

**CITY OF MORAINE, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**



**Prepared by:**  
**Department of Finance**

**James V. Kimmel**  
**Finance Director**





**Auditor of State  
Betty Montgomery**

City Council  
City of Moraine  
4200 Dryden Rd.  
Moraine, OH 45439

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

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

November 7, 2005

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# CITY OF MORAINÉ, OHIO

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2004**

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**CITY OF MORAINE, OHIO**

**INTRODUCTORY SECTION**







# City of Moraine

Finance Department

August 24, 2005

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, 2004, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The comprehensive annual report is presented in three sections:

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

The City provides the following services: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services. This report includes all the funds of the City of Moraine and all of its component units, which make up the financial reporting entity for the City. Component units are legally separate entities for which the City is financially responsible. At December 31, 2004 the City no Component Units

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

## **HISTORY AND BACKGROUND**

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

The local economy was fairly stable during 2004. 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:

The Southern Hills Crossing retail development along Dixie Drive and Dorothy Lane has seen several new retail businesses open in 2004. This development is anchored by a Super Wal-mart store. These projects and several others will help create new jobs and retain current jobs in Moraine.

Cardington Road, in the north quadrant of the City, was extended approximately 1,386 linear feet. In 2005, the extension will be connected to Encrete and will provide roughly

80 acres for future job growth and economic investment. The City will receive reimbursable funds of \$1 million in grants once the project is completed.

In 2004 the City purchased 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 redevelopment of this area is scheduled to start in 2006.

There were ten new businesses, which moved into Moraine during the year. In addition to the new businesses, several of the existing businesses expanded during 2004. These investments retained 200 jobs and created another 250.

During the year, there were seven new single-family home permits and no new multi-family apartment permits issued. In total, there were 259 building permits issued during the year with a total construction value of over \$23.4 million. Of the building permits issued there were 175 commercial permits and 84 residential permits.

With the anticipated job losses during 2004, the City's income tax collections dropped by \$996,000 compared to 2003 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 gain on investments for the year of \$358,690. Current market values of investments at year-end were over \$266,000 below book value.

### **OTHER INFORMATION**

#### Independent Audit

Clark, Schaefer, Hackett & Co., 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, 2003. 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 entity 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 18 consecutive years (fiscal years ended 1986-2003). 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,

A handwritten signature in blue ink, reading "James V. Kimmel", is written over a horizontal line.

James V. Kimmel  
Finance Director



## **CITY OF MORAINE, OHIO**

### **CITY COUNCIL**

Robert Rosencrans, Mayor

Elaine Allison, Council Member (At Large)

Mike Meyers, Council Member (At Large)

Jacqueline Cole, Council Member (Ward 1)

John Shady, Council Member (Ward 2)

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

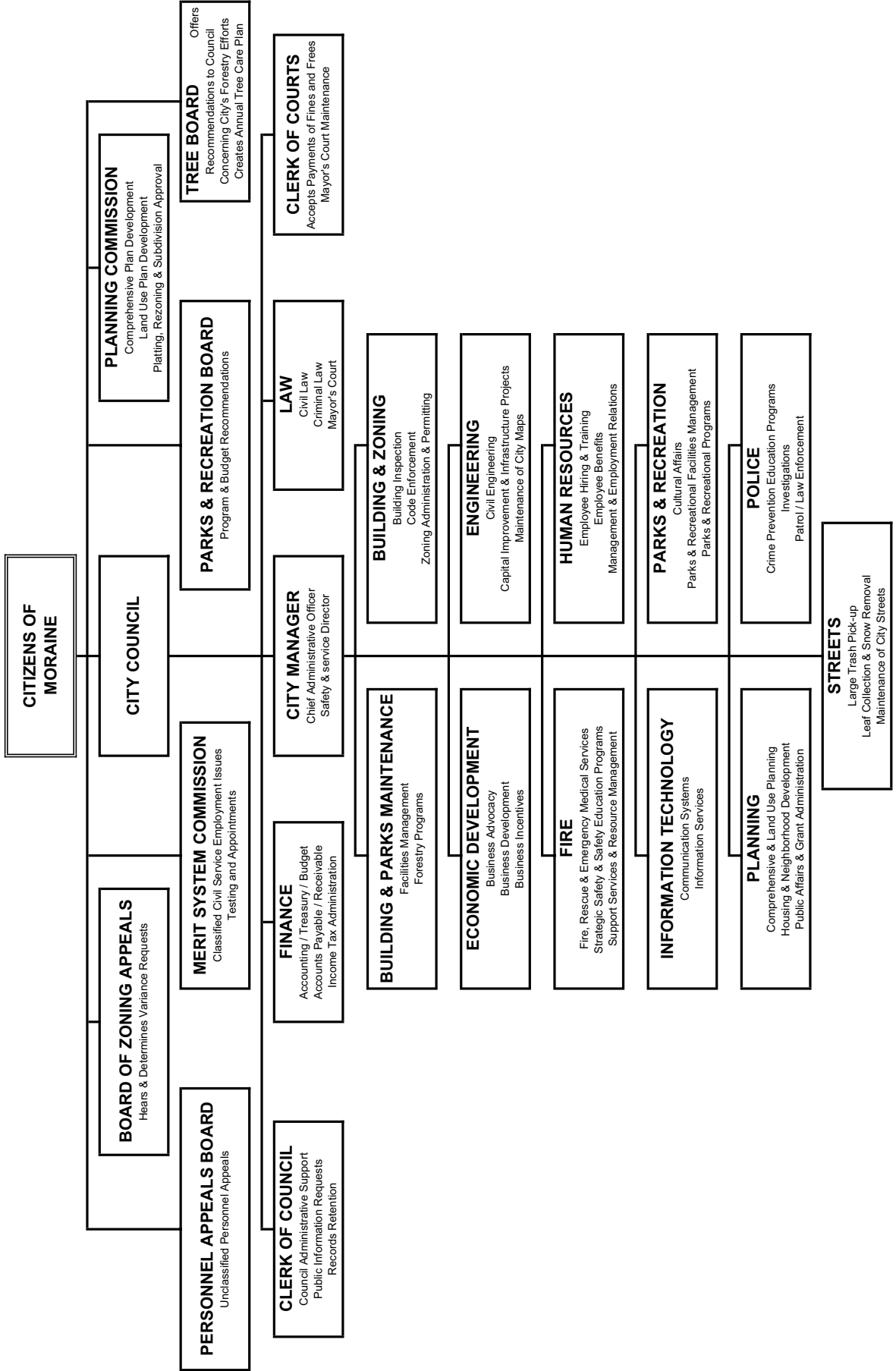
**CITY OF MORAINÉ, OHIO**

DEPARTMENT OF FINANCE

STAFF

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

# 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, 2003

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



*Nancy L. Zielke*

President

*Jeffrey R. Emer*

Executive Director



**CITY OF MORaine, OHIO**

**FINANCIAL SECTION**





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

### **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio, as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Moraine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2005 on our consideration of the City Moraine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
August 24, 2005





## **CITY OF MORAINE, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

Our discussion and analysis of the City of Moraine's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2004.

### **FINANCIAL HIGHLIGHTS**

1. The City's total net assets decreased by over \$1,479,000. Net assets of governmental activities decreased by over \$1,489,000 and net assets of business-type activities increased by \$10,098.
2. The Capital Improvement Fund reported general long-term debt issued of more than \$5.5 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 the Statement of Fiduciary Net Assets. We exclude these activities from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE CITY AS A WHOLE**

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

**Table 1  
Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	2003	2004	2003	2004	2003	2004
Assets:						
Current and Other Assets	\$26,293,982	\$26,040,984	\$445,591	\$455,689	\$26,739,573	\$26,496,673
Capital Assets (Net)	<u>16,416,099</u>	<u>20,230,469</u>			<u>16,416,099</u>	<u>20,230,469</u>
Total Assets	42,710,081	46,271,453	445,591	455,689	43,155,672	46,727,142
Liabilities:						
Current and Other Liabilities	1,871,420	2,286,465			1,871,420	2,286,465
Long-term Liabilities:						
Due within One Year	1,001,365	1,135,616			1,001,365	1,135,616
Due in More Than One Year	<u>2,045,219</u>	<u>6,547,120</u>			<u>2,045,219</u>	<u>6,547,120</u>
Total Liabilities	4,918,004	9,969,201			4,918,004	9,969,201
Net Assets:						
Invested in Capital Assets Net of Debt	15,469,434	14,587,152			15,469,434	14,587,152
Restricted:						
Debt Service	141,020	141,194			141,020	141,194
Special Revenue	2,055,818	1,094,256			2,055,818	1,094,256
Capital Projects	5,713,167	6,025,773			5,713,167	6,025,773
Unrestricted	<u>14,412,638</u>	<u>14,453,877</u>	<u>445,591</u>	<u>455,689</u>	<u>14,858,229</u>	<u>14,909,566</u>
Total Net Assets	<u>\$37,792,077</u>	<u>\$36,302,252</u>	<u>\$445,591</u>	<u>\$455,689</u>	<u>\$38,237,668</u>	<u>\$36,757,941</u>

The net assets of the City decreased by over \$1,479,000.

**Table 2  
Changes in Net Assets**

	Governmental Activities <u>2004</u>	Business-type Activities <u>2004</u>	Totals <u>2004</u>
Revenues:			
Program Revenues:			
Charges for Services	\$1,112,651	\$3,447	\$1,116,098
Operating Grants	606,542		606,542
Capital Grants	<u>233,711</u>	—	<u>233,711</u>
Total Program Revenues	<u>1,952,904</u>	<u>3,447</u>	<u>1,956,351</u>
General Revenues:			
Income Taxes	14,508,566		14,508,566
Property Taxes	631,902		631,902
Other Taxes	91,693		91,693
Shared Revenues	829,436		829,436
Special Assessments	16,390		16,390
Rents and Royalties	65,390		65,390
Misc. Receipts & Reimb.	127,278		127,278
Investment Earnings	352,038	6,651	358,689
Gain – Sale of Capital	<u>25,237</u>	—	<u>25,237</u>
Total General Revenues	<u>16,647,930</u>	<u>6,651</u>	<u>16,654,581</u>
Total Revenues	<u>18,600,834</u>	<u>10,098</u>	<u>18,610,932</u>
Program Expenses:			
General Government	4,657,912		4,657,912
Public Safety	8,836,378		8,836,378
Highways & Streets	2,955,562		2,955,562
Sanitation	266,340		266,340
Culture & Recreation	2,891,794		2,891,794
Economic Development	315,864		315,864
Health and Welfare	163,309		163,309
Debt Service	<u>3,500</u>	—	<u>3,500</u>
Total Expenses	<u>20,090,659</u>	—	<u>20,090,659</u>
Increase (Decrease) in Net Assets	<u>(\$1,489,825)</u>	<u>\$10,098</u>	<u>(\$1,479,727)</u>

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

	Governmental Activities Total Cost Of Services	Net Cost Of Services
Public Safety	\$8,836,378	\$8,750,866
General Government	4,657,912	3,850,720
Highways & Streets	2,955,562	2,721,356
Culture and Recreation	2,891,794	2,153,015
All Others	749,013	661,798

## **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 \$20.55 million, which is .1% higher than last year's total of \$20.52 million.

The City's General Fund experienced over a \$677,000 or 4.5% increase in revenues for 2004. The majority of this increase was due to the City's reallocation of income taxes, 90% went to the general fund in 2004 and only 85% in 2003. The City saw an increase in interest revenue of over \$371,000 in 2004. Expenditures increased by over \$231,000 or 1.9%. Revenues exceeded expenditures by \$3.1 million prior to transfers to other funds. Transfers to other funds totaling \$3.45 million resulted in the \$0.3 million or 2.3% reduction to the General Fund balance.

Revenues in the Parks and Recreation Fund decreased by over \$14,000 or 1.9%. 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 inclement weather. The City was able to reduce expenditures by over \$47,000 or 1.9% compared to the prior year.

There were no economic development grants received during 2004. Total expenditures in 2004 were \$131,286, which caused a decrease in fund balance of \$131,286.

The Capital Improvement Fund had a decrease in revenues over \$1.2 million or 40.9% in 2004. Most of this decrease was due to the fund only receiving 10% of the income tax revenue in 2004, and 15% in 2003. Total expenditures increased by over \$2.4 million or over 62.3%. The majority of the increase was due to the purchase of land for redevelopment.

The Moraine Loan Program Fund had very little activity during 2004. The City continued collections on active loans and no additional funds were disbursed.

### **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 2004, there were two revisions to the General Fund budget. The budget was increased by \$200,000 in the City Manager's budget to cover expenditures related to a trail park that was purchased and closed down for redevelopment and \$30,000 for prisoner care and feeding in the Mayor's budget. There was approximately \$181,000 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 2004 and projects that were still in process. The net increase was over \$3.8 million.

### Debt Administration

At year-end the City had \$20,000 of special assessment bonds outstanding. These bonds will be paid off during 2005. The City has \$3.7 million in general obligation bonds outstanding at year-end. The City also has over \$1.6 million of promissory notes payable and over \$228,000 of capital leases payable at year-end.

The City's overall legal debt margin was \$27,365,514 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, 2004**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Investments	\$21,952,723	\$411,827	\$22,364,550
Receivables			
Income Tax	2,299,296		2,299,296
Property Tax	769,260		769,260
Accounts	68,999	1,504	70,503
Intergovernmental	366,387		366,387
Loans (net of Allowance for uncollectible)	341,714	42,358	384,072
Inventories	134,279		134,279
Prepays	108,326		108,326
<b>Total Current Assets</b>	<u>26,040,984</u>	<u>455,689</u>	<u>26,496,673</u>
<b>CAPITAL ASSETS (net of accumulated depreciation)</b>			
Land	6,479,710		6,479,710
Infrastructure	2,672,861		2,672,861
Buildings and System	7,669,541		7,669,541
Machinery and Equipment	3,043,857		3,043,857
Construction in Progress	364,500		364,500
<b>Total Capital Assets</b>	<u>20,230,469</u>		<u>20,230,469</u>
<b>Total Assets</b>	<u>46,271,453</u>	<u>455,689</u>	<u>46,727,142</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	387,967		387,967
Salaries and Benefits Payable	740,642		740,642
Insurance Claims Payable	388,596		388,596
Unearned Revenue	769,260		769,260
<b>Total Current Liabilities</b>	<u>2,286,465</u>		<u>2,286,465</u>
<b>LONG TERM LIABILITIES</b>			
Due within one year	1,135,616		1,135,616
Due in more than 1 year	6,547,120		6,547,120
<b>Total Long Term Liabilities</b>	<u>7,682,736</u>		<u>7,682,736</u>
<b>Total Liabilities</b>	<u>9,969,201</u>		<u>9,969,201</u>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	14,587,152		14,587,152
Restricted for:			
Debt service	141,194		141,194
Special Revenue	1,094,256		1,094,256
Capital Projects	6,025,773		6,025,773
Unrestricted	14,453,877	455,689	14,909,566
<b>Total Net Assets</b>	<u>\$36,302,252</u>	<u>\$455,689</u>	<u>\$36,757,941</u>

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



**CITY OF MORAINE, OHIO**  
**Statement of Activities**  
**For the Year Ended December 31, 2004**

FUNCTIONS/PROGRAMS Primary Government:	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$4,657,912	\$299,246	\$507,946		(\$3,850,720)		(\$3,850,720)
Public safety	8,836,378	4,753	80,759		(8,750,866)		(8,750,866)
Highways and streets	2,955,562	495		\$233,711	(2,721,356)		(2,721,356)
Sanitation	266,340				(266,340)		(266,340)
Culture and recreation	2,891,794	720,942	17,837		(2,153,015)		(2,153,015)
Economic development	315,864				(315,864)		(315,864)
Health and Welfare	163,309	87,215			(76,094)		(76,094)
Debt Service							
Interest	3,500				(3,500)		(3,500)
<b>Total Governmental Activities</b>	<u>20,090,659</u>	<u>1,112,651</u>	<u>606,542</u>	<u>233,711</u>	<u>(18,137,755)</u>		<u>(18,137,755)</u>
<b>Business Type Activities</b>							
Loan Program		3,447				\$3,447	3,447
<b>Total Business Type Activities</b>		<u>3,447</u>				<u>3,447</u>	<u>3,447</u>
<b>Total Primary Government</b>	<u>\$20,090,659</u>	<u>\$1,116,098</u>	<u>\$606,542</u>	<u>\$233,711</u>	<u>(\$18,137,755)</u>	<u>\$3,447</u>	<u>(\$18,134,308)</u>
<b>General Revenues</b>							
Income tax					14,508,566		14,508,566
Property tax levied for							
General purposes					446,232		446,232
Police pensions					92,835		92,835
Fire pensions					92,835		92,835
Other taxes					91,693		91,693
Shared revenues					829,436		829,436
Special assessments					16,390		16,390
Rents and royalties					65,390		65,390
Miscellaneous receipts & reimbursements					127,278		127,278
Investment earnings					352,038	6,651	358,689
Gain on the sale of capital assets					25,237		25,237
<b>Total General Revenues</b>					<u>16,647,930</u>	<u>6,651</u>	<u>16,654,581</u>
Change in Net Assets					(1,489,825)	10,098	(1,479,727)
Net Assets - Beginning					37,792,077	445,591	38,237,668
Net Assets - Ending					<u>\$36,302,252</u>	<u>\$455,689</u>	<u>\$36,757,941</u>

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

**CITY OF MORaine, OHIO**  
**Balance Sheet - Governmental Funds**  
**December 31, 2004**

	GENERAL FUND	PARKS & RECREATION	ECONOMIC DEVELOPMENT	CAPITAL IMPROVEMENT	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
<b>ASSETS</b>						
Cash and Investments	\$10,660,165	\$303,346	\$1,412,317	\$6,638,808	\$857,570	\$19,872,206
Receivables						
Income Tax	\$2,069,392			\$229,904		\$2,299,296
Property Tax	\$583,590				\$185,670	\$769,260
Accounts	\$67,244	\$333		\$1,166	\$256	\$68,999
Intergovernmental	\$196,235				\$168,152	\$366,387
Loans (net of Allowance for uncollectible)	\$1,145,000	\$35,000	\$341,714		\$300,000	\$1,480,000
Due from Other Funds	\$4,720				\$42,315	\$47,035
Inventories	\$107,952	\$245			\$129	\$108,326
Prepays	\$14,836,298	\$338,924	\$1,754,031	\$6,869,878	\$1,554,092	\$25,353,223
<b>Total Assets</b>						
	\$14,836,298	\$338,924	\$1,754,031	\$6,869,878	\$1,554,092	\$25,353,223
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$69,746	\$17,900		\$274,745	\$4,002	\$386,393
Salaries and Benefits Payable	\$377,237	\$43,276			\$318,050	\$738,563
Compensated Absences Payable	\$47,091	\$3,840			\$5,297	\$56,228
Due to Other Funds	\$335,000		\$1,145,000			\$1,480,000
Unearned Revenue	\$1,732,296			\$107,913	\$326,312	\$2,166,521
<b>Total Liabilities</b>	\$2,561,370	\$65,016	\$1,145,000	\$382,658	\$653,661	\$4,807,705
<b>FUND BALANCES:</b>						
Reserved for:						
Encumbrances	\$203,139	\$37,914		\$461,447	\$31,391	\$733,891
Prepays	\$107,952	\$245			\$129	\$108,326
Inventories	\$4,720				\$42,315	\$47,035
Loans			\$341,714			\$341,714
Unreserved, Undesignated, Reported in:						
General Fund	\$11,959,117	\$235,749	\$267,317		\$826,596	\$11,959,117
Special Revenue Funds					\$0	\$1,329,662
Debt Service Fund						\$0
Capital Projects Fund				\$6,025,773	\$900,431	\$6,025,773
<b>Total Fund Balance</b>	\$12,274,928	\$273,908	\$609,031	\$6,487,220	\$900,431	\$20,545,518
<b>Total Liabilities and Fund Balances</b>	\$14,836,298	\$338,924	\$1,754,031	\$6,869,878	\$1,554,092	\$25,353,223

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:

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:  
Income tax receivable  
Shared taxes receivable

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.

The following long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Vacation, sick leave and compensatory time benefits  
Bonds and notes payable  
Capital lease obligations payable

**Net Assets of Governmental Activities**

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

	20,191,867
	1,079,294
	317,967
	1,742,517
	(1,970,196)
	(5,343,670)
	(261,045)
<b>Net Assets of Governmental Activities</b>	<b>\$36,302,252</b>

**CITY OF MORAIN, OHIO**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2004**

	GENERAL FUND	PARKS & RECREATION	ECONOMIC DEVELOPMENT	CAPITAL IMPROVEMENT	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
<b>REVENUES</b>						
Taxes:						
Income	\$13,091,511			\$1,522,589		\$14,614,100
Property	479,188				\$152,714	631,902
Other	86,769				4,924	91,693
Shared Revenues	595,363				377,036	972,399
Licenses and Permits	57,549				3,145	60,694
Charges for Services	44,242	\$713,017				757,259
Fines	270,568			15,309		285,877
Special Assessments					16,391	16,391
Investment Earnings	321,844	14,270			15,925	352,039
Contribution and Donations		1,958				1,958
Rents and Royalties	65,390					65,390
Intergovernmental	451,619	15,879		233,710		701,208
Miscellaneous Receipts & Reimbursements	132,578	50			3,468	136,096
<b>Total Revenues</b>	<u>15,596,621</u>	<u>745,174</u>	<u></u>	<u>1,771,608</u>	<u>573,603</u>	<u>18,687,006</u>
<b>Expenditures</b>						
Current:						
General government	4,147,849					4,147,849
Public Safety	7,152,205				928,670	8,080,875
Highways and streets	460,754				1,616,239	2,076,993
Sanitation	266,340					266,340
Economic development	152,549		\$131,286			283,835
Health and welfare	162,051					162,051
Culture and recreation	116,871	2,484,483				2,601,354
Debt service						
Principal				822,072	15,000	837,072
Interest					3,500	3,500
Capital Outlays:						
General government				178,006		178,006
Public Safety				661,267		661,267
Highways and streets				1,332,440		1,332,440
Sanitation						0
Economic development				3,173,914		3,173,914
Health and welfare						0
Culture and recreation				287,414		287,414
<b>Total Expenditures</b>	<u>12,458,619</u>	<u>2,484,483</u>	<u>131,286</u>	<u>6,455,113</u>	<u>2,563,409</u>	<u>24,092,910</u>
<b>Excess (deficiency) of Revenues Over (under) Expenditures</b>	<u>3,138,002</u>	<u>(1,739,309)</u>	<u>(131,286)</u>	<u>(4,683,505)</u>	<u>(1,989,806)</u>	<u>(5,405,904)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
General long-term debt issued				5,549,682		5,549,682
Transfers in		1,250,000			2,050,000	3,300,000
Transfers out	(3,450,000)					(3,450,000)
Proceeds from capital leases						0
Proceeds from the sale of capital assets	13,707			17,140		30,847
<b>Total Other Financing Sources (Uses)</b>	<u>(3,436,293)</u>	<u>1,250,000</u>	<u></u>	<u>5,566,822</u>	<u>2,050,000</u>	<u>5,430,529</u>
<b>Net Change in Fund Balance</b>	<u>(298,291)</u>	<u>(489,309)</u>	<u>(131,286)</u>	<u>883,317</u>	<u>60,194</u>	<u>24,625</u>
Fund Balance - Beginning	12,573,219	763,217	740,317	5,603,903	840,237	20,520,893
Fund Balance - Ending	\$12,274,928	\$273,908	\$609,031	\$6,487,220	\$900,431	20,545,518

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

Net change in fund balances - total governmental funds 24,625

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

Capital outlays 4,989,607  
 Depreciation expense (1,153,667)

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. (5,610)

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 (111,409)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets (5,549,682)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 837,072

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 93,302

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 (614,063)

**Change in net assets of governmental activities (\$1,489,825)**

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

**CITY OF MORAINE, OHIO**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	MORAINE LOAN PROGRAM	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Investments	\$411,827	\$2,080,517
Loans (net of Allowance for uncollectible)	42,358	
Receivables	1,504	
Inventories		87,244
Prepays		
<b>Total Current Assets</b>	455,689	2,167,761
<b>CAPITAL ASSETS</b> (net of accumulated depreciation)		
Machinery and Equipment		38,602
<b>Total Capital Assets</b>		38,602
<b>Total Assets</b>	455,689	2,206,363
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable		12,059
Salaries and Benefits Payable		11,594
Compensated Absences Payable		51,597
Insurance Claims Payable		388,596
<b>Total Current Liabilities</b>		463,846
<b>Total Liabilities</b>		463,846
<b>NET ASSETS</b>		
Invested in Capital assets net of related debt		38,602
Unrestricted	455,689	1,703,915
<b>Total Net Assets</b>	\$455,689	\$1,742,517

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, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	MORAINE LOAN PROGRAM	
<b>Operating Revenues</b>		
Charges for Services	\$3,447	\$1,299,477
Miscellaneous Receipts & Reimbursements		491,934
<b>Total Operating Revenues</b>	<u>3,447</u>	<u>1,791,411</u>
<b>Operating Expenses</b>		
Current:		
Cost of Services		2,567,644
Depreciation		15,958
<b>Total Operating Expenses</b>		<u>2,583,602</u>
<b>Operating Income (Loss)</b>	<u>3,447</u>	<u>(792,191)</u>
<b>Non-operating revenues (expenses)</b>		
Investment earnings	6,651	28,128
<b>Total non-operating revenues (expenses)</b>	<u>6,651</u>	<u>28,128</u>
Transfers in		150,000
<b>Total Other Financing Sources(Uses)</b>		<u>150,000</u>
<b>Change in Net Assets</b>	<u>10,098</u>	<u>(614,063)</u>
Total Net Assets - Beginning	445,591	2,356,580
Total Net Assets - Ending	<u>\$455,689</u>	<u>\$1,742,517</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, 2004**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS MORaine LOAN PROGRAM</b>	<b>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</b>
<b>Cash Flows From Operating Activities</b>		
Cash received for services	\$11,672	\$1,299,477
Miscellaneous Receipts & Reimbursements		491,934
Cash paid to suppliers for goods or services		(2,203,246)
Cash paid to employees for services		(180,816)
Net cash provided (used) by operating activities	<u>11,672</u>	<u>(592,651)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfer from other funds		150,000
Net cash provided by noncapital financing activities		<u>150,000</u>
<b>Cash Flows From Investing Activities</b>		
Investment earnings	6,651	28,128
Net Cash provided (used) by investing activities	<u>6,651</u>	<u>28,128</u>
<b>Net increase (decrease) in cash</b>	18,323	(414,523)
<b>Cash at Beginning of year</b>	393,504	2,495,040
<b>Cash at end of year</b>	<u>411,827</u>	<u>2,080,517</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>		
Operating income (loss)	\$3,447	(\$792,191)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		15,958
(Increase) decrease in inventories		(4,132)
(Increase) decrease in Prepaid Expenses		85
Increase (decrease) in accounts payable		(2,972)
Increase (decrease) in salaries and benefits payable		3,893
Increase (decrease) in insurance claims payable		186,708
(Increase) decrease in receivable	8,225	
Net cash provided (used) by operating activities	<u>\$11,672</u>	<u>(\$592,651)</u>

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

**CITY OF MORAIN, OHIO**  
**Statement of Fiduciary Net Assets**  
**FIDUCIARY FUNDS**  
**December 31, 2004**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and Investments	\$57,159
<b>Total Assets</b>	57,159
<b>LIABILITIES</b>	
Deposits	33,067
Due to Other Governments	4,531
Escrow Bonds and Deposits	19,561
<b>Total Liabilities</b>	\$57,159

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, 2004

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. *Reporting Entity*

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

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

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

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

##### B. *Basis of Presentation*

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



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

#### Government-wide Statements

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

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

#### Fund Financial Statements

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

## **Fund Accounting**

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

### **Governmental Funds**

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

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

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

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

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

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

### **Proprietary Funds**

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

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

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

### **Fiduciary Funds**

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

### **C. *Measurement Focus***

#### Government-wide Financial Statements

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

## Fund Financial Statements

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

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

### ***D. Basis of Accounting***

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

## Revenues – Exchange and Non-exchange Transactions

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

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

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

#### Deferred Revenue

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

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

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

#### Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost,

such as depreciation and amortization, are not recognized in governmental funds.

***E. Cash and Investments***

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

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

The City of Moraine has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2004. STAROhio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on December 31, 2004.

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

***F. Inventory***

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

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

***G. Prepaids***

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

**H. Capital Assets**

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

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

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

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

The City adopted GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” for 2003. One of the requirements under this statement is to account for infrastructure assets. The City has capitalized infrastructure assets that have been added during 2003 and 2004. 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 payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year end taking into consideration any limits specified in the City's personnel manual.

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

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

***K. Accrued Liabilities and Long-Term Obligations***

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

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



**L. *Net Assets***

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

**M. *Operating Revenues and Expenses***

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

**N. *Interfund Activity***

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

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

**O. *Extraordinary and Special Items***

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

**P. *Estimates***

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

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

**2. DEPOSITS AND INVESTMENTS**

**Deposits:** At year-end, the carrying amount of the City’s deposits was \$3,101,686 and the bank balance was \$3,205,797. Of the bank balance, \$309,048 was covered by Federal depository insurance. The remaining \$2,896,749 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 \$25,905 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>
<b>Investments with fiscal agent –</b>				
<b>U. S. Government securities</b>	\$17,849,994			\$17,849,994
<b>Sub-totals</b>	<u>\$17,849,994</u>			\$17,849,994
<b>State Treasurer’s Investment Pool</b>				\$1,353,974
<b>Money Market Mutual Funds</b>				<u>\$116,055</u>
<b>Total Investments</b>				<u>\$19,320,023</u>

3. **LOANS RECEIVABLE**

The City operates a long-term enterprise fund loan program. Loans receivable at December 31, 2004 were:

Loans Receivable	<u>\$ 44,119</u>
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There are no outstanding loan commitments at December 31, 2004.

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

The loans receivable in the Economic Fund at December 31, 2004 is as follows:

Loans Receivable 1/1/2004	\$ 303,000
New Loans	170,000
Forgiven Loans	103,286
Bad Debts Written Off	28,000
Less allowance for bad debts	<u>0</u>
Loans Receivable 12/31/2004	<u>\$ 341,714</u>

#### 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Capital assets not being Depreciated:				
Land	\$ 3,324,043	\$3,161,276	\$ (5,609)	\$ 6,479,710
Construction in progress	<u>1,234,054</u>	<u>262,684</u>	<u>(1,132,238)</u>	<u>364,500</u>
Subtotal	<u>4,558,097</u>	<u>3,423,960</u>	<u>(1,137,847)</u>	<u>6,844,210</u>
Capital assets being Depreciated:				
Buildings and improvements	12,223,918	74,573		12,298,491
Machinery and equipment	8,579,461	1,124,086	(177,415)	9,526,132
Infrastructure	<u>1,246,352</u>	<u>1,499,223</u>		<u>2,745,575</u>
Subtotal	<u>22,049,731</u>	<u>2,697,882</u>	<u>(177,415)</u>	<u>24,570,198</u>
Accumulated depreciation:				
Buildings and improvements	(4,247,408)	(381,542)		(4,628,950)
Machinery and equipment	(5,920,083)	(739,607)	177,415	(6,482,275)
Infrastructure	<u>(24,238)</u>	<u>(48,476)</u>		<u>(72,714)</u>
Subtotal	<u>(10,191,729)</u>	<u>(1,169,625)</u>	<u>177,415</u>	<u>(11,183,939)</u>
Net capital assets being Depreciated	<u>11,858,002</u>	<u>1,528,257</u>		<u>13,386,259</u>
Net capital assets	<u>\$ 16,416,099</u>	<u>\$ 4,952,217</u>	<u>\$(1,137,847)</u>	<u>\$ 20,230,469</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 223,997
Public Safety	437,047
Highways and Streets	221,934
Culture & Recreation	255,011
Health and Welfare	4,028
Economic Development	<u>11,650</u>
Total Annual Depreciation	<u>\$1,153,667</u>

Fixed assets of the Internal Service City Garage Fund include machinery and equipment with a cost of \$171,807 and accumulated depreciation of \$133,205 or Net Capital Assets of \$38,602.

#### 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, 2003
Lien date	January 1, 2004
Tax bill mailed	January 20, 2004
First installment payment due	February 15, 2004
Second installment payment due	July 15, 2004

The assessed values for the City at the lien date of January 1, 2003, were as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$136,075,480
Public Utility Real	200,290
Tangible Personal	80,808,197
Public Utility Personal	43,539,980
<b>Total</b>	<b><u>\$260,623,947</u></b>

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

7. **LONG-TERM OBLIGATIONS**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Special assessment bonds:</b>					
1984 El-Bee Road, 10.0%	<u>\$35,000</u>		<u>\$15,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
Total special assessment Bonds	<u>35,000</u>		<u>15,000</u>	<u>20,000</u>	<u>20,000</u>
<b>Other:</b>					
Accrued vacation, sick leave And comp time benefits	2,154,479	841,105	917,563	2,078,021	144,368
Ohio Public Works Commission Long-term Promissory Notes, 0.0%	346,380		27,710	318,670	27,710
National City Bank Capital Equipment Lease, 2.13%, 2.43% and 3.00%	193,109	99,682	64,370	228,421	100,914
Narayan, Inc. Long-term Promissory Note, 0.0%	225,000		50,000	175,000	50,000
Boxwood Properties, Inc Promissory Note, 0.0%		1,750,000	620,000	1,130,000	760,000
Montgomery County Equipment Loan, 0.0%	<u>92,616</u>		<u>59,992</u>	<u>32,624</u>	<u>32,624</u>
Total other	<u>3,011,584</u>	<u>2,690,787</u>	<u>1,739,635</u>	<u>3,962,736</u>	<u>1,115,616</u>
Total long-term liabilities	<u>\$3,046,584</u>	<u>\$2,690,787</u>	<u>\$,1754,635</u>	<u>\$3,982,736</u>	<u>\$1,135,616</u>

8. **LEASES AND COMMITMENTS**

The City entered into three additional capital leases during 2004. The leases are for the purchase of computer equipment and software for the Police and Fire Divisions, Mayor's Court, and Finance. The lease periods are three years with semi-annual interest payments and annual principal payments and the interest rate are 2.13%, 2.43% and 3.00%

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

<u>Year Ending December 31</u>	<u>Amount</u>
2005	\$105,944
2006	103,715
2007	<u>27,111</u>
Total minimum lease payments	236,770
Less: Amount representing interest	<u>(8,349)</u>
Present value of minimum lease payments	<u>\$228,421</u>

As of December 31, 2004, the City had the following significant construction and other contractual commitments outstanding:

<u>Vendor</u>	<u>Outstanding Commitment</u>
Barge, Waggoner, Summer & Cannon, Inc.	\$58,522
Mainline Road & Bridge	52,865
Creative Impressions	31,596
M E Companies.	30,000
Brandsetter Carroll Inc	5,000
Oaks Engineering	5,000
Bowser Morner, Inc.	4,213
Baker Concrete Construction	4,000
Anderson Security	<u>30</u>
Total	<u>\$191,226</u>

**9. BOND ANTICIPATION NOTES**

During the year the City issued notes of \$3,700,000 with semi annual interest pays at 1.67% for Road Right of Way Acquisition. This note is a one year note to be rolled in 2005. The Note is Due the 4<sup>th</sup> day of March, 2005 with interest payment of \$30,895 due at that time. The note was rolled with a new interest rate of 4.4% with semi annual interest payments of \$81,400.00.

**10. SPECIAL ASSESSMENTS BONDS PAYABLE WITH GOVERNMENTAL COMMITMENT**

The following is a summary of debt transactions for the year ended December 31, 2004:

Bonds payable, January 1, 2004	\$ 35,000
Bonds retired	<u>15,000</u>
Bonds payable, December 31, 2004	<u>\$ 20,000</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:

<b>Year Ending</b> <b><u>December 31</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2005	\$ 20,000	\$ 2,000
<b>Totals</b>	<b><u>\$ 20,000</u></b>	<b><u>\$ 2,000</u></b>

11. **OTHER LONG-TERM OBLIGATIONS**

Ohio Public Works Commission Long-term Promissory Notes

The following is a summary of debt transactions for the year ended December 31, 2004:

Loans payable, January 1, 2004	\$346,380
Loan payments	<u>27,710</u>
Loans payable December 31, 2004	<u>\$318,670</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 1<sup>st</sup> and July 1<sup>st</sup> each year.

Annual principal payments required on the Dryden Road Loan are:

<b>Year Ending</b> <b><u>December 31</u></b>	<b><u>Principal</u></b>	<b>Year Ending</b> <b><u>December 31</u></b>	<b><u>Principal</u></b>
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>\$318,670</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. This loan is interest free and has annual principal payments. Annual principal payments are as follows:

<b>Year Ending</b> <b><u>December 31</u></b>	<b><u>Principal</u></b>
2005	<u>\$32,624</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 3<sup>rd</sup> day of February. Annual principal payments required are:

<b><u>Year Ending December 31</u></b>	<b><u>Principal</u></b>
2005	\$50,000
2006	50,000
2007	<u>75,000</u>
Totals	<u>\$175,000</u>

Boxwood Properties, Inc. Long-term Promissory Note

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

<b><u>Year Ending December 31</u></b>	<b><u>Principal</u></b>
2005	\$760,000
2006	<u>370,000</u>
Totals	<u>\$1,130,000</u>

12. **PENSION PLAN OBLIGATIONS**

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

Ohio Public Employees Retirement System (OPERS)

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2004, 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, 2002, 2003 and 2004, were \$638,876, \$687,459 and \$673,514 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, 2002, 2003 and 2004, were \$833,142, \$877,891 and \$911,864, respectively, equal to the required contributions for each year.

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

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

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

### Ohio Public Employees Retirement System OPEB

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

The 2004 employer contribution rate was 13.55%, of which 4.0% was used to fund health care. The City's contribution for the year ended December 31, 2004, was \$198,821 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 2003 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 369,885 as of December 31, 2003; the date the latest actuarial review was performed. OPERS actuarially determined accrued liability for OPEB's at December 31, 2004, are \$26.9 billion with net assets available for OPEB of \$10.5 billion, leaving an unfunded actuarial liability of \$16.4 billion.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCCP) with an effective date of January 1, 2007. The HCCP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Under the HCCP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

Ohio Police and Fire Pension Fund OPEB

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

Health care funding and accounting is on a pay-as-you-go basis. The Ohio Revised Code provides that health care costs paid shall be included in the employer's contribution rate. In addition, all retirees and survivors are required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. The 2004 employer contribution rate was 19.5% of covered payroll for Police and 24.0% for Fire of which 7.75% was used to fund health insurance. The City's contribution for the year ended December 31, 2004 was \$173,145 for Police and \$153,661 for Fire to pay postemployment benefits.

The number of participants eligible to receive health care benefits as of December 31, 2003, was 13,622 for Police and 10,474 for Fire. OP&F's total health care expense for the year ended December 31, 2003 was \$150,853,148, which was net of member contributions of \$17,207,506.

14. **INTERFUND TRANSACTIONS**

Interfund receivables and payables at December 31, 2004 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	_____	1,145,000
<b>Total</b>	<u>\$1,480,000</u>	<u>\$1,480,000</u>

Interfund transfers for 2004 were

<u>Fund</u>	<u>From Other Funds</u>	<u>To Other Funds</u>
General Fund		\$3,450,000
Special Revenue Funds:		
Street Const./Maint.	\$1,250,000	
Parks & Rec.	1,250,000	
City Garage	150,000	
Police Pension	350,000	
Fire Pension	<u>450,000</u>	<u>                    </u>
<b>Total</b>	<u>\$3,450,000</u>	<u>\$3,450,000</u>

15. **CONTINGENT LIABILITIES**

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

16. **RISK MANAGEMENT**

Property and Liability Coverage

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

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

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

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 \$1,541,619 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>2002</u>	<u>2003</u>	<u>2004</u>
\$37,654	\$0	\$383,103

Below is a claim history for the past three years:

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Claims liability at January 1	\$62,971	\$50,963	\$201,888
Claims incurred	872,097	1,330,919	2,119,040
Claims paid	<u>(884,105)</u>	<u>(1,179,994)</u>	<u>(1,932,332)</u>
Claims liability at December 31	<u>\$50,963</u>	<u>\$201,888</u>	<u>\$388,596</u>

17. **CONDUIT DEBT OBLIGATIONS**

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

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



**CITY OF MORAINE, OHIO**

**REQUIRED**

**SUPPLEMENTARY**

**INFORMATION**





**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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>REVENUE</b>				
Taxes				
Income	\$13,172,046	\$13,172,046	\$13,590,891	\$418,845
Property	508,440	508,440	503,577	(4,863)
Other	104,044	104,044	86,950	(17,094)
Shared Revenues	465,518	465,518	595,490	129,972
License and Permits	39,890	39,890	57,549	17,659
Charges for Services	11,516	11,516	41,329	29,813
Fines	379,736	379,736	283,382	(96,354)
Investment Earnings	408,693	408,693	219,973	(188,720)
Rents and Royalties	11,585	11,585	65,390	53,805
Intergovernmental	12,561	12,561	452,038	439,477
Miscellaneous Receipts & Reimbursements	23,930	23,930	132,579	108,649
<b>Total Revenues</b>	<u>15,137,959</u>	<u>15,137,959</u>	<u>16,029,148</u>	<u>891,189</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT:</b>				
<b>Council:</b>				
Personnel services	32,310	28,310	15,610	12,700
General operating expenses	85,066	91,475	65,875	25,600
<b>Total Council</b>	<u>117,376</u>	<u>119,785</u>	<u>81,485</u>	<u>38,300</u>
<b>Clerk of Council:</b>				
Personnel services	66,955	71,755	65,833	5,922
General operating expenses	7,005	7,205	4,381	2,824
<b>Total Clerk Council</b>	<u>73,960</u>	<u>78,960</u>	<u>70,214</u>	<u>8,746</u>
<b>City Manager's office:</b>				
Personnel services	239,635	234,585	227,428	7,157
General operating expenses	24,401	226,190	133,544	92,646
<b>Total City Manager's office</b>	<u>264,036</u>	<u>460,775</u>	<u>360,972</u>	<u>99,803</u>
<b>Clerk of Courts:</b>				
Personnel services	105,631	110,563	104,216	6,347
General operating expenses	21,800	48,533	35,674	12,859
<b>Total Clerk of Courts</b>	<u>127,431</u>	<u>159,096</u>	<u>139,890</u>	<u>19,206</u>
<b>Law Director:</b>				
Personnel services	210,716	135,616	98,127	37,489
General operating expenses	35,263	137,212	131,606	5,606
<b>Total Law Director</b>	<u>245,979</u>	<u>272,828</u>	<u>229,733</u>	<u>43,095</u>
<b>Merit Service</b>				
Personnel services				
General operating expenses	6,500	12,490	8,373	4,117
<b>Total Merit Service</b>	<u>6,500</u>	<u>12,490</u>	<u>8,373</u>	<u>4,117</u>
<b>Mayor:</b>				
Personnel services	15,326	15,076	13,016	2,060
General operating expenses	6,725	33,212	20,197	13,015
<b>Total Mayor</b>	<u>22,051</u>	<u>48,288</u>	<u>33,213</u>	<u>15,075</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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>Finance:</b>				
Personnel services	503,868	531,736	526,516	5,220
General operating expenses	35,200	40,788	34,618	6,170
<b>Total Finance</b>	<u>539,068</u>	<u>572,524</u>	<u>561,134</u>	<u>11,390</u>
<b>Information Center:</b>				
Personnel services	126,705	113,705	96,811	16,894
General operating expenses				
<b>Total Information Center</b>	<u>126,705</u>	<u>113,705</u>	<u>96,811</u>	<u>16,894</u>
<b>Public Buildings:</b>				
Personnel services	1,466,038	1,381,379	1,347,868	33,511
General operating expenses	680,921	706,952	553,642	153,310
<b>Total Public Buildings</b>	<u>2,146,959</u>	<u>2,088,331</u>	<u>1,901,510</u>	<u>186,821</u>
<b>General Miscellaneous:</b>				
Personnel services	104,500	31,500	14,806	16,694
General operating expenses	465,805	469,812	424,653	45,159
<b>Total General Miscellaneous</b>	<u>570,305</u>	<u>501,312</u>	<u>439,459</u>	<u>61,853</u>
<b>Information Technology</b>				
Personnel services	76,190	76,276	62,031	14,245
General operating expenses	160,554	224,006	211,621	12,385
<b>Total Information Technology</b>	<u>236,744</u>	<u>300,282</u>	<u>273,652</u>	<u>26,630</u>
<b>Human Resources</b>				
Personnel services	81,782	83,307	82,733	574
General operating expenses	36,366	42,999	36,113	6,886
<b>Total Human Resources</b>	<u>118,148</u>	<u>126,306</u>	<u>118,846</u>	<u>7,460</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>4,595,262</u>	<u>4,854,682</u>	<u>4,315,292</u>	<u>539,390</u>
<b>PUBLIC SAFETY:</b>				
<b>Police:</b>				
Personnel services	3,469,833	3,534,589	3,518,708	15,881
General operating expenses	408,950	437,468	410,608	26,860
<b>Total Police</b>	<u>3,878,783</u>	<u>3,972,057</u>	<u>3,929,316</u>	<u>42,741</u>
<b>Fire:</b>				
Personnel services	3,167,862	3,148,122	3,073,430	74,692
General operating expenses	253,787	256,994	246,013	10,981
<b>Total Fire</b>	<u>3,421,649</u>	<u>3,405,116</u>	<u>3,319,443</u>	<u>85,673</u>
<b>Civil Defense</b>				
Personnel services				
General operating expenses	7,761	7,761	6,920	841
<b>Total Civil Defense</b>	<u>7,761</u>	<u>7,761</u>	<u>6,920</u>	<u>841</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>7,308,193</u>	<u>7,384,934</u>	<u>7,255,679</u>	<u>129,255</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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>HIGHWAYS AND STREETS:</b>				
<b>Engineering:</b>				
Personnel services	175,297	177,751	173,334	4,417
General operating expenses	46,775	48,465	38,085	10,380
<b>Total Engineering</b>	<u>222,072</u>	<u>226,216</u>	<u>211,419</u>	<u>14,797</u>
<b>Street Lighting:</b>				
Personnel services				
General operating expenses	260,000	260,000	254,131	5,869
<b>Total Street lighting</b>	<u>260,000</u>	<u>260,000</u>	<u>254,131</u>	<u>5,869</u>
<b>TOTAL HIGHWAYS AND STREETS</b>	<u>482,072</u>	<u>486,216</u>	<u>465,550</u>	<u>20,666</u>
<b>SANITATION:</b>				
<b>Waste Collection:</b>				
Personnel services				
General operating expenses	343,430	337,787	285,051	52,736
<b>Total Waste Collection</b>	<u>343,430</u>	<u>337,787</u>	<u>285,051</u>	<u>52,736</u>
<b>TOTAL SANITATION</b>	<u>343,430</u>	<u>337,787</u>	<u>285,051</u>	<u>52,736</u>
<b>HEALTH AND WELFARE:</b>				
<b>Health &amp; Alcoholism:</b>				
Personnel services				
General operating expenses	1,512	1,512	1,079	433
<b>Total Health &amp; Alcoholism</b>	<u>1,512</u>	<u>1,512</u>	<u>1,079</u>	<u>433</u>
<b>Board of Zoning Appeals:</b>				
Personnel services				
General operating expenses	1,400	1,601	1,120	481
<b>Total Board of Zoning Appeals</b>	<u>1,400</u>	<u>1,601</u>	<u>1,120</u>	<u>481</u>
<b>Building Inspection:</b>				
Personnel services	130,230	132,330	125,654	6,676
General operating expenses	37,948	39,907	36,341	3,566
<b>Total Building Inspection</b>	<u>168,178</u>	<u>172,237</u>	<u>161,995</u>	<u>10,242</u>
<b>TOTAL HEALTH AND WELFARE</b>	<u>171,090</u>	<u>175,350</u>	<u>164,194</u>	<u>11,156</u>
<b>CULTURE-RECREATION:</b>				
<b>Senior Citizens</b>				
Personnel services				
General operating expenses	12,728	12,728	12,727	1
<b>Total senior citizens</b>	<u>12,728</u>	<u>12,728</u>	<u>12,727</u>	<u>1</u>
<b>Summer Jobs:</b>				
Personnel services	104,052	78,802	73,405	5,397
General operating expenses	1,536	1,536	1,414	122
<b>Total Summer Jobs</b>	<u>105,588</u>	<u>80,338</u>	<u>74,819</u>	<u>5,519</u>
<b>Fire Works:</b>				
Personnel services				
General operating expenses	30,000	30,000	30,000	
<b>Total Fire Works</b>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	
<b>TOTAL CULTURE-RECREATION</b>	<u>148,316</u>	<u>123,066</u>	<u>117,546</u>	<u>5,520</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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>ECONOMIC DEVELOPMENT AND ASSISTANCE:</b>				
<b>Planning:</b>				
Personnel services	115,105	118,205	116,506	1,699
General operating expenses	64,350	68,078	43,361	24,717
<b>Total Planning</b>	<u>179,455</u>	<u>186,283</u>	<u>159,867</u>	<u>26,416</u>
<b>Planning Commission:</b>				
Personnel services				
General operating expenses	8,200	8,352	5,744	2,608
<b>Total Planning Commission</b>	<u>8,200</u>	<u>8,352</u>	<u>5,744</u>	<u>2,608</u>
<b>TOTAL ECONOMIC DEVELOPMENT AND ASSISTANCE</b>	<u>187,655</u>	<u>194,635</u>	<u>165,611</u>	<u>29,024</u>
<b>TOTAL EXPENDITURES</b>	<u>13,236,018</u>	<u>13,556,670</u>	<u>12,768,923</u>	<u>787,747</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,901,941</u>	<u>1,581,289</u>	<u>3,260,225</u>	<u>1,678,936</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(4,685,000)	(4,685,000)	(3,450,000)	1,235,000
Proceeds from the sale of capital assets			13,707	13,707
<b>Total Other Financing Sources (Uses)</b>	<u>(4,685,000)</u>	<u>(4,685,000)</u>	<u>(3,436,293)</u>	<u>1,248,707</u>
<b>Net Change in Fund Balance</b>	<u>(2,783,059)</u>	<u>(3,103,711)</u>	<u>(176,068)</u>	<u>2,927,643</u>
Fund Balance - Beginning	10,808,803	10,808,803	10,808,803	
Encumbrances	203,139	203,139	203,139	
Fund Balance - Ending	<u>\$8,228,883</u>	<u>\$7,908,231</u>	<u>\$10,835,874</u>	<u>\$2,927,643</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, 2004**

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
<b>REVENUE</b>				
Taxes				
Charges for Services	\$984,635	\$984,635	\$713,326	(\$271,309)
Investment Earnings	8,585	8,585	5,586	(2,999)
Intergovernmental			15,879	15,879
Miscellaneous Receipts & Reimbursements			50	50
<b>Total Revenues</b>	<u>993,220</u>	<u>993,220</u>	<u>734,841</u>	<u>(258,379)</u>
<b>EXPENDITURES</b>				
Culture-Recreation				
Civic Center				
Personnel services	311,966	310,966	308,037	2,929
General operating expenses	68,150	79,728	60,056	19,672
<b>Total Civic Center</b>	<u>380,116</u>	<u>390,694</u>	<u>368,093</u>	<u>22,601</u>
Natatorium				
Personnel services	76,772	76,772	71,220	5,552
General operating expenses	160,800	166,205	155,477	10,728
<b>Total Natatorium</b>	<u>237,572</u>	<u>242,977</u>	<u>226,697</u>	<u>16,280</u>
Water Park				
Personnel services	560,211	544,111	475,534	68,577
General operating expenses	422,800	431,936	411,253	20,683
<b>Total Water Park</b>	<u>983,011</u>	<u>976,047</u>	<u>886,787</u>	<u>89,260</u>
Recreational Center				
Personnel services	719,917	714,117	644,649	69,468
General operating expenses	424,650	433,625	397,045	36,580
<b>Total Recreational Center</b>	<u>1,144,567</u>	<u>1,147,742</u>	<u>1,041,694</u>	<u>106,048</u>
<b>Total Culture-Recreation</b>	<u>2,745,266</u>	<u>2,757,460</u>	<u>2,523,271</u>	<u>234,189</u>
<b>Total Expenses</b>	<u>2,745,266</u>	<u>2,757,460</u>	<u>2,523,271</u>	<u>234,189</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,752,046)</u>	<u>(1,764,240)</u>	<u>(1,788,430)</u>	<u>(24,190)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,000,000	2,000,000	1,250,000	(750,000)
<b>Total Other Financing Sources (Uses)</b>	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,250,000</u>	<u>(750,000)</u>
<b>Net Change in Fund Balance</b>	247,954	235,760	(538,430)	(774,190)
Fund Balance - Beginning	767,483	767,483	767,483	
Encumbrances	37,914	37,914	37,914	
<b>Fund Balance - Ending</b>	<u>\$1,053,351</u>	<u>\$1,041,157</u>	<u>\$266,967</u>	<u>(\$774,190)</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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
Economic development	\$200,000	\$200,000	\$170,000	\$30,000
<b>Total Expenses</b>	<u>200,000</u>	<u>200,000</u>	<u>170,000</u>	<u>30,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(170,000)</u>	<u>30,000</u>
<b>Net Change in Fund Balance</b>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(170,000)</u>	<u>30,000</u>
Fund Balance - Beginning	1,582,317	1,582,317	1,582,317	
Fund Balance - Ending	<u>\$1,382,317</u>	<u>\$1,382,317</u>	<u>\$1,412,317</u>	<u>\$30,000</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, 2004**

#### **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 8.1%. 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 2004, there were six supplemental appropriations made totaling \$2,539,303.

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

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

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

**Net Change in Fund Balance**

	<u>General</u>	<u>Parks &amp; Recreation</u>	<u>Economic Development</u>
GAAP Basis	(\$298,291)	(\$489,309)	(\$131,286)
Net Adjustment for Revenue Accruals	432,527	(10,333)	
Net Adjustment for Expenditure Accruals	<u>(310,304)</u>	<u>(38,788)</u>	<u>(38,714)</u>
Budget Basis	<u>(\$176,068)</u>	<u>(\$538,430)</u>	<u>(\$170,000)</u>





**CITY OF MORAINE, OHIO**

**COMBINING STATEMENTS**

**AND**

**INDIVIDUAL FUND STATEMENTS**



**CITY OF MORaine, OHIO  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2004**

	<u>NONMAJOR SPECIAL REVENUE FUNDS</u>	<u>NONMAJOR DEBT SERVICE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and Investments	\$716,376	\$141,194	\$857,570
Receivables			
Property Tax	185,670		185,670
Accounts	256		256
Intergovernmental	168,152		168,152
Due from Other Funds	300,000		300,000
Inventories	42,315		42,315
Prepays	129		129
<b>Total Assets</b>	<u>1,412,898</u>	<u>141,194</u>	<u>1,554,092</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	4,002		4,002
Salaries and Benefits Payable	318,050		318,050
Compensated Absences Payable	5,297		5,297
Unearned Revenue	326,312		326,312
<b>Total Current Liabilities</b>	<u>653,661</u>		<u>653,661</u>
<b>FUND BALANCES:</b>			
Reserved For:			
Encumbrances	31,391		31,391
Prepays	129		129
Inventories	42,315		42,315
Unreserved	685,402	141,194	826,596
<b>Total Fund Balance</b>	<u>759,237</u>	<u>141,194</u>	<u>900,431</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$1,412,898</u>	<u>\$141,194</u>	<u>\$1,554,092</u>

**CITY OF MORAIN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Ended December 31, 2004**

	<u>NONMAJOR SPECIAL REVENUE FUNDS</u>	<u>NONMAJOR DEBT SERVICE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>			
Taxes:			
Property	\$152,714		\$152,714
Other	4,924		4,924
Shared Revenues	377,036		377,036
Licenses and Permits	3,145		3,145
Special Assessments		\$16,391	16,391
Investment Earnings	13,642	2,283	15,925
Miscellaneous Receipts & Reimbursements	3,468		3,468
<b>Total Revenues</b>	<u>554,929</u>	<u>18,674</u>	<u>573,603</u>
<b>EXPENDITURES</b>			
Public Safety	928,670		928,670
Highways and streets	1,616,239		1,616,239
Debt service		18,500	18,500
<b>Total Expenditures</b>	<u>2,544,909</u>	<u>18,500</u>	<u>2,563,409</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,989,980)</u>	<u>174</u>	<u>(1,989,806)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,050,000		2,050,000
<b>Total Other Financing Sources (Uses)</b>	<u>2,050,000</u>		<u>2,050,000</u>
<b>Net Change in Fund Balance</b>	60,020	174	60,194
Fund Balance - Beginning	699,217	141,020	840,237
Fund Balance - Ending	<u>\$759,237</u>	<u>\$141,194</u>	<u>\$900,431</u>

**CITY OF MORAINE, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**December 31, 2004**

	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
<b>ASSETS</b>										
Cash and Investments	\$119,641	\$386,644	\$28,922	\$14,595	\$31,475	\$72,048	\$4,271	\$3,542	\$55,238	\$716,376
Receivables										
Property Tax										
Accounts				256	92,835	92,835				185,670
Intergovernmental	146,921	11,913	9,318							256
Due from Other Funds	50,000				100,000	150,000				168,152
Inventories	42,315									300,000
Prepays	129									42,315
<b>Total Assets</b>	<b>359,006</b>	<b>398,557</b>	<b>38,240</b>	<b>14,851</b>	<b>224,310</b>	<b>314,883</b>	<b>4,271</b>	<b>3,542</b>	<b>55,238</b>	<b>1,412,898</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>CURRENT LIABILITIES</b>										
Accounts Payable	4,002									4,002
Salaries and Benefits Payable	58,964				122,056	137,030				318,050
Compensated Absences Payable	5,297									5,297
Unearned Revenue	122,696	9,948	7,998		92,835	92,835				326,312
<b>Total Current Liabilities</b>	<b>190,959</b>	<b>9,948</b>	<b>7,998</b>		<b>214,891</b>	<b>229,865</b>				<b>653,661</b>
<b>FUND BALANCES:</b>										
Reserved For:										
Encumbrances	31,391									31,391
Prepays	129									129
Inventories	42,315									42,315
Debt service										
Unreserved	94,212	388,609	30,242	14,851	9,419	85,018	4,271	3,542	55,238	685,402
<b>Total Fund Balance</b>	<b>168,047</b>	<b>388,609</b>	<b>30,242</b>	<b>14,851</b>	<b>9,419</b>	<b>85,018</b>	<b>4,271</b>	<b>3,542</b>	<b>55,238</b>	<b>759,237</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$359,006</b>	<b>\$398,557</b>	<b>\$38,240</b>	<b>\$14,851</b>	<b>\$224,310</b>	<b>\$314,883</b>	<b>\$4,271</b>	<b>\$3,542</b>	<b>\$55,238</b>	<b>\$1,412,898</b>

**CITY OF MORAINE, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended December 31, 2004**

	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
<b>REVENUES</b>										
Taxes:										
Property					\$76,357	\$76,357				\$152,714
Other					2,462	2,462				4,924
Shared Revenues	\$329,300	\$26,700	\$21,036	\$3,145						377,036
Licenses and Permits										
Special Assessments										
Investment Earnings	4,205	5,856	139	172	1,182	1,061	(\$6)	(\$20)	\$1,053	13,642
Miscellaneous Receipts & Reimbursements							594	2,719	155	3,468
<b>Total Revenues</b>	<u>333,505</u>	<u>32,556</u>	<u>21,175</u>	<u>3,317</u>	<u>80,001</u>	<u>79,880</u>	<u>588</u>	<u>2,699</u>	<u>1,208</u>	<u>554,929</u>
<b>EXPENDITURES</b>										
Public Safety										
Highways and streets	1,609,720		6,519		441,675	481,995			5,000	928,670
Debt service										
<b>Total Expenditures</b>	<u>1,609,720</u>		<u>6,519</u>		<u>441,675</u>	<u>481,995</u>			<u>5,000</u>	<u>2,544,909</u>
<b>Excess (deficiency) of Revenues Over (under) Expenditures</b>	<u>(1,276,215)</u>	<u>32,556</u>	<u>14,656</u>	<u>3,317</u>	<u>(361,674)</u>	<u>(402,115)</u>	<u>588</u>	<u>2,699</u>	<u>(3,792)</u>	<u>(1,989,980)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	1,250,000									
<b>Total Other Financing Sources (Uses)</b>	<u>1,250,000</u>				<u>350,000</u>	<u>450,000</u>				<u>2,050,000</u>
<b>Net Change in Fund Balance</b>	<u>(26,215)</u>	<u>32,556</u>	<u>14,656</u>	<u>3,317</u>	<u>(11,674)</u>	<u>47,885</u>	<u>588</u>	<u>2,699</u>	<u>(3,792)</u>	<u>60,020</u>
Fund Balance - Beginning	194,262	356,053	15,586	11,534	21,093	37,133	3,683	843	59,030	699,217
Fund Balance - Ending	<u>\$168,047</u>	<u>\$388,609</u>	<u>\$30,242</u>	<u>\$14,851</u>	<u>\$9,419</u>	<u>\$85,018</u>	<u>\$4,271</u>	<u>\$3,542</u>	<u>\$55,238</u>	<u>\$759,237</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, 2004**

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
<b>REVENUE</b>				
Shared Revenues	\$264,788	\$264,788	\$323,947	\$59,159
Investment Earnings	5,653	5,653	2,763	(2,890)
<b>Total Revenues</b>	<u>270,441</u>	<u>270,441</u>	<u>326,710</u>	<u>56,269</u>
<b>EXPENDITURES</b>				
Highways and Streets:				
Personnel Services	1,423,554	1,407,094	1,319,975	87,119
General Operating Expenses	346,635	373,096	325,230	47,866
Total Highways and Streets	<u>1,770,189</u>	<u>1,780,190</u>	<u>1,645,205</u>	<u>134,985</u>
<b>Total Expenses</b>	<u>1,770,189</u>	<u>1,780,190</u>	<u>1,645,205</u>	<u>134,985</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,499,748)</u>	<u>(1,509,749)</u>	<u>(1,318,495)</u>	<u>191,254</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,500,000	1,500,000	1,250,000	(250,000)
<b>Total Other Financing Sources (Uses)</b>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,250,000</u>	<u>(250,000)</u>
<b>Net Change in Fund Balance</b>	252	(9,749)	(68,495)	(58,746)
Fund Balance - Beginning	157,600	157,600	157,600	
Encumbrances	31,391	31,391	31,391	
Fund Balance - Ending	<u>\$189,243</u>	<u>\$179,242</u>	<u>\$120,496</u>	<u>(\$58,746)</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, 2004**

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
<b>REVENUE</b>				
Shared Revenues	\$21,692	\$21,692	\$26,266	\$4,574
Investment Earnings	7,180	7,180	4,357	(2,823)
<b>Total Revenues</b>	<u>28,872</u>	<u>28,872</u>	<u>30,623</u>	<u>1,751</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>28,872</u>	<u>28,872</u>	<u>30,623</u>	<u>1,751</u>
<b>Net Change in Fund Balance</b>	<u>28,872</u>	<u>28,872</u>	<u>30,623</u>	<u>1,751</u>
Fund Balance - Beginning	359,764	359,764	359,764	
Fund Balance - Ending	<u>\$388,636</u>	<u>\$388,636</u>	<u>\$390,387</u>	<u>\$1,751</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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>REVENUE</b>				
Shared Revenues	\$35,000	\$35,000	\$20,803	(\$14,197)
Investment Earnings	118	118	205	87
<b>Total Revenues</b>	<u>35,118</u>	<u>35,118</u>	<u>21,008</u>	<u>(14,110)</u>
<b>EXPENDITURES</b>				
Highways and Streets	6,519	6,519	6,519	
<b>Total Expenses</b>	<u>6,519</u>	<u>6,519</u>	<u>6,519</u>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>28,599</u>	<u>28,599</u>	<u>14,489</u>	<u>(14,110)</u>
<b>Net Change in Fund Balance</b>	28,599	28,599	14,489	(14,110)
Fund Balance - Beginning	14,713	14,713	14,713	
Fund Balance - Ending	<u>\$43,312</u>	<u>\$43,312</u>	<u>\$29,202</u>	<u>(\$14,110)</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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
License and Permits			\$3,094	\$3,094
Investment Earnings	\$181	\$181	147	(34)
<b>Total Revenues</b>	<u>181</u>	<u>181</u>	<u>3,241</u>	<u>3,060</u>
<b>EXPENDITURES</b>				
Public Safety				
<b>Total Expenses</b>				
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>181</u>	<u>181</u>	<u>3,241</u>	<u>3,060</u>
<b>Net Change in Fund Balance</b>	181	181	3,241	3,060
Fund Balance - Beginning	11,496	11,496	11,496	
Fund Balance - Ending	<u>\$11,677</u>	<u>\$11,677</u>	<u>\$14,737</u>	<u>\$3,060</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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>REVENUE</b>				
Taxes				
Property	\$80,954	\$80,954	\$80,251	(\$703)
Other	2,405	2,405	2,462	57
Investment Earnings	2,876	2,876	1,076	(1,800)
<b>Total Revenues</b>	<u>86,235</u>	<u>86,235</u>	<u>83,789</u>	<u>(2,446)</u>
<b>EXPENDITURES</b>				
Public Safety:				
Personnel	440,667	440,596	429,950	10,646
General operating expense	759	830	830	
Total Public Safety	<u>441,426</u>	<u>441,426</u>	<u>430,780</u>	<u>10,646</u>
<b>Total Expenses</b>	<u>441,426</u>	<u>441,426</u>	<u>430,780</u>	<u>10,646</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(355,191)</u>	<u>(355,191)</u>	<u>(346,991)</u>	<u>8,200</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers IN	350,000	350,000	350,000	
<b>Total Other Financing Sources (Uses)</b>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	
<b>Net Change in Fund Balance</b>	<u>(5,191)</u>	<u>(5,191)</u>	<u>3,009</u>	<u>8,200</u>
Fund Balance - Beginning	28,780	28,780	28,780	
Fund Balance - Ending	<u>\$23,589</u>	<u>\$23,589</u>	<u>\$31,789</u>	<u>\$8,200</u>

**CITY OF MORAIN, OHIO**  
**FIRE PENSION FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**For Year Ended December 31, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>REVENUE</b>				
Taxes				
Property	\$80,954	\$80,954	\$80,251	(\$703)
Other	2,405	2,405	2,462	57
Investment Earnings	2,603	2,603	1,598	(1,005)
<b>Total Revenues</b>	<u>85,962</u>	<u>85,962</u>	<u>84,311</u>	<u>(1,651)</u>
<b>EXPENDITURES</b>				
Public Safety:				
Personnel	499,461	499,390	471,748	27,642
General operating expense	759	830	830	
Total Public Safety	<u>500,220</u>	<u>500,220</u>	<u>472,578</u>	<u>27,642</u>
<b>Total Expenses</b>	<u>500,220</u>	<u>500,220</u>	<u>472,578</u>	<u>27,642</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(414,258)</u>	<u>(414,258)</u>	<u>(388,267)</u>	<u>25,991</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers IN	450,000	450,000	450,000	
<b>Total Other Financing Sources (Uses)</b>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	
<b>Net Change in Fund Balance</b>	<u>35,742</u>	<u>35,742</u>	<u>61,733</u>	<u>25,991</u>
Fund Balance - Beginning	11,012	11,012	11,012	
Fund Balance - Ending	<u>\$46,754</u>	<u>\$46,754</u>	<u>\$72,745</u>	<u>\$25,991</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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>REVENUE</b>				
Investment Earnings			\$41	\$41
Miscellaneous Receipts & Reimbursements			595	595
<b>Total Revenues</b>			636	636
<b>Excess (deficiency) of revenues over (under) expenditures</b>			636	636
<b>Net Change in Fund Balance</b>			636	636
Fund Balance - Beginning	3,676	3,676	3,676	
Fund Balance - Ending	3,676	3,676	\$4,312	\$636

**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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>REVENUE</b>				
Investment Earnings	\$8	\$8	\$2	(\$6)
Miscellaneous Receipts & Reimbursements	2,230	2,230	2,720	490
<b>Total Revenues</b>	<u>2,238</u>	<u>2,238</u>	<u>2,722</u>	<u>484</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>2,238</u>	<u>2,238</u>	<u>2,722</u>	<u>484</u>
<b>Net Change in Fund Balance</b>	2,238	2,238	2,722	484
Fund Balance - Beginning	854	854	854	
Fund Balance - Ending	<u>\$3,092</u>	<u>\$3,092</u>	<u>\$3,576</u>	<u>\$484</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, 2004**

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
<b>REVENUE</b>				
Investment Earnings	\$1,275	\$1,275	\$715	(\$560)
Miscellaneous Receipts & Reimbursements	2,600	2,600	155	(2,445)
<b>Total Revenues</b>	<u>3,875</u>	<u>3,875</u>	<u>870</u>	<u>(3,005)</u>
<b>EXPENDITURES</b>				
Public Safety		5,000	5,000	
<b>Total Expenses</b>		<u>5,000</u>	<u>5,000</u>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>3,875</u>	<u>(1,125)</u>	<u>(4,130)</u>	<u>(3,005)</u>
<b>Net Change in Fund Balance</b>	3,875	(1,125)	(4,130)	(3,005)
Fund Balance - Beginning	59,903	59,903	59,903	
Fund Balance - Ending	<u>\$63,778</u>	<u>\$58,778</u>	<u>\$55,773</u>	<u>(\$3,005)</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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>REVENUE</b>				
Special Assessments	\$17,500	\$17,500	\$16,390	(\$1,110)
Investment Earnings	2,780	2,780	1,565	(1,215)
<b>Total Revenues</b>	<u>20,280</u>	<u>20,280</u>	<u>17,955</u>	<u>(2,325)</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	15,000	15,000	15,000	0
Interest	3,500	3,500	3,500	0
<b>Total Expenses</b>	<u>18,500</u>	<u>18,500</u>	<u>18,500</u>	<u>0</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,780</u>	<u>1,780</u>	<u>(545)</u>	<u>(2,325)</u>
<b>Net Change in Fund Balance</b>	1,780	1,780	(545)	(2,325)
Fund Balance - Beginning	144,574	144,574	143,105	(1,469)
Fund Balance - Ending	<u>\$146,354</u>	<u>\$146,354</u>	<u>\$142,560</u>	<u>(\$3,794)</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, 2004**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
<b>REVENUE</b>				
Taxes				
Income	\$1,502,894	\$1,502,894	\$1,560,337	\$57,443
Property				
Other				
Shared Revenues				
License and Permits				
Charges for Services				
Fines	21,164	21,164	15,885	(5,279)
Culture-Recreation				
Investment Earnings				
Rents and Royalties				
Intergovernmental	1,421,880	1,421,880	305,641	(1,116,239)
Miscellaneous Receipts & Reimbursements				
<b>Total Revenues</b>	<u>2,945,938</u>	<u>2,945,938</u>	<u>1,881,863</u>	<u>(1,064,075)</u>
<b>EXPENDITURES</b>				
Capital Outlays:				
General Government	262,500	316,601	200,048	116,553
Public Safety	526,368	714,949	624,923	90,026
Highways and Streets	3,697,000	4,263,379	1,460,476	2,802,903
Health and Welfare				
Culture-Recreation	492,400	539,161	300,311	238,850
Debt Service				
Principal	1,018,882	2,450,985	2,245,986	204,999
<b>Total Expenses</b>	<u>5,997,150</u>	<u>8,285,075</u>	<u>4,831,744</u>	<u>3,453,331</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(3,051,212)</u>	<u>(5,339,137)</u>	<u>(2,949,881)</u>	<u>2,389,256</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From the sale of bonds	2,200,000	2,200,000	3,700,000	1,500,000
Proceeds from the sale of capital assets	57,266	57,266	17,140	(40,126)
<b>Total Other Financing Sources (Uses)</b>	<u>2,257,266</u>	<u>2,257,266</u>	<u>3,717,140</u>	<u>1,459,874</u>
<b>Net Change in Fund Balance</b>	<u>(793,946)</u>	<u>(3,081,871)</u>	<u>767,259</u>	<u>3,849,130</u>
Fund Balance - Beginning	5,410,102	5,410,102	5,410,102	
Encumbrances	461,447	461,447	461,447	
Fund Balance - Ending	<u>\$5,077,603</u>	<u>\$2,789,678</u>	<u>\$6,638,808</u>	<u>\$3,849,130</u>

**CITY OF MORAINE, OHIO**  
**Combining Statement of Net Assets**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2004**

	CITY GARAGE	INSURANCE RESERVE	HEALTH INSURANCE	TOTALS
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Investments	\$173,390	\$1,298,796	\$608,331	\$2,080,517
Inventories	87,244			87,244
Prepays				
<b>Total Current Assets</b>	<u>260,634</u>	<u>1,298,796</u>	<u>608,331</u>	<u>2,167,761</u>
<b>CAPITAL ASSETS (net of accumulated depreciation)</b>				
Machinery and Equipment	38,602			38,602
<b>Total Capital Assets</b>	<u>38,602</u>			<u>38,602</u>
<b>Total Assets</b>	<u>299,236</u>	<u>1,298,796</u>	<u>608,331</u>	<u>2,206,363</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	12,059			12,059
Salaries and Benefits Payable	11,594			11,594
Compensated Absences Payable	51,597			51,597
Insurance Claims Payable			388,596	388,596
<b>Total Current Liabilities</b>	<u>75,250</u>		<u>388,596</u>	<u>463,846</u>
<b>NET ASSETS</b>				
Invested in Capital Assets Net of Related Debt	38,602			38,602
Unreserved	185,384	1,298,796	219,735	1,703,915
<b>Total Net Assets</b>	<u>223,986</u>	<u>1,298,796</u>	<u>219,735</u>	<u>1,742,517</u>

**CITY OF MORAINE, OHIO**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2004**

	CITY GARAGE	INSURANCE RESERVE	HEALTH INSURANCE	TOTALS
<b>Operating Revenues</b>				
Charges for Services	\$299,339		\$1,000,138	\$1,299,477
Miscellaneous Receipts & Reimbursements		14,742	477,192	491,934
<b>Total Operating Revenues</b>	<u>299,339</u>	<u>14,742</u>	<u>1,477,330</u>	<u>1,791,411</u>
<b>Operating Expenses</b>				
Current:				
Cost of Services	548,295	87,017	1,932,332	2,567,644
Depreciation	15,958			15,958
<b>Total Operating Expenses</b>	<u>564,253</u>	<u>87,017</u>	<u>1,932,332</u>	<u>2,583,602</u>
<b>Operating Income (Loss)</b>	<u>(264,914)</u>	<u>(72,275)</u>	<u>(455,002)</u>	<u>(792,191)</u>
<b>Non-operating Revenues (Expenses)</b>				
Investment Earnings		23,732	4,396	28,128
<b>Total Non-operating Revenues (Expenses)</b>		<u>23,732</u>	<u>4,396</u>	<u>28,128</u>
Transfers in	150,000			150,000
<b>Total Other Financing Sources (Uses)</b>	<u>150,000</u>			<u>150,000</u>
<b>Change in Net Assets</b>	<u>(114,914)</u>	<u>(48,543)</u>	<u>(450,606)</u>	<u>(614,063)</u>
Total Net Assets - Beginning	338,900	1,347,339	670,341	2,356,580
Total Net Assets - Ending	<u>\$223,986</u>	<u>\$1,298,796</u>	<u>\$219,735</u>	<u>\$1,742,517</u>

**CITY OF MORAINE, OHIO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2004**

	<u>City Garage</u>	<u>Insurance Reserve</u>	<u>Health Insurance Program</u>	<u>Totals</u>
<b>Cash Flows From Operating Activities</b>				
Cash received for services	\$299,339		\$1,000,138	\$1,299,477
Miscellaneous Receipts & Reimbursements		\$14,742	477,192	491,934
Cash paid to suppliers for goods or services	(370,605)	(87,017)	(1,745,624)	(2,203,246)
Cash paid to employees for services	(180,816)			(180,816)
Net cash provided (used) by operating activities	<u>(252,082)</u>	<u>(72,275)</u>	<u>(268,294)</u>	<u>(592,651)</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfer from other funds	150,000			150,000
Net cash provided by noncapital financing activities	<u>150,000</u>			<u>150,000</u>
<b>Cash Flows From Investing Activities</b>				
Investment earnings		23,732	4,396	28,128
Net Cash provided (used) by investing activities		<u>23,732</u>	<u>4,396</u>	<u>28,128</u>
<b>Net increase (decrease) in cash</b>	(102,082)	(48,543)	(263,898)	(414,523)
<b>Cash at Beginning of year</b>	275,472	1,347,339	872,229	2,495,040
<b>Cash at end of year</b>	<u>173,390</u>	<u>1,298,796</u>	<u>608,331</u>	<u>2,080,517</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	(\$264,914)	(\$72,275)	(\$455,002)	(\$792,191)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	15,958			15,958
(Increase) decrease in inventories	(4,132)			(4,132)
(Increase) decrease in Prepaid Expenses	85			85
Increase (decrease) in accounts payable	(2,972)			(2,972)
Increase (decrease) in salaries and benefits payable	3,893			3,893
Increase (decrease) in insurance claims payable			186,708	186,708
Net cash provided (used) by operating activities	<u>(252,082)</u>	<u>(72,275)</u>	<u>(268,294)</u>	<u>(592,651)</u>

**CITY OF MORAIN, OHIO**  
**Statement of Changes in Assets and Liabilities**  
**AGENCY FUNDS**  
**For the Year Ended December 31, 2004**

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<b>Miscellaneous Agency Fund</b>				
Assets:				
Cash and Investments	\$22,790	\$43,722	(\$33,445)	\$33,067
Total Assets	<u>22,790</u>	<u>43,722</u>	<u>(33,445)</u>	<u>33,067</u>
Liabilities:				
Deposits	22,790	43,722	(33,445)	33,067
Total Liabilities	<u>22,790</u>	<u>43,722</u>	<u>(33,445)</u>	<u>33,067</u>
<b>Mayor's Court</b>				
Assets:				
Cash and Investments	9,529	357,929	(343,366)	24,092
Total Assets	<u>9,529</u>	<u>357,929</u>	<u>(343,366)</u>	<u>24,092</u>
Liabilities:				
Due to Other Governments	6,881	59,436	(61,786)	4,531
Escrow Bonds	2,448	298,493	(281,580)	19,361
Total Liabilities	<u>9,329</u>	<u>357,929</u>	<u>(343,366)</u>	<u>23,892</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and Investments	32,319	401,651	(376,811)	57,159
Total Assets	<u>32,319</u>	<u>401,651</u>	<u>(376,811)</u>	<u>57,159</u>
Liabilities:				
Deposits	22,790	43,722	(33,445)	33,067
Due to Other Governments	6,881	59,436	(61,786)	4,531
Escrow Bonds	2,648	298,493	(281,580)	19,561
Total Liabilities	<u>\$32,319</u>	<u>\$401,651</u>	<u>(\$376,811)</u>	<u>\$57,159</u>

**CITY OF MORaine, OHIO**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULES BY SOURCE <sup>1</sup>**  
**DECEMBER 31, 2004 AND 2003**

	2004	2003
<b>Governmental Activities Capital Assets:</b>		
Land	\$6,479,709	\$3,324,043
Buildings	12,298,492	12,223,918
Machinery and equipment	8,449,260	7,502,589
Assets acquired through capital leases	905,065	905,065
Infrastructure	2,745,575	1,246,352
Construction in progress	364,500	1,234,054
<b>Total Governmental Activities Capital Assets</b>	<b>31,242,601</b>	<b>26,436,021</b>
Accumulated depreciation	11,050,734	10,074,482
<b>Net Governmental Activities Capital Assets</b>	<b>\$20,191,867</b>	<b>\$16,361,539</b>
<b>Investments in Governmental Activities Capital Assets by Source:</b>		
Capital Projects Fund:		
Various revenue sources	\$3,818,715	\$3,790,765
General revenues	26,423,346	21,660,726
General fund revenues	255,540	239,528
Contributed assets	745,000	745,000
<b>Total Net Governmental Activities Capital Assets</b>	<b>\$31,242,601</b>	<b>\$26,436,019</b>

<sup>1</sup> 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 ACTIVITY<sup>1</sup>**  
**AS OF DECEMBER 31, 2004 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2003**

FUNCTION AND ACTIVITY	LAND AND LAND IMPROVEMENTS		BUILDINGS	MACHINERY AND EQUIPMENT		INFRASTRUCTURE	TOTALS	
	2004	2003		2004	2003		2004	2003
<b>GENERAL GOVERNMENT:</b>								
Mayor's court				\$171,469			\$171,469	\$40,820
City manager	\$640,000			97,157			737,157	737,157
Finance				115,918			115,918	116,972
General services				379,837			379,837	328,850
Public buildings	121,506		\$3,303,548	355,765			3,780,819	2,508,510
Clerk of council				6,453			6,453	6,453
<b>Total General Government</b>	<b>761,506</b>		<b>3,303,548</b>	<b>1,126,599</b>			<b>5,191,653</b>	<b>3,738,762</b>
<b>PUBLIC SAFETY:</b>								
Police			74,574	1,966,008			2,040,582	1,801,640
Fire	140,020		1,688,423	3,014,471			4,842,914	4,535,230
<b>Total Public Safety</b>	<b>140,020</b>		<b>1,762,997</b>	<b>4,980,479</b>			<b>6,883,496</b>	<b>6,336,870</b>
<b>OTHER:</b>								
Health				110,309			110,309	110,309
Highways and streets	406,027		911,181	2,219,905		\$2,745,575	6,282,688	4,621,752
Community development	4,476,771		52,620	92,297			4,621,688	1,466,020
Parks and recreation	695,385		6,268,146	824,736			7,788,267	7,694,199
<b>Total other</b>	<b>5,578,183</b>		<b>7,231,947</b>	<b>3,247,247</b>		<b>2,745,575</b>	<b>18,802,952</b>	<b>13,892,280</b>
Construction in progress				290,412		74,088	364,500	1,234,054
<b>Total General Government Capital Assets</b>	<b>6,479,709</b>		<b>12,298,492</b>	<b>9,644,737</b>		<b>2,819,663</b>	<b>31,242,601</b>	<b>25,201,966</b>
LESS ACCUMULATED DEPRECIATION								
			4,628,950	6,349,070		72,714	11,050,734	10,074,481
<b>Total Net General Government Capital Assets</b>	<b>\$6,479,709</b>		<b>\$7,669,542</b>	<b>\$3,295,667</b>		<b>\$2,746,949</b>	<b>\$20,191,867</b>	<b>\$15,127,485</b>

<sup>1</sup> 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.

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**CITY OF MORaine, OHIO**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY<sup>1</sup>**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

FUNCTION AND ACTIVITY	Governmental Activities Capital Assets JANUARY 1, 2004	ADDITIONS	REDUCTIONS	Governmental Activities Capital Assets DECEMBER 31, 2004
<b>GENERAL GOVERNMENT:</b>				
Mayor's court	\$40,820	\$130,649		\$171,469
City manager	737,157			737,157
Finance	116,971		1,053	115,918
General services	328,850	50,987		379,837
Public buildings	3,742,566	38,253		3,780,819
Clerk of council	6,453			6,453
<b>Total General Government</b>	<u>4,972,817</u>	<u>219,889</u>	<u>1,053</u>	<u>5,191,653</u>
<b>PUBLIC SAFETY:</b>				
Police	1,801,640	415,303	176,361	2,040,582
Fire	4,535,229	307,685		4,842,914
<b>Total Public Safety</b>	<u>6,336,869</u>	<u>722,988</u>	<u>176,361</u>	<u>6,883,496</u>
<b>OTHER:</b>				
Health	110,309			110,309
Highways and streets	4,621,752	1,660,936		6,282,688
Community development	1,466,021	3,161,276	5,609	4,621,688
Parks and recreation	7,694,199	94,068		7,788,267
<b>Total other</b>	<u>13,892,281</u>	<u>4,916,280</u>	<u>5,609</u>	<u>18,802,952</u>
Construction in progress	1,234,054	262,685	1,132,239	364,500
<b>Total General Government Capital Assets</b>	<u>26,436,021</u>	<u>6,121,842</u>	<u>1,315,262</u>	<u>31,242,601</u>
<b>LESS ACCUMULATED DEPRECIATION</b>	<u>10,074,482</u>	<u>1,153,668</u>	<u>177,416</u>	<u>11,050,734</u>
<b>Total Net General Government Capital Assets</b>	<u>\$16,361,539</u>	<u>\$4,968,174</u>	<u>\$1,137,846</u>	<u>\$20,191,867</u>

<sup>1</sup> 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 MORAIN, 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>
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
2004	\$4,657,912	\$8,836,378	\$2,955,562	\$315,864
			219,878	
<u>FISCAL YEAR</u>	<u>HEALTH</u>	<u>RECREATION</u>	<u>SANITATION</u>	<u>TOTALS</u>
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
2004	\$163,309	\$2,891,794	\$266,340	\$20,087,159

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 MORAIN, OHIO**

TABLE 2

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

<b>FISCAL YEAR</b>	<b>MUNICIPAL INCOME TAXES</b>	<b>OTHER LOCAL TAXES</b>	<b>STATE SHARED TAXES AND PERMITS</b>	<b>INTER-GOVERNMENTAL AID, GRANTS</b>
1995	\$11,570,170	\$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
2004	\$13,091,511	\$723,595	\$1,033,093	\$467,498

<b>FISCAL YEAR</b>	<b>CHARGES FOR SERVICES</b>	<b>FINES, COSTS, FORFEITURES, LICENSE AND PERMITS</b>	<b>INVESTMENT EARNINGS AND MISCELLANEOUS RECEIPTS</b>	<b>TOTAL</b>
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
2004	\$757,259	\$270,568	\$571,874	\$16,915,398
				\$16,915,398

Source: City of Moraine, Department of Finance

(1) Includes General and Special Revenue Funds.

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

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

**TABLE 3**

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<b>FISCAL YEAR</b>	<b>AMOUNT</b>
<b>1995</b>	<b>13,947,788</b>
<b>1996</b>	<b>13,915,566</b>
<b>1997</b>	<b>14,397,808</b>
<b>1998</b>	<b>14,996,458</b>
<b>1999</b>	<b>15,857,815</b>
<b>2000</b>	<b>16,529,110</b>
<b>2001</b>	<b>15,070,764</b>
<b>2002</b>	<b>15,611,943</b>
<b>2003</b>	<b>15,610,407</b>
<b>2004</b>	<b>14,614,100</b>

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>
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
2003/2004	2004	676,191	656,554	97%	7,553

<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>
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%
2003/2004	2004	664,107	98%	94,508	14%

Source: Montgomery County Auditor's Office

**CITY OF MORAINE, OHIO**  
**TABLE 5**  
**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
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
2003	2004	136,275,770	389,359,343	124,348,177	439,749,670	260,623,947	829,109,013

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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>MUNICIPAL UNITS:</b>										
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	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<b>COUNTY UNITS:</b>										
General Fund	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Mental Retardation D & D	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Conservancy Tax										
Human Services Levy A	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21
Human Services Levy B		5.03	5.03	5.03	5.03	5.03	5.03	5.03	5.03	5.03
Human Services Levy III	2.36									
Human Services Levy IV	2.67									
Total County Rates	12.94	12.94	12.94	12.9	12.9	12.9	12.9	12.9	12.9	13.9
<b>OTHER UNITS:</b>										
Montgomery County Community College	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Montgomery County Park District	1.2	1.2	1.2	1.2	1.2	1.2	1.8	1.8	1.8	1.8
Dayton - Montgomery Library		0.72	0.72	0.72	0.26	0.26	0.26	0.26	0.26	1.25
<b>SCHOOL DISTRICT:</b>										
Kettering / Moraine Community	49.8	53.1	53.1	53.1	53.1	53.1	56.3	56.3	60.9	67.8
West Carrollton Community	50.76	50.76	53.26	53.3	53.3	53.3	60.7	59.7	65.6	65.6
Jefferson Local School	56.4	56.4	56.4	56.4	61.9	61.9	61.9	61.9	61.9	61.9
Miamisburg Community	38.95	44.7								(1)
Joint Vocational School	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58

Source: Montgomery County Auditor's Office

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



**CITY OF MORAINE, OHIO**  
**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	ASSESSMENTS
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	
2004	48,570	45	48,615	43,895	90%	5,968	

Source: Montgomery County Auditor's Office

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



**CITY OF MORaine, OHIO**

TABLE 9

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
December 31, 2004**

<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	\$32,892,639	4.12%	\$1,355,177
WEST CARROLLTON CITY SCHOOL DISTRICT	955,000	78.68%	751,394
KETTERING CITY SCHOOL DISTRICT	103,887,587	18.14%	18,845,208
JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT		0.65%	
MIAMI VALLEY REGIONAL TRANSIT AUTHORITY		4.12%	
MONTGOMERY COUNTY COMMUNITY COLLEGE		4.12%	
TOTAL			<u>\$20,951,779</u>

**CITY OF MORaine, OHIO**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

TABLE 10

<b>YEAR</b>	<b>(1) POPULATION</b>	<b>(1) PER CAPITA INCOME</b>	<b>(1) MEDIAN AGE</b>	<b>(2) UNEMPLOYMENT RATE</b>	<b>(3) BANK DEPOSITS IN THOUSANDS</b>
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
2004	6,897	16,880	32.5	6.2%	250,930

Sources:

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

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

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

**CITY OF MORAINE, OHIO**  
**CONSTRUCTION PROPERTY VALUES**  
**LAST TEN FISCAL YEARS**

TABLE 11

FISCAL YEAR	(1) COMMERCIAL CONSTRUCTION		(1) RESIDENTIAL CONSTRUCTION		(2) PROPERTY VALUE				PUBLIC UTILITY REAL
	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	AGRICULTURAL	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	
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
2004	175	22,236,407	84	1,124,326	2,873,057	122,627,743	131,965,829	131,317,200	575,514

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 MORaine, OHIO

TABLE 12

PRINCIPAL TAXPAYERS  
December 31, 2004

COMPANY	TAXES	ASSESSED VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION
Dayton Power & Light Company	\$3,340,928	\$37,869,810	14.53%
General Motors Corporation	919,236	15,479,130	5.94%
Vectren Energy Delivery	447,543	4,984,330	1.91%
Kettering Dayton Operations	234,859	3,854,660	1.48%
RLG Kettering/Moraine LTD	205,949	3,478,130	1.33%
Cooper Tire Company	167,205	2,790,930	1.07%
L M Berry Services Inc.	127,647	2,155,750	0.83%
Barbara Benz Trust	105,024	1,773,680	0.68%
Ohio Bell Telephone Company	101,530	1,132,300	0.43%
Nursing Home Purchasing, Inc.	90,212	1,488,190	0.57%
<b>TOTAL REAL AND PERSONAL PROPERTY VALUATION</b>		<b>75,006,910</b>	<b>28.78%</b>
<b>ALL OTHERS</b>		<b>185,617,037</b>	<b>71.22%</b>
<b>TOTAL ASSESSED VALUATION</b>		<b>\$260,623,947</b>	<b>100.00%</b>

Source: Montgomery County Auditor's Office

**CITY OF MORAINE, OHIO**

TABLE 13

**SUMMARY OF INSURANCE COVERAGE  
DECEMBER 31, 2004**

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

**Property -**

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

**Liability -**

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

**Vehicles -**

<b>\$5,000,000</b>	-	<b>Bodily injury and property damage</b>
<b>\$1,000,000</b>	-	<b>Uninsured motorists</b>

**Surety Bonds**

<b>\$100,000</b>	-	<b>James Kimmel - Finance Director</b>
<b>\$100,000</b>	-	<b>Jennifer Arp - Deputy Finance Director</b>

Source: City of Moraine, Department of Finance

**CITY OF MORAIN, OHIO**  
**MISCELLANEOUS STATISTICS**  
**December 31, 2004**

**TABLE 14**

---

<b>Date of incorporation</b>	<b>1965</b>
<b>Form of government</b>	<b>Council/Manager</b>
<b>Area</b>	<b>9.4 square miles</b>
<b>Miles of streets (Center Line Miles)</b>	<b>275.65</b>
<b>Number of street lights (Non-special assessment)</b>	<b>1,315</b>
 <b>Fire protection:</b>	
<b>Number of stations</b>	<b>3</b>
<b>Number of firemen and officers (full-time)</b>	<b>34</b>
<b>(exclusive of volunteer firemen - part-time)</b>	<b>20</b>
 <b>Police protection:</b>	
<b>Number of stations</b>	<b>1</b>
<b>Number of policemen and officers</b>	<b>33</b>
 <b>Building permits issued</b>	
	<b>Residential - 84</b>
	<b>Commercial - 175</b>
 <b>Recreation and culture:</b>	
<b>Parks</b>	<b>14</b>
<b>Civic center</b>	<b>1</b>
<b>Recreation Center</b>	<b>1</b>
<b>Swimming pools</b>	<b>1</b>
<b>Water Park</b>	<b>1</b>

Source: City of Moraine, Department of Finance







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

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio, as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 24, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clark State Community College'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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clark State Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
March 23, 2005



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF MORAINÉ  
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  
NOVEMBER 15, 2005**