

**CITY OF TROTWOOD, OHIO**

**Single Audit Reports**

**December 31, 2006**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Trotwood, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 5, 2007

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CITY OF TROTWOOD, OHIO

SCHEDULE OF FEDERAL EXPENDITURES AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

<u>Federal Grantor/Pass - Through Grantor, Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA</u>	<u>Receipts</u>	<u>Disbursements</u>
<u>United States Department of Justice-</u> <u>Office of Justice Program</u>				
Direct Funding				
Equitable Sharing Funds	0571200	16.XXX	\$260,383	\$141,583
Local Law Enforcement Block Grant	03-LB-BX-0838	16.592	0	22,708
Subtotal - Department of Justice			\$260,383	\$164,291
<u>US Army Corps of Engineers</u>				
Direct Funding				
Surface Water Protection Project	N/A	66.474	102,242	102,242
Subtotal - US Army Corps of Engineers			\$102,242	\$102,242
<u>United States Department of Homeland Security</u>				
Passed Through Ohio Emergency Management Agency:				
FEMA Grant	FEMA-3197-EM-113-77504	97.036	0	69,803
Subtotal - Department of Homeland Security			\$0	\$69,803
<u>United States Department of Transportation</u>				
Passed Through Ohio Department of Public Safety:				
Traffic Enforcement Project	TEP601	20.601	1,110	0
Traffic Enforcement Project	TEP602	20.601	10,019	0
MOT Salem Avenue Phase V	PID75700/20168	20.205	225,124	417,330
MOT Nolan Road Bridge	PID77388/20416	20.205	75,000	74,799
Subtotal - Department of Transportation			\$311,253	\$492,129
<u>United States Department of HUD</u>				
Passed Through Montgomery County				
Community Development Block Grant:				
NEP/Townview Phase II, Year Three	CDBG NEP	14.218	114,084	108,788
West Third Street, Phase I Const Mgmt	CDBG WTS1	14.218	0	2,000
West Third Street, Phase II	CDBGWTS2	14.218	39,700	0
Kon Tiki Demolition	CDBGKTD	14.218	8,421	4,726
Crown Point Demolition	CDBGCPD	14.218	40,500	50,050
West Third Street Landscaping Project	CDBGWTS1P1	14.218	99,136	98,252
Subtotal - Department of HUD			\$301,841	\$263,816
TOTALS			\$975,719	\$1,092,281

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

July 13, 2007

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood, Ohio (the City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 13, 2007 in which we noted the City adopted Government Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*; GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*; and GASB Statement No. 47, *Accounting for Termination Benefits*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2006-1 and 2006-2.

We noted certain matters that we reported to management of the City in a separate letter dated July 13, 2007.

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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Certified Public Accountants



July 13, 2007

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

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

Compliance

We have audited the compliance of the City of Trotwood, Ohio (the City), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

## 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2006, and have issued our report thereon dated July 13, 2007 in which we noted the City adopted Government Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*; GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*; and GASB Statement No. 47, *Accounting for Termination Benefits* for the year ended December 31, 2006. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our

opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Certified Public Accountants

**CITY OF TROTWOOD, OHIO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2006**

**Section I – Summary of Auditor’s Results**

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any material reported non-compliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were the any other significant control deficiencies reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under Section .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	CFDA #20.205 Division of Transportation CFDA #97.036 FEMA
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

## **Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS**

### **Finding 2006-1 – Budgetary**

Ohio Revised Code Sec. 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. At year-end, the City had disbursements exceeding appropriations in the following funds: General Fund, Motor Vehicle License Fund, Permissive Use Tax Fund, Drug Law Enforcement Fund, West Third Street Improvement Fund, and Storm Water Fund.

The City should comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring monthly activity so they do not exceed lawful appropriations and amending the budget throughout the fiscal year. This may be achieved by monitoring the budget more closely on a continual basis.

#### *Management Comments/Response*

The City will attempt to prepare modifications to the budget throughout the year.

### **Finding 2006-02 – Cash Management**

Ohio Revised Code 5705.10 states that money paid into any fund shall be used only for purposes for which such fund is established. At year-end the City had several funds with negative cash balances: Permissive Use Tax Fund, Grants Fund, West Third Street Improvement Fund, Salem Corridor Street Improvements, Refuse Collection Fund, and Storm Water Fund. At year end the City had several funds with negative Non-GAAP budgetary basis actual column ending fund balances: Permissive Use Tax Fund, Grants Fund, Rescue Levy Fund, Salem Mall Tax Increment Fund and Salem Corridor Street Improvement Fund.

The City should comply with the Ohio Revised Code by more closely monitoring fund balances throughout the year.

#### *Management Comments/Response*

The City will attempt to monitor fund balances and spending more closely throughout the year.

## **Section III – Federal Award Findings and Questioned Costs**

None

## **Section IV – Summary of Prior Audit Findings and Questioned Costs**

### **05-01 - Budgetary**

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated resources. The City had appropriations exceeding estimated resources.

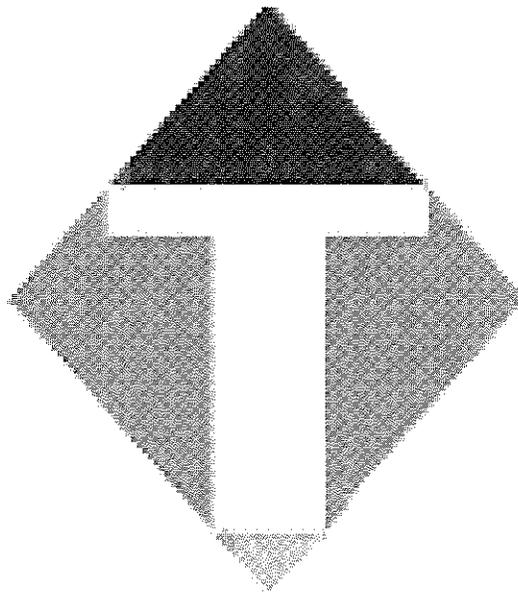
*Status:* Corrected

### **05-02 – Cash Management**

Ohio Revised Code Section 5705.10 provides that money paid into any fund shall be used only for purposes for which such fund is established. The City had funds with negative cash fund balances at year end.

*Status:* Not corrected – see Finding 2006-02.

# **CITY OF TROTWOOD, OHIO**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**



**CITY OF TROTWOOD, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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**TABLE OF CONTENTS**

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	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	vii
List of Elected and Appointed Officials	xiii
Organization Chart	xiv
Certificate of Achievement for Excellence in Financial Reporting	xv
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	17
Statement of Net Assets - Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20
Notes to the Basic Financial Statements	21
 Required Supplementary Information:	
Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	49
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Levy Fund	51
Notes to the Required Supplementary Information	52
 Combining Statements and Individual Fund Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	59
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	62

**TABLE OF CONTENTS**

---

	<u>Page</u>
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	66
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis):	
Street Construction, Maintenance and Repair Fund	68
State Highway Fund	69
Motor Vehicle License Tax Fund	70
Permissive Use Tax Fund	71
Drug Law Enforcement Fund	72
Curbs/Gutters/Sidewalks Assessment Fund	73
Lighting Assessment Fund	74
Grants Fund	75
Local Law Enforcement Block Fund	76
Enforcement and Education Fund	77
Law Enforcement Trust Fund	78
Government Equity Program Fund	79
Rescue Levy Fund	80
Police Levy Fund	81
Debt Retirement Fund	82
Park Acquisition and Development Fund	83
Public Works Facility Construction Fund	84
Industrial Park Fund	85
Townview Revitalization Fund	86
West Third Street Improvement Fund	87
Salem Corridor Street Improvement Fund	88
Salem Mall Tax Increment Fund	89
Fire Facility Improvements Fund	90

**TABLE OF CONTENTS**

---

	<u>Schedule</u>	<u>Page</u>
<b>STATISTICAL SECTION</b>		
Net Assets by Component	1	93
Changes in Net Assets	2	94
Fund Balances, Governmental Funds	3	97
Changes in Fund Balances, Governmental Funds	4	98
Assessed Value and Estimated Actual Value of Taxable Property	5	100
Special Assessment Billings and Collections	6	101
Direct and Overlapping Property Tax Rates	7	102
Principal Property Tax Payers	8	103
Property Tax Levies and Collections	9	104
Income Tax Collections	10	105
Principal Income Taxpayers	11	106
Ratios of Outstanding Debt by Type	12	107
Ratios of General Bonded Debt Outstanding	13	108
Direct and Overlapping Governmental Activities Debt	14	109
Legal Debt Margin Information	15	110
Pledged-Revenue Coverage	16	111
Demographic and Economic Statistics - Montgomery County	17	112
Principal Regional Employers	18	113
Full-Time Equivalent City Government Employees by Function/Program	19	114
Operating Indicators by Function/Program	20	115
Capital Asset Statistics by Function/Program	21	116

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# INTRODUCTORY SECTION

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July 13, 2007

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, 2006. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

## **THE REPORTING ENTITY AND ITS SERVICES**

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

The City is a political subdivision of the State of Ohio, incorporated as a village in 1901 and as a city in 1971. It is a home rule municipal corporation under Article XVIII of the Ohio Constitution utilizing the council-manager form of government. Governing direction is provided by the home rule 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 (based on the 2000 Census) and its land area (over 28 square miles) is surpassed 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, drainage and stormwater management, 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 metropolitan economy characterized by slightly above-average unemployment, modest job growth and relatively 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. Companies such as Delphi Automotive Systems, General Motors, NCR Corporation, LexusNexus, National City Mortgage Company and Reynolds and Reynolds are included among the list of top regional corporate employers.

Good Samaritan Hospital and the Dayton Veterans Administration Center are major employers within Dayton close to Trotwood. Although none of these facilities are physically located in Trotwood, the City benefits by having these employment opportunities for the numerous Trotwood residents who work for these enterprises. Trotwood is home to the corporate headquarters of Moto Franchise Corporation, a national photo finishing chain.

The City's Salem Avenue shopping district served as the commercial hub of northwest Montgomery County for many years. Salem Mall had previously been the anchor of the district, but due to recent rapidly declining occupancy, was acquired by the City in 2004 for redevelopment purposes. The adjacent Consumer Square shopping center is a major draw in the district, as are several "big box" retailers such as Wal-Mart, K-Mart, Lowe's, Target and Home Depot. Nearby, Hara Arena draws large crowds to its facilities for various shows, conferences and sporting activities.

The "Trotwood Connector," a limited access highway on a north-south axis through the center of the City was completed in 2000 and provides access for potential development of several large adjacent tracts.

The City in 2001 completed the installation of streets and utilities to make a 38-acre site west of the Connector available as a light industrial park. An additional 30 acres adjacent to the Industrial Park were acquired in 2002 for future expansion.

## MAJOR INITIATIVES

The City of Trotwood during 2006 continued its progress toward a variety of strategic goals. Actions to stimulate revitalization of the City's challenged commercial core took a variety of forms. An important expiring property tax levy was renewed by the voters. Construction of a new fire station began. Improvements to key arterial road segments were achieved with a substantial infusion of grant resources. An initiative to finance stormwater management needs by a utility fee approach was implemented.

The City awarded a contract for building demolition at the location of the former Salem Mall to prepare the site for a new mixed use commercial development captioned the "Landmark." Utilizing a \$750,000 grant from the Ohio Department of Development's Clean Ohio Revitalization Fund, all vacant structures were demolished and all asbestos and other hazardous materials were removed. A phase II pre-development agreement was signed with General Growth Properties Inc. to further advance the site planning and tenant recruiting process for the new development.

Across Salem Avenue, on a site for which the City has letter of intent from Walmart Corporation for a future super store, a Montgomery County economic development grant was used to demolish the vacant Toys R Us store previously acquired by the City as one step in preparation for this development.

The City also engaged engineering consultants with funding from a 75 percent U.S. Corps of Engineers surface water resources protection grant for stream relocation design and permit application preparation. This design not only addresses stream realignment on the prospective Walmart site but also considers storm water management issues within the entire 350 acre Salem Avenue Corridor renovation area.

The City secured a Ohio Public Works Commission funding commitment of approximately \$1,000,000 to match nearly \$2,000,000 in available federal highway grants to pay the costs of rerouting Shiloh Springs Road along the frontage of the Walmart site to achieve the realignment of its intersection with Salem Avenue to serve as a focal entrance to the Landmark site.

A development agreement was entered into by the City and Nenonene Family Medicine & Obstetrics providing that the City would deed Nenonene the cleared site of the former Kon-Tiki Theater on Salem Avenue in exchange for a commitment to construct and operate a \$2,000,000 medical office building with an anticipated \$500,000 annual payroll.

The Cross Pointe shopping center on E. Main Street was occupied by the YMCA Neighborhood Development Center, which pledged \$1,000,000 for further renovation at this location.

The O'Danny Boy ice cream distribution facility, the first occupant of the City's industrial park, was in full operation in 2006 with a 25 truck fleet based at this location.

Trotwood voters on May 2, 2006 approved the renewal for five more years of an expiring 5.75 current expenses property tax levy. This levy has been providing approximately \$1,600,000, or about 17 percent, of the General Fund's annual revenue. Consequently, the voters' favorable action assured the continuation of a valuable resource to pay the costs of essential municipal services for the 2007 to 2011 period.

In August, a groundbreaking was held for construction of a new \$3,300,000 fire station on a four acre site near the northwest corner of Little Richmond Road and the Trotwood Connector. When completed in July 2007, this five bay facility with adjoining living quarters will provide 24/7 fire

and EMS response to the southern portion of the community. A one-year \$3,560,000 bond anticipation note was issued in October to cover architectural design, construction and furnishing costs, with the expectation these proceeds would be replaced by a 25 year bond issue at maturity in 2007.

Two arterial street renovation projects and the rejuvenation of a deteriorated bridge were substantially completed in 2006 with significant percentages of external funding assistance.

The West Third Street (U.S. 35) Phase Two project from Holler Road to Union Road reconstructed and widened the existing pavement, as well as installing curbs, drains and sidewalks on this portion of the City's southern boundary with Jefferson Township. The total project cost of \$1,439,000 was covered in part by a \$911,000 OPWC grant, \$374,000 of ODOT urban street pavement funding, and \$110,000 in Montgomery County permissive vehicle registration monies.

The Salem Avenue Phase V project from Turner Road to Curundu Avenue included resurfacing the existing four lanes of pavement, replacing all curbing, correcting drainage deficiencies and installing sidewalks for a total cost of \$971,000. The project cost was substantially defrayed by \$680,000 of federal highway grant funding via ODOT and \$220,000 in Montgomery County permissive vehicle registration monies.

Also major repairs were made to a failing bridge on Nolan Road, a minor rural arterial furnishing important access to agricultural areas in western Trotwood. The \$98,000 cost for these repairs included \$75,000 of federal highway grant funding via ODOT.

Funding for the Stormwater Management Code adopted by the City in 2005 was implemented during 2006. This Code provides for assessing a storm drainage service charge on all developed parcels within the City rationally according to each property's contribution to stormwater runoff based on the impervious area of each property. The ordinance language specifies that all single family residences shall be deemed to be 1 Equivalent Residential Unit (ERU) and that nonresidential parcels shall be assigned ERU values based on their impervious area divided by 4,020 square feet. The utility fee approach was established to provide funding to allow adequate attention to compliance with the Phase 2 NPDES requirements as well as unmet storm drainage problems that challenged the community.

In August 2006 Council imposed an interim storm drainage fee effective September 1 and ending December 31, 2006 that assigned a value of 1 ERU to all contributing parcels. Applying the monthly rate of \$4.00 per ERU set by the Stormwater Management Code, all identified developed parcels were billed \$16.00 for the four month interim period on the December utility bills.

Concurrently, during the fall of 2006, the City's stormwater program implementation consultant completed a detailed study using advanced GIS technology to measure the impervious area of nonresidential parcels within the City. With the availability of this data, the City could move ahead with the complete storm drainage fee approach envisioned by the Stormwater Management Code.

In December, City Council authorized commencing full implementation, with fee billing based on ERU calculations effective January 1, 2007. The March 2007 bills would reflect charges for the first quarter of 2007 on this basis. Under full implementation, each nonresidential parcel is being charged a specifically calculated charge determined by multiplying the monthly \$4.00 per ERU rate by its ERU value.

Readers are referred to Management's Discussion and Analysis in the financial section of this report for a review of the City's financial performance during 2006.

## **INTERNAL ACCOUNTING AND BUDGETARY CONTROLS**

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

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

The City of Trotwood adopts an Annual Appropriation Ordinance in accordance with Ohio law on a cash basis to provide spending authority and set the legal level of budgetary control. In addition, the government maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. The level of budgetary for the General Fund is at the budget center or department level (e.g., Police Patrol, Street Maintenance, Fleet Maintenance). The legal level of budgetary control for other funds is at the fund level.

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

## **DEBT ADMINISTRATION**

At year-end, the City had seven debt obligations outstanding. These issues included \$3,325,000 for a general obligation bond and \$12,260,000 for six one-year bond anticipation notes for a total of \$15,585,000 subject to bonded debt limitations.

In addition the 10-year loan agreement that the City entered into with the Ohio Public Works Commission in 2001 to finance a sewer lift station renovation project has a \$27,111 principal balance as of December 31, 2006.

The liability of compensated absences experienced a net increase of \$6,169 at December 31, 2006.

## **CASH MANAGEMENT**

Temporarily idle cash during the year was invested in overnight repurchase agreements and the State Treasurer's investment pool (STAR Ohio). Total interest earned by the City in 2005 amounted to \$303,673.

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

## RISK MANAGEMENT

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

## OTHER INFORMATION

**Independent Audit.** The State of Ohio requires an annual audit by either the Auditor of State or by an independent accounting firm. The general purpose financial statements of the City of Trotwood, Ohio for the fiscal year ended December 31, 2006 have been audited by Plattenburg and Associates Inc. Their unqualified opinion has been included in this report.

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Trotwood for its comprehensive annual financial report for the fiscal year ended December 31, 2005. 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.

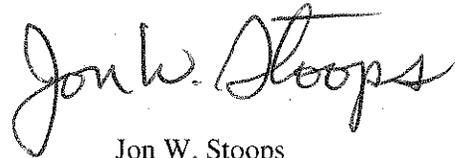
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

**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,

  
Michael J. Lucking  
City Manager

  
Jon W. Stoops  
Finance Director

CITY OF TROTWOOD, OHIO  
List of Elected and Appointed Officials  
December 31, 2006

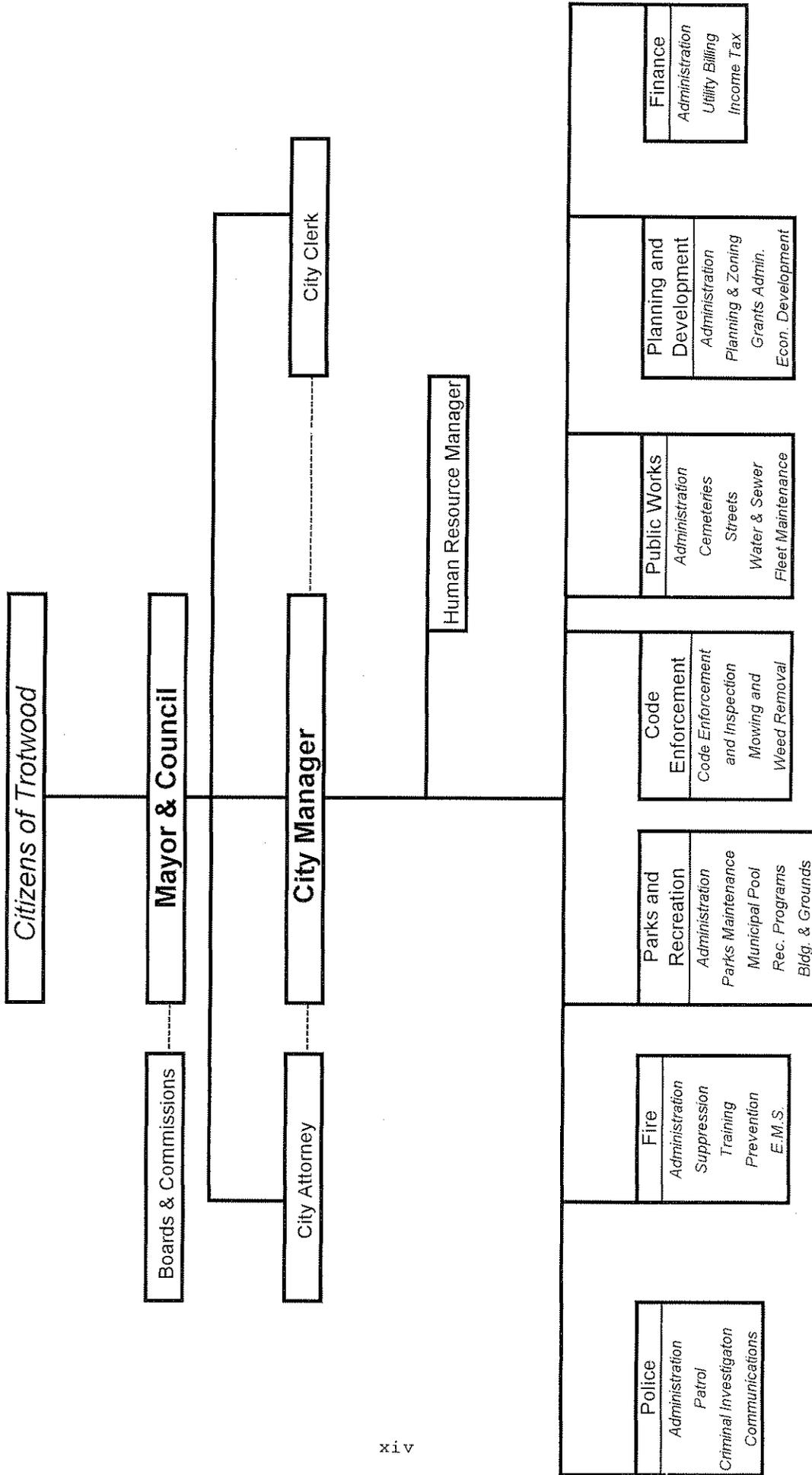
ELECTED OFFICIALS

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

APPOINTED OFFICIALS

Michael J. Lucking	City Manager
Lois M. Singleton	Clerk of Council
Jon W. Stoops	Finance Director
Barbara Brooks	Human Resource Manager
Stephen M. McHugh	Law Director
Terry Lodge	Parks & Recreation Director
Rhonda Finley	Planning & Development Director
Michael E. Etter	Public Safety Director
Thomas Odenigbo	Public Works Director

CITY OF TROTWOOD, OHIO  
 Organization Chart  
 December 31, 2006



# 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, 2005

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.



A handwritten signature in black ink, appearing to read "Ronald Plam".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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## FINANCIAL SECTION

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July 13, 2007

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood, Ohio, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes, the City has implemented Government Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*; GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*; and GASB Statement No. 47, *Accounting for Termination Benefits* for the year ended December 31, 2006.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Plattensburg  $\frac{1}{3}$  Associates, Inc.

Plattensburg & Associates, Inc.  
Certified Public Accountants

## **City of Trotwood**

### **Management's Discussion and Analysis For The Year Ended December 31, 2006 (Unaudited)**

#### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Trotwood's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's performance.

#### **FINANCIAL HIGHLIGHTS**

- The City's total net assets decreased \$1,868,661. Net assets of governmental activities decreased \$1,523,573, net assets of business-type activities decreased by \$345,088.
- The General Fund reported a decrease in fund balance of \$16,253.
- Business-type operations reflected an operating loss of \$340,229.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

#### **Government-wide Financial Statements**

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

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

In the Government-wide Financial Statements, the City is divided into two kinds of activities.

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

### **Fund Financial Statements**

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

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

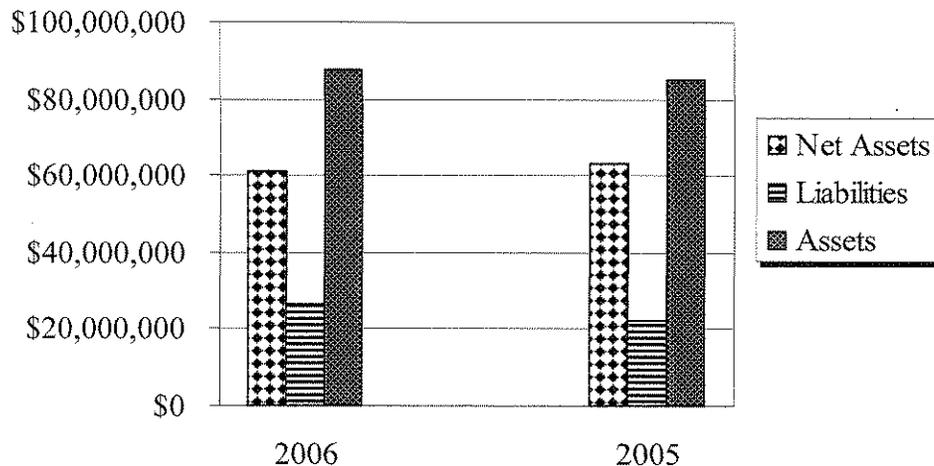
***Proprietary Funds*** - When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements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

## The City as a Whole

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2006 compared to 2005.

**Table 1**  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005 Restated	2006	2005 Restated	2006	2005 Restated
<b>Assets</b>						
Current Assets	\$15,484,347	\$13,661,412	\$1,421,353	\$1,395,865	\$16,905,700	\$15,057,277
Capital Assets, Net	52,663,652	51,794,725	17,996,584	18,352,855	70,660,236	70,147,580
<b>Total Assets</b>	<b>68,147,999</b>	<b>65,456,137</b>	<b>19,417,937</b>	<b>19,748,720</b>	<b>87,565,936</b>	<b>85,204,857</b>
<b>Liabilities</b>						
Long-Term Liabilities	4,916,357	5,170,139	71,271	88,089	4,987,628	5,258,228
Other Liabilities	19,934,571	15,465,354	1,472,970	1,441,847	21,407,541	16,907,201
<b>Total Liabilities</b>	<b>24,850,928</b>	<b>20,635,493</b>	<b>1,544,241</b>	<b>1,529,936</b>	<b>26,395,169</b>	<b>22,165,429</b>
<b>Net Assets</b>						
Invested in Capital						
Assets Net of Debt	36,682,729	38,908,291	17,794,473	18,109,486	54,477,202	57,017,777
Restricted	1,013,408	1,655,451	0	0	1,013,408	1,655,451
Unrestricted	5,600,934	4,256,902	79,223	109,298	5,680,157	4,366,200
<b>Total Net Assets</b>	<b>\$43,297,071</b>	<b>\$44,820,644</b>	<b>\$17,873,696</b>	<b>\$18,218,784</b>	<b>\$61,170,767</b>	<b>\$63,039,428</b>



Total net assets of the City as a whole decreased \$1,868,661. Net assets of the City's governmental activities decreased \$1,523,573, while the net assets of the City's business-type activities decreased \$345,088 from 2005. The City had an unrestricted net assets balance of \$5,600,934 that may be used to meet the government's ongoing obligations to citizens and creditors.

Other liabilities increased due to the City issuing additional notes payable.

Table 2 shows the changes in net assets for the year ended December 31, 2006 and revenue and expense comparisons to 2005.

**Table 2**  
Changes in Net Assets

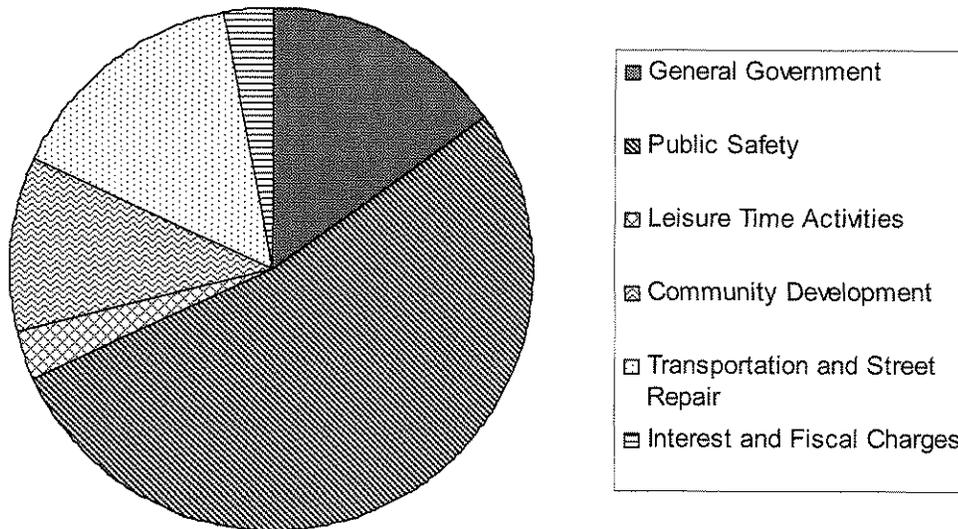
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Program Revenues:</b>						
Charges for Services	\$1,739,487	\$1,868,720	\$3,473,072	\$2,885,107	\$5,212,559	\$4,753,827
Operating Grants, Contributions	2,148,982	1,738,257	0	0	2,148,982	1,738,257
Capital Grants and Contributions	1,050,263	2,188,017	0	180,257	1,050,263	2,368,274
<b>Total Program Revenues</b>	<b>4,938,732</b>	<b>5,794,994</b>	<b>3,473,072</b>	<b>3,065,364</b>	<b>8,411,804</b>	<b>8,860,358</b>
<b>General Revenue:</b>						
Income Taxes	5,500,282	5,899,378	0	0	5,500,282	5,899,378
Property Taxes	4,398,989	5,109,610	0	0	4,398,989	5,109,610
Grants and Entitlements	1,245,265	1,630,941	0	0	1,245,265	1,630,941
Payment in Lieu of Taxes	0	188,685	0	0	0	188,685
Investment Earnings	300,610	103,728	3,063	2,471	303,673	106,199
Refunds and Reimbursements	0	344,726	0	0	0	344,726
Other	463,100	945,321	30	30	463,130	945,351
<b>Total General Revenues</b>	<b>11,908,246</b>	<b>14,222,389</b>	<b>3,093</b>	<b>2,501</b>	<b>11,911,339</b>	<b>14,224,890</b>
<b>Total Revenues</b>	<b>16,846,978</b>	<b>20,017,383</b>	<b>3,476,165</b>	<b>3,067,865</b>	<b>20,323,143</b>	<b>23,085,248</b>
<b>Program Expenses:</b>						
General Government	2,691,268	2,521,463	0	0	2,691,268	2,521,463
Public Safety	9,745,013	9,749,517	0	0	9,745,013	9,749,517
Leisure Time Activities	538,424	601,949	0	0	538,424	601,949
Community Development	2,043,598	2,258,759	0	0	2,043,598	2,258,759
Transportation and Street Repair	2,801,135	1,693,198	0	0	2,801,135	1,693,198
Interest and Fiscal Charges	551,113	333,652	0	0	551,113	333,652
Water	0	0	1,222,874	1,078,263	1,222,874	1,078,263
Sewer	0	0	933,622	854,856	933,622	854,856
Refuse	0	0	1,155,773	1,122,749	1,155,773	1,122,749
Stormwater	0	0	508,984	18,514	508,984	18,514
<b>Total Program Expenses</b>	<b>18,370,551</b>	<b>17,158,538</b>	<b>3,821,253</b>	<b>3,074,382</b>	<b>22,191,804</b>	<b>20,232,920</b>
<b>Increase (Decrease) in Net Assets before Transfers</b>	<b>(1,523,573)</b>	<b>2,858,845</b>	<b>(345,088)</b>	<b>(6,517)</b>	<b>(1,868,661)</b>	<b>2,852,328</b>
<b>Transfers - Internal Activities</b>	<b>0</b>	<b>17,500</b>	<b>0</b>	<b>(17,500)</b>	<b>0</b>	<b>0</b>
<b>Change in Net Assets</b>	<b>(1,523,573)</b>	<b>2,876,345</b>	<b>(345,088)</b>	<b>(24,017)</b>	<b>(1,868,661)</b>	<b>2,852,328</b>
<b>Beginning Net Assets, Restated</b>	<b>44,820,644</b>	<b>41,944,299</b>	<b>18,218,784</b>	<b>18,242,801</b>	<b>63,039,428</b>	<b>60,187,100</b>
<b>Ending Net Assets</b>	<b>\$43,297,071</b>	<b>\$44,820,644</b>	<b>\$17,873,696</b>	<b>\$18,218,784</b>	<b>\$61,170,767</b>	<b>\$63,039,428</b>

### ***Governmental Activities***

The City of Trotwood's income taxes and property taxes are the largest source of revenue. These revenues represent 83% of the City's governmental activities total general revenue. Program revenue decreased mostly as a result of the City receiving less capital grants and contributions as compared to the prior year. Program expenses increased mostly due to the transportation expense increasing. Transportation expense increased as a result of the depreciation related to the streets the City began retroactively reporting this year.

Governmental activities program expenses for 2006 were as follows:

<u>Program Expenses</u>	<u>Percent of Total</u>
General Government	15%
Public Safety	53%
Leisure Time Activities	3%
Community Development	11%
Transportation and Street Repair	15%
Interest and Fiscal Charges	3%
Total	<u>100%</u>



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

***Business-Type Activities***

Business-type activities include Water, Sewer, Refuse Collection and Stormwater. These programs had operating revenues of \$3,473,102 and expenses of \$3,813,331 for fiscal year 2006. Business activities receive no support from tax revenues. The business activities net assets at the end of the year was \$17,873,696, which decreased \$345,088 from 2005.

The City of Trotwood's water and sewer maintenance division services approximately 2,800 accounts within the territory which was part of the City prior to the 1996 merger with Madison Township. The City operates approximately 37.5 miles of water lines and 31 miles of sanitary sewer lines within the territory, to distribute water supplied by the City of Dayton and collect sewerage returned to Dayton for treatment at their facilities. The water fund had operating income of \$197,436 in 2006. The sewer fund had an operating loss of \$77,018 in 2006. The refuse fund had an operating loss of \$68,387 in 2006. The stormwater fund had an operating loss of \$392,260 in 2006.

Business-type activities net assets decreased in 2006 as compared to 2005 mainly due to an increase in operating expenses in the stormwater fund. The increase in expenses was mainly due to the restatement of the applicable depreciation expense upon the retroactive reporting of major general infrastructure assets in the stormwater fund.

### **The City's Funds**

The City has four major governmental funds: the General Fund, Fire Levy Fund, Salem Mall Tax Increment Fund, and Fire Facility Improvements Fund. Assets of the general fund comprised \$6,844,572 (42%), the fire levy fund comprised \$2,220,277 (14%), the Salem Mall tax increment fund comprised \$110,196 (1%) and the Fire Facility Improvements fund comprised \$2,810,610 (17%) of the total \$16,155,223 governmental funds assets.

**General Fund:** Fund balance at December 31, 2006 was \$2,354,659 a decrease in fund balance of \$16,253 from 2005. The general fund balance remained relatively consistent in 2006 compared to 2005.

**Fire Levy Fund:** Fund balance at December 31, 2006 was (\$92,868) a decrease in fund balance of \$420,188 from 2005. The fire levy had a decrease in taxes received primarily due to a decrease in taxes available for advance from 2005 to 2006 and property tax collections.

**Salem Mall Tax Increment Fund:** Fund balance at December 31, 2006 was (\$7,143,860) a decrease in fund balance of \$486,769 from 2005. The decrease in fund balance is due to the City's purchase of land with short term debt.

**Fire Facility Improvements Fund:** Fund balance at December 31, 2006 was (\$1,669,838) a decrease in fund balance of \$1,220,212. The decrease in fund balance is due to an increase in money spent for fire facility improvements with short term debt.

### **General Fund Budgeting Highlights**

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

As the City completed the year, its General Fund balance reported an actual fund balance of \$1,604,185, on a Non-GAAP Budgetary Basis.

Variations from the final budget amounts to the original amounts are primarily due to the following reasons: The City underestimated the public safety, general government and community development expenditures for 2006.

## Capital Assets and Debt Administration

### Capital Assets

**Table 3**  
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005 Restated	2006	2005 Restated	2006	2005 Restated
Land	\$26,117,722	\$26,117,327	\$12,026	\$12,026	\$26,129,748	\$26,129,353
Construction in Progress	1,300,584	526,502	0	0	1,300,584	526,502
Buildings and Improvements	4,276,032	4,276,032	0	0	4,276,032	4,276,032
Equipment	7,895,358	7,579,558	302,920	302,920	8,198,278	7,882,478
Infrastructure	39,292,966	38,170,211	36,478,031	36,294,845	75,770,997	74,465,056
Accumulated Depreciation	(26,219,010)	(24,874,905)	(18,796,393)	(18,256,936)	(45,015,403)	(43,131,841)
Total Net Capital Assets	<u>\$52,663,652</u>	<u>\$51,794,725</u>	<u>\$17,996,584</u>	<u>\$18,352,855</u>	<u>\$70,660,236</u>	<u>\$70,147,580</u>

Capital Assets remained relatively consistent as compared to prior year restated amounts.

See Note 6 to the basic financial statements for further details on the City's capital assets.

### Debt

**Table 4**  
Outstanding Debt at Year End

		2006	2005
<b>Governmental Activities</b>			
<u>General Obligation Bonds</u>			
2003 Various Purpose Bonds	5.11%	<u>\$3,325,000</u>	<u>\$3,490,000</u>
Total General Obligation Bonds		<u>3,325,000</u>	<u>3,490,000</u>
<b>Business Type Activities</b>			
<u>Loans</u>			
2001 OPWC Loan	3.00%	<u>27,111</u>	<u>32,066</u>
Total Loans		<u>27,111</u>	<u>32,066</u>
Total Debt		<u>\$3,352,111</u>	<u>\$3,522,066</u>

The Various Purpose Improvement general obligation bonds will be paid with available revenue in the General Fund, Street Construction, Repair and Maintenance Fund and the Debt Service Fund.

The City had General Obligation Notes Payable of \$12,260,000 and \$8,930,000 for the year ended 2006 and 2005, respectively.

See Note 9 to the basic financial statements for further details on the City's long-term debt.

#### **CONTACTING THE CITY'S FINANCE DEPARTMENT**

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

City of Trotwood  
Statement of Net Assets  
December 31, 2006

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$5,523,456	\$191,598	\$5,715,054
Restricted Cash and Investments	99,138	0	99,138
<b>Receivables:</b>			
Taxes	6,362,558	0	6,362,558
Accounts	45,687	846,414	892,101
Intergovernmental	2,656,206	0	2,656,206
Special Assessments	482,050	474,478	956,528
Internal Balances	92,613	(92,613)	0
Prepays	146,739	1,476	148,215
Inventory	75,900	0	75,900
Nondepreciable Capital Assets	27,418,306	12,026	27,430,332
Depreciable Capital Assets, Net	25,245,346	17,984,558	43,229,904
<b>Total Assets</b>	<b>68,147,999</b>	<b>19,417,937</b>	<b>87,565,936</b>
<b>Liabilities:</b>			
Accounts Payable	929,767	798,861	1,728,628
Accrued Wages and Benefits	891,685	24,631	916,316
Retainage Payable	99,138	0	99,138
Accrued Interest Payable	191,127	0	191,127
Unearned Revenue	5,737,854	474,478	6,212,332
General Obligation Notes Payable	12,085,000	175,000	12,260,000
<b>Long-Term Liabilities:</b>			
Due Within One Year	878,220	24,327	902,547
Due In More Than One Year	4,038,137	46,944	4,085,081
<b>Total Liabilities</b>	<b>24,850,928</b>	<b>1,544,241</b>	<b>26,395,169</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	36,682,729	17,794,473	54,477,202
<b>Restricted for:</b>			
Special Revenue	807,414	0	807,414
Debt Service	205,994	0	205,994
Unrestricted	5,600,934	79,223	5,680,157
<b>Total Net Assets</b>	<b>\$43,297,071</b>	<b>\$17,873,696</b>	<b>\$61,170,767</b>

See accompanying notes to the basic financial statements.

City of Trotwood  
Statement of Activities  
For the Fiscal Year Ended December 31, 2006

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$2,691,268	\$276,140	\$0	\$0
Public Safety	9,745,013	1,241,261	540,428	0
Leisure Time Activities	538,424	5,024	0	0
Community Development	2,043,598	170,698	677,568	0
Transportation and Street Repair	2,801,135	19,147	911,434	1,050,263
Interest and Fiscal Charges	551,113	27,217	19,552	0
<b>Total Governmental Activities</b>	<b>18,370,551</b>	<b>1,739,487</b>	<b>2,148,982</b>	<b>1,050,263</b>
<b>Business-Type Activities:</b>				
Water	1,222,874	1,413,298	0	0
Sewer	933,622	855,664	0	0
Refuse	1,155,773	1,087,386	0	0
Stormwater	508,984	116,724	0	0
<b>Total Business-Type Activities</b>	<b>3,821,253</b>	<b>3,473,072</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$22,191,804</b>	<b>\$5,212,559</b>	<b>\$2,148,982</b>	<b>\$1,050,263</b>

General Revenues:  
Income Taxes  
Property Taxes Levied for:  
    General Purposes  
    Special Revenue Purposes  
    Debt Service Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Other Revenues

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year, Restated

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$2,415,128)	\$0	(\$2,415,128)
(7,963,324)	0	(7,963,324)
(533,400)	0	(533,400)
(1,195,332)	0	(1,195,332)
(820,291)	0	(820,291)
(504,344)	0	(504,344)
(13,431,819)	0	(13,431,819)
0	190,424	190,424
0	(77,958)	(77,958)
0	(68,387)	(68,387)
0	(392,260)	(392,260)
0	(348,181)	(348,181)
(\$13,431,819)	(\$348,181)	(\$13,780,000)
5,500,282	0	5,500,282
1,741,372	0	1,741,372
2,512,531	0	2,512,531
145,086	0	145,086
1,245,265	0	1,245,265
300,610	3,063	303,673
463,100	30	463,130
11,908,246	3,093	11,911,339
(1,523,573)	(345,088)	(1,868,661)
44,820,644	18,218,784	63,039,428
\$43,297,071	\$17,873,696	\$61,170,767

City of Trotwood  
Balance Sheet  
Governmental Funds  
December 31, 2006

	General	Fire Levy	Salem Mall Tax Increment	Fire Facility Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Equity in Pooled Cash and Investments	\$1,466,038	\$81,709	\$110,171	\$2,756,725	\$1,031,248	\$5,445,891
Restricted Cash and Investments	0	0	0	53,885	45,253	99,138
<b>Receivables:</b>						
Taxes	3,237,236	2,022,044	0	0	1,103,278	6,362,558
Accounts	0	0	0	0	45,687	45,687
Intergovernmental	893,663	94,828	0	0	1,667,715	2,656,206
Special Assessments	324,601	0	0	0	157,449	482,050
Interfund	841,054	0	0	0	0	841,054
Prepays	81,980	21,696	25	0	43,038	146,739
Inventory	0	0	0	0	75,900	75,900
<b>Total Assets</b>	<b>6,844,572</b>	<b>2,220,277</b>	<b>110,196</b>	<b>2,810,610</b>	<b>4,169,568</b>	<b>16,155,223</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable	158,757	29,880	72,445	366,563	299,760	927,405
Accrued Wages and Benefits	560,698	166,393	1,611	0	162,983	891,685
Compensated Absences	4,075	0	0	0	246	4,321
Retainage Payable	0	0	0	53,885	45,253	99,138
Interfund Payable	0	0	0	0	748,441	748,441
Deferred Revenue	3,766,383	2,116,872	0	0	2,758,995	8,642,250
General Obligation Notes Payable	0	0	7,180,000	4,060,000	845,000	12,085,000
<b>Total Liabilities</b>	<b>4,489,913</b>	<b>2,313,145</b>	<b>7,254,056</b>	<b>4,480,448</b>	<b>4,860,678</b>	<b>23,398,240</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	115,736	2,940	157,433	2,292,747	656,698	3,225,554
Reserved for Inventory	0	0	0	0	75,900	75,900
Reserved for Debt Service	0	0	0	0	69,515	69,515
Reserved for Prepays	81,980	21,696	25	0	43,038	146,739
<b>Unreserved, Undesignated, Reported in:</b>						
General Fund	2,156,943	0	0	0	0	2,156,943
Special Revenue Funds	0	(117,504)	0	0	(364,978)	(482,482)
Debt Service Funds	0	0	0	0	144,237	144,237
Capital Projects Funds	0	0	(7,301,318)	(3,962,585)	(1,315,520)	(12,579,423)
<b>Total Fund Balances</b>	<b>2,354,659</b>	<b>(92,868)</b>	<b>(7,143,860)</b>	<b>(1,669,838)</b>	<b>(691,110)</b>	<b>(7,243,017)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$6,844,572</b>	<b>\$2,220,277</b>	<b>\$110,196</b>	<b>\$2,810,610</b>	<b>\$4,169,568</b>	<b>\$16,155,223</b>

See accompanying notes to the basic financial statements.

City of Trotwood  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 December 31, 2006

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Total Governmental Fund Balance		(S7,243,017)
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		52,663,652
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income Taxes	733,453	
Delinquent Property Taxes	565,129	
Intergovernmental	1,123,764	
Other	<u>482,050</u>	
		2,904,396
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		75,203
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(191,127)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(1,016,113)</u>	
		(1,016,113)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(3,895,923)</u>
Net Assets of Governmental Activities		<u>\$43,297,071</u>

See accompanying notes to the basic financial statements.

City of Trotwood  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2006

	General	Fire Levy	Salem Mall Tax Increment	Fire Facility Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$7,056,677	\$1,693,928	\$201,886	\$0	\$1,110,453	\$10,062,944
Fines, Licenses & Permits	396,391	0	0	0	281,230	677,621
Charges for Services	165,495	4,016	140,243	0	781,420	1,091,174
Investment Earnings	93,536	14,251	6,731	7,597	38,252	160,367
Intergovernmental	1,348,447	231,035	102,242	0	2,909,374	4,591,098
Special Assessments	98,155	0	0	0	55,398	153,553
Other Revenues	287,026	835	14,304	0	110,461	412,626
<b>Total Revenues</b>	<b>9,445,727</b>	<b>1,944,065</b>	<b>465,406</b>	<b>7,597</b>	<b>5,286,588</b>	<b>17,149,383</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	2,592,549	0	0	0	0	2,592,549
Public Safety	5,133,579	2,216,909	0	3,455	1,270,331	8,624,274
Leisure Time Activities	464,808	0	0	0	12,107	476,915
Community Development	431,769	0	488,546	0	711,741	1,632,056
Transportation and Street Repair	108,295	0	0	0	981,156	1,089,451
Capital Outlay	471,769	75,244	232,648	1,200,620	2,195,346	4,175,627
<b>Debt Service:</b>						
Principal Retirement	102,085	60,601	0	0	206,521	369,207
Interest and Fiscal Charges	137,223	12,599	230,981	23,734	99,961	504,498
<b>Total Expenditures</b>	<b>9,442,077</b>	<b>2,365,353</b>	<b>952,175</b>	<b>1,227,809</b>	<b>5,477,163</b>	<b>19,464,577</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,650</b>	<b>(421,288)</b>	<b>(486,769)</b>	<b>(1,220,212)</b>	<b>(190,575)</b>	<b>(2,315,194)</b>
<b>Other Financing Sources (Uses):</b>						
Issuance of Capital Leases	0	0	0	0	108,696	108,696
Proceeds from Sale of Capital Assets	5,097	1,100	0	0	1,661	7,858
Transfers In	0	0	0	0	25,000	25,000
Transfers (Out)	(25,000)	0	0	0	0	(25,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(19,903)</b>	<b>1,100</b>	<b>0</b>	<b>0</b>	<b>135,357</b>	<b>116,554</b>
<b>Net Change in Fund Balance</b>	<b>(16,253)</b>	<b>(420,188)</b>	<b>(486,769)</b>	<b>(1,220,212)</b>	<b>(55,218)</b>	<b>(2,198,640)</b>
<b>Fund Balance Beginning of Year</b>	<b>2,370,912</b>	<b>327,320</b>	<b>(6,657,091)</b>	<b>(449,626)</b>	<b>(610,856)</b>	<b>(5,019,341)</b>
<b>Change in Reserve for Inventory</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(25,036)</b>	<b>(25,036)</b>
<b>Fund Balance End of Year</b>	<b>\$2,354,659</b>	<b>(\$92,868)</b>	<b>(\$7,143,860)</b>	<b>(\$1,669,838)</b>	<b>(\$691,110)</b>	<b>(\$7,243,017)</b>

See accompanying notes to the basic financial statements.

City of Trotwood  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended December 31, 2006

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Net Change in Fund Balance - Total Governmental Funds (\$2,198,640)

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

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

Capital assets used in governmental activities	2,270,928	
Depreciation Expense	<u>(1,402,001)</u>	868,927

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

Income Taxes	(25,109)	
Delinquent Property Taxes	(242,447)	
Intergovernmental	(97,463)	
Other	<u>54,756</u>	(310,263)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 369,207

In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due. (46,615)

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

Compensated Absences	(77,255)	
Change in Inventory	<u>(25,036)</u>	(102,291)

The internal service fund used by management to charge back costs to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 4,798

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets. (108,696)

Change in Net Assets of Governmental Activities (\$1,523,573)

See accompanying notes to the basic financial statements.

City of Trotwood  
Statement of Net Assets  
Proprietary Funds  
December 31, 2006

	Business-Type Activities -Enterprise Funds				Total Business-Type Activities	Governmental Activities- Internal Service Fund
	Water	Sewer	Refuse	Stormwater		
Assets:						
Equity in Pooled Cash and Investments	\$74,823	\$116,775	\$0	\$0	\$191,598	\$77,565
Receivables:						
Accounts	368,046	227,030	186,539	64,799	846,414	0
Special Assessments	77,009	68,862	328,607	0	474,478	0
Prepays	719	757	0	0	1,476	0
Total Current Assets	520,597	413,424	515,146	64,799	1,513,966	77,565
Nondepreciable Capital Assets	0	12,026	0	0	12,026	0
Depreciable Capital Assets, Net	530,317	438,956	0	17,015,285	17,984,558	0
Total Noncurrent Assets	530,317	450,982	0	17,015,285	17,996,584	0
Total Assets	1,050,914	864,406	515,146	17,080,084	19,510,550	77,565
Liabilities:						
Current Liabilities:						
Accounts Payable	414,292	267,321	86,448	30,800	798,861	2,362
Accrued Wages and Benefits	11,734	11,245	1,652	0	24,631	0
Compensated Absences	8,842	8,842	1,539	0	19,223	0
Interfund Payable	0	0	39,262	53,351	92,613	0
Deferred Revenue	77,009	68,862	328,607	0	474,478	0
General Obligation Notes Payable	175,000	0	0	0	175,000	0
Long-Term Liabilities Due Within One Year	0	5,104	0	0	5,104	0
Total Current Liabilities	686,877	361,374	457,508	84,151	1,589,910	2,362
Long-Term Liabilities:						
Compensated Absences	11,597	11,597	1,743	0	24,937	0
Bonds, Notes & Loans Payable	0	22,007	0	0	22,007	0
Total Noncurrent Liabilities	11,597	33,604	1,743	0	46,944	0
Total Liabilities	698,474	394,978	459,251	84,151	1,636,854	2,362
Net Assets:						
Invested in Capital Assets, Net of Related Debt	355,317	423,871	0	17,015,285	17,794,473	0
Unrestricted	(2,877)	45,557	55,895	(19,352)	79,223	75,203
Total Net Assets	\$352,440	\$469,428	\$55,895	\$16,995,933	\$17,873,696	\$75,203

See accompanying notes to the basic financial statements.

City of Trotwood  
Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2006

	Business-Type Activities -Enterprise Funds				Total Business-Type Activities	Governmental Activities- Internal Service Fund
	Water	Sewer	Refuse	Stormwater		
Operating Revenues:						
Charges for Services	\$1,413,298	\$855,664	\$1,087,386	\$116,724	\$3,473,072	\$13,465
Other Revenues	15	15	0	0	30	0
<b>Total Operating Revenues</b>	<b>1,413,313</b>	<b>855,679</b>	<b>1,087,386</b>	<b>116,724</b>	<b>3,473,102</b>	<b>13,465</b>
Operating Expenses:						
Personal Services	152,452	149,527	44,519	0	346,498	0
Contractual Services	913,693	717,572	1,104,076	115,091	2,850,432	9,723
Materials and Supplies	32,197	36,327	5,760	0	74,284	0
Depreciation	116,929	28,635	0	393,893	539,457	0
Other Expenses	606	636	1,418	0	2,660	0
<b>Total Operating Expenses</b>	<b>1,215,877</b>	<b>932,697</b>	<b>1,155,773</b>	<b>508,984</b>	<b>3,813,331</b>	<b>9,723</b>
Operating Income (Loss)	197,436	(77,018)	(68,387)	(392,260)	(340,229)	3,742
Non-Operating Revenues (Expenses):						
Investment Earnings	184	2,162	714	3	3,063	1,056
Interest (Expense)	(6,997)	(925)	0	0	(7,922)	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(6,813)</b>	<b>1,237</b>	<b>714</b>	<b>3</b>	<b>(4,859)</b>	<b>1,056</b>
Change in Net Assets	190,623	(75,781)	(67,673)	(392,257)	(345,088)	4,798
Net Assets Beginning of Year, Restated	161,817	545,209	123,568	17,388,190	18,218,784	70,405
Net Assets End of Year	\$352,440	\$469,428	\$55,895	\$16,995,933	\$17,873,696	\$75,203

See accompanying notes to the basic financial statements.

City of Trotwood  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2006

	Business-Type Activities -Enterprise Funds				Total Business-Type Activities	Governmental Activities- Internal Service Fund
	Water	Sewer	Refuse	Stormwater		
Cash Flows from Operating Activities:						
Cash Received from Customers	\$1,350,627	\$920,219	\$1,093,791	\$90,326	\$3,454,963	\$13,465
Cash Payments to Employees	(154,655)	(151,932)	(39,585)	0	(346,172)	0
Cash Payments to Suppliers	(906,152)	(775,302)	(1,054,920)	(91,091)	(2,827,465)	(9,668)
Net Cash Provided (Used) by Operating Activities	289,820	(7,015)	(714)	(765)	281,326	3,797
Cash Flows from Capital and Related Financing Activities:						
Payments for Capital Acquisitions	(183,186)	0	0	0	(183,186)	0
Debt Proceeds	175,000	0	0	0	175,000	0
Debt Principal Payments	(200,000)	(4,955)	0	0	(204,955)	0
Debt Interest Payments	(6,997)	(925)	0	0	(7,922)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(215,183)	(5,880)	0	0	(221,063)	0
Cash Flows from Investing Activities:						
Earnings on Investments	184	2,162	714	3	3,063	1,056
Net Cash Provided (Used) by Cash Flows from Investing Activities	184	2,162	714	3	3,063	1,056
Net Increase (Decrease) in Cash and Cash Equivalents	74,821	(10,733)	0	(762)	63,326	4,853
Cash and Cash Equivalents Beginning of Year	2	127,508	0	762	128,272	72,712
Cash and Cash Equivalents End of Year	74,823	116,775	0	0	191,598	77,565
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	197,436	(77,018)	(68,387)	(392,260)	(340,229)	3,742
Adjustments:						
Depreciation	116,929	28,635	0	393,893	539,457	0
Changes in Assets & Liabilities:						
(Increase) Decrease in Receivables	(43,458)	91,915	46,104	(64,799)	29,762	0
(Increase) Decrease in Prepays	(719)	(757)	0	0	(1,476)	0
Increase (Decrease) in Payables	41,063	(20,010)	39,143	62,401	122,597	55
Increase (Decrease) in Accrued Liabilities	(2,203)	(2,405)	4,934	0	326	0
Increase (Decrease) in Deferred Revenue	(19,228)	(27,375)	(22,508)	0	(69,111)	0
Net Cash Provided (Used) by Operating Activities	\$289,820	(\$7,015)	(\$714)	(\$765)	\$281,326	\$3,797

See accompanying notes to the basic financial statements.

## **City of Trotwood**

Notes to the Basic Financial Statements  
For The Year Ended December 31, 2006

### **1. DESCRIPTION OF THE CITY AND REPORTING ENTITY**

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

#### **Reporting Entity**

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

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

The City participates in three jointly governed organizations: The Miami Valley Regional Planning Commission, the Miami Valley Fire/EMS Alliance and the Economic Development/Government Equity Program are discussed in the Jointly Governed Organization footnote.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### **Measurement Focus**

#### Government-Wide Financial Statements

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

#### Fund Financial Statements

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

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

### **Basis of Presentation**

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

## Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. Eliminations have been made to minimize double counting of internal activities, but the interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

## Fund Financial Statements

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

## **Fund Accounting**

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

### Governmental Funds

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

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

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

Salem Mall Tax Increment Capital Projects Fund – This capital projects fund accounts for resources related to the Salem Mall Tax Increment.

Fire Facility Improvements Capital Projects Fund – This capital projects fund accounts for resources related to the Fire Facility Improvements.

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

### Proprietary Funds

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

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

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

Sewer Fund – To account for the provision of sewer services including maintenance of City-owned sewer lines.

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

Stormwater Fund – To account for the provision of stormwater services.

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on City vehicle repair services.

### **Basis of Accounting**

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

#### Revenues - Exchange and Non-exchange Transactions

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

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

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

#### Deferred Revenue

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

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

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

#### Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because such amounts have not yet been earned.

#### Expenses/Expenditures

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

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

### **Equity in Pooled Cash and Investments**

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

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

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

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

Following Ohio Revised Code, the City has specified the funds to receive an allocation of interest earnings. Interest revenues during 2006 amounted to \$303,673. Interest revenue credited to the general fund amounted to \$93,536.

## **Inventory and Prepaid Items**

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

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

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

## **Capital Assets**

The City of Trotwood applied the transition provisions for General Infrastructure Assets (streets, curbs, sidewalks, and culverts). The City reported current year additions for General Infrastructure Assets for years 2003 through 2006. General Infrastructure Assets acquired prior to January 1, 2003 have been reported in this report as a prior period adjustment during the 2006 fiscal year to comply with the transition provisions. The City has elected not to use the modified approach for reporting General Infrastructure Assets.

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure consists of culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The City uses a \$3,000 capitalization threshold.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-45 years
Machinery and Equipment	3-20 years
Infrastructure	20-75 years

## **Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements a liability is recorded only for the portion of unpaid compensated absences that have matured. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

## **Accrued Liabilities and Long-Term Obligations**

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

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

## **Fund Balance Reserves**

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

## **Restricted Assets**

Restricted assets consist of resources whose use is restricted by retainage for various contractors.

## **Net Assets**

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the City's \$1,013,408 in restricted net assets, none were restricted by enabling legislation.

### **Operating Revenues and Expenses**

The City, in its proprietary fund, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Contributions of Capital**

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

### **Interfund Activity**

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

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

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The internal services provided and used are not eliminated through the process of consolidation.

### **Estimates**

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

### 3. EQUITY IN POOLED CASH AND INVESTMENTS

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

State statute requires the classification of monies held by the City into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the City. Such monies must by law be maintained either as cash in the City treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies - Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies - 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### **Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2006, \$4,111,027 of the City's bank balance of \$4,311,027 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

### **Investments**

As of December 31, 2006, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
STAROhio	\$2,166,114	0.00

Interest rate risk - In accordance with the investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years, unless matched to a specified obligation or debt of the City.

Credit Risk – It is the City’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. Investments in STAROhio were rated AAAM by Standard & Poors.

Concentration of credit risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 100% of the City’s investments in STAROhio.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City’s securities are either insured and registered in the name of the City or at least registered in the name of the City.

#### **4. RECEIVABLES**

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

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

##### **Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

The 2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007 operations.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. The 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

The 2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are 25 percent of true value.

The tangible personal property tax is being phased out over a four-year period starting with tax year 2006 and ending in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reported on the 2006 and subsequent year returns is not subject to the personal property tax.

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

Real Property	\$320,939,050
Tangible Personal Property	<u>24,675,433</u>
Total Valuation	<u>\$345,614,483</u>

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

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

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

### **Income Taxes**

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

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

## 5. RISK MANAGEMENT

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

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

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Legal Liability for Third Party Claims	\$2,000,000	\$10,000
Automobile Liability	2,000,000	2,500
Law Enforcement Operations	2,000,000	25,000
Wrongful Acts (Public Officials)	2,000,000	10,000
Real and Personal Property	10,488,500	5,000
Vehicles	4,063,238	1,000
Miscellaneous Property	1,289,920	5,000
Data Processing	298,365	5,000

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

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

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

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

## 6. CAPITAL ASSETS

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

	Restated Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$26,117,327	\$395	\$0	\$26,117,722
Construction in Progress	526,502	1,493,346	719,264	1,300,584
Total Capital Assets, not being depreciated	<u>26,643,829</u>	<u>1,493,741</u>	<u>719,264</u>	<u>27,418,306</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	4,276,032	0	0	4,276,032
Equipment	7,579,558	373,696	57,896	7,895,358
Infrastructure	<u>38,170,211</u>	<u>1,122,755</u>	<u>0</u>	<u>39,292,966</u>
Totals at Historical Cost	<u>76,669,630</u>	<u>2,990,192</u>	<u>777,160</u>	<u>78,882,662</u>
Less Accumulated Depreciation:				
Buildings and Improvements	1,774,508	111,129	0	1,885,637
Equipment	5,299,662	463,221	57,896	5,704,987
Infrastructure	<u>17,800,735</u>	<u>827,651</u>	<u>0</u>	<u>18,628,386</u>
Total Accumulated Depreciation	<u>\$24,874,905</u>	<u>\$1,402,001</u>	<u>\$57,896</u>	<u>\$26,219,010</u>
Governmental Activities Capital Assets, Net	<u>\$51,794,725</u>	<u>\$1,588,191</u>	<u>\$719,264</u>	<u>\$52,663,652</u>
<b>Business-Type Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$12,026	\$0	\$0	\$12,026
<i>Capital Assets, being depreciated:</i>				
Equipment	302,920	0	0	302,920
Infrastructure	<u>36,294,845</u>	<u>183,186</u>	<u>0</u>	<u>36,478,031</u>
Totals at Historical Cost	<u>36,609,791</u>	<u>183,186</u>	<u>0</u>	<u>36,792,977</u>
Less Accumulated Depreciation:				
Equipment	171,864	0	0	171,864
Infrastructure	<u>18,085,072</u>	<u>539,457</u>	<u>0</u>	<u>18,624,529</u>
Total Accumulated Depreciation	<u>\$18,256,936</u>	<u>\$539,457</u>	<u>\$0</u>	<u>\$18,796,393</u>
Business-Type Activities Capital Assets, Net	<u>\$18,352,855</u>	<u>(\$356,271)</u>	<u>\$0</u>	<u>\$17,996,584</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$84,704
Public Safety	326,929
Leisure Time	55,713
Community Development	2,977
Transportation	931,678
Total Depreciation Expense	<u>\$1,402,001</u>

## 7. COMPENSATED ABSENCES

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

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

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

## 8. NOTES PAYABLE

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

		Beginning Balance	Additions	Deletions	Ending Balance
Bond Anticipation Notes:					
<b>Governmental Activities:</b>					
Fire Facilities Improvement	3.25%	\$850,000	\$0	(\$850,000)	\$0
Salem Mall Area Improvement	3.25%	750,000	0	(750,000)	0
Park Improvement	2.86%	100,000	0	(100,000)	0
Curb and Gutter	2.86%	50,000	0	(50,000)	0
Industrial Park Improvement	3.10%	695,000	0	(695,000)	0
Curb and Gutter (A)	3.10%	85,000	0	(85,000)	0
Salem Mall Series (A)	3.05%	3,750,000	0	(3,750,000)	0
Real Estate Acquisition	3.33%	2,450,000	0	(2,450,000)	0
Various Purpose, 2006 Series	5.00%	0	1,275,000	0	1,275,000
Various Purpose, 2006A Series	3.97%	0	90,000	0	90,000
Various Purpose, 2006B Series	4.11%	0	755,000	0	755,000
Real Estate Acquisition, 2006A	4.50%	0	3,875,000	0	3,875,000
Fire Station Construction, 2006	4.25%	0	3,560,000	0	3,560,000
Real Estate Acquisition, 2006B	4.00%	0	2,530,000	0	2,530,000
Total Governmental Activities		<u>\$8,730,000</u>	<u>\$12,085,000</u>	<u>(\$8,730,000)</u>	<u>\$12,085,000</u>
<b>Business Type Activities</b>					
Water System Improvement	2.86%	\$200,000	\$0	(\$200,000)	\$0
Various Purpose, 2006A Series	3.97%	0	175,000	0	175,000
Total Business-Type Activities		<u>200,000</u>	<u>175,000</u>	<u>(200,000)</u>	<u>175,000</u>
Total Bond Anticipation Notes		<u>\$8,930,000</u>	<u>\$12,260,000</u>	<u>(\$8,930,000)</u>	<u>\$12,260,000</u>

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

## 9. LONG-TERM DEBT

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

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
<u>Bonds Payable</u>						
2003 Various Purpose Bonds	5.11%	\$3,490,000	\$0	(\$165,000)	\$3,325,000	\$170,000
Capital Leases		666,434	108,696	(204,207)	570,923	144,567
Total Long-Term Debt		4,156,434	108,696	(369,207)	3,895,923	314,567
Compensated Absences		1,013,705	610,772	(604,043)	1,020,434	563,653
Total Governmental Activities		<u>\$5,170,139</u>	<u>\$719,468</u>	<u>(\$973,250)</u>	<u>\$4,916,357</u>	<u>\$878,220</u>

		<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business Type Activities</b>						
<u>Loans</u>						
2001 OPWC Loan	3.00%	\$32,066	\$0	(\$4,955)	\$27,111	\$5,104
Capital Lease		11,303	0	(11,303)	0	0
Compensated Absences		44,720	21,050	(21,610)	44,160	19,223
Total Business-Type Activities		<u>\$88,089</u>	<u>\$21,050</u>	<u>(\$37,868)</u>	<u>\$71,271</u>	<u>\$24,327</u>

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

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

<u>Year Ending December 31</u>	<b>General Obligation Bonds</b>		<b>OPWC Loan</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$170,000	\$170,163	\$5,104	\$775
2008	175,000	161,220	5,259	621
2009	190,000	152,278	5,418	462
2010	195,000	142,569	5,581	298
2011	210,000	132,605	5,749	129
2012-2016	1,050,000	495,670	0	0
2017-2021	710,000	271,597	0	0
2022-2026	625,000	85,081	0	0
Total	<u>\$3,325,000</u>	<u>\$1,611,183</u>	<u>\$27,111</u>	<u>\$2,285</u>

## 10. LEASES

### A. Capital Leases

The City has entered into capital leases for two dump trucks, a fire engine, tough book computers, various equipment and a medic unit.

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

<u>Year Ending</u> <u>December 31</u>	
2007	\$166,443
2008	166,445
2009	147,806
2010	<u>143,583</u>
Total minimum lease payments	624,277
Less: Amount representing interest	<u>(53,354)</u>
Present value of minimum lease payments	<u>\$570,923</u>

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Equipment	\$773,154
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## 11. PENSION PLANS

### Ohio Public Employees Retirement System

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

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

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

Plan members are required to contribute 9.0 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.70 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2006, 2005 and 2004 were \$318,582, \$324,751, and \$332,559, respectively. The full amount has been contributed for 2005 and 2004 and 76% has been contributed for 2006.

### **Ohio Police and Fire Pension Fund**

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for the years ending December 31, 2006, 2005 and 2004 were \$942,752, \$940,071, and \$926,735, respectively. The full amount has been contributed for 2005 and 2004 and 74% has been contributed for 2006.

## **12. POST EMPLOYMENT BENEFITS**

### **Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.70 percent of covered payroll; 4.50 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rates plus an additional factor ranging from .50 percent to 6 percent for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

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

At year end 2006, the number of active contributing participants in the Traditional and Combined Plans totaled 369,214. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$103,265. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

### **Ohio Police and Fire Pension Fund**

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during the current year. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly healthcare contributions.

The City's actual contributions for the current year that were used to fund postemployment benefits were \$237,639 for police and \$111,854 for fire. The OP&F's total health care expenses for the year ended December 31, 2005, (the latest information available) were \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

### **13. JOINTLY GOVERNED ORGANIZATIONS**

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Dayton and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreation facilities, water supply, sewage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective counties, the representatives selected by each county caucus, a nongovernmental member and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$12,613 for the operation of the Commission during 2006.

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 Fire Levy Fund. The City contributed \$6,581 for the operation of the Alliance during 2006.

The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced and that County economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships and cities within Montgomery County and the County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County. The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those in communities experiencing less economic growth. In 2000, the City agreed to be a member for an additional 10 years, ending December 31, 2011. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the General Fund. The City did not contribute to the operation of the ED/GE during 2006.

#### 14. INTERFUND TRANSACTIONS

Individual fund at year end, consisted of the following individual interfund receivables, interfund payables, transfers in and transfers out:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$841,054	\$0	\$0	\$25,000
Refuse Fund	0	39,262	0	0
Stormwater Fund	0	53,351	0	0
Other Governmental Funds	<u>0</u>	<u>748,441</u>	<u>25,000</u>	<u>0</u>
Total All Funds	<u>\$841,054</u>	<u>\$841,054</u>	<u>\$25,000</u>	<u>\$25,000</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

#### 15. CONSTRUCTION AND OTHER COMMITMENTS

At year end, uncompleted construction contracts are as follows:

<u>Description</u>	<u>Remaining Commitment</u>
Salem Avenue, Phase 5 Improvements	\$450,400

## 16. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2006, the City has implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section"; GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

Statement No. 44 establishes the objectives of the statistical section and provides guidance on the preparation of the statistical section.

Statement No. 46 establishes that any amount of the primary government's net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to all termination benefits without limitation as to the period of time during which the benefits are offered.

There was no effect on fund balance/net assets as a result of the implementation of these new standards.

## 17. SUBSEQUENT EVENT

In March 2007, two bond anticipation notes for a total of \$2,100,000 were issued to pay off existing notes. In April 2007, a bond anticipation note for \$177,000 was issued to payoff existing notes.

## 18. COMPLIANCE AND ACCOUNTABILITY

### Accountability

The following individual funds had deficit fund balances/net assets at year end:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Permissive Use Tax	\$182,332
Curbs/Gutters/Sidewalk Assessment	876
Grants	333,816
Fire Levy	92,868
Rescue Levy	92,650
Capital Projects:	
Salem Mall Tax Increment	7,143,860
Park Acquisition and Development	47,179
Industrial Park	694,590
Fire Facility Improvements	1,669,838
West Third Street Improvements	73,622
Salem Corridor Street Improvements	237,459

## Compliance

Ohio Revised Code Sec. 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. At year end, the City had disbursements exceeding appropriations in the following funds:

General Fund	\$121,578
Motor Vehicle License Fund	20,971
Permissive Use Tax Fund	504
Drug Law Enforcement Fund	1,829
West Third Street Improvement Fund	715,190
Storm Water Fund	93,355

Ohio Revised Code Sec. 5705.10 provides that money paid into any fund shall be used only for purposes for which such fund is established. The following funds had negative cash fund balances at year end:

Permissive Use Tax Fund	\$134,280
Grants Fund	583,098
Rescue Levy Fund	15,421
Salem Mall Tax Increment Fund	103,163
Salem Corridor Street Improvement Fund	454,876

Ohio Revised Code Sec. 5705.41D states that no orders or contracts involving the expenditure of money are to be made unless there is 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. The City improperly encumbered certain expenditures.

## 19. PRIOR PERIOD ADJUSTMENT

The beginning net asset balance of Governmental Activities, Business-Type Activities and Stormwater Fund has been adjusted since the City began retroactively reporting all major general infrastructure assets during the year as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Stormwater <u>Fund</u>
December 31, 2005			
Net Assets, as previously stated	\$10,072,926	\$809,606	(\$20,988)
Adjustment for retroactive reporting of infrastructure assets	<u>34,747,718</u>	<u>17,409,178</u>	<u>17,409,178</u>
December 31, 2005			
Net Assets, as restated	<u>\$44,820,644</u>	<u>\$18,218,784</u>	<u>\$17,388,190</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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City of Trotwood  
 Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$7,119,195	\$7,376,441	\$7,144,445	(\$231,996)
Fines, Licenses & Permits	394,990	400,591	396,391	(4,200)
Intergovernmental	1,305,179	1,316,280	1,309,808	(6,472)
Special Assessments	97,808	35,000	98,155	63,155
Charges for Services	164,910	281,900	165,495	(116,405)
Investment Earnings	93,205	23,000	93,536	70,536
Other Revenues	254,845	0	255,749	255,749
<b>Total Revenues</b>	<b>9,430,132</b>	<b>9,433,212</b>	<b>9,463,579</b>	<b>30,367</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<u>General Government</u>				
Mayor and Council	198,605	194,598	207,771	(13,173)
City Manager	232,532	230,718	243,264	(12,546)
Finance	357,926	371,297	374,445	(3,148)
Utility Billing	100,004	101,160	104,619	(3,459)
Income Tax	334,352	369,671	349,783	19,888
Law Director	152,179	181,553	159,202	22,351
Public Works Administration	266,171	271,333	278,455	(7,122)
Building and Grounds	339,086	347,111	354,736	(7,625)
Fleet Maintenance	136,796	155,213	143,109	12,104
Personnel	147,107	158,462	153,896	4,566
Non-Departmental	348,118	260,371	364,185	(103,814)
<b>Total General Government</b>	<b>2,612,876</b>	<b>2,641,487</b>	<b>2,733,465</b>	<b>(91,978)</b>
<u>Public Safety</u>				
Police Administration	390,164	380,070	408,171	(28,101)
Police Patrol	3,360,038	3,588,334	3,515,112	73,222
Criminal Investigation	969,659	996,671	1,014,411	(17,740)
Police Communications	382,250	399,892	399,892	0
<b>Total Public Safety</b>	<b>5,102,111</b>	<b>5,364,967</b>	<b>5,337,586</b>	<b>27,381</b>
<u>Leisure Time Activities</u>				
Parks and Recreation Administration	134,379	146,445	140,581	5,864
Parks Maintenance	183,186	203,157	191,640	11,517
Municipal Pool	38,728	43,034	40,515	2,519
Cemeteries	61,681	71,770	64,528	7,242
Recreation Programs	31,888	34,188	33,360	828
Jazz Festival	2,433	96	2,545	(2,449)
<b>Total Leisure Time Activities</b>	<b>452,295</b>	<b>498,690</b>	<b>473,169</b>	<b>25,521</b>
<u>Community Development</u>				
Planning and Development Administration	92,292	125,150	96,551	28,599
Planning and Zoning	59,610	75,744	62,361	13,383
Code Enforcement and Inspection	237,634	300,456	248,601	51,855
Mowing and Weed Removal	17,830	25,000	18,653	6,347
Grants Administration	26,830	27,403	28,068	(665)
<b>Total Community Development</b>	<b>434,196</b>	<b>553,753</b>	<b>454,234</b>	<b>99,519</b>

Continued

City of Trotwood  
 Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Transportation &amp; Street Repair</u>				
Street Lighting	216,626	234,370	226,624	7,746
Total Transportation & Street Repair	216,626	234,370	226,624	7,746
Capital Outlay	445,598	276,280	466,164	(189,884)
Debt Service:				
Principal Retirement	66,912	70,000	70,000	0
Interest and Fiscal Charges	95,084	99,589	99,472	117
Total Expenditures	9,425,698	9,739,136	9,860,714	(121,578)
Excess of Revenues Over (Under) Expenditures	4,434	(305,924)	(397,135)	(91,211)
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	5,079	0	5,097	5,097
Total Other Financing Sources (Uses)	5,079	0	5,097	5,097
Net Change in Fund Balance	9,513	(305,924)	(392,038)	(86,114)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,996,223	1,996,223	1,996,223	0
Fund Balance End of Year	\$2,005,736	\$1,690,299	\$1,604,185	(\$86,114)

See accompanying notes to the required supplementary information.

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$1,848,188	\$1,843,313	\$1,809,388	(\$33,925)
Intergovernmental	235,989	260,500	231,035	(29,465)
Charges for Services	4,102	0	4,016	4,016
Investment Earnings	14,557	1,000	14,251	13,251
Other Revenues	854	0	836	836
<b>Total Revenues</b>	<b>2,103,690</b>	<b>2,104,813</b>	<b>2,059,526</b>	<b>(45,287)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Safety	2,231,094	2,395,145	2,296,663	98,482
Capital Outlay	73,096	73,010	75,244	(2,234)
<b>Total Expenditures</b>	<b>2,304,190</b>	<b>2,468,155</b>	<b>2,371,907</b>	<b>96,248</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(200,500)</b>	<b>(363,342)</b>	<b>(312,381)</b>	<b>50,961</b>
<b>Other financing sources (uses):</b>				
Proceeds from Sale of Capital Assets	1,124	0	1,100	1,100
<b>Total Other Financing Sources (Uses)</b>	<b>1,124</b>	<b>0</b>	<b>1,100</b>	<b>1,100</b>
<b>Net Change in Fund Balance</b>	<b>(199,376)</b>	<b>(363,342)</b>	<b>(311,281)</b>	<b>52,061</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>375,363</b>	<b>375,363</b>	<b>375,363</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$175,987</b>	<b>\$12,021</b>	<b>\$64,082</b>	<b>\$52,061</b>

See accompanying notes to the required supplementary information.

## 1. BUDGETARY PROCESS

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

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

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

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

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

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

Net Change in Fund Balance

	<u>General</u>	<u>Fire Levy</u>
GAAP Basis	(\$16,253)	(\$420,188)
Net Adjustment for Revenue Accruals	17,852	115,461
Net Adjustment for Expenditure Accruals	(167,596)	11,074
Encumbrances	<u>(226,041)</u>	<u>(17,628)</u>
Budget Basis	<u>(\$392,038)</u>	<u>(\$311,281)</u>

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**COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES**

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## ***NONMAJOR GOVERNMENTAL FUNDS***

***Special Revenue Funds:*** Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

*Street Construction, Maintenance and Repair* - To account for the portion of the state gasoline taxes and motor vehicle registration fees designated for upkeep and maintenance of streets within the City, as well as property taxes likewise designated.

*State Highway* - To account for the remaining 7.5% of the City's share of state gasoline taxes and motor vehicle license fees. State law requires that such monies be spent on state highways construction and improvements.

*Motor Vehicle License Tax* - To account for the City's share of motor vehicle registration fees. State law requires that such monies be spent on street construction and maintenance of certain specified roads.

*Permissive Use Tax* - To account for the \$5 license tax levied by the City. This money is used for the maintenance of street projects.

*Drug Law Enforcement* - To account for monies designated to be used for drug law enforcement.

*Curbs/Gutters/Sidewalks Assessment* - To account for monies designated to be used for curb, gutter and sidewalk assessments.

*Lighting Assessment* - To account for monies designated to be used for lighting assessments.

*Grants* - To account for revenues received from federal, state and local grants such as Community Development Block Grants, State Issue II grants and grants from Montgomery County.

*Local Law Enforcement Block* - To account for grant payments from the Federal Local Law Enforcement Block Grant program required to be used for specified law enforcement purposes.

*Enforcement and Education* - To account for monies 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* - To account for the fines generated in the prosecution of those in possession of contraband and the proceeds gained from the sale of confiscated contraband. This money may be spend for any law enforcement activity.

Government Equity Program - To account for Montgomery County shared revenues from its Government Equity formula allocation program which is to be used for economic development activities.

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

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

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

Debt Retirement - To accumulate monies for the payment of long-term and short-term debt.

**Capital Projects Funds:** The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Park Acquisition and Development - To account for 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.

Public Works Facility Construction - To account for debt proceeds issued to construct a new public works garage and office building.

Industrial Park - To account for site acquisition and infrastructure installation for an industrial park development project on Olive Road.

Townview Revitalization - To account for the reconstruction and upgrading of streets, curbs and gutters, sidewalks and storm drains in the targeted Townview neighborhood.

West Third Street Improvement - To account for improvements to West Third Street.

Salem Corridor Street Improvement - To account for improvements to the Salem Corridor Street.

City of Trotwood  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$814,265	\$213,752	\$3,231	\$1,031,248
Restricted Cash and Investments	0	0	45,253	45,253
<b>Receivables:</b>				
Taxes	928,983	174,295	0	1,103,278
Accounts	45,687	0	0	45,687
Intergovernmental	1,135,441	8,398	523,876	1,667,715
Special Assessments	157,449	0	0	157,449
Prepays	43,038	0	0	43,038
Inventory	75,900	0	0	75,900
<b>Total Assets</b>	<b>3,200,763</b>	<b>396,445</b>	<b>572,360</b>	<b>4,169,568</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	299,760	0	0	299,760
Accrued Wages and Benefits	162,983	0	0	162,983
Compensated Absences	246	0	0	246
Retainage Payable	0	0	45,253	45,253
Interfund Payable	437,360	0	311,081	748,441
Deferred Revenue	2,052,426	182,693	523,876	2,758,995
General Obligation Notes Payable	100,000	0	745,000	845,000
<b>Total Liabilities</b>	<b>3,052,775</b>	<b>182,693</b>	<b>1,625,210</b>	<b>4,860,678</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	394,028	0	262,670	656,698
Reserved for Inventory	75,900	0	0	75,900
Reserved for Debt Service	0	69,515	0	69,515
Reserved for Prepays	43,038	0	0	43,038
<b>Unreserved, Undesignated, Reported in:</b>				
Special Revenue Funds	(364,978)	0	0	(364,978)
Debt Service Funds	0	144,237	0	144,237
Capital Projects Funds	0	0	(1,315,520)	(1,315,520)
<b>Total Fund Balances</b>	<b>147,988</b>	<b>213,752</b>	<b>(1,052,850)</b>	<b>(691,110)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$3,200,763</b>	<b>\$396,445</b>	<b>\$572,360</b>	<b>\$4,169,568</b>

City of Trotwood  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$960,876	\$149,577	\$0	\$1,110,453
Fines, Licenses & Permits	279,180	0	2,050	281,230
Charges for Services	781,420	0	0	781,420
Investment Earnings	32,373	5,611	268	38,252
Intergovernmental	1,895,048	18,819	995,507	2,909,374
Special Assessments	55,398	0	0	55,398
Other Revenues	40,946	69,515	0	110,461
<b>Total Revenues</b>	<b>4,045,241</b>	<b>243,522</b>	<b>997,825</b>	<b>5,286,588</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Safety	1,270,331	0	0	1,270,331
Leisure Time Activities	12,107	0	0	12,107
Community Development	711,741	0	0	711,741
Transportation and Street Repair	981,156	0	0	981,156
Capital Outlay	1,109,232	0	1,086,114	2,195,346
<b>Debt Service:</b>				
Principal Retirement	121,521	85,000	0	206,521
Interest and Fiscal Charges	31,152	68,809	0	99,961
<b>Total Expenditures</b>	<b>4,237,240</b>	<b>153,809</b>	<b>1,086,114</b>	<b>5,477,163</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(191,999)</b>	<b>89,713</b>	<b>(88,289)</b>	<b>(190,575)</b>
<b>Other Financing Sources (Uses):</b>				
Issuance of Capital Leases	108,696	0	0	108,696
Proceeds from Sale of Capital Assets	1,661	0	0	1,661
Transfers In	0	0	25,000	25,000
<b>Total Other Financing Sources (Uses)</b>	<b>110,357</b>	<b>0</b>	<b>25,000</b>	<b>135,357</b>
<b>Net Change in Fund Balance</b>	<b>(81,642)</b>	<b>89,713</b>	<b>(63,289)</b>	<b>(55,218)</b>
<b>Fund Balance Beginning of Year</b>	<b>254,666</b>	<b>124,039</b>	<b>(989,561)</b>	<b>(610,856)</b>
<b>Change in Reserve for Inventory</b>	<b>(25,036)</b>	<b>0</b>	<b>0</b>	<b>(25,036)</b>
<b>Fund Balance End of Year</b>	<b>\$147,988</b>	<b>\$213,752</b>	<b>(\$1,052,850)</b>	<b>(\$691,110)</b>

City of Trotwood  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2006

	Street Construction. Maintenance and Repair	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment
<b>Assets:</b>						
Equity in Pooled Cash and Investments	\$340,709	\$78,008	\$49,141	\$0	\$39,007	\$99,658
<b>Receivables:</b>						
Taxes	381,536	0	0	0	0	0
Accounts	0	0	0	0	0	0
Intergovernmental	417,705	30,922	0	296,365	0	0
Special Assessments	0	0	0	0	0	129,354
Prepays	42,762	0	0	0	0	0
Inventory	75,900	0	0	0	0	0
<b>Total Assets</b>	<b>1,258,612</b>	<b>108,930</b>	<b>49,141</b>	<b>296,365</b>	<b>39,007</b>	<b>229,012</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable	72,206	16,240	0	0	0	534
Accrued Wages and Benefits	37,731	1,625	0	0	0	0
Compensated Absences	246	0	0	0	0	0
Interfund Payable	0	0	0	182,332	0	0
Deferred Revenue	732,743	25,531	0	296,365	0	129,354
General Obligation Notes Payable	0	0	0	0	0	100,000
<b>Total Liabilities</b>	<b>842,926</b>	<b>43,396</b>	<b>0</b>	<b>478,697</b>	<b>0</b>	<b>229,888</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	28,207	715	0	116,918	0	0
Reserved for Inventory	75,900	0	0	0	0	0
Reserved for Prepays	42,762	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	268,817	64,819	49,141	(299,250)	39,007	(876)
<b>Total Fund Balances</b>	<b>415,686</b>	<b>65,534</b>	<b>49,141</b>	<b>(182,332)</b>	<b>39,007</b>	<b>(876)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,258,612</b>	<b>\$108,930</b>	<b>\$49,141</b>	<b>\$296,365</b>	<b>\$39,007</b>	<b>\$229,012</b>

Lighting Assessment	Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy	Police Levy	Total Nonmajor Special Revenue Funds
\$0	\$0	\$74	\$6,190	\$194,692	\$4,696	\$159	\$1,931	\$814,265
0	0	0	0	0	0	547,447	0	928,983
0	0	0	0	0	0	45,687	0	45,687
0	366,472	0	0	0	0	23,977	0	1,135,441
28,095	0	0	0	0	0	0	0	157,449
0	0	0	0	0	38	238	0	43,038
0	0	0	0	0	0	0	0	75,900
<u>28,095</u>	<u>366,472</u>	<u>74</u>	<u>6,190</u>	<u>194,692</u>	<u>4,734</u>	<u>617,508</u>	<u>1,931</u>	<u>3,200,763</u>
0	176,346	0	0	19,281	46	15,107	0	299,760
0	0	0	0	0	0	123,627	0	162,983
0	0	0	0	0	0	0	0	246
0	255,028	0	0	0	0	0	0	437,360
28,095	268,914	0	0	0	0	571,424	0	2,052,426
0	0	0	0	0	0	0	0	100,000
<u>28,095</u>	<u>700,288</u>	<u>0</u>	<u>0</u>	<u>19,281</u>	<u>46</u>	<u>710,158</u>	<u>0</u>	<u>3,052,775</u>
0	241,755	0	0	14	206	6,213	0	394,028
0	0	0	0	0	0	0	0	75,900
0	0	0	0	0	38	238	0	43,038
0	(575,571)	74	6,190	175,397	4,444	(99,101)	1,931	(364,978)
0	(333,816)	74	6,190	175,411	4,688	(92,650)	1,931	147,988
<u>\$28,095</u>	<u>\$366,472</u>	<u>\$74</u>	<u>\$6,190</u>	<u>\$194,692</u>	<u>\$4,734</u>	<u>\$617,508</u>	<u>\$1,931</u>	<u>\$3,200,763</u>

City of Trotwood  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended December 31, 2006

	Street Construction. Maintenance and Repair	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks/ Assessment
<b>Revenues:</b>						
Taxes	\$331,183	\$0	\$165,268	\$0	\$0	\$0
Fines, Licenses & Permits	0	0	0	0	18,207	0
Charges for Services	0	0	0	0	0	0
Investment Earnings	11,307	2,022	3,922	655	1,088	3,199
Intergovernmental	860,315	66,524	0	195,963	0	0
Special Assessments	0	0	0	0	0	55,398
Other Revenues	17,092	0	0	0	0	0
<b>Total Revenues</b>	<b>1,219,897</b>	<b>68,546</b>	<b>169,190</b>	<b>196,618</b>	<b>19,295</b>	<b>58,597</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Public Safety	0	0	0	0	3,305	0
Leisure Time Activities	0	0	0	0	0	0
Community Development	0	0	0	0	0	0
Transportation and Street Repair	911,839	53,142	0	0	0	534
Capital Outlay	197,181	0	170,971	213,477	14,286	0
<b>Debt Service:</b>						
Principal Retirement	63,227	0	0	0	0	0
Interest and Fiscal Charges	23,117	0	0	0	0	5,997
<b>Total Expenditures</b>	<b>1,195,364</b>	<b>53,142</b>	<b>170,971</b>	<b>213,477</b>	<b>17,591</b>	<b>6,531</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>24,533</b>	<b>15,404</b>	<b>(1,781)</b>	<b>(16,859)</b>	<b>1,704</b>	<b>52,066</b>
<b>Other Financing Sources (Uses):</b>						
Issuance of Capital Leases	0	0	0	0	0	0
Proceeds from Sale of Capital Assets	1,661	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,661</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>26,194</b>	<b>15,404</b>	<b>(1,781)</b>	<b>(16,859)</b>	<b>1,704</b>	<b>52,066</b>
<b>Fund Balance Beginning of Year</b>	<b>414,528</b>	<b>50,130</b>	<b>50,922</b>	<b>(165,473)</b>	<b>37,303</b>	<b>(52,942)</b>
<b>Change in Reserve for Inventory</b>	<b>(25,036)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$415,686</b>	<b>\$65,534</b>	<b>\$49,141</b>	<b>(\$182,332)</b>	<b>\$39,007</b>	<b>(\$876)</b>

Lighting Assessment	Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy	Police Levy	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$464,425	\$0	\$960,876
0	0	0	590	260,383	0	0	0	279,180
0	0	0	0	0	0	781,420	0	781,420
0	0	525	190	6,241	843	2,320	61	32,373
0	694,868	0	0	0	13,860	63,518	0	1,895,048
0	0	0	0	0	0	0	0	55,398
0	14,914	0	0	7,578	0	1,362	0	40,946
0	709,782	525	780	274,202	14,703	1,313,045	61	4,045,241
0	0	1,769	0	6,952	0	1,258,305	0	1,270,331
0	12,107	0	0	0	0	0	0	12,107
0	649,827	0	0	0	61,914	0	0	711,741
15,641	0	0	0	0	0	0	0	981,156
0	174,166	20,939	0	147,424	0	170,788	0	1,109,232
0	0	0	0	0	0	58,294	0	121,521
0	0	0	0	0	0	2,038	0	31,152
15,641	836,100	22,708	0	154,376	61,914	1,489,425	0	4,237,240
(15,641)	(126,318)	(22,183)	780	119,826	(47,211)	(176,380)	61	(191,999)
0	0	0	0	0	0	108,696	0	108,696
0	0	0	0	0	0	0	0	1,661
0	0	0	0	0	0	108,696	0	110,357
(15,641)	(126,318)	(22,183)	780	119,826	(47,211)	(67,684)	61	(81,642)
15,641	(207,498)	22,257	5,410	55,585	51,899	(24,966)	1,870	254,666
0	0	0	0	0	0	0	0	(25,036)
\$0	(\$333,816)	\$74	\$6,190	\$175,411	\$4,688	(\$92,650)	\$1,931	\$147,988

City of Trotwood  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2006

	Park Acquisition and Development	Public Works Facility Construction	Industrial Park	Townview Revitalization	West Third Street Improvement	Salem Corridor Street Improvement
<b>Assets:</b>						
Equity in Pooled Cash and Investments	\$2,821	\$0	\$410	\$0	\$0	\$0
Restricted Cash and Investments	0	0	0	0	0	45,253
<b>Receivables:</b>						
Intergovernmental	0	0	0	0	70,000	453,876
<b>Total Assets</b>	<b>2,821</b>	<b>0</b>	<b>410</b>	<b>0</b>	<b>70,000</b>	<b>499,129</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Retainage Payable	0	0	0	0	0	45,253
Interfund Payable	0	0	0	0	73,622	237,459
Deferred Revenue	0	0	0	0	70,000	453,876
General Obligation Notes Payable	50,000	0	695,000	0	0	0
<b>Total Liabilities</b>	<b>50,000</b>	<b>0</b>	<b>695,000</b>	<b>0</b>	<b>143,622</b>	<b>736,588</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	0	0	0	0	0	262,670
Unreserved, Undesignated, Reported in: Capital Projects Funds	(47,179)	0	(694,590)	0	(73,622)	(500,129)
<b>Total Fund Balances</b>	<b>(47,179)</b>	<b>0</b>	<b>(694,590)</b>	<b>0</b>	<b>(73,622)</b>	<b>(237,459)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,821</b>	<b>\$0</b>	<b>\$410</b>	<b>\$0</b>	<b>\$70,000</b>	<b>\$499,129</b>

Total  
Nonmajor  
Capital Projects  
Funds

\$3,231  
45,253

523,876

572,360

45,253  
311,081  
523,876  
745,000

1,625,210

262,670

(1,315,520)

(1,052,850)

\$572,360

City of Trotwood  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended December 31, 2006

	Park Acquisition and Development	Public Works Facility Construction	Industrial Park	Townview Revitalization	West Third Street Improvement	Salem Corridor Street Improvement
Revenues:						
Fines, Licenses & Permits	\$2,050	\$0	\$0	\$0	\$0	\$0
Investment Earnings	255	0	13	0	0	0
Intergovernmental	0	0	0	0	770,383	225,124
Total Revenues	2,305	0	13	0	770,383	225,124
Expenditures:						
Capital Outlay	0	1	0	2	623,528	462,583
Total Expenditures	0	1	0	2	623,528	462,583
Excess of Revenues Over (Under) Expenditures	2,305	(1)	13	(2)	146,855	(237,459)
Other Financing Sources (Uses):						
Transfers In	25,000	0	0	0	0	0
Total Other Financing Sources (Uses)	25,000	0	0	0	0	0
Net Change in Fund Balance	27,305	(1)	13	(2)	146,855	(237,459)
Fund Balance Beginning of Year	(74,484)	1	(694,603)	2	(220,477)	0
Fund Balance End of Year	(\$47,179)	\$0	(\$694,590)	\$0	(\$73,622)	(\$237,459)

Total Nonmajor Capital Projects Funds
\$2,050
268
995,507
997,825
1,086,114
1,086,114
(88,289)
25,000
25,000
(63,289)
(989,561)
<u>(\$1,052,850)</u>

City of Trotwood  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2006

	Street Construction, Maintenance and Repair Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$345,976	\$348,564	\$2,588
Intergovernmental	764,490	820,603	56,113
Investment Earnings	6,000	11,307	5,307
Other Revenues	0	67	67
<b>Total Revenues</b>	<b>1,116,466</b>	<b>1,180,541</b>	<b>64,075</b>
Expenditures:			
Current:			
Transportation & Street Repair	1,185,071	1,049,488	135,583
Capital Outlay	249,118	238,930	10,188
Debt Service:			
Principal Retirement	10,000	10,000	0
Interest and Fiscal Charges	16,735	16,735	0
<b>Total Expenditures</b>	<b>1,460,924</b>	<b>1,315,153</b>	<b>145,771</b>
Excess of Revenues Over (Under) Expenditures	(344,458)	(134,612)	209,846
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	0	1,661	1,661
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>1,661</b>	<b>1,661</b>
<b>Net Change in Fund Balance</b>	<b>(344,458)</b>	<b>(132,951)</b>	<b>211,507</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	348,904	348,904	0
<b>Fund Balance End of Year</b>	<b>\$4,446</b>	<b>\$215,953</b>	<b>\$211,507</b>

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	State Highway Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$58,500	\$63,305	\$4,805
Investment Earnings	1,500	2,022	522
Total Revenues	<u>60,000</u>	<u>65,327</u>	<u>5,327</u>
Expenditures:			
Current:			
Transportation & Street Repair	85,740	55,510	30,230
Total Expenditures	<u>85,740</u>	<u>55,510</u>	<u>30,230</u>
Net Change in Fund Balance	(25,740)	9,817	35,557
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	48,723	48,723	0
Fund Balance End of Year	<u>\$22,983</u>	<u>\$58,540</u>	<u>\$35,557</u>

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Motor Vehicle License Tax Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$151,000	\$165,268	\$14,268
Investment Earnings	1,500	3,922	2,422
Total Revenues	<u>152,500</u>	<u>169,190</u>	<u>16,690</u>
Expenditures:			
Current:			
Capital Outlay	<u>150,000</u>	<u>170,971</u>	<u>(20,971)</u>
Total Expenditures	<u>150,000</u>	<u>170,971</u>	<u>(20,971)</u>
Net Change in Fund Balance	2,500	(1,781)	(4,281)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>50,922</u>	<u>50,922</u>	<u>0</u>
Fund Balance End of Year	<u>\$53,422</u>	<u>\$49,141</u>	<u>(\$4,281)</u>

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Permissive Use Tax Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$525,000	\$195,964	(\$329,036)
Investment Earnings	0	655	655
Total Revenues	525,000	196,619	(328,381)
Expenditures:			
Current:			
Capital Outlay	330,395	330,899	(504)
Total Expenditures	330,395	330,899	(504)
Net Change in Fund Balance	194,605	(134,280)	(328,885)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$194,605	(\$134,280)	(\$328,885)

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$1,500	\$18,207	\$16,707
Investment Earnings	200	1,088	888
Total Revenues	1,700	19,295	17,595
Expenditures:			
Current:			
Public Safety	2,279	3,305	(1,026)
Capital Outlay	13,483	14,286	(803)
Total Expenditures	15,762	17,591	(1,829)
Net Change in Fund Balance	(14,062)	1,704	15,766
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	37,303	37,303	0
Fund Balance End of Year	\$23,241	\$39,007	\$15,766

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Curbs/Gutters/ Sidewalks Assessment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$51,900	\$55,398	\$3,498
Charges for Services	1,000	0	(1,000)
Investment Earnings	500	3,199	2,699
Total Revenues	<u>53,400</u>	<u>58,597</u>	<u>5,197</u>
Expenditures:			
Current:			
Transportation & Street Repair	1,000	0	1,000
Capital Outlay	964	0	964
Debt Service:			
Principal Retirement	135,000	135,000	0
Interest and Fiscal Charges	5,400	5,997	(597)
Total Expenditures	<u>142,364</u>	<u>140,997</u>	<u>1,367</u>
Excess of Revenues Over (Under) Expenditures	<u>(88,964)</u>	<u>(82,400)</u>	<u>6,564</u>
Other financing sources (uses):			
Issuance of Debt	101,000	100,000	(1,000)
Total Other Financing Sources (Uses)	<u>101,000</u>	<u>100,000</u>	<u>(1,000)</u>
Net Change in Fund Balance	12,036	17,600	5,564
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>82,058</u>	<u>82,058</u>	<u>0</u>
Fund Balance End of Year	<u>\$94,094</u>	<u>\$99,658</u>	<u>\$5,564</u>

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Lighting Assessment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Transportation & Street Repair	15,630	15,639	(9)
Total Expenditures	15,630	15,639	(9)
Net Change in Fund Balance	(15,630)	(15,639)	(9)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	15,641	15,641	0
Fund Balance End of Year	\$11	\$2	(\$9)

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,713,510	\$597,310	(\$1,116,200)
Other Revenues	14,900	14,914	14
Total Revenues	1,728,410	612,224	(1,116,186)
Expenditures:			
Current:			
Public Safety	1,854	934	920
Leisure Time Activities	12,510	12,657	(147)
Community Development	1,400,082	1,007,565	392,517
Capital Outlay	222,650	174,166	48,484
Total Expenditures	1,637,096	1,195,322	441,774
Net Change in Fund Balance	91,314	(583,098)	(674,412)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$91,314	(\$583,098)	(\$674,412)

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Local Law Enforcement Block Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$45,990	\$0	(\$45,990)
Investment Earnings	0	525	525
Total Revenues	<u>45,990</u>	<u>525</u>	<u>(45,465)</u>
Expenditures:			
Current:			
Public Safety	0	1,769	(1,769)
Capital Outlay	<u>22,670</u>	<u>20,939</u>	<u>1,731</u>
Total Expenditures	<u>22,670</u>	<u>22,708</u>	<u>(38)</u>
Net Change in Fund Balance	23,320	(22,183)	(45,503)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>22,257</u>	<u>22,257</u>	<u>0</u>
Fund Balance End of Year	<u>\$45,577</u>	<u>\$74</u>	<u>(\$45,503)</u>

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$400	\$590	\$190
Investment Earnings	40	190	150
Total Revenues	440	780	340
Expenditures:			
Current:			
Public Safety	550	0	550
Total Expenditures	550	0	550
Net Change in Fund Balance	(110)	780	890
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,410	5,410	0
Fund Balance End of Year	\$5,300	\$6,190	\$890

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Law Enforcement Trust Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$256,000	\$260,383	\$4,383
Investment Earnings	0	6,241	6,241
Other Revenues	0	7,578	7,578
Total Revenues	<u>256,000</u>	<u>274,202</u>	<u>18,202</u>
Expenditures:			
Current:			
Public Safety	20,950	7,006	13,944
Capital Outlay	150,038	153,872	(3,834)
Total Expenditures	<u>170,988</u>	<u>160,878</u>	<u>10,110</u>
Net Change in Fund Balance	85,012	113,324	28,312
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>62,073</u>	<u>62,073</u>	<u>0</u>
Fund Balance End of Year	<u>\$147,085</u>	<u>\$175,397</u>	<u>\$28,312</u>

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Government Equity Program Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$33,000	\$13,860	(\$19,140)
Investment Earnings	0	843	843
Total Revenues	<u>33,000</u>	<u>14,703</u>	<u>(18,297)</u>
Expenditures:			
Current:			
Community Development	64,732	64,702	30
Capital Outlay	1,300	0	1,300
Total Expenditures	<u>66,032</u>	<u>64,702</u>	<u>1,330</u>
Net Change in Fund Balance	(33,032)	(49,999)	(16,967)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>54,444</u>	<u>54,444</u>	<u>0</u>
Fund Balance End of Year	<u>\$21,412</u>	<u>\$4,445</u>	<u>(\$16,967)</u>

City of Trotwood  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2006

	Rescue Levy Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$510,945	\$493,617	(\$17,328)
Intergovernmental	66,530	63,519	(3,011)
Charges for Services	816,770	798,944	(17,826)
Investment Earnings	500	2,320	1,820
Other Revenues	0	1,358	1,358
<b>Total Revenues</b>	<b>1,394,745</b>	<b>1,359,758</b>	<b>(34,987)</b>
Expenditures:			
Current:			
Public Safety	1,351,880	1,345,894	5,986
Capital Outlay	69,310	62,092	7,218
<b>Total Expenditures</b>	<b>1,421,190</b>	<b>1,407,986</b>	<b>13,204</b>
Net Change in Fund Balance	(26,445)	(48,228)	(21,783)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	32,807	32,807	0
<b>Fund Balance End of Year</b>	<b>\$6,362</b>	<b>(\$15,421)</b>	<b>(\$21,783)</b>

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Police Levy Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$0	\$61	\$61
Total Revenues	0	61	61
Expenditures:			
Current:			
General Government	0	0	(0)
Total Expenditures	0	0	(0)
Net Change in Fund Balance	0	61	61
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,870	1,870	0
Fund Balance End of Year	<u>\$1,870</u>	<u>\$1,931</u>	<u>\$61</u>

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Debt Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$162,831	\$158,740	(\$4,091)
Intergovernmental	17,920	18,819	899
Special Assessments	1,000	0	(1,000)
Investment Earnings	1,000	5,611	4,611
Total Revenues	<u>182,751</u>	<u>183,170</u>	<u>419</u>
Expenditures:			
Debt Service:			
Principal Retirement	85,000	85,000	0
Interest and Fiscal Charges	140,077	138,324	1,753
Total Expenditures	<u>225,077</u>	<u>223,324</u>	<u>1,753</u>
Excess of Revenues Over (Under) Expenditures	<u>(42,326)</u>	<u>(40,154)</u>	<u>2,172</u>
Other financing sources (uses):			
Issuance of Debt	67,730	69,515	1,785
Total Other Financing Sources (Uses)	<u>67,730</u>	<u>69,515</u>	<u>1,785</u>
Net Change in Fund Balance	25,404	29,361	3,957
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>114,876</u>	<u>114,876</u>	<u>0</u>
Fund Balance End of Year	<u>\$140,280</u>	<u>\$144,237</u>	<u>\$3,957</u>

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Park Acquisition and Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$8,000	\$2,050	(\$5,950)
Investment Earnings	100	255	155
Total Revenues	8,100	2,305	(5,795)
Expenditures:			
Debt Service:			
Principal Retirement	75,000	75,000	0
Total Expenditures	75,000	75,000	0
Excess of Revenues Over (Under) Expenditures	(66,900)	(72,695)	(5,795)
Other financing sources (uses):			
Issuance of Debt	50,000	50,000	0
Total Other Financing Sources (Uses)	50,000	50,000	0
Net Change in Fund Balance	(16,900)	(22,695)	(5,795)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	25,516	25,516	0
Fund Balance End of Year	\$8,616	\$2,821	(\$5,795)

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Public Works Facility Construction Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Capital Outlay	0	1	(1)
Total Expenditures	0	1	(1)
Net Change in Fund Balance	0	(1)	(1)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1	1	0
Fund Balance End of Year	\$1	\$0	(\$1)

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Industrial Park Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$10	\$13	\$3
Total Revenues	10	13	3
Expenditures:			
Debt Service:			
Principal Retirement	695,000	695,000	0
Total Expenditures	695,000	695,000	0
Excess of Revenues Over (Under) Expenditures	(694,990)	(694,987)	3
Other financing sources (uses):			
Issuance of Debt	695,000	695,000	0
Total Other Financing Sources (Uses)	695,000	695,000	0
Net Change in Fund Balance	10	13	3
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	397	397	0
Fund Balance End of Year	\$407	\$410	\$3

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Townview Revitalization Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for Services	\$0	\$1	\$1
Total Revenues	0	1	1
Expenditures:			
Current:			
Capital Outlay	0	2	(2)
Total Expenditures	0	2	(2)
Net Change in Fund Balance	0	(1)	(1)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2	2	0
Fund Balance End of Year	<u>\$2</u>	<u>\$1</u>	<u>(\$1)</u>

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	West Thrid Street Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$770,383	\$770,383
Total Revenues	0	770,383	770,383
Expenditures:			
Current:			
Capital Outlay	0	715,190	(715,190)
Total Expenditures	0	715,190	(715,190)
Net Change in Fund Balance	0	55,193	55,193
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$55,193	\$55,193

City of Trotwood  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2006

	Salem Corridor Street Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$680,000	\$225,124	(\$454,876)
Total Revenues	680,000	225,124	(454,876)
Expenditures:			
Current:			
Capital Outlay	680,000	680,000	0
Total Expenditures	680,000	680,000	0
Net Change in Fund Balance	0	(454,876)	(454,876)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	(\$454,876)	(\$454,876)

City of Trotwood  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2006

	Salem Mall Tax Increment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$230,500	\$216,190	(\$14,310)
Intergovernmental	491,000	102,242	(388,758)
Charges for Services	0	140,243	140,243
Investment Earnings	1,990	6,731	4,741
<b>Total Revenues</b>	<b>723,490</b>	<b>465,406</b>	<b>(258,084)</b>
Expenditures:			
Current:			
Community Development	567,616	524,112	43,504
Capital Outlay	491,000	379,000	112,000
Debt Service:			
Principal Retirement	6,950,000	6,950,000	0
Interest and Fiscal Charges	232,723	236,438	(3,715)
<b>Total Expenditures</b>	<b>8,241,339</b>	<b>8,089,550</b>	<b>151,789</b>
Excess of Revenues Over (Under) Expenditures	(7,517,849)	(7,624,144)	(106,295)
Other financing sources (uses):			
Issuance of Debt	7,180,000	7,180,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>7,180,000</b>	<b>7,180,000</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(337,849)</b>	<b>(444,144)</b>	<b>(106,295)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	340,981	340,981	0
<b>Fund Balance End of Year</b>	<b>\$3,132</b>	<b>(\$103,163)</b>	<b>(\$106,295)</b>

City of Trotwood  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2006

	Fire Facility Improvements Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$3,000	\$7,597	\$4,597
Total Revenues	3,000	7,597	4,597
Expenditures:			
Current:			
Public Safety	0	6,466	(6,466)
Capital Outlay	3,586,417	3,435,265	151,152
Debt Service:			
Principal Retirement	850,000	850,000	0
Interest and Fiscal Charges	28,530	23,734	4,796
Total Expenditures	4,464,947	4,315,465	149,482
Excess of Revenues Over (Under) Expenditures	(4,461,947)	(4,307,868)	154,079
Other financing sources (uses):			
Issuance of Debt	4,060,000	4,060,000	0
Total Other Financing Sources (Uses)	4,060,000	4,060,000	0
Net Change in Fund Balance	(401,947)	(247,868)	154,079
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	403,385	403,385	0
Fund Balance End of Year	\$1,438	\$155,517	\$154,079

## STATISTICAL SECTION

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## STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### Contents

#### Financial Trends

These schedules contain trend information to help the reader understand how the City's financial position has changed over time.

#### Revenue Capacity

These schedules contain information to help the reader understand and assess the City's most significant local revenue source, the income tax.

#### Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

#### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

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City of Trotwood  
 Net Assets by Component  
 Last Four Calendar Years (1)  
 (accrual basis of accounting)  
 Schedule 1

	Calendar Year			
	2003	2004	2005	2006
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$2,223,206	\$1,676,251	\$4,160,573	\$36,682,729
Restricted	2,070,279	1,887,487	1,655,451	1,013,408
Unrestricted	2,911,362	3,632,843	4,256,902	5,600,934
<b>Total governmental activities net assets</b>	<b>\$7,204,847</b>	<b>\$7,196,581</b>	<b>\$10,072,926</b>	<b>\$43,297,071</b>
<b>Business-type activities</b>				
Invested in Capital Assets, Net of Related Debt	\$670,979	\$589,122	\$700,308	\$17,794,473
Unrestricted	164,558	244,501	109,298	79,223
<b>Total business-type activities net assets</b>	<b>\$835,537</b>	<b>\$833,623</b>	<b>\$809,606</b>	<b>\$17,873,696</b>

Source: City Records

(1) - The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003

City of Trotwood  
Changes in Net Assets  
Last Four Calendar Years (1)  
(accrual basis of accounting)  
Schedule 2

	Calendar Year			
	2003	2004	2005	2006
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General Government	\$3,269,998	\$2,424,667	\$2,521,463	\$2,691,268
Public Safety	9,100,949	8,712,931	9,749,517	9,745,013
Leisure Time Activities	443,832	468,158	601,949	538,424
Community Development	1,379,794	2,478,991	2,258,759	2,043,598
Transportation & Street Repair	1,565,807	2,603,908	1,693,198	2,801,135
Interest and Fiscal Charges	236,000	264,371	333,652	551,113
<b>Total governmental activities expenses</b>	<b>15,996,380</b>	<b>16,953,026</b>	<b>17,158,538</b>	<b>18,370,551</b>
<b>Business-type activities:</b>				
Water	1,077,621	1,050,022	1,078,263	1,222,874
Sewer	858,921	883,254	854,856	933,622
Refuse	1,057,825	986,635	1,122,749	1,155,773
Stormwater	0	2,570	18,514	508,984
<b>Total business-type activities expenses</b>	<b>2,994,367</b>	<b>2,922,481</b>	<b>3,074,382</b>	<b>3,821,253</b>
<b>Total primary government expenses</b>	<b>\$18,990,747</b>	<b>\$19,875,507</b>	<b>\$20,232,920</b>	<b>\$22,191,804</b>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services:</b>				
General Government	\$332,856	\$248,314	\$357,370	\$276,140
Public Safety	615,507	1,002,634	1,051,086	1,241,261
Leisure Time Activities	13,372	20,444	20,709	5,024
Community Development	133,884	268,738	398,139	170,698
Transportation and Street Repair	21,832	19,084	17,104	19,147
Interest and Fiscal Charges	0	0	24,312	27,217
Operating Grants and Contributions	2,159,298	1,980,059	1,738,257	2,148,982
Capital Grants and Contributions	106,428	841,261	2,188,017	1,050,263
<b>Total governmental activities program revenues</b>	<b>3,383,177</b>	<b>4,380,534</b>	<b>5,794,994</b>	<b>4,938,732</b>
<b>Business-type activities:</b>				
<b>Charges for Services:</b>				
Water	972,345	922,730	922,392	1,413,298
Sewer	891,692	876,218	894,980	855,664
Refuse	1,125,001	834,199	1,067,735	1,087,386
Stormwater	0	0	0	116,724
Capital Grants and Contributions	0	0	180,257	0
<b>Total business-type activities program revenues</b>	<b>2,989,038</b>	<b>2,633,147</b>	<b>3,065,364</b>	<b>3,473,072</b>
<b>Total primary government program revenues</b>	<b>\$6,372,215</b>	<b>\$7,013,681</b>	<b>\$8,860,358</b>	<b>\$8,411,804</b>

City of Trotwood  
Changes in Net Assets  
Last Four Calendar Years (1)  
(accrual basis of accounting)  
Schedule 2 (Continued)

	Calendar Year			
	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental Activities	(\$12,613,203)	(\$12,572,492)	(\$11,363,544)	(\$13,431,819)
Business-type activities	(5,329)	(289,334)	(9,018)	(348,181)
Total primary government net expenses	<u>(\$12,618,532)</u>	<u>(\$12,861,826)</u>	<u>(\$11,372,562)</u>	<u>(\$13,780,000)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Income Taxes	\$5,554,897	\$5,640,632	\$5,899,378	\$5,500,282
Property Taxes Levied for:				
General Purposes	1,766,275	1,752,966	1,831,789	1,741,372
Special Revenue Purposes	2,040,773	2,758,703	3,101,473	2,512,531
Debt Service Purposes	7,290	127,239	176,348	145,086
Grants and Entitlements not Restricted	2,490,076	1,567,345	1,630,941	1,245,265
Payment in Lieu of Taxes	164,298	170,064	188,685	0
Unrestricted Contributions	5,355	0	0	0
Investment Earnings	47,089	43,794	103,728	300,610
Refunds & Reimbursements	41,490	0	344,726	0
Other Revenues	270,908	503,482	945,321	463,100
Transfers-Internal Activities	0	0	17,500	0
Total governmental activities	<u>12,388,451</u>	<u>12,564,225</u>	<u>14,239,889</u>	<u>11,908,246</u>
Business-type activities:				
Investment earnings	1,121	1,258	2,471	3,063
Other Revenues	0	286,162	30	30
Transfers-Internal Activities	0	0	(17,500)	0
Total business-type activities	<u>1,121</u>	<u>287,420</u>	<u>(14,999)</u>	<u>3,093</u>
Total primary government	<u>\$12,389,572</u>	<u>\$12,851,645</u>	<u>\$14,224,890</u>	<u>\$11,911,339</u>
Change in Net Assets				
Governmental Activities	(\$224,752)	(\$8,267)	\$2,876,345	(\$1,523,573)
Business-type activities	(4,208)	(1,914)	(24,017)	(345,088)
Total primary government	<u>(\$228,960)</u>	<u>(\$10,181)</u>	<u>\$2,852,328</u>	<u>(\$1,868,661)</u>

Source: City Records

(1) - The City began to report accrual information when it implemented GASB Statement 34 in 2003

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City of Trotwood  
Fund Balances, Governmental Funds  
Last Ten Calendar Years  
(modified accrual basis of accounting)  
Schedule 3

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$97,678	\$164,075	\$158,453	\$152,214	\$195,608	\$149,930	\$144,489	\$129,249	\$375,847	\$197,716
Unreserved	4,639,029	5,057,325	3,223,226	3,219,836	1,994,702	1,280,850	1,497,790	1,350,792	1,995,065	2,156,943
Total General Fund	4,736,707	5,221,400	3,381,679	3,372,050	2,190,310	1,430,780	1,642,279	1,480,041	2,370,912	2,354,659
All Other Governmental Funds										
Reserved	124,395	489,471	489,007	507,950	823,701	1,434,091	387,496	1,510,001	1,570,182	3,319,992
Unreserved, Reported in:										
Special Revenue Funds	2,197,877	2,223,107	2,046,791	1,059,594	1,128,323	988,821	935,063	(102,390)	(105,092)	(482,482)
Debt Service Funds	2,368	47,127	9,112	597	2,440	8,589	53,108	78,043	104,474	144,237
Capital Projects Funds	0	0	(5,630)	(1,647,118)	(1,764,383)	(3,141,954)	(932,928)	(5,783,497)	(8,959,817)	(12,579,423)
Total all Other Governmental Funds	\$2,324,640	\$2,759,705	\$2,539,280	(\$78,977)	\$190,081	(\$710,453)	\$442,739	(\$4,297,843)	(\$7,390,253)	(\$9,597,676)

Source: City Records

City of Trotwood  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Calendar Years  
 (modified accrual basis of accounting)  
 Schedule 4

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues</b>										
Taxes	\$8,126,145	\$8,497,665	\$8,222,606	\$8,599,117	\$7,217,614	\$8,896,998	\$9,281,384	\$10,115,617	\$10,740,107	\$10,062,944
Fines, Licenses & Permits	118,564	86,129	117,007	97,621	336,245	326,212	407,837	342,430	480,358	677,621
Charges for Services	169,047	168,883	194,391	258,561	930,892	1,198,249	974,728	1,152,644	1,351,932	1,091,174
Investment Earnings	385,719	477,853	416,894	277,116	266,207	89,372	47,090	43,794	103,728	160,367
Intergovernmental	2,746,420	2,303,450	2,784,498	5,651,530	3,388,698	3,000,994	3,783,903	4,073,076	4,719,916	4,591,098
Special Assessments	150,276	163,528	164,776	35,125	56,291	67,633	81,916	85,086	69,630	153,553
Other Revenues	92,518	278,224	167,106	632,213	405,669	109,328	455,562	622,598	1,382,456	412,626
<b>Total Revenues</b>	<b>\$11,788,689</b>	<b>\$11,975,732</b>	<b>\$12,067,278</b>	<b>\$15,551,283</b>	<b>\$12,601,616</b>	<b>\$13,688,786</b>	<b>\$15,032,420</b>	<b>\$16,435,245</b>	<b>\$18,848,127</b>	<b>\$17,149,383</b>

**Expenditures**

<b>Current:</b>										
General Government	\$1,672,483	\$1,932,626	\$2,377,437	\$2,123,683	\$2,023,525	\$2,264,896	\$2,405,893	\$2,312,200	\$2,373,557	\$2,592,549
Public Safety	5,628,372	6,174,414	7,252,708	7,438,266	7,442,020	7,777,073	8,391,237	8,302,497	9,485,513	8,624,274
Leisure Time Activities	517,853	501,355	609,445	760,948	523,486	472,069	386,804	390,252	540,983	476,915
Community Development	619,783	543,837	596,412	976,552	879,813	903,893	1,354,251	1,727,732	2,289,567	1,632,056
Transportation and Street Repair	876,823	947,620	1,246,778	1,267,681	1,087,664	1,079,879	1,250,411	2,334,873	1,568,494	1,089,451
Capital Outlay	1,203,875	648,885	1,887,440	4,042,240	1,563,347	2,740,330	2,222,513	5,778,866	4,858,385	4,175,627
Debt Service										
Principal	55,000	60,000	55,000	65,000	70,000	219,053	1,418,485	422,402	244,466	369,207
Interest	110,529	106,737	102,206	102,320	239,680	181,623	206,648	210,017	272,846	504,498
Other	0	0	0	0	2,456	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$10,684,718</b>	<b>\$10,915,474</b>	<b>\$14,127,426</b>	<b>\$16,776,690</b>	<b>\$13,831,991</b>	<b>\$15,638,816</b>	<b>\$17,636,242</b>	<b>\$21,478,839</b>	<b>\$21,633,811</b>	<b>\$19,464,577</b>

City of Trotwood  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Calendar Years  
 (modified accrual basis of accounting)  
 Schedule 4 (Continued)

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Excess of revenues over (under) expenditures	\$1,103,971	\$1,060,258	(\$2,060,148)	(\$1,225,407)	(\$1,230,375)	(\$1,950,030)	(\$2,603,822)	(\$5,043,594)	(\$2,785,684)	(\$2,315,194)
Other Financing Sources (Uses)										
Proceeds Of Notes and Bonds	\$0	\$0	\$0	\$0	\$4,240	\$0	\$0	\$0	\$0	\$0
Issuance of Capital Leases	0	0	0	15,000	262,201	268,782	155,763	0	471,298	108,696
Proceeds From Sale of Capital Assets	0	0	0	185,608	51,225	21,211	2,953	65,389	61,774	7,858
Proceeds of Long-Term Capital-Related Debt	0	0	0	0	0	0	3,790,000	0	0	0
Proceeds of Refunding Bonds	0	0	0	0	0	0	1,231,186	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	0	0	0	(1,231,186)	0	0	0
Inception Of Capital Lease	0	0	0	0	0	0	0	37,400	0	0
Transfers In	2,303,395	2,303,395	1,663,200	700,000	495,085	912,500	618,600	664,100	62,500	25,000
Transfers (Out)	(2,279,395)	(2,279,395)	(1,663,200)	(700,000)	(495,085)	(912,500)	(618,600)	(664,100)	(45,000)	(25,000)
Total Other Financing Sources (Uses)	24,000	24,000	0	200,608	317,666	289,993	3,948,716	102,789	550,572	116,554
Net Change in Fund Balances	\$1,127,971	\$1,084,258	(\$2,060,148)	(\$1,024,799)	(\$912,709)	(\$1,660,037)	\$1,344,894	(\$4,940,805)	(\$2,235,112)	(\$2,198,640)
Debt service as a percentage of noncapital expenditures	1.7%	1.6%	1.3%	1.3%	2.5%	3.1%	10.5%	4.0%	3.1%	5.7%

Source: City Records

City of Trotwood  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Calendar Years  
 Schedule 5

Calendar Year	Real Property Assessed Value	Tangible Personal Property and Utilities Personal Assessed Value	Total Assessed Value	Total Estimated Actual Value	Total Direct Rate
1997	\$237,522,630	\$45,562,117	\$283,084,747	\$808,813,563	15.14
1998	238,080,730	47,109,594	285,190,324	814,829,497	15.14
1999	240,984,190	47,280,164	288,264,354	823,612,440	15.14
2000	257,846,260	45,178,732	303,024,992	865,785,691	15.14
2001	256,864,550	41,837,819	298,702,369	853,435,340	11.64
2002	253,910,830	37,320,990	291,231,820	832,090,914	17.39
2003	290,982,840	34,182,924	325,165,764	929,045,040	17.39
2004	290,157,130	32,003,608	322,160,738	920,459,251	17.39
2005 (1)	290,127,620	30,158,312	320,285,932	915,102,663	17.39
2006 (1)	320,939,050	24,675,433	345,614,483	1,003,565,161	17.39

Source: County Auditor

(1) - Both Tangible Personal Property and Public Utility Personal Property are expected to further decrease over the next three years due to a change made by the State of Ohio in its tax structure. Currently the State is reimbursing the City for these lost revenues and plans to reimburse 100% of these losses through 2010 at which time the reimbursement is expected to be reduced until 2017.

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed.

City of Trotwood  
Special Assessment Billings and Collections  
Last Ten Calendar Years  
Schedule 6

Collection Year	Current Assessments Due	Current Assessment Collections	Percent of Current Assesments Collected	Delinquent Assessment Collections	Total Assessment Collections	Ratio of Total Collections to Current	Outstanding Delinquent Assessments (1)	Ratio of Delinquent Assessments to Current Due
1997	\$331,315	\$256,813	77.5%	\$41,565	\$298,378	90.1%	\$295,708	89.3%
1998	322,508	247,381	76.7%	49,200	296,581	92.0%	346,498	107.4%
1999	358,225	277,660	77.5%	53,600	331,260	92.5%	N/A	N/A
2000	304,019	176,635	58.1%	50,802	227,437	74.8%	543,907	178.9%
2001	238,955	N/A	N/A	N/A	237,249	99.3%	633,289	265.0%
2002	350,595	N/A	N/A	N/A	284,262	81.1%	708,533	202.1%
2003	349,418	N/A	N/A	N/A	366,845	105.0%	816,139	233.6%
2004	567,231	N/A	N/A	N/A	402,911	71.0%	745,556	131.4%
2005	488,322	479,111	98.1%	12,628	491,739	100.7%	424,402	86.9%
2006	513,390	532,532	103.7%	196,131	728,663	141.9%	421,174	82.0%

Source: County Auditor

(1) - Includes penalties and interest assessed on delinquent accounts.

N/A - Information not available

City of Trotwood  
 Direct and Overlapping Property Tax Rates  
 Last Ten Calendar Years  
 Schedule 7

Calendar Year	Direct Rates						Overlapping Rates					
	General Fund	Inside Bond	Fire Fund	Street Fund	Ambulance and EMS	Total Direct Rate	Trotwood-Madison City School District	Miami Valley Career Technology Center	Dayton-Montgomery County Library	Montgomery County		
1997	4.60	0.50	6.30	1.74	2.00	15.14	53.74	2.58	0.72	16.64		
1998	4.60	0.50	6.30	1.74	2.00	15.14	53.74	2.58	0.26	16.64		
1999	4.60	0.50	6.30	1.74	2.00	15.14	53.74	2.58	0.26	16.64		
2000	4.60	0.50	6.30	1.74	2.00	15.14	52.64	2.58	0.26	16.64		
2001	1.10	0.50	6.30	1.74	2.00	11.64	52.64	2.58	0.26	17.24		
2002	6.85	0.50	6.30	1.74	2.00	17.39	52.91	2.58	0.26	17.24		
2003	6.85	0.50	6.30	1.74	2.00	17.39	61.05	2.58	0.26	17.24		
2004	6.85	0.50	6.30	1.74	2.00	17.39	60.85	2.58	0.26	18.24		
2005	6.85	0.50	6.30	1.74	2.00	17.39	60.70	2.58	1.25	18.24		
2006	6.85	0.50	6.30	1.74	2.00	17.39	60.06	2.58	1.25	18.24		

Source: County Auditor

Note: Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

City of Trotwood  
Principal Property Tax Payers  
Current Year and Prior Year (1)  
Schedule 8

2006		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Dayton Power & Light Company	\$6,834,800	2.12%
Salem Square Improvement	4,689,730	1.46%
Castlebrook Capital	2,686,740	0.83%
Verizon (GTE)	2,303,250	0.71%
Tramlaw LLC	2,112,990	0.66%
Belle Meadows	1,912,930	0.59%
Groach Associates	1,889,980	0.59%
Lowes Companies, Inc.	1,862,520	0.58%
Sears Roebuck & Co.	1,681,300	0.52%
Fieldstone Limited	1,414,140	0.44%
	<u>\$27,388,380</u>	<u>8.50%</u>

2005		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Dayton Power & Light Company	\$6,786,530	2.09%
Bradley Operating Company	4,689,650	1.44%
Castlebrook Capital Company	2,686,740	0.83%
United Theological Seminary	2,659,760	0.82%
Verizon (GTE)	2,549,940	0.78%
Lowes Companies, Inc.	2,429,040	0.75%
Tramlaw LLC	2,112,990	0.65%
Belle Meadows	1,912,930	0.59%
Groach Associates	1,889,980	0.58%
Sears Roebuck & Co.	1,691,300	0.52%
	<u>\$29,408,860</u>	<u>9.05%</u>

Source: County Auditor

(1) - Current and prior year information only available

City of Trotwood  
Property Tax Levies and Collections  
Last Ten Calendar Years  
Schedule 9

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$3,423,538	\$3,307,469	96.61%	\$180,827	\$3,488,296	101.89%
1998	3,586,795	3,363,483	93.77%	213,223	3,576,706	99.72%
1999	3,595,449	3,326,513	92.52%	164,897	3,491,410	97.11%
2000	3,617,628	3,412,978	94.34%	201,459	3,614,437	99.91%
2001	2,674,945	2,469,131	92.31%	127,627	2,596,758	97.08%
2002	4,283,899	3,946,140	92.12%	240,612	4,186,752	97.73%
2003	4,352,675	4,228,200	97.14%	304,584	4,532,784	104.14%
2004	5,140,731	4,956,250	96.41%	410,790	5,367,040	104.40%
2005	5,081,945	4,876,089	95.95%	451,262	5,327,351	104.83%
2006	5,037,263	4,900,563	97.29%	647,157	5,547,720	110.13%

Source: County Auditor

City of Trotwood  
Income Tax Collections  
Last Ten Calendar Years  
(cash basis of accounting)  
Schedule 10

<u>Calendar Year</u>	<u>Tax Rate</u>	<u>Withholding Collections</u>	<u>Non- Withholding Collections</u>	<u>Gross Collections</u>	<u>Refunds</u>	<u>Net Collections</u>
1997	2.25%	\$3,771,936	\$1,054,627	\$4,826,563	\$47,021	\$4,779,542
1998	2.25%	3,896,912	1,169,711	5,066,623	60,975	5,005,648
1999	2.25%	3,856,813	1,105,972	4,962,785	88,653	4,874,132
2000	2.25%	4,291,798	899,892	5,191,690	89,641	5,102,049
2001	2.25%	4,252,227	934,710	5,186,937	77,363	5,109,574
2002	2.25%	3,805,335	1,049,399	4,854,734	97,184	4,757,550
2003	2.25%	4,480,516	1,021,549	5,502,065	62,092	5,439,973
2004	2.25%	4,249,749	956,303	5,206,052	102,219	5,103,833
2005	2.25%	4,267,281	1,191,652	5,458,933	89,570	5,369,363
2006	2.25%	4,098,072	1,114,668	5,212,740	71,309	5,141,431

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

City of Trotwood  
Principal Income Taxpayers  
Current Year  
(cash basis of accounting)  
Schedule 11

Note: Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

City of Trotwood  
Ratios of Outstanding Debt by Type  
Last Ten Calendar Years  
Schedule 12

Calendar Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Bond Anticipation Notes	Special Assessment Bonds	Capital Leases	Loans	Bond Anticipation Notes	Capital Leases			
1997	\$765,000	\$0	\$820,000	\$0	\$0	\$0	\$0	\$1,585,000	0.01%	\$54
1998	735,000	0	790,000	0	0	0	0	1,525,000	0.01%	52
1999	710,000	0	760,000	294,680	0	0	0	1,764,680	0.01%	60
2000	680,000	2,300,000	725,000	242,735	0	0	104,237	4,051,972	0.03%	148
2001	645,000	2,000,000	690,000	413,526	50,475	300,000	119,778	4,218,779	0.03%	154
2002	610,000	3,355,000	655,000	522,326	46,077	275,000	74,800	5,538,203	0.03%	202
2003 (1)	3,790,000	1,885,000	0	524,604	43,828	250,000	35,101	6,528,533	0.04%	238
2004	3,645,000	5,945,000	0	284,602	36,876	225,000	22,003	10,158,481	0.06%	370
2005	3,490,000	8,730,000	0	666,434	32,066	200,000	11,303	13,129,803	0.07%	479
2006	3,330,000	12,085,000	0	570,923	27,111	175,000	0	16,188,034	N/A	590

107

Source: City Records

(1) - In 2003 the City issued \$3,790,000 in General Obligation Bonds, which included advance refunding the remaining \$610,000 balance in Special Assessment Bonds into General Obligation Bonds

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

N/A - Information not available due to a lag in data availability

City of Trotwood  
Ratios of General Bonded Debt Outstanding  
Last Ten Calendar Years  
Schedule 13

Calendar Year	General Bonded Debt Outstanding		Per Capita
	General Obligation Bonds	Percentage of Actual Taxable Value of Property	
1997	\$765,000	0.09%	\$26
1998	735,000	0.09%	25
1999	710,000	0.09%	24
2000	680,000	0.08%	25
2001	645,000	0.08%	24
2002	610,000	0.07%	22
2003 (1)	3,790,000	0.41%	138
2004	3,645,000	0.40%	133
2005	3,490,000	0.38%	127
2006	3,330,000	0.33%	121

Source: City Records

(1) - In 2003 the City issued \$3,790,000 in General Obligation Bonds, which included advance refunding the remaining \$610,000 balance in Special Assessment Bonds into General Obligation Bonds

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

City of Trotwood  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2006  
 Schedule 14

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Trotwood
Trotwood City	\$15,510,000	100.00%	\$15,510,000
Montgomery County	29,277,347	3.19%	933,947
Dayton City School District	230,145,000	2.54%	5,845,683
Trotwood-Madison City School District	32,879,987	93.74%	30,821,700
Brookville L School District	22,259,978	0.63%	140,238
New Lebanon L School District	3,961,160	2.21%	87,542
Miami Valley Regional Transit Authority Miscellaneous	7,230,000	3.19%	230,637
Total Direct and Overlapping Debt	\$341,263,472		\$53,569,747

Source: Ohio Municipal Advisory Council

(1) - Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government.

City of Trotwood  
 Legal Debt Margin Information  
 Last Ten Calendar Years  
 Schedule 15

Legal Debt Margin Calculation for Calendar Year 2006

Assessed value	\$345,614,483	\$345,614,483
Statutory legal debt limitation (1)	10.5%	5.5%
Total debt limitation	36,289,521	19,008,797
Debt applicable to limit:		
Gross Indebtedness	16,188,034	16,188,034
Less: Debt Retirement Fund Balance	243,522	243,522
Total net debt applicable to limit	<u>15,944,512</u>	<u>15,944,512</u>
Legal debt margin	<u>\$20,345,009</u>	<u>\$3,064,285</u>

110

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Debt Limit (1)										
Debt Limit (10.5%)	\$29,723,898	\$29,944,984	\$30,267,757	\$31,817,624	\$31,363,749	\$30,579,341	\$34,142,405	\$33,826,877	\$33,630,023	\$36,289,521
Total Net Debt Applicable to Limit	<u>1,585,000</u>	<u>1,525,000</u>	<u>1,470,000</u>	<u>3,705,000</u>	<u>3,635,000</u>	<u>4,895,000</u>	<u>5,925,000</u>	<u>9,815,000</u>	<u>12,420,000</u>	<u>15,944,512</u>
Legal Debt Margin	<u>\$28,138,898</u>	<u>\$28,419,984</u>	<u>\$28,797,757</u>	<u>\$28,112,624</u>	<u>\$27,728,749</u>	<u>\$25,684,341</u>	<u>\$28,217,405</u>	<u>\$24,011,877</u>	<u>\$21,210,023</u>	<u>\$20,345,009</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.3%	5.1%	4.9%	11.6%	11.6%	16.0%	17.4%	29.0%	36.9%	43.9%

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$15,569,661	\$15,685,468	\$15,854,539	\$16,666,375	\$16,428,630	\$16,017,750	\$17,884,117	\$17,718,841	\$17,615,726	\$19,008,797
Program Revenues										
Total Net Debt Applicable to Limit	<u>1,585,000</u>	<u>1,525,000</u>	<u>1,470,000</u>	<u>3,705,000</u>	<u>3,635,000</u>	<u>4,895,000</u>	<u>5,925,000</u>	<u>9,815,000</u>	<u>12,420,000</u>	<u>15,944,512</u>
Legal Debt Margin	<u>\$13,984,661</u>	<u>\$14,160,468</u>	<u>\$14,384,539</u>	<u>\$12,961,375</u>	<u>\$12,793,630</u>	<u>\$11,122,750</u>	<u>\$11,959,117</u>	<u>\$7,903,841</u>	<u>\$5,195,726</u>	<u>\$3,064,285</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.2%	9.7%	9.3%	22.2%	22.1%	30.6%	33.1%	55.4%	70.5%	83.9%

Source: City Records

(1) - Direct debt limitation based upon Section 133, the Uniform Bond Act of the Ohio Revised Code. Total debt limit should not exceed 10.5% of net assessed property value.  
 Total unvoted debt limit should not exceed 5.5% of net assessed property value.

City of Trotwood  
Pledged-Revenue Coverage  
Last Ten Calendar Years  
Schedule 16

Calendar Year	Special Assessment Bonds			
	Special Assessment Collections (2)	Debt Service		Coverage
		Principal	Interest	
1997	\$0	\$820,000	\$540,035	0.0000
1998	2,475	790,000	487,367	0.0019
1999	5,306	760,000	437,199	0.0044
2000	2,138	725,000	388,940	0.0019
2001	1,969	690,000	342,902	0.0019
2002	1,800	655,000	299,087	0.0019
2003 (1)	4,152	0	0	0.0000
2004	1,462	0	0	0.0000
2005	1,294	0	0	0.0000
2006	0	0	0	0.0000

Source: City Records

(1) - In 2003 the City issued \$3,790,000 in General Obligation Bonds, which included advance refunding the remaining \$610,000 balance in Special Assessment Bonds into General Obligation Bonds

(2) - Only includes special assessment collections in Fund 301

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

City of Trotwood  
Demographic and Economic Statistics - Montgomery County  
Last Ten Calendar Years  
Schedule 17

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
1997	29,358	\$14,518,795	\$25,517	4.40%
1998	29,358	15,047,037	26,551	4.00%
1999	29,358	15,446,351	27,487	4.00%
2000	27,420	16,167,661	28,949	3.90%
2001	27,420	16,563,468	29,827	4.30%
2002	27,420	16,810,295	30,404	5.60%
2003	27,420	16,954,405	30,784	6.30%
2004	27,420	17,461,179	31,773	6.20%
2005	27,420	17,531,793	32,133	6.40%
2006	27,420	N/A	N/A	6.00%

- Sources:
- (1) - Population estimates provided by U.S. Census Bureau (1990 Census and 2000 Census)
  - (2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts
  - (3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts
  - (4) - Ohio Bureau of Employment Services; Labor Market Information Division (average annual rates)

N/A - Information not available due to a lag in data availability

City of Trotwood  
Principal Regional Employers (1)  
Current Year (2)  
Schedule 18

2006 (3)

Employer (1)	Number of Employees	Percentage of Total Dayton Region Employment
Wright Patterson Air Force Base	21,000	8.12%
Premier Health Partners	9,000	3.48%
Delphi Corporation	8,700	3.36%
Kettering Medical Center Network	6,300	2.44%
Airborne Express	4,900	1.89%
General Motors Truck Corporation	4,200	1.62%
NCR	2,700	1.04%
Wright State University	2,600	1.01%
International Truck & Engine	2,500	0.97%
Behr America	2,400	0.93%
	64,300	24.86%

Source: Dayton Area Chamber of Commerce

- (1) - Data for Dayton Region
- (2) - Only current fiscal year information available
- (3) - Data current as of December, 2006

City of Trotwood  
 Full-Time Equivalent City Government Employees by Function/Program (1)  
 Last Ten Calendar Years  
 Schedule 19

Function/Program	Full-Time Equivalent Employees as of December 31									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Government</b>										
City Administration	5.5	4.5	5.0	5.0	5.0	5.0	4.7	4.0	4.0	4.0
City Council	0.5	0.5	1.0	1.0	1.0	1.3	1.3	1.0	1.0	1.0
Public Works Administration	1.5	2.5	3.0	3.0	2.0	3.0	3.0	3.0	3.0	0.0
Buildings and Grounds	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	0.0
Finance	5.0	6.0	6.0	6.0	6.0	7.8	7.2	8.0	9.3	9.4
Fleet Maintenance	3.0	3.0	3.0	3.0	3.0	3.0	2.1	2.1	2.1	2.1
<b>Public Safety</b>										
<b>Police</b>										
Officers	50.0	52.0	54.0	55.0	53.0	53.0	54.0	51.0	49.0	47.0
Non-Sworn	12.0	13.0	12.0	12.0	5.0	5.0	5.0	5.0	5.0	5.0
Fire	10.0	13.0	20.0	23.0	48.8	53.3	52.3	54.9	54.9	45.6
<b>Leisure Time Activities</b>										
Cemeteries	0.7	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8
Parks and recreation	6.0	5.0	6.0	7.0	5.5	6.0	7.5	7.2	5.4	5.4
<b>Community Development</b>										
Planning and Zoning	4.0	5.0	5.0	6.0	6.5	6.5	6.0	6.0	6.0	4.3
Building Inspection/Code Enforcement	3.5	4.5	4.0	6.0	3.5	4.0	4.0	1.3	1.3	1.3
<b>Basic Utility Service</b>										
Water	2.3	2.3	2.3	2.3	2.5	2.3	2.7	2.7	2.7	2.7
Sanitary Sewers	2.3	2.3	2.3	2.3	2.5	2.3	2.7	2.7	2.7	2.7
Refuse Collection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.8
Transportation and Street Repair	8.6	8.6	8.6	8.6	9.7	11.3	11.7	10.4	9.0	9.6
<b>Total</b>	<b>116.9</b>	<b>125.1</b>	<b>135.1</b>	<b>143.1</b>	<b>155.9</b>	<b>165.7</b>	<b>166.1</b>	<b>161.2</b>	<b>157.7</b>	<b>141.7</b>

Source: Various City Departments

(1) - Prior to 2001 reflects full-time employees only; 2001 and later shows full-time equivalents for full-time, part-time and seasonal employees combined

City of Trotwood  
 Operating Indicators by Function/Program  
 Last Ten Calendar Years  
 Schedule 20

Function/Program	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General government</b>										
Building permits issued	79	86	59	260	181	354	399	154	239	71
Zoning permits issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	106	116
Checks issued	3,111	3,429	4,052	3,895	3,500	4,086	3,761	3,983	3,775	3,544
Ordinances adopted	19	26	56	23	51	28	31	30	45	39
Resolutions adopted	78	81	113	79	85	78	109	117	95	94
<b>Police</b>										
Calls for service	N/A	58,080	N/A	54,146	33,507	36,338	36,108	36,782	35,143	32,049
Cases assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,303	1,094	1,078
Suspects charged	N/A	N/A	N/A	N/A	N/A	N/A	N/A	359	406	314
Percent cases closed by arrest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	28%	37%	29%
Traffic accidents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	544	479
Traffic stops	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,047	3,744	2,779
<b>Fire</b>										
Calls for service	N/A	1,188	N/A	1,316	858	669	860	962	1,050	1,054
Average response time (minutes)	N/A	8	N/A	7.2	6.2	4.5	4.5	6.6	6.3	7.3
Average calls per day	N/A	3.3	N/A	3.6	2.4	1.8	2.4	2.6	2.9	2.9
Average call duration (minutes)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	62	60	96.5
<b>EMS</b>										
Calls for service	N/A	3,528	N/A	3,498	3,792	3,651	3,966	3,739	3,789	3,743
Average response time (minutes)	N/A	12	N/A	7.2	6.2	4.5	4.5	6.0	6.0	6.2
Average calls per day	N/A	9.6	N/A	9.6	10.4	10.0	10.9	10.2	10.4	10.3
Average call duration (minutes)	N/A	N/A	N/A	N/A	64	64	62	62	60	60
<b>Public Works</b>										
Street resurfacing (square yards)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	47,585
Potholes repaired	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,500
Street cleaning (lane miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,640
Street striping (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12
<b>Parks and recreation</b>										
Shelter rentals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	64	63
Pavilion rentals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	23	11
<b>Water</b>										
Water main breaks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	17
<b>Wastewater</b>										
Sewer main cleaning (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9.5

Source: Various City Departments

N/A - Information not available

City of Trotwood  
 Capital Asset Statistics by Function/Program  
 Last Ten Calendar Years  
 Schedule 21

Function/Program	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Stations	2	2	2	1	1	1	1	1	1	0
Fire Stations	5	5	5	4	4	4	3	3	3	3
Public Works										
Streets (lane-miles)	N/A	N/A	N/A	362	362	362	362	362	362	362
Streetlights	N/A	N/A	N/A	1,285	1,285	1,285	1,285	1,285	1,285	1,285
Traffic signaled intersections	N/A	N/A	N/A	41	41	41	41	41	41	41
Parks and Recreation										
Community centers	N/A	N/A	N/A	1	1	1	1	0	0	0
Number of Parks	N/A	N/A	N/A	10	10	10	7	9	7	7
Acreage	N/A	N/A	N/A	152	152	152	152	169	150	150
Swimming pools	1	1	1	1	1	1	1	0	0	0
Utilities										
Water Mains (miles)	N/A	37	N/A	38	38	38	38	38	38	38
Fire hydrants	N/A	1,096	N/A	1,096	1,096	1,096	1,096	1,096	1,096	1,096
Storm Sewers (miles)	N/A	39	N/A	39	39	39	39	39	39	39
Sanitary Sewers (miles)	N/A	31	N/A	31	31	31	31	31	31	31

Source: Various City Departments

N/A - Information not available



**Mary Taylor, CPA**  
Auditor of State

**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  
SEPTEMBER 18, 2007**