770
Intergovernmental	5,042	5,805	5,035	(770)
Total Revenues	60,339	60,261	60,261	0
Expenditures:				
Current:				
General Government	81,000	81,000	57,605	23,395
Total Expenditures	81,000	81,000	57,605	23,395
Net Change in Fund Balance	(20,661)	(20,739)	2,656	23,395
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	70,527	70,527	70,527	0
Fund Balance End of Year	\$49,866	\$49,788	\$73,183	\$23,395

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

	Recreational Programs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$89,885	\$117,700	\$121,658	\$3,958
Investment Earnings	2,060	1,600	2,788	1,188
Other Revenues	2,490	3,000	3,370	370
Total Revenues	94,435	122,300	127,816	5,516
Expenditures:				
Current:				
Leisure Time Activities	116,304	116,304	103,387	12,917
Total Expenditures	116,304	116,304	103,387	12,917
Net Change in Fund Balance	(21,869)	5,996	24,429	18,433
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	90,638	90,638	90,638	0
Fund Balance End of Year	\$68,769	\$96,634	\$115,067	\$18,433

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

	Parks and Recreation Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$958	\$1,700	\$2,841	\$1,141
Other Revenues	6,415	19,000	19,032	32
Total Revenues	7,373	20,700	21,873	1,173
Expenditures:				
Current:				
Leisure Time Activities	23,140	23,140	13,532	9,608
Total Expenditures	23,140	23,140	13,532	9,608
Net Change in Fund Balance	(15,767)	(2,440)	8,341	10,781
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	120,775	120,775	120,775	0
Fund Balance End of Year	\$105,008	\$118,335	\$129,116	\$10,781

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

	Community Development Block Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$431	\$0	\$1,209	\$1,209
Intergovernmental	37,805	106,000	106,035	35
Investment Earnings	517	1,500	1,451	(49)
Other Revenues	79,363	192,650	222,597	29,947
Total Revenues	118,116	300,150	331,292	31,142
Expenditures:				
Current:				
Community Development	506,232	506,232	413,700	92,532
Total Expenditures	506,232	506,232	413,700	92,532
Net Change in Fund Balance	(388,116)	(206,082)	(82,408)	123,674
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	276,523	276,523	276,523	0
Fund Balance End of Year	(\$111,593)	\$70,441	\$194,115	\$123,674

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

	Parking Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$11,128	\$15,000	\$17,985	\$2,985
Investment Earnings	1,980	2,700	3,200	500
Other Revenues	224	0	362	362
Total Revenues	13,332	17,700	21,547	3,847
Expenditures:				
Current:				
Transportation & Street Repair	70,150	70,150	35	70,115
Total Expenditures	70,150	70,150	35	70,115
Net Change in Fund Balance	(56,818)	(52,450)	21,512	73,962
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	136,468	136,468	136,468	0
Fund Balance End of Year	\$79,650	\$84,018	\$157,980	\$73,962

City of Troy, Ohio
 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	\$0	\$815	\$815	\$0
Total Revenues	0	815	815	0
Expenditures:				
Current:				
Public Safety	5,000	5,000	0	5,000
Total Expenditures	5,000	5,000	0	5,000
Net Change in Fund Balance	(5,000)	(4,185)	815	5,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,459	6,459	6,459	0
Fund Balance End of Year	\$1,459	\$2,274	\$7,274	\$5,000

City of Troy, Ohio
 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 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$1,493	\$1,500	\$1,819	\$319
Other Revenues	22	0	27	27
Total Revenues	1,515	1,500	1,846	346
Expenditures:				
Current:				
Public Safety	12,000	12,000	0	12,000
Total Expenditures	12,000	12,000	0	12,000
Net Change in Fund Balance	(10,485)	(10,500)	1,846	12,346
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	29,930	29,930	29,930	0
Fund Balance End of Year	\$19,445	\$19,430	\$31,776	\$12,346

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

	Cemetery Endowment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$15,040	\$18,750	\$20,531	\$1,781
Investment Earnings	9,413	12,000	12,849	849
Other Revenues	1,050	0	1,433	1,433
Total Revenues	25,503	30,750	34,813	4,063
Expenditures:				
Current:				
Public Health and Welfare	1,500	1,500	0	1,500
Total Expenditures	1,500	1,500	0	1,500
Net Change in Fund Balance	24,003	29,250	34,813	5,563
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	572,699	572,699	572,699	0
Fund Balance End of Year	\$596,702	\$601,949	\$607,512	\$5,563

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

	Bond Retirement Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$418,933	\$375,000	\$375,000	\$0
Special Assessments	115,438	106,040	103,332	(2,708)
Investment Earnings	1,631	0	1,460	1,460
Total Revenues	536,002	481,040	479,792	(1,248)
Expenditures:				
Current:				
Debt Service:				
Principal Retirement	706,404	643,000	643,000	0
Interest and Fiscal Charges	243,242	306,568	221,410	85,158
Other	8,923	9,000	8,122	878
Total Expenditures	958,569	958,568	872,532	86,036
Excess of Revenues Over (Under) Expenditures	(422,567)	(477,528)	(392,740)	84,788
Other financing sources (uses):				
Debt Proceeds	22,134	17,000	19,813	2,813
Transfers In	519,313	464,853	464,853	0
Total Other Financing Sources (Uses)	541,447	481,853	484,666	2,813
Net Change in Fund Balance	118,880	4,325	91,926	87,601
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	284,361	284,361	284,361	0
Fund Balance End of Year	\$403,241	\$288,686	\$376,287	\$87,601

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

	Capital Improvement Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$24,848	\$56,000	\$56,000	\$0
Special Assessments	31,117	69,700	70,129	429
Total Revenues	55,965	125,700	126,129	429
Expenditures:				
Current:				
Community Development	145,711	150,431	68,469	81,962
Capital Outlay	10,471,086	8,966,366	4,920,309	4,046,057
Total Expenditures	10,616,797	9,116,797	4,988,778	4,128,019
Excess of Revenues Over (Under) Expenditures	(10,560,832)	(8,991,097)	(4,862,649)	4,128,448
Other financing sources (uses):				
Debt Proceeds	1,604,035	3,615,000	3,615,000	0
Total Other Financing Sources (Uses)	1,604,035	3,615,000	3,615,000	0
Net Change in Fund Balance	(8,956,797)	(5,376,097)	(1,247,649)	4,128,448
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,048,840	6,048,840	6,048,840	0
Fund Balance End of Year	(\$2,907,957)	\$672,743	\$4,801,191	\$4,128,448

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

	OPWC Project Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Capital Outlay	1,261,017	651,017	531,401	119,616
Total Expenditures	1,261,017	651,017	531,401	119,616
Excess of Revenues Over (Under) Expenditures	(1,261,017)	(651,017)	(531,401)	119,616
Other financing sources (uses):				
Transfers In	560,000	203,000	203,000	0
Total Other Financing Sources (Uses)	560,000	203,000	203,000	0
Net Change in Fund Balance	(701,017)	(448,017)	(328,401)	119,616
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	449,351	449,351	449,351	0
Fund Balance End of Year	(\$251,666)	\$1,334	\$120,950	\$119,616

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

	TIF 2003 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Capital Outlay	0	1,800,000	876,000	924,000
Total Expenditures	0	1,800,000	876,000	924,000
Excess of Revenues Over (Under) Expenditures	0	(1,800,000)	(876,000)	924,000
Other financing sources (uses):				
Debt Proceeds	0	1,800,000	1,800,000	0
Total Other Financing Sources (Uses)	0	1,800,000	1,800,000	0
Net Change in Fund Balance	0	0	924,000	924,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$924,000	\$924,000

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**STATISTICAL
SECTION**

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Table 1

City of Troy, Ohio
 General Governmental Revenues By Source (A)
 Last Ten Fiscal Years

Year	Taxes	Intergovernmental Revenues	Special Assessments	Charges For Services	Fines, Licenses and Permits	Interest Revenue	Other Revenue	Total
1994	\$9,626,696	\$1,992,211	\$146,119	\$441,166	\$307,005	\$342,639	\$202,820	\$13,058,656
1995	10,510,719	2,046,170	125,669	521,381	428,533	616,045	452,975	14,701,492
1996	11,323,104	2,201,171	134,971	580,052	300,220	764,362	289,668	15,593,548
1997	10,441,128	3,130,223	130,206	570,320	330,338	827,379	402,921	15,832,515
1998	11,032,201	2,428,989	134,967	667,696	230,147	870,717	626,584	15,991,301
1999	11,417,425	2,855,296	120,450	689,787	245,446	889,962	261,219	16,479,585
2000	11,765,812	3,326,165	115,703	981,097	136,958	1,067,784	323,372	17,716,891
2001	12,171,308	2,715,441	110,059	1,151,549	137,493	882,904	527,042	17,695,796
2002	11,529,535	2,969,309	105,715	1,216,667	149,571	775,349	1,358,936	18,105,082
2003	13,078,788	2,648,034	104,108	1,288,668	127,364	1,028,664	690,462	18,966,088

Source: Auditor, City of Troy, Ohio

A. Includes general, special revenue and debt service funds.

Table 2

City of Troy, Ohio
 General Governmental Expenditures By Function (A)
 Last Ten Fiscal Years

Year	Public Health and Welfare			Leisure Time Activities		Community Development		Transportation		Basic Utility Services		General Government		Total
	Public Safety	Public Health and Welfare	Leisure Time Activities	Community Development	Transportation	Basic Utility Services	General Government	Total						
1994	\$4,897,394	\$219,435	\$927,489	\$417,527	\$1,180,135	\$845,927	\$2,091,010	\$10,578,917						
1995	5,242,314	229,501	1,148,935	457,687	1,361,477	945,549	2,149,206	11,534,669						
1996	5,810,100	228,890	1,412,779	533,877	1,201,433	919,175	2,434,614	12,540,868						
1997	5,841,055	256,097	1,404,491	705,390	1,628,292	1,123,763	2,489,008	13,448,096						
1998	6,295,009	270,160	1,435,693	734,750	1,783,185	1,135,629	2,952,022	14,606,448						
1999	6,628,054	304,258	1,563,357	778,371	1,555,358	1,092,524	3,079,040	15,000,962						
2000	6,836,977	464,164	1,647,315	624,298	1,738,595	1,182,245	3,322,874	15,816,468						
2001	6,971,369	409,096	1,718,024	588,405	1,770,247	1,408,231	3,758,271	16,623,643						
2002	7,330,132	407,651	1,631,182	652,782	2,227,376	1,281,122	3,780,885	17,311,130						
2003	8,025,594	405,234	1,824,597	907,655	2,065,992	1,888,840	4,085,269	19,203,181						

Source: Auditor, City of Troy, Ohio

A. Includes general, special revenue and debt service funds.

Table 3

City of Troy, Ohio
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Tax Year / Collection Year	Real Property		Personal Property Assessed Value	Public Utilities Assessed Value	Total Assessed Value
	Assessed Value	Estimated Actual Value (A)			
1993 / 1994	\$202,516,680	\$578,619,086	\$130,284,440	\$15,757,500	\$348,558,620
1994 / 1995	206,075,280	588,786,514	139,179,390	16,551,840	361,806,510
1995 / 1996	244,501,470	698,575,628	143,984,821	15,366,290	403,852,581
1996 / 1997	250,293,810	715,125,171	142,600,990	15,070,770	407,965,570
1997 / 1998	260,936,780	745,533,657	128,637,620	15,464,290	405,038,690
1998 / 1999	290,217,440	829,192,686	152,202,420	17,814,530	460,234,390
1999 / 2000	305,673,670	873,353,343	125,248,730	17,178,640	448,101,040
2000 / 2001	313,221,610	894,918,880	125,141,820	14,962,560	453,325,990
2001 / 2002	349,997,450	999,992,714	129,422,940	11,007,460	490,427,850
2002 / 2003	359,593,630	1,027,410,371	138,549,520	11,242,060	509,385,210

Source: Miami County Auditor

A. Estimated actual value based on assessment level of 35 percent.

Table 4

City of Troy, Ohio
 Property Tax Rates - Direct and Overlapping Governments
 (Per \$1,000 of Assessed Valuation)
 Last Ten Fiscal Years

Tax Year/ Collection Year	City	Miami Conservancy District (A)	Troy City School District	Upper Valley Joint Vocational	Miami County	Total
1993 / 1994	3.10	0.09	44.90	3.40	10.51	62.00
1994 / 1995	3.10	0.09	44.42	3.40	10.51	61.52
1995 / 1996	3.10	0.08	44.10	4.90	6.02	58.20
1996 / 1997	3.10	0.14	50.10	4.90	7.03	65.27
1997 / 1998	3.10	0.16	50.10	4.90	8.82	67.08
1998 / 1999	3.10	0.19	50.10	4.90	8.82	67.11
1999 / 2000	3.10	0.15	54.60	4.90	8.81	71.56
2000 / 2001	3.10	0.15	54.60	4.90	8.83	71.58
2001 / 2002	3.10	0.16	54.60	4.90	8.43	71.19
2002 / 2003	3.10	0.12	54.60	4.90	9.13	71.85

Source: Miami County Auditor

A. Levied by the City for the benefit of the Miami Conservancy District.

Table 5

City of Troy, Ohio
 Real - Property Tax Levies and Collection
 Real and Public Utility
 Last Ten Fiscal Years

Tax Year / Collection Year	Current Levy	Collection Including Delinquencies	Total Collections As Percent of Current Year	Accumulated Delinquency
1993 / 1994	\$745,428	\$744,184	99.80%	\$21,428
1994 / 1995	756,982	760,746	100.40	29,500
1995 / 1996	907,065	907,861	100.10	22,532
1996 / 1997	930,851	933,101	100.30	20,701
1997 / 1998	969,619	972,102	100.26	18,200
1998 / 1999	1,115,663	1,112,296	99.70	25,025
1999 / 2000	1,137,461	1,110,312	97.61	51,751
2000 / 2001	1,147,523	1,123,667	97.92	52,305
2001 / 2002	1,252,515	1,245,247	99.42	69,539
2002 / 2003	1,266,916	1,270,333	100.27	42,921

Source: Miami County Auditor

Table 6

City of Troy, Ohio
Tangible - Personal Property Collections
Last Ten Fiscal Years

Tax Year / Collection Year	Billed	Collected	Total Collections As Percent of Current Year	Accumulated Delinquency
1993 / 1994	\$435,856	\$458,123	105.11%	\$19,460
1994 / 1995	449,688	467,182	103.89	13,572
1995 / 1996	450,436	428,489	95.12	23,511
1996 / 1997	436,294	459,234	105.25	29,260
1997 / 1998	503,821	483,638	95.99	30,324
1998 / 1999	486,778	417,926	85.90	17,645
1999 / 2000	397,705	393,688	98.99	12,213
2000 / 2001	411,198	401,582	97.66	6,219
2001 / 2002	442,510	411,201	92.92	83,883
2002 / 2003	423,056	406,928	96.19	92,313

Source: Miami County Auditor

Table 7

City of Troy, Ohio
 Special Assessment Collections
 Last Ten Fiscal Years

Fiscal Year	Current Assessments Due	Total Collection Including Delinquencies	Total Collections As Percent of Current Year	Accumulated Delinquency
1994	\$188,867	\$146,768	77.70%	\$12,179
1995	154,300	140,896	91.31	13,260
1996	138,417	136,252	98.44	2,165
1997	145,976	141,674	97.05	4,301
1998	153,707	148,984	96.93	4,722
1999	141,705	137,229	96.84	4,475
2000	133,160	131,146	98.49	2,014
2001	132,290	129,324	97.76	2,966
2002	125,969	121,497	96.45	4,472
2003	149,173	144,042	96.56	5,131

Source: Miami County Auditor

City of Troy, Ohio
 Computation of Legal Debt Margin
 December 31, 2003

Table 8

	<u>Debt Outstanding</u>	<u>10 1/2% of Assessed Valuation</u>	<u>5 1/2% of Assessed Valuation</u>
Overall Debt Limitations		\$53,485,447	\$28,016,187
Gross Indebtedness	\$25,451,650		
Less: Debt Outside Limitations (A)	19,446,650		
Less: Bond Retirement Fund Balance	<u>376,327</u>		
Net Debt Within Limitation		<u>5,628,673</u>	<u>5,628,673</u>
Legal Debt Margin Within Limitations		<u>\$47,856,774</u>	<u>\$22,387,514</u>

Source: Miami County Auditor

A. General obligation bonds in the enterprise funds, special assessment debt with government commitment and bond anticipation notes have been included.

City of Troy, Ohio
 Computation of Direct and Overlapping Debt
 December 31, 2003

Table 9

	Net Debt Outstanding	Percentage Applicable to City of Troy	Amount Applicable to City of Troy
City of Troy	\$23,594,000	100.00%	\$23,594,000
Miami County	7,060,000	25.22%	1,780,532
Miami East Local School District	11,999,992	2.91%	349,200
Upper Valley Career Center	7,000,000	22.00%	1,540,000
Total	<u>\$49,653,992</u>		<u>\$27,263,732</u>

Source: Ohio Municipal Advisory Council

Table 10

City of Troy, Ohio
 Ratio of Annual Debt Service Expenditures For
 General Bonded Debt to Total General Governmental Expenditures
 Last Ten Fiscal Years

Year	Principal (A)	Interest (A) (B)	Total Debt Service	General Governmental Expenditures (C)	Ratio of Debt Service to General Governmental Expenditures
1994	\$248,000	\$232,808	\$480,808	\$10,578,917	0.0454
1995	374,000	165,399	539,399	11,534,669	0.0468
1996	624,000	282,048	906,048	12,540,868	0.0723
1997	534,000	240,865	774,865	13,448,096	0.0576
1998	449,000	214,630	663,630	15,000,962	0.0442
1999	460,000	192,419	652,419	15,869,791	0.0411
2000	470,000	169,331	639,331	16,613,788	0.0385
2001	480,000	145,538	625,538	17,397,977	0.0360
2002	495,000	121,019	616,019	18,088,386	0.0341
2003	570,000	273,528	843,528	19,203,181	0.0439

Source: Auditor, City of Troy, Ohio

A. General obligation bonds reported in the enterprise funds and special assessment debt with government commitment have been excluded.

B. Excludes bond issuance and other cost.

C. Includes general, special revenue and debt service funds.

Table 11

City of Troy, Ohio
 Ratio of Net General Bonded Debt to Assessed
 Valuation and Net Bonded Debt Per Capita
 Last Ten Fiscal Years

Year	Population (A)	Assessed Value (B)	Gross General Bonded Debt (C)*	Less Balance In Debt Service Fund (C)	Net General Bonded Debt (C)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	19,479	\$348,558,620	\$2,815,000	\$423,148	\$2,391,852	0.0069	\$123
1995	19,479	361,806,510	5,591,000	415,415	5,175,585	0.0143	266
1996	19,479	403,852,581	4,638,000	410,590	4,227,410	0.0105	217
1997	19,479	407,965,570	4,104,000	417,013	3,686,987	0.0090	189
1998	19,479	405,038,690	3,655,000	403,685	3,251,315	0.0080	167
1999	19,479	460,234,390	3,195,000	400,874	2,794,126	0.0061	143
2000	19,479	448,101,040	2,725,000	388,339	2,336,661	0.0052	120
2001	21,999	453,325,990	2,245,000	364,817	1,880,183	0.0041	85
2002	21,999	490,427,850	4,805,000	284,406	4,520,594	0.0092	205
2003	21,999	509,385,210	6,035,000	376,327	5,658,673	0.0111	257

Sources:

- A. Federal census.
- B. Miami County Auditor.
- C. Auditor, City of Troy, Ohio.

* General obligation bonds reported in the enterprise funds and special assessment debt with government commitment have been excluded.

Table 12

City of Troy, Ohio
Demographic Statistics
December 31, 2003

	1960 Census	1980 Census	1988 (Estimate)	1990 Census	2000 Census
Population	17,577	19,086	19,414	19,479	21,999
Per Capita Income	\$3,239	\$7,303	\$11,613	*	*
Number of Dwelling Units	*	7,253	*	7,649	9,497
Persons Per Household	3.07	2.71	2.54	2.51	2.40
Median Age	*	30.6	32.6	33.1	35.2
Percentage Owner-Occupied Dwelling Units	*	69.4	*	*	60.3
Median Family Income	*	\$20,365	\$25,022	\$29,973	\$46,889
Family Income Distribution:					
\$ 0 - \$ 9,999	*	1,229	883	*	258
10,000 - 14,999	*	1,544	1,055	*	252
15,000 - 24,999	*	2,160	1,543	*	642
25,000 - 49,999	*	1,779	2,989	*	2,053
50,000 and over	*	217	1,051	*	2,811
Total Families		6,929	7,521		6,016
Education Distribution/Grades Years Completed:					
0 - 8	*	1,613	*	*	706
9 - 11	*	1,943	*	*	2,009
12	*	4,711	*	*	5,151
13 - 15	*	1,437	*	*	4,217
16 or more	*	1,626	*	*	2,487

Source: Federal Census
*Data Not Available

City of Troy, Ohio
 Construction and Bank Deposits
 Last Ten Fiscal Years

Table 13

Year	Commercial Construction (A)		Residential Construction (A)		Bank Deposits in Thousands (B)	Assessed Property Value (C)
	Number of Permits	Value	Number of Permits	Value		
1994	340	\$19,976,101	604	\$8,026,873	\$653,371	\$348,558,620
1995	338	50,412,407	600	9,353,737	746,675	361,806,510
1996	402	42,231,350	978	23,924,920	772,201	403,852,581
1997	288	23,643,525	954	35,313,426	0	407,965,570
1998	240	12,782,644	801	19,803,213	0	405,038,690
1999	410	20,559,141	1,041	21,489,651	0	460,234,390
2000	61	7,761,322	201	11,086,202	0	448,101,040
2001	26	11,153,834	110	15,968,738	0	453,325,990
2002	19	4,416,399	236	23,613,370	0	490,427,850
2003	27	8,723,883	289	32,863,289	0	509,385,210

Sources:

A. City of Troy, Ohio, Planning & Development Department.

B. Federal Reserve Bank of Cleveland - amounts are for Miami County.
 (Note: County bank deposits measures total deposits for those banks headquartered within a given county and does not measure total deposits within a county).

C. Miami County Auditor

City of Troy, Ohio
Principal Taxpayers
December 31, 2003

Table 14

Taxpayer	Real Property 2003 Assessed Valuation (A)	Percent of Total for City
American Honda Motor	\$8,750,000	1.72%
Dayton Power and Light Company	6,638,960	1.30%
Verizon North, Inc.	2,811,880	0.55%
Ramco Properties	2,375,990	0.47%
Hobart Brothers Company	2,371,810	0.47%
Lowes Home Centers, Inc.	2,179,880	0.43%
MT Picture Display	2,112,470	0.41%
Harrison Investments, LTD	2,099,710	0.41%
Hobart Corporation	1,976,300	0.39%
F A Archer Partnership	1,764,350	0.35%
Total	\$33,081,350	6.50%
Total Assessed Valuation of City	\$509,385,210	100.00%

Source: Miami County Auditor.

A. Property Assessed at 35 percent of Fair Market Value.

Table 15

City of Troy, Ohio
 Other Statistics
 December 31, 2003

Year of Incorporation	1814
Form of Government	Council / Mayor
Area	10.59 Square Miles
Mile of Streets	105.05 Miles
Fire Protection and Emergency Rescue:	
Number of Stations	3
Number of Firemen and Officers	41
Police Protection:	
Number of Stations	1
Number of Policemen and Officers	43
Municipal Water Department:	
Number of Consumers	9,281
Average Daily Consumption	5.17 Million Gallons
Miles of Water Mains	128.81
Sewers:	
Miles of Storm Sewers	70.27
Miles of Sanitary Sewers	119.22
Buildings:	
2002 Permits Issued	316
2002 Valuation of Construction	\$41,587,172
Parks and Recreation:	
Number of Parks	24
Number of Acres	296.4
Employees:	
Classified Service	206
Unclassified Service	14
Elected Officials	12

Source: City of Troy, Ohio

City of Troy, Ohio
 OWDA Note Coverage
 Sanitary Sewer Fund
 Last Ten Fiscal Years (A)
 (Amounts Expressed in Thousands)

Fiscal Year	Gross Revenues (A)	Operating Expenses (B)	Net Revenue Available For Debt Service	Debt Service Requirements (C)			Coverage
				Principal	Interest	Total	
1994	\$2,552	\$1,834	\$718	\$42	\$26	\$68	10.55
1995	2,924	2,159	765	42	23	65	11.77
1996	3,471	2,777	694	42	21	63	11.02
1997	3,896	3,121	775	42	19	61	12.70
1998	4,002	2,604	1,398	42	17	59	23.69
1999	5,555	2,402	3,153	42	14	56	56.30
2000	4,233	2,800	1,433	42	12	54	26.54
2001	4,286	2,005	2,281	42	10	52	43.87
2002	4,331	2,527	1,804	42	7	49	36.82
2003	4,136	2,610	1,526	42	5	47	32.47

Source: Auditor, City of Troy, Ohio

A. Total Revenues (including interest).

B. Total operating expenses exclusive of depreciation.

C. Includes principal and interest of the OWDA Note only. Does not include the general obligation bonds reported in the sanitary sewer fund.



**Auditor of State
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CITY OF TROY

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 7, 2004**