

CITY OF MORAIN, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003



Prepared by:
Department of Finance

Marty Brown
Finance Director

James V. Kimmel
Deputy Finance Director





**Auditor of State
Betty Montgomery**

Members of Council
City of Moraine

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

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

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

BETTY MONTGOMERY
Auditor of State

February 16, 2005

This Page is Intentionally Left Blank.

CITY OF MORAINÉ, OHIO

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

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Letter of Transmittal	3
City Officials	8
Department of Finance Staff	9
City Organizational Chart	10
Certificate of Achievement for Excellence in Financial Reporting	11
FINANCIAL SECTION	
Independent Auditors' Report	14
Management's Discussion and Analysis	17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	23
Statement of Activities	24
Fund Financial Statements:	
Balance Sheet – Governmental Funds	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Statement of Net Assets – Proprietary Funds	27
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29
Statement of Fiduciary Net Assets – Fiduciary Funds	30
Notes to the Basic Financial Statements	31
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) – General Fund	56
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) – Parks and Recreation Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) – Economic Development Fund	61
Notes to Required Supplementary Information	62

CITY OF MORaine, OHIO

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

TABLE OF CONTENTS – CONTINUED

	Page
COMBINING STATEMENTS AND INDIVIDUAL FUND STATEMENTS	
Nonmajor Governmental Funds:	
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	67
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	69
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Non-GAAP Basis)	
- Street Construction and Maintenance Fund	70
- State Highway Improvement Fund	71
- Motor Vehicle License Tax Fund	72
- Enforcement and Education Fund	73
- Police Pension Fund	74
- Fire Pension Fund	75
- Federal Law Enforcement Fund	76
- State Law Enforcement Fund	77
- Drug Law Enforcement Fund	78
Capital Improvement Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis)	79
Debt Service Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Non-GAAP Basis)	80
Internal Service Funds:	
Combining Statement of Net Assets	81
Combining Statement of Revenues, Expenses and Changes in Net Assets	82
Combining Statement of Cash Flows	83
Agency Funds:	
Statement of Changes in Assets and Liabilities	84
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Source	85
Schedule by Function and Activity	86
Schedule of Changes by Function and Activity	87

CITY OF MORAINE, OHIO

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

TABLE OF CONTENTS – CONCLUDED

	Table	Page
STATISTICAL SECTION		
General Governmental Expenditures by Function – Last Ten Fiscal Years	1	90
General Governmental Revenues by Source – Last Ten Fiscal Years	2	91
Income Tax Revenues – Last Ten Fiscal Years	3	92
Property Taxes Levied and Collected – Last Ten Fiscal Years	4	93
Assessed Value and Current Market Value of All Taxable Property – Last Ten Fiscal Years	5	94
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	6	95
Special Assessment Collections – Last Ten Fiscal Years	7	96
Computation of Legal Debt Margin	8	97
Computation of Direct and Overlapping Debt	9	98
Demographic Statistics – Last Ten Fiscal Years	10	99
Construction Property Values – Last Ten Fiscal Years	11	100
Principal Taxpayers	12	101
Summary of Insurance Coverage	13	102
Miscellaneous Statistics	14	103



CITY OF MORAINE, OHIO

INTRODUCTORY SECTION





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

City of Moraine

Finance Department

August 12, 2004

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

The Comprehensive Annual Financial Report of the City of Moraine, Ohio, for the fiscal year ended December 31, 2003, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This Comprehensive Annual Financial Report incorporates GASB Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Statement No. 34 was developed to make annual financial reports of state and local governments easier to understand and more useful to those who make decisions using governmental financial information. This report reflects our continuing effort to disseminate clear and useful financial information to our users with the implementation of Statement No. 34.

The comprehensive annual report is presented in three sections:

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

The City provides the following services: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services. This report includes all the funds of the City of Moraine and all of its component units, which make up the financial reporting entity for the City. Component units are legally separate entities for which the City is financially responsible.

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

HISTORY AND BACKGROUND

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

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

ECONOMIC CONDITION AND OUTLOOK

The local economy was fairly stable during 2003. Although there were employment losses in some areas the City did have employment increases in other areas. Some of the highlights for the year are described below:

Phase I of the Southern Hills Crossing retail development along Dixie Drive and Dorothy Lane was completed in 2003. This development included a Super Wal-mart, a Bob Evans restaurant and a Longhorn Steakhouse. These projects and several others will help create new jobs and retain current jobs in Moraine.

The City began engineering for the Cardington Road project during 2003. The first phase of this project, which is to extend Cardington Road through land, which will become available for industrial development is to begin in 2004. The second phase of this project is planned for 2005.

At the end of 2003 the City was in negotiations to purchase land from Montgomery County and two mobile home parks on Lamme Road. This will allow the City to extend streets based on the City's Thoroughfare Plan and bring about residential development in the area. The purchase of these parcels is to be completed during 2003.

There were twelve new businesses, which moved into Moraine during the year. In addition to the new businesses, several of the existing businesses expanded during 2003.

During the year, there were four new single-family home permits and no new multi-family apartment permits issued. In total, there were 238 building permits issued during the year with a total construction value of over \$4.2 million. Of the building permits issued there were 171 commercial permits and 67 residential permits.

Even with the anticipated job losses during 2003, the City's income tax collections remained stable compared to 2002 collections. With a number of positive opportunities for the future the City will continue to work toward business and residential growth over the coming years.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

Budgetary Controls

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

Cash Management

The City of Moraine adopted its investment policy on December 8, 1994, with the passage of Ordinance 1096-94. State Statute guides the City's policy in large part: Chapter 135 of the Ohio Revised Code. The City's investment policy is to minimize credit and market risks while obtaining a competitive yield on its investments.

Cash, temporarily idle during the year was invested in various instruments authorized by the City's investment policy. There was a net loss on investments for the year of \$56,537. This overall loss is as a result of application of GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". Current market values of investments at year-end were over \$325,000 below book value.

OTHER INFORMATION

Independent Audit

Plattenburg & Associates, Inc., Certified Public Accountants audited the financial statements of the City of Moraine. The auditor's unqualified opinion is included in the Financial Section of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Moraine for its comprehensive annual financial report for the year ended December 31, 2002. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an informative and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is applicable to one year only. The City of Moraine has received a Certificate of Achievement for the last 17 consecutive years (fiscal years ended 1986-2002). We believe our current report will also conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another Certificate.

Acknowledgments

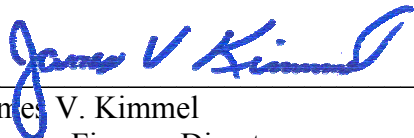
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We should like to express our appreciation to all members of the Finance Department.

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

Respectfully submitted,



Marty Brown
Finance Director



James V. Kimmel
Deputy Finance Director

CITY OF MORAINE, OHIO

CITY COUNCIL

Robert Rosencrans, Mayor

Elaine Allison, Council Member (At Large)

Mike Meyers, Council Member (At Large)

Jacqueline Cole, Council Member (Ward 1)

John Shady, Council Member (Ward 2)

Arthur Powers, Council Member (Ward 3)

Bryon Blake, Council Member (Ward 4)

APPOINTED OFFICIALS

David Hicks, City Manager

Patrick G. Carney, Law Director

Marty Brown, Finance Director

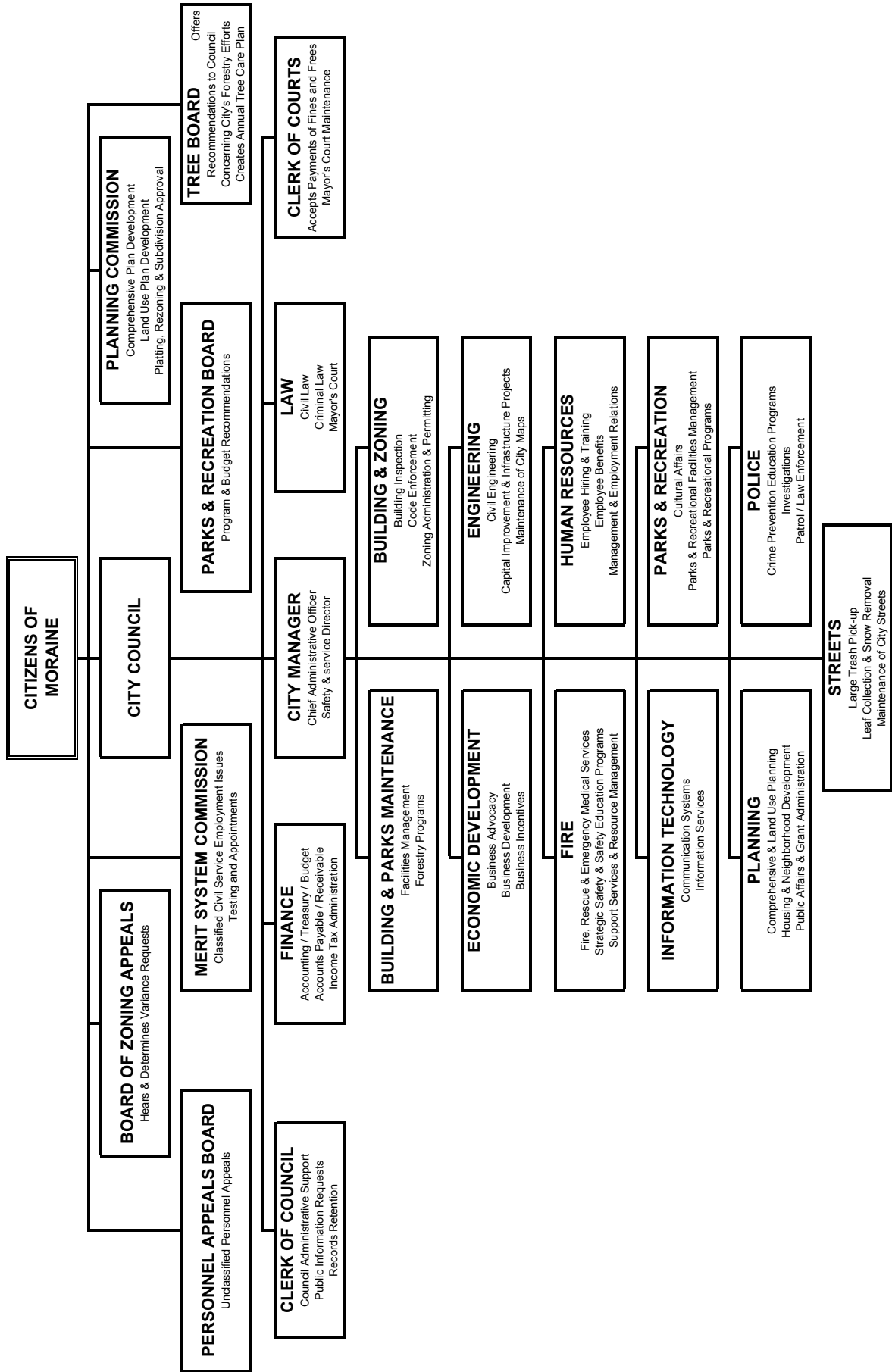
CITY OF MORAINE, OHIO

DEPARTMENT OF FINANCE

STAFF

Marty Brown	Finance Director
James V. Kimmel	Deputy Finance Director
Jennifer A. Arp	Deputy Finance Director
Sherry L. Marcum	Financial Assistant
Paula G. Cox	Financial Assistant
Lora L. Marlett	Financial Assistant
Penny C. Tincher	Finance Clerk
Elizabeth G. Debrason	Finance Clerk
Sharon S. Gunter	Finance Clerk

Organization of the City of Moraine



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Moraine,
Ohio

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



CITY OF MORAINE, OHIO

FINANCIAL SECTION





August 12, 2004

REPORT OF INDEPENDENT ACCOUNTANTS

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, 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 18, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of December 31, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information


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

Combining Financial Statements and Individual Fund Schedules

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

Introductory and Statistical Sections

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


Plattenburg & Associates, Inc.
Certified Public Accountants



CITY OF MORAINE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Moraine's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2003.

FINANCIAL HIGHLIGHTS

1. The City's total net assets decreased by over \$516,000. Net assets of governmental activities decreased by over \$519,000 and net assets of business-type activities increased by \$3,019.
2. The General Fund reported a decrease in fund balance of over \$1.7 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 non-major funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

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

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

REPORTING THE CITY’S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City’s major funds is presented later in the Management’s Discussion and Analysis section. Fund financial statements provide detailed information about the City’s major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of City Council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City’s major funds are the General, Parks & Recreation, Economic Development and Capital Improvement funds.

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

Proprietary Funds – When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Internal service funds are used to report activities that provide services to the City’s other funds and departments.

Fiduciary Funds – The City’s fiduciary funds are used to account for undistributed receipts of the Moraine Mayor’s Court and miscellaneous deposits received by the City.

All of the City's fiduciary activities are reported in 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

This is the first year for government-wide financial statements using the full accrual basis of accounting. Therefore, comparisons with prior years are not possible. The following two tables present condensed information on Net Assets and Changes in Net Assets for the year.

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2002	2003	2002	2003	2002	2003
Assets:						
Current and Other Assets	\$28,460,947	\$26,293,982	\$442,572	\$445,591	\$28,903,519	\$26,739,573
Capital Assets (Net)	<u>14,146,164</u>	<u>16,416,099</u>			<u>14,146,164</u>	<u>16,416,099</u>
Total Assets	42,607,111	42,710,081	442,572	445,591	43,049,683	43,155,672
Liabilities:						
Current and Other Liabilities	1,839,082	1,871,419			1,839,082	1,871,419
Long-term Liabilities:						
Due within One Year	428,826	1,001,365			428,826	1,001,365
Due in More Than One Year	<u>2,027,493</u>	<u>2,045,219</u>			<u>2,027,493</u>	<u>2,045,219</u>
Total Liabilities	4,295,401	4,918,003			4,295,401	4,918,003
Net Assets:						
Invested in Capital Assets Net of Debt	14,146,164	15,469,434			14,146,164	15,469,434
Restricted:						
Debt Service	143,790	141,020			143,790	141,020
Special Revenue	399,849	2,055,818			399,849	2,055,818
Capital Projects	1,662,285	5,713,167			1,662,285	5,713,167
Unrestricted	<u>21,959,622</u>	<u>14,412,638</u>	<u>442,572</u>	<u>445,591</u>	<u>22,402,194</u>	<u>14,858,229</u>
Total Net Assets	<u>\$38,311,710</u>	<u>\$37,792,077</u>	<u>\$442,572</u>	<u>\$445,591</u>	<u>\$38,754,282</u>	<u>\$38,237,668</u>

The net assets of the City decreased by over \$516,000.

**Table 2
Changes in Net Assets**

	Governmental Activities <u>2003</u>	Business-type Activities <u>2003</u>	Totals <u>2003</u>
Revenues:			
Program Revenues:			
Charges for Services	\$1,174,573	\$4,755	\$1,179,328
Operating Grants	80,918		80,918
Capital Grants	<u>646,675</u>	—	<u>646,675</u>
Total Program Revenues	<u>1,902,166</u>	<u>4,755</u>	<u>1,906,921</u>
General Revenues:			
Income Taxes	15,424,540		15,424,540
Property Taxes	699,526		699,526
Other Taxes	104,342		104,342
Shared Revenues	737,456		737,456
Special Assessments	17,719		17,719
Rents and Royalties	11,606		11,606
Misc. Receipts & Reimb.	104,754		104,754
Investment Earnings	(54,801)	(1,736)	(56,537)
Gain – Sale of Capital	<u>65,112</u>	—	<u>65,112</u>
Total General Revenues	<u>17,110,254</u>	<u>(1,736)</u>	<u>17,108,518</u>
Total Revenues	<u>19,012,420</u>	<u>3,019</u>	<u>19,015,439</u>
Program Expenses:			
General Government	5,188,591		5,188,591
Public Safety	8,338,093		8,338,093
Highways & Streets	2,337,032		2,337,032
Sanitation	327,151		327,151
Culture & Recreation	3,003,785		3,003,785
Economic Development	175,164		175,164
Health and Welfare	157,237		157,237
Debt Service	<u>5,000</u>	—	<u>5,000</u>
Total Expenses	<u>19,532,053</u>	—	<u>19,532,053</u>
Increase (Decrease) in Net Assets	<u>(\$519,633)</u>	<u>\$3,019</u>	<u>(\$516,614)</u>

Comparative information will be presented in future years when available.

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

	Governmental Activities Total Cost Of Services	Net Cost Of Services
Public Safety	\$8,338,093	\$8,270,768
General Government	5,188,591	4,852,764
Culture and Recreation	3,003,785	2,231,945
Highways & Streets	2,337,032	1,689,017
All Others	664,552	585,393

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the Balance Sheet – Governmental Funds) reported a combined fund balance of \$20.5 million, which is 8.6% lower than last year's total of \$22.5 million.

The City's General Fund experienced over a \$700,000 or 4.7% decrease in revenues for 2003. The majority of this decrease was due to the poor performance of the City's investments. Expenditures increased by over \$600,000 or 5.4%. Revenues exceeded expenditures by \$2.7 million prior to transfers to other funds. Transfers to other funds totaling \$4.4 million resulted in the \$1.7 million or 12.0% reduction to the General Fund balance.

Revenues in the Parks and Recreation Fund decreased by over \$234,000 or 23.6%. The majority of this reduction was due to poor attendance at the City's water park, Splash Moraine. There were a number of days during the summer when the park was closed due to in climate weather. The City also started the policy to open the park to season pass holders and residents only during 2003 as well. The City was able to reduce expenditures by over \$264,000 or 9.5% compared to the prior year.

The revenues in the Economic Development Fund were down by \$30,000 or 100.0% in 2003. There were no economic development grants received during 2003. Total expenditures in 2003 were \$2,000, which caused a decrease in fund balance of \$2,000.

The Capital Improvement Fund had an increase in revenues or over \$500,000 or 22.3% in 2003. This entire increase was from increased grants for capital projects. Total expenditures increased by over \$2.5 million or over 178.0%. The majority of the increase was due to street improvement projects during the year.

The Moraine Loan Program Fund had very little activity during 2003. The City continued collections on active loans and additional funds were disbursed on one small home improvement loan.

General Fund Budgeting Highlights

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

During 2003, there was one revision to the General Fund budget. The budget was increased by \$147,000 to cover additional personnel costs within the Fire division. There was approximately \$156,000 of carryover encumbrances that affected the final budget of the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The increase in governmental activities capital assets was the result of infrastructure projects completed during 2003 and projects that were still in process. The net increase was over \$2.2 million.

Debt Administration

At year-end the City had \$35,000 of special assessment bonds outstanding. These bonds will pay off during 2005. The City has no general obligation bonds outstanding at year-end. The City does have over \$663,000 of promissory notes payable and over \$193,000 of capital leases payable at year-end.

The City's overall legal debt margin was \$29,771,058 at year-end.

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, City of Moraine, 4200 Dryden Road, Moraine, Ohio 45439.

CITY OF MORaine, OHIO
Statement of Net Assets
December 31, 2003

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$21,592,792	\$393,504	\$21,986,296
Receivables			
Income Tax	2,941,959		2,941,959
Property Tax	717,724		717,724
Accounts	80,406		80,406
Intergovernmental	438,719		438,719
Special Assessments	1,917		1,917
Loans (net of Allowance for uncollectible)	303,000	52,087	355,087
Inventories	129,918		129,918
Prepays	87,547		87,547
Total Current Assets	26,293,982	445,591	26,739,573
CAPITAL ASSETS (net of accumulated depreciation)			
Land	3,324,043		3,324,043
Infrastructure	1,222,114		1,222,114
Buildings and System	7,976,510		7,976,510
Machinery and Equipment	2,659,378		2,659,378
Construction in Progress	1,234,054		1,234,054
Total Capital Assets	16,416,099		16,416,099
Total Assets	42,710,081	445,591	43,155,672
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	123,839		123,839
Salaries and Benefits Payable	858,230		858,230
Insurance Claims Payable	201,888		201,888
Unearned Revenue	687,463		687,463
Total Current Liabilities	1,871,420		1,871,420
LONG TERM LIABILITIES			
Due within one year	1,001,365		1,001,365
Due in more than 1 year	2,045,219		2,045,219
Total Long Term Liabilities	3,046,584		3,046,584
Total Liabilities	4,918,004		4,918,004
NET ASSETS			
Invested in Capital assets net of related debt	15,469,434		15,469,434
Restricted for:			
Debt service	141,020		141,020
Special Revenue	2,055,818		2,055,818
Capital Projects	5,713,167		5,713,167
Unrestricted	14,412,638	445,591	14,858,229
Total Net Assets	\$37,792,077	\$445,591	\$38,237,668

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

CITY OF MORAIN, OHIO
Statement of Activities
For the Year Ended December 31, 2003

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
FUNCTIONS/PROGRAMS							
Primary Government:							
Governmental Activities:							
General government	\$5,188,591	\$335,827			(\$4,852,764)		(\$4,852,764)
Public safety	8,338,093	2,987	\$64,338		(8,270,768)		(8,270,768)
Highways and streets	2,337,032	1,340		\$646,675	(1,689,017)		(1,689,017)
Sanitation	327,151				(327,151)		(327,151)
Culture and recreation	3,003,785	755,260	16,580		(2,231,945)		(2,231,945)
Economic development	175,164				(175,164)		(175,164)
Health and Welfare	157,237	79,159			(78,078)		(78,078)
Debt Service							
Interest	5,000				(5,000)		(5,000)
Total Governmental Activities	<u>19,532,053</u>	<u>1,174,573</u>	<u>80,918</u>	<u>646,675</u>	<u>(17,629,887)</u>		<u>(17,629,887)</u>
Business Type Activities							
Loan Program		4,755				\$4,755	4,755
Total Business Type Activities		<u>4,755</u>				<u>4,755</u>	<u>4,755</u>
Total Primary Government	<u>\$19,532,053</u>	<u>\$1,179,328</u>	<u>\$80,918</u>	<u>\$646,675</u>	<u>(\$17,629,887)</u>	<u>\$4,755</u>	<u>(\$17,625,132)</u>
General Revenues							
Income tax					15,424,540		15,424,540
Property tax levied for							
General purposes					526,170		526,170
Police pensions					86,678		86,678
Fire pensions					86,678		86,678
Other taxes					104,342		104,342
Shared revenues					737,456		737,456
Special assessments					17,719		17,719
Rents and royalties					11,606		11,606
Miscellaneous receipts & reimbursements					104,754		104,754
Investment earnings					(54,801)	(1,736)	(56,537)
Gain on the sale of capital assets					65,112		65,112
Total General Revenues					<u>17,110,254</u>	<u>(1,736)</u>	<u>17,108,518</u>
Change in Net Assets					(519,633)	3,019	(516,614)
Net Assets - Beginning					38,311,710	442,572	38,754,282
Net Assets - Ending					<u>\$37,792,077</u>	<u>\$445,591</u>	<u>\$38,237,668</u>

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

CITY OF MORAINE, OHIO
Balance Sheet - Governmental Funds
December 31, 2003

	GENERAL FUND	PARKS & RECREATION	ECONOMIC DEVELOPMENT	CAPITAL IMPROVEMENT	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
ASSETS						
Cash and Investments	\$10,531,224	\$794,668	\$1,582,317	\$5,410,102	\$779,441	\$19,097,752
Receivables						
Income Tax	2,672,955			269,004		2,941,959
Property Tax	544,368				173,356	717,724
Accounts	77,326	1,133		1,742	205	80,406
Intergovernmental	161,037			71,930	205,752	438,719
Special Assessments					1,917	1,917
Loans (net of Allowance for uncollectible)			303,000			303,000
Due from Other Funds	1,145,000	35,000			300,000	1,480,000
Inventories	4,648				42,158	46,806
Prepays	86,551	516			395	87,462
Total Assets	15,223,109	831,317	1,885,317	5,752,778	1,503,224	25,195,745
LIABILITIES AND FUND BALANCES						
CURRENT LIABILITIES						
Accounts Payable	56,531	9,912		39,611	2,753	108,807
Salaries and Benefits Payable	486,999	55,867			304,163	847,029
Compensated Absences Payable	36,236	2,321			4,325	42,882
Due to Other Funds	335,000		1,145,000			1,480,000
Unearned Revenue	1,735,124			109,264	351,746	2,196,134
Total Current Liabilities	2,649,890	68,100	1,145,000	148,875	662,987	4,674,852
FUND BALANCES:						
Reserved for:						
Encumbrances	181,140	30,354		972,442	25,126	1,209,062
Prepays	86,551	516			395	87,462
Inventories	4,648				42,158	46,806
Loans			303,000			303,000
Unreserved, Undesignated, Reported in:						
General Fund	12,300,880					12,300,880
Special Revenue Funds		732,347	437,317		631,536	1,801,200
Debt Service Fund					141,020	141,020
Capital Projects Fund				4,631,461		4,631,461
Total Fund Balance	12,573,219	763,217	740,317	5,603,903	840,237	20,520,893
Total Liabilities and Fund Balances	\$15,223,109	\$831,317	\$1,885,317	\$5,752,778	\$1,503,224	
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:						16,361,539
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:						1,184,828
Income tax receivable						323,843
Shared taxes receivable						2,356,580
Internal service funds are used by management to charge the costs of certain activities. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.						(2,063,501)
The following long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:						(698,996)
Vacation, sick leave and compensatory time benefits						(193,109)
Bonds and notes payable						
Capital lease obligations payable						
Net Assets of governmental Activities						\$37,792,077

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

CITY OF MORAIN, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	<u>GENERAL FUND</u>	<u>PARKS & RECREATION</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>CAPITAL IMPROVEMENT</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL GOVERNMENTAL</u>
REVENUES						
Taxes:						
Income	\$13,315,714			\$2,294,693		\$15,610,407
Property	530,489				\$169,037	699,526
Other	99,418				4,924	104,342
Shared Revenues	490,125				285,126	775,251
Licenses and Permits	38,839				2,975	41,814
Charges for Services	53,115	\$746,683				799,798
Fines	314,356			18,606		332,962
Special Assessments					17,719	17,719
Investment Earnings	(49,286)	(5,741)			226	(54,801)
Contribution and Donations		2,100				2,100
Rents and Royalties	11,606					11,606
Intergovernmental	64,338	16,580		646,675		727,593
Miscellaneous Receipts & Reimbursements	60,607			37,920	4,127	102,654
Total Revenues	<u>14,929,321</u>	<u>759,622</u>		<u>2,997,894</u>	<u>484,134</u>	<u>19,170,971</u>
Expenditures						
Current:						
General government	4,132,118					4,132,118
Public Safety	6,855,891				890,449	7,746,340
Highways and streets	465,182				1,666,650	2,131,832
Sanitation	327,151					327,151
Economic development	155,996		\$2,000			157,996
Health and welfare	150,502					150,502
Culture and recreation	140,396	2,531,494				2,671,890
Debt service						
Principal				87,702	15,000	102,702
Interest					5,000	5,000
Capital Outlays:						
General government				956,847		956,847
Public Safety				470,260		470,260
Highways and streets				2,269,424		2,269,424
Sanitation						0
Economic development						0
Health and welfare				17,652		17,652
Culture and recreation				174,398		174,398
Total Expenditures	<u>12,227,236</u>	<u>2,531,494</u>	<u>2,000</u>	<u>3,976,283</u>	<u>2,577,099</u>	<u>21,314,112</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>2,702,085</u>	<u>(1,771,872)</u>	<u>(2,000)</u>	<u>(978,389)</u>	<u>(2,092,965)</u>	<u>(2,143,141)</u>
OTHER FINANCING SOURCES (USES)						
General long-term debt issued				322,872		322,872
Transfers in		2,000,000			2,050,000	4,050,000
Transfers out	(4,435,000)					(4,435,000)
Proceeds from capital leases				193,109		193,109
Proceeds from the sale of capital assets	18,819			56,143		74,962
Total Other Financing Sources (Uses)	<u>(4,416,181)</u>	<u>2,000,000</u>		<u>572,124</u>	<u>2,050,000</u>	<u>205,943</u>
Net Change in Fund Balance	<u>(1,714,096)</u>	<u>228,128</u>	<u>(2,000)</u>	<u>(406,265)</u>	<u>(42,965)</u>	<u>(1,937,198)</u>
Fund Balance - Beginning	14,287,315	535,089	742,317	6,010,168	883,202	22,458,091
Fund Balance - Ending	\$12,573,219	\$763,217	\$740,317	\$5,603,903	\$840,237	20,520,893

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

Net change in fund balances - total governmental funds (1,937,198)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of assets:

Capital outlays 3,430,753
 Depreciation expense (1,150,394)

In the Statement of Activities, only the gain on the sale of city assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differ from the change in fund balance by the net book value of the asset sold. (9,850)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:
 Income taxes receivable and Shared taxes receivable (223,662)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets (515,981)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 102,702

Some expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:
 Vacation, sick leave and compensatory time benefits (86,008)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net Revenue (expense) of the internal funds is reported with governmental activities (129,995)

Change in net assets of governmental activities (519,633)

CITY OF MORAINE, OHIO
Statement of Net Assets
Proprietary Funds
December 31, 2003

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	MORAINE LOAN PROGRAM	
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$393,504	\$2,495,040
Loans (net of Allowance for uncollectible)	52,087	
Inventories		83,112
Prepays		85
Total Current Assets	445,591	2,578,237
CAPITAL ASSETS (net of accumulated depreciation)		
Machinery and Equipment		54,560
Total Capital Assets	0	54,560
Total Assets	445,591	2,632,797
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable		15,031
Salaries and Benefits Payable		11,202
Insurance Claims Payable		201,888
Compensated Absences Payable		48,096
Total Current Liabilities	0	276,217
Total Liabilities	0	276,217
NET ASSETS		
Invested in Capital assets net of related debt		54,560
Unrestricted	445,591	2,302,020
Total Net Assets	\$445,591	\$2,356,580

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

CITY OF MORAINE, OHIO
Statement of Revenues, Expenses and Changes in Net Assets
PROPRIETARY FUNDS
For the Year Ended December 31, 2003

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	MORAINE LOAN PROGRAM	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
Operating Revenues			
Charges for Services	\$4,755		\$1,186,005
Miscellaneous Receipts & Reimbursements			46,556
Total Operating Revenues	<u>4,755</u>		<u>1,232,561</u>
Operating Expenses			
Cost of Services			1,751,999
Total Operating Expenses			<u>1,751,999</u>
Operating Income (Loss)	<u>4,755</u>		<u>(519,438)</u>
Non-operating revenues (expenses)			
Investment earnings	(1,736)		4,443
Total non-operating revenues (expenses)	<u>(1,736)</u>		<u>4,443</u>
Income before contributions and transfers			
Transfers in			385,000
Change in Net Assets	<u>3,019</u>		<u>(129,995)</u>
Total Net Assets - Beginning	442,572		2,486,575
Total Net Assets - Ending	<u>\$445,591</u>		<u>\$2,356,580</u>

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

CITY OF MORaine, OHIO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS MORaine LOAN PROGRAM	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities		
Cash received for services	\$17,043	\$1,186,005
Miscellaneous Receipts & Reimbursements	(105)	46,556
Cash paid to suppliers for goods or services		(1,386,865)
Cash paid to employees for services		(188,041)
Net cash provided (used) by operating activities	16,938	(342,345)
Cash Flows From Noncapital Financing Activities		
Transfer from other funds		385,000
Net cash provided by noncapital financing activities		385,000
Cash Flows From Capital and Related Financing Activities		
Acquisition of Capital Assets		(14,800)
Net cash used by capital and related financing activities		(14,800)
Cash Flows From Investing Activities		
Investment earnings	(1,736)	4,443
Net Cash provided (used) by investing activities	(1,736)	4,443
Net increase (decrease) in cash	15,202	32,298
Cash at Beginning of year	378,302	2,462,742
Cash at end of year	393,504	2,495,040
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$4,755	(\$519,438)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		15,374
(Increase) decrease in inventories		9,636
Increase (decrease) in accounts payable		14,610
Increase (decrease) in salaries and benefits payable		(13,452)
Increase (decrease) in insurance claims payable		150,925
(Increase) decrease in receivable	12,183	
Net cash provided (used) by operating activities	\$16,938	(\$342,345)

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

CITY OF MORAIN, OHIO
Statement of Fiduciary Net Assets
FIDUCIARY FUNDS
December 31, 2003

	Agency Funds
ASSETS	
Cash and Investments	\$32,319
Total Assets	32,319
 LIABILITIES	
Deposits	22,790
Due to Other Governments	6,881
Escrow Bonds and Deposits	2,648
Total Liabilities	\$32,319

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

CITY OF MORAINE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

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

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

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

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

B. *Basis of Presentation*

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies

Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

Government-wide Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes,

grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes are recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

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

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

Expenses/Expenditures

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

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

E. Cash and Investments

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

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

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

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

F. Inventory

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

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

G. Prepaids

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

H. Capital Assets

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 fixed assets are recorded at their fair market values as of the date received. The City’s infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers and streets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

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

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

I. Reserves and Designations

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

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

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive 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 that the employees who have accumulated leave are paid. The non-current portion of the liability is not reported. In proprietary funds the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital

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

M. Operating Revenues and Expenses

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

N. Interfund Activity

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

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

O. Extraordinary and Special Items

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

P. Estimates

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

2. DEPOSITS AND INVESTMENTS

Deposits: At year-end, the carrying amount of the City's deposits was \$1,266,052 and the bank balance was \$1,216,860. Of the bank balance, \$210,938 was covered by Federal depository insurance. The remaining \$1,005,922 was covered by collateral held by third-party trustees pursuant to Section 135.181, *Ohio Revised Code*, in collateral pools securing all public funds on deposit with specific depository institutions. GASB Statement No. 3 defines this entire amount as being collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. The City also maintains \$5,955 of petty cash in the various departments.

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

The City's investments are categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the City or its agent in the City's name holds the securities. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or safekeeping agency but not in the City's name.

Investments in the State Treasurer's pool are not normally subject to risk categorization pursuant to GASB Statement No. 3.

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Fair Value</u>
Investments with fiscal agent – U. S. Government securities	<u>\$17,868,772</u>			<u>\$17,868,772</u>
Sub-totals	<u>\$17,868,772</u>			<u>\$17,868,772</u>
State Treasurer's Investment Pool				\$2,086,001
Money Market Mutual Funds				<u>\$791,835</u>
Total Investments				<u>\$ 20,746,608</u>

The City of Moraine has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2003. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool

their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2003.

3. **LOANS RECEIVABLE**

The City operates a long-term enterprise fund loan program. Loans receivable at December 31, 2003 were:

Loans Receivable	\$305,619
Less allowance for bad debts	<u>(250,000)</u>
Total Loans Receivable	<u>\$ 52,087</u>

There are no outstanding loan commitments at December 31, 2003.

During 2000 a \$250,000 allowance for bad debt has been set up on a business loan. This is a loan that was given to a new business in 1999 by City Council. The company has filed for bankruptcy and the City does not expect to be able to recover these funds.

During 2001, as an economic development tool, the City began offering business loans that would be forgiven if the business met certain employment and financial conditions over the life of the loan. The first such loan was made during 2001. The Loans receivable at December 31, 2003 is as follows:

Loans Receivable	\$ 303,000
Less allowance for bad debts	<u>0</u>
Total Loans Receivable	<u>\$ 303,000</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being				
Depreciated:				
Land	\$ 2,912,025	\$ 421,869	\$ (9,851)	\$ 3,324,043
Construction in progress		<u>1,234,054</u>		<u>1,234,054</u>
Subtotal	<u>2,912,025</u>	<u>1,655,923</u>	<u>(9,851)</u>	<u>4,558,097</u>
Capital assets being				
Depreciated:				
Buildings and improvements	12,216,128	7,790		12,223,918
Machinery and equipment	8,112,361	520,689	(225,396)	8,407,654
Infrastructure		<u>1,246,352</u>		<u>1,246,352</u>
Subtotal	<u>20,328,489</u>	<u>1,774,831</u>	<u>(225,396)</u>	<u>21,877,924</u>
Accumulated depreciation:				
Buildings and improvements	(3,864,743)	(382,665)		(4,247,408)
Machinery and equipment	(5,284,741)	(743,491)	225,396	(5,802,836)
Infrastructure		<u>(24,238)</u>		<u>(24,238)</u>
Subtotal	<u>(9,149,484)</u>	<u>(1,150,394)</u>	<u>225,396</u>	<u>(10,074,482)</u>
Net capital assets being				
Depreciated	<u>11,179,005</u>	<u>624,437</u>		<u>11,803,442</u>
Net capital assets	<u>\$ 14,091,030</u>	<u>\$ 2,280,360</u>	<u>\$ (9,851)</u>	<u>\$ 16,361,539</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 222,130
Public Safety	447,101
Highways and Streets	208,221
Culture & Recreation	254,443
Health and Welfare	4,551
Economic Development	<u>13,948</u>
Total Annual Depreciation	<u>\$1,150,394</u>

Fixed assets of the Internal Service City Garage Fund include machinery and equipment with a cost of \$171,807 and accumulated depreciation of \$117,247 or Net Capital Assets of \$54,560.

5. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. Property taxes are levied each January 1 on the assessed value listed as of the prior January. Assessed values are established for real and public utility property at 35% of true value, and for tangible property at 25% of true value (excluding the first \$10,000 of value). Property values are required to be updated every three years and revalued every six years. A revaluation was completed in 2002 and another is scheduled for January 2008.

The property tax calendar is as follows:

Levy date	January 1, 2002
Lien date	January 1, 2003
Tax bill mailed	January 20, 2003
First installment payment due	February 15, 2003
Second installment payment due	July 15, 2003

The assessed values for the City at the lien date of January 1, 2002, were as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$143,676,260
Public Utility Real	185,620
Tangible Personal	95,705,658
Public Utility Personal	41,030,790
\$10,000 Exemption	<u>2,935,561</u>
Total	<u>\$283,533,889</u>

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

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

6. **INCOME TAXES**

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

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

Council has designated that 15% of all income taxes are to be recorded in the Capital Projects Fund to help fund annual capital improvements.

7. **LONG-TERM OBLIGATIONS**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Special assessment bonds:					
1984 El-Bee Road, 10.0%	<u>\$50,000</u>		<u>\$15,000</u>	<u>\$35,000</u>	<u>\$15,000</u>
Total special assessment bonds	<u>50,000</u>		<u>15,000</u>	<u>35,000</u>	<u>15,000</u>
Other:					
Accrued vacation, sick leave	1,977,493	\$1,158,677	981,691	2,154,479	784,293
And comp time benefits					
Ohio Public Works					
Commission Long-term Promissory Notes, 0.0%	374,090		27,710	346,380	27,710
National City Bank Capital Equipment Lease, 2.13%		193,109		193,109	64,370
Narayan, Inc. Long-term Promissory Note, 0.0%		225,000		225,000	50,000
Montgomery County					
Equipment Loan, 0.0%	<u>54,736</u>	<u>97,872</u>	<u>59,992</u>	<u>92,616</u>	<u>59,992</u>
Total other	<u>2,406,319</u>	<u>1,674,658</u>	<u>1,069,393</u>	<u>3,011,584</u>	<u>986,365</u>
Total long-term liabilities	<u>\$2,456,319</u>	<u>\$1,674,658</u>	<u>\$1,084,393</u>	<u>\$3,046,584</u>	<u>\$1,001,365</u>

8. **LEASES AND COMMITMENTS**

The City entered into one capital lease during 2003. The lease is for the purchase of computer equipment and software for the Police and Fire Divisions and for Mayor's Court. The lease period is three years with semi-annual interest payments and annual principal payments and the interest rate is 2.13%

The following is a schedule of the future long-term minimum lease payments required under the capital lease, and the present value of the minimum lease payments:

<u>Year Ending December 31</u>	<u>Amount</u>
2004	\$68,483
2005	67,112
2006	<u>65,741</u>
Total minimum lease payments	201,336
Less: Amount representing interest	<u>(8,227)</u>
Present value of minimum lease payments	<u>\$193,109</u>

As of December 31, 2003, the City had the following significant construction and other contractual commitments outstanding:

<u>Vendor</u>	<u>Outstanding Commitment</u>
John R. Jurgenson Company	\$258,444
Wagner-Smith Company	132,269
City of Kettering	62,192
G/C Contracting Corp.	32,226
P & R Communications Service, Inc.	31,670
M. E. Companies	24,300
Daycad	19,962
Software Solutions, Inc.	7,240
Brandstetter Carroll Inc.	6,627
Copp Systems	5,467
Woodhull	2,400
R. B. Hergens Contractors, Inc.	1,516
John T. Crouch	1,307
Kustom Signals, Inc.	700
5 O'Clock Computers	500
Wright State University	<u>154</u>
Total	<u>\$586,974</u>

9. SPECIAL ASSESSMENTS BONDS PAYABLE WITH GOVERNMENTAL COMMITMENT

The following is a summary of debt transactions for the year ended December 31, 2003:

Bonds payable, January 1, 2003	\$ 50,000
Bonds retired	<u>15,000</u>
Bonds payable, December 31, 2003	<u>\$ 35,000</u>

The bonds are 1984 El-Bee Road Improvement Special Assessment bonds, payable in installments to 2005 with interest at 10%. The City has a contingent liability against its full faith and credit for special assessment bonds. The general credit of the City is obligated only to the extent that liens against properties involved in the special assessment improvement are insufficient to retire outstanding bonds.

Annual principal and interest payments required on the Special Assessment debt are:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2004	15,000	3,500
2005	<u>20,000</u>	<u>2,000</u>
Totals	<u>\$ 35,000</u>	<u>\$ 5,500</u>

10. **OTHER LONG-TERM OBLIGATIONS**

Ohio Public Works Commission Long-term Promissory Notes

The following is a summary of debt transactions for the year ended December 31, 2003:

Loans payable, January 1, 2003	\$374,090
Loan payments	<u>27,710</u>
Loans payable December 31, 2003	<u>\$346,380</u>

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

Annual principal payments required on the Dryden Road Loan are:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>
2004	\$27,710	2010	\$27,710
2005	27,710	2011	27,710
2006	27,710	2012	27,710
2007	27,710	2013	27,710
2008	27,710	2014	27,710
2009	27,710	2015	27,710
		2016	<u>13,860</u>
			<u>\$346,380</u>

Montgomery County Equipment Loans

This loan is for the purchase of computer equipment for in car computers that help to give connectivity between jurisdictions. There are two loans, both are interest free and have annual principal payments. Annual principal payments are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>
2004	\$59,992
2005	32,624
Totals	<u>\$92,616</u>

Narayan, Inc. Long-term Promissory Note

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

<u>Year Ending December 31</u>	<u>Principal</u>
2004	\$50,000
2005	50,000
2006	50,000
2007	75,000
Totals	<u>\$225,000</u>

11. **PENSION PLAN OBLIGATIONS**

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

Ohio Public Employees Retirement System (OPERS)

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

members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2003, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Plan members are required to contribute 8.5% of their annual covered salary and the City is required to contribute 13.55%. The City's contributions for the years ending December 31, 2001, 2002 and 2003, were \$601,068, \$638,876 and \$687,459 respectively, equal to the required contributions for the year.

Ohio Police and Fire Pension Fund (OP&F)

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 10.0% of their annual covered salary and the City is required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the plan for the years ending December 31, 2001, 2002 and 2003, were \$868,957, \$833,142 and \$877,891, respectively, equal to the required contributions for each year.

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

In addition to the pension benefits described in Note 11, both the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension Fund (OP&F) provide postretirement health care coverage, commonly referred to as OPEB (other post employment benefits). For both systems, the Ohio Revised

Code provides the authority for public employers to fund postretirement health care through their contributions

Ohio Public Employees Retirement System OPEB

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

The 2003 employer contribution rate was 13.55%, of which 5.0% was used to fund health care. The City's contribution for the year ended December 31, 2003, was \$253,675 to fund post-employment benefits.

OPEB are advance-funded on an actuarially determined basis. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2002 was 8.0%. Individual base pay was assumed to increase 4.0% compounded annually with no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from .5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

The number of active contributing participants to the TP and CO plans was 364,881 as of December 31, 2002; the date the latest actuarial review was performed. OPERS actuarially determined accrued liability for OPEB's at December 31, 2002, are \$18.7 billion with net assets available for OPEB of \$10.0 billion, leaving an unfunded actuarial liability of \$8.7 billion.

Ohio Police and Fire Pension Fund OPEB

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

Health care funding and accounting is on a pay-as-you-go basis. The Ohio Revised Code provides that health care costs paid shall be included in the employer's contribution rate. In addition, all retirees and survivors are required to

contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. The 2003 employer contribution rate was 19.5% of covered payroll for Police and 24.0% for Fire of which 7.75% was used to fund health insurance. The City's contribution for the year ended December 31, 2003 was 163,936 for Police and \$150,288 for Fire to pay postemployment benefits.

The number of participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for Police and 10,396 for Fire. OP&F's total health care expense for the year ended December 31, 2002 was \$141,028,006, which was net of member contributions of \$12,623,875.

13. **INTERFUND TRANSACTIONS**

Interfund receivables and payables at December 31, 2003 were:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$1,145,000	\$ 335,000
Special Revenue Funds:		
Street Const./Maint.	50,000	
Parks & Rec.	35,000	
Police Pension	100,000	
Fire Pension	150,000	
Economic Dev. Grant	_____	<u>1,145,000</u>
Total	<u>\$1,480,000</u>	<u>\$1,480,000</u>

14. **CONTINGENT LIABILITIES**

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

15. **RISK MANAGEMENT**

Property and Liability Coverage

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

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

General Liability	\$5,000,000 per occurrence
Automobile Liability	\$5,000,000 per occurrence
Property	\$9,700,635 per occurrence
Boiler & Machinery	\$3,000,000 per occurrence
Police Professional Liability	\$5,000,000 per occurrence
Public Officials Liability	\$5,000,000 per occurrence

During 1996 the City contracted to have a property inventory and appraisal performed. Based on this inventory and appraisal the amount of property insurance coverage was reduced by approximately \$6.5 million to the amount shown above.

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

Health Insurance Coverage

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

The City pays all claims up to \$60,000 per individual or \$1,168,801 in aggregate during the contract year, which runs from August 1 through July 31 of each year.

Stop loss reimbursements for the past three years:

<u>2001</u>	<u>2002</u>	<u>2003</u>
\$9,578	\$37,654	\$0

Below is a claim history for the past three years:

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Claims liability at January 1	\$33,172	\$62,971	\$50,963
Claims incurred	1,073,427	872,097	1,330,919
Claims paid	<u>(1,043,628)</u>	<u>(884,105)</u>	<u>(1,179,994)</u>
Claims liability at December 31	\$62,971	\$50,963	\$201,888

16. **CONDUIT DEBT OBLIGATIONS**

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The

bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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

17. PRIOR PERIOD ADJUSTMENT

The beginning fund balance for the non-major governmental funds has been adjusted as follows:

Non-major Governmental Funds		
Fund Balance – December 31, 2002		\$812,685
State Highway Improvement Fund		
Fund Balance – December 31, 2002	\$326,682	
Reduction of Accounts Payable (Paid In 2002)	<u>10,850</u>	<u>10,850</u>
Restated Fund Balance – December 31, 2002	<u>\$337,532</u>	
Non-major Governmental Funds		
Restated Fund Balance – December 31, 2002		<u>\$823,535</u>

18. 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. 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.

	General	Parks & Recreation	Economic Development
Restated Fund Balances, December 31, 2002	\$14,287,315	\$535,089	\$742,317
Fund Reclassification	_____	_____	_____
Adjusted Fund Balances, December 31, 2002	<u>\$14,287,315</u>	<u>\$535,089</u>	<u>\$742,317</u>
	Capital Improvement	Non-major	Total
Restated Fund Balances, December 31, 2002	\$6,010,168	\$823,535	\$22,398,424
Fund Reclassification	_____	<u>59,667</u>	<u>59,667</u>
Adjusted Fund Balances, December 31, 2002	<u>\$6,010,168</u>	<u>\$883,202</u>	22,458,091
GASB 34 Adjustments:			
Capital Assets			14,091,030
Internal Service Funds			2,486,574
Deferred Revenue			1,732,334
Long Term Liabilities			<u>(2,456,319)</u>
Governmental Activities Net Assets December 31, 2002			<u>\$38,311,710</u>

CITY OF MORAINE, OHIO

REQUIRED

SUPPLEMENTARY

INFORMATION



CITY OF MORAIN, OHIO
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Taxes				
Income	\$12,723,653	\$12,723,653	\$12,802,447	\$78,794
Property	504,134	504,529	506,099	1,570
Other	115,903	115,903	99,425	(16,478)
Shared Revenues	507,592	495,023	469,087	(25,936)
License and Permits	79,576	79,576	38,839	(40,737)
Charges for Services	9,803	9,803	11,231	1,428
Fines	259,212	259,212	307,351	48,139
Investment Earnings	578,479	578,479	110,847	(467,632)
Rents and Royalties	14,493	14,493	11,606	(2,887)
Intergovernmental		4,923	66,119	61,196
Miscellaneous Receipts & Reimbursements	40,195	40,195	60,715	20,520
Total Revenues	<u>14,833,040</u>	<u>14,825,789</u>	<u>14,483,766</u>	<u>(342,023)</u>
EXPENDITURES				
GENERAL GOVERNMENT:				
Council:				
Personnel services	15,498	17,198	15,985	1,213
General operating expenses	88,400	89,765	71,519	18,246
Total Council	<u>103,898</u>	<u>106,963</u>	<u>87,504</u>	<u>19,459</u>
Clerk of Council:				
Personnel services	63,206	64,706	56,418	8,288
General operating expenses	7,256	7,256	4,480	2,776
Total Clerk Council	<u>70,462</u>	<u>71,962</u>	<u>60,898</u>	<u>11,064</u>
City Manager's office:				
Personnel services	188,768	208,968	203,218	5,750
General operating expenses	15,817	20,589	18,079	2,510
Total City Manager's office	<u>204,585</u>	<u>229,557</u>	<u>221,297</u>	<u>8,260</u>
Clerk of Courts:				
Personnel services	94,973	99,953	94,823	5,130
General operating expenses	23,481	23,790	22,048	1,742
Total Clerk of Courts	<u>118,454</u>	<u>123,743</u>	<u>116,871</u>	<u>6,872</u>
Law Director:				
Personnel services	138,712	198,032	185,026	13,006
General operating expenses	80,000	29,336	21,854	7,482
Total Law Director	<u>218,712</u>	<u>227,368</u>	<u>206,880</u>	<u>20,488</u>
Public Defender:				
Personnel services				
General operating expenses		917	917	
Total Public Defender		<u>917</u>	<u>917</u>	
Merit Service				
Personnel services				
General operating expenses	4,100	9,850	8,805	1,045
Total Merit Service	<u>4,100</u>	<u>9,850</u>	<u>8,805</u>	<u>1,045</u>
Mayor:				
Personnel services	13,594	13,594	11,869	1,725
General operating expenses	8,032	9,193	5,663	3,530
Total Mayor	<u>21,626</u>	<u>22,787</u>	<u>17,532</u>	<u>5,255</u>

CITY OF MORaine, OHIO
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
Finance:				
Personnel services	513,686	529,599	519,521	10,078
General operating expenses	49,901	44,304	33,852	10,452
Total Finance	<u>563,587</u>	<u>573,903</u>	<u>553,373</u>	<u>20,530</u>
Information Center:				
Personnel services	124,123	124,123	89,682	34,441
General operating expenses				
Total Information Center	<u>124,123</u>	<u>124,123</u>	<u>89,682</u>	<u>34,441</u>
Public Buildings:				
Personnel services	1,436,019	1,392,019	1,348,346	43,673
General operating expenses	666,326	666,283	536,283	130,000
Total Public Buildings	<u>2,102,345</u>	<u>2,058,302</u>	<u>1,884,629</u>	<u>173,673</u>
General Miscellaneous:				
Personnel services	107,818	151,833	149,000	2,833
General operating expenses	598,656	547,877	517,631	30,246
Total General Miscellaneous	<u>706,474</u>	<u>699,710</u>	<u>666,631</u>	<u>33,079</u>
Information Technology				
Personnel services	75,818	76,333	76,041	292
General operating expenses	188,352	188,998	168,617	20,381
Total Information Technology	<u>264,170</u>	<u>265,331</u>	<u>244,658</u>	<u>20,673</u>
Human Resources				
Personnel services	78,562	79,852	77,915	1,937
General operating expenses	34,066	38,657	33,128	5,529
Total Human Resources	<u>112,628</u>	<u>118,509</u>	<u>111,043</u>	<u>7,466</u>
TOTAL GENERAL GOVERNMENT	<u>4,615,164</u>	<u>4,633,025</u>	<u>4,270,720</u>	<u>362,305</u>
PUBLIC SAFETY:				
Police:				
Personnel services	3,288,396	3,288,395	3,247,891	40,504
General operating expenses	527,642	566,789	434,916	131,873
Total Police	<u>3,816,038</u>	<u>3,855,184</u>	<u>3,682,807</u>	<u>172,377</u>
Fire:				
Personnel services	2,914,641	3,077,295	3,002,779	74,516
General operating expenses	280,929	273,975	259,575	14,400
Total Fire	<u>3,195,570</u>	<u>3,351,270</u>	<u>3,262,354</u>	<u>88,916</u>
Civil Defense				
Personnel services				
General operating expenses	7,500	7,500	6,712	788
Total Civil Defense	<u>7,500</u>	<u>7,500</u>	<u>6,712</u>	<u>788</u>
TOTAL PUBLIC SAFETY	<u>7,019,108</u>	<u>7,213,954</u>	<u>6,951,873</u>	<u>262,081</u>

CITY OF MORAIN, OHIO
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
HIGHWAYS AND STREETS:				
Engineering:				
Personnel services	162,985	166,331	164,216	2,115
General operating expenses	56,550	66,167	54,801	11,366
Total Engineering	<u>219,535</u>	<u>232,498</u>	<u>219,017</u>	<u>13,481</u>
Street Lighting:				
Personnel services				
General operating expenses	263,642	263,642	254,152	9,490
Total Street lighting	<u>263,642</u>	<u>263,642</u>	<u>254,152</u>	<u>9,490</u>
TOTAL HIGHWAYS AND STREETS	<u>483,177</u>	<u>496,140</u>	<u>473,169</u>	<u>22,971</u>
SANITATION:				
Waste Collection:				
Personnel services				
General operating expenses	325,223	359,729	357,338	2,391
Total Waste Collection	<u>325,223</u>	<u>359,729</u>	<u>357,338</u>	<u>2,391</u>
TOTAL SANITATION	<u>325,223</u>	<u>359,729</u>	<u>357,338</u>	<u>2,391</u>
HEALTH AND WELFARE:				
Health & Alcoholism:				
Personnel services				
General operating expenses	1,533	1,533	1,147	386
Total Health & Alcoholism	<u>1,533</u>	<u>1,533</u>	<u>1,147</u>	<u>386</u>
Board of Zoning Appeals:				
Personnel services				
General operating expenses	2,519	2,519	879	1,640
Total Board of Zoning Appeals	<u>2,519</u>	<u>2,519</u>	<u>879</u>	<u>1,640</u>
Building Inspection:				
Personnel services	117,609	118,479	117,756	723
General operating expenses	33,163	38,307	37,474	833
Total Building Inspection	<u>150,772</u>	<u>156,786</u>	<u>155,230</u>	<u>1,556</u>
TOTAL HEALTH AND WELFARE	<u>154,824</u>	<u>160,838</u>	<u>157,256</u>	<u>3,582</u>
CULTURE-RECREATION:				
Senior Citizens				
Personnel services				
General operating expenses	15,000	16,848	14,473	2,375
Total senior citizens	<u>15,000</u>	<u>16,848</u>	<u>14,473</u>	<u>2,375</u>
Summer Jobs:				
Personnel services	86,714	99,914	99,048	866
General operating expenses	2,250	2,250	1,165	1,085
Total Summer Jobs	<u>88,964</u>	<u>102,164</u>	<u>100,213</u>	<u>1,951</u>
Fire Works:				
Personnel services				
General operating expenses	15,000	29,000	28,000	1,000
Total Fire Works	<u>15,000</u>	<u>29,000</u>	<u>28,000</u>	<u>1,000</u>
TOTAL CULTURE-RECREATION	<u>118,964</u>	<u>148,012</u>	<u>142,686</u>	<u>5,326</u>

CITY OF MORAINE, OHIO
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
ECONOMIC DEVELOPMENT AND ASSISTANCE:				
Planning:				
Personnel services	127,145	127,145	107,178	19,967
General operating expenses	79,565	87,836	58,447	29,389
Total Planning	<u>206,710</u>	<u>214,981</u>	<u>165,625</u>	<u>49,356</u>
Planning Commission:				
Personnel services				
General operating expenses	9,450	9,450	4,924	4,526
Total Planning Commission	<u>9,450</u>	<u>9,450</u>	<u>4,924</u>	<u>4,526</u>
TOTAL ECONOMIC DEVELOPMENT AND ASSISTANCE	<u>216,160</u>	<u>224,431</u>	<u>170,549</u>	<u>53,882</u>
TOTAL EXPENDITURES	<u>12,932,620</u>	<u>13,236,129</u>	<u>12,523,591</u>	<u>712,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,900,420</u>	<u>1,589,660</u>	<u>1,960,175</u>	<u>370,515</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,370,000)	(4,370,000)	(4,370,000)	
Proceeds from the sale of capital assets			18,819	18,819
Total Other Financing Sources (Uses)	<u>(4,370,000)</u>	<u>(4,370,000)</u>	<u>(4,351,181)</u>	<u>18,819</u>
Net Change in Fund Balance	<u>(2,469,580)</u>	<u>(2,780,340)</u>	<u>(2,391,006)</u>	<u>389,334</u>
Fund Balance - Beginning	13,018,669	13,018,669	13,018,669	
Encumbrances	181,140	181,140	181,140	
Fund Balance - Ending	<u>\$10,730,229</u>	<u>\$10,419,469</u>	<u>\$10,808,803</u>	<u>\$389,334</u>

The accompanying notes to the required supplementary information are an integral part of this statement.

CITY OF MORAIN, OHIO
PARKS AND RECREATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUE				
Taxes				
Charges for Services	\$989,646	\$989,646	\$746,518	(\$243,128)
Investment Earnings	21,084	21,084	2,457	(18,627)
Intergovernmental			16,580	16,580
Miscellaneous Receipts & Reimbursements	<u>1,751</u>	<u>1,751</u>		<u>(1,751)</u>
Total Revenues	<u>1,012,481</u>	<u>1,012,481</u>	<u>765,555</u>	<u>(246,926)</u>
EXPENDITURES				
Culture-Recreation				
Civic Center				
Personnel services	345,947	345,947	283,249	62,698
General operating expenses	<u>103,369</u>	<u>104,143</u>	<u>71,573</u>	<u>32,570</u>
Total Civic Center	<u>449,316</u>	<u>450,090</u>	<u>354,822</u>	<u>95,268</u>
Natatorium				
Personnel services	73,331	73,331	63,354	9,977
General operating expenses	<u>180,150</u>	<u>166,238</u>	<u>157,029</u>	<u>9,209</u>
Total Natatorium	<u>253,481</u>	<u>239,569</u>	<u>220,383</u>	<u>19,186</u>
Water Park				
Personnel services	583,427	937,419	487,449	449,970
General operating expenses	<u>489,087</u>	<u>110,325</u>	<u>444,804</u>	<u>(334,479)</u>
Total Water Park	<u>1,072,514</u>	<u>1,047,744</u>	<u>932,253</u>	<u>115,491</u>
Recreational Center				
Personnel services	619,190	659,190	645,222	13,968
General operating expenses	<u>439,254</u>	<u>483,740</u>	<u>425,940</u>	<u>57,800</u>
Total Recreational Center	<u>1,058,444</u>	<u>1,142,930</u>	<u>1,071,162</u>	<u>71,768</u>
Total Culture-Recreation	<u>2,833,755</u>	<u>2,880,333</u>	<u>2,578,620</u>	<u>301,713</u>
Total Expenses	<u>2,833,755</u>	<u>2,880,333</u>	<u>2,578,620</u>	<u>301,713</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,821,274)</u>	<u>(1,867,852)</u>	<u>(1,813,065)</u>	<u>54,787</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	2,000,000	2,000,000	
Total Other Financing Sources (Uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	
Net Change in Fund Balance	<u>178,726</u>	<u>132,148</u>	<u>186,935</u>	<u>54,787</u>
Fund Balance - Beginning	550,194	550,194	550,194	
Encumbrances	<u>30,354</u>	<u>30,354</u>	<u>30,354</u>	
Fund Balance - Ending	<u><u>\$759,274</u></u>	<u><u>\$712,696</u></u>	<u><u>\$767,483</u></u>	<u><u>\$54,787</u></u>

The accompanying notes to the required supplementary information are an integral part of this statement.

CITY OF MORAINE, OHIO
ECONOMIC DEVELOPMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
EXPENDITURES				
Economic development	\$200,000	\$200,000	\$60,000	\$140,000
Total Expenses	200,000	200,000	60,000	140,000
Excess (deficiency) of revenues over (under) expenditures	(200,000)	(200,000)	(60,000)	140,000
Net Change in Fund Balance	(200,000)	(200,000)	(60,000)	140,000
Fund Balance - Beginning	1,642,317	1,642,317	1,642,317	
Fund Balance - Ending	<u>\$1,442,317</u>	<u>\$1,442,317</u>	<u>\$1,582,317</u>	<u>\$140,000</u>

The accompanying notes to the required supplementary information are an integral part of this statement.

CITY OF MORAIN, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2003

1. Budgets and Budgetary Accounting

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

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

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

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

ordinance by City Council. The only authority that management has is to make transfers between accounts within the departmental appropriations. Any increase or decrease in appropriations for any department takes official Council action. During 2003, there were seven supplemental appropriations made totaling \$1,193,711.

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

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

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

	<u>Net Change in Fund Balance</u>		
	<u>General</u>	<u>Parks & Recreation</u>	<u>Economic Development</u>
GAAP Basis	(\$1,714,096)	\$228,128	(\$2,000)
Net Adjustment for Revenue Accruals	(445,555)	5,933	
Net Adjustment for Expenditure Accruals	<u>(231,355)</u>	<u>(47,126)</u>	<u>(58,000)</u>
Budget Basis	<u>(\$2,391,006)</u>	<u>\$186,935</u>	<u>(\$60,000)</u>



CITY OF MORAINE, OHIO

COMBINING STATEMENTS

AND

INDIVIDUAL FUND STATEMENTS



2003

**CITY OF MORaine, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2003**

	<u>NONMAJOR SPECIAL REVENUE FUNDS</u>	<u>NONMAJOR DEBT SERVICE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Investments	638,420	141,020	779,440
Receivables			
Property Tax	173,356		173,356
Accounts	205		205
Intergovernmental	205,751		205,751
Special Assessments		1,917	1,917
Due from Other Funds	300,000		300,000
Inventories	42,158		42,158
Prepays	395		395
Total Assets	<u>1,360,285</u>	<u>142,937</u>	<u>1,503,222</u>
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts Payable	2,753		2,753
Salaries and Benefits Payable	304,163		304,163
Compensated Absences Payable	4,325		4,325
Unearned Revenue	349,829	1,917	351,746
Total Current Liabilities	<u>661,070</u>	<u>1,917</u>	<u>662,987</u>
FUND BALANCES:			
Restricted for:			
Encumbrances	25,126		25,126
Prepays	395		395
Inventories	42,158		42,158
Debt service		141,020	141,020
Unrestricted	631,536		631,536
Total Fund Balance	<u>699,215</u>	<u>141,020</u>	<u>840,235</u>
Total Liabilities and Fund Balances	<u>\$ 1,360,285</u>	<u>\$ 142,937</u>	<u>\$ 1,503,222</u>

CITY OF MORAIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Ended December 31, 2003

	<u>NONMAJOR SPECIAL REVENUE FUNDS</u>	<u>NONMAJOR DEBT SERVICE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES			
Taxes:			
Property	\$169,036		\$169,036
Other	4,924		4,924
Shared Revenues	285,125		285,125
Licenses and Permits	2,975		2,975
Special Assessments		\$17,719	17,719
Investment Earnings	714	(489)	225
Miscellaneous Receipts & Reimbursements	4,127		4,127
Total Revenues	<u>466,901</u>	<u>17,230</u>	<u>484,131</u>
EXPENDITURES			
Public Safety	890,449		890,449
Highways and streets	1,666,649		1,666,649
Debt service		20,000	20,000
Total Expenditures	<u>2,557,098</u>	<u>20,000</u>	<u>2,577,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,090,197)</u>	<u>(2,770)</u>	<u>(2,092,967)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,050,000		2,050,000
Total Other Financing Sources (Uses)	<u>2,050,000</u>		<u>2,050,000</u>
Net Change in Fund Balance	(40,197)	(2,770)	(42,967)
Fund Balance - Beginning	739,412	143,790	883,202
Fund Balance - Ending	<u>\$699,215</u>	<u>\$141,020</u>	<u>\$840,235</u>

**CITY OF MORAINE, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2003**

	STREET CONSTRUCTION AND MAINTENANCE	STATE HIGHWAY IMPROVEMENT	MOTOR VEHICLE LICENSE TAX	ENFORCEMENT AND EDUCATION	POLICE PENSION	FIRE PENSION	FEDERAL LAW ENFORCEMENT	STATE LAW ENFORCEMENT	DRUG LAW ENFORCEMENT	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS										
Cash and Investments	\$155,304	\$354,523	\$14,498	\$11,329	\$28,360	\$10,852	\$3,682	\$842	\$59,030	\$638,420
Receivables										
Property Tax										
Accounts				205	86,678	86,678				173,356
Intergovernmental	178,566	14,478	12,707							205
Special Assessments										
Due from Other Funds	50,000				100,000	150,000				300,000
Inventories	42,158									42,158
Prepays	395									395
Total Assets	426,423	369,001	27,205	11,534	215,038	247,530	3,682	842	59,030	1,360,285
LIABILITIES AND FUND BALANCES										
CURRENT LIABILITIES										
Accounts Payable	2,753									2,753
Salaries and Benefits Payable	65,389				111,161	127,613				304,163
Compensated Absences Payable	4,325									4,325
Unearned Revenue	159,694	12,948	11,619		82,784	82,784				349,829
Total Current Liabilities	232,161	12,948	11,619		193,945	210,397				661,070
FUND BALANCES:										
Restricted for:										
Encumbrances	25,126									25,126
Prepays	395									395
Inventories	42,158									42,158
Debt service										
Unrestricted	126,583	356,053	15,586	11,534	21,093	37,133	3,682	842	59,030	631,536
Total Fund Balance	194,262	356,053	15,586	11,534	21,093	37,133	3,682	842	59,030	689,215
Total Liabilities and Fund Balances	\$426,423	\$369,001	\$27,205	\$11,534	\$215,038	\$247,530	\$3,682	\$842	\$59,030	\$1,360,285

CITY OF MORAINE, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2003

	STREET CONSTRUCTION AND MAINTENANCE	STATE HIGHWAY IMPROVEMENT	MOTOR VEHICLE LICENSE TAX	ENFORCEMEN T AND EDUCATION	POLICE PENSION	FIRE PENSION	FEDERAL LAW ENFORCEMENT	STATE LAW ENFORCEMENT	DRUG LAW ENFORCEMENT	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES										
Taxes:										
Property					\$84,518	\$84,518				\$169,036
Other					2,462	2,462				4,924
Shared Revenues	\$246,266	\$20,172	\$18,687	\$2,975						285,125
Licenses and Permits										2,975
Special Assessments										714
Investment Earnings	2,014	(1,651)	(218)	(75)	703	181	\$6	(\$7)		4,127
Miscellaneous Receipts & Reimbursements							3,676	446	5	4,127
Total Revenues	<u>248,280</u>	<u>18,521</u>	<u>18,469</u>	<u>2,900</u>	<u>87,683</u>	<u>87,161</u>	<u>3,682</u>	<u>439</u>	<u>(234)</u>	<u>466,901</u>
EXPENDITURES										
Public Safety										890,449
Highways and streets	1,658,900		7,749		418,565	471,884				1,666,649
Debt service										2,557,098
Total Expenditures	<u>1,658,900</u>		<u>7,749</u>		<u>418,565</u>	<u>471,884</u>				<u>2,557,098</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(1,410,620)</u>	<u>18,521</u>	<u>10,720</u>	<u>2,900</u>	<u>(330,882)</u>	<u>(384,723)</u>	<u>3,682</u>	<u>439</u>	<u>(234)</u>	<u>(2,090,197)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	1,325,000				315,000	410,000				2,050,000
Total Other Financing Sources (Uses)	<u>1,325,000</u>				<u>315,000</u>	<u>410,000</u>				<u>2,050,000</u>
Net Change in Fund Balance	<u>(85,620)</u>	<u>18,521</u>	<u>10,720</u>	<u>2,900</u>	<u>(15,882)</u>	<u>25,277</u>	<u>3,682</u>	<u>439</u>	<u>(234)</u>	<u>(40,197)</u>
Fund Balance - Beginning	279,882	337,532	4,866	8,634	36,975	11,856		403	59,264	739,412
Fund Balance - Ending	<u>\$194,262</u>	<u>\$356,053</u>	<u>\$15,586</u>	<u>\$11,534</u>	<u>\$21,093</u>	<u>\$37,133</u>	<u>\$3,682</u>	<u>\$842</u>	<u>\$59,030</u>	<u>\$699,215</u>

CITY OF MORAIN, OHIO
STREET CONSTRUCTION AND MAINTENANCE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUE				
Shared Revenues	\$244,227	\$244,227	\$271,516	\$27,289
Investment Earnings	6,625	6,625	2,706	(3,919)
Total Revenues	<u>250,852</u>	<u>250,852</u>	<u>274,222</u>	<u>23,370</u>
EXPENDITURES				
Highways and Streets:				
Personnel Services	1,350,108	1,424,888	1,374,546	50,342
General Operating Expenses	267,683	403,848	388,100	15,748
Total Highways and Streets	<u>1,617,791</u>	<u>1,828,736</u>	<u>1,762,646</u>	<u>66,090</u>
Total Expenses	<u>1,617,791</u>	<u>1,828,736</u>	<u>1,762,646</u>	<u>66,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,366,939)</u>	<u>(1,577,884)</u>	<u>(1,488,424)</u>	<u>89,460</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,325,000	1,325,000	1,325,000	
Total Other Financing Sources (Uses)	<u>1,325,000</u>	<u>1,325,000</u>	<u>1,325,000</u>	
Net Change in Fund Balance	(41,939)	(252,884)	(163,424)	89,460
Fund Balance - Beginning	295,898	295,898	295,898	
Encumbrances	25,126	25,126	25,126	
Fund Balance - Ending	<u>\$279,085</u>	<u>\$68,140</u>	<u>\$157,600</u>	<u>\$89,460</u>

CITY OF MORAIN, OHIO
STATE HIGHWAY IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUE				
Shared Revenues	\$19,802	\$19,802	\$22,202	\$2,400
Investment Earnings	8,956	8,956	1,770	(7,186)
Total Revenues	<u>28,758</u>	<u>28,758</u>	<u>23,972</u>	<u>(4,786)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,758</u>	<u>28,758</u>	<u>23,972</u>	<u>(4,786)</u>
Net Change in Fund Balance	<u>28,758</u>	<u>28,758</u>	<u>23,972</u>	<u>(4,786)</u>
Fund Balance - Beginning	<u>335,792</u>	<u>335,792</u>	<u>335,792</u>	
Fund Balance - Ending	<u>\$364,550</u>	<u>\$364,550</u>	<u>\$359,764</u>	<u>(\$4,786)</u>

CITY OF MORAIN, OHIO
MOTOR VEHICLE LICENSE TAX FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Shared Revenues	\$35,000	\$35,000	\$19,600	(\$15,400)
Investment Earnings	416	416	(19)	(435)
Total Revenues	<u>35,416</u>	<u>35,416</u>	<u>19,581</u>	<u>(15,835)</u>
EXPENDITURES				
Highways and Streets	35,000	35,000	7,749	27,251
Total Expenses	<u>35,000</u>	<u>35,000</u>	<u>7,749</u>	<u>27,251</u>
Excess (deficiency) of revenues over (under) expenditures	<u>416</u>	<u>416</u>	<u>11,832</u>	<u>11,416</u>
Net Change in Fund Balance	416	416	11,832	11,416
Fund Balance - Beginning	2,881	2,881	2,881	
Fund Balance - Ending	<u>\$3,297</u>	<u>\$3,297</u>	<u>\$14,713</u>	<u>\$11,416</u>

CITY OF MORAIN, OHIO
ENFORCEMENT AND EDUCATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
License and Permits			\$3,024	\$3,024
Investment Earnings	\$233	\$233	46	(187)
Total Revenues	<u>233</u>	<u>233</u>	<u>3,070</u>	<u>2,837</u>
EXPENDITURES				
Public Safety	2,050	2,050		2,050
Total Expenses	<u>2,050</u>	<u>2,050</u>		<u>2,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,817)</u>	<u>(1,817)</u>	<u>3,070</u>	<u>4,887</u>
Net Change in Fund Balance	(1,817)	(1,817)	3,070	4,887
Fund Balance - Beginning	8,426	8,426	8,426	
Fund Balance - Ending	<u>\$6,609</u>	<u>\$6,609</u>	<u>\$11,496</u>	<u>\$4,887</u>

CITY OF MORaine, OHIO
POLICE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Taxes				
Property	\$80,289	\$80,377	\$80,625	\$248
Other	2,511	2,511	2,462	(49)
Investment Earnings	4,953	4,394	681	(3,713)
Total Revenues	<u>87,753</u>	<u>87,282</u>	<u>83,768</u>	<u>(3,514)</u>
EXPENDITURES				
Public Safety:				
Personnel	417,761	417,612	410,598	7,014
General operating expense	741	890	890	
Total Public Safety	<u>418,502</u>	<u>418,502</u>	<u>411,488</u>	<u>7,014</u>
Total Expenses	<u>418,502</u>	<u>418,502</u>	<u>411,488</u>	<u>7,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(330,749)</u>	<u>(331,220)</u>	<u>(327,720)</u>	<u>3,500</u>
OTHER FINANCING SOURCES (USES)				
Transfers IN	275,000	275,000	275,000	
Total Other Financing Sources (Uses)	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	
Net Change in Fund Balance	<u>(55,749)</u>	<u>(56,220)</u>	<u>(52,720)</u>	<u>3,500</u>
Fund Balance - Beginning	81,500	81,500	81,500	
Fund Balance - Ending	<u>\$25,751</u>	<u>\$25,280</u>	<u>\$28,780</u>	<u>\$3,500</u>

CITY OF MORaine, OHIO
FIRE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Taxes				
Property	\$80,289	\$80,377	\$80,624	\$247
Other	2,511	2,511	2,462	(49)
Investment Earnings	1,802	1,243	313	(930)
Total Revenues	<u>84,602</u>	<u>84,131</u>	<u>83,399</u>	<u>(732)</u>
EXPENDITURES				
Public Safety:				
Personnel	459,880	471,731	461,973	9,758
General operating expense	741	890	890	
Total Public Safety	<u>460,621</u>	<u>472,621</u>	<u>462,863</u>	<u>9,758</u>
Total Expenses	<u>460,621</u>	<u>472,621</u>	<u>462,863</u>	<u>9,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(376,019)</u>	<u>(388,490)</u>	<u>(379,464)</u>	<u>9,026</u>
OTHER FINANCING SOURCES (USES)				
Transfers IN	385,000	385,000	385,000	
Total Other Financing Sources (Uses)	<u>385,000</u>	<u>385,000</u>	<u>385,000</u>	
Net Change in Fund Balance	8,981	(3,490)	5,536	9,026
Fund Balance - Beginning	5,476	5,476	5,476	
Fund Balance - Ending	<u>\$14,457</u>	<u>\$1,986</u>	<u>\$11,012</u>	<u>\$9,026</u>

CITY OF MORAIN, OHIO
FEDERAL LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Miscellaneous Receipts & Reimbursements			\$3,676	\$3,676
Total Revenues			3,676	3,676
Excess (deficiency) of revenues over (under) expenditures			3,676	3,676
Net Change in Fund Balance			3,676	3,676
Fund Balance - Beginning				
Fund Balance - Ending			\$3,676	\$3,676

CITY OF MORaine, OHIO
STATE LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUE				
Investment Earnings	\$11	\$11	\$2	(\$9)
Miscellaneous Receipts & Reimbursements	2,230	2,230	446	(1,784)
Total Revenues	<u>2,241</u>	<u>2,241</u>	<u>448</u>	<u>(1,793)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,241</u>	<u>2,241</u>	<u>448</u>	<u>(1,793)</u>
Net Change in Fund Balance	2,241	2,241	448	(1,793)
Fund Balance - Beginning	406	406	406	
Fund Balance - Ending	<u>\$2,647</u>	<u>\$2,647</u>	<u>\$854</u>	<u>(\$1,793)</u>

CITY OF MORAIN, OHIO
DRUG LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Investment Earnings	\$1,475	\$1,475	\$311	(\$1,164)
Miscellaneous Receipts & Reimbursements	8,464	8,464	5	(8,459)
Total Revenues	<u>9,939</u>	<u>9,939</u>	<u>316</u>	<u>(9,623)</u>
EXPENDITURES				
Public Safety	4,000	4,000		4,000
Total Expenses	<u>4,000</u>	<u>4,000</u>		<u>4,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,939</u>	<u>5,939</u>	<u>316</u>	<u>(5,623)</u>
Net Change in Fund Balance	5,939	5,939	316	(5,623)
Fund Balance - Beginning	59,587	59,587	59,587	
Fund Balance - Ending	<u>\$65,526</u>	<u>\$65,526</u>	<u>\$59,903</u>	<u>(\$5,623)</u>

CITY OF MORAIN, OHIO
CAPITAL IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUE				
Taxes				
Income	\$2,278,930	\$2,278,930	\$2,307,091	\$28,161
Property				
Other				
Shared Revenues				
License and Permits				
Charges for Services	20,831	20,831	18,684	(2,147)
Fines				
Culture-Recreation				
Investment Earnings				
Rents and Royalties				
Intergovernmental	623,868	623,868	574,745	(49,123)
Miscellaneous Receipts & Reimbursements			100,560	100,560
Total Revenues	<u>2,923,629</u>	<u>2,923,629</u>	<u>3,001,080</u>	<u>77,451</u>
EXPENDITURES				
Capital Outlays:				
General Government	223,500	751,386	666,215	85,171
Public Safety	491,379	493,242	390,274	102,968
Highways and Streets	1,433,000	3,014,719	2,881,836	132,883
Health and Welfare	12,000	17,652	17,652	
Culture-Recreation	506,671	600,372	395,549	204,823
Debt Service				
Principal	60,335	112,703	87,702	25,001
Total Expenses	<u>2,726,885</u>	<u>4,990,074</u>	<u>4,439,228</u>	<u>550,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>196,744</u>	<u>(2,066,445)</u>	<u>(1,438,148)</u>	<u>628,297</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	271,056	271,056	56,143	(214,913)
Total Other Financing Sources (Uses)	<u>271,056</u>	<u>271,056</u>	<u>56,143</u>	<u>(214,913)</u>
Net Change in Fund Balance	467,800	(1,795,389)	(1,382,005)	413,384
Fund Balance - Beginning	5,819,664	5,819,664	5,819,664	
Encumbrances	972,443	972,443	972,443	
Fund Balance - Ending	<u>\$7,259,907</u>	<u>\$4,996,718</u>	<u>\$5,410,102</u>	<u>\$413,384</u>

CITY OF MORaine, OHIO
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2003

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUE				
Special Assessments	\$25,000	\$25,000	\$17,719	(\$7,281)
Investment Earnings	4,336	4,336	812	(3,524)
Total Revenues	<u>29,336</u>	<u>29,336</u>	<u>18,531</u>	<u>(10,805)</u>
EXPENDITURES				
Debt Service				
Principal	15,000	15,000	15,000	0
Interest	5,000	5,000	5,000	0
Total Expenses	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,336</u>	<u>9,336</u>	<u>(1,469)</u>	<u>(10,805)</u>
Net Change in Fund Balance	9,336	9,336	(1,469)	(10,805)
Fund Balance - Beginning	144,574	144,574	144,574	0
Fund Balance - Ending	<u>\$153,910</u>	<u>\$153,910</u>	<u>\$143,105</u>	<u>(\$10,805)</u>

CITY OF MORaine, OHIO
Combining Statement of Net Assets
INTERNAL SERVICE FUNDS
December 31, 2003

	CITY GARAGE	INSURANCE RESERVE	HEALTH INSURANCE	TOTALS
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$275,472	\$1,347,339	\$872,229	\$2,495,040
Inventories	83,112			83,112
Prepays	85			85
Total Current Assets	<u>358,669</u>	<u>1,347,339</u>	<u>872,229</u>	<u>2,578,237</u>
CAPITAL ASSETS (net of accumulated depreciation)				
Machinery and Equipment	54,560			54,560
Total Capital Assets	<u>54,560</u>			<u>54,560</u>
Total Assets	<u>413,229</u>	<u>1,347,339</u>	<u>872,229</u>	<u>2,632,797</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	15,031			15,031
Salaries and Benefits Payable	59,298			59,298
Insurance Claims Payable			201,888	201,888
Total Current Liabilities	<u>74,329</u>		<u>201,888</u>	<u>276,217</u>
NET ASSETS				
Unrestricted	338,900	1,347,339	670,341	2,356,580
Total Net Assets	<u>\$338,900</u>	<u>\$1,347,339</u>	<u>\$670,341</u>	<u>\$2,356,580</u>

CITY OF MORAINE, OHIO
Combining Statement of Revenues, Expenses and Changes in Net Assets
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2003

	CITY GARAGE	INSURANCE RESERVE	HEALTH INSURANCE	TOTALS
Operating Revenues				
Charges for Services	\$267,908		\$918,097	\$1,186,005
Miscellaneous Receipts & Reimbursements		5,415	41,141	46,556
Total Operating Revenues	<u>267,908</u>	<u>5,415</u>	<u>959,238</u>	<u>1,232,561</u>
Operating Expenses				
Current:				
Cost of Services	525,127	31,504	1,179,994	1,736,625
Depreciation	15,374			15,374
Total Operating Expenses	<u>540,501</u>	<u>31,504</u>	<u>1,179,994</u>	<u>1,751,999</u>
Operating Income (Loss)	<u>(272,593)</u>	<u>(26,089)</u>	<u>(220,756)</u>	<u>(519,438)</u>
Non-operating Revenues (Expenses)				
Investment Earnings		(5,001)	9,444	4,443
Total Non-operating Revenues (Expenses)		<u>(5,001)</u>	<u>9,444</u>	<u>4,443</u>
Transfers in	385,000			385,000
Total Other Financing Sources (Uses)	<u>385,000</u>			<u>385,000</u>
Change in Net Assets	<u>112,407</u>	<u>(31,090)</u>	<u>(211,312)</u>	<u>(129,995)</u>
Total Net Assets - Beginning	226,493	1,378,429	881,653	2,486,575
Total Net Assets - Ending	<u>\$338,900</u>	<u>\$1,347,339</u>	<u>\$670,341</u>	<u>\$2,356,580</u>

CITY OF MORAIN, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2003

	<u>City Garage</u>	<u>Insurance Reserve</u>	<u>Health Insurance Program</u>	<u>Totals</u>
Cash Flows From Operating Activities				
Cash received for services	\$267,908		\$918,097	\$1,186,005
Miscellaneous Receipts & Reimbursements		\$5,415	41,141	46,556
Cash paid to suppliers for goods or services	(326,292)	(31,504)	(1,029,069)	(1,386,865)
Cash paid to employees for services	(188,041)			(188,041)
Net cash provided (used) by operating activities	<u>(246,425)</u>	<u>(26,089)</u>	<u>(69,831)</u>	<u>(342,345)</u>
Cash Flows From Noncapital Financing Activities				
Transfer from other funds	385,000			385,000
Net cash provided by noncapital financing activities	<u>385,000</u>			<u>385,000</u>
Cash Flows From Capital and Related Financing Activities				
Acquisition of Capital Assets	(14,800)			(14,800)
Net cash used by capital and related financing activities	<u>(14,800)</u>			<u>(14,800)</u>
Cash Flows From Investing Activities				
Investment earnings		(5,001)	9,444	4,443
Net Cash provided (used) by investing activities		<u>(5,001)</u>	<u>9,444</u>	<u>4,443</u>
Net increase (decrease) in cash	123,775	(31,090)	(60,387)	32,298
Cash at Beginning of year	151,697	1,378,429	932,616	2,462,742
Cash at end of year	<u>275,472</u>	<u>1,347,339</u>	<u>872,229</u>	<u>2,495,040</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(272,593)	(26,089)	(220,756)	(519,438)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	15,374			15,374
(Increase) decrease in inventories	9,636			9,636
Increase (decrease) in accounts payable	14,610			14,610
Increase (decrease) in salaries and benefits payable	(13,452)			(13,452)
Increase (decrease) in insurance claims payable			150,925	150,925
Net cash provided (used) by operating activities	<u>(\$246,425)</u>	<u>(\$26,089)</u>	<u>(\$69,831)</u>	<u>(\$342,345)</u>

CITY OF MORAINE, OHIO
Statement of Changes in Assets and Liabilities
AGENCY FUNDS
For the Year Ended December 31, 2003

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
Miscellaneous Agency Fund				
Assets:				
Cash and Investments	\$3,366	\$40,044	(\$20,620)	\$22,790
Total Assets	<u>3,366</u>	<u>40,044</u>	<u>(20,620)</u>	<u>22,790</u>
Liabilities:				
Deposits	3,366	40,044	(20,620)	22,790
Total Liabilities	<u>3,366</u>	<u>40,044</u>	<u>(20,620)</u>	<u>22,790</u>
Mayor's Court				
Assets:				
Cash and Investments	10,040	120,722	(121,233)	9,529
Total Assets	<u>10,040</u>	<u>120,722</u>	<u>(121,233)</u>	<u>9,529</u>
Liabilities:				
Due to Other Governments	5,540	68,915	(67,574)	6,881
Escrow Bonds	4,500	51,807	(53,659)	2,648
Total Liabilities	<u>10,040</u>	<u>120,722</u>	<u>(121,233)</u>	<u>9,529</u>
Totals - All Agency Funds				
Assets:				
Cash and Investments	13,406	160,766	(141,853)	32,319
Total Assets	<u>13,406</u>	<u>160,766</u>	<u>(141,853)</u>	<u>32,319</u>
Liabilities:				
Deposits	3,366	40,044	(20,620)	22,790
Due to Other Governments	5,540	68,915	(67,574)	6,881
Escrow Bonds	4,500	51,807	(53,659)	2,648
Total Liabilities	<u>\$13,406</u>	<u>\$160,766</u>	<u>(\$141,853)</u>	<u>\$32,319</u>

CITY OF MORAINE, OHIO
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE ¹
DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Governmental Activities Capital Assets:		
Land	\$3,324,043	\$2,912,025
Buildings	12,223,918	12,216,128
Machinery and equipment	7,502,589	7,207,296
Assets acquired through capital leases	905,065	905,065
Infrastructure	1,246,352	
Construction in progress	1,234,054	
Total Governmental Activities Capital Assets	<u>26,436,021</u>	<u>23,240,514</u>
Accumulated depreciation	10,074,482	9,149,484
Net Governmental Activities Capital Assets	<u>\$16,361,539</u>	<u>\$14,091,030</u>
Investments in Governmental Activities Capital Assets by Source:		
Capital Projects Fund:		
Various revenue sources	\$3,790,765	\$3,789,234
General revenues	21,660,726	18,439,774
General fund revenues	239,528	266,506
Contributed assets	745,000	745,000
Total Net Governmental Activities Capital Assets	<u>\$26,436,019</u>	<u>\$23,240,514</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

The City has capitalized infrastructure assets that have been added during 2003. Infrastructure assets placed into service prior to 2003 will be inventoried and added to the financial statements in the near future.

CITY OF MORaine, OHIO
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
AS OF DECEMBER 31, 2003 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2002

FUNCTION AND ACTIVITY	LAND AND LAND IMPROVEMENTS			MACHINERY AND EQUIPMENT		INFRASTRUCTURE	TOTALS	
			BUILDINGS				2003	2002
GENERAL GOVERNMENT:								
Mayor's court				\$40,820			\$40,820	\$36,321
City manager		\$640,000		97,157			737,157	324,106
Finance				116,971			116,971	117,261
General services				328,850			328,850	293,818
Public buildings		121,507	\$3,303,548	317,511			3,742,566	3,767,475
Clerk of council				6,453			6,453	9,723
Total General Government		761,507	3,303,548	907,762			4,972,817	4,548,704
PUBLIC SAFETY:								
Police				1,801,640			1,801,640	1,786,665
Fire		140,020	1,688,423	2,706,786			4,535,229	4,451,729
Total Public Safety		140,020	1,688,423	4,508,426			6,336,869	6,238,394
OTHER:								
Health				110,309			110,309	77,379
Highways and streets		406,027	911,181	2,058,192		\$1,246,352	4,621,752	3,308,906
Community development		1,321,104	52,620	92,297			1,466,021	1,475,872
Parks and recreation		695,385	6,268,146	730,668			7,694,199	7,591,259
Total other		2,422,516	7,231,947	2,991,466		1,246,352	13,892,281	12,453,416
Construction in progress			42,357	290,981		900,716	1,234,054	
Total General Government Capital Assets		3,324,043	12,266,275	8,698,635		2,147,068	26,436,021	23,240,514
LESS ACCUMULATED DEPRECIATION			4,247,408	5,802,836		24,238	10,074,482	9,149,484
Total Net General Government Capital Assets		\$3,324,043	\$8,018,867	\$2,895,799		\$2,122,830	\$16,361,539	\$14,091,030

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

The City has capitalized infrastructure assets that have been added during 2003. Infrastructure assets placed into service prior to 2003 will be inventoried and added to the financial statements in the near future.

CITY OF MORAINE, OHIO
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
FOR THE YEAR ENDED DECEMBER 31, 2003

FUNCTION AND ACTIVITY	Governmental Activities Capital Assets JANUARY 1, 2003	ADDITIONS	REDUCTIONS	Governmental Activities Capital Assets DECEMBER 31, 2003
GENERAL GOVERNMENT:				
Mayor's court	\$36,321	\$4,499		\$40,820
City manager	324,106	413,836	\$785	737,157
Finance	117,261	5,846	6,136	116,971
General services	293,818	35,032		328,850
Public buildings	3,767,475	34,368	59,277	3,742,566
Clerk of council	9,723		3,270	6,453
Total General Government	<u>4,548,704</u>	<u>493,581</u>	<u>69,468</u>	<u>4,972,817</u>
PUBLIC SAFETY:				
Police	1,786,665	58,332	43,357	1,801,640
Fire	4,451,729	154,251	\$70,751	4,535,229
Total Public Safety	<u>6,238,394</u>	<u>212,583</u>	<u>114,108</u>	<u>6,336,869</u>
OTHER:				
Health	77,379	32,930		110,309
Highways and streets	3,308,906	1,354,666	41,820	4,621,752
Community development	1,475,872		9,851	1,466,021
Parks and recreation	7,591,259	102,940		7,694,199
Total other	<u>12,453,416</u>	<u>1,490,536</u>	<u>51,671</u>	<u>13,892,281</u>
Total General Government Capital Assets	<u>23,240,514</u>	<u>3,430,754</u>	<u>235,247</u>	<u>26,436,021</u>
LESS ACCUMULATED DEPRECIATION				
	9,149,484	1,150,394	225,396	10,074,482
Total Net General Government Capital Assets	<u>\$14,091,030</u>	<u>\$2,280,360</u>	<u>\$9,851</u>	<u>\$16,361,539</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

The City has capitalized infrastructure assets that have been added during 2003. Infrastructure assets placed into service prior to 2003 will be inventoried and added to the financial statements in the near future.



CITY OF MORAINE, OHIO

STATISTICAL SECTION



CITY OF MORaine, OHIO

TABLE 1

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

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>HIGHWAYS AND STREETS</u>	<u>COMMUNITY DEVELOPMENT</u>
1994	\$1,607,947	\$4,738,388	\$1,338,851	\$105,380
1995	1,678,003	5,185,160	1,511,825	79,264
1996	1,784,891	5,715,983	1,630,266	128,315
1997	2,034,547	6,104,363	1,841,678	231,830
1998	2,239,371	6,352,935	1,904,070	1,100,914
1999	2,770,795	6,873,547	1,720,468	2,627,986
2000	3,512,513	7,114,763	1,777,436	928,859
2001	4,314,962	6,992,835	1,777,421	654,998
2002	4,153,383	7,433,908	1,911,954	159,125
2003	\$4,132,118	\$7,939,449	\$2,131,832 (2)	\$157,996
			219,878	
<u>FISCAL YEAR</u>	<u>HEALTH</u>	<u>RECREATION</u>	<u>SANITATION</u>	<u>TOTALS</u>
1994	\$411,789	\$488,289		\$9,354,330
1995	446,653	545,384		10,251,492
1996	450,413	557,664		11,220,495
1997	459,790	597,950		12,655,030
1998	533,278	723,524		15,249,598
1999	529,559	900,056		14,763,186
2000	523,590	2,217,163		16,480,969
2001	535,016	2,726,319		17,001,551
2002	611,342	2,796,209		17,065,921
2003	\$150,502 (2)	\$2,671,890	\$327,151 (2)	\$17,510,938

Source: City of Moraine, Department of Finance

(1) Includes General and Special Revenue Funds.

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

Note: Since this is the first year that the City has prepared Entity-wide statements, no statistical table showing comparisons for full-accrual expense amounts for governmental activities is presented.

CITY OF MORAINE, OHIO

TABLE 2

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

FISCAL YEAR	MUNICIPAL INCOME TAXES	OTHER LOCAL TAXES	STATE SHARED TAXES AND PERMITS	INTER-GOVERNMENTAL AID, GRANTS
1994	\$7,799,435	\$500,774	\$728,373	
1995	11,570,170 (2)	601,513	715,214	\$11,050
1996	11,829,176	640,384	692,154	35
1997	12,236,361	660,163	742,996	81,918
1998	12,730,609	749,579	770,457	1,055,367
1999	13,474,430	726,875	793,608	1,320,552
2000	14,048,786	803,800	829,820	355,398
2001	12,780,377	769,017	882,968	394,001
2002	13,272,808	601,889	788,633	2,199
2003	13,315,714	803,868	775,251	80,918

FISCAL YEAR (2)	CHARGES FOR SERVICES	FINES, COSTS, FORFEITURES, LICENSE AND PERMITS	INVESTMENT EARNINGS AND MISCELLANEOUS RECEIPTS	TOTAL
1994	\$58,228	\$193,396	\$516,012	\$9,796,218
1995	68,667	259,384	339,346	13,565,344
1996	71,301	288,180	879,427	14,400,657
1997	77,573	353,701	1,072,098	15,224,810
1998	90,380	347,444	1,343,166	17,087,002
1999	90,121	318,176	715,586	17,439,348
2000	612,055	264,769	1,502,510	18,417,138
2001	945,397	256,057	1,089,177	17,116,994
2002	969,671	370,071	1,179,262	17,184,533
2003	799,798	332,962	64,566	16,173,077

Source: City of Moraine, Department of Finance

(1) Includes General and Special Revenue Funds.

(2) The income tax rate was increased by voters to 1.5% beginning in 1995 with 85% going to operations and 15% going to capital.

Note: In future years, government-wide information will be incorporated into this statistical table.

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

TABLE 3

FISCAL YEAR	AMOUNT
1994	\$12,939,603
1995	13,947,788
1996	13,915,566
1997	14,397,808
1998	14,996,458
1999	15,857,815
2000	16,529,110
2001	15,070,764
2002	15,611,943
2003	15,610,407

Source: City of Moraine, Department of Finance

(1) Includes all governmental fund types.

CITY OF MORAIN, OHIO

TABLE 4

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

<u>TAX YEAR</u>	<u>COLLECTION YEAR</u>	<u>TOTAL TAX LEVIED</u>	<u>TOTAL TAX COLLECTED</u>	<u>PERCENTAGE OF LEVIED COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>
1993/1994	1994	\$581,695	\$581,340	99%	\$11,043
1994/1995	1995	593,995	583,105	98%	18,383
1995/1996	1996	599,520	598,310	99%	22,934
1996/1997	1997	649,289	605,711	93%	51,589
1997/1998	1998	643,999	725,085	112%	22,983
1998/1999	1999	761,096	712,028	94%	22,549
1999/2000	2000	785,637	774,640	99%	21,396
2000/2001	2001	865,439	772,975	89%	4,861
2001/2002	2002	702,168	659,482	94%	17,413
2002/2003	2003	704,496	667,730	95%	20,189

<u>TAX YEAR</u>	<u>COLLECTION YEAR</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>TOTAL COLLECTIONS AS PERCENTAGE OF CURRENT LEVIED</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>OUTSTANDING DELINQUENT TAXES AS PERCENTAGE OF CURRENT LEVIED</u>
1993/1994	1994	\$593,650	100%	\$72,405	12%
1994/1995	1995	601,488	100%	75,820	13%
1995/1996	1996	621,244	96%	70,620	11%
1996/1997	1997	657,300	102%	32,983	5%
1997/1998	1998	748,068	98%	37,786	5%
1998/1999	1999	734,577	94%	44,027	6%
1999/2000	2000	796,036	92%	58,536	7%
2000/2001	2001	777,836	90%	41,851	5%
2001/2002	2002	676,895	96%	39,328	6%
2002/2003	2003	687,919	98%	44,630	6%

Source: Montgomery County Auditor's Office

TABLE 5

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

TAX YEAR	COLLECTION YEAR	REAL PROPERTY VALUES		PERSONAL PROPERTY VALUES		TOTAL VALUES	
		ASSESSED	CURRENT MARKET	ASSESSED	CURRENT MARKET	ASSESSED	CURRENT MARKET
1993	1994	\$113,003,040	\$322,865,828	\$121,223,799	\$484,895,196	\$234,226,839	\$807,761,024
1994	1995	111,801,640	319,433,257	126,929,923	428,871,125	238,731,563	748,304,382
1995	1996	112,596,340	321,316,457	128,377,545	441,395,211	240,973,885	762,711,668
1996	1997	119,721,830	342,062,371	141,511,099	467,405,754	261,232,929	809,468,125
1997	1998	118,468,210	338,480,600	140,486,427	437,030,368	258,954,637	775,510,968
1998	1999	121,605,300	347,443,714	182,833,188	609,174,463	304,438,488	956,618,177
1999	2000	133,092,460	380,264,171	181,162,506	605,991,774	314,254,966	986,255,945
2000	2001	142,314,180	406,611,943	205,335,030	657,394,322	347,649,210	1,064,006,265
2001	2002	126,933,070	362,665,914	153,934,084	558,811,469	280,867,154	921,477,383
2002	2003	143,861,880	411,033,943	139,672,009	499,939,404	283,533,889	910,973,347

Source: Montgomery County Auditor's Office

CITY OF MORaine, OHIO

TABLE 6

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
MUNICIPAL UNITS:										
General Fund	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Police Pension Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Fire Pension Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Municipal Rates	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>
COUNTY UNITS:										
General Fund	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Mental Retardation D & D	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Conservancy Tax										
Human Services Levy A	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21
Human Services Levy B			5.03	5.03	5.03	5.03	5.03	5.03	5.03	5.03
Human Services Levy III	2.36	2.36								
Human Services Levy IV	2.67	2.67								
Total County Rates	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>
OTHER UNITS:										
Montgomery County Community College	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Montgomery County Park District	0.7	1.2	1.2	1.2	1.2	1.2	1.2	1.8	1.8	1.8
Dayton - Montgomery Library			0.72	0.72	0.72	0.26	0.26	0.26	0.26	0.26
SCHOOL DISTRICT:										
Kettering / Moraine Community	49.81	49.8	53.1	53.1	53.1	53.1	53.1	56.3	56.3	60.9
West Carrollton Community	50.84	50.76	50.76	53.26	53.26	53.26	53.26	60.66	59.67	65.55
Jefferson Local School	56.4	56.4	56.4	56.4	56.4	61.9	61.9	61.9	61.9	61.9
Miamisburg Community (1)	38.95	38.95	44.7							
Joint Vocational School	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58

Source: Montgomery County Auditor's Office
(1) As of 1997 the City has no property in the school district

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

TABLE 7

FISCAL YEAR	ASSESSMENTS BILLED	PENALTIES AND INTEREST ASSESSED	ASSESSMENTS DUE (1)	ASSESSMENTS COLLECTED	RATIO OF COLLECTIONS TO AMOUNT DUE	TOTAL DELINQUENT OUTSTANDING ASSESSMENTS
1994	\$36,225		\$36,225	\$36,225	100%	
1995	34,650		34,650	34,650	100%	
1996	33,075		33,075	14,223	43%	\$18,852
1997	36,750	\$8,186	63,788	50,309	79%	13,479
1998	29,400	1,934	44,813	33,982	79%	10,831
1999	27,825	22,297	60,953	52,717	86%	8,236
2000	22,149	12,023	34,172	31,374	92%	2,798
2001	19,148	25	19,173	25,250	132%	122
2002	20,251	35	20,286	20,124	99%	175
2003	17,842	53	17,895	17,719	99%	175

Source: Montgomery County Auditor's Office

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

CITY OF MORaine, OHIO

TABLE 8

**COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2003**

TOTAL ASSESSED VALUE	<u>\$283,533,889</u>
OVERALL DEBT LIMITATION - 10-1/2% of assessed valuation	<u>29,771,058</u>
AMOUNT OF DEBT APPLICABLE TO LIMIT: Total bonded debt (Including Special Assessment Bonds) Less Special Assessment bonds	35,000 35,000
TOTAL AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT	<u> </u>
LEGAL DEBT MARGIN WITHIN 10-1/2% LIMITATION	<u>\$29,771,058</u>
UNVOTED DEBT LIMITATION-5-1/2% of assessed valuation	<u>\$15,594,364</u>
AMOUNT OF DEBT APPLICABLE TO LIMIT: Total bonded debt (Including Special Assessment Bonds) Less Special Assessment bonds	35,000 35,000
TOTAL AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT	<u> </u>
LEGAL DEBT MARGIN WITHIN 5-1/2% LIMITATION	<u>\$15,594,364</u>

Source: City of Moraine, Department of Finance

CITY OF MORaine, OHIO

TABLE 9

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2003**

<u>JURISDICTION</u>	<u>NET OUTSTANDING DEBT</u>	<u>PERCENTAGE APPLICABLE TO CITY OF MORaine, OHIO</u>	<u>AMOUNT APPLICABLE TO CITY OF MORaine, OHIO</u>
CITY OF MORaine		100.00%	
MONTGOMERY COUNTY	\$35,982,639	4.12%	\$1,482,485
WEST CARROLLTON CITY SCHOOL DISTRICT	955,000	78.68%	751,394
KETTERING CITY SCHOOL DISTRICT	102,344,955	18.14%	18,565,375
JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT		0.65%	
MIAMI VALLEY REGIONAL TRANSIT AUTHORITY		4.12%	
MONTGOMERY COUNTY COMMUNITY COLLEGE		4.12%	
TOTAL			<u>\$20,799,254</u>

CITY OF MORAINE, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

TABLE 10

YEAR	(1) POPULATION	(1) PER CAPITA INCOME	(1) MEDIAN AGE	(2) UNEMPLOYMENT RATE	(3) BANK DEPOSITS IN THOUSANDS
1994	6,147	\$11,156	32.5	4.9%	\$4,034,766
1995	6,087	11,166	32.5	3.8%	3,995,114
1996	6,250	11,166	32.5	3.9%	3,899,145
1997	6,758	11,166	32.5	3.8%	3,530,314
1998	6,854	11,792	32.9	4.1%	3,264,705
1999	7,568	11,792	32.9	3.1%	2,994,378
2000	6,897	11,792	32.9	3.7%	191,473
2001	6,897	11,792	32.9	4.4%	224,099
2002	6,897	16,880	32.5	5.6%	241,447
2003	6,897	16,880	32.5	6.3%	249,614

Sources:

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

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

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

CITY OF MORAINE, OHIO

TABLE 11

CONSTRUCTION PROPERTY VALUES
LAST TEN FISCAL YEARS

FISCAL YEAR	(1) COMMERCIAL CONSTRUCTION		(1) RESIDENTIAL CONSTRUCTION		(2) PROPERTY VALUE				PUBLIC UTILITY REAL
	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	AGRICULTURAL	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	
1994	199	\$10,482,403	48	\$510,803	\$1,937,657	\$83,934,571	\$88,213,428	\$148,436,971	\$343,200
1995	169	9,245,514	143	10,215,180	1,820,971	85,520,943	83,136,114	148,593,086	362,143
1996	153	4,603,145	123	1,115,128	1,900,143	86,137,800	85,049,114	148,229,400	387,371
1997	172	25,234,977	65	483,776	2,306,885	97,035,943	93,975,143	148,287,286	457,114
1998	102	48,761,033	56	1,089,758	2,235,800	97,887,457	94,903,429	142,958,257	495,657
1999	186	13,756,130	103	1,023,922	2,246,629	98,519,200	101,585,086	144,595,229	497,571
2000	146	14,239,220	75	869,527	2,692,600	107,704,571	102,491,514	166,750,057	625,428
2001	143	11,000,615	86	1,270,225	2,435,886	107,727,685	110,395,600	185,398,657	654,114
2002	189	23,105,175	78	652,497	2,527,571	108,508,171	111,609,229	139,433,886	587,057
2003	171	3,718,089	67	523,686	2,655,457	121,555,229	139,691,857	146,601,057	530,343

Sources:

(1) City of Moraine, Building Inspection Department

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

CITY OF MORAIN, OHIO

PRINCIPAL TAXPAYERS
December 31, 2003

TABLE 12

COMPANY	TAXES	ASSESSED VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION
Dayton Power & Light Company	\$3,158,099	\$39,236,100	13.84%
General Motors Corporation	823,350	15,479,130	5.46%
Kettering Dayton Operations	207,133	3,966,360	1.40%
Cooper Tire Company	156,650	2,790,930	0.98%
L M Berry Services Inc.	112,579	2,155,750	0.76%
Ohio Bell Telephone Company	96,055	1,129,800	0.40%
Barbara Benz Trust	92,626	1,773,680	0.63%
Nursing Home Purchasing, Inc.	89,437	1,488,190	0.52%
S & G Investments	80,912	1,346,340	0.47%
Lance Shaner Hotel	77,732	1,488,480	0.52%
TOTAL REAL AND PERSONAL PROPERTY VALUATION		70,854,760	24.99%
ALL OTHERS		212,679,129	75.01%
TOTAL ASSESSED VALUATION		<u>\$283,533,889</u>	<u>100.00%</u>

Source: Montgomery County Auditor's Office

CITY OF MORaine, OHIO

TABLE 13

**SUMMARY OF INSURANCE COVERAGE
DECEMBER 31, 2003**

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

Property -

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

Liability -

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

Vehicles -

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

Surety Bonds

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

Source: City of Moraine, Department of Finance

CITY OF MORaine, OHIO
MISCELLANEOUS STATISTICS
December 31, 2003

TABLE 14

Date of incorporation	1965
Form of government	Council/Manager
Area	9.4 square miles
Miles of streets (Center Line Miles)	275.65
Number of street lights (Non-special assessment)	1,315
 Fire protection:	
Number of stations	3
Number of firemen and officers (full-time)	34
(exclusive of volunteer firemen - part-time)	20
 Police protection:	
Number of stations	1
Number of policemen and officers	33
 Building permits issued	
	Residential - 67
	Commercial - 171
 Recreation and culture:	
Parks	14
Civic center	1
Recreation Center	1
Swimming pools	1
Water Park	1

Source: City of Moraine, Department of Finance

CITY OF MORaine, OHIO

Yellow Book Report

December 31, 2003



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

August 12, 2004

Honorable City Council
City of Moraine, Ohio

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 Moraine, 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 12, 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 performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance required to be reported 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 in order to determine our auditing procedures for the purpose of expressing our opinion 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.

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

A handwritten signature in cursive script that reads "Plattenburg & Associates, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Plattenburg & Associates, Inc.
Certified Public Accountants



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**CITY OF MORaine
MONTGOMERY COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 3, 2005**