



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF TROTWOOD
MONTGOMERY COUNTY**

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**CITY OF TROTWOOD
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity or Project Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF THE TREASURY			
<i>Direct Funding</i>			
Equitable Sharing Funds	0571200	21.XXX	\$32,386
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Direct Funding</i>			
Equitable Sharing Funds	0571200	16.XXX	13,540
Bullet proof vest Grant		16.607	6,397
Local Law Enforcement Block Grant	98LBVX2017 99LBVX8205	16.592	50
Total Local Law Enforcement Block Grant			<u>51,028</u>
Total United States Department of Justice			<u>71,015</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID 13965 PID 14915	20.205	45,900
			<u>4,162</u>
Total United States Department of Transportation			<u>50,062</u>
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Montgomery County</i>			
Community Development Block Grant		14.218	
- Bowling Alley	00-UC-39-0004		60,000
- Townview Revitalization	98-UC-39-0004		113,175
- Townview Street Lights	97-UC-39-0004		38,010
- Neighborhood Empowerment Program	99-UC-39-0004		<u>31,867</u>
Total United States Department of Housing and Urban Development			<u>243,052</u>
Total Federal Awards Expenditures			<u><u>\$396,515</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF TROTWOOD
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the schedule.



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

City of Trotwood
Montgomery County
35 North Olive Road
Trotwood, Ohio 45426-2600

To the Members of City Council:

We have audited the financial statements of the City of Trotwood (the City) as of and for the year ended December 31, 2001, and have issued our report thereon dated June 27, 2002, in which we noted the City has adopted Governmental Accounting Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-20357-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 27, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 27, 2002.

City of Trotwood
Montgomery County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

June 27, 2002



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Trotwood
Montgomery County
35 North Olive Road
Trotwood, Ohio 45426-2600

To the Members of City Council:

Compliance

We have audited the compliance of the City of Trotwood (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended December 31, 2001. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Trotwood complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001. However, we noted an instance of noncompliance that does not require inclusion in this report that we have reported to management of the City in a separate letter dated June 27, 2002.

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

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

Schedule of Federal Awards Expenditures

We have audited the general-purpose financial statements of the City as of and for the year ended December 31, 2001, and have issued our report thereon dated June 27, 2002. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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



Jim Petro
Auditor of State

June 27, 2002

**CITY OF TROTWOOD
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

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

**CITY OF TROTWOOD
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2001
(Continued)**

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

FINDING NUMBER 2001-20357-001

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

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

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

During the period tested 28% percent of expenditures were certified after incurring obligations, and 11% were neither certified nor encumbered. Many of these expenditures were recurring in nature, such as Utility and Health Care billing. Not certifying the availability of funds and recording the related encumbrances in the budgetary accounts could result in the City's expenditures exceeding amounts appropriated at the legal level of control. The City should obtain the required certification of the availability of funds, for all City funds, prior to a liability being incurred.

The above section of Ohio Rev. Code also states that fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at a particular time for any particular line item appropriation.

In addition to these blanket certificates, a subdivision may also issue a so-called "super blanket" for expenditures and contracts for any amount, from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expenses. This certification is not to extend beyond the fiscal year. The City had the following exceptions:

- 65% of the blanket certificates tested exceeded three months.
- 20% of the blanket certificates tested exceeded one line item.
- 60% of the blanket certificates tested extended beyond the fiscal year.

To ensure compliance with the above referenced section of code, the City should implement procedures to monitor blanket certificate amounts, line item appropriations, and length of time.

3. FINDINGS FOR FEDERAL AWARDS

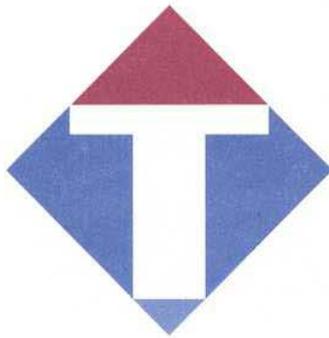
None.

**CITY OF TROTWOOD
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-20357-001	ORC 5705.41(D)- Expenditures were certified after incurring obligations	No	Repeated as finding 2001-20357-001.
2000-20357-002	ORC 5705.36- obtaining an amended certificate of estimated resources	No	Partially corrected. Reported as a management letter for fiscal year 2001 audit.
2000-20357-003	ORC 5705.10- carrying a negative fund balance.	Yes	
2000-20357-004	ORC 5705.39- appropriations exceeding estimate resources	Yes	
2000-20357-005	ORC 5705.41(B)- Expenditures exceeding appropriations	No	Partially corrected. Reported as a management letter for fiscal year 2001 audit.
2000-20357-006	Failure to comply with PSP & Community Policing grant agreement	Yes	
2000-20357-007	\$11,968 was questioned cost for Public Safety Partnership & Community policing grant	Yes	
2000-20357-008	\$51,907 was questioned cost for Public Safety Partnership & Community policing grant	Yes	

CITY OF TROTWOOD, OHIO



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2001**

CITY OF TROTWOOD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT For The Fiscal Year Ended December 31, 2001

Prepared by:

Department of Finance

Jon W. Stoops
Finance Director

CITY OF TROTWOOD, OHIO
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2001

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(continued)

CITY OF TROTWOOD, OHIO

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2001

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INTRODUCTORY

SECTION





June 27, 2002

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

We are pleased to present the comprehensive annual financial report of the City of Trotwood, Ohio, for the fiscal year ended December 31, 2001. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes the transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the independent auditor's report on the general purpose financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

The City's Salem Avenue shopping district has served as the commercial hub of northwest Montgomery County for many years. Salem Mall has long been the anchor of the district, but recently has experienced declining occupancy. The adjacent Consumer Square shopping center is a major draw in the district, as are several "big box" retailers such as Wal-Mart, K-Mart, Lowe's and Target. In 2000, Home Depot acquired the Lazarus department store portion of the mall, demolished the vacant store and began construction of a new home improvement outlet that opened in 2001. In addition to retail activity, Hara Arena draws large crowds to its facilities for various shows, conferences and sporting activities.

The "Trotwood Connector," a new limited access highway on a north-south axis through the center of the City provides access for potential development of several large tracts. In a related economic development move, the City purchased a 38-acre site west of the Connector and in 2001 completed the installation of streets and utilities to make it available as a light industrial park.

MAJOR INITIATIVES

For the City of Trotwood, the 2001 fiscal year was marked by activities to increase future revenues and by a searching review of programs and services to cope with the reality of currently limited financial resources.

The City of Trotwood began the 2001 fiscal year with an adopted budget that was significantly reduced from the recommendations prepared a few months earlier. The original proposal was based on the assumption that the 3.5 mill current expenses levy expiring in 2000 would be renewed for an additional levy. This levy was originally approved by the voters for the 1996 to

2000 time frame to support a broad range of municipal services at the outset of the City of Trotwood's merger with Madison Township. Because the voters had approved at the November 1999 election the continuation of two street levies for a combined 1.74 mills as well as a 2.00 mill EMS levy, there was logical optimism that the 3.5 mill current expenses levy scheduled for renewal action in 2000 would be likewise supported. The original 2001 budget was compiled with the expectation that the question on the November 2000 ballot would pass. Consequently, when the levy renewal failed by 19 votes, representing a loss of approximately \$900,000 in General Fund revenues for 2001, City management devoted November and December to dramatically cutting the 2001 budget proposal to accomplish a spending pattern for the upcoming year that conformed to this significant loss of revenues.

The City also gave early attention to the basic formulation of its 2002 budget identifying the minimal requirements for adequate service levels and those restorations and enhancements which the citizens would hopefully endorse. In February City Council conducted a two-day retreat that examined every program depending on tax dollars and made decisions on future funding and service levels. The result identified the need for an additional \$1.68 million in property taxes which in conjunction with revenues to be collected by a new ambulance run user fee would be needed to achieve a balanced budget in 2002.

Council approved a ballot question to submit a new five year 5.75 mill general expenses levy to the voters at a May 8 special election in order to raise the required property taxes. Council also approved collection of ambulance transport fees beginning in March as an added revenue source for supporting fire and rescue operations and facility needs. Trotwood voters responded positively to an active levy campaign during the spring that explained the need for increased property taxes and did approve on May 8, 2001 the additional levy to commence collection in 2002.

To address other revenue needs, City Council took action during the year to increase the residential trash rate by \$1.40 monthly beginning in the second quarter of 2001 to achieve a break-even level of funding for this service based on current costs. In response to a proposal by management requesting a 19% water rate increase and a 21% sewer rate increase, Council established a citizen's committee to consider alternative approaches to avoid looming deficits in these utility operations. As a result, a recommendation was formulated for a three step increase over the next three years. As ultimately adopted in September to take effect with the December 2001 quarterly billings, annual increases of 16%, 3% and 3% for water and 17%, 3% and 3% for sewer were set in place. The rate increase calculations addressed not only operating expenses but also the need for a capital replacement reserve.

FINANCIAL INFORMATION

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

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

In addition, the government maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated

budget approved by City Council. The level of budgetary for the General Fund is at the budget center or department level (e.g., Police Patrol, Street Maintenance, Fleet Maintenance). The legal level of budgetary control for other funds is at the fund level.

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

General Government Fund Balances. General governmental activities and services are accounted for in governmental funds: the general, special revenue, debt service and capital project funds. The following schedule presents a summary of fund balances for all governmental funds for the years ended December 31, 2001 and 2000. Fund balances give the City flexibility in the event of unforeseen revenue downturns or expenditure increases.

**Governmental Fund Balances
For the fiscal years ended December 31, 2001 and 2000**

Fund Type	2001 Amount	2000 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
General	\$ 2,190,283	3,372,050	(1,181,767)	-35.1%
Special revenue	1,543,602	1,352,292	191,310	14.1%
Debt service	2,440	597	1,843	308.7%
Capital Projects	(1,355,961)	(1,431,866)	75,905	5.3%
Totals	2,380,364	3,293,073	(912,709)	

The \$912,709 decline in fund balances for all governmental funds reflects the loss of approximately \$900,000 in property tax revenues to the general fund due to failure to renew a 3.5 mill current expenses levy, partially offset by new special revenue fund receipts resulting from introduction of ambulance transport fees during 2001.

Governmental Revenues. The following table presents revenue amounts generated by the City's governmental operations for the years ended December 31, 2001 and 2000.

Governmental Fund Revenues
For the fiscal years ended December 31, 2001 and 2000

Sources	2001 Amount	Percent of Total	2000 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Taxes	\$ 7,217,614	57.3%	8,599,117	(1,381,503)	-16.1%
Intergovernmental	3,388,698	26.9%	5,651,530	(2,262,832)	-40.0%
Charges for services	930,892	7.4%	258,561	672,331	260.0%
Fines, licenses and permits	336,245	2.7%	97,621	238,624	244.4%
Special assessments	56,291	0.4%	35,125	21,166	60.3%
Investment Earnings	266,207	2.1%	277,116	(10,909)	-3.9%
Other	405,669	3.2%	632,213	(226,544)	-35.8%
Totals	\$ 12,601,616	100.0%	15,551,283	(2,949,667)	

The \$2,262,805 decrease in intergovernmental revenue is due a return to more typical levels in contrast to the 2000 amount which was significantly increased as the result of several major project-specific grants for road construction, particularly the Turner Road Phase II and the Townview Revitalization projects. The \$1,381,503 decrease in taxes is mainly due to the failed renewal of a 3.5 mill property tax levy, as previously noted.

Governmental Expenditures. Amounts expended in 2001 and 2000 for governmental operations are summarized in the following table:

Governmental Fund Expenditures
For the fiscal years ended December 31, 2001 and 2000

Functions	2001 Amount	Percent of Total	2000 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Current:					
Public Safety	\$ 7,442,020	53.8%	7,438,226	3,794	0.1%
Leisure time activities	523,486	3.8%	760,948	(237,462)	-31.2%
Community Development	879,813	6.4%	976,552	(96,739)	-9.9%
Transportation and Street Repair	1,087,664	7.8%	1,267,681	(180,017)	-14.2%
General government	2,023,525	14.6%	2,123,683	(100,158)	-4.7%
Capital outlay	1,563,347	11.3%	4,042,240	(2,478,893)	-61.3%
Debt service	312,136	2.3%	167,320	144,816	86.6%
Totals	\$ 13,831,991	100.0%	16,776,650	(2,944,659)	

The \$2,478,893 capital outlay decrease in expenditures for 2001 in comparison with 2000 is explained by the absence of major projects this year like those experienced the prior year, particularly the \$1,600,000 industrial park development project and the \$900,000 Townview street reconstruction project. The \$237,462 decrease in leisure time activities expenditures

reflects the various program reductions in park and recreation operations during 2001, including lower park maintenance staffing and minimal facility rentals.

Enterprise Operations. The City operates three enterprise funds which provide water, sewer and refuse collection services. Water and sewer services are provided to a portion of the City, while refuse collection is provided City-wide. The City does not operate a water or sewer treatment plant but, instead, purchases excess capacity from the City of Dayton. Refuse collection services are provided by a private hauler via a contract with the City. Selected financial information for each enterprise operation is provided below:

**Enterprise Fund Financial Information
For the fiscal year ended December 31, 2001**

	Water Fund	Sewer Fund	Refuse Collection Fund	Totals
Operating revenues	\$ 871,167	771,126	892,155	2,534,448
Operating expenses	966,209	855,809	1,019,355	2,841,373
Operating income (loss)	(95,042)	(84,683)	(127,200)	(306,925)
Net income (loss)	(99,935)	(82,828)	(123,237)	(306,000)
Assets	1,309,605	724,831	407,752	2,442,188
Equity	598,964	257,476	77,460	933,900
Net working capital	(272,693)	(14,667)	77,460	(209,900)

The rate increases adopted in 2001 for each of the enterprise funds did not take effect early enough in the year to overcome net losses for the fiscal period but do promise to overcome this problem in 2002. The negative net working capital amount in the water fund is attributable to a one-year \$300,000 bond anticipation note liability incurred for financing a major water line replacement project in 2001. The note will be refinanced through a reduced debt obligation issued in 2002.

Fiduciary Operations. The City maintains an agency fund to account for assets received and held by the City acting in the capacity of an agent or custodian. Assets represent deposits made by contractors, developers and citizens to insure compliance with City ordinances, rules and regulations. These deposits will be returned to the appropriate party upon evidence of satisfactory performance.

Debt Administration. At year-end, the City had five debt obligations outstanding. These issues included \$645,000 combined for two general obligation bonds, \$690,000 of special assessment bonds with a governmental commitment and \$2,300,000 for two one-year bond anticipation notes for a total of \$3,635,000 subject to bonded debt limitations.

In addition the city entered into a 10 year loan agreement in 2001 with the Ohio Public Works Commission to finance a sewer lift station renovation project that has a \$50,474 principal balance as of December 31.

The liability of compensated absences experienced a net increase of \$103,932 at December 31, 2001.

Cash Management. Temporarily idle cash during the year was invested in certificates of deposit, overnight repurchase agreements and the State Treasurer's investment pool (STAR Ohio). Total interest earned by the City in 2001 amounted to \$281,032.

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

Risk Management. The City purchases commercial casualty and liability insurance to protect against major property losses and the threat of lawsuits alleging negligence by city employees. Coverage levels as of year end were blanket property coverage of \$19,975,398 (\$10,000 deductible), crime coverage of \$100,000 per loss (\$1,000 deductible), general liability coverage of \$1,000,000 per occurrence (\$25,000 deductible), public officials liability coverage of \$1,000,000 per occurrence/annual aggregate (\$15,000 deductible) and automobile liability coverage of \$1,000,000 per vehicle. In addition, the city has umbrella liability coverage of \$1,000,000 per occurrence/annual aggregate (\$10,000 deductible).

OTHER INFORMATION

Independent Audit. As required by state statutes, the general purpose financial statements of the City of Trotwood, Ohio for the fiscal year ended December 31, 2001, have been audited by the Ohio Auditor of the State's office. Their unqualified opinion has been included in this report.

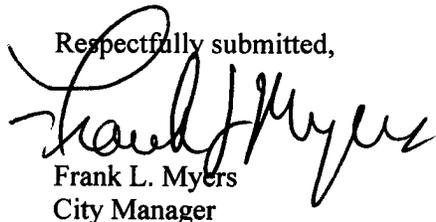
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The City of Trotwood for its comprehensive annual financial report for the fiscal year ended December 31, 2000. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

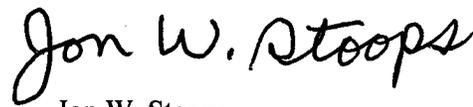
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA Award for Distinguished Budget Presentation for its annual operating budget for the fiscal year beginning January 1, 2001. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

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

Respectfully submitted,


Frank L. Myers
City Manager


Jon W. Stoops
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Trotwood,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

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.



Thomas A. Drew
President

Jeffrey L. Esler
Executive Director

CITY OF TROTWOOD, OHIO
List of Elected and Appointed Officials
December 31, 2001

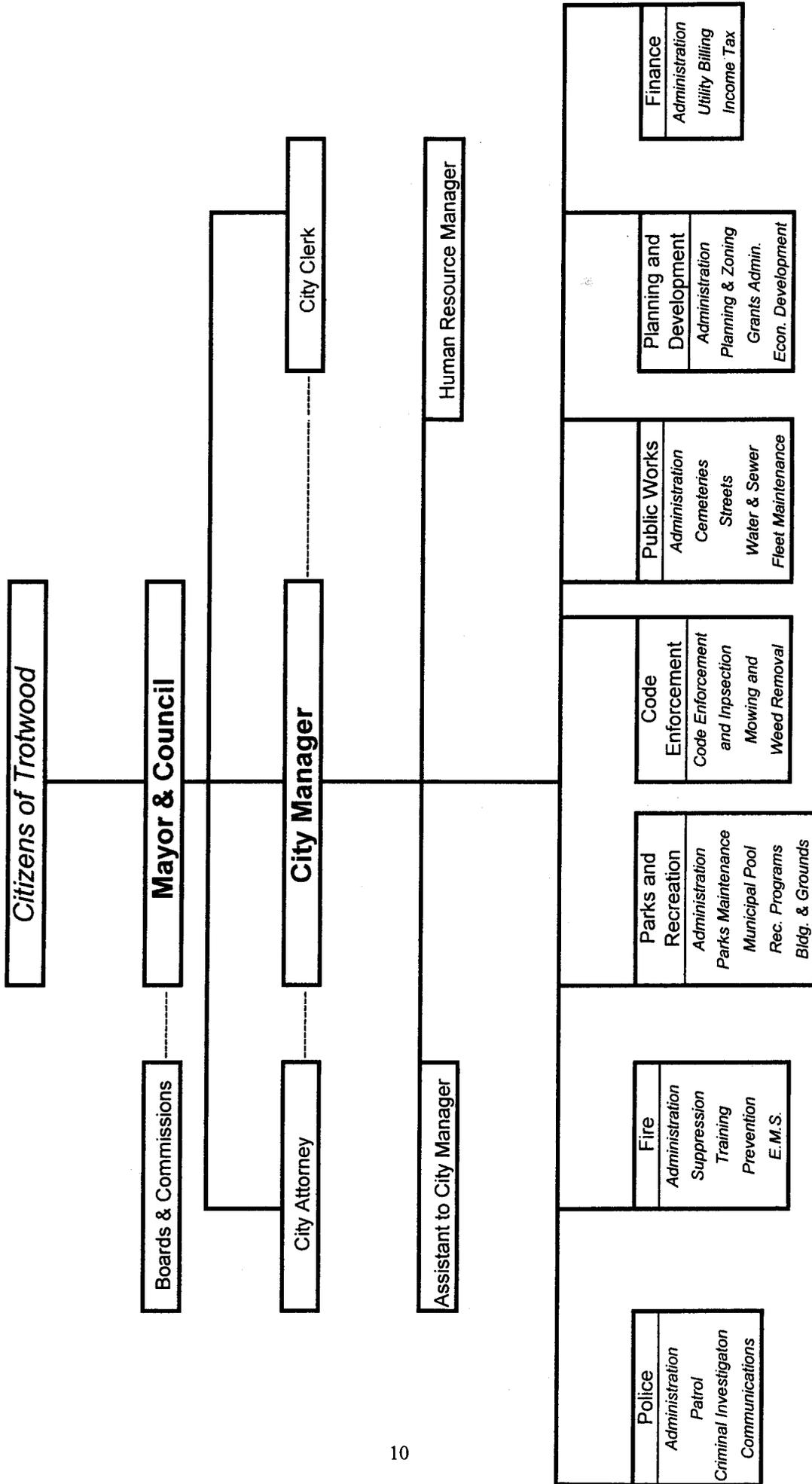
ELECTED OFFICIALS

Donald McLaurin	Mayor
Darrell Davis	Councilmember At Large
Barbara J. Staggs (Vice-Mayor)	Councilmember At Large
Joyce Sutton	Councilmember, District 1
Rap Hankins	Councilmember, District 2
Bruce D. Kettelle	Councilmember, District 3
Oscar L. Holliday	Councilmember, District 4

APPOINTED OFFICIALS

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

CITY OF TROTWOOD, OHIO
 Organization Chart
 December 31, 2001



FINANCIAL

SECTION



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

City of Trotwood
Montgomery County
35 North Olive Road
Trotwood, Ohio 45426-2600

To the Members of City Council:

We have audited the accompanying general-purpose financial statements of the City of Trotwood, Montgomery County, (the City) as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Trotwood, Montgomery County, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 5, during the year ended December 31, 2001, the City adopted Governmental Accounting Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions".

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the City, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects, in relation to the general-purpose financial statements taken as a whole.

City of Trotwood
Montgomery County
Report of Independent Accountants
Page 2

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

June 27, 2002



TROTWOOD

Yours to Discover

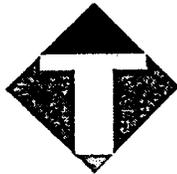
City of Trotwood, Ohio
 Combined Balance Sheet
 All Fund Types And Account Groups
 December 31, 2001

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Assets:				
Pooled cash and investments	\$2,439,473	\$1,434,652	\$2,440	\$787,620
Receivables (net of allowance for uncollectibles):				
Taxes	1,980,185	2,361,130	157,868	0
Accounts	0	636,941	0	0
Special assessments	497,252	0	0	0
Interest	248	137	0	76
Intergovernmental	56,034	310,179	0	0
Inventory	0	44,744	0	0
Prepaid items	74,545	60,132	0	0
Fixed assets (net, where applicable of accumulated depreciation)	0	0	0	0
Other debits:				
Amount available in debt service fund	0	0	0	0
Amount to be provided for retirement of general long-term obligations	0	0	0	0
TOTAL ASSETS AND OTHER DEBITS	\$5,047,737	\$4,847,915	\$160,308	\$787,696
LIABILITIES, EQUITY AND OTHER CREDITS:				
Liabilities:				
Accounts payable	\$64,875	\$75,221	\$0	\$115,342
Accrued wages and benefits	494,406	192,387	0	0
Interest payable	0	0	0	28,315
Compensated absences	0	0	0	0
Due to others	0	0	0	0
Deferred revenue	2,298,173	3,036,705	157,868	0
Notes payable	0	0	0	2,000,000
General obligation bonds payable	0	0	0	0
Special assessment debt with government commitment	0	0	0	0
Capital lease obligations	0	0	0	0
Total Liabilities	2,857,454	3,304,313	157,868	2,143,657
Equity and Other Credits:				
Investment in general fixed assets	0	0	0	0
Contributed capital	0	0	0	0
Retained earnings - unreserved	0	0	0	0
Fund Balances:				
Reserved for encumbrances	121,036	310,403	0	408,422
Reserved for inventory	0	44,744	0	0
Reserved for prepaids	74,545	60,132	0	0
Unreserved, undesignated	1,994,702	1,128,323	2,440	(1,764,383)
Total Equity and Other Credits	2,190,283	1,543,602	2,440	(1,355,961)
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$5,047,737	\$4,847,915	\$160,308	\$787,696

See accompanying notes.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$233,217	\$87,239	\$106,835	\$0	\$0	\$5,091,476
0	0	0	0	0	4,499,183
570,379	0	0	0	0	1,207,320
374,992	0	0	0	0	872,244
22	8	0	0	0	491
0	0	0	0	0	366,213
0	0	0	0	0	44,744
0	0	0	0	0	134,677
1,263,578	0	0	5,454,638	0	6,718,216
0	0	0	0	2,440	2,440
0	0	0	0	2,673,814	2,673,814
\$2,442,188	\$87,247	\$106,835	\$5,454,638	\$2,676,254	\$21,610,818
\$606,618	\$0	\$141	\$0	\$0	\$862,197
18,665	0	0	0	0	705,458
10,170	0	0	0	0	38,485
27,590	0	0	0	927,728	955,318
0	0	106,694	0	0	106,694
374,992	0	0	0	0	5,867,738
350,475	0	0	0	0	2,350,475
0	0	0	0	645,000	645,000
0	0	0	0	690,000	690,000
119,778	0	0	0	413,526	533,304
1,508,288	0	106,835	0	2,676,254	12,754,669
0	0	0	5,454,638	0	5,454,638
34,325	59,240	0	0	0	93,565
899,575	28,007	0	0	0	927,582
0	0	0	0	0	839,861
0	0	0	0	0	44,744
0	0	0	0	0	134,677
0	0	0	0	0	1,361,082
933,900	87,247	0	5,454,638	0	8,856,149
\$2,442,188	\$87,247	\$106,835	\$5,454,638	\$2,676,254	\$21,610,818



TROTWOOD

Yours to Discover

City of Trotwood, Ohio
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 2001

	Governmental Fund Types				Totals
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
REVENUES:					
Taxes	\$5,023,250	\$2,065,900	\$128,464	\$0	\$7,217,614
Fines, licenses and permits	241,794	81,201	0	13,250	336,245
Intergovernmental	1,741,496	1,126,289	16,395	504,518	3,388,698
Special assessments	48,060	6,262	1,969	0	56,291
Charges for services	239,935	690,957	0	0	930,892
Investment earnings	161,405	59,899	1,789	43,114	266,207
Other	162,389	223,689	19,591	0	405,669
Total Revenues	7,618,329	4,254,197	168,208	560,882	12,601,616
EXPENDITURES:					
Current:					
General government	2,023,525	0	0	0	2,023,525
Public safety	4,732,707	2,709,313	0	0	7,442,020
Leisure time activities	523,486	0	0	0	523,486
Community development	616,160	150,759	0	112,894	879,813
Transportation and street repair	261,851	825,813	0	0	1,087,664
Capital outlay	197,515	1,030,187	0	335,645	1,563,347
Debt service:					
Principal	0	0	70,000	0	70,000
Interest	0	0	96,365	143,315	239,680
Other	0	8	0	2,448	2,456
Total Expenditures	8,355,244	4,716,080	166,365	594,302	13,831,991
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(736,915)	(461,883)	1,843	(33,420)	(1,230,375)
OTHER FINANCING SOURCES (USES):					
Proceeds of notes and bonds	0	0	0	4,240	4,240
Operating transfers - in	0	390,000	0	105,085	495,085
Operating transfer - out	(495,085)	0	0	0	(495,085)
Proceeds from sale of assets	26,600	24,625	0	0	51,225
Proceeds from capital leases	23,633	238,568	0	0	262,201
Total Other Financing Sources (Uses)	(444,852)	653,193	0	109,325	317,666
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,181,767)	191,310	1,843	75,905	(912,709)
FUND BALANCES, BEGINNING OF YEAR	3,372,050	1,352,292	597	(1,431,866)	3,293,073
FUND BALANCES, END OF YEAR	\$2,190,283	\$1,543,602	\$2,440	(\$1,355,961)	\$2,380,364

See accompanying notes.

City of Trotwood, Ohio
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balance
 Budget And Actual (Non-GAAP Basis)
 All Governmental Fund Types
 For the Year Ended December 31, 2001

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$5,795,021	\$5,346,344	(\$448,677)	\$2,206,811	\$2,065,900	(\$140,911)
Intergovernmental	1,641,250	1,741,162	99,912	1,455,654	1,167,825	(287,829)
Special assessments	15,001	48,059	33,058	0	6,262	6,262
Charges for services	244,700	239,935	(4,765)	487,627	567,858	80,231
Fines and forfeitures	268,000	241,794	(26,206)	54,400	81,201	26,801
Investment earnings	263,086	162,989	(100,097)	83,700	60,544	(23,156)
Other	6,500	162,389	155,889	63,500	87,589	24,089
Total Revenues	8,233,558	7,942,672	(290,886)	4,351,692	4,037,179	(314,513)
EXPENDITURES:						
Current:						
General government	2,132,436	2,122,721	9,715	0	0	0
Public safety	4,829,818	4,863,507	(33,689)	2,840,334	2,763,201	77,133
Leisure time activities	556,032	519,828	36,204	0	0	0
Community development	682,758	628,881	53,877	333,447	240,850	92,597
Transportation	260,000	257,538	2,462	1,162,259	1,004,823	157,436
Capital outlay	194,099	180,786	13,313	930,512	946,816	(16,304)
Debt service:						
Principal	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Expenditures	8,655,143	8,573,261	81,882	5,266,552	4,955,690	310,862
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(421,585)	(630,589)	(209,004)	(914,860)	(918,511)	(3,651)
OTHER FINANCING SOURCES (USES):						
Proceeds of bond anticipation notes	0	0	0	0	0	0
Proceeds of sale of fixed assets	15,000	26,600	11,600	75,000	24,625	(50,375)
Operating transfers - in	0	0	0	390,000	390,000	0
Operating transfers - (out)	(495,100)	(495,085)	15	0	0	0
Total Other Financing Sources (Uses)	(480,100)	(468,485)	11,615	465,000	414,625	(50,375)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(901,685)	(1,099,074)	(197,389)	(449,860)	(503,886)	(54,026)
FUND BALANCE, BEGINNING OF YEAR	3,391,213	3,391,213	0	1,567,354	1,567,354	0
FUND BALANCE, END OF YEAR	\$2,489,528	\$2,292,139	(\$197,389)	\$1,117,494	\$1,063,468	(\$54,026)

See accompanying notes.

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$136,664	\$128,464	(\$8,200)	\$0	\$0	\$0	\$8,138,496	\$7,540,708	(\$597,788)
14,750	16,395	1,645	777,715	779,869	2,154	3,889,369	3,705,251	(184,118)
0	1,969	1,969	0	0	0	15,001	56,290	41,289
0	0	0	0	0	0	732,327	807,793	75,466
0	0	0	0	13,250	13,250	322,400	336,245	13,845
4,000	1,789	(2,211)	0	43,559	43,559	350,786	268,881	(81,905)
13,368	19,591	6,223	0	0	0	83,368	269,569	186,201
<u>168,782</u>	<u>168,208</u>	<u>(574)</u>	<u>777,715</u>	<u>836,678</u>	<u>58,963</u>	<u>13,531,747</u>	<u>12,984,737</u>	<u>(547,010)</u>
0	0	0	0	0	0	2,132,436	2,122,721	9,715
0	0	0	0	0	0	7,670,152	7,626,708	43,444
0	0	0	0	0	0	556,032	519,828	36,204
0	0	0	0	0	0	1,016,205	869,731	146,474
0	0	0	0	0	0	1,422,259	1,262,361	159,898
0	0	0	999,118	1,171,224	(172,106)	2,123,729	2,298,826	(175,097)
70,000	70,000	0	2,300,000	2,300,000	0	2,370,000	2,370,000	0
92,860	92,858	2	115,000	115,000	0	207,860	207,858	2
0	3,506	(3,506)	0	2,447	(2,447)	0	5,953	(5,953)
<u>162,860</u>	<u>166,364</u>	<u>(3,504)</u>	<u>3,414,118</u>	<u>3,588,671</u>	<u>(174,553)</u>	<u>17,498,673</u>	<u>17,283,986</u>	<u>214,687</u>
5,922	1,844	(4,078)	(2,636,403)	(2,751,993)	(115,590)	(3,966,926)	(4,299,249)	(332,323)
0	0	0	2,000,000	2,004,240	4,240	2,000,000	2,004,240	4,240
0	0	0	0	0	0	90,000	51,225	(38,775)
0	0	0	105,085	105,085	0	495,085	495,085	0
0	0	0	0	0	0	(495,100)	(495,085)	15
0	0	0	2,105,085	2,109,325	4,240	2,089,985	2,055,465	(34,520)
5,922	1,844	(4,078)	(531,318)	(642,668)	(111,350)	(1,876,941)	(2,243,784)	(366,843)
597	597	0	921,866	921,866	0	5,881,030	5,881,030	0
<u>\$6,519</u>	<u>\$2,441</u>	<u>(\$4,078)</u>	<u>\$390,548</u>	<u>\$279,198</u>	<u>(\$111,350)</u>	<u>\$4,004,089</u>	<u>\$3,637,246</u>	<u>(\$366,843)</u>

City of Trotwood, Ohio
 Combined Statement of Revenues, Expenses
 And Changes In Retained Earnings
 All Proprietary Fund Types
 For the Year Ended December 31, 2001

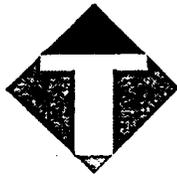
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
OPERATING REVENUES:			
Charges for services	\$2,298,688	\$0	\$2,298,688
Special assessment	169,662	0	169,662
Other	66,098	0	66,098
Total Operating Revenue	2,534,448	0	2,534,448
OPERATING EXPENSES:			
Salaries and wages	241,032	0	241,032
Benefits	56,091	0	56,091
Contractual services	1,956,692	5,845	1,962,537
Materials and supplies	426,841	0	426,841
Depreciation expense	156,350	0	156,350
Other	4,367	0	4,367
Total Operating Expenses	2,841,373	5,845	2,847,218
OPERATING LOSS	(306,925)	(5,845)	(312,770)
NONOPERATING REVENUES (EXPENSES):			
Investment earnings	11,352	3,473	14,825
Interest expense	(10,427)	0	(10,427)
Total Nonoperating Revenues (Expenses)	925	3,473	4,398
NET LOSS	(306,000)	(2,372)	(308,372)
RETAINED EARNINGS, BEGINNING OF YEAR	1,205,575	30,379	1,235,954
RETAINED EARNINGS, END OF YEAR	\$899,575	\$28,007	\$927,582

See accompanying notes.

City of Trotwood, Ohio
 Combined Statement Of Cash Flows
 All Proprietary Fund Types
 For the Year Ended December 31, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)
OPERATING ACTIVITIES:			
Cash received from customers and users	\$2,362,879	\$0	\$2,362,879
Cash paid to suppliers for goods and services	(2,435,858)	(5,845)	(2,441,703)
Cash paid to employees for services	(292,765)	0	(292,765)
Other operating receipts (disbursements)	231,393	0	231,393
Net cash used by operating activities	(134,351)	(5,845)	(140,196)
CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest payments - capital leases	(257)	0	(257)
Acquisition of capital assets	(426,260)	0	(426,260)
Net cash used by capital and related financing activities	(426,517)	0	(426,517)
INVESTING ACTIVITIES:			
Proceeds of bonds & notes	350,475	0	350,475
Interest on investments	11,557	3,512	15,069
Net cash provided by investing activities	362,032	3,512	365,544
NET DECREASE IN CASH	(198,836)	(2,333)	(201,169)
CASH BEGINNING OF YEAR	432,053	89,572	521,625
CASH END OF YEAR	233,217	87,239	320,456
Reconciliation of operating income to net cash provided by operating activities			
Operating loss	(306,925)	(5,845)	(312,770)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	156,350	0	156,350
Change in assets and liabilities:			
(Increase) decrease in receivables	(36,026)	0	(36,026)
Increase (decrease) in deferred revenue	64,815	0	64,815
Increase (decrease) in accounts payable	(32,464)	0	(32,464)
Increase (decrease) in wages payable	1,862	0	1,862
Increase (decrease) in compensated absences payable	2,496	0	2,496
Increase (decrease) in capital lease obligations	15,541	0	15,541
Net cash used by operating activities	(\$134,351)	(\$5,845)	(\$140,196)

See accompanying notes.



TROTWOOD
Yours to Discover

CITY OF TROTWOOD
Notes to the Combined Financial Statements
December 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Trotwood, Ohio have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles. The City also applies Financial Accounting Standard Board (FASB) statements and interpretations issued on or before November 30, 1989, to proprietary funds provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the City's significant accounting policies presented to assist the reader in interpreting the financial statements and other data in this report.

A. Financial Reporting Entity

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

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

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, which is disclosed in the following discussion.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds, departments and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if it appoints a voting majority of the potential component unit's governing board and the City 1) is able to impose its will on the organization; and/or 2) is in a relationship of financial benefit or burden with the organization. Component units may also include organizations that are fiscally dependent on the City. Fiscal dependency results from one of three conditions: 1.) the primary government's approval is needed for the potential component unit's budget; 2.) the primary government's approval is needed by the potential component unit to set taxes or charges; or 3.) the primary government's approval is needed for the potential component unit to issue bonded debt.

Based on these criteria, no component units were included in the financial statements.

B. Basis of Presentation

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The City utilizes the following fund types and account groups:

Governmental Funds are used to account for the City's general government programs and activities. Governmental funds include the following fund types:

General Fund: This is the City's primary operating fund and accounts for resources devoted to financing the general services that the City provides to its citizens. It accounts for all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

Debt Service Fund: The purpose of this fund is to account for the accumulation of resources for the payment of principal and interest on the City's long-term general obligation debt other than those payable from enterprise funds.

Capital Project Funds: These funds account for the acquisition of fixed assets or the construction of major capital projects not being financed by proprietary funds.

Proprietary Funds account for City activities, which are similar in nature to private businesses.

Enterprise Funds: Operations that are financed and operated in a manner similar to private businesses are accounted for in enterprise funds. The intent is that all costs of operation (including depreciation) are to be recovered primarily through user charges.

Internal Service Fund: The financing of goods or services provided by one fund to other funds of the City and other related agencies on a cost-reimbursement basis are accounted for by this type of fund.

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units or funds.

Agency Funds: These funds are custodial in nature and account for assets held by the City for other entities.

Account groups are not funds but do contain self-balancing accounts. They are used to differentiate between fixed assets and long-term obligations of governmental fund type operations and those relating to proprietary operations. Account groups are concerned only with the measurement of financial position, not results of operations.

General Fixed Assets Account Group: Property, plant and equipment acquired by governmental and similar fiduciary fund types are accounted for in the account group.

General Long-term Obligations Account Group: Unmatured, long-term obligations backed by the "full faith and credit" of the municipality and certain other liabilities that are not specific liabilities of proprietary or trust funds are accounted in this account group.

C. Basis of Accounting and Measurement Focus

Basis of accounting refers to the timing of recognition of revenues and expenditures or expenses. Basis of accounting determines when transactions are recognized in the accounts and reported in the financial statements regardless of the measurement focus. Measurement focus refers to the determination of which assets and liabilities are included on a fund's balance sheet and whether the fund presents information on the flow of financial resources (revenues and expenditures) or information on the flow of economic resources (revenues and expenses).

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Unmatured principal and interest on general long-term debts are recognized when due and certain compensated absences and claims and judgments, which are

recognized when obligations are expected to be liquidated with expendable available financial resources.

With respect to revenue recognition, the City considers the following revenue sources available if they are collected within thirty (30) days after year end: special assessments due in the current year, income taxes withheld by employers, ambulance transport fees and state-levied locally shared taxes (including motor vehicle taxes). Property taxes and special assessments received to service special assessment debt, though measurable, are not available soon enough in the subsequent year to finance current period obligations and are, therefore, deferred until they become available. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

Other revenues including license and permit fees, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The measurement focus of governmental funds is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred except for unmatured principal and interest on general long-term debt which are recognized when paid. Allocation of cost, such as depreciation and amortization are not recognized in the governmental funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Allocations of cost such as depreciation are recorded in proprietary funds. Unbilled utility service receivables are accrued and reported in the financial statements.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds utilize the modified accrual basis of accounting.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash balances of the City's funds are pooled and invested in short-term investments in order to provide improved cash management.

The City's adopted investment policy allows the City to invest in U.S. Treasury obligations, repurchase agreements, certificates of deposit and the State Treasurer's investment pool, commonly known as STAR Ohio. In accordance with GASB Statement No. 31, investments are stated at fair value except for non-negotiable certificates of

deposit, non-participating repurchase agreements and STAR Ohio, which are reported at cost or amortized cost.

2. Receivables and Payables

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt.

All trade accounts receivable recorded in the City's enterprise funds are shown net of an allowance for uncollectibles.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Governmental fund inventory costs are recorded using the consumption method. The inventory amount reported by the City represents its stockpile of road salt used to clear streets of snow and ice.

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

Governmental fund inventory and prepaid item amounts are equally offset by reserves to the fund balances to indicate that they do not constitute "available expendable resources" even though they are components of net current assets.

4. Fixed Assets and Depreciation

In 1997, the City contracted with an appraisal firm to provide an inventory of its fixed assets. Their report, dated as of May 1, 1997, estimated original costs and dates of acquisition for all City assets. The original cost of most assets was estimated using the normal costing method. This method involves determining an asset's cost of reproduction new indexed by a reciprocal factor of the price increase from the estimated date acquired to the appraisal date.

Fixed assets used in governmental fund types of the City are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed; expenditures for the asset are recorded in the funds financing the acquisition/construction. Donated fixed assets are recorded at their estimated fair value at the date of donation. Interest incurred during the construction of general fixed assets is not capitalized. Although not required by generally accepted accounting principles as applied to local governments, assets in the general fixed assets account group are depreciated utilizing the straight-line method over their estimated useful lives.

Infrastructure general fixed assets (e.g., roads, bridges, parking lots, sidewalks and other assets that are immovable and of value only to the City) are not capitalized.

Property, plant and equipment in the proprietary funds of the City are recorded at cost. Donated property, plant and equipment are recorded at estimated fair value at the time of donation. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Depreciation of proprietary fund fixed assets is charged over the estimated useful life of the asset utilizing the straight-line method.

Estimated useful lives used for both general governmental and proprietary fund fixed assets are as follows:

Buildings and structures	20-45 years
Infrastructure	15-45 years
Vehicles and equipment	3-20 years

5. Compensated Absences

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

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

Compensatory time off in lieu of overtime pay is an option granted to certain employees of the City, including safety forces. Compensatory time off may also be granted in lieu of holiday pay. Compensatory time off is granted on the basis of time and one-half for actual hours worked and must be used within 30 days from the time earned. Five personal days are granted to each full-time employee of the City. Personal days must be taken within the calendar year and may not be carried forward. Additional personal time may be earned by employees who do not use any sick leave.

6. Deferred Revenues

Deferred revenues are revenues that are measurable but not yet available to finance current operations. Most prominent of these revenues reflected in the financial statements are property taxes, special assessments and grants. Property tax advances available at year-end are recognized as revenue.

7. Long-term Obligations

The City reports long-term debt of governmental funds at face value in the general long-term obligations account group. Certain other governmental fund obligations not expected to be financed with current available resources are also reported in the general long-term obligations account group.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are recorded as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from actual net proceeds received, are reported as debt service expenditures.

8. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

9. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as operating transfers.

10. Memorandum Only – Total Columns

Total columns of the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

2. BUDGET, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Process

The City follows procedures established by state law in establishing the budgetary data reflected in the financial statements. These are:

- City Council must adopt a budget of estimated receipts by July 15th of each year for the subsequent fiscal year. These estimates are submitted to the County Budget Commission by July 20th for its approval.
- The County Budget Commission certifies its actions by September 1st and issues a "Certificate of Estimated Resources" establishing the maximum amount the City may expend from its various funds during the upcoming fiscal year.
- An appropriation ordinance is adopted by City Council at its final meeting in December for the subsequent fiscal year. Appropriations may not exceed estimated resources certified by the County Budget Commission.
- In January, the Certificate of estimated resources is amended to include any unencumbered balances from the preceding year.
- Unencumbered appropriations lapse at year-end. In governmental funds, outstanding encumbrances at year-end are reported as reservations of fund balances for subsequent year expenditures and this amount is not reappropriated in the subsequent year.
- Modifications to the original appropriations are approved by City Council throughout the year.

The legal level of budgetary control for the General Fund is at the budget center or department level (e.g., Police Patrol, Parks Maintenance, Fleet Maintenance, etc.). The legal level of budgetary control for all other budgeted funds is at the Fund level. Transfers between budget centers require the approval of City Council. Budgets are adopted for the General, Special Revenue, Debt Service, Enterprise, and Internal Service Funds. These budgets are adopted on a non-GAAP budgetary basis. No budgets are adopted for the City's Agency funds. The major differences between the City's budget basis and GAAP basis are as follows:

- (1) Revenues are recorded when received in cash for budget purposes as opposed to when susceptible to accrual for GAAP purposes;
- (2) Expenditures are recorded when paid in cash for budget purposes but when a liability has been incurred for GAAP purposes; and
- (3) Encumbrances are recorded as expenditures for budget purposes as opposed to reservations of fund balance for GAAP purposes.

The adjustments necessary to convert results of operations at the end of the year on the GAAP basis to the budget basis are as follows:

	Excess (Deficiency) of Revenues And Other Financing Sources Over (Under) <u>Expenditures and Other Financing Uses</u>			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
GAAP Basis (as reported)	(\$1,181,767)	\$ 191,310	\$ 1,843	\$ 75,905
Adjustments:				
Revenue accruals, net	300,710	(455,586)	0	2,275,796
Expenditure accruals, net	(73,570)	129,581	1	(2,485,946)
Encumbrances	<u>(144,447)</u>	<u>(369,191)</u>	<u>0</u>	<u>(508,423)</u>
BUDGET BASIS	<u>(\$1,099,074)</u>	<u>(\$503,886)</u>	<u>\$1,844</u>	<u>(\$ 642,668)</u>

B. Encumbrances

Encumbrance accounting is employed in all budgeted funds. Encumbrances (e.g., purchase orders, contracts) are reported as expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding in governmental funds at year-end are reported as reservations of fund balance since they do not represent expenditures or liabilities of the governmental funds.

C. Budget Modifications

The City's adopted budget may be modified by City Council throughout the year. Generally, this is done near the end of the fiscal year. Budget amounts presented in the accompanying combined financial statements represent final amended amounts.

D. Compliance and Accountability

The Special Revenue Grant Fund had a deficit fund balance (budget basis) of (\$125,808) as of December 31, 2001.

At December 31, 2001, expenditures plus outstanding encumbrances exceeded appropriations at the legal level of control in the following amounts: General Fund public safety department (\$33,689), Special Revenue Motor Vehicle License Tax (\$5,538), Special Revenue Lighting Assessment Fund (\$335), Special Revenue Curbs/Gutters/Sidewalks Assessment Fund (\$236), Capital Projects Industrial Park Fund (\$6,768), Capital Projects Townview Revitalization Fund (\$167,785), and Debt Service Fund (\$3,504).

E. Fund Deficits

The following individual funds had deficit fund balances at December 31, 2001:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Fire Levy	\$69,153
Capital Projects:	
Industrial Park	1,369,325

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The deposit and investment of City monies are governed by the Ohio Revised Code and a locally adopted investment policy. State statutes classify monies held by the City into three categories. The first active deposits, are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts or in money market deposit accounts.

Inactive deposits are public deposits that City Council has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposits maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of City deposits is provided by the Federal Deposit Insurance Corporation, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Depositories may pool eligible collateral securities so long as their value exceeds 110% of total public deposits. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

The City's investment policy, adopted by City Council, makes the Finance Director directly responsible for investment of the City's inactive resources. Investments of public monies are competitively bid. No one depository may hold more than forty percent of funds available

for investment and at least fifteen percent of the portfolio must be invested in highly liquid vehicles. The following securities may be utilized by the Finance Director for investment purposes:

1. U.S. Treasury bills, notes and bonds;
2. U.S. government agency/instrumentality issues;
3. Certificates of deposit;
4. Repurchase agreements (with institutions having a signed master repurchase agreement with the City);
5. State of Ohio obligations;
6. No-load money market mutual funds; and
7. State of Ohio Treasurer's investment pool (STAR Ohio).

Investments in derivatives, reverse repurchase agreements, pooled investment funds of other political subdivisions (other than STAR Ohio) and stripped principal or interest obligations are prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation.

At year-end, the City's carrying amount of deposits was \$1,523,013 and the bank balance was \$2,038,960 (including certificates of deposit). Of the bank balance, \$215,521 was covered by federal depository insurance and the remaining balance was covered by surety bonds.

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

The following information classifies investments by categories of risk as defined in GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

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

At year-end, the City's investment balances were as follows:

	<u>Category</u> <u>3</u>	<u>Carrying</u> <u>Amount</u>	<u>Market</u> <u>Value</u>
Repurchase agreements	<u>\$1,649,292</u>	<u>\$1,649,292</u>	<u>\$1,649,292</u>
Total	<u>\$1,649,292</u>	<u>\$1,649,292</u>	<u>\$1,649,292</u>
Investments not subject to categorization:			
State Treasurer's pool (1)		<u>\$1,919,171</u>	<u>\$1,919,171</u>
Total investments		<u>\$3,568,463</u>	<u>\$3,568,463</u>

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

Interest income derived from invested deposits is distributed to various funds based on the ratio of each fund's month-end cash balance for the month in which the investment matures. Two funds, Grants and Trust and Agency, are not credited with interest income.

B. Fixed Assets

Activity in the general fixed assets account group for the government for the fiscal year-end was as follows:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31</u>
Land/Land Improvements	\$1,532,417	\$ 64,742	\$ 0	\$1,597,159
Buildings and structures	2,507,598	0	0	2,507,598
Vehicles and equipment	5,795,166	778,847	(162,387)	6,411,626
Accumulated depreciation	<u>(4,566,050)</u>	<u>(647,154)</u>	<u>151,459</u>	<u>(5,061,745)</u>
Total general fixed assets	<u>\$5,269,131</u>	<u>\$196,435</u>	<u>(\$ 10,928)</u>	<u>\$5,454,638</u>

The following is a summary of changes in enterprise fund fixed assets:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31</u>
Infrastructure	\$7,979,115	\$ 371,006	\$ 0	\$8,350,121
Vehicles and equipment	237,182	55,254	0	292,436
Accumulated depreciation	<u>(7,222,629)</u>	<u>(156,350)</u>	<u>0</u>	<u>(7,378,979)</u>
Total enterprise fund fixed assets	<u>\$ 993,668</u>	<u>\$269,910</u>	<u>\$ 0</u>	<u>\$1,263,578</u>

C. Interfund Transactions

Operating transfers during the fiscal year-end were:

<u>Transfer-in Fund</u>	<u>Transfer-out Fund</u>	<u>Amount</u>
Fire Levy	General	\$390,000
Townview Revitalization	General	<u>105,085</u>
Total		<u>\$495,085</u>

D. Long-term Debt and Obligations

1. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City. These bonds generally are issued as 20-year serial bonds with various principal amounts maturing each year. General obligation bonds currently outstanding were issued to purchase and subsequently renovate the City's Government Center.

2. Special Assessment Bonds with a Governmental Commitment

Special assessment bonds are payable from special assessments levied against properties which benefited from the capital improvement financed by the bond issuance. Such bonds may include a provision by which the issuer is obligated to supplement any shortfall in special assessments received during the life of the bonds. Such bonds are said to carry a governmental commitment. Special assessment bonds with a governmental commitment currently outstanding were issued to finance street and other infrastructure improvements in the Oakview Estates development. It is currently anticipated that special assessment proceeds alone will not be sufficient to retire these bonds. Thus, for purposes of calculating the City's debt capacity, these bonds are treated as general obligation bonds.

3. Compensated Absences

The City uses the vesting method to account for compensated absences. The liability associated with accumulated leave benefits earned by general governmental employees is recorded in the General Long-term Obligations Account Group since annual payments of these obligations are indeterminable. Accrued leave amounts incurred by employees of proprietary funds are recorded as liabilities in the appropriate fund.

4. Short-term Debt

The following is a summary of short-term debt of the City for the fiscal year-end:

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Purpose</u>	<u>Amount</u>
Water System Improvement	5/03/02	3.39%	Replacement of E. Main Street water line	\$300,000
Industrial Park Improvements	7/25/02	3.25%	Improvements to the Industrial Park	2,000,000

5. Summary of Long-term Debt and Obligations

Activity associated with the General Long-Term Obligations Account Group of the City for the fiscal year-end are summarized below:

	<u>Balance January 1</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31</u>
General obligation bonds:				
1982 Government Center purchase, 13.00%, maturing 2002	\$20,000	0	(\$10,000)	\$10,000
1992 Government Center renovation, 6.70%, maturing 2016	<u>660,000</u>	<u>0</u>	<u>(25,000)</u>	<u>635,000</u>
Total General obligation bonds	<u>680,000</u>	<u>0</u>	<u>(35,000)</u>	<u>645,000</u>
Special assessment bonds with governmental commitment:				
1994 Oakview Estates street improvements, 6.35%, maturing 2014	725,000	0	(35,000)	690,000
Capital Lease Payable:				
2001 Fire Radio System, 7.11%, ending 2007	0	214,936	(37,379)	177,557
2001 Back Hoe, 5.75%, ending 2006	0	47,265	0	47,265
1999 Express Van, 5.50%, ending 2002	8,156	0	0	8,156
1999 Street Sweeper, 5.06%, ending 2004	137,461	0	(31,865)	105,596
2000 Medic, 4.77%, ending 2004	84,312	0	(19,628)	64,684
1999 Riso Graph, 14.69%, ending 2004	<u>12,806</u>	<u>0</u>	<u>(2,538)</u>	<u>10,268</u>
Total Capital Lease Payable	<u>242,735</u>	<u>262,201</u>	<u>(91,410)</u>	<u>413,526</u>
Compensated absences	<u>826,292</u>	<u>101,436</u>	<u>0</u>	<u>927,728</u>
Total debt and long-term obligations	<u>\$2,474,027</u>	<u>\$363,637</u>	<u>(\$161,410)</u>	<u>\$2,676,254</u>

Activity associated with the Enterprise Fund Long-Term Debt of the City for the fiscal year-end are summarized below:

	Balance <u>January 1</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>December 31</u>
2001 OPWC Loan, 3%, maturing 2012	\$ 0	\$50,475	\$ 0	\$50,475
Capital Lease Payable:				
1999 Sewer Vacuum, 4.68%, ending 2003	104,237	0	(34,949)	69,288
2001 Back Hoe, 5.75%, ending 2006	<u>0</u>	<u>50,490</u>	<u>0</u>	<u>50,490</u>
Total Capital Lease Payable	<u>104,237</u>	<u>50,490</u>	<u>(34,949)</u>	<u>119,778</u>
Total	<u>\$104,237</u>	<u>\$100,965</u>	<u>(\$34,949)</u>	<u>\$170,253</u>

Annual debt service amounts required to pay principal and interest on bonds outstanding at fiscal year-end follow:

<u>Year(s)</u>	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds with Governmental Commitment</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2002	\$35,000	\$43,845	\$35,000	\$43,815
2003	25,000	40,870	40,000	41,593
2004	30,000	39,195	40,000	39,053
2005	30,000	37,185	45,000	36,513
2006	35,000	35,175	45,000	33,655
Thereafter	<u>490,000</u>	<u>197,985</u>	<u>485,000</u>	<u>148,273</u>
Totals	<u>\$645,000</u>	<u>\$394,255</u>	<u>\$690,000</u>	<u>\$342,902</u>

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of year-end:

<u>Ending December 31,</u>	<u>General Long-Term Obligations</u>	<u>Enterprise</u>
2002	\$123,623	\$50,241
2003	115,246	50,241
2004	115,246	11,905
2005	48,523	11,905
2006	48,524	11,906
Thereafter	<u>37,379</u>	<u>0</u>
Total minimum lease payments	488,541	136,198
Less: amount representing interest	<u>(75,015)</u>	<u>(16,420)</u>
Present value of minimum lease payments	<u>\$413,526</u>	<u>\$119,778</u>

The City has entered into capitalized leases for vehicles and equipment. The leases meet the criteria of capital leases as defined by Statement of Financial Accounting Standards

No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Fixed assets acquired by lease have been capitalized in the water and sewer enterprise funds and general fixed asset group in an amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the water and sewer enterprise funds and general long-term obligations account group.

Note Payable – Ohio Public Works Commission		
	<u>Principal</u>	<u>Interest</u>
2002	\$2,183	\$757
2003	4,464	1,416
2004	4,599	1,281
2005	4,738	1,142
2006	4,882	998
Thereafter	<u>29,609</u>	<u>2,731</u>
Total	<u>\$50,475</u>	<u>\$8,325</u>

The Ohio Public Works Commission note is repaid from the resources of the sewer fund.

E. Fund Equity

Reservations of fund balances in governmental funds are employed to satisfy legal covenants that require a portion of the fund balance to be segregated or to identify that portion of the fund balance that is not appropriable for future expenditures. Specific reservations of fund balance accounts are detailed below.

Reserved for encumbrances – This reserve represents encumbrances outstanding at the end of the year based upon purchase orders and contracts executed by the City but not completed as of the close of the fiscal year.

Reserved for inventories – This reserve represents the portion of fund balance that is not available for expenditure because the City expects to use these resources within the next budgetary period.

Reserved for prepaid items – This reserve represents the portion of fund balance that is not available for expenditure because the City expects to use these resources within the next budgetary period.

F. Local Income Tax

During 2000, the City levied an income tax of 2.25% on substantially all income earned within the City. In addition, residents are required to pay City income tax on income earned

outside the City with a credit of up to 2.25% allowed for income taxes paid to other municipalities. The City contracts with the City of Dayton to collect income taxes and otherwise administer its income tax ordinance. For 2001, gross income tax revenue amounted to \$5,186,937.

G. Property Tax

Real property taxes are levied against all real, public utility and tangible personal property located in the City. The assessed value upon which the 2001 levy was based amounted to \$298,702,369 summarized as follows:

Real property – 2000 valuation	
Residential/agricultural	\$188,188,310
Commercial/industrial	68,659,720
Public utilities	<u>16,520</u>
Subtotal real property	<u>256,864,550</u>
Tangible personal property – 2001 valuation	
General	25,444,749
Public utilities	<u>16,393,070</u>
Subtotal tangible personal property	<u>41,837,819</u>
Total valuation	<u>\$298,702,369</u>

Real property taxes received by the City in any calendar year are levied on January 1 of the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are determined by the county auditor at 35% of appraised market value. The county auditor reappraises all real property every six years with a triennial update. The last reappraisal was completed for the tax year 1996. Real property owners' tax bills are reduced by homestead and rollback deductions, when applicable. The amount of these deductions is reimbursed to the City by the State of Ohio.

Property taxes are levied against public utility tangible personal property and land improvements at 88% of its true value, i.e., net book value. Tangible personal property utilized by businesses other than public utilities is assessed at 25% of average value for inventories and 25% of true value for substantially all other personal property.

The county treasurer collects property taxes on behalf of all taxing districts in the county including the City of Trotwood. Taxes are payable in two equal installments due in February and July and if not paid by the due date, become delinquent and, therefore, subject to interest and penalty charges. The county auditor periodically remits to the City its portion of property taxes collected. Property taxes are recognized as revenues when they are measurable and available.

4. OTHER FINANCIAL INFORMATION

A. Risk Management

The City maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. The City's vehicle policy includes liability coverage for bodily injury and property damage. At no time in the past three years have claim settlements exceeded insurance coverage.

In the early 1980's, the City established a self-insurance fund to finance deductible costs incurred by the City. Over the years, the Fleet Insurance Fund has been funded by transfers from the General Fund. In 2001, \$5,845 was paid from the fund for repairs to fleet vehicles damaged in accidents that were not covered by insurance.

B. Segment Information

The City maintains three enterprise funds, which provide water, sewer and refuse collection services. Water and sewer services are provided to a portion of the City while refuse collection services are provided to all residents of the City of Trotwood. Selected segment information for the fiscal year-end is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Refuse Collection</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$871,167	\$771,126	\$892,155	\$2,534,448
Operating expenses	884,352	781,316	1,019,355	2,685,023
Depreciation	81,857	74,493	0	156,350
Operating (loss)	(95,042)	(84,683)	(127,200)	(306,925)
Net income (loss)	(99,935)	(82,828)	(123,237)	(306,000)
Fixed asset additions (net)	238,682	31,228	0	269,910
Net working capital	(272,693)	(14,667)	77,460	(209,900)
Total assets	1,309,605	724,831	407,752	2,442,188
Total equity	598,964	257,476	77,460	933,900

C. Loss Contingencies and Commitments

There are several lawsuits pending in which the City is involved. City management estimates that the potential claims against the City not covered by insurance would not materially affect the financial statements of the City.

Due to the default of a subdivision developer, the City issued special assessment bonds in 1994 to complete infrastructure improvements begun but not completed by the developer. Although a favorable court judgement granted the City assessments and a portion of individual lot sales proceeds, it does not appear likely that these amounts will be sufficient to retire these bonds. Thus, the City will be liable for any difference. However, management does not believe that such payments will adversely affect the City's financial position.

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursement of the grantor agencies. City management believes reimbursements, if any, will be immaterial.

The City had no material operating lease commitments at December 31, 2001.

D. Deferred Compensation Plans

The City offers its employees two deferred compensation plans created in accordance with Section 457 of the Internal Revenue Code. The plans, available to all full-time City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

E. Employee Retirement Systems and Plans

1. Public Employees Retirement System

Plan Description: The City contributes to PERS, a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code (ORC) assigns the authority to establish and amend benefit provisions to the PERS Retirement Board. PERS issues a publicly available financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio, 43215-4642 or by calling (614) 466-2085.

Funding Policy: The ORC provides statutory authority for employee and employer contributions. The 2001 employer contribution rate for both law enforcement and public safety division was 16.70% of covered payroll. The employee contribution rate is 8.5%. For local government employer units the rate is 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The contribution requirements of plan members and the City are established and may be amended by the PERS Retirement Board. The City's contributions for the years ending December 31, 2001, 2000, and 1999 were \$348,076, \$323,840, and \$375,035 respectively; 73.5% has been contributed for fiscal year 2001 and 100 % for fiscal years 2000 and 1999.

Other Postemployment Benefits

In addition to the pension benefit obligation described above, the PERS of Ohio also provides postemployment health care benefits to age and service retirants with ten (10) or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. A portion of each employer's

contribution to PERS is set-aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions and requires employers to fund postretirement health care through their contributions to PERS. The portion of the current year employer contribution rate (identified above) that was used to fund health care for the year was 4.3 % of covered payroll, which amounted to \$109,780.

The significant assumptions and calculations described below were based on the PERS of Ohio's latest unaudited information as of December 31, 2000. There were 411,076 active contributing participants. Estimated net assets available for future benefits payments were \$11,735.9 million. Estimated accrued liability and the unfunded estimated accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively. Benefits are financed through employer contributions and investment earnings there on. The contributions, investment income and periodic adjustment in health care provisions are expected to be sufficient to sustain the program indefinitely.

2. Police and Firemen's Disability and Pension Fund

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0%, respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2001, 2000, and 1999 were \$799,644, \$762,322, and \$668,403, respectively; 70.7% has been contributed for fiscal year 2001 and 100 % for fiscal years 2000 and 1999.

Other Post-retirement Benefits

OP&F provides post-retirement 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 two-thirds basis. The Ohio Revised Code provides statutory authority for employer contributions and allows OP&F's Board of Trustees to provide post-retirement health care coverage to all eligible individuals. Most retirees are required to contribute a portion of the cost of their health care coverage.

The portion of the current year City contribution that was used to fund post-retirement health care benefits was \$206,071 representing 7.5% of covered payroll and \$82,463 representing 7.5% of covered payroll for police and fire respectively. Funding and accounting are on a pay-as-you-go basis.

As of December 31, 2000, the number of participants eligible to receive health care benefits was 12,853 for police and 10,037 for fire. OP&F does not provide separate data on the funded status and funding progress of post-retirement health care benefits. The Fund's total health care expenses for the year ended December 31, 2000 (latest available information) were \$106,160,054, which was net of member contributions of \$5,657,431.

F. Jointly Governed Organizations

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Dayton and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreation facilities, water supply, sewage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective counties, the representatives selected by each county caucus, a nongovernmental member and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$13,505 for the operation of the Commission during 2001.

The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters, which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS services by volunteers, two representatives appointed by the members who are provided Fire/EMS services by a combination of full-time employees and volunteers and a representative appointed by members who are provided Fire/EMS services by full-time employees. Payments to the Alliance are made from the General Fund. The City contributed \$6,964 for the operation of the Alliance during 2001.

The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is

properly balanced and that County economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships and cities within Montgomery County and the County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County. The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those in communities experiencing less economic growth. In 2000, the City agreed to be a member for an additional 10 years, ending December 31, 2011. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the General Fund. The City did not contribute to the operation of ED/GE during 2001.

5. CHANGES IN ACCOUNTING PRINCIPLES

Changes in Accounting Principles for fiscal year 2001, the City has implemented GASB Statement No. 33, "Accounting and Financial reporting for Nonexchange Transactions." This statement establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. There was no effect on beginning fund balance as a result of implementing GASB Statements 33.

6. DELINQUENT SPECIAL ASSESSMENT RECEIVABLE

Of the amounts presented for special assessment receivable, a significant portion are comprised of delinquent special assessments. The respective delinquent special assessment receivables are:

<u>Fund</u>	
General	\$414,786
Enterprise:	
Water Fund	20,871
Sewer Fund	20,871
Refuse Fund	<u>134,426</u>
Total Enterprise	<u>\$176,168</u>

7. SUBSEQUENT EVENTS

In May 2002, the City of Trotwood issued two bond anticipation notes, one in the amount of \$200,000 is to pay a portion of the costs of priority park improvements approved in the 2002 budget. The other in the amount of \$275,000 was for the purpose of renewing Bond Anticipation Notes issued in 2001 for Water System repairs and improvements.



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CITY OF TROTWOOD, OHIO

General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

City of Trotwood, Ohio
 Schedule of Expenditures by Budget Center
 Budget And Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
General government			
Mayor and council	\$152,800	\$153,805	(\$1,005)
City manager	249,982	249,332	650
Finance	333,913	328,200	5,713
Utility billing	85,388	76,909	8,479
Income tax	193,800	181,101	12,699
Law director	149,300	162,226	(12,926)
Public works administration	149,600	154,177	(4,577)
Building and grounds	222,081	239,470	(17,389)
Fleet maintenance	165,495	164,349	1,146
Personnel	124,115	119,939	4,176
Non-departmental	305,962	293,213	12,749
Total general government	2,132,436	2,122,721	9,715
Public safety			
Police administration	335,864	329,514	6,350
Police patrol	3,126,841	3,133,839	(6,998)
Criminal investigation	791,920	776,410	15,510
Police communications	538,299	586,849	(48,550)
Fire suppression	36,894	36,895	(1)
Total public safety	4,829,818	4,863,507	(33,689)
Leisure time activities			
Parks and recreation administration	119,615	112,666	6,949
Parks maintenance	168,546	161,798	6,748
Municipal pool	53,504	47,554	5,950
Rental facilities	873	470	403
Cemeteries	46,366	39,082	7,284
Recreation programs	167,128	158,258	8,870
Total leisure time activities	556,032	519,828	36,204
Community development			
Planning and development administration	189,065	187,316	1,749
Planning and zoning	145,212	148,380	(3,168)
Code enforcement and inspection	247,584	221,616	25,968
Mowing and weed removal	48,078	48,469	(391)
Grants administration	52,819	23,100	29,719
Total community development	682,758	628,881	53,877
Transportation			
Street lighting	260,000	257,538	2,462
Total transportation	260,000	257,538	2,462
Capital Outlay	194,099	180,786	13,313
Total expenditures	\$8,655,143	\$8,573,261	\$81,882

CITY OF TROTWOOD, OHIO

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are restricted by law or administrative action to expenditures for particular purposes.

Street Construction, Maintenance and Repair Fund - Required by the Ohio Revised Code to account for that portion of state gasoline taxes and motor vehicle registration fees designated for upkeep and maintenance of streets within the City.

State Highway Fund - Required by the Ohio Revised code to account for that portion of state gasoline taxes and motor vehicle registration fees designated for upkeep and maintenance of state highways within the City.

Motor Vehicle License Tax Fund - Required by the Ohio Revised Code to account for the proceeds of locally-levied motor vehicle license taxes designated for the upkeep and maintenance of streets within the City.

Permissive Use Tax Fund - Required by the Ohio Revised Code to account for that portion of motor vehicle registration fees allocated to assist in maintaining city streets designated as contributing to the effective and efficient flow of traffic through and within the county.

Drug Law Enforcement Fund - To account for the proceeds of mandatory drug fines as the result of felony drug convictions. State law requires that these monies be used for drug-related law enforcement activities.

Curbs/Gutters/Sidewalks Assessment Fund - To account for special assessments levied against certain properties to defray the cost of curb, gutter and sidewalk repairs deemed to benefit those properties.

Lighting Assessment Fund - To account for special assessments levied against certain properties to defray the cost of street lighting services deemed to benefit those properties.

(continued)

CITY OF TROTWOOD, OHIO

Special Revenue Funds (continued)

Grants Fund - To account for revenues received from federal, state and local grants such as Community Development Block Grants (CDBG), State Issue II grants and ED/GE grants from Montgomery County.

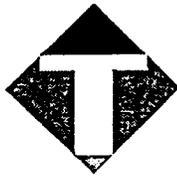
Enforcement and Education Fund - To account for revenue received from fines for operating a motor vehicle under the influence of alcohol or other mind altering substances. State law requires that these proceeds be used to enforce such laws or to educate the public about such laws.

Law Enforcement Trust Fund - To account for revenues received from federal law enforcement agencies due to the City's participation in an arrest and property seizure. State law requires that such proceeds be used for criminal apprehension purposes.

Fire Levy Fund - To account for property taxes levied for the provision of fire protection and prevention services within the City.

Rescue Levy Fund - To account for property taxes levied for the provision of emergency medical services provided within the City by the Trotwood Rescue Unit.

Police Levy Fund - To account for property taxes levied for the partial provision of police protection services within the City.



TROTWOOD

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City of Trotwood, Ohio
Combining Balance Sheet
Special Revenue Funds
December 31, 2001

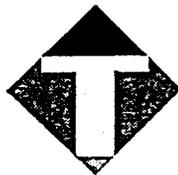
	Street Construction, Maintenance & Repair	State Highway	Motor Vehicle License Tax	Permissive Use Tax
ASSETS:				
Assets:				
Pooled cash and investments	\$418,863	\$106,466	\$141,829	\$34,002
Receivables (net of allowance for uncollectibles):				
Taxes	421,747	0	0	0
Accounts	0	0	0	0
Interest	41	10	14	3
Intergovernmental	115,018	3,173	0	0
Inventory	44,744	0	0	0
Prepays	40,088	0	0	0
TOTAL ASSETS	\$1,040,501	\$109,649	\$141,843	\$34,005
LIABILITIES AND FUND EQUITY:				
Liabilities:				
Accounts payable	\$34,376	\$432	\$5,538	\$0
Accrued wages and benefits	33,018	0	0	0
Deferred revenue	497,626	0	0	0
Total Liabilities	565,020	432	5,538	0
Fund Equity:				
Fund Balances:				
Reserved for encumbrances	118,400	0	16,089	0
Reserved for inventory	44,744	0	0	0
Reserved for prepaids	40,088	0	0	0
Unreserved, undesignated	272,249	109,217	120,216	34,005
Total Fund Equity	475,481	109,217	136,305	34,005
TOTAL LIABILITIES AND FUND EQUITY	\$1,040,501	\$109,649	\$141,843	\$34,005

<u>Drug Law Enforcement</u>	<u>Curbs/ Gutters/ Sidewalks Assessment</u>	<u>Lighting Assessment</u>	<u>Grants</u>	<u>Enforcement and Education</u>	<u>Law Enforcement Trust</u>	<u>Fire Levy</u>
\$24,876	\$46,691	\$18,590	\$31,887	\$5,676	\$82,990	\$41,571
0	0	0	0	0	0	1,334,591
0	0	0	0	0	0	0
2	5	2	0	1	8	4
0	0	0	191,988	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	20,044
<u>\$24,878</u>	<u>\$46,696</u>	<u>\$18,592</u>	<u>\$223,875</u>	<u>\$5,677</u>	<u>\$82,998</u>	<u>\$1,396,210</u>
\$0	\$0	\$0	\$3,184	\$0	\$0	\$14,893
0	0	0	3,959	0	0	115,879
0	0	0	85,854	0	0	1,334,591
0	0	0	92,997	0	0	1,465,363
0	0	0	157,279	0	0	12,908
0	0	0	0	0	0	0
0	0	0	0	0	0	20,044
<u>24,878</u>	<u>46,696</u>	<u>18,592</u>	<u>(26,401)</u>	<u>5,677</u>	<u>82,998</u>	<u>(102,105)</u>
<u>24,878</u>	<u>46,696</u>	<u>18,592</u>	<u>130,878</u>	<u>5,677</u>	<u>82,998</u>	<u>(69,153)</u>
<u>\$24,878</u>	<u>\$46,696</u>	<u>\$18,592</u>	<u>\$223,875</u>	<u>\$5,677</u>	<u>\$82,998</u>	<u>\$1,396,210</u>

Continued

City of Trotwood, Ohio
Combining Balance Sheet
Special Revenue Funds
December 31, 2001

	Rescue Levy	Police Levy	Totals
ASSETS:			
Assets:			
Pooled cash and investments	\$474,676	\$6,535	\$1,434,652
Receivables (net of allowance for uncollectibles):			
Taxes	604,792	0	2,361,130
Accounts	636,941	0	636,941
Interest	46	1	137
Intergovernmental	0	0	310,179
Inventory	0	0	44,744
Prepays	0	0	60,132
TOTAL ASSETS	\$1,716,455	\$6,536	\$4,847,915
LIABILITIES AND FUND EQUITY:			
Liabilities:			
Accounts payable	\$16,303	\$495	\$75,221
Accrued wages and benefits	39,531	0	192,387
Deferred revenue	1,118,634	0	3,036,705
Total Liabilities	1,174,468	495	3,304,313
Fund Equity:			
Fund Balances:			
Reserved for encumbrances	5,727	0	310,403
Reserved for inventory	0	0	44,744
Reserved for prepaids	0	0	60,132
Unreserved, undesignated	536,260	6,041	1,128,323
Total Fund Equity	541,987	6,041	1,543,602
TOTAL LIABILITIES AND FUND EQUITY	\$1,716,455	\$6,536	\$4,847,915



TROTWOOD

Yours to Discover

City of Trotwood, Ohio
Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Special Revenue Funds
For the Year Ended December 31, 2001

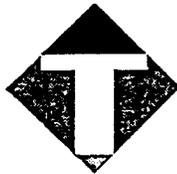
	Street Construction, Maintenance & Repair	State Highway	Motor Vehicle License Tax	Permissive Use Tax
REVENUES:				
Taxes	\$340,859	\$0	\$159,249	\$0
Fines, licenses and permits	0	0	0	0
Intergovernmental	695,370	41,206	0	0
Special assessments	0	0	0	0
Charges for services	0	0	0	0
Investment earnings	21,083	3,663	10,105	1,316
Other	26,007	0	0	0
Total Revenues	<u>1,083,319</u>	<u>44,869</u>	<u>169,354</u>	<u>1,316</u>
EXPENDITURES:				
Current:				
Public safety	0	0	0	0
Community development	0	0	0	0
Transportation and street repair	807,630	11,974	5,538	0
Capital outlay	264,396	0	223,911	0
Debt service:				
Other	0	0	0	0
Total Expenditures	<u>1,072,026</u>	<u>11,974</u>	<u>229,449</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,293</u>	<u>32,895</u>	<u>(60,095)</u>	<u>1,316</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers - in	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Proceeds from capital leases	23,632	0	0	0
Total Other Financing Sources (Uses)	<u>23,632</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>34,925</u>	<u>32,895</u>	<u>(60,095)</u>	<u>1,316</u>
FUND BALANCES, BEGINNING OF YEAR	<u>440,556</u>	<u>76,322</u>	<u>196,400</u>	<u>32,689</u>
FUND BALANCES, END OF YEAR	<u>\$475,481</u>	<u>\$109,217</u>	<u>\$136,305</u>	<u>\$34,005</u>

<u>Drug Law Enforcement</u>	<u>Curbs/ Gutters/ Sidewalks Assessment</u>	<u>Lighting Assessment</u>	<u>Grants</u>	<u>Enforcement and Education</u>	<u>Law Enforcement Trust</u>	<u>Fire Levy</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$1,079,645
7,921	0	0	0	235	73,045	0
0	0	0	207,611	0	0	121,069
0	1,207	5,055	0	0	0	0
0	0	0	0	0	0	50
661	4,330	619	0	307	3,023	7,937
3,425	0	0	136,100	0	0	45,128
<u>12,007</u>	<u>5,537</u>	<u>5,674</u>	<u>343,711</u>	<u>542</u>	<u>76,068</u>	<u>1,253,829</u>
0	0	0	17,373	2,500	13,027	1,987,163
0	0	0	150,759	0	0	0
0	336	335	0	0	0	0
0	66,000	0	101,028	0	32,900	276,670
<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>66,336</u>	<u>335</u>	<u>269,168</u>	<u>2,500</u>	<u>45,927</u>	<u>2,263,833</u>
<u>12,007</u>	<u>(60,799)</u>	<u>5,339</u>	<u>74,543</u>	<u>(1,958)</u>	<u>30,141</u>	<u>(1,010,004)</u>
0	0	0	0	0	0	390,000
0	0	0	0	0	0	24,625
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>214,936</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>629,561</u>
12,007	(60,799)	5,339	74,543	(1,958)	30,141	(380,443)
<u>12,871</u>	<u>107,495</u>	<u>13,253</u>	<u>56,335</u>	<u>7,635</u>	<u>52,857</u>	<u>311,290</u>
<u>\$24,878</u>	<u>\$46,696</u>	<u>\$18,592</u>	<u>\$130,878</u>	<u>\$5,677</u>	<u>\$82,998</u>	<u>(\$69,153)</u>

Continued

City of Trotwood, Ohio
Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Special Revenue Funds
For the Year Ended December 31, 2001

	Rescue Levy	Police Levy	Totals
REVENUES:			
Taxes	\$486,147	\$0	\$2,065,900
Fines, licenses and permits	0	0	81,201
Intergovernmental	61,033	0	1,126,289
Special assessments	0	0	6,262
Charges for services	690,907	0	690,957
Investment earnings	6,057	798	59,899
Other	13,029	0	223,689
Total Revenues	1,257,173	798	4,254,197
EXPENDITURES:			
Current:			
Public safety	669,551	19,699	2,709,313
Community development	0	0	150,759
Transportation and street repair	0	0	825,813
Capital outlay	32,403	32,879	1,030,187
Debt service:			
Other	0	0	8
Total Expenditures	701,954	52,578	4,716,080
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	555,219	(51,780)	(461,883)
OTHER FINANCING SOURCES (USES):			
Operating transfers - in	0	0	390,000
Proceeds from sale of assets	0	0	24,625
Proceeds from capital leases	0	0	238,568
Total Other Financing Sources (Uses)	0	0	653,193
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	555,219	(51,780)	191,310
FUND BALANCES, BEGINNING OF YEAR	(13,232)	57,821	1,352,292
FUND BALANCES, END OF YEAR	\$541,987	\$6,041	\$1,543,602



TROTWOOD

Yours to Discover

City of Trotwood, Ohio
Combining Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget And Actual (Non-GAAP Basis)
Special Revenue Funds
For the Year Ended December 31, 2001

	Street			State Highway		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$367,625	\$340,859	(\$26,766)	\$0	\$0	\$0
Intergovernmental	612,384	700,522	88,138	39,600	41,624	2,024
Special assessments	0	0	0	0	0	0
Charges for services	0	0	0	0	0	0
Fines and forfeitures	0	0	0	0	0	0
Investment earnings	20,000	21,285	1,285	4,500	3,691	(809)
Other	100	26,007	25,907	0	0	0
Total Revenues	1,000,109	1,088,673	88,564	44,100	45,315	1,215
EXPENDITURES:						
Current:						
Public safety	0	0	0	0	0	0
Community development	0	0	0	0	0	0
Transportation	1,097,593	992,178	105,415	63,666	11,974	51,692
Capital outlay	303,170	288,882	14,288	0	0	0
Total Expenditures	1,400,763	1,281,060	119,703	63,666	11,974	51,692
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(400,654)	(192,387)	208,267	(19,566)	33,341	52,907
OTHER FINANCING SOURCES (USES):						
Proceeds of sale of fixed assets	0	0	0	0	0	0
Operating transfers - in	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(400,654)	(192,387)	208,267	(19,566)	33,341	52,907
FUND BALANCE, BEGINNING OF YEAR	463,439	463,439	0	72,693	72,693	0
FUND BALANCE, END OF YEAR	62,785	271,052	208,267	53,127	106,034	52,907

Motor Vehicle License Tax			Permissive Use Tax			Drug Law Enforcement		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$150,000	\$159,249	\$9,249	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	700	7,921	7,221
5,000	10,194	5,194	5,000	1,330	(3,670)	1,000	666	(334)
0	0	0	0	0	0	0	3,425	3,425
155,000	169,443	14,443	5,000	1,330	(3,670)	1,700	12,012	10,312
0	0	0	0	0	0	8,000	0	8,000
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
240,000	245,538	(5,538)	0	0	0	0	0	0
240,000	245,538	(5,538)	0	0	0	8,000	0	8,000
(85,000)	(76,095)	8,905	5,000	1,330	(3,670)	(6,300)	12,012	18,312
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(85,000)	(76,095)	8,905	5,000	1,330	(3,670)	(6,300)	12,012	18,312
196,297	196,297	0	32,672	32,672	0	12,864	12,864	0
111,297	120,202	8,905	37,672	34,002	(3,670)	6,564	24,876	18,312

Continued

City of Trotwood, Ohio
Combining Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget And Actual (Non-GAAP Basis)
Special Revenue Funds
For the Year Ended December 31, 2001

	Curbs/Gutters/ Sidewalks Assessment			Lighting Assessment		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0	0
Special assessments	0	1,207	1,207	0	5,055	5,055
Charges for services	0	0	0	0	0	0
Fines and forfeitures	0	0	0	0	0	0
Investment earnings	4,700	4,381	(319)	0	624	624
Other	0	0	0	0	0	0
Total Revenues	4,700	5,588	888	0	5,679	5,679
EXPENDITURES:						
Current:						
Public safety	0	0	0	0	0	0
Community development	0	0	0	0	0	0
Transportation	1,000	336	664	0	335	(335)
Capital outlay	65,100	66,000	(900)	0	0	0
Total Expenditures	66,100	66,336	(236)	0	335	(335)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(61,400)	(60,748)	652	0	5,344	5,344
OTHER FINANCING SOURCES (USES):						
Proceeds of sale of fixed assets	0	0	0	0	0	0
Operating transfers - in	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(61,400)	(60,748)	652	0	5,344	5,344
FUND BALANCE, BEGINNING OF YEAR	107,438	107,438	0	13,246	13,246	0
FUND BALANCE, END OF YEAR	46,038	46,690	652	13,246	18,590	5,344

Grants			Enforcement & Education			Enforcement Trust		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
636,000	243,577	(392,423)	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	700	235	(465)	53,000	73,045	20,045
0	0	0	300	310	10	700	3,043	2,343
0	0	0	0	0	0	0	0	0
<u>636,000</u>	<u>243,577</u>	<u>(392,423)</u>	<u>1,000</u>	<u>545</u>	<u>(455)</u>	<u>53,700</u>	<u>76,088</u>	<u>22,388</u>
6,400	17,373	(10,973)	2,500	2,500	0	29,750	13,027	16,723
333,447	240,850	92,597	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
187,142	186,480	662	0	0	0	32,900	32,900	0
<u>526,989</u>	<u>444,703</u>	<u>82,286</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>62,650</u>	<u>45,927</u>	<u>16,723</u>
<u>109,011</u>	<u>(201,126)</u>	<u>(310,137)</u>	<u>(1,500)</u>	<u>(1,955)</u>	<u>(455)</u>	<u>(8,950)</u>	<u>30,161</u>	<u>39,111</u>
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>109,011</u>	<u>(201,126)</u>	<u>(310,137)</u>	<u>(1,500)</u>	<u>(1,955)</u>	<u>(455)</u>	<u>(8,950)</u>	<u>30,161</u>	<u>39,111</u>
<u>75,318</u>	<u>75,318</u>	<u>0</u>	<u>7,631</u>	<u>7,631</u>	<u>0</u>	<u>52,829</u>	<u>52,829</u>	<u>0</u>
<u>184,329</u>	<u>(125,808)</u>	<u>(310,137)</u>	<u>6,131</u>	<u>5,676</u>	<u>(455)</u>	<u>43,879</u>	<u>82,990</u>	<u>39,111</u>

Continued

City of Trotwood, Ohio
Combining Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget And Actual (Non-GAAP Basis)
Special Revenue Funds
For the Year Ended December 31, 2001

	Fire Levy			Rescue Levy		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$1,166,573	\$1,079,645	(\$86,928)	\$522,613	\$486,147	(\$36,466)
Intergovernmental	111,350	121,069	9,719	56,320	61,033	4,713
Special assessments	0	0	0	0	0	0
Charges for services	0	50	50	487,627	567,808	80,181
Fines and forfeitures	0	0	0	0	0	0
Investment earnings	25,000	8,157	(16,843)	12,500	6,036	(6,464)
Other	62,400	45,128	(17,272)	1,000	13,029	12,029
Total Revenues	1,365,323	1,254,049	(111,274)	1,080,060	1,134,053	53,993
EXPENDITURES:						
Current:						
Public safety	2,050,893	2,014,504	36,389	720,691	694,368	26,323
Community development	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
Capital outlay	44,300	61,734	(17,434)	25,000	32,403	(7,403)
Total Expenditures	2,095,193	2,076,238	18,955	745,691	726,771	18,920
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(729,870)	(822,189)	(92,319)	334,369	407,282	72,913
OTHER FINANCING SOURCES (USES):						
Proceeds of sale of fixed assets	75,000	24,625	(50,375)	0	0	0
Operating transfers - in	390,000	390,000	0	0	0	0
Total Other Financing Sources (Uses)	465,000	414,625	(50,375)	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(264,870)	(407,564)	(142,694)	334,369	407,282	72,913
FUND BALANCE, BEGINNING OF YEAR	427,061	427,061	0	48,075	48,075	0
FUND BALANCE, END OF YEAR	162,191	19,497	(142,694)	382,444	455,357	72,913

Police Levy			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,206,811	\$2,065,900	(\$140,911)
0	0	0	1,455,654	1,167,825	(287,829)
0	0	0	0	6,262	6,262
0	0	0	487,627	567,858	80,231
0	0	0	54,400	81,201	26,801
5,000	827	(4,173)	83,700	60,544	(23,156)
0	0	0	63,500	87,589	24,089
<u>5,000</u>	<u>827</u>	<u>(4,173)</u>	<u>4,351,692</u>	<u>4,037,179</u>	<u>(314,513)</u>
22,100	21,429	671	2,840,334	2,763,201	77,133
0	0	0	333,447	240,850	92,597
0	0	0	1,162,259	1,004,823	157,436
<u>32,900</u>	<u>32,879</u>	<u>21</u>	<u>930,512</u>	<u>946,816</u>	<u>(16,304)</u>
<u>55,000</u>	<u>54,308</u>	<u>692</u>	<u>5,266,552</u>	<u>4,955,690</u>	<u>310,862</u>
<u>(50,000)</u>	<u>(53,481)</u>	<u>(3,481)</u>	<u>(914,860)</u>	<u>(918,511)</u>	<u>(3,651)</u>
0	0	0	75,000	24,625	(50,375)
0	0	0	390,000	390,000	0
0	0	0	465,000	414,625	(50,375)
(50,000)	(53,481)	(3,481)	(449,860)	(503,886)	(54,026)
57,791	57,791	0	1,567,354	1,567,354	0
<u>7,791</u>	<u>4,310</u>	<u>(3,481)</u>	<u>1,117,494</u>	<u>1,063,468</u>	<u>(54,026)</u>

CITY OF TROTWOOD, OHIO

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for payment.

Since there is only one Debt Service Fund and the level of budgetary control is not greater than that presented in the General Purpose Financial Statements, no additional financial statements are presented here.

CITY OF TROTWOOD, OHIO

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Parkland Acquisition and Development Fund – This fund is residential subdivision fees paid in lieu of parkland dedication to be used for the acquisition and development of city parks, and for other resources designated for the same purposes.

Industrial Park Fund - This fund is used to account for site acquisition and infrastructure installation for an industrial park development project on Olive Road.

Townview Revitalization Fund – This fund is used to account for the reconstruction and upgrading of streets, curbs and gutters, sidewalks and storm drains in the targeted Townview neighborhood.

City of Trotwood, Ohio
Combining Balance Sheet
Capital Projects Funds
December 31, 2001

	<u>Park Acquisition and Development</u>	<u>Industrial Park</u>	<u>Townview Revitalization</u>	<u>Totals</u>
ASSETS:				
Assets:				
Pooled cash and investments	13,361	\$774,257	\$2	\$787,620
Receivables (net of allowance for uncollectibles):				
Interest	<u>1</u>	<u>75</u>	<u>0</u>	<u>76</u>
TOTAL ASSETS	<u>\$13,362</u>	<u>\$774,332</u>	<u>\$2</u>	<u>\$787,696</u>
 LIABILITIES AND FUND EQUITY:				
Liabilities:				
Accounts payable	0	\$115,342	\$0	\$115,342
Interest payable	0	28,315	0	28,315
Notes payable	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>
Total Liabilities	<u>0</u>	<u>2,143,657</u>	<u>0</u>	<u>2,143,657</u>
 Fund Equity:				
Fund Balances:				
Reserved for encumbrances	0	408,422	0	408,422
Unreserved, undesignated	<u>13,362</u>	<u>(1,777,747)</u>	<u>2</u>	<u>(1,764,383)</u>
Total Fund Equity	<u>13,362</u>	<u>(1,369,325)</u>	<u>2</u>	<u>(1,355,961)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$13,362</u>	<u>\$774,332</u>	<u>\$2</u>	<u>\$787,696</u>

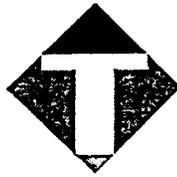
City of Trotwood, Ohio
Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Capital Projects Funds
For the Year Ended December 31, 2001

	Park Acquisition and Development	Industrial Park	Townview Revitalization	Totals
REVENUES:				
Fines, licenses and permits	13,250	0	0	\$13,250
Intergovernmental	0	\$350,000	\$154,518	504,518
Investment earnings	112	43,002	0	43,114
Total Revenues	13,362	393,002	154,518	560,882
EXPENDITURES:				
Current:				
Community development	0	112,894	0	112,894
Capital outlay	0	205,645	130,000	335,645
Debt service:				
Interest	0	143,315	0	143,315
Other	0	2,448	0	2,448
Total Expenditures	0	464,302	130,000	594,302
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13,362	(71,300)	24,518	(33,420)
OTHER FINANCING SOURCES (USES):				
Proceeds of notes and bonds	0	4,240	0	4,240
Operating transfers - in	0	0	105,085	105,085
Total Other Financing Sources (Uses)	0	4,240	105,085	109,325
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	13,362	(67,060)	129,603	75,905
FUND BALANCES, BEGINNING OF YEAR	0	(1,302,265)	(129,601)	(1,431,866)
FUND BALANCES, END OF YEAR	\$13,362	(\$1,369,325)	\$2	(\$1,355,961)

City of Trotwood, Ohio
Combining Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget And Actual (Non-GAAP Basis)
Capital Projects Funds
For the Year Ended December 31, 2001

	Parks Acquisition and Development			Industrial Park		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Intergovernmental	\$0	\$0	\$0	\$598,800	\$598,806	\$6
Fines and Forfeitures	0	13,250	13,250	0	0	0
Investment earnings	0	111	111	0	43,448	43,448
Total Revenues	0	13,361	13,361	598,800	642,254	43,454
EXPENDITURES:						
Current:						
Capital outlay	0	0	0	953,194	957,515	(4,321)
Debt service:						
Principal	0	0	0	2,300,000	2,300,000	0
Interest	0	0	0	115,000	115,000	0
Other	0	0	0	0	2,447	(2,447)
Total Expenditures	0	0	0	3,368,194	3,374,962	(6,768)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	13,361	13,361	(2,769,394)	(2,732,708)	36,686
OTHER FINANCING SOURCES (USES):						
Proceeds of bond anticipation notes	0	0	0	2,000,000	2,004,240	4,240
Operating transfers - in	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	2,000,000	2,004,240	4,240
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	0	13,361	13,361	(769,394)	(728,468)	40,926
FUND BALANCE, BEGINNING OF YEAR	0	0	0	994,303	994,303	0
FUND BALANCE, END OF YEAR	\$0	\$13,361	\$13,361	\$224,909	\$265,835	\$40,926

Townview Revitalization			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$178,915	\$181,063	\$2,148	\$777,715	\$779,869	\$2,154
0	0	0	0	13,250	13,250
0	0	0	0	43,559	43,559
<u>178,915</u>	<u>181,063</u>	<u>2,148</u>	<u>777,715</u>	<u>836,678</u>	<u>58,963</u>
45,924	213,709	(167,785)	999,118	1,171,224	(172,106)
0	0	0	2,300,000	2,300,000	0
0	0	0	115,000	115,000	0
0	0	0	0	2,447	(2,447)
<u>45,924</u>	<u>213,709</u>	<u>(167,785)</u>	<u>3,414,118</u>	<u>3,588,671</u>	<u>(174,553)</u>
132,991	(32,646)	(165,637)	(2,636,403)	(2,751,993)	(115,590)
0	0	0	2,000,000	2,004,240	4,240
105,085	105,085	0	105,085	105,085	0
<u>105,085</u>	<u>105,085</u>	<u>0</u>	<u>2,105,085</u>	<u>2,109,325</u>	<u>4,240</u>
238,076	72,439	(165,637)	(531,318)	(642,668)	(111,350)
(72,437)	(72,437)	0	921,866	921,866	0
<u>\$165,639</u>	<u>\$2</u>	<u>(\$165,637)</u>	<u>\$390,548</u>	<u>\$279,198</u>	<u>(\$111,350)</u>



TROTWOOD
Yours to Discover

CITY OF TROTWOOD, OHIO

Enterprise Funds

Enterprise Funds are established to account for activities that are financed and operated in a manner similar to private business enterprises where the intent of City council is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where City council has decided that periodic determination of net income is appropriate for accountability purposes.

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

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

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

City of Trotwood, Ohio
Combining Balance Sheet
Enterprise Funds
December 31, 2001

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Totals</u>
ASSETS:				
Assets:				
Pooled cash and investments	\$114,739	\$62,053	\$56,425	\$233,217
Receivables (net of allowance for uncollectibles):				
Accounts	237,725	235,868	96,786	570,379
Special assessments	60,228	60,228	254,536	374,992
Interest	11	6	5	22
Fixed assets (net, where applicable of accumulated depreciation)	<u>896,902</u>	<u>366,676</u>	<u>0</u>	<u>1,263,578</u>
TOTAL ASSETS	<u>\$1,309,605</u>	<u>\$724,831</u>	<u>\$407,752</u>	<u>\$2,442,188</u>
LIABILITIES AND FUND EQUITY:				
Liabilities:				
Accounts payable	\$291,929	\$238,933	\$75,756	\$606,618
Accrued wages and benefits	9,274	9,391	0	18,665
Interest payable	10,170	0	0	10,170
Compensated absences	13,795	13,795	0	27,590
Deferred revenue	60,228	60,228	254,536	374,992
Notes payable	300,000	50,475	0	350,475
Capital lease obligations	<u>25,245</u>	<u>94,533</u>	<u>0</u>	<u>119,778</u>
Total Liabilities	<u>710,641</u>	<u>467,355</u>	<u>330,292</u>	<u>1,508,288</u>
Fund Equity:				
Contributed capital	0	34,325	0	34,325
Retained earnings - unreserved	<u>598,964</u>	<u>223,151</u>	<u>77,460</u>	<u>899,575</u>
Total Fund Equity	<u>598,964</u>	<u>257,476</u>	<u>77,460</u>	<u>933,900</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,309,605</u>	<u>\$724,831</u>	<u>\$407,752</u>	<u>\$2,442,188</u>

City of Trotwood, Ohio
Combining Statement of Revenues, Expenses
And Changes In Retained Earnings
Enterprise Funds
For the Year Ended December 31, 2001

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Totals</u>
OPERATING REVENUES:				
Charges for services	\$805,347	\$754,368	\$738,973	\$2,298,688
Special assessment	13,395	13,395	142,872	169,662
Other	52,425	3,363	10,310	66,098
Total Operating Revenue	<u>871,167</u>	<u>771,126</u>	<u>892,155</u>	<u>2,534,448</u>
OPERATING EXPENSES:				
Salaries and wages	123,046	117,986	0	241,032
Benefits	28,378	27,713	0	56,091
Contractual services	443,018	505,809	1,007,865	1,956,692
Materials and supplies	288,189	128,452	10,200	426,841
Depreciation expense	81,857	74,493	0	156,350
Other	1,721	1,356	1,290	4,367
Total Operating Expenses	<u>966,209</u>	<u>855,809</u>	<u>1,019,355</u>	<u>2,841,373</u>
OPERATING LOSS	<u>(95,042)</u>	<u>(84,683)</u>	<u>(127,200)</u>	<u>(306,925)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	5,277	2,112	3,963	11,352
Interest expense	(10,170)	(257)	0	(10,427)
Total Nonoperating Revenues (Expenses)	<u>(4,893)</u>	<u>1,855</u>	<u>3,963</u>	<u>925</u>
NET LOSS	<u>(99,935)</u>	<u>(82,828)</u>	<u>(123,237)</u>	<u>(306,000)</u>
RETAINED EARNINGS, BEGINNING OF YEAR	<u>698,899</u>	<u>305,979</u>	<u>200,697</u>	<u>1,205,575</u>
RETAINED EARNINGS, END OF YEAR	<u>\$598,964</u>	<u>\$223,151</u>	<u>\$77,460</u>	<u>\$899,575</u>

City of Trotwood, Ohio
Combining Statement Of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2001

	Water	Sewer	Refuse	Totals
OPERATING ACTIVITIES:				
Cash received from customers and users	\$839,658	\$778,925	\$744,296	\$2,362,879
Cash paid to suppliers for goods and services	(720,640)	(676,452)	(1,038,766)	(2,435,858)
Cash paid to employees for services	(149,486)	(143,279)	0	(292,765)
Other operating receipts (disbursements)	64,099	15,402	151,892	231,393
Net cash provided (used) by operating activities	33,631	(25,404)	(142,578)	(134,351)
CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest payments - capital leases	0	(257)	0	(257)
Acquisition of capital assets	(320,539)	(105,721)	0	(426,260)
Net cash used by capital and related financing activities	(320,539)	(105,978)	0	(426,517)
INVESTING ACTIVITIES:				
Proceeds of bonds & notes	300,000	50,475	0	350,475
Interest on investments	5,317	2,180	4,060	11,557
Net cash provided by investing activities	305,317	52,655	4,060	362,032
NET INCREASE (DECREASE) IN CASH	18,409	(78,727)	(138,518)	(198,836)
CASH BEGINNING OF YEAR	96,330	140,780	194,943	432,053
CASH END OF YEAR	114,739	62,053	56,425	233,217
Reconciliation of operating income to net cash provided by operating activities				
Operating loss	(95,042)	(84,683)	(127,200)	(306,925)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	81,857	74,493	0	156,350
Change in assets and liabilities:				
(Increase) decrease in receivables	9,872	95	(45,993)	(36,026)
Increase (decrease) in deferred revenue	17,665	17,665	29,485	64,815
Increase (decrease) in accounts payable	(7,904)	(25,690)	1,130	(32,464)
Increase (decrease) in wages payable	690	1,172	0	1,862
Increase (decrease) in compensated absences payable	1,248	1,248	0	2,496
Increase (decrease) capital lease obligations	25,245	(9,704)	0	15,541
Net cash provided (used) by operating activities	\$33,631	(\$25,404)	(\$142,578)	(\$134,351)

CITY OF TROTWOOD, OHIO

Internal Service Fund

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other government units, on a cost reimbursement basis.

Fleet Insurance Fund – To account for the accumulation of resources to cover the uninsured cost of collision repairs to City vehicles.

Since there is only one Internal Service Fund and the level of budgetary control is not greater than that presented in the General Purpose Financial Statements, no additional financial statements are presented here.



TROTWOOD

Yours to Discover

CITY OF TROTWOOD, OHIO

Agency Fund

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

Agency Fund – To account for the resources received from customers, contractors, developers, homeowners and City employees to ensure compliance with City ordinances, rules and regulations.

City of Trotwood, Ohio
Statement Of Changes In Assets And Liabilities
Agency Funds
For the Year Ended December 31, 2001

	<u>Balance 12/31/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/01</u>
<hr/> Agency Fund <hr/>				
ASSETS:				
Pooled Cash and Investments	<u>\$99,950</u>	<u>\$98,598</u>	<u>(\$91,713)</u>	<u>\$106,835</u>
Total Assets	<u>\$99,950</u>	<u>\$98,598</u>	<u>(\$91,713)</u>	<u>\$106,835</u>
LIABILITIES:				
Due to others	<u>\$99,950</u>	<u>\$98,598</u>	<u>(\$91,713)</u>	<u>\$106,835</u>
Total Liabilities	<u>\$99,950</u>	<u>\$98,598</u>	<u>(\$91,713)</u>	<u>\$106,835</u>

STATISTICAL

SECTION

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

Fiscal Year	Public Safety	Leisure Time Activities	Community Development	Transportation and Street Repair		General Government	Capital Outlay	Debt Service	Totals
1992	\$ 1,509,925	\$ 209,128	\$ 203,776	\$ 187,243	\$ 449,809	\$ 343,409	\$ 986,314	\$ 3,889,604	
1993	1,465,007	203,025	157,622	271,059	472,642	197,526	1,128,112	3,894,993	
1994	1,516,669	167,187	213,947	307,025	503,065	333,066	1,834,920	4,875,879	
1995	1,567,858	284,546	245,164	297,097	512,266	356,380	217,760	3,481,071	
1996	4,998,213	462,219	419,046	603,037	1,243,802	1,157,534	190,211	9,074,062	
1997	5,628,372	517,888	619,783	876,823	1,672,448	1,203,875	165,524	10,684,713	
1998	6,174,414	501,355	543,837	947,620	1,932,626	648,885	166,737	10,915,474	
1999	7,252,708	609,445	596,412	1,246,778	2,377,437	1,887,440	157,206	14,127,426	
2000	7,438,266	760,948	976,552	1,267,681	2,123,683	4,042,240	167,320	16,776,690	
2001	7,442,020	523,486	879,813	1,087,664	2,023,525	1,563,347	312,136	13,831,991	

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

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

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

Table 2

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

Fiscal Year	Taxes	Inter-governmental	Charges for Services	Fines			Investment Earnings (3)	Other	Totals
				Licenses and Permits (4)	Special Assessments				
1992	\$ 1,909,459	\$ 426,224	\$ 295,644	\$ 85,155	\$ 7,522	\$ 21,207	\$ 133,394	\$ 2,878,605	
1993	2,260,140	473,008	331,930	105,665	90	14,388	134,906	3,320,127	
1994	2,453,147	556,664	132,188	78,333	48,963	13,990	53,312	3,336,597	
1995	2,625,395	568,982	101,735	65,910	50,980	26,647	81,315	3,520,964	
1996	7,319,915	1,836,003	97,458	150,210	155,340	213,526	363,042	10,135,494	
1997	8,126,145	2,746,420	169,047	118,564	150,276	344,174	134,063	11,788,689	
1998	8,497,665	2,303,450	168,883	86,129	163,528	421,628	334,449	11,975,732	
1999	8,222,606	2,784,498	194,391	117,007	164,776	350,442	233,558	12,067,278	
2000	8,599,117	5,651,530	258,561	97,621	35,125	277,116	632,213	15,551,283	
2001	7,217,614	3,388,698	930,892	336,245	56,291	266,207	405,669	12,601,616	

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

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

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

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

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

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

Collection Year	Current Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Collections to Levy	Accumulated Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Levy
1992	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1993	\$ 420,207	\$ 395,227	94.1%	\$ 41,986	\$ 437,213	104.0%	\$ 60,303	14.4%
1994	305,665	296,326	96.9%	20,476	316,802	103.6%	38,384	12.6%
1995	312,861	305,264	97.6%	12,619	317,883	101.6%	40,338	12.9%
1996	3,454,535	3,348,295	96.9%	122,951	3,471,246	100.5%	311,058	9.0%
1997	3,423,538	3,307,469	96.6%	180,827	3,488,296	101.9%	407,438	11.9%
1998	3,586,795	3,363,483	93.8%	213,223	3,576,706	99.7%	457,354	12.8%
1999	3,595,449	3,326,513	92.5%	164,897	3,491,410	97.1%	516,332	14.4%
2000	3,617,628	3,412,978	94.3%	201,459	3,614,437	99.9%	749,139	20.7%
2001	2,674,945	2,469,131	92.3%	127,627	2,596,758	97.1%	519,906	19.4%

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

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

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

N/A=Not Available

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

Collection Year (2)	Real Property (3)		Tangible Personal Property (4)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1992	N/A	N/A	N/A	N/A	N/A	N/A
1993	\$ 73,858,250	\$ 211,023,571	\$ 21,035,504	\$ 63,292,538	\$ 94,893,754	\$ 274,316,109
1994	74,188,940	211,968,400	19,546,621	57,132,886	93,735,561	269,101,286
1995	74,599,300	213,140,857	21,263,588	62,468,795	95,862,888	275,609,652
1996	208,671,570	596,204,486	43,594,586	118,176,216	252,266,156	714,380,702
1997	237,522,630	678,636,086	45,562,117	125,829,820	283,084,747	804,465,906
1998	238,080,730	680,230,657	47,109,594	133,094,881	285,190,324	813,325,538
1990	240,984,190	688,526,257	47,280,164	133,137,482	288,264,354	821,663,739
2000	257,846,260	736,703,600	45,178,732	128,800,379	303,024,992	865,503,979
2001	256,864,550	733,898,714	41,837,819	120,407,485	298,702,369	854,306,199

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

(2) Assessed value is determined in the year prior to its collection.

(3) All real property is currently assessed at 35% of estimated market value.

(4) All tangible personal property (machinery/equipment and inventory) is currently assessed at 25% of net book value except for public utility tangible personal property which is assessed at 88% of net book value.

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

N/A=Not Available

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

Collection Year (2)	City of Trotwood	Montgomery County	Madison Township	Trotwood-Madison City School District	Miami Valley Career Technology Center	Dayton-Montgomery County Library	Total
1992	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1993	5.22	13.65	8.70	45.86	1.98	-	75.41
1994	3.44	16.64	8.70	45.86	2.58	-	77.22
1995	3.44	16.64	8.70	45.86	2.58	0.72	77.94
1996	15.64	16.64	-	55.76	2.58	0.72	91.34
1997	15.14	16.64	-	53.74	2.58	0.72	88.82
1998	15.14	16.64	-	53.74	2.58	0.26	88.36
1999	15.14	16.64	-	53.74	2.58	0.26	88.36
2000	15.14	16.64	-	52.64	2.58	0.26	87.26
2001	11.64	17.24	-	52.64	2.58	0.26	84.36

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

(2) Tax rate is determined and assessed in the year prior to collection.

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

N/A=Not Available

Table 6

CITY OF TROTWOOD, OHIO
Principal Property Taxpayers
December 31, 2001

Taxpayer	Nature of Business	Total Assessed Valuation	Percent of Total Assessed Valuation
Dayton Power & Light Company	Electric utility	\$ 7,913,680	2.65%
Salem Retail LLC	Shopping mall	4,693,500	1.57%
Bradley Operating Company	Shopping center	4,285,970	1.43%
Verizon (GTE)	Telephone utility	3,770,360	1.26%
Castlebrook Capital Company	Apartment complex	3,413,050	1.14%
Vectren	Natural gas utility	3,110,600	1.04%
Kmart Corporation	Department store	2,520,650	0.84%
Lowe's Companies, Inc.	Home improvement store	2,281,510	0.76%
Fieldstone Limited	Apartment complex	2,234,210	0.75%
Wal-Mart Stores, Inc.	Department store	1,883,530	0.63%
Total		36,107,060	12.09%
All other taxpayers		262,595,309	87.91%
Total assessed valuation		\$ 298,702,369	100.00%

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

Table 7

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

Fiscal Year	Tax Rate (2)	Withholding Collections	Non-Withholding Collections		Refunds	Net Collections
			Withholding Collections	Gross Collections		
1992	1.75%	\$ 1,236,277	\$ 331,252	\$ 1,567,529	\$ 54,487	\$ 1,513,042
1993	2.25%	1,420,303	432,579	1,852,882	29,121	1,823,761
1994	2.25%	1,751,704	509,288	2,260,992	46,521	2,214,471
1995	2.25%	1,855,048	514,643	2,369,691	42,409	2,327,282
1996	2.25%	3,240,045	512,219	3,752,264	50,802	3,701,462
1997	2.25%	3,771,936	1,054,627	4,826,563	47,021	4,779,542
1998	2.25%	3,896,912	1,169,711	5,066,623	60,975	5,005,648
1999	2.25%	3,856,813	1,105,972	4,962,785	88,653	4,874,132
2000	2.25%	4,291,798	899,892	5,191,690	89,641	5,102,049
2001	2.25%	4,252,227	934,710	5,186,937	77,363	5,109,574

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

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

Source: City of Dayton, Ohio; Division of Revenue and Taxation.

Table 8

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

Collection Year	Current Assessments		Current Assessment Collections	Percent of Current Assessments Collected	Delinquent Assessment Collections		Total Assessment Collections	Ratio of Total Collections to Current	Outstanding Delinquent Assessments (2)		Ratio of Delinquent Assessments to Current Due
	Due										
1992	N/A		N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A
1993	\$ 63,662		\$ 53,503	84.0%	\$ 6,960		\$ 60,463	95.0%	\$ 43,703		68.6%
1994	55,271		49,844	90.2%	10,746		60,590	109.6%	50,686		91.7%
1995	67,082		43,307	64.6%	5,597		48,904	72.9%	77,510		115.5%
1996	321,553		249,620	77.6%	34,606		284,226	88.4%	234,209		72.8%
1997	331,315		256,813	77.5%	41,565		298,378	90.1%	295,708		89.3%
1998	322,508		247,381	76.7%	49,200		296,581	92.0%	346,498		107.4%
1999	358,225		277,660	77.5%	53,600		331,260	92.5%	N/A		N/A
2000	304,019		176,635	58.1%	50,802		227,437	74.8%	543,907		178.9%
2001	238,955		N/A	N/A	N/A		237,249	99.3%	633,289		265.0%

Notes: (1) On January 1, 1996, the City merged with Madison Township.
(2) Includes penalties and interest assessed on delinquent accounts.

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

N/A=Not Available

CITY OF TROTWOOD, OHIO
 Computation of Legal Debt Margin
 December 31, 2001

Assessed valuation	\$ 298,702,369
Overall Debt Limitation - 10.50% of assessed valuation	\$ 31,363,749
Gross bonded indebtedness	\$ 3,635,000
Less: Self-supported debt	<u> -</u>
Net debt within 10.50% limitation	<u>3,635,000</u>
Legal debt margin within 10.50% limitation	<u><u>\$ 27,728,749</u></u>
Unvoted Debt Limitation - 5.50% of assessed valuation	\$ 16,428,630
Gross indebtedness	\$ 3,635,000
Less: Self-supported debt	<u> -</u>
Net debt within 5.50% limitation	<u>3,635,000</u>
Legal debt margin within 5.50% limitation	<u><u>\$ 12,793,630</u></u>

Table 10

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

Fiscal Year	Population (2)	Assessed Valuation	Gross Bonded Debt	Debt Service Cash Balance	Self- Supported Bonded Debt	Net Bonded Debt	Ratio of Net	
							Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
1992	8,471	N/A	\$ 939,000	\$ 35,918	\$ 59,000	\$ 844,082	N/A	99.64
1993	8,862	\$ 94,893,754	860,000	8	-	859,992	0.91%	97.04
1994	8,779	93,735,561	1,735,000	24,770	-	1,710,230	1.82%	194.81
1995	8,779	95,862,888	1,690,000	27,582	-	1,662,418	1.73%	189.36
1996	29,358	252,266,156	1,640,000	2,313	-	1,637,687	0.65%	55.78
1997	29,358	283,084,747	1,585,000	1,530	-	1,583,470	0.56%	53.94
1998	29,358	285,190,324	1,525,000	45,923	-	1,479,077	0.52%	50.38
1999	29,358	288,264,354	1,470,000	8,986	-	1,461,014	0.51%	49.77
2000	27,420	303,024,992	1,405,000	597	-	1,404,403	0.46%	51.22
2001	27,420	298,702,369	1,335,000	2,440	-	1,332,560	0.45%	48.60

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

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

N/A = Not Available

Table 11

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

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures (3)	Ratio of Debt Service to General Governmental Expenditures
1992	\$ 10,000	\$ 42,967	\$ 52,967	\$ 3,889,604	1.4%
1993	20,000	64,000	84,000	3,894,993	2.2%
1994	25,000	62,345	87,345	4,875,879	1.8%
1995	45,000	117,190	162,190	3,481,071	4.7%
1996	50,000	113,948	163,948	9,074,062	1.8%
1997	55,000	110,055	165,055	10,684,713	1.5%
1998	60,000	106,160	166,160	10,915,474	1.5%
1999	55,000	101,615	156,615	14,127,426	1.1%
2000	65,000	97,720	162,720	16,776,690	1.0%
2001	70,000	96,365	166,365	13,831,991	1.2%

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

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

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

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

CITY OF TROTWOOD, OHIO
 Computation of Direct and Overlapping Net General Obligation Debt
 December 31, 2001

Jurisdiction	Assessed Value (1)	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Trotwood (2)	Amount Applicable to Trotwood
City of Trotwood	\$ 298,702,369	\$ 1,332,260	100.00%	<u>\$ 1,332,260</u>
<u>Overlapping:</u>				
Trotwood-Madison City School District	258,769,438	987,500 (3)	86.63%	855,471
Montgomery County	9,198,990,659	40,614,870 (1)	3.25%	<u>1,319,983</u>
Sub-total - Overlapping Debt				<u>2,175,454</u>
Total Direct and Overlapping Debt				<u><u>\$ 3,507,714</u></u>

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

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

Fiscal Year	<u>Population (2)</u>	<u>Public School Enrollment (3)</u>	<u>Unemployment Rate Montgomery County (4)</u>
1992	8,471	3,950	5.7%
1993	8,862	4,119	6.4%
1994	8,779	4,138	5.4%
1995	8,779	4,255	4.8%
1996	29,358	4,453	4.0%
1997	29,358	4,282	4.4%
1998	29,358	4,157	4.0%
1999	29,358	4,217	4.0%
2000	27,420	3,811	3.9%
2001	27,420	3,854	4.3%

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

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

Fiscal Year	Real Property Value (2)*		Total	Commercial/Industrial Construction (3)		Residential Construction (3)		Bank Deposits (4)*
	Commercial/Industrial	Residential		Number of Permits	Estimated Value	Number of Permits	Estimated Value	
1992	N/A	N/A	N/A	7	\$ 467,997	25	\$ 670,760	N/A
1993	\$ 92,444	\$ 118,580	\$ 211,024	12	436,050	46	1,798,242	N/A
1994	83,903	128,065	211,968	10	27,568,000	67	2,279,175	\$ 280,404
1995	84,617	128,524	213,141	9	712,722	50	1,613,706	289,857
1996	181,416	414,788	596,204	9	4,797,475	88	7,683,329	286,673
1997	192,713	485,923	678,636	14	1,582,647	65	2,724,376	283,474
1998	194,351	485,880	680,231	39	3,434,551	47	4,737,199	266,048
1999	201,610	486,917	688,527	24	902,965	35	4,864,228	263,170
2000	202,375	534,329	736,704	129	15,809,088	131	2,747,275	254,565
2001	196,217	537,681	733,898	19	1,361,059	162	6,168,382	250,995

* Amounts expressed in thousands

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

(2) Estimated actual value.

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

(4) Source: Federal Deposit Insurance Corporation.

N/A=Not Available

Table 15

CITY OF TROTWOOD, OHIO
Principal Employers by Municipal Income Tax Withheld
December 31, 2001

<u>Employer</u>	<u>Nature of Business</u>	<u>Amount of Municipal Income Tax Withheld</u>	<u>Percent of Total Municipal Income Tax Revenue</u>
Trotwood-Madison City School District	Public education	\$ 361,004	6.96%
Maria Joseph Center	Retirement community	247,217	4.77%
City of Trotwood	Local government	160,194	3.09%
Montgomery County	Transportation facility	114,409	2.21%
Friendship Village	Retirement community	93,801	1.81%
Wal Mart Associates, Inc.	Retail sales	84,393	1.63%
Moto Photo, Inc.	Photographic film processing	80,910	1.56%
Jewish Federation of Greater Dayton	Cultural/recreation center	75,567	1.46%
Lowes Home Centers, Inc.	Retail sales	64,859	1.25%
Dayton Foods LTD	Retail sales	57,925	1.12%
Total		<u>1,340,279</u>	<u>25.84%</u>
All other municipal income tax revenue		<u>3,846,658</u>	<u>74.16%</u>
Gross municipal income tax revenue		<u>\$ 5,186,937</u>	<u>100.00%</u>

Source: City of Dayton, Ohio; Division of Revenue and Taxation.

CITY OF TROTWOOD, OHIO
Miscellaneous Statistics
December 31, 2001

Date of incorporation	September 16, 1901
Date present charter adopted	November 3, 1964
Form of government	Council/Manager
Number of permanent full-time employees	123
Area in square miles	28
City of Trotwood facilities and services:	
Miles of streets (lane-miles)	362
Miles of storm sewers	39
Street lights	1,285
Police Protection:	
Number of stations	1
Number of full-time officers	52
Calls for service	33,507
Fire Protection and EMS:	
Number of stations	4
Number of full-time firefighters	21
Calls for service-	
Fire	858
EMS	3,792
Average response time (minutes)-	
Fire	6:11
EMS	6:11
Parks and Recreation:	
Community centers	1
Parks	10
Park acreage	152
Swimming Pools	1
Water System:	
Miles of water mains	37.5
Number of fire hydrants	1,096
Number of accounts	2,800
Sewerage System:	
Miles of sanitary sewers	31
Number of accounts	2,800
Facilities and services not included in the reporting entity:	
Public Education:	
Number of elementary schools	6
Number of secondary schools	2
Recreation and Culture:	
Libraries	1
Sports arena/conference centers	1
State and county park acreage	2,545

CITY OF TROTWOOD, OHIO
Contact Information

Administrative Office: Government Center
35 North Olive Road
Trotwood, OH 45426
Phone: (937) 837-7771
Home Page: www.trotwood.org

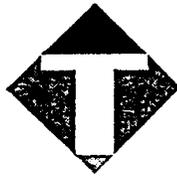
General Legal Counsel: Philip B. Herron, Esq.
Altick & Corwin Co., L.P.A.
1700 One Dayton Centre
Dayton, OH 45402
Phone: (937) 223-1201

Auditors: Auditor of State
Richard Wade, Senior Deputy Auditor
One First National Plaza
130 West Second Street, Suite 2040
Dayton, OH 45402
Phone: (937) 285-6677

Business Development Inquiries: City of Trotwood
Michael J. Lucking, Director of Planning
And Development
Government Center
35 North Olive Road
Trotwood, OH 45426
Phone: (937) 837-7771

Chamber of Commerce: Trotwood Chamber of Commerce
Bonnie J. Schenk, Executive Director
P.O. Box 26403
Trotwood, OH 45426-0403
Phone: (937) 837-1484

State Information Depository (SID): Ohio Municipal Advisory Council
9321 Ravenna Road, Unit K
Twinsburg, OH 44087-2445
Phone: (216) 447-1525



TROTWOOD

Yours to Discover



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF TROTWOOD
MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 8, 2002**